

Why Do the Japanese Work Long Hours?

Sociological Perspectives on Long Working Hours in Japan



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For some time now, shorter working hours have been at the core of efforts to improve work conditions in Japan. The government has passed legislation and policy measures, and corporations have modified compensation and incentive schemes to help employees strike better work-life balance. Yet, working hours (among regular full-time workers) in Japan have remained virtually unchanged since the 1990s. In this paper, I argue that the true causes of long working hours lie not in the “observable” barriers such as public policy and law, but rather are embedded in “unobservable” or “unmeasurable” attributes such as social norms and work conventions. Understanding this problem better requires an approach that accounts for both economic principles (focusing on rewards and incentives) and sociological perspectives, which pay closer attention to the social-institutional context. I argue that long working hours in Japan stem from the institutional complementarities of the Japanese employment system and the cultural particularities underlying it. In the analysis, I discuss the role of the input-driven society, work conventions that rely on signaling, internal labor market structure, group consciousness and hierarchy, ambiguous job functions, and the traditional gender division of labor. I close by proposing measures to reduce working hours that follow from my analysis.

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- II. Why long workdays are a problem
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I. Introduction

Why are working hours still so long in Japan? Shortening the workday is the number one priority of Japan’s policy aimed at “reforming work-styles.” The assertion that the Japanese work too much is nothing new. Ways to change the corporate culture of overwork have been discussed for several decades with attempts to do so made at the level of policy and legislation. But working hours have not decreased at all. Regular employees in Japan still work more than 2,000 hours per year, a level more or less unchanged since the 1990s (Ministry of Health, Labour and Welfare 2015). The subject attracted attention from abroad, and in the process, the expression “*karōshi*” (death caused by overwork) as the most extreme manifestation of this, has somehow become established as a phenomenon symbolic of Japan. So far, repeated revisions in Japanese law and policy have been made by amending the Labor Standards Act and regulating working hours, but the impact has been minimal.

Sociological perspective

Personnel economics (Lazear 2000; Prendergast 1999) focuses on the impact of remuneration and incentives on workers' behavior. With the economics-based approach, however, the emphasis is on monetary incentives, and the context in which workers find themselves is not taken into account. The economics approach aims for a universal model devoid of context, and therefore tends to reach the somewhat generalized conclusion, for example, that the overtime problem would be resolved if the compensation scheme commonly in place within American organizations were imported directly into Japan. A number of issues, though, cannot be explained by monetary incentives and economic rationality alone. For example, some companies have introduced salary structures that include overtime pay, as a way of discouraging employees who work specifically to earn overtime pay. However, working hours have not decreased at all in many of these companies (in some cases, working hours have even increased). From a comparative perspective, the ineffectiveness of these measures could be explained to a certain extent by differences between countries' tax systems, as pointed out by Prescott (2004). However, it would be overly simplistic and unconvincing to suggest that working hours in Japan could be reduced if (for example) the marginal tax rate were raised to European levels, without taking account of the cultural and contextual characteristics of the countries in question.

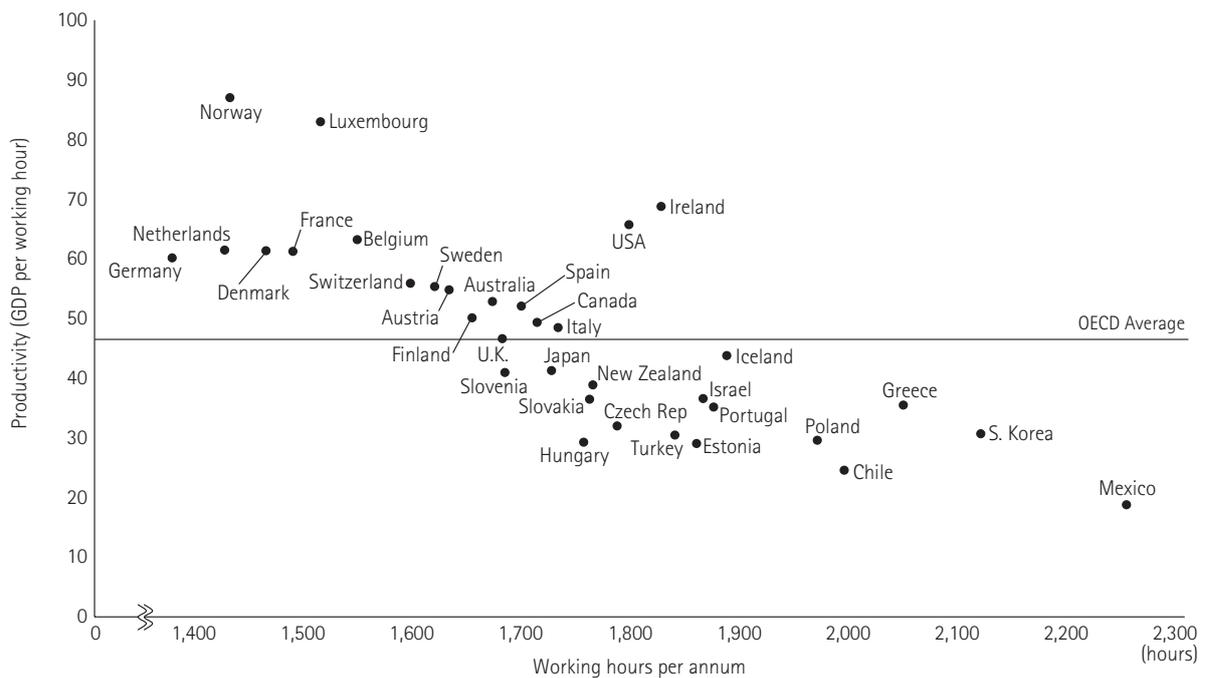
The problem of long working hours in Japan will not be corrected through monetary incentives or by changing the legal system alone; the problem is more deeply rooted. In statistical terms, even if we estimate working hours by including observable (or measurable) characteristics such as reward structures or tax systems, the model would have little explanatory power and its implications would be limited. The main reason why the working hours issue has escaped the policy remedies is that its cause is not observable.

