Changes of Flexibility and Security in Northeast Asian Labor Markets and their Social Impact: Analysis on a Questionnaire Survey on the Employees’ Perceptions

Chengnan Yan 1, Meishan Piao 2, and Noritsugu Fujimoto 3

1 Faculty of Economics, Niigata University, Niigata City, 950-2181, Japan
2 The Economic Research Institute for Northeast Asia (ERINA), Niigata City, 950-0078, Japan
3 Faculty of Regional Development Studies, Toyo University, Bunkyo-ku, Tokyo 112-8606, Japan

Abstract: In this paper, we attempt to clarify the social consequences of the changes in the Northeast Asian labor market based on the results of a questionnaire survey on changes in flexibility and security, which was carried out among workers in Japan, China, and Korea. In particular, we analyzed the reality of institutional development in employment, income, vocational training, and work-life balance in the labor market in three Northeast Asian countries by estimating the adaptation range of institutions in labor market. Furthermore, we attempted to undertaken an international comparative analysis on perceptions about work, leisure, and work-life balance under the institutions.

Key Words: Flexibility, Security, Employment, Employment satisfaction, Labor market, Northeast Asian countries

1. Introduction

The structural changes and institutional reforms in labor market in Northeast Asian economies since the 1990s carried an enormous impact on the transformation of people’s lifestyles and values through changes in the working and living environment of workers and their families. In particular, the deepening of globalization in Northeast Asia since the 1990s, neoliberal structural reforms, and labor market reform have brought one-sided expansion of flexibility without increasing security support in labor markets 1. The social consequences have been increases of long working hours, weakening of societal ties due to the dilution of human relations inside and outside the workplace, and apprehension about employment, income, government policies, and the future.

The social results of the above mentioned changes in the flexibility and security of the labor market are deeply tied to the five components, namely, the form of the means of production (capital), the form of the social and technical division of labor, the form of labor force movement, the formation of direct and indirect income, and the norm of consumption. In other words, the results of changes in these five components are directly related to the movement of the labor force due to the expansion of labor market mobility, future prospects of employment and income based on trust in the role and sustainability of the social security system, and the form of workers and their families brought about by the various changes.

On the other hand, changes in the accessibility of the education and training system, which determines the skills of workers, and the security of income, including the indirect wage, are deeply tied to the form of the means of production, the form of social and technical division of labor, and even the creation of demand.

In this paper, we attempt to clarify the social consequences of the changes based on the results of a questionnaire survey on changes in flexibility and security in the Northeast Asian labor market, which was carried out among workers in Japan, China, and Korea. The survey was carried out by the research team on the transformation of the labor market in Northeast Asia. The research team was temporary organized group by researchers at Niigata University (Japan), Fukushima University (Japan), Peking University (China), Shanghai Jiaotong University (China), and Incheon University (Korea) in 2014 and 2015.

The remainder of this paper is structured as follows. The second section build the framework for a comprehensive analysis of the changes in labor markets in Japan, China, and Korea, and summarize the data of the questionnaire survey. The third section performs extraction and describes the main factors that determine employees’ perceptions about employment, income, vocational training, social security, and work-life balance. The fourth section summarizes the conclusions.

2. Analysis Framework and Data

2.1 Analyzing Framework

Figure 1 shows the basic framework for analyzing the impacts of the structural changes and institutional reforms on workers and the life-quality changes for their families in labor markets in the Northeast Asian three countries. The figure is an analytical tool for clarifying the aspects of social consequences that affect each other.

In this paper, the social consequences of the changes in labor markets are defined primarily as the binding of workers’ perceptions to the four elements of employment security, in-

Corresponding Author: Chengnan Yan
Faculty of Economics, Niigata University, 8050 Ikarashi 2-no-cho, Nishi-ku, Niigata City, 950-2181, Japan
ghan-yan@econ.niigata-u.ac.jp
(Received December 20, 2015)
(Revised March 10, 2016)
(Accepted March 25, 2016)

Yan and Piao 2015: 5-10 [9].
come security, access to skills formation system, and work-life balance. In other words, it is possible to ascertain the impacts of labor market changes on people’s lifestyle in a society from workers’ perceptions of these elements. In addition, to understand the actual situation of the impacts on the norms of life of workers and their families, it is essential to obtain a better understanding of the social background of the economic consequences revealed in previous chapters.

In addition, perceptions by workers of the four elements appear as the binding of perceptions by workers to the subcomponents of each element. In here, in order to reveal workers’ perceptions about each element, we decompose employment security into the possibility of job change and stability of employment contract, we decompose income security into stability of wage and possibility of income gain, we decompose access to skills formation system into within-company vocational training and social-unit vocational training, and we decompose the institutional mechanisms to support work-life balance into working hours and development of leave system.

