

1 April 2019

Report

Crucial Points in Work Style Reform in the White-Collar Workplace Compared with the Blue-Collar Workplace

By Satoshi Tsukada, Senior Analyst

Abstract

Work style reform has attracted significant public attention in recent years. Such reform follows two main directions: (1) making working hours more appropriate through productivity improvements and (2) allowing greater flexibility in work styles. In Japan, productivity in the white-collar sector, which accounts for 70 percent of all employers, is considered to be particularly low, and productivity improvements in this sector are therefore essential for work style reform to be effective. Although many companies have begun efforts toward work style reform and productivity improvements, some of these companies and their employees are not experiencing positive results. One reason is that companies' current efforts do not sufficiently take into account the characteristics of the white-collar work style. One characteristic of white-collar work is that, compared with blue-collar work, it requires workers to perform tasks in more diverse and autonomous ways. In reforming the white-collar work style, it is important that, based on such characteristics, companies not only induce employees to improve their time management at their discretion, but also have them experience small successes in shared, non-specialized tasks relevant to all departments, such as devising new ways to conduct meetings or prepare documents. Also, in allowing more flexible work styles, it is effective to test new ways of working, including telecommuting, in some divisions and then implement them company-wide after examining the test results.

This report is a translation of the original article published in the Quarterly Journal of Public Policy & Management (2017, vol.4), Special Edition: Corporate Diversity Promotion and Reform of Working Style. All articles in this edition are written by members of the Diversity Management Strategy Department of Mitsubishi UFJ Research and Consulting.

The original report is available at https://www.murc.jp/report/rc/journal/quarterly/2017_04/.

More information on us at <https://www.murc.jp/corporate/virtual/diversity/>.

1. Current Status of Work Style Reform at Japanese Companies

1. What Is Work Style Reform?

The current Japanese administration has positioned work style reform as one of the biggest challenges in reviving the Japanese economy. The Action Plan for the Realization of Work Style Reform, which was approved in March of 2017, includes a plan to fix the problem of long working hours. By addressing the problem, the plan aims to ensure workers' health; improve work-life balance and thereby increase labor force participation of women and older adults; improve productivity based on workers' changing jobs to or getting re-employed in high value-added industries; and realize various ways of working, such as having a side job.

According to the 2017 White Paper on Prevention of Karoshi (death from overwork), which was prepared by the Ministry of Health, Labour and Welfare, the number of annual claims for worker's compensation related to cerebrovascular disease, ischemic heart disease, and the like caused by excessive workload has been in a range roughly between 750 and 950 for 15 years. Also, according to the 2015 Comprehensive Study on Worker Safety and Health Focusing on Death from Overwork and Preventive Measures, which was prepared by the Research Center Overwork-Related Disorders of the National Institute of Occupational Safety and Health, 93.0 percent of worker's compensation claims are approved for the reason of long-term overwork. Long working hours, a cause of death from overwork, have been a serious social problem, and companies are increasingly scrutinized in terms of compliance.¹

There is also the problem of the declining number of working age adults, reflecting the aging of Japan's population. The country's working age population has constantly declined since 1997, falling by about 6.5 million to 76.65 million over a 30-year period from 1986 to 2016. In addition, more and more workers are constrained in terms of time and place of work, including those who continue working while providing childcare or family care and those who continue to work while having an illness or injury. Furthermore, aside from the problem of long working hours, there are high hopes for various ways of working that enable workers to choose when and where to work. In short, companies, workers, and society as a whole are interested in work style reform.

What does the term "work style reform" specifically refer to? The Action Plan for the Realization of Work Style Reform discusses concrete measures in three areas: improving compensation (wages, salaries, etc.), reducing constraints (time, place, etc.), and supporting career development. For improving compensation, the plan proposes providing equal wages for equal work and allowing non-regular employees to become regular employees. For supporting career development, it suggests providing professional training and expanding employment opportunities for job switchers and people re-entering the job market. For reducing time and location constraints, it proposes addressing the problem of long working hours, creating mechanisms that facilitate flexible ways of working, promoting employment of people with disabilities, promoting balance between work and medical care, childrearing, or family caregiving, hiring foreign workers, and creating an environment where women and young workers can perform to their full potential. Among these measures for work style reform that are discussed in the plan, this paper focuses on measures for making working hours more appropriate and measures for allowing greater flexibility in work styles.²

