

## 1 Employment Measures

The Japanese government implements employment policies to respond to changes in economic and social conditions. High priority is assigned to measures designed to provide employment opportunities, prevent unemployment, and facilitate re-employment so that all workers can make effective use of their abilities.

In August 1999, the Cabinet approved the Ninth Project for the Stabilization of Employment and Creation of New Employment Opportunities, which will remain in effect until 2009. As a response to structural changes in the labor market, the goals of the project are to stabilize employment and create new employment opportunities while motivating workers and enabling them to make effective use of their skills. To achieve those goals, a concerted effort will be made to promote the following comprehensive measures:

- (1) Stabilization of employment and the creation of new jobs in response to changes in economic and industrial structures,
- (2) Upgrading of workers' skills and enabling them to better contribute to economic and social development,
- (3) Motivating workers and supporting their efforts to develop their human resource abilities, and
- (4) Developing employment policies from a global perspective.

### The Labor Situation 2001

The current employment situation is more serious than ever, with unemployment reaching high levels while demand for labor has fallen. However, as a result of comprehensive employment measures which have been implemented four times since April 1998, the number of new jobs has increased substantially recently in major industries such as services and manufacturing,

and more particularly in the information and communications technology and nursing care-related industries.

To ensure that these trends lead to full employment, begin early cultivation of the human resources needed for the new industries which are expected to grow, and promote steady expansion of employment opportunities, "Emergency Employment Measures focusing on the Elimination of Disparities between Labor Demand and Supply" were compiled on 16 May 2000, focusing on a safety net in the case the unemployment rate should rise above 5%.

Specifically, future measures include:

- (1) Enhancement of job training in IT and nursing care-related fields by strengthening partnerships with vocational schools and other schools;
- (2) Granting eligibility to vocational trainees and college graduates who have not yet found jobs under "Special Incentives for the Creation of Jobs in New or Growing Fields";
- (3) Additionally, if unemployment rises above 5%, creating a safety net by granting eligibility to vocational trainees for a "Special subsidy system for the emergency creation of employment" and relaxing eligibility requirements nationwide; and
- (4) Establishing a unified network to furnish public- and private-sector employment information.

In addition, the Policy Package for New Economic Development Towards the Rebirth of Japan formulated on 19 October 2000 contains such employment measures as:

- (1) Fostering measures for the development of IT-related job skills in both employed and unemployed workers;
- (2) Assisting business owners who are increasing probationary employment opportunities or who are

- promoting a barrier-free work environment to enable the elderly to participate in regular employment; and
- (3) Re-employment assistance through the installation of IT equipment at “Hello Work” centers to enable job seekers to search for and quickly access a large volume of job-related information.

Japan’s employment insurance system is instrumental to the stabilization of employment, and measures are designed to facilitate job-seeking activities. The system provides the following remedies:

- (1) Workers receive unemployment benefits from insurance premiums paid by employers and employees when they lose their jobs, and thus, their source of income, or when employers are forced to let workers go due to unavoidable circumstances, or when workers undergo vocational training at their own expense. These benefits, which help workers maintain a decent lifestyle while they find new employment, amount to between 60 and 80% of their previous salaries, and are paid for a period ranging from 90 to 300 days.
- (2) Three programs are in place to prevent unemployment, improve the labor market, expand employment opportunities, and promote employee welfare: employment stabilization programs, skills development programs, and welfare programs. While the main function of the employment insurance system

is to administer unemployment benefits, these three programs (funded by insurance premiums paid by employers) play a key role in furnishing subsidies for employment adjustment (Note 1), subsidies for creating employment opportunities for specific types of workers (Note 2), and in implementing other measures designed to reduce unemployment.

Due to the serious financial situation, the government is implementing several measures, including raising the premium for employment insurance as of 1 April 2001.

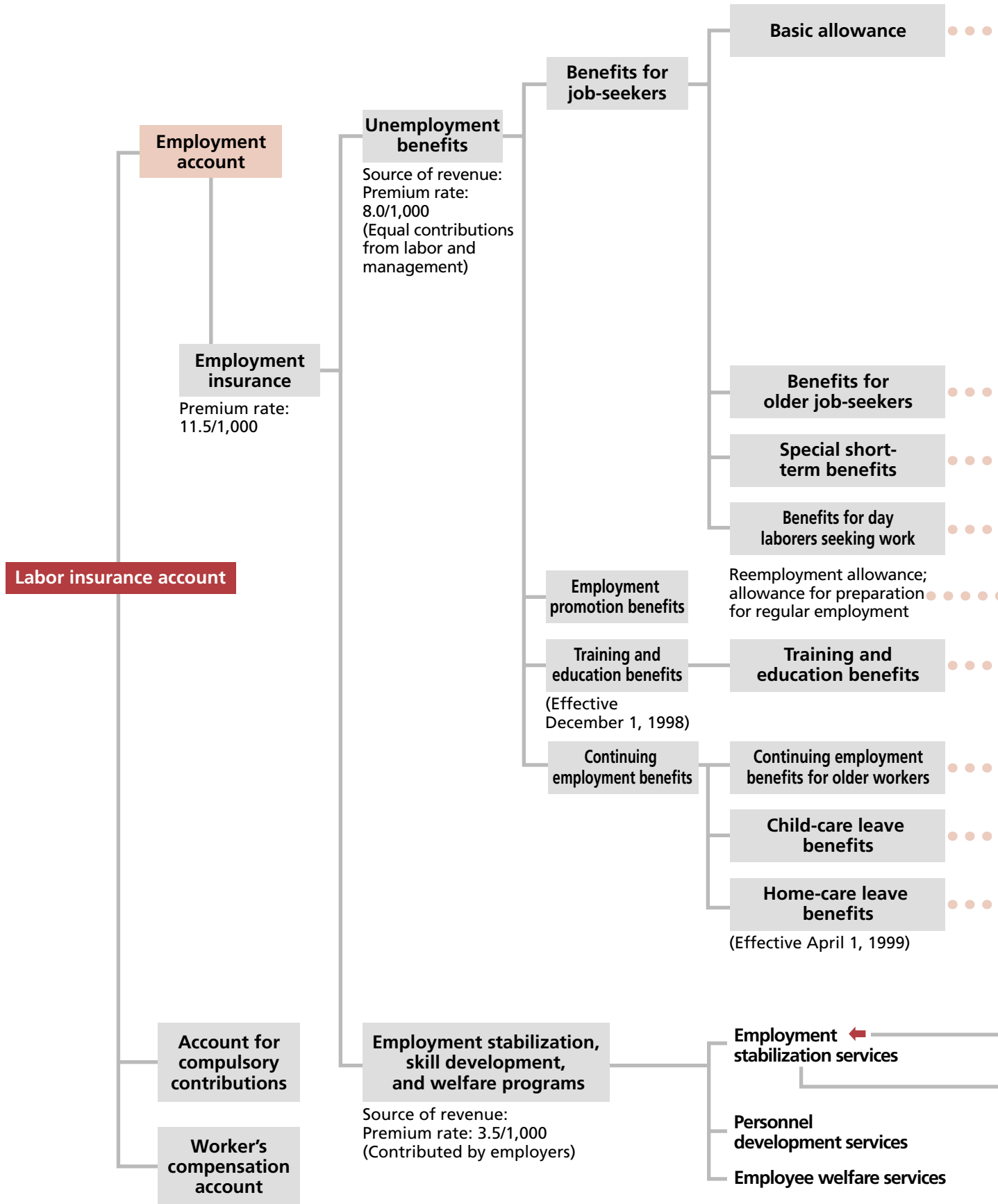
Notes: 1) Employment-adjustment subsidies

The government pays employers employment-adjustment subsidies for maintaining employment and preventing unemployment when employers retain their staff in the face of economic fluctuations or industrial restructuring that calls for downsizing. These subsidies cover part of employers’ expenses incurred when they avoid lay-offs or dismissals by giving workers temporary leave, training, or transfer them to other businesses.

2) Grants for employment development for specified job applicants

These subsidies were established to increase job opportunities for certain workers. These workers who have difficulty finding employment due to age or physical disabilities are referred by Public Employment Security Offices. The subsidies cover part of the salaries paid to them.

## V-1 Employment Insurance Program (Fiscal year 2000)



**Benefits for qualified [standard] workers**

Age/insured period		1-4 years	5-9 years	10-19 years	20 years+
Under 30		90 days	90 days	180 days	210 days
30-44		90 days	180 days	210 days	
45-59		180 days	210 days	240 days	300 days
60-64		240 days	300 days	300 days	300 days
Unsuccessful job-seekers	Under 45	240 days			
	45-64	300 days			

Note: Duration of benefits is 90 days for those who have been insured for less than one year.

**Duration of benefits for qualified short-term workers**

Age/insured period		1-4 years	5-9 years	10-19 years	20 years+
Under 30		90 days	90 days	180 days	210 days
30-59		90 days	180 days	180 days	
60-64		210 days	210 days	210 days	210 days
Unsuccessful job-seekers	Under 30	180 days			
	30-64	210 days			

Note: Duration of benefits is 90 days for those who have been insured for less than one year, except when previous qualification as standard beneficiaries added to their most recent period of employment entitles them to the same benefits as [standard] workers.

