

Ministry of Health, Labour and Welfare Survey

**Survey Results of Labor-Management Relations
in Foreign Affiliated Companies in Japan(7th)**

December 2001

The Japan Institute of Labour

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I. Outline of the Survey

1. The Objective of the Survey

The objective of this survey is to elucidate the current state of labor-management relations, working conditions, and other matters in foreign-affiliated companies. This is the seventh such survey, following up on surveys conducted in 1973, 1977, 1983, 1987, 1991, and 1995.

2. The Scope of the Survey

(1) Regions

All regions of Japan

(2) Industries

The following industries, based on the Japan Standard Industrial Categories:

Manufacturing industry, wholesale and retail trade and food and drink establishments, financial and insurance industry, real estate industry, transport and communication industry, and service industry

(3) Companies

The subjects of this survey were approximately 1,500 companies selected by uniform methods from among companies that were located in Japan as of December 31, 1999, and which were [1] Japanese corporations with more than 1/3 foreign capitalization and [2] Japanese branches or outposts of foreign companies.

3. Times and Periods Covered by the Survey

The data were as of December 31, 1999. Note, however, that for some of the items, the data were for the period from January 1, 1998 to December 31, 1999; from January 1, 1999 to December 31, 1999, or for June 1999.

4. Period in which the Survey Was Conducted

From February 21, 2000 to March 21, 2000.

5. Survey Methods and Compilation Methods

The Councilor for Labour Administration of the Ministry of Health, Labour, and Welfare conducted this survey on a separate survey form and compiled the data.

6. Response Rate

A total of 529 companies (an effective response rate of 40.1%) responded to the survey.

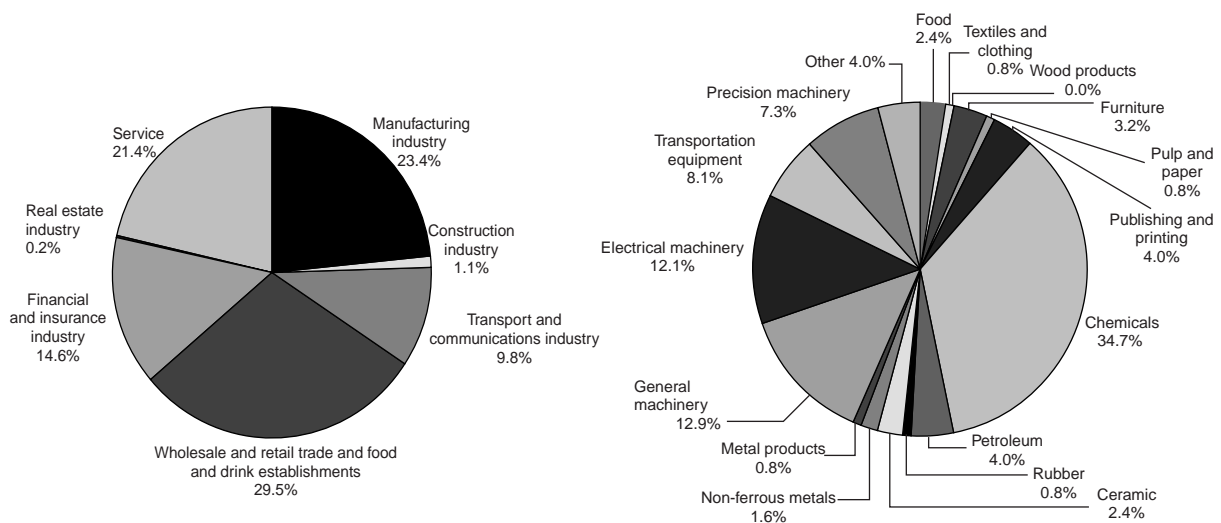
II. Summary of the Results of the Survey

1. The Overall Situation of Companies and Workers

(1) Distribution by Industry and Size of the Company, Percentage of Foreign Capital, Nationality of Foreign Investors, and Date of Establishment

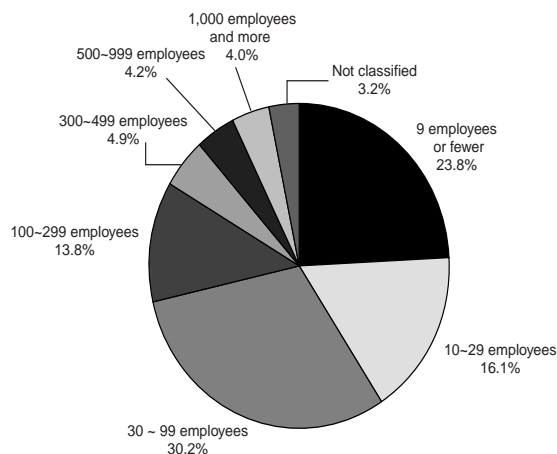
i) In the distribution among industries of an aggregate total of 529 companies, wholesale and retail trade and food and drink establishments account for 29.5%, followed by the manufacturing industry (23.4%), the service industry (21.4%), the financial and insurance industry (14.6%). Among the manufacturing industry, the chemical industry (34.7%), general machinery (12.9%) and electrical machinery (12.1%) account for high percentages (Fig. 1).

Fig. 1: Breakdown of companies by industry



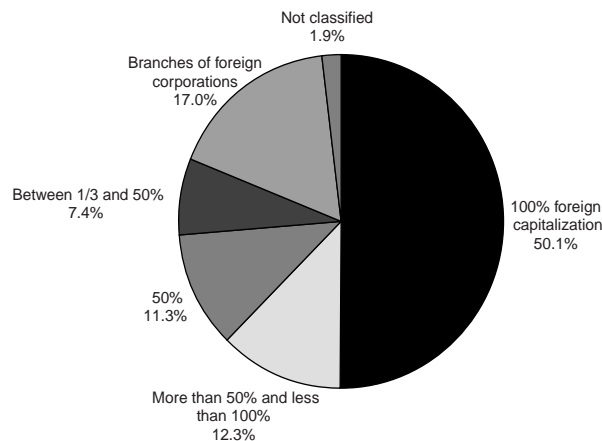
ii) Viewed by size, a plurality of companies, 30.2%, had from 30 to 99 regular employees, followed by those with 9 employees or fewer (23.8%) and those with 10 to 29 workers (16.1%), and about seven-tenths of all companies had 99 or fewer employees (Fig. 2).

Fig. 2: Distribution of companies by size



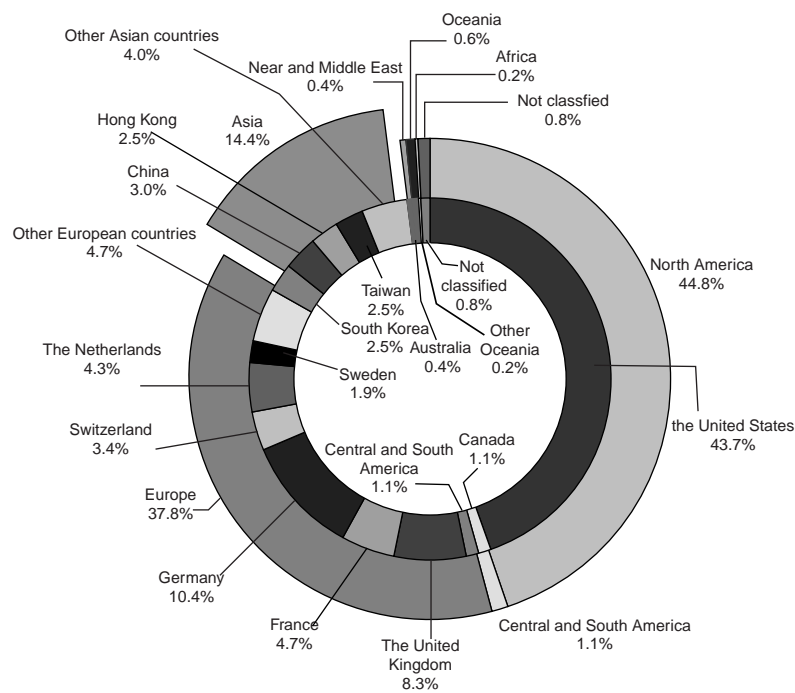
iii) If the percentages of foreign capital are classified as 100% foreign capital, more than 50% and less than 100%, 50%, between 1/3 and 50%, and branches of foreign corporations, then companies with 100% foreign capital account for 50.1% of the total, followed by branches of foreign corporations at 17.0% companies with more than 50% and less than 100% foreign capital at 12.3%, equal joint venture partnerships with 50% foreign capital at 11.3%, and companies with between 1/3 and 50% foreign capital at 7.4% (Fig. 3).

Fig. 3: Distribution of companies by percentage of foreign capital



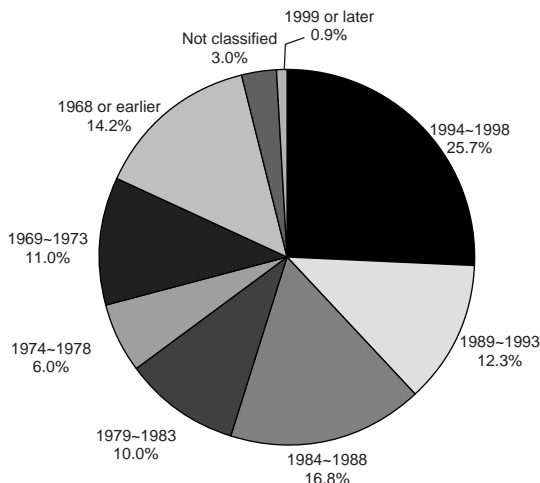
iv) Looking at the “mother countries” that are investing in these companies, or, in other words, the nationalities of the sources of foreign capital, we find that a plurality of investment, 43.7%, is from the United States, followed by Germany (10.4%), the United Kingdom (8.3%), France (4.7%), the Netherlands (4.3%) and others. By region, 44.8% of investment comes from North America, 37.8% from Europe, and 12.7% from Asia (Fig. 4).

Fig. 4: Distribution of nationalities of foreign capital



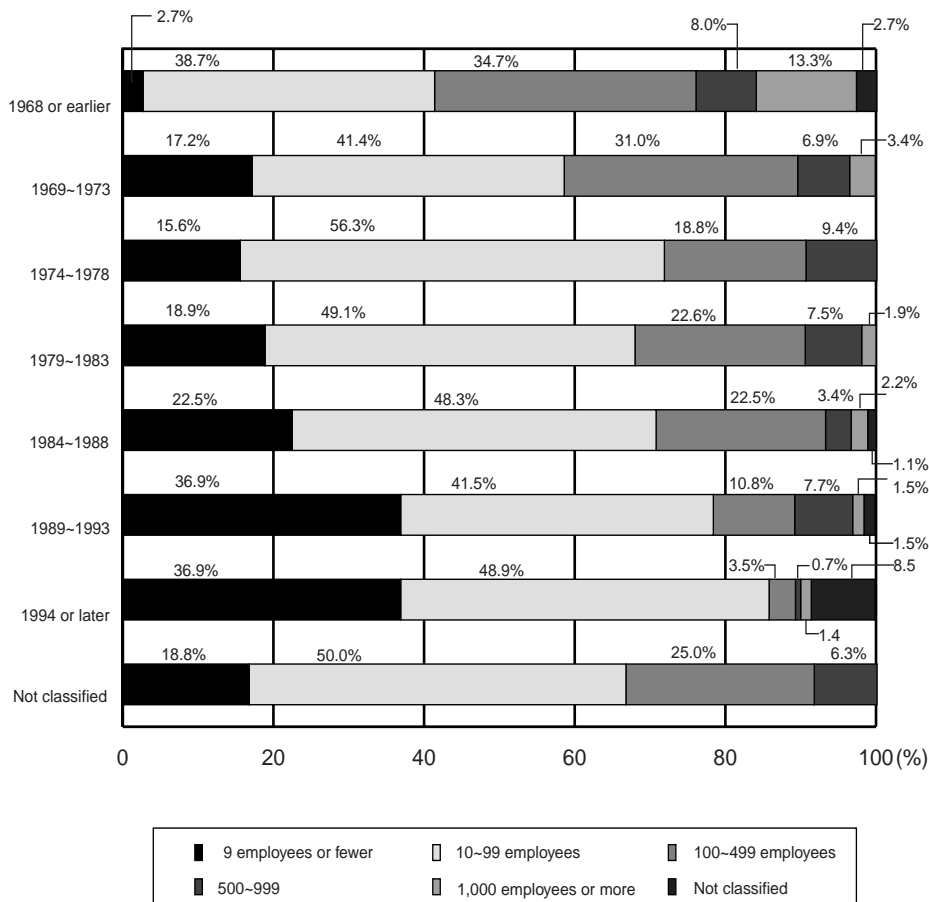
v) Looking at companies by date of establishment (date of first foreign capitalization), we found that the largest percentage (25.7%) dated to 1994-1998, followed by 1984-1988 (16.8%), and before 1968 (14.2%). Companies founded in 1984 or later accounted for 54.8% of the total (Fig. 5).

Fig. 5: Distribution of companies by date of establishment



If we further classify the companies by size within each date of establishment, the percentage of companies with 9 or fewer employees is 2.7% among companies founded in 1968 or earlier, 18.9% among companies founded between 1979 and 1983, and 36.9% among companies funded in 1994 or later, so that newer companies are more likely to have fewer employees (Fig. 6).

