

# Japan Labor Issues

# 10

October 2017

Volume 1 Number 2

## ● Trends

Key Topic: Rengo Wavering in Party Support and Joint Struggle by Opposition Parties  
News: Nearly 40% of Companies Aim to Spend More on Training: Corporate Focus on Training Comes Clear

## ● Research

Elderly Employment in a Society of Population Decline  
Takaaki Tahara

Basic Information on Recent Elderly Employment Trends in Japan  
Yutaka Asao

## ● Judgments and Orders

Interpretation of Work Rules on Conversion from Fixed-Term to Open-Ended Contract for a College Lecturer  
*The Fukuhara Gakuen (Kyushu Women's Junior College) Case*  
Yota Yamamoto

## ● Series: Japan's Employment System and Public Policy 2017-2022

Recruitment and Hiring in Japan  
Shinsaku Matsumoto

## ● Statistical Indicators



Japan Labor Issues

*Editor-in-Chief*

Kazuo Sugeno, The Japan Institute for Labour Policy and Training (JILPT)

*Editorial Board*

Mitsuji Amase, JILPT

Keiichiro Hamaguchi, JILPT

Hirokuni Ikezoe, JILPT

Harumi Muroyama, JILPT

Yuji Nochi, JILPT

Noboru Ogino, JILPT

Akiko Ono, JILPT

Koji Takahashi, JILPT

Tomohiro Takami, JILPT

Hiroko Uchida, JILPT

*Editorial Advisors*

Takashi Araki, The University of Tokyo

Souichi Ohta, Keio University

*Editorial Office*

The Japan Institute for Labour Policy and Training

International Research Exchange Section

8-23, Kamishakujii 4-chome, Nerima-ku, Tokyo 177-8502, Japan

TEL: +81-3-5903-6274 FAX: +81-3-3594-1113

For inquiries: [j-emm@jil.go.jp](mailto:j-emm@jil.go.jp)

*Japan Labor Issues website*

<http://www.jil.go.jp/english/jli/index.html>

*To sign up for mail delivery service*

<https://www.jil.go.jp/english/emm/jmj.html>

*Published by*

The Japan Institute for Labour Policy and Training

8-23, Kamishakujii 4-chome, Nerima-ku, Tokyo 177-8502, Japan

<http://www.jil.go.jp/english/>

ISSN 2433-3689

© 2017 by the Japan Institute for Labour Policy and Training

All rights reserved.

Printed in Japan.

# Japan Labor Issues

Volume 1 Number 2  
October 2017

---

## CONTENTS

### Trends

- Key Topic Rengo Wavering in Party Support and Joint Struggle  
by Opposition Parties 2
- News Nearly 40% of Companies Aim to Spend More on Training:  
Corporate Focus on Training Comes Clear 6

### Research

- Elderly Employment in a Society of Population Decline 8  
Takaaki Tahara
- Basic Information on Recent Elderly Employment Trends in Japan 17  
Yutaka Asao

### Judgments and Orders

- Interpretation of Work Rules on Conversion from Fixed-Term  
to Open-Ended Contract for a College Lecturer 23  
*The Fukuhara Gakuen (Kyushu Women's Junior College) Case*  
Yota Yamamoto

### Series: Japan's Employment System and Public Policy 2017-2022

- Recruitment and Hiring in Japan 26  
Shinsaku Matsumoto

- Statistical Indicators 32

## KEY TOPIC

# Rengo Wavering in Party Support and Joint Struggle by Opposition Parties

Voting for the Tokyo Metropolitan Assembly elections, seen as a major barometer of national political forecasts, was held on July 2. The result was an overwhelming success for “Tomin First (Tokyo Residents First)” Party led by Tokyo Governor Yuriko Koike, which increased its share to 55 seats from 6 seats when the election had been announced. Combined with other candidates they supported as well as Komeito and other parties, the pro-Koike camp now holds a majority in the Assembly. Conversely, the Liberal Democratic Party (LDP) suffered a disastrous defeat; 57 seats before the election have halved to 23 seats. The Democratic Party (DP) supported by the Japanese Trade Union Confederation (JTUC-Rengo, hereinafter Rengo)\* is the largest opposition party at national level, but saw its presence in the Assembly fall from 7 to 5 seats. This will likely have an impact on future election cooperation at national level as well.