(1/4 from government funds)  
(1/3 of broad, extended benefits)

60%–80% of previous daily wage  
 (Under 30 ¥3,460– 8,920)  
 (30–44 ¥3,460– 9,910)  
 (45–59 ¥3,460–10,900)  
 (50%–80% for workers aged 60–64 ¥3,460– 9,910)

60%–80% of previous daily wage  
 (Under 30 ¥2,610– 8,920)  
 (30–44 ¥2,610– 9,910)  
 (45–59 ¥2,610–10,900)  
 (50–80% for workers aged 60–64 ¥2,610– 9,910)

30–75 days, depending on length of time covered  
 (30–50 days for older workers engaged in short-term employment)  
 (Effective April 1, 1999)

(Not funded by the Treasury) — Same as above

Lump sum for seasonal workers amounting to 50 days' pay

(1/4 from treasury funds) — The same benefit as for general wage-earners under the General Job-Hunting Benefit

One day's pay for each incidence of unemployment

(1/3 from treasury funds) — Three-stage benefit: ¥7,500, ¥4,100, ¥6,200

80% of tuition [Max-limit ¥200,000 (changed to ¥300,000 starting 1 January 2001), Minimum-limit ¥8,000]

(Not funded by the Treasury)

(Not funded by the Treasury)

For retaining workers aged over 60, 25% of their salary

(1/8 from government funds)

25% of salary, paid prior to leave (changed to 40% starting 1 January 2001)

(1/8 from government funds)

25% of salary, paid prior to leave (changed to 40% starting 1 January 2001)

(1/8 from government funds)

Note: As of the end of March 2001, the above-mentioned government bonds occupied at total portion of 56/100 of the provisional measures. However, with the revision of the Employment Insurance Law, the provisional measures were abolished on 1 April 2001, to return to the above-mentioned burden ratio.

Apportioned from budget; distribution is flexible

**Employment stabilization fund**

**Budget funding**

- (Employment adjustment subsidies, subsidies for designated job-seekers)
- (Operation of institutions offering skill training)
- (Operation of social welfare facilities)

**Surplus funding**

**Supplementary funding to cover insufficiencies in an accounting term**

### Helping Older Workers Find Employment

The rapid aging of Japan's population is a phenomenon as yet only observable in Japan. With the dawning of the twenty-first century, the baby boom generation will be entering its sixth decade. Approximately one-third of the total population will be over 60 years of age, while in the labor force that ratio will be approximately one person in five. An attitude of "active aging" must be adopted to maintain socio-economic vitality under these circumstances, and steps taken to ensure that older workers are able to play, to the extent possible, an active socioeconomic role. To accomplish that goal motivated and able workers should be permitted to continue working, regardless of age. Accordingly, over the next ten years, we will endeavor to raise the standard retirement age to 65. At a minimum, we will encourage employers to hire or rehire older people who are willing and able to work, and retain them until age 65. We are, therefore, placing priority on long-term, comprehensive policies designed to secure employment for older workers, as described below, which we will promote aggressively in FY2000.

### Securing Employment for Persons up to Age 65 to Benefit from Their Knowledge and Experience

- (1) Guidance and assistance is being provided at Public Employment Security Offices and the Association of Employment Development for Senior Citizens to raise the standard employment age and promote measures related to the introduction/improvement of the continuous employment system at companies.
- (2) Since the beginning of FY1999, we have been promoting a program designed to match older workers with appropriate employers. The program aims to eliminate the gap in the priorities between older workers and business owners by providing more employment opportunities for these workers, encouraging Public Employment Security Offices and local economic organizations to work together,

and changing the attitudes of both older workers and business owners. However, with a declining in birth rate simultaneous to the aging population, disparities may instead widen between older workers and employers' requirements. Therefore, in an effort to stabilize employment through support for the rehiring of older workers, we will expand the number of locations in which this program is implemented from 25 to 31.

### Assisting and Encouraging the Re-employment of Older Workers

To assist in the re-employment of older workers as well as provide incentives for employers to rehire retired persons and older workers who were forced to retire, we are endeavoring to promote the dissemination and use of re-employment assistance planning systems and are also offering guidance and assistance to business owners who provide re-employment assistance for older workers.

### Securing Suitable Employment Opportunities for Older Workers

- (1) Since it is extremely difficult to secure employment opportunities for older workers, we will encourage older workers to put their abundant work experience to use by opening their own businesses and engaging in entrepreneurial activities. For instance, we will provide financial support to groups of persons aged 60 and over who cooperate in creating self-employment opportunities, to help defray expenses incurred in acquiring skills necessary to find or create jobs.
- (2) We will broaden the scope of current programs at Silver Human Resource Centers by, for example, enhancing the portfolio of those Centers to provide employment opportunities. We will also expand the Senior Work Program, which sponsors skills training and group interviews at the Federation of Silver Human Resource Centers, with the cooperation of business owners' associations.

Note: Silver Human Resource Centers were established to help revitalize community life by providing temporary or short-term jobs or other light jobs to retired workers who wish to remain involved in community activities, and by creating more employment opportunities for these workers. Any worker aged 60 and over who is in good health and who desires employment may become a member of a Silver Human Resource Center. Members accept temporary or short-term work and other light jobs that are closely connected with community life, offered by private citizens, businesses, and government agencies, and for which they are paid a set wage. As of September 2000, approximately 630,000 persons were members of Silver Human Resource Centers.

### Helping Persons with Disabilities Find Employment

Several programs aim to help persons with disabilities lead normal lives, such as the New Long-Term Project for Support of the Disabled (formulated in March 1993), and the Seven-Year Normalization Plan for the Disabled (formulated in December 1995). These programs are designed to help persons with disabilities achieve “equality and full participation in society,” which was the motto of the International Year of the Handicapped, by enabling them to participate in the same activities as other members of society. Those objectives are best attained by finding employment for the disabled. It is important for persons with disabilities to hold the same jobs as workers without disabilities, as far as possible. Our policies are based on this principle, as well as on the provisions of the Law for the Promotion of Employment for Persons with Disabilities, and the Guidelines for Securing Employment for the Disabled.

### Quotas for Employment of Persons with Disabilities and the Fund for the Hiring of Persons with Disabilities

The Law for the Promotion of Employment for Persons with Disabilities stipulates that quotas be established for the hiring of the physically and mentally disabled, specifying the percentage of a company’s workforce to be occupied by persons with disabilities. Business owners are required to hire persons with disabilities in numbers equivalent to or greater than the legally mandated quota.

The current legal quotas are:

- Private corporations: 1.8%

- Designated special-status corporations: 2.1%
- National and local public corporations: 2.1%
- Designated school boards 2.0%

Public Employment Security Offices promote the hiring of persons with disabilities by directing the following to submit a hiring plan: (1) business owners whose hiring practices fall significantly below the quota, (2) business owners who need to meet the quota by hiring a large number of persons with disabilities, and (3) business owners in the private sector who plan to hire a large number of workers in the future. A warning is issued to any business owner who does not implement a submitted plan.

The Fund for the Hiring of Persons with Disabilities was established to ease the economic burden on business owners who hire persons with disabilities, and to increase job opportunities for the disabled. Contributions are collected from companies that fail to fulfill the hiring quota and distributed as bonuses to companies that meet the quota. A number of subsidies are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing subsidies, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

### Future Plans

Amid current severe employment conditions, the number of applicants with disabilities is expected to increase. This requires urgent attention to provide support for the disabled who are unemployed by enabling them to find new jobs as soon as possible.

We have made every effort to create employment opportunities for persons with disabilities by implementing the Measure to Create Employment Opportunities, which involves assigning people to locate job opportunities for the disabled, sponsoring group interviews, and starting probationary employment in FY2001 (for three months).

Looking further ahead, we realize that we must gradually and systematically advance comprehensive and thorough policies that meet the needs of persons with all types of disabilities. We therefore plan to make additional efforts to promote the hiring of the physically and mentally disabled by strictly enforcing the above quotas, in accordance with the Guidelines for Securing

Employment for Persons with Disabilities. We will also encourage the hiring and continuing employment of

persons with mental illnesses as well, by establishing environments in which they can be productive.

## V-2 The Basic Policy on Employment Security Measures for Older Persons in the Fiscal Year of 2001

### 1. Employment Security until Sixty-Five by Making the Best Use of the Knowledge and Experience

- **Raising the mandatory retirement age or introducing a continued employment system**
  - Providing instructions, refined counseling, and assistance to employers
  - A project of promoting a comprehensive employment environment (Jump 65 Promotion Project): Consultation and assistance by advisors on elderly employment (implemented by the Older Persons' Employment Security Center)
  - Measures to assist employers who raise the mandatory retirement age or introduce a continued employment system (Promotion Grant to Secure Continued Employment)
- **Secure employment opportunities for the elderly through cooperation with local economic organizations**
  - Projects to support coordination between the elderly and employers
  - Finding local employment opportunities for the elderly with particular attention paid to local-specific industrial characteristics
- **Other subsidy measures**
  - Assistance to improve workplaces for the elderly (Incentive Grant for Improving Employment Environment for the Elderly)

### 2. Assistance to and Promotion of Reemployment of the Elderly

- **Instructions and assistance to employers who help re-employ retired persons and elderly persons who are forced to leave their jobs**
  - Promotion of diffusion and utilization of the re-employment assistance planning system
  - Support of employment-seeking activities through assistance to employers who help re-employ the elderly (Grants Provided to Employers Concerning Skill Development for Labor Mobility of Middle-Aged or Older Workers)
  - A project of promoting a comprehensive employment environment (Jump 65 Promotion Project): Implementation of counseling and assistance by re-employment assistance counseling (implemented by the Older Persons' Employment Security Center)
- **A project of assisting the self-employed through the Industry Employment Security Center**
- **Instructions and enlightenment about easing age limitations for job recruitment**
- **Job consultation and placement at Public Employment Security Offices**
- **Promoting employment of the elderly through Public Employment Security Offices (Utilization of Grants for Employment Development for Specified Job Applicants)**
- **Promotion of Reemployment (Benefits package for continued employment of the elderly)**
- **Management of the Vocational Counseling Room for Older Persons**

