

# *ASIANetwork Conference 2004*

## *Lisle, Illinois*

*Throughout the year we will feature keynote addresses and selected papers from the ASIANetwork Conference 2004.*

***Looking at Asia Through a Double Lens: Workers in Japan.*** Chair: Bernice J. deGannes Scott. Panelists: Anne Hornsby, Bernice J. deGannes Scott, Spelman College.

***The Role of Asian-American Studies within Asian Studies and the Liberal Arts Curriculum: A Midwestern Perspective.*** Chair: P. Richard Bohr, College of Saint Benedict and Saint John's University. Panelists: David P. Bennetts, College of Saint Benedict and Saint John's University; Chia Ning, Central College; Diane Clayton, Hamline University.



Bernice J. deGannes Scott and Anne Hornsby

***Looking at Asia Through a Double Lens: Workers in Japan.*** Chair: Bernice J. deGannes Scott. Panelists: Anne Hornsby, Bernice J. deGannes Scott, Spelman College.

### **Japan's Hidden Potential: Women and Employment**

**Bernice J. deGannes Scott**  
**Spelman College**

#### ***Introduction***

The Japanese Ministry of Health, Labour and Welfare (2002, 2) reports a dramatic change in the composition of Japan's key labor force comprising persons ages 15 to 64. The size of this age cohort, which increased steadily after the Second World War, started to decline in 1995. At the other end of the spectrum, the elderly population (65+) has been increasing. The data show that the ratio of persons ages 15 to 64 to the elderly population, which had been at about 70% in 1965,

is predicted to be at 50% by the year 2050. At the same time, the ratio of the elderly population to the total population is projected to be 20% in 2010, rising to 30% in 2035 and to 40% by 2050.

Theoretically, the combination of a declining working age population and an increase in the elderly would result in a labor shortage for any country. The administration is then faced with several options: Should it do nothing and let the economy suffer? Should it legislate an increase in family size? Should it open the borders to immigration?

In investigating the declining working age/increasing elderly-population phenomenon in Japan, this paper concludes that in spite of the presence of these causal factors, Japan will not necessarily experience a labor shortage because the country has a hidden labor force potential—its women.

### ***Brief Review of Japan's Working Women***

The participation of Japanese women in the labor force can be best understood by examining six significant periods in the lives of Japanese working women from 1868 to 1999 (CAWW, 2003). This 131-year period covers the Meiji Restoration to the late 20<sup>th</sup> century. As the analysis shows, Japanese women have a long tradition of working, while gender discrimination in the labor market is a relatively recent phenomenon.

The first period, spanning the years 1868 to 1910, began with rapid industrialization, with the textile industry at the core of the industrial development. During this time, rural women were heavily involved in the modernization of the economy, learning new technologies and working in privately owned textile factories.

The second period, 1911 to 1929, witnessed the emergence of the *shokugyo fujin* (career women), as many women began to work in factories and became active in labor movements. Others, however, chose to remain in the home as housewives.

The third period, 1930 to 1945, began with the Great Depression and ended with World War II. As the economic depression waned and the war escalated, women were employed in areas that supported the war effort, including the heavy machinery and chemical industries.

The new Constitution of Japan was adopted in 1946, in the early years of the fourth period, 1945 to 1955. Among the ideals promoted by the Constitution was that of gender equality. This was a critical period during which women worked in unison with men in the national effort to support the post-World War II economic recovery.

The fifth period, identified as one of high economic growth, lasted from 1956 to 1974. During this period, manifest by the mass migration of new graduates from rural to urban areas, women found employment in offices as secretaries. It was during this period that the trend of women as part-time workers started.

The final period, 1975 to 1999, is noted as the time during which gender discrimination emerged in the workplace. Women were no longer accepted as partners in the labor force, and female college graduates in particular had difficulty in finding employment. The Equal Employment Opportunity Law was introduced in 1986 to remedy this situation, and attempts were made to improve the working conditions of part-time workers, the majority of whom, by this time, were women.

The literature reviewed here addresses official attempts to eliminate gender disparities in the workplace, probable consequences to the society from the declining birth rate, and the job status of contemporary working women. However, it must first be understood that Japanese women participate in the labor force at rates comparable to women in western industrial nations, but are faced with sharper gender stratification patterns. (Brinson, 1989) As noted by Higuchi (1977), official attempts have been made to address gender disparity. Citing the (new) 1946 Constitution of Japan, he quotes Article 14, which states, in part, that "...all of

the people are equal under the law and there shall be no discrimination in political, economic or social relations because of race, creed, sex, social status or family origin (56)." Higuchi also reports that the government revised the Civil Code and the laws pertaining to elections, education and labor in accordance with the principle of gender equality.