In this paper, I argue that the essence of the long workday problem resides in a complex location, embedded in social norms and employment practices that elude measurement. Effectively tackling the problem requires both an economic approach accounting for the underlying incentive structures, *and* a sociological approach understanding the social-institutional context of the Japanese workplace.

II. Why long workdays are a problem

From the perspective of human resources, long workdays are a problem because:

1. *Long workdays produce waste and inefficient allocation of human capital.* Both at the firm and macro-economic levels, Japan is less productive than the OECD average. Return on equity (ROE), one indicator of corporate performance and profitability, is far lower than their counterparts' in Europe and in the U.S.¹ meaning that they are using capital less efficiently than their Western counterparts do. As a result, how to improve the productive use of capital is a major concern currently in Japanese corporate governance. If the concept of capital is understood broadly to include human capital, the same discussion applies. Figure 1 shows the relationship between working hours and productivity (expressed as GDP/ working hours) in OECD countries. The correlation between the two is -0.78, and is statistically significant ($p < 0.001$). Japan's labor productivity is lower than the OECD average; in other words, the output does not measure up to the input of these long working hours. At the macro-level, the inefficient use and allocation of human capital is a major concern for industry. Somewhere in the context of Japanese work culture, there is a built-in inefficiency. A central and pressing question for Japan is how we can raise the productivity of our human capital.
2. *Long workdays make it harder for people to balance work with private life.* People are multi-dimensional beings who seek to develop in a range of areas, and to live not only as workers but also as family members, caregivers, and more. Given that time is a limited resource, allocating too much time to work would lead to a loss of leisure. Particularly in recent years, overwork has prevented workers from achieving a work-life balance, and the "crowding out" effect of work on marriage, family life and caregiving is a serious concern. The problem of long working hours is closely linked to that of declining fertility (Ikeda 2010).



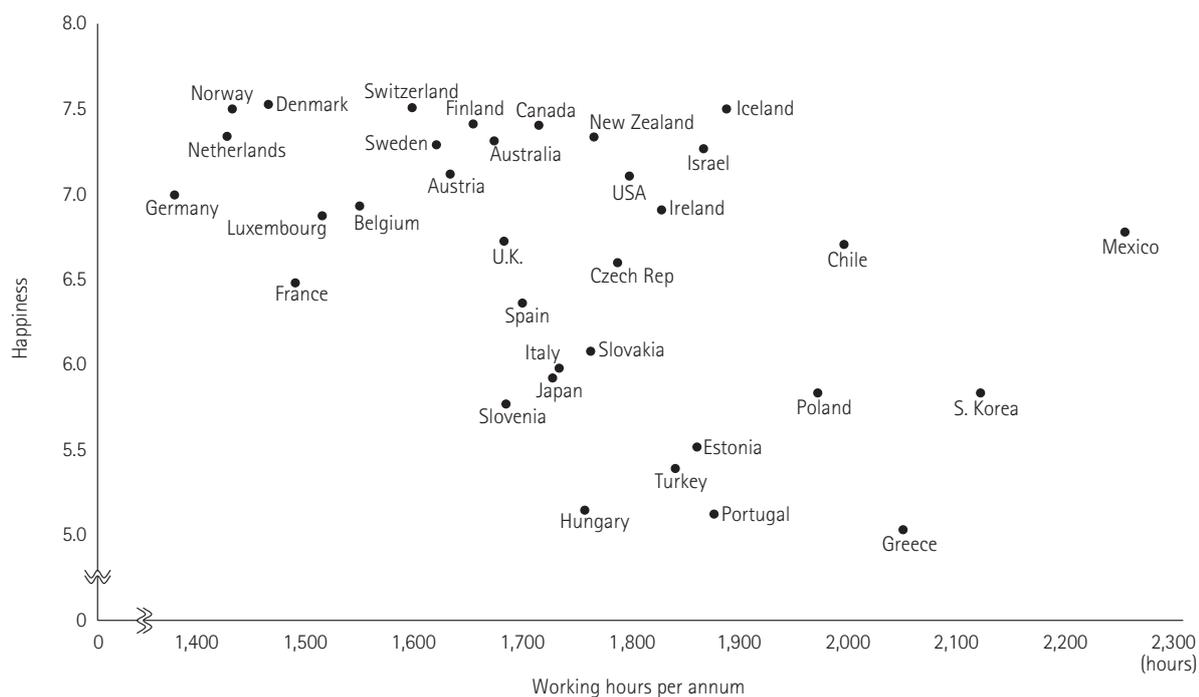
Source: OECD statistics, stats.oecd.org, 2015.

Figure 1. Relationship between working hours and productivity

3. *Long working hours impedes the advancement of diversity.* A main assumption underlying Japanese-style employment practices was a traditional division of labor between the sexes whereby market work became a male domain while family and nonmarket work was left to women (a point we return to below). In a man-centered corporate culture, long workdays became the norm and an indicator of loyalty and commitment to the company. With women's greater participation in market work, however, this old division of labor between men and women is becoming untenable. Work practices premised on long workdays and overtime are increasingly problematic because they inhibit women's participation in the labor market.