### 3. Promotion of Social Participation of the Elderly

- **Expansion of Silver Human Resources Center Project**
- **Projects for Senior Work Program (implementation of technical workshop, joint job interviews, and others through the cooperation with employers' associations)**
- **Supporting projects that create opportunities for joint employment of the elderly**
- **Supporting projects for elderly employment Instructions and Assistance by the Elderly Employment Support Centers/Corners**
- **Projects for providing opportunities of the elderly employment**
- **Projects for promoting a variety of social participation by the elderly in the local areas**
- **Projects for promoting voluntary work among retired people**

### 4. Promoting a Future Society Where the Elderly Can Continue Working Regardless of Age

- **Establishment of an advisory panel of well-informed independent personalities with respect to building a future society where the elderly can continue working regardless of age**
- **Research project with respect to creating workplaces where the elderly can continue working regardless of age (the Millennium Project)**

### 5. Promotion of Developing Human Resources of the Elderly and Others

### V-3 Systems Designated to Secure Employment for the Handicapped

**New Long-Term Employment-Oriented Project for the Handicapped Plan for the Handicapped**

**Guidelines for the hiring of the handicapped**

**Universal promotion of jobs for the handicapped**

#### ① Guidance for and support of business owners who hire the handicapped

- **Institute systems to promote the hiring of the physically and mentally handicapped**
  - Statutory employment rate (effective 1 July 1998; applies to the physically and mentally handicapped)
    - Private sector: private enterprises (1.8%); special-status corporation (2.1%)
    - National and local government (2.1%); selected school boards (2.0%)
  - Guidance to employers for the achievement of the statutory employment rate
- **Support employers who hire the handicapped through financial contributions and other types of assistance**
  - Defrayment of costs to employers who hire the handicapped through contributions, adjustment benefits, and grants
  - Granting of subsidies

#### **Provide expertise regarding employment for the handicapped**

- Provide positive examples and employment administration expertise regarding employment for the handicapped

#### ② Offer occupational rehabilitation for the handicapped

- Offer advice, referrals, and on-the-job orientation to handicapped job-seekers at public employment agencies
- Provide specialized occupational rehabilitation services to the handicapped, e.g., performance evaluations, at employment centers for the handicapped operated by the Japan Association for the Hiring of the Handicapped

- Promote vocational training to enable the handicapped to acquire skills and techniques

- Implement vocational rehabilitation utilizing private sector enterprises

#### ③ Provide handicapped-accessible workplaces

- Cultivate workplaces capable of hiring multiple numbers of handicapped with a high degree of disability

#### ④ Disseminate information relating to employment for the handicapped

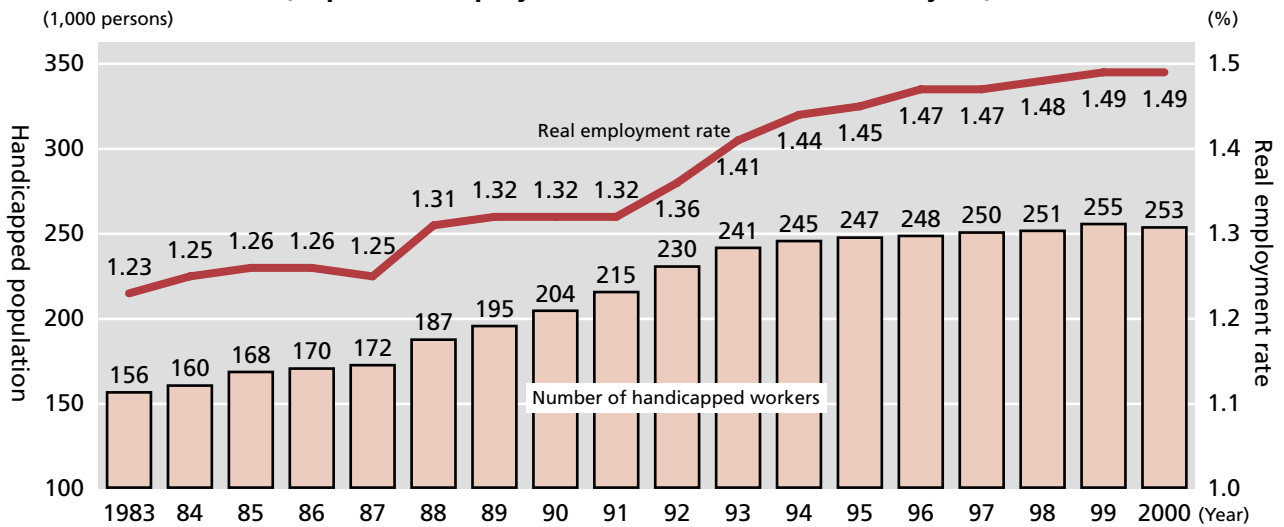
- Implement publicity and education activities aimed at employers, related organizations, the handicapped and their families, and the rest of the general public

#### ⑤ Establish liaisons with related organizations

- Strengthen cooperation among organizations that assist the handicapped
- Comprehensively develop a social environment involved in the working lives of the handicapped

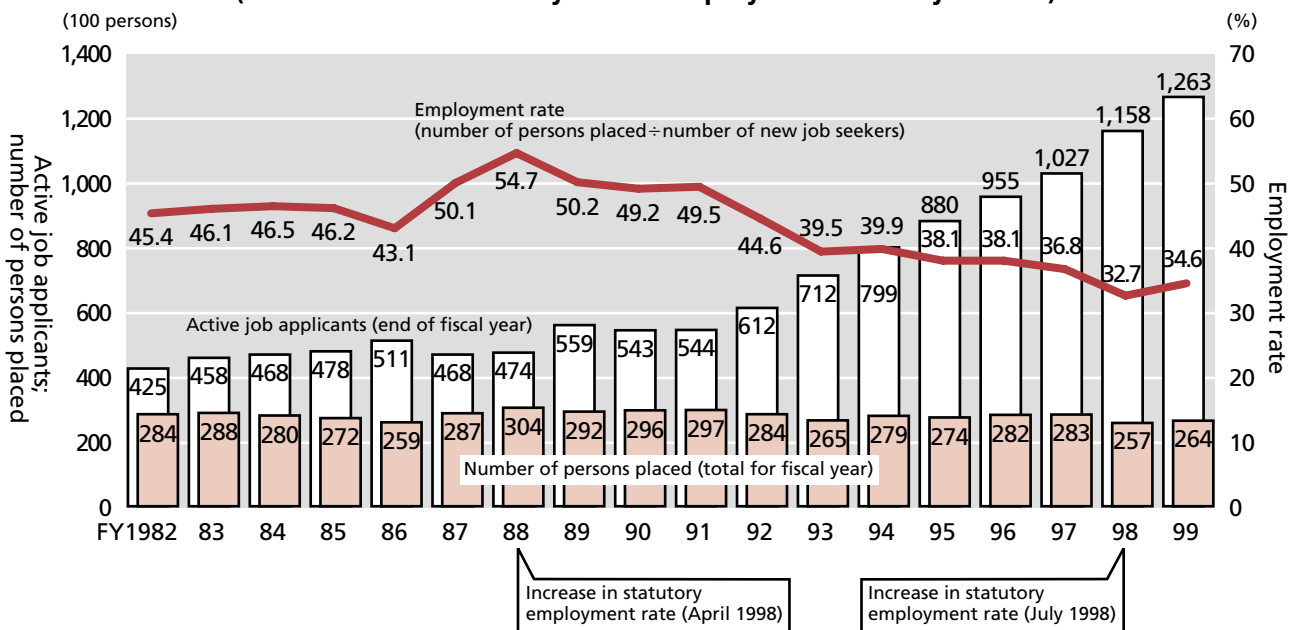


### V-4 Employment of the Handicapped (Report on employment conditions, 1 June each year)



Source: Employment Security Bureau Statistics, Ministry of Labour

### V-5 Current State of Employment for the Handicapped (Transactions handled by Public Employment Security Offices)



Source: Employment Security Bureau Statistics, Ministry of Labour

### 3 Public Job Introduction System

The basic purposes of Public Employment Security Offices, which are located in approximately 600 locations all over Japan (including branch offices), are to provide job seekers with the most suitable job opportunities according to their wishes and abilities and to introduce the most appropriate personnel to employers who are looking for employees.

The Public Employment Security Offices are connected online throughout Japan, and offer service using the Comprehensive Employment Information System to provide information about job vacancies and job searches immediately through computers.

In addition, in order to make appropriate responses to various needs in recent years, we have strengthened our agencies by introducing services such as the following:

(1) Bank of Human Resources

The Public Employment Security Offices established 26 Banks of Human Resources in major cities to introduce able personnel to medium- and small-sized companies and to promote the employment of the elderly. The Bank of Human Resources deals primarily with administrative, professional, and technical positions.

(2) Part-time Job Bank and Part-time Job Satellite

The Public Employment Security Offices established 85 Part-time Job Banks and 105 Part-time Job Satellites in convenient areas, such as station terminals in major cities, in order to offer comprehensive job introduction services for part-time employment.

(3) Hello Work to Support Combining Work and Family

The Public Employment Security Offices changed “Ladies’ Hello Work,” established in 1999, into Hello Work to Support Combining Work and Family. The Public Employment Security Offices established 12 Hello Work to Support Combining Work and Family institutions to advise users about appropriate ways to combine childcare, nursing care, domestic duties, and work. This service is geared toward those who have the willingness and ability to work but cannot do so because of responsibilities related to child care, nursing care, and domestic duties.

(4) Hello Work Information Plaza

The Public Employment Security Offices began establishing Hello Work Information Plazas in each prefecture in 1999 to help job seekers find employment. Job seekers may easily and effectively find job information by using searchable devices for themselves at the Hello Work Information Plazas.