Fig. 6: Percentage of companies of various sizes within each date of establishment

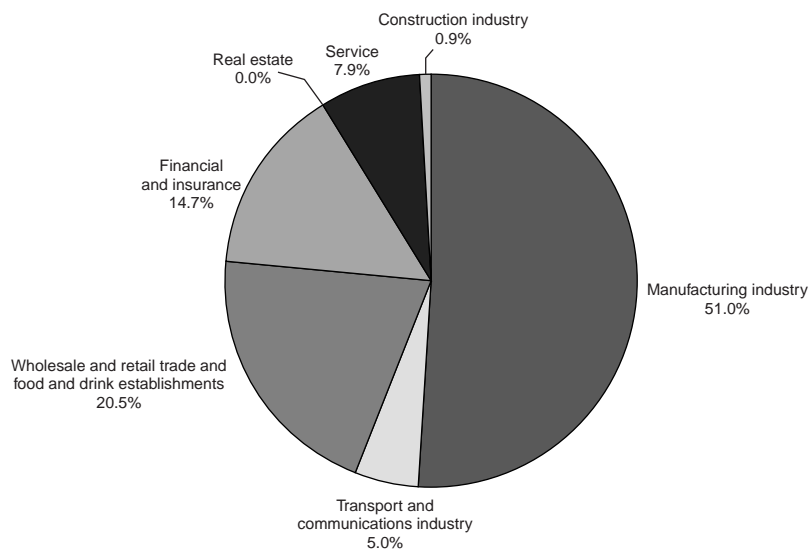


(2) Number of Workers, Percentage of Foreigners, etc.

i) The total number of regular workers at the aggregate total of 529 companies was 112,637, and if added to 17,176 temporary employees and part-time workers, the total was 129,813. When regular workers are classified by gender, there were 78,201 men and 34,436 women.

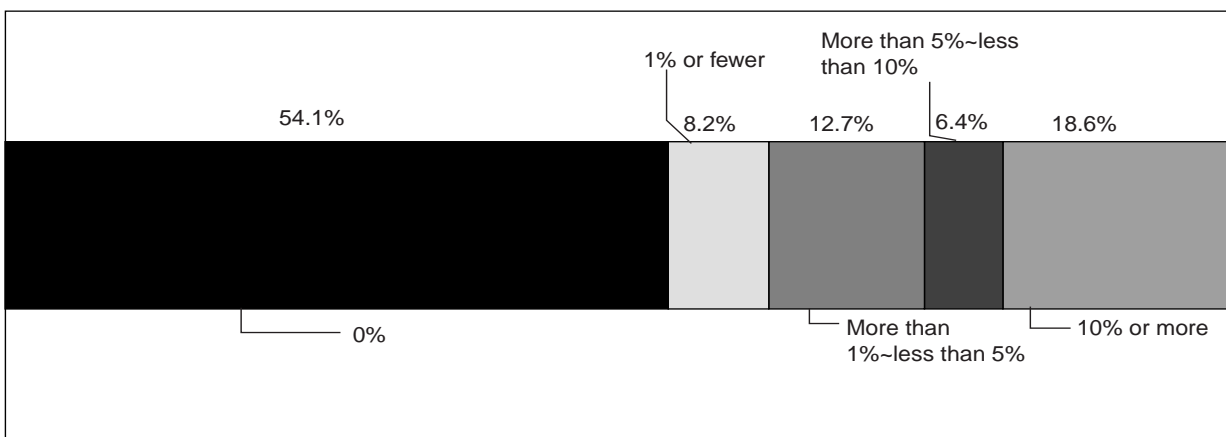
The largest number of workers by industry was 57,392, or 51.0%, in the manufacturing industry, followed by wholesale and retail trade, and food and drink establishments with 23,140 workers (20.5%), the financial and insurance industry with 16,594 workers (14.7%), the service industry with 8,868 workers (7.9%), and the transport and communication industry with 5,613 workers (5.0%) (Fig. 7). The largest numbers of workers within the manufacturing industry were in the chemical industry (27,070 workers) and electrical machinery industry (12,967 workers).

Fig. 7: Number of regular workers by industry



ii) The percentage of foreigners among regular workers averaged 7.3%, and 54.1% of all companies had no foreign regular workers (Fig 8).

Fig. 8: Ratio of the number of companies by percentage of foreigners (529 companies in total)



By industry, the proportions of foreigners among regular workers averaged 16.6% in the financial and insurance industry and 8.3% in the transport and communication industry, as opposed to 1.6% in the manufacturing industry.

By nationality of capitalization, the percentages were 2.5% at American companies and 5.0% at European companies, as opposed to a comparatively high percentage of 24.9% at Asian companies.

iii) The proportion of women among the managers averaged 17.0% per company. While 50.0% of companies had no women managers, 24.2% of companies had 20.0% or more women managers.

By foreign capital, the proportion of women managers was highest at branches of foreign corporations (an average of 18.1% per company) followed by 100% foreign capitalized companies (14.0%).

iv) The proportion of foreigners among the managers averaged 12.6%. While 63.7% of all companies had no foreign managers, 17.2% of companies had 20.0% or more foreign managers.

By foreign capital, the proportion of foreigners among the managers was highest at branches of foreign corporations (an average of 31.9% per company), followed by 100% foreign affiliated companies (9.6%). In addition, by source of the capitalization, American companies had 4.9% foreign managers and European companies had 9.4%, while Asian companies had a relatively high percentage at 48.0%.

v) By nationality of the president, 39.7% of all companies had foreign presidents.

By industry, the percentages were relatively high in the financial and insurance industry (59.7%) and transport and communication industry (59.6%), but relatively low in the manufacturing industry (20.2%). By nationality of capitalization, American companies (30.7%) and European companies (39.0%) had relatively low percentages, while Asian companies (68.4%) had a relatively high percentage.

(3) Hiring and Separation Status of Workers

i) Within the past year (January 1, 1999 to December 31, 1999; the figures below are for this period) the companies hired 11,362 people altogether, and the average company hired 21.5 people. Of the people hired, 73.7% were midcareer workers (persons other than those hired as new graduates), but by industry, the manufacturing industry had a relatively low percentage at 49.6%, while the transport and communication industry (88.4%), wholesale and retail trade, and food and drink establishments (86.9%), and the financial and insurance industry (83.6%) had relatively high percentages. By percentage of foreign capital, relatively high percentages were found at branches of foreign corporations (88.0%) and 100%-foreign affiliated companies (79.4%) (Table 1).

Table 1: Hiring status of workers within the past year

	(individuals)				
	Number of persons hired	Average per company	Number of midcareer workers	Average per company	Percentage of midcareer workers
Manufacturing industry	3,526	28.4	1,749	14.0	49.6%
Construction industry	68	11.3	56	9.3	82.4%
Transport and communication industry	576	11.1	509	9.8	88.4%
Wholesale and retail trade, and food and drink establishments	2,941	18.9	2,557	16.4	86.9%
Financial and insurance industry	2,978	38.7	2,490	32.3	83.6%
Real estate industry	1	1.0	0	0	0.0%
Service industry	1,272	11.3	1,015	9.0	79.8%
100% foreign capital	5,923	22.4	4,701	17.7	79.4%
More than 50% and less than 100% foreign capital	990	15.2	599	9.2	60.5%
50% foreign capital	1,200	20.0	840	14.0	70.0%
Between 1/3 and 50% foreign capital	904	23.2	302	7.7	33.4%
Branches of foreign corporations	1,824	20.3	1,605	17.8	88.0%
Percentage of foreign capital Not classified	521	52.1	329	32.9	63.1%
Total	11,362	21.5	8,376	15.8	73.7%

Note: Percentage of midcareer workers = number of midcareer workers/number of persons hired × 100

ii) Looking at separation status within the past year, we found that there were 11,820 separated workers among companies all together, and an average of 22.3 persons per company were separated. Of these, 1,890 were separated due to the circumstances of the company (16.0% of all separated workers) (Table 2).

Table 2: Separation status of workers within the past year

	Number of separated workers		Number separated due to the circumstances of the company	
		Average per company		Average per company
Manufacturing industry	5,738	46.3	1,069	8.6
Construction industry	97	16.2	34	5.7
Transport and communication industry	354	6.8	41	0.8
Wholesale and retail trade, and food and drink establishments	2,491	16.0	360	2.3
Financial and insurance industry	2,244	29.1	317	4.1
Real estate industry	1	1.0	0	0.0
Service industry	895	7.9	69	0.6
100% foreign capital	5,612	21.2	896	3.4
More than 50% and less than 100% foreign capital	1,138	17.5	92	1.4
50% foreign capital	2,160	36.0	462	7.7
Between 1/3 and 50% foreign capital	1,267	32.5	253	6.5
Branches of foreign corporations	1,278	14.2	180	2.0
Percentage of foreign capital not classified	365	36.5	7	0.7
Total	11,820	22.3	1,890	3.6

Note: Percentage of midcareer workers = number of midcareer workers/number of persons hired × 100

2. Industrial Relations

(1) The Status of Labor Unions and Employee Organizations

i) The percentage of companies having labor unions was 13.8% (12.7% in the previous survey [1995]). By industry, the manufacturing industry (33.9%) and the transport and communication industry (25.0%) had relatively high percentages, while the service industry (0.9%) and wholesale and retail trade, and food and drink establishments (5.8%) had relatively low percentages (Fig. 9-1).

Furthermore, by percentage of foreign capital, 10.3% of companies with 100% foreign capital, 13.8% of companies with more than 50% and less than 100% foreign capital, 30.2% of companies with 50% foreign capital, and 25.0% of companies with between 1/3 and 50% foreign capital had unions. The percentage of companies with unions was lower among companies that had high percentages of foreign capital (Fig. 9-2).

Note that even at companies without labor unions, 10.8% of all companies had employee organizations, and if we combine this figure with the percentage of companies having labor unions, we can say that 24.6% of companies have some kind of organization for employees.

Fig. 9-1: Existence of labor unions and employee organizations by industry

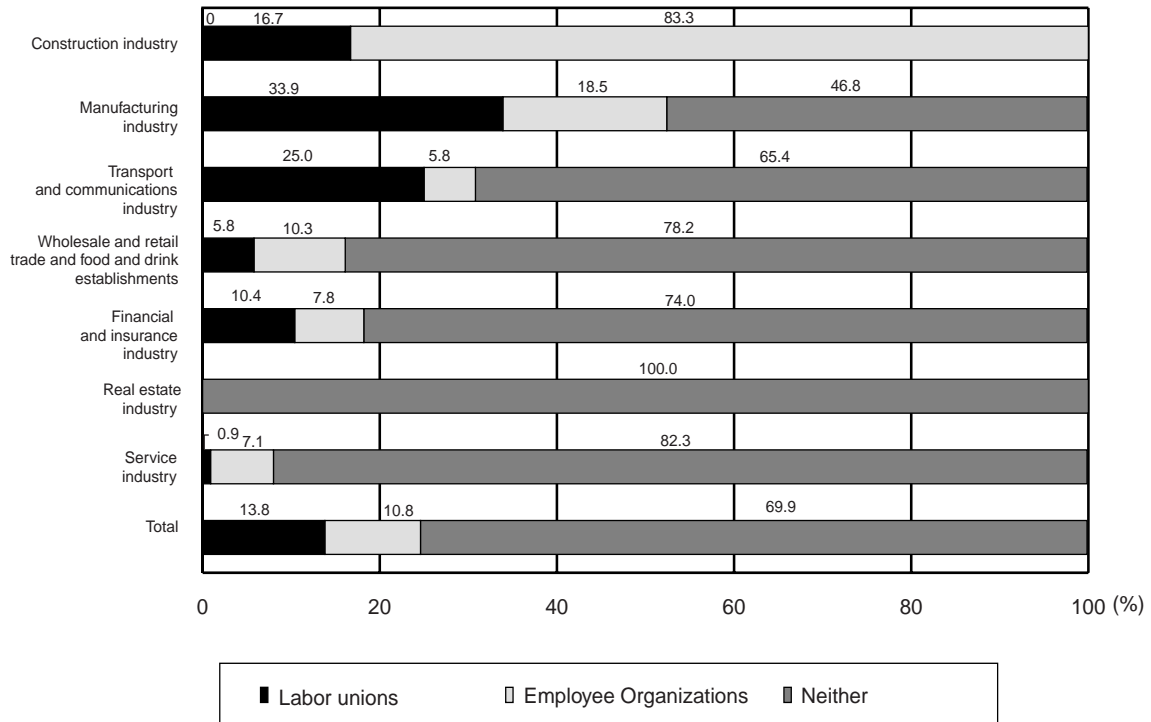
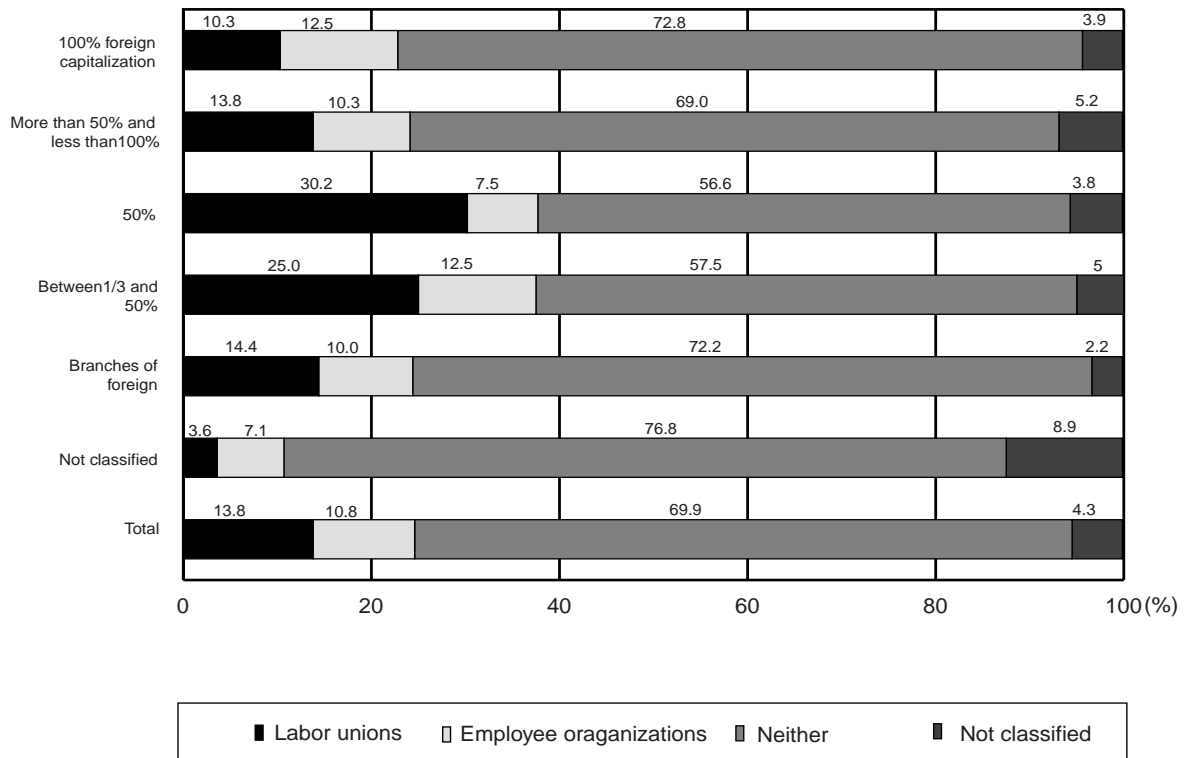