### The 88th Central May Day Rallies reflect electoral cooperation

Before the election, rallies to mark the 88th May Day workers’ festival were held from the end of April to May. The lineup of guest speakers at these rallies reflected the recent electoral cooperation, joint struggle by opposition parties, joint action against the proposed Legislation for Peace and Security,<sup>1</sup> and expectations for those in the future. The Central Rally of Rengo-affiliated unions was held on April 29 and that of the National Confederation of Trade Unions (Zenroren)\* on May 1, respectively, in Tokyo’s Yoyogi Park. On May 1, executive committees of the National Trade Union Council (Zenrokyo)\* and others also organized the Hibiya May Day event in Hibiya Park in central Tokyo. The Tokyo Local of Rengo, a supporting body of the Democratic Party, decided to back the Tomin First formed by assembly members who support Tokyo Governor Koike at the beginning of April, and she

gave a guest speech at the Rengo Central Rally. The leaders of both Zenroren and Zenrokyo made speeches at each other’s rallies on May Day, and as well as exchanging calls for future solidarity, they shared the same slogan (“Down with the War Bill!<sup>1</sup> No! to the Anti-Conspiracy Bill!<sup>2</sup> No Revision of the Pacifist Constitution!<sup>3</sup>”) for the first time.

\*JTUC-Rengo, Zenroren, and Zenrokyo are the national centers of trade unions in Japan.

### Congratulatory speeches by MHLW Minister, Tokyo Governor, and DP President at Rengo Central Rally

The May Day slogan of Rengo was “Stop long working hours, realize decent work; now is the time to raise and support minimum standards and eliminate disparity!” The rally was attended by 40,000 supporters (figure provided by the organizers), including union members under the Rengo umbrella as well as members of Labour Bank (Rokin), the National Federation of Workers and Consumers Insurance Cooperatives (Zenrosai), and other related organizations. Guest speeches were given by Yasuhisa Shiozaki, the Minister of Health, Labour, and Welfare (at the time), Tokyo Governor Yuriko Koike, and Renho, the president (at the time) of the Democratic Party (DP). Speaking for the government, Minister Shiozaki said, “I am happy to be taking part in this May Day rally now that government, labor and management are all striving for “Work Style Reform.” The Action Plan for the Realization of Work Style Reform is a historic step in changing work styles. I have high hopes that Rengo will engage in efforts, as a labor organization well versed in the realities of the workplace.”

Tokyo Governor Koike made a strong call in support for the May Day Central Rally, saying, “The days are gone when people worked longer hours to produce greater profit, and when working long hours was a virtue. Rengo stands at the vanguard of Work Style Reform. The Tokyo Metropolitan Government

---

will firmly support your efforts in Rengo.” This was the first speech by a Tokyo governor at the Central Rally since Governor Naoki Inose addressed in the 84th rally.

Speaking on behalf of the organizers, Rengo President Rikio Kozu said that the 2017 *Shunto* had “created a trend for four successive wage hikes and led to a previously unknown tendency for wage rises of those working in small and medium enterprises; part-time work, fixed-term contracts and the like to be higher than those of leading corporations and regular employees.” On Work Style Reform, he insisted that, “we should not tolerate misinterpretation and system abuse whereby, if there were an upper limit, workers could be worked up to that point.” On the Anti-Conspiracy Bill, he urged all parties to conduct “a serious and in-depth Diet debate that will resolve all concerns,” while also asserting that “the bill should be withdrawn if those concerns were not cleared away.” The May Day Declaration adopted at the Central Rally called for efforts to ensure the steady progression of the Action Plan by the Council for the Realization of Work Style Reform, and the establishment of “decent work.” Rengo also adopted a special resolution for strengthening efforts to stop long working hours. In addition, it issued a call for efforts in both eliminating *karoshi* (death caused by overwork) and expanding the number of workplaces with a system of work intervals by increasing the number of unions concluding collective agreements.

