

### 1 Employment Measures and Relief for the Unemployed

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 maximal use of their abilities.

As an indicator of the direction of mid-term employment policies, 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. To respond accurately 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 accurate response to changes in economic and industrial structures.
- (2) Along with the upgrading of workers’ skills, promoting human resource training to support socioeconomic development.
- (3) Aiming for the realization of a society in which people can make the most of their ambition and abilities.
- (4) Developing employment policies from a global perspective.

#### The Labor Situation 2002

The current employment situation is increasingly severe, with the complete unemployment rate reaching all-time high levels while the effective job offer to applicant ratio is falling.

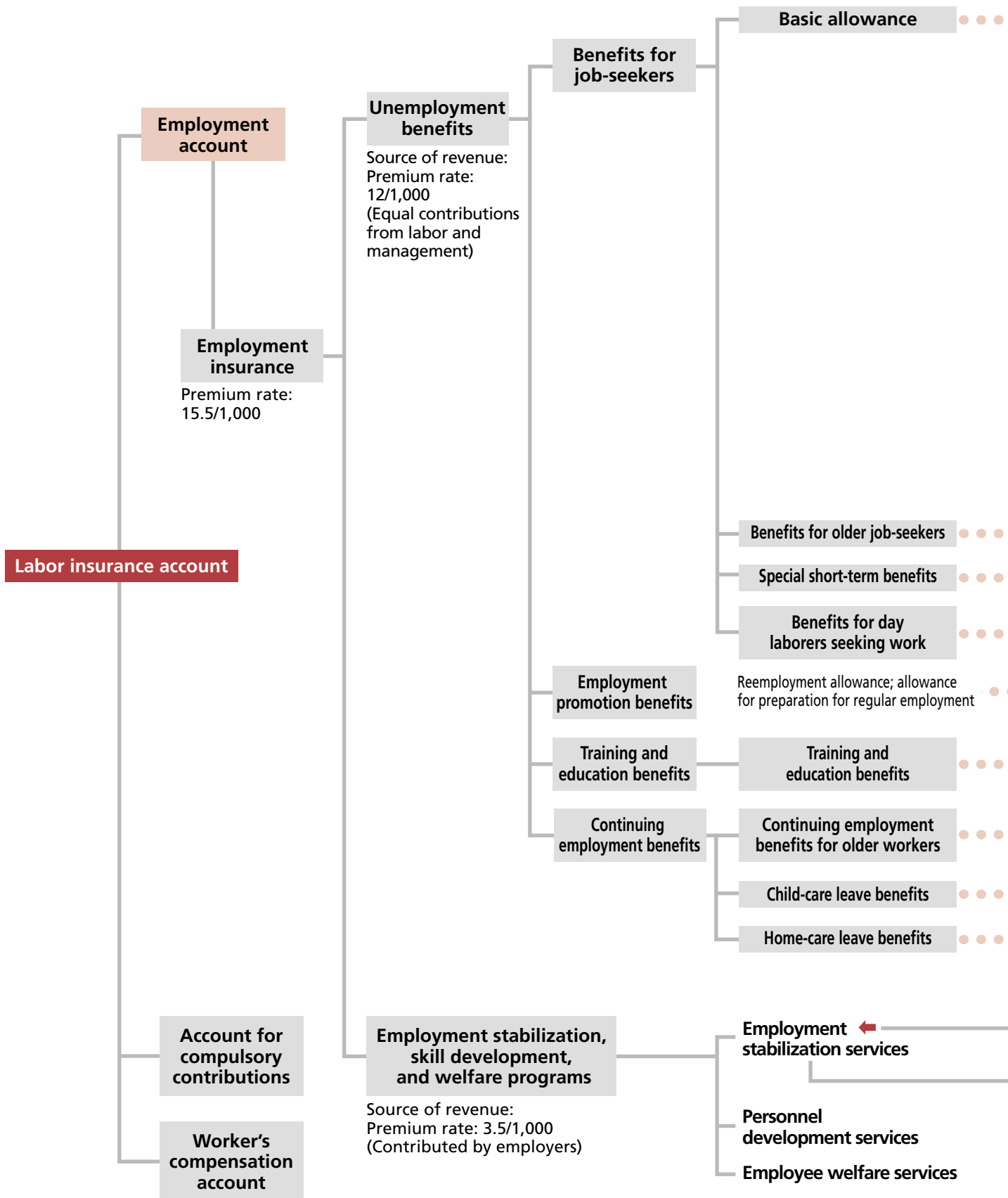
To cope with this sort of harsh employment situation, the “General Employment Measures” were laid down on September 20, 2001, taking the necessary steps in The First Supplementary Budget. The Measures contain elements such as the following:

- (1) Creation of employment opportunities meeting regional needs through a new Special Emergency Regional Employment Subsidy,
- (2) Support for shifts in the labor force without job loss by making effective use of resources in the private sector, such as sponsorship for re-employment assistance through private employment assistance offices,
- (3) Elimination of mismatches of ability and age by the training of career counselors, etc., with a target of 50,000 such counselors trained in 5 years,
- (4) Improvement of the “safety net” through the expansion of extended training allowances in unemployment insurance and the establishment of a Lifestyle Funds Loan System for specified out-of-work persons such as those self-employed who were forced out of business.

Moreover, steps such as the following have been taken, in the “Law on Employment Measures in Extraordinary Cases,” as necessary legal adjustments for the implementation of the “General Employment Measures”:

- (1) Creating the possibility for middle-aged and older workers struggling motivationally with skill development to attend multiple training sessions aimed at re-employment,
- (2) Establishing assistance for the hiring of middle-aged and older workers along with administrative reform
- (3) Extending the maximum dispatch time for

## V-1 Employment Insurance Program (fiscal year 2002)



**Benefits System for Qualified Workers**

The term of benefits for the generally insured except insured short-term workers

a The ordinary unemployed

Classification/Insured period	Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
The generally insured	90 days		120 days	150 days	180 days
Persons difficult to be re-employed	-44	150 days			
	45-64	360 days			

(1/4 from government Treasury)  
(1/3 is broad, extended benefits)

b The unemployed as a result of bankruptcy, dismissal, etc.

Age/Insured period	Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
Under 30	90 days	90 days	120 days	180 days	210 days
30-44		90 days	180 days	210 days	240 days
45-59		180 days	240 days	270 days	330 days
60-64		150 days	180 days	210 days	240 days

Term of benefits for the generally insured who are insured short-term workers

a The ordinary unemployed

Classification/Insured period	Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
The generally insured	90 days		90 days	120 days	150 days
Persons difficult to be re-employed	-29	150 days			
	30-64	270 days			

b The unemployed as a result of bankruptcy, dismissal, etc.

Age/Insured period	Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
Younger than 30	90 days	90 days	90 days	150 days	180 days
30-44		90 days	150 days	180 days	210 days
45-59		180 days	210 days	240 days	300 days
60-64		150 days	150 days	180 days	210 days

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

Lump sum for seasonal workers amounting to 50 days' pay

One day's pay for each incidence of unemployment

80% of tuition [Max-limit ¥300,000, Minimum-limit ¥8,000]

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

40% of salary, paid prior to leave

40% of salary, paid prior to leave

60%-80% of previous daily wage  
(Under 30 ¥3,400- 8,754)  
(30-44 ¥3,400- 9,726)  
(45-59 ¥3,400-10,704)  
(50%-80% for workers aged 60-64 ¥3,400- 9,725)

60%-80% of previous daily wage  
(Under 30 ¥1,728- 8,754)  
(30-44 ¥1,728- 9,726)  
(45-59 ¥1,728-10,704)  
(50-80% for workers aged 60-64 ¥1,728- 9,725)

(Not funded by the Treasury)

(1/4 from treasury funds)

(1/3 from treasury funds)

(Not funded by the Treasury)

(Not funded by the Treasury)

(1/8 from government funds)

(1/8 from government funds)

(1/8 from government funds)

Same as above

The same benefit as for general wage-earners under the General Job-Hunting Benefit

Three-stage benefit: ¥7,500, ¥4,100, ¥6,200

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

middle-aged and older temporary workers from one year to three years.

