

## Working time in Japan : Recent trends and issues

Narumi YAMADA \*

During the years from 1960 to 1975 working hours in Japan decreased steadily. That trend has not continued since, even though the economic and demographic trends that accompanied it have: rising incomes, an expanding tertiary sector, an ageing workforce, a growing number of women entering the labour market, and the changing life-styles and expectations of many workers. Hence it is not surprising that workers at present are pressing for further reductions in working time or that the issue is receiving fresh attention from both the Government and the main employers' and workers' organisations.

Before analysing recent trends in this field, it is necessary to explain the basic concepts and measurement of working time applied in the Japanese statistics. Then, after briefly reviewing overall trends in annual working time from 1955 on, we shall examine in greater detail three basic components of working time – the normal work-week, overtime and annual leave with pay – as they have evolved in recent years. We shall also look at recent developments in part-time work and the age of retirement. The differences found in working time according to enterprise size, sector, and the sex and age of workers raise important questions for the future, which will be discussed in the third part of the article together with government policy and the positions of workers' and employers' organisations on working time issues.

### I. Definition and measurement of working time in Japan

The key concept in relation to working time is that of normal hours of work, a definition of which is given in international labour Recommendation No. 116:

Normal hours of work shall mean . . . the number of hours fixed in each country by or in pursuance of laws or regulations, collective agreements or arbitration awards, or, where not so fixed, the number of hours in excess of which any time worked is remunerated at overtime rates or forms an exception to the recognised rules or custom of the establishment or of the process concerned.

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\* International Labour Office.

In Japan the Labour Standards Law fixes the maximum normal hours at eight a day and 48 a week.<sup>1</sup>

Normal hours of work are defined in national statistics as the hours of work prescribed in the enterprise's work rules. National statistics on normal daily and weekly hours of work are published in the *General Survey on Wages and Working Hours Systems*. This survey covers regular employees but not temporary or part-time workers, and reports data by size of enterprise.<sup>2</sup>

Hours actually worked are given in the *Monthly Labour Statistics Survey*,<sup>3</sup> which defines them as the sum of normal hours of work and overtime, and defines overtime as hours worked beyond normal hours of work. However, it defines normal hours of work differently from the *General Survey*, excluding days not actually worked<sup>4</sup> but including annual holidays with pay that are actually worked. It covers regular employees as defined in the *General Survey* but does not exclude part-timers and includes wage earners who work regularly even if they are managers or executives or members of the employer's family.

## II. Trends

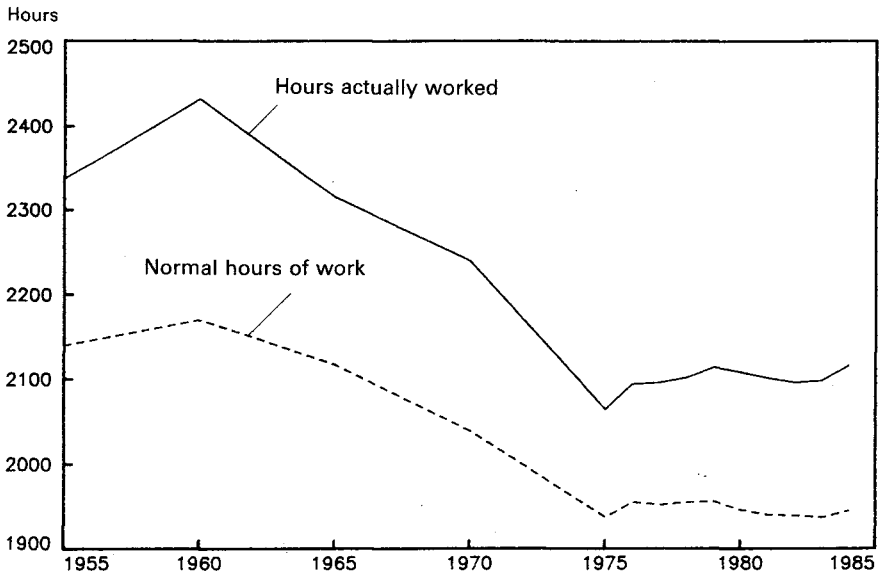
### The evolution of hours of work since 1955<sup>5</sup>

Figure 1 shows the evolution of hours actually worked and normal hours of work per year for all industries between 1955 and 1984. During the decade and a half of economic recovery after the Second World War, reconstruction efforts were accompanied by increasingly long hours of work. Annual normal hours of work increased from 2,140 in 1955 to 2,170 in 1960. Hours actually worked showed a sharper increase (since overtime is a more accurate barometer of the economic climate), from 2,338 in 1955 to 2,432 in 1960.

The next 15 years were a period of rapid economic growth characterised by rising productivity and company profits. There was a shortage of labour and, to attract young workers, companies offered higher wages and shorter working hours, as shown by the decrease in normal hours of work, to 2,117 in 1965, 2,039 in 1970 and 1,937 in 1975, an average annual drop of over 15 hours for the period as a whole. Hours actually worked likewise fell, to 2,315 in 1965, 2,239 in 1970 and 2,064 in 1975. During most of the 1960s, however, overtime fell very little, reflecting the vitality of the economy. The decrease in working time during the 1960s was therefore essentially a decrease in normal hours, while overtime continued to average about 20 hours per month until 1970, when it too began to drop appreciably.

The low point which both normal hours and overtime reached in 1975 was followed by a rather sharp upturn to the level obtaining just before the 1973 oil crisis. During the past decade annual normal hours have been around 1,950 and hours actually worked have increased slightly, to over

Figure 1. Trends in annual working hours per worker, 1955-84. (all industries; enterprises with 30 employees or more)



Source: Ministry of Labour: *Maitsuki Kinrô Tōkei Chōsa* [Monthly Labour Statistics Survey], various issues.

