

I. Summary of Survey

Section 1. Purpose of the Survey

It was decided that consensus building was to be achieved among the government, labor and management at the “Roundtable Tasked with Promoting Strategies for Economic Growth.” This was set up to promote strategies for economic growth through the mid-/long-term minimum wage raise plan with a view to productivity enhancement of small and medium-sized enterprises. In line with this, the relationship between productivity enhancement and minimum wage increase in small and medium-sized enterprises was investigated in the “Investigation Research on the Minimum Wage System” at the request by the Ministry of Health, Labour and Welfare.

The main area of research consists of the basic attributes of companies, the situation of wage decisions and revisions, awareness of minimum wages, influences of the minimum wage increase and countermeasures for its increase, the business conditions and the employment situations of companies, the sales prices and trading conditions of companies, their situations of labor productivity, the situations of the personnel and labor management systems, and the situation of revenue and expenditure.

Section 2. Survey Method

The survey was carried out on 20,000 small and medium-sized companies across the country, which were selected to reflect the corporate composition ratio according to the size and the type of business in each prefectural and city government area, based on the corporate ledger register made by a private research institute. The targeted companies were those having less than 300 employees (less than 100 employees with wholesale companies, less than 50

employees with retailing companies and restaurants, and less than 100 employees with the service businesses).¹ Companies with 300 employees or more (100 employees or more with wholesale companies and the service business, and 50 employees or more with retailing companies and restaurants) are included among the respondents. The main reason for these discrepancies seems that the number of employees in the relevant companies had changed after the latest update of the database.

The survey was made by distributing and collecting survey slips by post, and the survey was executed at the end of March, 2008. The timing of survey is as of March 1, 2008.

The number of valid responses from the companies was 2,987, and the valid collection rate was 14.9%. (The substantive valid collection rate of the substantive 19,839 for the survey is 15.1% since there were 161 addresses unknown among the 20,000 companies to which the questionnaires were sent).

II. Summary of the Survey Results

Section 1. Decision and Revision for Wages

1. Full-time Employee’s Lowest Wage Level

The 2,705 respondent companies with one or more regular employees were asked the following questions: “What is the lowest wage (base pay) level for your full-time workers on an hourly basis? Please convert into an hourly wage in cases whereby the wage is paid on a daily, weekly or monthly basis. Moreover, when there are two or more business offices, please answer the lowest wage level of the business office in the prefecture where the headquarters are located.” In this paper, survey slips were carefully examined in carrying out the summary count, and a so-called “carefully examined” counting result was applied. This means in case (1) that the amount of money is clearly described as “a monthly

1 In accordance with the Japan Standard Industry Classification revised in October, 1993.

wage” and that in case (2) when an hourly wage exceeds 4,000 yen, the written amount of money was classified as “unknown” and was handled as an outlier as a result of taking the standard deviation into consideration.²

Figure 6-1 shows a result of the minimum wage level of regular employees of the respondent companies. Each row of the wage level is made by adding ¥50 from the previous row in cases of ¥600 or more, but rows starting from ¥1,300 or more are shown as ¥1,300-1,399, ¥1,400-1,499, ¥1,500-1,999, and ¥2,000 or more. Therefore attention must be paid to the different ways of segmentation. The peak of the minimum wage level for regular employees is seen at the row for ¥1,000-1,049 (composition ratio: 9.6%) and the average minimum wage excluding “unknown” and “no answer” is ¥1,104.

In this survey the minimum wage of the FY2007 will be applied. According to the regional minimum wage in FY2007, the nationwide weighted average is ¥687, the lowest is ¥618 in Okinawa Prefecture, and the highest is ¥739 in Tokyo.

2. Considerations for Wage Determination for Regular Employees

Out of the 2,705 respondent companies with more than one regular employee, when asked what is taken into consideration when determining wages (multiple answers allowed), the answers that were chosen by a high percentage of companies were as follows: “Years of experience” was relatively high at around 70% (73.1%), next was “The difficulty of the job” (50.4%), “age” was chosen by around half (49.1%), and “The pay rate of employees doing the same job type” was around 40% (38.0%). Due to the fact they are regular employees, such factors as “Regional minimum wage” (11.3%) and “Minimum wage by industry” (6.7%) were chosen by only a few companies when determining wages (Figure 6-2).

Looking at the factors most valued, the two which were chosen the most were “Years of experience” (28.1%) and “The difficulty of the job” (26.4%),

followed by “The pay rate of employees of the same job type” (13.3%). Factors such as “Regional minimum wage” (3.0%) and “Minimum wage by industry” (1.1%) were only chosen by a very low percentage of the companies. Thus, it seems that when deciding wages for regular employees the small and medium-sized companies take into consideration the experience of work and the degree of difficulty of work (Figure 6-3).

3. Status of Wage Increase for Regular Employees

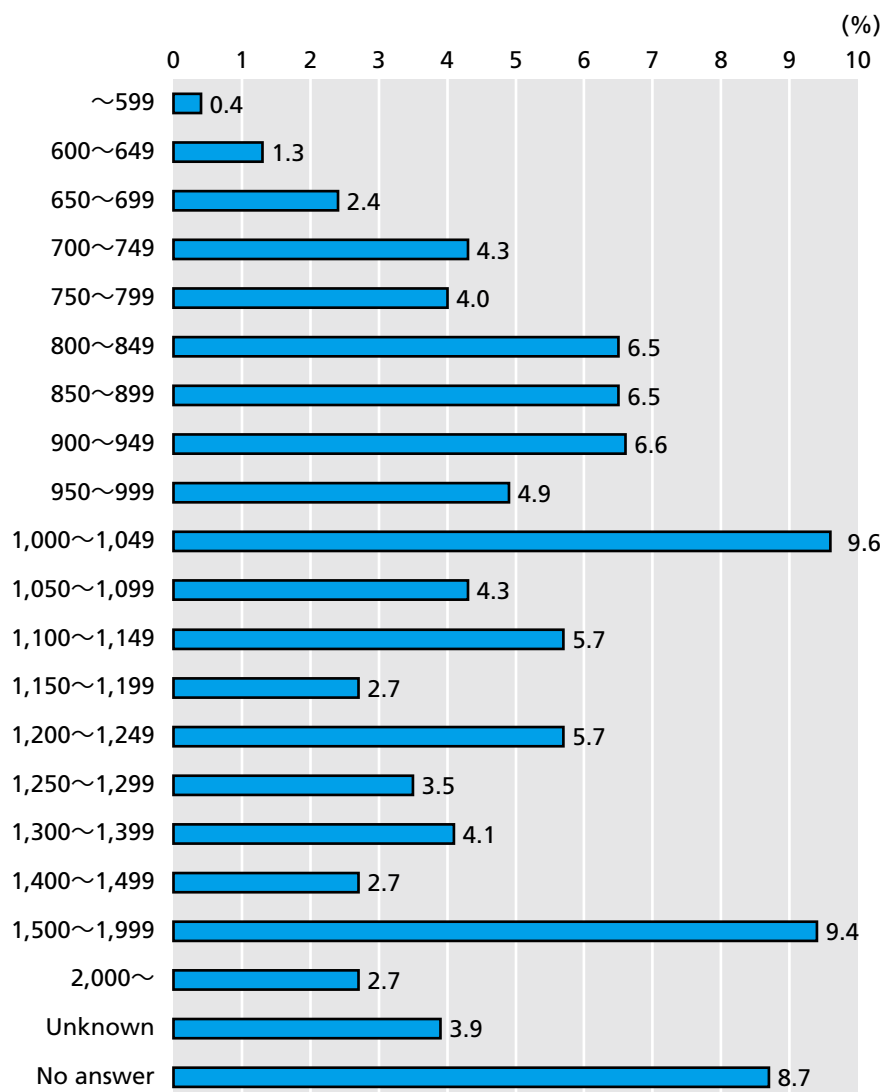
When the 2,705 respondent companies having one or more regular employees were asked whether they increased the wage (base pay) of regular workers this fiscal year compared to the previous fiscal year, the answer that was chosen the most by the companies was “unchanged from the previous year” (48.8%), and next was “wages were increased” at 45.3%. This shows that the percentage of the companies that increased wages and the percentage of those that left wages unchanged were almost the same. Companies that “decreased wages” accounted for only 3.0%.

(1) Factors Kept in Mind in Consideration of Wage Increase in Regular Employees

Out of the 1,225 companies that answered that “wages were increased”, when asked what companies kept in mind in consideration of wage increase in regular employees (multiple answers allowed), the answers that were chosen by more than half of the companies were as follows: “Years of experience” (50.4%) and “The business performance of the individual” (50.3%), followed by “Own company’s business performance” (47.2%) and “Improvements in skills” (39.6%) (Figure 6-5). Factors such as “Revision of the regional minimum wage” (2.4%) and “Revision of the minimum wage by industry” (1.2%) were chosen by only a few companies.

Looking at the factors most valued, the one which was chosen the most were: Business performance of the individual” (22.0%), next was “Own company’s

2 Two kinds of summary count for the lowest wage (basic wage) levels are described. One is the summary count of answers of companies without modification, and the other is the so-called “carefully examined” summary count, in which the outliers, or values that have no consistency in terms of small and large/total, are given careful consideration and duly processed. The summary count used in this paper is the “carefully examined” summary count.

Figure 6-1 Minimum Wage Level of Regular Employees (“Carefully Examined” Summary Count)

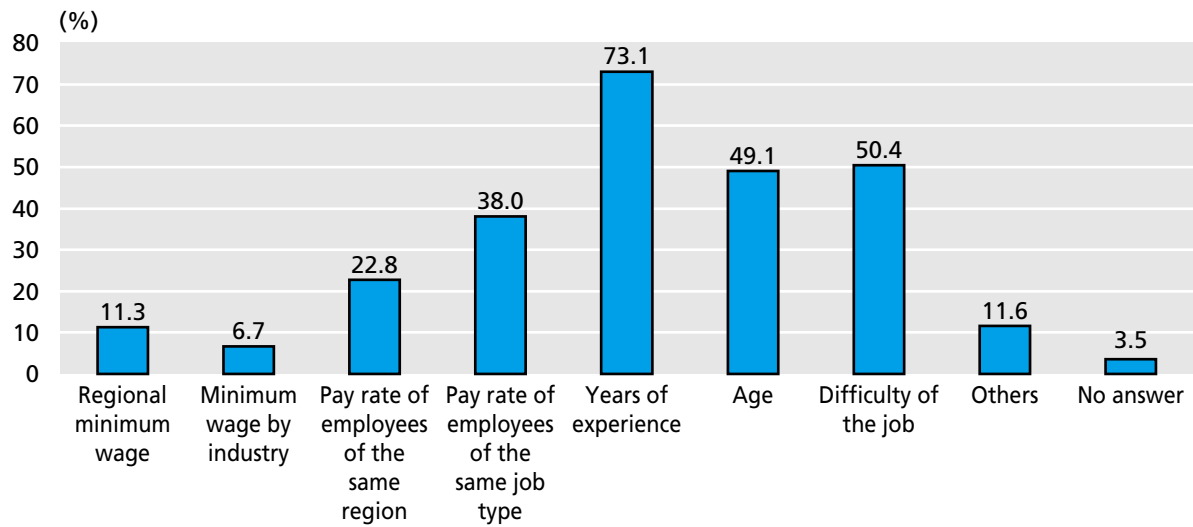
Note: Summary count of companies (2,705) having one or more regular employees

business performance” (17.1%), followed by “Improvements in skill” (12.7%), and then “Years of experience” (10.0%), etc. Factors such as “Revision of the regional minimum wage” (0.7%) and “Revision of the minimum wage by industry” (0.3%) were chosen by only a few companies. The result seems to show that these companies place value on business performance of both individuals and one’s own company when they increase wages (Figure 6-6).