(5) Comprehensive Employment Support Center for Students, Employment Center for Students, and Counseling Room for Students

The Public Employment Security Offices established these institutions for the specific purpose of providing employment support to graduating students as well as unemployed graduates. These institutions offer employment counseling to provide not only a variety of employment information but also to offer supplemental assistance to job introduction services offered by universities and other institutions.

## V-6 The Organization and Functions of the Public Employment Service Institutions (As of April 1, 2000)

### The Public Employment Security Offices

<p><b>Main offices (478 offices)</b></p> <p><b>Branch offices (109 offices)</b></p> <p><b>Supplementary offices (30 offices)</b></p>	}	<p>A. Employment counseling and assistance, job introduction (for the general public, the elderly, graduates, the disabled, day workers, etc.)</p> <p>B. Job instruction (providing employment information, implementing vocational aptitude tests, etc.), instruction about vocational training</p> <p>C. Instruction to improve employment management (providing and managing employment information, continued employment system for the elderly, employment of the disabled, securing personnel for small and medium-sized businesses, etc.)</p> <p>D. Providing information on employment, job seeking, and the labor market</p> <p>E. Business transactions concerning employment insurance (applicability and payment)</p> <p>F. Business transactions concerning subsidies</p> <p>G. Business transactions concerning demand-supply coordination among the private labor force (acceptance of application of job introduction project for fees, etc.), and others</p>
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### Institutions to provide specific services

<p><b>Bank of Human Resources (26 Banks)</b></p>	—	<p>The Bank of Human Resources introduces able personnel to small and medium-sized companies and promotes the employment of the elderly. The Bank of Human Resources focuses primarily on administrative, professional, and technical positions, offers job consultation, provides information, etc.</p>
<p><b>Part-time Job Bank (95 Banks) and Part-time Job Satellit (105 Satellites)</b></p>	—	<p>The Part-time Job Bank and Part-time Job Satellite implement job introduction, job consultation, information sharing, and vocational training for the benefit of part-time workers.</p>
<p><b>Hello Work to Support Combining Work and Family (12 institutions)</b></p>	—	<p>The Hello Work to Support Combining Work and Family implements job introduction, job consultation, information sharing, and other services to those who have the willingness and the ability to work, but cannot do so immediately because of responsibilities for child care, nursing care, and other duties.</p>
<p><b>Hello Work Information Plaza (47 institutions)</b></p>	—	<p>Job seekers can find a wide range of job information by using searchable devices at the Hello Work Information Plaza.</p>
<p><b>The Comprehensive Employment Support Center for Students (1 center), Employment Centers for Students (6 centers), and Counseling Rooms for Students (40 centers)</b></p>	—	<p>These institutions implement job introduction, job counseling, information sharing, vocational aptitude tests, etc. for the benefit of newly graduating students as well as unemployed graduates.</p>

Note: In addition to the institutions listed above, there are Local Region Employment Support Centers and Employment Service Centers for Foreigners.

## 4 Measures to Shorten Working Hours

### Working Hours

During the era of rapid economic growth, annual working hours steadily declined due to a tight labor market and higher productivity. In the mid-1970s, this trend leveled off. Since the revised Labor Standards Law, which established a 40-hour workweek as the norm, became effective (1988), working hours have continued to decrease.

In FY1999, fixed working hours dropped to 1,714 (from 1,734 hours in FY1998), overtime hours remained unchanged at 134, and total working hours fell to 1,848 (from 1,868 in FY1998).

The five-day workweek is gradually taking root in Japan, with 95.8% of all workers on that schedule in 1999. However, only 58.7% of all employers have adopted it on a regular basis; small and medium-sized businesses have made little progress in this direction.

Most workers use only 50–60% of the paid holidays and vacations days to which they are entitled each year. In 1999, the average worker were entitled to 17.8 paid holidays and vacation days, but generally used only 9.0 (50.5%) days.

### Efforts by Public Administration to Shorten Working Hours

The entire nation must address the issue of reduction of working hours since leisure time is crucial to a comfortable lifestyle. The government has set a firm goal of a 1,800-working-hour year (in economic plans, for example). Its efforts are three-pronged: persuade all Japanese businesses to strictly observe a 40-hour workweek, encourage workers to use their vacation days, and reduce the number of overtime hours.

The Cabinet issued a resolution in July 1999 entitled

“Policies for the Ideal Economy and Society and an Economic Rebirth.” The resolution recommends shortening the number of working hours to 1,800 per annum over the next 10 years by curtailing overtime work.

The revised Labor Standards Law prescribes that legal working hours be gradually shortened. Accordingly, all but exempt businesses would shift to a 40-hour work week beginning in April 1997. The government has encouraged the adoption of the Variable Scheduling System (Note 1) and the Discretionary Scheduling System (Note 2) in some sectors, to limit working hours to 40 per week.

In addition, we asked representatives from a wide variety of groups in Japan to reach a consensus on the need for popularization of extended vacation time. We therefore held the “National Convention on Extended Holidays and its Effect on Home Life” five times since January 2000, and issued a report on the topic in July of the same year. Based on the report’s proposal to popularize extended holidays, or “long-term holiday (L-holiday)”, we will strive to promote the L-holiday idea with the understanding and cooperation of interested parties, including labor and management.

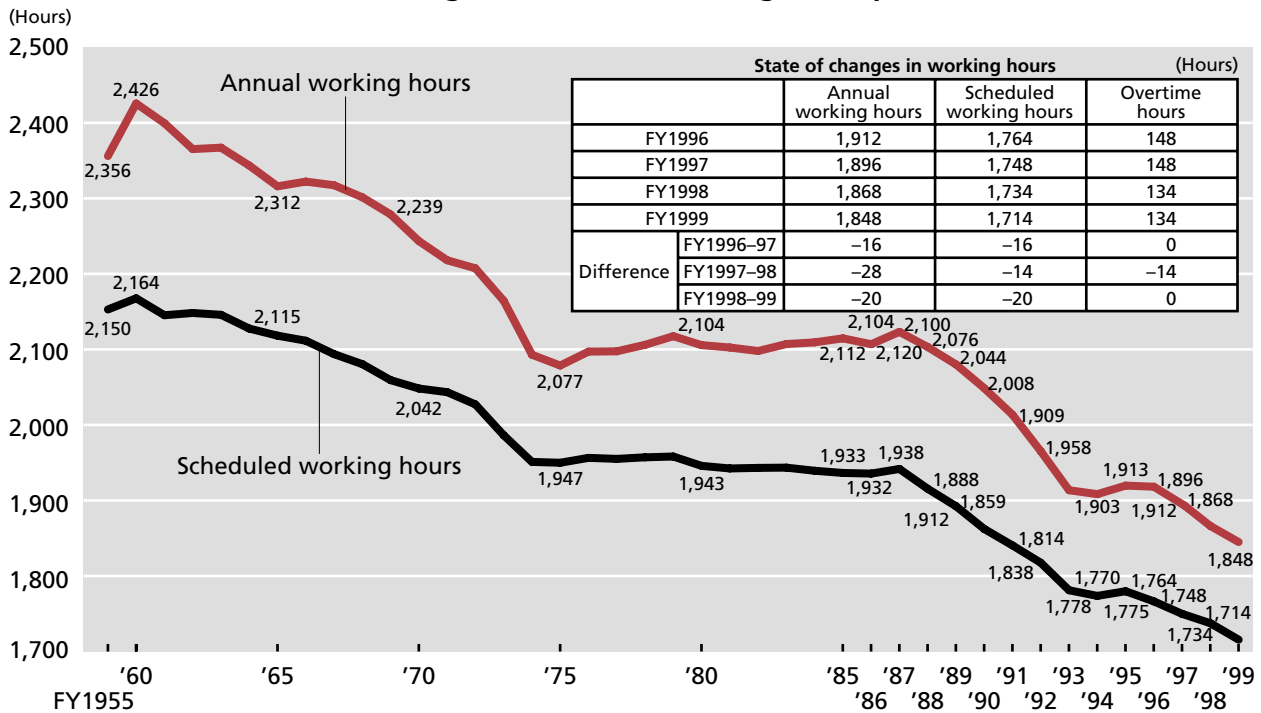
Notes: 1) Variable scheduling system

This system involves distributing working hours over a fixed time period, thus accommodating business priorities and ensuring that the total number of hours worked per week does not exceed 40.

2) Discretionary scheduling system

Working hours are determined in this system based on a collective agreement rather than setting a fixed schedule, when the duties in question require significant worker discretion. It can apply to both specialized work and creative work (effective April 2000).

## V-7 Shifts in Average Total Annual Working Hours per Worker (FY)



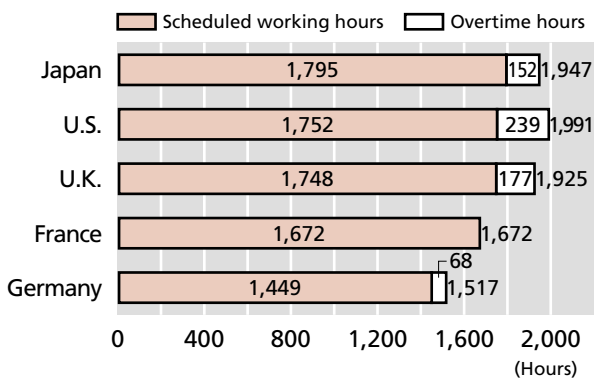
Source: *Monthly Survey of Labour Statistics*, Ministry of Labour

Notes: 1) This study was limited to businesses that employ more than 30 workers.

2) Figures were obtained by multiplying monthly averages by 12.

3) Overtime hours were obtained by subtracting prescribed working hours from annual working hours.

