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《論　文》

Japan's Industrial Relations and Employment Policy from a South Korean Perspective*

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1. South Korea as a Reference Point for Thinking about Work in Japan

By opening up markets and creating a more rational or efficient way of using various resources, globalization has in general terms been accompanied by rising standards of living and well-being for those involved. However, the fruits of globalization have not been evenly distributed. Some strata have benefitted more than others and some might even be said to have become less well off. As Stiglitz (2006), Krugman (2007), Reich (2010) and others have noted, social inequalities related to the disparate distribution of the benefits are more pronounced when governments are not strong enough to look after those who have little or no influence in markets.

Japan and South Korea are not exceptions in these regards. Observers have commented widely on how economic and social inequality has grown across a wide range of domains. In Japan the Gini Coefficient for the distribution of pre-tax income increased from 0.433 in 1990 to 0.533 in 2008. The Gini Coefficient after the redistribution of income (which takes into account taxes paid and government benefits received through various forms of welfare) rose much less dramatically from 0.364 to 0.376 over the same period (MHLW annual). In South Korea the Gini Coefficient for two-person households after redistribution rose after the Asian financial crisis in 1997–98 from 0.277 in 2003 to 0.294 in 2009 (The Statistics Korea annual).

Related to the increased levels of inequality is the increase in the percentage of people with incomes below the poverty line. One common definition of living in poverty is having an income that is less than 50 percent of the median income. If we use that as a measure, the percentage so positioned in Japan rose from 13.5 percent of 1991 to 16.0 percent in 2009 (MHLW 2011). In South Korea the rise was from 9.3 percent to 15.1 (The Statistics Korea annual), an even more dramatic rise.

There has been some debate over how to interpret those changes in Japan. Otake (2005) has argued that the demographic shifts associated with Japan's aging population account for the shift as aged persons with smaller incomes become more numerous. Others, such as Tachibanaki and Urakawa (2006) and Yuasa (2008) have also pointed to the casualization of the labor force as an important explanatory factor. The Labor Force Survey shows that the percentage of non-

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regular workers (*hiseki rodosha*) in Japan's labor force increased from 20.0 percent in 1990 to 35.2 percent in 2011 (Statistics Bureau annual). According to government statistics in Korea the proportion of non-regular workers in the labor force stood at 34.2 percent in 2011 (The Statistics Korea 2011). Kim Yu-Seon (2011: 3) reports that a rather reliable privately administered survey yielded an even higher estimate that put the figure at 49.4 percent. These outcomes tend to limit the economic growth potential of each economy, and to undermine otherwise high levels of political and social stability. As such they point to the need for improved employment opportunities.

This paper has been written with two aims. The first is to consider the labor market and related institutions as they mediate the impact of globalization on the populations in Japan and South Korea in terms of the levels of inequality they experience. The general framework to be utilized is shown in Figure 1. According to that formulation, the outcomes in levels and types of inequality are extensively influenced by the way the labor market is structured and by how the system of social welfare functions. While acknowledging that broader framework, this paper is focused on the organization of work and the social welfare systems are mentioned only as they impinge directly on the day-to-day operation of employment relations and practices at work. Particular attention is paid to the way the labor market in both countries is segmented according to a complex system of employment status which makes sharp distinctions between permanent and casual employees or between male and female workers or between high school and university graduates—systems which downplay the significance of trade-based skills and job descriptions. However, as Woo (2007) has noted, these similarities are offset by a number of significant differences between the two countries.

