



JILPT REPORT

No. 2
2005

**Survey Results of Labor-Management Relations,
Human Resource Management and Working
Conditions in Foreign Affiliated Companies in Japan**

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The Japan Institute for Labour Policy and Training

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Preface

Direct investment in Japan by foreign companies remained flat during the first half of the 1990s, but began to climb steeply in the second half of fiscal 1998. According to a survey by the Ministry of Finance, direct investments by foreign companies in fiscal 1998 showed a twofold increase over the preceding year. Such investment increased 3.5 times in fiscal 1999 compared with fiscal 1997, and five times in fiscal 2000 compared with the same year. During the three years from fiscal 2002 through fiscal 2003, such investments were more than three times the fiscal 1997 level, and in the first half of fiscal 2004, totaled ¥2,230.8 billion, exceeding the total for the previous fiscal year. By region or country, investments from Europe - mainly England, France and Germany - represented 30 to 50 percent every fiscal year, those from the United States represented 30 percent on average, and investments from tax havens such as the Cayman Islands and the Bermuda Islands accounted for 20 percent. By industry, investments in manufacturing centered on general machinery and chemicals occupied 30 percent; non-manufacturing industries - particularly the finance and insurance industries, but also telecommunications, commerce and trading, and services - were the receipt of 70 percent of the investments. From fiscal 1999 to 2001, investments in the telecommunications industry accounted for 30 to 40 percent, but fell from fiscal 2001. In contrast, financial and insurance businesses received 75 percent of total investments in the non-manufacturing sector during the first half of fiscal 2004.

Behind the strong increase in direct foreign investments since fiscal 1998 is the advancement of deregulation, particularly in the financial markets, the Japanese version of the Big Bang. From fiscal 1998 through fiscal 2001, many direct foreign investments took the form of M&As and capitalization. In fiscal 2003, many foreign companies established wholly-owned subsidiaries. According to the Survey of Trends in Business Activities of Foreign Affiliates 2003 by the Ministry of Economy, Trade and Industry, the number of foreign-affiliated companies - which stood at 3,183 in 1997 - increased to 4,351 in 2003 (those in which foreign capital exceeds one-third of the total capital, excluding financial and insurance corporations). From a mid-term perspective, investment in Japan by foreign companies has greatly increased. The number of companies and of employees has also increased, but not to the extent that investment has.

This report summarizes research into foreign-affiliated companies in Japan as of the end of 2003. Presented are the results of surveys that were distributed to foreign-affiliated companies for the purpose of clarifying labor-management relations, working conditions and personnel management. The survey, begun by the Ministry of Labour, Health and Welfare in 1973 and conducted almost every four years until 1999, has been taken over by the Ministry. This survey was the eighth such survey. For comparison sake, the same items were covered in both this survey and that taken in 1999 and the survey method remained the same, even though the survey was carried out by the Ministry.

March 2005
Akira Ono
President

The Japan Institute for Labour Policy and Training

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I Outline of the Survey

I Outline of the Survey

1. The Objective of the Survey

The objective of this survey is to elucidate the current state of labor-management relations, working conditions, and other matters in foreign-affiliated companies. This is the eighth such survey, following up on surveys conducted in 1973, 1977, 1983, 1987, 1991, 1995 and 1999.

2. The Scope of the Survey

(1) Regions

All regions of Japan

(2) Industries

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

Manufacturing, Agriculture, forestry and fisheries, Mining, Construction, Wholesale & retail trade and eating & drinking places, Financing and insurance, Real estate, Transport, Information and Communications, Services, and Other nonmanufacturing

(3) Companies

The subjects of this survey were approximately 2,100 companies selected by uniform methods from among companies that were located in Japan as of December 31, 2003, and which were (i) Japanese corporations with more than 1/3 foreign capitalization and (ii) Japanese branches or outposts of foreign companies.

3. Times and Periods Covered by the Survey

The data were as of December 31, 2003. Note, however, that for some of the items, the data were for the period from January 1, 2002 to December 31, 2003; from January 1, 2003 to December 31, 2003, or for June 2003.

4. Period in which the Survey Was Conducted

From February 21, 2004 to March 21, 2004.

5. Survey Methods and Compilation Methods

The Japan Institute for Labour Policy and Training conducted this survey on a separate survey form and compiled the data.

6. Response Rate

A total of 329 companies (an effective response rate of 16.1%) responded to the survey.

II Summary of the Results of the Survey

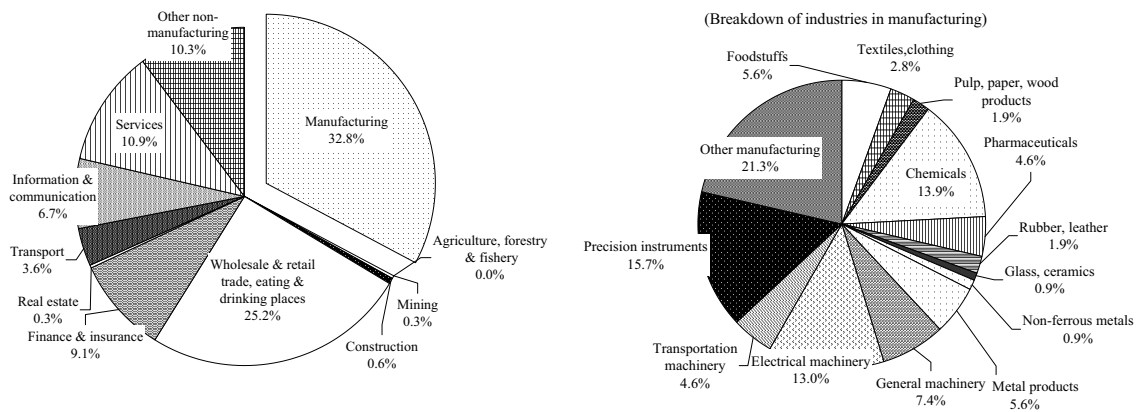
II Summary of the Results of the Survey

1. The Overall Situation of Companies and Workers

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

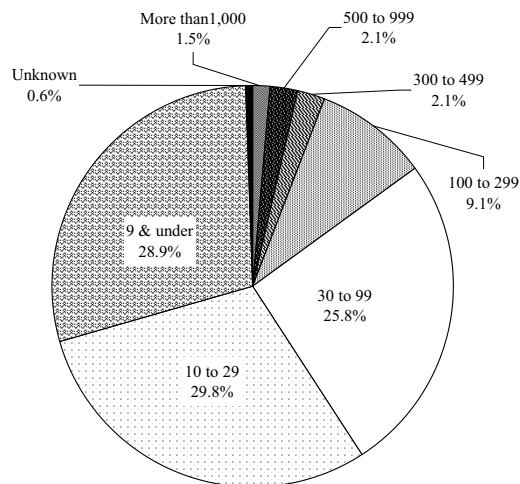
i) By industry, of the 329 companies surveyed, 32.8% were manufacturing, followed by 25.2% in the Wholesale & retail trade, eating & drinking places, services occupied 10.9%, and finance and insurance 9.1%. Industries occupying a large share of the manufacturing sector were precision instruments representing 15.7%, chemicals at 13.9% and electrical machinery with 13.0%. (**Figure 1**)

Figure 1. Breakdown of Industries Surveyed

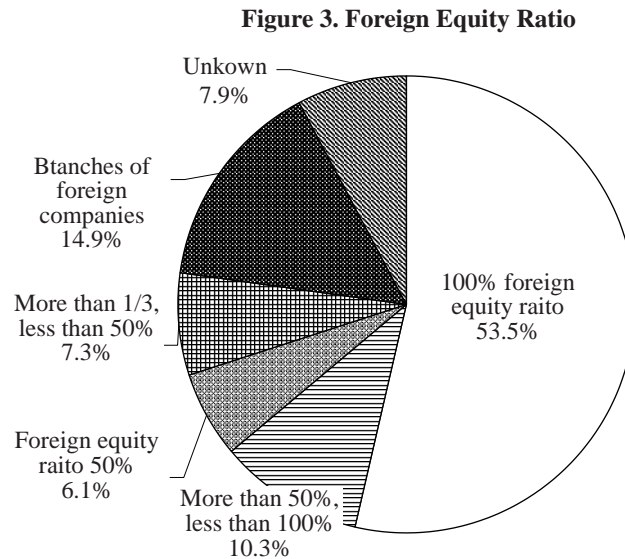


ii) By size, the number of companies employing 10 to 29 regular employees represented 29.8%, followed by those with less than 10 regular employees at 28.9% and those with between 30 to 99 regular employees at 25.8%. Overall, companies with less than 100 regular employees represented more than 80% of all companies. (**Figure 2**)

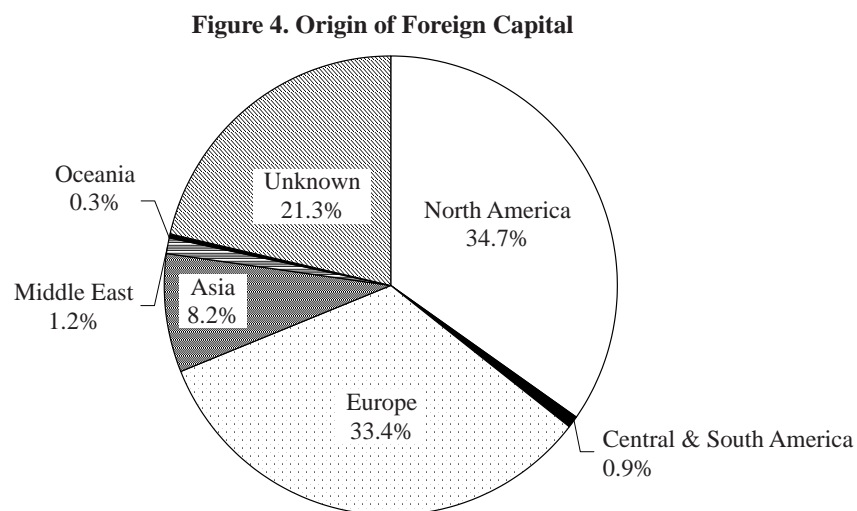
Figure 2. Size of Company



iii) Classified by foreign equity ratio - such as wholly-owned subsidiaries (foreign equity ratio 100%) and firms where the foreign equity ratio is a) more than 50%, less than 100%, b) 50%, or c) more than one-third, less than 50%, and branches of foreign companies - 53.5% of the companies surveyed were wholly-owned subsidiaries, 14.9% were branches of foreign companies, those where the foreign equity was more than 50% less than 100% represented 10.3%, those where the foreign equity ratio was more than one-third less than 50% represented 7.3%, and the firms where the foreign equity ratio was 50% (that is, mergers on equal footing) occupied 6.1% of the total. **(Figure 3)**

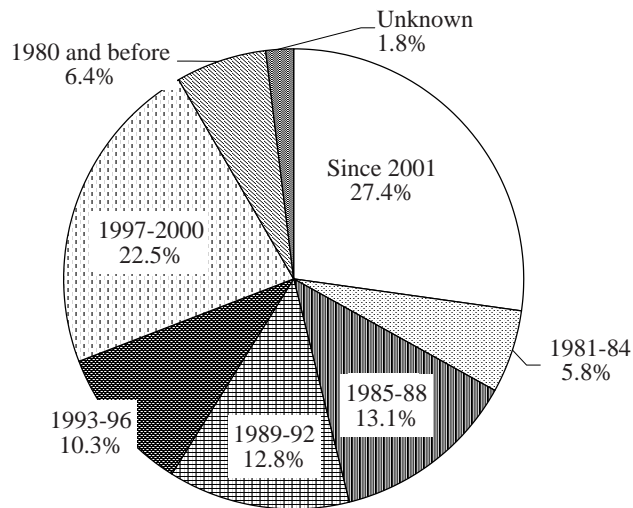


iv) Regarding country of origin, the United States represented the largest portion at 34.1%, followed by Germany at 8.2%, Switzerland at 5.8%, Britain at 4.3%, and France at 4.0%. By region, North America represented 34.7%, followed by Europe at 33.4%, and Asia at 8.2%. **(Figure 4)**



v) As for when the companies were founded, 27.4% were established in or before 1980, 22.5% between 1997 and 2000, 13.1% between 1985 and 1988, and those founded in 1989-92 occupy a 12.8% share. Regarding the number of companies opened per year, many have been established since 1997. **(Figure 5)**

Figure 5. Year when Established



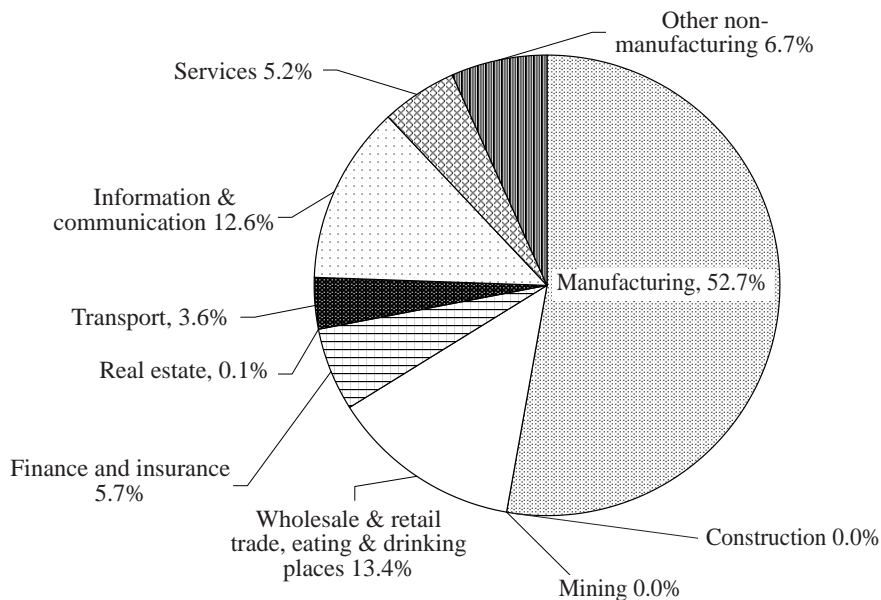
(2) Number of Workers, Percentage of Foreigners, etc.

i) The total number of regular employees at the 329 companies surveyed was 31,502. If the number of temporary employees, part-time workers and others were included, the total would rise to 33,137. By gender, there were 24,184 male and 7,318 female.

Manufacturing industries had the highest number of regular employees at 16,690, representing 52.7% of the total workforce in this sector. Wholesale and retail trade and drinking and eating places ranked second with 4,221 or 13.4%, followed by information and communications at 3,963 or 12.6%, and finance and insurance at 1,790 or 5.7%. **(Figure 6)**

Among the manufacturing industries, electrical machinery and transportation equipment both had a high number of regular employees, 5,543 and 5,412, respectively.

Figure 6. Number of Regular Employees by Industry

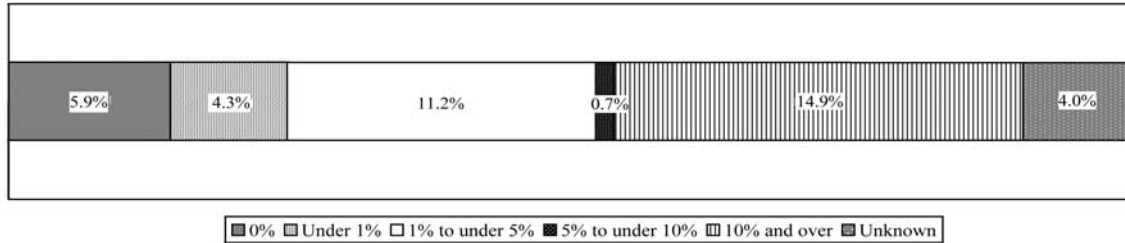


ii) On average, foreign workers comprise about 6.2% of the regular employees per company, but companies which do not employ foreign workers as regular employees account for 59.01%. **(Figure 7)**

The average percentage of foreign regular employees in the real estate industry was 50%, 15.5% in finance and insurance, and 10.8% at information and communications companies. Foreign regular employees in manufacturing firms represented only 1.2%.

