

## 1 Long-term Employment System

**Employee Tenure in Japan**

Table III-1 shows a breakdown of employees in Japan, the United States, and several European countries according to employee tenure. Along with France, Italy and Belgium, the ratio of persons continuously employed for less than 5 years in Japan is in the 30% range (35.1%), lower than in the other countries. Conversely, the ratio of persons continuously employed for 10 years or more is relatively high at 44.7%. It can thus be seen that, by international standards, employee tenure tends to be

longer in Japan.

According to the 2012 Basic Survey on Wage Structure, average employee tenure in Japan is 11.8 years. However, this varies according to the attributes of employees and the corporate organizations to which they belong. Average employee tenure is longer for men than women, and increases with the size of the company to which they belong (Table III-2). By international comparison, long-term employment in Japan is thus a particular feature of employment of male workers at large companies.

**Table III-1 Composition of Employees by Length of Service**

(%)

Country	< 1	1 to < 3	3 to < 5	5 to < 10	10 to < 15	15 to < 20	20+ (years)
Japan <sup>1)</sup>	7.4	14.4	13.3	20.2	12.5	10.0	22.2
United States <sup>2)</sup>	21.1	11.2	16.6	21.8	12.5	6.1	10.6
	< 1	1~ < 6	6~ < 12 (months)	1~ < 3	3~ < 5	5~ < 10	10~ (years)
Canada <sup>3)</sup>	—	11.3	8.4	21.0	13.5	17.1	28.7
United Kingdom	2.1	4.7	7.9	14.1	16.3	23.9	31.0
Germany	3.1	5.1	7.5	12.6	12.2	16.3	43.2
France	4.5	4.8	4.7	8.8	12.6	19.2	45.3
Italy	2.6	4.2	4.3	9.6	12.3	20.3	46.6
Netherlands	3.0	5.8	7.2	13.2	15.4	18.5	36.9
Belgium	2.8	4.6	6.2	12.0	12.2	18.5	43.6
Denmark	4.8	8.1	8.9	16.8	16.7	17.1	27.6
Sweden	7.8	6.1	7.2	11.1	12.8	18.0	37.1
Finland	7.9	6.6	7.7	10.9	12.7	16.7	37.4
Norway	2.8	5.1	8.4	14.5	16.7	18.6	34.0
Austria	3.0	6.5	6.8	10.4	14.2	19.5	39.7
South Korea	7.2	17.1	11.2	21.6	11.0	13.8	18.1
Australia <sup>3)</sup>	4.1	8.3	10.2	22.9	16.5	17.5	20.5

Sources: (Japan) Ministry of Health, Labour and Welfare (2012), *Basic Survey on Wage Structure 2011*

(United States) U.S. Department of Labor (2012), *Employee Tenure in 2012*

(Other countries) OECD Database (<http://stats.oecd.org/>), *Employment by Job Tenure Intervals 2012*

Notes: 1) As of June 30, 2011

2) As of January 2012

3) Figures for 2010

**Table III-2 Average Employee Tenure (by Sex and Number of Employees of Company)**

	All workers	Male workers	Female workers
All companies	11.8	13.2	8.9
1,000+ employees	13.9	15.7	9.7
100-999 employees	11.1	12.5	8.5
10-99 employees	10.2	11.0	8.6

Source: Ministry of Health, Labour and Welfare, *Basic Survey on Wage Structure 2012*

### Background to Long Employee Tenure: Long-term Employment Systems

Why then is employee tenure in Japan so long? One answer lies in the long-term employment systems that have developed at Japanese companies.

Many Japanese companies rely mostly on fresh school or college graduates to meet their hiring requirements, and this tendency is particularly pronounced at large companies. Fresh graduates have no real experience of work in a company until they are hired and their employers cannot tell what professional aptitudes they might have. The assumption is, therefore, that companies will hire them focusing on their trainability after hiring, and that their professional abilities will improve as they gain in experience in the workplace. Wage systems are similarly based on this assumption, and the approach adopted at many companies is to gradually raise wages in accordance with employees' length of service.

From the company's point of view, it makes sense to have workers who have attained a certain level of professional ability stay with them for as long as possible so that they can get the most out of them when their productivity outweighs what they are paid and recoup the cost of providing them with various training opportunities to raise their abilities after hiring. They therefore encourage employees to stay by raising their wages over time. If a company employs a wage system that emphasizes length of service, employees, for their part, can expect to earn a higher wage the longer that they remain with the same company. The large number of companies that offer other non-wage incentives that increase in value with length of service, such as attractive retirement benefits, also encourage employees to stay with their

employers for the long haul. The long-term employment systems of Japanese companies and the long tenure of employees in Japan may be said to have arisen out of these expectations of management and labor.

### Transformation of Long-term Employment Systems

Although employee tenure in Japan is comparatively long by international comparison, it is in fact very slowly shrinking and the average tenure of all employees in 2003 was 0.4 years longer (12.2 years) than what it was in 2012 according to the above Basic Survey on Wage Structure.

Behind this trend is the transformation of long-term employment systems at Japanese companies. Paying higher wages to longer-serving employees necessarily carries with it a risk of pay exceeding productivity in the case of employees whose professional skills have ceased to rise. Although this risk did not manifest itself during the 1950s through to the 1970s when most Japanese companies were enjoying rapid growth, the wage costs of middle-aged to older employees increasingly came to be seen as a problem by companies from the 1970s onward when the Japanese economy was no longer growing as it had. As a result, the practice spread among large companies in particular of temporarily or permanently transferring middle-aged and older workers to affiliates or business partners. During the prolonged recession of the 1990s, a wave of companies experienced serious business difficulties, with the consequence that many asked their employees of above a certain age (usually those in their late forties to fifties) to accept voluntary early retirement in exchange for a topping up of their retirement benefits.

The use of such methods to remove middle-aged to older employees from companies' workforces appears to be what has led to the gradual decline in Japan's average employee tenure.

With the revision of the Act Concerning Stabilization of Employment of Older Persons, since April 2006 it has been mandatory for companies to guarantee employment opportunities to workers from age 60 until they start receiving state pensions. From April 2013, moreover, companies will have to employ

all workers until age 65 if they wish to remain in employment. While some expect this legislative action to reverse the shortening of average employee tenure, the imposition of the obligation to secure employment opportunities from the age of 60 onward may also reinforce moves by Japanese companies to rid themselves of employees before they reach that age, making it hard to predict how long-term employment systems will develop in the future.

## 2 Recruitment and Hiring

Considerable differences can be seen in Japan's labor market, depending on whether long-term employment involves full-time or part-time workers, new graduates or mid-career hiring, and hiring by large companies or by small and medium enterprises. Firstly, then, we will examine the overall picture of recruitment and hiring by referring to the "Survey on Employment Trends". This was first carried out in 1964 by the Ministry of Labour (now the Ministry of Health, Labour and Welfare) and has been conducted twice yearly since then, revealing labor force trends in hiring, employment, career changes and job leaving. Although the survey is based on sampling, the figures are expanded and published to represent Japan as a whole. Here, we will present data from the latest survey in 2011, published in September 2012. On recruitment and hiring by companies, the Ministry of Health, Labour and Welfare used to conduct a "Survey on Employment Management" aimed at both graduate hiring and mid-career hiring in companies ranging from large corporations to small and medium enterprises, but this was discontinued after the last such survey in 2004.

### Overall Situation of Recruitment and Hiring

According to the Survey on Employment Trends (2011) (Table III-3), the total number of workers hired in 2011 was 6.30 million (rounded off to the nearest thousand). Of these, full-time workers accounted for 3.72 million and part-time workers for 2.57 million. The total of 6.30 million is divided into 2.38 million new graduates, etc., and 3.92 million hired in mid-career (in the Survey on Employment Trends, new employees who had no experience of employment in the twelve months before they were hired are distinguished from other new employees as "persons without previous employment"). Persons without previous employment, etc., are further subdivided into new graduates and other persons without previous employment (ordinary persons

without previous employment). The number of new graduates hired was 1.01 million (graduating in March 2011), and that of ordinary persons without previous employment was 1.37 million. Three-quarters of these new graduates were full-time workers and one-quarter consisted of part-time workers. On the other hand, two-thirds of ordinary persons without previous employment were part-time workers and only one-third consisted of full-time workers. In the Survey on Employment Trends, "full-time workers" are defined as "regular employees" who are not "part-time workers".

Of the 3.92 million persons already in employment and hired in mid-career (persons changing from a previous job), full-time workers accounted for two-thirds and part-time workers for one-third.

By age group, 1.35 million of all those entering employment were aged 20-24, making this the largest single age group.

By corporate scale, new graduates and full-time workers were hired most commonly by companies with 1,000 or more employees, illustrating a tendency for hiring by relatively large-scale employers. However, hiring by companies with 5-29 employees was also not infrequent. In mid-career hiring, full-time workers are most commonly hired by companies with 5-29 employees, while part-time workers are more often hired by companies with 1,000 or more employees.

Table III-4 shows the educational backgrounds of 1.01 million new graduates hired. University and graduate school graduates accounted for the largest proportion of new graduates with 42.4%, followed by senior high school graduates with 35.2%. Dividing university and graduate school graduates into arts and sciences, graduates from arts backgrounds accounted for two-thirds and those from the sciences for one-third. By corporate scale, university and graduate school graduates are most commonly hired by companies with 1,000 or more employees. Many

senior high school graduates are also hired by companies with 1,000 or more employees, but most

frequently by those with 5-29 employees.

**Table III-3 Number of Persons Entering Employment by New Graduate or Mid-career, Corporate Scale and Age Group  
(Survey on Employment Trends, Male-female Totals, Unit: Thousand Persons)**

Scale, age group	Total			Persons without previous employment									Persons already in employment (Persons changing from a previous job)		
				Total			New graduates			Ordinary persons without previous employment					
	Total	General worker	Part-time worker	Total	General worker	Part-time worker	Total	General worker	Part-time worker	Total	General worker	Part-time worker	Total	General worker	Part-time worker
Age / Corporate scale totals	6,296.9	3,723.9	2,573.0	2,376.2	1,219.1	1,157.2	1,009.3	761.1	248.2	1,367.0	457.9	909.0	3,920.6	2,504.8	1,415.8
Age up to 19	716.3	272.4	443.8	583.7	233.8	349.9	388.7	206.8	182.0	195.0	27.1	167.9	132.5	38.6	93.9
Age 20-24	1,353.3	919.3	434.0	817.1	603.3	213.9	569.8	508.9	60.8	247.4	94.4	153.0	536.2	316.0	220.1
Age 25-29	812.3	561.6	250.7	188.3	115.1	73.2	43.8	40.5	3.3	144.5	74.6	69.9	624.0	446.5	177.5
Age 30-34	676.9	419.3	257.6	162.9	63.2	99.7	5.4	3.5	1.9	157.6	59.8	97.8	514.0	356.1	157.9
Age 35-39	659.5	402.5	256.9	152.4	46.5	105.9	1.1	1.0	0.1	151.3	45.5	105.8	507.1	356.1	151.0
Age 40-44	581.2	334.7	246.5	143.5	43.3	100.2	0.1	0.1	0.0	143.3	43.2	100.2	437.7	291.4	146.3
Age 45-49	414.7	244.8	169.9	90.0	37.5	52.5	0.0	0.0	—	90.0	37.5	52.5	324.7	207.3	117.4
Age 50-54	324.4	190.5	133.9	68.0	24.4	43.6	0.0	0.0	—	68.0	24.4	43.6	256.4	166.1	90.3
Age 55-59	297.2	159.7	137.5	69.5	21.7	47.8	—	—	—	69.5	21.7	47.8	227.7	138.1	89.6
Age 60-64	367.1	189.8	177.3	71.1	22.8	48.3	0.3	0.3	0.0	70.8	22.5	48.3	296.0	167.0	129.0
Age 65 or more	94.0	29.1	64.9	29.6	7.4	22.2	—	—	—	29.6	7.4	22.2	64.4	21.7	42.7
1,000 or more employees	1,661.9	860.7	801.1	695.2	315.9	379.3	307.9	219.0	88.9	387.3	96.9	290.4	966.7	544.8	421.9
300-999 employees	911.8	533.0	378.9	364.7	200.3	164.4	187.2	142.0	45.3	177.5	58.3	119.1	547.1	332.7	214.4
100-299 employees	902.1	544.2	357.8	328.7	164.2	164.5	125.3	101.3	24.0	203.4	63.0	140.5	573.3	380.0	193.4
30-99 employees	1,064.6	704.0	360.6	361.5	203.8	157.7	134.3	112.4	21.9	227.2	91.4	135.8	703.1	500.2	202.9
5-29 employees	1,471.8	896.2	575.5	539.4	284.3	255.0	214.7	156.1	58.6	324.7	128.3	196.4	932.4	611.9	320.5

**Table III-4 Number of New Graduates Entering Employment by Educational Background and Corporate Scale  
(Survey on Employment Trends, Male-female Totals, Unit: Thousand Persons)**

	New graduates Total	Junior high school	Senior high school	Vocational school (Specialized course)	Technical college, junior college	University, graduate school		
							Arts	Sciences
Total	1,009.3	33.5	355.2	108.3	84.8	427.5	273.3	154.2
1,000 or more employees	307.9	15.6	83.1	20.9	16.5	171.7	97.7	74.1
300-999 employees	187.2	2.9	62.1	30.3	8.8	83.1	51.3	31.8
100-299 employees	125.3	1.7	52.5	10.4	8.4	52.3	36.5	15.8
30-99 employees	134.3	5.1	52.5	16.4	18.8	41.5	26.7	14.8
5-29 employees	214.7	8.1	104.1	26.6	29.6	46.3	37.2	9.1

## Methods of Recruitment and Hiring

Table III-5 shows responses by new employees on the recruitment process, as recorded in the Survey on Employment Trends. The most common responses are advertisements (1.95 million), personal connections (1.34 million) and employment security agencies (1.32 million). In terms of corporate scale, employment security agencies provide the most common recruitment process for smaller companies, and advertisements for those with 1,000 or more employees.