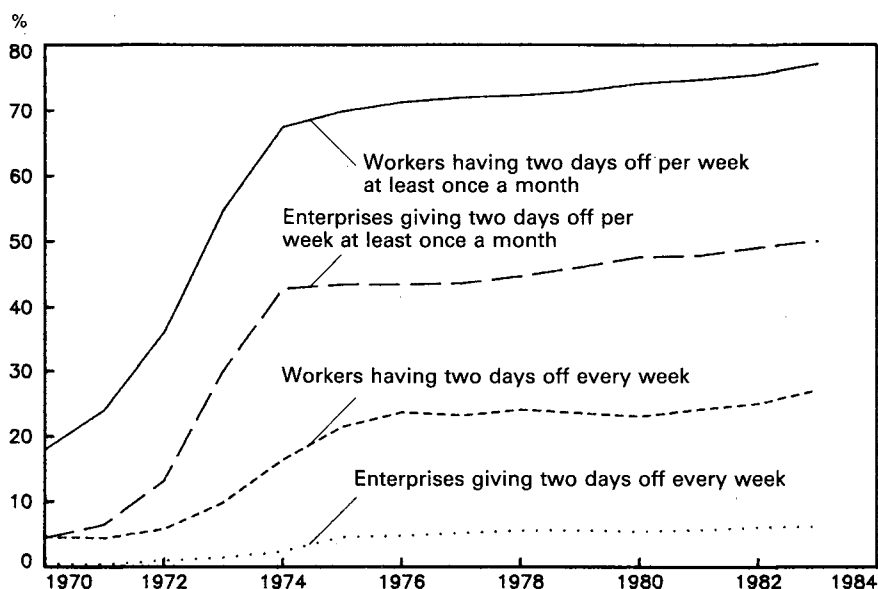
2,100. The increase in actual hours is due to the fact that overtime has picked up a little, reflecting the upward turn of the economy. By the early 1980s Japan was the only OECD country where actual hours worked per worker exceeded 2,000 per year. To sum up, the steady fall in hours from 1960 to 1975 was halted and even slightly reversed.

### The normal work-week and the five-day week<sup>6</sup>

In 1974 the average length of the normal work-week was 42 hours 21 minutes. By 1983 it had decreased to 41 hours 40 minutes, and in large enterprises 80 per cent of the employees worked 40 hours or less. There was in fact a clear correlation between the normal weekly working hours and the size of the enterprise: 39-40 hours in large enterprises, 42-43 hours in medium-sized ones, and 45 hours in small ones.

The decline in normal hours of work per week coincided with the growth of the five-day week. Before the mid-1960s the five-day week hardly existed. As figure 2 shows, in 1970 the practice of two days off every week had been adopted by a very small proportion (0.4 per cent) of the enterprises and a small proportion (4.5 per cent) of the workers. The respective proportions had reached 4.6 per cent and 21.4 per cent in 1975 and 6.2 per cent and 27 per cent in 1983. For enterprises and workers practising a five-day week at

Figure 2. Evolution of the five-day week, 1970-83



Notes: Where there were variations in the practice of the five-day week in the same enterprise, the data shown here were based on the one applying to the largest number of workers. Services industries were not included for 1970. Source: Ministry of Labour: *Chingin Rôdô Jikan Seido Sôgô Chôsa Hôkoku* (Report on the General Survey on Wages and Working Hours Systems) for the respective years.

least once a month, the proportions were higher, rising from 4.4 per cent and 17.9 per cent in 1970 to 43.4 per cent and 69.9 per cent in 1975 and to 50 per cent and 77.1 per cent in 1983.

The five-day week is also correlated to enterprise size: in 1983 half of the workers in large firms (48.9 per cent) had two days off every week, while in smaller firms the proportion was much smaller (15.6 per cent in medium-sized ones and only 3.2 per cent in small ones). And the practice is growing at a much faster rate in large firms (between 1975 and 1983 the respective increases were 8.1 per cent, 4.9 per cent and 0.5 per cent). Similarly, in 1983 two days off were given at least once a month to 96.7 per cent of the workers in large enterprises, compared with 73.5 per cent in medium-sized firms and 44.6 per cent in small ones.

In some industries, such as construction, mining and transport, the five-day week is not yet widespread. On the other hand, in the public utility sector, which is composed of large-scale firms and public sector enterprises, 82.8 per cent of the workers benefited from the five-day week in 1983.

The five-day week has been slow to spread in two other sectors: banks and other financial institutions (such as post offices, mutual associations, credit banks and co-operatives) and the civil service. In banks and other financial institutions, a change from the previous practice of workers

alternating a five-day week once or twice a month occurred in the summer of 1984 with the simultaneous closing of the establishments on one Saturday a month. Closing on two Saturdays a month is to follow starting in August 1986. In the civil service, the practice of five days off per period of four weeks was introduced in March 1981 and its extension to six days is envisaged.

The spread of the five-day week is impeded in some cases by the attitude of management, which does not welcome the prospect of interruptions in relations with trading partners and is reluctant to depart from the practice of other companies in the same sector. At the same time, however, management is aware of the advantages for the enterprise of the five-day week: easier recruitment, lower absenteeism and increased productivity.

### Overtime<sup>7</sup>

As we have seen from the evolution of annual working time, overtime has shown a slight upward turn since the mid-1970s. It now generally accounts for about 7 to 8 per cent of the hours actually worked.<sup>8</sup>

Contrary to what might be expected, the amount of overtime worked increases with the size of the enterprise: in 1984 overtime per worker averaged 223 hours a year in enterprises with 500 employees or more, 169 hours in those with between 100 and 499 employees, and 144 hours in those with between 30 and 99 employees. It should be borne in mind, however, that average normal hours tend to be longer in small enterprises than in medium-sized and large ones and that long and routine overtime tends to be a more common practice in very small enterprises (1-29 employees):<sup>9</sup> some of these hours may not be remunerated or reported and do not appear in the statistics.

Male workers tend to work more overtime than female workers:<sup>10</sup> in 1980, 55.5 per cent of male workers worked between one and 49 hours of overtime per month and 9.1 per cent 50 hours or more, whereas the majority of women (75 per cent) worked nine hours or less. In 1983 overtime for male workers averaged 16.8 hours, as compared with 6.3 hours for female workers. These differences are due in large part to the restrictions placed on overtime for women in the Labour Standards Law.

The amount of overtime worked was above average in mining, transport and communication, construction and some branches of manufacturing (vehicles, machinery, metalworking, publishing and printing), and in certain types of jobs where the necessary skills (e.g. data processing) are in short supply.

