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Salary Scale and the Diversity of Wage Systems

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Abstract--In any society or group, the behavior and manner of acting that are highly rated can be estimated based on the level of appreciation given by the group to that level of behavior. This reward system will be studied to show the kinds of behavior group members are expected to get by the group and the kinds of behavior that - through the reward system - will be strengthened and perpetuated in the group. The study of the wage and incentive systems of Japanese factories revealed very well the differences between Western industry and modern Japanese industry. The study also showed both the types and magnitude of the differences that underlie attitudes and behaviors that distinguish modern industry in Japan from that in the United States. In the following discussion, the wage system in one factory will be examined in detail to illustrate the particular central trend that appears in all studied factories. Since the monetary wage system for work performed is only a part of the entire wage system, it will also examine the general pattern of non-monetary benefits, welfare efforts, incentive programs for workers, using specific plans and costs of a particular factory. In addition, a special pension program will be described. Based on this data, a general summary will be made of the characteristics underlying the Japanese system and an attempt will be made to compare the wage system in Japan with that of the United States. Although there have been many discussions

comparing wage levels in the two countries, especially concerning textile production, this comparison can be made even more accurately only if there is an examination of the entire payroll plan and Japanese factory wage system.

Keywords---employee, Japan, salary scale, salary, wage system.

Introduction

The company that will be used as a case study that will explain the Japanese wage system is a metal processing company, employing 3,400 people, located in the Osaka-Kobe area. This company is considered large in Japan, the main producer in its field, half of its production is exported. Has a relationship with one of the major industrial associations in the pre-war era (Ele et al., 2020). In short, it can be said that this company is an important and reputable company, and the management policies and history of the trade unions do not show a picture that obscures the current overall discussion.

As in the company, the two groups of workers, shokuin and coins; however, the group of coins in this company is further divided into monthly employees and daily employees (ie workers whose wages are calculated based on monthly or daily wages) (Junusbekov et al., 2020). Workers who already have a year of service are upgraded from a group of daily employees to a group of monthly employees (Jo & Shim, 2005; Hartline & Jones, 1996). The number of temporary workers was only 56 at the time of the study. The average age of all workers is 35.6 years, with an average working life of 10.4 years (stoppage during the war resulted in a relatively low average tenure).

As with all large Japanese companies, the wage system at this company is also complex (Nakamura, 2000; Lockwood & Manning, 1993). The reference point in the calculation system is a fixed amount called the base salary or standard salary (Do, 2020). All factory workers started as coin day laborers in this factory. Initial pay is a function (depending on) age at entry, with a salary of approximately 54 yen for workers aged 14 years and approximately 94 yen for workers aged 22 years or older. Starting base salary for workers employed as shokuin depending on education, with a monthly base salary of 3,950 yen for old-style university graduates 3,700 yen for new-style university graduates and 2,500 yen for new-style high school graduates per month (at the time this study was held - 1956 - the exchange rate for one US dollar was 360 yen). The basic salary or standard salary is about 27% of the total income of workers and staff in this factory, and to understand more about the wage system in this Japanese factory, the key lies in a series of additions to the base salary (Lam et al., 2012; Xiao, 2002).

This factory, and it is typical, provides a number of additional allowances based on factors that have nothing to do with the performance of the work or the production of the factory, which constitutes the largest share of workers' income (Yun & Zedong, 2020). The first is the so-called work allowance, an additional 105% of the basic salary for staff employees and monthly employees and 125% for daily workers. The second allowance is based on attendance / work attendance.

All employees are paid 29 yen for attendance each day (Carnevale & Hatak, 2020). Another benefit, the same for all levels (classes) of employees, is the family allowance - 800 yen paid monthly to the first member of the family: 400 yen per month for each of the second, third and fourth family members; and 200 yen per month for the fifth family member and so on.

Salary scale

The greater allowance than those already stated is the age allowance, which is a salary increase that is only based on age. The salary scale for staff employees differs slightly from that for workers, starting from 950 yen for staff employees aged 18 or less. For coins that scale starts as low as -750 yen for ages 18 or less and goes up to the same figure for staff of 2,750 yen, for those aged 41 or over. This age allowance amounts to approximately 10% of all wages paid in this factory (Dohmen, 2004; Yang et al., 2018).