Japan's unemployment 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 in principle to between 60 and 80% of their previous salaries, and are paid for a period ranging from 90 to 360 days.
- (2) Three programs are in place to prevent unemployment, improve the labor market, expand employment opportunities, develop or improve workers' skills, and promote employee welfare: employment stabilization programs, skills development programs, and welfare programs. While the main function of the unemployment 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.

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) Subsidies 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, or those who need support in locating employment in cases such as a change in labor market conditions, are referred by Public Employment Security Offices or by work introduction professionals at free or fee-based employment agencies. The subsidies cover part of the salaries paid to them.

## 2

## Policies Designed to Secure Employment for Older and Disabled Workers

### Helping Older Workers Find Employment

The rapid aging of Japan's population is a phenomenon as yet unobserved anywhere else in the world. With the dawning of the 21<sup>st</sup> century, the baby boom generation will be entering its sixth decade. In terms of total population, approximately one person in three will be over 60 years of age, while in the labor force that ratio will be approximately one person in five. To maintain socio-economic vitality under these circumstances, it will be necessary for as many elderly as possible to take an active part in supporting society and the economy. To realize this in the future, we need to create a society in which motivated and able persons can continue to work, regardless of age.

With this fundamental understanding, the government is enacting the following measures. Over the next ten years, we will endeavor to raise the standard retirement age to 65. At the very least, it is necessary for 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 FY2002.

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

Guidance and assistance are 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 and improvement of the continuous employment system at companies.

### Assisting and Promoting the Re-employment of Middle-Aged and Older Workers

To assist employers in the rehiring of retired persons and middle-aged and older workers who were forced to leave work, we are endeavoring to promote the

popularization 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.

### Promoting Diverse Work and Social Participation for the Elderly

- (1) We will broaden the scope of current programs at Silver Human Resource Centers by, for example, functionally enriching those Centers' ability 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.
- (2) 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. Specifically, 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.

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 or over who is in good health and 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 March 2001, approximately 640,000 persons were members of Silver Human Resource Centers.

### Propelling Policy for the Realization of a Society

For the realization of a society in which people can work regardless of age, we will hold a conference of

experts as well as a research group with the purpose of exchanging a wide range of opinions on how employment systems should be used in such a society and how to improve conditions from hire to retirement; and we will proceed with the study.

### **Employment Measures for Persons with Disabilities**

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 job 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 Employment Promotion, etc. of the Disabled, and Fundamental Policy for Employment Measures for Disabled Persons.

### **Employment Quota System for Disabled Persons and Levy and Grant System for Employing Persons with Disabilities**

The Law for Employment Promotion, etc. of the Disabled stipulates that quotas be established for the hiring of the physically and or intellectually 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 employment quotas are:

- Private corporations: 1.8%
- Special government corporations: 2.1%
- National and local public corporations: 2.1%
- Designated school boards: 2.0%

Public Employment Security Offices promote the employment 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 Levy and Grant System for Employing 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. Levies are collected from companies that fail to fulfill the employment quota, and distributed as bonuses to companies that employ more physically or intellectually disabled persons than the quota. A number of grants are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing grants, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

### **Future Direction of Measures for the Employment of Disabled Workers**

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

To create employment opportunities for persons with disabilities, we have been making every effort by assigning people to find job offers for the disabled and sponsoring group interviews etc. In addition, we started “Program for Creating Employment Opportunities” from fiscal year 2001, which supports probationary employment for three months.

In the medium and long term, in accordance with “The Fundamental Policy for Employment Measures for Disabled Persons”, etc., we will make additional efforts to promote the employment of the physically and intellectually disabled persons by strictly enforcing the above employment quotas, and we also need to gradually and systematically advance comprehensive and through polices that meet the needs of persons with all types of disabilities, such as establishing environments to promote the employment of the mentally disabled persons and to maintain their employment relationship.

## V-2 FY2002 System of Employment Measures for Older People

### 1. Measures to secure employment for people aged up to 65, tapping their expertise and experience

- **Promotion of a raised retirement age, or the introduction, etc. of a continuous employment system**
  - Guidance, and careful consultation and assistance for business owners by Public Employment Security Offices
  - Consultation, assistance, etc. using elderly employment advisors at employment security centers for the elderly, etc. (comprehensive promotional services for the improvement of the work environment (Jump 65 promotional services))
  - Subsidy measures for business owners who raised the mandatory retirement age and introduced a continuous employment system (Subsidy for Promotion and Establishment of Continued Employment)
- **Support for older workers (Grants For Employment of Older Workers)**
- **Promotion of job development for older persons through cooperation with regional economic organizations**

### 2. Support and Promotion of Reemployment of Older People

- **Guidance and Assistance for Employers, etc. who assisted in the rehiring of retired persons and older workers who were forced to leave work**
  - Promotion of support by business owners for current middle-aged and older employees who are planning to leave work (popularization of a system of re-employment assistance plans, and promotion of their effective use)
  - Counseling and assistance activities using reemployment support consultants at employment security centers for the elderly, etc. (comprehensive promotional services for the improvement of the work environment (Jump 65 promotional services))
  - Subsidy measures for business owners, etc. who assisted in the reemployment of older workers who were planning to leave work (Subsidy to Help Workers in Office Find Employment)
  - Subsidy measures for business owners who accept middle-aged and older workers within the enterprise group (employment security subsidies for the transfer of older workers)
- **Job counseling and introduction of work at Public Employment Security Offices**
  - Careful consultation and assistance by the Professional Assistance Department
  - Consultation and assistance together with elderly welfare services by a job counseling room for the elderly managed in cooperation with the local government.
- **Guidance and Education for the easing of age restrictions in recruiting**
- **Promotion of the hiring of older persons through Public Employment Security Offices and employment agencies in the private sector (Subsidies for Employment Development for Specified Job Applicants)**

### 3. Promotion of Social Participation of Older People

- **Promotion of business at Silver Human Resource Centers**
  - Promotion of short-term and temporary work for the elderly
  - Promotion of living assistance support services for the elderly
  - Promotion of senior work programs (aimed at the elderly, implementation of skills classes, group interviews and workplace experience courses, etc. with employer groups)
- **Support for older persons starting their own enterprises**
  - Support measures for businesses started by 3 or more senior citizens (support programs to create joint employment opportunities for older people)
  - Consultation, assistance, etc. on self-management by Industrial Employment Security Centers
- **Promotion of short-term employment for the elderly (services providing employment and work opportunities for the elderly)**
- **Consultation, assistance, etc.—on employment and work for the elderly—for business owners and middle-aged and older workers who are planning to leave work by Elderly Employment Support Centers/Corners.**

### 4. Approach to Realization of Society According Job Opportunities Regardless of Age

- **Hold a conference of intellectuals on development of society with job opportunities regardless of age**

## V-3 System of Employment Measures for Persons with Disabilities

Comprehensive promotion of employment measures for disabled persons, aiming at the realization of a society in which persons with disabilities and persons without can participate similarly in their places of employment, according to ability and aptitude.