Similarly, long workdays also marginalize foreign workers in the labor force. As globalization progresses and competition for human resources intensifies, superior talent will forgo employment in Japan if there is a significant disparity between the Japanese conventions and global norms. The result of one survey suggests that long working hours are the biggest reason why foreign students in Japan do not wish to enter Japanese companies.² In light of its looming labor shortage, Japan should be doing all it can to attract and retain the talent it is developing. Hence it is tragic that long working hours obstruct participation in the labor market by foreigners who receive their education in Japan and aspire to work in Japan. Correcting the Japanese workday to match global norms is a top priority if we are to attract and retain superior human capital.

4. *Long workdays can stifle innovation.* Research in psychology has shown that abundant ideas and creativity arise when there is a surfeit of time (Carson, Peterson and Higgins 2003). Innovation does not arise in an environment where people are hard at work for long hours. The lack of innovation in Japanese companies is regarded as problematic, but a relaxed work style in which there is time to stand back and think, rather than being singularly devoted to work, may itself provide a solution to this problem.



Source: Data for total annual working hours are from 2015 OECD statistics, and for happiness indicators are from *World Happiness Report 2015*.

Figure 2. Relationship between total annual working hours and happiness

5. *Long working hours have a negative impact on health and wellbeing.* Continuously working long hours has been shown to cause both physical and mental stress on a significant scale, and to be detrimental to health (Ogura 2007; Yamamoto and Kuroda 2014). There is also evidence of a negative correlation between long working hours and subjective wellbeing. In their study of happiness among German workers, for example, Pouwels, Siegers and Vlasblom (2008) found that (1) more working hours leads to higher income, and (2) higher income increases happiness, but that because (3) longer working hours have the effect of reducing happiness, ultimately (2) is offset by (3).

Macro-level data also reveal a negative correlation between total annual working hours and happiness. Based on data from the 2015 *World Happiness Report* and OECD working hour data from the same year, the correlation coefficient between the two was -0.45, which was statistically significant ($p < 0.01$). Figure 2 illustrates this relationship. What is first noticeable is that Scandinavian countries like Norway and Denmark have both short working hours and high levels of happiness. By contrast, happiness levels are relatively low in South Korea and Greece, where annual working hours exceed 2,000. If we exclude exceptional cases like Mexico, where working hours are long but happiness is high, we can generally confirm a negative correlation.

III. What causes long workdays?

The Japanese employment system is best described as a cluster (or bundling) of complementary institutions whereby its essential parts, such as lifetime employment, seniority wages, job rotation and internal promotion, are bundled together. This complex system has an economic rationality, and an equilibrium is maintained through their complementary and reinforcing relationship (Aoki 1988). Here, I will examine long working hours as a by-product of the complementary nature of Japanese-style employment practices and the cultural characteristics underlying these.

1. Japan's input-oriented society

If “output = input × productivity,” input is represented by some unit of labor, such as the number of workers and working hours. Output may be raised by increasing input, productivity, or both. Until now, output has been raised by increasing working hours, i.e., by increasing input. By now, however, it is becoming difficult to increase working hours longer than they currently are, and if anything there is pressure to decrease working hours. The recent trend is to advocate “a shift from quantity to quality of work” — a transition of the focus of work from input to productivity.

Long workdays are a symbol of an input-oriented society. Under seniority-based pay, one of the pillars of the Japanese employment system, wages rise automatically in accordance with years of service. Rather than output and performance, this system rewards input in the form of commitment and loyalty to the company. In fact, research by Kato, Kawaguchi and Owan (2013) using internal company data has demonstrated a positive correlation between the number of working hours and the probability of promotion. In research by Ono (2007) using the dataset *Working Persons 2000* (Recruit Works Institute), regular employees in Japanese companies most frequently cited working hours and years of service when answering the question “What are the main factors that increase or decrease your pay (monthly salary)?” By contrast, the most common responses by regular employees working for foreign companies (in Japan) were individual ability, performance, and outcomes. Clearly, the former responses are input-oriented, while the latter are focused on output and productivity.

Another reason why the input-oriented wage system took root is that input (in the form of working hours and years of service) is easier to observe than is output. As explained in Lazear (1986), “piece rate” or performance-based pay is a remuneration system in which output and pay are synchronized. On the other hand, “salary” refers to a remuneration system in which an amount is paid in accordance with effort or other input, and is not directly linked to output. Lazear (1986) further explains that (fixed) salaries are more often observed when output is difficult to measure, and results-based pay when the output is easy to measure. So, pay levels based on input for white-collar professionals whose output isn't easily measured, as in Japan's “*salari-man*” (salaried worker), is consistent with Lazear's theory.

Recent years have seen a shift from seniority-based to merit-based pay systems, particularly among large corporations. Most companies have introduced a hybrid system combining seniority-based and merit-based pay systems in one form or another, and wage structures based on seniority alone are becoming the minority.³ The biggest factor slowing full introduction of merit-based systems in Japan is the problem that “their evaluation standards lack objectivity and fairness.”⁴ Under a results-oriented system, outcomes have to be shown using quantified, objective indicators, rather than the vague input of “working hard.” Companies are still developing ways to establish better evaluation metrics for salaried workers.

2. More signaling, less human capital

Human capital theory informs us that workers invest in human capital to raise their own productivity. This neo-classical theory assumes complete and symmetric information: In the labor market, individual workers are aware of their own market value and demand a market wage that matches the value of their human capital.