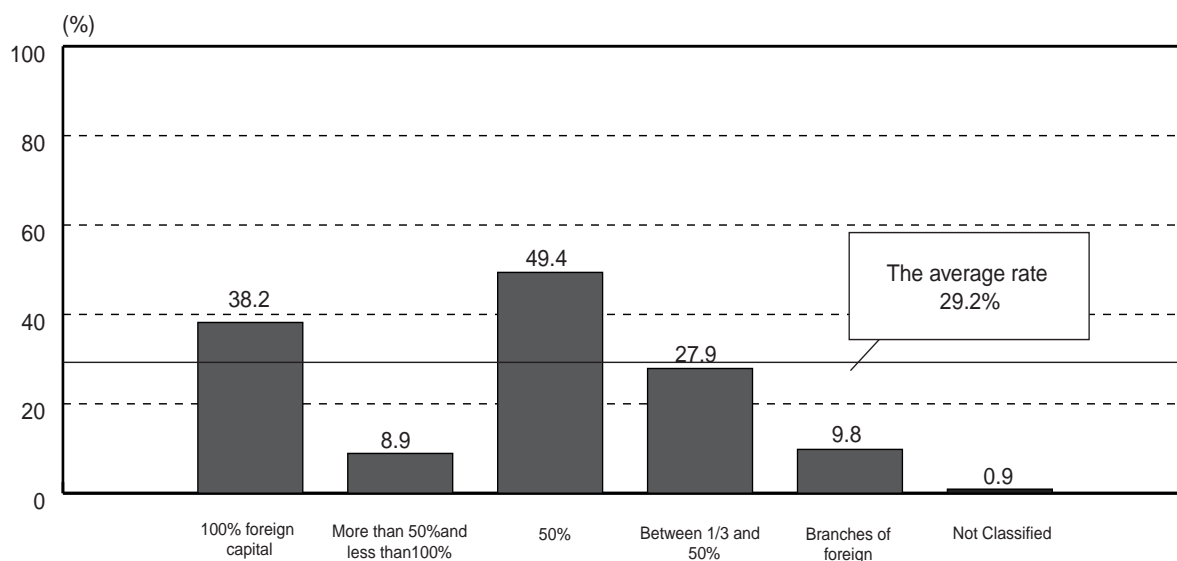
Fig. 9-2: Existence of labor unions and employee organizations by percentage of foreign capital



ii) The unionization rate (the percentage obtained by dividing the number of union members by the total number of regular employees in the companies that responded to the survey) was 29.2%. By the percentage of foreign capital, the highest rate, 49.4%, was found in companies with 50% foreign capital, followed by companies with 100% foreign capital at 38.2%, companies with between 1/3 and 50% foreign capital at 27.9%, branches of foreign corporations at 9.8%, and companies with between 50% and 100% foreign capital at 8.9% (Fig. 10).

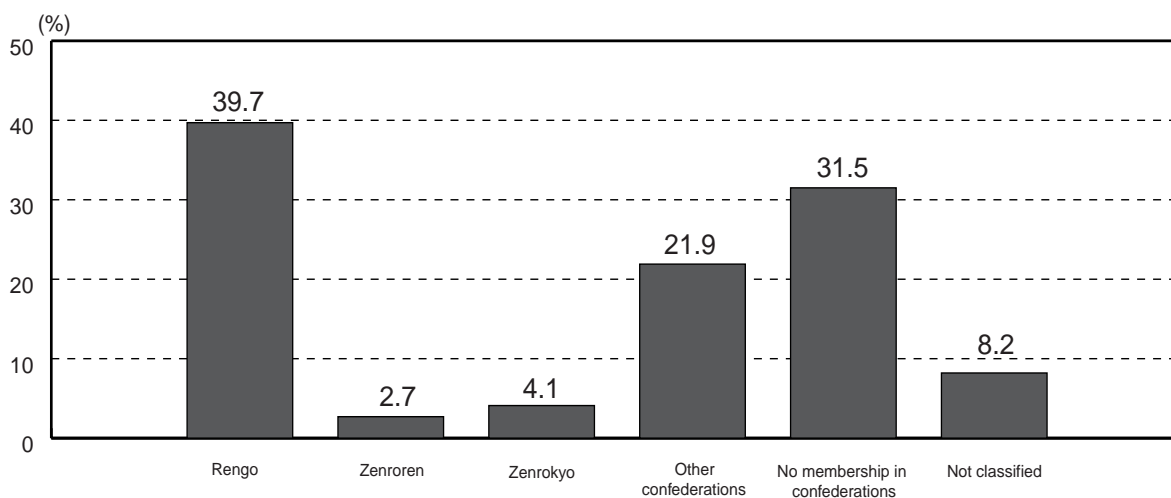
Note that the average rate of organization in companies that have unions was 66.9% (69.8% in the previous survey [1995]).

Fig. 10: The unionization rate



iii) In 60.3% percentage of cases in which companies have unions, that union is a member of a larger federation. The break down of such affiliations is Nihon rodokumiai sorengokai (“Japanese Trade Union Confederation,” hereafter Rengo) 39.7%, Zenkoku rodo kumiai sorengokai (“National Confederation of Japan Trade Unions,” hereafter Zenroren) 2.7%, and Zenkoku rodo kumiai renraku kyogikai (“National Trade Union Council” hereafter Zenrokyo) 4.1%. Other federations account for 21.9% of the total (Fig. 11).

Fig. 11: Status of membership in trade union confederations (multiple answers)



(2) Labor Agreements and Collective Bargaining

- i) Of the companies that have labor unions, 79.5% have concluded labor agreements with those unions.
- ii) Of the companies that have labor unions, 80.8% have conducted collective bargaining in the past two years (January 1, 1998 to December 31, 1999; the figures below are for this period).

(3) Matters Demanded by Workers, Labor Disputes, etc.

- i) In the past two years, 40.5% of all the companies in the sample received demands from workers. The items most commonly demanded by these labor unions were “matters concerning wages” (25.0%) “and matters concerning working hours, days off, and vacations” (16.8%) (multiple answers). On the other hand, 59.5% of all companies reported “no demands.”
- ii) Within the last two years, 14 out of the 529 companies in the sample experienced labor disputes accompanied by labor dispute actions.

Table 3: Percentage of companies experiencing labor disputes accompanied by labor dispute actions

(company, %)

	Total number of companies (A)	Number of companies with labor unions (B)	Number of companies with labor disputes (C)	Percentage of all companies (C/A)	Percentage of companies with unions (C/B)	Number of disputes (D)	Average number of labor disputes per company in companies with labor disputes (D/C)
1999 survey	529	73	14	2.6%	19.2%	101	7
1995 survey	732	93	10	1.4%	8.6%	108	11
1991 survey	873	101	14	1.6%	11.9%	91	7
1987 survey	990	156	27	2.7%	16.7%	54	2
1983 survey	1,051	222	52	4.9%	23.4%	123	2
1977 survey	550	247	106	19.3%	42.9%	255	2

- iii) Looking at the points of contention in labor disputes by item, we found that the most common, with multiple answers, were “matters concerning wages” (71.4%) and “matters concerning dismissals” (28.6%).
- iv) The most common form of labor dispute actions (multiple answers) was “strikes for less than half a day” at 35.7%, followed by “slowdowns” at 14.3%. None of the companies instituted lockouts.

(4) Labor-Management Communications (Labor-Management Consultation, etc.)

i) Of the companies in the sample, 25.3% had labor-management consultation committees, and by industry, these percentages were 50.0% for the construction industry, 47.6% for the manufacturing industry, the industries for which the percentages of committees established were highest. In contrast, wholesale and retail trade, and food and drink establishments; the financial and insurance industry, and the service industry all had relatively low percentages of companies with such committees, approximately 17% (Fig. 12-1). By size of company, there was a tendency for larger companies to have such committees established. Only 4.8% of companies with 9 or fewer employees and 10.7% of companies with 10 to 29 employees had these committees, but 52.2% of companies with 500-999 employees and as many as 61.9% of companies with 1,000 or more employees had them (Fig. 12-2). By foreign capital, a relatively low percentage of companies with high percentages of foreign capital and branches of foreign corporations had such committees (Fig. 12-3).

Fig. 12-1: Percentage of companies with labor-management consultation committees by industry

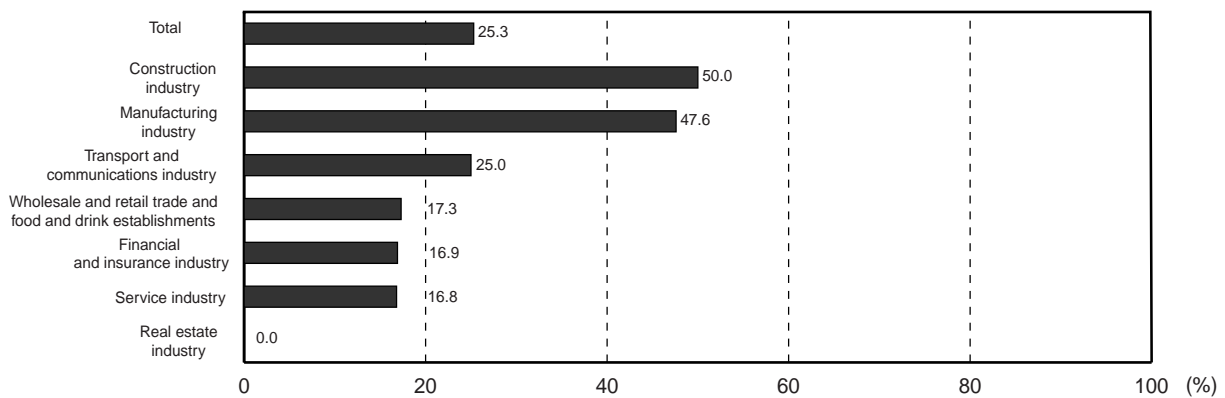


Fig. 12-2: Percentage of companies with labor-management consultation committees by size of company

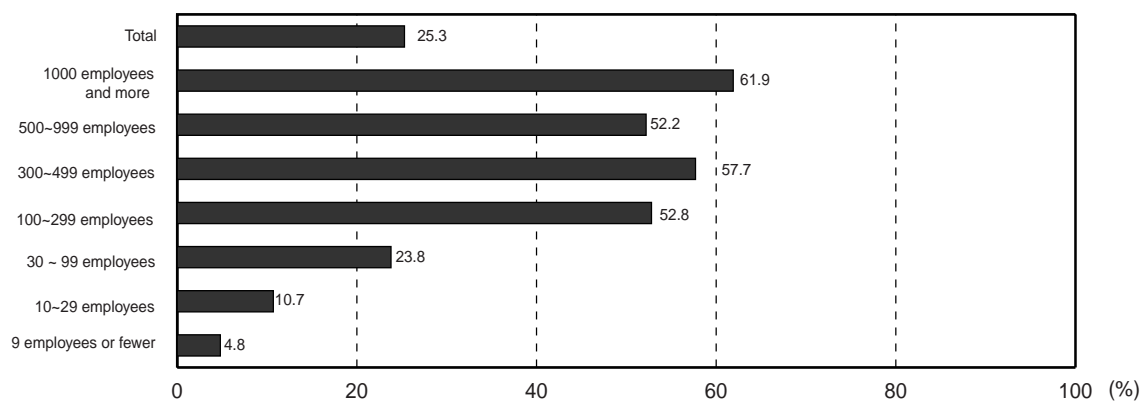
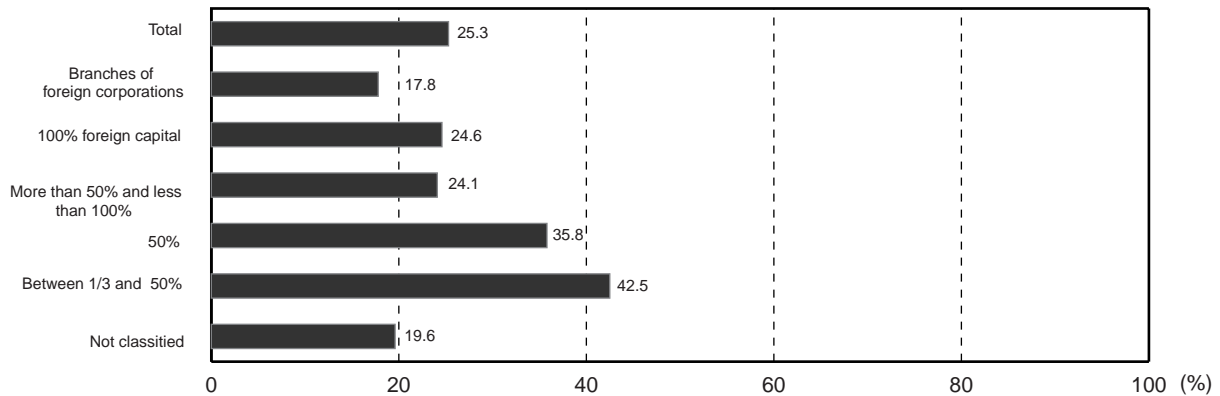