1.2 Current State of Work Style Reform at Japanese Companies

Let us first summarize the current state of work style reform at companies. There are companies that have engaged in reform and have achieved positive results. The Japan Business Federation released, in September 2017, Examples of Work Reform which described the cases of 15 member companies that had proactively engaged in work style reform. The Study Report on Elimination of Long Hours and New Ways of Working prepared by the Business Policy Forum (2016) discusses the cases of eight companies as well as results of questionnaire surveys of general employees and managers. In addition, a number of cases of companies engaging in work style reform are presented by the Cabinet Office (on its website for promoting work-life balance) and by the Ministry of Health, Labour and Welfare (on its website on improving ways of working and leisure).

While there are many proactive and successful cases, there are companies engaging in work style reform that have not produced positive results. According to Results of the Survey on Working Hour Management and Efficient Ways of Working and the Survey on the Needs Concerning Working Hours and Ways of Working, which was published by the Japan Institute for Labor Policy and Training (2016), while 92.6 percent of companies have tried to reduce unscheduled overtime, only 52.8 percent have actually succeeded. This result shows that although many companies have engaged in work style reform, not all of them have achieved substantial positive results.

It has been pointed out that the white-collar productivity of Japanese companies is particularly low.³ According to the Japan-U.S. Comparison of Labor Productivity in Different Industries published by the Japan Productivity Center (2016), manufacturing sector labor productivity in Japan is about 70 percent of that in the United States, and service sector labor productivity in Japan is merely about half of that in the United States. Since workers in the service sector are mostly white-collar workers, it is considered that in Japan, white-collar productivity is relatively low, compared to blue-collar productivity. According to the Labor Force Survey conducted by the Ministry of Internal Affairs and Communications (2015), the white-collar sector accounts for 70 percent of all Japanese employees.⁴ Successful work style reform therefore requires productivity improvement in that sector. In this context, this paper focuses on white-collar workers and examines crucial points for effective reforms.

2. Work Style Reform for White-Collar Workers

2.1 Characteristics of White-Collar Work

Let us begin by summarizing characteristics of white-collar work and blue-collar work.⁵ For blue-collar work, operational processes, including required time for each task, are designed in detail by departments responsible for production technologies. Daily operations are managed based on manuals which specify who produces what, how much or how many, and on which line. Productivity goals are often set since productivity is directly related to production cost. Most of the efforts to improve productivity can be implemented within a division. As for white-collar work, each division has operational discretion. Also, employees have discretion over a wide range of daily operational tasks. With regard to productivity, it is difficult to clearly define output, and it is often the case that attention is paid to limited types of input such as overtime. Also, it is often difficult for a certain division to solely take productivity-related measures because of its relationships with other divisions and customers. In short, white-collar work requires employees to perform tasks in diverse and autonomous ways, whereas blue-collar work is

uniform and standardized. Takeishi and Sato (2011) argue that realizing work-life balance requires changing work management methods, time management methods, and ways of working, and that it is therefore essential for not only managers, who are responsible for workplace management, but also all employees to become highly aware of time spent for work and to reexamine and modify their individual life styles. In other words, they suggest that for white-collar work in particular, heightened time awareness is important in achieving work-life balance.