If workers invest in themselves, they acquire general skills, but if a company invests in workers, they acquire firm-specific skills. A characteristic of Japanese workers is their preponderance of firm-specific skills. Compared to general skills, firm-specific skills are less marketable and less portable. A higher share of firm-specific human capital (relative to general human capital) leads to lower worker mobility and at the aggregate level, a labor market characterized by less fluidity. At the same time, because firm-specific skills are “embedded” in companies, their market value is unknown (in theory, the market value of firm-specific skills is zero). The low fluidity of Japan's labor market is due largely to workers' lack of understanding of their own market value. Many Japanese workers simply “do not know how to change jobs” (Ono and

Rebick 2003).

Even if individual workers had an accurate sense of their own market value, Japan's labor market would not necessarily operate according to economic theory. To inform others of our own market value, we need to sell (or market) ourselves directly and provide information appealing to employers. But the Japanese have an aversion to direct communication and self-promotion, and tend to be unduly modest when describing their own merits and strengths. Instead, they adopt a passive attitude and tacitly assume that others will know their merits. In other words, the labor market posited by human capital theory, in which workers compete against each other for better working conditions based on their market worth, may be a setting that is too direct for the typical Japanese worker.

When information between workers and companies is incomplete or asymmetrical, there is a stronger tendency to use signals corresponding to productivity rather than human capital. A classic example is the use of educational credentials in the job market. A stronger educational credential acts as a stronger signal for higher productivity than does a weaker credential, and therefore weighs heavily for Japanese companies when hiring. This less direct channel for conveying one's merits may be better suited to the Japanese character.

If an evaluation system is based on input, there is an incentive to increase input. In workplace environments where signaling is important, workers try to strengthen signals that show how much effort they are making, rather than increasing their own productivity. In particular, "*ganbaru*" or "working hard" has been called a behavioral trait symbolic of the Japanese (Amanuma 1987). Steger (2003) explains that the Japanese have an abnormal obsession with "*ganbaru*," and that rather than achieving results through effort, the act of exerting effort in itself is highly prized. This reinforces the tendency to judge a poor outcome as arising not from a lack of ability but from a lack of effort, meaning that workers immerse themselves exclusively in their work (or are expected to do so) until they achieve the desired results. The appearance of sacrificing leisure time to devote themselves to their work without giving up is taken to symbolize "self-sacrifice," and is understood as a signal indicating loyalty to the company and motivation to work (Nemoto 2013; Tsuru 2010). Moreover, a corporate culture that emphasizes teamwork, as Japan does, also makes it difficult to measure individual contributions with precision, and increases the dependence on signals.

There is plenty of evidence that signals of input are valued in the Japanese work environment. As stated above, the fact that working hours and years of service are more highly valued than individual ability, performance, or output is proof of this. Much of this evidence comes from awareness surveys. In the "Individual and Company Surveys on Work-life Balance" conducted by the Cabinet Office in 2014, for example, workers were asked about their impression of "people who work overtime," from the perspective of superiors and coworkers. The most common responses indicated "positive impressions" exemplified by "people who work hard" or "people with a strong sense of responsibility," far exceeding the "negative impressions" of "people who work too slowly" or "people who want to earn overtime pay." As this clearly shows, the social notion that overtime = working hard = virtue is still strongly rooted in the Japanese psyche.

An interesting factor inhibiting the reduction of overtime may be a concern that overtime is seen as a positive signal, while returning home on time is seen as a negative signal. Similarly, the conspicuously low rate of taking paid leave and (men's) childcare leave in Japan probably has arisen because taking time off *in itself* is seen as a negative signal, regardless of how (or whether) taking time off affects outcomes.

The company version of the Cabinet Office survey mentioned above also included a question about workers who go home on time. Specifically, when asked about the personnel evaluation of workers who "hardly ever work overtime or come to work on days off, but finish their work on time and go home," 74% of companies responded that this is "not taken into consideration in personnel evaluation."

In other words, there is a wide discrepancy between workers and companies in their perceptions on

working hours and evaluation. Since workers assume that input is valued, there is little incentive to reduce working hours. Conversely, companies deny the input-based approach and take the position that working hours and personnel evaluation are unrelated (however, this position is sometimes contradictory, as will be discussed in section 6 “Gender division of labor” below). And as long as workers continue to value overtime as a virtue, the gulf between workers and companies will remain unbridged and the problem of long working hours will not be resolved.

A theme related to signaling is also found in the research by Steger (2003) on “dozing” (*inemuri*). The sight of the Diet members openly dozing off during live TV broadcasts is a phenomenon unique to Japan. Why is dozing so tolerated in Japan, not only in the Diet but also in public transportation, classrooms, and meetings? Steger explains that in a country that values “*ganbaru*” and “working hard,” dozing is regarded as proof that a person is tired from working too hard. In other words, dozing is a signal of loyalty and diligence, and is regarded as an act that is not necessarily detrimental. Dozing is a by-product of the input-orientation that values effort; this must result from a unique behavioral trait of the Japanese, i.e. a combination of “*ganbaru* = working hard” with “*amae* = presuming the indulgence and dependence of others.” But while dozing certainly could act as a signal conveying commitment, it obviously also has a negative impact on productivity. In a corporate culture where productivity is prioritized and *amae* or self-indulgence is seen as a weakness, dozing will not be tolerated. It will be seen as lacking attention and seriousness, and could easily be construed as a negative signal.

