

Japan Labor Issues

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May-June 2020

Volume 4 Number 23

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Key topic

Challenges Facing Japan: Work Styles and Labor Shortages

MHLW's White Paper on the Labor Economy 2019

The Ministry of Health, Labour and Welfare (MHLW) issued a white paper, *Analysis of the Labour Economy 2019—Challenges Facing Japan: Work Styles and Labor Shortages*, on September 27, 2019. Although Japan's economy and employment situation are improving and the number of active employees is growing, the nation's population is now declining after peaking in 2008, and large-scale decreases in both the working-age population and number of active employees are predicted for the years ahead. Amid such circumstances, there is a growing sense that labor shortages exist and the possibility of negative impacts on the comfortability of working (hereafter, work comfort) and workers' feeling of fulfillment at work or job satisfaction. In order to dispel such concerns, the white paper emphasizes the necessity of promoting "Work Style Reform" so that workers have diverse and flexible ways of working to choose, with the ultimate goal of achieving a society in which all citizens are engaged. In light of the above issues, the white paper analyzes the state of working styles amid labor shortages with respect to work comfort and fulfillment and proposes measures toward alleviating labor shortages.

Trends and features of the labor economy

The white paper's analysis of the Japanese economy in fiscal year 2018 finds that, despite the impacts of repeated natural disasters as well as uncertainties in outlooks for trade and the Chinese economy, a gradual recovery is occurring, as improvements in corporate earnings and the employment/income environment as well as recoveries in capital investment and personal

consumption are apparent. The employment situation is showing continuous and steady improvement. The overall unemployment rate averaged 2.4% in FY2018, the lowest level since 1992, 26 years ago. And the active job openings-to-applicants ratio averaged 1.62 in FY 2018, which is the highest seen since FY1973, 45 years ago. The active job openings-to-applicants ratio for regular employees has remained above 1.0 since July 2017. Moreover, the number of employed persons has been increasing for six consecutive years. As the population aged over 15 years declines, the labor force grew by 960,000 compared to the previous fiscal year to reach 68.41 million, while the population of those not in the labor force fell by 1.04 million to 42.36 million. When viewed in terms of employment formats, the number of people working as non-regular employed workers unwillingly continued to fall (decreasing by 210,000 from the previous fiscal year to 2.51 million), while the number of regular employed workers continued to grow for the fourth consecutive year (increasing by 530,000 from the previous year to 34.76 million). The labor force participation rate is rising as a result of increased labor force participation by women, the elderly, and others.

The white paper notes that nominal wages continue to rise. The nominal wages of ordinary workers and the hourly wages of part-time workers are both rising, and total employee earnings continues to increase due to the positive contributions of nominal wages and number of employed persons. The percentage of companies that executed wage increases in the spring labor-management negotiations was 89.7%. This represents the highest

level since 1999, when MHLW began conducting the Survey on Wage Increase. The share of companies implementing across-the-board pay increases (“base-up” in Japanese) also rose for the second consecutive year, reaching 29.8%.

Companies’ feeling of labor shortage at high levels second only to those of the bubble economy

The white paper states that since 2013, when companies’ feelings of surplus and shortage of workers shifted from surplus to shortage, the feeling of shortage has generally been on the rise, reaching high levels second only to those seen in the early 1990s, around the time of Japan’s bubble economy. Looking at the figures by company size and industry, the feeling of shortage is particularly strong in small and medium-sized enterprises (SMEs) and non-manufacturing industries, respectively. A breakdown by forms of employment shows a growing sense of shortage of regular employees (those directly employed with an open-ended, full-time contracts) as opposed to part-time workers and other such non-regular employees. This sense of shortage of regular employees is showing a relatively high increase among SMEs with less than 300 employees and in industries such as manufacturing and construction. The sense of shortage is growing outside of the three major megalopolises of Tokyo, Osaka and Nagoya in the same way that it is within those three areas.

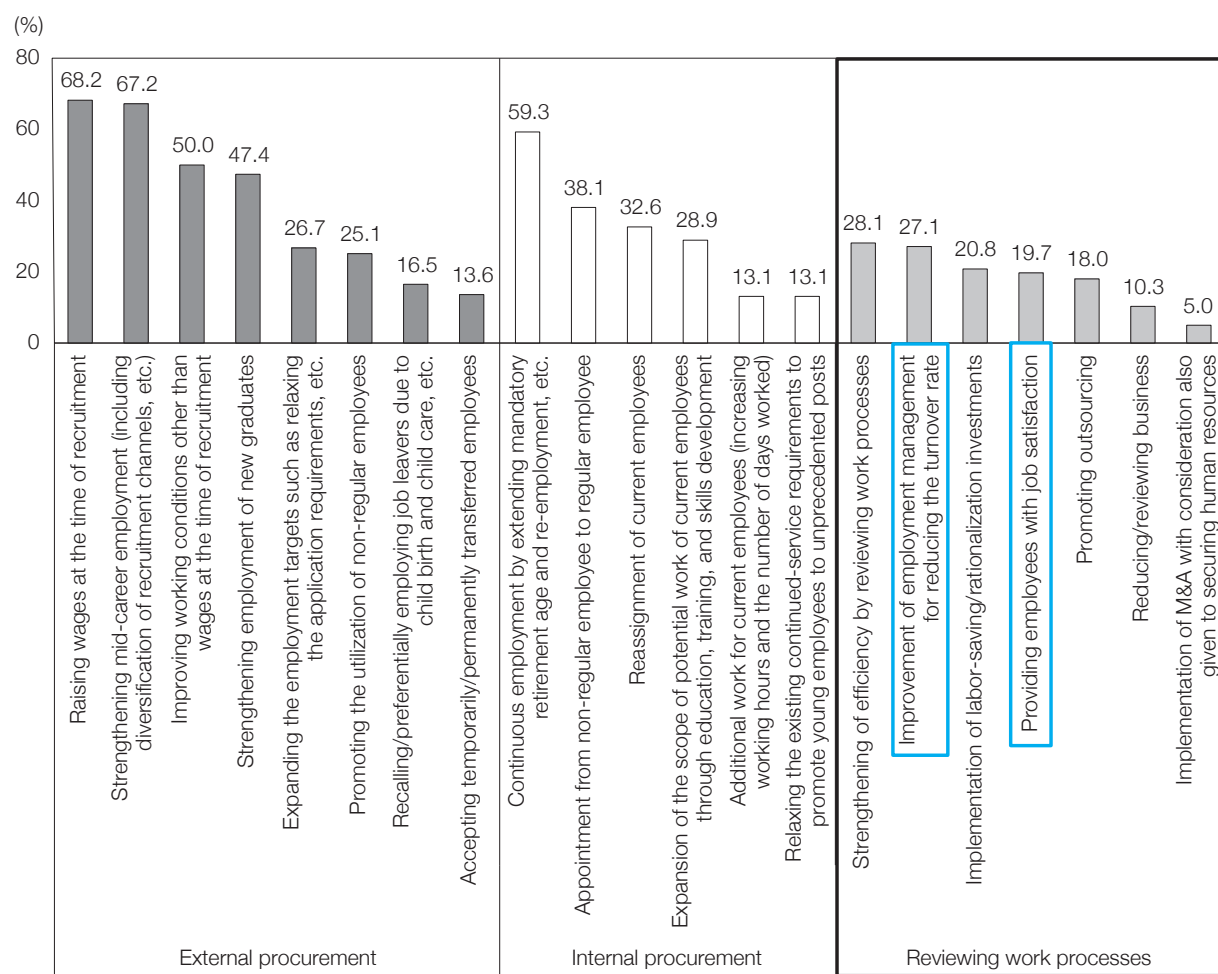
Labor shortage as a catalyst for improving productivity

Drawing on results from JILPT (The Japan Institute for Labour Policy and Training)’s “Survey on Work Styles and the Current Conditions Related to Labor Shortage” (2019), the white paper analyzes the relationship between labor shortage and labor productivity. As companies seek to improve labor productivity, many believe that in order to increase the amount of value added—which is treated as the numerator in the formula for labor productivity—it is necessary to focus their efforts on factors such as “strength of marketing and sales,” “skills development for employees,”

“personnel management toward boosting employees’ motivation,” “technical capability,” and “capacity to secure repeat customers through increasing customer satisfaction.” And yet, figures on the state of such efforts in the past three years indicate that companies are in fact least likely to have engaged in efforts to improve the areas in which efforts are most believed to be necessary. Looking at how such efforts may develop in the future, the percentage of companies that responded that they planned to work on increasing labor productivity when they looked ahead three years is higher among companies that responded that they had a “shortage” of personnel on the whole in comparison with those that responded that they had an “adequate” supply of personnel on the whole. The white paper notes that this suggests that labor shortage may be serving as a catalyst to encourage companies to consider improving labor productivity.

