

## Annual Paid Leave in Japan

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### 1. Introduction

Some people may have the impression that it is possible for Japanese workers to take long vacations. However, when most Japanese people think of summer vacation, the longest period of time they can imagine is one week. Furthermore, the majority of workers take one week during the extended national holidays known as “*Golden Week*” in the spring, and another week over the New Year holidays, an old tradition. In other words, Japanese vacations consist of three breaks of one week each per year.

As an economist, I have long been interested in this problem, and am fairly surprised that this phenomenon has received little attention. Specifically, despite the fact that Japanese workers have little time off, as described above, they do not even take all the days of paid annual leave guaranteed them under the law.

Based on several studies of annual paid leave, this paper introduces the current situation surrounding Japanese vacations, the background to the current status and some suggestions for the future.

### 2. The Right to Take a Vacation

France, which is famous for its *vacances*, legally guarantees 30 days of paid leave to all workers regardless of length of service, and in Germany, workers can take up to 24 paid holidays. The majority of the other Western European countries guarantee, as a right, approximately one month (30 days) of paid vacation, in addition to weekends. Furthermore, in addition to legally prescribed vacations, holidays are often added through collective agreements and company regulations. Moreover, workers are legally entitled to take vacations of approximately two weeks at one time.

However, Japanese law differs considerably in this respect. First, attendance requirements are imposed. Under Japanese labor law, only workers

who have worked continuously for six months and have an attendance rate of 80 percent or higher are entitled to take vacations. This restriction is said to reflect the low attendance rates immediately after World War II when the law was established. However, today this clause is almost meaningless as in most instances workers whose absentee rate is as much as 20 percent are fired.

Second, the minimum annual paid leave is set at 10 days. Under the law, the maximum annual paid leave is 20 days, but unlike in Europe, where a given number of days is guaranteed regardless of length of service, in Japan, workers with a short length of service in one company are guaranteed only 10 days, which is considerably less. Moreover, a survey conducted by the author found that vacation regulations at a sizeable number of small- and medium-sized enterprises do not correspond to the Labour Standards Law and their employees are only given five days of paid leave a year.

Third, there is no system for workers to take extended vacations. The original purpose of annual paid leave was for the mental and physical recuperation of workers, and in European countries the standard is a minimum of two weeks. In Japan, such a system does not exist, and the majority of workers divide their annual paid leave into smaller units. If anything, I believe that currently a large number of workers feel they have benefited by using their annual paid leave in units of one day or a half a day (more on this later).

### 3. Japanese Vacations at Present

In 2001, the author conducted a survey on annual paid leave targeting 3,000 workers throughout the country. The main results of this survey are presented below.

The term “entitled days” as used here means the annual paid leave a worker is entitled to use, which consists of the number of unused annual paid leave days carried over from the previous year plus the number of annual paid leave days to which the worker is entitled during the current year. Taking this as the denominator, the number of days actually taken is called “days taken” and the ratio is called the “usage ratio.”

**Table 1. Average Number of Entitled Days and Days Taken, by Gender and Age**

Gender	Age bracket	Entitled days	Days taken	Usage ratio (%)
Men:	20~29	21.8	6.4	30.8
	30~39	31.1	7.8	27.6
	40~49	32.1	7.3	24.8
	50~59	33.1	7.9	26.7
	Total	30.1	7.4	27.2
Women:	20~29	19.5	7.4	42.6
	30~39	26.6	10.3	40.9
	40~49	25.7	8.6	40.8
	50~59	29.5	9.5	36.7
	Total	24.6	8.7	40.6

Table 1 shows a breakdown by gender and age of the number of entitled vacation days, and the number of days taken. Men have approximately 30 days of paid leave, they use just over seven of these day, for a usage ratio of 27 percent. Women, on the other hand, average 25 days, of which they take a little less than nine, for a usage ratio of approximately 40 percent.

While neither men nor women make extensive use of their annual paid leave, women take more days than men. However, it is important to remember that the reason women use more of their paid leave is not simply attributable to single women taking more vacations, but rather due to the need to attend to demands such as household chores, childrearing, and taking care of family members. As a matter of fact, a look at usage ratios for women divided into age groups of 10 years shows that the usage ratio is approximately 40 percent across all age groups, clearly indicating that it is not simply due to vacationing by single women.

Next, let's look at a breakdown by occupation, as listed in Table 2.