The sight of people immersed in their work may be pleasing to employers, but if the employees work to the point of sleep deprivation, their productivity per hour will decrease due to diminishing marginal product. In an international comparison of sleeping hours (2009 OECD data), the countries with the fewest hours were South Korea (7 hours 49 minutes) and Japan (7 hours 50 minutes). This was a whole hour less than France, the country with the longest sleeping hours (8 hours 50 minutes). On the other hand, productivity is by no means high in Japan and South Korea; that of France is higher (Figure 1) (interestingly, France is also higher than Japan and South Korea in terms of happiness — see Figure 2). While there is no strong correlation between hours of sleep and productivity, Japan’s productivity (during the day) might rise if hours of sleep (at night) could be increased. It might even be effective to introduce scheduled time for dozing, as some companies are doing.

3. Group awareness and hierarchical relationships

In Japan, many employees worry about the atmosphere in the workplace even after finishing their work, or are reluctant to go home because their boss is still in the office. One downside of Japanese society is that group awareness can be overly dominant and hierarchical relationships too rigid. The custom of “*tsukiai zangyo*” (collective overtime), whereby going home on time makes people feel badly vis-à-vis their coworkers could be a uniquely Japanese phenomenon.

In a labor market where results and productivity are evaluated properly, there is no value in emitting signals that indicate effort or working hard. In European and American labor markets, where the introduction of results-based evaluation has a longer history, the perception of overtime as a virtue is much weaker; instead, there are strong incentives to finish work quickly and go home early. According to empirical research by Yamamoto and Kuroda (2014), in fact, Japanese employees returning from business assignment in Europe work significantly fewer hours than before their assignment overseas, even when changes in the volume of work and economic environment are controlled for. The authors explain this as the peer (or neighborhood) effect, whereby individuals adjust their behavior in response to their surroundings. In other words, Yamamoto and Kuroda established empirically the level to which Japanese workers are sensitive to the immediate work environment. The interview survey also reconfirmed that long working hours, perceived positively in Japan, are not valued highly in Europe. This very interesting finding reveals a blind spot in Japanese-style work practices, once exposed to the outside.

4. Internal labor market

In an internal labor market that assumes a long-term employment relationship, employees are trained and staffing needs filled internally, without the company depending on external sources. Employees rise through their organization internally in an upward spiral through job rotations in various divisions of the organization. Because employees' job descriptions are not clearly defined, they respond flexibly to these varied job assignments within the company.

The lack of clear boundaries between job descriptions also means that there is little specialization and division of labor within these companies. Rather than creating groups of experts in which individual workers specialize according to their comparative advantage, the internal labor market setup creates generalists who can handle a wide range of jobs. And because staffing needs are met internally as the need arises within the organization, the range of employees' responsibilities can expand without boundaries.

Education and training by Japanese companies is heavily weighted toward firm-specific rather than general skills, and is often conducted internally. The classic example of this is on-the-job training (OJT). OJT usually takes the form of a senior employee instructing a junior, meaning that at least two employees are tied up at any one time. In a 2005 survey by the Japan Management Association, the reasons given for the need to work overtime included "because I am training a junior employee" and "because I am in charge of instructing and training non-regular staff" (Sato 2008). Although researchers have not accurately ascertained the proportion of working hours allocated to training and guidance, the share is not negligible. Undoubtedly, this gradual swelling of work that is not directly related to core duties or functions is another contributor to long workdays.

5. Ambiguous job descriptions

Let's look closer at ambiguous job descriptions as a cause of long workdays, in their own right. The implicit nature of Japanese employment relationships is very different from the explicit nature of Western-style employment relationships. In an implicit contract, the job description and range of responsibilities are not clearly defined, and any directive from the company must be followed even if the tasks involved are not directly related to one's job. The examples are countless — the young employee sent out to reserve space for the cherry-blossom-viewing party in the springtime, university faculty assigned to proctor college entrance examinations, bilingual employees asked to accompany a superior as an interpreter, and so on. This practice is regarded as normal in Japan, but from the perspective of other cultures, it isn't.

In the Japan-Europe comparison mentioned above, Yamamoto and Kuroda (2014) assert that the practice of clearly defining job descriptions in European workplaces makes it difficult to assign locally-hired staff to unspecified tasks. In employment relationships governed by explicit contracts, workers can deny requests that fall outside their delineated responsibility. But in employment relationships governed by implicit contracts as in Japan, with its rigid hierarchical relationships and strong group consciousness, the dominant culture makes it hard for anyone to refuse when asked to perform a task, however irrelevant to one's core function.

Take schoolteachers as an example. According to a 2013 OECD survey, junior high school teachers in Japan worked 53.9 hours per week, far exceeding the OECD average of 38.3 hours. If we then look at the breakdown of working hours, time allocated to classroom teaching accounted for 33%, lower than the OECD average of 50%. In other words, a mere third of schoolteachers' labor is allocated to teaching, their main function, while two-thirds are devoted to other work. Yufu (2014) further shows that middle school teachers work more than two hours overtime every day, and that about 10% of them work at least 15 hours overtime per week. In her research, teachers list attending meetings, preparing materials, or leading extracurricular clubs on weekends as the main causes of overtime work.

6. Gender division of labor

A representative feature of Japanese-style employment practices is seniority-based pay, a compensation system originally premised upon “sustenance of a reasonable standard of living that includes workers’ families” (Ishizaka 1973). The original idea was that the salaries paid by companies were to support workers’ families, and the amounts were high enough for only one spouse to work. This led to a division of labor between the sexes whereby men devoted themselves to work and women to the home. As such, Japan’s postwar division of labor between the sexes and its employment practices are highly complementary and inseparable in nature; neither can be discussed in isolation from the other.