The second task set for this paper is the consideration of ways forward—strategies that

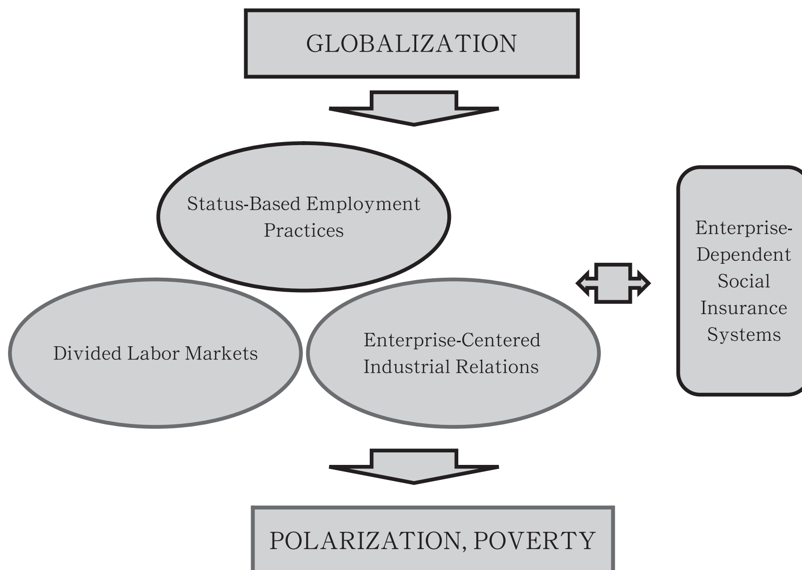

Figure 1　Globalization and Polarization: An Analytical Framework

might assist in sustainable socio-economic growth in the two societies. Adopting the Japanese model, South Korea has surged ahead in a short time, and is facing a number of problems that are more acute than those faced in Japan. At the same time, one might also argue that the severity of the problems arising in Korea has resulted in that nation moving more rapidly to find solutions. For that reason South Korea might provide a good reference point for considering the future of Japan.

2. Employment Practices and Industrial Relations in South Korea

South Korea has been greatly impacted by globalization. According to figures produced by IMF (IMF 2010), in 2009 the value of the nation's exports stood at 43.4 percent of GDP, while that of import was 38.8 percent, considerably above the figures of 11.4 and 10.8 percent recorded in the same year for Japan. Both of those measures may be combined to derive a trade dependency index of 82.2 percent for South Korea in 2009, up dramatically from 54.6 percent in 2002 (Ministry of Strategy and Finance annual). While globalization has presented various opportunities for Korean enterprises to grow, at the same time the competition being generated in rapidly developing countries such as China have place enormous pressure on Korean firms to lower their labor costs. The two realities (income opportunities and cost pressures) have interacted to exacerbate the segmentation of labor markets and levels of social inequality within Korean society. Two dimensions of segmentation are particularly relevant: firm size differentials that exist in the external labor markets and the status system that delineates internal labor markets within firms. Each is considered below.

The manufacturing industries that lead Korea's export trade—automobiles, electronics and shipbuilding—are structured around a multiple tiered set of supply chains. The production pyramid extends from the maker which is a mammoth enterprise down through a number of tiers where medium sized firms and then smaller firms supply parts upwards to the top. This structuring of the manufacturing process is similar to that found in Japan. However, there is a significant difference in how the maker relates to its suppliers. Asanuma (1997) and Ueda (2004) describe how the relationship among makers, tier 1 suppliers, and tier 2 suppliers is a fairly stable one that is characterised by risk sharing and joint efforts to develop technical improvements and the associated skills needed to implement new ways of doing things. However, the research by Hong (2005) and Woo (2008) reveals that the relationship in Korea is much less stable. In particular there is very little sharing of resources between individual firms that constitute the supply chain. Moreover, the burden that occurs when the price of materials rises is left on the doorstep of the firms at the bottom of the supply chain and not spread over the entire chain as often occurs in Japan.

The great disparity between large and small firms is reflected in how the labor market is segmented in Korea. The value added per employee in the large firms is about three times that found in the SMEs. This is the largest differential among those calculated for the OECD countries (EUROSTAT 2008). The differential is reflected in wage disparities. In the automobile industry, for example, the wage level of those in parts manufacturers with fewer than 100 employees is

about half that earned by workers employed by the makers at the top of the pyramid (The Statistics Korea 2009). Furthermore, an exceptionally large percentage of the labor force is concentrated in smaller sized firms; in 2009 only 13.7 percent of the Korean labor force was employed in firms with over 300 employees, whereas over fifty percent of the American labor force could be found in firms with over 1000 employees (Jang 2011: 259), and nearly thirty percent of the Japanese labor force could be found in firms with over 500 employees (Statistics Bureau annual). As long as the large-scale sector does not expand its offering of employment opportunities, the vast majority of workers in Korea will remain in poorly paid employment.