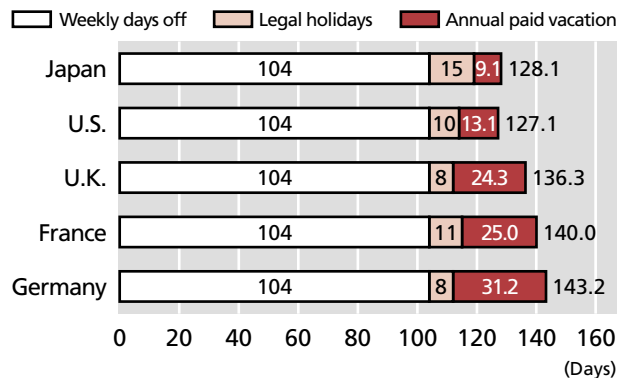
## V-8 International Comparison of Annual Working Hours (Workers in the manufacturing industry: 1998)



Source: Estimates were made by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Labour, based on reports issued by the EU and the other nations listed above.

Notes: Figures for Germany are from 1997. Overtime hours for France were not available.

## V-9 International Comparison of Annual Holidays



Sources: Survey of Paid Working Hours. Estimates based on statistics from the EU and reports from other nations, compiled by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Labour.

Notes: 1) "Weekly days off" refers to company-prescribed weekly days off, e.g., Saturday and Sunday, under the assumption that employees are allowed two days off per week.

2) "Annual paid vacation" refers to the number of vacation days granted to employees. Figures for some countries were estimated by the Working Hours Division. Figures for Japan represent the number of vacation days granted.

3) Survey dates for annual paid vacation are as follows.

Japan	1998
U.S.	1997
U.K.	1996
France	1992
Germany	1996

## 5 The Minimum Wage System

### The Minimum Wage Law

With the enactment of the Minimum Wage Law, drafted to improve working conditions and guarantee a minimum wage to low-paid workers, Japan's minimum wage system came into being in 1959. The law also sought to promote the sound development of the national economy by raising the quality of the labor force and fostering fair competition among companies.

### Setting Minimum Wages

Minimum wages are determined in Japan through (1) Minimum Wages Council, composed of members representing labor, management, and the public interest, set minimum wages subsequent to research and deliberation; and (2) local minimum wages set by collective agreements.

In its deliberations, a Minimum Wages Council will examine statistical data to ascertain the current wages earned by workers under consideration for a particular minimum wage. Its members also visit and inspect workplaces to investigate prevailing working conditions and wages. They ask workers and their employers for their opinions. The Council makes a decision after considering the local cost of living, starting salaries paid to new graduates, any collective agreement on minimum wage, the distribution of workers along the wage scale, and the effects of setting a minimum wage.

Since FY1978, the Central Minimum Wages Council has been providing guidelines to prefectural Minimum Wages Councils for minimum wage increases to ensure national uniformity. The local councils, in turn, use the guidelines to revise minimum

wages to accord with the local situation. The majority of minimum wages are set as described in (1) above (298 cases). Only two cases have been set in accordance with (2).

### Types of Minimum Wage

Minimum Wages Councils rule on two types of minimum wage—local and industry-specific minimum wages.

Local minimum wages are determined for each prefecture, regardless of the type of industry or occupation. Usually, the minimum wage in a given prefecture applies to all workers in all workplaces in that prefecture, and to all employers who have one or more workers.

There are two types of industry-specific minimum wages: prefectural and national. The prefectural industry-specific wage is determined by prefectural labor authorities for certain industries, while the national industry-specific minimum wage applies nationwide. Both are limited to particular industries, as the terms imply.

### Minimum Wages vs. Actual Wages

Minimum wages are set both by day and hour. Minimum daily wages follow guidelines issued by the Central Minimum Wages Council, which bases its decisions on workers' cost of living, wages earned by other workers engaged in similar employment, and employers' ability to pay. Minimum hourly wages are set in the same way. Minimum hourly wages apply mainly to workers who are paid by the hour, and minimum daily wages to workers who are paid according to other methods, e.g., by day or month.

**V-10 Methods Used To Set Minimum Wages  
(Minimum wages set through minimum wage council investigation and deliberation)**



**V-11 Minimum Wages  
(Weighted national average)**

(As of January 1, 2000; yen)

	Daily rate	Hourly rate
Minimum wage by prefecture	5,213	654
Minimum wage by industry	5,944	

## 6 Industrial Safety and Health

### Occupational Accidents and Diseases

Although the number of Japan's occupational accidents and diseases has been declining in recent years, there are still approximately 570,000 cases annually.

The total number of accident cases increased in 1999 with the loss of approximately 2,000 lives, up from the record low of 1998.

Regular physical examination results demonstrate that more than 40% of all workers have medical problems requiring either treatment or observation. As Japan's industrial structure changes, more workers are suffering from work-related stress.

### Measures to Prevent Occupational Accidents and Diseases

Since 1958, the Ministry of Labour has implemented eight five-year plans to prevent industrial accidents. In accordance with the Ninth Industrial Accident Prevention Program (1998–2003), we are striving toward the following goals.

- (1) Eliminate fatal accidents and diseases at the workplace.
- (2) Ensure safety and health at small and medium-sized companies.
- (3) Ensure safety and health at the workplace in Japan's aging society.
- (4) Introduce new methods for occupational safety and health management.

### Workers' Accident Compensation Insurance System

This government insurance system pays benefits to

workers to give them prompt and equitable protection against injury, illness, disability, or death resulting from employment or commutation. The system also provides welfare services to injured workers to promote their smooth return to society (V-13).

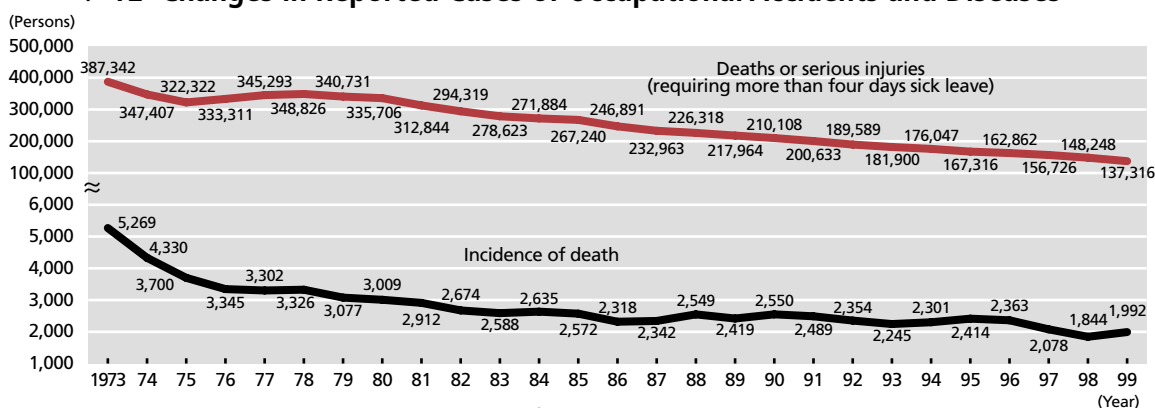
#### (1) Eligibility

Any business that employs workers may participate in the Workers' Compensation Insurance System, excluding government employees (except local government part-time employees engaged in blue-collar labor) or seamen, who are protected by the Seamen's Law. Certain businesses engaged in agriculture, forestry, or fishery, and employing five or fewer workers may be covered on a temporary basis. Additionally, special exceptions may be granted to smaller business owners, sole proprietorships and family members who work in them, and workers on overseas assignments. In those cases, they are entitled to receive benefits for injuries sustained at the workplace and, in some circumstances, for injuries sustained while commuting to or from the workplace.

#### (2) Insurance premiums

Employers are required to pay insurance premiums, which are calculated by multiplying total payable wages by the accident rate determined for each business category (6/1,000–134/1,000). Larger companies may participate in a merit system, whereby premium rates or insured amounts (which cover only accidents or injuries occurring at the workplace) are based on relevant accident rates.

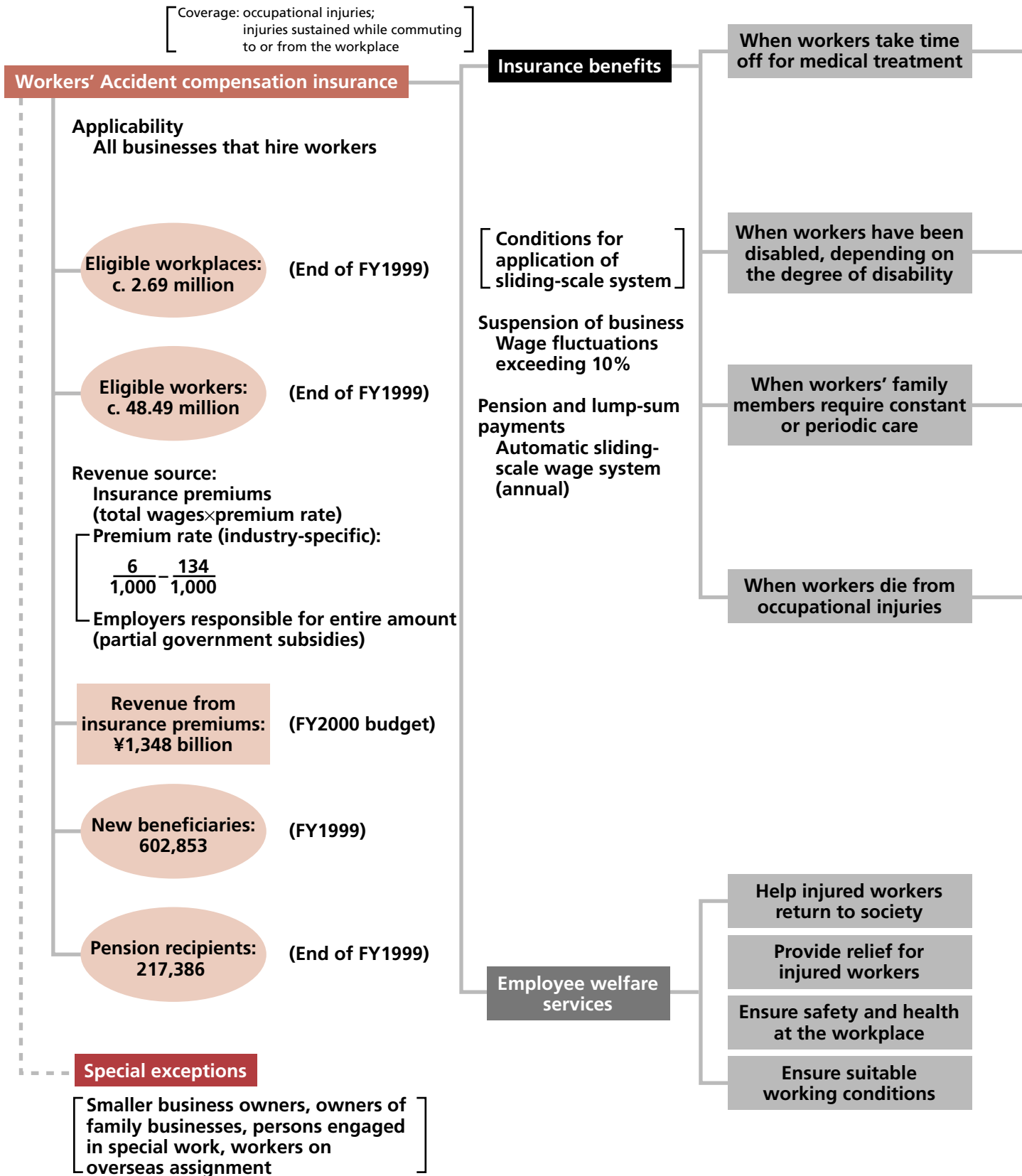
V-12 Changes in Reported Cases of Occupational Accidents and Diseases



