Special Edition
Transition from School to Working Life for Japanese University Students

Articles
Higher Education and Work in Japan: Characteristics and Challenges
Motohisa Kaneko

Trends in Corporate Hiring of Recent Graduates: Focus on Developments since the Global Financial Crisis
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Japan’s Challenge of Fostering “Global Human Resources”: Policy Debates and Practices
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JILPT Research Activities
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NEXT ISSUE (Summer 2014)
Introduction

**Transition from School to Working Life for Japanese University Students**

Thus far, the *Japan Labor Review (JLR)* has turned its attention repeatedly to the transition from school to work as experienced by young people in Japan. “The Transition from School to Working Life Issues” (Vol. 2, No. 3, 2005) pointed out that among youth in Japan the move from school to work was rapidly diversifying from its classic pattern of a direct transition with no interlude, and outlined specific examples. The topic of “career education,” initiated in response to the evolving employment situation, was addressed in “Current Study on Career Education in Japan” (Vol. 8, No. 1, 2011).

The current issue focuses on how the transition from school to working life is changing for Japanese young people in an era of increasing universality of higher education. Japanese institutions of higher education fall into three categories: four-year universities (hereinafter referred to as “universities”), two-year colleges (“junior colleges”), and vocational schools that provide occupational education and training exclusively. Until the 1980s, higher education policies kept rates of advancement to university low at approximately 30% of the college-age cohort, and university education was seen as highly academic. During the 1990s, however, a shift in higher education policy and a lower birth rate made entrance to university easier, and the labor market for high school graduates worsened, bringing the university advancement rate above 50%, and the total percentage of students attending school at least until age 20 above 70% when junior colleges and vocational schools are included.

Japan’s universities are characterized by the fact that despite their being institutions of higher education serving at least half the members of each generation, the system does not provide for “functional specialization” of education. Policymakers have repeatedly attempted to implement policies that encourage functional specialization, but these have failed to produce results in the face of resistance from universities.

In reality, however, university education in Japan has a pyramidal structure based on the degree of difficulty of entrance to specific universities. Highly prestigious universities are seen as institutions of research and are expected to compete successfully against their overseas counterparts. Among less prestigious universities, there are some that have been compelled to emphasize formation of basic academic skills and guidance in living as an adult member of the workforce. Japanese universities are faced with the contradictory tasks of providing education to new types of non-elite students, and providing “global education” that lives up to the standards of the world. For this reason it is difficult to approach Japan’s universities consistently as a single category of educational institution, from both educational and career perspectives. Japanese society as a whole lacks a common, shared understanding of the relevant issues.

With this in mind, this issue of *JLR* presents four articles that provide up-to-date in-
sights enabling readers overseas to comprehend the current status of university education in Japan. Motohisa Kaneko’s article paints an overall picture of higher education and work in Japan; Hitoshi Nagano’s discusses trends in corporate hiring practices; an article by Akiyoshi Yonezawa focuses on the globalization of Japan’s universities; and Koh Igami’s article discusses the current outlook for non-elite university students.

Kaneko’s “Higher Education and Work in Japan: Characteristics and Challenges” uses the term “J-mode” to describe the framework for transition from higher education to work prevalent in Japan thus far. Put simply, “J-mode” emphasizes the particular skills required in the corporate workforce, and the fact that Japanese firms prefer to hire fresh college graduates whose abilities will be progressively cultivated once they are hired, but also focus on the exclusivity of the universities new recruits graduated from, as indicators of the trainability of these recruits. Under these circumstances, the specific content of university studies has little relevance to future jobs, in terms of actually being put to use in the workplace. “J-mode” has functioned as an efficient system thus far, but since the 1990s the worsening labor market for university graduates has presented challenges, due largely to a drastic rise in the university participation rate.

However, while “J-mode” may have weakened, it has not been completely replaced by an alternative. As the article discusses, potentially effective measures for improving the situation include enhancement of the relation between college education and work, cultivation of basic competencies, and styles of learning that encourage greater student participation.

Nagano’s “Trends in Corporate Hiring of Recent Graduates: Focus on Developments since the Global Financial Crisis” explores, through surveys of corporate employers, the status of Japanese corporations’ still-prevalent custom of hiring new university graduates en masse each year. This tendency stems from employers’ demand for “white cloth,” an analogy equating these new graduates to white cloth that can be dyed any color, i.e. molded to fit the employer’s corporate culture. In 2007, however, hiring of mid-career personnel was on the rise, and the trend was expected to take hold to a certain extent.

However, things changed as a result of the global financial crisis of 2008 and the Great East Japan Earthquake of 2011. Surveys after these events indicated that despite increasingly urgent calls for Japanese companies to adapt to global standards, recruiting young people fresh out of school remains the linchpin of these companies’ hiring practices. Today a recovering economy is expected to bring a further rise in hiring of mid-career human resources, but no change in the widespread preference for hiring new graduates is expected. Nagano’s article suggests that Japanese enterprises’ style of cultivating human resources is not easily changed, and in fact appears self-perpetuating. Researchers’ views on the subject are divided, and we are awaiting the results of further investigation into this area.

While the practice of hiring new university graduates en masse is holding firm, university education itself is facing pressure to reform due to various circumstances. The two
articles outlined below focus on the two key trends visible in Japanese university education today, namely globalization and universalization.

Yonezawa’s “Japan’s Challenge of Fostering “Global Human Resources”: Policy Debates and Practices” describes the current status of, and challenges facing, the cultivation of “global human resources” which is gaining traction at Japan’s elite universities, including how this endeavor impacts employment of university graduates. According to Yonezawa, from an international standpoint, cultivation of global human resources as practiced in Japan is remarkable in that it is heavily promoted as a means of producing human resources that meet the needs of domestic Japanese companies. At the same time, as described in Nagano’s article as well, there has been little fundamental change to Japanese firms’ hiring practices or cultivation of personnel, and the measures being taken by various universities lack consistency, meaning that efforts to produce globally viable human resources are inadequate in practical terms. That said, the task of globalizing universities is a challenging one, involving overhauling the status quo of relations between education and work. It will be interesting to see how this effort proceeds in the future.

Igami’s “Reform of University Education for Non-Elite University Students” provides wide-ranging insights into the status of non-elite universities and students, a topic that has thus far not been presented sufficiently to an international audience. The article describes various programs that universities are currently implementing. With the percentage of students advancing to higher education on the rise, as described above, there is an increasing number of new types of students, with traits previously unheard of at Japanese universities. To put it bluntly, the key challenges facing this new category of students lie in lower levels of academic aptitude, ambition, and communicative ability. A large number of institutions are already offering remedial learning programs. According to Igami, the important point is for students to get a foundation that will help them relearn core material and be hired by a reputable employer, if not a prestigious one, in the future, as well as the general, universal academic fundamentals and knowledge needed to succeed in the labor market. The article states that such programs are helping to widen the range of career choices for non-elite students.

This *JLR* special feature focuses, from various angles, on the transition from school to work as experienced by Japanese university graduates. This process is changing, and a decade from now is likely to be quite different from today in a variety of aspects. The topic of young people’s transition from the classroom to the workplace is one of universal and timeless import, and one that *JLR* will continue to address from time to time as the situation evolves.

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Higher Education and Work in Japan: Characteristics and Challenges

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The relationship between higher education and work has always been problematic all over the world and throughout history. What constitutes the relationship? What are the issues? This paper tries to shed some light on this issue in Japan, based on a large scale survey on college graduates and other related data. As the basis of discussion, I will lay out a simple framework of analysis (Section I), then discuss the unique characteristics of the Japanese case (Section II), and examine the challenges that Japan faces and examine some analytical questions (Section III).


At the outset of the analysis, it will be helpful to set up a simple conceptual framework relating higher education and work, with ability as an intervening factor.

1. Higher Education, Ability and Work

In this framework, the questions about the relation between college education and work are analyzed as a tripartite relation among three spheres, i.e., college education (E), which renders a set of ability, knowledge, and skill (A), which in turn will be used in work (W). In the following discussion I will denote this relation as the “E-A-W link.”

The nature of the link can be best illustrated by reflecting on the long history of higher education.

The original universities in medieval Europe were organized to prepare youths for three major fields of high professions: law for lawyers and government administrators; medicine for medical doctors; and theology for the clergy (Rashdall 1936). In this sense, the proto-university was built upon a limited number of linear E-A-W links.

New patterns of these links emerged in the 19th century. With the advent of the sciences, the new idea of university developed. The Humboldtian idea of the university became influential. In the United States, state universities and colleges created a new model of higher education institutions serving the needs of society. The emerging nation state, and subsequently modern industry, brought about the demand for workers with specialized knowledge in various fields. The state, observing the rising social needs, started establishing and subsidizing higher education institutions. The general population increasingly became interested in sending their children to higher education institutions as a means to enter the new middle class.

These factors collaborated to create a new generation of E-A-W links. The scope of the professions, and the corresponding knowledge to be taught at universities, became much
broader than the three classical high professions. While some of the links between college education and work were distinctly defined and protected by government regulations and licensure, many others were less articulate.

This trend evolved further in the 20th century, especially after World War II, creating the third generation of E-A-W links. This change was salient in the United States, where rapid economic growth took place from the latter half of the 1950s. This was the period of the “massification” of higher education (Trow 2010). Participation in higher education started to rise in the late 1950s and the trend continued until the 1970s. This was partly due to government policies to expand the opportunities of higher education for promoting social equality and economic growth. At the same time, increases in income levels helped to augment the popular demands for higher education.

Meanwhile, the rapid economic growth accompanied the advent of large-scale corporations (Galbraith 1971). This brought in the expansion of bureaucratic control of the organization, which required large numbers of administrative workers. Such “white collar” jobs normally required college degrees. At the same time, the advent of the welfare state policies augmented demand for workers in the public services, which also tended to require college degrees.

To this extent, it may appear as if the expansion of higher education and economic growth is closely related. One may recall the idea of “manpower planning” which became influential in the 1960s, meant to predict the workforces required by economic growth by extrapolating the relations among economic growth, industrial structure, jobs and necessary education. In other words, it assumed a linear relation among the three spheres.

The actual development in the 1960s turned out to be more complex and contradictory (Teichler 1988). It was because changes in each of the three spheres were driven by their own driving forces. Over this period, universities went through a period of “academic revolution.” (Jencks and Riesman 1968). There was an increasing pressure in the higher education institutions to put greater emphasis on the academic achievement of the teaching staff. It was not due to the growing need of specialized knowledge for training workers, but because of the internal logic of academia. It is indicative that Drucker (1992) pointed out that the increase of college graduates in businesses was not necessarily due to the knowledge acquired in college, but simply because younger generations had college educations.

It implies that the relations among the three spheres have become substantially diffused. In other words, the expansion of higher education took place by adding the E-A-W links that were less articulate.

Similar changes could be observed in other countries, even though the exact period and the magnitude of the changes varied by country. In European countries the changes took place more slowly, and the massification of higher education did not develop until the 1970s. In contrast, Japan followed the United States closely in timing and with a comparable magnitude.
2. Patterns of Linkage

The historical reflection above suggests that there are three major patterns of the E-A-W links; i.e., linear, bounded, and unbounded. The concept is illustrated in Figure 1.

i. Linear Links

The first pattern refers to cases where academic preparation, acquired knowledge/skills, and professions are all well-defined, and relate to each other strongly. One may recall the cases of the education of medical doctors or lawyers. Usually the links of this type are regulated and protected by state professional licensures.

ii. Bounded Links

The second pattern refers to cases where the acquired knowledge/skills are less clearly defined, but a certain set of knowledge and skill are required. In other words, the links constitute a certain degree of randomness within a boundary. A typical example is education in engineering and the careers of their graduates. The graduates are not strictly destined to particular professions, but they are supposed to have a particular set of basic knowledge and skills in hard sciences. Employers would employ them on the basis of that basic knowledge.

iii. Unbounded Links

This refers to cases where specific knowledge or skills are not required at the point of recruitment. The graduates are expected to have basic competency to learn knowledge and skills specific to the particular job that they are assigned in the organization. Most of the numerous administrative jobs fall in this category.

3. Underlying Structure of the Links

Another implication derived from historical reflection is that the relations among the three spheres have become much more complex and difficult to discern. This raises three sets of analytical questions.
The first is concerned with the relation between higher education and ability. What abilities and knowledge are formed through higher education? Insofar as the role of higher education provides a particular set of abilities and knowledge to be used in a particular profession, this does not raise major issues. Undergraduate education is designed to form specific abilities and knowledge. But in most other academic fields, the contents of the curriculum are formed based on the logic of academic fields, which are usually not purported to create specific applications at work. The recent development of the outcomes of higher education has increasingly put emphasis on generic skills or competencies as the focal point connecting higher education and work (Rychen and Salganik 2001).

The second issue is how knowledge, ability, and skills are utilized at work. In the case of independent professions, this may not raise many questions. But, most of the jobs that college graduates are engaged in are arranged under some form of organization. The organization distributes jobs to workers. The workers both share and create the particular knowledge and skills necessary for undertaking the job. The organizational arrangement is the key to understanding the relation between education and work in the age of industry.

The third issue is the feedback mechanisms relating work to higher education. Employment of the graduates, and the subsequent career and rewards at work render information to various institutions. Universities may use it to reevaluate their curriculum. High school graduates choose to attend college partly responding to the information. Also, the rewards should be affecting the motivation of students towards learning while they are in college.

There have been various attempts to investigate each of these questions. It is important, however, to note that these questions should be set in the context of the entire picture of all of the three spheres. It is also important to note that, probably, the underlying structure of the relations varies significantly by country. In fact, the international survey lead by Teichler (2007) on eleven European countries and Japan demonstrated substantial differences in the early career of young college graduates.

II. The Japanese Mode

From the perspectives set above, I will describe some of the salient characteristics of the Japanese case.

1. Patterns of the Link

The starting point of the analyses is how different patterns of the E-A-W links are distributed among college graduates. Japanese employers recruit college graduates in three tracks: Administrative, Technical, and Specialized. The three types of E-A-W links discussed above are conceptual ones, but they roughly correspond to these categories; i.e., the professional link corresponds to the specialized track, the bounded link to the technical track, and the unbound link to the administrative track.
Our College Graduates Survey asked working college graduates which departments they graduated from and what were the categories in which they were employed.\(^1\) Figures 2 and 3 present the results.

The figures demonstrate that the specialized job track comprises only a small proportion in the graduate labor market. The proportion of college graduates that answered that they were employed on the basis of special knowledge accounted for 10 percent. They are mostly graduates from health-related fields, education, and arts. It should be noted that teachers employed in regular schools, who are not included in this sample, accounts for about 5 percent of college graduates in 2013.\(^2\) Even including teachers, the proportion would be about 15 percent.

Graduates employed in the technical track, who are mostly graduates from the schools of natural sciences, engineering, or agriculture, accounted for about one-third of college graduates. The third category, administrative, which roughly corresponds to unbounded links, constituted by far the majority of the college graduates. It represents about 60 percent of the transition from college education to work. They are mainly graduates from humanities and social sciences.

It should be also noted that, even though specialties in college roughly correspond to career track, the relations are not close. A substantial proportion of the graduates from education, psychology, or fine arts are employed in the administrative track. Moreover, 31 percent of graduates from natural sciences, and 20 percent from engineering, are employed in

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\(^1\) The College Graduate Survey was conducted by a group of researchers lead by the author in 2009. The questionnaire was sent to college graduates in fifty thousand business firms (including branch offices) with returns from 25,277 respondents in 3,371 firms including branch offices. The details of the survey are listed in the website of the Center for Research in University Management, The University of Tokyo (http://ump.p.u-tokyo.ac.jp/crump/).

Figure 3. Distribution of Working College Graduates by Career Track and by Field of Specialization at College

the administrative track. These observations show that the links between undergraduate education and work in Japan are by no means well-defined, except for a small proportion of college graduates.

While loosening the link between field of study and work can be considered to be a historic trend, the tendency is particularly pronounced in Japan. The international survey quoted above shows that Japan is unique in this respect. In an multiple-response question of “how would you define the relationship between your field of study and your area of work,” as much as 28 percent of Japanese graduates picked up the statement “the field of study does not matter very much” as compared to 9 percent averaged for eleven European countries (Techler 2007, 146, table 2).

2. Ability and Work

Then, to what extent is the knowledge acquired at college used at work? Our College Graduates Survey asked if they agree to the statement “I have used the knowledge that I learnt in college.” The results (Figure 4) show that less than half of the graduates responded

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3 Multiple choice of six statements. The total of choice was 100 percent for Japan, and 105 percent for other 11 European counties.
positively to that statement. Those whose work heavily involved specialized knowledge constitute a mere 10 percent of all graduates.

Naturally, the response varies substantially by career track. Among the specialized track, the graduates are dependent on the knowledge from college education. More than 80 percent either agreed strongly or agreed to the statement. Workers in the administrative track do not use much specialized knowledge at work. Those in the technical track tend to use specialized knowledge, but to a much lesser extent. It also deserves attention that as much as 40 percent of the workers in this category did not think that they are using specialized knowledge. In contrast, as much as 72 percent of those workers in the administrative track did not think that they are using the knowledge that they learned in college. These results show that, except for the minority of those in the specialized track, the knowledge acquired at college is remote from their actual work.

While the low level of perceived use of knowledge at work may be found in any country with massified higher education, Japan is again salient in international comparisons. The international survey quoted above shows that, in response to the statement “if you take into consideration your current work tasks: to what extent do you use the knowledge and skills acquired in the course of study,” as much as 47 percent of respondents answered negatively in Japan, as compared to an average of 19 percent in the other eleven European nations (Teichler 2007, 146, table 1).4

It, however, would not necessarily imply that college education has not produced any consequences to the graduates in Japan. Rather, the ability and knowledge fostered through

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4 The share of those choosing 4 or 5 in the scale of 1 (“To a very high extent”) to 5 (“Not at all”).
college education contributes to work more indirectly than generally assumed.

3. Feedback to Education

Then, what do employers value when recruiting college graduates? Our survey on business firms asked personnel managers the relative weight they attached to personal characteristics in the process of recruitment. The results are summarized in Figure 5.

The results demonstrate that “potential of personal growth” assumes by far the most significance in the criteria that employers use in recruiting fresh college graduates. Almost 90 percent of the personnel managers rate it as either very important or important. It should also deserve attention that grade-point average is not considered important by more than half of the managers.

These observations correspond to the results of the international survey mentioned above, which asked recent college graduates about their conceived relative importance of different recruitment criteria. As to “field of study,” 37 percent of the Japanese respondents answered either important or very important, compared to 72 percent for European countries.

It is interesting that employers appear to attach only a small weight to institutional characteristics. This is contradictory to the results of our graduate survey, which showed that 48 percent of college graduates answered that the institutional characteristics of college was either important or very important. The latter finding corresponds to the aforementioned international survey, which found that as much as 41 percent of Japanese graduates

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5 The survey was conducted as a part of the College Graduates Survey. See note 1.
This indicates that employers and graduates have different perceptions. Employers tend to emphasize that they are not as concerned with institutional selectivity as has been criticized. It is possible, however, that the employers are implicitly taking institutional selectivity as a proxy for “potential of personal growth.”

The distance between academic knowledge and work implies that academic knowledge itself is not valued when firms recruit fresh college graduates. Rather, they appreciate the ability to learn through work and absorb shared knowledge. This tendency becomes more significant under the commitment of the employers to lifetime employment.

4. Education and Ability

If academic knowledge to be gained in higher education is not directly used at work, and employers do not appreciate academic knowledge, what can college education do?

Our survey on faculty members in Japanese universities (Kaneko 2013, 2014) asked the respondents what they thought as the important means of college education, and if they are practicing it.6

The results (Figure 6) indicate that the faculty members value foremost personal contact with students through laboratories and seminars. As much as 58 percent answered it is important, and 52 percent were actually putting it into practice. The strategy to set clear

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6 The faculty survey was undertaken in 2010 on 5,311 faculty members of four-year universities, with the response rate of 31 percent. Details of the survey are shown on the website of the Center for Research in University Management, The University of Tokyo (http://ump.p.u-tokyo.ac.jp/crump/).
targets in terms of competence to be acquired through courses was supported by one-third of the respondents, but only one-fourth were putting it into practice. In contrast, the strategies to standardize contents of the courses as a means to intensify the effects of courses received less support, and actually were practiced only by a minority.

The lectures tend to be related to the research topic of the particular teacher in charge. Since the students realizes that the knowledge will not be related to their future career significantly, they tend not to spend much time for preparing or extending the contents of the course. Meanwhile, the majority of students are assigned to a particular membership group in the form of seminars or laboratories, especially in the later years of study. Seminars and laboratories function not only as a place to learn particular subject areas, but also as a place of informal learning involving the teacher in charge, the fellow students, and graduate students. In other words, the students are expected to learn through “legitimate peripheral participation.” This provides the basis for a student engaged in a graduate thesis or graduate research, which are required for completion of a degree.

These characteristics reflect historical backgrounds. On one hand, it still remains under the heavy influences of the Humboldtian idea of a university as a place of academic pursuits. Moreover, undergraduate education is compartmentalized into specialized areas of study. On the other hand, undergraduate education is based on the module system, as that in the case of the United States.