In terms of origin of capital, the percentage of foreign regular employees was only 4.4% on average at U.S.-affiliated companies and 4.2% at companies of European origin. But the number is high for Asian affiliated firms, at 26.4%.

Figure 7. Breakdown of Companies by Number of Foreign Regular Employees



iii) The percentage of women in managerial positions per company was 12.3% on average, although 37.7% of the companies had no women managers. Companies where the percentage of women in managerial positions was 20% or more represented 20.1% of all firms.

Branches of foreign companies had the highest percentage of women in managerial positions with an average of 18.7% per company, followed by wholly-owned subsidiaries of foreign corporations at 12.8%.

iv) The percentage of foreigners in managerial positions per company was 9.2% on average. Companies where there were no foreigners in managerial positions represented 55.9%, while foreign managers occupied 20% or more of all managerial positions at 12.2% of the companies.

Branches of foreign companies had the highest percentage of foreigners in managerial positions with an average of 19.3% per company, followed by wholly-owned subsidiaries of foreign corporations at 8.6%.

By origin of capital, the percentage of foreigners in managerial positions was only 6.6% on average at U.S.-affiliated companies and only 6.8% at companies with European origin, but high at companies with Asian affiliation at 30.3%.

v) Companies where the president was a foreigner represented 34.3% of all foreign affiliates.

By industry, the percentage of companies where the president was a foreigner was a relatively high 63.3% at finance and insurance firms and 66.7% in the transportation sector, but was relatively low in manufacturing at 24.1%. By origin of capital, the percentage of companies where the president was a foreigner was 25.0% at U.S.-affiliated companies and 40.0% at companies of European origin, but very high at companies with Asian affiliation at 63.0%. In the real estate industry, where only one company responded to the questionnaire, the percentage was 100%.

(3) Hiring and Leaving

i) During the recent one-year period (from January 1 through December 31, 2003), the companies that responded to the survey hired a total of 3,123 employees. The average number of new hires per company was 9.9. Mid-career workers (people other than new college graduates) represented 81.1% of the total. By industry, the percentage of mid-career workers was 77.0% in manufacturing and a relatively high 84.4% in non-manufacturing. By origin of capital, the percentage of mid-career workers was a high 92.2% at branches of foreign companies and a relatively high 89.6% at wholly-owned subsidiaries. (Table 1)

Table 1. Workers Hired during Recent 1-year Period at Foreign-affiliated Companies
(people, %)

| | Newly hired | Average per company | Number of mid-career workers | Average per company | % of mid-career workers |
|--|-------------|---------------------|------------------------------|---------------------|-------------------------|
| Manufacturing | 1,114 | 10.9 | 858 | 8.3 | 77.0 |
| Non-manufacturing | 2,009 | 9.5 | 1,696 | 7.9 | 84.4 |
| Mining | 1 | 1.0 | 1 | 1.0 | 100.0 |
| Wholesale & retail trade, eating & drinking places | 765 | 9.6 | 715 | 8.9 | 93.5 |
| Finance & insurance | 172 | 5.9 | 166 | 5.5 | 96.5 |
| Real estate | 4 | 4.0 | 4 | 4.0 | 100.0 |
| Transportation | 88 | 7.3 | 88 | 7.3 | 100.0 |
| Information & communications | 427 | 20.3 | 262 | 12.5 | 61.4 |
| Services | 137 | 4.3 | 131 | 4.0 | 95.6 |
| Other non-manufacturing | 415 | 12.2 | 329 | 9.7 | 79.3 |
| Foreign capital 100% | 1,776 | 10.6 | 1,592 | 9.4 | 89.6 |
| More than 50%, less than 100% | 206 | 6.2 | 182 | 5.5 | 88.3 |
| 50% | 103 | 5.7 | 85 | 4.7 | 82.5 |
| More than 1/3, less than 50% | 666 | 27.8 | 331 | 13.8 | 49.7 |
| Branches of foreign companies | 141 | 2.9 | 130 | 2.7 | 92.2 |
| Unknown | 231 | 9.6 | 234 | 9.5 | 99.1 |
| Total | 3,123 | 9.9 | 2,554 | 8.1 | 81.8 |

Note: The percentage of mid-career workers = Number of mid-career workers hired/number of all workers hired multiplied by 100.

ii) Regarding the number of people who left their job during the recent one-year period, 3,353 workers quit companies that responded to the survey, that is an average of 10.7 workers per company. The number of workers who quit their job at the company's request was 1,890, a percentage of 31.2% to the total number of people who left their job. (Table 2)

Table 2. Number of Workers Who Quit during Recent 1-year Period
(persons)

| | Number of people who quit | Average per company | Number who quit at company's request | |
|--|---------------------------|---------------------|--------------------------------------|---------------------|
| | | | Number who quit at company's request | Average per company |
| Manufacturing | 1,310 | 12.8 | 554 | 5.4 |
| Non-manufacturing | 2,043 | 9.6 | 491 | 2.3 |
| Mining | 1 | 1.0 | - | - |
| Wholesale & retail trade, eating & drinking places | 622 | 7.9 | 167 | 2.1 |
| Finance & insurance | 345 | 11.9 | 66 | 2.2 |
| Real estate | 3 | 3.0 | - | - |
| Transportation | 51 | 4.3 | 2 | 0.2 |
| Information & communications | 480 | 22.9 | 170 | 8.1 |
| Services | 162 | 4.9 | 36 | 1.1 |
| Other non-manufacturing | 378 | 11.1 | 50 | 1.5 |
| Foreign capital 100% | 1,672 | 10.1 | 679 | 4.1 |
| More than 50%, less than 100% | 199 | 5.9 | 32 | 0.9 |
| 50% | 49 | 2.7 | 5 | 0.3 |
| More than 1/3 &, less than 50% | 1,008 | 42.0 | 252 | 10.5 |
| Branches of foreign companies | 183 | 3.8 | 63 | 1.3 |
| Unknown | 242 | 10.1 | 14 | 0.6 |
| Total | 3,353 | 10.7 | 1,045 | 3.3 |

2. Labor-Management Relations

(1) Labor Unions and Other Employee Organizations

i) 8.2% of the companies surveyed had labor unions. (In the previous survey conducted in fiscal 1999, the ratio was 13.8%.) By industry, the ratio was a relatively high 20.0% in finance

and insurance, 13.9% in manufacturing, 33.3% in transport but only 4.5% in information and communications and 2.8% in services. **(Figure 8-1)**

By origin of capital, the percentage of companies where there was a labor union was 5.1% at wholly-owned subsidiaries of foreign companies, and 8.8% at companies where foreign capital represented more than 50% less than 100%. The percentage was 10.0% at companies with 50% foreign capitalization, and 20.8% at firms where foreign capital accounted for more than 1.0% but less than 50.0%. At companies where the foreign equity ratio was high, the percentage was low. This trend is the same as the findings in the previous survey. **(Figure 8-2)**

Furthermore, in 9.8% of the companies surveyed other types of employee organizations have been formed. When combined with those companies that have labor unions, the total percentage of companies with some kind of employee organization is 18.0%.

Figure 8-1. Percentage of Firms with Labor Unions and Other Employee Organizations by Industry

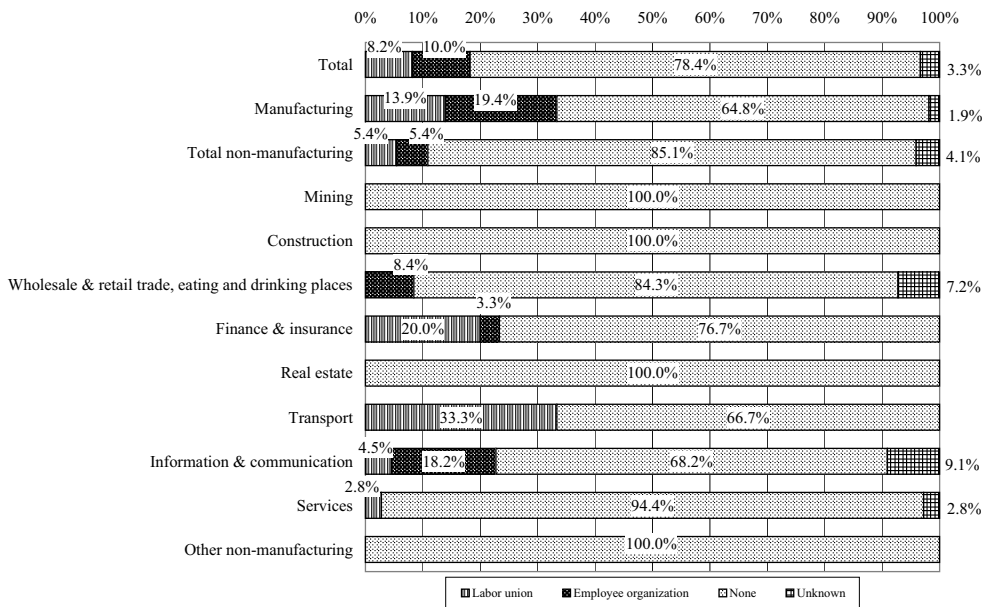
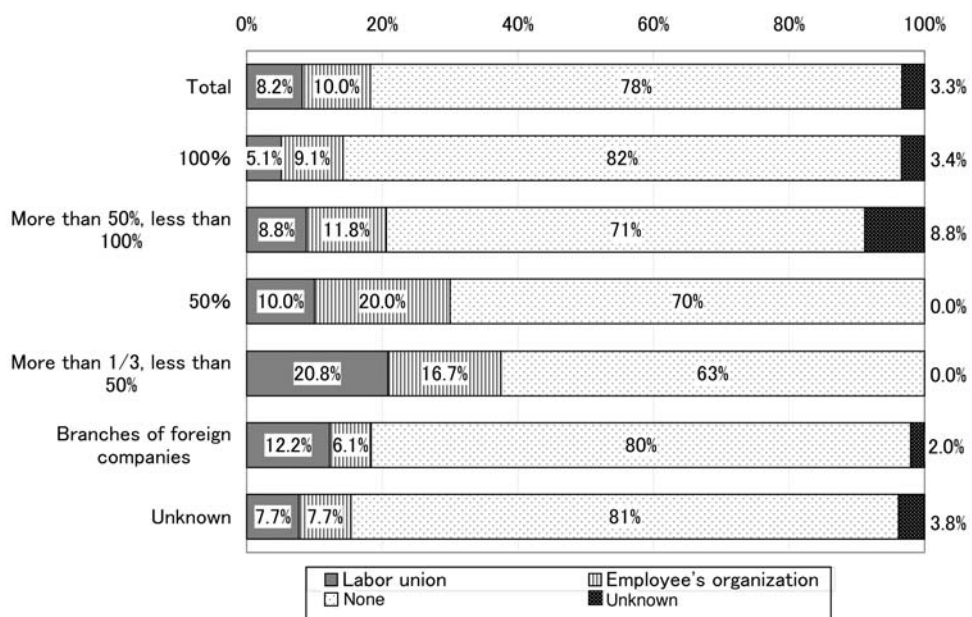


Figure 8-2. Percentage of Firms with Labor Unions and Other Employee Organizations by Level of Foreign Capital

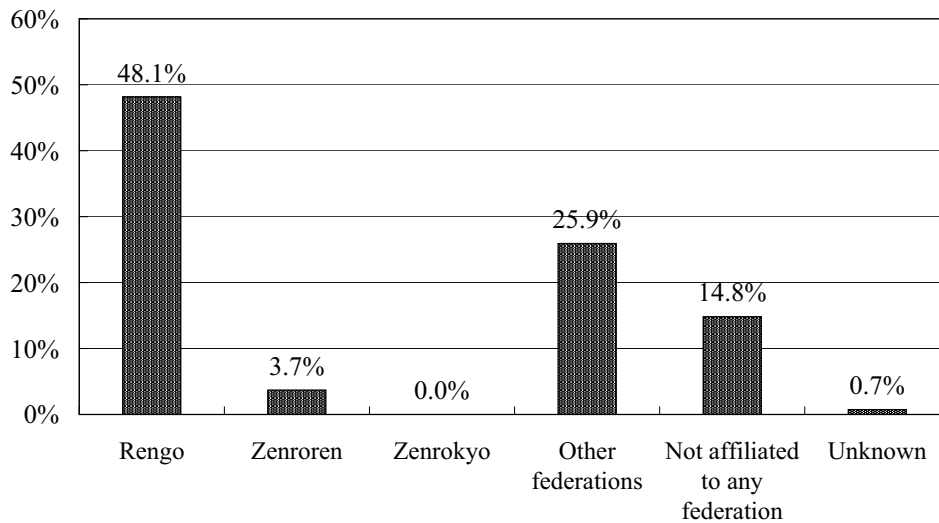


ii) The average unionization rate (the quotient obtained by dividing the number of union members with the number of all regular employees at all companies surveyed) was 51.3%, even though only 27 of the companies that responded to the survey have labor unions. The high percentage is because many companies with 1,000 or more employees have labor unions.

The average unionization rate at companies where there is a labor union was 61.9%, down from 66.9% found in the previous survey in fiscal 1999.

iii) At 77.7% of companies where there was a labor union, the labor unions are affiliated with a federation; 48.1% with the Japanese Trade Union Confederation (Rengo), 3.7% belong to the National Confederation of Trade Unions (Zenroren) and 25.9% are under other organizations. **(Figure 9)** (Some answers mentioned more than one organization.)

Figure 9. Labor Unions Affiliated with Union Federation (M.A.)



(2) Collective Agreements and Collective Bargaining

i) 88.9% of the companies with a labor union had a collective agreement.

ii) 66.7% of the companies with a labor union held collective bargaining sessions during the recent two years (from January 1, 2002, to December 31, 2003).

(3) Matters Demanded by Workers and Labor Disputes

i) During the two-year period, labor unions presented demands at 36.8% of the companies. 17.9% of the demands related to wages, and 15.2% concerned working hours, holidays and leaves. (Some answers covered more than one issue.) Companies that responded they had not been presented with demands represented 63.2% of all companies.

ii) At five companies (1.5% of the 329 companies that responded to the questionnaire), a labor dispute arose during the two-year period. **(Table 3)**

Table 3. Percentage of Companies Where a Labor Dispute was Accompanied by Walkout or Other Action
(number of companies, %)

| | Number of companies that responded (A) | Number of companies with labor union (B) | Number of companies with labor disputes (C) | Ratio to all respondents (C/A) | Ratio to companies with labor union (C/B) | Number of labor disputes (D) | Average number of disputes at companies with disputes (D/C) |
|----------------|--|--|---|--------------------------------|---|------------------------------|---|
| FY 2003 survey | 329 | 27 | 5 | 1.5% | 18.5% | 6 | 1.2 |
| FY 1999 survey | 529 | 73 | 14 | 2.6 | 19.2 | 101 | 7.2 |
| FY 1995 survey | 732 | 93 | 10 | 1.4 | 8.6 | 108 | 10.8 |
| FY 1991 survey | 873 | 101 | 14 | 1.6 | 11.9 | 91 | 6.5 |
| FY 1987 survey | 990 | 156 | 27 | 2.7 | 16.7 | 54 | 2.0 |
| FY 1983 survey | 1,051 | 222 | 52 | 4.9 | 23.4 | 123 | 2.4 |
| FY 1977 survey | 550 | 247 | 106 | 19.3 | 42.9 | 255 | 2.4 |

iii) 60.0% of the labor disputes concerned dismissals, and 20.0% were related to wages (more than one answer possible). In the preceding survey, the former represented 28.6% and the latter 71.4%, indicating that the relation between these two has been reversed, with issues related to dismissals holding a larger share.