### New Long-Term Project for Support of the Disabled, Plan for the Disabled

### The Fundamental Policy for Employment Measures for Disabled Persons

### Comprehensive Promotion of Employment Measures for Persons with Disabilities

#### (1) Guidance and assistance for business owners

- **Employment quota system for disabled persons**
  - Stipulated employment rate
    - Private enterprise: General—1.8%, Special government corporations—2.1%
    - National, Local government: 2.1% (selected school boards—2.0%)
  - Guidance in fulfilling quotas through order to prepare “A Plan for Hiring Disabled Persons”
- **Support, etc. for employers through the system of levy and grant system for employing persons with disabilities.**
  - Adjustment of the imbalance of economic burden between employers by levy and grant system for employing persons with disabilities
  - Support for employers who improve facilities, equipment and so on for disabled employees; assign assistants; give consideration toward housing and transportation; and continue to employ persons who become disabled while on the job
  - Assistance in paying wages through bounty for the employment development for specified job applicants
- **Provision of expertise regarding employment for persons with disabilities**
  - Provision of positive examples and employment administration expertise regarding employment for persons with disabilities

#### (2) Implementation of occupational rehabilitation based on the characteristics of each persons with disabilities

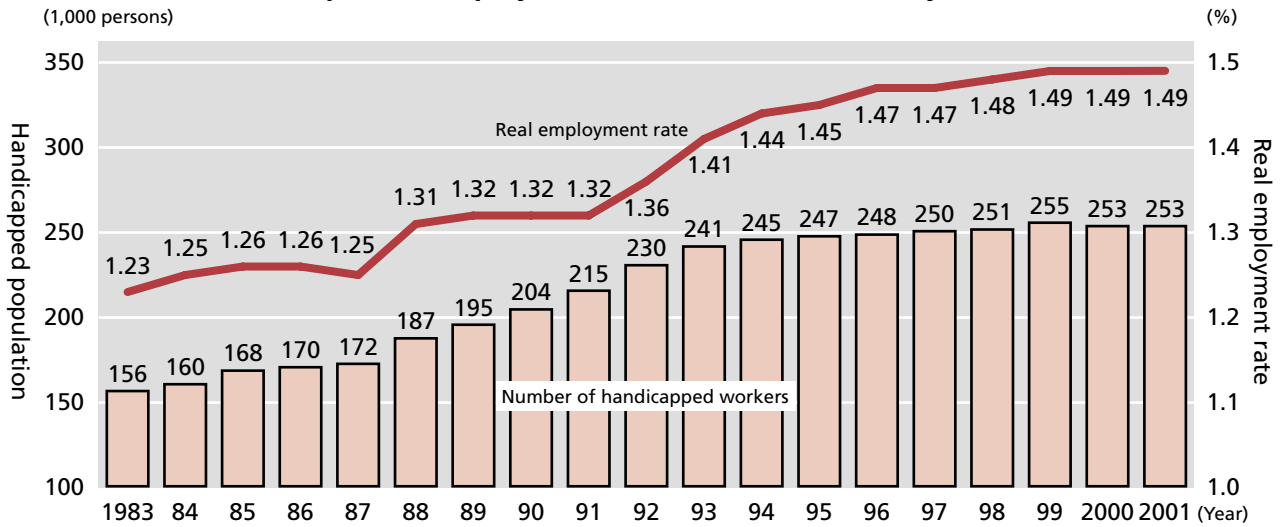
- Offer of advice, referrals, and guidance for adaptation to the workplace according to the needs of persons with disabilities, at Public Employment Security Offices
- Provision of specialized occupational rehabilitation services to persons with disabilities (e.g. performance evaluations) at vocational centers for persons with disabilities (operated by the Japan Association for Employment of Persons with Disabilities)
  - Personal support by Job Coaches for adjustment in the workplace
- Promote the combined assistance of employment and living support within the living area
- Strengthening of cooperation with institutions related to health, welfare, etc.

#### (3) Education related to employment of persons with disabilities

- Creation of an opportunity for enterprises to employ persons with disabilities through trial employment
- Institution of a promotional month (September) for the employment of persons with disabilities
- Cooperation with the disabled groups in public information and education activities

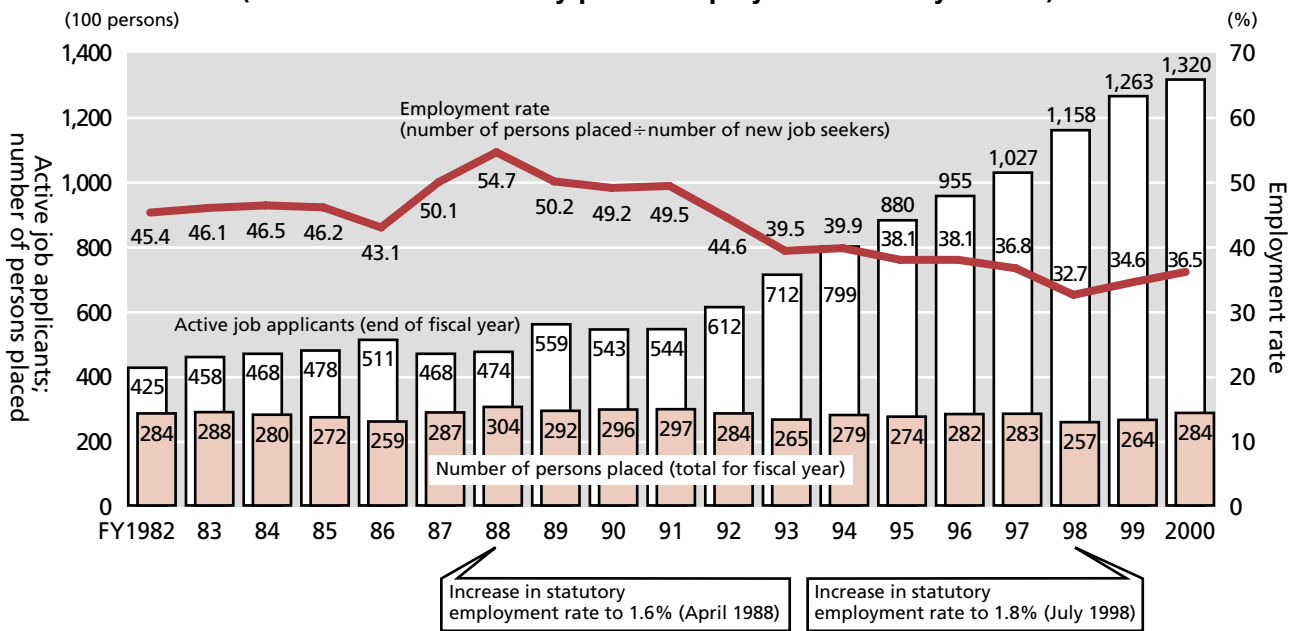


### V-4 Employment Situation of Disabled Persons (report on employment conditions, 1 June each year)



Source: Employment Security Bureau Statistics, Ministry of Health, Labour and Welfare

### V-5 Employment Situation of Disabled Persons (transactions handled by public employment security offices)



Source: Employment Security Bureau Statistics, Ministry of Health, Labour and Welfare

### 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 97 Part-time Job Banks and 117 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, in both name and services offered to form Hello Work to Support Combining Work and Family. The Public Employment Security Offices established a Hello Work to Support Combining Work and Family at 12 locations throughout the country to support users in the combination of 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 March 31, 2002)

### The Public Employment Security Offices

**Main offices (478 offices)**

**Branch offices (109 offices)**

**Supplementary offices  
(28 offices)**

- A. Employment counseling and assistance, job introduction (for the general public, the elderly, graduates, the disabled, day workers, etc.)
- B. Job instruction (providing employment information, implementing vocational aptitude tests, etc.), instruction about vocational training
- 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.)
- D. Providing information on employment, job seeking, and the labor market
- E. Business transactions concerning employment insurance (applicability and payment)
- F. Business transactions concerning subsidies
- G. Business transactions concerning demand-supply coordination among the private labor force (acceptance of application of job introduction project for fees, etc.), and others

### Institutions to provide specific services

**Bank of Human Resources  
(26 Banks)**

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.