(2) Reasons for Having Left Unchanged and/or Having Reduced the Regular Employees’ Pay

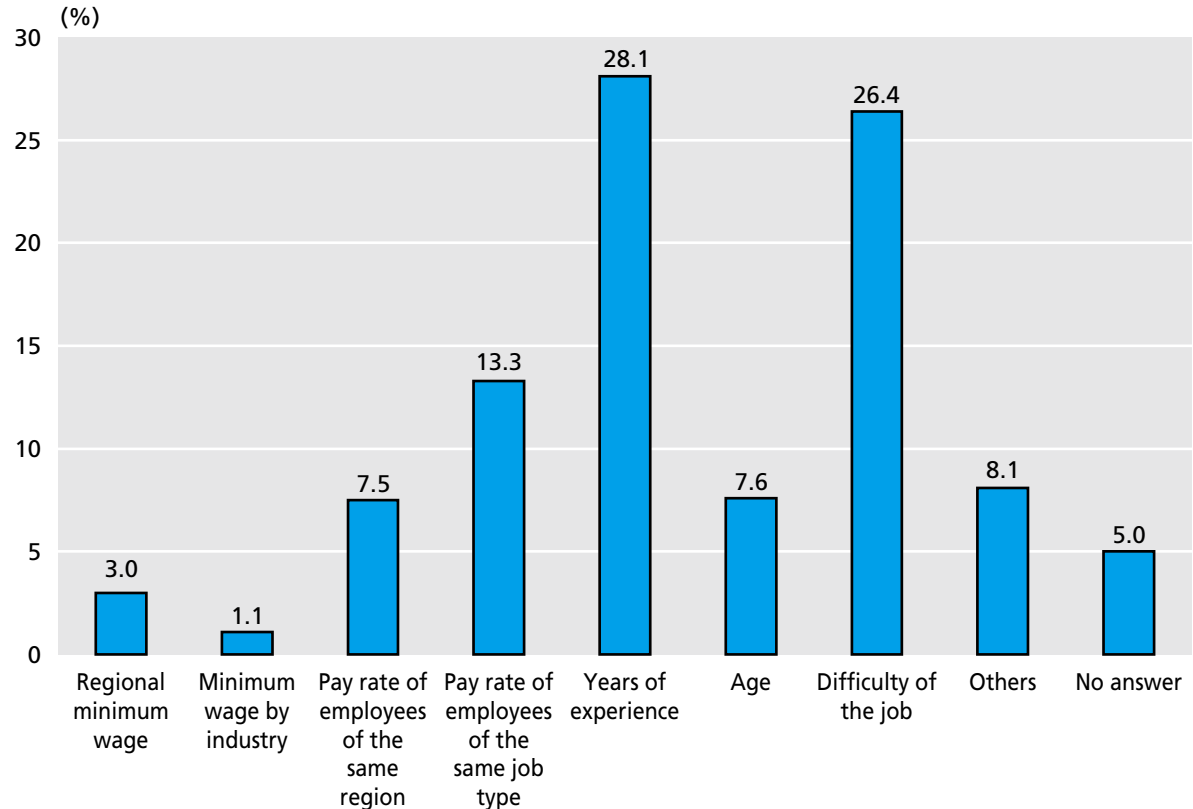
The question asking the reason why the companies left unchanged or reduced regular employees’ pay was put to the 1,401 companies that answered they did not increase the employees’ pay (1,320 companies replied the employees’ pay was “Unchanged from the previous year” and 81 companies replied they “Decreased wages”) (up to two answers allowed). The most common answer was: “Because there was no allowance for raising

Figure 6-2 Factors Considered to Be Important in Deciding Wages of Regular Employees (Multiple Answers Allowed)



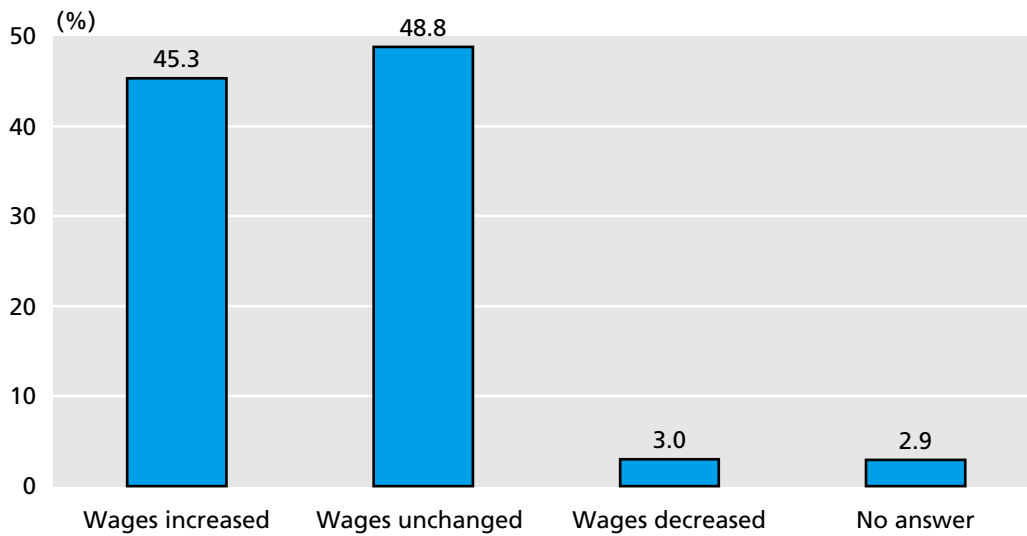
Note: Summary count of companies (2,705) with one or more regular employees

Figure 6-3 Top Priority Item in Deciding Wages of Regular Employees



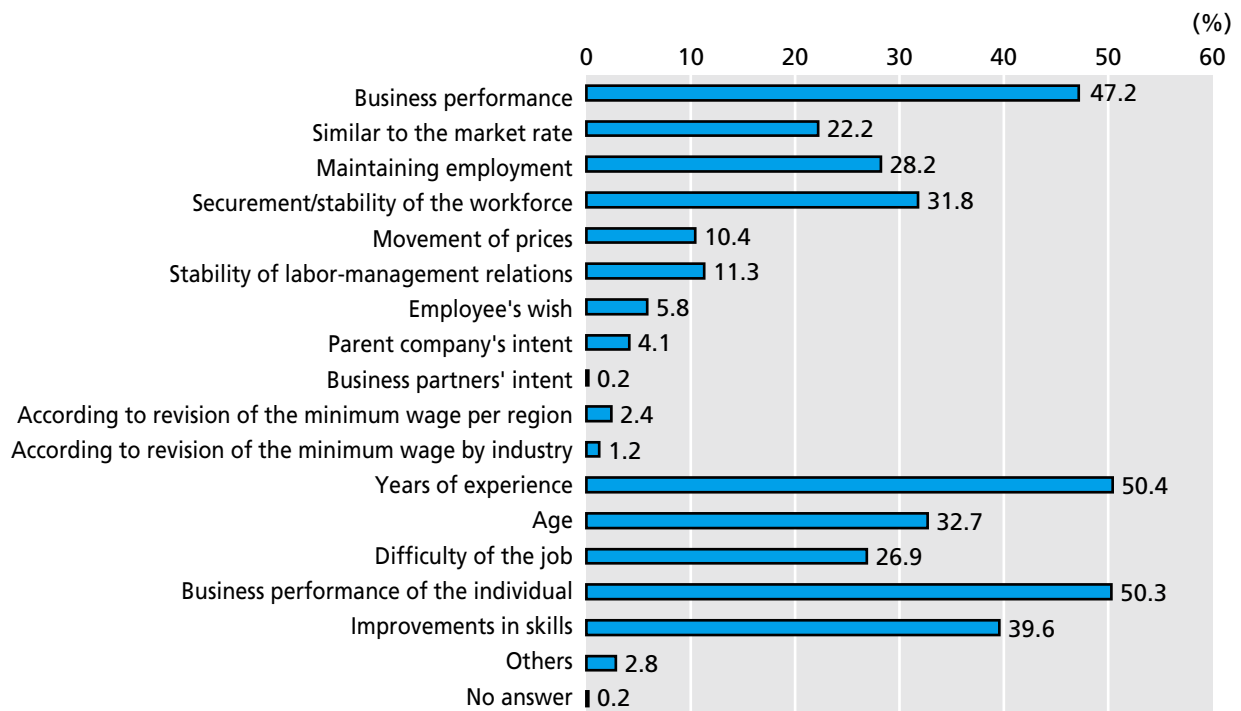
Note: Summary count of companies (2,705) with one or more regular employees

Figure 6-4 Status of Wage (Base Pay) Increase for Regular Employees



Note: Summary count of companies (2,705) having one or more regular employees

Figure 6-5 Factors Kept in Mind When Considering Wage Increases for Regular Employees (Multiple Answers Allowed)

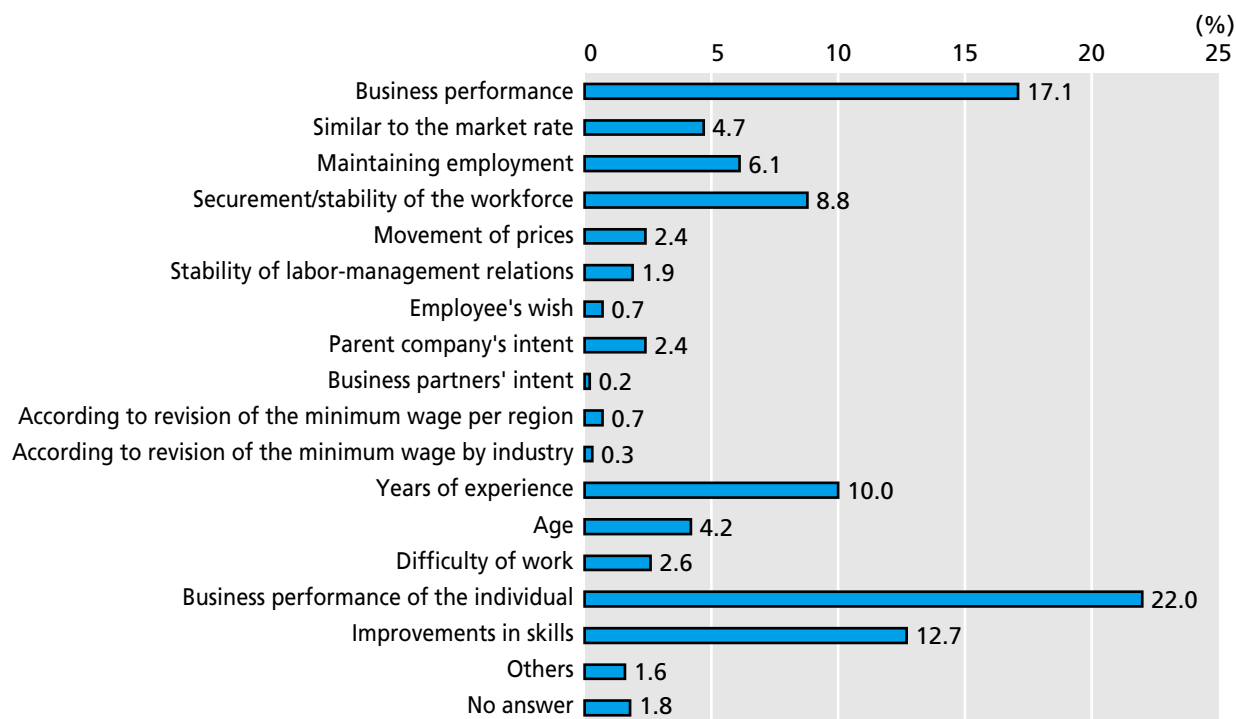


Notes: 1) Summary count of the companies (1,225) that have increased the regular employee's wage
 2) "Own company's business performance" is worded as "Your company's business performance" in the survey.

wages in view of the poor corporate performance" (76.4%) which accounted for three quarters of the total, followed by "Because future financial conditions are unknown" (34.3%) and "Because

wages are not necessarily raised every year" (28.5%). Over ten percent replied that "Because there was no allowance for raising wages, since the customers required reduction in prices and unit prices" (11.4%)

Figure 6-6 Factors Considered Most Important in the Wage Increase in Regular Employees



Notes: 1) Summary count of the companies (1,225) that have increased regular employee's wage
 2) "Own company's business performance" is worded as "Your company's business performance" in the survey.