Hashimoto (1990) argues that the status of Japanese women improved considerably after World War II. He identifies the proclamation of International Women's Decade (1975-1985) as the stimulus that propelled the Japanese government to introduce the 1986 Equal Employment Opportunity Law (EEOL), which stressed equal treatment of the sexes in recruiting, hiring, placement and promotion, and prohibited discrimination on the basis of gender.

The literature is specific about the existence of inequality in the Japanese labor force. Knapp (2000) reports on the gender role stereotypes that force men to be "warriors" and women to be "office flowers" in the corporate setting. In her opinion, this practice deprives both men and women of their freedom of choice, and she recommends that it be replaced with a more flexible attitude that will reflect the diversified values among today's workers. Renshaw (2001) uses similar metaphorical language ("warlords," "samurai") to describe the men and the behavior that is expected of them in Japanese male-defined corporations. The issue of gender disparity is also apparent in comparisons of the earnings of men and women, which shows that in 2002, Japanese women earned 52 cents for each dollar earned by Japanese men (Christian Science Monitor, 2002).

Japan's declining birth rate is discussed by Lev, (1998) who asserts that women are deliberately postponing marriage and childbearing in an effort to enjoy their careers, financial independence and personal freedom. The implications of an aging society combined with a declining birth rate are also addressed by Lev, who warns that unless these trends are reversed there might not be enough workers to support industry or pay for the care of the growing numbers of elderly. On the subject of the aging population, Jansen and Reischauer (2000) predict that by the year 2020, one in four Japanese will be over the age of 65, resulting in a shortage of workers for the labor force.

### ***Theoretical Framework for the Labor Force Participation of Japanese Women***

This investigation is done within a framework incorporating the production possibilities curve (PPC), human capital, discrimination, and the M-curve. The PPC theory assumes *inter alia*, that all factors of production are fully employed, thus indicating that an economy's output is at maximum. When a country's labor supply is not efficiently used, there is a loss in production, and consequently lower output. Relaxing another PPC assumption—that all factors of production are fixed in quality—allows for introduction of the human capital theory. That is, an improvement in the quality of human resources through education and training leads to greater productivity.

Becker's theory of discrimination acknowledges

that there is inequality in the labor market. Not only does labor market discrimination lead to lower wages for those who are the victims of bias, but it also results in inefficient use of resources and lower output in the economy.

The M-curve theory is exclusive to Japan, as the M-shape of the curve illustrates the work cycle of Japanese women. The first upward slope of the M-curve demonstrates an increasing degree of female labor force participation, which starts upon graduation from high school and college. The curve peaks, and then begins its downward slope to reflect the withdrawal of women from the labor force upon marriage or at the birth of their first child. The second upward slope of the M-curve charts the return of Japanese women to the labor force after their children are grown, usually when the women are in their mid-40s to 50s. The M-curve begins its final downward slope that indicates the retirement of women from the workforce.

### ***Marriage, Fertility, Education and Job Classification***

The data used in the research are for five-year intervals over the period 1982 to 1997, and for the time periods 1983 to 2002, 1983 to 2003, and 1984 to 2002. The variables analyzed are Japan's total fertility rate, female age at first marriage, female age at first live birth, educational attainment by gender, female employees by marital status, and job classification by gender. The sources of data were various documents published by the Japanese Ministry of Health, Labour and Welfare.

The data show that in 1983, Japan's total fertility rate was 1.8, and while there was some fluctuation in the interim years; by 2002, the rate had declined to 1.32. Over the same period, the mean age of women at first marriage, as well as the mean age of women at first live birth both increased. In 1983, the female mean age at first marriage was 25.4 years; by 2002, it had increased to 27.4 years. The mean age of women at first live birth rose from 26.5 years in 1983 to 28.3 years in 2002.

The data on educational attainment of females and males are presented in five-year increments for the years 1982 to 1997. The gender comparison for this variable yields anticipated but interesting results. Most glaring is the difference in the proportions of men and women who attended junior college and university (including graduate school). In all of the reported years (1982, 1987, 1992 and 1997), women predominated as junior college attendees, while men attended the universities at rates that were approximately three times higher than those for women. As an example, in 1982, 8% of women and 4% of men had graduated from junior college. In the same year, 16% of men had graduated from university, while only 3% of women had attained this level of education. By 1997, 17% of women had graduated from junior college compared with 7% of men. However, while 23% of men had graduated from university in 1997, only 7% of women had done so.

Analysis of the data on marital status of female employees shows that from 1983 to 2003, the proportion

of divorced or widowed women in the workforce remained stable at about 10%. However, a change was observed in the proportions of married and never married women in the labor force. In 1983, 20% of women in the workforce had never been married, while 67% were married; by 2003, the proportion of never married women in the labor force had increased to 28%, while that of married women had declined to 60%.