**Part-time Job Bank (97  
Banks) and Part-time Job  
Satellite (117 Satellites)**

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.

**Hello Work to Support  
Combining Work and  
Family (12 institutions)**

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.

**Hello Work Information  
Plaza (47 institutions)**

Job seekers can find a wide range of job information by using searchable devices at the Hello Work Information Plaza.

**The Comprehensive  
Employment Support Center  
for Students (1 center),  
Employment Centers for  
Students (6 centers),  
and Counseling Rooms for  
Students (40 centers)**

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.

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-1970's, this trend leveled off. Since the revised Labor Standards Law became effective in 1988, establishing a 40-hour workweek as the norm, working hours have continued to decrease.

In FY2000, scheduled working hours remained at 1,714 while overtime hours were 140 (an increase of 6 hours over the previous fiscal year), so that total working hours increased by 6 to 1,854 hours.

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% of the paid holidays and vacation days to which they are entitled each year. In 2000, the average worker was entitled to 18.0 paid annual leave, but generally used only 8.9 days (49.5%).

### 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). To this end, it has placed importance on encouraging workers to take paid annual leave and reducing the number of overtime hours, and is coping with these issues now.

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, with the goal of public consensus on the widespread application of extended vacation time, the “National Convention on Extended Holidays and its Effect on Home Life” was held five times since January 2000, and a report on the topic was issued in July of the same year. Currently, we are aiming at realizing the long-term holiday (L Holiday) system referred to in that report within a short time, and are striving to promote its popularization with the understanding and cooperation of interested parties, starting with labor and management.

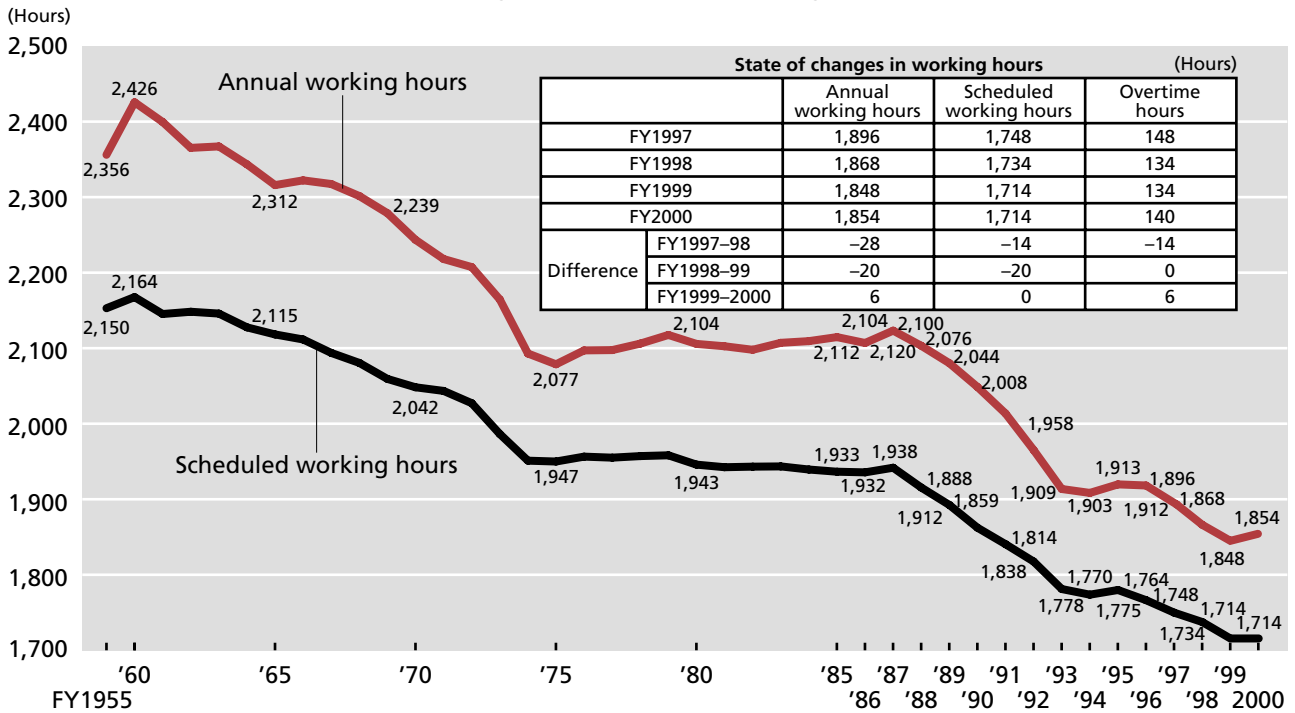
Notes: 1) Variable Scheduling System

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.

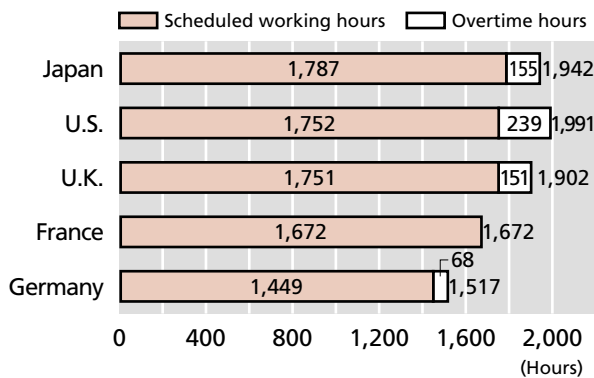
### V-7 Shifts in Average Total Annual Working Hours per Worker



Source: *Monthly Survey of Labour Statistics*, Ministry of Health, Labour and Welfare

- 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.
- 4) Figures from FY1983 and earlier were obtained by adding up all monthly figures.

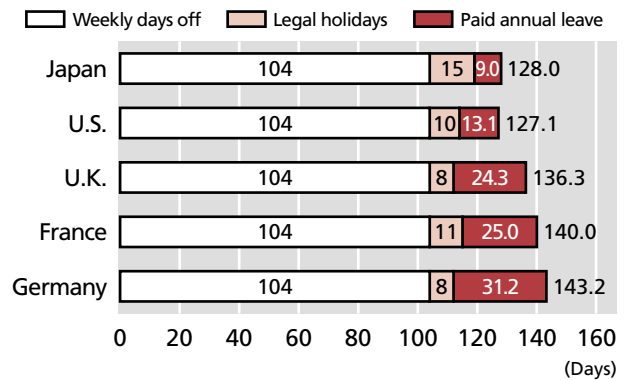
### V-8 International Comparison of Annual Working Hours (workers in the manufacturing industry: 1998)



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

- Notes: Figures for Germany are from 1997 and from 1998 for France. 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) "Paid annual leave" 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 paid annual leave are as follows.

Japan	1999
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 Councils, composed of members representing labor, management, and the public interest, that set minimum wages subsequent to research and deliberation; and (2) local minimum wages set by collective agreements.

When minimum wages are determined by (1) above, details such as how much the minimum wage should be, and how widely it should be applied, will be decided based on discussion by a Minimum Wages Council composed of members representing labor, management, and the public interest.

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.