Another source of segmentation in South Korea's labor market is the status system found in most firms where there is a sharp distinction between regular employees and non-regular employees, a situation which leaves little room for mobility between the two groups (Lee BH 2010; Eun 2011). In the government's statistics, non-regular employees include non-permanent employees, part-timers and "non-typical workers". If long-term temporary workers are added to that group, it will account for about fifty percent of the Korean labor force. Their wage level is about half that of regular employees (Lee BH 2010; Kim YS 2011: 18). Accordingly, Jang (2011: 238–39) reports, 25.7 percent of Korean workers labor for less than half of the median wage.

In Korea personnel systems are organized to reflect educational credentials and employment status rather than notions of job descriptions per se. As Ahn (1982) described some time ago, public servants and white collar employees in Korea's largest firms enjoy the benefits that go with long tenure and seniority weighted wages, a fact that has not changed over the past thirty years, although as Kim YG (1996) and Bae (2008) report, blue collar workers in large firms began to receive some of those benefits following the labor disputes that broke out in 1987. Even though there are signs that some weight has come to be given to performance since 2000, Kim DB (2010) argues that the changes have thus far been minimal.

Status-oriented employment practices affect the functioning of the labor market in the following manner. First, providing guarantees to the core employees adds to the cost of hiring them. To cover those costs, non-core employees are hired at much lower cost. Jang (2011: 238) argues that core employees are subsidized by non-regular employees, among whom those with less than one year's employment in 2009 accounted for 36.2 percent of all employees. Second, unlike Japan firms which also have a status-based membership approach to employment, the gap between white and blue collar employees is quite large in Korea, and it is difficult for blue collar workers to advance their skills or have an influence in decision making. There is in Korea a much greater reliance on the discretion of those in white collar stratum. One outcome of this approach is that there is much less finely tuned coordination up-and-down within in firms and also a lower level of cooperation between firms, including between suppliers and the firms they supply. Third, the emphasis on credentials has followed through to the education system, and now some 80 percent of high school graduates are going on for further education. While this has resulted in an overall improvement in the quality of Korea's human capital base, there are not enough good jobs that can fully utilized the "over qualified" labor force, and the outcome has been a mismatch of supply and demand and a rather high unemployment rate among Korea's youth. In 2009 the unemployment rate among those aged 15–29 was 8.1 percent even with many

young people giving up and withdrawing from the labor force altogether. Nam (2011a: 8-9) estimates that the real unemployment rate is closer to 40 percent when the two groups are both taken into consideration. In the same article Nam goes on to argue that among those who are employed the proportion in non-regular employee is quite large, a status from which they cannot readily escape.

The system of industrial relations in South Korea has been characterized as an enterprise-centered one. Labor unions are weak and have only marginal influence. The overall unionization rate is only 10.9 percent, dropping to 1.7 percent for non-regular employees (Kim YS 2011: 32). The union movement is structured mainly around the interests of regular employees and has not shown much interest in the working conditions of the non-regular labor force. The research by Hwang and Lee (2011) suggests that unions may have contributed slightly to a rise in the minimum wage during the 1990s but have since had no further impact. To be sure, Eun (2009) and Jo (2010) have shown that unions in medical services and in financial services have successfully pushed for improved conditions for non-regular workers in those sectors. However, at the same time, as Joo (2010) indicates, less attractive working conditions for non-regular workers are taken as a given in ordinary sectors when providing higher wages and various fringe benefits to the privileged workers. It is thus difficult to conclude that the enterprise-centered approach to work organization has in any way facilitated the emergence of more open labor markets in Korea.