Employment allowance, attendance allowance, family allowance, age allowance are not at all in the whole list of additions to basic salary (Li & Xue, 2021). Staff employees receive a small allowance of two, the so-called "temporary" allowance or "special" allowance. The amount paid for this is 90% of the basic salary for each staff employee. This scale is intended to offset a productivity-benefit paid to workers, which in this factory is determined by a seemingly complex formula: the basic monthly salary of the worker is divided into 30 and this amount is multiplied by the factory's "efficiency" for the period of paying that salary. Most large companies — although in terms of their method of time studies and detailed cost analysis as they are known in the United States are very lacking — have provided a baseline figure for "efficiency", which is usually called the standard output. If production exceeds this standard figure, the factory is said to be operating in excess of standard efficiency, and from this estimate the basis for providing productivity benefits to workers is provided (Wu & Liu, 2021). An examination of the payroll records shows that production at large firms usually exceeds standard yield rates. As a result, the large factories almost always paid the productivity allowance. The amount of this allowance remains stable and can be taken - in fact, actually taken - as a fixed share of the workers' income. Figure 1 shows average salary in Japan 2021.

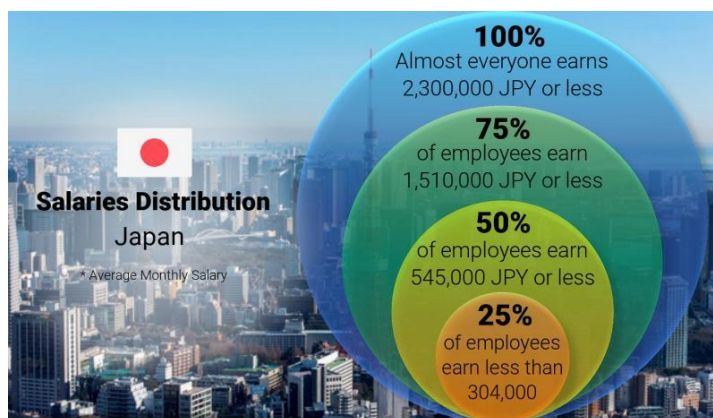


Figure 1. Average salary in Japan 2021

Another allowance paid in this factory is a job allowance. It should be noted that in the salary list mentioned above, there is no stipulation regarding differences in the work actually performed (Chicchi, 2020). Such wages which are differentiated by position are also taken into account in the basic salary or basic salary. The increase for shokuin is from 10% to 30% for people in “responsible positions”, that is, people who hold positions of head of sections, departments or factories; for coins, the increase was 10% for people in responsible positions, and 20% for workers who were doing very dangerous or highly skilled work.

Companies that have factories in various regions provide an additional support. That is, support the region (regionally) to adjust for differences in the cost of living in different places (Alam & Kijima, 2020). It is worth adding a note to the description of the complex wage system employed at this metal processing plant. The amount / figure on the base salary is for persons upon entry to work in the factory - which is broken down by age for workers and from education for staff employees. Base salary increases regularly, once a year for staff employees and twice annually for workers. The increase for staff employees can range from 60 to 390 yen per month if the base salary is less than 7000 yen; increments of 150 to 260 yen are considered standard. For those who have a base wage of more than 7,000 yen per month, the increase ranges from 60 to 450 yen. The half-year increase for the coin is 93 yen per month and for the daily worker 2 yen 50 cents per day.

The total amount paid to shokuin and coins, based on allowances, and the percentage of each benefit to the total salary paid. Overtime pay is not a small part of total wages. Although it cannot be paid at the premium rate at this factory, overtime work for production that is "really needed" is paid a premium of 25%, likewise for work done between 22:00 and 05:00 a premium of 25% is also paid for work on holidays. If division is held in doubt, the workers in the 2nd and 3rd squads are given an additional 15% and 30% of their daily wages, respectively.

To put it simply, the average factory staff employee is paid the equivalent of 75 dollars per month, the average labor wage is about 65 dollars per month. Because women in this factory and other factories receive lower average salary amounts based on their younger age and lower education. For lesser positions, these figures are somewhat confusing. Comparison between male and female salaries in this factory shows that male staff employees receive approximately 32,000 yen per month and female staff employees approximately 13,000; male workers receive approximately 23,000 yen per month and female workers approximately 13,000.

Although the Japanese government statistics are not always reliable, with recent government estimates it appears that the wages in this factory are higher than the national average wages in the manufacturing industry, which is 50 dollars less per month for male workers and 20 more dollars. A little each month for female workers. However, what we are talking about here are large factories belonging to established companies, and only companies for which primary data is obtained (Zhang & Xu, 2020). Among the companies studied, the salary scale in this factory is classified as the upper middle class, but not the highest (Sha et al., 2019).