Table III-6 shows responses on use of the internet when looking for jobs, a method that has been increasing recently. Just under 40% of respondents used the internet, while just over 60% did not. Of the

former, 1.06 million used the websites of private recruitment advertising agencies while 1.02 million used the “Hello Work” Internet Service, these two being the most common responses.

A survey separate from those mentioned until now is the “Survey on Hiring Management at Enterprises (2007)”, part of the “Survey on Employment Structure” (Ministry of Health, Labour and Welfare) conducted every year on different themes. Figure III-7 shows multiple answers on effective methods of mid-career hiring in that survey. According to this, the most common responses were “Resumes and work histories submitted” (73.6%) and “Checking during job interview” (73.5%).

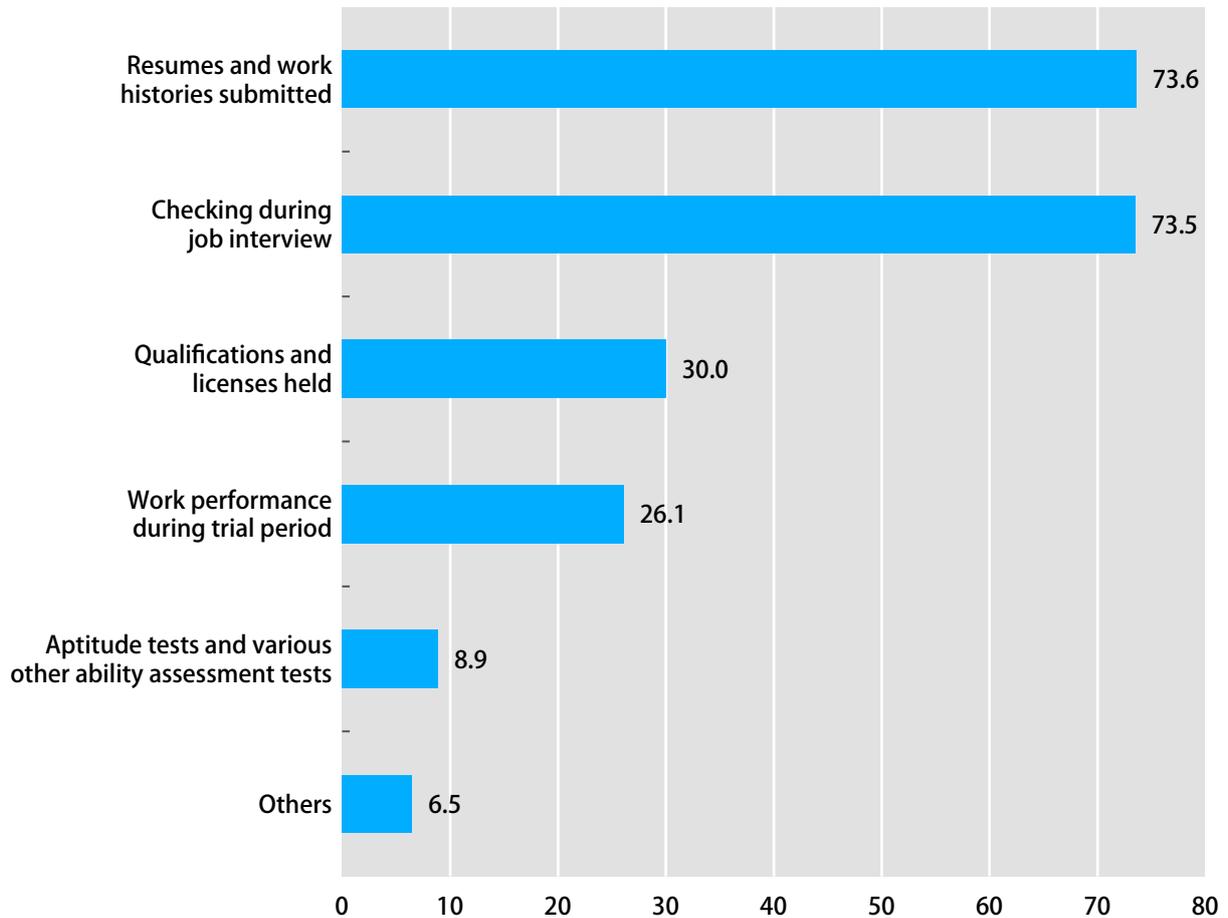
**Table III-5 Routes to Employment  
(Survey on Employment Trends, Unit: Thousand Persons)**

	Job introduction agencies, etc.						Personal connection, secondment, etc.			
	Employment security agencies	Hello Work Internet Service	Private employment placement agencies	Schools	Advertisement	Others	Through a personal connection	Of which, previous company	Secondment	Reinstated after completion of the secondment
Total	1,323.5	202.6	149.8	423.8	1,951.0	753.8	1,338.7	307.0	114.5	39.3
1,000 or more employees	180.7	43.8	34.9	129.2	723.9	242.2	258.0	75.4	27.0	22.2
300-999 employees	151.6	25.8	27.4	82.3	330.3	93.1	173.5	59.0	20.5	7.4
100-299 employees	241.1	41.8	17.6	47.4	264.9	77.9	195.8	46.2	13.3	2.4
30-99 employees	301.9	39.4	20.6	61.7	254.6	103.4	256.7	47.2	24.3	2.1
5-29 employees	392.6	43.4	48.9	81.0	351.8	140.5	398.5	60.6	11.3	3.7

**Table III-6 Use of Internet in Job-hunting  
(Survey on Employment Trends, Unit: Thousand Persons)**

	I used the internet (multiple answer)								Did not use the internet
	Total	Used the internet to collect information about job vacancies						Used to make an appointment with, and to send inquiries to, enterprises	
		Total	Websites operated directly by recruiting enterprises	Websites operated by private recruitment advertisement companies	Job search websites	Hello Work Internet Service	Other websites		
Total	2,413.4	2,372.5	862.8	1,059.1	220.7	1,023.6	243.4	230.9	3,883.5
1,000 or more employees	731.7	713.6	311.3	416.8	46.0	156.7	62.9	81.9	930.2
300-999 employees	404.7	395.4	183.8	178.4	34.5	126.5	46.6	50.3	507.1
100-299 employees	324.4	321.1	101.5	124.9	37.5	175.4	33.1	23.4	577.7
30-99 employees	368.7	362.9	94.8	145.7	41.1	204.2	38.2	29.7	695.9
5-29 employees	485.0	482.2	137.1	171.4	50.3	301.0	46.5	37.8	986.8

**Figure III-7 Effective Methods in Mid-career Hiring  
(Survey on Employment Structure, Multiple Answers, % )**



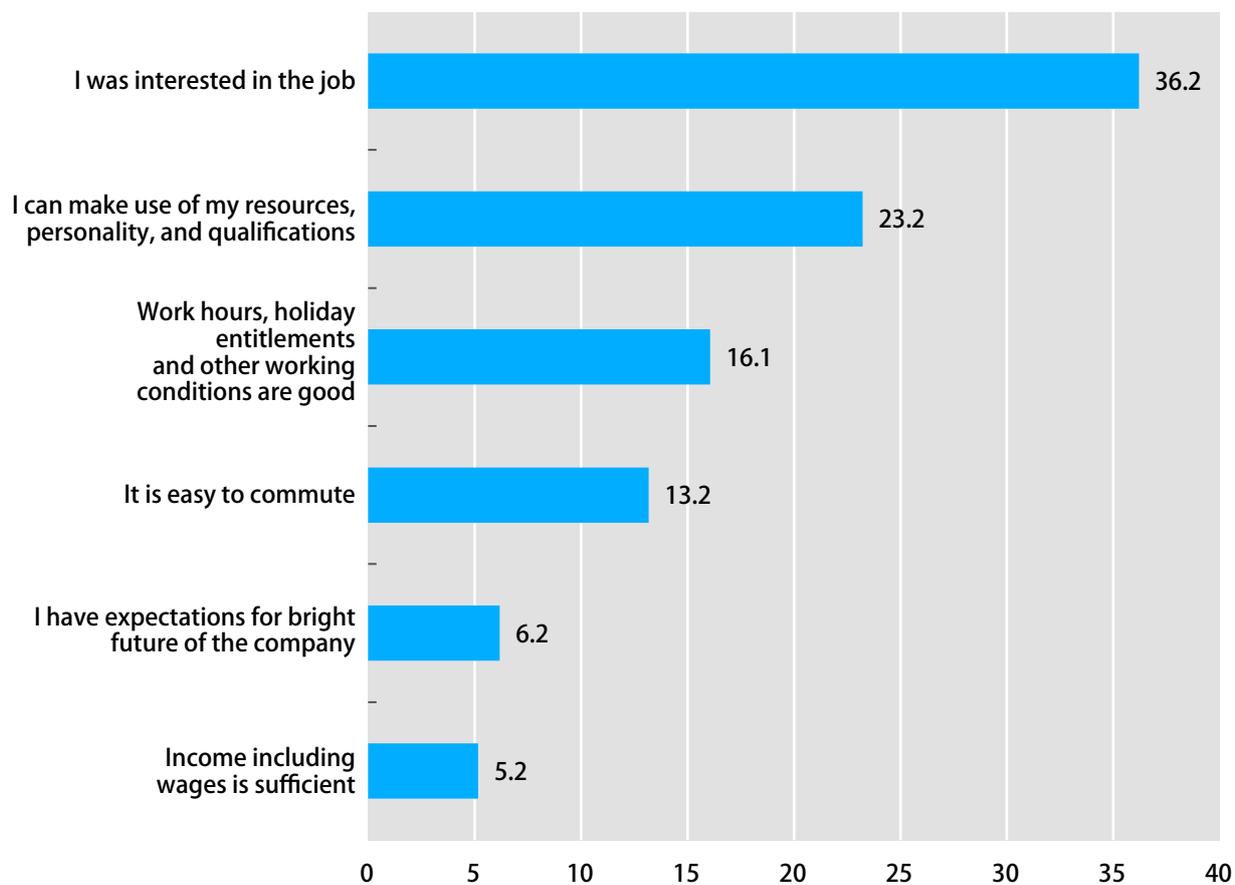
### Priorities of Job Seekers and Employers

So what do job seekers look for in prospective employers when making career decisions? Figure III-8 shows how appears in the Survey on Employment Trends, where respondents were asked to specify the reason for choosing their employer in a single-answer question. Responses of “I wanted to get any job” and “Any other reasons (including secondment)” are excluded, as they are not reasons for choices; ratios are calculated by taking the remaining options as 100%. According to this, the most common responses were “I was interested in the job” (36.2%) and “I can make use of my resources, personality, and qualifications” (23.2%), and the least common was “Income including wages is sufficient” (5.2%).