The segmentation of the labor market spills over into the provision of social welfare. In the public service and large firm sector, the provision of welfare for employees is pretty much a management prerogative. As used to be trumpeted in Japan, for those in the privileged sector seniority based wages provided those with family responsibilities a margin for an improved standard of living and for the education-related costs of children. The same was also true in terms of retirement pay. For those in less privileged employment such benefits remain little more than a distant dream.

In South Korea the social security systems for worker accident insurance, medical services, pensions and unemployment were pretty much in place by the mid-1990s, and the benefits began to flow to workers in a tangible way following the financial crisis in 1997 (Lee HK 2005). In order to obtain the understanding of the public as belts were tightened as a means of dealing with the crisis, the requirements for receiving unemployment benefits were loosened and the period over which benefits could be received was lengthened. At the same time the system of medical benefits was restructured and simplified (Korea Tripartite Commission 1998). The coverage for social security in general has since been broadened, and the National Basic Livelihood Security System put in place along with the Earned Income Tax Credit System and the Basic Aged Pension. Nevertheless, Lee BH (2010) observes that non-regular employees are still receiving less than adequate benefits compared to those in the privileged sector. Less than a third of non-regular employees qualify for pensions, medical benefits and unemployment insurance. Roughly the same proportion qualify for retirement pay and bonuses, and most are excluded from the various company-based fringe benefits (Kim YS 2011: 26).

3. Employment Practices and Industrial Relations in Japan

In Japan, globalization has manifested itself in the spread of many manufacturing firms overseas. The amount of production being done overseas by Japanese manufacturing firms increased from about 5 percent in 1980 to nearly 20 percent in 2007 (METI annual). As employment in the manufacturing sector declined, the number of jobs in services increased. However, many of those new jobs involved casual employment and were not "good jobs".

An important source of labor market segmentation in Japan is the working condition gap between firms. The firm size differentials in Japan are considerable, although smaller than those in Korea. As mentioned above, Japan's Labor Force Survey indicated that nearly 30 percent of the labor force was employed in firms with over 500 employees, which means that good jobs are more readily available in Japan than in Korea. However, the Basic Survey on Wage Structure found that wages of males and females in firms with 100–999 employees were 82 and 88 percent respectively of the average earned by all employees in large firms with over 1000 employees. The corresponding figures for smaller firms with 10–99 employees were 73 and 79 percent (MHLW 2012b). The auto workers union's own data suggests that workers in supplier firms with under 100 employees earn about 60 percent of those employed in the firms at the top of the supply chain pyramid (Jidosya-Soren 2011), a figure that is a little better than that generated in South Korea.

The more important source of labor market segmentation in Japan is employment status that is conferred within the firm. The Labor Force Survey taken by Statistics Bureau in 2011 showed that non-regular workers accounted for 69.5 percent of the labor force in hospitality, 46.0 percent in wholesaling and retailing, and 21.9 percent in manufacturing. Moreover, the Basic Survey on the Wage Structure 2011 recorded the average wage for non-regular employees at 63 percent of that earned by their regular counterparts. These kinds of differentials give rise to a lower class of workers in Japan. In 2010, 23 percent of full time employees had an annual income below 2 million yen (about US＄20,000) (National Tax Agency 2011).

In both South Korea and Japan there is a multiplier effect at work in the labor market, so that the remuneration differential between large and small firms is further widened by the status-based differential. Accordingly, the gap between regular workers in the privileged large-scale sector and the non-regular worker in the small firm is larger than either differential suggests when considered separately. These differentials also affect marriage prospects and other aspects of an individual's private life.