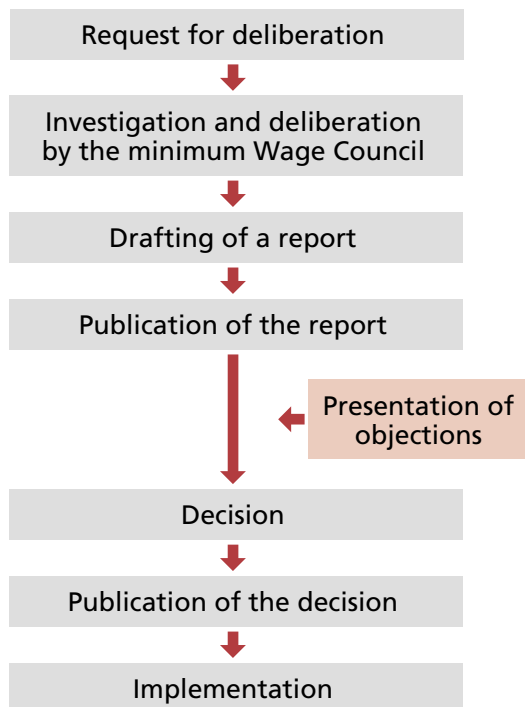
One local minimum wage is determined for each prefecture, regardless of the type of industry or occupation. Usually, the minimum wage in a given prefecture applies to all workers in all workplaces in that prefecture, and to all employers who have one or more workers.

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, 2002; yen)

	Daily rate	Hourly rate
Minimum wage by prefecture	5,292	664
Minimum wage by industry	6,022	

## 6 Industrial Safety and Health

### Occupational Accidents

Though industrial accidents have steadily been decreasing in a long run, there are still approximately 550,000 cases annually.

The number of deaths in these cases was 1889 in FY2000, a decrease of 103 compared with FY1999, resulting in the third consecutive year with fewer than 2000 deaths.

According to the results of periodical health screening test, more than 40% of all workers have some positive-findings. It is also observed that increasing the number of workers who feel some kind of stress on their job.

### Present Conditions and Issues in Industrial Safety and Health Measures

Since 1958, the Ministry of Labor has implemented eight 5-year plans to prevent industrial accidents. In accordance with the Ninth Industrial Accident Prevention Plan (1998–2003), we are striving toward the following goals:

- (1) Eradication of fatal accidents at the workplace
- (2) Assuring safety and health in small and medium-scale enterprises
- (3) Assuring safety and health as aging society develops
- (4) Introduction of new safety and health management methods

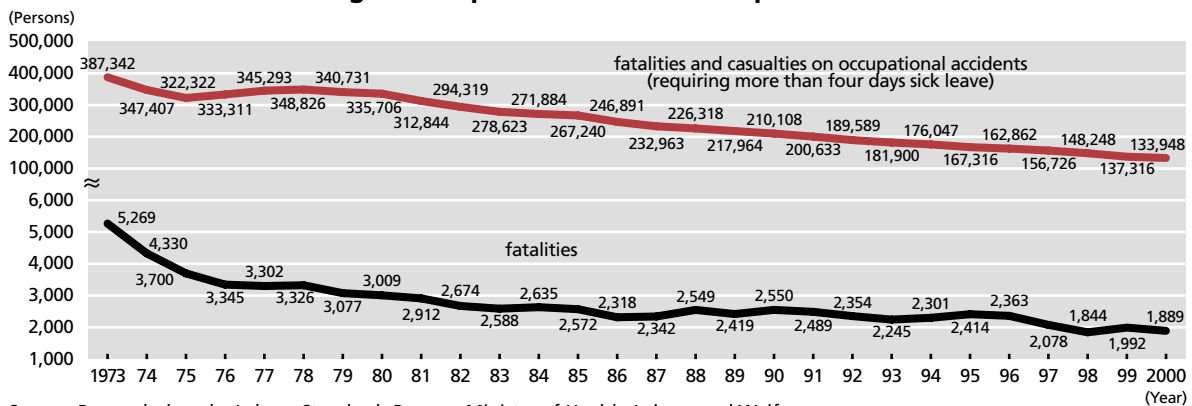
### Workers' Compensation Insurance System

This government insurance system pays the necessary insurance benefits to workers to give them prompt and equitable protection against injury, illness, disability, death, etc. resulting from employment or commutation. The system also provides welfare services to injured workers to promote their smooth return to society (see 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) and seamen who are eligible for the Mariners Law. Certain businesses engaged in agriculture, forestry or fishery, and employing five or fewer workers may be eligible on a temporary basis. Additionally, special enrollment may be granted to smaller business owners and their family employees, sole proprietorships, and workers dispatched 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.

V-12 Changes in Reported Cases of Occupational Accidents



Source: Research done by Labour Standards Bureau, Ministry of Health, Labour and Welfare