As Figure 1 shows, each of the factors that compose the four elements is based primarily on various initiatives, rules, and practices, while adjustments at the corporate level belong to company-unit adjustment in the analytical framework of this book. For a long time in the Northeast Asian employment system, which has been strongly dependent on internal flexibility, such as Japanese company-unit adjustment ⁷², employment and wage adjustment were based on company-unit adjustment. However, in the restructuring and institutional reform process of the Asian economy since the 1990s, company-unit adjustment initiatives were curbed, and their contents and range became increasingly limited.

On the other hand, social-unit adjustment has played a limited role in the East Asian employment system and socioeconomic system, which are mainly adjusted by company-unit.

In other words, labor market reform in Northeast Asia involved one-sided expansion of flexibility due to progress in reducing and abandoning inner-company adjustment, while the lack of social-unit adjustment created an environment of employment insecurity, income insecurity, insecurity of access to skills formation, and incompatibility between work and life.

In this paper, we consider in detail the actual situation and changes in workers’ perceptions of the elements of company-unit and social-unit adjustment related to employment, income, skills formation, and work-life balance, and thereby, we ascertain the social consequences of structural changes and institutional reforms in labor markets. Moreover, by accurately grasping the perceptions of workers on these elements, we present an important perspective for future labor market reform.

2.2 Data

The data used in the analysis of this paper are the results of a questionnaire survey on changes in the flexibility and security of the Northeast Asian labor market, which aimed to understand the impacts of the structural changes in labor markets and institutional reforms in Japan, China, and Korea on the work and livelihoods of employees.

This survey is intended to survey employees working in labor markets in Japan, China, and Korea. It asked questions on a 50 items ²², including those about employment and wages,

²² More detail description of the Japanese company-unit adjustment pattern, please see Yamada 1999 [7] and Uni 2009 [4]. And the comparison analysis on company-unit adjustment and social-unit adjustment, please see Uni 2009 [4] and Yan 2011 [8].
skills formation and social security, work-life balance, and attributes of workers. In Japan, the method of the questionnaire survey was the Internet (questionnaires were sent to selected respondents and their replies were received via the Internet). On the other hand, in China and Korea, the survey was carried by questionnaires being distributed to and collected from individual workers directly.

In addition, there are government surveys that overlap with many of our question items, including Japan’s Employment Status Survey (MIC, of which the latest is for the 2012 fiscal year, published in July 2013), and the Korean government’s Economically Active Population Survey (KOSTAT, of which the latest is for 2013, announced in April 2014). Furthermore, since these surveys are carried out every 5 years in Japan and every year in Korea, it is possible to consider the changes over time. Of course, many items in the Japanese and Korean surveys cannot be compared, since there are many differences in questions and answers that reflect the differences in their socio-economic system, labor market, and employment system. In China, there is no such investigation at present.

In order to undertake an international comparative analysis, we used the same questionnaire in our survey for employees in Japan, China, and Korea. Furthermore, unlike the two government surveys in Japan and Korea, this survey presented clear awareness of the problem (changes of flexibility and security in the labor market) to respondents, making it possible to analyze the interaction relationship between each item. We designed a simple, clear survey composed of the items necessary to clarify the analytical framework shown in Figure 1. That is, the present survey concerns employees’ attitudes about labor market flexibility and security, and overcomes the shortages in the government surveys.

It is possible that the data in the questionnaire survey are influenced strongly by the different values of workers in different working environments, different eras, and different countries. Therefore, for the analysis based on the data results, it is necessary to ensure consistency in the analysis of detailed macro and micro performance data representing changes in the employment environment, and in the analysis of the impact of changes in working environment on changes in workers’ value formation. On the other hand, because it is a questionnaire survey, it is possible to capture respondents’ awareness, intentions, and actions, such as how the employees regard the changes brought by various types of institutional reform of the labor market 44.

Then, in the comparative analysis based on the results of the same questionnaire survey on Japan, China, and Korea, Japan is used for benchmarking as it has relatively developed institutions. Japan, as the most developed country in East Asia, has a relatively developed social security system. In addition, Japan has endured socio-economic impacts of changes in the labor market, such as a declining birth rate, aging population and, industrial structure change, for longer than any other Asian country. Therefore, the current state of the Japanese labor market, institutional reform, and its impacts on the economy and society are considered to hold rich experience for other countries and regions.

First, we introduce the basic attributes of the respondents of the survey in the three countries. Table 1 shows the distribution of surveyed employees by form of employment, gender, and age.

As clarified in previous chapters, to reflect that young people and women are at the forefront of the flexibilization of employment, in the configuration of those surveyed, in all three countries, more than half of non-regular employees are those aged 24 years old and below and are women. In addition, based on company size, the proportion of non-regular employment in small and medium-sized enterprises is higher than that in large enterprises. In other words, the disparity in employment environment by age, gender, and company size is clear in Japan, China, and Korea.