In the ways described above the employment practices of the large firms have come to be reflected in the way that the labor market is segmented. Particularly important is the way in which they guarantee permanent employment for a core labor force and use internal labor markets to implement a system of seniority which translates itself onto the age-wage profile. Both Nomura (2007) and Woo (2009) have written about the on-going role of employment status in personnel practices which treat workers differently even when they do exactly the same work. Throughout the main divide remains the distinction between regular employees (*seiki shain*) and non-regular employees (*hiseiki shain*). Even with the introduction of various types of perform-

ance based incentive schemes, employment guarantees and a seniority-linked wage component remain as distinguishing features of the core regularly employed labor force (JILPT 2007). At the same time, Woo (2010a) argues that this employment practice has become a growing liability for firms that are having to compete in an increasingly globalized economy. One way firms respond to those pressures has been to shrink the number of permanent employees, replacing them with cheaper workers employed on a non-permanent basis. The huge difference between the two groups is shown for different age groups in Figure 2.

Several scholars have argued that the employment system observed in Japan functions to raise productivity through adding skill to the firm's pool of human capital (Koike 1999) and by contributing to the maintenance of high levels of motivation (Lazear 1998). However, this system functions smoothly as long as two conditions can be met. One is that there must be a steady flow of workers willing to accept casual employment on an on-going basis in ways that are seen as keeping within socially acceptable norms. The second is that those employed on a regular basis have access to routine career trajectories from entry to mandatory retire as Saguchi and Hashimoto (2003) argue. At the present time the employment system is not functionally well in these two regards.

The Japanese model of employment is premised on the assumption that males are always the primary earner (or bread winner) in each household, and that the non-permanent labor force will be usually supplied by women (Osawa 2011). Treating women as secondary earners, employers were able to hire them at a cost below the value of their actual productivity, thereby generating a surplus for the firm. Figures provided by the Statistics Bureau (annual) showed that 54.7 percent of working women were employed as non-regular (mostly part-time) workers. It is now at a stage, however, that this arrangement needs to be reconsidered, both in terms of empirical realities and as a normative model. As a reality Fujiwara (2005) indicates that the number of women unable to support a household but, needing to do so, has increased considerably over the

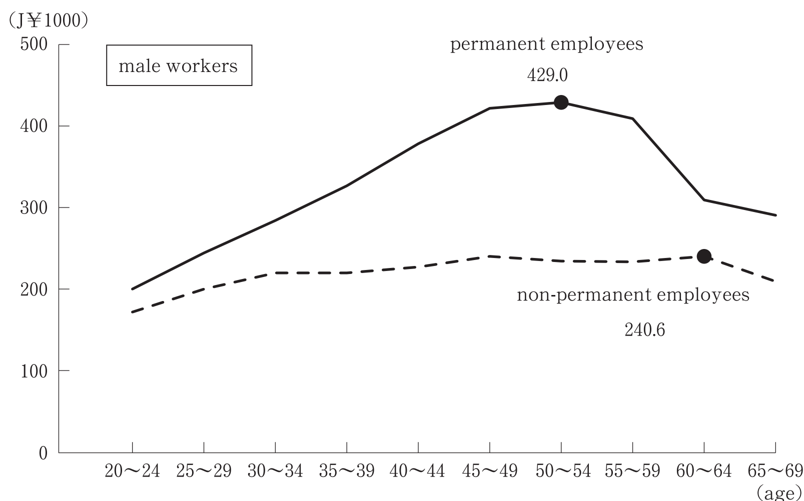

Figure 2 The Age-Wage Profile of Permanent and Non-Permanent Male Employees in Japan: 2011

Source: MHLW (2012b)

last two decades. The MHLW (2007) revealed that among single mothers 85 percent are employed, the highest rate among OECD nations. Moreover, only 43 percent of those working women are working as regular employees with an average income of J￥2.13 million (roughly US＄20,000). In a normative sense as well, in a society where the number of children is decreasing, the "rectangularization" of the age pyramid as the population rapidly ages is calling into question the way the male bread winner model is conceived (Tsujimura 2008).