Poor progress in review of work processes

Over 80% of all companies have engaged in measures to alleviate labor shortage in the past three years. The white paper notes that many companies see the eradication of labor shortage as a pressing task, and presents companies’ approaches toward alleviating such shortage (Figure 1). Many companies are adopting approaches focused on the external procurement (obtaining personnel from the external labor market) such as “raising wages offered at the time of recruitment” and “strengthening mid-career employment,” as well as approaches focused on the internal procurement (securing the necessary personnel within the company) such as “continuous employment by extending mandatory retirement age and reemployment, etc.” “appointment from non-regular employees to regular employees” and “reassignment of current employees.” In contrast, the percentages of companies that adopt approaches focused on aspects other than the supply of labor are relatively low. The white paper finds that approaches such as “strengthening of efficiency by reviewing work processes,” “improvement of employment management for reducing the turnover rate,” and “providing employees with job satisfaction (through



Source: Independent tabulation by Office of Counsellor for Labour Policy Planning of MHLW based on responses to JILPT “Survey on Working Styles, etc. and the Current Conditions Related to Labor Shortage, etc.” (2019).

Figure 1. Companies’ approaches toward alleviating labor shortage

allocation in consideration with employees’ wish, implementation of a feedback system, etc.)”—namely, alternatives to tackling the difficulties of the external or internal procurement—are potentially somewhat effective for eradicating labor shortage, improving labor productivity, and reducing turnover rates, but are “not sufficiently widespread.”

Thus, the countermeasures against labor shortage that companies are actually implementing center on securing human resources by means of sweetening job offers or strengthening recruiting. Efforts aimed at improving employment management or raising employees’ feeling of fulfillment at work or job satisfaction after they join the company are inadequate. There are concerns that labor shortages

will not be mitigated if their retention and separation rates do not improve. The white paper notes the importance of initiatives to realize higher work comfort and fulfillment through improvement of employees’ retention rates and separation rates and thus help mitigate labor shortages.

Labor shortage affects working with fulfillment and motivation

The white paper describes work comfort (*hatarakiyasusa*) as workers’ sense of security and ease in their work situations that leads to fairness at work and choices of working styles according to their life events, which can be realized by companies in the employment management such as working hours,

paid leaves, and measures for balance with family life. It describes fulfillment at work (*hatarakigai*) as workers' sense of work merits enthusiasm and pride that eventually fosters their job satisfaction and personal growth, which is, for companies, mostly related with human resource management specifically in the goals settings or procedure and process management. Long working hours and the accompanying buildup of stress and fatigue may be exerting a negative impact on workers' working lives mostly related with work comfort and fulfillment. Indicating such possibility, the white paper suggests that the heightened sense of labor shortage in recent years may be exacerbating this trend.

What kinds of impacts is labor shortage exerting on business operations and working environments? The white paper finds that over 70% of all companies feel that labor shortage exerts impacts on how they run their business, and that in many cases these are negative impacts on operations. Particularly companies in rural areas, which tend to be relatively small in size, are being forced to cope with labor shortage by cutting back their existing business—namely, closing places of business, reducing business hours, or reducing the services that they offer. There is also the issue that skills and know-how are not being passed on sufficiently, due to difficulties in securing and training successors. The white paper notes that these impacts may be affecting their business operations.

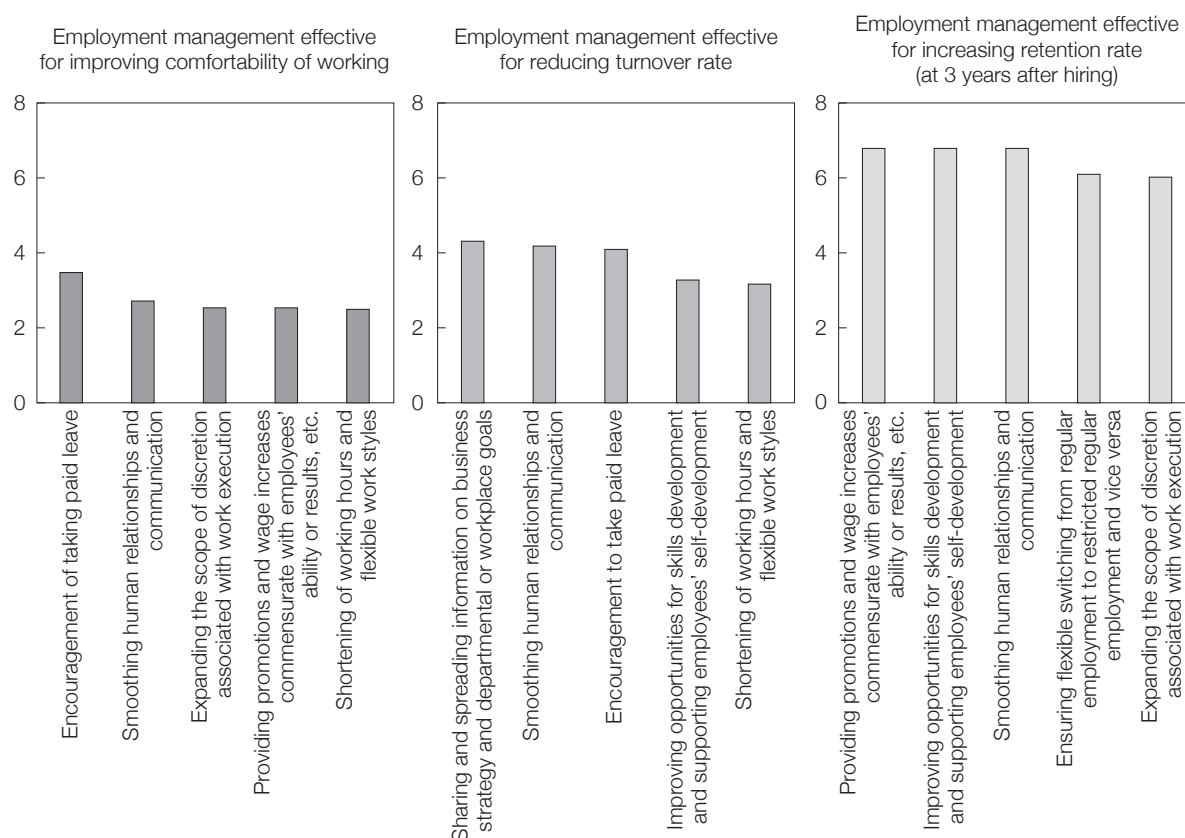
While high percentages of both companies and employees responded that labor shortage was exerting impacts on working environments, there are disparities between them in terms of the perception of the existence and nature of those impacts. A higher percentage of employees than companies felt that labor shortage did have impacts on working environments, and a particularly higher percentage of employees than companies saw “decline in employees' fulfillment at work and motivation” as one of those impacts. The white paper notes that heavy workloads resulting from labor shortage may not only lead to increases in working hours and number of days worked, but also affect fulfillment at work and motivation. It highlights the necessity for

companies to pursue measures that take into account such risks.

Work comfort for employees amid labor shortages

What kinds of work styles do employees see as providing work comfort amid labor shortages? According to the employee survey of JILPT 2019, among the possible employment management approaches considered important for improving work comfort, the approach selected by the highest percentage of regular employees was “ensuring smooth human relations and communication in the workplace,” followed by “encouragement of taking paid leave,” and “shortening working hours and allowing increased flexibility in work styles.” According to the white paper, the tendency among employees to perceive such measures to be important can be seen across all age groups and among both male and female employees. In addition, women in the “age 15–34” and “age 35–44” groups believe in the importance of “supporting combining work and childcare.” The white paper suggests that the numbers of employees who believe in the importance of “supporting combining work and long-term family care” and “supporting combining work and receiving treatment for illness” increase along with the age of employees.

How does each of the employment management approaches help to improve work comfort? Figure 2 shows how the percentages of employees who feel comfort in their working environment differ between employees working at companies implementing such approaches and those at companies not implementing such approaches. The percentages of employees who responded that they “feel comfort” are high at companies that have implemented measures for “encouragement of taking paid leave,” “smoothing human relationships and communication at work,” “expanding the scope of discretion associated with work execution,” “providing promotions and wage increases commensurate with employees' ability or results, etc.,” and “shortening of working hours and flexible work styles.” The white paper notes that this implies that the implementation of such approaches



Source: Independent tabulation by Office of Counsellor for Labour Policy Planning of MHLW based on responses to the JILPT "Survey on Working Styles, etc. and the Current Conditions Related to Labor Shortage, etc." (2019).