(Figure 6-7).

4. Minimum Wage Level of Part-time workers

The question on what was the minimum wage (base pay) level for part-time workers was put to the 1,501 companies having one or more part-time workers. The companies converted the wage level to an hourly rate when answering. Moreover, in the same way as in the case of regular employees, "carefully examined" counting results were used in this paper. That is, in cases where (1) the amount of money is clearly described as "a monthly wage" or (2) an hourly wage exceeds 4,000 yen, these cases were classified as "unknown" and handled as outliers.

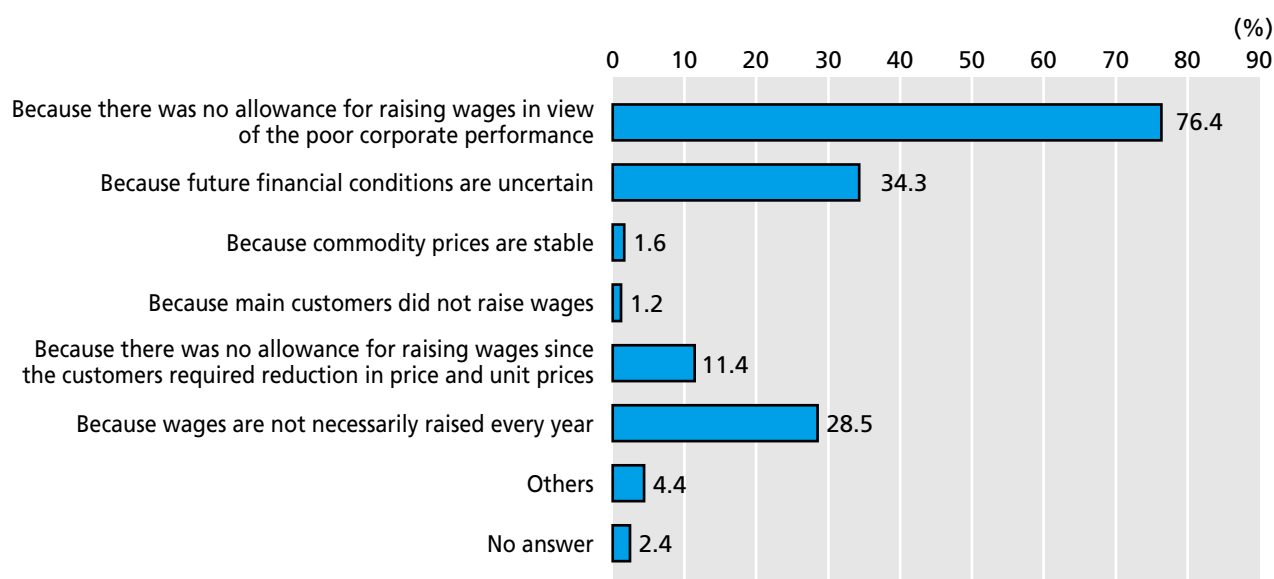
Figure 6-8 shows the distribution of the minimum wage level of part-time workers. The figure in each category of the wage level increases by ¥50 compared to the previous category from the category of ¥600 and more, but the category starting from ¥1,300 and more is shown as ¥1,300-1,399, ¥1,400-1,499, ¥1,500-1,999, and ¥2,000 or more,

respectively. Therefore, attention must be paid to the different ways of categorization. The peak of the minimum wage level for part-time workers is seen in the ¥800-849 category (composition ratio: 20.1%) and the average minimum wage (except for answers classified as "unknown" and "no answer") is ¥863. However, the relative ratio for the ¥1,000-1,049 category is high, and the minimum wage level of many companies is seen in the hourly wage of ¥1,000, which is a round number. Moreover, it is understood that there are a lot of part-time workers in the categories for the low wage level in Figure 6-8 compared with the categories of the low wage level in Figure 6-1, which shows the minimum wage level of regular employees.

5. Factors Considered at the Time of Deciding the Wages of Part-time Workers

Out of the 1,501 companies with more than one part-time workers, when asked what is taken into consideration when determining wages (multiple

Figure 6-7 Reasons for Having Left Unchanged and/or Having Reduced Regular Employees' Pay (Up to Two Answers Allowed)



Note: Summary count of the 1,401 companies that left their employees' pay "Unchanged from the previous year" (1,320) and that "Decreased wages" (81)

answers allowed), the following answers were chosen by a high percentage of the companies: "The pay rate of part-time workers of the same region/job type" was chosen by more than half (56.6%), followed by "Years of experience" (41.3%) and "The difficulty of work" (40.9%), and "Regional minimum wage" (21.3%). Compared to the wages of regular employees, the wages of part-time workers reflected the local pay rate more, which seems to have some influence on the determination of the wages for part-time workers. Thus, the highest percentage of the companies chose "The pay rate of part-time workers of the same region/type of job", while the percentage of the companies that chose "Regional minimum wage" was also relatively high. The percentage of the companies that chose "Minimum wage by industry" for part-time workers (7.5%) was almost the same as that for regular employees (Figure 6-9).

Looking at the factors most valued in deciding the wages of part-time workers, the answer which was chosen most was "The pay rate of part-time workers of the same region/job type" (36.9%), similar to the questions which allowed multiple answers. Factors such as "The difficulty of the job" (22.5%) and "Years of experience" (17.9%) were also chosen by a

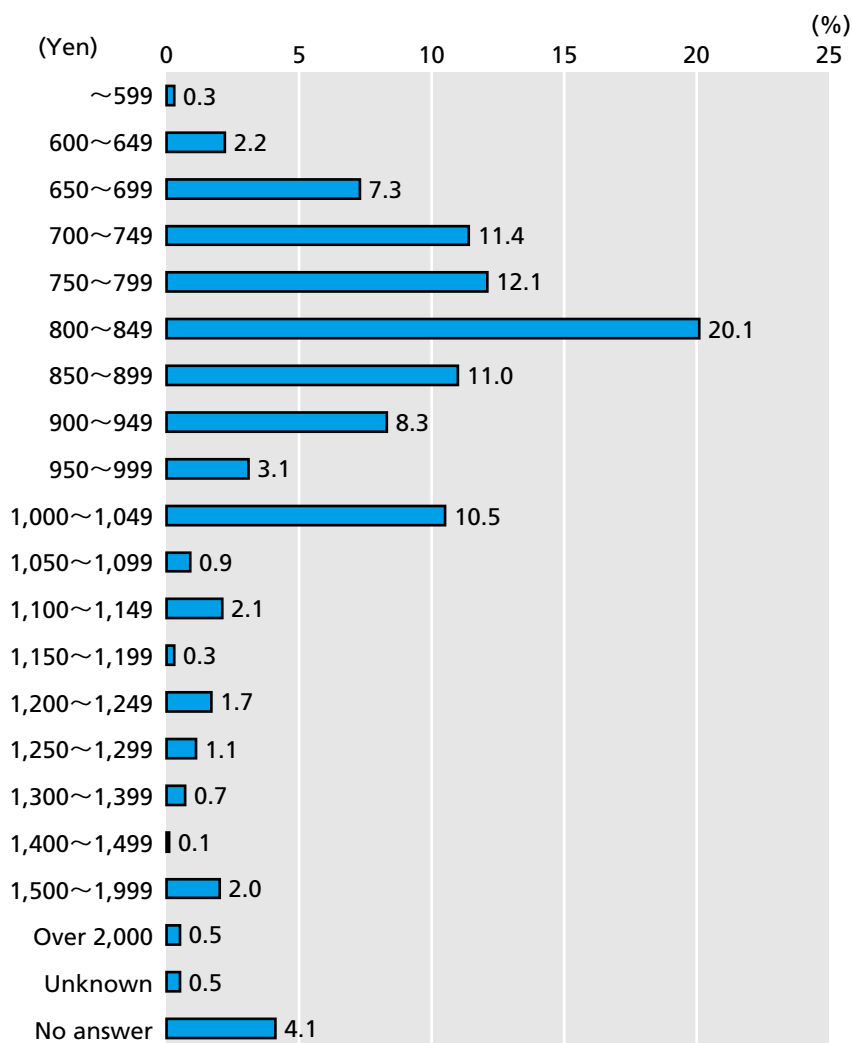
relatively high percentage of companies, and "The regional minimum wage" was 7.7%. "The minimum wage by industry" (1.4%) was chosen by only a few companies (Figure 6-10). Thus, it seems that local pay rates have a significant influence on the determination of the wages of part-time workers and the regional minimum wage has also some bearing on the decision.

6. Status of the Wage Increase for Part-time Workers

The 1,501 companies having one or more part-time workers were asked whether they had increased the wage (base pay) of part-time workers this fiscal year compared to the previous fiscal year. The answer "Did not increase wages" (59.8 %) was chosen by almost 60% of the companies. The answer "Increased wages for all part-time workers" was 16.5% and the answer "Increased wages for some part-time workers" was 19.9%. This shows that the ratio of the companies that increased wages for either all of their part-time workers or a part of them accounted for more than one third (36.4%) of the total (Figure 6-11).

Out of the 546 companies that answered they

Figure 6-8 Minimum Wage Level of Part-time Workers (“Carefully Examined” Summary Count)



Note: Summary count of the companies (1,501) having one or more part-time workers

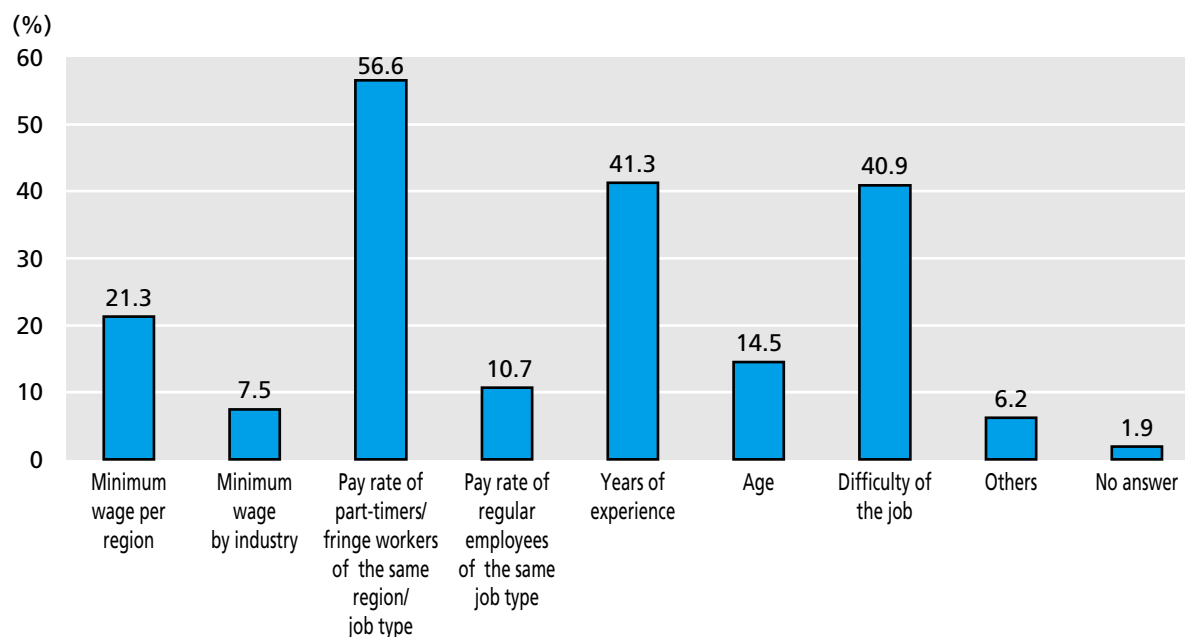
“Increased wages” (multiple answers allowed), when asked what was taken into consideration when determining the wage increase for either all of their part-time workers or a part of them, the answers that were chosen by a high percentage of the companies were “Years of experience” (43.3%) which was the highest, followed by “Securement/stability of the workforce” (36.3%), “Business performance of the individual” (34.2%), “Improvements in skill” (33.9%) and “The pay rate of part-time workers of the same region/job type” (27.8%). Moreover, “According to the revision of the regional minimum wage” accounted for less than 10% (9.7%) and “According to the revision of the minimum wage by industry”

accounted for 4.8% (Figure 6-12).