Table 2 compares the actual situation of the labor market institutions in Japan, China, and Korea. First, with regard to the employment system, even though the proportion of non-regular employment surveyed is high in China (more than half) compared to Korea and Japan, the answers indicate there is strong belief in extension of the employment contract to continue working for the same company. On the other hand, although there remain long-term stable employment practices in Japan, nearly half of employees (45 percent) are worried about employment continuity, reflecting the increasing flexibility in the labor market and employment.

In addition, with regard to relocation and job changes between departments in a company, which has institutional complementarities with long-term employment, China performs better than Japan, which is the originator of this practice, and about half of Chinese employees experienced movement between departments in the previous 2-3 years. On the other hand, the proportion in Korea was one-third. That is, the possibility of skills formation through job changes between departments in Korean companies is the lowest among the three countries.

In the wage system, although the flexibilization of wage determination is progressing, it remains based on the proportion of traditional wage determination, that is, in all three countries, the wage determination system is still based mostly on company provisions. In other words, about 60% of workers in Japan and Korea are subject to companies’ traditional wage determination system, and their wage contract is not separate from their employment contract. In addition, among the three countries, China has the highest proportion of workers who conclude wage contracts with companies. Furthermore, the proportion of wage determination (wage raise) based on individual performance in China is about twice as large as that in Japan and Korea. In addition, wage determination based on labor negotiations is not popular in these three countries, and accounts for less than 10%.

The length of overtime has been pointed out often in Japan and Korea, but with regard to the overtime payment system, with more than half of workers in both countries do not re-

external vocational training, experience using the leave system for qualification, usefulness of qualification for wage increases, promotion, and extension of employment contract, 6 items on social security system (including participation in insurance system, personal burden, receipt of benefits, satisfaction, corporate welfare, and perceptions about the future of the social security system), and 9 items on work-life balance (including average working hours, average overtime hours, time spent with children, housework time, time spent learning, including gaining expertise and reading, time spent on hobbies, eating out with family, using the leave system for child-rearing, and satisfaction with work-life balance).

44 Miyamoto 2014: 54-[1].
receive overtime payment, and thus, are engaged in unpaid overtime. In addition, Korea’s retirement allowance system is quite high compared to that of Japan and China. On the other hand, about 60% of workers in Japan and China are subject to retirement allowance system, and represents one of the features of the East Asian employment and wage system. Nevertheless, among those surveyed, there are employees who answered “although there is a retirement allowance system in the company, you are excluded.” The percentage is 10% in Japan, 14% in China, and 6% in Korea. As described in previous chapters, retirement allowances have become a cause of income disparity between regular employees who receive the allowances and non-regular employees who do not.

For the vocational training system, the results are associated with whether there is movement or job change between departments in a company, showing more effort has been made toward vocational training within companies in China than those in Japan and Korea. However, since the question in the Japanese survey (“Do you currently participate in vocational training?”) differs from the question in the Chinese and Korean survey (“Have you ever participated in vocational training?”), the results are incomparable. Given conditions of increasing labor market flexibility, especially the fewer opportunities for within-company vocational training of non-regular workers in short-term employment, a social-unit vocational training system and skills formation system is required, although such efforts are insufficient in all three countries. The proportion of workers who use government subsidies to acquire a qualification is highest in China (38%), followed by Korea followed by Korea (16%), and Japan (8%), indicating that subsidies have hardly been utilized, and do not serve as a system.

Maintenance of a social security system is a condition for maintaining flexibility in the East Asian labor market, and is an essential requirement for relieving uneasiness about employment and income due to increasing flexibility and for improving security. China is promoting the application of a social insurance system to all regions, all industries, and all companies based on state-led coordination, and its participation rate in such a system is higher than that in Japan and Korea. With the end of the era of corporate welfare being responsible for the
functions of the social security system, it has been a challenge to construct a social-unit security system.

On the other hand, in spite of Japan being a developed country with the longest history of a social security system in East Asia, about half of Japanese employees are not covered by unemployment insurance and medical insurance. Furthermore, two-thirds of workers do not have industrial injury insurance. While employment flexibility has increased rapidly, non-regular workers are alienated from the social security system, which has brought poverty of life at the present time and expanded uneasiness about the future. The participation rate in the Korean social insurance system is positioned at approximately the mid-level of China and Japan. However, the maintenance of both Korea’s and China’s social security system is ahead of Japan’s, the result of which is that a lot of questions remain about Japan’s social security system. However, caution should be applied in that the result may be derived from the limitations of this survey, such as research methods and survey bias.

For institutions related to work-life balance, workers in China have the highest utilization of the leave system (67%), and about half of Japanese workers have utilized the leave system for child-raising (49%). On the other hand, in Korea, this figure is low at 7 percent. In addition to the widely acknowledged low levels of involvement of Korean males in child-raising, female workers in Korea also rarely use the leave system for family reasons. Against this background, it can be inferred that there is a harsh Korean working environment, such as fierce market competition to grow in the workplace, causing employees not to stop working for an instant.