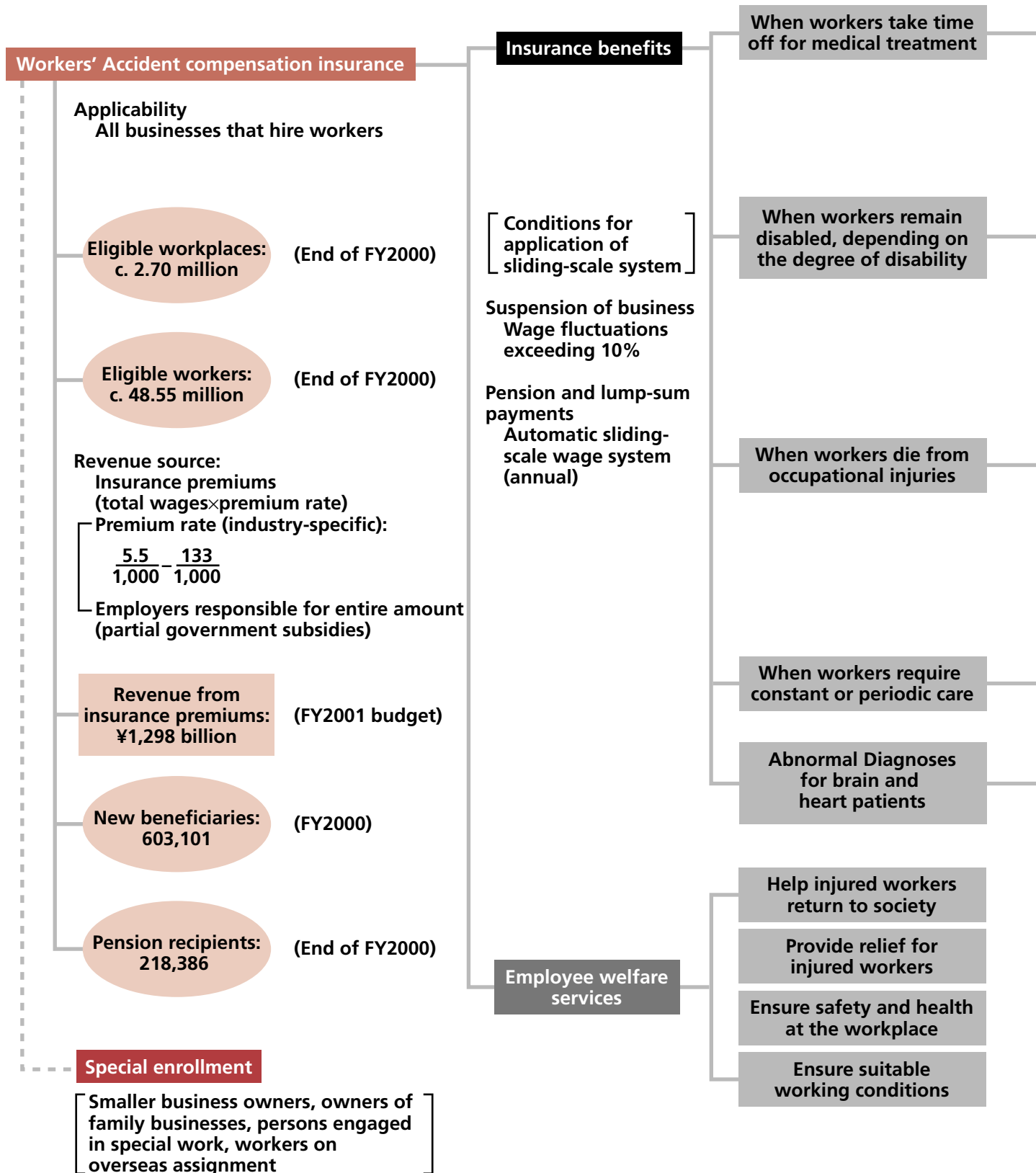


## **(2) Insurance Premiums and the Burden of Expenses**

Employers are required to pay insurance premiums, which are calculated by multiplying total payable wages by the accident rate determined for each business category (5.5/1,000–133/1,000). Companies

larger than a specific size may participate in a so-called merit system, whereby premium rates or total premium (excluding those related to accidents occurring while in commute or benefits for a second physical exam) are based on relevant accident rates at each company.

## V-13 Outline of Workers' Compensation Insurance System



<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation for medical expenses</div>	[ All medical expenses ]	<div style="border-left: 1px solid black; border-right: 1px solid black; border-bottom: 1px solid black; padding: 10px;"> <p><b>+ Additional special benefits</b></p> <ul style="list-style-type: none"> <li>* Special benefits for missed work</li> <li>* Special lump-sum payments</li> <li>* Special pensions</li> </ul> </div>
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation for missed work</div>	[ 60% of standard benefits per day of work missed, beginning on the fourth day of absence ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation for illnesses or injuries (pension)</div>	[ 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 ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation for disabilities (pension)</div>	[ Payment ranging from 131 (Class 7) to 313 (Class 1) days' worth of pension at standard daily rate ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation for disabilities (lump sum)</div>	[ Payment ranging from 56 (Class 14) to 503 (Class 8) days' worth of pension at standard daily rate ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation to survivors (pension)</div>	[ Payment ranging from 153 days to 245 days' worth of pension at standard daily rate, according to number of survivors ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation to survivors (lump sum)</div>	[ Lump-sum payment amounting to 1,000 days' worth of standard pension to survivors not eligible for pensions ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation to Funeral expenses (Full payment)</div>	[ ¥315,000 + 30 days of standard compensation (minimum compensation: 60 days' worth at standard daily rate) ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Compensation for nursing care</div>	[ Up to ¥108,300 for constant care and ¥54,150 for occasional care, per month ]	
<div style="border: 1px solid black; padding: 2px; background-color: #e0e0e0; width: fit-content;">Payment for a second medical exam</div>	[ Second exam to ascertain cardio vascular or heart condition and special health guidance by a doctor ]	

**(Provision of artificial limbs, establishment and administration of industrial accident hospitals)**

**(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)**

- Notes: 1) Standard daily rate is calculated by dividing total wages paid to a worker during the three calendar months preceding the injury by the number of calendar days in that period. (minimum compensation: ¥4,230).  
 2) Minimum and maximum standard daily rates for pensions and long-term (18 months) medical treatment are determined according to age group.

## 7 Gender Equal Employment Policies

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 their participation in the labor force while providing working conditions that enable them to achieve a reasonable balance between their careers and family lives.

Over ten years have elapsed since the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment (hereinafter referred to as the Equal Employment Opportunity Law) was enacted in 1986. Now that more women are in the work force 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.

Accordingly, the Equal Employment Opportunity Law was revised and strengthened in June 1997. While it had previously been employers' obligation to direct efforts toward the prohibition of discrimination against women in recruiting, hiring, assignment and promotion, the new version promotes positive action and the establishment of rules for the prevention of sexual harassment in the workplace. In addition, a system was created whereby violating organizations' names will be made public. Brought into effect everywhere in April 1999, the law also revises the mediation process, nullifies regulations against female employees' working overtime, on holidays, and graveyard shift, and respects the necessity of maternity leave.

In order to ensure the execution of the revised Equal Employment Opportunity Law, the Equal Employment Opportunity Departments of the Prefectural Labor Bureaus—branch offices the

Ministry of Health, Labor and Welfare established in each prefecture—have implemented the following measures:

- (1) The Department disseminates the Equal Employment Opportunity Law thoroughly, and also provides counseling about sexual discrimination in recruitment, hiring, assignment, promotion, and dismissal, as well as sexual harassment in the workplace.
- (2) Advice and guidance will be provided by the Director of the Prefectural Labor Bureau, or mediation by the Equal Opportunity Mediation Committee, to ensure prompt resolution of individual disputes between female workers and their employers regarding equal treatment.
- (3) The Bureau actively provides positive administrative guidance based on the Equal Employment Opportunity Law to grasp the real state of a company's employment management and to help private companies treat men and women as equally as possible.

Further, the Ministry and the Bureau encourage understanding among the top echelon of management and consensus within companies to promote positive action for the dissolution of the existing gap between male and female workers caused by employment management based on customary practices and a static sense of sex roles. And, in cooperation with management groups, we are trying to promote efforts for companies themselves to take this positive action independently.

Additionally, the Ministry of Health, Labor and Welfare 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 Leave and Family Care Leave Systems

### Passing of a Bill to Amend in Part the Child Care and Family Care Leave Law

With the development of the declining birthrate in recent years as background, there are strong indications that the feeling of burden is increasing for those who are combining work with childrearing. Therefore, because the employment environment needs improvement to facilitate bringing up children while working, and it is necessary to reduce the burden in this combination of work and childrearing, the bill of revision was submitted to the 151<sup>st</sup> Diet. This bill incorporates such items as the prohibition of disadvantageous treatment based on the reason that a worker took child care leave, etc.; restriction of overtime work for workers who take care of children or other family members; establishment of an obligation to strive toward vacations for looking after children.

This bill was carried over from the 151<sup>st</sup> Diet for later consideration, and results of the deliberation were reached during the 153<sup>rd</sup> Diet, on November 9, 2001.

Except for the portions of this amended law that went into force on the day of promulgation, such as the prohibition of disadvantageous treatment, the amendment is effective as of April 1, 2002.

Outline of the amendment partially revising the law regarding the welfare of workers carrying out child care or family care, such as child care leave and family care leave

#### 1 Outline

- (1) Prohibition of disadvantageous treatment based on reasons such as child care leave  
Disadvantageous treatment by an employer because a worker took child care leave or family care leave, or applied for such leave, is prohibited.
- (2) Restrictions on overtime work  
Workers who are bringing up pre-school age children or taking care of family members

may request exemption from any overtime exceeding 150 hours in a year and 24 hours in a month.

- (3) Raising of the age of children for whom workers can take steps such as shortening office hours

The age of children for whom employers are obliged to take steps toward the shortening of office hours shall be raised from under 1 to under 3.

- (4) Duty of making efforts to create a vacation system for looking after children

Employers must now strive toward the introduction of a vacation system for workers to look after pre-school age children.

- (5) Giving careful consideration to transfers

Employers must take child care and family care circumstances into account when considering the transfer of an employee.

- (6) Raising of awareness and enlightenment by the government

The government shall promote awareness and enlightenment regarding the coupling of work and family by workers

### Child Care Leave

Workers may take child care leave upon application to their employer. Child care leave entitles workers to take vacation time for childrearing purposes until the child reaches one year of age.