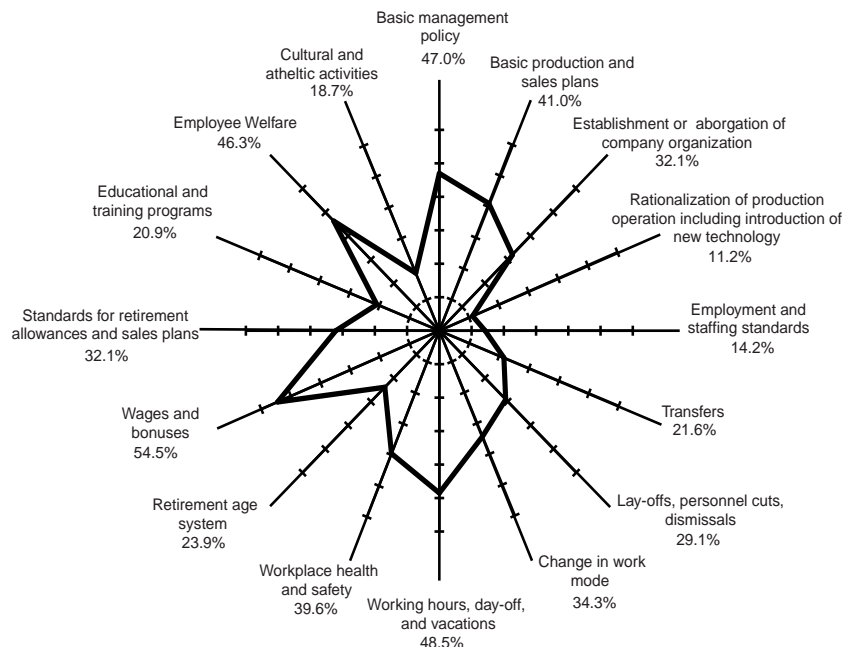
Fig. 12-3: Percentage of companies with labor-management consultation committees by percentage of foreign capital



ii) Within the past year, companies with labor-management consultation committees called meetings of the consultation committees an average of 5.6 times per company, which means that the meetings were held at a frequency of about once every 2 months. In addition, 15.7% of companies having labor-management consultation committees held meetings 11 or more times per year.

iii) Matters to be placed on agenda by the labor-management consultation committees included “wages and bonuses” (54.5%), “working hours, day-off system” (48.5%), “basic management policy” (47.0%), and “employee welfare” (46.3%). Multiple responses were allowed (Fig. 13).

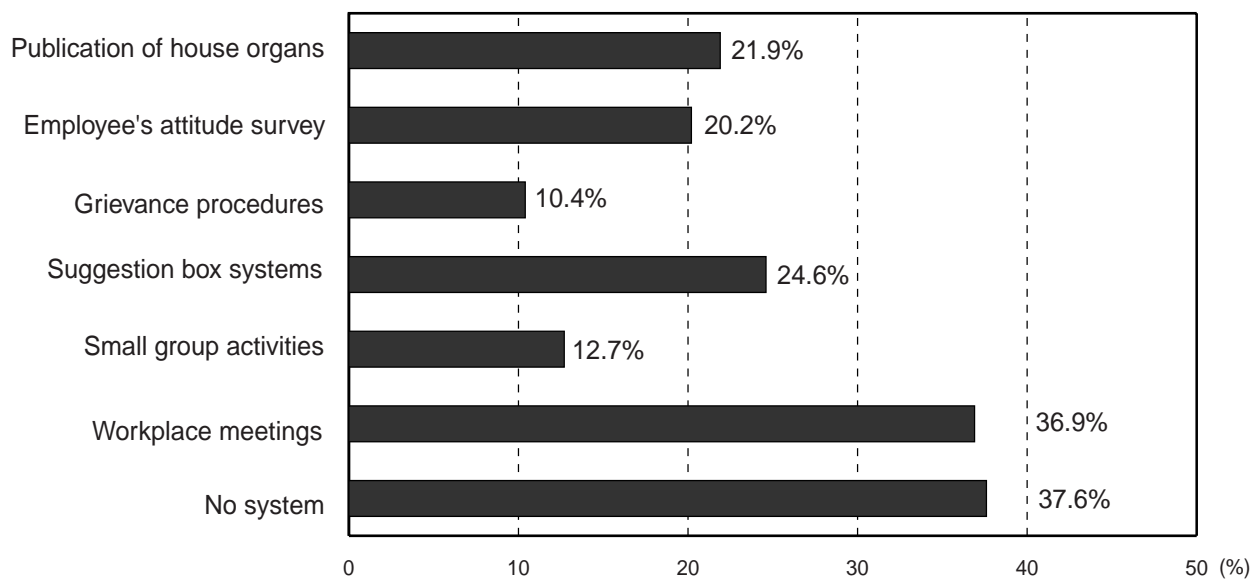
Fig. 13: Percentage of companies whose labor-management consultation committees discussed certain items (multiple answers)



Comparisons with a Survey on Labor-Management Communications 1999 to Japanese companies with 30 or more employees showed that foreign affiliated companies were less likely than Japanese companies to have these items discussed. For example, the figures for “basic management policy” were 45.3% for foreign affiliated companies and 76.0% for Japanese companies, while the figures for “wages and bonuses” were 49.9% for foreign affiliated companies and 80.4% for Japanese companies.

iv) Systems for facilitating labor-management consultation other than labor-management consultation committees included “workplace meetings” (36.9%) and “suggestion box systems” (24.6%). Multiple responses were allowed (multiple answers) (Fig.14) .

Fig. 14: Systems for facilitating labor-management consultation other than labor-management consultation committees (multiple answers)



(5) Employment Adjustments

i) Looking at the types of employment adjustments made in the past two years, we found several, including “transfers” (26.3%), “substitutions and increases of days off” (21.9%), “restrictions on overtime” (19.6%), and “suspension of re-contract and dismissal of temporary or part-time workers” (17.2%). Multiple responses were allowed (Fig. 15).

ii) When it came to instituting employment adjustments, the percentage of companies that instituted such adjustments after “agreements,” “consultations,” or “exchanges of opinions” with labor unions or representatives of workers (hereafter “labor unions, etc.”) were 67.5% concerning “substitutions or increases of days off,” 63.2% concerning “restrictions on overtime,” and 57.9% concerning “solicitation of voluntary retirements, dismissals.” Employment adjustments in which labor unions, etc. made no contribution at all in a high percentages of cases included “decrease or suspension of new hiring” (56.2%), “Transfer to affiliates”(52.9%), “dismissal or non-renewal of temporary, seasonal, or part-time workers” (36.7%) (Fig. 16).

Fig. 15: Implementation of employment adjustment in the past two years (multiple answers)

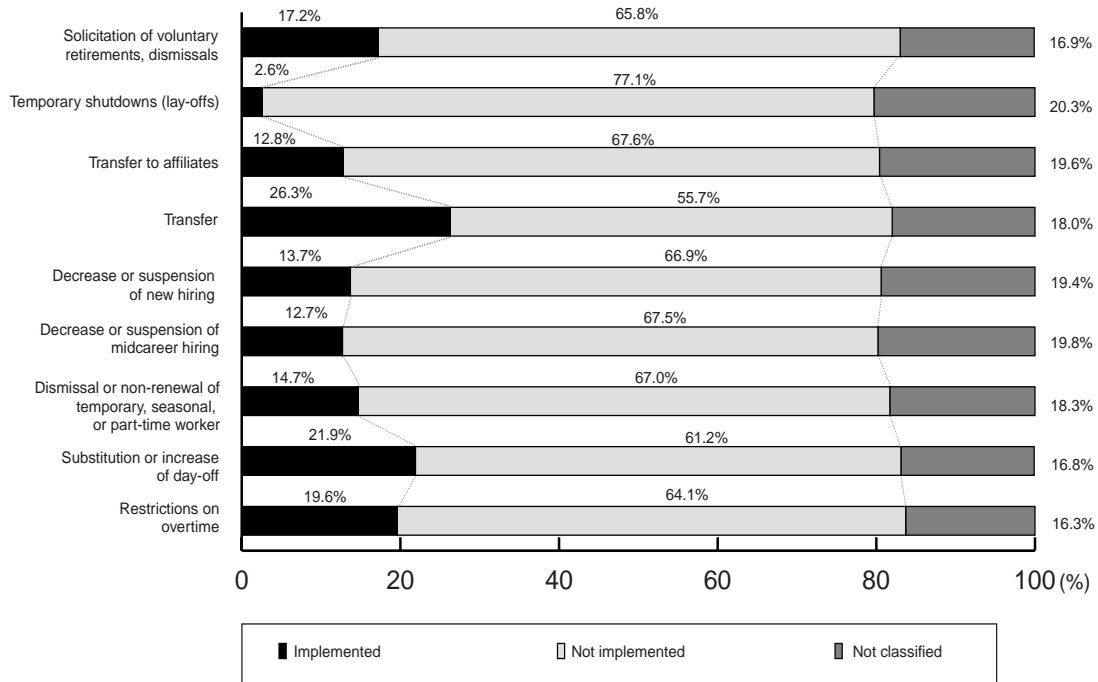
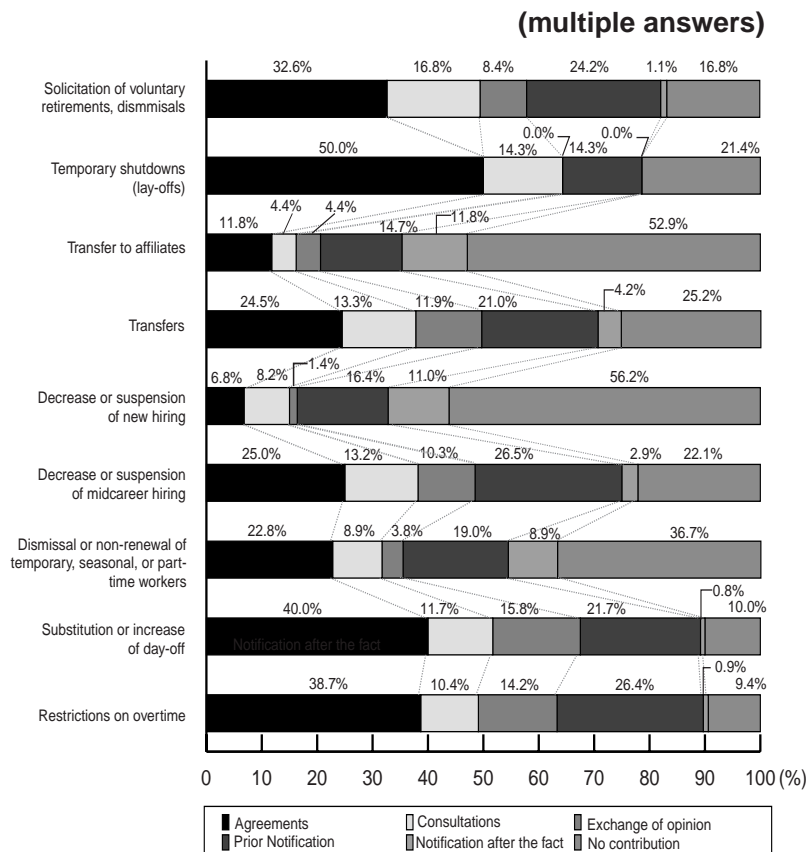


Fig. 16: Degree of contribution of the labor union (workers' representatives) to implementation of employment adjustments (at companies that have labor unions or employee organizations)



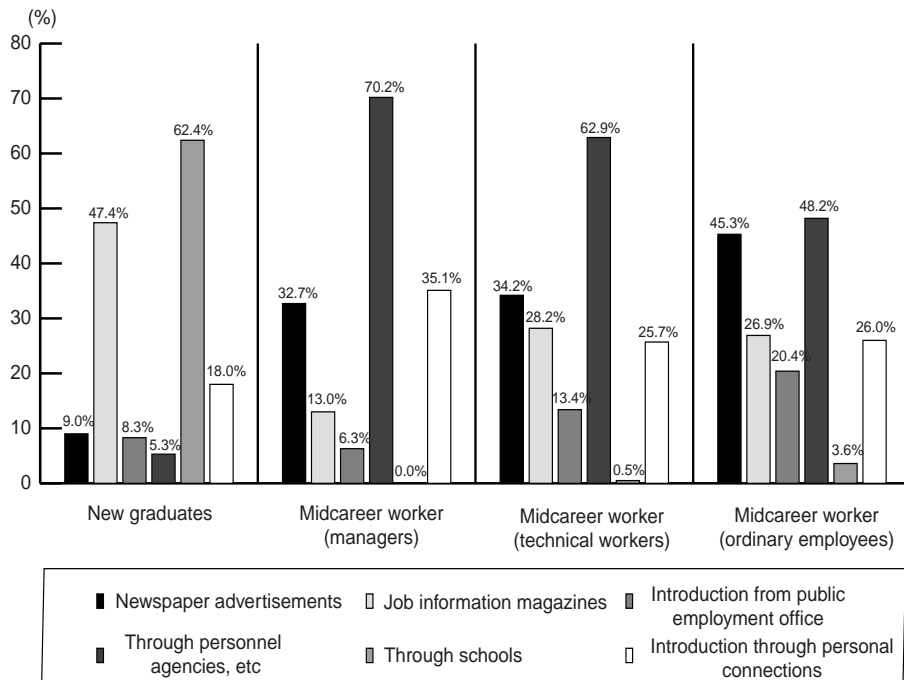
3. Administration, Management of Personnel and Labor Relations

(1) Hiring

i) Taking companies hiring new employees as the parameter, the most common approach to hiring new graduates was “through the school” (62.4%), followed by “job information magazines” (47.4%), and “introductions through personal connections” (18.0%) (multiple answers).