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

i) 22.5% of the companies had a labor-management consultation body. By industry, 34.3% of the manufacturers and 16.7% of the non-manufacturers had such a body. Thus, the percentage was lower at non-manufacturers. (Figure 10-1)

The percentage of companies with a labor-management consultation body was higher among companies with a large workforce. Whereas the percentage was 11.6% at companies with nine or fewer employees and 22.4% at companies with 10 to 29 employees, the percentage rose to 57.1% at companies with 500 to 999 employees. All companies with 1,000 or more employees had such a body. (Figure 10-2)

The ratio is low among companies where the foreign equity ratio is high and at branches of foreign companies. (Figure 10-3)

Figure 10-1. Companies with Labor-Management Consultation Bodies by Industry

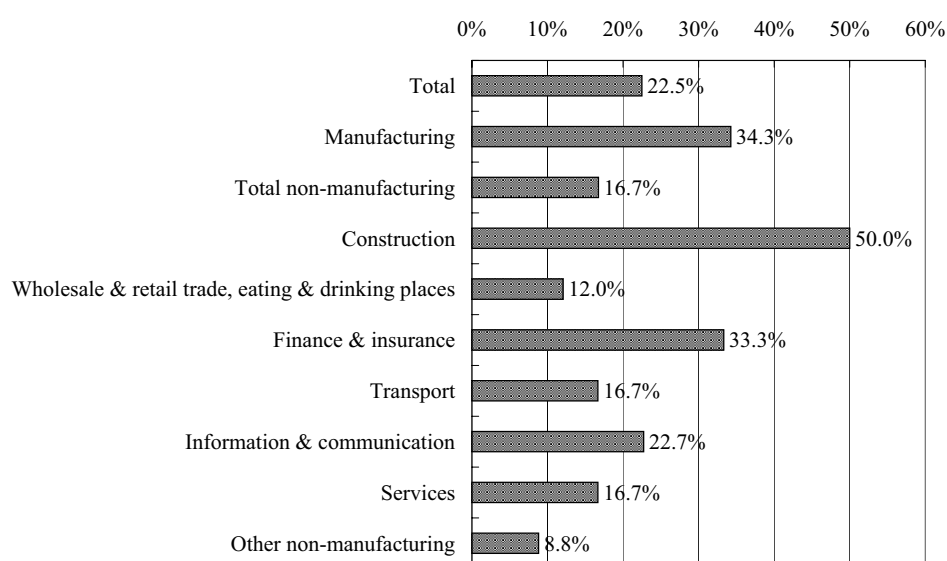


Figure 10-2. Companies with Labor-management Consultation Bodies by Size

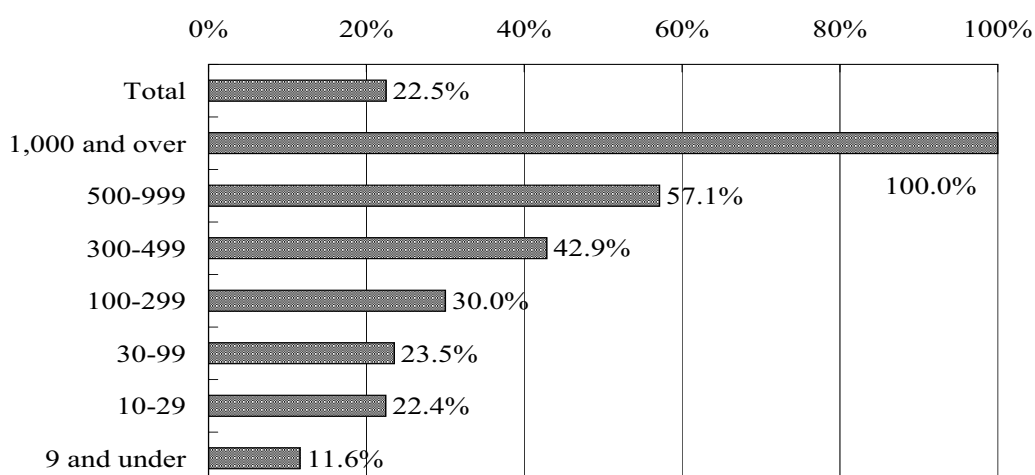
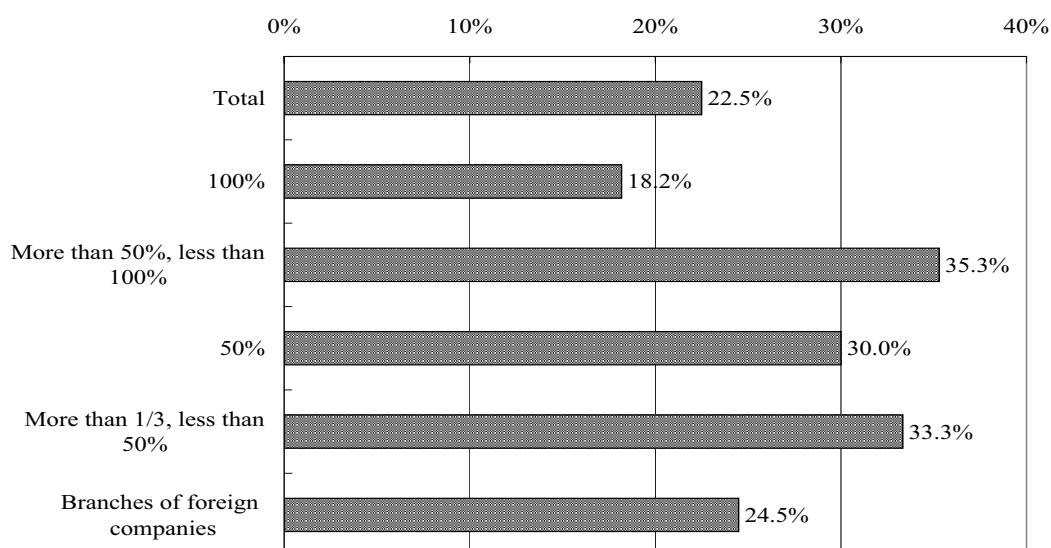


Figure 10-3. Companies with Labor-management Consultation Bodies by Origin of Foreign Capital

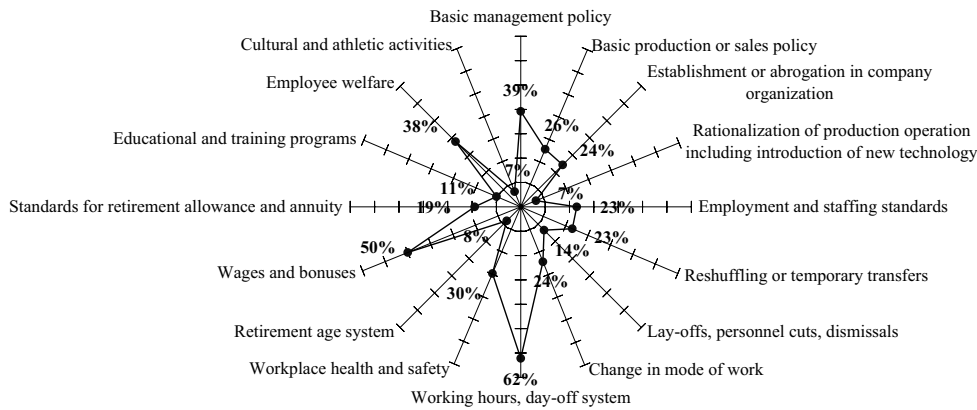


ii) On average, companies with a labor-management consultation bodies held five consultations during the one-year period. Thus, consultations were held about once every two months. At 20.3% of the companies where there was a labor-management consultation body, consultations were held 11 times or more during the same one-year period.

iii) Regarding problems referred to the labor-management consultation body, 62.2% concerned working hours, holidays and leaves; 50.0% related to wages and bonuses; 39.2% dealt with basic management policy; and 37.8% were issues concerning welfare (more than one answer possible). (**Figure 11**)

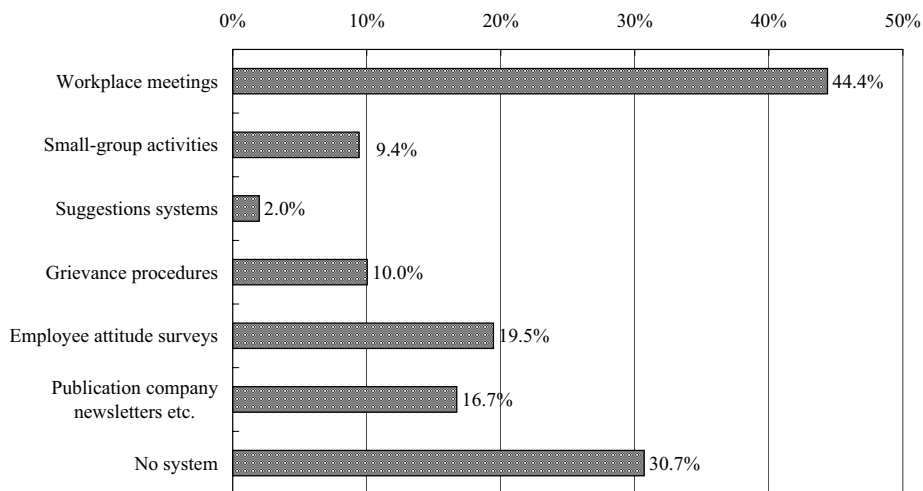
A comparison between a survey on foreign-affiliated companies with 30 or more regular employees and that of one taken by the Ministry of Health, Labour and Welfare in 1999 (the latest survey by the ministry) of similar Japanese companies shows that there was less communication between labor and management at foreign-affiliated companies: working hours, holidays and leaves (65.9% at foreign-affiliated firms vs. 87.3% at their Japanese counterparts), wages and bonuses (56.1% at foreign-affiliated companies and 80.4% at Japanese firms), and basic management policy (43.9% at foreign-affiliated companies against 76.0% at Japanese companies).

Figure 11. Breakdown of Issues Referred to Labor-management Consultation Bodies in Companies with Labor Unions (M.A.)



iv) In terms of a system for labor-management communication, 44.4% of the companies have a worksite forum, and 19.8% have a proposal system, etc. (more than one answer possible). (Figure 12)

Figure 12. Communication Channels Other than Labor-management Consultation Body (M.A.)



(5) Employment Adjustment

i) Employment adjustment measures taken in the two-year period included transfers (21.3%), curbs on overtime (17.6%), inviting voluntary retirement, etc. (16.4%), substituting days off for other days or increasing the number of holidays (16.1%), and placing a freeze on the hiring of temporary and part-time workers and dismissing such workers (13.4%) (more than one answer possible). (Figure 13)

ii) 65.2% of the companies obtained the consent of, held consultation with, or requested the opinion of the labor union or an employee representative (hereafter referred to as the "labor union, etc.") regarding substitute days off or increasing the number of holidays; 69.8% of the companies did so to place curbs on overtime; and 45.3% to ask for voluntary retirement, etc.

Important issues for which the labor union, etc. was not consulted included cutting back or suspending new hiring (58.3%), cutting back or suspending the hiring of mid-career workers (54.5%), not renewing the contract of or dismissing temporary workers, seasonal workers and part-time workers (52.2%) and loaning out employees (44.0%). (Figure 14)

Figure 13. Implementation of Employment Adjustment Measures in Recent 2-year Period (M.A.)

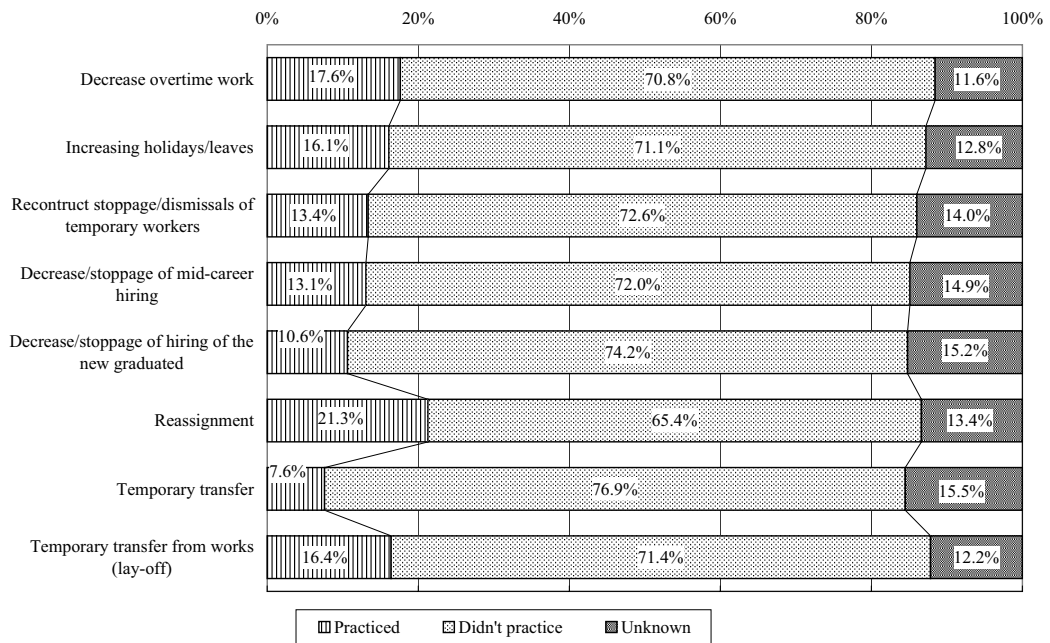
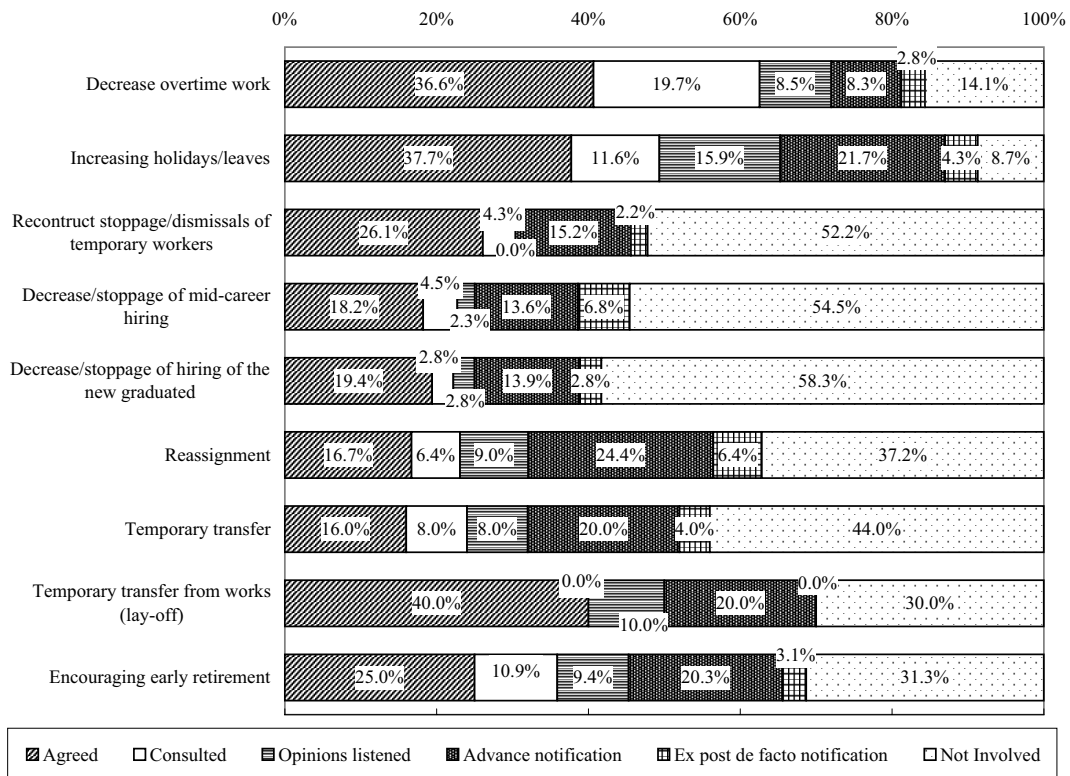


Figure 14. Level of Involvement of Labor Union (Employee Representative) in Employment Adjustment by Issue (Companies with a Labor Union or Other Employee Organization)



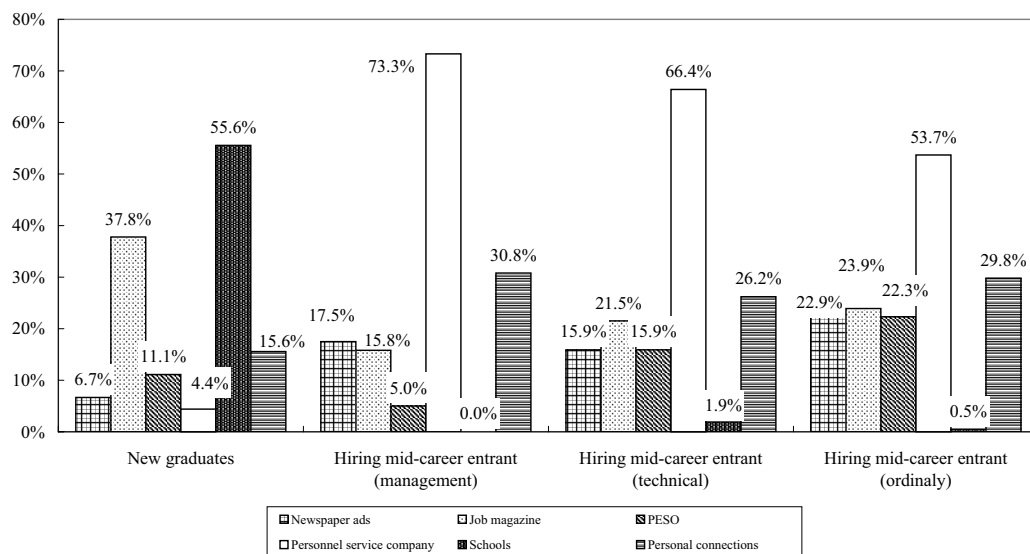
3. Personnel Management

(1) Hiring

i) Regarding the channels for hiring new graduates, using companies that were hiring in general as the parameter, those that recruited through schools represented 55.6%, the largest group. Those that placed ads in job placement journals represented 37.8%, and those that responded through personal connections accounted for 15.6%. This finding does not differ much from the fiscal 1999 survey, the results of which were: 62.4% of the companies hired through schools, 47.4% through job placement journals, and 18.0% through personal connections.