### **Rengo Tokyo agrees policy with Tomin First toward local elections**

Prior to the election, the Tokyo Local of Rengo (Rengo Tokyo, President: Kei Okada) held a press conference on April 7 to announce an agreement with the Tomin First, a local party formed by assembly members who support Tokyo Governor Koike. Under the agreement, Rengo Tokyo would provide support for Tomin First during the Tokyo Metropolitan Assembly elections on July 2. At that point, two candidates, backed by member organizations (industrial unions) of Rengo, had defected from the Democratic Party, and those member organizations asked Rengo Tokyo to maintain their support. As a result, the candidates in question were temporarily withdrawn, and on March 3, a policy agreement was concluded with the Tomin First. The agreement included steps to achieve policies for the reduction of long working hours and taking measures for non-regular employment, as well as “cooperating and making efforts to realize policies and systems for a better understanding of employment and labor policies.” In response to this policy agreement, Rengo Tokyo restored its backing of the candidates in question within the organization. In future, Rengo Tokyo aims to focus not only on supporting assembly members who have defected from the Democratic Party but also on support in electoral wards where there are no DP candidates. At the press conference, Rengo Tokyo President Okada lamented, “I wanted this election to be contested with the backing of the Democratic Party if possible, but sadly, that seems too hard to achieve.

---

#### **1. “War Law”— Legislation for Peace and Security**

The Legislation for Peace and Security was approved by the Diet on September 19, 2015 as an amalgamation of the Act for the Development of the Legislation for Peace and Security (a bundle of partial amendments to 10 existing laws, including the Amended Self-Defense Forces Act) and the newly enacted International Peace Support Act. Their stated aim is to ensure peace and security for Japan and the international community. Successive governments have interpreted the minimal use of force permitted in the Japanese Constitution as being restricted to the right to exercise individual self-defense in response to a direct attack on Japan. The Abe administration, however, has changed the conventional interpretation of the Constitution to pass this legislation. It will enable Japan to exercise collective self-defense, albeit use of force is limited to the minimum necessary. At the same time, the duties of self-defense forces dispatched to UN peacekeeping activities will expand, while “rush and rescue operations” to protect other countries’ forces and local civilians will also be possible. At the deliberation stage, Prime Minister Abe explained the necessity of this legislation, describing it as an urgent task to develop a seamless system for peace and security of Japan and the international community, due to the increased severity of changes in the security environment surrounding Japan. On the other side, there were concerns over the ambiguous definition of a state in which Japan’s survival is threatened and as a result Self-Defense Forces could exercise armed force; some constitutional scholars pointed out that the amendment was unconstitutional, and most opposition parties were against it. In particular, the Japanese Communist Party vehemently opposed the enactment and called it a “War Bill,” adopting the view that the bill would trample over the Constitution and make Japan capable of waging war. Even after the legislation was enacted, opposing voices continue to call it a “War Law.”

---

Though national and metropolitan administrations are not the same thing, I hoped it (the Democratic Party) would have taken the attitude of representing workers in a way people could understand a little more easily.”

After this, candidates supported within the organization and sub-organizations of Rengo Tokyo were announced on May 8. They included three Tomin First members, including the two who had defected from the Democratic Party. The number of candidates who defected from the Democratic Party and were backed by Rengo Tokyo, either as members of the Tomin First or as independents, continued to increase thereafter. Yet, Rengo is adopting a negative stance on the joint struggle by opposition parties including the Democratic Party and the Japanese Communist Party.

### **Zenroren and Zenrokyo exchange rallying calls, share the same slogan for the first time**

The Central May Day Rally of Zenroren held on May 1 attracted an attendance of 30,000 (figure provided by the organizers). At the rally, President Yoshikazu Odagawa referred to the Action Plan for the Realization of Work Style Reform decided on March 28, and criticized the government’s proposed overtime regulation, saying that “specifying 720 hours per year or 100 hours per month in a law as an upper limit for overtime is an outdated way of thinking.” “The Abe administration is definitely not the almighty,” Odagawa stated. “In fact, I would say it’s morally collapsing. Let us expand the joint struggle between opposition parties and the citizens,

join forces with the citizens’ coalition, bring down the Abe administration and create a new politics,” he said in his speech.