For midcareer hiring, whether for managers, technical workers, ordinary workers, or any other type of job, the highest percentage of companies responded with “through personnel agencies, etc.,” followed by “newspaper advertisements.” (Fig. 17)

**Fig. 17: Approaches to hiring workers (multiple answers)
(With the hiring companies as the parameter)**



ii) Asked about their future hiring guidelines, 55.0% percent of companies responded that they would “emphasize midcareer worker,” 17.4% said that they would “hire both new graduates and midcareer workers,” and 3.2% said that they would “emphasize hiring of new graduates.” In addition, 21.9% of companies responded that they had “no particular guidelines” (Fig. 18). Looking at the most common reasons for these guidelines, companies that planned to emphasize the hiring of new graduates gave their reasons as “Only hiring new graduates will guarantee us the human resources we need” (88.2%) and “the hiring procedures are already set in place” (52.9%). Relatively common reasons for “hiring both new graduates and midcareer workers” included “we want people who are ready to work right away” (37.0%) and “we hire only to fill vacancies” (34.8%). The most common reason for emphasizing midcareer hiring focused in on the greatest advantage of such employees: “We want people who are ready to work right away” (85.9%).

Fig. 18: Future guidelines for hiring workers

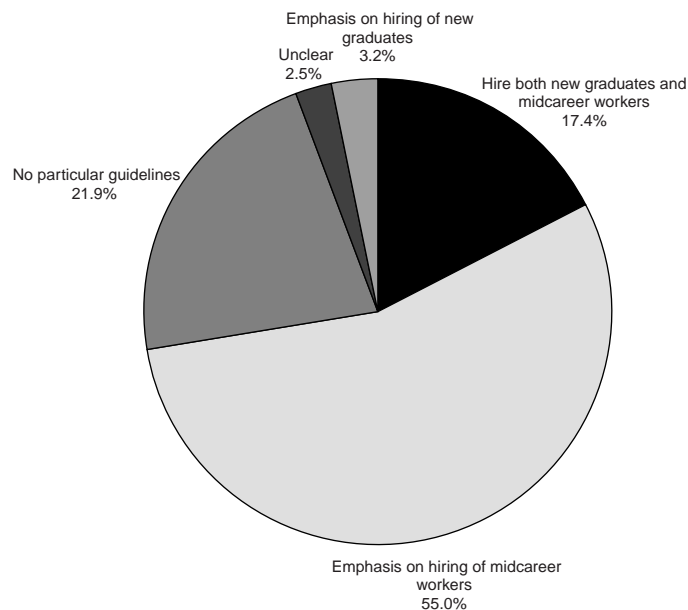


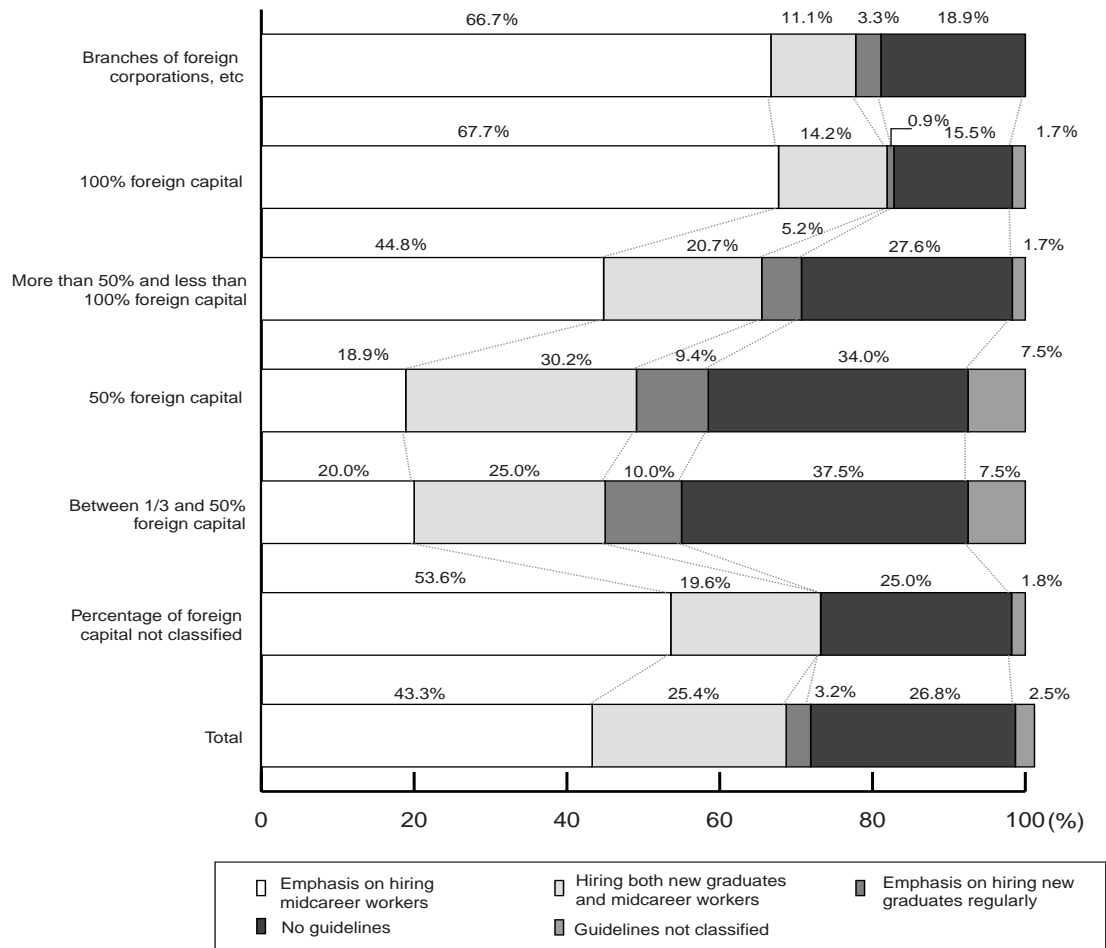
Table 4: Reasons for hiring guidelines (multiple answers)

(%)

	Emphasis on hiring new graduates	Hiring both new graduates and midcareer workers	Emphasis on hiring midcareer workers
Only hiring new graduates will guarantee us the human resources we need	88.2	-	-
The hiring procedures are already set in place	52.9	19.6	4.5
Only hiring midcareer workers will guarantee us the human resources we need	-	-	33.7
We want people who are ready to work right away	-	37.0	85.9
We hire only to fill vacancies	-	34.8	39.9
We can't find good employees among new graduates	-	5.4	5.5
We can't find good employees among midcareer workers	5.9	10.9	-
It costs money to train new graduates	-	16.3	26.5
We have no expertise in hiring new graduates	-	2.2	3.4
Hiring of new graduates has not gone well	-	1.1	3.1

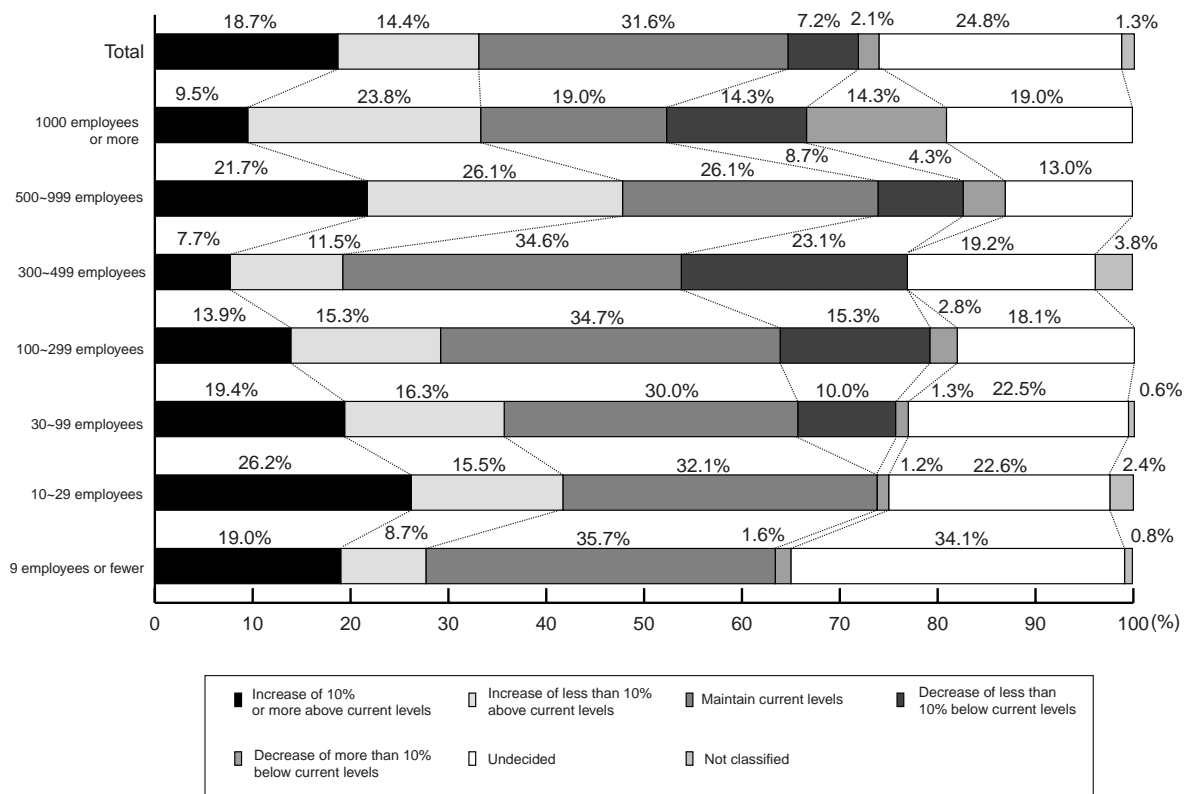
On the other hand, looked at by the percentage of foreign capital, in general, companies with the highest percentages of foreign capital are the most likely to prefer midcareer hiring, and the percentage making use of midcareer hiring rises with the amount of foreign capital.

Fig. 19: Future guidelines for hiring workers by the percentage of foreign capital



iii) Staffing plans and hiring guidelines for the next 3 years (as of the time of the survey, December 31, 1999), 24.8% of companies of all sizes reported that they were undecided, but a plurality of companies that have set guidelines, 33.1%, foresee an increase over the current levels (the sum of “an increase of 10% or more above current levels” and “an increase of less than 10% above current levels”). The next highest percentage at 31.6%, was “maintain current levels.” (Fig. 20)