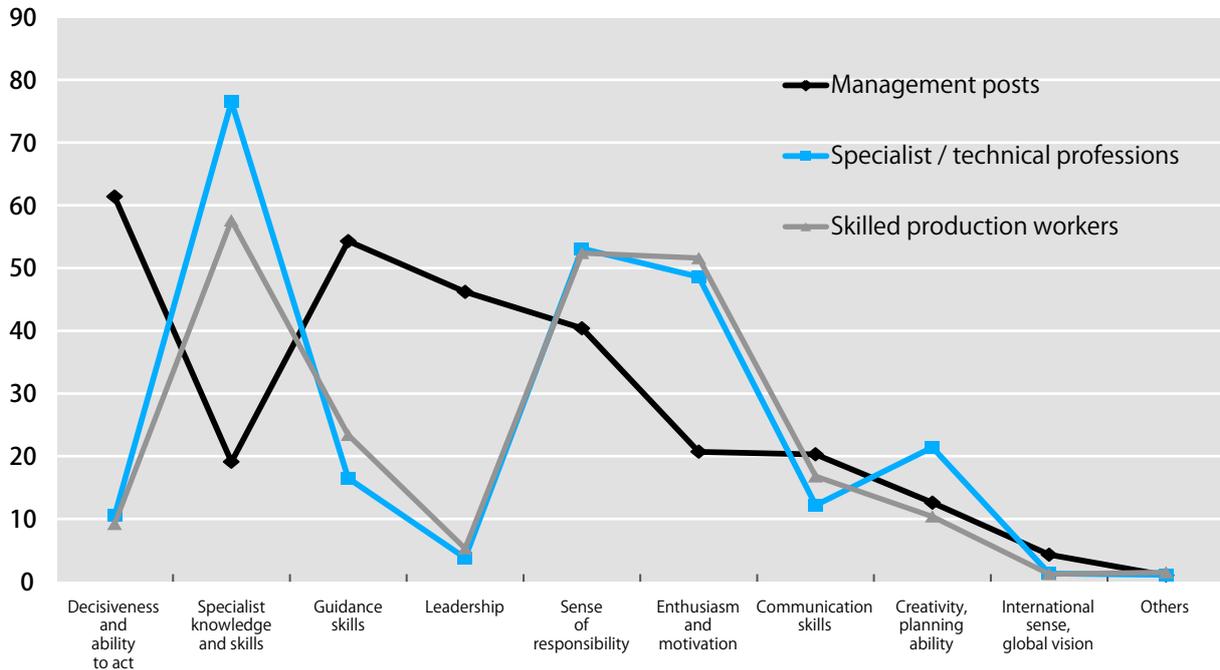
Next, what do employers prioritize when hiring

new employees? Figure III-9 casts light on this, based on the “Survey on Employment Structure (Survey on Hiring Management at Enterprises (2007))” by the Ministry of Health, Labour and Welfare. With their core personnel divided into management posts, specialist / technical professions, and skilled production workers, companies were asked to specify up to three main areas of priority for each, in multiple answer format. According to this, similar trends are seen for specialist / technical professions and skilled production workers, where the priority is mainly on “Specialist knowledge and skills”, “Sense of responsibility” and “Enthusiasm and motivation”. For management posts, companies particularly prioritize “Decisiveness and ability to act”, “Guidance skills” and “Leadership”.

**Figure III-8 Reasons for Choosing Employer (Survey on Employment Trends, Single Answer, excluding Responses Citing No Specific Reason, Calculated as % )**



**Figure III-9 Companies' Expectations of Core Personnel  
(Survey on Employment Structure, Up to Three Responses, %)**



### Recent Trends

Until now, a problem when hiring university graduates has been that recruitment schedules have been starting increasingly early and becoming increasingly protracted. Recently, however, there has been a trend toward delaying those schedules. The “Corporate Code of Ethics on Hiring Selection” issued by Nippon Keidanren (revised on March 15, 2011) recommends that, from graduations in 2013, companies’ promotional activity on hiring should start in December of the 3rd university year, and that interviews and other actual processes of selection should start from April 1st of the 4th year. In fact, the government is now urging businesses to delay this schedule further. The aim here is to have promotional

activity start in April of the 4th year and selection in August of that year, starting with new employee hiring in 2015.

With a weaker yen and rising share prices from the end of 2012 to the beginning of 2013, the prospects for Japan’s economy are looking brighter. To reflect this, according to the “Survey on Trends in the Labor Economy” by the Ministry of Health, Labour and Welfare in May 2013, prospective hiring of new graduates in April 2014 is set to “rise” compared to the previous year more than it will “fall”, for all types of graduates (senior high school, technical college and junior college, university, graduate school and vocational school graduates).

## 3 Allocation and Transfer of Human Resources

### Allocation and Transfer of Human Resources at Japanese Companies

In the context of human resource management, “allocation” refers to a company’s apportioning of work to its employees. In Japan, where the concept of “jobs” is less entrenched than in Europe and North America, the content of work assigned to employees tends to change to suit the aptitudes and abilities of the employee and changes in the environment faced by the company, rather than human resources with the necessary aptitudes and abilities being allocated to perform a predetermined task.

“Transfers”, meanwhile, consist of moving employees around to perform different work, and the practice of transfers at Japanese companies exhibits several characteristics. Firstly, their main purpose is not only to reshuffle human resources to meet the needs of the organization (such as expansion, downsizing, or job reorganization), but also to act as a means of training and developing employees (Table III-10). Secondly, companies have an enormous say in determining transfers. The wishes of the human resources department are paramount in the allocation and transfer of newly-hired fresh graduates and the transfers of managers, while it is the wishes of the department actually responsible for the work to be performed that largely determine transfers of regular employees. This is typically observed in transfers in large companies. Thirdly, with regard to the scope of transfers of regular employees, although the scope gradually narrows down to focus on those with specific abilities after a certain period has elapsed since joining the company, in the case of transfers resulting from promotion, there are many cases in which those in managerial positions experience transfers that span departments, due to the nature of

their posts. And fourthly, temporary external transfers (where an employee of company A works at and is subject to the orders of company B while remaining an employee of company A) and permanent external transfers (where an employee leaves company A and becomes an employee of company B) entail transfers beyond the boundaries of the company for the purpose of supporting business partners and affiliates, developing employees’ skills, and securing positions for middle-aged and older employees.

### New Developments in Allocation and Transfer of Human Resources

The approach to allocation and transfer of human resources employed by Japanese companies with the aforementioned four characteristics offers two advantages: (1) human resources in a company can be swiftly and flexibly reallocated as movements are tailored to the circumstances of the individual employee and the business environment faced by the company, rather than being restricted by the need to fill particular jobs; and (2) employees can be trained to cope with a wide range of work due to the experience that they acquire of work in a comparatively large number of departments and at other companies. On the downside, the extremely strong authority and initiative exercised by companies over allocations and transfers increases the possibility that employees’ employment and career development needs may not be taken into account when they are assigned or moved to different departments, which may in turn generate greater friction between the employee’s family life and work. Transfers of male employees who are household heads, for example, may require that they live away from their families.

**Table III-10 Objectives of Transfers by Companies (Multiple Answers)**

(%)

	Establishment of new division	Expansion/downsizing of existing division	Job reorganization	Transfer to job commensurate with abilities	Development of workers' abilities through experience of diverse work (career development)	Enhancement of worker motivation	Others
Clerical	14.3	32.8	40.1	40.7	35.0	16.4	9.1
Technical/Research	14.0	32.1	41.4	42.4	32.2	15.7	6.0
Manual	10.0	34.1	35.5	45.8	32.8	18.7	5.3

Source: Ministry of Health, Labour and Welfare, *Employment Management Survey, 2002*

Note: Percentages indicate the proportion of the total number of enterprises that employed transfers in the corresponding category of worker.

To combat this downside, more and more companies in Japan are introducing mechanisms such as “self-return” and “in-house recruitment” schemes to take greater account of employees’ wishes. Self-return schemes are systems by which employees report their personal circumstances and wishes so that this information can be taken into account by the company in making allocation, transfer, and career development decisions. On the other hand, “in-house recruitment schemes” are systems used, for example, when a new project or business is being started up; these systems involve the content of the duties to be performed being disclosed in advance, with personnel being solicited from within the company, and those who pass the selection process take charge of those duties. In their practical application, however, these measures tend to be hindered by the wishes of employees’ own departments and the difficulty of finding work to suit employees’ needs, and few companies have so far been entirely successful in implementing them.

### Features of Promotions

One form of allocation or transfer of employees is “promotion”. A promotion is defined as the movement of an employee from a position in which they handle duties carried out in the lower grades of an organization to a position in a higher grade. Japanese companies have a strong tendency to place more emphasis on finding human resources from

within the organization, and management positions are filled more by in-house promotion than by the hiring of people from outside the company. This is one of the characteristics of promotions in Japanese companies and is called “internal promotion”.

When deciding on promotions, most companies that have set forth criteria for this evaluate the performance and skills of the candidates for promotion, but there are more than a few companies that manage promotions on the basis of seniority, emphasizing the number of years of continued service. The reality is that most new college graduates employed as regular employees at the same time (“employees hired at the same time”) are promoted to managerial positions at a certain level, such as section chief level, and this system is rational, as it makes most employees hope for promotion and therefore leads to increased motivation.

In fact, if we look at the actual situation with regard to promotions in Japanese companies, we can see that promotions in Japan are “late promotions” (the timing of the selection for promotion is late). According to the Japan Institute of Labour (1998), the average timing of the first selection (the time when a promotion gap first appears) for university graduate white collar workers is 7.85 years in Japan but 3.42 years in the USA and 3.71 years in Germany. The average timing of the career plateau phenomenon (the time when candidates for promotion within the same year are narrowed down, and about half can have no

further prospects of promotion) is 22.30 years in Japan but 9.10 years in the USA and 11.48 years in Germany<sup>1</sup>. According to data from the Ministry of Health, Labour and Welfare (Figure III-11), when the JIL was conducted (1996), the timing of first selection more or less corresponded to years of continued service of non-managerial employees, and the timing of the career plateau phenomenon to years of continued service at section chief level. A recent trend, however, is for years of continued service at section chief level, chief clerk level and non-managerial level to increase and the timing of promotion to be gradually delayed.

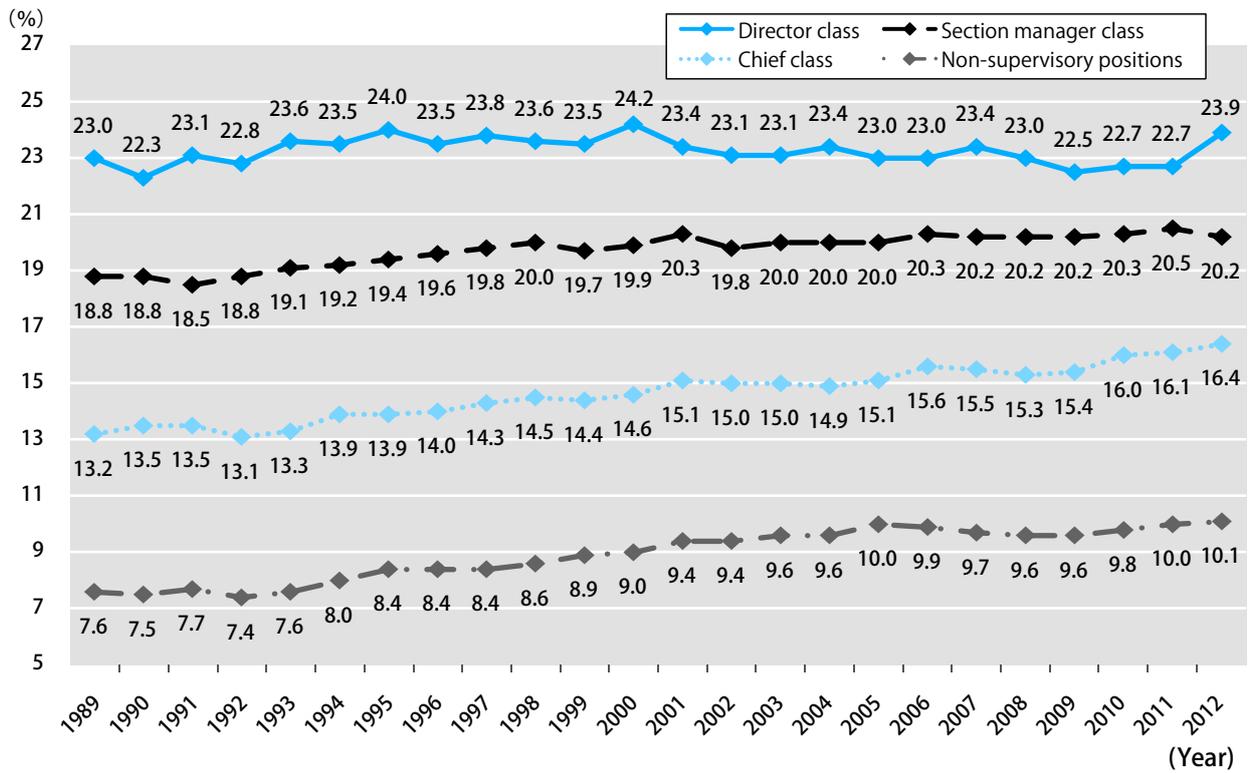
Thus, promotions at Japanese companies have two

characteristics, namely “internal promotions” and “late promotions,” but changes can be seen in the conditions that bring about the existence of “late promotions.” Recently, it has become harder to maintain a high probability of promotion, owing to the flattening of organizations, reductions in managerial posts, and other factors. Moreover, a slowdown in corporate growth has made it more difficult to provide opportunities for education and training equally to all employees, and inclination toward management promotions has declined, particularly among male full employees. As a result, the timing of selection for managerial posts may be brought forward in future.

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<sup>1</sup> This survey was conducted in 1996. Its characteristics are that it was aimed at university graduate white collar workers, and that, in terms of corporate scale, more than 90% of the respondents worked for companies with 1,000 or more full employees. This creates a difference in the timing of promotion compared to the data in Figure III-11 (corporate scale 100 or more employees).

**Figure III-11 Average Employee Tenure by Position in Japanese Company**



Sources: Compiled from Ministry of Health, Labour and Welfare, *Wage Census (FY 1989-2012)*, website of Ministry of Health, Labour and Welfare  
 Note: The above data refer to companies with a scale of 100 employees or more, totals for age groups, males, and university and graduate school graduates.