What students are actually learning under the teaching strategies is difficult to assess. One indirect proxy of the intensity of students would be the time the students spend on studying. Our survey on 47 thousand college students asked how much time they spend for learning.7 The results showed even though Japanese students spent a little less than three hours in attending classes, they spent less time on self-directed study either for preparing for lectures or for their graduation thesis. As compared to requirements stipulated in the Japanese Standard for University Education, their time in the classroom roughly satisfies the requirement, while that of self-directed study falls far short of it (Kaneko 2013). Moreover, more than half of the self-directed study comes from the graduation thesis and independent studies which take place in the latter phase of study. Meanwhile, the time spent in preparing for lectures is very limited.

5. The Japanese Mode

The various characteristics of E-A-W links in Japan sketched above can be hypothetically interpreted to show a structure through which higher education, ability, and work are aligned. I call it “J-mode,” which can be paraphrased as below:

First, the particular knowledge required for achieving the tasks of a basic unit of the firm, typically called divisions or sections, is shared among the workers in the basic unit.

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7 The survey was undertaken in 2008 and 2009 and received responses from about 47 thousand students in 117 universities in Japan. (http://ump.p.u-tokyo.ac.jp/crump/).
The knowledge is particular to the organization, or the products, or the relation with other sections or other firms. This is how the Japanese firms form what Mincer (1974) called “specific human capital” in his treatise of human capital. The basic unit also develops the shared knowledge through participation of the member over time.

Second, workers are protected for careers stretching from graduation from college to retirement. At the early stages of their career, workers tend to be assigned to relatively primary jobs that do not require much ability, either general or specific. In the mid-career they are assigned to jobs that require more skills and knowledge. Through this period they are selected to advance to the managerial jobs with varying degrees of discretion. Individual workers are rewarded on the basis of age or experience, while specialized knowledge tends not to be awarded directly.

Under these circumstances, business firms lay heavy emphasis on the recruitment of fresh college graduates who have the potential to learn various knowledge at work through collaboration with other jobs in the workplace. Prestige of the university tends to be taken as an indicator for such ability. Teachers, bound by the drive for research on one hand and on the other by the recognition that specialized knowledge would not be appreciated, try to influence the students through personal interaction with students in small groups. One could argue that this latent structure has a degree of affinity to the structure of jobs at work places. In this sense, college education corresponds to the latent requirements at workplaces. In other words, there is a latent link that connects higher education and work, with informal learning in membership group as the intermediary.

Arguably, the J-mode may have been effective in the sense that it brought a type of efficiency and productivity. The competitive edge of Japanese firms has been in their ability to develop local knowledge and share it among workers. However, as the labor market changes and the industrial structure shifts, the advantage in that aspect may be lost.

III. Transformation of the Japanese Mode

The J-mode stated above has always had its limits and contradictions, but now it is faced with serious challenges because the base that supported and legitimized it is being eroded.

1. Changes in the Environment

The major reasons of the need for change is the shift in participation rates in higher education on one hand, and the shift of work and organization on the other.

The change in participation rates in four-year institutions of higher education has been dramatic.\(^8\) The first phase of rapid expansion of enrollment that brought the

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\(^8\) Participation rate is defined as the ratio of the number of students entering college to the number of 18 year old in that year.
massification of higher education encompassed the 1960s and the first half of the 1970s. After that the participation rates stagnated or even declined slightly. But, since the early 1990s, the rates started expanding again.

This steady increase in participation rates since the 1990s is a product of a few factors. One is the decline in the size of the college-age cohort. Since the seating capacity of higher education institutions kept rising, entrance to four-year institutions has become easier. Another factor is economic. The employment opportunity for high school graduates deteriorated dramatically as a consequence of the flight of the manufacturing process to developing countries including China and India, and also the development of information technology that reduced the demand for simple clerical work. In this sense, high school graduates were forced to advance to higher education institutions, rather than being attracted to higher rewards.

The increases in participation rates naturally increased the size of college graduates from the 1990s and caused a major deterioration of the labor market of fresh college graduates (Figure 7). The proportion of students who got a job or advanced to graduate schools right after graduation declined dramatically in the early 1990s. There has been a recovery since the mid-2000s, but it is still at about 80 percent.

This implies that almost twenty percent of college graduates do not have a definite
destination at the time of graduation. This does not necessarily imply that they are unemployed. Since the number of employed graduates is based on the report from the institutions, it does not include graduates employed but not recognized by the institution as such. In fact, other labor force statistics indicate that the explicit unemployment rate among young college graduates is much lower.

Nonetheless, it remains that there have been significant changes in the graduate labor market. First, the proportion of graduates getting jobs outside the traditional pattern of lifetime employment has increased substantially. Also, it is probable that a significant number of college graduates are employed in temporary jobs that do not lead to advancements in their career.

This change is related to shifts in the Japanese industrial structure. The changes in the numbers of fresh college graduates, including graduates from master’s courses, in the industrial sector are shown in Figure 8.

The manufacturing sector was the major employer of college graduates until the 1980s. But, the number of employed in the sector has stagnated since the 1990s. Instead, the services sector has been expanding its intake steadily. It should be also noted that the many of the graduates who did not report their destinations are probably employed in the services sector.

The employment in the services sector category in fact includes various activities. It is very likely that their organization has a very different structure from the large scale firms.

Source: School Basic Survey, various years.
Note: The figure includes new bachelors and masters’ degrees.
in the manufacturing or financing sector, even though the change is not fully captured by the existing statistics covering higher education and work. It is probable that the firms in this sector have different forms of organization, and the jobs are more varied and fluid.

At the same time, it has been argued that the Japanese mode of creating efficiency has become increasingly obsolete in the emerging global competition. This raises serious questions about the validity of the J-mode.

2. The American Experience and Challenges to Japan

From this perspective, it is interesting to reflect on what happened in the United States, where participation in higher education rose again since the 1990s, entering the stage of “universal” higher education.

As mentioned in Section I, the postwar massification of higher education in the United States was accompanied with the expansion of administrative organization. Lifetime employment of white collar workers was typical. In the 1980s, the manufacturing sector in the United States faced challenges from global competition, prompting layoffs of workers. Many large corporations restructured themselves radically, and many were involved in mergers and takeovers (Reich 1992). Corporations became more attuned to short-term returns, and turned to restructuring the organization and reengineering the manufacturing process.

These changes naturally affected the structure of work and careers for college graduates. In the early 1990s, the first wave of layoffs of white collar workers took place. Firms went to reduce fixed costs, including those needed to retain and develop human resources. The “flattening” of organizations was proposed, and the skills and knowledge of the workers was supposed to be created “just-in-time.” This meant that workers were compensated for their immediate contribution. Acquiring the knowledge to cater to the needed changes was supposed to be taken on by the workers themselves. In other words, the risks of becoming obsolete, or the responsibility of investments of learning, were moved from the firm to workers (Cappelli et al. 1997).

It is difficult to show to what extent this change prevailed among corporations, and it is difficult to quantify. Nonetheless, circumstantial evidence indicates that changes in this direction in fact took place in the United States.

In contrast, Japan has not yet undergone changes anywhere comparable to those in the United States. There are several reasons for this. One of them is the robustness of some of the Japanese manufacturing sectors. It suggests that the productivity supported by the J-mode remains to be effective at least in a part of the economy. Another is the political pressure to sustain the social stability supported by lifetime commitment. Even though there have been increasing use of contingent workers in many sectors of the economy, the core of white collar workers are still protected from the pressure.

Nonetheless, the need to undertake a radical shift in the basic mechanisms of work is felt by many. The economic growth rate has remained at a minimal rate since the 1990s, and
the fiscal deficit has stayed at a high level. Japanese firms have been unsuccessful in developing imaginative or creative products or business models. Most alarming, the un- and underemployment of youths has inching up, while the whole population is aging.

3. Prospects

This implies that the E-A-W links should undergo significant changes. It may be an illusion that any change in higher education would create meaningful consequences by itself, but it remains true that higher education should rectify the present problems and be prepared for changes in the future. What should college education do? The current discussions on this issue indicate three directions:

**Vocational Orientation**

The first direction is to enhance the relation between college education and work, by enhancing the direct relationship between the curriculum and future work. By a recent revision, the University Standards stipulate that higher education institutions should set up means for “career education.” This would include career guidance, “introduction to careers” as a course subject in the curriculum, and internships. Increasing numbers of institutions are in fact introducing these measures.

While these measures are aimed at raising awareness about the actual world of work among students, it remains unclear how effective they are in improving the employability of students. Our study showed that participants who participated in internship programs have a slightly higher motivation to study than other students. Introduction to careers as a subject, however, had minimal effects.

Some argue for introducing courses to curriculum that provide specialized knowledge and skills for particular jobs. One may call it the vocationalization of college education. Though it seems like the most direct answer to the issue, it is dubious if it is practical. The specialized track constitutes only one-seventh of the total number of employed college graduates. Skills and knowledge that are required in the new services sector are too varied to introduce to undergraduate curriculums as a formal course subject. Even in the present corporate organization, the specific knowledge and skills acquired in the undergraduate level are far from being appreciated or utilized.

**Basic Competencies**

The second direction is to form basic competencies or generic skills that are actually used in actual jobs. By teaching those competencies, rather than academic knowledge, university education would become useful at work.

The Japanese Ministry of Economy and Trade (2006) set forth a list of such competencies and named them “Basic Skills for Adults.” It went on to survey business firms asking which of the competencies are most important. A webpage was set up to show what each firm needs, which presumably would inform college students what they should acquire.
through their college education. Some colleges set lists of competencies that the students should obtain, and some went further to indicate the relation between the course subject and the desired competencies.

However, there seems to be intrinsic difficulty in defining the underlying competencies that are used at work. Competencies are in a way conceptual constructs developed to relate education to work. In reality, they function in particular contexts. For example, many questionnaire surveys rate communication skill as the most important competency, but in reality its function is critically dependent on the concrete context where communication takes place. Introduction of the concept of competencies, or generic skills, to the curriculum and in teaching practices still remains a major challenge.

Learning and Formation of Self

The third direction of reform is to enhance the process and intensity of learning itself. It emphasizes the importance of the scope and depth of learning experiences in college (Kaneko 2013).

This bears particular significance in the case of Japanese higher education, where learning is assumed to take place in the informal setting of membership groups. Even though it functioned as informal training through “legitimate peripheral participation,” it did not lead students to spend a sufficient amount of self-directed study to understand the basis of subject areas.

Our Student Survey showed that the time spent on self-directed study is critically related on one hand by the students’ motivation, and by the style of teaching on the other. student-centered course design, participatory class, and frequent feedback to students in the form of comments on essays and tests proved to be effective.

Arguably, the experience of deep study would bring about not only specialized knowledge or various competencies, but also the development of self-identity. Moreover, this process would strengthen the circuit of interaction among these factors. It is critically important to build and strengthen this circuit.

This may seem like an odd answer to the problems of the impaired relevance of col-
lege education to work. It sounds like yet another interpretation of the old Humboldtian idea or the orthodox idea of liberal arts education.

Yet, in the period of the changing scope of industry and organization, with opportunities opening up in very different forms than before, one has to have the ability to have a wide scope and sensibility and translate it to one’s own creativity. New workers also have to have an established self in order to wield the changes and risks involved in this environment.

The three proposals discussed do not exhaust the current discussions on higher education reforms in Japan. Also, the three proposals are not necessarily incompatible with each other. Nonetheless, it seems probable that future discussion about the relation between higher education and employment will evolve around the three directions.

References


Rashdall, Hastings. 1936. The universities of Europe in the middle ages. 2nd ed. 3 vols. London: Oxford University Press.


What sort of trends can be seen in Japanese companies’ hiring practices since the global financial crisis of 2008? The author sought to clarify this issue through quantitative analysis, employing a questionnaire survey, and qualitative analysis based on interviews conducted at 17 companies. The findings clearly showed stagnation in hiring of mid-career human resources and increased preference for hiring of new graduates. As the globalization of business progresses, Japanese companies are hiring a growing number of international students and personnel with high levels of language proficiency, but they still make recruitment of new graduates the mainstay of their hiring practices. As to why companies gravitate toward hiring young people fresh out of school, the so-called “white cloth” analogy holds that these new graduates are the equivalent of white cloth that can be dyed any color, and are thus preferred by companies seeking to imprint their in-house standards and corporate culture. The results of the author’s analysis point to the validity of the “white cloth” analogy. While corporations are likely to hire more mid-career human resources as the economy improves, it appears that they will continue to rely primarily on hiring of new graduates to meet their human resource needs.

I. Introduction

Solid human resources are indispensable for any company, but different companies have different needs in terms of quantity and quality of human resources. These needs vary depending on social conditions, technological advances, the business performance of the company itself, and other factors.

Several years ago, the author discussed predictions for hiring practices once Japan had recovered from its long-term economic stagnation following the early 1990s collapse of the asset bubble, based on data from interviews conducted at 12 companies (Nagano 2007). The findings showed that while the companies intended to continue prioritizing hiring of new graduates, there seemed likely to be, to a certain degree, an increasingly established practice of supplementing these human resources with more experienced candidates hired mid-career.

However, not long after this, there was enormous turmoil in the Japanese economy stemming from the bankruptcy of major US investment bank Lehman Brothers and the accompanying global financial meltdown. In March 2011, just when the after-effects of this crisis appeared to be wearing off somewhat, the Great East Japan Earthquake struck. When

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* This paper is based on the article “Trends in Human Resource Recruitment in Companies” (Nagano 2012), with additions and amendments. Surveys for this paper were conducted with the help of Grants-in-Aid for Scientific Research.
the author presented the findings upon which the current paper is based, at the Conference on Labour Policy Research held in June 2011, the nature and scope of the massive earthquake’s impact on hiring had not yet become evident. However, in the aftermath of the earthquake it was abundantly clear that socioeconomic conditions had already changed dramatically in just the few years since the financial crisis.

This paper organizes and presents data on how corporate hiring practices have developed under these circumstances, and describes the outlook for the future. It should be noted that in terms of academic credentials, this paper focuses on graduates of four-year universities, the largest single category of “new graduates.”

II. Existing Models and Trends in Hiring

1. Simultaneous Hiring of New Graduates

The prevalent hiring practice in Japan has thus far been simultaneous hiring of new graduates, with young people fresh out of university with no career experience being recruited en masse. Of course companies have also been hiring personnel that graduated less recently and have already gained professional experience, but this practice has been secondary, used to supplement companies’ ranks when not enough new graduates could be hired and so forth. It is evident that companies have a strong preference for hiring new graduates as opposed to hiring personnel mid-career.

The “white cloth” analogy is an apt expression of this preference on the part of companies. This analogy says that from companies’ perspective, “white cloth (i.e. new graduates) can be dyed any color, but a piece of cloth that has already been dyed (i.e. already experienced workers) is difficult to re-dye another color.” The analogy serves to validate the preference for hiring new graduates.

A more sophisticated model explaining these hiring practices can be found in the Job Competition Model postulated by Thurow (1975). Thurow refers to the model employed in traditional economics as the Wage Competition Model, in which it is assumed that job seekers already possess the vocational skills necessary to perform a job, and companies aiming for efficiency seek to hire job seekers at the lowest possible wages. On the other hand, in the Job Competition Model, vocational skills are cultivated through OJT (On-the-Job Training), as stated in the Theory of Internal Labor Markets. For this reason employers prioritize hiring of job seekers that seem likely to require minimal training costs, and hire the requisite number of employees in order, according to this priority. In other words, in the Job Competition Model, the important thing for companies is not what potential recruits can already do, but what they will become able to do. This means that job seekers are motivated to take any and all steps that will elevate their desirability to employers, by even a small amount, such as obtaining higher academic credentials or attending exclusive, prestigious schools. Academic credentials serve to indicate to employers that the job seeker is highly trainable, and need not necessarily demonstrate that the job seeker already
Trends in Corporate Hiring of Recent Graduates


Figure 1. The Share of New University Graduates among All of University Graduates: By Company Size (Employment Type: Regular Employee [Excluding Part-Time Workers])

has the vocational skills required for the job. Thurow's model is a very interesting exploration of the social role of education and academic credentials as a reflection of corporate hiring practices.

Nonetheless, as described above, Nagano (2007) found that mid-career hiring was becoming increasingly prevalent, albeit to a limited extent. Let us examine what became of this trend thereafter, amid turbulent economic conditions.

2. Examination Based on the Survey on Employment Trends

Among governmental statistics available in Japan, the Ministry of Health, Labour and Welfare (MHLW) Survey on Employment Trends is the richest in quantitative data on corporate hiring practices. Based on data in this survey, we will examine the share of new university graduates to all of university graduates hired as regular employees. Figure 1 shows these percentages, broken down by company size, every five years from 1990 through 2005, and in 2008 and 2009.

This graph illustrates that from 1990 through 2005, new graduates more or less consistently declined as a percentage of overall hires. However, while available statistics provide a breakdown of newly hired employees by academic credentials, they do not provide their ages. Thus, we cannot deny the possibility that the decline in new graduates as a per-

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[1] Statistics on hiring of human resources by employment format and by academic background are not publicly released, but they may be obtained from the Statistics and Information Department, Minister's Secretariat, MHLW upon request.
The percentage of total hires (i.e. the increase in hiring of mid-career employees) is the result of a drop in the actual number of new graduates due to a low birth rate and aging society, and conversely a rise in the number of career-changing middle-aged and elderly employees. On the other hand, if this were the case, the trend ought to continue after 2005, but the graph shows it being reversed. In recent years, from a quantitative perspective, hiring of new graduates appears to be increasing in importance.²

III. Examination Based on Questionnaire Surveys of Companies

The Meiji University Career Research Group, to which the author belongs, conducted a survey concerning hiring of new graduates and mid-career human resources in February and March 2009 by mailing questionnaires to companies.³ The survey findings were as follows.

1. Hiring of Regular Employees

Table 1 shows companies' hiring of regular employees over the one year prior to the survey. In terms of "Hiring of new university graduates," about which the questionnaire inquired for two consecutive years for reasons related to the hiring schedule, there was a slight decline, but nonetheless the percentage of companies hiring new graduates was over 80% both years. Among companies that hired new graduates the average number of people hired was approximately 25, the largest among the various hiring categories. These figures indicate that hiring of new graduates forms the core of regular-employee hiring. At the same time, 75% of companies surveyed also hired mid-career human resources, and among these the average number of people hired was high at approximately 13. Mid-career hiring can also be seen as a central hiring practice among Japanese companies. Meanwhile, 42% of companies recruited regular employees from the ranks of non-regular employees.

² It goes without saying that the percentage of new university graduates, out of all university graduates hired, varies depending on a wide range of factors. In addition to the impact of an aging society mentioned here, there may be impact from fluctuations in the number of new university graduates itself. Here, however, the author only wishes to point out the fact that the rate of hiring of new graduates has increased over the past few years, and to make inferences based on this, so these other potential factors are not taken into account.

³ This survey, the "Survey on Trends in Corporate Hiring Practices," was a questionnaire survey administered by mail, targeting 5,000 companies selected from the Japan Company Handbook and Japan Company Handbook of Unlisted Companies (published by Toyokeizai Inc.) and other sources. The valid response rate was low at 9.5% (475 companies), due in part to the fact that the survey was conducted shortly after the financial crisis struck, but the number of responses was sufficient for analysis. The affiliations of the responding companies were as follows: Manufacturing 38.5%, Non-manufacturing 60.8% (no response 0.6%). By company size: 1,000 employees or more 15.4%, 300–999 employees 32.2%, 150–299 employees 23.8%, less than 150 employees 27.6% (no response 1.1%). An overview of the survey is given in Nagano, Kiya, and Ushio (2009).
Table 1. Hiring by Category

<table>
<thead>
<tr>
<th>Source</th>
<th>Companies that hired regular employees (%)</th>
<th>Number of people hired among companies hiring in categories (a)-(f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Hiring of new university graduates &lt;br&gt;(Already hired in Apr. 2008)</td>
<td>86.7 &lt;br&gt;(n = 475)</td>
<td>26.6 &lt;br&gt;(n = 403, σ = 66.9)</td>
</tr>
<tr>
<td>(b) Hiring of new university graduates &lt;br&gt;(Informal offer of employment effective Apr. 2009)</td>
<td>82.9 &lt;br&gt;(Finalized offers)</td>
<td>25.3 &lt;br&gt;(n = 389, σ = 59.0)</td>
</tr>
<tr>
<td>(c) Hiring of recent graduates (equivalent to new university graduates) &lt;br&gt;(Hired over the course of past year)</td>
<td>16.2 &lt;br&gt;(n = 72, σ = 13.1)</td>
<td>5.4</td>
</tr>
<tr>
<td>(d) Hiring of mid-career human resources &lt;br&gt;(Hired over the course of past year)</td>
<td>74.9 &lt;br&gt;(n = 329, σ = 29.2)</td>
<td>13.4</td>
</tr>
<tr>
<td>(e) Acceptance of transferred employees &lt;br&gt;(Hired over the course of past year)</td>
<td>19.6 &lt;br&gt;(n = 80, σ = 7.3)</td>
<td>3.9</td>
</tr>
<tr>
<td>(f) Recruitment from among non-regular employees &lt;br&gt;(Hired over the course of past year)</td>
<td>42.3 &lt;br&gt;(n = 184, σ = 23.9)</td>
<td>7.1</td>
</tr>
</tbody>
</table>


Note: The questionnaire sent contained the following notes regarding terminology:

"Hiring of recent graduates" refers to hiring of younger employees who are not new graduates, but are treated in the same way as new graduates (except for remuneration).