Wider changes are also negatively affecting the way in graduates launch themselves onto career trajectories. Sugayama (2011) describes how in the past the school-to-work transition was a smooth, almost automatic process, with new graduates hired as regular employees, trained by OJT and given a career within firms. However, rather stagnant economic growth meant that unemployment rose from about 2 percent in the 1970s–1980s to about 3 percent by the mid–1990, reaching 5.1 percent in 2010. In 2010 the rate for young Japanese aged 15–24 stood at 9.4 percent, up from 6.1 percent in 1995. Moreover, among young Japanese those who were employed, the percentage of non-regular workers rose from around 20 percent in 1990 to 45.6 percent in 2011 (Statistics Bureau annual).

Commenting on the deterioration of working conditions among those middle aged and older, Inagami (2003) argued that the practice of providing long-term employment guarantees is no longer followed in many firms, whereas in the past workers approaching retirement could be rotated elsewhere within the firm or found other suitable employment. Firms are now being forced to square their bottom line within shorter time frames and are finding it increasingly difficult to provide such guarantees within their firm or to locate other firms (e.g., subcontractors) who can find slots for unwanted workers or those being asked to take early retirement or a redundancy package from their primary employer. Reflecting these challenges, the world of the core worker is shrinking while that of the casual employee is expanding.

The system of industrial relations which has emerged in Japan has had a considerable impact on how the labor market is segmented in Japan. As Mouer and Kawanishi (2005) show, the labor movement remains largely the preserve of core workers in Japan who constitute the membership of Japan's enterprise unions. Reflecting in part the rise of the casually employed labor force, the unionization rate has steadily fallen since the mid–1970s and today stands at about 18.5 percent. Although in recent years an effort has been made to embrace non-regular employees, as Nakamura (2009) and Hashimoto (2010) report, the unionization rate for part-time workers remains low at 5.6 percent (MHLW 2012a).

Not surprisingly, with lower unionization rates the influence of the labor movement has waned. Through to the mid–1970s the peak organizations organized large rallies each spring that served as a definite upward push for higher wages, a series of campaigns loosely referred to as "the Spring Offensive". Since then the impact of those campaigns decreased and today is quite negligible, as the title of a recent book by Imai (2011) notes. Accordingly, there has been little improvement in the working conditions of regular employees over the past decade, not to mention the conditions of the casual work force. Despite the improved economy in the years immediately after 2002 and the increase in company profits, wages continued to contract ever so slightly in real terms (an outcome mitigated slightly by deflation) (MHLW 2012c: 46).

Unlike the situation in Korea, there are structures in Japan which allow unions to participate in management decisions and many union leaders are able to discuss with management a range of issues. However, as Tomita (2010) have argued, the union leaders are aware of the stringent competitive circumstances in which their firms are placed, so many feel unable to press for better remuneration. Instead, they have cooperated with management to avoiding strikes which might set back production schedules and thereby undermine competitiveness. As a result, excessive cooperation has left them in a weak position when it comes to pressuring management for further improvements in their members' working conditions. Woo (2010c) has commented on how union leaders should return to examine their raison d'état, asking whether it is time to move beyond a philosophy of "production first" (*seisan-shugi*). This philosophy is bringing an paradoxical situation in which the more workers endeavour to deal with change and improvement at workshops (*kaizen katsudo*), the bitter they realize that the casual employment is increasing, the tangible performance (*seika-shugi*) is being emphasized, time to tackle workshops problems is being short, and the potential power of workshop improvement is being weakened, as Woo showed (2013). Rather, there is good reason to think that work intensification has removed the margins at which proper consideration might be given to further efforts at *kaizen*.

As in South Korea, Japanese firms are central to providing the wherewithal that allows for the maintenance of life styles and daily necessities. The age-wage profile of regular employees and their retirement allowance have in the past functioned to cover the costs associated with the education of their children, housing, and old age (Hamaguchi 2009). However, a flat earnings curve and the absence of retirement benefits leaves the casually employed rather exposed to an uncertain future. If the casual worker are efficiently covered by social security, the life cycle risks of them could be mitigated. But a recent MHLW (2007) survey reveals that only 60.0 percent of non-regular workers qualified for unemployment insurance; 48.6 percent for health insurance; and 46.6 percent for welfare pensions. It also found that only 10.6 percent qualified for a retirement benefit and only 34.0 percent received bonuses. These sorts of outcomes should, in Uzuhashi's (2010) view, be grounds for serious concern as a reality that will undermine social stability in Japan.