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## 4 Resignation, Mandatory Retirement and Dismissals, etc.

### Resignation

Resignation is one of the reasons for the termination of employment contract and is the general term for a employee quitting a company where they had been working (however, dismissals are excluded from this definition).

With regard to the actual situation concerning resignation, the categories include “general resignation” and “resignation due to personal circumstances”, when an employee unilaterally terminates the employment contractual; “resignation by agreement,” “resignation at the employee’s own request” and “voluntary resignation,” which take place on the basis of agreement between the employee and employer; and “mandatory retirement,” which takes place on the basis of stipulations in the employment contract, workplace regulation or collective agreement.

Legal problems relating to resignation that have emerged in recent years include encouragement to resign resulting from business restructuring or shrinkage and preferential measures when soliciting volunteers for early retirement.

With regard to the former, unscrupulously encouraging employee to resign through persistent approaches or violence is illegal and could result in both the individual at fault and the employer becoming liable to pay damages. The details of the actual situation are unclear, but from looking at statistics concerning the system for resolving individual labor disputes, one can see that approximately 25.5% of disputes arising in the workplace arise from “encouragement to resign (8.5%)” and “bullying or harassment (17.0%)” that can be closely related to this (concerning this point, see Chapter IV-4 “Labor Disputes and Resolution Systems”).

As for the latter, although not so evident recently, there have been claims for payment of the difference when a disadvantage or unfairness arises concerning the application of preferential measures in the form of

financial incentives, depending on the timing of retirement. As such preferential measures have no basis in legislation, employers themselves can decide what measures to apply when and to whom. Consequently, in general, even if the application of such systems, the need for the consent of users when applying them, and any disadvantage or inequality in the application of preferential measures become an issue in litigation, employees’ claims for payment of any difference are hardly ever approved.

In recent years, there have also been numerous cases involving corporate pensions independently created and operated by companies (a problem also related to retirement, in the next section). In these cases, litigation ultimately arises when legal problems are caused by a reduction in actual payments compared to initial expectations, a lower rate of payment, or the scrapping of the system itself, as a result of poor yields on investments due to a downturn in the economic climate, etc. (on this point, see Chapter VI-3. “The Pension System and Public Assistance”).

### Mandatory Retirement

According to the summary findings of the 2012 General Survey of Working Conditions (Ministry of Health, Labour and Welfare, released on November 1, 2012), 93.1% of private enterprises with 30 or more regular employees have mandatory retirement systems, of which 98.8% have a uniform mandatory retirement age. Of these, 82.7% set the mandatory retirement age at 60, and 14.3% set it at 65 or above.

On the other hand, if we look at the legal system, Article 8 of the Act on Stabilization of Employment of Older Persons stipulates that employer may not prescribe a mandatory retirement age below 60 years of age. Moreover, Article 9 of the same Act obliges employers to take measures to secure employment up to the age of 65. There are three of these measures, which were prescribed under the 2004 amendment of the Act, namely i) raising the mandatory retirement

age; ii) introducing continued employment systems; and iii) abolishing mandatory retirement (for the background and details of the amendment, see Chapter V-3 “Policies Designed to Secure Employment for Older and Disabled Workers”).

In the past, a system of continued employment as in ii) above was considered to have been introduced if standards for a system of continued employment of older workers had been decided and was being operated with the agreement of a majority union or majority representatives. However, the 2012 amendment provides that, when the employer owns related companies, a provision for continued employment in those related companies should be included in ii) above.

If we look at the 2012 Aggregate Results of the Survey on Employment Conditions of Elderly persons (released on October 18, 2012), focusing on the status of the introduction of measures aimed at securing employment up to the age of 65 based on the 2004 amendment, as of June 1, 2012, the companies that had already introduced measures to secure employment for employees aged 60 and above, up to the age of 65, accounted for 97.3% of the approximately 140,000 companies with at least 31 employees that were the focus of the aggregate results; even just looking at small and medium-sized companies (those with between 31 and 300 employees, totaling 125,708 companies), the figure was 97.03%.

If we look at the breakdown of measures to secure employment from the same aggregate results, in order of the measures accounting for the greatest proportion of responses, “introduction of a continued employment system” accounted for 83.53%, “raising of the mandatory retirement age” accounted for 14.7%, and “abolition of mandatory retirement” accounted for 2.7% (average for aggregated companies).

Concerning the “continued employment system” (the system with the highest rate of introduction), 57.2% of companies “Have standards based on labor agreements” while 42.8% of companies “Do not have standards” (average for aggregated companies). Meanwhile, 92.1% of companies set a minimum age of 65 for application of measures to secure

employment (average for aggregated companies).

However, looking at the mandatory retirement system in legal terms, there is a compelling view that it is not rational to cease the employment relationship on the grounds of having reached a certain age, and that this contravenes the principle of job security. Nevertheless, in Japan’s seniority-based long-term continued employment system, there is a general attitude that the mandatory retirement system is rational, and no courts have ruled that the mandatory retirement system is unlawful (contravening public policy as detailed in Article 90 of the Civil Code).

Moreover, due to the fact that the aforementioned Article 9 of the Act on Stabilization of Employment of Older Persons obliges employers to implement measures to secure employment up to the age of 65, discussions have recently emerged concerning the legal enforceability of that article. More specifically, there is a question about whether or not the article concerned is valid in private law. In theoretical terms, there is a conflict between the theory that sees the article to be effective in private law, so it is possible to confirm its status with regard to compensation for damages and in employment contracts, and the viewpoint that denies its effectiveness in private law, arguing that the article only imposes on employers an obligation in public law (administrative law).

## Dismissals

### 1. General

The Labor Standards Act only prohibits the dismissal of a employee during a period of absence from work due to injuries or illnesses suffered in the course of employment, and the dismissal of a female employee during a period of absence from work before and after childbirth, or within 30 days after either type of absence, but it does not prohibit dismissal itself (Article 19). On the other hand, discriminatory or retaliatory dismissal on grounds such as gender or labor union activity is prohibited by law (by such legislation as Article 3 and Article 104, paragraph (2) of the Labor Standards Act, Article 6, item (iv) and Article 9 of the Equal Employment Opportunity Act, Articles 10 and 16 of the Child Care and Family Care Leave Act, and Article 7 of the Labor Union Act).

Amidst this legal situation, regulations based on the principle of the abuse of the right of dismissal have played a particularly important role in dismissals in general (such as dismissals due to incompetence or lack of ability to perform work). This principle is a legal theory that examines and restricts an employer's exercise of the right of dismissal (in legal terms, to be more precise, the expression of intention to dismiss), in that this constitutes unilateral termination of a labor contract relationship by the employer toward the employee. The principle was established by Supreme Court judgments from the mid-1970s onwards (Supreme Court Judgment on the 1975 Nippon Salt Manufacturing Case, Supreme Court Judgment on the 1977 Kochi Broadcasting Case).

The Supreme Court formulated the content of this principle, stating that, "the exercise of the right of dismissal by an employer shall be deemed an abuse of rights and become invalid, in the event that it lacks objectively reasonable grounds and therefore cannot be considered to be appropriate in general societal terms." Furthermore, the Court set forth the specific elements and methods of decisions on the principle, stating that, "even when there is a reason for general dismissal, the employer may not always be able to dismiss the employee. If the grounds for dismissal in the specific situation concerned are singularly unreasonable, or if they cannot be considered to be appropriate in general societal terms, the expression of intention to dismiss in question shall be deemed an abuse of rights and become invalid".

This legal principle is an unequivocal mandatory civil provision stipulated in the 2003 amendment of Labor Standards Act (Article 18-2). Underlying this was a recognition of two things: that these legal principles should be clearly stated because, despite having played an important role (job security = long-term continued employment) in regulating dismissals in Japan, their lack of statutory form made them unclear to the public; and that employers should be prevented from resorting to dismissals without careful consideration during the recession at time that the act was revised. This provision has now been transferred to the Labor Contract Act enacted in 2007 and stipulates that, "A dismissal shall, if it lacks objectively reasonable grounds and is not considered

to be appropriate in general societal terms, be treated as an abuse of right and be invalid" (Article 16).

## 2. Collective Dismissals (Dismissals for Economic Reasons)

Employment adjustment in Japan has mainly been carried out by means that do not involve any pain for employees, such as reductions in overtime, with the method of removing regular employees from the company not being used unless the financial condition of the company was especially poor. This is due to the fact that Japanese companies emphasize long-term continued employment, as well as the difficulty of dismissing employees due to the existence of the principle of the abuse of the right of dismissal that has underpinned this.

The regulations governing collective dismissals for economic reasons of the company have been shaped in forms derived from the principle of the abuse of the right of dismissal; unless a dismissal complies with the following four criteria, it is deemed to be illegal and invalid (four criteria for collective dismissals):

On the employer's side, (i) that there is a need to reduce personnel, (ii) that the obligation to make efforts to avoid dismissal have been discharged (examples: reducing overtime hours, re-assigning or seconding staff, halting new recruitment, making temporary layoffs (leave of absence), offering voluntary retirement, reducing numbers of non-regular employees), (iii) that the standards for selecting staff for dismissal are reasonable (examples: frequency of lateness or absence, existence of a history of breaking rules, low level of economic impact due to absence of dependents), and (iv) that full discussions have been held with workers or labor unions (i.e. the background leading to collective dismissal, the timing and method to be used, and other matters have been fully explained, opinions have been heard, and efforts have been made to gain understanding).

## 3. Disciplinary Dismissal

Work rules generally provide that workers who violate work orders should be subject to disciplinary measures in the form of private penalties or

punishments. Disciplinary measures are private penalties or punishments imposed by employers on employees for such reasons as violating a legitimate work order, disrupting the order of the company or workplace, or engaging in illegal acts. In ascending order of severity, the measures are admonitory warning, official warning, reprimand, reduction of salary, suspension of work, official suggestion to resign, disciplinary dismissal.

Dismissal could cause a worker to suffer significant disadvantages, but this is particularly true in cases of disciplinary dismissal. Here, the worker is branded as a disruptive element, resulting in an extremely large disadvantage when seeking re-employment. On the other hand, allowing a disruptive element to remain within a company could hinder the productivity and daily work of other workers.

Thus, the method of rigorously judging the legal validity of disciplinary measures, taking account both of the disadvantage to the worker and of the advantage to the employer, has been established via the principle of legal precedence. In other words, when taking the step of disciplinary dismissal, it is necessary i) to have clearly stipulated in the workplace rules reason for the measure, as well as the type and severity of the measure to be implemented (the principle of *nulla poena sine lege*, or no punishment without law); ii) to implement a type and severity of measure consistent with those used in similar cases in the past (the principle of equal treatment); iii) for the content of the measure to correspond to the type and degree of violation, as well as other circumstances (the principle of equivalence); and iv) for the procedures for the measure to be fair (due process: screening by a disciplinary committee, granting the employee concerned the opportunity to defend him- or herself).

In that disciplinary dismissal is also a form of dismissal, it was once possible to cite clauses in the amended Labor Standards Act, but today, this issue can be governed by the principle of abusive dismissal carried over to Article 16 of the Labor Contract Act. However, since disciplinary dismissal is a kind of disciplinary measure, it is essentially governed by the principle of abusive disciplinary action as provided in the Labor Contract Act (Article 15). The content and

interpretation of provisions on the principle of abusive disciplinary action are the same as with the principle of precedents stated above, but according to the wording of the clause itself, "In cases where an employer may take disciplinary action against a worker, if such disciplinary action lacks objectively reasonable grounds and is not found to be appropriate in general societal terms in light of the characteristics and mode of the act committed by the worker pertaining to such disciplinary action and any other circumstances, such disciplinary order shall be treated as an abuse of right and be invalid".

#### 4. Termination of Employment

A contract with a fixed term is of course terminated when that term comes to an end. In the case of a labor contract, however, the contractual relationship sometimes continues beyond the period in question even if a fixed term is specified. In other words, even employees working under a labor contract relationship with a fixed term may sometimes (i) provide the same labor and be under the same employment management as employees under a labor contract relationship with no fixed term, and not be subject to proper renewal procedures on completion of the contract period. Moreover, (ii) even when the contract period is clearly specified and renewal procedures are properly carried out, there are sometimes circumstances on the worker's side in which continued employment is expected, and in legal terms it is judged that the contractual relationship continues.

In such cases, the courts have analogously applied the principle of abusive dismissal discussed in 1. above, construed "termination of employment" based on completion of the contract period as illegal and invalid, and have ruled that the contractual relationship continues (the "termination of employment principle"; as a case corresponding to (i) above, the 1974 Supreme Court Judgment on the Toshiba Yanagi-cho Factory Case, and as a case corresponding to (ii) above, the 1986 Supreme Court Judgment on the Hitachi Medical Corporation Case). This "termination of employment principle" has been legalized in Article 19 of the 2012 amendment to the Labor Contract Act (and therefore, under existing law,

the “termination of employment principle” is no longer based on analogous application of the principle of abusive dismissal).