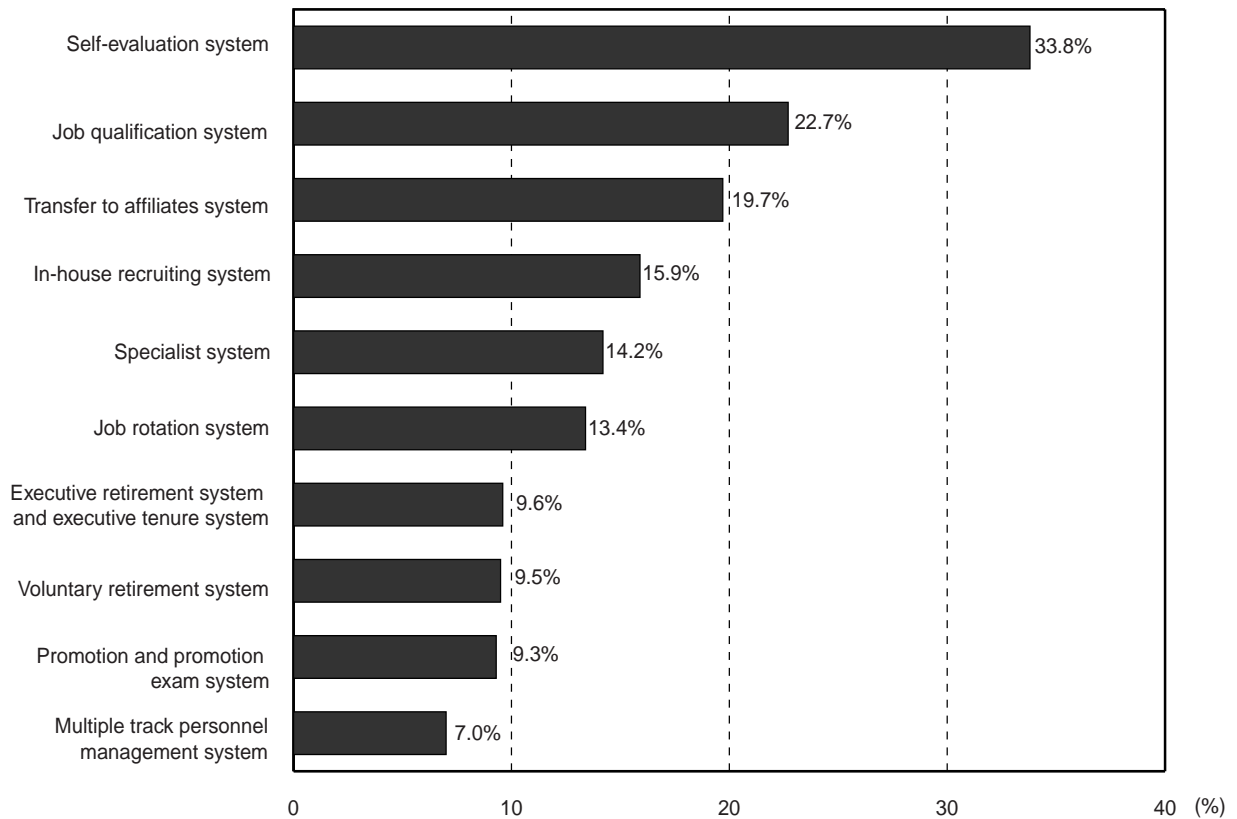
Fig. 20: Staffing plans and hiring guidelines for the next three years by size of company



(2) Management of Personnel and Labor Affairs

i) Hiring in personnel management systems was accomplished through “self-evaluation system” (33.8%) and “job qualification systems” 22.7% (multiple answers) (Fig. 21).

Fig. 21: Hiring in personnel management systems (multiple answers)



ii) With respect to concepts of hiring and personnel, a majority, 58.6%, stated that they “pay little attention to the lifetime employment practice”. The points emphasized in hiring and personnel include “an emphasis on the ability to perform the job”(42.7%), while “an emphasis on the person’s overall character” received a mere 3.8%.

With respect to organizational management, “clearly stating individual job classification” received the highest percentage, at 69.0%. The percentage stating that they “do not clearly state individual job classification” was 10.4%.

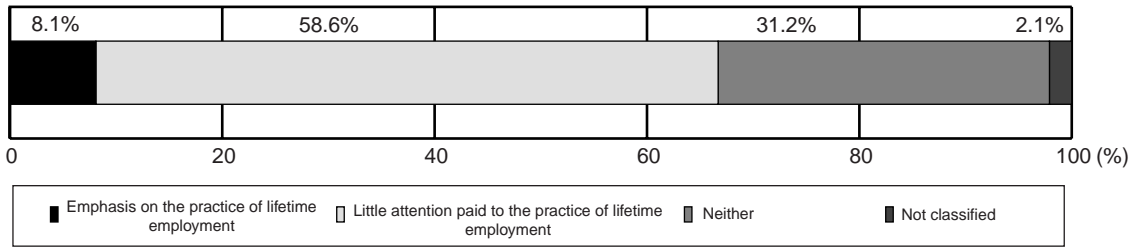
A majority, 64.1%, said that they “took abilities into consideration” when dealing with wages, while only 1.9% said that they “emphasize needs for daily life,” and 27.4% said that they “combine both aspects.”

Evaluations, rewards, and penalties are “clearly and proactively carried out” at 60.3% of companies, but 7.6% of companies stated that their “criteria are not clearly spelled out, and the emphasis is on human relationships.”

The 63.9% of companies that claim “emphasis on ability” as the basis of their personnel and labor management policies greatly outnumber the 1.9% that “emphasize the seniority system,” but 28.7% “combine both aspects.” (Fig. 22).

Fig. 22: Concepts of Personnel and Labor Management

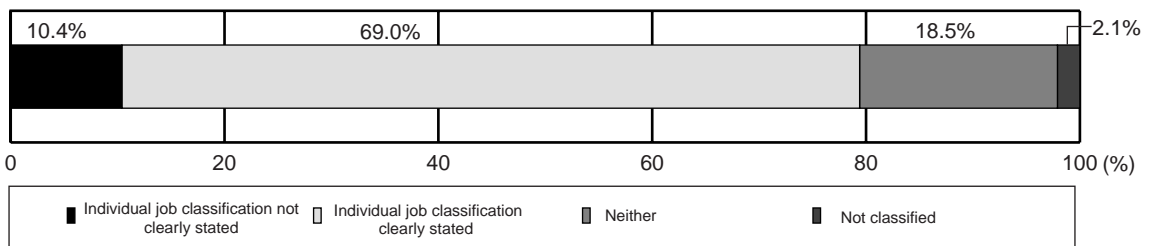
i) Basic concepts of hiring and personnel



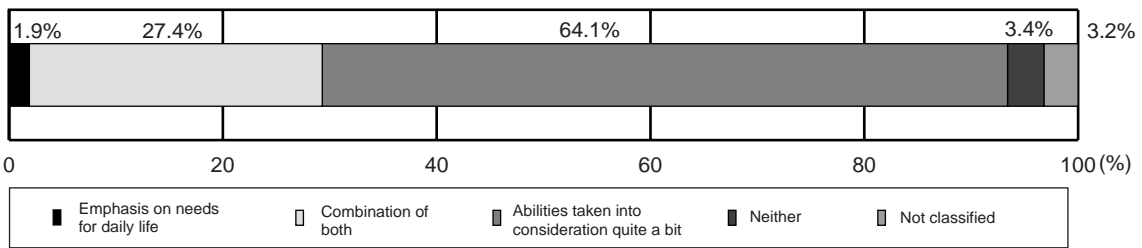
ii) Points emphasized in hiring and personnel



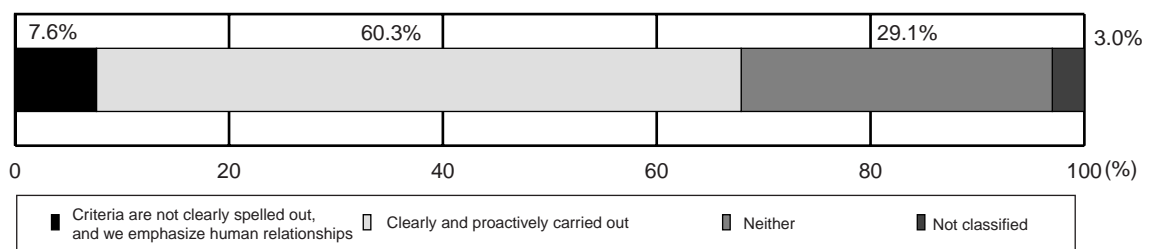
iii) Organizational management



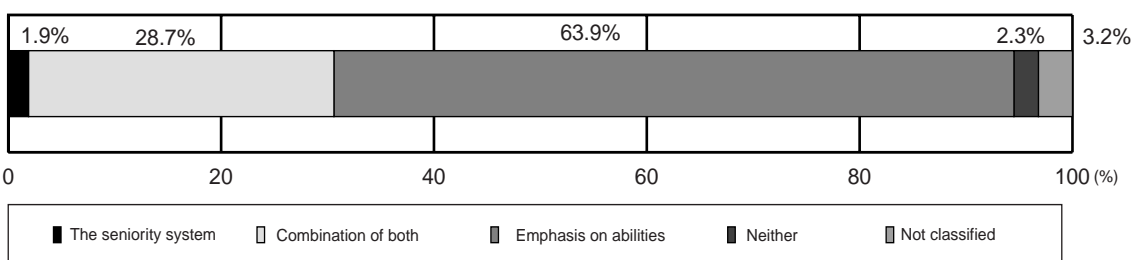
iv) Wages



v) Personnel evaluations, rewards, and penalties



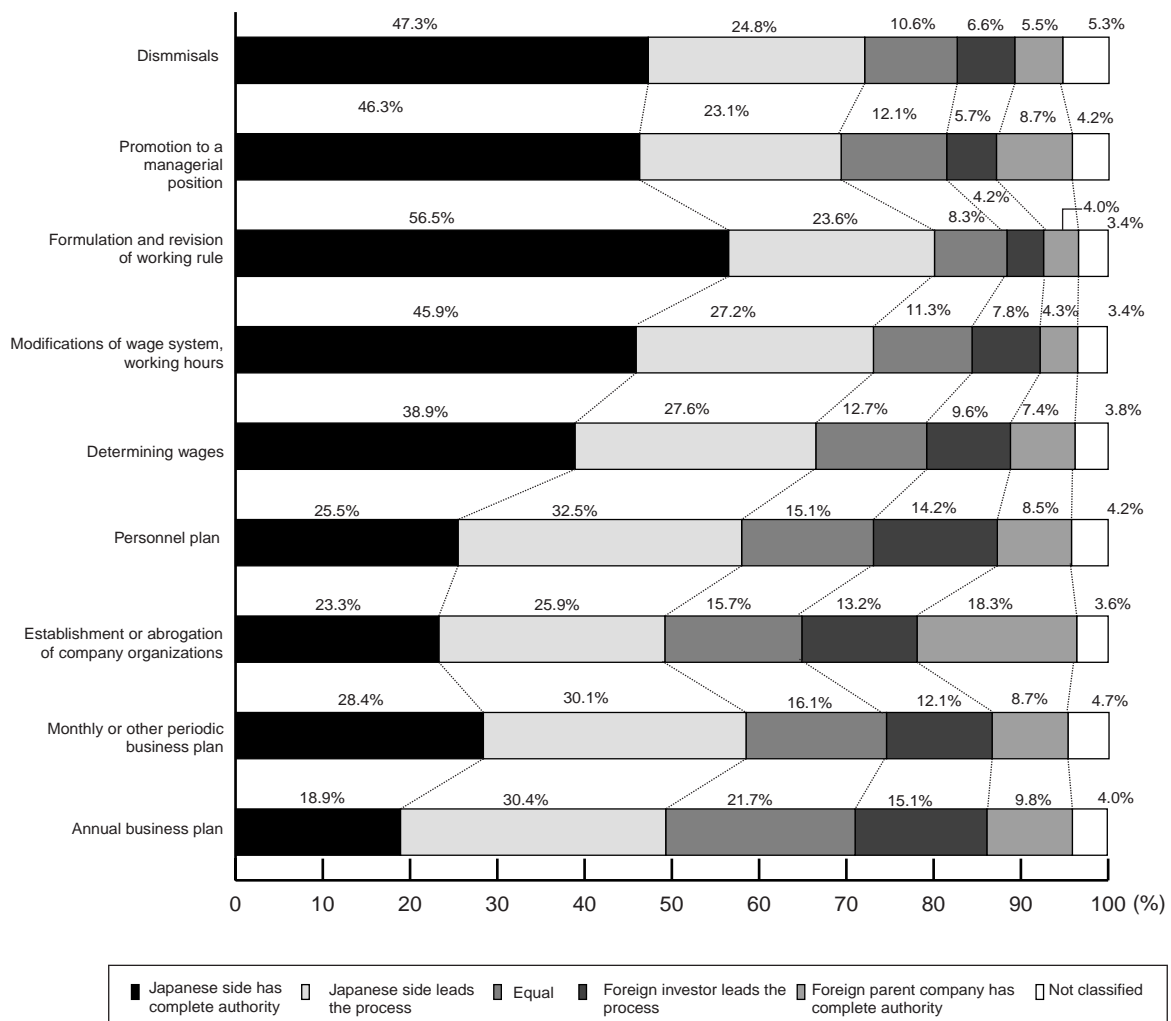
vi) Basis of personnel and labor management



(3) Administration, Personnel Management

i) Looking at the question of who holds final decision making authority in matters of administration and personnel management, nearly a majority of companies allow the Japanese side to take the initiative for all the items listed. In particular, a higher percentage of items related to personnel and labor management, such as “formulation and revision of working rule,” are delegated to the Japanese side than are “matters of business plan or personnel plan” (Fig. 23).