### Family Care Leave

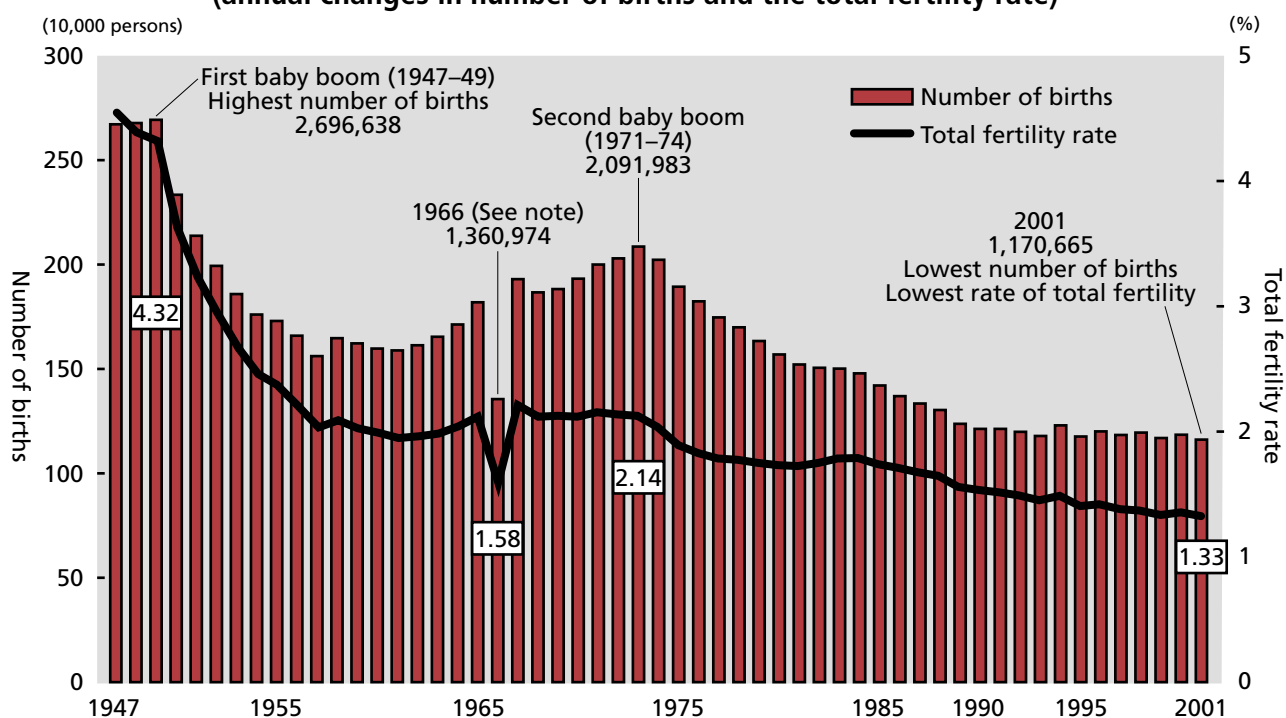
Workers may take family care leave upon application to their employer. They are entitled to be absent from work for a maximum of three months to care for family members (spouse, parents and children [also, grandparents, siblings, and grandchildren living in the same domicile as the worker requesting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

## Efforts Toward the Firm Establishment of these Systems

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

The Ministry of Health, Labor and Welfare has 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 facilitate workers' taking child care and family care leave, and to create a smooth return to the workplace after taking leave.

**V-14 Continuing Decline in the Birth Rate**  
(annual changes in number of births and the total fertility rate)



Source: *Vital Statistics*, Ministry of Health, Labour and Welfare

Note: There were many fewer births in 1941, an unlucky year in the Chinese astral calendar, which Japan adopted centuries ago. 2001 data is round.

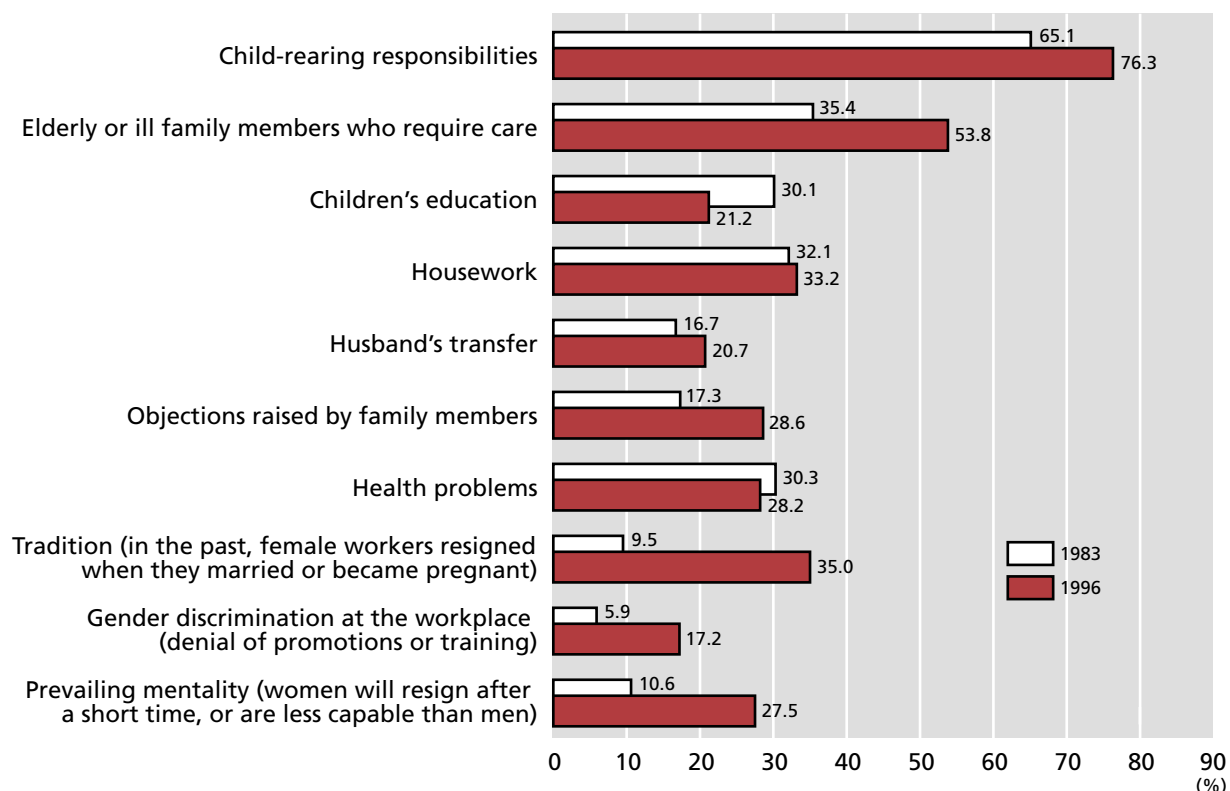
**V-15 The Aging of Japanese Society**

(%)

Age group	1975	1995	2000	2025	2050
Senior citizens (65+)	7.9	15.9	17.4	28.7	38.7
Potential workers (15-64)	67.7	69.4	68.1	59.7	53.6
Juveniles (Under 15)	24.3	14.5	14.6	11.6	10.8

Sources: *National Census*, Management and Coordination Agency; *Population Projections for Japan: January 2002*, 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,” in a narrow sense, refers to vocational training conducted at public vocational training facilities. However, more broadly, public vocational training includes the disbursement of subsidies to defray educational expenses, and is based on the following three policies:

- (1) Providing vocational training at public vocational training facilities (the narrow definition of public vocational training).
- (2) Encouraging employers and employer associations in the private sector to offer vocational training by awarding subsidies, disseminating information, and providing consulting services.
- (3) Motivating workers to acquire skills voluntarily by granting subsidies and providing informational and consulting services.