Finally, looking at the realities of the labor union system, which is a prerequisite for increasing flexibility and security simultaneously based on cooperation and collaboration among labor, management, and the government, the unionization ratio is particularly low in Japan and Korea, estimated at 24% and 19% respectively. In the case of China, although the labor union system exists in all surveyed companies, the proportion of organized workers is only about 40%. With the increase in non-regular employment, it can be confirmed that in all three countries, union membership has fallen. This means there are weaker organizations that are representatives of employees, and that can negotiate employment conditions, wage levels, and working environments with management. In addition, it signals reduced possibility to stop rapidly progressing expansion of labor market instability, and dispelling uncertainty about the future related to employment and income.

Based on the results of the questionnaire survey in Japan, China and Korea, in the next section, we will clarifying the actual state of work-life balance in three countries, while comparing the degree of employees’ satisfaction on employment, income, worker, and livelihood.

3. Analysis: Employment Satisfaction and work-life Balance

At the first, Table 3 and Table 4 summarizes satisfaction with employment and income, and the reality of work-life balance by form of employment in Japan, China, and Korea. The data shown here is the result of the survey of workers’ perceptions, and does not necessarily match the actual labor market situation in each country. In other words, it is true that the perceptions of workers on employment, income, and balancing work life and family life, is affected mainly by the changes and current state of the labor market. However, it also reflects the impact of socio-economic factors other than the labor market in each country, and is influenced strongly by the historical traditions and cultural practices of each country. Because of the extent of this restriction, it is impossible to describe all these factors. Here, we mainly analyze the influence of the changes in labor markets in the Northeast three countries.

3.1 Employment Satisfaction

With regard to satisfaction of employees, this study examines how to recognize current employment status given the rapid expansion of flexibility in employment under the employment system featured in Table 2. That is, employment satisfaction is decomposed into satisfaction with employment contract and presence or absence of job-change intention, in order to indicate the actual situation by form of employment and country.

The basic hypothesis of employment satisfaction in this survey is as follows. “By one-sided expansion in recent years of flexibility in the labor market without increasing security support, employment satisfaction is low, and low satisfaction with the current employment contract is related to high intention to change job.”

The survey results confirm there have been increases of non-regular employees in recent years caused by the expansion of flexibility in employment in the three countries, and that this is related to reduction of employment satisfaction. In other words, non-regular employees’ satisfaction with employment contracts in all three countries is lower than that of regular employees, and it is evident there is clear disparity between forms of employment.

On the other hand, the hypothesis that low satisfaction with the current employment contract is related to high intention to change jobs is essentially confirmed (China has the lowest satisfaction and Japan has the highest) in the three countries. However, this is not necessarily true when comparing regular and non-regular employment. In other words, although satisfaction with employment contracts of non-regular employees is lower than that of regular employees in all three countries, regular employees have higher intention to change jobs than non-regular employees. By way of explanation, there are the difficulties moving between forms of employment and rigid non-regular employment is evident in the three countries, as described below.

Figures 2, 3, and 4 represent the correlation between current (the horizontal axis) and former (the vertical axis) forms of employment in Japan, China, and Korea, respectively. In all three countries, most of the current regular employees’ former employment form is regular employment, and it is rare for there to be a transition from non-regular to regular employment.

In other words, although there are many movements to lower forms of employment (from regular to non-regular), there is little movement to the upper forms, and the reality is that the labor market in which flexibility in employment is expanding has suppressed the job-change intention of non-regular employees. In addition, as explained in previous chapters, most non-regular employees in the East Asian labor market have been alienated from skills formation systems that are based on company-unit
Table 3  Satisfaction with employment, wage, vocational training, and social security system

| Questions on stratification with employment, wage, vocational training, social security system | Country / Form of employment | Japan | China | Korea |
|---|---|---|---|---|
| Satisfaction with employment system | Satisfied with employment contract | 72% | 56% | 82% | 67% | 84% | 63% |
| | Intention to change job | 66% | 65% | 49% | 38% | 71% | 54% |
| Satisfaction with wage system | Wage (Below median)* | 23% | 95% | 48% | 81% | 53% | 88% |
| | Satisfaction | 45% | 36% | 63% | 40% | 67% | 59% |
| Perceptions on vocational training and qualifications | Number of qualifications (More than one) | 58% | 32% | 66% | 58% | 59% | 52% |
| | Useful for wage increases | 25% | 15% | 76% | 66% | 50% | 52% |
| | Useful for extension of employment contract | 28% | 23% | 71% | 61% | 52% | 53% |
| Social security system | Pension | 78% | 52% | 88% | 83% | 86% | 79% |
| | Unemployment insurance | 54% | 29% | 80% | 68% | 74% | 58% |
| | Medical insurance | 61% | 38% | 93% | 85% | 97% | 98% |
| | Industrial injury insurance | 45% | 22% | 78% | 70% | 65% | 51% |
| | Burden of social insurance payment (Heavy) | 76% | 68% | 77% | 78% | 57% | 53% |
| | Expectations | 29% | 30% | 68% | 61% | 53% | 53% |

Note: * In the survey, the annual wage median is set as 3,500,000 JPY in Japan, 80,000 RMB in China, and 35,000,000 KRW in Korea.