The economic boom era firmly set this division of labor into place. Social values supporting the division of labor became fixed, and the image of the man devoting all his energy to his work while the woman protected the home and raised the children became idealized and romanticized.

The traditional division of labor defines and distinguishes “masculinity” and “femininity.” Deviating from those predefined gender roles signifies status inconsistency, causing conflict with social perceptions. As argued by Taga (2011), the salaried worker as the standard model for the Japanese is not a model of “femininity,” but of “masculinity.” The general custom was that the wife worked only when the husband’s income alone might not be enough to sustain an “average” family life, and even then, only to an extent that would not get in the way of her home responsibilities (Taga 2011: 22). The related systemic features persist. Under today’s tax code, the wife forfeits her spousal deduction if her annual income exceeds a certain amount. This tax scheme reflects the social concept of “the wife working as long as there is no interference” (Taga 2011) and reinforces the traditional division of labor between the sexes.

In many countries, there is a certain asymmetry in the way society views long working hours by men as opposed to women. In Japanese society, where the image of immersing oneself in one’s work defines masculinity, and “working hard” and “not giving up” are regarded as virtues, men working long hours are acting consistently with expectations. Conversely, men finishing their work promptly and going home “earlier” is not consistent with the conventionally favorable image, and could make a negative impression on others. One hears anecdotes of men who could leave work on time, but say they “don’t want to go home.”⁵ Women, however, who put in long workdays are regarded as “working just as hard as men,” and this perspective shows that such behavior is not consistent with women’s traditional gender roles.

In the aforementioned research by Kato, Kawaguchi and Owan (2013) using internal company data, they confirm firstly that there is a positive correlation between working hours and the probability of promotion, and that there is a significant disparity between men and women in this correlation. Specifically, there is no gap between men and women at annual levels of working hours up to 2,200, but beyond this number, the probability of promotion for women significantly exceeds that of men, *ceteris paribus*. The authors explain that long working hours for women are more highly evaluated than those of men because they send stronger signals of commitment: the perception is that burdens of housework and parenting have not affected these women’s performance on the job.

Nemoto (2013) gives a detailed portrayal of the context of Japanese male-centered workplaces, based on interview surveys. Long working hours are seen as a sacrifice to the company, and women are criticized as disloyal if their time commitments are not on par with the men’s. Many women drop out because they cannot keep up with the time demands of the male-centered work culture. From interviews with female employees, on the other hand, Nemoto points out that the Japanese work culture offers women a way to “opt out.” Some female employees explain that, if anything, men’s careers are more constrained because men cannot opt out, and that they sympathize with men because most continue to work long hours until they retire.

Incidentally, evidence of gender asymmetry in long working hours has also been reported in Western countries. For example, Cha and Weeden (2014) revealed that 10% of the gender wage gap in the U.S. could be explained by the gender difference in rates of participation in long working hours. The rate for

women is inevitably lower, due to the weight of their housework burdens. In terms of career building, men have an advantage in that they can commit themselves fully to their work. In another study on dual earner households, Cha (2010) revealed that, while the wife's probability of quitting her job rises as the husband's working hours increase, the reverse does not hold true. Hewlett (2002) put the spotlight on gender asymmetry in elite formation in the US elite women in the U.S. have to choose between a career and their family at some point, but men can continue their careers without any particular constraint. Hewlett explains that, because women cannot commit themselves to their work to the extent that men can, sooner or later they drop out of the elite career track.

Liff and Ward (2001) focused on gender asymmetry in the promotion structure of UK banks. Long working hours have become the norm in banks, and promotion is determined by whether or not the employees can do them. Female employees who have responsibilities at home cannot keep up with the culture of long working hours and are therefore disadvantaged in terms of promotion. In banks where the custom of long working hours is very strong, women fear that even asking about the possibility of shorter working hours would be interpreted as a lack of commitment, and so choose to say nothing. Raising children means giving up their career track in these UK banks.

Research from Sweden by Albrecht et al. (1999) shows that workers who take childcare leave earn less than those who don't. They go on to show that this "childcare penalty" is larger for men than for women. The phenomenon of wages falling when a career is interrupted has conventionally been explained as a depreciation of human capital. However, the authors explain that the childcare penalty for men is due not to human capital depreciation but to signaling. In the labor market, male workers who take childcare leave are seen as being less committed to their work, while those who don't take leave are more strongly committed, the latter being rewarded with higher wages. This is very interesting research which exposes the fact that even in a gender egalitarian society such as Sweden, there is evidence of gender asymmetry leading to wage inequality.

Reducing long working hours is going to require a major realignment of the traditional gender division of labor. Having been sustained for so long, however, this division of labor will not change quickly. Taga (2011) describes the working environment of salaried workers more recently as "a clash between two conflicting forces, one pulling them in to work, the other pushing them out to their homes" (Taga 2011: 36). Masculinity used to be singularly defined around the concept of work, and the male identity was easy to understand; men were appreciated and enjoyed the praise of their family and peers as long as they worked hard. But men's sphere of responsibility is changing, and boundaries in the gender division of labor are being redefined.

Households with full-time housewives have decreased since 1980, and were overtaken by dual earner households in the 1990s; in 2014, they had fallen to a ratio of 38% of all Japanese households (Ministry of Health, Labour and Welfare statistics for 2015). As more women started to work outside the home, there was growing pressure on men to make a contribution at home. Meanwhile, the "principle of self-responsibility" symbolized by results-based evaluation has grown stronger, and salaried workers are now being expected to make bigger individual contributions to the company as well. What is new here is that salaried workers now face a conflict between work and home.