Notes: 1. The left figure shows the difference between the percentage of "Workers of companies implementing the respective employment management measures who are feeling satisfaction with the comfortability of working" and the percentage of "Workers of companies NOT implementing the respective employment management measures who are feeling satisfaction with the comfortability of working."

2. The middle figure shows the difference between the percentage of "Companies implementing the respective employment management measures whose turnover rate of their employees decreased compared to 3 years ago" and the percentage of "Companies NOT implementing the respective employment management measures whose turnover rate of their employees decreased compared to 3 years ago."

3. The right figure shows the difference between the percentage of "Companies implementing the respective employment management measures whose retention rate (at 3 years after hiring) of newly hired employees increased compared to 3 years ago" and the percentage of "Companies NOT implementing the respective employment management measures whose retention rate (at 3 years after hiring) of newly hired employees increased compared to 3 years ago."

4. Each figure shows the results for the top five types of effective employment management (effective for the relevant outcome) that showed differences in the aforementioned percentages.

Figure 2. Effective employment management for improving work comfort, reducing turnover rate, and retention rate of new employees

may lead to increases in employees' work comfort.

Among companies that have seen a decline in their turnover rates (rate of all regular employees), the percentages of companies that have implemented employment management approaches such as "sharing and spreading information on business strategy and departmental or workplace goals," "smoothing human relationships and communication

at work," and "encouragement of taking paid leave" greatly exceed the percentages of companies that have not implemented such measures. The white paper concludes that such employment management approaches may be effective in decreasing turnover rates. Moreover, among companies that have seen an increase in their retention rates (rate of new employees remaining in their employment three

years after joining the company), the percentages of companies that have implemented approaches such as “providing promotions and wage increases commensurate with employees’ ability or results, etc.,” “improving opportunities for skills development and supporting employees’ self-development,” and “smoothing human relationships and communication at work” far exceed the percentages of companies that have not implemented such approaches.

Distinctive features of SMEs have a positive effect on work comfort

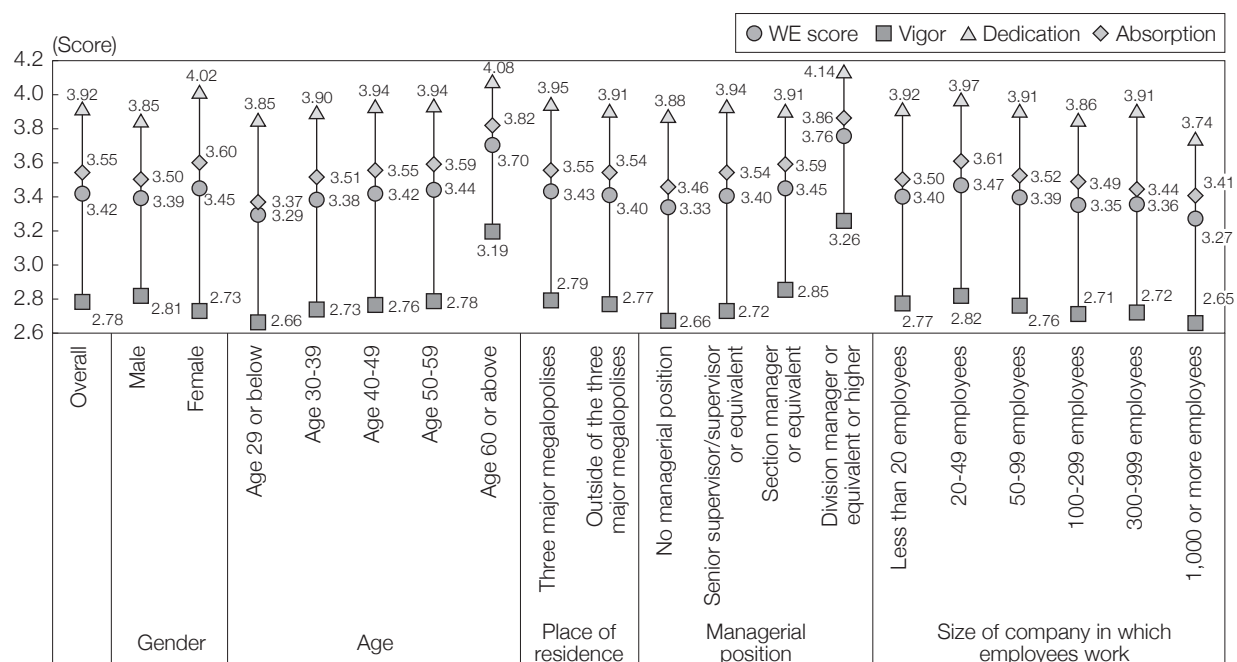
The white paper observes that the distinctive features of SMEs have a positive effect on comfort in the workplace. The results of the JILPT survey show that a greater percentage of regular employees employed by companies with less than 100 employees feel comfort in their workplace in comparison with those employed by companies with 100 or more employees, and a higher percentage of companies with less than 100 employees than companies with 100 or more employees responded that the turnover rate had decreased in comparison with three years previously. The white paper notes that this reflects the fact that SMEs have comparatively large percentages of female and older employees and thereby strong tendencies to allow employees discretion in decisions regarding their work and high levels of flexibility in the practical application of employment management systems. The JILPT survey results also indicate that approaches such as “supporting combining work and long-term family care,” “supporting combining work and receiving treatment for illness,” and “facilitating the use of childcare leave systems and family care leave systems” are more effective in improving work comfort and reducing turnover rates among SMEs in comparison with large enterprises and other such employers. The white paper concludes that it is important for SMEs to continue to place particular focus on implementing measures such as support for combining work and childcare, long-term family care, and receiving treatment for illness.

High level of “work engagement” may improve organizational commitment and retention rates of new employees

Fulfillment at work may give the impression of an abstract concept. In order to analyze the current state and challenges of fulfillment objectively, the white paper draws on the concept of “work engagement,”¹ which was previously introduced in a column of the 2018 version of the white paper. “Work engagement,” an antithetic concept of burnout, is a concept established by Wilmar Schaufeli (professor at Utrecht University, Netherlands) et al. in 2002, showing the relationship between “individual” and “work in general” and basically referring to a concept that captures the persistent and stable state of workers. Work engagement is characterized by three aspects: “vigor” (feeling “high levels of energy and mental resilience while working”), “dedication” (“being strongly involved in one’s work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge”), and “absorption” (“being fully concentrated and happily engrossed in one’s work”). Work engagement is a state of mind that is achieved when all three of these aspects come together. The white paper defines such state as the state of working with fulfillment.

The white paper examines the current situation of workers’ fulfillment by extracting responses on these aspects of work engagement from the JILPT survey results to convert them into scores (Figure 3). Among regular employees, the work engagement score (the average of the scores for the three aspects) is 3.42, and while the “dedication” score is high, at 3.92, the “vigor” score is low, at 2.77. For women, the “vigor” score is lower, while the “dedication” and “absorption” scores are higher in comparison with those for men. The scores for young employees tend to be lower than those for other age groups. The scores increase with employment position and responsibilities.

The white paper also investigates the effects that may be achieved by improving fulfillment at work. Analysis of the relationships between work engagement and various outcomes reveals a



Source: Independent tabulation by Office of Counsellor for Labour Policy Planning of MHLW based on responses to the JILPT “Survey on Working Styles, etc. and the Current Conditions Related to Labor Shortage, etc. (responses from regular employees)” (2019).

Note: The work engagement (WE) score is based on responses regarding employees’ perception of their main job (excluding side jobs) at the time of the survey. For each of the three aspects of work engagement—vigor, dedication, and absorption—respondents selected from the options “always feel” (=6 points), “often feel” (=4.5 points), “sometimes feel” (=3 points), “rarely feel” (=1.5 points) and “do not feel” (=0 points). The sample of 16,579 respondents that selected all three aspects were used after calculating the mean value for each aspect.