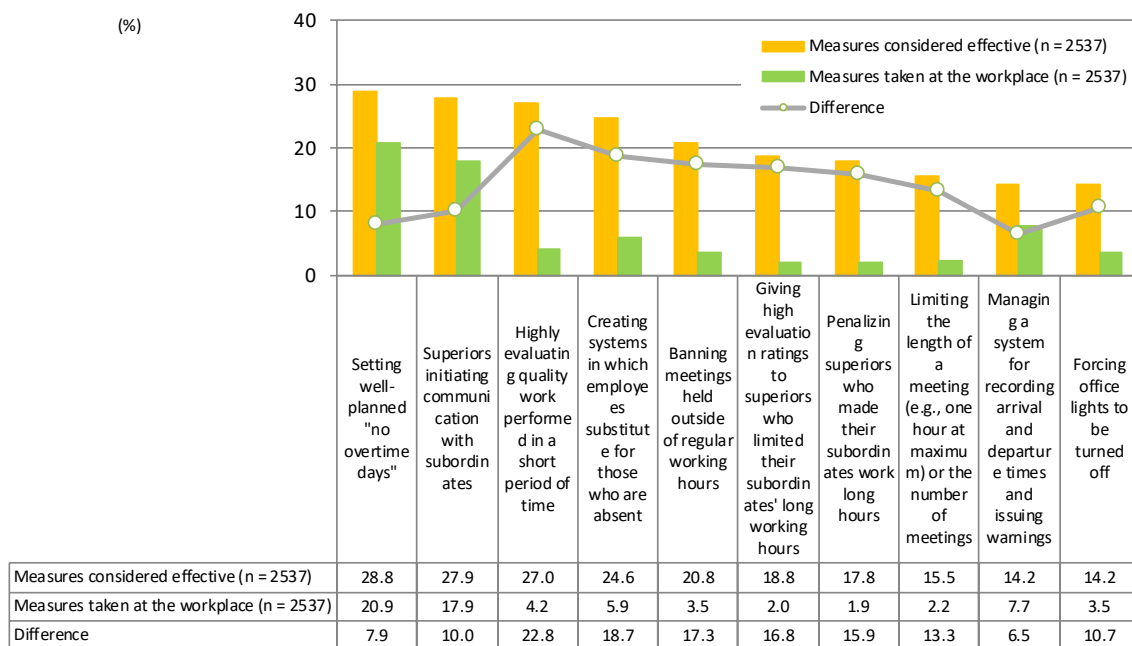
Table 1: Characteristics of white-collar work and blue-collar work

	Blue collar	White collar
Time awareness	Work processes, schedules, and relevant management methods are pre-designed, and employees do not need to be actively aware of time.	Divisions and employees have substantial discretion over time management.
Productivity indicators and goals	Input and output are clearly observable, and there are quantitative indicators and set goals.	It is difficult to define output or have quantitative indicators. Only input-related goals, such as overtime, are set.
Measures to improve productivity	It is often feasible to implement measures, such as process improvement, within a particular division.	It is often difficult for a certain division to take measures on its own because of its relationships with other divisions and customers.

Source: Author.

According to the Surveys of Individuals and Companies on Work-Life Balance conducted by the Cabinet Office (2014), companies seem to rarely make efforts to heighten managers' and employees' time awareness: among various measures that employees consider effective in reducing overtime, companies rarely take measures such as highly evaluating quality work performed in a short period of time, giving high evaluation ratings to superiors who limited their subordinates' long working hours, and penalizing superiors who made their subordinates work long hours.

Figure 1: Measures that employees consider effective in reducing overtime and actual measure



Source: Cabinet Office (2014). The Surveys of Individuals and Companies on Work-Life Balance.

Asai (2011) conducted an interview survey of companies and white-collar workers to study how employees work at European companies and Japanese companies. She points to five problems with Japanese ways of working that have made it difficult to realize employees' work-life balance: (1) each employee's range of work being unclear, (2) excessive effort spent on the appearance of documents, (3) presenteeism, (4) frequent and large meetings, and (5) frequent organizational changes.⁶ She then propose that Japanese companies implement an European-style delegation system that prearranges work reassignment to prepare for employees' absence. Judging from results of the surveys by the Cabinet Office, it seems that companies rarely set up such a mechanism that is effective in both reducing overtime and encouraging employees to take paid leave. In sum, due to characteristics of white-collar work, heightening workers' time awareness is important for work style reform in the white-collar sector. In reality, however, Japanese companies have not taken relevant measures.

2.2 Crucial Points in Work Style Reform in the White-Collar Sector

With consideration given to characteristics of white-collar work, the following summarizes crucial points in effective work style reform.