When hiring mid-career workers, human resource banks were used the most often for all job categories (administrative work, technical jobs and general office work), followed by hiring through personal connections, also for all job. **(Figure 15)**

Figure 15. Hiring Channels (M.A.)



ii) Regarding future recruitment policies, 66.9% of the companies intended to hire mainly mid-career workers, those that planned to hire both new graduates and mid-career workers represented 10.6%, and those that said they would mainly hire new graduates accounted for 1.2%. Companies that said they had no policy in particular represented 19.1%. **(Figure 16)**

Regarding the reasons for their respective hiring policies (more than one answer possible), 75.0% of the companies that mainly hire new graduates annually responded that "enough manpower can be secured by hiring only new graduates" while 50.0% replied "we have an established recruiting channel." Among companies that hired both new graduates and mid-career workers, those that said they "want to secure personnel who would be immediately useful" represented 42.9%, and those who answered "we have an established recruiting channel" represented 22.9%. Among companies that mainly hired mid-career workers, 80.5% said they needed personnel who can be of immediate use, which is the reason for hiring such workers. **(Table 4)**

Figure 16. Future Hiring Policies

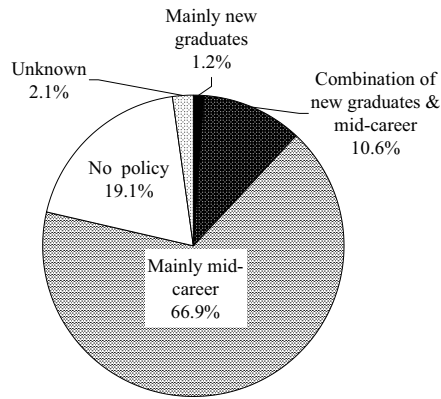


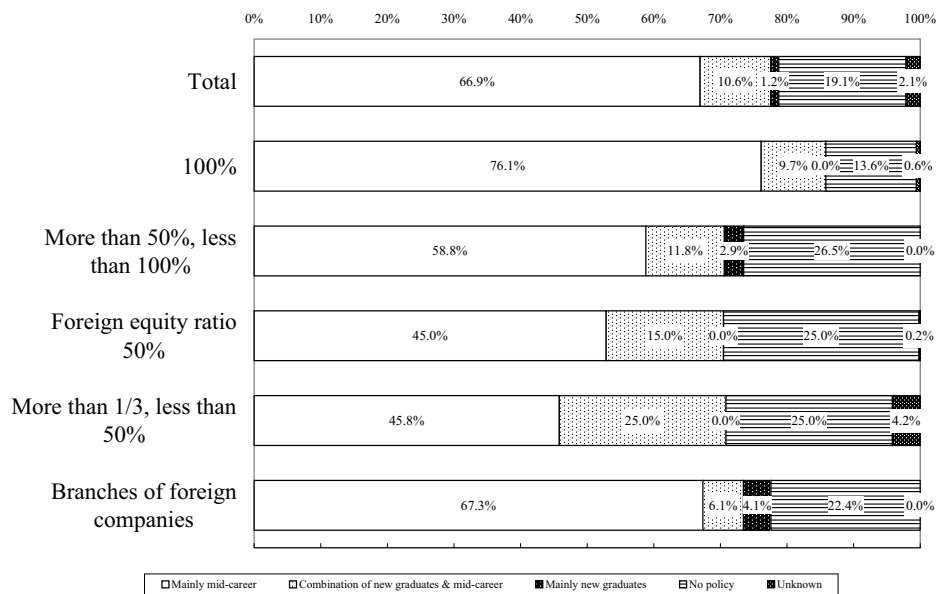
Table 4. Reasons for Hiring Policies (M.A.)

(%)

| | Mainly hire new graduates under annual recruiting plan | Hire both new graduates and mid-career workers | Mainly hire mid-career workers |
|--|--|--|--------------------------------|
| Possible to secure manpower by hiring new graduates only | 75.0 | - | - |
| Have established recruiting channel | 50.0 | 22.9 | 1.8 |
| Possible to secure manpower by hiring mid-career workers only | - | - | 33.2 |
| Hire personnel who can be of immediate use | - | 42.9 | 80.5 |
| Recruited only to fill vacancies | - | 20.0 | 32.3 |
| Cannot secure quality human resources by hiring new graduates | - | 8.6 | 4.5 |
| Cannot secure quality human resources by hiring mid-career workers | 25.0 | 20.0 | 0.5 |
| It costs too much to train new graduates | - | 20.0 | 23.2 |
| Do not have know-how to hire new graduates | - | 5.7 | 4.1 |
| Hiring new graduates doesn't work out | - | - | 1.4 |

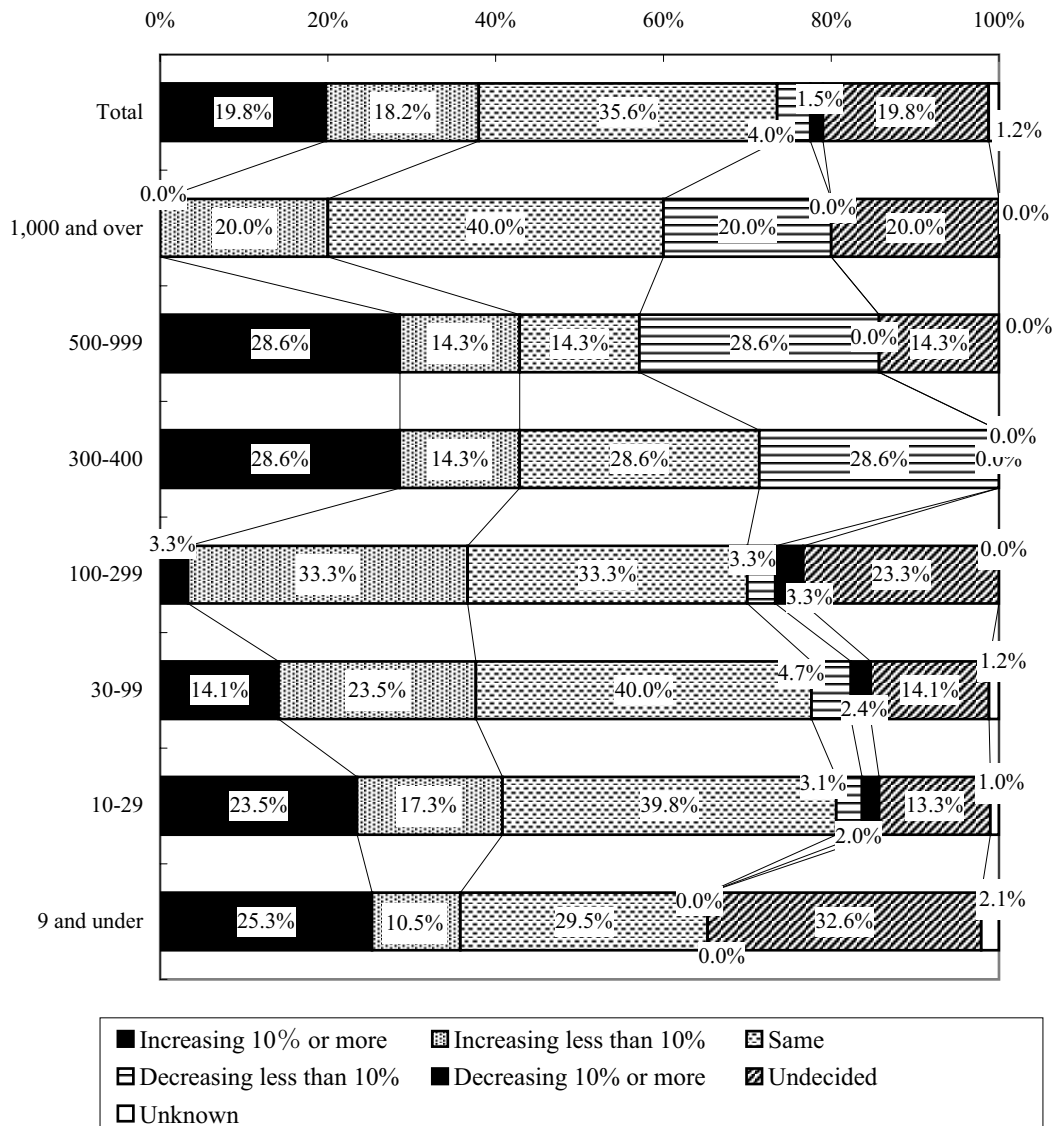
Regarding the relation between hiring policy and foreign equity ratio, companies with a high percentage of foreign equity tend to hire mid-career workers. (Figure 17)

Figure 17. Relation between Ratio of Foreign Equity and Future Hiring Policies



iii) Regarding manpower and recruitment plans for the upcoming three years (from December 31, 2003), 19.8% of the companies surveyed said they had not yet decided. Among the companies that said they had such plans, the largest group, 38.0%, said that they either intended to increase their personnel by 10% or more or by less than 10%. Those that replied their labor force would remain flat represented 35.6%, the second largest group. (Figure 18)

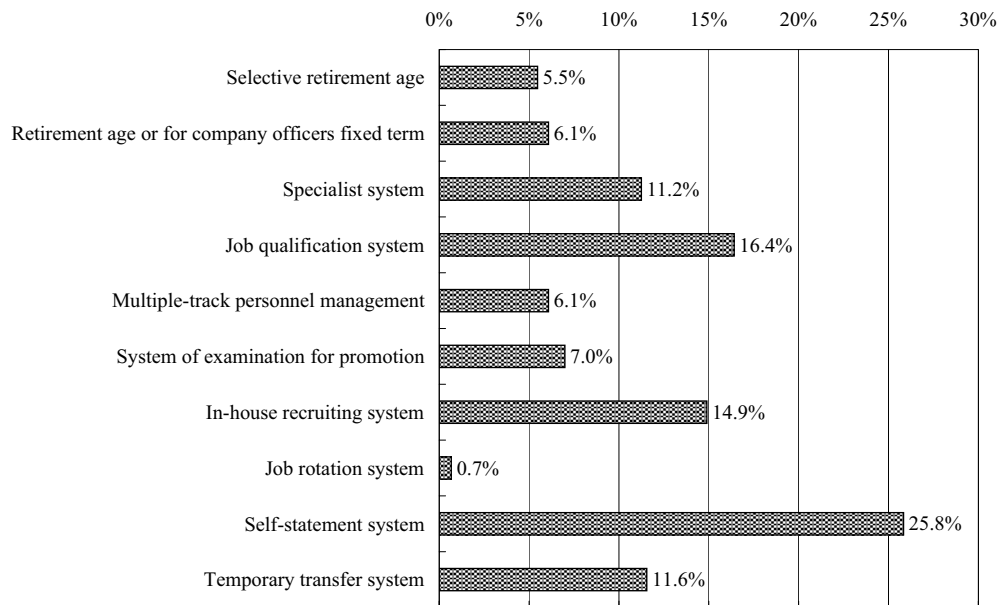
Figure 18. Manpower/Recruitment Plans for Next 3 Years by Company Size



(2) Personnel Management

i) Regarding the personnel administration system, companies that mentioned "an self-statement promotion system" represented 25.8% and those that mentioned "a job qualification system" represented 16.4% (more than one answer possible). **(Figure 19)**

Figure 19. Types of Personnel Management Systems (M.A.)



ii) Regarding hiring and personnel administration policies, 61.7% of the companies said they did not adhere to the lifetime employment system. 40.4% replied that they considered one's ability to perform one's duties as most important, while only 3.3% too into consideration an employee's "entire personality."

Regarding organization, 59.9% of companies, the largest group, said they have a clear division of labor among their employees, and only 17.3% said they did not.

Regarding wages, 61.1% answered they attach considerable importance to ability, and only 2.4% said they consider the living situation of employees important. 30.7% of the companies tried to achieve a compromise between these two factors.

Regarding performance ratings, and rewards and punishments, 55.3% said they actively carried out performance rating and mete out rewards and punishments, while 10.0% said they attach more importance to human relations.

As a basic personnel and labor administration policy, 61.4% replied they attach importance to ability, while only 0.9% responded they place importance on seniority. Companies that compromise between these two factors represented 31.0%. **(Figure 20)**

(3) Administration and Personnel Management

i) When we examine who holds the power to make final decisions about management and personnel administration, we note that Japanese management has the initiative at more than half the companies surveyed. In particular, Japanese management has more say in issues such as "enactment of or changes to work rules" and "amendments to the wage system" than in such managerial affairs as formulation of a project and securing manpower for a particular project. **(Figure 21)**

When we examine the correlation between the foreign equity ratio and division of power, for almost all affairs that require decisions, the lower the foreign equity ratio, the higher the percentage of companies where Japanese management is totally empowered.