Looking at the factors most valued for deciding the wage increase, the answer which was chosen the most was “Improvements in skill” (18.7%), followed by “Securement/stability of the workforce” (15.6%), “Business performance of the individual” (15.4%), “Years of experience” (14.1%) and “The pay rate of part-time workers of the same region/job type” (10.4%). In addition, “According to the revision of the minimum wage by region” (5.9%) was chosen by a certain number of companies, while “According to the revision of the regional minimum wage” (1.6%) was chosen by only a few companies (Figure 6-13).

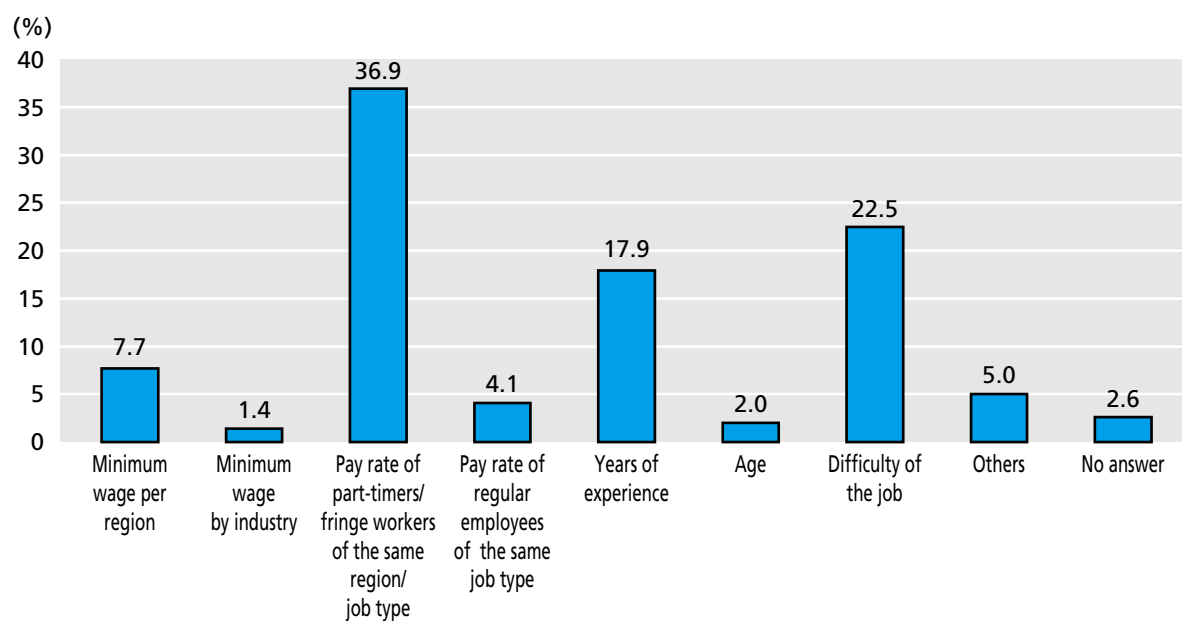
Of the cases of wage increases of part-time

Figure 6-9 Factors Considered at the Time of Deciding Wages of Part-time Workers (Multiple Answers Allowed)



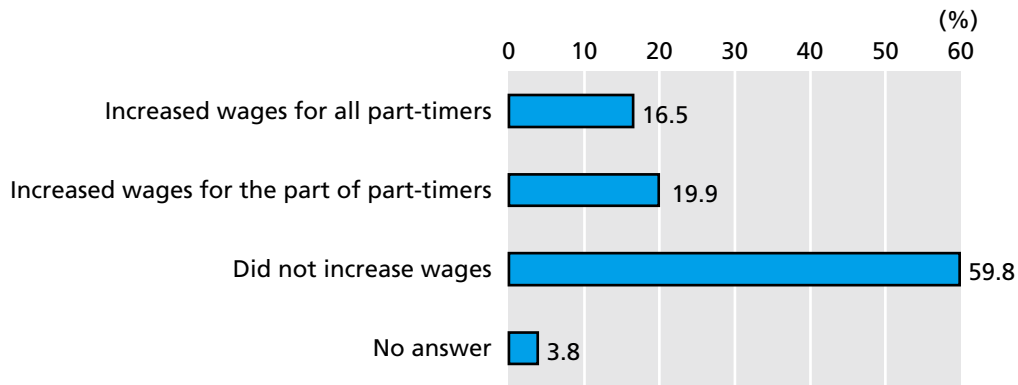
Note: Summary count of the companies (1,501) having one or more part-time workers

Figure 6-10 Top Priority Items in Deciding Wages of Part-time Workers



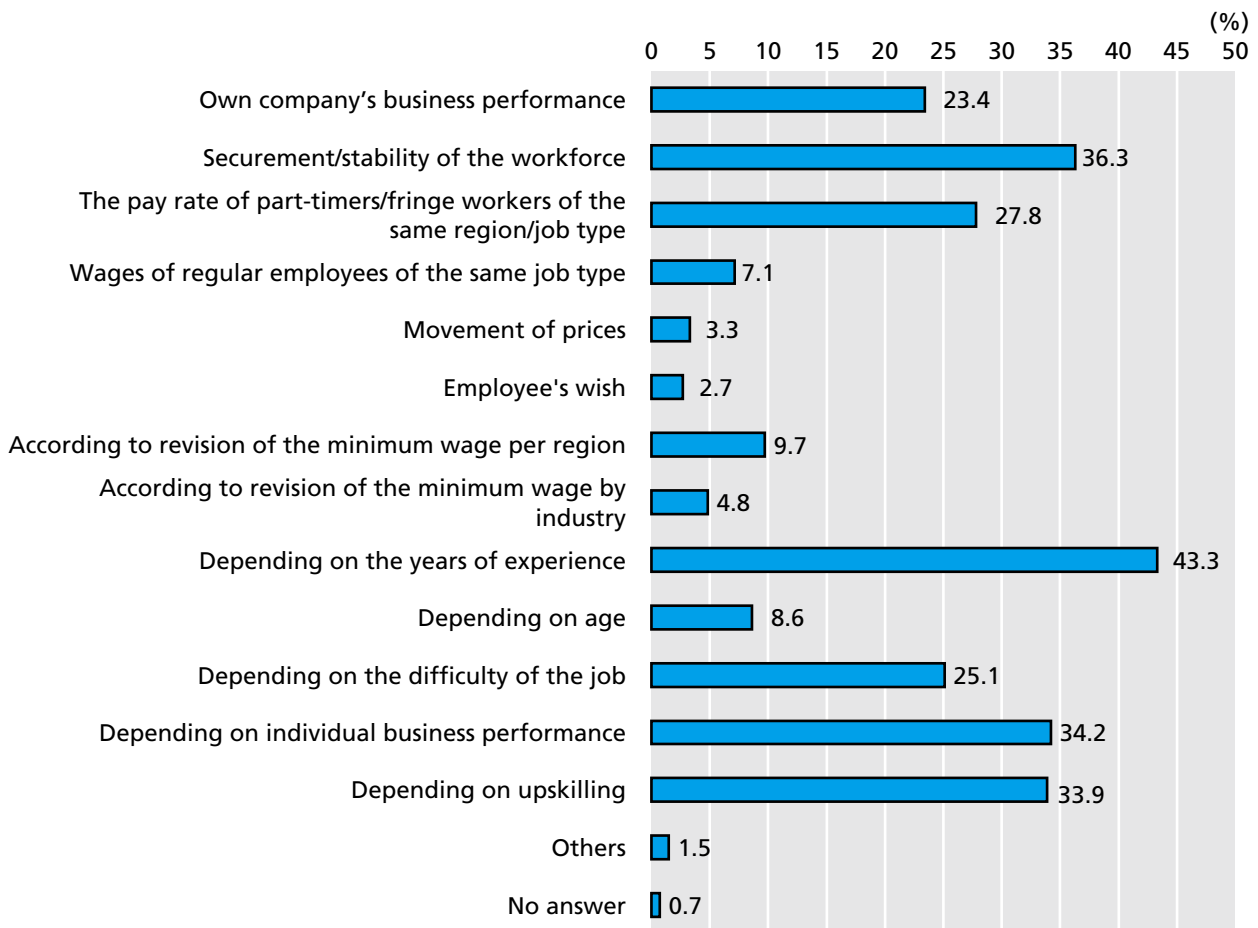
Note: Summary count of the companies (1,501) having one or more part-time workers

Figure 6-11 Status of the Wage Increase for Part-time Workers

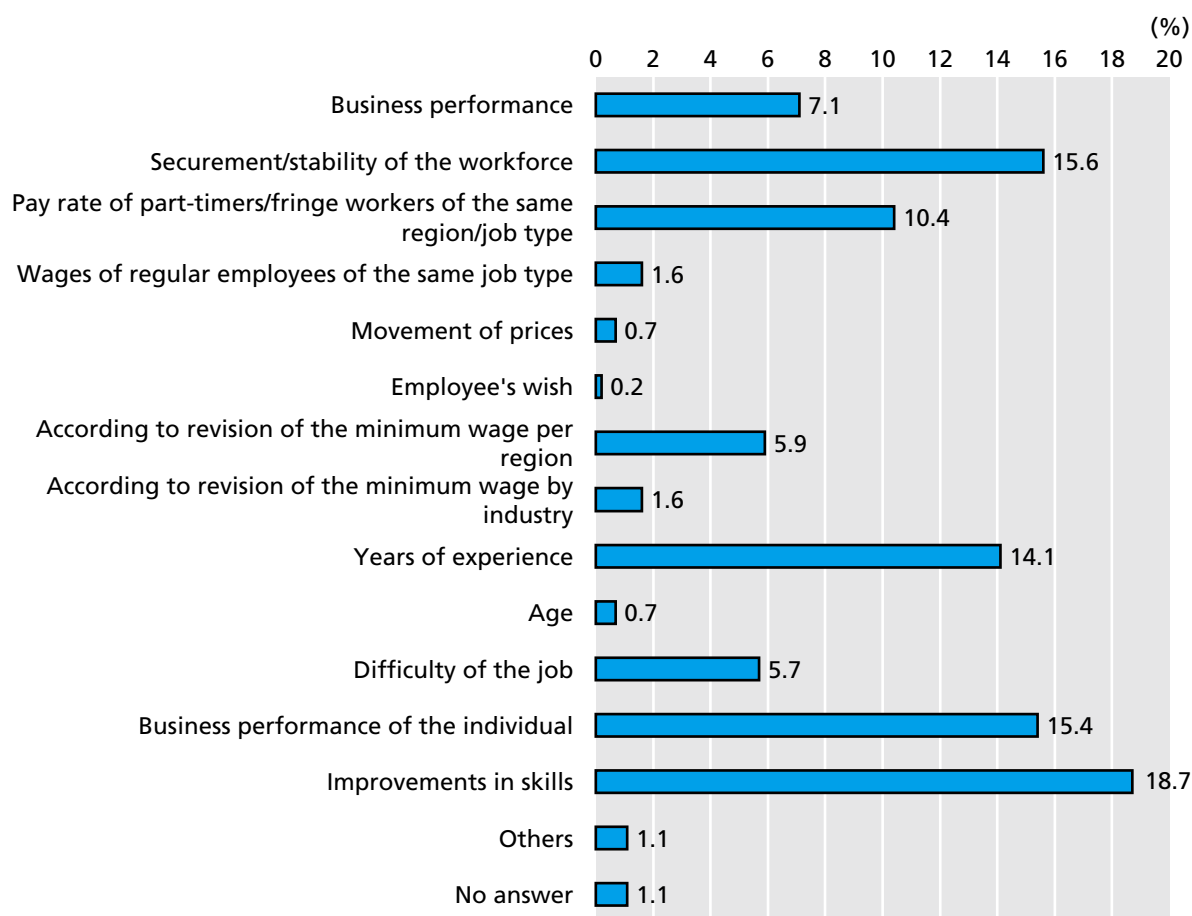


Note: Summary count of the companies (1,501) having one or more part-time workers

Figure 6-12 Factors Considered to Be Important in Deciding the Wages of Part-time Workers (Multiple Answers Allowed)



Notes: 1) Summary count of the companies (546) that increased the wages of part-time workers (for all or a part of those workers)
 2) "Own company's business performance" is described as "Your company's business performance" in the survey questions.