IV. Conclusion

In this paper, I have raised the problem of long working hours as a by-product of Japanese-style employment practices and cultural characteristics. The Japanese employment system was once seen as a source of national strength, but now their shortcomings are under scrutiny. The system is harshly criticized as an obsolete system, out of touch with the demands of today's changing labor market and demographics.

In 2015, there was a TV drama called *Shitamachi Rocketto* (Downtown Rocket). This was a dramatized story about a plan to develop rockets in a small factory, and it carried an interesting catchphrase: "The

story of a man who refused to give up his dream.” First, the fact that the story was about a man (not a woman) emphasizes the fact, as stated above, that work lies in the man’s domain, and that the image of a man thoroughly immersed in his work is still being romanticized. The image of a hardworking man who refuses to give up and valiantly continues to do his best appeals to Japanese national culture and values. A scenario in which he rationally takes stock of the situation and gives up his dream is inconceivable. And if he decided to work shorter hours and try to go home on time, he would not look very good. The values that support the popularity of this drama are closely linked to the reason why long workdays persist in Japan.

What lessons can help Japan shorten its workdays? One is to shift the input orientation to an output orientation, but that transition will require specific steps and measures. Let’s consider which could be effective in the Japanese context.

1. *Boosting productivity and eliminating wasteful practices should be top priorities.* In the Toyota-style production method, waste is defined as “actions and results that do not add value.” Toyota thoroughly researched its manufacturing processes and identified seven types of waste, including overproduction and excess inventory, which it then eliminated rigorously from its production. The Toyota method subsequently had a huge impact not only on the automotive industry, but also on operations management and production processes across industries, and attracted attention from all over the world. It should be possible to apply Toyota’s waste elimination approach to the work and employment practices. It is also worth discussing ways of incorporating artificial intelligence (AI) and robots, which are expected to make daily operations more efficient and improve productivity.

Undoubtedly, there are a lot of built-in inefficiencies in the work styles of Japanese people. In an interview-based study, Yamamoto and Kuroda (2014) were told by one interviewee that Japanese workers “work efficiently to do inefficient things.” Work styles that place form above substance, as in the insistence of formality when unnecessary, or in the circular requests for approval and consensus to sign off on particular decisions is taking time away from the core activities. Steger (2003) explains that one reason why dozing is accepted in meetings or during classes is because the Japanese believe presence is important, whether or not the presence is active or passive. This line of thinking must be challenged to eliminate waste and inefficiency.

Konosuke Matsushita made this famous pronouncement: “To work one hour more than others is noble. This is effort. This is diligence. But it is also noble to work one hour less than before, and yet to produce better results.” The Japanese have amply shown that they are diligent. But now they must show that they are also productive and can manage their time sensibly. Perhaps the focus could shift to rewarding people for producing the same or better results in a shorter time.

2. *Merit- or performance-based reward systems must be fully implemented.* The majority of companies today have introduced merit-pay in one form or another, but they are mostly combined with the seniority system, and it is unclear to what degree merit-based wage systems are actually functioning.

An ideal merit-based pay system is one in which an individual’s output and contribution are evaluated and rewarded fairly, objectively, and accurately. At present, it is hard to say that the system is operating well, as there is much dissatisfaction with the evaluation system. Because the evaluation is judged not on the number of hours worked but on result, input orientation will inevitably shift to output orientation. Along with this shift, signaling activities that indicate effort and loyalty will lose their value and incentives to increase productivity and produce outcomes will start to operate.

3. *Job descriptions must be clearly specified and specialization established.* A deeply rooted aspect of current work styles is that it is difficult to refuse work not directly related to one’s own. Jobs and areas of responsibility need to be clearly specified and job specialization created.

One possible measure is to produce work manuals. According to a 2013 survey by the Japanese Trade Union Confederation, the number one reason why workers were unable to take childcare leave when they wanted to was that “There is no one to substitute for me.” This has also been cited as a

major reason why overtime has not decreased, and is purely because work styles depend too much on individuals. If knowhow is embedded in people, they cannot entrust their work to others because they can't explain it properly. As Nonaka (1990) explained in his theory on knowledge creation, what is required is an externalization process whereby "implicit knowledge" is expressed formally, manifested as "formal knowledge" that can be recognized by anyone, and conveyed to third parties. Work environments should help people entrust their work to others, by recording knowledge and knowhow in manuals and sharing them.

Organizations enjoy high productivity when they respect specialization and comparative advantage, allowing individuals to specialize in work according to their talents and abilities. However, inefficiencies abound in organizations that assign even routine tasks unrelated to individuals' specializations. For example, by forcing their faculty — specialists whose core competency should lie in research — to spend two full working days to proctor entrance examinations, universities may economize on costs in the short term because they can avoid outsourcing. But the faculty losing those two days proctoring will have to make them up at some other time, and the opportunity costs are immeasurable.

To reduce working hours, we absolutely must clarify the boundaries of work responsibilities and duties and create systems in which workers can concentrate on their core competencies and therefore, contributions. Some middle schools are starting to reduce teachers' workload if tasks are not aligned with their main responsibilities. For sports, for example, hiring external coaches and experts releases teachers from extracurricular after-school and weekend activities.⁶

4. *Organizations must adopt a more top-down approach to shortening workdays.* The reason why subordinates are reluctant to leave while their boss is still in the office is that hierarchical relationships are woven into corporate culture. To break this cycle, bosses must themselves prioritize shorter working hours and offer an example to their subordinates. No reform can be expected of organizations where the bosses themselves always stay late.
5. *Improving performance sometimes depends on a paradoxical concept: Instead of working more, workers should place more distance from their work.* A healthier relationship to their work will help employees generate more creativity and innovation. Distancing oneself from a high-pressured environment and initiating a change of tone and pace can lead to richer ideas and more effective, original ways to solve complicated problems (Carson, Peterson and Higgins 2003).