Source: Research done by Labour Standards Bureau, Ministry of Labour



## V-13 The Workers' Accident Compensation Insurance Program



Compensation for medical expenses	[ All medical expenses ]	} + Additional special benefits * Special benefits for missed work * Special lump-sum payments * Special pensions
Compensation for missed work	[ 60% of standard benefits per day of work missed, beginning on the fourth day of absence ]	
Compensation for illnesses or injuries (pension)	[ Payment ranging from 245 (Class 3) to 313 (Class 1) days' worth of pension at standard daily rate to those who have not recovered from illnesses or injuries after 18 months of treatment ]	
Compensation for disabilities (pension)	[ Payment ranging from 131 (Class 7) to 313 (Class 1) days' worth of pension at standard daily rate ]	
Compensation for disabilities (lump sum)	[ Payment ranging from 56 (Class 14) to 503 (Class 8) days' worth of pension at standard daily rate ]	
Compensation for nursing care	[ Up to ¥108,300 for constant care and ¥54,150 for occasional care, per month ]	
Compensation for disabilities (lump sum)	[ Payment ranging from 153 days to 245 days' worth of pension at standard daily rate, according to number of survivors ]	
Compensation to survivors (lump sum)	[ Lump-sum payment amounting to 1,000 days' worth of standard pension to survivors not eligible for pensions ]	
Compensation to survivors (lump sum)	[ ¥315,000 + 30 days of standard compensation (minimum compensation: 60 days' worth at standard daily rate) ]	

Notes: 1) Benefits listed above are also payable for injuries sustained while commuting to or from the workplace.

2) Standard daily rate is calculated by dividing total wages paid to a worker during the three calendar months preceding the injury (minimum compensation: ¥4,230).

3) Minimum and maximum standard daily rates for pensions and long-term (18 months) medical treatment are determined according to age group.

**(Establishment of 39 hospitals to treat injured workers)**

**(Special benefits for injured workers; benefits to defray the cost of educating injured workers' children)**

**(Implementation of measures for preventing accidents at the workplace and promoting occupational medicine)**

**(Remuneration of unpaid wages on employers' behalf)**

The role of women in society has become more prominent as in increasing numbers they enter the labor force and participate in community activities. Changes in the social environment are therefore necessary to facilitate women's participation in the labor force while providing working conditions that enable them to achieve a reasonable balance between their careers and family lives.

The Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment, passed in 1986, states that male and female workers shall be afforded equal treatment at the workplace, from recruitment and hiring (the entry points of employment) to retirement, resignation and dismissal (the exit ways of employment). The law was intended to prevent sex discrimination in employment, and to provide working environments in which women can make effective use of their abilities.

Over ten years have elapsed since the law was enacted. Now that more women are in the workforce and increasing the length of their careers, the public attitude toward working women has altered dramatically, along with employers' efforts to undertake their full participation. However, women are not afforded the same opportunities as their male counterparts in some instances.

The revised Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment (enacted in June 1997, brought into force in April 1999) strengthened the original version. It prohibits discrimination against female workers in recruitment, hiring, assignment, and promotion (the original version simply instructed employers to make efforts in this direction). It also encourages proactive efforts toward overcoming discrimination, and includes regulations intended to prevent sexual harassment at the workplace. The names of companies that fail to obey the law will be made public. The law also outlines improvements to be made to the present mediation process, nullifies regulations preventing female employees from working overtime, on holidays and late at night, and respects the necessity of maternity leave.

In order to ensure the execution of the revised the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment, the Equal Employment Opportunity Department of the Prefectural Labor Bureau, a branch office of the Ministry of Health, Labor and Welfare established in each prefecture, has implemented the following measures:

- (1) The Department disseminates the revised Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment to the best of its ability, and also provides counseling about sexual discrimination in recruitment, hiring, assignment, promotion, and dismissal, as well as sexual harassment in the workplace.
- (2) The Director of the Prefectural Labor Bureau provides advice and guidance in order to promptly resolve individual disputes between female workers and employers concerning the handling of the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment. The Equal Opportunity Mediation Commission, which consists of people with learning and experience, will also arbitrate these disputes.
- (3) The Bureau actively provides administrative guidance based on the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment to grasp the real state of a company's employment management and to help private companies treat men and women as equally as possible.

In addition, the Ministry and the Bureau encourage understanding among the top echelon of management and consensus in a company to promote the company's positive action for the dissolution of the existing gap between male and female workers caused by employment management based on customary practices and static sense of sex roles.

Additionally, the Ministry has implemented measures to enable workers to achieve the proper balance between their working and family lives. They include encouraging employers to allow workers to take time off for child care and home care for family members.

## 8 The Child Care and Family Care Leave

### Background

With the birth rate declining, our society aging, and the nuclear family's supplanting the extended family, our citizens need to achieve a fulfilling working life throughout their careers. Therefore, facilitating a balance between careers and parenting or home care for elderly family members is essential.

The Child Care Leave Law enacted on May 8, 1991, obligates businesses employing more than 30 permanent workers to provide child care leave from April 1, 1992. The law was applied to all businesses on April 1, 1995. The Child Care Leave Law was partially revised and renamed Law Concerning the Payment of Benefits to Workers Who Take Time Off To Care for Children or Elderly Family Members (hereafter referred to as the Law Concerning Child Care and Family Care Leave) on June 5, 1995.

Under the revised law, as of October 1, 1995, businesses were instructed to make efforts to implement a shorter working day as soon as possible to allow workers to provide home care to family members. After April 1, 1999, the establishment of such a program became compulsory. According to another revision to the Law Concerning Child Care and Family Care Leave (June 11, 1997), employers are required to limit scheduling workers who must care for children or the elderly for late-night shifts, effective April 1, 1999.

### Child Care Leave

Workers may take child care leave upon application to their employer. Child care leave entitles workers to be

absent from work until the child in question attains the age of one year.

### Family Care Leave

Workers may take family care leave upon application to their employer. They are entitled to be absent from work for a maximum of three months to care for family members (spouse, parents, children; also grandparents, siblings, and grandchildren, if they reside in the same domicile as the worker requesting leave) who need constant care. Workers may not take more than one family care leave.

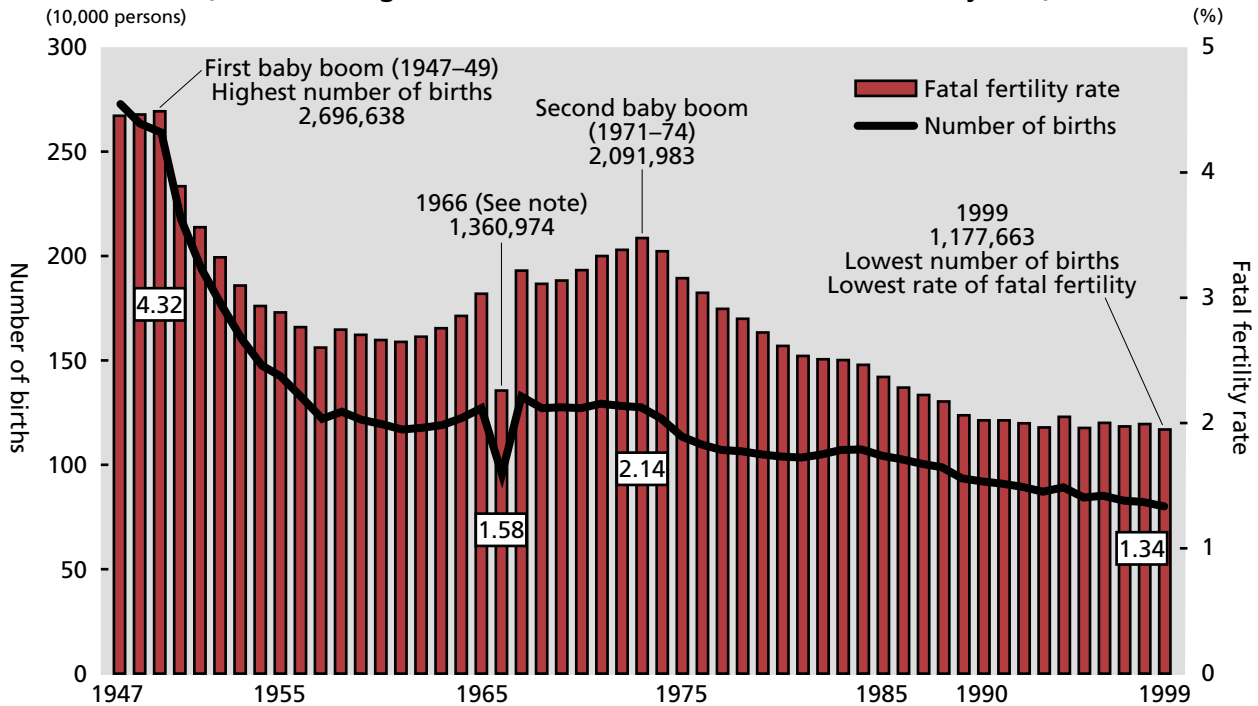
### Efforts to Further Child Care and Family Care Leave

According to a survey conducted in 1999, 56.4% of working women took child care leave after giving birth. Only 0.42% of male workers took advantage of child care leave. The same survey reveals that 0.15% of female workers and 0.01% of male workers took family care leave.