Source: Described by authors on the basis of the results of the Questionnaire Survey on Flexibility and Security in Northeast Asian Labor Markets.

adjustment. Therefore, it is difficult to actively change jobs in favor of regular employment, resulting in rigid non-regular employment.

3.2 Wage Satisfaction

We examine mainly the satisfaction on wage levels by forms of employment and the institutions around wages, such as the criteria for wage rises, the presence or absence of wage contracts, overtime pay, and retirement allowances, as shown in Table 3. The basic hypothesis is as follows. “One-sided expansion of flexibility without increasing security support in the labor market will lead to a reduction in the satisfaction with wage levels.”

The survey results show that the wage level of non-regular employees is significantly lower than that of regular employees, and satisfaction also is lower. That is, the hypothesis of this study on wage satisfaction applies to workers in the labor markets of all three countries. In other words, the increased incidence of non-regular employees with low wages means a reduction of the overall wage level in the labor market, and leads to a decrease in employees’ satisfaction with wages and the wage system.

By country, the wage disparity between forms of employment is largest in Japan and smallest in Korea. In addition, wage satisfaction in Japan is lowest and is highest in Korea. Low wage satisfaction in Japan is not only a phenomenon ob-
served with regard to low-wage non-regular employment but also regular employment. This means that overly large disparities between forms of employment in Japan have led to a decrease of wage satisfaction among all workers.

Furthermore, as Figure 5 shows, when we examine the relationship between wage satisfaction and the criteria for wage rises, there is not such high satisfaction with the wage increase system based on company provisions, which is the system most applicable to the three countries. On the other hand, more than 70% of workers with wage contracts in China and Korea are satisfied with the wage system, but in Japan, less than half of this proportion is satisfied. In the case of Japan, in any of the four wage-determination (wage rise) systems, the degree of satisfaction is low, and thus, it has become an urgent challenge to develop a new wage-determination system commensurate with the changes of the labor market.

3.3 Occupational Qualification System Satisfaction

Flexibilization of the labor market employment in East Asia has increased the necessity to review the traditional company grade system based on own ability. That is, in the flexible labor market, in which there is frequent dismissal and re-employment, it is necessary to build a vocational qualification system based on social-unit institutional adjustment, such as a flexicurity strategy.

However, in East Asian labor markets, compared to the pace of employment flexibility, there have been significant delays in the construction of a new vocational qualification system that can replace the traditional company system, which mainly involves enterprise-specific skills. By way of explanation, there is no progress in the transition from a company-unit skills formation system to a skills training system based on social-unit institutional coordination.

In this study, with respect to perceptions of vocational training and qualifications in the East Asian labor market, the hypothesis is described above. There are clear delays in the acquisition of qualification certificates and there are poor perceptions of its usefulness among the three countries’ employees. Disparity between forms of employment can be seen in all three countries with regard to the acquisition of vocational qualification certificates. China has the highest proportion of employees who have qualification certificates, followed by Korea and Japan.

The differences by country result from the different perceptions on the usefulness of the acquisition of qualification certificate for the extension of employment contracts and wage rises. That is, the proportions of employees who consider qualification certificates helpful for the extension of employment contracts and wage rises are large for both regular and non-regular employees in China, while three-fourths or more of workers in Japan consider they are not useful.

Figures 6 and 7 show the correlation between the number of qualification certificates possessed and perceptions about their usefulness for the extension of employment contracts and wage rises, respectively, in Japan, China, and Korea. In the case of Japan, people who consider qualifications useless for the extension of employment contracts and wage rises are those employees who answered they had “no qualifications” or “more than three.”

It is easy to understand the correlation between people having no qualifications and considering vocational qualification useless, but why do people with three or more qualifications consider them useless? The answer is that there remains in Japanese companies the feature of company-unit institutional adjustment in the employment contract and wage determination, which is connected to the low perceptions of qualifications of some workers who hold large numbers of qualification certificates.

On the other hand, in China, people who consider it useful to hold a vocational qualification certificate for the extension of employment contracts and wage rises are actively working on the acquisition of larger numbers of qualifications. The percentage of those with qualification certificates among both regular and non-regular employees is higher in China than in Japan and Korea, as shown in Table 3, which can be understood as a result of the expansion of market adjustment in the labor market hav-
traditional vocational education and general skills from company- or industry-special skills along-
skills formation system in China is shifting in orientation to-
ing expanded the perceptions that general skills are favorable to-
job change. This result supports the fact that the education and
skills formation system in China is shifting in orientation to
general skills from company- or industry-special skills along-
side the transition to high school and university education from
traditional vocational education ³⁵.