Figure 20. Basic Policies for Personnel Management

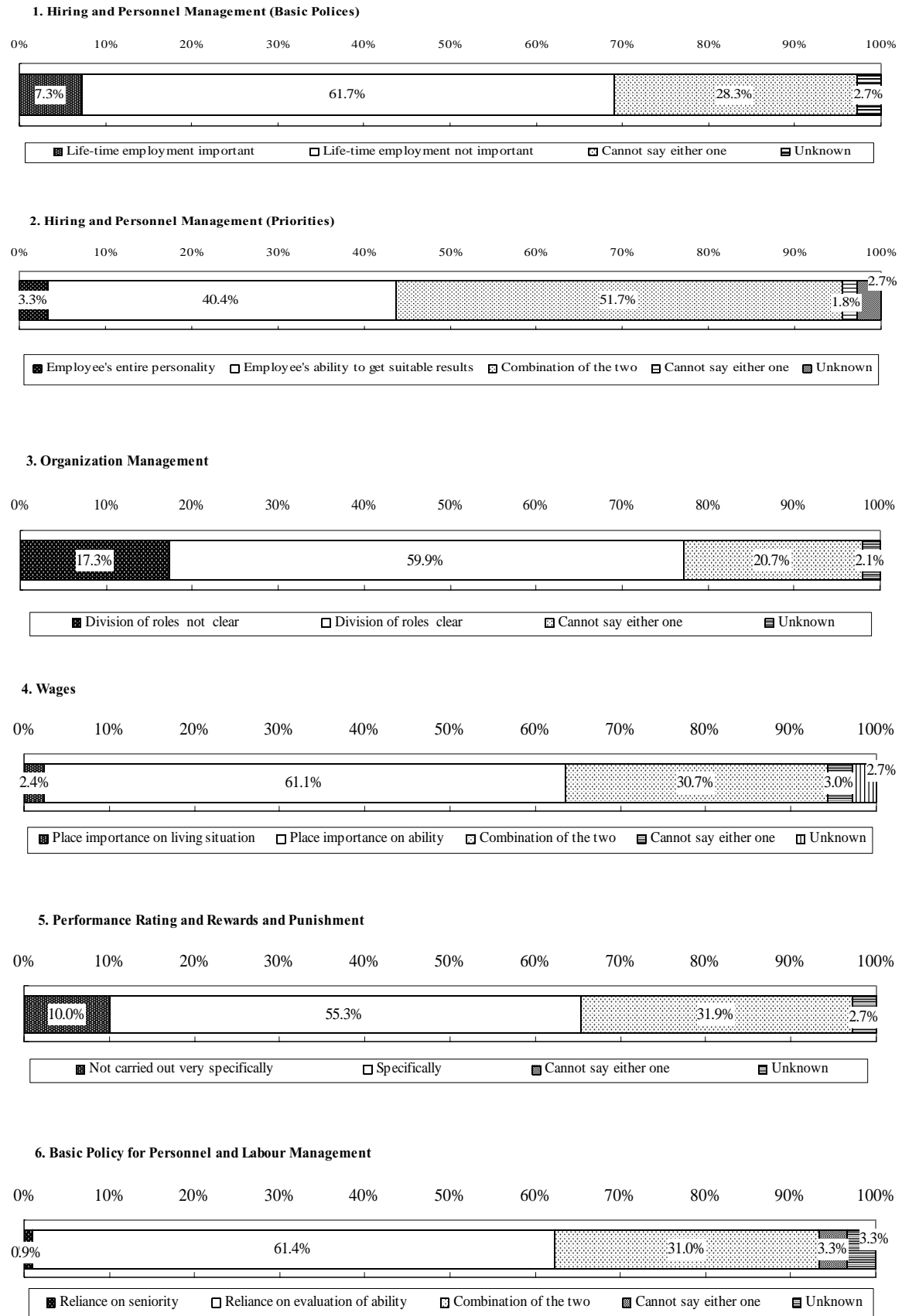


Figure 21. Final Decision Making Bodies for Personnel Management

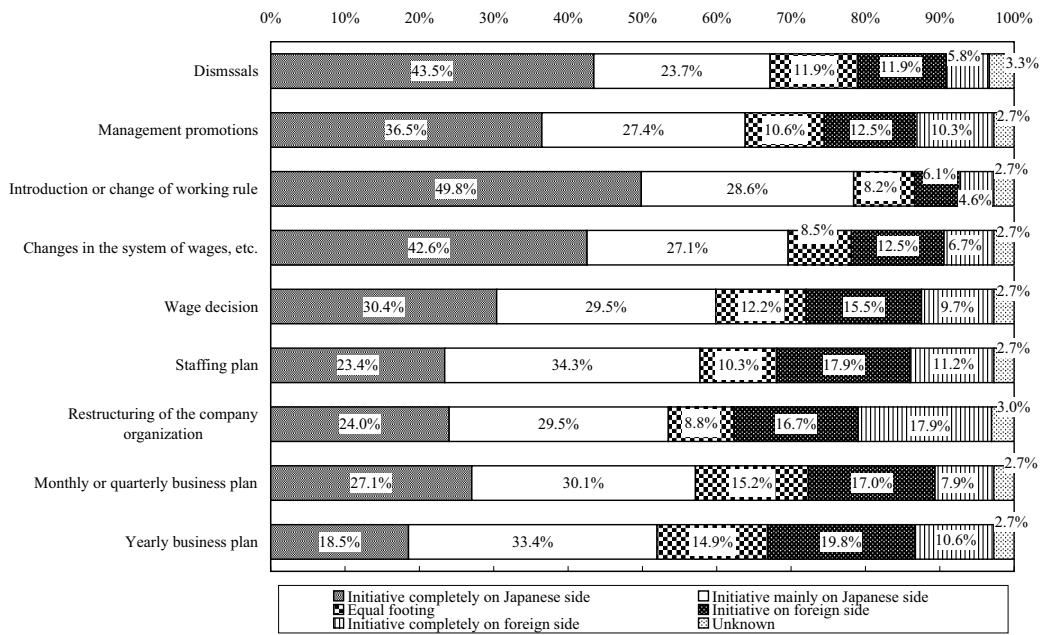
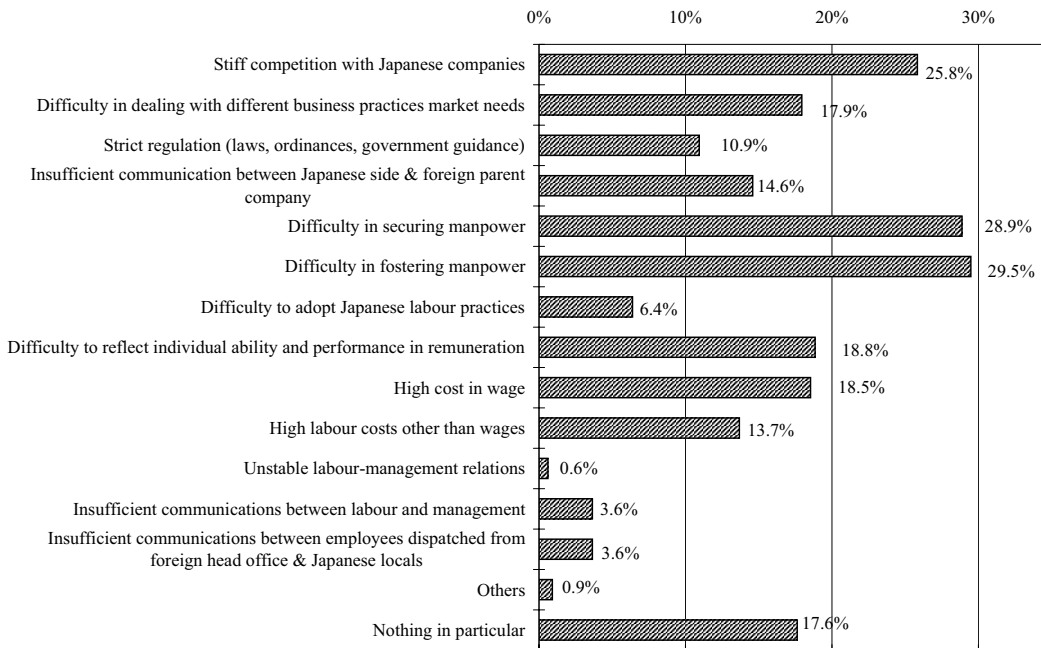


Figure 22. Personnel Management Problems (M.A.)



ii) Then, what do foreign-affiliated companies consider to be management and personnel administration problems? Many companies mentioned "the difficulty of fostering the growth of employees" (29.5%) and "the difficulty of securing capable people" (28.9%), followed by companies that responded there was "stiff competition from Japanese companies" (25.8%), "difficulty to reflect individual ability and performance in remuneration" (18.8%) and "high cost in wage" (18.5%) (more than one answer possible). (Figure 22)

Companies that said there were no particular problems in this sphere represented 17.6%.

4. Working Conditions

(1) Wages

i) The average monthly starting wage for new college graduates for clerical work in April 2002 (the actually amount paid) was ¥213,236 for men and ¥208,649 for women. By industry, wages in the finance and insurance industry were higher than those in other industries.

ii) The average standard fixed wage for a 30-year old employee who joined the company as new college graduate was ¥434,771 for male and ¥319,759 for female. By industry, such wages were highest in finance and insurance for both genders.

By foreign equity ratio, wholly-owned subsidiaries pay the best wages. The average wage at such companies was ¥503,519/month for male and ¥328,541/month for female.

The average special wages, including bonuses and end-of-term allowances, for January 1 through December 31, 2003, was about ¥1,150,000 for male and ¥1,030,000 for female. **(Table 5)**

Table 5. Starting Wage for New College Graduates and Standard Wage for 30-year Old Employee
(yen)

| | Starting wage for new college graduate (clerical) | | Standard wage for 30-year old employee hired as a new college graduate | | | | | |
|--|---|---------|--|---------|--------|--------|--|--------|
| | | | Fixed wage | | | | Special wages, including bonuses in 2003 (1,000) | |
| | Male | Female | Male | Female | Male | Female | Male | Female |
| Manufacturing | 181,808 | 178,925 | 322,642 | 294,811 | 29,180 | 21,372 | 11,690 | 11,280 |
| Construction | 250,000 | 200,000 | 425,000 | 300,000 | - | - | 7,500 | 6,000 |
| Wholesale & retail trade, eating & drinking places | 211,731 | 207,875 | 330,814 | 308,677 | 23,061 | 15,872 | 9,210 | 8,360 |
| Finance & insurance | 366,720 | 297,571 | 385,992 | 329,671 | 12,520 | 18,062 | 14,040 | 13,880 |
| Transportation | 215,305 | 211,972 | 352,527 | 346,380 | 28,333 | 27,000 | 14,100 | 13,170 |
| Information & communications | 262,359 | 255,179 | 434,564 | 320,382 | 16,393 | 17,455 | 10,730 | 8,520 |
| Services | 233,552 | 235,107 | 446,889 | 364,532 | 16,540 | 21,473 | 14,570 | 12,340 |
| Other non-manufacturing | 206,825 | 206,441 | 1,026,126 | 353,376 | 14,863 | 16,589 | 11,200 | 8,210 |
| Foreign capital 100% | 203,309 | 196,182 | 503,519 | 328,541 | 19,355 | 17,611 | 12,030 | 10,780 |
| more than 50%, less than 100% | 200,453 | 198,603 | 335,752 | 291,631 | 41,175 | 38,325 | 9,810 | 8,650 |
| 50% | 209,050 | 208,860 | 308,700 | 295,800 | 24,580 | 16,250 | 9,940 | 9,740 |
| more than 1/3, less than 50% | 206,359 | 201,454 | 320,888 | 286,993 | 38,815 | 29,892 | 12,920 | 11,930 |
| Branches of foreign companies | 211,536 | 208,399 | 371,850 | 324,680 | 11,070 | 13,526 | 10,690 | 9,830 |
| Average | 213,236 | 208,649 | 434,771 | 319,759 | 22,375 | 19,104 | 11,490 | 10,350 |

(2) Scheduled Working Hours Per Week

i) When we examine the scheduled working hours per week, we note that 65.6% of the companies scheduled less than 40 hours. A breakdown by industry for this category showed 83.3% in transportation, 75.0% in services, 70.0% in finance and insurance, 67.6% in manufacturing, and 59.0% in Wholesale & retail trade, eating & drinking places, representing more than 50% in all industries. By corporate size, companies where the scheduled working hours per week was less than 40 hours represented 56.8% of the companies with nine employees or fewer, 63.3% of the firms with 10 to 29 employees, 69.4% of the companies with 30 to 99 employees, 83.3% of the companies with 100 to 299 employees, 71.5% of the companies with 300 to 499 employees, 85.7% of those with 500 to 999 employees, and 60.0%

of the companies with 1,000 employees or more. (Table 6)

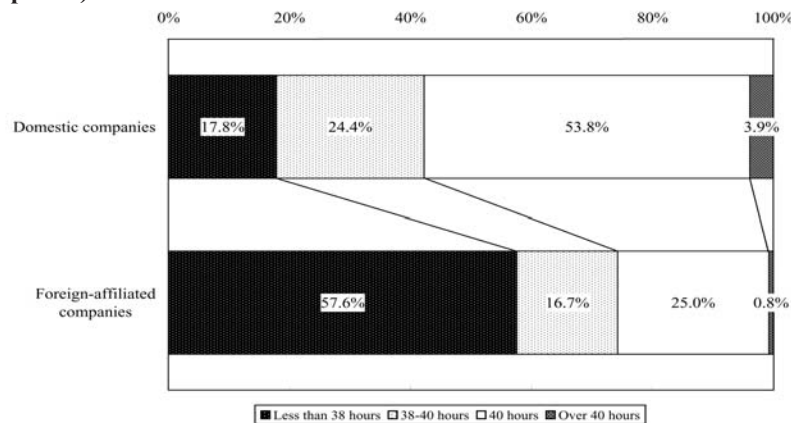
Table 6. Breakdown of Company by Scheduled Working Hours per Week

| | Less than 38 hours | 38 to less than 40 hours | 40 to less than 42 hours | 42 hours & more | Un-known |
|--|--------------------|--------------------------|--------------------------|-----------------|----------|
| Total manufacturing | 54.6 | 13.0 | 26.9 | 2.8 | 2.8 |
| Total non-manufacturing | 57.5 | 7.2 | 25.3 | 5.4 | 4.5 |
| Mining | 100.0 | - | - | - | - |
| Construction | 50.0 | - | 50.0 | - | - |
| Wholesale & retail, eating & drinking places | 49.4 | 9.6 | 30.1 | 6.0 | 4.8 |
| Finance and insurance | 70.0 | - | 20.0 | 10.0 | - |
| Real estate | 100.0 | - | - | - | - |
| Transportation | 75.0 | 8.3 | 8.3 | - | 8.3 |
| Information & communication | 50.0 | 4.5 | 22.7 | 9.1 | 13.6 |
| Services | 61.1 | 13.9 | 22.2 | - | 2.8 |
| Other non-mfg. | 58.8 | 2.9 | 29.4 | 5.9 | 2.9 |
| 1,000 employees and over | 20.0 | 40.0 | 40.0 | - | - |
| 500 - 999 | 57.1 | 28.6 | 14.3 | - | - |
| 300 - 499 | 28.6 | 42.9 | 28.6 | - | - |
| 100 - 299 | 70.0 | 13.3 | 16.7 | - | - |
| 30 - 99 | 56.5 | 12.9 | 27.1 | 1.2 | 2.4 |
| 10 - 29 | 59.2 | 4.1 | 27.6 | 8.2 | 1.0 |
| 9 and under | 52.6 | 4.2 | 26.3 | 6.3 | 10.5 |
| Average | 56.5 | 9.1 | 25.8 | 4.6 | 4.0 |

ii) By foreign equity ratio, we note that 54.2% of the companies with more than one-third and less than 50% foreign equity had scheduled weekly working hours of less than 40 hours; 55.0% of the companies whose foreign equity ratio was 50% scheduled less than 40 working hours a week; the figure was 52.9% for companies whose foreign equity ratio was more than 50% less than 100%; 70.5% for wholly-owned subsidiaries and 71.4% for branches of foreign companies. Generally speaking, the higher the foreign equity ratio, the higher the percentage of companies where the scheduled working hours per week is less than 40 hours.

iii) A comparison between working conditions at foreign-affiliated companies with 30 or more regular employees with the results of a survey concerning working conditions at similar Japanese companies by the Ministry of Health, Labour and Welfare in 2003 shows that 57.6% of the foreign-affiliated companies scheduled less than 38 working hours per week, and that 41.7% of such firms had working hours of 38 hours or more but less than 40. On the other hand, only 17.8% of domestic firms had working hours of less than 38 per week, while 78.2% reported scheduled working hours between 38 and 40. (Figure 23)

Figure 23. Ratio of Companies by Level of Scheduled Working Hours (Comparison with Japanese Companies)