A major reason for recourse to overtime from the workers' point of view is to supplement the family income. Fairly long overtime hours were worked by middle-aged workers, who tend to have heavy family expenses (as for their children's education), and by those with a large number of dependants. Overtime pay is considered to be part of their regular income by many workers. In a survey carried out by the Ministry of Labour in 1978,<sup>11</sup> the majority of the workers stated that they did not mind working a certain

amount of overtime. In 1984 overtime earnings per worker averaged 6.8 per cent of the monthly cash earnings.<sup>12</sup>

A major reason for the use of overtime from management's point of view is the need to meet seasonal demand. But at the current rate many employers consider its use economical even for regular work.<sup>13</sup> Article 37 of the Labour Standards Law sets the minimum overtime premium at 25 per cent of the normal wage,<sup>14</sup> which is the rate paid by most firms. Some pay a slightly higher rate, especially large enterprises (38.5 per cent of them in 1983, as compared with 16.2 per cent of medium-sized and 6.1 per cent of small ones).<sup>15</sup>

### Annual leave with pay<sup>16</sup>

Annual leave with pay tends to be relatively short in Japan; moreover, many workers do not take the full amount to which they are entitled. It should also be noted, however, they are generally allowed a large number of public holidays – 16 or 17 days on an average in enterprises with 30 employees or more in 1983 (these include national holidays, year-end and New Year holidays, and special summer holidays around All Souls' Day, a religious holiday).

Article 39 of the Labour Standards Law provides for a minimum paid leave of six working days after the first year of continuous employment, provided the worker has reported for work on at least 80 per cent of the total number of working days. The length of leave increases by one day for each additional year of continuous service, up to a total of 20 days.<sup>17</sup>

In practice, entitlement to annual paid leave averages about 15 days. However, only 60 per cent of the leave is actually taken on average (table 1), the remaining 40 per cent being spent as normal working days even though workers do not as a rule receive any extra pay for the days so worked. The ratio of leave taken to entitlement did not grow between 1970 and 1980, even though entitlement showed a slow but steady increase during the same period, rising from 11.6 days in 1970 to 14.4 days in 1980. The average entitlement was higher in large enterprises (about 17 days in 1983) and lower in small enterprises (12.3 days). The ratio of leave taken to entitlement was also higher in large enterprises.

There are several reasons why workers do not take all the leave to which they are entitled. One has to do with people's attitude towards work and leisure. The tendency to spend leave entitlement working is greater among managers, supervisors and professionals than among production/manual workers; among male workers than among female workers; and among older workers than among young workers. Workers seeking career advancement tend to take less leave. However, a tendency seems to be growing among young workers to seek self-fulfilment in activities other than work, to value leisure time more and loyalty to the firm less than older workers. According to a recent opinion survey,<sup>18</sup> most young workers would probably prefer a

Table 1. Average annual days' leave with pay

Enterprises by size and sector	A Entitlement <sup>1</sup>	B Taken <sup>1</sup>	B/A (%)	Entitlement by length of service <sup>2</sup>				
				<1 yr.	1 yr.	5 yrs.	10 yrs.	20 yrs.
<i>All enterprises</i>	14.8	8.8	60.0	5.6	7.0	11.1	15.8	20.0
<i>By size</i>								
1,000 employees or more	17.0	10.3	61.0	8.1	10.7	14.3	18.2	20.3
100-999	14.1	8.2	58.0	5.8	7.4	11.5	16.3	20.2
30-99	12.3	6.9	56.0	5.3	6.7	10.8	15.6	19.9
<i>By sector</i>								
Mining	16.4	11.8	72.0	7.1	7.4	11.7	16.0	19.7
Construction	13.7	8.0	58.0	5.6	6.8	10.9	15.7	20.0
Manufacturing	15.3	9.7	63.0	5.3	6.8	10.9	15.7	20.0
Wholesale/retail	13.8	6.7	49.0	5.5	7.0	11.1	15.8	20.0
Financial/insurance	16.4	7.5	46.0	8.3	10.4	14.3	17.9	20.3
Real estate	13.9	8.2	59.0	8.2	9.8	13.9	17.6	20.1
Transport/ communication	15.3	9.5	62.0	6.1	7.2	11.4	16.2	20.4
Utility	18.5	13.0	70.0	9.0	11.1	14.6	17.9	20.1
Service	13.1	7.4	57.0	5.9	7.2	11.5	16.2	19.9

<sup>1</sup> 1983. <sup>2</sup> 1980.Source: Ministry of Labour: *Chingin Rôdô Jikan Seido Sôgô Chôsa* [General Survey on Wages and Working Hours Systems] for the respective years.

reduction of working time to a wage increase and frown on overtime or work on rest days. Another reason is that work is frequently organised in such a way that workers are allowed little discretion or flexibility in taking their holidays. Part of their annual paid leave is often included in the yearly work plan; if a worker takes holidays outside the planned timetable, it may mean extra work for his fellow workers, especially where the work is carried out by teams or groups. Since long absences are especially difficult to accommodate, Japanese workers, particularly the older ones, rarely take more than ten days of leave at a time. Thirdly, there are even cases where paid annual holidays are treated as absences in calculating regular attendance allowances or bonuses.<sup>19</sup> Finally, some workers tend to accumulate annual leave so as to allow them time to recover from minor illnesses or to attend to unexpected personal affairs. Not only is annual leave underutilised in Japan but thus part of it is often used for purposes other than rest or leisure.

### Part-time work

There is no standardised definition of part-time work in Japan, although guide-lines have recently been issued on the subject, as we shall see later. In

national statistics part-timers are defined as (a) workers whose normal hours of work (per day, week or month) are shorter than those of the ordinary workers of the establishment,<sup>20</sup> (b) workers who are considered to be "part-timers" or are given that or a similar designation in the establishment,<sup>21</sup> or (c) workers (including seasonal and irregular employees) who work fewer than 35 hours a week.<sup>22</sup> In practice the term "part-timer" has been used to describe workers whose conditions of employment and work are inferior to those of full-timers, so that "part-timers" in some national statistics include persons who, though they may work as many hours as full-timers or even more, do not enjoy the same conditions of employment in respect of wages, social security, rest periods, annual paid leave and other benefits.

In 1981 the so-called part-timers worked an average of slightly over 30 hours a week. Over half of them worked 35 hours or more (48.4 per cent between 35 and 48 hours and 3.5 per cent 49 hours or more). The great majority (90.6 per cent) worked five days or more per week.<sup>23</sup> In 1979 overtime was worked by about 20 per cent of the part-timers in the tertiary sector and averaged about five hours a week.<sup>24</sup> Generally, part-timers receive between 70 and 80 per cent of the hourly wage and between 20 and 30 per cent of the annual benefits of full-timers. Their wage does not, as a rule, increase with age or length of service.