Figure 6-13 Factors Most Valued for the Determination of Wage Increase for Part-time Workers

Notes: 1) Summary count of the companies (546) that increased the wages of part-time workers (for all or a part of those workers)
 2) "Own company's business performance" is described as "Your company's business performance" in the survey questions.

workers, the percentages of companies that chose "Securement/stability of the workforce" and "The pay rate of part-time workers of the same region/job type" are higher compared with those of the cases of wage increases for regular employees. And to some extent, the regional minimum wage has also had an influence on wage increase for part-time workers.

Section 2 Minimum Wage System

1. Recognition Conditions of the Regional Minimum Wage

(1) Degree of Recognition of Regional Minimum Wage

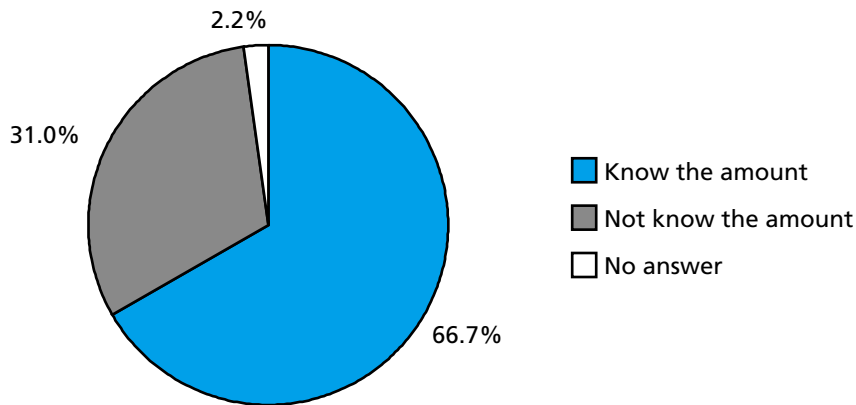
Among all the companies, when asked whether they knew the minimum amount of wage per region in the prefectures where their headquarters are

located (the amount could be confirmed by checking the list of minimum wages per region in each prefecture written at the bottom of the survey paper), the most popular answer was "Know the amount" (66.7%). The answer chosen by 31.0% of the companies was "Do not know the amount" (Figure 6-14). Though "Know the amount" was chosen by two thirds of the companies, there was a possibility that those companies were influenced by the above-mentioned way of questioning.

(2) Recognition Route of Regional Minimum Wage

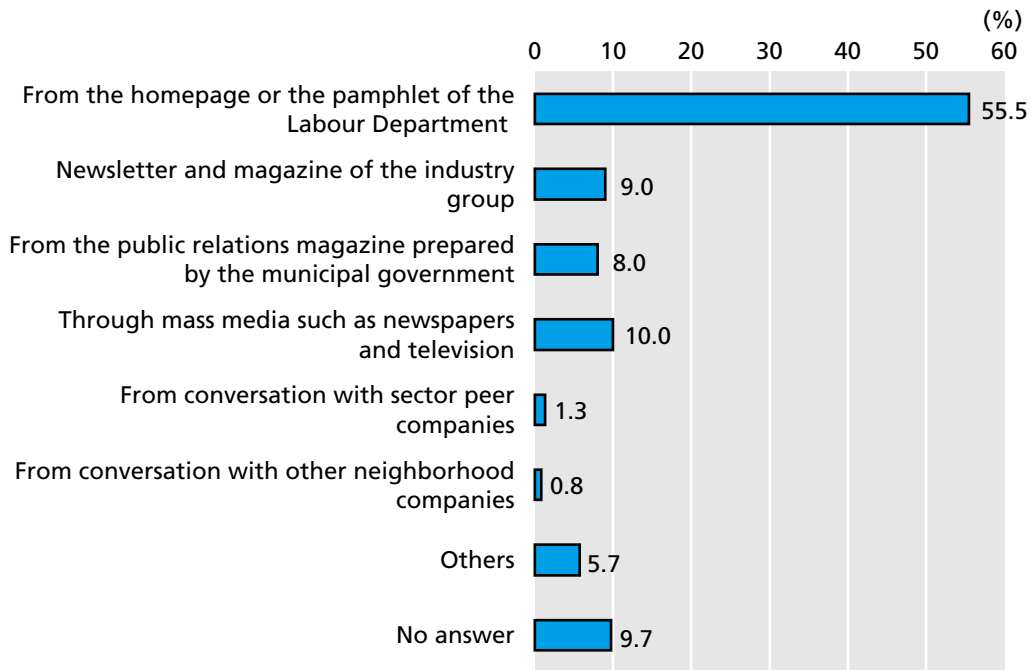
Out of the 1,993 companies that answered they knew the minimum wage per region, when asked where they had learned about it, the answer that was chosen by a relatively higher percentage of the

Figure 6-14 Degree of Recognition of Regional Minimum Wage



Note: Summary count of all the 2,987 respondent companies

Figure 6-15 Recognition Route of the Regional Minimum Wage



Note: Summary count of the 1,993 companies that answered they knew the minimum wage

companies than other answers was “We learned from the homepage or the pamphlet of the Labor Department”, which was over half (55.5%). Next was “Through mass media such as newspapers and television” (10.0%) and then “Newsletters and magazines for the industry group” (9.0%) (Figure 6-15).

2. Status of Workers Whose Wage Is in the Vicinity of the Regional Minimum Wage

In order to study the influence the regional minimum wage has on determining the wage of the employees in the business offices of the prefectures where the company headquarters were located, the following method was used: The question on the status of the employees (classified into regular or

non-regular employees) whose wage was in the vicinity of the regional minimum wage in the relevant prefecture³ was put to the companies, and the companies were asked to reply by referring to the list of the regional minimum wages in each prefecture, written at the bottom of the survey paper. The results were carefully examined, and the ratio of the companies with employees whose wage was in the vicinity of the regional minimum wage is described in this paper, excluding companies that were “unknown”⁴ (“carefully examined” method). The percentage of the companies that have more than one employee, whose wage is less than the minimum wage multiplied by 110%, was 6.6% for regular employees and 21.5% for non-regular employees. The percentage of the companies with more than one employee, whose wage is less than the minimum wage multiplied by 110%~120%, was 7.8% for regular employees and 26.3% for non-regular employees. The percentage of the companies with more than one employee, whose wage is less than the minimum wage multiplied by 120%~130%, was 11.4% for regular employees and 26.6% for non-regular employees. The percentage of the companies that replied they have more than one employee whose

wage is in the vicinity of the regional minimum wage is around 10% for regular employees and around 20~25% for non-regular employees (Table 6-16).

3. Countermeasures to Increase the Regional Minimum Wage

(1) The Existence of Countermeasures or Review on the Increase in the Regional Minimum Wage

When the companies were asked whether they took countermeasures or conducted reviews in terms of the aspects of management, employment or wages (including wage increase) in order to deal with the increase in the regional minimum wage in FY2007, “Countermeasures were taken or reviews were conducted” was chosen by around 20%, but the answer that was chosen by the majority was “Countermeasures were not taken or reviews were not conducted” which was around 75% (Figure 6-17).

(2) Handling of the Increase in the Regional Minimum Wage

When the 628 companies that answered they took some countermeasures or conducted reviews to deal with the increase in the regional minimum wage in

Table 6-16 Ratio of the Number of Companies Having Employees Whose Wage Is in the Vicinity of the Regional Minimum Wage (“Carefully Examined” Summary Count)

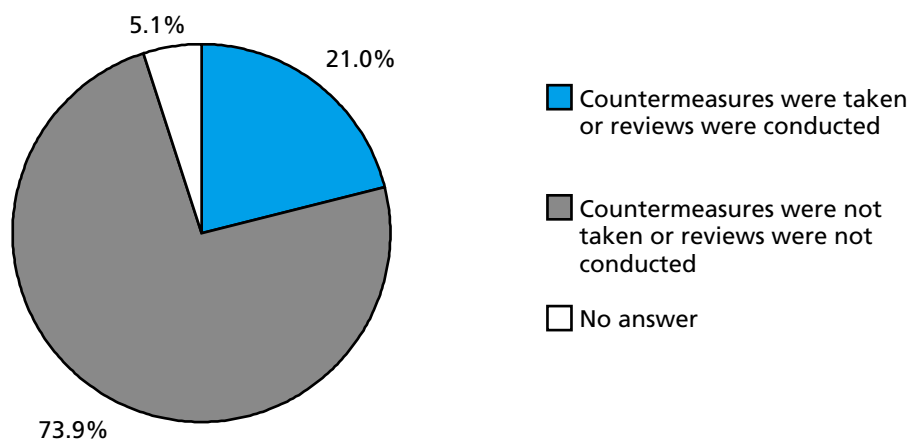
(%)

	Permanent workers	Nonpermanent workers
Less than minimum wage × 110%	6.6	21.5
Less than minimum wage × 110~120%	7.8	26.3
Less than minimum wage × 120~130%	11.4	26.6

Note: Survey papers collected from the companies who answered they had more than one employee (2,705 companies with regular employees and 1,859 companies with non-regular employees) were carefully examined, and then counting was carried out for the companies (1,752 companies with regular employees and 1,205 with non-regular employees) by excluding those for which answers were unknown.

- 3 The amount of the regional minimum wage multiplied by 110% was ¥60-70 higher than the amount of the regional minimum wage, the amount of the regional minimum wage multiplied by 120% was ¥120-150 higher than the amount of the regional minimum wage, and the amount of the regional minimum wage multiplied by 130% was ¥190-220 higher than the amount of the regional minimum wage. The regional minimum wage multiplied by less than 110% seems to be the wage in the vicinity of the regional minimum wage. The regional minimum wage multiplied by less than 120% is in the range that seems to come under the influence of the wage increase and the regional minimum wage multiplied by 120%-less than 130% is in the range that has the possibility to come under the influence of the wage increase to some extent.
- 4 Regarding the process of carefully examining survey papers, refer to the recitals of the attached statistical table.

Figure 6-17 Existence of Countermeasures or Reviews on the Increase in the Regional Minimum Wage



Note: Summary count of all companies (2,987)

FY2007 were asked what measures they took in particular (multiple answers allowed), the answers were as follows: “Wage increase in employees” was overwhelmingly high at 72.1%, followed by “Reductions in overhead costs excluding labor costs” at 40.6%, “Improvement of personnel distribution and working methods” was 28.7% and “Cutback on new hiring” which was 21.7%. In addition, the answers that were chosen by 13.7% were “Review of welfare expenses” (13.7%), “Introduction and expansion of facilities for manpower saving” (10.4%), “Revision of the wage plan including adoption or expansion of a performance-based pay system, pay according to function, and performance pay” (10.4%), “Increase in prices and fees” (10.2%), and “Review of education and training” (10.2%) (Figure 6-18).