(3) Days Off and Leaves

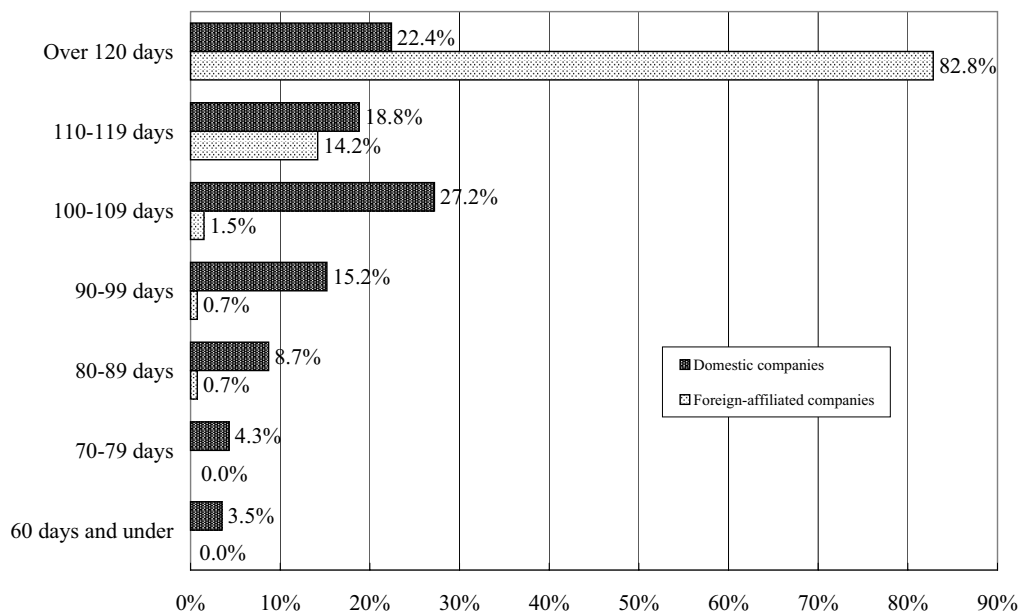
i) The percentage of companies that scheduled 110 or more days off annually was 89.7% (the figure was 72.9% in the FY 1999 survey), with 71.5% companies scheduling a minimum of 120 days off, an increase from the 58.2% obtained in the FY 1999 survey. (Table 7)

Table 7. Total Numbers of Days Off by Company Size

| | 69 days or less | 70 to 79 days | 80 to 89 days | 90 to 99 days | 100 to 109 days | 110 to 119 days | 120 days or more | Un-known | Total (%) |
|--------------------------|-----------------|---------------|---------------|---------------|-----------------|-----------------|------------------|----------|-----------|
| 1,000 employees and over | - | - | - | - | - | 20.0 | 80.0 | - | 100.0 |
| 500 - 999 | - | - | - | - | - | 14.3 | 85.7 | - | 100.0 |
| 300 - 499 | - | - | - | - | - | - | 100.0 | - | 100.0 |
| 100 - 299 | - | - | - | - | 3.3 | 10.0 | 83.4 | 3.3 | 100.0 |
| 30 - 99 | - | - | 1.2 | 1.2 | 1.2 | 16.5 | 78.9 | 1.2 | 100.0 |
| 10 - 29 | - | - | - | 1.0 | 1.0 | 25.5 | 67.4 | 5.1 | 100.0 |
| 9 and under | - | 2.1 | - | 1.1 | 1.1 | 15.8 | 63.2 | 16.8 | 100.0 |
| Average | - | 0.6 | 0.3 | 0.9 | 1.2 | 18.2 | 71.5 | 7.3 | 100.0 |

A comparison between foreign-affiliated companies with 30 or more regular employees and their Japanese counterparts (from the Ministry of Health, Labour and Welfare's 2003 survey on working conditions) shows that 82.8% of the foreign firms scheduled 120 days or more off, whereas only 22.4% of the Japanese companies did so. (Figure 24)

Figure 24. Breakdown of Companies by Number of Scheduled Days Off (Comparison with Japanese Companies)



ii) On average, workers are granted 18.0 paid days off per annum, while the average number of such days taken is 9.9, about 55.6%. By foreign equity ratio, the average scheduled number of paid days off is 18.9 days at branches of foreign companies, and also in firms where the foreign equity ratio is 50%; the percent is 17.9% at wholly-owned subsidiaries of foreign companies and at companies where the foreign equity ratio is more than one-third but less than 50%. The average number of days taken is 12.5 days 66.1% at branches of foreign companies; 10.3 at firms where the foreign equity ratio is more than one-third but less than 50%; 9.3 days at wholly-owned subsidiaries of foreign companies and at companies where the foreign equity

ratio is 50%. On average, 66.1% of paid leave is taken at branches of foreign companies; 55.9% at companies where the foreign equity ratio is more than 50% and less than 100%; 57.6% at companies where the foreign equity ratio is more than one-third but less than 50%; 53.1% at wholly-owned subsidiaries of foreign companies; and 57.6% at companies where the foreign equity ratio is more than one-third but less than 50%. **(Table 8)**

Table 8. Average Annual Paid Leave, Average Number of Days Taken, and Average rate of Days Taken by Foreign Equity Ratio

| | (number of days) | | |
|-------------------------------|-------------------|----------------------|-----------------------------|
| | Average grant day | Average acquired day | Average grant acquired rate |
| Foreign capital 100% | 17.9 | 9.3 | 53.1 % |
| More than 50%, less than 100% | 16.9 | 9.5 | 55.9 |
| 50% | 18.9 | 9.3 | 52.6 |
| More than 1/3, less than 50% | 17.9 | 10.3 | 57.6 |
| Branches of foreign companies | 18.9 | 12.5 | 66.1 |
| Average | 18.0 | 9.9 | 55.6 |

A comparison between foreign-affiliated companies with 30 or more regular employees and their Japanese counterparts (from the Ministry of Health, Labour and Welfare's 2003 survey on working conditions) shows that at foreign-affiliated companies the average number of paid days off is 18.1, the average number of days taken is 10.5 days, and the average percentage of days taken is 58.5%. The figures for Japanese firms are 17.5 days, 9.1 days and 48.1% respectively. Thus, the figures for foreign-affiliated companies are all higher than those for Japanese companies. **(Table 9)**

Table 9. Comparison between Foreign-affiliated and Japanese Firms regarding Average Annual Paid Leave, Average Number of Days Taken, and Average Rate of Days Taken

| | (number of days) | | |
|------------------------------|-------------------|----------------------|-----------------------------|
| | Average grant day | Average acquired day | Average grant acquired rate |
| Foreign-affiliated companies | | | |
| 2003 survey | 18.1 | 10.5 | 58.5% |
| 1999 survey | 20.2 | 11.7 | 57.8 |
| Japanese companies | | | |
| 2003 survey | 17.5 | 9.1 | 48.1 |
| 1999 survey | 17.8 | 9.0 | 50.5 |

Note 1. The numerical data for Japanese companies is based on the survey of working conditions in 2003 by the Ministry of Health, Labour and Welfare and the survey of wages, working hours, etc., for 1999 by the Ministry of Labour.

Note 2. Only companies, both foreign-affiliated and Japanese, with 30 or more regular employees are covered.

iii) The breakdown of special leaves by type is: 89.4% for leaves to cover the death of a family member; 88.4% to get married; 63.2% for illness; 59.3% for childbirth by the spouse; 17.3% to nurse a sick family member; 16.7% for personal maintenance; 12.2% to attend an education and training session; and 4.9% for volunteer activities. **(Figure 25-1)**

A comparison between foreign-affiliated companies with 30 employees or more with their Japanese counterparts (from the Ministry of Health, Labour and Welfare's 2003 survey on working conditions) shows that leaves due to illness represent 19.1% of all leaves at Japanese companies versus 65.7% at foreign-affiliated companies; personal maintenance leaves 13.4% at Japanese companies compared to 23.1% at foreign-affiliated companies; leaves to attend an education and training session are only 4.1% at Japanese companies and 9.0% at foreign-affiliated companies; and leaves to participate in volunteer activities 2.4% at Japanese companies and 7.5% at foreign-affiliated companies. Thus, foreign-affiliated companies are more advanced than Japanese companies in terms of granting leaves.

Figure 25-1. Breakdown of Leaves by Type

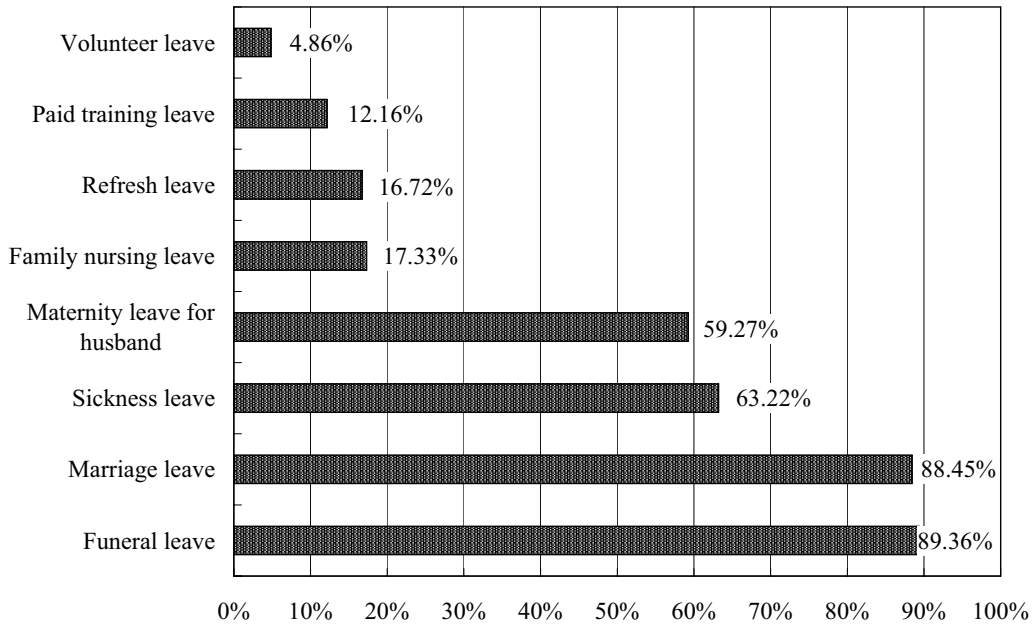
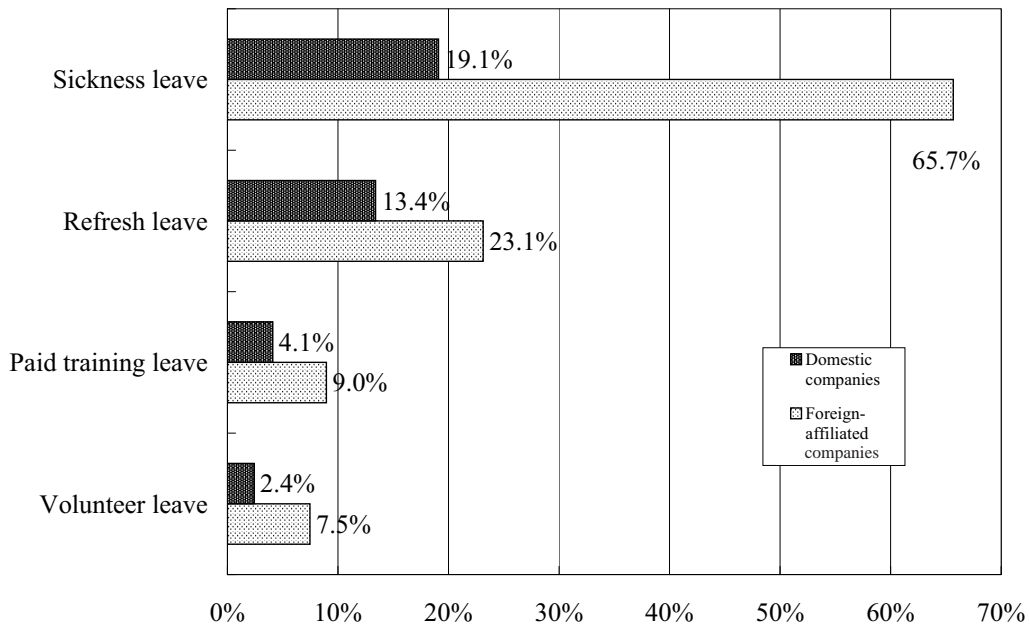


Figure 25-2. Comparison of Special Leaves Granted between Foreign-affiliated Firms and Japanese Companies



Note 1. The numerical data for Japanese companies is based on the survey of working conditions in 2003 by the Ministry of Health, Labour and Welfare.

Note 2. Only companies, both foreign-affiliated and Japanese, with 30 or more regular employees are covered.

Reference

Comparison between Foreign-affiliated Companies and Domestic Japanese Companies

The results of this survey (hereafter referred to as The Survey), which covers foreign-affiliated companies only, and the results of a survey covering all companies operating in Japan including foreign-affiliated companies are shown here. (Information for the foreign-affiliated companies on the left side was obtained from The Survey, while that for the domestic companies on the right is based on different surveys.) The surveys differ in many respects, including method, selection of subjects, and the period when they were conducted. Accordingly, please note that a mechanical comparison of numerical data may often be misleading.

To the extent possible the results of The Survey have been recalculated to draw a comparison between foreign-affiliated companies and Japanese companies of the same size.

| Foreign-affiliated Companies | Domestic Japanese Companies |
|--|---|
| 1. Hiring and leaving | |
| <ul style="list-style-type: none"> <i>The Survey</i> (All companies surveyed) | <ul style="list-style-type: none"> <i>Survey on Employment Trends, 2003</i> (Firms with 5 or more regular employees) |
| Number hired 3,123 | Number hired 6,050,000 |
| Number of mid-career workers hired 2,554 | Mid-career workers hired 3,620,000 |
| Ratio of mid-career workers hired 81.8% | Ratio of mid-career workers hired 59.8% |
| Number of people who quit 3,353 | Number of people who quit 6,620,000 |
| 2. Labor-management Relations | |
| (1) Organization rate | |
| <ul style="list-style-type: none"> <i>The Survey</i> 51.3% (The high ratio is because firms with 1,000 employees or more are more frequently unionized than smaller firms.) | <ul style="list-style-type: none"> <i>Basic Survey on Labor Unions, 2003</i> 19.6% |
| (2) Collective Agreement | |
| <ul style="list-style-type: none"> <i>The Survey</i> (All companies surveyed) | <ul style="list-style-type: none"> <i>Survey on Collective Agreement, etc., 2001</i> (Private firms with 30 or more union members) |
| Exists 88.9% | Exists 91.5% |
| Doesn't exist 11.1% | Doesn't exist 8.5% |
| (3) Breakdown of labor disputes accompanied by strikes | |
| <ul style="list-style-type: none"> <i>The Survey</i> (All companies surveyed) | <ul style="list-style-type: none"> <i>Survey on Collective Bargaining and Labour Disputes, 2002 (M.A.)</i> (Private firms with 30 or more union members) |
| Wages 20.0% | Wages 92.1% |
| Working hours, holidays or leaves 0.0% | Working hours, holidays or leaves 12.8% |
| Dismissals 60.0% | Employment or personnel administration 22.5% |
| (4) Labor-management consultation committee and communications | |
| a. Existence of Labor-management consultation committee | |
| <ul style="list-style-type: none"> <i>The Survey</i> (Firms with 30 or more regular employees) | <ul style="list-style-type: none"> <i>Survey on Labour-Management Communications, 1999</i> (Private firms with 30 or more regular employees) |
| Exists 30.6% | Exists 41.8% |
| Doesn't exist 67.2% | Doesn't exist 58.2% |
| Unknown 2.2% | |