Wages are paid for 7 hours of work each day from 8am to 4pm, with one hour of rest for lunch. Overtime, which workers want and expect, is limited to a maximum of 50 hours per month. Sunday is a weekly holiday, but there are many other holidays throughout the year as well (Feng et al., 2020). For example, there are 5 national holidays, given one week of vacation during the New Year period for all workers. May 1 and religious beliefs held at holy places (temples) in the company are also a 20-day holiday and 15-day coins each year; and paid holidays are also given for the purposes of marriage (5 days), birth of children (42 days), death of family members (2 to 7 days, depending on the relationship with the deceased), commemoration of the anniversary of the death of the husband / wife, children, parents, close relatives who are seriously ill (up to 10 days). Vacation is also given to carry out social obligations and in the event of a natural disaster. While this list of paid non-working days is not exhaustive, it does provide ideas on various reasons for holidays. The existing work regulations are not heavy on the whole (Abbott Watkins, 2018).

In summary, it can be said that the workers in this factory work approximately 9 hours per day, excluding holidays (including overtime), 6 days a week, and receive approximately \$ 65 per month for their labor. However, the preceding research do not go into a comprehensive description of the wages and rewards that are found in large Japanese companies: and there are still a number of important extra-payments to consider. Since this reveals many of the ideas underlying the worker-company relationship in Japan, it needs to be studied more closely

First, the wage system is based on a basic salary formula, which is not determined by the type of work performed, not by the efficiency of the work done, or the ability of workers to do their own work or other work. Base salary is based on age and education, and on these factors only. Base salary increases depend primarily on length of service, although there is little room for profitability and opportunity. In practice it appears that very little space is used for increases in base wages, with salary increases being almost the same for each age group. Approximately 10% of total wages are highly dependent on age, and since employment benefits are a percentage of the increase in base wages, they are also largely a result of age and education. Indeed, all of these salaries are largely based on the educational status of workers at the time of entry to the company and the length of service period. The exceptions are the family allowance, which is completely irrelevant to the performance of work in the factory, the attendance allowance, which is hardly an essential proficiency test, and the position allowance which depends only on the nature of the work being performed (Arulampalam et al., 2007). In other words, only a fraction of the wages of Japanese workers depend on the type of work done and how it is done. This fact has far-reaching implications both from the point of view of the production system and the system of human relations. So it must be underlined the importance of this if the study of the wage system takes place from direct wages in the form of money to all kinds of wages and incentives for Japanese workers.

The diversity of wage systems

The data obtained from certain other factories will be used to further describe the diversity of wage systems and their importance in all wage patterns of workers in

Japan. This factory is a textile factory which employs 3,500 workers (Manullang, 2021). About a third are women. The average age of male workers is 30 years, female workers 23 years, the average service period is 7 years. We will understand the amount of expenditure by comparing the net amount of 11,000,000 yen spent on welfare programs with the total wage of 50,000,000 yen for the same month. The factory welfare program represents a 20% increase in direct payments to workers. Figure 2 shows basic wage functions in the enterprise.