Figure 3. Overview of regular employees’ fulfillment at work

positive correlation with the following outcomes: organizational commitment (a worker’s sense of commitment to their organization), decrease in employee turnover rates, retention rates of new employees (the percentage of the employees who have remained in their employment for at least three years, among the total number of regular employees hired three years previously), individual employees’ awareness of increase in one’s own labor productivity, companies’ labor productivity levels, initiative toward work (independent engagement in work without having received orders or instructions), support given to other employees without having received orders or instructions to do so, and companies’ awareness of customer satisfaction (increase in customer satisfaction). According to the white paper, it should be noted the cause and effect relationship may work in the opposite direction (in other words, employees with strong sense of commitment to their organization are possibly those

with high level of work engagement), but the results indicate, as previous studies show, that improving fulfillment (work engagement) of workers may lead to an increase in these outcome indicators.

What factors improve work engagement? The white paper addressed this question by analyzing employees’ perceptions toward work, and companies’ employment management approaches. Looking at employees’ perceptions toward work, it suggests that there may be a positive correlation between the work engagement score and the frequency with which employees hold the following perceptions²: “my work allows me to grow,” “my self-efficacy (confidence in my ability to pursue my work) is high,” “my career development prospects (what kind of career I will pursue at the company where I work) are clear,” and “I am satisfied with the level of work comfort,” in descending order.

With regard to the employment management approaches implemented by companies, the

white paper observes that there may be a positive correlation between work engagement scores and the implementation rate of the following approaches³: “smoothing human relationships and communication at work,” “shortening of working hours and flexible work styles,” “expanding the scope of discretion associated with work execution,” “ensuring flexible switching of status from regular employment to restricted regular employment (regular employment with restrictions on aspects such as time and place of work or job content) and vice versa,” “supporting combining work and receiving treatment for illness,” and “supporting the return to work of those who left employment for childcare, long-term family care, or receiving treatment for illness, etc.,” in descending order.

“Recovery experiences” especially important at companies with labor shortage

Taking time off in a way that allow employees to have “recovery experiences” is important for improving levels of work engagement. They should be opportunities for employees to recover from excessive work-related stress and fatigue by not only placing themselves away from their workplaces but also taking an emotional step back from work and relaxing as one sees fit, or enlighten themselves by, for example, learning new things. The effects of such experiences may be relatively strong in companies with labor shortage, where there are high levels of work intensity.⁴ The white paper suggests that it will be especially effective for such companies to pursue various ways of supporting employees to have recovery experiences.

Awareness of “boundary management” desired among both employees and employers

The white paper concludes by addressing the principle of “boundary management,” which refers to the ability to manage the boundary between work and free time, or, in other words, the ability to “work hard when at work, and rest well during time off.” Analysis of the results of the JILPT survey shows that a high percentage of people who felt that they were “capable” of conducting boundary management had high levels of work engagement. Boundary management is expected to exert a positive effect on employees’ performance. However, there is insufficient awareness of the importance of boundary management among both employees and employers. The white paper notes that its importance should be more recognized among labor and management.

1. Schaufeli, W.B., Salanova, M., González-romá, V. et al. *Journal of Happiness Studies* (2002) 3: 71, <https://doi.org/10.1023/A:1015630930326>. The following explanations of three aspects (vigor, dedication, and absorption) are quotes from Wilmar Schaufeli and Arnold Bakker 2004, https://www.wilmarschaufeli.nl/publications/Schaufeli/Test%20Manuals/Test_manual_UWES_English.pdf#search=%27schaufeli+vigor%27.

2. These are employees’ perceptions toward work for which there is a great difference in the frequency with which they hold that perception between those with high levels of work engagement and those with low levels of work engagement.

3. These are employment management approaches for which there is a great difference in the implementation rate by companies where the employees work between employees with high levels of work engagement and those with low levels of work engagement.

4. For discussion on work intensity in Japan, see Tomohiro Takami, “Current State of Working Hours and Overwork in Japan: (Part III) How Can We Prevent Overwork?” *Japan Labor Issues*, vol. 3, no. 19, <https://www.jil.go.jp/english/jli/documents/2019/019-05.pdf>.

Research notes

Realities of Restructuring Enterprise Organization in Japan: Frontlines of Industrial Relations

OH, Hak-Soo

I. Research background

Since the collapse of the economic bubble in the early 1990s, restructuring enterprise organization has been one of the most crucial developments affecting labor in Japan. Starting in 2007, I met with a number of workers individually in studies on resolution of individual labor disputes, and conducted interviews on the occurrence and resolution process of problems such as dismissal and worsening labor conditions. The case studies included those associated with corporate restructuring, which became an opportunity for me to find the realities of corporate restructuring as a research theme and start to conduct a full-fledged survey on it. Before that time, with the introduction of consolidated accounting system in the fiscal year ended March 2000, companies were strengthening group management, and restructuring of subsidiaries and sub-subsidiaries was actively carried out under the leadership of core companies. How is this restructuring affecting industrial relations at companies? It is one of the important labor research themes.

One type of corporate restructuring is the introduction of a pure holding company. Regarding this type, I investigated four cases at the request of the Ministry of Health, Labour and Welfare (MHLW) in 2002 and 2003.¹ In addition, as part of a research project of JTUC-RENGO (The Japanese Trade Union Confederation), I surveyed trade unions affiliated with Kikan Roren (Japan Federation of Basic Industry Workers' Unions, JBU), Unyu Roren (All Japan Federation of Transport Workers' Unions), and UA Zensen,² concerning unions' response to

corporate restructuring and related challenges.³ I thought that it would be necessary to study corporate restructuring for enhanced understanding of Japanese industrial relations.

II. Research method (Intensive interview: Listening directly to opinions from labor and management)

While having been able to get a picture of the realities of corporate restructuring in the context described above, I felt it was necessary to conduct a more extensive survey and research. In 2015 there was an urgent request from MHLW's Committee on Countermeasures for Labour Relations in the Face of Organizational Changes to JILPT (The Japan Institute for Labor Policy and Training) to investigate about 10 cases. I assembled 22 case studies and conducted interviews, utilizing all the connections I had made so far. The interviewees kindly cooperated, even though the process of corporate restructuring, including company splits, mergers, transfers and so forth, is not an easy topic for the parties involved to discuss. Writing a book about corporate restructuring based on direct and intensive interviews with labor and management and the material they provided was the first attempt for me and an opportunity that might not come again. I approached it with a great deal of enthusiasm.

III. Six types of restructuring

The seven case studies of corporate restructuring that I eventually wrote about and published included six company splits, one of which was also a merger, and one transfer. It is not possible to grasp the

realities of restructuring without investigating them in detail. Each case study had its own distinctive characteristics in terms of the restructuring environment and process, and in terms of industrial relations. For example, examination of the most common reasons for and forms of restructuring reveals that they can be classified into the following six types.

Type 1: “Poorly-performing division split and integration with competitor” Restructuring

Type 2: “Split division’s specialization and its integration with competitor” Restructuring

Type 3: “Split profit utilization/strategic business selection and concentration” Restructuring

Type 4: “Division split and integration with subsidiary in the different industry for synergy” Restructuring

Type 5: “Division split and integration with subsidiary in the same industry for synergy” Restructuring

Type 6: “Unprofitable division split and transfer to competitor” Restructuring

In the first type, the split company has difficulty keeping the divided division due to deteriorating business performance, and an attempt is made to maintain and develop the division through a merger with the same business division of another company. A case in which two major electronics companies split and merged their semiconductor divisions to form a new company was typical in 2003. The merger of this newly established company with another company’s semiconductor subsidiary took place under a similar background in 2010.

Second, there is the type in which, for further growth, a division is split from a company and integrated with another company, achieving economies of scale. In one typical case, two companies decided that rather than both maintaining thermal power divisions, it was better to split both divisions and integrate them into a new company so as to rank among the world’s top companies in this industry. There were two other similar cases, both of which were company splits with the goal of further growth, with support from government agencies.

In the third type, a division is highly profitable,

but in order to advance a management strategy of selection and concentration on specific business sectors, the division is separated in order to utilize profits derived from the split. In such cases, profits from the sale of the split division were effectively utilized for further investment in concentrated business areas, as well as for repayment of interest-bearing debt that was placing a strain on business operations.

The fourth type is one in which a company splits a division in order to integrate it with a subsidiary in another industry so as to generate synergy. In this case, a sales division was split and integrated with an engineering subsidiary and a maintenance service subsidiary, with accompanying restructuring so as to effectively and efficiently provide solution services to customers.

The fifth type is a company split to obtain the synergy effects of integration of a divided division with a subsidiary in the same industry. In one example, a company split four manufacturing divisions (factories) and integrated them with a specialized manufacturing subsidiary to achieve higher quality and productivity.