1) Targets for “Wage Increase”

When the companies that answered “Wage increase in employees was their way of dealing with the increase in regional minimum wage” were asked who were targets for the wage increase, they gave the following answers: “Regular employees” was 50.6%, next was “Both regular and non-regular employees” (34.7%), and “Non-regular employees” was 13.7% (Figure 6-19). When the number of companies that chose “Regular employees” and that of companies that chose “Both regular and non-regular employees”

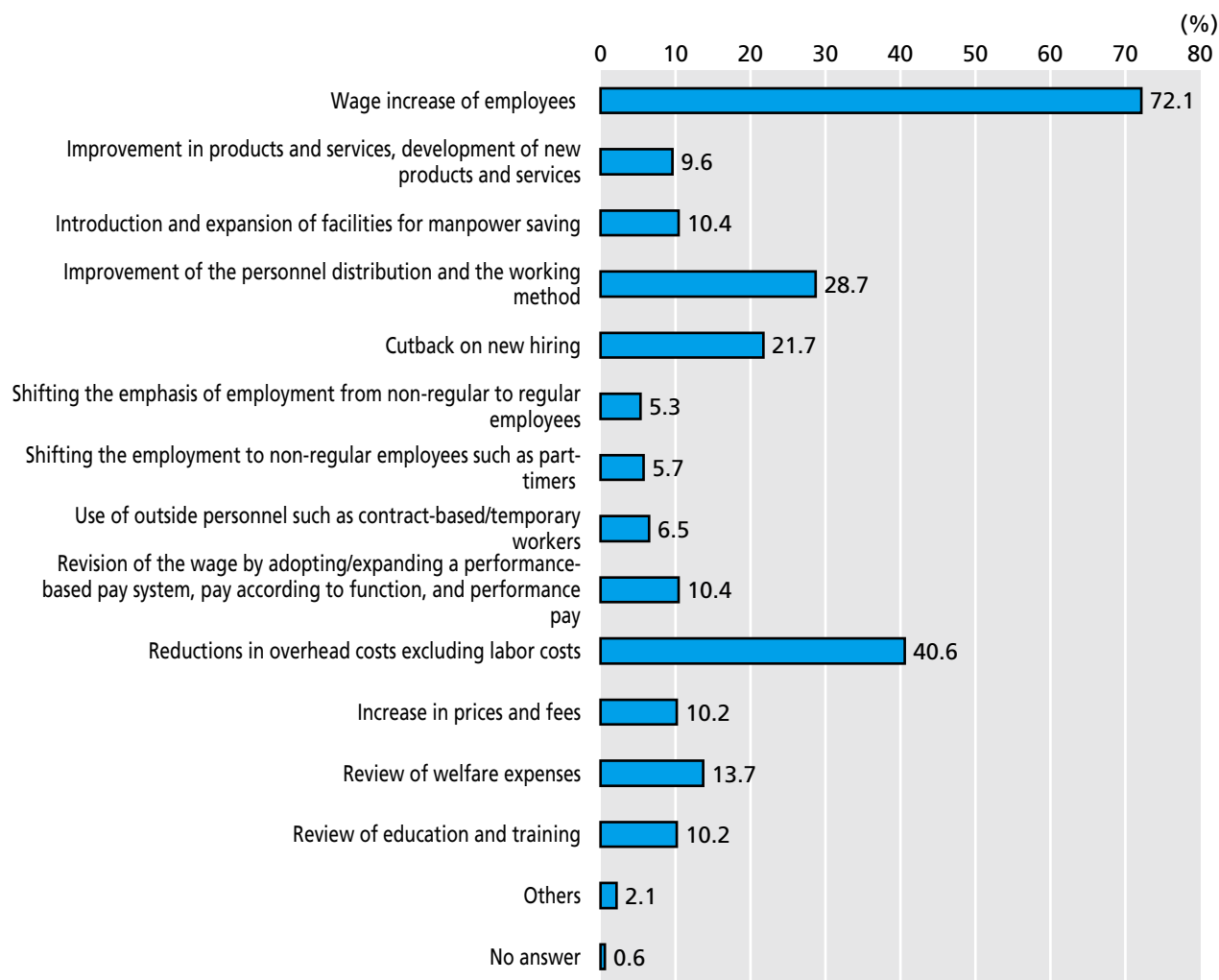
are combined, it shows that about 85% that answered they “Raised employees’ wages” increased the wages of their regular employees.

2) Targets for “Cutbacks on New Hiring”

When the companies that answered “Cutback on new hiring” was their way of dealing with the increase in regional minimum wage were asked who their targets were, they gave the following answers: “Regular employees” was chosen by a high percentage of companies (48.5%), followed by “Both regular and non-regular employees” (37.5%), while “Non-regular employees” (6.6%) was chosen only by a few companies. When the number of the companies that chose “Regular employees” and that of the companies that chose “Both regular and non-regular employees” are combined, it shows that about 86% that chose “Cutback on new hiring” have cut back on the new hiring of regular employees (Figure 6-20).

3) Targets for the “Review of Welfare Expenses” and the Change in Expenses

When the 86 companies that answered they “Reviewed the welfare expenses to deal with the increase in regional minimum wage” were asked who were their targets for the “Review of welfare expenses”, they gave these answers: A high percentage of the companies chose “Regular employees” (48.8%), followed by “Both regular and

Figure 6-18 Way of Handling the Increase in the Regional Minimum Wage (Multiple Answers Allowed)

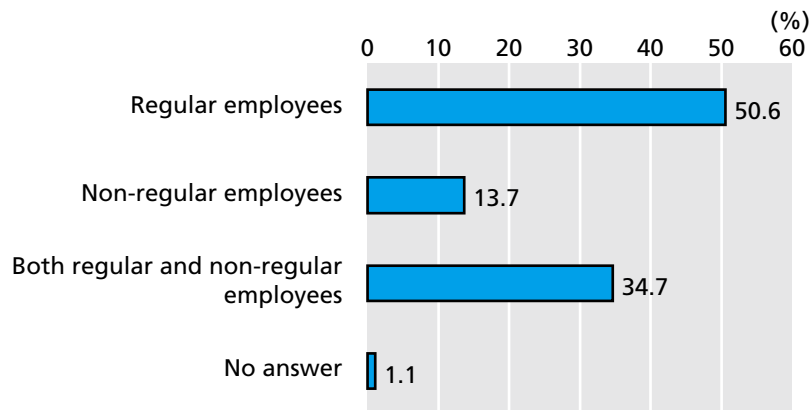
Note: Summary count of the 682 companies that introduced countermeasures or reviews to deal with the increase in the regional minimum wage in FY2007

non-regular employees” (39.5%), while “Non-regular employees” (2.3%), which was chosen by only a few companies. When the number of the companies that chose “Regular employees” and that of the companies that chose “Both regular and non-regular employees” are combined, it shows that slightly less than 90% that chose “Review of welfare expenses” targeted regular employees for the “Review of welfare expenses” (Figure 6-21).

When the companies reviewed their welfare expenses, some companies reduced their welfare expenses in order to offset the increase in wage and salary costs related to the increase in the regional

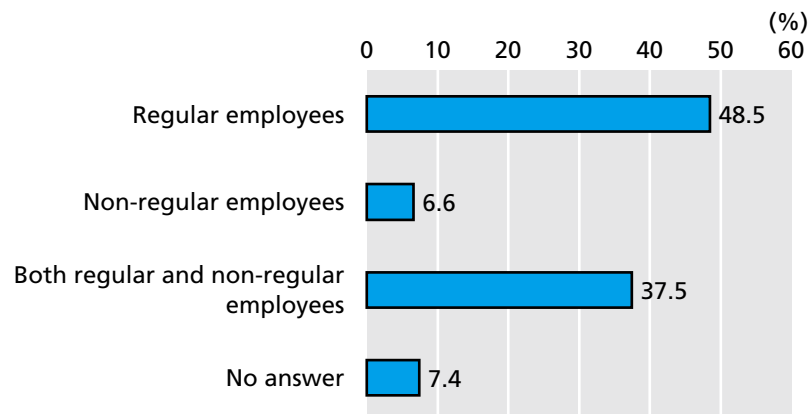
minimum wage, while other companies increased their welfare expenses in order to recruit new employees or to prevent their own employees from switching to other companies. When the 86 companies that answered they reviewed their welfare expenses, the companies that chose “Increased welfare expenses” was 47.7%. This was higher percentage of those that chose their “Reduced welfare expenses” (36.0%) (Figure 6-22).

Figure 6-19 Targets of Wage Increase



Note: Summary count of the 453 companies that answered the “wage increase in employees” was their way of dealing with the increase in regional minimum wage.

Figure 6-20 Targets of Cutback on New Hiring



Note: Summary count of the 136 companies that answered “cutback on new hiring” was their way of dealing with the increase in regional minimum wage.

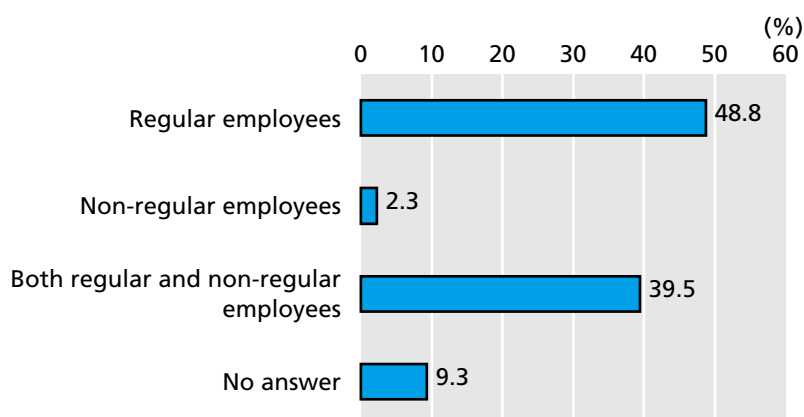
4) Targets for the “Review of Education and Training” and Changes in the Quantity/ Expenses

When the 64 companies that answered “Review of education and training” was their way of dealing with the increase in regional minimum wage were asked who were their targets, the following answers were given: The answer chosen by most companies was “Both the regular and non-regular employees” (50.0%), followed by “The regular employees” (39.1%), and “The non-regular employees” (6.3%) (Figure 6-23). When the number of the companies that chose “The regular employees” and that of the

companies that chose “Both the regular and non-regular employees” are combined, it shows that slightly less than 90% of those answering they reviewed education and training targeted their regular employees.

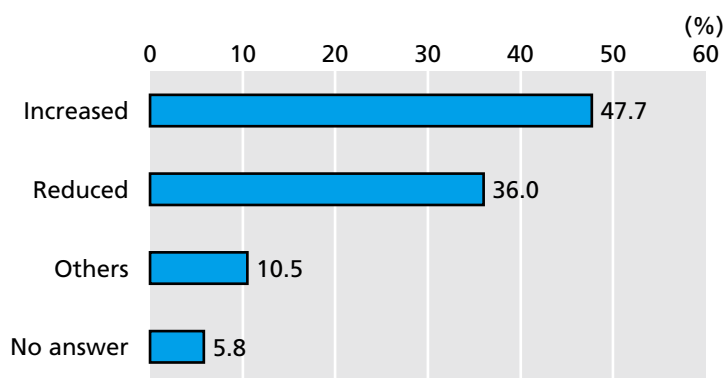
When companies review their education and training, some companies reduce their expenses for education and training in order to offset the increase in wage and salary costs related to the increase in regional minimum wage, while other companies positively increase their investment in education and training in order to improve labor productivity. When the 64 companies that answered they reviewed their

Figure 6-21 Targets of the Review of Welfare Expenses



Note: Summary count of the 86 companies that answered the "Review of welfare expenses" was their way of dealing with the increase in regional minimum wage.