Moreover, cancellation of a labor contract during the contract period is not legally recognized unless there are “unavoidable grounds” on the part of the employer (Labor Contract Act, Article 17 para.1). These “unavoidable grounds” are construed more

narrowly than the “objectively reasonable grounds” and “appropriateness in general societal terms” applied in the principle of abusive dismissal. Therefore, even if the existence or lack of “unavoidable grounds” is left to individual specific judgments, it is generally construed as being quite narrow and is not easily recognized.

### Corporate In-house Education and Training Initiatives

In order to improve professional skills, i) OJT (on-the-job training), which involves learning the knowledge and skills required for the job while actually doing the job, and ii) education and training conducted away from the workplace are required. The education and training carried out away from the workplace can take two forms: ii-a) Off-JT (off-the-job training), which is conducted under the supervision of the company, and ii-b) “personal development activities”, which are conducted autonomously by the worker who works at a company.

Of these, i) OJT and ii-a) Off-JT correspond to corporate in-house education and training. For most workers, the main form of training and education opportunity is OJT; in Japanese companies, where the concept of a profession is ambiguous and it is easy for the skills required in a job to be influenced by the situation surrounding the company or workplace, the importance of this is particularly high.

OJT is mainly conducted through i) learning by watching and copying the example of the work of a more senior employee who works nearby the junior employee; ii) the daily exchange of communication between manager and subordinate, and senior and junior employees; or iii) “planned OJT,” which involves designating an instructor and providing instruction while setting clear achievement targets and levels of achievement for the individual receiving instruction. In implementing planned OJT, there are cases in which “implementation plans” that summarize the achievement targets and education and training schedule until reaching the set achievement level, or “skill maps”, which make visible the level of achievement of the person receiving instruction, are used. Moreover, with regard to the management of work in the workplace, the allocation of work with the aim of encouraging the development of skills among individuals can also be described as one aspect

of education and training through OJT. On the other hand, Off-JT has advantages that OJT does not, namely the fact that the knowledge and skills commonly required in specific divisions, job types and positions can be taught efficiently, and those undergoing Off-JT can learn knowledge and information that they would not be able to acquire in the course of their everyday duties. Off-JT at Japanese companies can be classified into i) training that focuses on “rank” across departments in the company organization, such as position and grades relating to ability and qualifications (training by rank); and ii) training that focuses on “specialist fields” in jobs (training by specialty). The latter can be further categorized into “training by division,” which is conducted in a way that corresponds to the functional field within the organization, such as sales, accounting or personnel, and “training by tasks”, which is undertaken to achieve specific tasks relating to the management of the company, such as reforms of the organizational climate and the establishment of a more efficient management system.

### Issues relating to Corporate In-house Education and Training and Career Formation

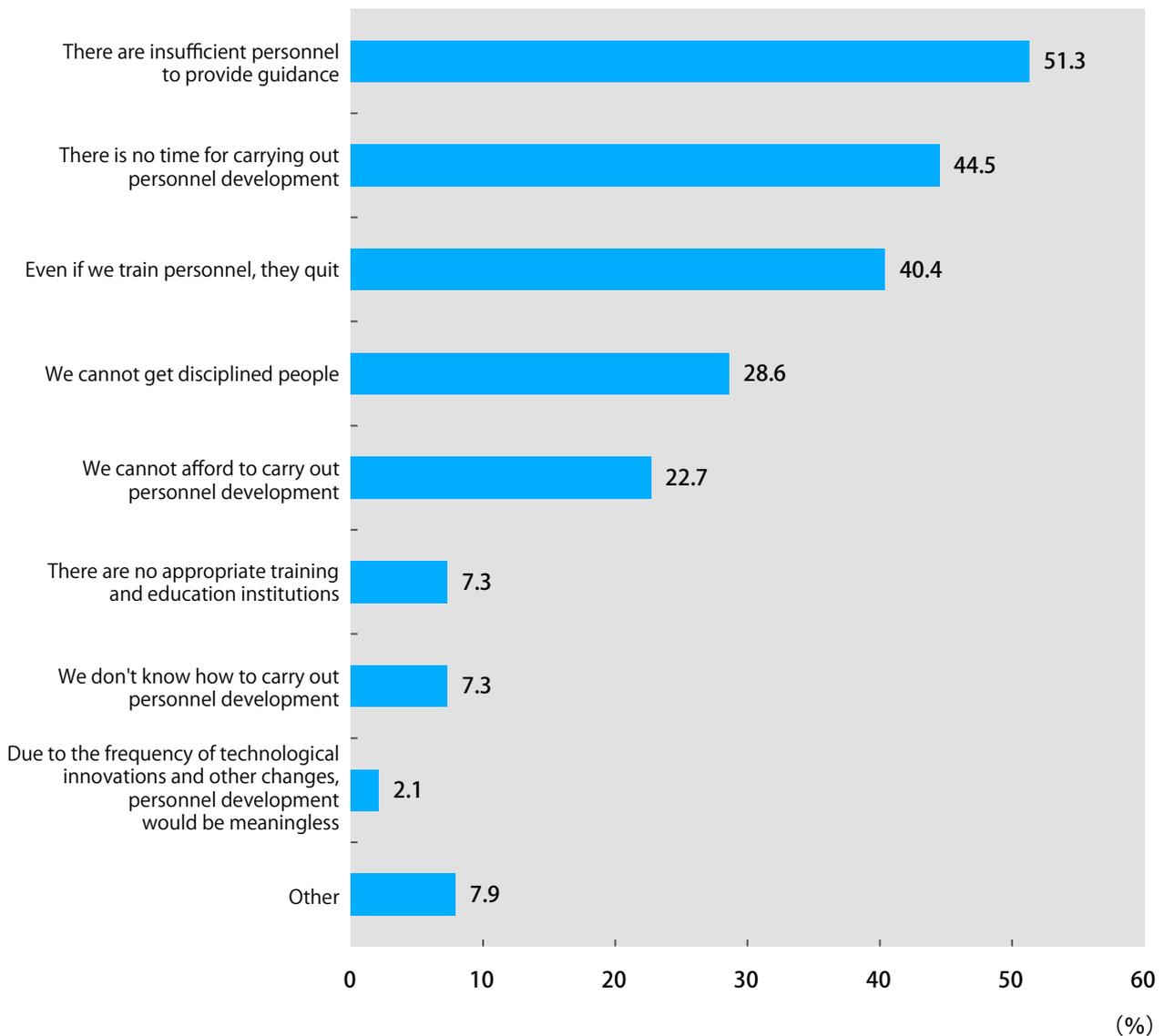
At present, various issues and limitations are becoming clear in regard to the education and training within Japanese companies that has been implemented in the forms outlined above.

The first thing that can be cited as an issue is the decreased function of the workplace, which is the venue for OJT. According to the Basic Survey of Human Resources Development conducted by the Ministry of Health, Labour and Welfare in FY2012, as many as 68.7% of the responding businesses recognized problems in their own development of human resources. As specific problems, about half of the responding businesses cited issues of time and personnel needed for internal human resource development, including a shortage of personnel for

instruction and a lack of time for human resource development. These were more numerous than businesses citing external problems, such as the

underdevelopment of education or training institutions (Figure III-12).

**Figure III-12 Problems in Human Resource Development in the Workplace (Multiple Answers)**



Source: Ministry of Health, Labour and Welfare, *Basic Survey of Human Resources Development, FY2012*

Furthermore, there is the problem of the motivation of employees receiving education and training within the company. Hitherto, under the stable long-term employment situation in Japanese companies, employees were guaranteed to have opportunities for advancement and the pay increases

that would accompany any promotion, and this fact sustained the motivation of employees undergoing corporate in-house education and training. However, as a result of intensifying international competition, the aging of Japanese society, and a decrease in the overall population, it has become difficult for

companies to depict a vision for their growth, and it is becoming harder to maintain an organizational system that can guarantee most employees a career that will enable them to reach a certain post. In fact, of the employees who graduated from university or graduate school, the proportion who had reached section chief level by their early 40s declined from 32.3% in 1990 to 22.1% in 2008.

Moreover, the proportion of those who are able to be promoted into a managerial role within the organization has declined, and if it becomes more difficult to achieve a career of the type that involves promotion after continued long-term service, moves aimed at exploring skills development and career formation that do not rely on corporate in-house education and training will emerge. According to the aforementioned Basic Survey of Human Resources Development, when asked about their working lives, the proportion responding that “I want to plan my career myself” was 67.9% among regular employees and 48.2% among non-regular employees, which was considerably higher than the proportion responding “I want the company to suggest a career plan” (15.8% of regular employees and 13.0% among non-regular employees). Moreover, with regard to methods of acquiring the professional skills required to achieve the working life that one desires, the highest proportion among both regular and non-regular employees was accounted for by the response “I need to make efforts to develop my skills at my own initiative”; in particular, in the case of regular employees, half responded to this effect. However,

the development of education and training opportunities outside companies that will supplement, and sometimes replace, corporate in-house education and training, and which will lead to effective career formation, at last started to be recognized as a policy goal in Japan from 2000 onwards, but it still cannot be said that it is being adequately implemented.

With regard to problems relating to corporate in-house education and training in Japan, one can point to the fact that there is a considerable disparity between regular and non-regular employees in terms of opportunities to access this. According to the Basic Survey of Human Resources Development, whereas the proportion of companies implementing planned OJT for regular employees was 59.1%, the proportion implementing it for non-regular employees was 28.0%; as far as Off-JT is concerned, the proportion of companies implementing it for regular employees was 69.7%, while the proportion implementing it for non-regular employees was 34.7%. Thus, in both cases, the proportion implementing training for non-regular employees is less than half the figure for those implementing it for regular employees. Amidst a situation in which the proportion of workers accounted for by non-regular employees is almost 40%, it has become increasingly important to consider how to enhance opportunities for corporate in-house education and training for workers other than regular employees, and what sort of new approach society should build to replace the education, training and career formation that is currently taking place within companies.

## 6 Wage Systems

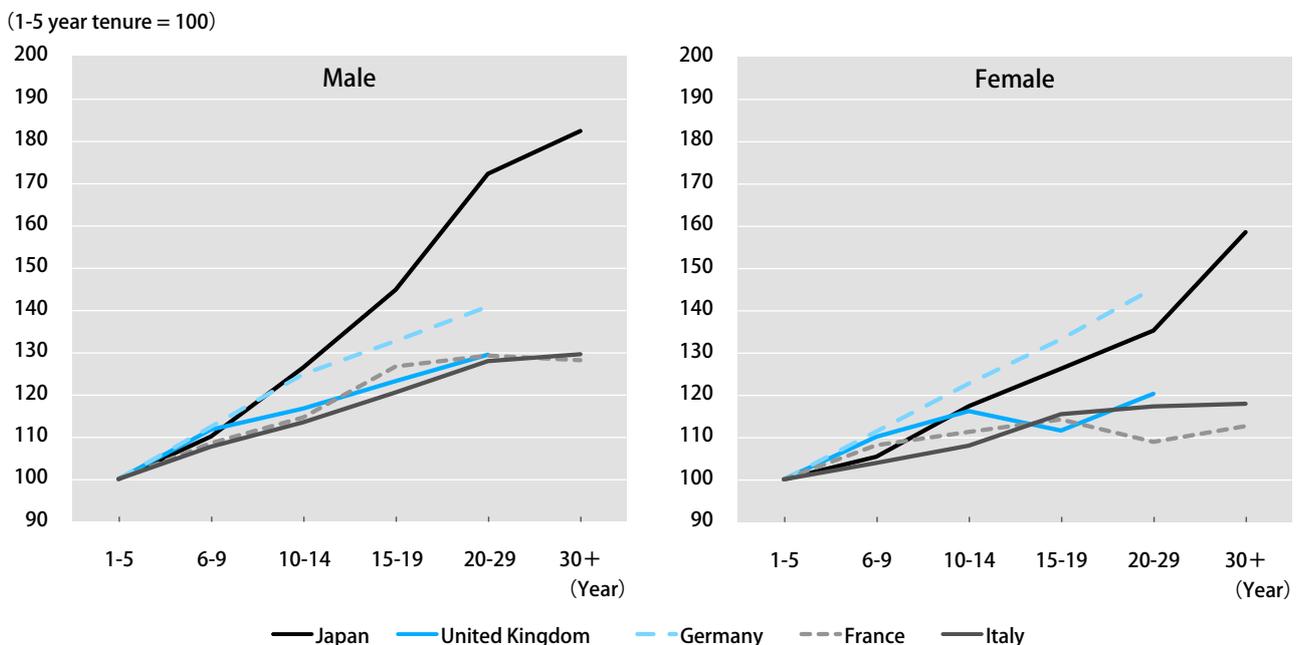
### Strong “seniority” element

Figure III-13 shows that the wage levels of manufacturing workers in several countries differ according to employee tenure. In all the countries shown, wage levels tend to increase with length of tenure, but this trend is particularly pronounced in the case of Japan. Looking at male workers in Japan, the wages of workers who have worked continuously for the same company for at least 30 years is almost twice as high as that of workers who have been employed 1-5 years, compared with around 1.2 to 1.4 times as high in other countries.