A comparison of usage ratios shows relatively high figures for clerical workers (37%) and specialists (35%). In absolute terms, however, these are rather low percentages. The other usage ratios, for example 27 percent for sales and 21 percent for management, are fairly low. Looking at all occupa-

**Table 2. Average Number of Entitled Day and Days Taken, by Occupation**

	Entitled days	Days taken	Usage ratio (%)
Management	34.5	6.7	21.1
General Affairs, Planning, & Accounting	30.1	8.5	30.2
Clerical	26.2	8.5	37.2
Sales	26.5	6.0	26.9
Specialists	28.5	8.9	35.1
Manufacturing	26.0	8.3	34.9
Other	27.2	8.7	33.7

tions, one can see that customer-related workers (sales) and those administering the work of various departments (management) take very few vacations. Dedicated managers probably cannot afford to take many vacations as they shoulder overall responsibility for several departments. Meanwhile, sales-related workers cannot take many vacations as they must negotiate business days and business hours with customers and partners. A similar trend can be seen among the various industries, with wholesale, retail and restaurants having the lowest usage ratio.

To mention a few particulars, the usage ratio for those in poor health is usually higher than that of healthy people. In other words, such people tend to get sick and therefore miss work, or they use their annual paid leave for outpatient hospital visits, something most Japanese have experienced.

**Table 3. Average Number of Entitled Day and Days Taken, by Industry**

	Entitled days	Days taken	Usage ratio (%)
Construction	24.4	5.7	25.9
Manufacturing	31.3	8.3	30.5
Transportation & Communication	28.4	9.5	34.2
Wholesale, Retail & Restaurant	24.7	4.9	23.6
Finance, Insurance & Real Estate	30.1	7.7	31.9
Service	25.3	7.2	33.0
Public Administration	33.5	10.7	35.2
Other	26.0	7.9	33.1

Furthermore, looking at unemployment rates in each region, the usage ratio is lower in regions where unemployment is high. This suggests that workers loath to take vacations as this will tarnish their image in the company (because not taking vacations is more highly regarded) and they risk losing their job. The survey did not examine how the companies view this question, but at least for the people who work, it appears that the worsening employment situation results in a poor environment in which to take days off. Thus, it can be said that guilt plays a role in deciding whether or not to take time off of work.

#### 4. Why Workers Do Not Take Their Entitled Vacations

Next, let us examine in more detail the consciousness of people who do not use all of their annual paid leave. The survey listed 14 reasons why people do not take all the annual paid leave to which they are entitled. The answers were statistically classified, leading to four main groups.

Type 1: Those who feel strongly that they would not know what to do if they took a vacation, and/or they strongly dislike spending money on leisure activities and abhor crowds.

Type 2: Those who feel strongly that taking vacations impacts negatively on personnel evaluations and they are concerned their superiors will think badly of them.

Type 3: Those who feel strongly that they have too much work and that no one can replace them.

Type 4: Those who feel strongly that annual paid leave should be saved for when the need arises, such as illness or when there is an emergency.

Workers in the Type 1 category are mainly men in their 40s, who attach more importance to their work than leisure, but whose working hours are not overly long. Type 2 workers consist of both men and women ranging from those in their 20s to 40s with a strong tendency to be dissatisfied with their wages, they work in small companies, and for comparatively long hours. A considerable number of these workers do not take days off as they

feel that doing so will have a negative impact on their personnel evaluations.

Workers who fall into Type 3 consist of both men and women in their 30s and 40s, who are strongly dissatisfaction with their working situation, and who actually work quite long hours. Their characteristics resemble those in Type 2, and these two types actually share the same tendencies. Type 4 consists of men and women in their 20s, whose health is not very good, who work relatively short hours, and who differ greatly from all other types.

An examination of the relationship between these four types of workers and their usage of annual paid leave revealed an even more interesting fact (see Table 4), namely that Type 1 workers, who feel that they would not know what to do if they took vacations, had neither a high nor a low usage ratio compared to the other three groups. Put another way, this type feels free to take days off work but has reasons for not doing so.

**Table 4. Relationship between Usage Ratio and Consciousness**

	Usage Ratio
Type 1	0
Type 2	-
Type 3	-
Type 4	+

Each type either tends to increase (+) or lower (-) the usage ratio.