2.2.1 Mechanisms for Heightening Workers' Time Awareness

In the blue-collar workplace, work processes, schedules, and relevant management methods are pre-designed, and employees do not need to be actively aware of time. In contrast, productivity in the white-collar workplace does not increase unless employees are actively aware of time. Many companies set "no overtime days" as a way to reduce unscheduled overtime. There are, however, cases in which such measures have become superficial or have increased the amount of take-home work. Measures like "no overtime days" can make employees more aware of time, but may not be effective if they are implemented in a uniform, standardized manner due to incompatibility with the needs concerning white-collar employees' various ways of working.

In the empirical study entitled "Trials of Future Ways of Working"(introduced in "Guide to Promoting Work Reform") that was conducted as part of Google's Womenwill initiative under the supervision of Mitsubishi UFJ Research and Consulting, participants set the ending time of each workday, prioritized tasks, and planned workflows in order to work more efficiently. The result suggests that workers engage in their tasks more actively (by utilizing scheduling tools, etc.) when they set the ending time of the workday by themselves, compared to the case in which the company uniformly sets it. For white-collar workers who often interact with other divisions and customers, effective measures for heightening their time awareness are those that flexibly adjust to workers' dynamic work patterns, not those that set uniform, standardized work schedules.

2.2.2 Looking Outside of Department-Specific Operations

Even if a company wants to promote work style reform for its entire organization, its white-collar departments face difficulties in setting common relevant goals because different departments engage in different work and because their output cannot be easily defined. There are, however, activities that are common across different

departments. Examples include meetings and document preparation, which Asai (2011) regards as sources of problems for white-collar work in Japan. From the standpoint of company-wide efficiency, it is effective to set minimum rules with regard to ways of conducting meetings and the quality of in-house documents. Also, managers are increasingly required to manage various human resources and compliance issues in addition to regular operations. Therefore, in order to create systems that allow managers to concentrate on regular operations, the company needs to ensure sharing of management-related best practices throughout the organization and enable managers to receive support from indirectly related departments.

It may be difficult for white-collar departments to try to improve productivity by themselves because of their responsibility to respond to requests from other departments. Therefore, designating a process owner for each internal operation is effective. For example, a department that requests other departments to submit a report must optimize the process of the reporting operation by listening to the reporting departments and taking relevant burdens on them into account.

After the measures discussed above are implemented, each department should take measures for improving productivity in its regular, value-adding work, with special focus on the quantity and quality of output.

2.2.3. Implementation of New Ways of Working after Test Runs

Telecommuting has attracted attention in recent years. The government has designated July 24, 2020, when the opening ceremony of the Tokyo Olympic Games is planned to take place, as Telework Day and encourages companies to conduct practice runs of company-wide telecommuting. As discussed above, work style reform follows two main directions: (1) reducing working hours through productivity improvements and (2) allowing greater flexibility in work styles. Telecommuting is closely related to the latter as it effectively enables workers to flexibly choose their work location.

According to the Study on People's Awareness of New Information and Communication Services and Technologies Intended for Solving Social Issues published by the Ministry of Internal Affairs and Communications, more than 50 percent of employees want to telecommute. However, according to the Study on Revitalization of Regional Economies and Companies' Information and Communication Technologies published by the same ministry, less than 10 percent of companies have adopted telecommuting, and about 40 percent of companies do not have the types of operations that are suitable for telecommuting. The result suggests that many companies cannot incorporate telecommuting into their operations or consider it unnecessary.

The latter study also shows that companies that are considering or interested in adopting telecommuting are more likely than companies that have already adopted it to have concerns about appropriate personnel evaluation, proper labor management, communication between employees, and creation of internal systems for telecommuting. However, more than a few companies actually experience little operational trouble due to telecommuting, despite having various concerns prior to implementing telecommuting systems.

Allowing greater flexibility in work styles often leads to new, nontraditional ways of working. Therefore, companies may have various concerns before moving in this direction. In allowing greater flexibility in work styles, it is effective to conduct trials for a limited time period or with a limited number of divisions and then execute company-wide implementation after examining the results of the trials. In this process of trials and full

implementation, companies tend to limit the use of telecommuting to employees who have childcare or family care responsibilities, or actual users tend to utilize telecommuting for these care-related reasons. Important points in promoting work style reform through telecommuting are that companies should adopt it as a new way of working for all employees, not just those who must provide care to their children or family members, and that companies should conduct a trial involving all employees, including those who do not see the necessity of telecommuting. By actually experiencing telecommuting, employees not only feel its benefits such as less commuting and increased personal time, but also may improve the quality of their work by becoming aware of time and productivity improvement and sharing work progress and other operational information with other employees.