Figure 6-22 Contents of the Review of Welfare Expenses



Note: Summary count of the 86 companies that answered the "Review of welfare expenses" was their way of dealing with the increase in regional minimum wage.

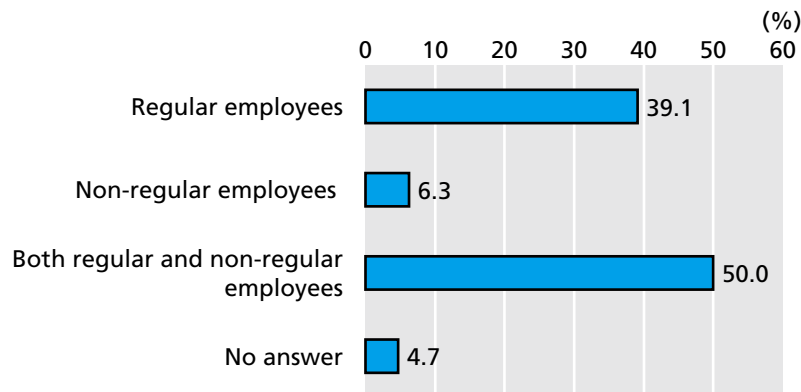
expenses for education and training, were asked what they did with the quantity/expenses for education and training, the percentage of companies that chose "Increased" was 62.5%, while the percentage for "reduced" was 15.6% (Figure 6-24). That shows quite a few companies chose positive investment in education and training to deal with the increase in the regional minimum wage.

(3) Reasons Why Companies Did Not Take Countermeasures or Conduct Reviews

When the 2,208 companies that answered they did not take countermeasures or conduct reviews in order to deal with the increase in the regional minimum wage in FY2007, were asked what was their prime reason for not taking measures or conducting

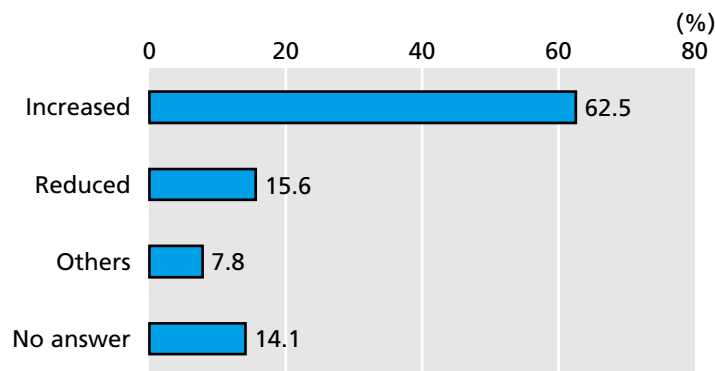
reviews, the following answers were given: The majority of the companies chose "Because own company's wage has always been higher than the minimum wage" (86.1%). Factors such as "We knew about the regional minimum wage, but did not know it was going to be actually applied" (2.7%), "Not able to cope with the revised regional minimum wage" (2.6%), "Others" (2.5%) and "There are no employees employed at one's own company" (1.5%) were all chosen by only a very low percentage of the companies. This shows there are some companies that chose "Not able to cope with the revised regional minimum wage".

Figure 6-23 Targets of Review of Education and Training



Note: Summary count of the 64 companies that answered "Review of education and training" was their way of dealing with the increase in regional minimum wage.

Figure 6-24 Contents of Review of Quality/Expenses of Education and Training



Note: Summary count of the 64 companies that answered "Review of education and training" was their way of dealing with the increase in the regional minimum wage.

4. Influence of the Increase in the Regional Minimum Wage

When all the companies⁵ were asked whether the increase in the regional minimum wage in the FY2007 had affected (changed) their management and/or employment aspect(s), the answer that was chosen by 70~80% of the companies was "No change". This shows most of the companies were not affected by the increase in the regional minimum wage in the FY2007, but some of them have felt its influence in several areas, such as the current profit

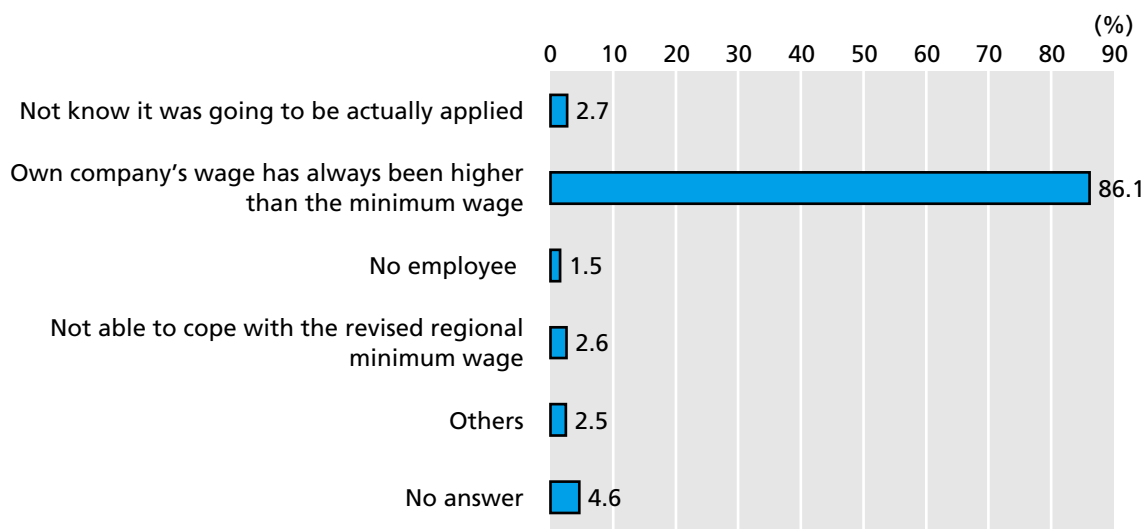
or the total amount of the personnel cost. In several areas, the number of companies that chose "Not sure" were around 10%. The following breakdown shows the result of the answers in each area.

(1) Influence on the Current Profits

When taking a look at the influence of the increase in the regional minimum wage on the current profit, about 70% of the companies replied "No change", but "Resulted in a decrease in current profits" was also chosen by some companies (15.9%). "Resulted in an increase in current profits" (2.3%)

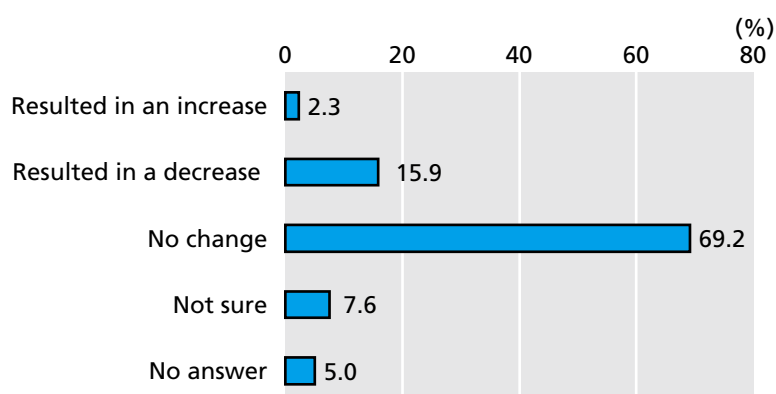
⁵ Summary count is conducted on the companies that answered they have regular employees or non-regular employees regarding increase/reduction of the number of regular employees or non-regular employees.

Figure 6-25 Reason Why Companies Did Not Take Countermeasures or Conduct Reviews to Deal with the Increase in the Regional Minimum Wage



Note: Summary count of the 2,208 companies that did not take countermeasures or conduct reviews in terms of aspects of management, employment or wages to deal with the increase in the regional minimum wage in FY2007

Figure 6-26 Influence of the Increase in the Regional Minimum Wage Has on the Current Profits



Note: Summary count of all the 2,987 respondent companies

was chosen by only a few companies (Figure 6-26).

(2) Influence on the Sales Price

When looking at the influence of the increase in the regional minimum wage on the sales price, the highest answer was "No change" (75.9%). The percentage of the companies that chose "Resulted in a

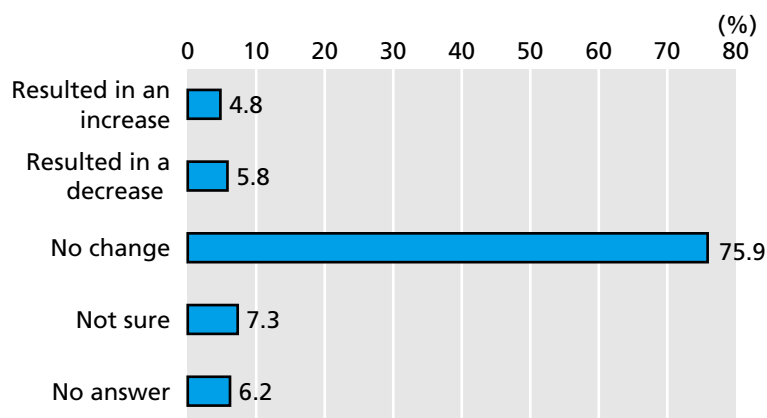
decrease in current profits" (5.8%) slightly exceeded that of the companies that chose "Resulted in an increase in current profits" (4.8%) (Figure 6-27).

(3) Influence on Labor Productivity

As for the influence of the increase in the regional minimum wage on labor productivity⁶, the highest

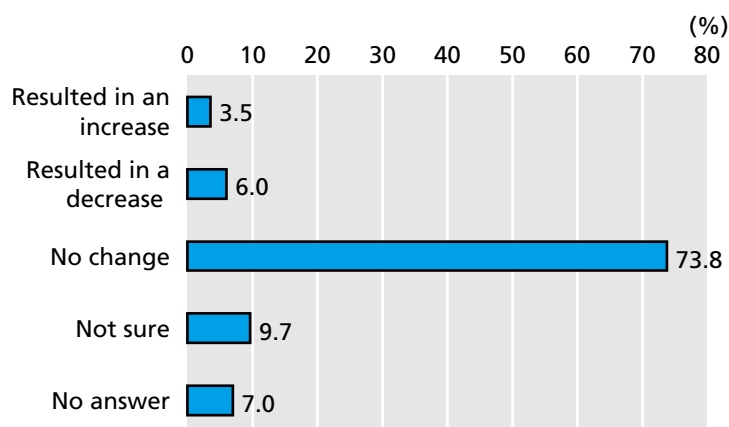
⁶ "Labor productivity" describes how much added value a worker can produce per hour, and the added value indicates the sum total of current profits, personnel expenses, financial charges, tax and dues, the rent expense and the depreciation expense.

Figure 6-27 Influence of the Increase in the Regional Minimum Wage on the Sales Price



Note: Summary count of all the 2,987 respondent companies

Figure 6-28 Influence of the Increase in the Regional Minimum Wage on Labor Productivity



Note: Summary count of all the 2,987 respondent companies

answer was “No change” (73.8%). The percentage of the companies that chose “Resulted in a decrease in the labor productivity” (6.0%) slightly exceeded that of the companies that chose “Resulted in an increase in the labor productivity” (3.5%) (Figure 6-28).

(4) Expenses excluding Labor Costs

When looking at the influence of the increase in the regional minimum wage on the labor expenses excluding labor costs, 68.7% chose “No change”, while “Resulted in an increase” was 10.8% and “Resulted in a decrease” was 5.7% (Figure 6-29).