However part-timers are defined, their number has increased significantly in recent years. If we take the term to mean people whose weekly working hours average fewer than 35, there were about 4.33 million part-timers in 1983, amounting to more than 10 per cent of employees, and twice as many as in 1970.<sup>25</sup>

Over half of the so-called part-timers were in the small-scale sector (56.1 per cent worked for enterprises with fewer than 30 employees in 1981).<sup>26</sup> The majority of part-timers were engaged in clerical, production, sales or unskilled jobs in the wholesale and retail trades, the services and manufacturing. The proportion of part-timers in services has increased while that in manufacturing has decreased.<sup>27</sup>

The most striking development is the increase of women part-timers. The number of women working part time (as defined as those whose weekly working hours averaged fewer than 35) nearly doubled between the early 1970s and the early 1980s, rising from 1.7 million, or 14.7 per cent of the female labour force, in 1973, to 3.06 million, or 21.1 per cent, in 1983.<sup>28</sup> This means that over 70 per cent of the part-timers in 1983 were women. Three-quarters of them were married; and 35 per cent of all married women not in full-time employment were working part time.<sup>29</sup> About 40 per cent of the female part-time workers were in the 35-44 age group (whereas half of their male counterparts were aged 55 or over).<sup>30</sup> A large number of women recently hired for jobs connected with office automation have been engaged on a part-time or temporary basis rather than as regular workers.

Several factors explain the increase in part-time employment. A primary reason is financial: the need to earn a living or to supplement family income.



Secondly, apart from financial necessity, women are taking a growing interest in entering the labour market. More of them now receive higher education, their household duties tend to be lighter (with fewer children to rear, increased electrification and other labour-saving appliances), and they aspire to a higher standard of living and hence a higher level of income. Thirdly, the number of older workers is growing and many of these prefer part-time work as being less demanding than full-time work (even if working hours are no shorter, so-called part-time work usually involves fewer responsibilities than full-time work, and of course fewer opportunities for advancement). Finally, employers use part-time employment for the flexibility it affords in conditions of employment and also to cut labour costs since they are not required by law to pay wages and benefits proportionate to those enjoyed by full-timers. Part-time work has been used as an easy way to fill jobs, especially the growing number of unskilled jobs in the expanding services sector.

### Retirement age

While in Europe such measures as selective early retirement and lowering of the retirement age are being advocated as ways of achieving reductions in working time, in Japan there has been a growing trend in recent years towards raising the mandatory age of retirement. The number of older people is increasing as a result of greater life expectancy (about 74 years for men and 80 years for women in 1984), and many of them wish to remain employed.

Japan's population aged 65 or over was estimated at slightly over 12 million in 1985, an increase of 14.6 per cent over 1980; people in this age group now account for approximately 10 per cent of the total population. The ageing of the population in Japan started much later than in other industrialised countries, but is expected to continue rapidly over the next few decades: the proportion of persons over 65 to the total population is expected to surpass the proportion in the United States in ten years and to be about the same as the proportions in the United Kingdom and France by the year 2000.<sup>31</sup> The expected changes in the population's age structure are shown in table 2.

A mandatory retirement age is widely practised by Japanese enterprises (87.3 per cent in 1985).<sup>32</sup> The practice is usually combined with a re-employment programme (whereby the employer can rehire a worker who leaves the company on reaching that age) or an employment-extension programme (whereby the employer can continue to employ the worker in the firm after reaching that age). Of enterprises that have set a mandatory retirement age, in 1985 approximately 74 per cent applied one of these methods.<sup>33</sup> Many retired workers were re-employed either on a part-time basis or under a contract of employment and a wage/benefit scheme different from those of regular employees.

Table 2. Age structure of the population, 1980-2015

Year	Total population	Population aged 15-64		Population aged 65 or over	
	No. ('000)	No. ('000)	%	No. ('000)	%
1980	116 916	78 791	67.4	10 578	9.0
1985	120 301	82 366	68.5	12 198	10.1
1990	122 834	86 032	70.0	14 290	11.6
1995	125 383	86 897	69.3	17 082	13.6
2000	128 119	85 615	66.8	19 943	15.6
2005	130 008	83 839	64.5	22 228	17.1
2010	130 276	81 940	62.9	24 478	18.8
2015	129 332	79 593	61.5	27 311	21.1

Sources: Data for 1980 are from Prime Minister's Office: *Kokusei Chōsa* [Census] (Tokyo, 1980); those for the years 1985 and after are from Ministry of Health and Welfare, Population Research Institute: *Nippon no shōrai suitei jinkō* [Estimated future population of Japan] (Tokyo, 1981).

Table 3 shows the trends in the age of retirement since 1968. Whereas in the early 1970s the retirement age for most workers was 55 years, by 1984 it was 60 or over. Among enterprises that have the same fixed retirement age for men and women an age of 60 or over is more widespread among very large enterprises than among small and medium-sized ones (this was the current or planned practice of 96.7 per cent of firms with 5,000 employees or more in 1985, as compared with 59.4 per cent of medium-sized and 61.9 per cent of small ones).<sup>33</sup>

The raising of the retirement age is considered important for several reasons. The first is to meet the need of older workers to maintain their income. In a survey carried out in 1979<sup>34</sup> the majority of retired workers under 57 years of age who wished to be employed cited financial reasons. A smaller proportion of those over that age cited financial reasons (since the need for wage income diminishes when people reach the age of eligibility for old-age pension benefits, i.e. between 60 and 65). A second reason is to satisfy the desire to work. With growing life expectancy, an increasing number of older workers not only are still physically fit for work but wish to work. In the same survey about half of the workers said that they would like to work up to the age of 65 and nearly 30 per cent said they would like to work up to the age of 70. Thirdly, effective utilisation of the growing proportion of older workers in the labour force will be increasingly important for enterprises in the long term as the number of young labour force entrants diminishes.

Table 3. Percentage distribution of retirement age, 1968-85<sup>1</sup>

Year	Age in years				
	Under 55	55	56-59	60 or over	65 or over
1968	0.3	63.2	14.2	22.1	(1.5)
1971	0.7	57.9	18.3	23.1	(1.1)
1974	0.3	52.0	12.3	35.4	(2.6)
1976	0.3	47.3	15.9	35.9	(3.3)
1978	0.1	41.3	19.4	38.5	(4.4)
1980	0.2	39.5	20.1	39.7	(2.5)
1981	0.4	38.0	18.0	42.6	(2.2)
1982	0.5	35.5	18.2	45.8	(2.0)
1983	0.3	31.3	19.0	49.4	(2.6)
1984	0.1	29.6	18.3	52.1	(2.5)
1985 <sup>2</sup>	0.1	27.0	17.4	55.4	(2.3)

<sup>1</sup> Data are for enterprises employing 30 workers or more and applying a prescribed retirement age. Totals do not always equal 100 per cent owing to incomplete replies to the survey. <sup>2</sup> In January.