"Transferred employees" refers to employees who transferred to your company from a parent company, etc., on a permanent basis (i.e. are no longer in an employer-employee relationship with the prior company).

2. Decisive Factors in Hiring of New Graduates and Mid-Career Human Resources

What sort of differences exist between companies hiring new graduates, and those hiring mid-career human resources? Based on the findings shown in Table 1, the companies responding to the survey were classified in four categories: (i) Those hiring both new graduates and mid-career human resources, (ii) Those hiring only mid-career human resources, (iii) Those hiring only new graduates, and (iv) Those hiring neither. Multinomial logistic analysis was employed to analyze conditions correlated with individual companies' classification in one of these categories. Explanatory variables consisted of number of regular employees, sales increase index, and dummy variable for manufacturing. Here, a higher sales increase index is directly correlated to better business performance, and thus is thought to have a positive (+) impact on hiring of mid-career human resources. On the other hand, some degree of recruiting capability, including name recognition, is necessary for hiring of
Table 2. Analysis of Decisive Factors in Hiring of New Graduates and Mid-Career Human Resources: Multinomial Logistic Analysis

<table>
<thead>
<tr>
<th>Ref = Hired neither (n = 21)</th>
<th>Hired only mid-career human resources (n = 42)</th>
<th>Hired only new graduates (n = 83)</th>
<th>Hired both (n = 280)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>SE</td>
<td>Exp (B)</td>
</tr>
<tr>
<td>Intercept</td>
<td>-.624</td>
<td>1.136</td>
<td></td>
</tr>
<tr>
<td>No. of regular employees</td>
<td>.001</td>
<td>.002</td>
<td>1.001</td>
</tr>
<tr>
<td>Sales increase index</td>
<td>.019 *</td>
<td>.009</td>
<td>1.020</td>
</tr>
<tr>
<td>Manufacturing sector dummy</td>
<td>-.337</td>
<td>.547</td>
<td>.714</td>
</tr>
</tbody>
</table>

* Significant at the 5% level.
** Significant at the 1% level.

new graduates, and thus a larger number of regular employees is thought to have a positive (+) impact on hiring of new graduates.

Table 2 shows the results of the analysis. Sales increase index had a significant positive correlation to “Hiring of mid-career human resources only,” and number of employees had a significant positive correlation to “Hiring of new graduates only,” while both factors had a significant positive correlation to “Hiring of both new graduates and mid-career human resources.” These outcomes are as predicted.

The findings indicate that while a stagnant economy causes a decline in hiring of mid-career human resources, it has little impact on hiring of new graduates.

3. Differences in Priorities When Hiring

Regarding both new graduates and mid-career human resources, the survey inquired about priorities when selecting salespeople/staff and engineers respectively. Table 3 shows the three top responses given as top priority for each category and job classification.

Regarding new graduates, top priority was placed on “Communicative ability” and “Drive and enthusiasm,” neither of which relate to specific vocational skills. As might be expected, “Specialized knowledge and skills” was a common response with regard to engineers (ranked third), and this constitutes a difference between the two vocational categories, but the difference in attitude toward new graduates and mid-career human resources is more pronounced than the difference between vocational categories. Notably, for mid-career human resources “Job experience” and “Specialized knowledge and skills” are more highly prioritized.

These findings demonstrate that when hiring new graduates, companies seek candidates who are highly trainable, on the assumption that their job skills will be cultivated in-house, whereas when hiring mid-career human resources they are more focused on the issues of specific experience, knowledge and skills.
Table 3. Priorities When Selecting Human Resources
(Single Response, Top Three Responses Shown)


<table>
<thead>
<tr>
<th>Hiring of new graduates</th>
<th>Hiring of mid-career human resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salespeople/Staff</td>
<td>Engineers</td>
</tr>
<tr>
<td>n = 352</td>
<td>n = 285</td>
</tr>
<tr>
<td>1st</td>
<td>Communicative ability</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td>Drive and</td>
</tr>
<tr>
<td></td>
<td>enthusiasm</td>
</tr>
<tr>
<td>3rd</td>
<td>Acceptance of challenges and drive</td>
</tr>
<tr>
<td></td>
<td>for self-improvement</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Figure 2. Outlook for Future Hiring of Regular Employees (n = 475)

4. Views on Future Hiring Practices

What is the outlook for future hiring at the companies surveyed? Figure 2 shows the companies’ degree of agreement or disagreement with various statements regarding hiring. As shown at the bottom of the figure, a large number of companies agree that, “The current poor economic conditions in fact create good hiring opportunities.” With regard to hiring of new graduates versus hiring of mid-career human resources, few companies stated that they would “prioritize hiring of mid-career human resources in the future,” while many stated they would “minimize hiring of mid-career human resources,” “continue hiring new graduates to the greatest possible extent even in poor economic conditions,” and “prioritize hiring of new graduates” in the future. The emphasis on hiring of new graduates is clear, and it seems safe to predict that hiring of mid-career human resources will remain sluggish for the foreseeable future.

IV. Examination Based on Interviews with Companies

Do companies, in fact, prioritize hiring of new graduates, and if so why? Conversely, why do they refrain from hiring mid-career human resources? Are any new trends in hiring evident? To answer these questions, interviews with companies regarding hiring practices were conducted between December 2009 and May 2011. The 17 companies surveyed are shown in Table 4. On this table the letter “L” indicates large companies with approximately 5,000 employees or more, “M” indicates medium-to-large companies between 500 and several thousand employees, and “S” indicates small to mid-sized companies with employees numbering less than 500. “F” refers to foreign-affiliated companies. Companies were categorized according to size because it was predicted that they would adopt different hiring practices in line with their greatly differing positions in the employment market. Foreign-affiliated companies were included so as to compare their practices with those of Japanese companies.

The interviews were in semi-structured format and lasted approximately an hour each. It should be noted that among the 17 companies, some were asked primarily about hiring of new graduates while others were asked primarily about hiring of mid-career human resources, and the same comprehensive set of information was not necessarily obtained from all companies.

1. Hiring and Training of New Graduates

Of the 17 companies interviewed, 15 hired new university graduates, with the two exceptions being those indicated as S2 and F2 on the table. In addition to representatives of large companies such as L2, who stated that “the company will continue hiring new graduates on an ongoing basis, even if the economy is poor, so as to maintain consistent age distribution in the future and ensure skills and techniques are handed down,” interviewees from small and mid-sized companies (S4, S6) also stated that their “basic hiring policy is to recruit
Regarding reasons for preferring to hire and train new graduates, there were views such as those of M1, “We place a priority on instilling our corporate values in employees, and new graduates more smoothly and readily absorb these values,” and S1: “Experienced employees are able to carry out tasks competently, but it creates problems when their criteria for decision-making on the job differ from our own. With new graduates, we can have senior employees or supervisors convey the company’s point of view to them as needed, and train new graduates.” There is evidently a strong desire to train human resources from the ground up, in-house.

Table 4. Companies Interviewed

<table>
<thead>
<tr>
<th>Company code</th>
<th>Sector</th>
<th>Hiring (no. of employees hired, when available)</th>
<th>Month of survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>New university graduates</td>
<td>New high school, etc. graduates</td>
</tr>
<tr>
<td>L1</td>
<td>Manufacturing</td>
<td>400</td>
<td>20</td>
</tr>
<tr>
<td>L2</td>
<td>Manufacturing</td>
<td>250</td>
<td>Yes</td>
</tr>
<tr>
<td>L3</td>
<td>Manufacturing</td>
<td>750</td>
<td>Yes</td>
</tr>
<tr>
<td>L4</td>
<td>Manufacturing</td>
<td>540</td>
<td></td>
</tr>
<tr>
<td>L5</td>
<td>Financial</td>
<td>600</td>
<td>0</td>
</tr>
<tr>
<td>M1</td>
<td>Manufacturing</td>
<td>50</td>
<td>10</td>
</tr>
<tr>
<td>M2</td>
<td>Manufacturing</td>
<td>38</td>
<td>6</td>
</tr>
<tr>
<td>M3</td>
<td>Information services</td>
<td>60</td>
<td>0</td>
</tr>
<tr>
<td>M4</td>
<td>Financial</td>
<td>60</td>
<td>Yes</td>
</tr>
<tr>
<td>S1</td>
<td>Construction</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>S2</td>
<td>Manufacturing</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>S3</td>
<td>Manufacturing</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>S4</td>
<td>Manufacturing</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>S5</td>
<td>Manufacturing</td>
<td>20</td>
<td>Yes</td>
</tr>
<tr>
<td>S6</td>
<td>Trading</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>F1</td>
<td>Manufacturing</td>
<td>80</td>
<td>100</td>
</tr>
<tr>
<td>F2</td>
<td>Manufacturing</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes: 1. Company codes: L = large companies with approx. 5,000 employees or more, M = medium-to-large companies between 500-5,000 employees, S = small to mid-sized companies with less than 500 employees, F = foreign-affiliated companies.
2. Foreign-affiliated (F) companies are in the M (500–5,000 employees) range.
3. Numbers of employees hired are estimates.
and they naturally get a sense of the decision-making criteria we employ.” These observations reflect precisely the mindset described in the “white cloth” analogy. Another company (F1) emphasized the benefits of training employees in-house, noting that “sustainable growth depends on maintaining the proper environment and atmosphere for cultivation of human resources.”

However, in-house training of human resources entails costs. Company F2, which did not hire new graduates, said that “new graduates constitute a pool of human resources with great potential, but we do not hire them, as training them from scratch is too great a challenge.” Nagano (2007) points out that “when hiring new graduates, they must be hired constantly in more or less consistent numbers in order to secure an excellent pool of human resources,” but it is apparent that post-hiring training costs are also a factor in determining whether or not companies hire new graduates. The other company that did not hire new graduates, S2, claimed that they “are unable to hire new graduates when the economic outlook is so dim, and what’s more, our existing workforce does not particularly want them as they are not easy to train and cultivate.”

2. Trends in Hiring of Mid-Career Human Resources

By contrast, hiring of mid-career human resources has sharply declined since the global financial crisis of 2008. Company L1 stated that “Until around 2009, we recruited mid-career human resources on the Internet on an ongoing basis so as to even out age distribution and secure employees with immediately applicable skills, hiring about 200 to 300 people a year. However, we revised this policy amid a drastic worsening of the business climate. This year we originally intended to hire no mid-career staff whatsoever, but ended up hiring 10 people to meet pressing human resource needs. This is a far cry from where we were prior to the financial meltdown. Next year, we intend once again to hire a minimal number of mid-career candidates in certain key fields only.” Other large companies (L2, L3) also expressed their intention to limit hiring of mid-career human resources to areas where needs could not be met in-house, such as new fields.

On the other hand, not all companies are seeing their business performance slump. Company M1 stated that while their basic policy was to focus on hiring new graduates, they also intended to “hire mid-career human resources so as to expand our business.” Meanwhile, small and mid-sized companies made many observations such as “We hire mid-career human resources as we have a large volume of work, are short of hands, and have difficulty attracting new graduates due to our low level of name recognition” (S3), or “We hire mid-career human resources when unable to secure the necessary number of new graduates” (S5). While it is undoubtedly true that business performance has a strong impact on hiring of mid-career human resources, it is also evident that many companies, small and mid-sized ones in particular, are compelled to rely on mid-career human resources due to inability to recruit new graduates.

Incidentally, many workers hired mid-career are unable to handle their new tasks us-
ing only the experience they have amassed thus far. For this reason some companies (S₃, F₂) have such employees undergo three months of training at a plant after hiring. Even so, according to F₂, “training costs are lower than those for new graduates.” On the other hand M₃, which elected not to hire mid-career human resources this year, said their reason for doing so was that “many of these employees did not develop their skills to the degree we expected.” The same viewpoint is often phrased in opposite terms, i.e. “New graduates have more potential to develop their skills than already experienced workers.” In the view of company F₂, “Mid-career human resources are hired in order to perform specific tasks, and when recruiting them, we prefer people who are already capable of completing these tasks or will soon become capable of completing them. This means it can be difficult to get everybody working together as a team, or to assign the employees new or more challenging tasks when the assigned ones are completed.” This observation illustrates some of the issues surrounding hiring of mid-career human resources.

Also, the possibility that many mid-career human resources in the labor market are those who have an innate tendency to change jobs cannot be denied. For this reason the majority of companies are concerned with job candidates’ reasons for leaving their former place of employment, and say that they approach mid-career job seekers with caution, especially when they have changed employers numerous times.


The practice of hiring new graduates is often thought of as a way to ensure consistent quality of human resources and facilitate efficient training thereafter. However, perhaps to compensate for the above-described drastic decline in hiring of mid-career human resources, some companies appear to be intentionally hiring new graduates that differ qualitatively from their current workforce and bring unprecedented assets to the company. For example, company M₃ mentioned hiring adventurous employees ready to accept challenges in addition to the serious, diligent types that have heretofore made up the majority of their workforce, while L₅ described “hiring people with strong individual character or sharp perceptions, even if they may not be so well-rounded, to avoid selecting nothing but ‘whiz-kid’ types, as tends to occur when hiring criteria are raised due to a large number of applicants.”

Meanwhile, with regard to hiring of engineering (science-oriented) human resources, some large companies (L₂, L₃) have introduced a job-matching system that determines in advance which division a job seeker applies for. This means the interviewing and selection process is centered on the division itself, and has advantages in that supervisors can select their future subordinates and students can select their future jobs, reducing instances of newly hired employees being ill-suited to their tasks or workplaces. On the other hand, while it is generally thought that academic achievements and specialization are not emphasized in hiring of office (humanities-oriented) human resources,⁴ some companies (L₁) are

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⁴ In the survey by the author mentioned in the previous section, as well, “Specialized knowledge”
now providing a space on job applications for “key areas of academic achievement,” and inquiring about areas of expertise. This emerging trend toward considering existing expertise stands in contrast to the status quo, where hiring of new graduates has meant focusing on latent potential.

Incidentally, the above-described trend toward seeking out diverse human resources is contributing to a rise in hiring of international students. In line with the increasing globalization of business, international students attending Japanese universities accounted for close to 10% of new hires at a number of the large companies surveyed. International students are generally thought of as acting as a bridge between Japan and their home countries, but in recent years, companies have also been hiring them for the express purpose of boosting diversity within their own ranks. In such cases, Japanese language proficiency is usually a prerequisite for hiring. For example, at company L4, “in the past we believed that speakers of foreign languages would diversify and internationalize the company, and so we hired promising candidates even if their Japanese ability was low. However, in the end these employees were unable to produce results, as they could not deal with customers. For this reason, we now have non-Japanese job seekers take the same tests as Japanese applicants.” With regard to international students, a large number of respondents praised their highly professional attitudes and willingness to take the initiative and take on challenges.

Another effect of globalization has been an increase in the number of companies seeking Japanese university students who are willing and able to work overseas. Particularly in the already highly internationalized manufacturing sector, a considerable number of companies (L1, L2, L3, M1) required office staff to “assume that they may be dispatched overseas, and not view this as something to avoid.” However, among the companies surveyed, there were none that used scores on language proficiency tests such as TOEIC as criteria for hiring.

4. Innovations in Hiring Practices

As a matter of Japanese national policy to improve hiring of young people, companies are now encouraged to view young people who graduated in the past three years as “new graduates.” However, from the companies' perspective, this policy has had little impact. This is because the vast majority of them state that while they are happy to accept applications from such job seekers, they will not actually hire them unless the applicant has been doing something “worthwhile” since graduating. This is a positive development for young people who are seeking jobs a couple of years after graduating, rather than while still in university, because they have been studying abroad or doing some other activity aimed at self-improvement. However, if this policy is aimed at helping university students who were simply unable to find jobs while in university, the companies' statements indicate that the was negligible as a criterion for hiring of humanities-oriented human resources. In Nagano (2004), however, it was found that university students with high levels of academic achievement had higher rates of success in job seeking than their counterparts with low levels of achievement.
Trends in Corporate Hiring of Recent Graduates

Policy has little promise.

Another development is the introduction by some companies of internships that lead directly to employment, in contrast to the current status of internships as not directly related to job seeking. One company offers internships in summer and in spring, with the spring internship (in February) acting as a route potentially leading directly to employment. Internship hopefuls apply in January and are selected, work as interns, and if their performance is evaluated positively, are given informal offers of employment. While it is still early in the hiring process and an informal offer is not guaranteed to lead to actual hiring, the company believes the program is an effective way of avoiding mismatches of employees and jobs. Incidentally, during the normal hiring process, the same company gives candidates coming for second interviews the opportunity to walk freely around company premises on the morning of the day the second interview is conducted, and talk freely with employees. This is also aimed at eliminating mismatches. There has been an overwhelmingly positive response from students, who say they were “happy to be able to gain a clear image of what the job would be like.” It should be noted here that under current circumstances it is difficult for large corporations to offer internships leading directly to employment, due in part to the stipulations of the Keidanren (Japan Business Federation) charter of corporate ethics on recruitment and employment of new college graduates.

In one foreign-affiliated company’s case (F2), internships do not lead directly to employment, but students that completed internships at the company have gone on to apply for jobs there, and been hired. The parent company is a well-known one in its home country (Germany), and some students come from Germany to Japan to intern at the Japanese arm of the company. Thus far, two have gone on to seek employment at the company and are currently working there.

Internships require expenditures of time and money, and for large corporations that hire large numbers of employees it is impossible to meet all human resource needs through internships. However, it seems necessary to consider internships as one route to employment so as to reduce mismatching of employees and jobs.

V. Summary

This paper has examined trends in corporate hiring practices since the global financial crisis, based on the results of surveys. The most notable finding was that the preference for hiring new graduates has grown stronger, especially at large corporations. This paper’s quantitative analysis showed that companies do not hire mid-career human resources when their business performance is poor, so the trend toward hiring new graduates makes perfect sense in light of economic conditions since the financial crisis.

What should be explored are companies’ reasons for preferring to hire new graduates. As the “white cloth” analogy points out, one factor is new graduates’ perceived ability to absorb the mindsets of their employers. Also, there is a disadvantage to hiring mid-career
human resources, in that the immediate criteria and prerequisites for hiring are so clearly stated that it is difficult to look at the “big picture” and take these candidates’ future career development into account when hiring them. It is clear that companies perceive hiring and in-house training of new graduates as the most effective way to secure solid human resources.

At the same time, some companies surveyed were continuing to hire mid-career human resources, and some indeed depended on them. Also, it is perhaps obvious that if the economy improves, even large corporations that are currently paring down their hiring numbers will once again show increased willingness to hire mid-career human resources. In such cases there is a need to examine not only mid-career candidates’ ability to perform the tasks immediately at hand, but also at their long-term career potential. It should be noted that during times of economic stagnation, the number of university graduates forced into unsuitable jobs out of necessity increases. If the economy improves they may have the opportunity to change employers, and at last, as mid-career human resources, get jobs that suit them. For this reason, it is necessary for them to prepare and boost their skills before this time arrives.

The practice of hiring large numbers of new graduates at one time is partially aimed at reducing costs and as such may be effective. However, when the importance of hiring solid human resources is considered, it seems clear that the selection process should take time and produce results acceptable to both the company and the employee. For this reason the author believes that internships should be adopted as one approach to securing human resources.

References


In recent years in Japan, “global jinzai (Global Human Resources)” is a term appearing most frequently in the discourse of human resource development through tertiary education. This article aims to analyze the policy debates and actual challenges of Japan’s challenges in fostering “Global Human Resources.” Firstly, the author explains the background on why the Japanese government and society find it important to stress the necessity of “Global Human Resources,” focusing on the lack of policy level initiatives and individual level incentives for studying and working outside of Japan. Secondly, the article examines how policy debate on “Global Human Resources” has started as an initiative to encourage Japanese youth to study and work abroad. Thirdly, the actual practices for fostering “Global Human Resources” through various initiatives by education institutions and industries are examined. Finally, the author concludes with the achievement and remaining challenges of this national level movement of fostering “Global Human Resources.”

I. Introduction: What Are “Global Human Resources”? 

Japan is a country facing a significant challenge of the rapid aging society phenomenon. According to the national survey by the Ministry of International Affairs and Communication, 25.2% of the total population was 65 years and over in 2013; and the youth and working age population is decreasing continuously, mainly because of the low birth rate. In order to sustain a well-advanced economy, Japanese enterprises feel the necessity of expanding their businesses further to the global market. In this context, the arguments for fostering globally competitive human resources through the national education and training system have become lively in Japan recently.

In recent years in Japan, “global jinzai (Global Human Resources)” is a term appearing most frequently in the discourse of human resource development through tertiary education. The most widely referenced definition was provided in the report by the Global Human Resource Development Committee of the Industry-Academia Partnership for Human Resource Development (2010), jointly released by the Ministry of Economy, Trade and Industry (METI) and with the Ministry of Education, Culture, Sports, Science and Technology (MEXT). The definition set by the report was summarized as in Figure 1.