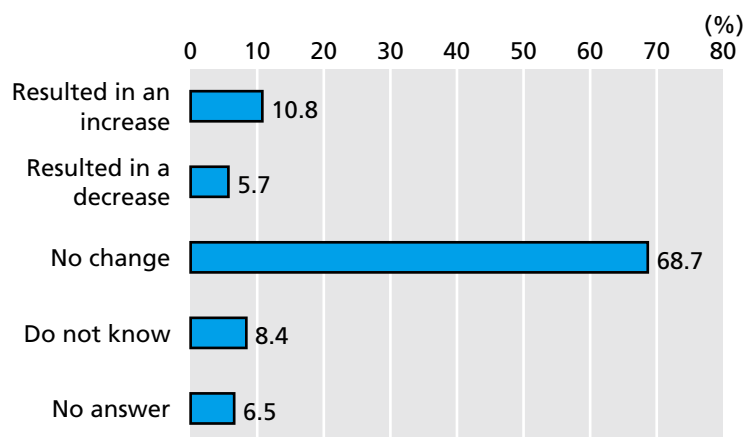
(5) Total Amount of Labor Costs

Regarding the influence of the increase in the regional minimum wage on the total amount of labor costs, the highest answer was “No change” (64.8%), but “resulted in an increase” was also chosen by around 20% of the companies. In addition, “Resulted in a decrease” was 4.2% (Figure 6-30).

(6) Influence on the Number of Employees

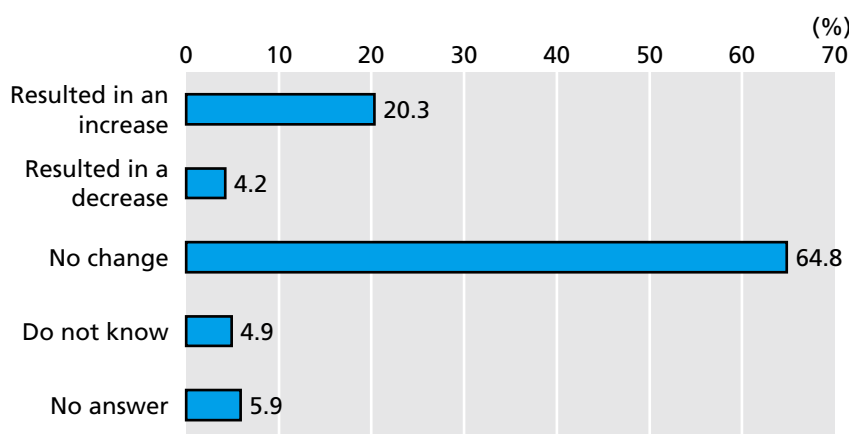
When looking at the influence of the increase in the regional minimum wage on the number of employees (the whole employees), the highest answer was “no change” at around 80% (80.5%), while

Figure 6-29 Influence of the Increase in the Regional Minimum Wage on Expenses excluding Labor Costs



Note: Summary count of all the 2,987 respondent companies

Figure 6-30 Influence of the Increase the Regional Minimum Wage on the Total Amount of Labor Costs



Note: Summary count of all the 2,987 respondent companies

“resulted in a decrease” was 5.7%. Although 3.7% answered “resulted in an increase”, “resulted in a decrease” exceeded “resulted in an increase” (Figure 6-31).

Looking at the influence on regular employees, the summary count of the companies with more than one regular employee shows that the highest answer was “No change” at 81.0%, but “Resulted in a decrease” (4.6%) and “Resulted in an increase” (3.7%) were also chosen by some companies. Thus “Resulted in a decrease” slightly exceeded “Resulted in an increase” (Figure 6-32).

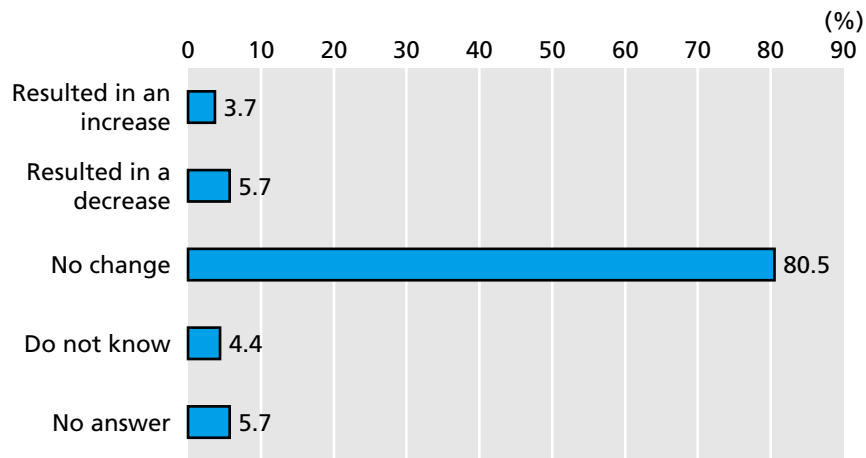
Looking at the influence on non-regular

employees, the summary count of the companies with more than one non-regular employee shows that the highest answer was “No change” (79.7%), while “Resulted in an increase” (4.6%) slightly exceeded “Resulted in a decrease” (4.3%) (Figure 6-33).

(7) Total Number of Working Hours

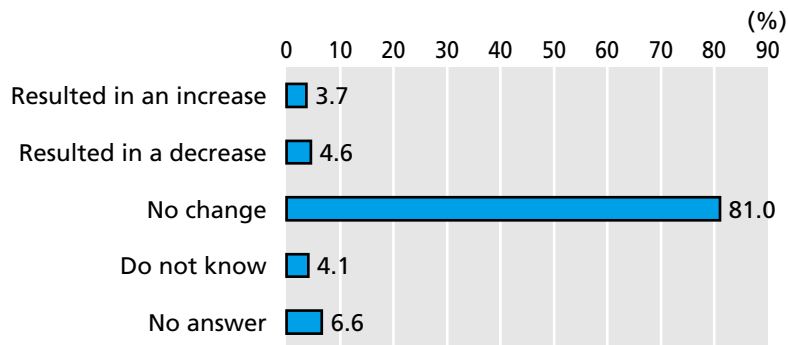
Looking at the influence of the increase in the regional minimum wage on the total number of working hours, the highest answer was “No change” (82.0%), while answers that were chosen by some companies were “Resulted in a decrease” (4.6%) and “Resulted in an increase” (3.2%) (Figure 6-34).

Figure 6-31 Influence of the Increase in the Regional Minimum Wage on the Number of Employees



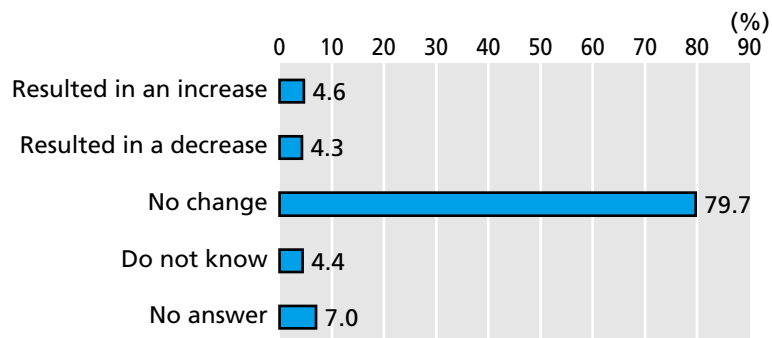
Note: Summary count of all the 2,987 respondent companies

Figure 6-32 Influence of the Increase in the Regional Minimum Wage on the Number of Regular Employees



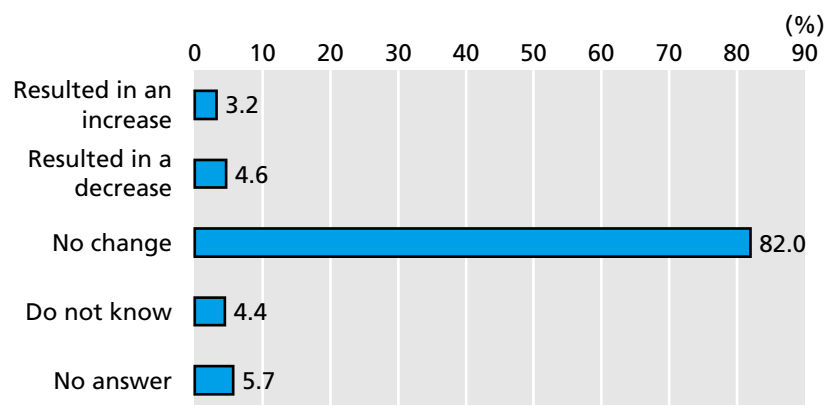
Note: Summary count of all the 2,705 respondent companies with more than one regular employee

Figure 6-33 Influence of the Increase in the Regional Minimum Wage on the Number of Non-regular Employees



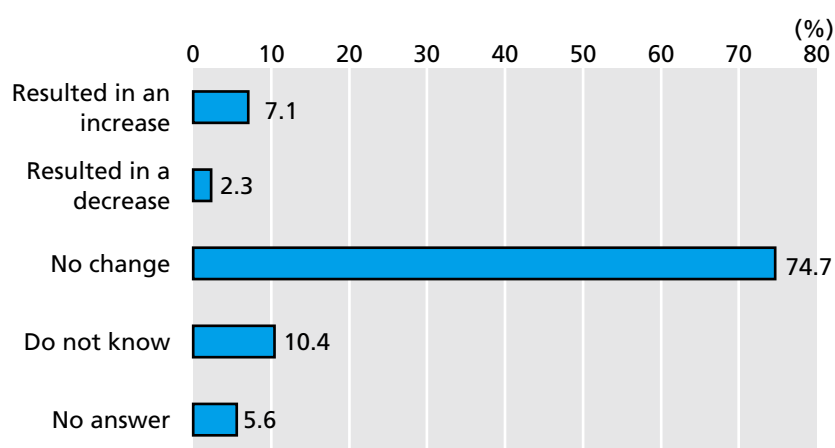
Note: Summary count of all the 1,859 respondent companies with more than one non-regular employee

Figure 6-34 Influence of the Increase in the Regional Minimum Wage on the Total Number of Working Hours



Note: Summary count of all the 2,987 respondent companies

Figure 6-35 Influence of the Increase in the Regional Minimum Wage on Employee Motivation



Note: Summary count of all the 2,987 respondent companies

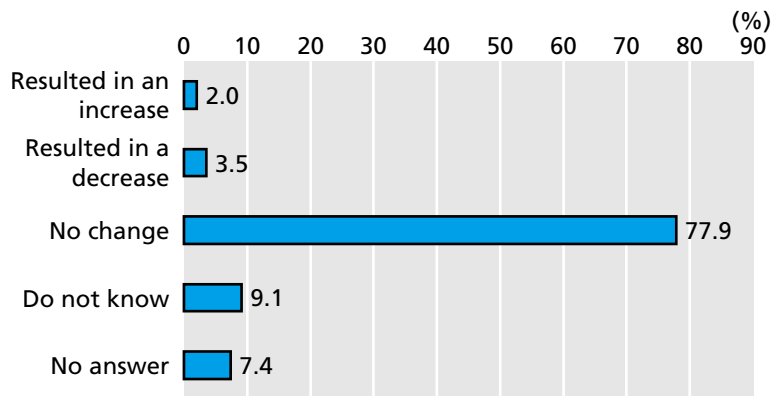
(8) Employee Motivation

Looking at the influence of the increase in the regional minimum wage on employee motivation, around three quarters of the companies chose “No change”, while “Resulted in an increase” was chosen by 7.1%. On the other hand, “Resulted in a decrease” was chosen by only a few companies (2.3%) (Figure 6-35).

(9) Filling Vacancies

Looking at the influence of the increase in the regional minimum wage on filling vacancies, the most popular answer was “No change” (77.9%). On the other hand, factors such as “Resulted in a decrease” (3.5%) and “Resulted in an increase” (2.0%) were chosen by only a few companies (Figure 6-36).

Figure 6-36 Influence of the Increase in the Regional Minimum Wage on Filling Vacancies



Note: Summary count of all the 2,987 respondent companies