3.4 Social Security System Satisfaction

As clarified in the analysis of each previous chapter, the one-
sided expansion of flexibility in labor markets without in-
creasing security support and the negative impact on macro-
economic dynamics are related to subjects on employment, 
wage, and social security systems that have institutional com-
plementarity.

In other words, traditional corporate welfare based on 
company-unit institutional adjustment has been reduced gradu-
ally, and the role it played in social security has declined. How-
ever, in its place, no extensive social security system based on
social-unit institutional adjustment has been developed. As a
result, this has led to different performances in labor market re-
form based on the Flexicurity ³⁶ in European countries versus

³⁵ Yan and Piao 2015: 7.[9].  
³⁶ In general, flexicurity is a term used to refer to flexibility and se-
curity. However, it is an integrated policy strategy goes beyond

East Asian countries.

This is a fundamental hypothesis proved throughout this pa-
per, and in the analysis in this section based on the results of the
satisfaction survey with the current social security system, we
aim to clarify the proposition that underdeveloped social security
systems have undermined people’s trust in social security systems.
In doing so, we estimate the participation rate of the
four social insurance systems closely involved in the working 
and living environments of the three countries, and examine
respondents’ perceptions on the burden of insurance payments 
and trust in the social security systems.

First, there remains large disparity between employment 
forms with regard to the participation rate in pensions, unem-
ployment insurance, medical insurance, and industrial injury 
insurance. In particular, for unemployment insurance, which
is closely related to increases in labor market flexibility in em-
ployment and income, the disparity between forms of employ-
ment in all three countries is clear, with the largest disparity in
Japan (twice that of China and Korea). In addition, in all four
insurance system types, the participation rate in Japan is lowest,
while the disparity between regular and non-regular employees
is largest.

Compared with Japan, in China and Korea, which have been
attempting to expand existing social security systems based on
state-led coordination in recent years, participation rates are
higher and disparity is smaller. This may represent indicate that
state-led reform is more effective than the reform of Japan’s so-
cial security system, which has stagnated with the influence of
institutional historical path dependency and loss of institutional
complementarities.

In addition, with regard to the burden of social insurance 
payments, it is clear that the rapidly developed social security
system resulted in increased burdens. Among the three coun-
tries, workers in China have felt the greatest burden and Korean
workers the lowest. In Japan, although the participation rate is
low, about 70% of workers feel the burden of insurance pay-
ments. The personal burden has increased because of Japan’s so-
cial security system reforms in recent years due to its rapidly
aging population. On the other hand, there is a low payment
burden on Korean workers compared to Japan due to their lower
proportion ³⁷ of personal burden of social insurance payments.

Perceptions of the burden of these social insurance payments
are closely related to trust in the social security system. The
percentage of workers in Japan who consider that the social
security system will be helpful in the future is extremely low
(30% or less), and the situation of paying for a social security

³⁷ The payment essentially is divided 50-50 between the employee
and employer in Korea. The ratio of personal burden for each
social insurance system is as follows: pension (national pen-
sion) is 4.5%, medical insurance (national health insurance)
is 2.9 percent, and unemployment insurance (employment in-
surance) is 0.55%. These proportions are lower than those of
Japan, which are 8%, 4.1%, and 0.6%, respectively. In addition,
with regard to industrial injury insurance, employers cover the
full amount in both countries.
system that is not trusted has increased perceptions that social insurance payments are a burden. Unlike Japan, in China, more than 60% of workers, regardless of employment forms, express trust in the future of the social security system, which may be understood as there being a possibility that Chinese employees accept the burden of high insurance payments. In Korea, about half of workers express trust in the future of the social security system.

In Table 3, the data of expectations for the social security system refers to the percentage of employees who answered "the social security system will be helpful for the future"; the remaining workers are those who clearly answered "I don't think so" and "I don't know." Figure 8 shows these proportions by country. In Japan, about 30% of employees consider it "helpful" and almost as many consider it "not useful," while 40% answered "I don't know." The cause of reduced trust and satisfaction in the social security system is an increase in recent years in social security costs for the elderly due to the declining birth rate and aging population, and an increase in unpaid insurance premiums due to increases in youth unemployment and the working poor, and continuous scandals related to social security funds. In addition, in China and Korea, about 30% of workers answered "I don't know" to the question of whether the social security system would be helpful in the future, but the proportions of workers who are hopeful are overwhelmingly large.

![Fig. 8 Perceptions about the security system (usefulness for the future)](Source: Described by authors on the basis of the results of the Questionnaire Survey on Flexibility and Security in Northeast Asian Labor Markets.)

### 3.5 Work-life Balance Satisfaction

Given the limited role and lack of social security systems in the three Northeast Asian countries as described above, the one-sided expansion of flexibility in labor markets without increasing security support has reduced workers' satisfaction with employment and income, and has increased uneasiness about the future. Then, the increase of non-regular employees and greater disparity between regular and non-regular employees has led to a loss of joy in working and exhaustion in the workplace, resulting in reduced life quality of workers and their families. Here, we analyze the reality of work-life balance of workers and their families and satisfaction levels with such balance in the three countries.