4. Some Tasks for Employment Policy and Industrial Relations

South Korea has over the last decade sought to address the problems associated with labor market segmentation in several ways. An examination of those attempts might provide us with a way forward for Japan.

One move can be seen in the efforts to transform enterprise unions into industrial unions (Jo 2010). Behind such a push is recognition that the enterprise union has little influence on how labor markets are regulated. Further, by enlarging the organizational spread, the union movement might better overcome barriers thrown up by segmentation. Considerable progress has been made over the decade since 2000, and over half of Korea's union members are now embraced by industrial unions.

Nevertheless, called "branches" or not in terms of their formal organization charts, the old

enterprise entities organized around regular permanent employees are still the driving force, and are not yet fully committed to incorporating the non-regular employees. In wage negotiations, the main thrust is still focused on remuneration of the core work force. As Shin (2010) notes, there is still a long ways to go despite slogans that call for a united wage system (*rentai chingin*).

Although the challenges in these regards are many, the Korean efforts aimed at achieving a more widely based movement should provide further impetus for such moves in Japan. Japan's major peak labor organization, Rengo, established a centre for casual workers in 2007 and in the conduct of the Spring Offensive has included demands for higher wages for such employees while taking steps to create a socially aware union movement (*shakaiteki rodo undo*) (Takasu 2010). However, the consciousness associated with enterprise unions remains strong and it will be difficult to overcome the gap between core and peripheral employees in the near future.

For Japan's unions to play a significant social role and to have an influence on how labor markets are structured, they will have to move beyond their narrowly defined traditional concern with obtaining wage hikes. In particular they will need to be more involved in the vital decisions as to how jobs and workers are matched and how occupational training occurs. In both Korea and Japan workers have tended to rely on in-house training that accompanies internal labor markets, and policy makers have been slow to address the need for a skill base that is recognized on a society-wide basis. This fact is clear from data published in a recent OECD (2012) report. In 2010, public expenditure on labor market programs as a percentage of GDP has been at the level of 0.63 percent in Japan (and even lower at 0.76 percent in Korea). This compares with other OECD countries where the level of expenditure is comparatively high: in Continental Europe, Finland (2.82%), France (2.59%), Germany (2.28%), and Sweden (1.87%); even in Anglo-Saxon countries, Australia (0.82%), Canada (1.15%), Great Britain (0.71%), and U.S. (0.90%). When we look at active measures such as state sponsored training programs, the proportions are even lower for Japan (at 0.28%) and Korea (0.42%). Not only small public expenditure but also weak union commitment to industrial training/education impedes the integration of labor markets. Until early 2000s, the Japanese Electrical, Electronic & Information Union (*Denki Rengo*) had plans to establish its own Electrical Industry Job Training Academy (*Denki Sangyo Shokugyo Adademii*). The idea was to provide skills training and to assist members wishing to change jobs across the industry, but Denki Rengo was unable to implement the vision because not only the financial burden was felt heavy bus also the counterpart of employers did not cooperate with. This is the type of initiative that would alter in some fundamental way the firm-centered dynamics of Japan's internal labor markets (Woo 2010b).

Turning back to the situation in Korea, the mention might also be made of the policy to regulate non-regular employment. As at July 2007, regulations in South Korea call for non-permanent workers who have been employed by the same company for over two years to become a regular employee of that firm. After the law was implemented in 2007, the number of non-regular employees fell from 55.8 percent of the labor force to 49.4 percent four years later (Kim YS 2011: 3), indicating that the legislation was having some effect. However, Nam (2011b) notes that the decreased number of non-permanent employees has been offset by an increase in the number of persons working as sub-contractors and other non-typical workers.