Fig. 23: Final decision making authority in matters of administration and personnel management

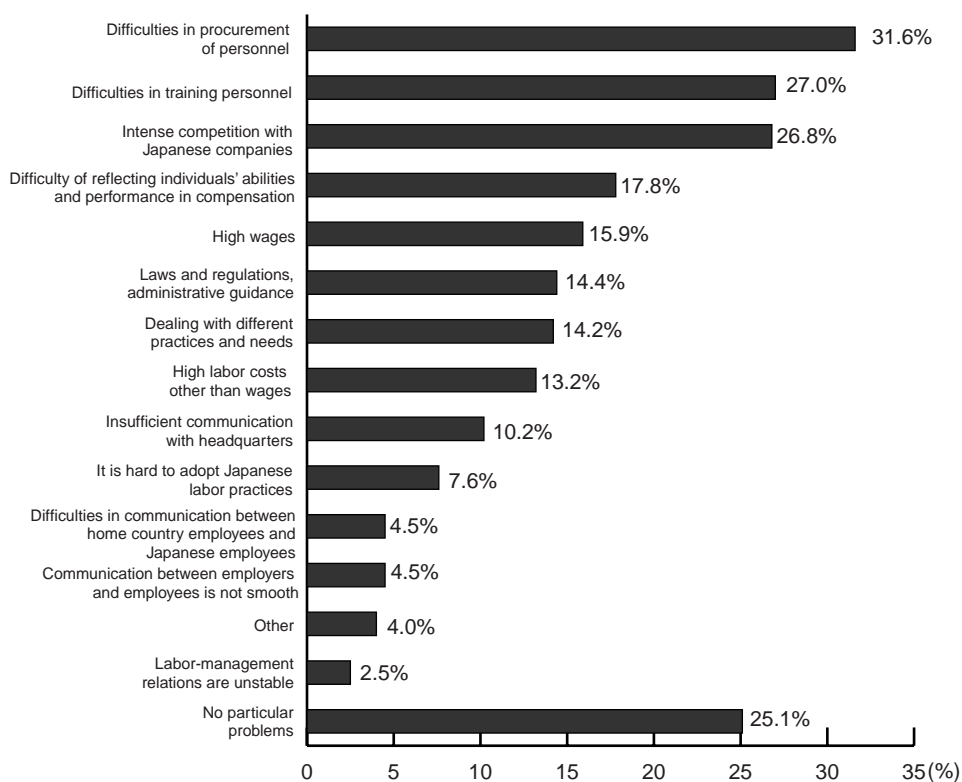


In addition, by the percentage of foreign capital, the percentage of companies responding “Japanese side has complete authority” rises as the percentage of foreign capital falls, and the percentage of companies responding “foreign parent company has complete authority” also falls.

ii) Looking at the question of what foreign affiliated companies see as problems related to administration and personnel management (multiple answers), we find that a plurality of companies, 31.6%, mentioned “difficulties in procurement of personnel,” while 27.0% mentioned “difficulties in training personnel.” These items were followed by “intense competition with Japanese companies” (26.8%), and “difficulty of reflecting individuals’ abilities and performance in compensation” (17.8%) (Fig. 24).

Note that 25.1% of companies stated that they had “no particular problems” with issues of administration or personnel management.

Fig. 24: Problems related to administration or personnel management (multiple answers)



4. Working Conditions

(1) Amount of compensation

i) The average starting salaries (actual amounts paid) for new graduates taking their first jobs (office work) in April, 1999 were ¥210,000 for men and ¥207,000 for women. By industry, salaries in the financial and insurance industries were somewhat higher than those in other industries.

ii) Average standard salaries paid to workers who were hired as new graduates and are now 30 years old were ¥384,000 for men and ¥313,000 for women. By industry, the salaries were highest for both men and women in the financial and insurance industry.

By foreign capital, the highest figures were salaries for men, ¥422,000, were paid at companies with between 50% and 100% foreign capital, and the highest salaries for women, ¥342,000, were paid at 100% foreign affiliated companies.

The average amount of annual bonuses, term-end allowances, and other special compensation for January 1 to December 31, 1999, was ¥1,288,000 for men and ¥1,166,000 for women (Table 5).

Table 5: Starting salaries for new graduates, standard salaries for 30-year-old workers

(Units: ¥100)

	Starting salaries for new graduates (office work)		Standard salaries for 30-year-old workers originally hired as new graduates					
			Amount of salary provided				Special pay, such as bonuses, during the previous year	
			M		F			
M	F	M	F	M	F	M	F	
Total	2,104	2,066	3,835	3,126	429	322	12,876	11,662
Manufacturing industry	2,036	2,017	3,607	3,200	372	280	11,486	10,735
Transport and communication industry	2,045	2,035	3,280	3,107	435	489	12,951	13,492
Wholesale and retail trade, and food and drink establishments	2,098	2,055	4,037	3,124	564	318	13,442	11,979
Financial and insurance industry	2,253	2,146	4,302	3,590	293	299	16,203	13,714
Service industry	2,179	2,151	3,870	2,645	428	319	11,077	9,059
Foreign capital: 100%	2,137	2,095	3,900	3,419	538	366	13,316	12,120
Foreign capital: more than 50% and less than 100%	2,047	2,063	4,219	2,409	354	225	11,952	10,473
Foreign capital: 50%	2,045	2,001	3,824	3,095	447	345	12,479	11,626
Foreign capital: between 1/3 and 50%	1,974	1,947	2,942	2,772	491	356	10,130	8,982
Foreign capital: percentage not classified	2,061	2,016	4,393	2,633	276	292	11,655	8,351
Branch of foreign corporation	2,233	2,156	3,556	3,302	250	260	14,667	14,035

(2) Weekly scheduled working hours

A look at weekly scheduled working hours showed that the majority, 69.5%, had fewer than 40 hour per week. By industry, companies with fewer than 40 working hours per week included 66.9% of those in the manufacturing industry, 84.6% of those in the transport and communication industry, 73.7% of those in the wholesale and retail trade, and food and drink establishments; 71.5% of those in the financial and insurance industry, and 59.2% in the service industry, so the figure was over 50% in all industry. By size of the company, companies with fewer than 40 working hours per week included 63.5% of companies with fewer than 9 employees, 59.5% of companies with 10-29 employees, 78.3% of companies with 30-99 employees, 86.1% of companies with 100-299 employees, 53.8% of companies with 300-499 employees, and 78.3% of companies with 500-999 employees or more (Table 6).

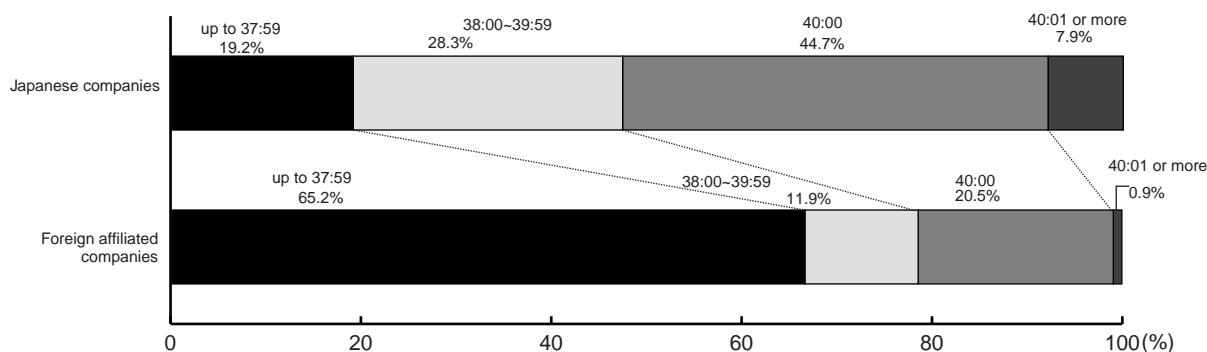
By percentage of foreign capital, the percentage of companies with fewer than 40 working hours per week was 55.0% for companies with 1/3 to 50% foreign capital, 54.8% for those with 50% foreign capital, 68.9% for those with between 50% and 100% foreign capital, and 73.7% for those with 100% foreign capital, so the percentage of companies with work weeks of less than 40 hours was highest among companies with the highest percentage of foreign capital.

Table 6: Percentage of companies having work weeks of various lengths

	Less than 38 hours	Between 38 and 40 hours	Between 40 and 42 hours	42 hours or more	Not classified
Manufacturing industry	47.6%	19.3%	29.0%	3.2%	0.8%
Wholesale and retail trade, and food and drink establishments	67.3%	6.4%	19.2%	1.9%	4.5%
Financial and insurance industry	67.6%	3.9%	15.6%	5.2%	7.8%
Transport and communication industry	76.9%	7.7%	11.5%	-	3.8%
Service industry	53.9%	5.3%	29.2%	1.8%	8.8%
1,000 or more employees	42.8%	23.8%	33.3%	-	-
500-999 employees	60.9%	17.4%	17.4%	-	4.3%
300-499 employees	46.2%	7.6%	38.5%	3.8%	3.8%
100-299 employees	69.4%	16.7%	12.5%	-	1.4%
30-99 employees	70.1%	8.2%	20.0%	1.2%	0.6%
10-29 employees	59.5%	-	26.2%	4.8%	7.1%
Fewer than 9 employees	55.6%	7.9%	23.8%	5.6%	7.9%
Total	60.6%	8.9%	22.3%	3.1%	5.1%

If we compare these foreign affiliated companies with Japanese companies having 30 or more regular employees, which were the subject of a General Survey on Wages and Working Hours System 1999, we find that 65.2% of foreign affiliated companies had work weeks of less than 38 hours, while 32.4% had work weeks of between 38 and 40 hours. The corresponding figures for Japanese companies were 19.2% having work weeks of less than 38 hours and 73.0% having work weeks between 38 and 40 hours (Fig. 25).

Fig. 25: Percentage of companies having work weeks of various lengths (compared with Japanese companies)



(3) Days Off and Holidays

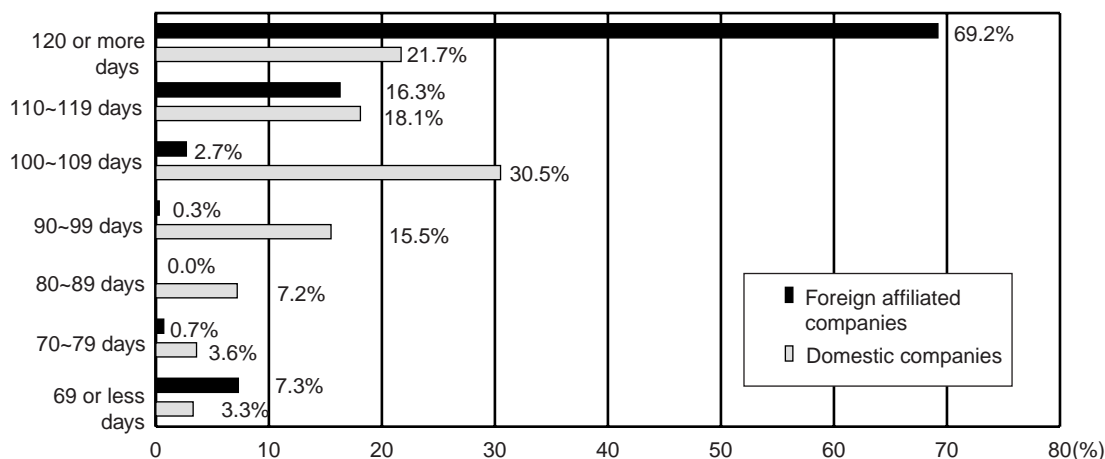
i) The annual total of days off was 110 or more at 72.9% of companies (89.9% in the previous [1995] survey), and 120 days or more at 58.2% of companies (60.0% in the previous survey) (Table 7).

Table 7: Annual total of days off by size of company

	69 or less days	70-79 days	80-89 days	90-99 days	100-109 days	110-119 days	120 or more days	Not classified	Total
1,000 or more employees	-	-	-	-	-	23.8	71.4	4.8	100.0
500-999 employees	-	-	-	-	8.7	17.4	73.9	-	100.0
300-499 employees	-	-	-	-	-	15.4	84.6	-	100.0
100-299 employees	5.6	-	-	-	1.4	15.3	72.2	5.6	100.0
30-99 employees	11.3	1.3	-	0.6	3.1	15.6	64.4	3.8	100.0
10-29 employees	25.0	1.2	-	1.2	2.4	11.9	45.2	13.1	100.0
Fewer than 9 employees	21.4	-	-	3.2	4.8	14.3	46.0	10.3	100.0
Total	14.4	0.6	-	1.1	3.0	14.7	58.2	7.9	100.0

If we compare these foreign-capitalized companies with domestic companies having 30 or more regular employees, which were the subject of a General Survey on Wages and Working Hours System 1999, we find that while 69.2% of foreign-capitalized companies had 120 or more days off, only 21.7% of domestic companies did (Fig. 26).

Fig. 26: Annual total of days off by size of company (compared with domestic companies)



ii) The average annual paid holidays was 20.3 days, and the average number of days acquired was 12.8, so that 62.9% of the holidays were acquired. By percentage of foreign capital, the average number of days provided was 21.4 at 100% foreign affiliated companies, 20.5 at branches of foreign corporations, 19.6 days at companies with 50% foreign capital, and 18.3 days at companies with between 1/3 and 50% foreign capital. The average number of holidays taken was 14.5 at branches of foreign corporations, followed by 13.4 at 100% foreign affiliated companies, 10.9 days at companies with between 1/3 and 50% foreign capital, and 10.7 days at companies with 50% foreign capital. The highest percentages of holidays acquired were at branches of foreign corporations (70.8%), followed by 100% foreign affiliated companies (62.4%) and companies between 1/3 and 50% foreign capital (59.4%) (Table 8).

Table 8: Average annual days of paid holidays provided, by foreign capital of the company

(Days, %)

	Average grant day	Average acquired day	Average grant acquired rate
Foreign capital: 100%	21.4	13.4	62.4%
Foreign capital: more than 50% and less than 100%	16.8	9.1	54.4%
Foreign capital: 50%	19.6	10.7	54.7%
Foreign capital: between 1/3 and 50%	18.3	10.9	59.4%
Branch of foreign corporation	20.5	14.5	70.8%
Foreign capital: percentage not classified	20.6	13.6	66.0%
Total	20.3	12.8	62.9%

If we compare these foreign affiliated companies with Japanese companies having 30 or more regular employees, which were the subject of a General Survey on Wages and Working Hours System 1999, we find that the average grant day (20.2), the average acquired day (11.7), and the average grant acquired rate (57.8%) were higher at foreign affiliated companies than at Japanese companies, where the figures were 17.8 days granted, 9.0 days acquired, and a average grant acquired rate of 50.5% (Table 9).