Later, the Council on Promotion of Human Resource for Globalization Development, an advisory council directly under the Prime Minister and his Cabinet, was established in 2011. The Council was composed of a wide range of ministers, namely the Chief Cabinet Secretary; the Minister of Foreign Affairs; the Minister of Education, Culture, Sports, Science and Technology; the Minister of Health, Labour and Welfare; the Minister of Economy,
Figure 1. Abilities Commonly Required for Global Human Resources

- Ability to step forward (action)
  - Ability to take a step forward and try patiently even after failure

- Ability to think well (thinking)
  - Ability to ask questions and think well

- Ability to work in a team (teamwork)
  - Ability to cooperate with diversified people in achieving a goal

*Fundamental Competencies for Working Persons* = This is a concept proposed by the Ministry of Economy, Trade and Industry (METI), that means basic skills required for a person to work with various people in the workplace or local society.

Japan’s Challenge of Fostering “Global Human Resources”

Trade and Industry; and the Minister of State for National Policy, newly appointed under the Cabinet led by the Democratic Party of Japan. In the report released by the Council (Council on Promotion of Human Resource for Globalization Development 2012), the more simplified definition as follows was released;

Factor I: Linguistic and communication skills
Factor II: Self-direction and positiveness, a spirit for challenge, cooperativeness and flexibility, a sense of responsibility and mission
Factor III: Understanding of other cultures and a sense of identity as a Japanese

As seen in these definitions above, the concept of “Global Human Resources” used in the government documents is directly related to the national, economic, and social development of Japan. Factor I, the requirement of the linguistic and communication skills in widely used international languages such as English and Chinese, reflects the general weakness of Japanese workers in global business communication. In the Cabinet’s Council report, linguistic communication skills were defined by the following levels:

(1) Communication skills for travels abroad.
(2) Communication skills for daily life abroad interactions.
(3) Communication skills for business conversation and paperwork.
(4) Linguistic skills for bilateral negotiations.
(5) Linguistic skills for multilateral negotiations.

The reports argues that the steady increase of human resources with skills up to level 3, namely basic communication in the business scene, is observed in Japan. Human resources with international language skills for bilateral and multilateral negotiation should then be developed in earnest.

Factor II indicates the requirement of generic skills, the skills generally requested for business workers. Discussion on the importance of generic skills for enhancing employability itself is not unique to Japan. Actually, discussion on generic skills themselves has developed within the long history of the research and practices of skill development in the UK and other countries. At the same time, these skills have also drawn attention recently, facing the changing characteristics of higher education graduates through the realization of university attendance to higher education in Japan. More concretely, Factor II is based on METI’s proposal for fostering human resources with the basic skills necessary for today’s industries. The skills are defined as (1) the ability to step forward, (2) the ability to think well, and (3) the ability to work in teams, as shown in Figure 1.

Factor III, originally described as intercultural competence or cross-cultural competence, has developed as the concept of analyzing the skills and attitudes of intercultural or and cross-cultural understanding. In the more business-oriented definition shown in Figure 1, global leadership, another concept more toward for enhancing competency as leaders in globalized organizations or networks, was also included in its original definition by the
Committee of METI and MEXT. In the Cabinet’s Council report, instead of global leadership, identity as a Japanese citizen was stressed.

This article aims to analyze the policy debates and actual challenges of Japan’s challenges in fostering “Global Human Resources.” Firstly, the author explains the background on why Japanese government and society find it important to stress the necessity of “Global Human Resources,” focusing on the lack of policy level initiatives and individual level incentives for studying and working outside of Japan. Secondly, the article examines how policy debate on “Global Human Resources” has started as an initiative to encourage Japanese youth to study and work abroad. Thirdly, the actual practices for fostering “Global Human Resources” through various initiatives by education institutions and industries are examined. Finally, the author concludes with the achievement and remaining challenges of this national level movement of fostering “Global Human Resources.”

II. Background

After its economic prosperity culminated with the “bubble economy” in the beginning of the 1990s, Japan has been struggling to develop human resources suited to the globalized economy and labor market. Japan started a full-scale discussion on the internationalization of education around 1980, faced with the rapid expansion of exports of Japanese high technology products (Yano 2000).

These efforts started as attracting and accepting youth from outside the country. Firstly, through the program titled “Japan Exchange and Teaching (JET) Programme,” the government has invited youth, mainly from English speaking countries, and offered them jobs as Assistant Language Teachers (ALTs) at secondary schools for supporting classes in English and other foreign languages, from 1987. Secondly, the government set up guidelines for promoting universities and schools to accept “returnees,” children with Japanese citizenship who experienced education outside Japan, from 1979 (Goodman et.al. eds. 2012). Thirdly, the Japanese government started to allow non-Japanese faculty to get full tenure at national (public) universities, in 1982 (Yonezawa, Ishida, and Horta 2013). Before that, only Japanese citizens had been allowed to be a full faculty member of national universities, because employees of national universities had to possess status as national civil servants, until national universities were incorporated in 2004. Fourthly, and most importantly, in 1983 the government set up a plan to accept 100,000 international students by the end of 2000 (Horie 2002). In 1983, Japan accepted only 10,428 international students, and the plan suggested that the government would support scholarships for around 10% of international students. That goal was achieved in 2003, and then in 2008, the government set up a new plan to accept 300,000 international students by 2020. Fifthly, the Japanese government set up a technical intern training program for providing foreign workers, mainly from the developing countries, internships and training opportunities for skill development, from 1981. Lastly, in 2012 the Japanese government commenced the Points-based Preferen-
tial Immigration Treatment for Highly-Skilled Foreign Professionals, for attracting highly-skilled foreign professionals from outside Japan.

As seen above, the major policy action taken by the Japanese government was accepting youth with an international background into the Japanese education system. This is based on the assumption that Japanese enterprises were strongly orientated to in-house training; and that Japanese universities and the schooling system, especially in the field of natural science and engineering, have strong international competitiveness. Japanese industries, the research and development community, and society felt the necessity to attract talented human resources from Asia and all over the world, and foster them so as to bridge Japanese labor and business customs with those of other countries.

At the same time, the government and industries have also provided support systems for the study and training of Japanese youth in an international environment for a long time. The government has provided training and study opportunities in graduate schools of other countries, and in international organizations for national civil servants, with financial support. Private enterprises have also sent their executive staff members to study at business schools in the US and other countries, under the cover of paid tuition and living expenditures by the companies. The Japanese government also provided financial opportunities to study abroad, adding to external scholarship opportunities such as the Fulbright Program of the United States. The Japanese government has also actively promoted programs to work in international organizations among young Japanese citizens, under the Young Professionals Programs of the United Nations and other international organizations. Based on the support of the government and industries, some universities started university education in English as co-education programs between Japanese and international students. Prestigious national universities, namely Nagoya University, Kobe University, and Hiroshima University established graduate schools for international development and cooperation, and have provided social science programs in English both for Japanese and international students (Kitamura 2010).

However, the number of people who can access this support for executive elites has been highly limited. At the same time, mainly because of relatively high salaries, as well as culturally and linguistically protected working communities inside Japan, the incentive of youth to study and work outside Japan has not been high (Kaneko 2000). Male graduates from prestigious universities especially tend to be protected more through the established career patterns inside the domestic labor market, while the transformation of the Japanese labor market is through the increase of young workers under non-regular contracts among both men and women.

III. Global Human Resources as Policy Debate

The debate on “Global Human Resources“ started as a requirement of Japanese industries. The long-term recession of the domestic economy from the beginning of the 1990s

Figure 2. Future Perspectives of Japanese Enterprises under Globalization

and the structural change of the world economy has gradually changed the working environment among workers in Japan. Namely, Japanese enterprises, especially the most competitive, the manufacturing sector; expanded their sales market all over the world and then moved their research and development unit and factories outside Japan. The rapid development of higher education systems and the progress of technology transfers into emerging economies also worked as a factor in those shifts.

The Japan Association for Corporate Executives (JACE) is a representative association of business leaders, issuing the corporate white papers every few years for setting up the vision of Japanese enterprises. In 2009, the JACE published the 16th Corporate White Paper for showing a vision after the financial crisis in 2008. Figure 2, shown on the white paper, indicates the future scenario of Japanese enterprises that need to employ the majority of their workers, including executives, outside Japan. Here, Japanese enterprises show the clear vision for how they should survive as global enterprises, and clarified their concern about domestic human resources fostered through the Japanese education system.

Actually, there was some criticism on the ignorance of the government and society in supporting Japanese youth to study abroad, even before the financial crisis. After achieving the goal of accepting 100,000 international students in 2003, the policy of internationaliza-
tion of higher education went into a period of reflection. The Central Council for Education, the advisory board on educational policies under MEXT, issued the report on the policy on the acceptance of international students. They indicated the pursuit of quality in the internationalization policy of Japanese higher education, while there was no clear consensus on the meaning of “quality.” At the same time, the diversification of the geographical origins of international students was also recognized as a policy challenge. According to MEXT, in 2003 93.2% of international students came from Asia, and within these, 64.7% came from China, 14.5% from South Korea, and 3.9% from Taiwan.

Facing with the rise of neighboring economies in East Asia, Japanese higher education policy shifted again toward the quantitative expansion of the acceptance of international students, for securing the international presence of Japan in the rapidly increasing international students’ market at the global level. Namely, the number of international students in the world increased from 2.1 million in 2000 to 3.0 million in 2005; and then 4.1 million in 2010 (OECD 2013). The IDP, the Australian agency for supporting international arrangement in higher education, published a report forecasting the number of international students in the world in 2025 as 7.2 million (Böhm et al. 2003). Japan tried to follow this global game of acquiring international students, and set a new plan in 2008 to accept 300,000 international students by 2020.

However, the situation of the Japanese economy and society at that time was completely different from that of 1983, when the plan for accepting 100,000 students was drafted.

Firstly, the Japanese economy was faced with the increasing pressure of regional and global competition. Japan lost its distinguished status in East Asia as an economy based on advanced science and technology, although it still maintains a competitive status. New industrial economies such as Taiwan, South Korea, Hong Kong, and Singapore started to be competitive rivals as globally competitive economies, with rich human resources trained and educated internationally, and strong international social networks through those academic and business ties and the diaspora network. At the same time, China became a new industrial driver by activating its manufacturing sector, and also through national investment to invite offshore diaspora to accelerate their science and technology development. ASEAN countries are also trying to develop their economies by strengthening their economic and social links within and across the region.

Secondly, these East Asian countries transformed themselves as places to send students, aimed toward countries with bilateral student exchanges. This started mainly through the rapid development of their higher education systems in both quantity and quality. In particular, East Asian countries started intensive public investment to support their top universities for achieving world class status. Through the drastic financial improvement in science and technology fields, and the international ties through the study abroad experiences of top academics, the international prestige and the research performance of the top universities in these East Asian countries improved dramatically. Attracted both by improved aca-
ademic standards and their robust economies, South Korea and China started to accept large number of international students.

Thirdly, university education with English as the medium of instruction spread widely at the global level. In Europe, they activated student and academic mobility through the systemic efforts of developing European Higher Education Arena, started after the Bologna declaration in 1999. Many non-English speaking European countries increased programs in English, for attracting international students and to prepare their home students to study and work across borders. In the Asia-Pacific region, Singapore and Hong Kong have a long history of quality higher education in English, and they became recognized as higher education hubs that attract both students and academics from all over the world (Knight 2013). Other major Asia-Pacific countries have also increased university programs in English, both for meeting the needs of home students to work and study across borders, and also for attracting international students. Adding to this, in 2013 the business and academic opportunities of human resources who were educated through English-based higher education systems, such as India and the Philippines, increased dramatically both in the engineering and service industries. Malaysia invited overseas branches of UK and Australian universities, accepted international students both to home universities and foreign university branches, and became a transit point in the cross-border student flow (Sugimura 2011).

Fourthly, the oversupply of higher education for the domestic student market became apparent and serious by the beginning of the 21st century. Some universities and colleges started to enroll international students to compensate for the shortage in enrollment of home students, and extreme cases became social scandals. The diversification of the academic and social status among international students became apparent (Liu-Farrer 2014). Namely, elite international students with competitive intellectual competency and bilingual and trilingual communication skills started to be treated as desirable human resources, especially by enterprises. On the other hand, competition among the increased number of international students in the labor market of their home countries became harsh, and most started to feel difficulty in adding value by studying in Japan (Moriya 2011).

Fifthly, the mismatch between accepted skills and ability in firms and enterprises under the increasing pressure of the global economy, and the actual learning outcomes of most of the university graduates in the age of universal enrollment without a severe screening process became apparent. METI and industries started to require universities and higher education institutions to make efforts to improve the basic generic skills for business workers. MEXT also stressed the importance of education reforms for assuring learning outcomes suitable for university graduates.

Lastly, the prioritized resource allocation for attracting competitive international students, especially among the top universities, stimulated some controversy under increased financial pressures both in public and private universities. For example, Hitotsubashi University, a top national university in social sciences, offers a quality MBA program in English, and most of the international students there get some type of scholarship. Ritsumeikan
Asia Pacific University, a unique private university offering bilingual education in Japanese and English by attracting half its students and faculty from Asia-Pacific countries, have provided scholarships for most of the international students with the support of industries. Their international students, who have acquired communication skills both in English and Japanese, have been welcomed by Japanese enterprises seeking human resources who can bridge Japanese and international society. Under increased financial pressure toward home students through a long term economic recession, however, requests became vocal for providing international learning opportunities to Japanese students also.

As a main policy instrument in the plan for accepting 300,000 international students, and also for improving the international status of Japanese universities, the government started a project titled “Global 30,” selecting 30 or so universities as core bases of the internationalization of Japanese universities. In the first round, seven national and six private large comprehensive universities with high research capacity were selected, and these universities set up and expanded the programs taught in English both at undergraduate and graduate levels. However, especially among national universities, these programs in English were mainly used for attracting international students, not for home students. After facing the financial crisis in 2008 and the large scale policy changes through the replacement of ruling parties in 2009, the second round selection of universities was not implemented. Adding to this, the new government ruled by the Democratic Party of Japan put a negative result on the Global 30 project in their budget screening. The project thus changed its focus to international networking, adding the mission to provide an international learning environment for Japanese students also from 2011.

At the same time, according to MEXT, the number of Japanese students studying abroad started to decrease after peaking at 82,945 in 2004 to 58,080 in 2010. Ota (2013) identified the factors that led to the decrease. The factors he raised can be summarized as follows:

1. Oversupply of domestic higher education. After peaking in the early 1990s, the youth population of Japan has decreased due to the low birth rate. The increase of enrollment and the state of oversupply of domestic higher education diminish incentives to study abroad, because they can find enough higher learning opportunities inside Japan.

2. Decrease of financial affordability. Due to the long-term economic recession, the average monthly expenditure of students of universities has continuously decreased. On the other hand, the tuition fee of overseas universities, especially those in the United States, has substantially risen in the last decade.

3. Obstacles related to university education. Japanese universities do not respond to international trends of academic curriculums, credit transfer, and the provision of preparatory programs for international learning.

4. Lack of incentives to study abroad due to job hunting within Japan. Japan has a long tradition where the absolute majority of university graduates finish the job hunting
process before graduation, which tends to start earlier and create conflicts on study abroad periods. At the same time, study abroad experience, including post-graduate degrees, is not necessarily well-recognized nor rewarded.

(5) Increasing global competition among students and workers. The increase of international students at global levels and the competition among higher education providers for assuring high level learning outcomes, led to a higher requirement in language ability that cannot be met by most Japanese students under the current education system in Japan. The polarization of the attitudes of Japanese youth on working abroad is ongoing.

The last point, namely, the polarization of the attitudes of the young workers on working abroad, is pointed out based on widely-known survey data by the Sanno Institute of Management. The share of newly employed workers (18‒26 year olds) not wishing to work abroad has risen, from 28.7% in 2004 to 58.7% in 2013. At the same time, for the first time in 2013, the majority (29.5%) of those who wish to work abroad (41.3%) responded that they are willing to work anywhere in the world. The survey also asked the reasons for their preference. Namely, the reasons for the positive response on working abroad in the 2013 survey were the experiences unavailable in Japan (74.0%); to widen their own perspectives (65.6%); for improving language communication skills (47.7%); and for opportunities to work with non-Japanese (24.2%). On the other hand, the reasons for negative responses were a lack of confidence in language ability (65.2%); the uncertainty of life in foreign countries (50.4%); not feeling attracted to foreign countries (35.5%); lack of confidence in their own work ability (27.3%); additional burden to their families (18.6%); and the uncertainty of the influence of overseas work on their career (14.1%) (Sanno Institute of Management 2013).

These results above clearly indicate that for Japanese youth, global competition among young highly-skilled workers provides both wider opportunities for challenging life and a threat to their survival in such an open, internationalized labor market. Thus the domestic labor market, protected by the language and cultural barrier, as well as its established labor customs, appears to be attractive at least from a short-term perspective.

These “inward looking attitudes,” those being the tendency to avoid study and work experiences abroad among a part of Japanese youth, started to become a national concern among a wide range of industrial, academic, and policy leaders; especially after the financial crisis of 2008. This became one of the rationales for national support for fostering global human resources.

As mentioned previously, the government set up a cabinet level council for discussion on how to foster “Global Human Resources,” following the requests of industries and related Ministries. A new government that began in 2009, led by the Democratic Party of Japan, also indicated their idea to increase the number of Japanese youth studying abroad by up to 300,000 by 2020. The other stakeholders, such as the leaders of universities and industries,
also supported the idea of fostering Japanese youth to be more internationally competitive human resources. After the Liberal Democratic Party regained ruling party status at the end of 2012, the government set a more realistic achievement goal, namely to double the number of Japanese studying abroad to 120,000 by 2020.

IV. Global Human Resource Development in Practice

In order to analyze the actual practices related to the development of “Global Human Resources,” the author must clarify that there is a significant amount of available literature and information on the proposals, suggestions, and case studies referring to “Global Human Resources.” Many of them simply mention this as a catchy phrase for sales promotion or to draw public attention. The definition and interpretation of the term also varies. Some mention it as a global elite education, and others for more mass and universally-oriented education and training, related to any kind of international experiences.

This could be also applied to the requirement from industries. In the midst of transformation toward a national economy open to global business opportunities, a wide variety of trials and challenges are ongoing among respective small, medium, and large enterprises. Although there is a widely shared perspective that Japanese society faces a shortage of human resources who can work internationally, the actual approach toward recruiting and fostering such human resources are quite different among respective industrial sectors and even among respective enterprises in the same sector.

Part of the transformation had already started long before the spread of “Global Human Resources” as a discourse. Trading companies, manufacturing sectors and most leading enterprises have expanded their businesses all over the world. Many foreign investment companies in various industrial sectors have also entered the Japanese market, and have employed Japanese youth as local and global staff. Some leading Japanese companies such as Nissan or Yamaichi Stock Company also underwent international M&A, and the senior staff inevitably have had to work under a globalized working environment, in many cases through communication dominated in the English language.

However, partly because of the strong domestic economy and consumer market, the majority of workers inside Japan have continued to work without feeling the necessity to work in a foreign language. Based on a large scale survey of university graduates working in enterprises in Japan, Yonezawa (2010) pointed out that more than 70% of these workers do not use English in their daily work at all.

Under the ongoing policy debates on “Global Human Resources,” however, some of the visible changes among leading companies were highlighted. For example, Panasonic, a leading Japanese enterprise in electric appliances, declared its policy to shift the recruitment of university graduates to more from outside Japan. Newly established leading companies, such as Rakuten in the e-commerce business and Fast Retailing in the fashion industry operating UNIQLO, changed their official business language to English. Many other compa-
nies also clarified their policy of active recruitment of new non-Japanese staff and those with a high level of international experiences and foreign language skills (Tokunaga and Momii 2011).

The leaders of universities, industries, and the government also started active exchange and collaboration for encouraging youth to be actively engaged in international experiences. The University of Tokyo and other leading universities, mostly selected to be in the Global 30 project, started dialogues to business leaders; and the Keidanren, a representative association of business leaders, started offering scholarships for studying abroad for the students of universities selected for the Global 30 program.

In this process, Akita International University (AIU), a local public university located a rural area drew social attention as a unique case (Nakajima 2010). AIU was founded in 2004, as an experimental ‘international liberal arts’ university, by inheriting the campus and a part of the staff of a closed offshore branch campus of the Minnesota State University. It offers almost all its programs in English, and provides every student a study abroad experience through their student exchange programs. For realizing effective learning for the students mostly recruited from ordinary high schools in Japan, they provide a half-year program of language training, and also provide a strong support of job placement toward enterprises seeking Japanese youth who want strong international experience. This means that AIU’s academic calendar begins a half-year after the newly admitted students graduate high schools in March, following the Japanese school calendar that starts in April. The students who already have enough English proficiency for university study are allowed to have some experience such as overseas travel, under the monitoring and supervision of the AIU staff.

Waseda University, a top comprehensive private university based in Tokyo, also started Colleges of International Liberal Arts that carry out most classes in English. These universities made a consortium with Ritsumeikan Asia Pacific University; International Christian University, with a long history of liberal arts education partly in English; and Sophia University, which also transformed its long-established undergraduate program of comparative culture toward an international liberal arts program.