There are several possible reasons for the markedly stronger “seniority” element of wages in Japan compared with other countries. One is that Japanese companies tend not to determine “job wages” based on the content of the job that an

employee performs. Instead, they much prefer to pay employees according to the level of “ability” required to perform a variety of tasks in the company. This “ability” is assumed to increase the longer that an employee has worked at a company, and accordingly wage levels increase with length of service. A further reason, in addition to the view that wages are compensation for the ability and labor services provided by an employee, is that there remains a deep-seated acceptance at Japanese companies that wages are the main means by which employees secure their livelihoods. If the intention of a company is to pay a wage that will cover the typical cost of living at a given age, then it will pay a higher wage to longer-serving employees who, being older, tend to have to spend more at home on children, education, and so forth.

**Figure III-13 Wage Differences in Manufacturing according to Employee Tenure (2002)**



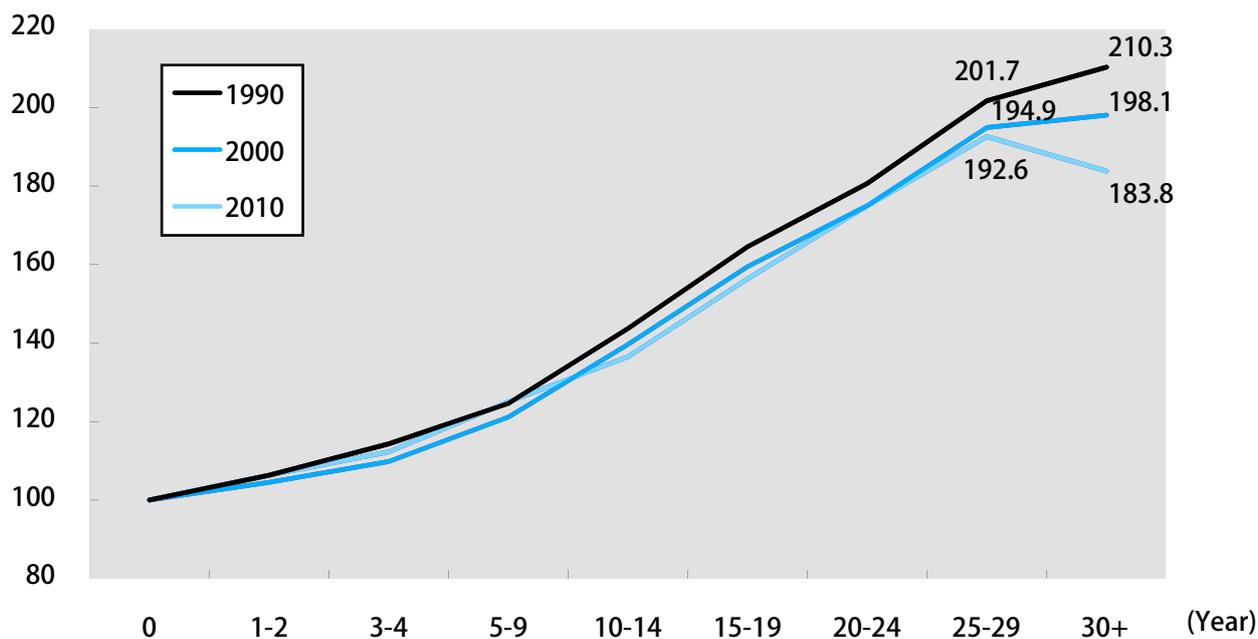
Sources: Japan- Ministry of Health, Labour and Welfare, *Basic Survey on Wage Structure (2003.6)*  
Other countries- EU (November 2005), *Structure of Earnings Statistics 2002*

## Trends in revisions to the wage system

However, as can be seen in Figure III-14, the relationship between length of tenure and wage levels is weakening in Japanese companies. More specifically, with regard to the wages of male workers, if we take the level for workers with no

years of continued service at 100, then in 1990, the level was 201.7 for workers with 25-29 years of continued service and 210.3 for those with at least 30 years of continued service, whereas the figures were 194.9 and 198.1 respectively in 2000, and 192.6 and 183.8 respectively in 2010.

**Figure III-14 Employee Tenure and Wage Levels  
(Male Workers, 0 Years of Continued Service = 100)**



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Wage Structure*

Note: Figures are totals by industry, academic background and age at companies with at least 10 employees.

The reason why such changes can be seen is that many Japanese companies are revising the wage system that has been in place hitherto, and are exploring new mechanisms. The *General Survey of Working Conditions* conducted in 2007 by the Ministry of Health, Labour and Welfare shows that 46.3% of companies had modified their wage systems in some way over the preceding three years. The proportion to have taken such action is greater among larger companies, with 56.5% of companies with 1,000 or more employees having done so. Regarding the types of changes made, comparatively large proportions of companies of all sizes had expanded the wage component linked to performance/results, content of work (such as job or occupational category), or job-performance skills. Even if we look at the 2010 survey, although the movement towards

the reform of the wage system is weakening, we can see that there is no change in the basic trend (Table III-15).

In other words, firstly, the relationship between output, in the form of performance or results, and the wages that are paid at Japanese companies has become clearer and is demonstrating a tendency to strengthen further in the future. In Japan, this trend is called the increasing prevalence of “performance-related” pay, and it has become particularly pronounced since the 1990s. Another trend is for wages to be consistent with the content of the work actually being carried out by employees. However, in Japan, employees are not often allocated to specific “positions,” so when setting wages at a level consistent with the content of the work, rather than basing them on the work itself, in many cases a

mechanism is introduced that determines wages according to the level of “responsibility” or “function” fulfilled by employees in the course of

carrying out their work. This kind of mechanism is called a “responsibility-based wage system” or a “function-based wage system.”

**Table III-15 Percentages of Companies Making Changes to Wage Systems in Preceding Three Years and Types of Change**

		Percentage of companies to have made changes	Type of change (multiple responses allowed)									
			Expansion of portion of wage linked to work content (job or occupational category, etc.)	Expansion of portion of wage corresponding to job-performance skills	Expansion of portion of wage linked to performance results	Reduction of allowances and inclusion in base pay	Reduction of retirement benefits and inclusion in base pay	Restriction of base pay and relative expansion of bonuses	Introduction of pay scale	Modification/introduction of ability-based grade system	Modification/introduction of annual salary system	Discontinuation of regular pay increases
2010	All companies	34.6	17.5	16.9	15.0	5.5	0.4	3.1	5.2	6.9	3.0	4.6
	1000 and over	37.0	18.8	14.6	15.4	8.0	0.4	2.1	6.5	12.7	4.8	2.5
	300-999	35.1	14.9	14.6	13.5	7.4	0.7	1.3	8.5	11.2	4.0	3.0
	100-299	35.5	17.0	15.5	16.0	7.7	0.7	3.5	6.0	10.5	3.9	3.5
	30-99	34.3	17.8	17.5	14.8	4.7	0.3	3.1	4.7	5.4	2.5	5.1
2007	All companies	46.3	23.3	22.1	23.7	9.1	1.1	6.0	7.7	11.0	4.0	7.1
	1000 and over	56.5	27.2	23.0	31.3	18.1	0.9	5.7	11.9	22.3	8.9	11.5
	300-999	52.9	23.7	23.5	30.2	15.3	0.7	6.2	13.8	19.1	8.3	10.2
	100-299	45.5	21.7	19.7	24.9	10.3	1.4	5.1	10.4	14.4	5.7	6.1
	30-99	45.5	23.7	22.6	22.4	7.8	1.0	6.2	6.2	8.7	2.8	6.9

Source: Ministry of Health, Labour and Welfare, *General Survey on Working Conditions 2007, 2010*

### Issues encountered in revision of wage systems

Moves to strengthen the link between wages and work content and output are always designed to correct the demerits of wages with a seniority element. The aging of corporate workforces with the graying of society as a whole and the decline of the birthrate, combined with the destabilization of the business environment faced due especially to the intensification of international competition, has rendered it unfeasible for Japanese companies to continue to maintain the conventional seniority element of their wage systems. Moreover, companies feared that by continuing to operate a seniority-based wage system, the motivation of young employees or high-performing employees would decline.

However, revising wage systems is not without its pitfalls. If wages are to be linked to performance and

results, mechanisms for evaluating performance are needed. According to the *General Survey on Working Conditions (2010)*, 45.6% of companies have introduced a performance evaluation system, but only 23.0% of those companies acknowledge that their performance evaluations are “going well,” with the remaining companies perceiving that problems are arising with regard to such issues as the individual concerned not accepting the results of their evaluation and evaluations resulting in decreased will to work. Introducing function and responsibility-based wages to strengthen the linkage between work content and wages also has only a limited corrective effect on conventional seniority-based wage systems if the details of roles and responsibilities are not clearly established. Japanese companies will have to tackle issues such as these as they design and administer their wage systems in the future.

## Japan's Working Hours Legislation - 40 Hours per Week

Japan's working hours legislation is provided in the Labor Standards Act, which has been in effect since 1947. Because the shortening of working hours became a big policy issue in the latter half of the 1980s, the traditional 48-hour workweek set by the law was gradually shortened since 1988. Now, aside from the 44-hour weeks served by workers at commerce, motion picture and theatre, health and hygiene, and service and entertainment workplaces of fewer than 9 employees, the workweek across all industries and business sizes has become 40 hours long.

### Flexible Working Hours System

On the other hand, the Labor Standards Act also prescribes a system of irregular working hours. Within this system are: a system of monthly variation, a system of annual variation, flexitime, and a free-style system of weekly variation. In the monthly and annual variation systems, the weekly scheduled working hours will be increased to over 40 hours for, respectively, a specified week(s) or specified month(s); all other weeks/months will be shorter. Therefore, this system can be applied to situations such as a manufacturing industry for which the exceptionally busy periods vary with season, and the corresponding clerical fields. For the annual variation system, it has been possible since April 1999 to plan scheduled working hours flexibly for a period greater than one month, but maximums have been set at 10 hours per day and 52 hours per week. Flexitime is a system allowing workers self-management over their comings and goings to and from the workplace during a one-month settlement period. The free-style system of weekly variation was designed for types of businesses such as retail shops, restaurants, and Japanese-style inns, where business may slow down greatly on certain days of the week. This system provides for advance changes (made by the end of the

previous week) in the scheduled working hours for a particular day or days, keeping the weekly scheduled hours at a fixed constant.

Furthermore, the Labor Standards Act also stipulates a de-facto working hours system. Firstly, in the case of pit work, the total time spent from the time the worker enters the underground workplace until he or she leaves it will, including the recess time, be considered as part of the working time. Secondly, it deals with a system for work which is "conducted outside of the official workplace without specific command or supervision provided and for which it is difficult to calculate the amount of time spent," and is targeted at work such as sales and reporting/information gathering. Thirdly it deals with what is so-called discretionary scheduling system. This consists of two parts: the "discretionary scheduling system for specialized work" that is aimed at specialized work such as research and development, computer programming, mass communication-related work such as editing, broadcast and film directing, as well as designing, and the "discretionary scheduling system for planning work" that is aimed at white-collar work involving such areas as planning and project development.

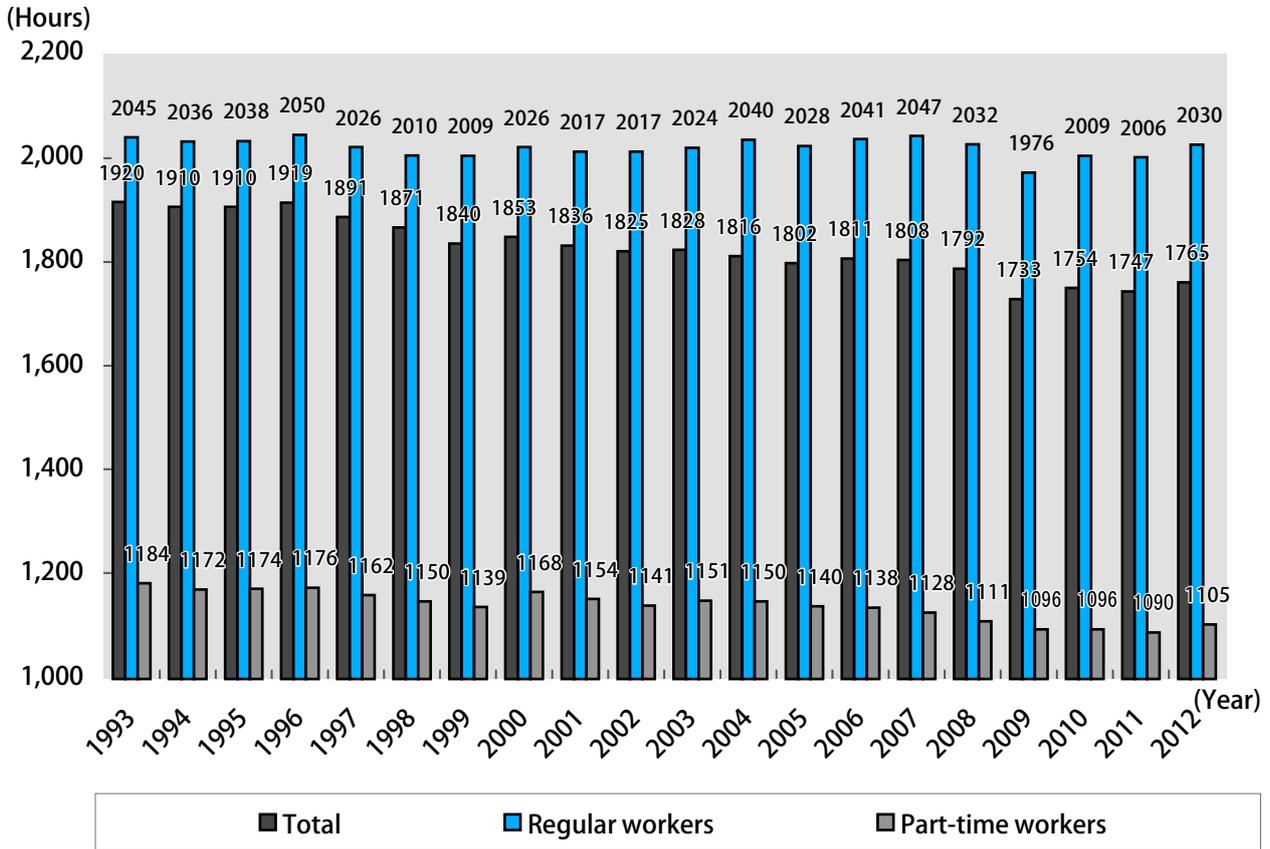
### Annual Total of Hours Actually Worked