V-19 shows the ways in which public vocational training has been implemented in Japan. Young people are offered mainly long-term training lasting one to two years, while persons separated from their jobs receive mostly training of six months or less and persons currently employed primarily receive short-term training of only a few days. By law, vocational training is offered to those changing occupations (and currently unemployed) and the physically disabled free of charge, but the cost of texts and other materials is borne by trainees. Some training courses for those changing occupations (and currently unemployed) are entrusted to private education and training institutions. Training subjects taught at public vocational training facilities are mostly vocational and technical subjects for industries such as manufacturing and construction, but among the training commissioned to the private sector, courses are established in various subjects like computers and social welfare. 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 education and training in the private sector are outlined in Figure V-18. The Subsidy to Promote Career Development appearing therein is intended to promote effective career development for employees within the organization. Employers will be subsidized to cover part of the wages and expenses associated with the conduction of educational and training activities they provide, based on a plan created within the business, for the workers employed there. The financial resources for the Subsidy to Promote Career Development come from a separate body established under the employment insurance umbrella and, being funds collected universally from business owners, shall be returned (again, universally) to Employers in the form of subsidies for education and training.

In terms of support for self-education, V-18 also shows the Education and Training Benefits System introduced in December 1998. This is for workers who have been enrolled in unemployment insurance for at least five years, and provides assistance to the amount of 80% of class expenses (maximum of 300,000 yen) paid by workers who attended and completed education or training designated by the Minister of Health, Labor and Welfare. As of October 2001, eligible courses numbered 22,183 at 2,527 facilities, and it has become possible to receive benefits for many courses, such as in computers and bookkeeping, as well as preparation for a variety of certifications. Furthermore, starting in April 2002, we are trying to launch the construction of a new system for human resources training—Pushing ahead with Leading Efforts to Create a human resources superpower—with cooperation, etc. of industry, academia, and the government.

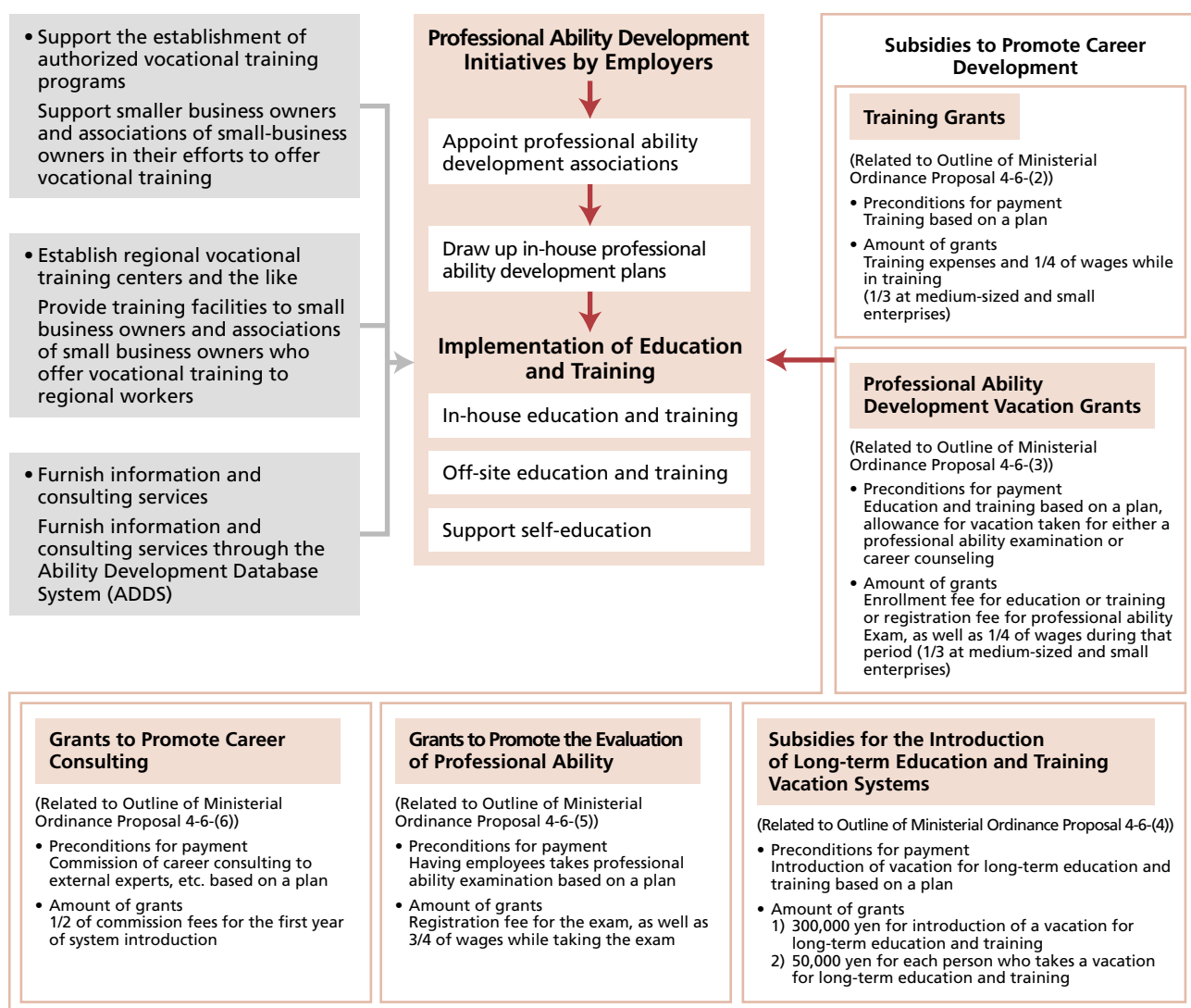
In addition, the Comprehensive Employment Measures were laid down in September 2001; the



three main Programs are creation of employment opportunities by fostering the development of new markets and new industries, corrections in employment mismatches, and improvement of the employment safety net. To deal with certain measures immediately, this program was incorporated in the First Supplementary Budget (2001) and shall receive appropriations in the FY2002 budget as well. Of these urgent steps for development of professional ability, certain measures have already been put into effect. For example, the promotion of professional ability development for persons like middle-aged and

older white-collar workers separated from their jobs, making use of all educational and training resources such as private education and training institutions, universities and graduate schools, business owners and non-profit organizations. Another measure is the placement at public employment security offices of advisors to support development of abilities. These advisors will do such things as provide consultation for job seekers on ability development connected with the job search process, based on understanding their work experience and aptitude.

### V-18 Outline of Self-education and Training in the Private Sector



## V-19 Public Vocational Training Programs

					Facility	Human resource development centers
					Established by	Prefectural government
					Number of facilities	207
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)		132,652
	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						158,732

Junior colleges		Junior colleges	Job skill development promotion centers	Human resource development centers for the disabled		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	
1	7	10	60	13	6	304
—	—	—	100	2,370	380	22,670
180	—	1,980	223,240	1,480	—	359,532
—	—	—	—	—	—	6,260
280	1,400	4,600	—	—	—	6,280
—	—	1,120	—	—	—	1,120
1,800	—	14,040	50,330	—	—	66,170
—	—	2,640	—	—	—	2,640
2,260	1,400	24,380	273,670	3,850	380	464,672