Partly referring these existing instances, President Hamada of the University of Tokyo made a proposal to shift the start of the academic calendar of top universities, including the University of Tokyo itself, to autumn. This follows the trends of advanced, mostly North American and European countries, for smooth student exchange with world-class universities. This partly utilizes the occasion to start undergraduate programs in English as a part of the Global 30 program, as other Global 30 member universities did. One of the rationales was enhancing student exchange through summer programs that are typically implemented in June to August among North American and European universities. The University of Tokyo started to attract top university students all over the world in their summer programs and provides the exchange experience to its own students. Waseda University solved the academic calendar issue by replacing the semester system with a quarter system, for more flexibility in study abroad experiences. The University of Tokyo and other universities are
also considering the introduction of the quarter system.

The government is also actively engaged in encouragement of university reforms to provide wider international experiences among students. The government started compulsory English language education in primary education in 2011, while Japan is almost dead last among major countries in Asia. English teaching itself is also under transformation from instruction in Japanese toward instruction in English. The government will also encourage the International Baccalaureate (IB) program, while significant expansion will be done mainly by ongoing efforts to develop the IB program in Japanese. The government also started discussion on the drastic reform of university entrance examination systems, to reform the foreign language subject examinations into those that stress practical communication skills.

At the university level, MEXT started various program funds for encouraging students to acquire international experiences. After the tsunami and nuclear accidents in Fukushima in March 2011, the Japanese government started a new project fund for large scale financial support for sending and accepting short term study and visit toward a variety of programs proposed by a wide range of universities. The government also started the project to provide financial support to model programs of student exchange with China, South Korea (under the name of CAMPUS Asia), and North America in 2011; with ASEAN countries in 2012, for participation to the AIMS, the credit transfer and student exchange programs among ASEAN countries led by the Southeast Asian Ministers of Education Organisation Regional Center for Higher Education and Development (SEAMEO-RIHED) in 2013; and Russia and India in 2014. Within these programs, the active engagement of sending Japanese students abroad and improving their language proficiency have been required as clearly-set goals. Also, as a scheme for vocational tertiary and lifelong education, the government issued a report for developing vocational and professional human resources, and started pilot programs in 2013.

As a major program to support leading practices among universities, MEXT provided the Project for Promoting Global Human Resources Development, selecting 11 university-wide programs and 31 faculty/school based programs in 2012. These programs are not always from top research universities, but rather from the universities that have made strong efforts for introducing international programs. Most of the programs focus on giving incentives and support to study abroad through educational programs and academic and career support. The government holds events for sharing these good practices, and universities and experts have also held significant seminars and workshops for improving educational practices and demonstrating accountability. Adding to this, the government is starting a new support program called “super global” high schools and universities from 2014, for providing a world-class learning environment to foster global leaders and human resources.

On the other hand, these practices in the education sector do not necessarily lead to direct application toward job opportunities outside of the country. Actually, most of the globalized enterprises, especially the larger ones, have already developed established re-
recruitment channels suited to the respective countries and regions. For example, a leading Japanese medical and pharmaceutical products company started to make a global strategy for recruitment, but basically follow the recruitment custom of, for example, the US or Europe, when they recruit staff from these countries and regions (Ishiwatari and Yonezawa 2012). It may also be true that many foreign investment enterprises operating in Japan do not necessarily follow agreements on the recruitment period and processes among Japanese enterprises. However, including these foreign investment companies, the absolute majority of Japanese graduates from universities in Japan try to apply for the Japan-specific recruitment system and try to secure employment before graduation.

Ishiwatari and Yamanouchi (2013) criticize how industries have responded in assessing international experience and the competencies within the existing Japanese style recruitment system. There, some Japanese students only aim for superficial international experiences and better scores on language communication tests for improving their employment opportunities. After getting into the company, especially a typical Japanese one, job positions are decided by the employers, and workers are not sure whether they can make use of their competency as “Global Human Resources.”

On the other hand, Japanese universities and higher education institutions do not assure the knowledge, skills, and competencies that are universally viable in the global labor market, especially those in the English-speaking world. For example, even graduates of AIU, where the full-scale undergraduate education instructed in English is provided, the absolute majority of graduates find jobs through the Japanese-style recruitment process. For AIU, sending their graduates to the graduate schools of top universities in English-speaking countries is still the next challenge. Science and technology experts trained at the graduate level in Japan may have more possibilities for internationally viable employability. On the other hand, the majority of international students at Japanese universities are still studying in Japanese language at the undergraduate level, and seeking job opportunities somewhat related to Japanese industries either in Japan or their home countries.

V. Conclusion

The nationwide campaigns and movements for fostering “Global Human Resources” certainly changed the perspectives and attitudes of universities, industries, and even the students, more for being active in gaining international experiences through university education to be better employable in a globalized labor market. However, the fear to be exposed directly toward increasing international competition is shared among the majority of young workers, and this tendency is becoming even stronger than before. Although many trials are ongoing, it is still too early for getting concrete evidence that Japan is actually developing “Global Human Resources.” At the same time, this movement and its actual practices are basically active within the links between universities and industries inside Japan. In other words, the situation is completely different with, for example, the Philippines, where uni-
University graduates easily leave the country to seek professional job opportunities, such as in engineering and health care services.

At the same time, the findings above remind us of the nature of labor market customs embedded within a social context with long-standing continuity. At least at the entry level, the transition from education to employment is still based on the respective national or regional context. On the other hand, especially at the senior management level, it is becoming more likely to be involved in the working environment that requires the competencies of “Global Human Resources.”

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Reform of University Education for Non-Elite University Students

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After the shift in higher education policy in the 1990s, higher education underwent a rapid transformation from the previous “mass stage” to a “universal stage.” This stage shift was accompanied by the emergence of problems in university education that would not have been conceivable until then. I see this as a problem of “non-elite university students,” and have raised a number of arguments from the viewpoint that the direction of education reform in the group of universities that are forced to accept such students is an issue for “universal universities” (Igami 2010). Among other points, the basic direction of educational reform should be to have academic ability at primary and secondary levels completely taught in “remedial education,” and to present “career models for non-elite students” in “career education.” In conventional universities, these have been considered outside the scope of university education, but in universal universities, they are seen as extremely essential elements of educational reform.

I. Introduction

Since the 1990s, Japan’s universities have gone through huge changes that are astonishing in both speed and scale, and they are continuing to do so. Behind this lies a rapid rise in the university advancement rate. Using the higher education advancement rate as an index to express the stage shift in higher education, American higher education researcher Martin Trow expressed an advancement rate of up to 15% as the “elite stage,” that from 15% to 50% as the “mass stage,” and more than 50% as the “universal stage.” Japan’s higher education advancement rate (including universities and junior colleges) reached the mass stage in the 1960s and remained at that stage for a long time thereafter. With the shift in higher education policy at the beginning of the 1990s, however, the advancement rate rose rapidly, reaching the universal stage in the second half of the 2000s.

In any country, problems that cannot be handled adequately under the previous educational system arise in the process of expanding higher education. However, Japan is thought to face quite different issues compared to other countries, mainly due to the characteristics of the educational system as a whole (including primary and secondary education) and the unique structure of the labor market that employs young manpower. I perceive this as the emergence of “non-elite university students,” and view the issues of universities that are forced to accept them and deliver them to society as issues unique to “universal universities.” Here, I would like to raise points about the specific nature of educational reform in this group of universities.

Japan’s systems of education and labor are of course common knowledge to Japanese readers, but may not be so obvious for non-Japanese readers. I will therefore explain them
very briefly in the following.

II. Changes in Japan’s Systems of Education and Labor, and Their Significance

A separate paper would be needed to explain trends in Japan’s systems of education and labor in their entirety. Therefore, I would particularly like to give a brief explanation of changes in recent years and their significance, insofar as they relate to the discussion of university education reform.

1. Changes in Japan’s Systems of Education and Labor, and Their Significance
(1) Changes over the Last 20 Years

Japan’s system of education as a whole has been positioned under the policy guidelines of the regulatory agency, namely the Ministry of Education, Culture, Sports, Science and Technology (MEXT, until 2001 called the Ministry of Education), and remains so today. For higher education, however, a major “deregulation” was carried out as a result of policy development in the 1990s. Specifically, ministerial ordinances on University Establishment Standards were revised, and the content of university education (which until then had been decided under the detailed instruction of the regulatory agency) was basically to be left to the free decision of the universities themselves. This is known as the “deregulation of university act,” a simplification or liberalization of University Establishment Standards. On university admission capacity, similarly, while the 18-year-old population is definitely expected to decline in the long term, a temporary increase in university capacity was permitted in response to a temporary increase in the 18-year-old population, and this came to be permitted permanently in practical terms.

One researcher of higher education policy has summarized these trends, commenting that higher education in Japan has shifted from a “planned era” to a “marketplace era” (Amano 1999). This means that, at the same time as being liberated from the paternalistic control of the regulatory agency, universities also had to accept the “freedom” to be defeated in fierce competition among universities for an ever-dwindling 18-year-old population.

On this point, one should also mention that Japan’s higher education has been expanding, especially in the private sector. According to the latest edition of MEXT’s School Basic Survey (FY2013), the number of universities (excluding junior colleges) currently stands at 782, of which 606 or 77.5% are privately run. In terms of student numbers, similarly, of a total of around 2.87 million (including postgraduate students), some 2.10 million or around 73% attend private universities.

When the Act on Subsidies for Private Schools came into effect in 1976, these private institutions that account for the majority of Japan’s universities were permitted to have half of their operating expenses for education and research subsidized by the state. However, the rate of this subsidy has gradually declined after reaching nearly 30% in 1980; in recent
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years, it has been trending at around 10%.

Given the meager prospect of financial support from the state, private universities in Japan face a fierce “competition for survival” due to the decline in the 18-year-old population. Currently, around 40% of all universities do not fill their admissions capacity (according to a survey by the Promotion and Mutual Aid Corporation for Private Schools of Japan). And although few universities are actually closing at the moment, there is significant concern that this kind of university could increase rapidly from around 2020, when further sharp decline in the 18-year-old population is expected.

(2) Significance of the Changes

It would be surely no exaggeration to say that levels of academic ability among young Japanese have been achieved through competition in university entrance exams. The possibility of passing examinations for admission to individual universities is shown in an index known as hensachi or standard scores, based on mock examinations set by leading prep schools. Young people in Japan have striven to reach higher levels of academic ability from the stage of primary education (i.e. much earlier than senior high school), in the hope of entering universities with higher standard scores. However, this competition for academic ability is undergoing a rapid transformation as universities enter the era of “competition for survival.”

Universities that have always been able to select candidates using high standard scores still have extremely high “selectivity,” but in those from the middle level downwards, the function of selecting candidates has rapidly been lost. Originally, the system of entrance examinations for Japanese universities was based a combination of “general admission,” in which selection was mainly based on academic ability shown in the entrance exam, and “admission by recommendation,” in which selection would be based on elements other than the exam (e.g. a letter of recommendation or interview). In recent years, however, the proportion of new students entering university via “admission by recommendation” has risen, particularly in universities with greatly reduced selectivity. The MEXT guidelines set out to ensure that the proportion of students admitted to private universities via recommendation does not exceed 50%, but this proportion has in fact been exceeded in many universities.

Owing to this vast decline in universities’ selective function, university advancement is now a realistic option even in senior high schools known unofficially as “multiple career path schools” (to distinguish them from “academic path schools” whose graduates usually advance to university). In these schools, university admission has not conventionally been the main path available after leaving school. In other words, most of the school leavers follow “diverse career paths” such as “employment,” “specialized training college” or “no employment.” If a candidate’s academic ability becomes little more than a formal requirement for university admission, the only remaining hurdle would be whether the family’s financial circumstances would permit university advancement. Focusing only on humanities faculties in private universities (i.e. excluding sciences and medicine), the current average
of students’ first year payments comprises tuition fees of around 750,000 yen and an admission fee of around 250,000 yen, plus an amount of around 150,000 yen for equipment maintenance, totaling around 1,150,000 yen (survey by the Promotion and Mutual Aid Corporation for Private Schools of Japan). For reference, state universities charge tuition fees of 535,800 yen and an admission fee of 282,000 yen, totaling around 800,000 yen.

Japan has some of the highest tuition fees of any developed nation, and is the only country where there are hardly any grant-type public scholarships. Not too many households can comfortably afford to pay university fees amounting to nearly 4 million yen over four years; after somehow managing to meet the payments in the first year, students are forced to rely on their own part-time work income or loan-style scholarships, which have to be repaid with interest after graduation. Even then, many pupils of multiple career path schools who can actually realize the previously unavailable option of university advancement choose that path without any expectation at all of mastering a discipline at university.

Thus, paths to becoming a “university student,” mainly from “multiple career path schools” to “low-selectivity universities,” despite not having acquired sufficient academic ability to receive a university education, have expanded over the last 20 years or so. (One should quickly add, however, that a lowering of academic ability among students advancing from “academic path schools” to “high-selectivity universities” is also becoming problematic. If anything, it is generally these students who are tending to be seen as “a growing social problem,” but in the author’s view, this is not where the true problem lies). In the sense that they are a group of students with completely different abilities and motivations compared to the academic ability selection group in the “elite stage,” I would like to define these as “non-elite university students.”

2. Trends and Characteristics of Japan’s Labor System
(1) Changes over the Last 20 Years

When Japan’s higher education started to change in the 1990s, huge changes were also seen in the labor market. According to data from a private research body that surveys the jobs-to-applicants ratio among university students (including postgraduate students), the jobs-to-applicants ratio for students due to graduate in March 1991 was 2.86 (from the Recruit Works Institute College Graduates Job Opening Survey). With the collapse of the so-called “bubble economy,” however, the ratio fell dramatically, going below 1 for the first time at 0.99 for March 2000 graduates. It gradually recovered thereafter, reaching 2.14 for March 2008 graduates, but fell back again under the impact of the global financial crisis of 2008 and will only be about 1.28 for March 2014 graduates.

However, there is considerable disparity within this ratio, depending on corporate scale and sector. Dividing companies into those with fewer than 1,000 employees and those with 1,000 or more, the ratio has trended between 0.5–0.7 over these last 20 years in companies with 1,000 or more employees. Those with fewer than 1,000 employees have undergone quite sudden change, rising sharply from 1.55 for March 2000 graduates to 4.26 for
March 2009 graduates. But the ratio has fallen back dramatically in recent years, and stands at 1.91 for March 2014 graduates. By sector, the finance industry has trended between around 0.2 and 0.5 over the last 20 years while the distribution industry has generally hovered around 3 or more, but has gone through huge fluctuations; the ratio was 7.31 for March 2008 graduates but had fallen to 3.73 for March 2013 graduates.

With these changes in the labor market for university graduates, universities are no longer institutions that necessarily guarantee stable employment for their graduates. In the MEXT School Basic Survey, the career paths of graduates from all universities in Japan every year are surveyed. According to this, the proportion of graduates “Not advancing to higher level courses nor entering employment” and “Entering provisional employment” (here collectively called “non-employed graduates”) was around 10% in 1990, but rose sharply after the collapse of the bubble economy, passing the 30% mark in 2000. After that, influenced by a very gradual economic upturn, it recovered to around 15% in 2008, but then the impact of the global financial crisis brought it back above 20%.

However, while the university graduate jobs-to-applicants ratio and non-employed graduate ratio have fluctuated in tune with the state of the economy, the establishment of university graduates in employment appears to have “peaked,” as it were, since the 1990s. According to a survey by the Ministry of Health, Labour and Welfare, the job separation rate by university graduates within three years was 23.7% for March 1992 graduates, but then rose to 32.0% for March 1995 graduates, and has since remained in the 30% range to the present day (peaking at 36.5% for March 2000 and March 2004 graduates). Here again, however, a significant disparity exists in terms of sector; the manufacturing, finance and insurance industries have trended at around 20% over the last four or five years, but in the retail trade the ratio is in the upper 30% range, while in “living-related and personal services and amusement services” and “accommodation, eating and drinking services” it is at a considerably high level in the upper 40% range.

(2) Significance of the Changes

Japan’s young labor market is said to be characterized by “periodic collective hiring of new graduates.” That is to say, at a fixed time once every year, the custom is for students newly graduating from institutes of education all to be hired together. A characteristic of this hiring is that the specific vocational ability of the graduates is hardly evaluated at all. This is because many workplaces in Japan are not strictly structured around “jobs” as such (“job descriptions” would be impossible to write, or are unnecessary). Instead, students are evaluated not in terms of their ability to perform specific jobs, but on the basis of their latent ability to fulfill various tasks within the company’s organization in future. A proxy indicator of this latent ability has been the standard scores for academic ability when taking university entrance examinations, as these reveal levels of academic learning for entrance exams. The judgment has been that, if they were able to withstand the rigorous regime of study for entrance exams, they would also have strong enough “trainability” to apply themselves to
various tasks after joining the company. For some reason, moreover, their academic performance after entering university is not evaluated. This shows just how untrusted that performance is as an indicator.

Besides standard scores in academic ability, a recent trend is for the candidate’s potential level of commitment to creating corporate culture and corporate values, i.e. “membership” (as a member of the corporate organization) to be particularly evaluated. In various corporate questionnaires on new graduate hiring, one response that always comes high on the list of items regarded with priority when hiring is “communication ability,” an evaluation element that is difficult to define concretely.

In the process of hiring new Japanese graduates, the first stage involves general knowledge and other written tests. However, an important process in deciding whether or not to hire is the interview test. Usually, this does not consist of only one interview, but is carried out carefully several times with different interviewers. In the interviews, a series of questions and answers are exchanged on the basis of an “entry sheet” (a document resembling a résumé plus personal statement) submitted in advance. Most of the questions relate to the candidate’s club circle activities, part-time job and others experienced at university; it is extremely difficult to discern from the outside what is being objectively evaluated and in what way. The only explanation one can give is that this is part of the individual student’s “whole personality evaluation,” as it were, in connection with the issue of “membership,” i.e. whether the candidate has the disposition suited to becoming a member of the company.

Seen from this perspective, it is easy to imagine that “non-elite university students” face massive difficulty when seeking employment. Since they have no experience of studying for entrance examinations in the first place, they must be almost impossible to evaluate in terms of trainability based on standards of academic ability in entrance exams. And they must be even more difficult to hire from the viewpoint of “whole personality evaluation” with its focus on “communication ability.” This is because evaluation focuses on the attributes naturally acquired by “elite university students,” starting with “deportment” and going as far as “responding appropriately to adults” and “the cultural level of vocabulary used in conversation.”

In reality, the possibility of “non-elite university students” having access to opportunities for classic “Japanese-style employment practices” that have been open to “elite university students” until now (treatment based on seniority and guarantee of lifelong employment) is extremely remote. Companies where “non-elite university students” can find employment relatively easily are those that do not base their selection on general knowledge tests or other academic ability, have no careful interview process to evaluate membership attributes, and view manpower as disposable. Many of these companies do not even honor the minimum standards of labor conditions set down in the Labor Standards Act, such as working hours and pay increments for overtime hours. In that these companies habitually engage in illegal activity, they are called “black companies” (originally an Internet slang expression), and these have become a considerable social problem.
III. Issues Facing Universal Universities

I will use the collective term “universal university” to describe those universities directly affected by the sudden transformation of Japan’s education and labor systems, as discussed above. Then, having correctly ascertained what sort of educational problems arise in this group of universities, I would like to discuss what sort of teaching reforms should be pursued (see Igami [2013a] for more detail).

1. Issues of Remedial Education: From “Pseudo-Attainment” to “Real Attainment”

The “non-elite” nature of students entering universal universities is as stated above. Many of them have lost the desire to learn long before entering university, and now find themselves without any basic learning habits. Their level of academic ability can generally be seen as stopping way short of the level required when finishing compulsory education. So what kind of “education” should the teaching staff of a “universal university” give to these “non-elite university students”? It would first have to be “education for the sake of education,” or in other words “remedial education,” in the sense of giving “supplementary teaching” in the educational content that should normally have been learned up to secondary education as a precondition for receiving a university education.

(1) Conceptual Goals of Remedial Education

Seen realistically, the purpose of remedial education befitting the reality of the universal universities would have to involve establishing basic academic ability in the initial stages of higher education. This basic academic ability has “fallen away” (i.e. it has failed to establish itself) in the process of primary and secondary education. On this point, the “20 Indicators of Academic Ability” proposed by Kazuhiko Sugiura are extremely thought provoking (Sugiura 2010). Sugiura’s indicators link elementary schools to junior high schools and on to senior high schools, based on his own experience of transferring from elementary school teaching to junior high school teaching and facing the critical fall-away of basic academic ability there. For my own purposes, I have recomposed these into the six fields shown below (the names given to the fields are my own).

i. Basic ability in Japanese

1) Must be able to read 90% and write 80% of the prescribed school-level kanji (the 1006 kanji characters learnt at elementary school).
2) Must be able to write characters at an appropriate speed and size in an exercise book.
3) Must understand subject and predicate and be able to use particles properly.
4) Must be able to recognize verbs, nouns and adjectives.
5) Must be able to read and write romaji characters.
ii. Japanese language usage
   6) Must have read at least two generally acclaimed works of literature, biographies or scientific texts per year.
   7) Must have recited several poems, proverbs, etc.
   8) Must be able to use a Japanese language dictionary and kanji dictionary, and search for unknown words and phrases.

iii. Basic communication ability
   9) Must be able to write out a chronological sequence of facts as they happened.
   10) Must be able to organize fixed portions of a story and convey them to others.

iv. Basic counting ability
   11) Must be able to perform addition, subtraction, multiplication and division freely.
   12) Must be able to perform basic unit conversions.
   13) Must be able to recognize basic graphic figures.
   14) Must be able to estimate and roughly calculate times and distances.
   15) Must understand the meanings of proportions (ratios, rates and percentages).

v. Basic social understanding
   16) Must be able to travel north, south, east and west on a map and give directions by sketching a simple map.
   17) Must be able to draw the approximate shape of the Japanese archipelago and know the locations of the prefectures.
   18) Must know the positions of important countries in the world.

vi. Learning habits
   19) Must be in the habit of learning at home (minimum 1 hour).
   20) Must be familiar with using learning tools.