| a. Affairs referred to a consultative body | |
|---|--|
| <ul style="list-style-type: none"> • <i>The Survey</i> (Firms with 30 or more regular employees) Basic management policy 39.2% Basic production or sales policy 25.7% Establishment or abrogation in company organization 24.3% Rationalization of production operation including <ul style="list-style-type: none"> introduction of new technology 6.8% Employment & staffing standards 23.0% Reshuffling or temporary transfers 23.0% Layoffs, personnel cut, dismissals 24.3% Change in mode of work 35.2% Working hours, day-off system 62.2% Workplace Safety & health 29.7% Retirement age system 8.1% Wages & bonuses 50.0% Standards for retirement allowance & annuity 18.9% Education & training programs 10.8% Employment welfare 37.8% Cultural & athletic activities 6.8% | <ul style="list-style-type: none"> • <i>Survey of Labour-Management Communications, 1999</i> (Private firms with 30 or more regular employees) Basic management policy 76.0% Basic production or sales policy 68.8% Establishment or abrogation in company organization 70.3% Rationalization of production operation including <ul style="list-style-type: none"> introduction of new technology 54.1% Employment & staffing standards 57.0% Reshuffling or temporary transfers 64.0% Layoffs, personnel cut, dismissals 73.3% Change in mode of work 84.9% Working hours, day-off system 87.3% Workplace Safety & health 83.1% Retirement age system 75.0% Wages & bonuses 80.4% Standards for retirement allowance & annuity 73.3% Education & training programs 58.2% Employment welfare 81.9% Cultural & athletic activities 65.3% |
| c. Labor-management communications (Consultations, etc.) | |
| <ul style="list-style-type: none"> • <i>The Survey</i> (Firms with 30 or more regular employees) Workplace meetings 41.0% Small groups activities 14.2% Suggestions systems 26.9% Grievance procedures 17.1% | <ul style="list-style-type: none"> • <i>Survey on Labour-management Communications, 1999</i> (Private firms with 30 or more regular employees) Workplace meetings 55.3% Organization of employees 50.8% Self-declaration system 40.8% Grievance procedures 25.2% |
| 3. Management and Personnel & Labor Administration | |
| (1) Hiring | |
| Hiring channel <ul style="list-style-type: none"> • <i>The Survey</i> (All companies surveyed) New school graduates Newspaper advertisement 6.7% Public Employment Security Offices 11.1% Schools 55.6% Personal connections 15.6% Jobs magazine 37.8% Personel service company 4.4% | <ul style="list-style-type: none"> • <i>Survey on Employment Trends, 2002</i> (With 5 or more regular employees) Advertisement 26.7% Public Employment Security Office 17.2% Schools 37.8% Personal connections 10.0% |
| (2) Personnel and labor administration | |
| a. Various personnel administration systems used (M.A.) | |
| <ul style="list-style-type: none"> • <i>The Survey</i> (Firms with 30 or more regular employees) Multiple-track personnel management 7.5% Self-statement system 34.3% In-house recruiting system 28.4% Retirement age or for company officers fixed term 9.7% Job rotation system 10.4% System of examination for promotion 11.2% Temporary transfer system 16.4% Job qualification system 23.1% Specialist system 14.9% Selective retirement age system (incentives for early retirement) 10.4% | <ul style="list-style-type: none"> • <i>Survey on Employment Management, 2002</i> (Firms with 30 or more regular employees) Multiple-track personnel management 11.6% Self-statement system 16.2% In-house recruiting system 3.4% Restricted term system for exes 5.3% Selective area system 11.6% Temporary exemption from transfer 3.0% |

| b. Future personnel and labor-management policy | | | |
|---|--------------|---|--------------|
| <ul style="list-style-type: none"> • The Survey (Firms 30 or more regular employees) Basic policy on hiring and personnel | | <ul style="list-style-type: none"> • <i>Survey on Employment Management, 2002</i> (Firms 30 or more regular employees) | |
| Attach importance to the practice of lifetime employment | 8.2% | Attach importance to the practice of lifetime employment | 8.5% |
| No adhere to lifetime employment | 68.7% | No adhere to lifetime employment | 48.6% |
| Cannot say either one | 21.6% | Cannot say either one | 39.9% |
| Unknown | 1.5% | No answer | 3.0% |
| Basic personnel and labor management policy | | | |
| Reliance on seniority | 0.7% | Based on seniority | 0.8% |
| Reliance on ability | 67.2% | Reliance on ability | 55.9% |
| Combination of the two | 26.1% | Combination of the two | 28.3% |
| Other | 5.2% | Cannot say either one | 12.5% |
| Unknown | 0.7% | No answer | 2.6% |
| 4. Working Conditions | | | |
| (1) Wages | | | |
| <ul style="list-style-type: none"> • <i>The Survey</i> Starting wage of college graduate (clerical) | | <ul style="list-style-type: none"> • <i>Basic Survey on Wage Structure, 2003</i> | |
| Male | ¥213,200/mo. | Male | ¥199,000/mo. |
| Female | ¥208,600/mo. | Female | ¥187,300/mo. |
| (2) Scheduled working hours per week | | | |
| <ul style="list-style-type: none"> • The Survey (Firms with 30 or more regular employees) | | <ul style="list-style-type: none"> • General Survey on Working Conditions, 2004 (Private firms with 30 or more regular employees) | |
| 00:00 - 35:59 | 15.7% | 00:00 - 35:59 | 3.2% |
| 36:00 - 36:59 | 2.2% | 36:00 - 36:59 | 3.1% |
| 37:00 - 37:59 | 38.8% | 37:00 - 37:59 | 11.3% |
| 38:00 - 38:59 | 16.4% | 38:00 - 38:59 | 11.9% |
| 39:00 - 39:59 | 0.0% | 39:00 - 39:59 | 14.4% |
| 40:00 | 24.6% | 40:00 | 51.7% |
| 40:01 - 42:00 | 0.0% | 40:01 - 42:00 | 1.9% |
| 42:01 - 44:00 | 0.0% | 42:01 - 44:00 | 1.4% |
| 44:01 - | 0.7% | 44:01 - | 1.1% |
| Unknown | 1.5% | | |
| (3) Holidays and leaves | | | |
| <ul style="list-style-type: none"> • <i>The Survey</i> (Firms with 30 or more regular employees) Number of holidays in a year | | <ul style="list-style-type: none"> • <i>General Survey on Working Conditions, 2004</i> (Private firms with 30 or more regular employees) | |
| 0 - 69 days | 0.0% | 0 - 69 days | 3.9% |
| 70 - 79 days | 0.0% | 70 - 79 days | 4.9% |
| 80 - 89 days | 0.7% | 80 - 89 days | 8.8% |
| 90 - 99 days | 0.7% | 90 - 99 days | 12.7% |
| 100 - 109 days | 1.5% | 100 - 109 days | 29.1% |
| 110 - 119 days | 14.2% | 110 - 119 days | 16.1% |
| 120 days or more | 82.8% | 120 days or more | 24.5% |

III Questionnaire of the Survey

III Questionnaire of the Survey

| | | | | |
|---------------------|--|--|--|--|
| Reference Number | | | | |
|---------------------|--|--|--|--|

The 8th Questionnaire Survey on Labour-Management Relations
in Foreign-affiliated Companies in Japan

The Japan Institute for Labour Policy and Training
February 2004

< We would greatly appreciate it if you would: >

1. The results of the survey will be used exclusively for statistical purposes. The privacy of responding companies will be protected.
2. Respond the status on 31 December 2003, unless otherwise indicated.
3. Answer about your entire company. Or in the case of branch offices of a non-Japanese corporation, answer about all branches or branch offices in Japan. If the conditions of individual factories or branches vary considerably, please choose a typical one from the viewpoint of sales or production and answer the questions.
4. Enter answers in the spaces enclosed with heavy lines following the instructions below
 - (1) When numbers are given, circle the appropriate one, unless otherwise indicated;
 - (2) Fill in the blank spaces following the instructions;
 - (3) Try to explain in detail in (), if you choose the response 'Others.'
5. If you kind a note with a number next to a question (Note 1) -- (Note 19), read a correspondingly numbered entry in the 'How to Fill in the Questionnaire' before filling in.
6. In addition to the Japanese version of the questionnaire and the supplementary notes to it, the English version is enclosed for your choice. Please fill in and return either of them. (It is not necessary to return both.) The contents of both Japanese and English versions and their supplementary notes are identical.
7. Return the completed questionnaire in the enclosed return envelope by 31 March 2004.
8. We will carry the result of the survey to our following web site.
<http://www.jil.go.jp/english/index.html>
9. If you have some questions on the Questionnaire, please contact following address.
International Affairs Department, The Japan Institute for Labour Policy and Training
Tel.03-5903-6311 Fax.03-3594-1113 Email: jlr@jil.go.jp

I Outline of the company

Q 1 (1) Please give the details of your company.

| | | | | |
|--|---|---|------------------------------------|--------------------------|
| Date of establishment or investment of foreign Capital | Year | | Origin of foreign capital (Note 1) | |
| Type of corporation | Japanese corporation | 1 | | Ratio of foreign capital |
| | Branch or subsidiary of a foreign-owned corporation | 2 | | |

| | | |
|---|-----------------------|---|
| Way of establishment of the corporation | Newly-established | 1 |
| | M & A | 2 |
| | Capital participation | 3 |
| | Others () | 4 |

| | | |
|---|--------------|---|
| Nationality of president (Nationality of the representative of subsidiary or branch in case of foreign-owned corporation) | Japanese | 1 |
| | Non-Japanese | 2 |

| Classification | Total number | | | |
|---|--------------|--------|-----------------------------|--------|
| | (Note 2) | | Number of foreign employees | |
| | Male | Female | Male | Female |
| Number of full-time directors | | | | |
| Number of regular employees (Note 3) | | | | |
| Number of managerial officers | | | | |
| Temporary or part-time employees (Note 4) | | | | |

(If there is no corresponding person, enter '0')

(2) Please write down the number of below industrial code which your company is belonging.

| |
|--|
| <div style="border: 1px solid black; width: 80px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> - - </div> |
|--|

< Industrial code >

| | | |
|---|--|---|
| <p>< Manufacturing industries ></p> <ol style="list-style-type: none"> 1. Food 2. Apparel & finished products made from fabrics and similar materials 3. Pulp, paper and wood products 4. Chemical and allied products 5. Medical 6. Petroleum and coal products 7. Rubber and leather products 8. Glass and Ceramic products | <ol style="list-style-type: none"> 9. Non-ferrous metals and products 10. Fabricated metal products 11. General machinery 12. Electrical machinery 13. Transportation equipment 14. Precision instruments and machinery 15. Miscellaneous manufacturing | <p>< Nonmanufacturing industries ></p> <ol style="list-style-type: none"> 16. Agriculture, forestry and fisheries 17. Mining 18. Construction 19. Wholesale & retail trade, eating & drinking places 20. Financing and insurance 21. Real estate 22. Transport 23. Information and Communications 24. Services 25. Miscellaneous nonmanufacturing |
|---|--|---|

(3) Please write down a concrete type of industry, if you choose “Miscellaneous manufacturing” or “Miscellaneous nonmanufacturing.”

| | |
|--------------------------------|--|
| Miscellaneous manufacturing | |
| Miscellaneous nonmanufacturing | |

II Labour-management relations

Q 2 (1) Dose your company have a labour union?

| | | |
|-----|-------------------|---|
| Yes | One Union | 1 |
| | Two or more union | 2 |
| No | | 3 |

(2) What percent of the employees belong to a Union? (Note 5)

| | |
|--|---|
| | % |
|--|---|

(3) What labour federation does the labour union belong to?(Note 6)

| | |
|---------------------------------|---|
| Rengo | 1 |
| Zenroren | 2 |
| Zenrokyo | 3 |
| Others () | 4 |
| Not a member of any federations | 5 |

(4) Has your company concluded a collective agreement?

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

(5) Has your company bargained collectively with employees during the period from 1 January 2001 to 31 December 2003?

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

(6) Does your company have an employee's organization instead of a labour union?

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

Q 3

(1) What kind of matters did employees request during the period from 1 January 2002 to 31 December 2003?

| | |
|--|----|
| Labour union activities | 1 |
| Employee hiring | 2 |
| Wages | 3 |
| Working hours, holiday or leave | 4 |
| Reshuffling or temporary transfers | 5 |
| Dismissals | 6 |
| Mandatory retirement | 7 |
| Conclusion or revision of a collective agreement | 8 |
| Others () | 9 |
| No request | 10 |

(2) Were there any labour disputes accompanied by dispute tactics, for example, work stoppages during the period from 1 January 2001 to 31 December 2003? (Note 7)

| |
|-----------------|
| Number of cases |
|-----------------|

• What issues were involved? Choose three main issues or less from among those shown in question 3(1) and enter the appropriate numbers.

| | | |
|--|--|--|
| | | |
|--|--|--|

• What direct action was taken? (Circle all applicable numbers.)(Note 8)

| | |
|-------------------------------|---|
| Strike for half a day or more | 1 |
| Strike for less than half day | 2 |
| Slow down | 3 |
| Lockouts | 4 |
| Others () | 5 |

Q 4 (1) Dose your company have a formal channel through which management can consult with the labour union or the representative of employees ? (Note 9)

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

→ (2) How many times were meetings held in the past year from 1 January 2001 to 31 December 2003?

| |
|--|
| |
|--|

→ (3) What issues among the following were on the agenda ? (Circle all applicable numbers.)

| | |
|--|----|
| Basic management policy | 1 |
| Basic production or sales policy | 2 |
| Establishment or abrogation in company organization | 3 |
| Rationalization of production operation including introduction of new technology | 4 |
| Employment and staffing standards | 5 |
| Reshuffling or temporary transfers | 6 |
| Lay-offs, personnel cuts, dismissals | 7 |
| Change in mode of work | 8 |
| Working hours, day-off system | 9 |
| Workplace health and safety | 10 |
| Retirement age system | 11 |
| Wages and bonuses | 12 |
| Standards for retirement allowance and annuity | 13 |
| Educational and training programs | 14 |
| Employee welfare | 15 |
| Cultural and athletic activities | 16 |

Q 5 What method has your company adopted to promote communications between labour and management ? (Circle all applicable numbers.) (Note 10)

| | |
|--------------------------------------|---|
| Workplace meetings | 1 |
| Small groups activities | 2 |
| Suggestions systems | 3 |
| Grievance procedures | 4 |
| Employee attitude surveys | 5 |
| Publication company newsletters etc. | 6 |

Q 6 Did your company make the employment adjustment measures as follows, in the duration from 1 January 2002 to 31 December 2003? And to what extent were the labour union or representative(s) of the employees involved in the action?

| Has employment adjustment been carried out or not? Extent of involvement by labour unions/representatives of the employees | Yes | | | | | | No |
|---|--------|-----------|-------------------|----------------------|----------------------------|--------------|----|
| | Agreed | Consulted | Opinions listened | Advance notification | Ex post facto notification | Not Involved | |
| Decrease overtime work | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Increasing holidays/leaves | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Reconstruct stoppage/dismissals of temporary workers | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Decrease/stoppage of mid-career hiring | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Decrease/stoppage of hiring of the new graduated | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Reassignment | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Temporary transfer | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Temporary transfer from works (lay-off) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Encouraging early retirement/dismissals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

III Personnel management (This includes only regular employees unless otherwise advised.)

Q 7 How many employees did your company hire and how many left your company during the period 1 January 2003 to 31 December 2003? (Note 11)

| Classification | Number of newly employed | |
|----------------|--------------------------|-------------------------------|
| | | Mid-career entrants (Note 12) |
| Male | | |
| Female | | |

| Classification | Number of those who left the company | |
|----------------|--------------------------------------|---|
| | | Number of those who left the company at company's request |
| Male | | |
| Female | | |

Q 8 What channels were used for recruiting employees from 1 January 2003 to 31 December 2003? (Please circle up to 3 main items.)

| Classification | | Newspaper Advertisement | Jobs Magazine | Public Employment Security Offices | Personnel service company | School | Personal Connection | None |
|---------------------|----------------------|-------------------------|---------------|------------------------------------|---------------------------|--------|---------------------|------|
| New graduates | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Mid-career entrants | Management Personnel | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | Technical Personnel | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | Ordinary | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Q 9 What is your company's recruitment policy for the future?

| | |
|--|---|
| Mainly new graduates | 1 |
| Combination of new graduates and mid-careers | 2 |
| Mainly mid-career | 3 |
| No special policy | 4 |

• What is the reason for your company's recruitment policy? (Circle all applicable items.)

| | |
|---|----|
| Required personnel can be secured by employing new graduates alone. | 1 |
| The route of recruitment is more or less established. | 2 |
| Excellent persons cannot be employed by mid-career recruitment alone. | 3 |
| Required personnel can be secured by mid-career recruitment alone. | 4 |
| Only persons who can be step in effective immediately are employed. | 5 |
| Recruited only to fill vacancies. | 6 |
| Excellent persons cannot be recruited by employment of new graduates. | 7 |
| Much cost is required to train new graduates. | 8 |
| Have no know-how to recruit new graduates. | 9 |
| In the past, attempted to employ new graduates, but this did not work out well. | 10 |

Q10 What items in the following list are applicable to your company's manpower/employment plan for the next 3 years?

| | |
|---|---|
| Increase by 10% or more over the present | 1 |
| Increase by less than 10% over the present | 2 |
| The present level is to be maintained | 3 |
| Reduction by less than 10% from the present | 4 |
| Reduction by 10% or more from the present | 5 |
| Not decided | 6 |

Q11 What personnel management systems indicated below dose your company presently adopt?