The sixth type is one in which unprofitable divisions are separated and transferred to another company in the same industry. There was a case in which the poor business performance of a company handling semiconductor post-processing did not improve even after measures such as closing some factories were taken, and the factories were transferred to a competitor.

These various types of corporate restructuring can be broadly classified into restructuring within a corporate group and restructuring involving parties outside the group. Cases of restructuring within a corporate group can be sub-classified into three types. The first is where both the split company and the successor company involved in the restructuring belong to a specific corporate group (the split company owns 100% of the successor company’s shares). In the second type, holding 50% or more of the successor company’s shares, the split company has authority over the said company, and includes it in the scope of consolidation. And third, there are

cases where the split company initially held 50% or more of shares of the integrated entity, but its share declines and the new entity is not included in the scope of consolidation. Cases of restructuring outside the corporate group include those where the split company holds less than 50% of shares in the successor company from the start of restructuring, and those where it holds no shares at all.

IV. Policy implications

These various cases are characterized not only by the context and type of restructuring, but also by the nature of industrial relations. The surveys and research summarized in Oh 2019 shed light on this topic.⁴ Specific procedures for industrial relations pertaining to restructuring are outlined in the Act on the Succession to Labor Contracts upon Company Split. According to the law, the first step is to take measures to obtain the understanding and cooperation of workers regarding the company split and labor contract succession (so called the “Article 7 Measure”), the second step is to hold discussions with individual workers regarding the content, etc. of contract succession (so called the “Article 5 Consultation”), and the third step is to notify the content, etc. of succession (so called the “Article 2 Notice”). For this survey, I primarily researched the Article 7 Measure and the Article 5 Consultation, and policy implications based on the survey results are as follows.

First, the Article 7 Measure ought to be upgraded from obtaining the “understanding and cooperation” of workers to reaching a “de facto agreement” with workers. This is because when companies discuss and negotiate with labor unions for the purpose of the Article 7 Measure, the unions provide de facto written or verbal consent. With regard to the Article 5 Consultation, if we assume that “consultation” written in the Act means that workers can convey their opinions freely on an equal footing with the company and have them actually reflected in discussion, it can be hardly said that there exists “consultation” under current circumstances. There are only orders handed down by the company. Thus I would say that the Article 5 Consultation is virtually

nonexistent. Company splits and labor contract successions are extremely important for workers as they mean a change of employer. If labor unions which represent them discuss with the company on an equal footing and make de facto agreements, it serves to protect workers and facilitate smooth restructuring.

The second policy implication is the need for flexible application and implementation of laws and regulations according to the actual state of industrial relations and its degree of trust. It is no exaggeration to say that industrial relations are completely different at companies with majority labor unions (labor unions consisting of a majority of workers) and companies without them, and this applies to cases of restructuring as well. Applying the same laws to all companies, therefore, may not be effective. For example, with regard to “Article 7 Measure,” if there is a majority union, the union discusses with the company many times, summarizes the contents in an official union paper, explains them to union members, and reflects their reaction in the next round of discussion, with a de facto agreement eventually reached. However, this cannot be expected where there is no majority union. If equality is the basic principle of industrial relations, it is essential to create an environment where labor and management are equal, and policy measures for that purpose (for example, legislation on the establishment of a committee system as in Germany) are required.

Third, the Act on the Succession to Labor Contracts upon Company Split is premised on the assumption that labor and management will not abuse the provisions of the law. In other words, it assumes a relationship of mutual trust between labor and management. However, the foundations of trust between labor and management are completely different at companies with and without majority unions, and it is thought to be meaningless to apply the same law across the board. The degree of trust in industrial relations should be measured. The current system can be applied if it is above a certain level, but measures have to be taken to ensure that laws and regulations are properly observed

through involvement and checks by regulators if it is not. In short, policy measures are required for flexible application and implementation of laws and regulations, depending on the degree of trust in industrial relations, meaning deregulation when it is high, and strengthening regulations when it is low.

In addition to the above-mentioned policy implications, Oh 2019 discusses what kind of labor-management relationship at individual companies should be emphasized at a time of restructuring from the viewpoint of solid, trust-based industrial relations as “two sides of one coin” (or, in the Japanese phrase, “two wheels on one cart,” i.e. two inseparable parts of one whole, as many Japanese companies consider them to be). The significance of this is considered when enumerating the points that labor and management should focus on at a time of restructuring. And, Oh 2019 illuminates the realities of restructuring enterprise organization, its policy implications, and the desirable mode of industrial relations during restructuring, and gives companies effective tools to consider how to make the most of

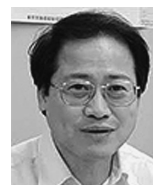
restructuring in business management.

1. Hak-Soo Oh, *Roshikankei no furontia: Rodokumiai no rashinban (zohoban)* [Frontiers of industrial relations in Japan: Compass for labor unions (enlarged edition)] (Tokyo: JILPT, 2012).
2. UA ZENSEN is the largest industrial union in Japan, representing 1.79 million members from 2,333 affiliates (as of Sep. 2019). It covers various industries which are closely related to people's daily life, such as textile, garment, pharmaceutical, cosmetic, chemical, energy, ceramic, building material, food, commerce, printing, leisure, service, restaurant, welfare, medical, as well as temporary agency and contract work. <https://uazensen.jp/english/>.
3. These results were summarized in Hak-Soo Oh, “Kigyososhiki saihen eno roudokumiai no taio to kadai” [Labor unions' response to restructuring enterprise organization and related challenges], in *Korekarano shudanteki roshikankei wo tou: Genba to kenkyusya no taiwa* [The future of collective industrial relations: Dialogues among labor, management, and researchers], ed. Michio Nitta and JTUC-Rengo (Japanese Trade Union Confederation) (Tokyo: Eidell, 2015), 206–250. They also appear as an addendum in Hak-Soo Oh, *Kigyososhiki saihen no jitsuzo: Roshikankei no saizensen* [Realities of restructuring enterprise organization in Japan: Frontiers of industrial relations] (Tokyo: JILPT, 2019).
4. For details, see Hak-Soo Oh 2019 mentioned in note 3.

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Worker Status of the Joint Enterprise Cooperative Members

The Joint Enterprise Cooperative Workers' Collective Wadachi Higashimurayama Case

Tokyo High Court (Jun. 4, 2019) 1207 *Rodo Hanrei* 38

HAMAGUCHI Keiichiro

I. Facts

X engaged in work delivering goods as a member¹ of Y, a joint enterprise cooperative that operates a general motor truck transportation business. As a joint enterprise cooperative established in accordance with the Small and Medium-Sized Enterprise Cooperatives Act, Y is a workers' collective, meaning that all 14 of its members—including the chief director—are financial contributors, attend management meetings, and work as truck drivers. The members are paid remunerations based on their allotted delivery routes and while surplus funds are distributed among them, members do not receive overtime pay.

Having left employment with Y in March 2015, X brought an action in September that year demanding the payment of premium wages for overtime work in accordance with the Labor Standards Act. The point in dispute was whether X could be qualified as a “worker” (*rōdōsha*) as defined under the Labor Standards Act. On September 25, 2018, the Tachikawa branch of Tokyo District Court rejected X's demand on the grounds that X lacked worker status (*rōdōsha sei*). X responded by appealing to the Tokyo High Court.

II. Judgment

The Tokyo High Court's judgment, passed on June 4, 2019, adhered mostly to that of the District Court, with slight additions. These can be summarized as follows:

(1) Regarding whether X was able to refuse work requests or instructions on the pursuit of work: The

directors issued requests to the members to carry out delivery work, but the delivery routes themselves were determined on the basis of consultation at management meetings and were in fact amended as necessary in light of members' opinions. Members were obliged to inform the operations manager at least two weeks before taking leave, for this was to allow for arrangements and handovers with other members (substitutes). The sharing of detailed reports with the management meeting in the event of violations of meeting resolutions was also merely a measure aimed at preventing further such incidents. There was a case in which a member was demoted to part-time worker (*arubaito*) status without said member's consent, but this decision was made on the basis of consultation among all members, and was deemed necessary to ensure the quality of service that should be offered by a joint enterprise cooperative consisting of a small number of members. On this basis it would be wrong to suggest that X lacked the freedom to refuse work requests or instructions.

(2) Regarding whether X was bound to directions in performing his/her work: The members were obliged to notify the operations manager when taking a detour from their delivery route, but detours themselves were not prohibited, and not subject to disciplinary action. The members received instructions regarding their delivery routes and driving methods, but these were aimed at ensuring that the trucks were driven safely. The members also had the tasks of selling co-op products that were on promotion and encouraging co-op insurance enrollment, but there were no related penalties even if they were not successful, and it cannot be

suggested that they received direction or supervision.