Although these indicators were originally proposed as academic ability indicators linking primary and secondary education stages, with just a little addition and revision they could also become concrete targets for academic ability linking secondary education with higher education. Remedial education inevitably tends toward the aspect of adapting to higher education, but remedial education in universal universities should first start by grasping these realistic levels of academic ability.

However, what looms large as a huge barrier here is the problem of the basic attitude to learning. That is to say, an adherence to “pseudo-attainment” is deeply ingrained in the students, as aptly pointed out by my research colleague Ryoma Endo. Namely, “The essence of attainment is lost along the way, and is replaced instead by a surrogate (for example,
merely being “in attendance,” or “fill-the-blank questions” where answers are given without understanding their meaning)” (Endo 2006). If we take this attitude toward learning itself to be the cause of academic ability “falling away,” remedial education would stumble at this very first stage. What is most important here is careful “explanation” and “persuasion” to bring about a radical change in those students’ mentality.

Kazuhiko Sugiura says that the essence of basic academic ability is “academic ability that is effective for re-learning.” I will quote him directly below, albeit at some length, as his explanation is rich in implication.

The majority of citizens do not think of scholarship as something aimed at making a huge discovery that will amaze the world, or knowledge that will come in handy when running a large corporation. Their real wish is to acquire the knowledge needed to get a proper job, and academic ability as a foundation for learning the knowledge and skills to support future hopes and ambitions. When those hopes and ambitions change in mid-course and they want to make a new start, they want to acquire enough academic ability to support learning of the necessary knowledge and skills. However, sites of school education are starting to stagnate; children’s motivation to learn is in decline, as is the knowledge that forms the basis of learning. This decline appears in the form of mistaken judgments, simplistic and narrow thinking, a tendency toward gratuitous attacks on society and the vulnerable, abuse of knowledge and misrepresentation, and technical errors. (Sugiura 2010, 14)

A feeling gained from daily classes is that students appear to have considerable latent desire toward “re-learning.” However, what stops this from rising to the surface is the obsession with “pseudo-attainment” that has become ingrained in school life until now. Of course, students have somehow managed to get through to senior high school (and may now actually be “university students”!) just by sitting at their desks and copying sentences straight out of their textbooks as instructed by their teachers, without understanding the meaning. However, we need to “explain” properly that this will not be good enough from here on. We need to explain repeatedly that students will not be able to get “proper jobs” in the labor market with the way they have done things until now. We also need to “persuade” them that the only way to change from “pseudo-attainment” to “real attainment” is to continue making diligent efforts, however tough that may be. We need to patiently persuade them that, rather than excuses that things “cannot” be done, making it even slightly possible that they “can” be done helps to expand life’s options.

Rather than merely supplementing the learning content, the essential and conceptual goal of remedial education in universal universities surely lies in expanding the breadth of life options through this combination of explanation and persuasion. In this sense, remedial education needs to be approached from two perspectives—not only that of completely acquiring the content of compulsory education, but also that of career education, in order to
create links with the students' way of life and a vocational understanding offering prospects for the future. I will return to this point in a later section.

(2) Issues in Practicing Remedial Education

Let us here briefly mention some issues in the practice of remedial education by universal universities. Until now, I have discussed the conceptual aspects of remedial education, but if one were to put it into practice, a number of issues would arise right away. One of these is the problem of who the providers would be, and another is who the recipients would be. The usual answer would doubtless be that the providers would be university teaching staff and the recipients would be all of the students, but in reality that would not necessarily be true.

On the subject of providers, there is in reality a progressive “outsourcing” to operators external to universities. Even if a given university’s teachers are responsible for organizing the curriculum and accrediting units in terms of the syllabus, there is evidently no lack of cases where the actual lessons are given by instructors who are not on the university teaching staff. Making specialist researchers in higher education responsible for remedial education at junior high school level, let alone senior high school, could raise problems in terms of both educational skills and “pride” as university teaching staff. Of course, it would be ideal if roles could be efficiently shared between universities and external sources, but this should basically be within the scope of work borne by university teaching staff.

The problem with recipients could be seen as one of the “scattering” of students’ ability and motivation. However weak they may be in selectivity, plenty of universities have a certain number of students with reasonably high ability and motivation. These are selected as the “elite” and are subject to a different educational system from “ordinary” students, for example by giving them special classes. The idea is that these will eventually be employed by so-called blue chip companies and used as PR for the universities’ entrance examinations. Although this kind of “top-runner strategy” must inevitably be tolerated to a certain extent in terms of universities’ management strategies, it would surely mean that there are huge problems in university education if the vast majority of students permitted to enter university are given no remedial education of any note, but are merely given easy credits and allowed to graduate. However, as students’ ability and motivation are scattered over such a broad spectrum, where to set targets in trying to “raise the bottom line” is actually an extremely difficult issue for any universal university. Although using the phrase “bottom line” may be a problem, it is a fact that there is a cohort of students who are below the “threshold” point of ability and motivation. As such, it may be better to see this as an issue that goes beyond the scope of university “education.” Again, I will re-examine this point in a later section.
2. Issues with Career Education: “Non-Elite Careers” as A nother Career M odel

What should be borne in mind when discussing this issue is that the labor market for university graduates no longer provides opportunities for classic “Japanese-style employment practices” (treatment based on seniority and guarantee of lifelong employment) to all university graduates. This sharply questions the validity of building career education based on the “elite” model (in which a new recruit may initially be employed in sales or clerical work but be rotated through various related departments within the company, while having prospects for advancement to middle or even top management) as a career model for all university graduates. With this point firmly in mind, here again I will briefly state the following points unique to universal universities.

(1) Problems in Combining Remedial with Career Education

In the above, I highlighted the need to combine remedial education with career education in the sense of linking the purpose of university education to the students’ future vocational prospects, with a view to making remedial education function toward attaining conceptual targets. From experience of being responsible for several courses related to career education, the vocational prospects of most students seem to have been simplified into two images. One is the extremely easy university graduate qualification fantasy, whereby students can be employed by first-rate companies without even making effort (they can become the “elite” of this society). The other is the fear of succumbing to “black companies,” based on their own part-time experience and Internet information, etc.

Firstly, to even slightly increase university graduates’ potential for employment by “proper companies” in the labor market, the height of the specific “hurdles” facing them must to be shown. But this must not result in lowering their “motivation” (motivation to learn) at the same time. Hurdles that can be overcome with “a modicum of effort” are desirable (though for them, this may be an enormous effort). This issue is also connected with the recently much-discussed problem of “quality assurance” in university education. Nevertheless, I feel that the best to be hoped for in “non-vocation-oriented,” “private humanities-based” universities might be vocational education that can respond to the “hiring level” for companies. As a concrete example of this, we could consider the acquisition of Grade 3 or Grade 2 level in the Business Proficiency Test sponsored by MEXT (operated by the Association for Technical and Career Education, name changed to “Jobpass” from FY 2013). Under the new system, the Grade 3 level “targets senior high school 3rd graders and students enrolled at universities and specialized training colleges. Its content requires general business knowledge and knowledge that should be acquired in order to adapt as a professional in future, such as basic communication and making use of information, on the premise of forming the student’s own concepts of vocation and labor” (from the Association’s Japanese website). Again, under the new system, the Grade 2 level “targets students at universities, specialized training colleges, and others who are soon to start job-seeking activity, and workers in their 1st or 2nd year of employment. Its content requirements include an
understanding of companies’ roles, responsibilities, powers, etc., how to work efficiently, basic communication aimed at problem-solving, and techniques in using information, on the premise of Grade 3 knowledge” (same source). Since the Grade 3 level has always had a pass rate of around 80%, this would appear to provide a fairly good hurdle. (As an additional note, the Grade 3 level mostly involves questions of “Japanese reading comprehension” rather than “vocational ability.”)

Now, when this kind of general or universal vocation-related qualification or test is made into one of the goals (quality assurance in university education), whether or not remedial education and career education can be successfully combined as a curriculum would appear to be a very important point. To make this function as a curriculum, the student’s freedom of choice would have to be significantly limited, such as by increasing the number of compulsory subjects in the first year. This represents a dilemma for many universal universities that have somehow managed to establish themselves by broadly permitting the breadth of free choice in subjects taken, in that it could also increase the number of dropouts. However, unless this dilemma is overcome, they will fall into a “spiral” whereby the reduced quality of graduates causes a further decline in the quality of new matriculants.

(2) Presenting a Non-Elite Career Model to Replace the Elite Model

As shown above, however, even if vocational ability at the “hiring level” can somehow be secured, the actual labor market for university graduates is a major issue that cannot be controlled by the universities, in that it does not function to provide the elite model described above to all university graduates. What the universities can do is to indicate that other career models could also exist, while also trying to motivate students with the conventional elite model. Here, we should take particular care to stress that a common concern among students—i.e. that non-elite careers all converge toward “black companies”—is in fact very mistaken. Students do seem to have a deep-rooted belief that all non-elite places of employment are “black companies” (as, indeed, do people in society as a whole), but this misconception needs to be exposed.

Under Japan’s legal system, there is no substantive restriction on working hours (i.e. restriction designed to protect workers’ lives and health) in the first place (see Hamaguchi 2009). As such, even with elite careers (or precisely because of elite careers) the reality of the labor situation is inevitably nothing but “black.” The reason why this reality has not been perceived as “black” is that their labor has been expected to provide ample “reward,” in the sense of offering career prospects of advancement into middle and top management. Now that this kind of “reward” cannot be expected at all, however, the essence of the “black companies” problem is that only the reality of the labor has come to be demanded of elite careers.

In that case, career education is required not merely to instill a knowledge of the legal system, enabling students simply to ascertain whether a company is “black” or not (although, since even that is hardly taught at all, this is also necessary in itself), but to present a
new career model to replace the elite model. The perspective most lacking in today’s career education, colored as it is with cultivating “global human resources” and “entrepreneurs,” etc., is this very idea of non-elite careers. These are careers that aspire to the working style of “ordinary workers” in western society—namely, a “normal working style” in which there is no expectation of career progression into middle and top management but a balance between work and other aspects of life (the “work-life balance”), based on a commitment not to the corporate organization itself but to a “job” within the company.

Quite a lot of companies have already introduced systems of “area-specific regular employees”; in future, the issue of institutionalizing “job-specific regular employees” should also be studied and introduced in earnest. One major role of career education in universal universities must surely be to find within this a model of very “decent work,” in the sense of “spending 8 hours working in order to live, 8 hours sleeping or resting, and the remaining 8 hours doing as one pleases” (not a slogan for a labor union movement!), and to make the prospects of non-elite careers more easily accessible.

(3) An approach to Students Going beyond the Scope of “Education”

Let me briefly raise another point. However we attempt to expand career education to include non-elite careers, there is a group of students who will remain resolutely “uninvolved.” These are students who occasionally suffer from developmental and psychiatric problems. Although they inevitably leave university as “non-employed graduates,” they tend to be excluded from the “denominator” of “Persons seeking work” in the “Employment rates” used for PR on university entrance examinations. As such, they are not perceived as a particular pressing issue in terms of university management. As mentioned briefly in the section on remedial education, it may be better not to grasp this issue within the scope of “education” in the first place. As specialist professionals involved in career education, “career counselors” who approach mainly from the psychological angle are probably the norm. However, this would seem to be an area requiring specialization in “social work,” whereby such students are approached from the fields of social welfare or mental health instead.

Movements such as support for employment and independence by local youth support stations, using manpower specializing in social work, and support by NPOs for university dropouts or graduates without employment are already spreading outside universities. Although this kind of outreach (home visit support) activity is gradually permeating into some senior high schools, at university level it is almost non-existent. For university “education” to function properly, the time has surely come for support based on this welfare-type approach to be considered (on this point, see also Igami 2013b).

IV. “Justification of the Existence” of Teaching Staff in Universal Universities

Finally, I will discuss the “justification of existence” of teaching staff in universal universities, where various issues not anticipated in conventional university education are
being faced. The reason why this discussion is being raised in the first place is that society at large has an extremely low awareness of the very existence of universal universities. That is, there is a very deeply rooted rationale that it is proper for universal universities to be weeded out from the marketplace. However, the argument made here is that universal universities have a unique social significance. There has always been a tacit presumption that university teaching staff should not be “educators” but “researchers.” In universities that are forced to admit non-elite students—to say nothing of those where elite selection is practiced—their nature not only as “researchers” but also as “educators” has been brought sharply into question.

Now, models that portray university teaching staff as “educators” include the perspectives of the “owned-operated model” and the “organized-operated model” (Ogata 2012). The former could be rephrased as the “traditional professor model,” in that they are dedicated to research, and the latter as the “reforming teacher model,” in that they are inclined toward organizational reform of university education. The impression directly received is that teaching staff at universal universities are “almost in despair” at their daily lessons, but seem to be characterized by a “conflicting model” that drifts back and forth between the two mentioned above. The cause of this “conflict” is largely that they not only have to be involved in “co-education” (I use this as a collective term for non-specialist, general education) combining remedial education, career education and others in fields outside their own speciality, but also that they have a sense of futility in that their efforts are not well recognized by society.

While the social raison d’être of universal universities is brought sharply into question, if we are to assert that education by universal universities can make a social contribution, we need to explore ways of having the efforts of university teaching staff in “co-education” (and particularly in the “conflict model”) valued by society. Efforts of this sort outlined in this paper include the fact that they guarantee to provide “non-elite university students” with “academic ability effective for re-learning” via remedial education, and “vocational ability” that should function effectively, at least at the hiring level; and that they present a career model offering a “work-life balance” via career education. However, doubt still remains as to whether these are therefore unique issues that should be tackled by “universities as institutes of higher education.”

Here, we are inevitably forced to confront a fundamental question: “What are universities in the first place?” Or in other words, the debate over the “functional specialization” of universities. In the 2005 Central Education Council report “Grand Design for Education and Research in the 21st Century,” the functions of universities are divided into seven categories, namely (i) global hubs of research and education, (ii) cultivation of high-level specialist professionals, (iii) cultivation of a broad range of professionals, (iv) comprehensive liberal arts education, (v) education and research in specific specialist fields (art, physical education, etc.), (vi) local hubs for lifelong learning opportunities, and (vii) social contribution functions (community interaction, industry-university collaboration, etc.). Based on
these divisions, it was proposed that each university should gradually specialize its func-
tions based on its own individuality and characteristic features. Although this is conceptually
a theory of all-embracing functional specialization, it could hardly be seen as an argu-
ment firmly grounded in the current reality of Japan’s higher education, now arrived at the
universal stage. When the importance of “universal universities” as universities is brought
into question based on the emergence of “non-elite university students,” I would like to
stress the significance of the function of “liberal arts universities with a strong elements of
vocational education.” Although “vocational education” and “liberal arts” may be two ide-
ologically opposed concepts, if we take the current status of non-elite university students
into account, I think both of these are necessary.

Certainly, there are plenty of voices questioning the possibility and necessity of a
radical swing to “vocational universities.” When premised on the structure of Japan’s labor
market, however, vocational education that could somehow be achieved at the school stage
could only go up to the hiring level at best, as stated above. When it comes to acquiring
more specialized vocational ability, public vocational training institutes must be in a far
superior position. Assuming this to be true, we then arrive at the argument that universal
universities should rightly be weeded out of the market if they cannot give vocational edu-
cation. Nevertheless, if we are to assert their raison d’être as universities even then, we re-
ally have no choice but to base them on “liberal arts,” in the original meaning of the latter as
“a discipline that frees people from the constraints of labor.”

To me, “liberal” does not have the classic meaning of “escaping from the yoke of la-
bor,” but one of “enabling people to live freer lives by expanding life options.” A candid
analysis of the current situation of non-elite university students would suggest that their life
options may quickly become narrow in future. The teaching staff of universal universities
should give them more options for living their future lives, through the kinds of remedial
and career education described above. When individual teachers can proudly assert them-
selves to society in this way, it will mean that the social raison d’être of universal universi-
ties has indeed been recognized.

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Employment and Labor Policy Response to the Great East Japan Earthquake: Focus on the First Year after the Disaster

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I. Introduction

On March 11, 2011, a massive earthquake of magnitude 9.0 hit northeastern Japan off the Pacific coast, and an enormous tsunami struck the coast shortly afterward, claiming countless lives across a broad area of eastern Japan and devastating the social and economic infrastructure of the region. The disaster also triggered the serious accident at a nuclear power plant. Employment and labor were severely affected in the disaster-stricken area and elsewhere as well, and a great many problems remain unresolved today, though much stability has been regained as restoration and reconstruction progress. While the recovery is still far from complete as of this writing, this paper will primarily give an overview of the circumstances and characteristics of employment and labor immediately following the catastrophe and during the first year of reconstruction.1

II. The Disaster and Its Aftermath

1. A Triple Calamity: Earthquake, Tsunami, and Nuclear Accident

The disaster was threefold: the earthquake itself, the resulting tsunami, and the nuclear accident these phenomena caused.

• Earthquake

The earthquake occurred at 2:46 PM JST on March 11, 2011. It was named the 2011 Off the Pacific Coast of Tohoku Earthquake, in reference to the location of its hypocenter 24 kilometers beneath the Pacific Ocean near the Tohoku region of Japan at latitude 38°06.2′N, longitude 142°51.6′E. Its magnitude, i.e. the absolute intensity of the energy released by the earthquake, was 9.0, the fourth largest measured worldwide since 1900. Its maximum seismic intensity was recorded at 7.0, and powerful vibrations were felt across a wide swath of

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1 The Japan Institute for Labour Policy and Training (JILPT) has launched the Project to Record the Great East Japan Earthquake in order to document the impact of the March 2011 disaster of that name on employment and labor, and the policy response to that impact, and the JILPT is collecting, organizing and analyzing information to that end. This paper summarizes the Project’s interim report, compiled in March 2013, entitled JILPT Research Report No. 156: The Great East Japan Earthquake and Records on Employment and Labor—1st Compilation Report on the Project to Record the Earthquake (JILPT, Compilation of the Results of the Project to Record the Great East Japan Earthquake No.3) (March 2013). This report was written jointly by seven Project team members, all of whom are JILPT researchers or investigators: Shinichi Umezawa, Yutaka Asao, Akira Endo, Yasuhiko Matsuno, Mari Okutsu, Noboru Ogino and Akiko Ono.
Japan even outside the Tohoku region. Even in Tokyo, 300 kilometers from the earthquake’s center, the seismic intensity was over 5.

Afterward there continued to be frequent aftershocks, as strong as seismic intensity 5 or 6, primarily in the Tohoku region. While damage from the earthquake itself may have been surprisingly mild compared to that resulting from major quakes in other countries, there was still no small number of homes totally or partially destroyed, and a great deal of property damaged.

• Tsunami

As the earthquake took place along an undersea fault line, it generated a titanic tsunami, which reached the Pacific coast between 20 and 40 minutes after the quake, its fury decimating coastal areas. Reaching heights of 8 or 9 meters in places, the wave swept over or destroyed breakwaters and coastal levees, crashing into communities, farmland, ports and harbors, and sweeping away or crushing all but the sturdiest buildings. Under the influence of the coastal terrain, it towered to heights of 40 meters in some places.

The earthquake and the tsunami, which are collectively known in Japan as the Great East Japan Earthquake, caused a death toll of 15,879, with 2,700 more missing.\(^2\) 90% or more of these deaths are thought to have been from drowning. According to reports, approximately 129,000 buildings were completely destroyed and another 269,000 partially destroyed, and the tsunami was responsible for the majority of this destruction as well. The unimaginable devastation caused by this colossal tsunami is one of the most notable features of the 2011 disaster.

• Nuclear Power Plant Accident

Fukushima Daiichi Nuclear Power Station (hereinafter referred to as “FDNPS”), operated by Tokyo Electric Power Company, is located roughly halfway up the Pacific coast in Fukushima Prefecture, the southernmost prefecture in the Tohoku region in northeastern Honshu. There were six nuclear reactors at the plant.