Source: Ministry of Labour: *Koyō Kanri Chōsa* [Survey on Employment Management] for the respective years.

### III. Issues and policies

#### The issues

Our analysis of recent trends has brought out numerous differences in working time according to the sex and age of the workers and according to the size of the enterprise, the industrial sector and the occupation in which they are employed.

We have seen that there are considerable differences in all aspects of working time according to the size of the enterprise. The situation in smaller enterprises is characterised by a longer normal work-week, fewer hours counted or paid as overtime, shorter annual paid leave in both entitlement and use, greater recourse to part-time work, and a lower age of retirement.

Under the dual industrial structure of large and small enterprises in Japan, many small-scale firms perform jobs for the large enterprises as subcontractors, subsidiaries, affiliates or suppliers. The small firms are often faced with fierce domestic competition as well as international competition (especially from the growing industries in the newly industrialising countries engaged in the same export-oriented branches). At the same time, unions are much less active in the smaller firms. These various factors have created a big wage gap between large and small enterprises: workers in the latter receive a lower basic wage, lower overtime allowance and smaller benefits and consequently, when given the choice, tend to opt for wage increases rather than a reduction in working time. The problems of the small-scale sector

continue to be a major bottleneck in efforts to achieve an overall reduction of working time in Japan.

Secondly, it was noted that women workers have shorter hours of work than men. They work less overtime and are increasingly engaged in part-time work. The legal restrictions on overtime for women are, however, as we shall see below, to be relaxed in April 1986, so that they may well tend to work more in future.

The number of women working part time is growing as more women enter the labour market and as the services sector, which employs many part-timers, continues to expand.<sup>35</sup> Some women (particularly those without a breadwinner spouse) work part time out of financial necessity and because no full-time jobs are available. Others voluntarily choose to work part time in order to supplement the family income or for non-financial reasons. In the latter case a part-time job enables them to reconcile their wish for paid employment with their family responsibilities. Most married women engaged in part-time work, however, have children of school age and their principal reason for re-entering the labour market is often to cover the costs of their children's education. From the employers' point of view, part-time employment is an easy way of adjusting to labour demand since they can economise on the part-timers' wages and benefits. Against this background, the need for appropriate measures to protect the working conditions of part-time workers has become a major policy issue.

Thirdly, differences were noted between older and younger workers in the amount of overtime worked and the amount of paid leave taken. New attitudes towards work among the younger generation may well affect future trends in working time. With the growing number of older workers in the labour force the total duration of working life has also become an issue. Unlike what is happening in other industrialised countries, the trend in Japan is to raise the age of retirement in order to meet these workers' wish to go on working.

Finally, we have seen that working time tends to be longer in certain sectors and occupations than in others. Owing to the nature of the work, longer overtime is worked in the transport sector (trucking and taxis) which has been exempted from certain provisions of the Labour Standards Law. A rapid increase in demand has sometimes led to longer overtime as well. This has happened in vehicle and machinery manufacturing and in computer-related occupations such as systems engineers, programmers, computer operators and key punchers. In the financial sector and the civil service, the five-day week was introduced only after it had been adopted in other sectors.<sup>36</sup>

### Government policy

Government policy on working time started to take shape in the 1970s as a result of growing concern about the qualitative aspects of working life.

This was a change from the previous wage-centred policy. Priority areas have been defined as the extension of the five-day week, the restriction of excessive and routine overtime, and the fuller utilisation of the annual paid leave entitlement, while government action has been primarily promotional, mainly taking the form of policy guide-lines and administrative guidance, despite some recent moves to amend the relevant legislation. The government guide-lines set goals to be achieved but are not legally binding. The Ministry of Labour gives administrative guidance designed to promote an understanding of the guide-lines and to encourage their application by enterprises.

The preliminary suggestions in the policy-making process are made by the Labour Standards Law Study Group, a group of independent experts set up in 1969 to advise the Minister of Labour on such matters as working time, employment contracts and wages. In the light of its reports, the Minister drafts legislative proposals for submission to the tripartite Labour Standards Council. The Council then makes a recommendation to the Minister, and the Ministry drafts a Bill for submission to the Diet.

The Government's essentially promotional role and its emphasis on the need for reaching a consensus through consultation and negotiation between labour and management were evidenced when it accepted the Council's recommendation that it should provide administrative guidance rather than enact legislation in response to the demands made by organised labour in the mid-1970s for the revision of the statutory provisions governing working time.

A more recent example is the Ordinance issued by the Ministry of Labour in January 1983 containing guide-lines on the restriction of overtime. Under article 36 of the Labour Standards Law, the extension of working hours beyond the normal hours of work or the employment of workers on rest days requires a written agreement between the employer and the trade union or person representing the majority of the workers at the workplace and submission of the agreement to the competent authority. The 1983 Ordinance requires the employer not only to report the reasons for using overtime, the type of work to be done and the number of workers to be employed, but also (and this is new) to specify the amount of any overtime exceeding one working day that is to be worked. The upper limits of such overtime were set out by the Ministry as guide-lines: 15 hours for a period of one week; 28 hours for two weeks; 39 hours for three weeks; 48 hours for four weeks; after four weeks, 12 hours a week up to 12 weeks; 50 hours for one month; after one month, 50 hours a month up to three months.

A report issued by the Labour Standards Law Study Group in August 1984 also recommended that administrative guidance on measures to restrict excessive and routine overtime should be strengthened. Because of the wide variations in overtime according to type of industry and size of enterprise, the Group considered it preferable to leave specific arrangements to labour-management negotiations rather than introduce legal restrictions. It noted

that enterprises which have used overtime to adjust to economic fluctuations have been able to keep down the number of lay-offs even in times of economic slack, and considered that this was another reason for avoiding rigid legal restrictions on overtime.