(Circle all applicable numbers.) (Note 14)

| | |
|---|----|
| Temporary transfer system | 1 |
| Self-statement system | 2 |
| Job rotation system | 3 |
| In-house recruiting system | 4 |
| System of examination for promotion | 5 |
| Multiple-track personnel management | 6 |
| Job qualification system | 7 |
| Specialist system | 8 |
| Retirement age or for company officers fixed term | 9 |
| Selective retirement age system (incentives for early retirement) | 10 |

Q12 What is your company's personnel and labour management policy for the future? (Circle the appropriate number for each item.)

(1) Recruitment, Personnel management

① Basic policy

| | |
|--|---|
| Attach importance to the practice of lifetime employment | 1 |
| No adhere to lifetime employment | 2 |
| Cannot say either one | 3 |

② Point given much consideration

| | |
|--|---|
| Employee's entire personality | 1 |
| Employee's ability to get suitable results | 2 |
| Combination of the two | 3 |
| Others() | 4 |

(2) Company organization

| | |
|-------------------------------------|---|
| Loose or unclear job classification | 1 |
| Tight or clear job classification | 2 |
| Cannot say either one | 3 |

(3) Wages

| | |
|---|---|
| Employee's personnel and family situation is given weight when deciding wage amount | 1 |
| Employee's ability is given greater emphasis | 2 |
| Combination of the two | 3 |
| Others () | 4 |

(4) Performance ratings, rewards and punishment

| | |
|--|---|
| Not carried out very specifically: more consideration is given to personal relations | 1 |
| Specific; carried out aggressively | 2 |
| Cannot say either one | 3 |

(5) Basic policy for personnel and labour management

| | |
|--|---|
| Reliance on seniority | 1 |
| Reliance on evaluation of employee's ability | 2 |
| Combination of the two | 3 |
| Others () | 4 |

Q13 Who has the final-decision-making authority for the following items?(Note 15)

| Classification | Totally left to the decision of the Japanese side. | Decided by mutual consent of both sides | | | Totally left to the decision of the foreign parent company. |
|--|--|--|--|---|---|
| | | The Japanese side takes the leadership, but the opinion of foreign parent company to be respected. | Opinions of the Japanese side and the foreign parent company are equally reflected | The foreign parent company takes the leadership, but the opinions of Japanese side to be respected. | |
| Restructuring of the company organization | 1 | 2 | 3 | 4 | 5 |
| Yearly business plan | 1 | 2 | 3 | 4 | 5 |
| Monthly or quarterly business plan | 1 | 2 | 3 | 4 | 5 |
| Staffing plan | 1 | 2 | 3 | 4 | 5 |
| Wage decision | 1 | 2 | 3 | 4 | 5 |
| Changes in the system of wages, working hours etc. | 1 | 2 | 3 | 4 | 5 |
| Introduction or change of working rule | 1 | 2 | 3 | 4 | 5 |
| Management promotions | 1 | 2 | 3 | 4 | 5 |
| Dismissals | 1 | 2 | 3 | 4 | 5 |

Q14 What is the current problem of your company in administration and personnel management?
(Please circle all applicable items.)

| | |
|---|----|
| Difficulty in dealing with different business practices market needs. | 1 |
| Stiff competition with Japanese companies | 2 |
| Strict regulation (laws, ordinances, government guidance) | 3 |
| Insufficient communication between Japanese side and the foreign parent company (head office) | 4 |
| Difficulty in securing manpower | 5 |
| Difficulty in fostering manpower | 6 |
| Difficulty to adopt Japanese labour practices | 7 |
| Difficulty to reflect individual ability and performance in remuneration | 8 |
| High cost in wage | 9 |
| High labour costs other than wages | 10 |
| Unstable labour-management relations | 11 |
| Insufficient communications between labour and management | 12 |
| Insufficient communications between employees dispatched from foreign head office and Japanese locals | 13 |
| Others () | 14 |
| Nothing in particular | 15 |

IV Labour conditions etc.

Q15 (1) What is the average starting salary (net amount) of college or University graduates in 2003? (administrative workers) (Note 16)

| | |
|--------|-----|
| Male | Yen |
| Female | Yen |

(2) What is the average starting salary of the employee who has been working about eight years? (about 30-year-old) (If your company has no such employees, please make an estimate based on the income of other employees.) (Please enter amount of salary in units of one hundred yen.) (Note 17)

| Classification | Male | Female |
|--|----------------|----------------|
| (1) Contractual wage (for June 2003) | Hundred yen | Hundred yen |
| (2) Amount of overtime pay out of (1) | Hundred yen | Hundred yen |
| (3) Annual bonuses and other special cash earnings for period from Jan. 1 to Dec. 31 2003 | Hundred yen | Hundred yen |

Q16 What is your company's weekly scheduled working hours? (If the number of hours is not fixed, please enter the number of hours applies to most employees in your company.) (Note 18)

| | | | |
|--|-------|--|---------|
| | hours | | minutes |
|--|-------|--|---------|

Q17 (1) How many days of annual leave does your company offer ?(If not uniform, enter the holidays applicable to most workers)

| | |
|---|------|
| Total days of annual leave | days |
| Of the above, winter holidays (excluding 1 January) | days |
| Of the above, special leave for summer holidays | days |

(2) What is the average number of days offered as annual paid leave per regular employee? (One year from 1 January 2003 to 31 December 2003.) (excluding number of days carried out from the previous year.) What is average number of days taken as annual paid leave? (Please compute up to the first decimal place.)

| | | | | |
|-----------------------------------|--|--|---|------|
| Days offered as annual paid leave | | | • | days |
| Days taken as annual paid leave | | | • | days |

Q18 Do you have special leave scheme such as listed below? If “Yes”, enter the treatment on wage payment. Please enter the treatment on wage payment also for Child Care Leave and Care Leave which are mandatory. (Note 19)

| Type of Leave Schemes | Adoption of Scheme | | Treatment of Wage Payment | | |
|-----------------------------|--------------------|----|---------------------------|-----------|--------|
| | Yes | No | Full pay | Reduction | No pay |
| Sickness Leave | 1 | 2 | 1 | 2 | 3 |
| Marriage Leave | 1 | 2 | 1 | 2 | 3 |
| Funeral Leave | 1 | 2 | 1 | 2 | 3 |
| Paid Training Leave | 1 | 2 | 1 | 2 | - |
| Maternity Leave for Husband | 1 | 2 | 1 | 2 | 3 |
| Child Care Leave | - | - | 1 | 2 | 3 |
| Care Leave | - | - | 1 | 2 | 3 |
| Family Nursing Leave | 1 | 2 | 1 | 2 | 3 |
| Refresh Leave | 1 | 2 | 1 | 2 | 3 |
| Volunteer Leave | 1 | 2 | 1 | 2 | 3 |

● Thank you for your cooperation.

We will send you the outline of the result of the survey. Please fill out your name and address.

| | | | |
|--------------------------------------|----------------------|------|------------------|
| Name of Company | | | |
| Address | | | |
| Person filling out the questionnaire | Division and Section | Name | Phone: |
| | | | Fax.: E-mail: |

● We can send following materials, if you want. Please circle the appropriate one.

- | | |
|---|---|
| 1 | - Labour Situation in Japan and the Analysis 2004/2005 |
| 2 | - Japanese Working Life Profile 2003 - Labour Statistics |
| 3 | - Japanese Labour Laws : English Translation (Labour Standards Law, Trade Union Law, Labour Relations Adjustment Law) |
| 4 | - Other Labour Laws (Name of Laws: _____) |

How to Fill in the Questionnaire on Labour-Management Relations in Foreign-Affiliated Companies in Japan

I Outline of the company

(Note 1)

- In case investment in your firm comes from two or more foreign countries, please write the name of the country with the largest share of investment.

(Note 2)

- For the number of “full-time directors,” “regular employees,” and “temporary employees or part-time employees,” please fill in the number for your entire company in Japan. (Please include full-time directors, regular employees, and temporary/part-time employees at branch or other offices within Japan.)

(Note 3)

- A “regular employee” means any of the following:
 - 1) An employee whose employment period is not fixed;
 - 2) An employee whose fixed employment period exceeds one month;
 - 3) A day employee or one whose employment period is less than one month and who was employed for 18 days or more in both November and December.
- In principle, directors and executives are not included as regular employees.
- However, those who engage in a certain job as ordinary employees and receive wages according to the same wage rules as the latter’s are included as regular employees.
- Employees seconded on a temporary basis from other companies are included as regular employees.

(Note 4)

- “Temporary or part-time employees” mean those other than regular employees.

II Labour-management relations

(Note 5)

- “The percentage of the employees who belong to a union” means the ratio of unionized employees to all regular employees. If there are more than one union, the ratio should be the percentage of all unionized employees to the total number of regular employees.

(Note 6)

- Concerning “affiliation with a labour federation,” if there are more than one union, please circle all relevant numbers.

(Note 7)

- “Labour dispute” means a disagreement over claims regarding labour relations arising between the parties concerned with labour relations resulting in either occurrence of acts of dispute or the danger of such occurrence.

(Note 8)

- “Strike for half a day or more,” means a work stoppage during which labour force presses for the realization of its demands lasting for a period of longer than one half of the fixed working hours for one day.
- “Strike for less than half a day” means a work stoppage during which the labour force presses for the realization of its demands lasting for a period of less than one half of the fixed working hours for one day.

- “Slow down” means a labour action during which the labour force presses for the realization of its demands and decreases its work efficiency in terms of quantity and quality while continuing to remain on the job. In addition to normal work slowdowns, labour action to excessively stick to rules and regulations is also included.
- “Lockout” means when the company, as a countermeasure against a union labour action, closes its own production activities.
- “Others” mean actions which cannot be classified into any of the above categories. For example, labour actions in which workers, in defiance of company orders, take over company facilities and carry out production or administrative activities on their own.

(Note 9)

- “Formal channel through which management can consult with the labour union or the representatives of employees” means a standing body of labour and management for discussions on issues on business management, Production, labour conditions, welfare etc.

(Note 10)

- “Workplace meetings” mean discussion between employees and managerial officers on the proceeding of work, workplace environment and other issues related to the workplace.
- “Small group activities” mean those undertaken by small groups formed in the workplace to set targets, make plans and implement.
- “Suggestion system” is one by which employees can make suggestions or proposals to improve their work.
- “Grievance procedures” permit representatives of labour and management to meet to solve employees’ grievances about wages, transfers, daily work etc.
- “Employee attitude survey” is one by which employers grasp, by an interview or a questionnaire, what kind of ideas employees have concerning matters such as their companies, jobs, workplaces, bosses and treatment.
- “Company newsletter” is a publication which a company publish for its employees (sometimes also for its employees’ families).

III Personnel management

(Note 11)

- For the “Number of newly employed” and the “number of employees who left the company,” the figures are for regular employees of the entire organization. (Please include in the total number of employees at branch or other offices in Japan who were hired or left the company; also include part-time employees.)

(Note 12)

- “Mid-career entrants” mean the newly employed but other than new graduates.

(Note 13)

- For the “Number of those who left the company at company’s request,” please do not include those leaving due to the termination of the contract.

(Note 14)

- “Self-statement system” means a system that allows employees to state their wishes for their career development, job transfers etc.
- “Job rotation system” means a system that allows employees to get experience in not only one type of duty but also several others for a fixed and planned period.
- “Multiple-track personnel management system” means the establishment of multiple job categories (e.g. positions covering a comprehensive wide range of duties, general affairs positions, administrative positions, special-duty positions etc.), with salaries and promotions determined according to each category.

- “Job qualification system” means to make classifications of necessary job skills or qualifications according to the degree of difficulty, responsibility etc. of various jobs and to establish standards which clearly describe the kind and degree of ability needed to perform the duties relevant to each category. Management of personnel is carried out based on these standards.
- “Specialist system” means positions, other than general staff positions, which require specialization. They also include executive management positions.
- “Retirement age or fixed term for company officers” means there is a fixed age at which an employee must leave a management post or a fixed period of duration for a management position.
- “Selective retirement age system (incentives for early retirement)” means the system in which an employee who retires before certain fixed retirement age is entitled to a better retirement allowance in some forms subject to certain conditions.

(Note 15)

- “Final decision-making authority” is understood in the following ways:
 - 1) “Totally left to the decision of the Japanese side” means the representative of the Japanese side such as the head of the Japanese corporation or branch including his substitute can make the final decision.
 - 2) “Totally left to the decision of the foreign parent company” means the non-Japanese investing corporation or the parent company in a foreign country has the right to final decision-making and the approval of the non-Japanese side is required when making a decision.
 - 3) “Decided by mutual consent of both sides” means a final decision is in principle made through consultation between the non-Japanese investing company or the parent company in a foreign country and the representatives of the Japanese side.

IV Labour conditions etc.

(Note 16)

- For the items relating to wage systems, please answer for regular employees whose length of employment is not fixed. (Exclude regular employees whose length of employment is fixed, part-time employees and seamen.)
- “Part-time employee” means either of the following:
 - 1) An employee whose regular working hours of the day are less than that of a regular employee in your company;
 - 2) An employees whose regular working days of the week are less that of a regular employee in your company even though regular working hours are same.

(Note 17)

- “The amount of wages” is not that of take-home pay but the amount before deductions for income tax, social insurance contribution etc.
- Please note that the boxes in the questionnaire are divided by dotted lines according to hundreds, thousands, tens of thousand, and hundreds of thousand of yen, so figures have to be entered into the appropriate spaces (Round off numbers less than 100 yen).
- “Amount of contractual wage” designates wages paid in a similar manner every month and according to the payment conditions and calculation method prescribed by an employment contract, a labour agreement or the wage regulations of the companies, including not only basic wages, age indexed allowances, length of service allowance, performance incentives, commutation allowance, good or perfect attendance incentives, family allowance, managerial allowance, position or service allowance, special duty or work allowance, price increase allowance, and the like, but also extra work pay (overtime work pay, late-night work pay, holiday work pay, day-and-night-duty pay, and the like). Excluded are bonuses, year-end allowances, and the like.

- “Overtime pay” means the total of the following:
 - 1) Overtime work pay (pay for work outside of the fixed working hours on the fixed working day.)
 - 2) Late-night work pay
 - 3) Holiday work pay (pay for work done on national holidays)
- “Annual bonuses and other special cash earnings” mean the total of 1), 2) and 3) below, paid from 1 January to 31 December 2003 (and excluding the wages paid every month).
 - 1) End-of season or year-end bonuses
 - 2) Wages whose conditions for payment and calculation are prescribed by a previous labour agreement or employment regulations, besides whose amount is calculated for a period of less than three months.
 - 3) Provisional, temporary or unexpected wages paid not on the basis of a labour agreement or the employment regulations (including retroactive wages calculated according to a new agreement.)
- In case no wages were paid for 1), 2) or 3) during the covered period, enter 0.

(Note 18)

- For items related to working hours, please answer only for regular employees whose length of employment is not fixed excluding fixed-term employees part-time employees and seamen.

(Note 19)

- “Sickness Leave” is a scheme of leave for individuals who are unable to work due to personal injury or illness occurring while off duty.
- “Care Leave” is a scheme of leave for a certain period to look after/nurse the individual family members etc.
- “Family Nursing Leave” is a scheme of leave in a unit of one day (or in a unit of half a day or an hour) for individuals taking care of/nursing a family member who is injured or ill.
- “Refresh Leave” is a scheme of leave to allow individuals in continuous service for a certain length of years (e.g. a leave of 10 days for 20 years service, 20 days for 30 years service etc.) for mental and physical rest.
- “Volunteer Leave” is a scheme of leave for individuals to participate in volunteer social activities such as in the Japan Overseas Cooperation Volunteers, in social welfare organizations or in those which support activities for social and regional contribution in Japan and overseas. (Except for political/religious activities.)

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