The basic hypothesis about work-life balance satisfaction in this survey is as follows. "Long working hours and limited involvement in child-rearing and housework has brought a reduction of satisfaction in the work-life balance of workers." In other words, with the destruction of traditional long-term stable employment in East Asian labor markets and worsening of the employment and income environment associated with the increase of non-regular employment, in workplaces in which workers are exposed to fierce competition for survival, their stress levels have increased and their mental well-being and family time have decreased. As a result, the state of work-life balance is getting worse, and has become a factor preventing the reproduction of the labor force.

As Table 4 show, the long working hours and daily overtime hours, little time for housework, and low satisfaction with work-life balance are the basic features in the three countries. First, with regard to average working hours per day, about 70% of regular employees in Japan and Korea work for more than 8 hours a day. The proportion of Japanese workers who work for such a long time is relatively low (17 percent), but in China and Korea, it is nearly 50%. It is possible to infer that these low-income workers compensate for the decrease in the wage per hour by increasing working hours.

Second, looking at the actual situation of overtime, the percentage of regular employees who answered that their overtime per week is more than 5 hours is highest in Japan at 37%, followed by China at 29% and Korea at 17%. On the other hand, for non-regular employment, China has the highest proportion of such workers at 27%, followed by Japan at 18% and Korea at 11%. Furthermore, the proportion of workers forced to work overtime for more than 10 hours per week is 16% in Japan, 16% in China, and 8% in Korea. It has been mentioned in the previous analysis on each country that in workplaces in which regular employment has decreased and non-regular employment has increased, regular employees are forced to increase overtime to compensate for the reduced rate of regular employment, and non-regular employees are forced to increase overtime to compensate for low wages.

In addition, with regard to housework involvement of workers who are forced to work long periods, except for non-regular employees in Japan, about 60% of respondents answered "housework time per day is less than 1 hour." Even in China, which has a traditional image of men being actively involved in housework, about 40% of regular employees and about 50% of non-regular employees answered they had less than 1 hour per day for housework. In addition, when considering the low utilization of the leave system for household reasons, such as childcare, in the three countries (see Table 2), it can be said that workers in East Asia spend extremely short times with their families. Furthermore, this is an estimate based on the total for male and female workers, which implies that the situation for men only is even worse, while long working hours are common and the competition for survival in the workplace is increasingly intense, making involvement in housework increasingly difficult.

Finally, the state of satisfaction with work-life balance combined with all of the factors, including the low level of involvement in housework, long working hours, increasing employment instability, expansion of disparity, low wages, poor accessibility to vocational training, and incomplete social security systems, suggest that satisfaction with work-life balance in the three Northeast Asian countries has never been high. In China,
more than half of both regular and non-regular employees are satisfied with work-life balance, while less than half of employees in Japan and Korea are not satisfied. In Korea in particular, more than 60% of non-regular employees are dissatisfied with work-life balance.

So far, in this section, we have analyzed in detail the actual state of workers’ satisfaction with employment, income, vocational training, and work-life balance in Japan, China, and Korea, as summarized in Table 4. Compared to successful labor market reform based on flexicurity in European countries, the analysis results for East Asia show that although labor market reform has reduced the role of traditional company-unit institutional adjustment, an alternative institutional adjustment based on social-unit coordination has not been developed, and therefore, workers’ dissatisfaction with the present situation and uneasiness about the future has increased.

In particular, the social-unit adjustment aspect is defective in many respects, such as institutions related to the possibility of job change, the possibility of indirect income gain, accessibility of the vocational training system, and the presence and application of the leave system. In particular, there is strong institutional complementarity between the institutions involved in these four areas, and the parts thereof cannot be modified in isolation. Therefore, the various difficulties that the current East Asian labor market is facing cannot be overcome with partial corrections or improvements.

If the institutional complementarities that exist between the various institutions in the labor market are taken into consideration, a comprehensive institutional framework, such as a flexicurity strategy, is necessary for the reform of East Asian labor market. In other words, it is necessary to undertake system design while considering the institutional complementarity and the mutual influences between each institution on the one hand, and to consider carefully the historical path dependency of institutions within each labor market and employment system on the other hand.

It is not possible simply to transplant the flexicurity model to the East Asian labor market’s reform process. Instead, it is necessary to build a new institutional framework that aims to expand labor market flexibility secured by social-unit coordination that matches the macro-economic conditions and economic development strategy in each country.

### Table 4 Satisfaction with work-life balance

| Country / Form of employment | Japan | China | Korea |
|-----------------------------|------|------|------|
| Regular                     | 52%  | 53%  | 32%  |
| Non-regular                 | 53%  | 53%  | 59%  |

(Source: Described by authors on the basis of the results of the Questionnaire Survey on Flexibility and Security in Northeast Asian Labor Markets.)