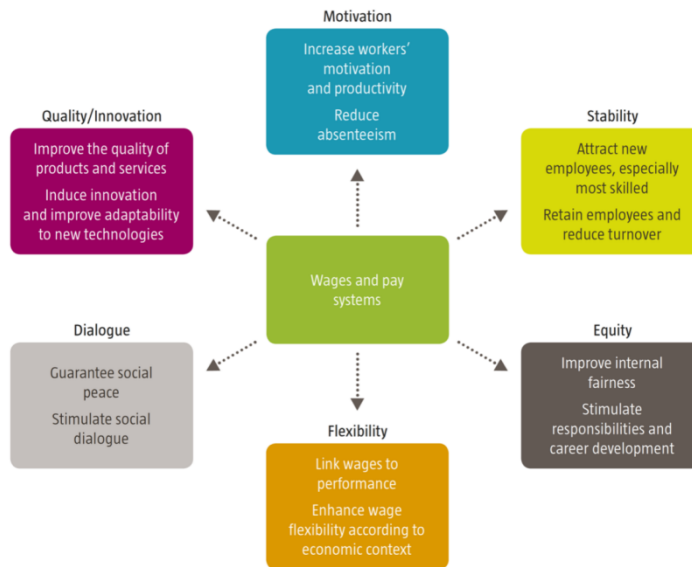


Figure 2. Basic wage functions in the enterprise

Some of the types of activities require more careful observation. The first is that the company procures food in the company cafeteria for all workers during working hours. Usually food for the day, for which the workers pay 30 yen (8 cents dollars). If he lives in the dormitory, he can eat other food for the same price. So a young worker in this company can eat according to his own size for 7 dollars a month. The room, which is shared with others in the dormitory, has a playroom, dining room, laundry and other facilities, for which he has to pay 155 yen (less than 50 cents) per month. The dining room and dormitory staff are company employees. Public baths, a popular institution in Japan, are provided and maintained on the premises by the company for workers free of charge (Blackaby et al., 2005). Haircuts and hair washing can be done at company-owned barbers. Company-owned stores selling items such as beauty items and pack at a price 10% below market price. Since the company has a well-equipped medical-clinic and dental-clinic, workers spend almost no medical expenses. Athletic facilities are plentiful, and the hostel has an extensive and active club system for entertainment. The workers mostly spend their time off in company-managed mountain or beach resorts, and for this the workers pay very little. In short, almost every part of his life is penetrated by the company's facilities, guidance and assistance. If a young person in this textile factory gets married, he receives other benefits. If he was from a faraway village he would probably live in a company official residence where the monthly rent would be slightly higher than the dormitory rent — maybe around 700 yen. His wife will receive medical care

from the company clinic at a quarter of the cost and will buy most non-food items from company-owned shops. If the workers live some distance from the factory, the transportation costs back and forth will be partly paid by the company. At the time of her marriage she received an amount equal to one-third of her monthly wages from the companies and cooperatives of which she was a member as an employee (Blau & Kahn, 2003). He will also receive financial assistance if he is sick. Died or got another disaster. Her income will increase due to marriage and will increase again with the birth of her children. Their children may attend company-managed schools.

It would be tedious to compile a list of the provision of benefits and services to Japanese workers that are completely separate from the wages directly paid. Its purpose is to describe the types and amounts of such indirect benefits and to demonstrate the involvement of the company's wage system in the lives of workers (Rubery et al., 2005).

In some ways the welfare program at this particular factory is more intensive than the average program. For example, in an effort to increase the involvement of individuals in the company, the board of directors has created a program to invite parents of workers from distant villages for a weekend. In the factory by staying in a dormitory, to visit their children and to find out about the factory and their children's work. However, each factory studied had a complex welfare program, varying geographically and historically, even in large cities most factories provided housing for at least one third of the number of employees. The benefits described are benefits in addition to benefits required by law such as disability coverage. Before examining the social implications of the Japanese wage system, two aspects of the welfare program should be noted. The first is the pension system applied in large factories; the second, going back to wages, is a bonus system that raises the wage rate by about 10%.

When we visit Japanese companies, the conversation often turns into a discussion about the age of the pension and the pension, asking for information about and comparing the question of pensioners between Japanese and American companies. This problem was a serious one for Japanese companies, one that was complicated by the severe postwar inflation. As is clear from the description of the attitude of the board of directors, Japanese directors have great responsibilities towards the workers, beyond the boundaries of the factory. In this kind of corporate worker relationship, it is not possible to simply lay off workers at the end of their term of service, without any further concern. In addition, neither the Japanese business community nor the Japanese government had thought of a system of pension payments or benefits that would allow workers to look ahead to a secure life after leaving the factory.

The average retirement age at most large Japanese companies is 55 for male workers. However, the age is sometimes different because of rank, workers who have a higher rank usually work until a higher age. The retirement age for women is usually 50 years, although in reality it is rare for a woman to continue working beyond the age of 30. The retirement age limit is strictly enforced, unless - as stated - for main directors, senior executives often continue to hold positions beyond the 55 year mark.

Conclusion

We first look at the pension system for workers, we will describe the existing practice in certain companies to show the types of pension benefits that are paid. In this company, pension money - like the career of so many workers-based first on education and second on the length of service at the company. The company has determined the principal amount of pension which depends on these two factors. So, for example, a high school graduate who retires at the request of the company after 20 years of service (a rare event) will receive an amount of 600,000 yen. In case of retirement due to death or disability, he will receive a slightly higher amount of 690,000 yen. If the employee of his own accord decides to leave the company after 20 years of service, he will receive full retirement benefits; however, if he leaves voluntarily before completing his 20-year service, he will receive a portion of the benefit amount. The general pattern of the pension benefit system used in these factories is to reward the length of service with an increase in proportion to the time devoted to the company and to penalize voluntary resignation from the company before its expiration. The pension allowance is not large. A high school graduate workers who leaves the company after serving 30 years, will receive a total of 1,713,600 yen, the equivalent of approximately five years' salary. This is not a small amount, but barely enough to sustain his life and his family from retirement until he dies. However it is a lump sum payment. Thus it is a large amount of capital and is usually invested in the form of a house that is partially rented out, or in the form of a shop. However, workers must first look for work that is temporary or part-time after retirement and rely on the help of their children in old age. With the current Japanese family system, this kind of assistance can indeed be expected from children or relatives.

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