The first official effort to define "part-timers" and to address their problems took the form of guide-lines issued in October 1984. These define part-time workers as workers whose working hours per day, week or month are considerably shorter than those of full-time workers, and call upon employers (1) to draw up employment contracts clearly spelling out the basic conditions of work; (2) not to allow overtime to exceed the normal working hours of full-timers; (3) to give notice of termination of employment at least 30 days in advance; (4) to grant annual paid leave to part-time workers who work five days a week for one year or more; (5) to bear the cost of medical check-ups for part-timers whose weekly working hours are more than three-quarters those of full-timers; and (6) to promote part-time employment for older workers.

Besides the move to strengthen administrative guidance, some statutory changes have also been proposed or introduced. In late 1985 the Labour Standards Law Study Group, in the light of the reactions to its 1984 report,<sup>37</sup> recommended that the Labour Standards Law should be amended<sup>38</sup> to set statutory working hours at eight a day and 45 a week and to include provisions allowing, in certain conditions, an extension of daily hours up to ten at most (not counted as overtime) and an average of 45 hours a week over 12 weeks or three months. It also recommended that the basic entitlement to annual paid leave should be increased to ten days, that proportionate entitlement to annual paid leave should be extended to part-timers, that the premium for work on rest days should be increased, and that exceptions should be allowed for the transport sector and small enterprises in commerce and services. A Bill will probably be examined by the Diet in 1987.<sup>39</sup>

An amendment to the provisions of the Labour Standards Law governing overtime for women workers has already been passed and is to come into force in April 1986. The current provisions (article 61) limit overtime for women to two hours a day, six hours a week and 150 hours a year. An exception is provided for closing the accounts, for which overtime may not exceed 12 hours calculated over a period of two weeks. The employment of women on rest days is also prohibited. The new provisions, adopted as a result of the parliamentary debate on the Employment Equality Law, do away with the restriction on overtime for women in managerial and professional categories and the overtime limit of two hours a day in industry and relax the restrictions in non-industrial sectors (i.e. those other than manufacturing, mining, construction and transport).<sup>40</sup>

A legislative amendment to set the retirement age at 60 years or over was also recommended recently by the Employment Council (an advisory organ to the Minister of Labour); it will probably be examined by the Diet in the spring of 1986.

While in Western Europe reductions in working time have been proposed since 1973 mainly with a view to alleviating unemployment, in Japan unemployment was not the primary reason for the reduction of working time in the past since it remained at a relatively low level. With the slight upturn in the early 1980s,<sup>41</sup> however, the rate of unemployment has become a growing policy consideration in Japan as well: the Fifth Basic Plan for Employment of 1983 put forward the idea of work-sharing in a broad sense and argued more explicitly for a reduction of working time from the standpoint of maintaining if not increasing the level of employment. It also stressed the desirability of dividing and redistributing work among a larger number of workers because of the growing number of older workers, the increased participation of women in the labour market, the slow rate of economic growth and the swift development of technology.

In 1985 the reduction of working time and the raising of the retirement age were cited as two of the main policy goals of the Ministry of Labour. The reduction of working time was also emphasised in the programme adopted by the Government to encourage domestic demand and thus help to mitigate the trade imbalances which have become a pressing issue in Japan's external relations. Assuming that increased leisure time brought about by a reduction in working time will help to boost domestic demand and consumption, the programme sets as targets a ten-day increase in total annual paid leave and weekly rest days and full utilisation of annual leave. Greater recourse to the five-day week is to be encouraged in banks (closing on two Saturdays a month) and the civil service (six days off per period of four weeks) as well as in other sectors. Government action provided for in the programme includes promotional activities and a review of the Labour Standards Law for possible amendment in future.

### **The employers' position**

The basic position taken by the Japan Federation of Employers' Associations (Nikkeiren) concerning wages and the reduction of working time is (1) that wage increases are contingent on a real growth in profits and productivity and (2) that working time can be reduced only through a redistribution of the benefits produced by increased productivity. The main obstacle to reducing working time in small enterprises is their low productivity.

Another major stand taken by employers concerns the role of the Government: it should refrain from excessive intervention in matters concerning conditions of work and employment, which should be left to the employers and workers to decide. Employers hold that arrangements suited to the specific situations and needs of each workplace are best made through consultations at the level of the enterprise. Accordingly, Nikkeiren opposes a revision of the Labour Standards Law and a statutory retirement age, just as it came out against the government guide-lines on maximum overtime issued

in 1983. The enforcement of uniform legal maxima, as recommended by the Labour Standards Law Study Group, has also been criticised by a group representing small enterprises (the National Federation of Small Business Associations) because of the serious financial burden it could impose on small and medium-sized enterprises.

### **The workers' position**

In recent years the reduction of working time has become one of the workers' major demands along with wage increases. The growing importance attached to shorter working hours by workers' organisations is due not only to the changing desires and needs of their members but also, in large part, to the example set in Western Europe; trade unions also believe that shorter hours may help to assuage fears of excessive Japanese penetration of overseas markets. Moreover, with the slow growth of the economy trade unionists can no longer be optimistic about possible wage increases. Hence the reduction of working time is likely to remain a major goal of the labour movement in the coming years.

The main workers' organisations consider that working time issues need to be dealt with through legislative action rather than administrative guidance. They call for a revision of the Labour Standards Law and an extension of legal protection to part-time workers. They have also insisted that legislation is necessary to ensure that mandatory retirement at 60 years is observed, particularly in the case of small and medium-sized enterprises where workers usually have limited negotiating power. They believe that the system of a mandatory retirement age helps to ensure job security for older workers.

They also consider it important for workers' organisations as a whole to take concerted action in order to overcome the weaknesses of enterprise-based unions in tackling working time issues. A case in point is the joint demand made in 1985 by the four major workers' organisations – the General Council of Trade Unions of Japan (Sôhyô), the Japanese Confederation of Labour (Dômei), the National Federation of Independent Unions of Japan (Shinsanbetsu) and the Federation of Independent Unions of Japan (Churitsu Rôren) – and the Japanese Private Sector Trade Union Council (Zenmin Rôkyô) calling for (1) the fixing of normal hours of work at eight a day and 40 a week; (2) a minimum rest period of two days a week; (3) the fixing of an overtime ceiling at three hours a day, 40 hours a month, 100 hours per quarter, and 300 hours per year; (4) time-and-a-half rates for overtime and night work and double rates for work on rest days; and (5) 20 working days of annual paid leave for workers who have been employed for one year or more, with proportionate increments according to length of service and provision for at least five days of consecutive leave.



## IV. Concluding remarks

A number of salient points have emerged from our review of recent trends in working time in Japan.