(3) Regarding whether X was bound to a given working time and place: The members generally gathered at 8:00 a.m. to load goods on the truck, after which a morning meeting was held. They would also work for around one hour after returning their working place, to file delivery slips and carry out other such tasks. However, given the nature of the work, it is reasonable that goods should be loaded at a time of day that avoids delays in deliveries. Conducting a morning meeting with all members present was also undeniably necessary process to ensure that the delivery work was conducted properly. It would therefore be wrong to suggest that X was strongly bound to a given working time and place.

(4) Regarding whether the payment X received was paid as remuneration for his/her work, not for the product: The remunerations received by members may be classed as payments based on the work completed, as members were paid on the basis of a record of the particular delivery routes they had finished. As the specific amount of remunerations was determined on the basis of whether the delivery work for a particular delivery route had been conducted, and the amount of time required to complete the deliveries was essentially irrelevant, it would be wrong to suggest that remunerations were paid as the equivalent for a certain amount of time worked. In addition, the surplus funds were generally divided equally among the members.

(5) Regarding whether X could be qualified as a business operator: It is not possible to suggest that X could be qualified as a business operator simply on the basis of the fact that the legal entity in question was a workers' collective. The key issue in question is whether, in light of the nature of the joint enterprise cooperative contract, the members were actively involved in decisions on the basis of actual consultations across the business of the cooperative as a whole. Y operates on the basis of the contributions from all members including the chief director in terms of their financial investments and work as truck drivers. There was therefore no significant difference between the status of the chief

director and other directors and that of X and the other members. All members had a practical role in the management of the cooperative, as management matters were determined by majority decisions in which all members had equal say. The members were operating the business together, actively contributing funds, engaging in management, and carrying out the work. Therefore, as a member of the cooperative, X can be classed as a business operator, and the work that X conducted cannot be seen as work carried out under the direction or supervision of another party.

Based on the above, it was determined that X cannot be qualified as a worker. The demand for overtime pay was therefore dismissed.

III. Commentary

Both the District Court and the High Court judgments as well as an overwhelming number of other cases in which worker status under the Labor Standards Act has been disputed, follow the criteria for "worker" set out in the Labor Standards Act Study Group Report published in 1985. The criteria have been used in many judicial decisions including judgments by the Supreme Court. The major criteria for determining worker status are: (i) whether the person in question can refuse the orders of the client, (ii) whether the person is bound to the client's directions in performing his/her work, (iii) whether the person is bound to a given working time and place, (iv) whether the person can hire another person to perform his/her work, and (v) whether the payment the person receives is paid as remuneration for his/her work, not for the product, with the supplementary criteria of (vi) whether the person can be qualified as a business operator, (vii) whether the person has only one client, and (viii) other circumstances, which are to be considered comprehensively.

As noted in the May 2019 issue of this journal, in my commentary on the judgment of the *Belco* case, increasing numbers of people are engaging in working styles in which they have high levels of freedom to make decisions regarding working time and place, even if they are under labor contracts. With the current growing trend toward teleworking

and ICT based mobile work, people are able to work at home or elsewhere via information technology devices. The abovementioned 35-year-old Study Group Report criteria themselves are becoming somewhat outdated and in need of review. Aside from that, the case addressed here differs in that the very suitability of applying the judgment criteria to a type of organization like a workers' collective can be called into question.

Both the District Court and the High Court judgments appear to have given little concern to such a potential issue and simply judged X's worker status in reference to each point. However, (2) to (4) of the above judgment summaries entail a considerable amount of content that is specific to the employment type of a truck driver. If, conversely, said content is used as a basis to summarily reject worker status, this poses the risk that it will become impossible to eradicate malicious cases of truck drivers being qualified on paper as independent contractors.

The most important items addressed in the judgment of this case are ((5) of the judgment) whether X could be qualified as a business operator—the significance of which is slightly downplayed as one of the supplementary criteria in the aforementioned Study Group Report—and, in relation to that point, ((1) of the judgment) whether X could refuse orders of the client. However, in this case, the very interpreting of (5), and (1) only in relation to that point of (5), somewhat misses

the mark. In other words, the question whether those members are business operators or not seems to be an inappropriate issue given the nature of an organization like a workers' collective. The defining characteristic of workers' collectives is that each member is a financial contributor, manager, and worker in one, and in that sense all members share the roles of investor, manager, and worker to a certain extent. Looking at each characteristic separately is therefore the wrong approach—namely, it is not suitable to try to determine to what extent the plaintiff has worker status, or to what extent they have business operator status. Instead, the judgment should address the extent to which the nature of the workers' collective and the principle of members playing three roles are being correctly applied in practice. In that sense, (5) of the judgment is suited to the nature of this case.

It is therefore fair to conclude that the judgment itself was merely a perfunctory application of a conventional framework. And yet, as this case causes us to readdress the very applicability of that framework itself, it has a significant role to play in discussion on worker status.

1. "Partner" defined in the Small and Medium-Sized Enterprise Cooperatives Act is described as "member" in this article.

The Joint Enterprise Cooperative Workers' Collective Wadachi Higashimurayama case, Rodo Hanrei (Rohan, Sanro Research Institute) 1207, pp.38–55.

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Wages in Japan

Part I: Why Does Japanese Wage Curve Have a Strong Seniority Element?

NISHIMURA Itaru

I. Wage curve with a strong seniority element

Differences in wage levels depending on the length of service (years of continuous work for a given employer) among manufacturing employees in various countries are shown in Figure 1. In all countries, wage levels rise in correlation with length of service to some extent, but this tendency is conspicuous among Japanese employees. The wages of employees with 30 or more years of service are approximately 120% or 130% of those of employees hired for 1 year or more and less than 5 years in the UK, France, and Italy, but in Japan, they are approximately 180%. In particular, the rate of increase after 10 years of service in Japan is relatively high, and rate of increase rises even more quickly thereafter. Germany also shows similar increases to Japan after “6 to 9 years” and “10 to 14 years” of service respectively, but the rate of increase slows thereafter.

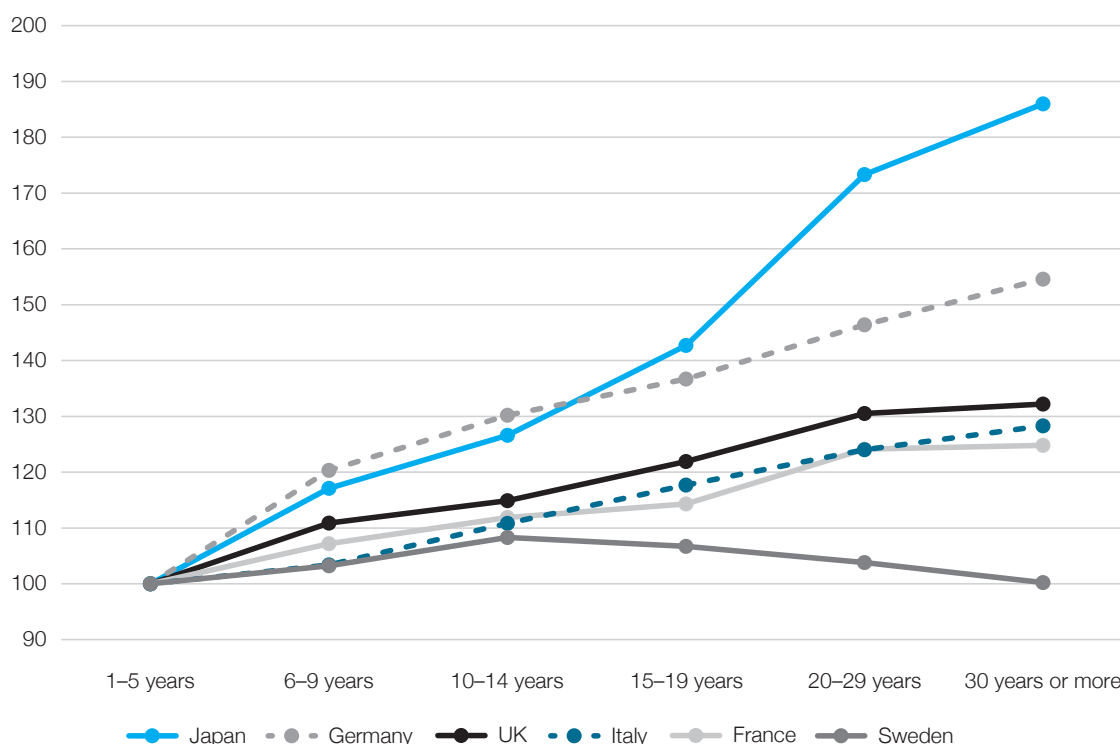
II. Why does a wage curve have a strong seniority element?