Whatever the system, however, the Japanese still work long hours. Figure III-16 shows the annual total of hours actually worked of regular workers and part-time workers. If we look at the "Total for regular and part-time workers," we can see that the annual total of hours actually worked has been steadily decreasing and fell below 1,800 hours from 2008. However, when reading these data, caution is required with regard to a couple of points. Firstly, the decrease in the annual total of hours actually worked since 2008 was brought about by the economic slump that followed the so-called "Lehman Shock". Secondly, if we look only at regular workers, who have long working hours, we can see that they have hardly

decreased at all for 20 years, and even in 2012 the figure was in excess of 2,000 hours. In other words, the contraction in overall working hours during this

time has been influenced by the increase in the number of part-time workers, who have shorter working hours.

**Figure III-16 Annual Total of Hours Actually Worked by Regular and Part-time Workers**



Source: Compiled from Ministry of Health, Labour and Welfare, *Monthly Labour Survey* (establishments with five or more workers)

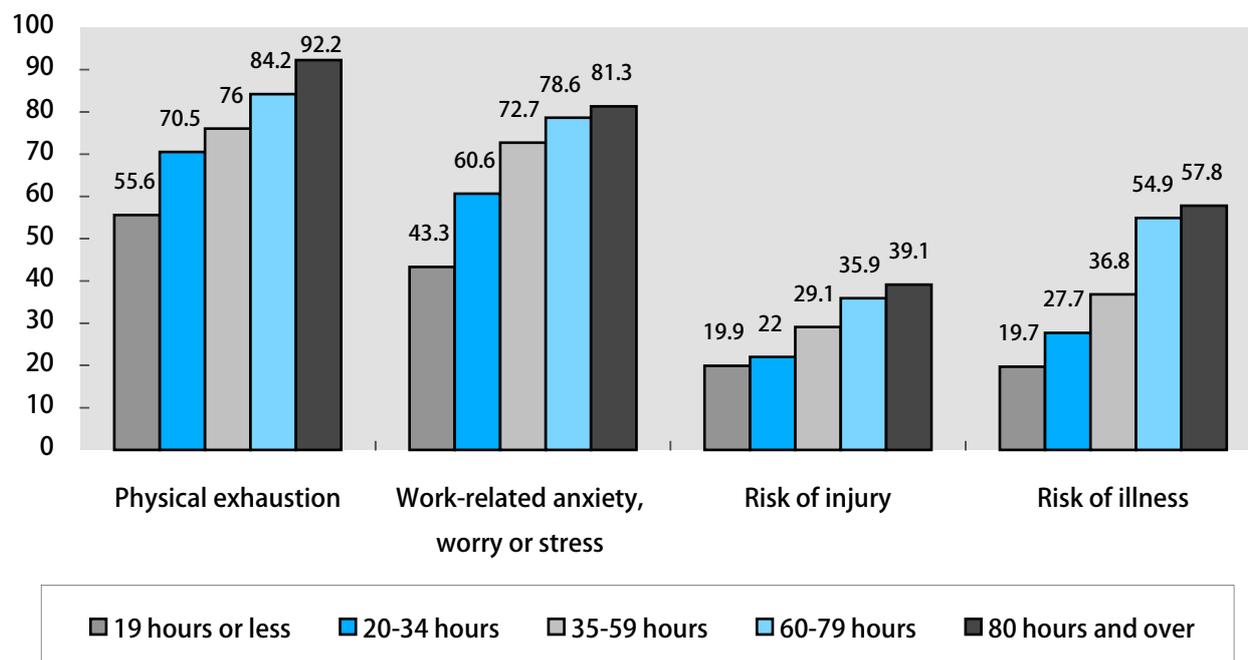
**The Reality of Working Long Hours**

The characteristics of the working hours of Japanese people are not simply that the total hours worked are long, but also that there are many people working exceedingly long hours. According to the Labor Force Survey carried out by the Ministry of Internal Affairs and Communications, even from the first decade of the 21st century, the proportion of those working long hours totaling at least 60 hours a week has been around 10% of all employees. Furthermore, if we restrict this to male employees in

their 30s, that proportion is in excess of 20% (Ministry of Internal Affairs and Communications, Employment Status Survey, 2007).

These people working long hours are easily exposed to physical exhaustion, mental stress, and the danger of injury or illness. According to a questionnaire carried out by the JILPT in 2010, one can clearly see that the longer the hours worked by a person in a week, the easier it is for them to be exposed to stress and health risks as a result.

**Figure III-17 Relationship between Weekly Working Hours, Stress and Health Risks (%)**



Source: The Japan Institute for Labour Policy and Training, *General Survey of the Actual Employment Situation of Japanese People (2010)*

Notes: 1) These figures focus on all workers (including those other than employees).

2) The % figures are totals for those responding "Very much feel" and "Somewhat feel".

### Annual Paid Leave

What is effective in reducing working hours is taking annual paid leave. Table III-18 looks at the number of days of annual paid leave granted, the number of days taken, and the acquisition rate with these as the denominator and numerator. The Labor Standards Act prescribes that 10 days of annual paid leave shall be granted to those with a work attendance rate of at least 80% after six months of continued service, with 20 days being granted to those who have reached six and a half years of continued service. But unfortunately the average number of holidays taken throughout Japan in 2012 was 9.0. So, in actuality, many paid leave days are not used up. There is a variety of factors behind this such as that company

personnel management do not presume that all the holidays will be used, and that workers are often too busy with work to use holidays.

Various measures need to be devised in order to increase the take-up rate of annual paid leave. One of these is a system of scheduled annual paid leave. A scheduled annual paid leave system is a mechanism that involves annual paid leave being used up simultaneously or in turn in the workplace, based on an agreement between management and labor. Even looking at Table III-18, we can see that in companies that have introduced a scheduled annual paid leave system, the annual paid leave take-up rate is around 5% higher in comparison to companies that have not introduced this system.

**Table III-18 Days of Annual Leave Given and Taken and Percentage Consumed (2012)**

	Total			With a scheduled annual leave system			No scheduled annual leave system		
	Days given (days)	Days taken (days)	Percentage consumed (%)	Days given (days)	Days taken (days)	Percentage consumed (%)	Days given (days)	Days taken (days)	Percentage consumed (%)
All sizes	18.3	9.0	49.3	19.3	10.2	52.9	17.9	8.6	47.9
1,000 employees or more	19.3	10.9	56.5	20.0	11.3	56.7	19.0	10.7	56.3
300-999 employees	18.3	8.6	47.1	18.3	9.1	49.9	18.3	8.5	46.1
100-299 employees	17.6	7.7	44.0	19.0	8.6	45.5	17.3	7.5	43.6
30-99 employees	17.1	7.2	42.2	18.0	8.5	47.6	17.0	7.0	41.3
Mining and quarrying of stone and gravel	18.4	10.4	56.7	18.3	9.7	52.7	18.4	10.5	57.1
Construction	18.3	6.9	37.7	18.1	7.1	39.1	18.3	6.8	37.2
Manufacturing	19.0	10.3	54.2	19.8	11.6	58.7	18.4	9.3	50.8
Electricity, gas, heat supply and water	19.6	14.4	73.6	19.5	10.3	52.9	19.6	14.7	75.1
Information and communication	18.8	11.4	60.9	19.5	12.7	65.5	18.6	11.0	59.5
Transport and postal activities	18.1	10.3	56.7	17.4	7.5	43.3	18.2	10.6	58.1
Wholesale and retail trade	17.9	6.4	35.8	19.0	7.3	38.4	17.6	6.1	34.8
Finance and insurance	19.8	9.6	48.4	20.1	9.3	46.5	19.6	9.7	49.3
Real estate and goods rental and leasing	17.6	7.4	42.2	17.8	8.4	47.0	17.6	7.3	41.6
Scientific research, professional and technical services	18.6	9.4	50.5	19.4	11.7	60.0	18.2	8.5	46.6
Accommodations, eating and drinking services	16.3	6.1	37.4	17.3	7.4	42.9	16.1	5.9	36.5
Living-related and personal services and amusement services	16.4	7.0	42.9	16.1	7.4	46.0	16.5	7.0	42.3
Education, learning support	16.9	6.8	40.0	17.3	7.5	43.2	16.9	6.7	39.7
Medical, health care and welfare	15.0	7.1	47.5	15.7	7.7	49.0	14.9	7.0	47.2
Services	16.9	8.5	50.3	18.5	9.1	49.1	16.5	8.3	50.6
2004	18.0	8.5	47.4						
2005	18.0	8.4	46.6						
2006	17.9	8.4	47.1						
2007	17.7	8.3	46.6						
2008	17.6	8.2	46.7						
2009	18.0	8.5	47.4						
2010	17.9	8.5	47.1						
2011	17.9	8.6	48.1						
2012	18.3	9.0	49.3						

Source: Ministry of Health, Labour and Welfare, *General Survey of Working Conditions*

Notes: 1) "Days given" does not include days carried over.

2) "Days taken" is the number of days actually taken during a year.

3) The percentage consumed is calculated as follows: total number of days taken / total number of days given x 100 (%)

4) Up to 2007, the survey targeted "Private enterprises with at least 30 permanent employees at Head Office", but from 2008 the scope was expanded to "Private enterprises with at least 30 permanent employees". As a result, the time-series data are not necessarily continuous.

## **Karoshi (Death from Overwork)**

Finally, let us introduce two unwelcome Japanese terms related to working hours. One is “karoshi”. This can be translated broadly as death that occurs as a result of excessive work (involving such things as extremely long working hours or unnaturally high stress levels).

However it must be noted that it is extremely difficult to have such cases handled by the legal system if a causal association with the work is not proved. In the narrow sense, “karoshi” is defined as death caused by cerebrovascular disease or ischemic heart disease (e.g. cerebral infarction, subarachnoid hemorrhage, myocardial infarction, angina) resulting from excessive work, while death caused by mental disorders due to excessive work or unnaturally high stress levels is termed “*karojisatsu*” (suicide induced by overwork and work-related depression). Both of these are eligible for industrial accident compensation.

There is no doubting the fact that the principal factor behind the occurrence of “death from overwork” is exceptionally long working hours. Consequently, when determining the application of workers’ compensation, firstly, the question of whether the duties from immediately before the date of occurrence up to the previous day were excessive is looked at, and then consideration is given to the situation regarding duties up to a week before the date of occurrence. Furthermore, from 2001, consideration began to be given to whether or not there were excessive duties for a long period of time (whether more than 45 hours of work were done per month outside normal working hours for a period of 1-6 months before the date of occurrence, or whether more than 100 hours of work were done outside normal working hours for the month before the date of occurrence, with more than 80 hours of work being done outside normal working hours per month for a

period of 2-6 months before the date of occurrence).

According to figures released by the Ministry of Health, Labour and Welfare in June 2013, claims related to karoshi between FY2008 and FY2012 remain high at around 300 cases per year, while those for *karojisatsu* are trending at around 150 to 200 cases.

## **Burakku Kigyo (Sweatshops)**

The other Japanese term, “*burakku kigyo*” (literally “black companies”), has gained currency in recent years, particularly among younger workers. Analysis of the frequency of use in the Asahi Shimbun (one of Japan’s leading national dailies) shows that this term was used 4 times up to 2010, 7 times in 2011, 22 times in 2012 and 51 times in the first half of 2013 alone (from the newspaper’s article search database).

Based on these newspaper articles, characteristics shared by these companies are that they pay low wages while forcing employees to work long hours and unpaid overtime, they give no annual paid leave, and many young workers quit working for them out of exhaustion. Behind this lies the reality that young people face a harsh employment climate.