The earthquake caused an emergency shutdown of the reactors in operation at FDNPS, and external electric power was cut off as well when towers used for receiving electricity from outside sources collapsed. Emergency backup generators immediately kicked in to power the cooling of reactors and other vital functions, but soon afterward a tsunami exceeding the maximum height predicted by the facility’s planners struck, and the emergency backup electrical equipment ceased to function as well. For this reason, despite the frantic

\(^2\) These figures are those aggregated January 16, 2013 and published in Report No. 156 described in footnote 1. The latest figures available as of this writing, from November 8, 2013, place the death toll at 15,883 and number of missing persons at 2,651. Note that these totals are for deaths, etc. directly caused by the disaster, and if other “disaster-related deaths” (for example, of patients who were hospitalized when the disaster struck and as a result could not obtain adequate medical treatment and died, etc.), the number of dead and missing persons is said to top 20,000.
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efforts of plant personnel and other parties, there was a partial reactor meltdown, triggering
hydrogen explosions that destroyed upper portions of the reactor buildings, and causing the
release of massive quantities of radioactive substances into the external environment. The
accident was classified as a Level 7 (Major Accident) on the International Nuclear Event
Scale (INES). Currently, while the cold shutdown status of the reactors at FDNPS is being
maintained, albeit barely, efforts are still underway to get the situation fully under control
and move forward with decommissioning of the reactors amid myriad challenges. In addition
to the issue of FDNPS itself, there are also large numbers of people who were forced to
evacuate, uprooted from their homes and robbed of their livelihoods. Many will not be able
to return for years or even decades.

2. Various Aspects of Damage

The threefold disaster described above affected a huge number of people, with nu-
merous deaths, many forced to evacuate to other regions, and great damage and detriment to
the economy as business activities were disrupted due to the destruction of facilities. The
damage took many forms, but here I will only outline the most basic characteristics needed
to provide context for this paper.

• Damage Suffered by Disaster Victims and Displaced Persons

As described above, when deaths indirectly caused by the Great East Japan Earth-
quake are included, over 20,000 people lost their lives as a result of the disaster. While this
is truly a staggering death toll, it is thought to be considerably less than it might have been,
thanks to the fact that the region has been hit by tsunamis in the past and its residents keenly
recognize the dangers they pose.3

Among survivors of the earthquake and tsunami, those whose homes were totally or
partially destroyed or washed away were forced to evacuate to neighboring regions, while
those who lived in the area affected by the FDNPS accident were forced to move further
away, and both have been forced to relocate for extended periods.4 Immediately after the
disaster there were a total of 470,000 evacuees nationwide, including those who had to re-
locate temporarily as basic infrastructure was disrupted, and those who were unsure of
safety conditions in their homes. By one week afterward the number had fallen to 390,000,
and two weeks afterward to 250,000, but three months later the number still stood at
100,000. A round this time relocation to temporary housing began in earnest, and according
to a report on September 8, 2011, almost exactly six months after the quake, the number of
people in evacuation centers had shrunk to 27,531, but 47,369 were residing in temporary

3 Even so, there were reports of many tragic cases, such as those who evacuated to what they con-
sidered a safe elevation but were nonetheless swallowed up by the tsunami.

4 Evacuation centers were generally established in schools or community centers, and a large
number of households lived there communally. The number of evacuees also includes those who went
to live with relatives or friends and so forth.
housing. By the end of 2011, there was almost nobody left in the evacuation centers. As of March 8, 2012, approximately a year afterward, 326,000 people were living in temporary housing or similar circumstances, of which 98,000 had relocated within Fukushima Prefecture and 63,000 had been displaced from that prefecture.\(^5\)

Those affected by the disaster received emergency relief in its immediate aftermath, followed by further support aimed at restoring functionality and security to their day-to-day lives, and are currently residing in “restoration housing” (or “disaster recovery public housing”—intended to be inhabited for a longer period than temporary housing), and are aiming to stabilize their lives over the long term.\(^6\) However, this process is expected to be particularly long and arduous in the case of those formerly residing near the FDNPS and displaced by the accident.

- **Damage to Businesses**

  The affected area, especially along the coast where the tsunami struck, is in close proximity to one of the world’s four largest fishing grounds, and numerous fisheries or related marine product processing and manufacturing businesses were located there, with these industries accounting for a relatively large portion of the regional economy. Meanwhile, both coastal and inland areas were home to many suppliers of parts for automobiles and industrial equipment. Tourism was also a key industry. Business locations and related facilities like ports were heavily damaged by the earthquake and particularly by the tsunami.

  Industry in the region is underpinned by transportation infrastructure including an expressway (the Tohoku Expressway) and high-speed railway (the Tohoku Shinkansen) acting as main arteries connecting Tohoku with the Tokyo region. Both of these were temporarily out of service following the disaster, but all lanes of the Tohoku Expressway were open to traffic by March 24, and the entire Tohoku Shinkansen network was running again by April 29.

  Businesses that supply parts for the manufacturing industry received help and support from the companies they supply and other parties, and many began operating again relatively swiftly.\(^7\) The fishery industry, however, has faced extremely difficult circumstances and in many cases has not been recovering so smoothly. Massive amounts of rubble generated by the tsunami (including submerged debris) has to be cleaned up, and damaged fishing ports repaired or rebuilt from scratch, while fishing boats have to be procured and

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\(^5\) The latest data as of June 1, 2013 places the number of people temporarily living in public housing complexes, etc. at 27,000, with 141,000 in private housing and 108,000 in temporary housing. The number of people who relocated within Fukushima Prefecture is reported to be 92,000, with 52,000 displaced outside the prefecture.

\(^6\) According to June 2013 data from each prefecture, the total number of units of public housing needed for evacuees is 21,929, of which 11,483 are under construction and 316 are ready for inhabitation.

\(^7\) A case example often cited is that of Renesas Electronics, which has a large share of the global market for automotive microcomputers. Even though it underwent severe damage, round-the-clock support from automakers enabled the company to get back to business in June 2011.
ice-making, refrigeration and processing facilities reconstructed. Essentially the entire industry has to be rebuilt from the ground up.

- **Extent of Damage to Business Locations and Status of Businesses: Results of a JILPT Questionnaire Survey**

  Assessing the entirety of a disaster’s impact on the business community is no easy task, but based on the results of a questionnaire survey of companies nationwide conducted by JILPT in May 2012, 24.5% of respondents had at least one business location damaged in the natural disaster of March 11, 2011.\(^8\) Among these, in terms of the location of the damaged facilities (for which companies could give multiple responses), Miyagi Prefecture was the most common response at 49.3%, followed by Fukushima Prefecture at 26.3%, Ibaraki Prefecture at 22.7%, and Iwate Prefecture at 14.6%.\(^9\) Meanwhile, by sector, 30.2% of enterprises in the hospitality and food services sector had at least one damaged location, with high figures for retail (29.6%) and manufacturing (28.8%) as well. In the manufacturing sector, broken down by category, 10.9% of companies reporting damage were in food products manufacturing, followed by chemical industry (10.4%), metal products manufacturing (9.8%), electrical machinery and equipment (8.7%) and production machinery, equipment, automobiles and auto parts (6.6%).

  With regard to the extent of damage (based on multiple responses), the most common response was “Generally speaking, the damage was light” at 42.4%, followed by “Some machinery or equipment was destroyed” (35.3%). However, 14.3% responded that “The building was partially damaged,” 11.3% that “All, or a large portion of, machinery or equipment was destroyed,” 8.4% that “The building was entirely destroyed,” and 3.6% that “One or more employees died or were injured.” These findings indicate that quite a few business locations were severely affected by the disaster.

  In terms of the status of business at affected locations (excluding those suffering only light damage), the greatest percentage of locations were “forced to suspend operations entirely on a temporary basis” (35.9%), followed by “forced to downsize operations on a temporary basis” (26.7%) and “forced to cease operations entirely” (8.4%).

  Among severely affected business locations such as these, the percentage forced to cease operations altogether is by no means negligible, and all of them temporarily

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\(^8\) The survey was distributed to 10,000 companies nationwide, and elicited 2,716 responses. While there were considerable limitations to the survey, such as the inability to assess companies that had been wiped out altogether by the disaster, the findings are thought to provide an accurate reflection of overall trends. It should be noted that due to the nature of the survey, a relatively high number of responding companies were those that were affected by the disaster in some way.

\(^9\) There are six prefectures in the Tohoku region, four of which are on the east side of Honshu and have a Pacific coast: Aomori, Iwate, Miyagi and Fukushima. The three prefectures that bore the brunt of the damage in March 2011, Iwate, Miyagi and Fukushima, are often referred to collectively as the “three disaster-stricken prefectures.” Ibaraki Prefecture, to the south of Fukushima, was also severely affected.
experienced considerable detriment to business operations. Examination of the average progress (totals for each industry) of volume of business activity at the affected locations, based on survey results, reveals that this volume fell by nearly half in the immediate aftermath of the disaster (March/April 2011). Recovery was fairly swift thereafter, however, with volume of activity back to approximately 80% of pre-quake levels in July, 90% in November, and the overall average for all industries more or less back to pre-disaster levels by March 2012. However, not all industries fared equally, and manufacturing had still not recovered to previous levels by one year after the disaster.

While the fact that some business locations were forced to close and others continued to struggle over the long term cannot be ignored, overall it can be said that business activity at locations affected by the earthquake recovered swiftly in the several months afterward, and most had more or less returned to pre-disaster levels by one year later (Figure 1).

Examination of individual case data rather than averages reveals that in April 2011, volume of activity at 18.2% of business locations had fallen to less than 10% of the 2010 average (including locations that suspended activities entirely).

This figure is thought to reflect the struggles of fisheries-related manufacturing.
3. Secondary Impact of the Disaster and Other Characteristics

The Great East Japan Earthquake was characterized by a wide range of indirect and secondary consequences occurring across a broad swath of Japan, in addition to its immediate effects. To describe a few: first, as mentioned previously, suppliers of parts had their business locations damaged and became unable to supply parts to manufacturers, disrupting the supply chain and forcing other companies and business locations to suspend or scale back operations temporarily. A second consequence consisted of large-scale energy conservation measures put in place due to the FDNPS accident, which had considerable impact on operations for many companies and business locations. A third consequence was a nationwide drop in expenditures for tourism and leisure amid the solemn mood following the disaster with its enormous death toll. This drop in demand and consumption hit certain industries and categories hard. Fourth, radioactive contamination resulting from the FDNPS accident negatively affected the reputation of products, particularly agricultural and marine products.

III. Employment and Labor Policy Response

1. Overview of the Reconstruction and Restoration Process Thus Far

The recovery process after a major disaster that thoroughly wipes out basic infrastructure has three key phases. These are the emergency relief phase immediately following the disaster, the restoration phase in which life is provisionally restored to some degree of stability, and the reconstruction phase in which people’s lives and livelihoods are restored to security over the medium to long term. In this case, however, it should be noted that progress through these phases varied widely depending on the region, as the damage was spread across an extremely large area and the FDNPS accident further complicated matters.

During the emergency relief phase just following the disaster, employees who were working at various business locations when the disaster struck aimed to ensure their own safety and that of co-workers or subordinates, and evacuated to safer locations as needed. Immediately after the chaos subsided, people provided assistance to the injured (including contacting emergency medical services), sought to verify the safety of family members, and attempted to return home while remaining alert to safety threats. Depending on the type of business, some employees had to engage in dangerous tasks without delay in order to ensure the safety not only of the facility itself but also of the surrounding region. In some cases employees lost their jobs, as damage to the business location rendered operations impossi-
ble for the foreseeable future, or forced operations to cease entirely. Some employees were injured or lost their lives on the job.

In the immediate aftermath of the disaster, relief supplies were sent to many businesses from other business locations operated by the same companies, but due to the obliteration of transport networks and other infrastructure, it was extremely difficult to deliver these supplies for the time being.

Next, during the phase focused on restoration of basic stability, efforts were made to restore provisional security to the lives of people who had lost their jobs permanently or for extended periods, people who had been injured on the job, and family members of those killed on the job. The Great East Japan Earthquake entailed the FDNPS accident as well as widespread destruction from the natural disaster, and the aftermath was characterized by evacuation and displacement over great distances.

During this phase various projects were launched, primarily aimed at restoration of public facilities and equipment. Tremendous challenges included the reconstruction of roads, railways and public infrastructure, as well as disposal of debris13 from the tsunami and de-contamination of soil, etc. contaminated by radioactive substances from the FDNPS accident. With these projects underway, there was a dramatic rise in demand for labor particularly in the construction sector, but a mismatch between this demand and the supply of labor in the affected region was noted.

A large number of people came into the affected region from elsewhere, including volunteers dispatched by various companies or coming on their own initiative who assisted with restoration work. Concerted efforts were made to restore damaged business locations to functionality and recommence operations, in many cases with the assistance of teams dispatched from companies' other locations throughout Japan.

Another notable feature of the Great East Japan Earthquake was widespread impact on business operations and, as a result, employment, which were not limited to the affected area itself, due to various factors such as disruption of the supply chain caused by damage to business locations in the affected areas, sinking consumer demand, adverse effects on the reputations of various products, and limitations on electricity supply.

With regard to the third phase, full-fledged reconstruction, while many enterprises and business locations have returned to the volume of business activity they carried out prior to the disaster, full-fledged reconstruction of regional social and economic infrastructure is still in the early stages. This topic will not be addressed in this paper and will be left for future study.

13 According to data from the Reconstruction Agency, the estimated volume of rubble (debris from the disaster) requiring disposal totaled 26.29 million tons. As of July 2013, 69.6% of it had been disposed of.
2. Overview of Employment and Labor Policy Response

Here I would like to give an overview of the employment and labor policy response to the above-described circumstances. After outlining key aspects of the response not only of national policymakers but also of local agencies, I will briefly note some of the major policies and measures implemented.

Key points relating to policy response are presented in flow charts in Figures 2 and 3.
Figure 3. Flow Chart Illustrating Key Aspects of Disaster Response (Particularly Employment and Labor-Related, from Employers’ Perspective)

for easy viewing. Please refer to these as needed.

- Emergency Response during and Immediately Following the Disaster

  Local agencies in the affected areas (including Labour Standard Inspection Offices and Public Employment Security Offices) took emergency measures during the disaster, and in its aftermath, worked to inform people of relevant initiatives and procedures. The central government focused on monitoring the situation, identifying key features of the disaster, putting all relevant existing measures into effect, and deliberating on and preparing further policy responses as needed.

  i. Local agencies placed top priority on the physical safety of people, including those who happened to be on the premises when the disaster struck. In some cases they
accepted evacuees on an emergency basis (when the situation had calmed somewhat, the evacuees were guided to municipal evacuation centers.)

ii. In cases where local agencies’ facilities had been rendered dysfunctional, temporary offices were swiftly set up in other locations.

iii. Local agencies distributed information to the public on systems and policies relating to termination of employment, wages, workers’ compensation, and job security, areas where a drastic rise in the volume of claims and inquiries was expected. (Efforts included handling of inquiries by telephone, visits to evacuation centers for briefings and consultations, and public announcements via the media, etc. Service was provided on Saturdays and Sundays as well.)

iv. A Headquarters for Emergency Disaster Control was swiftly set up by the Ministry of Health, Labour and Welfare, and worked to monitor the situation and plan and propose countermeasures. The Headquarters compiled a basic policy and comprehensive strategy for emergency response, and distributed information on these.

• Restoration Phase in Which Life Was Provisionally Restored to Some Degree of Stability

As measures began to be implemented to provide provisional security to those who had lost their jobs permanently or for extended periods or suffered injury on the job, as well as family members of workers who had died on the job, it was predicted that when related administrative needs met their peak, the agencies involved would be inundated with work. To cope with this situation, supplementary frameworks were swiftly and smoothly put in place. The central government implemented various measures, notably relaxation of regulations so as to ensure effective responses.

v. To provide (provisional) security to people and businesses affected by the disaster, there was a need for diverse labor programs and countermeasures including processing of applications for workers’ compensation, payment of unpaid wages, employment insurance, and Employment Adjustment Subsidies.\textsuperscript{14} At its peak (April through June 2011), the workload at administrative agencies was staggering. Employees were also dispatched to evacuation areas and temporary housing for consultations with residents. Personnel from labor administration organizations throughout Japan were deployed to the affected areas to provide backup assistance, while Public Employment Security Offices in far-flung locations processed applications from evacuees who had relocated there.

\textsuperscript{14} Employment insurance offers special unemployment benefits to those who have been dismissed even in cases where they may be re-hired, if a severe disaster has occurred. Meanwhile, the Employment Adjustment Subsidy program provides employers who place employees on furlough without terminating them, when they are forced to scale back operations temporarily, with financial support in proportion to these employees’ wages. These programs can be utilized to provide security for the time being to employees of businesses damaged in the disaster.
vi. To implement the measures described in (v) above, policy measures including relaxation of relevant regulations were enacted so as to respond effectively in light of the pertinent features of the disaster. Employment Adjustment Subsidies were granted not only to businesses in the affected areas, but also to those throughout Japan that were forced to downsize operations as a result of detriment to product image resulting from the nuclear accident.

vii. As an Emergency Job Creation Program, financial assistance was provided to prefectures and municipalities carrying out projects that provide temporary or short-term employment to people affected by the disaster.

viii. In addition to the above measures, steps were taken to prevent on-the-job accidents during restoration and reconstruction projects, and to provide the necessary occupational training to workers engaged in these projects.

• Reconstruction Phase: Aiming to Ensure Mid- and Long-Term Security

With regard to the Great East Japan Earthquake, this phase has just begun. What can be said at this point in time is that it is vital to create jobs in the affected regions, playing close attention to regional reconstruction plans and coordinating job creation initiatives with these plans; to implement programs that provide well-targeted career counseling to people affected by the disaster; and to provide vocational training, as this will be necessary to secure employment opportunities and job security over the long term.

IV. A Few Considerations and Suggestions for the Future

According to Reconstruction Agency data, as of November 14, 2013, there were still 278,000 displaced persons in Japan, and many are still enduring harsh circumstances. There remains a pressing need for swift yet sustained recovery efforts and effective support for the affected population. That being said, with specific regard to job creation and unemployment countermeasures, in general steady progress is being made, and the situation has not declined into extreme severity (see Table 1).

This relatively smooth recovery is largely thanks to the efforts of related parties, such as

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15 For example, with regard to workers’ compensation, a special provision was made to declare missing persons deceased after a period of three months; employment insurance benefits to job seekers were extended; conditions for receipt of Employment Adjustment Subsidies were relaxed in response to circumstances, and a disaster victim employment development subsidy was established to provide subsidies to businesses that employ people affected by the disaster.

16 For example, dust masks were distributed free of charge to workers engaged in rubble disposal. Rules were established and guidance provided to workers and businesses exposed to radiation when involved in decontamination work after the FDNPS accident.

17 As already stated, recovery has not been smooth sailing for some industries such as fisheries and marine products processors in damaged coastal areas, and the after-effects of the FDNPS accident will continue to pose serious problems over the long term. It is necessary to keep these sobering realities in mind.
Table 1. Total Unemployment Rates by Prefecture (Estimated by Modeling)

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as employees dispatched to the affected areas from companies’ other locations in Japan or from affiliated companies to assist with restoration of damaged business facilities. Fiscal and economic policy measures, such as financial support and generation of demand through reconstruction projects, have had a positive impact, but the role of the employment and labor policy responses described above has also been major. In particular, the Employment Adjustment Subsidy and Emergency Job Creation Program are seen as playing a significant
It should be pointed out that these two programs were already fully in effect and widely used before the disaster, as countermeasures in response to the global financial crisis that began in 2008. They were not planned, organized and implemented following the disaster, but simply reapplied under different circumstances. If it had been necessary to create these policy responses out of thin air, it is highly unlikely that they would have been enacted and effectively utilized so rapidly after the catastrophe. The Scout motto, “Be Prepared,” is a good one to keep in mind at any time, but particularly when it comes to responding to major calamities.

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18 Above all, we must not forget the contributions of personnel at local agencies who carried out demanding administrative tasks under harsh conditions, even while they themselves were suffering the disaster’s effects.

19 From the perspective of dealing with the effects of drastic declines in economic activity and the resulting impact on employment, there is little difference between a natural disaster and a socio-economic phenomenon like the global financial crisis of 2008. However, unlike the former, the latter falls in the category of avoidable catastrophes.
Dismissals in Japan
Part One: How Strict Is Japanese Law on Employers?

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Introduction

In its 2004 Employment Outlook, the Organisation for Economic Co-operation and Development (OECD) estimated that the legal protection of permanent workers against individual dismissal in Japan is one of the most strictly regulated among nations. However, in its 2013 Employment Outlook, the OECD reassessed the laws regarding dismissals among its member nations and reclassified Japan in the top third of OECD countries in which regulation is less stringent.1 On the other hand, a prestigious newspaper commented recently that “in Japan, employment laws make it almost impossible to fire regular workers.”2 This stereotypical view still exists among international observers. In this paper, the authors provide more precise information on the law and practice of dismissals in Japan. This Part One gives an overview of the law regulating dismissals. In Part Two to follow later, the authors will outline the practice of dismissals in Japan.

1. Substantive Law: Overview

In Japan, the Civil Code (CC) has, since before World War II, provided that either party can terminate a contract of employment at any time by giving two weeks’ advance notice. The CC thus guarantees the “freedom of dismissal” to the employer.3

This general principle has been modified in part by the labor law reforms since World War II.