Several factors appear to lie behind Japanese seniority-based nature of wages, which as we have seen is notable compared to other countries. One of them is that the degree to which job title determines wages is smaller compared to other countries. The “job-based pay” concept, i.e. wages determined according to the *content* of job duties handled, is weak. Instead, there is a strong tendency to set wage levels according to the perceived level of *ability* required to carry out a wide range of duties assigned

by the employer. This “ability” is assumed to grow as employees gain experience over the years of continuous work at the company. For this reason, wages are significantly higher for longer term employees. This tendency to emphasize the ability that is possessed by the individual employee, rather than currently exhibited skills or performance. With this wage determination method that emphasizes employees’ ability in terms of long-term potential, wages do not go up and down according to the degree of difficulty of current duties, and are likely to be sustained at the level once they reach.

Another factor is that, there is at Japanese enterprises a deep-rooted view of wages not only “as remuneration for labor” with employees’ abilities or services rendered, but also as a crucial resource for securing and stabilizing the livelihoods of employees. The traditional paradigm of the male employee as a primary breadwinner responsible for supporting his wife and children remains strong. Companies’ concept of security of employees’ livelihood often encompasses not only the economic security of the individual employee, but also that of their family members. In general, older employees tend to incur higher household expenses for childcare and education. If the company seeks to guarantee coverage of household costs for employees and their families, higher wages will naturally be paid to those with more years of service, who are generally synonymous with a higher age group.

Then, what system has made Japanese wage curve strongly based on seniority? Two systems support (monthly) wage increases. One is annual wage increment (*teiki shokyu*), (referred to herein as



Sources: Japan: Ministry of Health, Labour and Welfare, *Basic Survey on Wage Structure* (Feb. 2017). Other countries: Eurostat, *Structure of Earnings Survey 2014* (Oct. 2017).

Notes: 1. Data derived from private-sector enterprises with 10 or more employees. Calculated based on scheduled cash earnings in Japan and average monthly earnings in Europe.

2. In Japan, “1–5 years” means at least 1 year but less than 5 years, while “6–9 years” means at least 5 years but less than 10 years.

Figure 1. Length of service and wages: Comparison of full-time male employees of Japan and European countries (100 = monthly wages for employees with 1–5 years of service)

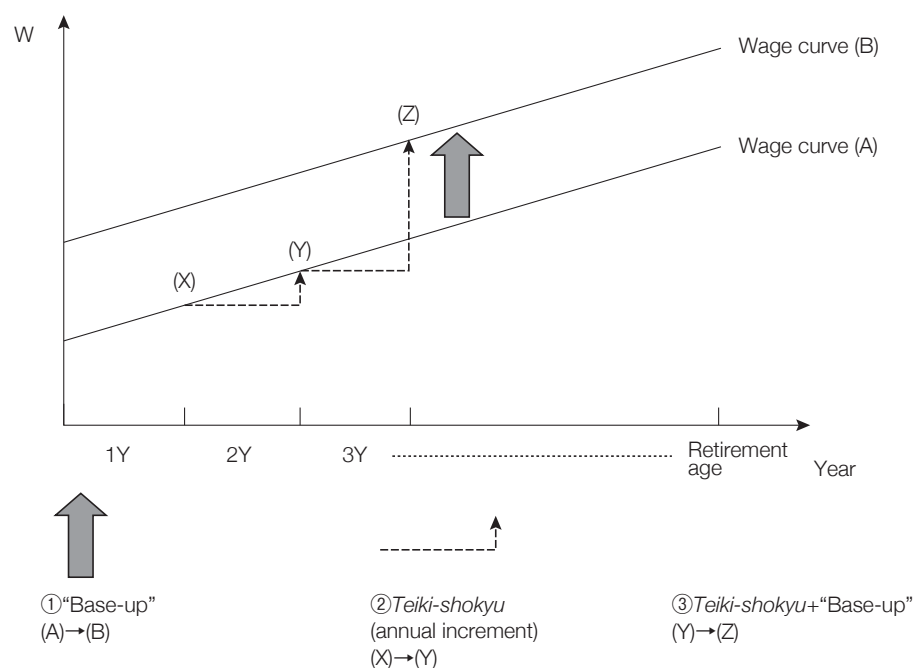
an “annual increment”) for the individual employee. The other is known as “base-up,” across-the-board pay raises, which raise the basic wages themselves, and are often determined through spring wage negotiations called *Shunto*. Figure 2 shows the relationship between annual wage increments and “base-up.”

1. The annual wage increment system

Annual increment refers to regular pay increases based on the enterprise’s wage system. For example, in the case of a wage system where the amount of wage increase is set according to scores on employee evaluations, such as 1,500 yen for an A score and 1,000 yen for a B score, pay raises based on this system are implemented every year. In Figure 2, the change from X to Y indicated by the broken lines is the annual increment.

In the “Survey on Wage Increase”¹ of the Ministry of Health, Labour and Welfare (MHLW) defines an annual increment as “an increase in wage implemented in a given period every year in line with the enterprise’s implementation of wage hikes in accordance with systems established in advance through collective agreements, work rules, and so forth. In addition to automatic increases based on age or length of service, appraisal increases based on ability and performance in a given period are also included.” This definition shows the feature of this system, that is, while there is a regular increase each year, the scope of increase is determined by ability and performance evaluations.

Although there are various views, this annual increment system is said to have been established around the mid-1950s.² In terms of postwar trends, annual increment is said to have been introduced by



Source: Prepared by the author based on Imano and Sato (2009, 199).

Figure 2. Annual wage increment and "base-up" systems

management. Table 1 clearly shows how this system is widely applied to the wage structures of Japanese enterprises.

This annual increment is one of the systemic foundations of the seniority-based wage curve.³ However, this does not necessarily mean that wages in Japan are strictly seniority-based and disregard employees' performance and achievements. Wages tend to rise with length of service, but not all employees receive equal increases in wages. Employees' wage increases are determined by personnel reviews of work performance in half-year or full-year, thus their performance and competence are taken into account when determining wages. Japanese wages are sometimes referred to as seniority-based, but in fact, it differs. Whether blue-collar or white-collar, employees' wage increases vary depending on their performance.

2. "Base-up"

The second type of wage increase, "base-up," refers to increases brought about by across-the-board revisions of an enterprise's wage table. Supposing that on the wage table where an A evaluation brought

a wage increase of 1,500 yen, the increase in wages can be caused by rewriting the wage table itself, that is, for example, by revising this amount to 2,000 yen. This is a "base-up." "Base-up" is shown in Figure 2 as a rise from the wage curve A based on the previous wage table to the wage curve B based on the new wage table.

The "base-up" is determined through labor-management negotiations. Although there has been a trend toward implementing "base-up" since 2014, there was a tendency not to do so from the late 1990s onward (Ogura 2017). Also, as shown in Table 2, even among enterprises that have implemented wage revisions, not many have implemented "base-up."⁴ Even among large enterprises with 5,000 or more employees, the implemented percentage of "base-up" is less than half. The smaller the enterprise, the smaller the percentage becomes. Thus "base-up" is a type of wage increase primarily at large-scale enterprises, in contrast to the annual increment system in widespread use regardless of the size of enterprise.

Table 1. Status of annual wage increment system by size of enterprise and employees' position (fiscal 2019)
(%)

Size of enterprise (Number of employees)	Total of enterprises implementing or planning to implement wage revisions, and those not implementing wage revisions	Managerial position					
		Have annual wage increment system	Implementation status of annual wage increment			No annual wage increment system	Unknown
			Currently implementing or planning to implement	Have not implemented or will not implement	Postponed		
Total	100.0	77.5	71.2	6.2	0.2	21.8	0.7
5,000 or more employees	100.0	70.6	67.5	3.1	—	28.1	1.3
1,000–4,999 employees	100.0	78.6	76.0	2.5	0.1	21.3	0.1
300–999 employees	100.0	77.3	72.9	4.4	—	22.6	0.1
100–299 employees	100.0	77.6	70.3	7.1	0.3	21.5	0.9

Size of enterprise (Number of employees)	Total of enterprises implementing or planning to implement wage revisions, and those not implementing wage revisions	Non-managerial position					
		Have annual wage increment system	Implementation status of annual wage increment			No annual wage increment system	Unknown
			Currently implementing or planning to implement	Have not implemented or will not implement	Postponed		
Total	100.0	83.5	80.4	3.0	0.0	15.8	0.7
5,000 or more employees	100.0	91.1	89.1	2.0	—	8.9	—
1,000–4,999 employees	100.0	91.5	90.0	1.4	0.1	8.3	0.1
300–999 employees	100.0	84.6	81.9	2.7	—	15.3	0.1
100–299 employees	100.0	82.3	79.0	3.3	—	16.7	1.0

Source: MHLW's "Survey on Wage Increase," 2019.