Table 9: Comparison with Japanese companies with respect to average number of paid holidays granted, average number of holidays taken, and average grant acquired rate

(Days, %)

	Average grant day	Average acquired day	Average grant acquired rate
Foreign affiliated companies	20.2	11.7	57.8%
Japanese companies	17.8	9.0	50.5%

Note 1: The figures for Japanese companies are from the General Survey on Wages and Working Hours System 1999 by the Ministry of Labour

Note 2: Companies with 30 or more employees

iii) By type, special holidays introduced included, in order of frequency, 1) funeral leave (91.5%), 2) honeymoon leave (90.0%), 3) leave for the birth of a child (64.1%), 4) sick leave (63.5%), 5) sabbatical leave (20.0%), 6) family care leave (15.7%), 7) paid education and training leave (15.3%), and 8) volunteer leave (4.3%).

If we compare these foreign affiliated companies with Japanese companies having 30 or more regular employees, which were the subject of a General Survey on Wages and Working Hours System 1999, we find that all these systems of special leaves were more common at the foreign affiliated companies. This was especially true of sick leave (Japanese companies 23.1%, foreign companies 64.2%) and sabbatical leave (Japanese companies 11.7%), foreign companies 24.8%) (Fig. 27).

Fig. 27-1: Percentage of companies by type of special leave

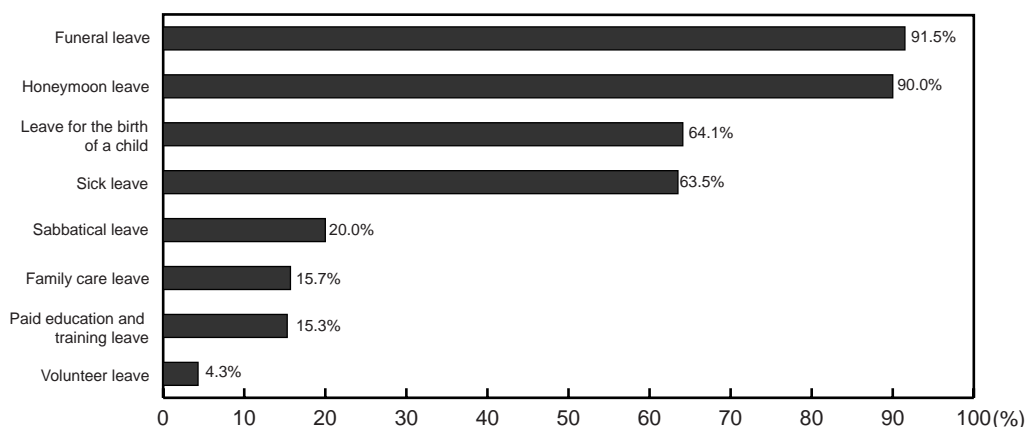
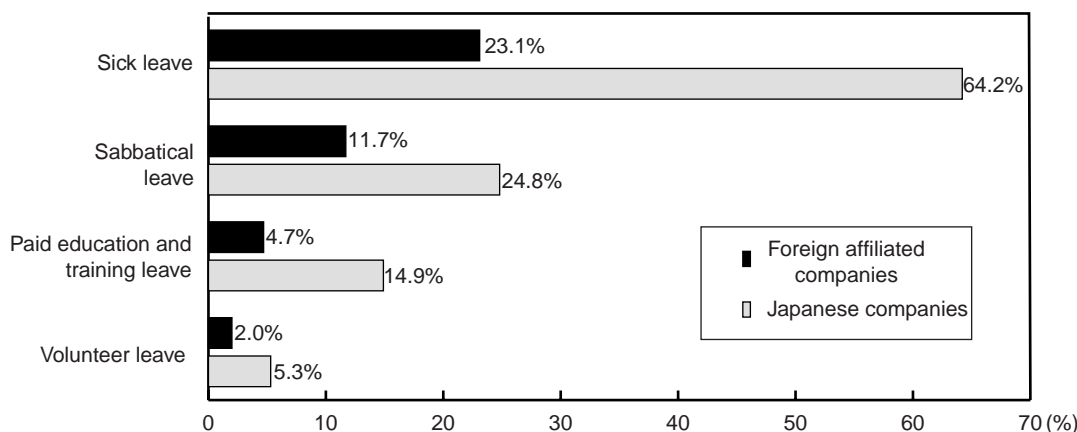


Fig. 27-2: Comparison with Japanese companies



Note 1: The figures for Japanese companies are from the General Survey on Wages and Working Hours System 1999 by the Ministry of Labour

Note 2: Companies with 30 or more employees

Reference: A Comparison of Foreign-Affiliated Companies and Domestic Japanese Companies

For reference, we present here a comparison of this survey, which covers only foreign-affiliated companies, and one covering Japanese companies in general, including foreign-affiliated companies, with the left-hand column titled <Foreign-affiliated companies> showing the data from this survey and the right-hand column, titled <Domestic Companies>, showing the results of other surveys. As you use these data, I would like to remind you that the surveys differ in many respects, including survey methods, selection of the companies covered, and the time of implementation, so that it is often incorrect to compare companies on the basis of these figures.

We recompiled the survey data before conducting the comparisons, so that the companies were as close to the same size as possible.

<Foreign affiliated companies>

<Japanese companies>

1. Hiring and Separation of Workers

* This survey (all companies)

* Survey on Employment Trends 1999

(workplaces with 5 or more regular employees)

Number of workers hired	11,362	Number of workers hired	5,826,200
Midcareer hires	8,376	Midcareer hires	3,474,000
Separated workers	11,820	Separated workers	6,234,000

2. Labor-Management Relations

(1) Unionization rate

* This survey

29.2%

* Basic Survey on Labor Unions 1999

22.2%

(2) Existence of Labor Agreements

* This survey

* Survey on the State of Labor Agreements 1996

(Private establishments with 30 or more union members)

Yes	79.5%	Yes	89.2%
No	13.7%	No	10.8%

(3) Dispute tactics Accompanying Labor Disputes

i) Percentage of companies having labor disputes by point of contention

* This survey

* Survey on Collective Bargaining and Labor Disputes 1997

(Private establishments with 30 or more union members)

Matters concerning wages	71.4%	Matters concerning wages	87.0%
Matters concerning working hours, days off, and vacations	14.3%	Matters concerning working hours, days off, and vacations	28.8%

Matters concerning transfers	14.3%
Matters concerning retirement age system	0%
Matters concerning conclusion and revision of labor agreements	14.3%

Matters concerning transfers	9.2%
Matters concerning retirement age system	9.6%
Matters concerning conclusion and revision of labor agreements	3.9%

ii) Forms of labor dispute action

*** This survey**

Strikes for more than half a day	35.7%
Strikes for less than half a day	7.1%
Lockouts	0.0%
Slowdowns	14.3%
Other	28.6%
Not classified	14.3%

*** Survey on Labor Dispute Statistics 1999**

Strikes for more than half a day	33.3%
Strikes for less than half a day	75.8%
Lockouts	0.4%
Slowdowns	0.3%
Other	0.3%

(4) Labor Management Consultation Committees, Labor Management Communication

i) Existence of labor-management consultation committees

*** This survey**

(companies with 30 or more regular employees)

Yes	38.4%
No	59.6%
Not classified	2.0%

*** Survey on Labor-Management Communications 1999**

(Private establishments with 30 or more regular employees)

Yes	41.8%
No	58.2%

ii) Matters to be placed on agenda

*** This survey**

(Companies with 30 or more regular employees)

Basic management policy	45.3%
Basic production and sales plans	38.3%
Establishment or abrogation of company organization	29.3%
Rationalization of production operation including introduction of new technology	9.0%
Establishment and staffing standards	16.0%

*** Survey on Labor-Management Communication 1999**

(Private establishments with 30 or more employees)

Basic management policy	76.0%
Basic production and sales plans	68.8%
Establishment or abrogation of company organization	70.3%
Rationalization of production operation including introduction of new technology	54.1%
Establishment and staffing standards	57.0%

Transfers	22.0%	Transfers	64.0%
Suspension of employees with pay, personnel cuts, dismissals	28.6%	Suspension of employees with pay, personnel cuts, dismissals	73.3%
Change in work mode	35.2%	Change in work mode	84.9%
Working hours, day-off system	47.8%	Working hours, day-off system	87.3%
Workplace health and safety	40.2%	Workplace health and safety	83.1%
Retirement age system	23.8%	Retirement age system	75.0%
Wages and bonuses	49.9%	Wages and bonuses	80.4%
Standards for retirement allowances and annuity	32.7%	Standards for retirement allowances and annuity	73.3%
Educational and training program	20.3%	Educational and training program	58.2%
Employee welfare	46.2%	Employee welfare	81.9%
Cultural and athletic activities	18.5%	Cultural and athletic activities	65.3%

iii) Systems for communication between labor and management

*** This survey**

(Companies with 30 or more regular employees)

*** Survey on Labor-Management Communication
1999**

(Private establishments with 30 or more employees)

Workplace meetings	35.1%	Workplace meetings	55.3%
Employee organization	17.8%	Employee organization	50.8%
Self-evaluation system	31.1%	Self-evaluation system	40.8%
Grievance procedures	14.5%	Grievance procedures	25.2%

3. Administration, Personnel, and Labor Management

(1) Hiring procedures

*** This survey**

(Companies with 30 or more regular employees)

*** Survey on Employment Trends 1999**

(Companies with 30 or more regular employees)

New graduates		New graduates	
Newspaper advertisements	7.1%	Advertisements	30.4%

Job information magazines	52.2%
Public employment offices	8.8%
Personnel agencies	3.5%
Schools	64.6%
Introductions from personal connections	13.3%

Public employment offices	17.3%
Schools	37.8%
Introductions from personal connections	7.8%

(2) Personnel and Labor Management

i) Implementation of personnel management systems

*** This survey**

(Companies with 30 or more employees)

Multiple track personnel management system	9.5%
Self-evaluation system	43.9%
Job rotation	18.5%
System of exams for promotion and qualification	14.6%
System of temporary transfers to affiliates	27.1%
In-house recruiting of personnel	25.5%
Job qualification system	32.4%
Specialist system	15.2%
Executive retirement age system, executive tenure system	13.9%
Voluntary retirement age system	13.9%
No system	24.3%

*** Survey on Employment Management 1999**

(Companies with 30 or more employees at head offices)

Multiple track personnel management system	9.7%
Self-evaluation system	4.0%
In-house recruiting system	3.2%
Executive tenure system	5.7%
Limited area employment system	6.9%
System of temporary exemption from transfers	1.6%

ii) Concepts behind future personnel and labor management issues

*** This survey**

(Companies with 30 or more regular employees)

Hiring and personnel (basic concepts)	
Emphasis on lifetime employment	8.6%
No particular concern about lifetime employment	63.3%
Neither	27.5%
Not classified	0.7%

Basics of Personnel and labor management	
Emphasis on the seniority system	1.0%
Emphasis on abilities	69.8%
Combination of both	25.8%
Other	2.7%
Not classified	0.7%

*** Survey on Employment Management 1999**

(Companies with 30 or more employees at headoffices)

Hiring and personnel (basic concepts)	
Emphasis on lifetime employment	9.9%
No particular concern about lifetime employment	45.3%
Neither	38.3%
No response	6.5%

Basics of Personnel and labor management	
Emphasis on the seniority system	2.3%
Emphasis on abilities	49.5%
Combination of both	31.4%
Neither	11.1%
No response	5.7%

4. Working Conditions

(1) Salaries

* This survey

i) Starting salaries for new graduates
(office work)

Male	¥210,400
Female	¥206,600

* Basic Survey on Wage Structure 1999

i) Starting salaries for new graduates

Male	¥196,600
Female	¥188,700

(2) Weekly scheduled working hours

* This survey

(Companies with 30 or more regular employees)

35:59 or less	30.1%
36:00 ~ 36:59	4.6%
37:00 ~ 37:59	30.5%
38:00 ~ 38:59	8.6%
39:00 ~ 39:59	3.3%
40:00 ~ 40:59	20.5%
41:00 ~ 41:59	0.0%
42:00 ~ 42:59	0.0%
43:00 ~ 43:59	0.0%
44:00 ~ 44:59	0.0%
45:00 ~ 45:59	0.3%
46:00 ~ 46:59	0.0%
47:00 ~ 47:59	0.0%
48:00 ~	0.6%
Not classified	1.3%

*General Survey on Systems of Wages and
Working Hours System 1999

(private enterprises with 30 or more regular employees)

35:59 or less	4.2%
36:00 ~ 36:59	3.9%
37:00 ~ 37:59	11.1%
38:00 ~ 38:59	12.0%
39:00 ~ 39:59	16.3%
40:00	44.7%
40:01 ~ 42:00	2.6%
42:01 ~ 44:00	3.8%
44:01 ~ 44:59	0.5%
45:00 ~ 45:59	0.3%
46:00	1.0%

(3) Days Off, Vacations

* This survey

(Companies with 30 or more regular employees)

i) Total number of days off annually

69 days or less	7.3%
70 ~ 79	0.7%
80 ~ 89	0.0%
90 ~ 99	1.2%
100 ~ 109	2.6%
110 ~ 119	16.2%
120 or more	69.3%
Not classified	3.7%

*General Survey on Wages and Working Hours
System 1999

(private enterprises with 30 or more regular employees)

69 days or less	3.3%
70 ~ 79	3.6%
80 ~ 89	7.2%
90 ~ 99	15.5%
100 ~ 109	30.5%
110 ~ 119	18.1%
120 or more	
21.7%	