The measures I describe above do not amount to totally dismantling the conventional Japanese-style employment practices. By no means should we conclude that an American-style labor market with a strong short-term orientation and high labor fluidity would suit Japan. I believe it is possible to preserve the advantages of Japan's approach while addressing the weaknesses. What is undeniable is that Japanese-style employment practices have been formed from the mutual complementarity of its institutions. Tackling the long workdays issue properly will disrupt the old equilibrium; there will be some instability until a new equilibrium settles. Features that have always been regarded as normal will no longer seem so, and this will be painful for individuals and organizations. The changes will be met first with organizational inertia, with considerable resistance from those who benefit most from the status quo.

Indeed, two factors that will complicate reform efforts are the "observable" formal barriers of legislation and financial incentives, and the "unobservable" informal barriers of social customs and cultural characteristics. Formal barriers are easily managed by revising or amending systems. But because informal barriers are unobservable, corrective measures are not easy to design. Informal barriers are more deeply rooted, and are invariably troublesome: Even when reform efforts remove the formal barriers, the problem digs stubbornly in because the informal barriers remain. For example, to reduce overtime, some companies have resorted to turning off the office lights and forcing

employees to leave the premises at pre-determined times. Measures like these may be convenient for management because they are easy to execute, but they are unpopular with employees.⁷ This discontent is understandable, as the company is merely transferring the problem from managers to employees, without trying to treat the cause of the problem. To remove informal barriers, though, the cause of the problem will have to be addressed after first “making the unobservable observable” through interview surveys, awareness surveys and the like.

Technological progress has shown that progress works first through hardware and infrastructure development, then through software development. In Japan, the “infrastructure” of work-life balance is gradually being built, and is now close to achieving parity with EU standards. But the rate of childcare leave by men is still less than 10% (as of December 2017). In other words, despite the changes made to the infrastructure, attitudes and awareness (particularly amongst men) have not moved.

It is not only in Japan that change is slow. Dahl, Løken and Mogstad (2014) explain that even in Norway, a country that boasts the world’s highest levels of childcare and work-life balance, it took a considerably long time for childcare leave-taking by fathers to become established. Over time, the leave provisions were amended a number of times. Under a system introduced in 1993, the government gave fathers one month’s paid leave if they took childcare leave. As a result, the leave-taking rate jumped to 35%, from 3% before the amendment. The rate continued to rise thereafter, reaching nearly 70% in 2006. The authors explain that the sudden increase in the diffusion rate was due to the peer effect. Specifically, they demonstrate that when the brothers or work colleagues of fathers eligible for childcare leave had themselves taken childcare leave, the leave-taking rate by those eligible fathers rose significantly. Norway has a culture of sensitivity to peer opinion, and workers seem to resist taking childcare leave if the leave-taking rate in their own workplace is low. However, the authors show that, as the leave-taking rate rose, hesitation diminished until eventually a critical mass emerged in which the whole setting became better disposed to men taking childcare leave.

This research is richly suggestive for Japan where workers are so deeply sensitive to their peers and to the surrounding environment. At the moment, with the childcare leave-taking rate standing at less than 10%, many eligible fathers initially may resist taking it. However, as the leave-taking rate rises until it reaches the tipping point, the diffusion rate is expected to increase in an S-shaped curve.⁸ The day may not be so distant when it becomes the norm for fathers to take childcare leave and the culture’s accepted definition of masculinity is revised.

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Notes

1. ROE in Japan is 5-6%, lower than in the USA (15%) and Germany (10%). *Kigyo tochi de dou kawaru* [What difference does corporate governance make?], Nihon Keizai Shimbun, July 23, 2015.
2. Data from the Japan Association for Promotion of Internationalization.
Source: Shinjin ryugakusei ga tsukitsukeru “Nippon? No.” [Criticism from new international students: “Japan? No?”], Nikkei Business Online, April 1, 2016.
3. According to the *2007 White Paper on the National Lifestyle*, 80% of large corporations had introduced performance-based wage systems. Data from 254 listed companies used by Kato and Kodama (2015) show that only a few percent had introduced performance-based wage system in the 1970s, but that it had spread to over 70% by 2012.
4. In a survey by the Nihon Keizai Shimbun, Inc., the response rate for “Dissatisfaction with personnel evaluation” was 40%, and the most commonly cited reasons for this were “The evaluation standards are not clear” and “Evaluation is based on the personal likes and dislikes of the evaluators.” *Jinji hyoka ni “Fuman” 40% “Kijun aimai” de fukoheikan* (“40%” dissatisfied with personnel evaluation; “Standards vague” and sense of inequality) Nihon Keizai Shimbun, March 3, 2015.
5. *Zangyo ga heranai no wa ie ni kaeritakunai kara* [Overtime does not decrease because they don’t want to go home], Nikkei Business Online, July 19, 2016.
6. NHK Ohayo Nihon Digest, *Kyoin no chojikan rodo kaizen ni mukete* [“Toward an improvement in teachers’ long working hours],

July 19, 2016. <http://www.nhk.or.jp/ohayou/digest/2016/07/0719.html>

7. From a survey of regular employees by the Cabinet Office (2014). The least popular response to “Initiatives you consider effective in reducing overtime” was “Enforced lights out in the office.”
8. On “critical mass” and “tipping point,” see, for example, Schelling (1988).

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