3. Conclusion

Effective work style reform in the white-collar sector requires measures that take into consideration the fact that white-collar workers must perform tasks in diverse and autonomous ways. Companies must create mechanisms to make white-collar workers, who often have discretion over their work procedures, aware of time spent for work. However, uniform, standardized measures such as "no overtime days" are not necessarily effective for white-collar workers. Effective measures for raising awareness of time among these workers' are those that flexibly adjust to their discretion over various aspects of their work.

It is also important that companies start work style reform from common, non-specialized tasks relevant to all departments, and that employees feel the positive effects of the reform by sharing their small successes. Work style reform requires reexamination of daily work performed at the workplace. Not only reexamination of operational processes, but also efforts by individual managers and employees to establish time-conscious work habits are important. Another important point in work style reform is a proper combination of initial top-down initiatives and bottom-up efforts (that is, employees' autonomous efforts to realize their desired ways of working).

Employees' small successes can contribute to greater flexibility in work styles, often leading to new nontraditional ways of working. Managers are key to successful work style reform at the workplace. If not only time-constrained or location-constrained employees, but also managers try flexible ways of working, workers will let go of the notion that systems for work flexibility are not easy to use, and many workers will utilize flexible ways of working that suit their individual needs.

Endnotes

1. The Ministry of Health, Labour and Welfare provides a guideline for evaluating working hours as part of the process to recognize the existence of long-term overwork, which is one of the criteria for approving claims for worker's compensation related to cerebrovascular disease, ischemic heart disease, and other diseases (notice no. 1063, December 12, 2001). According to the guideline, judgments should be made based on the following premises. (1) If the worker's overtime over a 1- to 6-month period prior to the onset of his or her disease did not exceed about 45 hours per month, the connection between the worker's disease and his or her work is considered weak; however, for overtime exceeding about 45 hours per month, the connection between work and disease is considered to gradually become stronger with the length of overtime. (2) If the worker's overtime during the month prior to the onset of his or her disease exceeded about 100 hours or if the worker's overtime

over a two- to six-month period prior to the onset of his or her disease exceeded about 80 hours per month, the connection between the worker's disease and his or her work is considered strong.

2. In regard to work style reform, Matsuura (2017) points out the need to consider not only narrow reforms that include limiting working hours and allowing more flexible work styles, but also broad reforms that include reexamining and modifying personnel management policies and organizational strategies.
3. While-collar workers are not clearly defined in Japan. This paper follows a document used at the 63rd meeting of the Labor Conditions Committee of the Labor Policy Council of the Ministry of Health, Labour and Welfare. White-collar workers are considered to be specialized and technical workers, workers in managerial positions, administrative workers, and sales workers. This paper compares white-collar workers with blue-collar workers such as production-line workers.
4. The percentage here is the proportion of specialized and technical workers, workers in managerial positions, administrative workers, and sales workers to all employees for 2016 (Labor Force Survey by the Ministry of Internal Affairs and Communications).
5. White-collar work includes repetitive work such as administrative work, but this section considers non-repetitive work.
6. Presenteeism refers to the practice of being at the workplace, sometimes despite a poor physical or psychological condition, leading to less focus on work, low productivity, and mistakes (Asai, 2011).