Around the mid-1970s the trend towards shorter working hours that had been gaining momentum during the preceding 15 years came to a halt. Our examination of the trends since then has highlighted wide variations in working time according to the size of the enterprise, the sector, and the sex and the age of the workers. The difficulties facing small enterprises continue to be one of the main obstacles to an overall reduction in working time.

While working time in general has not become any shorter over the past decade, signs of change can now be seen in the attitudes of young workers towards work and especially in policy moves to encourage a further reduction in working time. Working time has become a central labour policy issue.

Various changes are taking place in Japan's labour market and industrial structure today. The number of older workers is increasing, and there is a growing trend to raise the age of retirement. More women are entering the labour force. The tertiary sector is expanding. New types of jobs are being created as a result, and more people are working part time or taking on temporary work, subcontracting jobs, and so forth.

All these are objective changes. But subjective changes are also taking place in workers' values as their needs and aspirations become more diversified and they seek more free time and leisure. New policies are needed to cope with these changes: the move towards a reduction in working time and more flexible working time arrangements therefore seems to be inevitable. Since the problems involved vary greatly from one workplace to another it seems likely that the particulars will be determined largely by labour-management agreements and consensus at the enterprise level. At the same time, however, concerted action by workers' organisations beyond the level of enterprise-based unions will be needed to ensure effective implementation of the new arrangements. The legislative framework also needs remodelling if it is to accommodate the various changes occurring in society. The solutions found to these issues will significantly affect the lives of workers and employers, the social and economic situation of the nation, and the future of work as a whole.

### Notes

<sup>1</sup> Although the 40-hour week is now the standard practice in Western Europe, several countries still have a legal norm of 48 (the Federal Republic of Germany, Greece, Ireland, Italy and the Netherlands). The ILO has summarised the situation in the industrialised countries as follows: "Virtually all of the industrialised countries have normal hours, determined by law or by collective agreement or practice, in the 40-44 hours range. About half of them have general levels of 40 hours or less." ILO: *World Labour Report 2* (Geneva, 1985), p. 154.

<sup>2</sup> Ministry of Labour: *Chingin Rôdô Jikan Seido Sôgô Chôsa* [General Survey on Wages and Working Hours Systems]. While the *General Survey* and the *Monthly Labour Statistics Survey* (see note 3) are published in Japanese only, a recapitulation in English of some of the statistics they contain can be found in the *Year Book of Labour Statistics* (Tokyo, Ministry of Labour).

The *General Survey* derives the normal work-week per enterprise from an unweighted average of the normal work-weeks applied to the largest number of workers in each enterprise; and the normal work-week per worker from the average of the normal work-weeks applied to the largest number of workers in each enterprise weighted by the total number of the workers in the enterprise.

It defines regular employees as workers (1) who are employed for an indefinite period or for a period of more than one month or (2) who are employed for a period of a month or less, or on a daily basis, but who worked at least 18 days in each of the previous two months. It excludes part-time workers, defined as workers whose daily normal hours of work are shorter than those of the ordinary workers in the establishment, or whose weekly normal hours of work are shorter than those of the ordinary workers in the establishment even though their daily normal hours of work are the same as those of the ordinary workers.

Of the establishments covered by the survey, those that are relevant to this article are (1) those with 30 regular employees or more and (2) those with between five and 29 regular employees, both of which are surveyed every month. Establishments in (1) are broken down into (a) those with 30-99 employees (called small enterprises here), (b) those with 100-999 employees (medium-sized enterprises), and (c) those with 1,000 employees or more (large enterprises).

<sup>3</sup> Ministry of Labour: *Maitsuki Kinrô Tôkei Chôsa* [Monthly Labour Statistics Survey].

<sup>4</sup> The low rate of absenteeism of Japanese workers should be noted. According to the figures quoted by the Japan Institute of Labour in *Japanese Working Life Profile 1985* (Tokyo), based on statistics compiled by the Institut der Deutschen Wirtschaft in the Federal Republic of Germany, the rate of absenteeism for Japan was 1.5 per cent (1981) compared with 3.4 per cent for the United States (1979), 7.7 per cent for the Federal Republic of Germany (1979), 8.7 per cent for France (1976) and 9.9 per cent for Italy (1981).

<sup>5</sup> The statistics in this section are taken from the *Monthly Labour Statistics Survey*, op. cit.

<sup>6</sup> The statistics in this section are taken from the *General Survey on Wages and Working Hours Systems*, op. cit.

<sup>7</sup> Except where otherwise stated, the statistics in this section are taken from the *Monthly Labour Statistics Survey*, op. cit.

<sup>8</sup> Generally, overtime as a percentage of total hours worked tends to be lower in other industrialised countries. For example, overtime accounted for approximately 3.2 per cent of the average weekly hours worked in Australia in May 1984 (as calculated from the Australian Bureau of Statistics: *Overtime, Australia*, Canberra, 1984; and idem: *The Labour Force, Australia*, Canberra, 1984), and in Sweden overtime worked in manufacturing industry accounted for 2.9 per cent of the total number of hours worked (Central Bureau of Statistics: *Statistiska meddelanden*, Stockholm, Aug. 1985). On the other hand, overtime worked by full-time male manual workers in all industries in the United Kingdom accounted for 11.1 per cent of hours worked (Department of Employment: *New Earnings Survey*, London, 1982).

<sup>9</sup> According to a special survey reported in the *Monthly Labour Statistics Survey*, hours actually worked per month were longer in smaller enterprises: in 1984, 184.7 hours in establishments with one to four employees, 188.9 hours in those with five to 29 employees and 183.5 hours in those with 30 to 99 employees, as compared with 179.9 hours in medium-sized firms and 180.6 hours in large firms.

<sup>10</sup> The differences in actual overtime worked by men and women workers and views about the acceptable extent of overtime were brought out in a recent study on workers' attitudes in the chemical and energy industry. According to this study, the acceptable limits of overtime were about 25 hours a month for men and ten hours for women. Yôko Sano and Hideo Ishida (eds.): *Kagaku enerugi sanyô ni miru rôdôsha ishiki (1984)* [Workers' attitudes in the chemical and energy industry (1984)] (Tokyo, Nihon Kagaku Enerugi Rôdôkumiai Kyôgikai [International Federation of Chemical, Energy and General Workers' Unions - Japanese Affiliates Federation], 1985).