Types 2 and 3 share the same tendencies, and both tend toward lower usages ratios. In other words, these workers feel that taking days off will have a negative impact on their personnel evaluation, or that they have too much work and no one to fill in for them, perceptions that prevent them from actually taking days off. However, the considerations of workers who fall in the Type 3 category have a stronger dampening effect on usage ratio compared to Type 2. This indicates that workers who have a lot of work and long working hours are in the most difficult position in terms of taking vacations.

Type 4 has a higher usage ratio. The more this kind of person is inclined toward saving paid leave for when the need arises, the more he/she is likely

to use that paid leave. This interpretation contrasts with Types 2 and 3 in its simplicity. The usage ratio for Type 2 and 3 workers is quite low, while Type 4 workers have a high usage ratio but avoid using all their paid leave.

The author found no contradiction between the condition of various types of workers and their consciousness. In other words, if workers are not busy at work, they seldom exhibit characteristics attributed to Type 3, and vice-versa, workers who are rarely busy display characteristics typical of Type 1. Therefore, exhorting Type 1 workers to take more vacations will have little effect. One's approach should be to explain that taking time off holds merits for them. Also, from a larger societal perspective, improving the situation of those who cannot take time off should take priority.

## 5. Measures to Promote Use of Paid Leave

This section discusses improvements that need to be made to help Japanese workers use more of their annual paid leave.

First, there are legal and structural aspects. As previously mentioned, compared with West Europe, the Japanese legal system is in need of improvement. Concretely, regulations regarding attendance at work should be drastically relaxed, and the minimum number of annual paid days increased to 18 as prescribed in the International Labour Convention No.132. A system allowing workers to take several days off in succession should also be put in place. Furthermore, given that the need to use annual paid leave varies according to family structure and situation, the vacation system should take into consideration questions such as childrearing and home care; home care leaves should be established, and the number of day-care centers should be increased.

The following concerns personnel management. The number of paid leave days that people take to cover illness and non-work related injuries is conspicuous. Therefore, several days of paid leave for personal injury and sickness should be implemented. Currently the leave system covering personal injury or sickness in many cases starts from the fourth day, and is not applied to illnesses that last for just one or two days, and workers end up using their annual paid leave. Instituting a separate leave system to cover such cases would result in reducing the use of annual paid leave for sick-

ness, injury and so on. Moreover, few Japanese companies assume their employees will use all their annual paid leave. Therefore, employees are hesitant to take annual paid leave. This situation points to the need to implement manpower management that is premised on employees taking all of their paid holidays.

Third, workers themselves should think about how to use their annual paid leave and live outside the world of work. One university professor in charge of a lifelong learning course for retired people noted that the ex-salaried workers who take his course realized that they don't fit into their local community and have absolutely no hobbies. Many of these people were probably satisfied with their rat-race life. However, their retirement would surely be more enjoyable if they had had more fun while working when young. I would like to emphasize is that such lifestyles—patterned on the single-rail-type lifecycle of school, job and retirement—no longer work. Times have drastically changed. One does not know when the knowledge and skills one has acquired will become useless; it is impossible to predict such changes. Thus, shouldn't we strive to enrich our lives by educating ourselves as needed, changing jobs, and deepening our family and local community ties? Annual paid leave can give us the time we need to achieve this (even though the amount may not be sufficient).

Fourth, the ripple effect this would have on the macro economy should be promoted through public relations. Increasing annual paid leave would positively impact related industries such as travel, leisure and restaurants. It could also contribute to the creation of new jobs in these related industries. Moreover, if companies implemented manpower planning based on the assumption that all employees will use all their paid leave, substitute manpower will be needed for peak vacation periods, which would create additional jobs.

In addition, the question of workers rotating their vacation time is also important. Currently, the vast majority of workers tend to take their paid leaves during “*Golden Week*,” summer vacation (in August) and at the end of the year. As a result, demand for transit systems, lodging facilities and other related industries rockets during these periods, resulting in high prices and inconvenience for vacationers. By distributing leave taking periods, demand in related industries would be spread out and stable year-

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round sales obtained. This would also eliminate the inconvenience of having to pay high prices and enduring huge crowds.

## 6. Conclusion

Japanese employees worked diligently to achieve prosperity in the second half of the 20th century. However, this period of economic prosperity has now given way to a period of uncertainty due to the prolonged recession, and the employment situation has also worsened. Workers hoping to survive the coming age of tremendous change cannot expect to reap rewards by working all their life in the same company. Annual paid leave is an important issue that the overworked Japanese must address, both for their health and for their spiritual fulfillment.

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