The 2010 Japan's Basic Survey on Wage Structure indicated that 33.4 percent of non-permanent employees had been at the same firm for 3–9 years and 21.3 percent had so been for 10 or more years. In other words, many firms continued to keep workers in that status simply to save on their labor costs; the long period of employment tends to suggest their work is of first class citizen quality although they remain second-class citizens in terms of remuneration. The situation is now being studied by policy makers, and Woo (2010b) and Kanai (2011) have argued that the quick implementation of protective legislation that would remove this form of blatant discrimination will be a useful step forward in removing yet another bottleneck in the Japanese labor market.

There is one area where the Japanese government seems to be leading its Korean counterpart: the provision of assistance to those hunting for work. Designed to assist young people, the long-term unemployed and others who have fallen out of the casual labor force, a system has been established to provide income to those who are not covered by unemployment insurance but are actively receiving occupational training. Although the system is not efficiently handled under a good governance scheme, or does not provide adequate follow-up support to ensure job placements, this is an area where South Korea might learn from Japan (Woo 2011b).

5. Conclusions

Table 1 provides a summary of how globalization has impacted on the labor markets in Korea and Japan. In both countries, employment-based status systems and enterprise-centered industrial relations tend to reinforce existing patterns of market segmentation. At the same time, in Korea, the weak power of unions, the shallowness of the internal labor market and larger firm-size differentials are a bigger barrier to the smooth working of an open labor market than is the case in Japan. All of these areas remain a challenge for both countries if they are to achieve their full potential for sustainable socio-economic growth. It will be important for both to reconsider the current employment relations that is structured around the priority given to the working conditions and career prospects of those who enter the core labor force (mainly upon graduation). In doing so each society will need to facilitate the emergence of more open labor markets

Table 1 An Overview of Work Organization in Japan and South Korea

Comparative Criteria	Japan	Korea
Degree of Globalization	Ordinary	Strong
Employment Practices	Status-Based, the Coverage is Larger	Status-Based, the Coverage is Smaller
Industrial Relations	Strong Enterprise Unions	Weak Enterprise Unions
Labor Markets	Divided by Status, Not so Divided by Enterprise Scale	Divided by Status and Enterprise Scale
Social Security Systems	Enterprise-Dependent, Mature Social Security	Enterprise-Dependent, Primitive Social Security
Tendency of Polarization	Ordinary	Speedy

which will allow for movement between different status groups. Part of that task will include efforts to overcome the enterprise-centered training schemes and to develop an open industrial-wide training system through the cooperation between businesses, unions, and government.

Finally, it should be noted that reducing the gender gap, supporting the human resource development beyond the domestic sphere, and giving foreigners more chances to decent work are very important for the accomplishment of sustainable socio-economic growth, which are not yet sufficiently mentioned in this paper.

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《**Summary**》

Japan's Industrial Relations and Employment Policy from a South Korean Perspective

WOO Jong-Won

This paper examines how the labor market and related institutions mediate the impact of globalization on the populations in Japan and South Korea in terms of the levels of inequality they experience. Particular attention is paid to the way the labor market in both countries is segmented according to a complex system of employment status which makes sharp distinctions between permanent and casual employees or between male and female workers or between high school and university graduates—systems which downplay the significance of trade-based skills and job descriptions.

The paper considers the ways forward—strategies that might assist in sustainable socio-economic growth in the two societies. It will be important for both to reconsider the current employment relations that is structured around the priority given to the working conditions and career prospects of those who enter the core labor force mainly upon graduation. In doing so, each society will need to facilitate the emergence of more open labor markets which will allow for movement between different status groups. Part of that task will include efforts to overcome the enterprise-centered training schemes and to develop an open industrial-wide training system through the cooperation between businesses, unions, and government.

Keywords: Industrial Relations, Employment Policy, Globalization, Polarization, Status-Based Employment Practices, Divided Labor Markets