We have consistently endeavored to foster these systems by providing guidance and support to business owners who have not yet implemented them. We are considering several types of benefits as an incentive to encourage use of these leaves, as well as return to the workplace.

From January 2001, we plan to increase benefits for workers who take child care or family care leave from 25% to 40% of their current pre-leave salaries. We hope these measures enable workers to achieve a sound balance between their careers and family life.

### V-14 Continuing Decline in the Birth Rate (Annual changes in number of births and the fatal fertility rate)



Source: 1999 Annual Total of Monthly Reports on Vital Statistics, Statistics and Information Department, Minister's Secretariat, Ministry of Health and Welfare

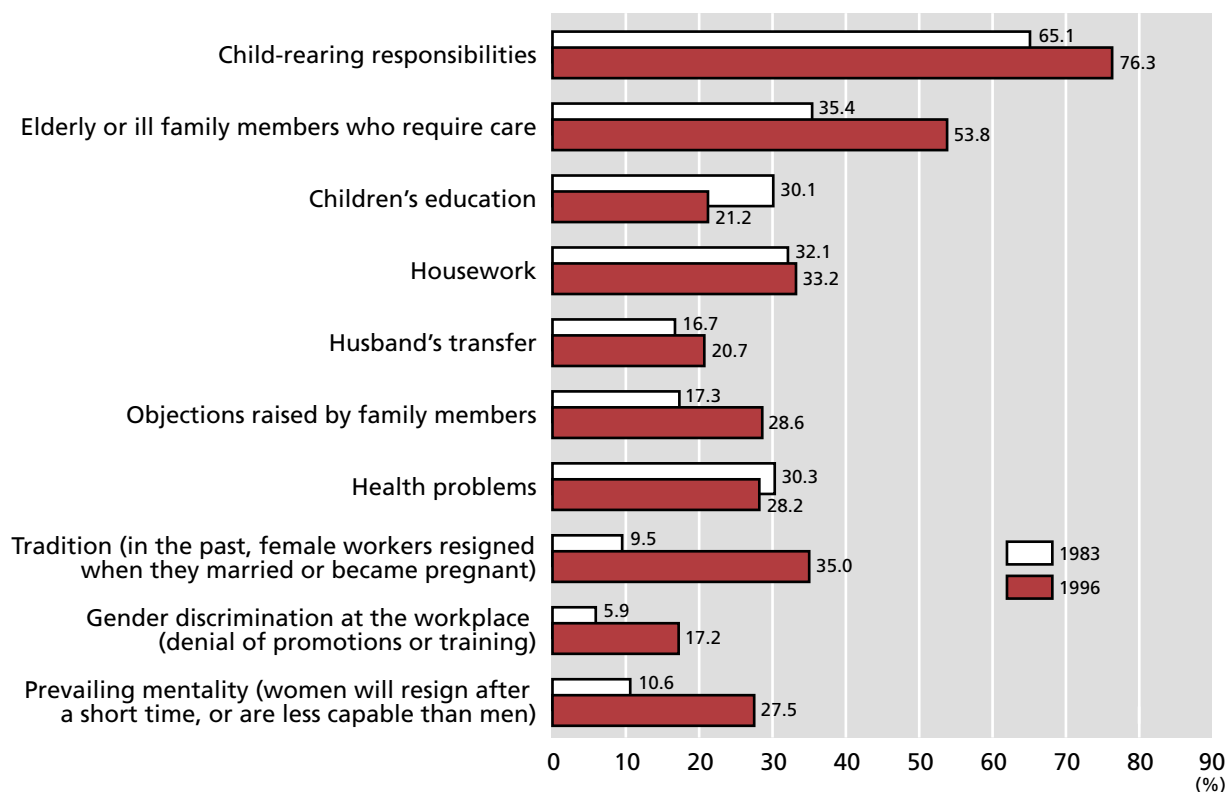
Note: There were many fewer births in 1941, an unlucky year in the Chinese astral calendar, which Japan adopted centuries ago.

### V-15 The Aging of Japanese Society

Age group	1975	1996	1998	2025	2050
Senior citizens (65+)	7.9	15.1	16.2	27.4	32.3
Potential workers (15-64)	67.8	69.3	68.7	59.5	54.6
Juveniles (Under 15)	24.3	15.6	51.1	13.1	13.1

Sources: National Census, Management and Coordination Agency; Population Projections for Japan: January 1997, National Social Security and Population Problem Research Institute

### V-16 Factors that Discourage or Prevent Women from Working on a Continuous Basis



Sources: *Public Opinion Survey on the Employment of Women*, Prime Minister's Office, 1983

*Survey of Japanese Lifestyle Preferences*, Economic Planning Agency, 1996

Notes: 1) There were 2,418 respondents to this survey (women aged 20–59).

2) The *Survey on Japanese Lifestyle Preferences* targeted women aged 15–74.

To compare it with the 1983 survey, we have included responses to that survey from 1,490 women aged 20–59.

### V-17 Percentage of Workers Using Child Care Leave and Home Care Leave

#### Percentage of Workers Using Child Care Leave by Gender

(%)

Percentage of men and women using child care leave			Percentage of female workers who took child care leave when they gave birth	Percentage of male workers taking child care leave
Total	Women	Men		
100.0	97.6	2.4	56.4	0.42

Note: At all places of business, the proportion of workers who took child care leave during the period until 1 October 1999, among workers who gave birth themselves or whose wife's gave birth during the one year from 1 April 1998 to 31 March 1999.

#### Percentage of Workers Using Home Care Leave by Sex

(%)

Percentage of men and women using home care leave			The proportion of workers taking home care leave among regular employees
Total	Women	Men	
100.0	90.7	9.3	0.06

Source: *Basic Survey of Employment for Women*, Ministry of Labour, FY1999

Note: The proportion of workers who took home-care leave between 1 April 1999 and 30 September 1999 among regular employees.

## 9 Public Vocational Training Policies

The term “public vocational training” refers to vocational training conducted at public human resource development facilities. However, in Japan, public vocational training is a broader concept that includes the disbursement of subsidies to defray educational expenses, and is based on the following three policies.

- (1) Providing vocational training at public human resource development facilities,
- (2) Encouraging employers and employers’ associations in the private sector to offer vocational training by awarding grants, disseminating information, and providing consulting services, and
- (3) Motivating workers to acquire skills voluntarily by granting subsidies, and providing information and consulting services.

V-19 shows the ways in which public vocational training has been implemented in Japan. Young people can receive long-term training (lasting one to two years). There are also two types of short-term training programs: one targets the unemployed and lasts up to six months; the other targets persons who are currently employed and lasts only a few days. By law, vocational training must be offered to young people, the unemployed, and the physically disabled free of charge, but the cost of tools and other materials is borne by trainees. Some training courses for the unemployed are offered at private vocational schools. The main focus of vocational training has, traditionally, been courses that have some connection with the manufacturing and construction industries, but computer and social welfare-related courses have also been offered. Today, short-term vocational training for the employed is more likely to be tailored to the needs of employers or employers’ associations. There are also universities that specialize in skill development, educating the vocational training instructors of the future and preparing textbooks for that purpose. Furthermore, among the facilities illustrated in V-19 is the Lifelong Human Resources Development Promotion Center, which acts