References

- Asai, Y. (2011). *Oshu kigyo ni okeru hatarakikata to work-life balance* [Ways of working and work-life balance at European companies]. In H. Sato & E. Takeishi (Eds.), *Work-life balance and hatarakikata kaikaku* [Work-Life Balance and Work Reform]. Tokyo: Keiso Shobo.
- Business Policy Forum (2016). Chojikan rodo taishitsu kara no dakkyaku to atarashii hatarakikata ni kansuru chosa kenkyu hokokusho [Study Report on Elimination of Long Hours and New Ways of Working].
- Japan Business Federation (2017). *Hatarakikata kaikaku jireishu* [Examples of Work Reform].
- Google Womenwill (2017). *Hatarakikata kaikaku suishin gaido* [Guide to Promoting Work Reform].
- Japan Productivity Center (2016). *Nichibei sangyo betsu rodo seisensei suijun hikaku* [Japan-U.S. Comparison of Labor Productivity in Different Industries].
- Ministry of Health, Labour and Welfare (2017). *Heisei 29 nendo ban karoshi tou boushi taisaku hakusho* [2017 White Paper on Prevention of Karoshi].
- Ministry of Health, Labour and Welfare (n.d.). *Hatarakikata yasumikata kaizen potaru saito* [Portal Website on Improving Ways of Working and Leisure]. Retrieved November 5, 2017.
- Council for Work Style Reform, Prime Minister's Office of Japan (n.d.). *Hatarakikata kaikaku jikko keikaku* [Action Plan for the Realization of Work Style Reform (approved on March 28, 2017)].
- Ministry of Internal Affairs and Communications (n.d.). *Rodoryoku chosa* [Labor Force Survey].
- Ministry of Internal Affairs and Communications (2015). *Shakai kadai kaiketsu no tame no aratana ICT sabisu gijutsu eno hitobito no ishiki ni kansuru chosa kenkyu* [Study on People's Awareness of New Information and Communication Services and Technologies Intended for Solving Social Issues].
- Ministry of Internal Affairs and Communications (2015). *Chiho sosei to kigyo ni okeru ICT rikatsuyo ni kansuru*

chosa kenkyu [Study on Revitalization of Regional Economies and Companies' Information and Communication Technologies].

Takeishi, E. & Sato H. (2011). *Jikan ishiki no kojo no tame no moderu jigyo to hatarakikata kaikaku* [Pilot Projects for Improving Time Awareness and Work Reform]. In H. Sato & E. Takeishi (Eds.), *Work-life balance and hatarakikata kaikaku* [Work-life balance and work reform]. Tokyo: Keiso Shobo.

Japan Institute for Labor Policy and Training (2016). *Rodo jikan kanri to koritsuteki na hatarakikata ni kansuru chosa kekka oyobi rodo jikan ya hatarakikata no nizu ni kansuru chosa kekka* [Results of the Survey on Working Hour Management and Efficient Ways of Working and the Survey on the Needs Concerning Working Hours and Ways of Working].

Cabinet Office (2014). *Work-life balance ni kansuru kojin kigyo chosa* [Surveys of Individuals and Companies on Work-Life Balance].

Cabinet Office (n.d.). *Shigoto to seikatsu no chowa suishin saito* [Website for Promoting Work-Life Balance]. Retrieved November 5, 2017.

Matsuura, T. (2017). *Hatarakikata kaikaku no frontier: kaikaku no shatei no hirogari wo shiya ni* [Frontier of Work Reform: Analysis from the Standpoint of Expanding Targets of Reform]. *Nihon Rodo Kenkyu Zasshi*, 679, 42-51.

Research Center Overwork-Related Disorders, National Institute of Occupational Safety (2016). *Heisei 27 nendo karoshi tou no jittai kaimei to boushi taisaku ni kansuru sogoteki na rodo anzen eisei kenkyu* [2015 Comprehensive Study on Worker Safety and Health Focusing on Death from Overwork and Preventive Measures].

- This document and any content and information contained herein are provided for information purposes only and do not constitute an offer to sell or the solicitation of an offer to buy any securities or financial instruments.
- This document and the content and information contained herein are based on information that we believe is reasonably reliable. However, this document and any and all content and information contained herein are provided “as is” and “as available”. Mitsubishi UFJ Research and Consulting Co., Ltd. (MURC) makes no warranties of any kind regarding the document or any and all content and information contained herein. Under no circumstances shall MURC, its directors, officers, employees, or representatives be liable to you for direct, indirect, incidental, consequential, special, punitive, or exemplary damages arising from this document and the content and information contained herein.
- This document and any and all content and information herein are protected by copyrights, trademarks, service marks, international treaties, and/or proprietary rights under any applicable laws. Unless otherwise permitted by law, you may not copy, reproduce, publish, upload, or transmit any or all of this document or any content or information contained herein without the written consent of MURC.