III. Importance of the annual increment system

Annual increments systemically support the formation of Japan's seniority-based wage curves, while "base-up" increases have contributed to maintaining and improving wage levels. Both are important mechanisms that have underpinned wage curves and wage levels. Annual increments are implemented in accordance with the wage

system, while "base-up" is the outcome of labor-management negotiations. A characteristic of Japanese management practices is this clear separation between wage increases through operation of established annual increment systems, and those resulting from labor-management negotiations. In this way, employees' wages may rise every year even if labor unions do not demand for wage increases. This phenomenon is the result of the annual increment system.

Table 2. Percentage that instituted “base-up” (for non-managerial employees) among enterprises that implemented wage revisions (%)

Size of enterprise (Number of employees)	Non-managerial position						Unknown
	Enterprises with annual wage increment (regular wage increase) system	Differentiation between annual wage increment and “base-up,” etc.	Status of implementation of “base-up,” etc.			No differentiation between annual wage increment and “base-up”	
			Have implemented or will implement “base-up”	Have not implemented or will not implement “base-up”	Have implemented or will implement “base down”		
Total	100.0	66.2	31.7	34.3	0.1	33.3	0.6
5,000 or more employees	100.0	83.5	45.5	38.0	—	16.0	0.5
1,000–4,999 employees	100.0	79.3	38.1	41.0	0.2	20.3	0.4
300–999 employees	100.0	78.2	35.7	42.6	—	20.9	0.8
100–299 employees	100.0	60.6	29.6	30.9	0.2	38.9	0.5

Source: MHLW’s “Survey on Wage Increase,” 2019.

In many countries, labor and management is thought to aim to balance wages as an incentive to work, and wages as a means of ensuring standards of living. In Japan, this balance is largely attained through the annual increment system. The annual increment system is central to any explanation of the characteristics of Japanese wages.

1. MHLW, “Survey on Wage Increase,” 2019. <https://www.mhlw.go.jp/toukei/itiran/roudou/chingin/jittai/19/dl/03.pdf>.
2. Nitta dates the establishment of the annual wage increment system to the mid-1950s, and argues that the concept of seniority-based wages emerged from this (Nitta 2003). However, there are various views regarding the time of establishment of the annual wage increment system. For example, Magota (1972) believes that it was established in the 1920s before the war.
3. See Nitta (2003) for an example.
4. “Wage revision” is a frequently used term encompassing both annual increments and “base-up.” As Table 2 shows, there are enterprises that in practice do not strictly differentiate between these two. If any wage increase including either or both of these two is implemented, the enterprise in question is considered to

have implemented a wage revision.

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This is a series of three articles on the topic of Japanese wages. Part II (July issue, vol. 4, no. 24) will discuss wages in relation to size of enterprises.

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Economy

The Japanese economy is getting worse rapidly in an extremely severe situation, due to the Novel Coronavirus. Concerning short-term prospects, an extremely severe situation is expected to remain due to the influence of the infectious disease. Moreover, full attention should be given to the further downside risks to the domestic and foreign economy which are affected by the influence of the infectious disease. Also, attention should be given to the effects of fluctuations in the financial and capital markets (Monthly Economic Report,¹ April, 2020).

Employment and unemployment

The number of employees in March increased by 610 thousand over the previous year. The unemployment rate, seasonally adjusted, was 2.5%.² Active job openings-to-applicants ratio³ in March, seasonally adjusted, was 1.39.⁴ (Figure 1)

Wages and working hours

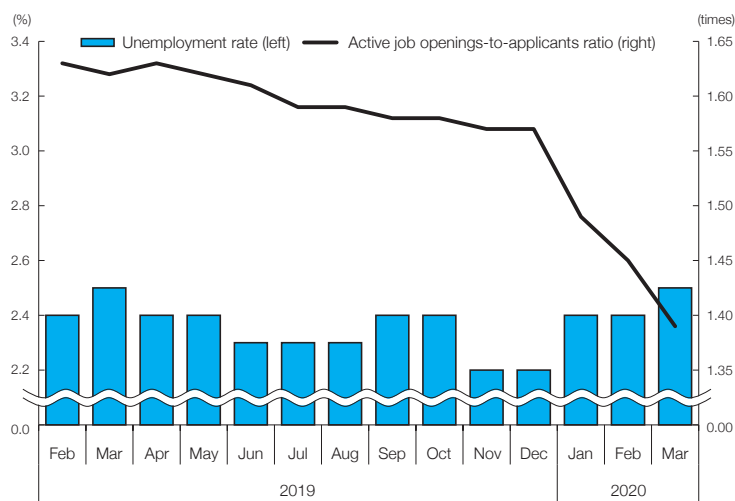
In February, total cash earnings (for establishments with 5 or more employees) increased by 0.7% and real wages (total cash earnings) increased by 0.2% year-on-year. Total hours worked decreased by 1.6% year-on-year, while scheduled hours worked decreased by 1.4%.⁵ (Figure 2)

Consumer price index

In March, the consumer price index for all items increased by 0.4% year-on-year, the consumer price index for all items less fresh food rose by 0.4%, and the consumer price index for all items less fresh food and energy increased by 0.6%.⁶

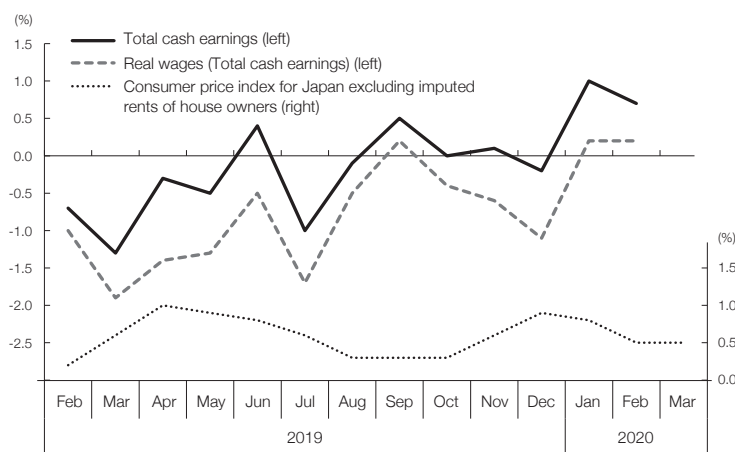
Workers' household economy

In March, consumption expenditure by workers' households decreased by 7.6% year-on-year nominally and decreased by 8.1% in real terms.⁷



Source: Labour Force Survey²; Employment Referrals for General Workers.⁴

Figure 1. Unemployment rate and active job openings-to-applicants ratio (seasonally adjusted)



Source: Monthly Labour Survey⁵; Consumer Price Index.⁶

Figure 2. Total cash earnings / real wages annual percent change

For details, see JILPT Main Labor Economic Indicators at <https://www.jil.go.jp/english/estatis/eshuyo/index.html>

Notes: 1. Cabinet Office, *Monthly Economic Report* analyzes trends in the Japanese and world economies and indicates the assessment by the Japanese government. Published once a month. <https://www5.cao.go.jp/keizai3/getsurei-e/index-e.html>

2. Ministry of Internal Affairs and Communications (MIC), *Labour Force Survey*.

<http://www.stat.go.jp/english/data/roudou/results/month/index.htm>

3. Active job openings-to-applicants ratio indicates the number of job openings per job applicant at public employment security offices, published monthly by Ministry of Health, Labour and Welfare (MHLW). It shows the tightness of labor supply and demand.

4. MHLW, *Employment Referrals for General Workers*. http://www.mhlw.go.jp/english/database/db-l/general_workers.html

5. MHLW, *Monthly Labour Survey*. <http://www.mhlw.go.jp/english/database/db-l/monthly-labour.html>

6. MIC, *Consumer Price Index*. <http://www.stat.go.jp/english/data/cpi/index.htm>

7. MIC, *Family Income and Expenditure Survey*. <http://www.stat.go.jp/english/data/kakei/index.htm>

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