The Labor Contract Act (LCA) restricts the freedom of dismissal by enjoining abusive dismissal. The Labor Standards Act (LSA) and several other Acts restrain certain types of dismissal, and the LSA strengthens the notice of a dismissal to thirty days’ advance notice with criminal sanctions.4

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1 OECD, Employment Outlook 2013.
3 The Civil Code provides that “If employment is not for a definite period, either party may request to terminate the contract at any time, in which event the contract will be terminated in two weeks after the request is made.” (§627CC)
4 “Dismissal” in this article signifies the employer’s expressed intention to terminate an employment contract with an indefinite period. It is distinguished from the employer’s refusal to renew a
2. The Concept of “Abusive Dismissals”

2.1 History

The Civil Code (CC), which still provides the freedom to terminate employment, was established in 1896, and for many years thereafter, Japan had no legislation regulating abusive or unfair dismissal. During the post-World War II Reform, the Labor Union Act of 1945 and 1949 came to prohibit the dismissal of union members as an unfair labor practice. Yet, the Labor Standards Act (LSA) of 1947 maintained the CC’s freedom of dismissal and merely strengthened the requirement to give notice of dismissal. In the 1950s, nevertheless, lower courts came to nullify abusive dismissals using a general principle in the CC which restricts the abuse of rights. Such decisions continued to accumulate in lower courts which even ruled that “a dismissal without appropriate reasons is invalid.” Between 1975 and 1977, the Supreme Court, in two cases, endorsed the interpretation of lower courts that a dismissal should be considered null and void as an abuse of right without objective and appropriate reasons.

In 2003, the LSA was revised to integrate the case law rule of abusive dismissals established by the Supreme Court. The case law rule was then moved from the LSA to the Labor Contract Act when the latter Law was enacted in 2007.

2.2 The LCA Provision regarding Abusive Dismissals

The Labor Contract Act provides that “a dismissal shall, if it lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms, be treated as an abuse of right and be invalid” (§16).

This provision applies to all kinds of dismissal—dismissals due to an employee’s misconduct, an employee’s incapability and job redundancy. It applies not only to individual dismissals but also to collective dismissals.

3. Prohibited Dismissals

Apart from the abusive-dismissal provision in the Labor Contract Act, Japanese labor-law statutes prohibit the employer from discharging employees discriminatorily on the grounds of sex, nationality, creed, etc. These statutes also prohibit dismissals during family leave related to childbirth, maternity or family care.5

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5 In detail, Japanese Acts prohibit the employer from dismissing his/her employees:
(a) during a period of incapability for work caused by a work-related accident (§19LSA).
(b) during a period of statutory childbirth leave (§19LSA).
(c) on the grounds of nationality, creed or social status (§3LSA).
(d) on the grounds of sex, marriage, pregnancy (Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment).
4. Notice of Dismissals

The Labor Standards Act (LSA) provides that the employer must give at least thirty days’ advance notice before dismissal (§20). Notice is required regardless of length of service (there are exceptions, such as temporary workers for a term of less than two months). The LSA also provides that the employer must deliver to the retiring employee a certificate stating the reasons for retirement upon his/her request (§22). This provision also applies to dismissals.

5. Criteria of Abusive Dismissals

5.1 Introduction

For understanding the criteria of abusive dismissals in Japan, one should first know that firms in Japan usually specifically list the reasons for dismissal in their employment regulations. The employee regulations (literally, “work rules”) are drawn up by the employer and stipulate the rules and working conditions of the establishment. The Labor Contract Act endorsed its case-law binding effect on labor relations on condition that the regulations provide reasonable rules or working conditions and are promulgated to the employees of the establishment. The Labor Standards Act requires the employer to seek the opinion of the union organizing a majority of employees or, if there is no such union, a representative of a majority of employees of the establishment. If there is a union organizing such employees, the employer usually negotiates with the union when making or changing the employee regulations to obtain the union’s agreement.

The major reasons for dismissal listed in the employee regulations can be roughly classified into three types: employee’s misconduct, employee’s incapability and the firm’s economic necessity. When judging whether a dismissal is to be nullified as abusive, the court starts with the question of whether the alleged misconduct, incapability or economic necessity falls under the reasons for dismissal set forth in the employee regulations. The court first assesses the reasonableness of the statutory reason, and then examines its applicability to the dismissal.

(e) on the grounds of discrimination against a part-time worker (Act on Improvement, Etc. of Employment Management for Part-Time Workers).
(f) on the grounds of labor union membership or participation in labor union activities (Labor Union Act).
(g) by reason of applying for statutory maternity/paternity leave, sick/injured child care leave or nursing care leave (Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave).
(h) by reason of reporting the facts regarding violation of Acts related to labor standards to a labor standards inspector (§104 LSA, etc.)
(i) by reason of whistle-blowing protected by the Whistle Blowing Protection Act.
5.2 Dismissal by Reason of Employee’s Misconduct

Employee’s misconduct spelled out in the employee regulations includes negligence of duties, defiance or disobedience of job-related orders or instructions, obstruction or disturbance of the work, violation of workplace discipline, infringement of the interest or reputation of the employer in the employee’s private life and falsification of the employee’s past record. In the case of an employee’s misconduct, the court usually takes into consideration the following factors in making a decision on whether the dismissal is abusive:

(a) Components of facts regarding the misconduct such as its manner, gravity, motives, circumstances, damages or disorder caused, etc.
(b) Propriety of the dismissal as a means of sanction, i.e., whether the dismissal is too harsh considering the overall nature, type and degree of the misconduct as well as the employee’s record. For example, the employee regulations usually institute disciplinary sanctions less rigorous than dismissal, such as suspension of employment for a certain period, demotion, monetary punishment and reprimand, and the court may evaluate the dismissal as too severe if it finds that past similar misconducts had been disposed of by milder means.
(c) Due process, such as whether the employee was given an opportunity to give an explanation in his/her defense, and whether he/she had received a proper warning upon committing a similar but less serious misconduct in the past.

5.3 Dismissal by Reason of Employee’s Incapability

There are three main types of employee’s incapability:

(a) Loss of occupational capacity as a result of injury or illness: In this type, the court usually considers its nature and extent to see whether the employee became unable to fulfill the requirements of the occupation permanently. If the employee is likely to recover his/her capacity in due course through medical treatment, the court will require the employer to give the employee a chance to do so. As a matter of practice, the employer tends to grant sick-leave up to a certain (lengthy) period specified in the employee regulations. The employer will dismiss the employee only when he/she does not recover the capacity to return to work within the leave period.
(b) A certain period (usually specified in the employee regulations of the firm) of absence not informed by the employee (typically, disappearance, confinement due to criminal charges, etc.). The court will endorse the validity of dismissal if it finds that the employer waited long enough to terminate employment.
(c) Insufficient job performance: In this type of dismissal, the court will examine the nature and degree of insufficient performance to see if the employer has no other recourse than dismissing the employee. The court will consider whether the employer offered any assistance to the employee including education and training to improve their performance, or whether the employer is not making an effort to match the employee to a job more fitting to the employee’s qualifications. The court also tends to
Dismissals in Japan (I): How Strict Is Japanese Law on Employers?

require the employer to give a warning of termination. The court considers these various aspects in the case of ordinary employees in long-term employment. On the other hand, the court is more likely to approve the validity of dismissals of well-paid professional or managerial employees who were recruited mid-career but who failed to exhibit the expected high level of special capability.

5.4 Dismissals by Reason of Firm’s Economic Necessity (Collective Redundancy)

The Labor Contract Act (LCA) does not include any substantive or procedural regulation about collective dismissals to cope with redundancy, and it is left to the courts to decide whether such collective dismissal constitutes abusive dismissal under §16LCA. The employee regulations are also inclined to give an abstract expression such as “compelling economic reasons of the firm.” Since the latter half of the 1970s, the court has been formulating four factors to be considered for deciding the abusiveness of economic dismissals:

(a) Economic necessity of reducing the workforce
(b) Efforts made to avoid dismissal in attaining the reduction
(c) The method of selecting the employees to be dismissed, i.e., whether the selection is done fairly on the basis of objective criteria
(d) The extent and manner of labor management consultation in executing the collective dismissal

The courts have already judged many cases, which have been analyzed and classified by jurists⁶ and presented to those who are in charge of HRM.

Japanese labor legislation does not impose on the employer the requirement to create a social plan to reduce the hardship of collective dismissal. However, the Labor Union Act requires the employer to bargain collectively with the labor union organizing his/her employees. Therefore, the employer is required to bargain with the union about a workforce reduction or collective dismissal involving its members. In fact, when an employer intends to reduce the workforce, the management will usually engage in extensive negotiations with the union to work out the size, timing and method of the reduction, and the social plan is usually agreed on particularly when it includes soliciting voluntary retirement.

Also, as explained in (d) above, the courts consider the extent and manner of labor management consultation as one of the major factors in deciding whether an economic dismissal constitutes an abuse of dismissal right. The employer is pressed to explain and consult with the union or representatives of the relevant employee group in carrying out a restructuring involving economic dismissals. The employer also tends to present some kind of social plan to minimize the reaction of employees against the restructuring.⁷

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⁷ In this context, there is one administrative regulation in regard to collective dismissals due to redundancy. When a firm intends to terminate more than thirty employees, the employer is required to submit a re-employment assistance plan to the Public Employment Security Office. This plan requires
6. Severance Pay

Severance pay is not required by any Acts in Japan. There is a subsidy program instituted by the Employment Insurance System to help small companies with establishing severance pay systems.

On the other hand, it is a long-standing and widely-established practice that firms offer considerable retirement benefits to retiring employees, in the form of lump-sum payments and/or pensions, and this benefit is offered even in the case of discharges; except in the case of disciplinary ones for serious misconduct. Such benefits function, in effect, as severance payment for discharge. In the case of soliciting voluntary retirement for workforce reduction, firms usually offer a considerable severance payment in addition to the retirement benefit. If a union exists in the firm, the amount of such payment will be one of the major points of negotiations.

7. Administrative and Judicial Procedures to Resolve Dismissal Disputes

7.1 Overview

There are several administrative and judicial procedures for dismissed employees who wish to raise their grievance. These procedures are structured as a four-layered system: the first and second layers are the consulting and conciliation services offered by the Labor Administration and the third and fourth layers are the labor-tribunal and the civil-procedure systems administered by the judiciary. Those four layered services and procedures are elective for grievants; namely, the parties of the disputes are free to choose (or skip) any of the services or procedures in any order. However, as a matter of practice, the parties tend to start with the first layer, and proceed to the second, then to the third, and finally to the fourth layer, if the dispute is not resolved at the first or intermediate layers.
7.2 Administrative Remedies

(a) The Information and Consultation Services

The first layer is the information and consultation services offered by Regional Offices of the National Labor Administration. When requested, such Regional Offices provide such services to both employers and employees regarding all kinds of questions arising from employment relations. Thus, if an employee feels that his/her dismissal was unfair, he/she may bring the grievance to those offices to clarify and assess his/her legal position. The parties using such services are frequently satisfied or relieved merely by understanding the merits or demerits of their case through counseling in the Office. However, if the party using the service wishes to pursue his/her legal claim, the Office may request the employer to appear in the Office to discuss how to resolve the dispute. This advisory service is done informally and expeditiously (usually within one month from the date of consultation).

(b) The Conciliation Service

The second layer is the conciliation service performed by a panel set up in the Regional Offices mentioned above. The panel is usually composed of practicing lawyers and law professors serving on a part-time basis. If requested by either party of a dispute concerning employment relations, a member of the panel, with the assistance of the staff of the Office, ascertains the facts of the case and the allegations of both parties, and proposes a settlement. The service is offered without charge, and is accomplished expeditiously, in most cases, within one session of a few hours (within two months of the request for conciliation). The success rate of such conciliation services is about 40 percent. Dismissal disputes are one of the most major types of disputes handled in this expeditious conciliation service. When successfully conciliated, they are mostly resolved with a modest monetary payment.

7.3 Judicial Procedures

(a) The Labor Tribunal System

The third layer is the Labor Tribunal System instituted in the judiciary. According to the Labor Tribunal Act of 2004, either party in an employment relationship can bring a dispute of rights arising from employment relations under this procedure in the district court. A tribunal composed of one career judge and two part-time experts in labor relations examine

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8 More exactly, the Prefectural Labour Bureaus and the Labour Standards Inspection Offices of the Ministry of Welfare and Labour.
9 The Dispute Adjustment Committee.
10 About 70% of the cases in which the other party appears.
11 The amount of payment is rather inexpensive; a JILPT research found that in 65.7% of the employment termination disputes successfully conciliated, payments fell in the range of ¥50,000–400,000 (The Japan Institute for Labour Policy and Training [JILPT], Kobetsu Rodo Kankei Funso Shori Jian no Naiyo Bunseki [Content analysis on the treatment of individual labor-related disputes], JILPT Research Report no.123 [Tokyo: JILPT, 2010]).
the written claims and responses and holding informal hearings to clarify the facts and the issues. The tribunal then makes mediation efforts, and, if such efforts fail, renders a decision specifying measures to resolve the case. The decision is not binding, and if either party objects, the case is automatically transferred to the formal civil procedure. The Law requires the tribunal to dispose of the case within three sessions, and is premised upon the cases lasting a few months. The parties usually hire lawyers to go through such procedures.

As a matter of practice, about 80% of the disputes brought in the labor tribunal procedure are resolved successfully; about 70% through the panels’ mediation proposals and 10% through advisory decisions. Of the remaining about 20% of the disputes, 10% are withdrawn and only 10% (about a half of the advisory decisions) are transferred to the formal civil procedure explained below.

Here also, dismissal disputes are the most common type of disputes handled. They are resolved in most cases by monetary agreements (mediation) or awards (decisions). Generally speaking, the amount is much higher than that attained in the administrative conciliation services,12 but less than that in the formal procedure.

(b) The Civil Procedure

The fourth layer is the civil procedure. An employee may file a suit to confirm or restore his/her right with the civil court. This is a formal adversarial procedure, in which the parties are mostly represented by their own lawyers. The court clarifies issues by grasping allegations expressed by their briefs, and examines exhibits and listens to the testimony of witnesses through formal hearings. After this process, the court usually tries to settle the dispute, and, if it fails, renders a judgment. On average, it takes about a year for the court to dispose of the case either by a settlement or a judgment.

In judging a dismissal dispute, if the court finds that the dismissal was abusive and, accordingly, invalid, the court will confirm the continuation of employment relations and will order the employer to compensate the employee for the loss of earnings. The amount of compensation is usually the sum of the salary that the employee would have been paid between the date of the dismissal and the date of the court judgment. Even when the dismissal is found invalid, in effect the employer is obliged to continue to pay the salary that the employee had been earning until the dismissal, and the employee has no right to actual reinstatement.13

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12 One survey found that the average amount is around ¥1,000,000 or 3–4 months’ salary. Kazuo Sugeno and others, ed., Rodo Shinpan Seido no Riyosha Chosa [Labor tribunal system: Users’ survey] (Tokyo: Yuhikaku, 2013), 102.

13 There is no statute of limitation for claims of abusive dismissal.
Table 1. Statistics on the Settlement of Dismissal Disputes (Fiscal 2012)

<table>
<thead>
<tr>
<th>Administrative Office</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation (Grievances brought in)</td>
<td>51,515</td>
</tr>
<tr>
<td>Conciliation (claimed)</td>
<td>1,904</td>
</tr>
<tr>
<td><strong>Labor Tribunal</strong></td>
<td></td>
</tr>
<tr>
<td>Cases Filed</td>
<td>1,735</td>
</tr>
<tr>
<td>Mediation (successfully completed)</td>
<td>1,282</td>
</tr>
<tr>
<td>Decisions (rendered)</td>
<td>298</td>
</tr>
<tr>
<td><strong>Civil Litigation</strong></td>
<td></td>
</tr>
<tr>
<td>Filed</td>
<td>1,026</td>
</tr>
<tr>
<td>Concluded</td>
<td>963</td>
</tr>
<tr>
<td><strong>Concluded (963)</strong></td>
<td></td>
</tr>
<tr>
<td>Settlement</td>
<td>482</td>
</tr>
<tr>
<td>Judgment</td>
<td>343</td>
</tr>
<tr>
<td>Found abusive</td>
<td>166</td>
</tr>
<tr>
<td>Found not abusive</td>
<td>177</td>
</tr>
</tbody>
</table>

*Sources:* From the statistics of the Ministry of Welfare and Labour and the Supreme Court.

*Note:* These figures include all kinds of disputes involving all kinds of employment termination (not only dismissals, but also alleged resignation, refusal of renewing fixed-term employment upon its expiration, compulsory retirement, etc.) and requesting confirmation of employee status. Nevertheless, the predominant type is dispute involving dismissal.

7.4 Statistics

Table 1 shows the number of dismissal disputes brought in or handled by the services or procedures described above. First, the table shows that more than 50,000 dismissal cases are handled in fiscal 2012 by the information and consultation services. In other words, such services play a major role in resolving dispute dismissals. Next, approximately 5,000 disputes involving dismissals are brought either by conciliation, labor tribunal or civil procedures every year, and a great majority of such disputes are resolved informally and expeditiously through the administrative conciliation services or the judicial labor-tribunal system, mostly in the form of monetary payment. Relatively few dismissal disputes were filed with the formal civil procedure: less than 1,000 cases in fiscal 2012. In addition, a majority of such civil litigations are settled, mostly monetarily, and judgments are rendered in only a third of them. Furthermore, employees won in just under half of such judgments.
Conclusion

This article on Japanese labor law regarding dismissals clearly shows that the claim “in Japan, employment laws make it almost impossible to fire regular workers” is a gross exaggeration of the regulatory aspect of Japanese dismissal law.

In terms of the procedural or remedial aspect of Japanese dismissal law, more than 50,000 disputes involving dismissals are brought before the administrative information and consultation services and approximately 5,000 dismissal disputes are filed with the administrative conciliation service, the labor-tribunal and civil procedures in the judiciary in one year. Most of them are disposed of informally and expeditiously with relatively inexpensive monetary arrangements; only a small number of dismissal disputes attain judgments confirming continuation of employment relations. On the whole, the dispute resolution systems are not so onerous that employers are reluctant to resort to dismissals. For employees, on the other hand, the systems provide a good range of recourses that they can select in accordance with their needs.

Also, the substantive rules of dismissals are not so strict as to make employers abandon the idea of dismissing employees who have committed serious misconduct, who exhibit exceptionally poor job performance or when the firm runs into serious economic difficulties. Basically, Japanese dismissal law is premised upon the employer’s freedom of dismissal, and protects the interest of employees by restraining its abusive exercise. The abusive dismissal doctrine established by case law and incorporated into the Labor Contract Act is a legal framework that balances the interest of employers and employees in regard to dismissals.

In conclusion, Japanese dismissal law is neither too strict nor too loose for the employer. It is by nature protective for workers, but it does not impose excessive rigidity on the employer for establishing discipline and efficiency in the workplace or carrying out necessary adjustments of the workforce.
International Workshop

The Japan Institute for Labour Policy and Training (JILPT), the Association for International and Comparative Studies in Labour Law and Industrial Relations (ADAPT) in Italy, and Tohoku University held an international seminar on the theme “The Labour Market Impacts of Natural and Environmental Disasters” on November 22, 2013 in Sendai City, Japan. This international seminar was aimed at stimulating and focussing debate on the considerable labor impacts of natural and environmental disasters such as earthquakes, floods, and mining disasters. By concentrating on the labor impacts of these disasters, both short term and long term, we hope to contribute to a greater understanding of what needs to be done to protect the labor market from the effects, and help it to deal with the consequences, of these events. Researchers from Japan, Italy, the U.K. and New Zealand gave presentations based on the experiences of each country and discussed measures to deal with the labor market impacts of natural and environmental disasters. English text of research papers presented at the seminar will be uploaded on the JILPT website (http://www.jil.go.jp/english/events/index.htm).

Japan
Shinichi Umezawa (Research Director, JILPT), The Great East Japan Earthquake: Its Damages, Impacts on the Labour-Economy and Restoration Measures of the Government
Akiko Ono (Vice Senior Researcher, JILPT), Employment of Disaster Victims Supporting the Reconstruction—The Role Played by the Emergency Job Creation Program in Emergency Temporary Housing Support
Masahiko Fujimoto (Professor, Graduate School of Economics and Management, Tohoku University), The Current Situation and Future Problems of Employment in the Disaster Area
Hiroshi Yoshida (Professor, Graduate School of Economics and Management, Tohoku University), Results of an Analysis of Personal Questionnaire Surveys on the Great East Japan Earthquake: Income, Workplace, Daily Living and Health

Italy
Michele Tiraboschi (Professor of Labour Law, University of Modena and Reggio Emilia), Overcoming Natural and Environmental Disasters: The Role of Industrial Relations—Some Reflections on the Italian Case

New Zealand
Felicity Lamm (Associate Professor of Employment Relations, Auckland University of Technology), The Impact of Disasters on Independent Contractors: Victims of Circumstances
U.K.
Malcolm Sargeant (Professor of Labour Law, Middlesex University Business School), *The Vulnerable in Natural, Environmental and Technological Disasters*

**Research Reports**

The findings of research activities undertaken by JILPT are compiled into Research Reports in Japanese. The complete Japanese text of these reports can be accessed via the JILPT website (http://www.jil.go.jp/institute/pamphlet/). English summaries of selected reports are also available on the JILPT website (http://www.jil.go.jp/english/reports/jilpt_01.html).
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