<sup>11</sup> Ministry of Labour: *Kinrôsha no shokugyôseikatsu nikansuru ishiki chôsa* [Survey on workers' attitudes to their working life] (Tokyo, 1978).

<sup>12</sup> Cash earnings mean money earned before income tax, social insurance contributions, etc., and include both contractual cash earnings and bonuses and special (non-contractual) allowances.

<sup>13</sup> The overtime premium is calculated on the basis of the normal wage, i.e. excluding bonuses and certain allowances. Moreover, time off in compensation for overtime worked is also a fairly common practice.

<sup>14</sup> This rate is applicable both to work on rest days and to night work.

<sup>15</sup> *General Survey* . . . , op. cit. The figures refer to overtime worked other than at night or on rest days.

<sup>16</sup> The statistics in this section are taken from the *General Survey* . . . , op. cit.

<sup>17</sup> For purposes of comparison, annual paid leave in Western Europe is generally four or five weeks, increasing in some countries with length of service.

<sup>18</sup> Koyô Mondai Kenkyûkai [Research Group on Employment Questions]: *21-seiki no rôdô nikansuru yûshikisha chôsa* [Survey of opinion leaders concerning labour in the twenty-first century] (Tokyo, 1985).

<sup>19</sup> Bonuses and special allowances amount to over one-quarter (27.6 per cent) of monthly cash earnings in Japan. See also note 12.

<sup>20</sup> Among the surveys which use this definition are *General Survey* . . . , op. cit.; Ministry of Labour: *Koyô Kanri Chôsa* [Survey on Employment Management] (Tokyo, 1975); *Koyô Dôkô Chôsa* [Survey on Employment Trends] (Tokyo, 1982); and *Chingin Kôzô Kihon Tôkei Chôsa* [Basic Survey on Wage Structure] (Tokyo, 1982).

<sup>21</sup> Prime Minister's Office: *Rodoryoku chôsa tokubetsu chôsa* [Special survey on the labour force] (Tokyo, 1981). Ministry of Labour: *Dai sanji sangyô koyô jittai chôsa* [Survey on employment conditions in the tertiary sector] (Tokyo, 1979). *Survey on Employment Management* (Tokyo, 1979).

<sup>22</sup> Management and Co-ordination Agency: *Rôdôryoku Chôsa* [Labour Force Survey] (Tokyo, 1984).

<sup>23</sup> *Special survey on the labour force*, op. cit.

<sup>24</sup> *Survey on employment conditions in the tertiary sector*, op. cit.

<sup>25</sup> *Labour Force Survey*, op. cit.

<sup>26</sup> *Special survey on the labour force*, op. cit.

<sup>27</sup> *Survey on Employment Management*, 1985.

<sup>28</sup> *Labour Force Survey*, op. cit.

<sup>29</sup> *Special survey on the labour force*, op. cit.

<sup>30</sup> *Survey on Employment Management*, 1985.

<sup>31</sup> Ministry of Health and Welfare, Population Research Institute: *Nippon no shôrai suitei jinkô* [Estimated future population of Japan] (Tokyo, 1981). See also Hideo Seki: "Employment problems and policies in an ageing society: The Japanese experience", in *International Labour Review*, May-June 1980, pp. 351-365.

<sup>32</sup> By about 99 per cent of large enterprises, 95.9 per cent of medium-sized ones and 83.4 per cent of small ones. *Survey on Employment Management*, 1985.

<sup>33</sup> *ibid.*

<sup>34</sup> Ministry of Labour: *Teinen tôtatsusha chôsa* [Survey on workers who have reached the age of retirement] (Tokyo, 1979).

<sup>35</sup> The proportion of the tertiary sector in the economy as a whole grew from 41.3 per cent in 1960 to 46.9 per cent in 1970, 54.2 per cent in 1980, and 56.5 per cent in 1983 (of which 34.7 per cent was accounted for by services industries). Ministry of Labour: *Handbook of Labour Statistics*, 1984, cited in *Japanese Working Life Profile 1985*, op. cit.

<sup>36</sup> The simultaneous closing of banks on Saturdays was first considered around 1972 as the five-day week became increasingly common among other private enterprises. However, owing to some opposition on the part of users, objections from smaller banks (particularly those without automatic cash dispensers) and the restrictions established by the Banking Law, the practice was adopted only after the Banking Law had been revised in 1981 and greater consensus had been reached.

In 1979, after two trials in 1976 and 1978, the National Personnel Authority (NPA), which is empowered to report and make recommendations on the conditions of employment of civil servants, recommended to the Diet (Parliament) and the Cabinet the introduction of the five-day week in the national civil service in the form of five days off in each period of four weeks. This recommendation was accepted by the Government in 1980 on condition that its implementation caused no deterioration in the quality of the service and entailed no increase in staff or expenditure.

<sup>37</sup> In its 1984 report the Study Group recommended that normal hours should be reduced to 45 a week but increased to nine a day and that the minimum entitlement to annual paid leave should be increased to ten days. The proposal to set normal daily hours at nine met with fierce opposition from the unions.

<sup>38</sup> The need for amendment was attributed to the predominance of enterprise-based unions (and hence the limited scope of labour-management agreements) and the declining rate of unionisation. This rate, which was estimated to be 35.4 per cent in 1970 and 34.4 per cent in 1975, gradually declined to 28.9 per cent in 1985. It is considerably lower in the private sector. It should also be noted that the unionisation rate decreases with the size of the enterprise.

<sup>39</sup> On the other hand, a move that runs counter to the trend towards reducing working time is the extension of the clause providing for exemptions from statutory daily or weekly working hours. In the spring of 1985 the Government accepted the Study Group's recommendation that the provisions contained in the Enforcement Regulations of the Labour Standards Law allowing employees in small distribution and service enterprises with nine employees or fewer to work up to nine hours a day and 54 a week should remain in force until 1988, whereas it had originally been planned to repeal those provisions in March 1985.

<sup>40</sup> In these sectors the general limit on overtime, as established by ordinance, is to be 24 hours per period of four weeks and 150 hours per year, with work being allowed on one rest day every four weeks; for women workers in health and sanitation services, hotels, restaurants and allied trades, and recreational enterprises, the limit is to be 12 hours per period of two weeks and 150 hours per year and no work is to be allowed on rest days.

<sup>41</sup> The rate of unemployment in Japan, which had been around 2 per cent in the 1970s, rose to 2.2 per cent in 1981, 2.4 per cent in 1982, 2.6 per cent in 1983 and 2.7 per cent in 1984.