The data on job classification reports the proportions of men and women in non-managerial positions, and those in managerial positions as directors, section managers and chiefs for the period 1984 to 2002. In the non-managerial positions, males accounted for greater than 60%, while females were around 30% of the group. The data for the managerial category show a pattern of male domination across all positions (directors, section managers and chiefs), with men accounting for over 90% of these sub-groups.

Finally, a steady increase is evident in the proportion of female part-time workers for the years 1983 to 2003. These data are provided in two categories, one being for women who work 1 to 14 hours per week, and the other for those who work 15 to 34 hours per week. Between 1983 and 2003, the proportion of women who worked 1 to 14 hours per week increased by 64%, while those who worked 15 to 34 hours per week increased by 61%.

### ***Summary and Conclusions***

Theoretically, a reduction in a country's fertility rate combined with an increase in the elderly population can lead to a labor shortage. While the literature and data indicate that these causal factors are present in Japan, the contention of this paper is that a labor shortage is not inevitable because of Japan's hidden labor potential, namely, its women. Theories such as that of production possibilities curve, human capital, discrimination, and the M-curve theory support the research, which is unique to the Japanese labor market.

The data analysis reveals that over the past 20 years or so, the Japanese fertility rate has declined, and that Japanese women have been marrying and having children later in life. These two facts are reflected in the data that show a higher proportion of unmarried women in the labor force. Also emerging from the data analysis is the imbalance in university and junior college attendance rates of Japanese women and men. The university attendance of the women is about one-third that of the men, while the reverse is seen in junior college attendance. The data analysis also confirms the existence of gender stratification on the job. Women were in the minority in both non-managerial and managerial positions, filling 30% of the non-managerial jobs, and only 10% of positions in the managerial category. In addition, the proportion of women in part-time positions increased from 1983 to 2003.

From the literature and data, it is apparent that Japanese women are already making choices about the age at which they marry and have children. Predictably, these decisions will impact the M-curve, making the initial upward slope of the curve flatter as women marry at a later age (or not at all), and prolong the length of time they remain in the labor force. In fact, if the trend continues, the M-shape of the curve may

change to a bell-like shape to reflect a work-cycle that parallels the life cycle.

The research reveals that the potential of the female workforce has yet to be adequately tapped. One implication of this is that the economy is not producing at its maximum capacity. A further implication is that unless this situation is corrected, the predicted labor shortage will become a reality. While legislation is already in place to address gender inequality in Japan, it is recommended that these laws be enforced in accordance with the Constitution, and the Equal Employment Opportunity Law (EEOC).

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## Lifetime Employment in Japan: Myths and Misconceptions

Anne Hornsby  
Spelman College

The practice of lifetime employment is rooted in Japanese culture. It is difficult to imagine a key economic institution that does not reflect a country's culture. If it does not, either the institution or the culture would undergo change leading to mutual divergence or convergence. Patterns of employment practice that diverged from the concept of lifetime employment can be detected in early twentieth century Japan, in instances where workers either voluntarily moved to other jobs or were fired. Over time, as cultural and economic practices began to converge, lifetime employment became an institution within the country. However, one cannot conclude that lifetime employment, once entrenched within the culture, will always remain a permanent fixture even if the practice itself generated a closed external labor market that discouraged labor mobility. Instead, one can argue that the institution of lifetime employment evolved from social forces that can undercut as well as legitimate the practice. (Blair and Roe 247-48) Recent economic decline in Japan has seen the country taking steps to make adjustments in key social institutions to better mirror changes in the economy. The practice of lifetime employment is prominent among these changes. This paper will focus on the evolution of social forces that has influenced employment practices in Japan, leading to lifetime employment for a given period of its history as well as causing the country to reassess this practice in view of its current economic decline.

Economic evolution is so intertwined with historical and political events that they persistently shape and reshape each other. Economic changes have influenced historical and political events, and these same events have shaped and reshaped the course of economic evolution. Thus, lifetime employment in Japan does not represent a self-contained phenomenon. Traces of the practice of lifetime employment can be seen as early as post World War I. However, its distinct origin resulted from the struggle for labor peace in a disrupted World War II Japan, where various government agencies encouraged the practice in order to ensure efficient production. (Blair and Roe, 240)

After World War I, Japanese labor markets were tight and skilled workers, facilitated by the existence of an external labor market, began to move from job to job. Even the attempt by firms to reduce job-hopping with incentives such as increase in wages, seniority privileges and year-end bonuses failed to slow the labor turnover.

The business cycle changed and the economy experienced a downturn in the 1920s—leading to a surplus labor market and a decrease in employees' wages, bonuses, as well as a decrease in the labor supply. Firms began to hire inexperienced workers directly out of school, which necessitated on-the-job training and precipitated the start