4. Conclusion

In this paper, we analyzed the results of a questionnaire survey on three countries in Northeast Asia, based on the analytical framework shown in Figure 1. Specifically, we analyzed the reality of institutional development in employment, income, vocational training, and work-life balance in the labor market in three Northeast Asian countries by estimating the adaptation range of institutions (Table 2). Furthermore, we attempted to undertake an international comparative analysis on perceptions about work, leisure, and work-life balance under the institutions (Table 3 and Table 4).

The questionnaire survey and the analysis of its results in this chapter were designed to obtain perceptions of the elements of flexibility and security, and the correlation between these elements in a flexicurity framework. In addition, theoretical analysis of the survey results is strongly dependent on the approach of institutional complementarity and diversity of the socio-economic system. This means that the analysis is strongly dependent on the theoretical framework for analyzing the influences of structural changes and institutional reforms on East Asian labor markets. The main significance is summarized in the following three points.

First, it was possible to analyze the influences of structural changes and institutional reforms in recent years in East Asian labor markets, not only from the perspective of disrupting macro-economic dynamics, that is, interfering with the positive cycle of cumulative causation between labor productivity growth and demand growth, but also from the viewpoint of causing exhaustion in people’s working and living environments and uneasiness about the future.

Second, it was possible to analyze the immobilization of social class due to the disruption of labor markets and the expanding instability of society by clarifying the actual situation of increases of non-regular employment associated with the expansion of flexibility, and the reality of significant disparities in wages, accessibility to skills formation systems, and social security systems for regular and non-regular employees, given the institutional environment of delayed development of social security systems.

Third, in the strategic planning and institutional design of labor market reform, not only its economic impact but also its social impact should be taken into account. This would increase the possibility of labor market reforms not for the purpose of cost savings, economic growth, and further non-voluntary reforms that have succumbed to external influence and pressure (e.g., the influence of neoliberalism and US-style management), but rather, for the benefits of people, who are responsible for developing the socio-economic system, and their lives.

---

Critical discussions on European flexicurity from the viewpoint of protecting the working class are also available. These critics claim that by introducing flexicurity, the profits of business (management) were given priority, and did not provide protection for the welfare of workers. More detailed discussions please see Tangian 2008 [2]; Tangian 2010 [3].
Acknowledgements
This work was supported by JSPS KAKENHI Grant Number 26590220 (Grant-in-Aid for Challenging Exploratory Research), and JSPS KAKENHI Grant Number 16K12657 (Grant-in-Aid for Challenging Exploratory Research).

References
[1] Miyamoto, M. (2014). Future of the Corporate Governance and Employment System in Japanese Firm: Possibility of Hybrid Organization (in Japanese), Kyoto: Nakanishiya Publication.
[2] Tangian, A. (2008). Towards Consistent Principles of Flexicurity. WSI-Discussion Paper, No.159, April 2008.
[3] Tangian, A. (2010). Not for Bad Weather: Macroeconomic Analysis of Flexicurity with Regard to the Crisis. ETUI Working Paper, May 2010.
[4] Uni, H. (2009) Political Economy of Institutions and Régulation (in Japanese), Kyoto: Nakanishiya Press.
[5] Wakamori, A. (2013). Neoliberalism, State, and Frontier of Flexicurity: Political Economy in the Age of Globalization (in Japanese), Kyoto: Koyo Shobo.
[6] Wilthagen, T. and F. Tros (2004). The Concept of ‘Flexicurity’: A New Approach to Regulating Employment and Labour Markets. Transfer, 10(2), 166-186.
[7] Yamada, T. (1999). Japanese Capitalism and Companyist Compromise. in Yamada, T. and R. Boyer (eds.) Japanese Capitalism in Crisis: A Régulationist interpretation (in Japanese), pp.21-47, Tokyo: Fujiwara Shoten.
[8] Yan, C. (2011) Economic Development and Institutional Changes in China (in Japanese), Kyoto: Kyoto University Press.
[9] Yan, C. and M. Piao (2015). Changes in Flexibility and Security in the Chinese Labor Market and their Impact on the Cumulative Causation Structure. Papers for Colloque International Recherche and Régulation 2015, pp.1-18, June 13, 2015.

Chengnan YAN
is an Associate Professor in Graduate School of Modern Society and Culture, Niigata University. He received his Ph.D. in Economics from Kyoto University. His research interests include Economy Policy, Institutional Economy, and Symbiotic Economy.

Meishan PIAO
is a Research Assistant in the Economic Research Institute for Northeast Asia (ERINA). She received her Dr. Degree in Science and Engineering from Fukushima University in 2016. Her research interests include Economic Geography, Regional Economy, and Industrial Location.

Noritsugu FUJIMOTO
is a Professor in Faculty of Regional Development Studies, Toyo University. He received his Dr. Degree in Economics from Kyushu University in 2004. His main research field is Regional Economy, Urban System, and Office Location.