In light of this, the Ministry of Health, Labour and Welfare has started a “Young Worker Support Company Declaration Project”. The purpose of this is to recognize and give publicity to small and medium enterprises (“Young Worker Support Companies”) that have established a certain system for labor management and advertise vacancies for full employees below 35. A condition for receiving this recognition is that the company discloses employment-related information including its “Record of overtime works in the previous financial year” and “Record of paid leave and childcare leave in the previous financial year”.

## 8 Company Benefits

### Long-terms Trends in Company Benefit Costs

According to a survey by Nippon Keidanren, the cost of compulsory and non-compulsory company

benefits combined in 2011 accounted for 18.9% of the total value of cash earnings (Table III-19). This ratio has gradually increased since the first half of the 1990s, when it was 15-16%.

**Table III-19 Trends in Monthly Benefit Costs and Retirement Benefits per Employee**

Survey	Fiscal year	Category	Total value of cash earnings (yen)	Benefit costs (yen)			Proportion of benefit costs to total value of cash earnings (%)	Retirement benefits (yen)
				Total	Compulsory	Non-compulsory		
35th	90		482,592	74,482	48,600	25,822	15.4	36,466
36th	91		492,587	77,091	49,865	27,226	15.7	42,786
37th	92		501,188	79,130	50,782	28,348	15.8	36,866
38th	93		500,983	79,543	50,998	28,545	15.9	38,171
39th	94		513,412	82,169	53,291	28,878	16.0	42,908
40th	95		525,651	88,174	58,679	29,495	16.8	45,341
41st	96		542,368	90,989	61,233	29,756	16.8	48,288
42nd	97		541,209	91,828	62,896	28,932	17.0	56,745
43rd	98		546,116	91,575	63,162	28,413	16.8	63,341
44th	99		548,191	92,188	63,763	28,425	16.8	72,775
45th	2000		550,802	93,203	65,423	27,780	16.9	69,256
46th	01		562,098	95,883	68,482	27,401	17.1	80,495
47th	02		558,494	96,755	68,552	28,203	17.3	87,283
48th	03		565,935	100,811	72,853	27,958	17.8	92,037
49th	04		578,054	102,372	74,106	28,266	17.7	80,499
50th	05		583,386	103,722	75,436	28,286	17.8	81,685
51st	06		587,658	104,787	76,437	28,350	17.8	76,605
52nd	07		586,008	103,934	75,936	27,998	17.7	71,551
53rd	08		572,781	103,311	75,621	27,690	18.0	65,839
54th	09		533,379	97,440	71,480	25,960	18.3	67,006
55th	10		541,866	100,076	74,493	25,583	18.5	70,183
56th	11		546,246	103,298	77,744	25,554	18.9	65,000

Source: Nippon Keidanren, *Results of the FY2011 Survey of Company Benefit Costs*

### Breakdown of Benefit Costs

Compulsory benefit costs refer to costs such as social insurance premiums that are borne by companies. Consequently, the area where companies

differ considerably is in that of non-compulsory benefit costs, which companies take on voluntarily. Table III-20 shows a breakdown of benefit costs in FY2011.

First, the bulk of compulsory benefit costs consists of the portion of employees' pension insurance, health insurance, and long-term care insurance borne by the employer, which accounts for approximately 90% of compulsory benefit costs, 68% of total benefit costs, and 13% of the total value of cash earnings. A breakdown of non-compulsory benefit costs reveals a relatively high proportion to be accounted for by housing-related expenses, which account for approximately 49% of non-compulsory benefit costs and 12% of total benefit costs. However, the amount spent on many categories of non-compulsory benefit costs is decreasing. Categories in which the amount

has decreased for the last three straight years are "Supplied meals", "Clothing", "Other living support", "Provision and operation of cultural, sporting and recreational facilities", "Employee welfare agency service costs", and "Others".

By the way, non-compulsory benefit costs account for approximately 25% of total benefit costs, but only 4.7% of the total value of cash earnings. In contrast, retirement packages at Japanese companies are substantial and, as shown in the table, expenditure on retirement payments account for approximately 12% of the total value of cash earnings.

**Table III-20 Breakdown of Welfare Expenses in FY2011  
(All-industry Monthly Average per Employee)**

Category	Amount (yen)	Change from 2008-2009 (%)	Change from 2009-2010 (%)	Change from 2010-2011 (%)
Total value of cash earnings	546,246	-6.9	1.6	0.8
Benefit costs	103,298	-5.7	2.7	3.2
Compulsory	77,744	-5.5	4.2	4.4
Health and long-term care insurance	27,040	-3.9	3.6	5.6
Employees' pension insurance	42,717	-3.0	2.2	4.0
Employment and workers' accident insurance	7,270	-24.0	20.3	2.5
Child allowance contributions	677	-5.9	1.2	1.8
Other	40	-40.5	145.5	-25.9
Non-compulsory	25,554	-6.2	-1.5	-0.1
(Main category)(Sub-category)				
Housing related	12,567	-4.2	-1.7	1.0
Housing	11,969	-3.5	-1.6	0.9
Home ownership support	598	-16.4	-2.9	3.5
Health and medical care	3,015	-3.5	-3.6	4.6
Operation of medical and health care facilities	2,145	-6.1	-4.2	5.6
Healthcare support	869	3.3	-2.2	2.1
Living assistance	5,897	-8.7	-1.5	0.9
Meals	2,034	-12.3	-0.9	-1.2
Purchases and shopping	274	-13.8	9.3	-6.8
Clothing	388	-17.3	-0.5	-1.5
Insurance	1,030	-0.1	-4.2	4.9
Nursing care	24	-16.7	0.0	-4.0
Childcare	239	17.2	19.8	12.7
Family support	311	3.0	-5.0	-3.7
Asset accumulation	1,039	-14.5	-0.7	3.8
Commuter buses and parking	456	2.3	-9.5	2.0
Other	102	-14.1	-13.3	-8.1
Congratulatory and condolences	811	-9.7	4.9	8.4
Allowance for congratulatory and condolences	739	-11.3	4.0	9.0
Fringe benefits in excess of legal minimum	72	10.9	13.1	4.3
Culture, sport, and recreation	2,060	-8.5	4.1	-2.0
Facilities and operation	987	-6.1	-1.4	-6.4
Subsidization of activities	1,073	-11.0	10.3	2.3
Mutual aid money	227	-14.6	0.0	-7.3
Benefit agency services	293	-12.9	-1.3	-0.3
Other	685	-11.9	-7.2	-32.9
Commuting allowance and commutation costs	9,867	-6.2	2.2	0.6
Retirement benefits	65,000	1.8	4.7	-7.4
Lump-sum retirement allowance	26,893	1.6	5.3	-16.9
Retirement annuity	38,107	1.9	4.3	0.7

Source: Nippon Keidanren, *Results of the FY2011 Survey of Company Benefit Costs*

## Retirement Benefits System

In Japan, the monetary allowance in the event of retirement can be divided into the two categories of lump sum retirement allowances and retirement pensions. A look at Table III-21 shows that enterprises that paid retirement benefits accounted for 83.9% of the total in 2008. Among these, only lump sum retirement allowances and only retirement pensions constitute 55.3% and 12.8% respectively, while the figure for cases where these categories are combined is 31.9%. If we look at the relationship to the scale of the company, the smaller the company, the more likely it is that a worker will receive only a lump-sum payment on retirement, while the larger the company, the more likely it is that a worker will receive either a retirement pension or both a lump sum and a pension.

It is generally seen that both lump sum retirement allowances and retirement pensions are paid in proportion to the number of years of continuous service at a specific business. However there is a demarcation done on the basis of the reason for leaving the company. The ratio of payment is low for those workers who have left on their own convenience while the ratio is raised for long-term workers who have retired at the mandatory age after long-term employment and for those who had to resign at a company's request as those seen in recession etc. It is for this reason that the lump sum

retirement allowances and retirement pension have become a factor that promotes the long-term work tenures of workers in Japan. In addition to this, in the past it was largely the case that the amount for the lump sum retirement allowance was large, and the worker received a considerable amount of money at the time of mandatory retirement. However in the course of the last few years the proportion of the retirement pension has been on the rise. Factors behind this include the fact that the aging of employees has led to an increase in the amount paid by companies as a lump sum retirement allowance and the fact that companies can receive tax benefits if they turn their retirement benefits into a pension system.

However, the status of the introduction of retirement benefit systems differs considerably according to the form of employment. According to the General Survey on Diversified Types of Employment carried out in 2010 by the Ministry of Health, Labour and Welfare, whereas the proportion of companies that had introduced a retirement benefit system for their "regular employees" was 58.4%, the proportion that had introduced them for "contract workers (full-time workers on fixed-term contracts)" was 11.8%, and in the case of "part-time workers" it was 8.0%.

**Table III-21 Percentages of Enterprises with Retirement Benefit (Lump Sum/Annuity) Schemes and Breakdown by Type**

(%)

Enterprise size, industry, and year	All enterprises	Enterprises with retirement benefit (lump sum/annuity) scheme					Enterprises with no retirement benefit (lump sum/annuity)	(Re-grouped) With retirement benefits	
		Lump sum only	Annuity only	Lump sum and annuity	Lump-sum scheme (inc. enterprises with both)	Annuity scheme (inc. enterprises with both)			
All sizes	100.0	83.9	(100.0)	(55.3)	(12.8)	(31.9)	16.1	(87.2)	(44.7)
1,000 employees or more	100.0	95.2	(100.0)	(19.3)	(24.0)	(56.7)	4.8	(76.0)	(80.7)
300-999 employees	100.0	92.2	(100.0)	(30.7)	(23.7)	(45.6)	7.8	(76.3)	(69.3)
100-299 employees	100.0	88.0	(100.0)	(41.1)	(17.7)	(41.2)	12.0	(82.3)	(58.9)
30-99 employees	100.0	81.7	(100.0)	(63.0)	(9.9)	(27.1)	18.3	(90.1)	(37.0)
Mining	100.0	96.4	(100.0)	(64.5)	(15.3)	(20.2)	3.6	(84.7)	(35.5)
Construction	100.0	91.9	(100.0)	(50.6)	(10.1)	(39.2)	8.1	(89.9)	(49.4)
Manufacturing	100.0	88.8	(100.0)	(51.7)	(13.9)	(34.4)	11.2	(86.1)	(48.3)
Electricity, gas, heat supply and water	100.0	100.0	(100.0)	(32.9)	(13.6)	(53.6)	-	(86.4)	(67.1)
Information and communication	100.0	89.3	(100.0)	(42.4)	(17.8)	(39.8)	10.7	(82.2)	(57.6)
Transport	100.0	78.1	(100.0)	(59.8)	(13.7)	(26.5)	21.9	(86.3)	(40.2)
Wholesale and retail trade	100.0	87.3	(100.0)	(55.2)	(12.6)	(32.3)	12.7	(87.4)	(44.8)
Finance, insurance	100.0	95.6	(100.0)	(28.7)	(27.8)	(43.5)	4.4	(72.2)	(71.3)
Real estate	100.0	79.4	(100.0)	(69.6)	(9.9)	(20.5)	20.6	(90.1)	(30.4)
Eating and drinking place, accommodations	100.0	69.9	(100.0)	(71.3)	(8.6)	(20.1)	30.1	(91.4)	(28.7)
Healthcare, welfare	100.0	62.3	(100.0)	(82.2)	(3.4)	(14.3)	37.7	(96.6)	(17.8)
Education, learning assistance	100.0	79.9	(100.0)	(67.7)	(15.6)	(16.7)	20.1	(84.4)	(32.3)
Services(Not otherwise classified)	100.0	72.5	(100.0)	(61.1)	(11.2)	(27.6)	27.5	(88.8)	(38.9)
1989	100.0	88.9	(100.0)	(49.3)	(11.3)	(39.3)	11.1	(88.7)	(50.7)
1993	100.0	92.0	(100.0)	(47.0)	(18.6)	(34.5)	8.0	(81.4)	(53.0)
1997	100.0	88.9	(100.0)	(47.5)	(20.3)	(32.2)	11.1	(79.7)	(52.5)
2003	100.0	86.7	(100.0)	(46.5)	(19.6)	(33.9)	13.3	(80.4)	(53.5)
2008*	100.0	85.3	(100.0)	(53.1)	(13.2)	(33.7)	14.7	(86.8)	(46.9)

Source: Ministry of Health, Labour and Welfare, *General Survey of Working Conditions (2008)*

Notes: 1) Figures in parentheses indicate the proportion as a percentage of enterprises with retirement benefit (lump sum/annuity) schemes.

2) The survey date is as of the end of December in the case of figures for 1999 and earlier, and as of January 1 from 2001 onwards. The years shown in the table represent the survey years.

3) The scope of the survey was expanded from "private enterprises whose main office has 30 or more regular employees" up to 2007 to "private enterprises that have 30 or more regular employees" from 2008.

2008 shows the figures for "private enterprises whose main office has 30 or more regular employees", and should be referred to for the purpose of making comparisons over time.