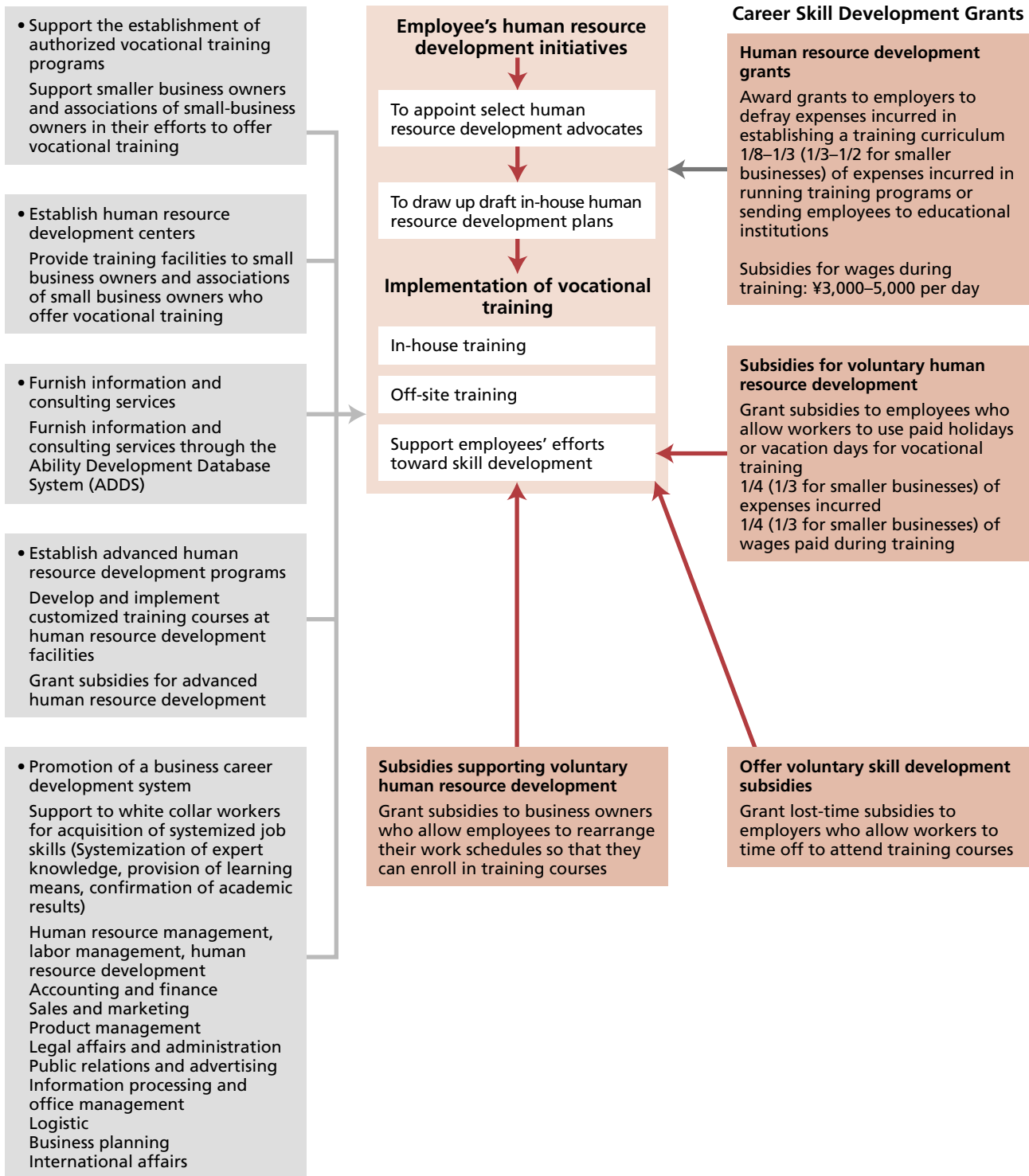
as a central base facility for the human resource development of white-collar workers.

Steps taken to promote vocational training in the private sector are outlined in V-18. Human resource development grants defray expenses for both in-house group training and training conducted at outside institutions, and are widely used to train middle-aged and older workers. These grants are financed from a stabilization fund associated with the three employment insurance programs (but separate from unemployment benefit funds), to which employers are obliged to contribute.

Noteworthy among benefits for workers who voluntarily acquire new skills are training and education subsidies, first made available in December 1998. When workers who have paid employment insurance premiums for five years complete courses designated by the head of the Ministry of Labour, they receive financial support amounting to 80% of tuition (not to exceed 200,000 yen). As of October 2000, workers could use these subsidies to pay for 14,848 courses offered at 1,606 institutions, such as computer technology, shorthand, business English, and other courses that will help them satisfy the qualifications for certification in a variety of fields. Between March and September 1999, 47,901 workers received these subsidies.

Furthermore, in October 2000, the Ministry of Labour announced the “New Development Measures for the Rebirth of Japan.” To prevent unstable employment stemming from lack of worker skills in the face of rapid computerization, the Ministry of Labour aims to expand IT-related learning opportunities are aligned with the competence levels and needs of workers, including displaced and active workers. It is therefore committed to developing overarching measures aimed at “promoting computerization to all workers,” including developing a collaborative structure among the organizations concerned.

### V-18 Voluntary Vocational Training in the Private Sector (Objectives and content)





## V-19 Public Vocational Training Programs

					Facility	Human resource development centers
					Established by	Prefectural government
					Number of facilities	214
Category	Courses offered	Objectives	Training period	Total hours		
General	General courses	Provide middle- and high-school graduates with long-term training enabling them to acquire the basic skills and knowledge needed to secure employment	One year (high-school graduates); two years (middle-school graduates)	At least 1,400 hours, At least 2,800 hours	Number of trainees (total available slots per year)	19,820
	Short courses	Provide the employed and unemployed with short-term training enabling them to acquire the basic skills and knowledge needed to retain or find the jobs	Six months or less	At least 12 hours (at least 10 hours for management courses)		132,440
	Technical courses	Provide new graduates with short-term training enabling them to acquire the basic skills needed for technical work	Six months (high-school graduates); one year (middle-school graduates)	800 hours At least 1,600 hours		6,260
Advanced	Special courses	Provide high-school graduates with long-term training enabling them to acquire basic skills and knowledge necessary for their future careers	Two years (high-school graduates)	At least 2,800hours		—
	Applied courses	Provide persons who have completed special technical courses with the technical and applied skills necessary for future careers as high-level technical workers	Two years (persons who have completed technical courses)	At least 2,800 hours		—
	Short special courses	Provide workers with short-term training enabling them to acquire advanced skills or knowledge	Six months or less	At least 12 hours		—
	Short applied courses	Provide workers with the advanced technical and applied skills necessary for the jobs	One year or less	At least 60 hours		—
Total						158,520

Junior colleges		Junior colleges	Job skill development promotion centers	Human resource development centers for the handicapped		Total
Employment and Human Resources Development Organization of Japan	Prefectural government	Employment and Human Resources Development Organization of Japan	Employment and Human Resources Development Organization of Japan	National government	Prefectural governments	
10	7	7	60	13	6	317
—	—	—	100	2,370	380	22,670
—	—	—	221,015	1,030	—	354,485
—	—	—	—	—	—	6,260
2,200	1,400	3,160	—	—	—	6,760
—	—	640	—	—	—	640
7,200	—	7,560	50,330	—	—	65,090
—	—	1,840	—	—	—	1,840
9,400	1,400	13,200	271,445	3,400	380	457,745

### Forms, Structure, and Management of Labor Relations Commissions

The Labor Relations Commissions include the Central Labor Relations Commission, the Local Labor Relations Commissions, the Shipmen's Central Labor Relations Commission, and the Shipmen's Local Labor Relations Commissions. The Central Labor Relations Commission and the Shipmen's Central Labor Relations Commission are established in Tokyo by the national government. The Local Labor Relations Commission is established by each prefectural government. The Shipmen's Local Labor Relations Commission is established in each administrative area of the local Transportation Bureau by the national government.

The Labor Relations Commissions make up the so-called triad institutions comprising representatives of labor, management, and public interest groups. The number of representatives from each category is equal. Each committee has a chairperson elected from the committee members.

Sessions of the Labor Relations Commissions are in principle not open to the public. Only when it is admitted to be necessary in terms of public interest are sessions opened to the public. The Chairperson convenes the Commission meeting. Unless at least one member from each category participates in the meeting, the Chairperson cannot convene the meeting nor can he/she make any decisions. The majority vote of the participating members may determine the decision, and when the vote is tied, the Chairperson decides the vote by making the decision.

The Labor Relations Commissions have their own secretariat to organize their business transactions. The secretariat includes a Director of Secretariat and other necessary staff members.

### Power of the Labor Relations Commissions

The Labor Relations Commissions have two major powers: quasi-judicial power and coordinating power. The quasi-judicial power includes the authority to (1)

execute qualification examination of labor unions, (2) find resolution of labor agreements through their local and general binding authority, (3) determine when labor disputes are illegal, and (4) request punishment for the violation of prohibiting labor strikes in the national enterprises. As for items (1), (3), and (4), because of their nature, the Public Interest Members Meeting made up of members of the public interest only makes the decision. However, commission members from the management and the labor groups may participate in the commission hearing preceding the decision. The coordinating power includes providing labor disputes with good office, arbitration, and intervention. As supplementary power to these powers, the Labor Relations Commissions also have enforcement power, such as asking concerned persons to make reports at the commissions, requesting people to submit items such as accounting records, and making official inspections at related workplaces.

The Central Labor Relations Commission has the following special authority to (1) enact and proclaim rules concerning procedures of the Labor Relations Commissions; (2) give necessary and general instruction to Local Labor Relations Commissions concerning basic policies of business transactions and the interpretation of legislation; (3) review the Local Labor Relations Commissions' actions of implementing qualification examinations of labor unions, determining when labor disputes are illegal, and punishing against the illegal activities; and (4) provide by priority conciliation, mediation and arbitration, and punishment of important disputes that involve more than two prefectures or the whole nation.

The relationship between the Shipmen's Central Labor Relations Commission and the Shipmen's Local Labor Relations Commissions are the same as the relationship between the Central Labor Relations Commission and the Local Labor Relations Commissions. In addition, the Shipmen's Labor Relations Commissions deal only with shipmen who are subject to the Seamans' Law.

Only the Central Labor Relations Commission has the power to provide conciliation, mediation and arbitration to labor-related affairs involving officers of national enterprises (such as the postal service, the national forest, printing banknotes, and minting) and special independent administrative entities. The Central

Labor Relations Commission also has the power to execute qualification examinations of labor unions and to determine when labor disputes are illegal and to punish illegal acts of labor disputes by officers of national enterprises and special independent administrative entities.

### V-20 The Structure of the Labor Relations Commissions