Guest speeches were made by Kazuo Shii, Chairman of Japanese Communist Party and Motoaki Nakaoka, General Secretary of the Zenrokyo, who called on those present to “build our foundation on a struggle never to allow a bill on long working hours that would legalize *karoshi*.” On May Day last year, the leaders of Zenroren and Zenrokyo gave speeches at each other’s rallies for the first time. This year, in addition to that, they shared the same main slogan for the first time at the Hibiya May Day Rally – “Down with the War Bill!<sup>1</sup> No! to the Anti-Conspiracy Bill!<sup>2</sup> No Revision of the Pacifist Constitution!<sup>3</sup>”

The rally adopted a May Day Declaration including a statement of intent to “confront the Abe administration as it races wildly to build a nation that goes to war, a nation controlled by corporations; instead, aim for a society of peace and democracy, in which the Constitution is upheld and people can continue to work humanely.”

According to the organizers, the Zenrokyo Hibiya May Day was attended by 7,000 supporters. Besides Mizuho Fukushima, Deputy President of the Social Democratic Party, Yutaka Tateno, Secretary-General of the National Federation of Trade Unions of Agricultural Cooperative Associations in Japan (ZEN-NOH ROREN) in Japan also made a speech of solidarity as a member of the Zenroren May Day Executive Committee.

---

## **2. Anti-Conspiracy Bill**

A bill to criminalize conspiracy has been presented to the Diet on three separate occasions, only to be defeated each time. The bill would have made it a punishable offense to plan or prepare to commit a crime, and was touted as necessary domestic legislation prior to signing the United Nations Convention against Transnational Organized Crime. The government has now reduced the number of applicable crimes from more than 600 to 277, and has limited the applicable groups or organizations to terrorist groups, crime syndicates, drug cartels and other organized criminal groups whose purpose is to commit serious crimes. Having applied these and other more stringent conditions, the government established a new offense of “preparation of acts of terrorism and other organized crimes” and, based on this, submitted a bill to amend the Act on Punishment of Organized Crimes and Control of Crime Proceeds and other legislation to the Diet in April, 2017. Most of the opposition parties took their stance to reject this bill, while public opinion was also fiercely –almost equally– divided on the issue. The concerns of those who oppose it are, that it will restrict freedom of speech and expression, that Japan will turn into a police or surveillance state, that the prewar Maintenance of Public Order Act is being revived, that the definitions of applicable organizations and “preparation” are ambiguous, that it will lead to false charges being brought, and so on. The opposing factions are calling this an “anti-conspiracy bill,” the same name they used for the previously rejected bills. “The Bill to Amend the Act on Punishment of Organized Crimes and Control of Crime Proceeds, etc.” was approved by the House of Representatives on May 23, 2017 and was passed by the House of Councillors on June 15, 2017, thereby becoming law.



---

### All organizations ramp up efforts to oppose the “Anti-Conspiracy Bill”

On April 27, Rengo reaffirmed its stance and policy on the proposed amendment to the Act on Punishment of Organized Crimes and Control of Crime Proceeds, which would create a crime of conspiracy for 277 different offenses. Rengo’s principles for response involve highlighting flaws in the proposed amendment and demanding that it be withdrawn. Problems found in the amendment are that domestic law has not yet been adjusted in line with the United Nations Convention against Transnational Organized Crime, which the government cites as the reason for the amendment; that ordinary companies, groups, labor unions and others could become targets for investigation; and that human rights could be infringed by over-zealous investigation. Rengo is calling on local branches and member organizations to awaken public awareness by holding study meetings and engaging in street protests, to prevent this highly problematic amendment from being forced through. On May 12, meanwhile, Rengo held a rally inside the Diet to demand the withdrawal of a proposed amendment to the Act on Punishment of Organized Crimes and Control of Crime Proceeds that would create a new crime of “preparing for acts of terrorism,” including the gist of the so-called “crime of conspiracy.” On that occasion, Naoto Ohmi, Secretary-General of Rengo stated, “Concerns that labor unions and groups will be targeted for investigation and that human rights will be infringed by excessive

investigation cannot be resolved.”

On May 16, Zenroren also held a “No! to the Anti Conspiracy Bill!” rally at Hibiya Open-Air Concert Hall together with the Executive Committee for Saying No! to the Anti-Conspiracy Bill and the Executive Committee for Joint Action to Stop War and Preserve Article 9 of the Constitution.

On May 24, a “Solidarity Rally against the Degradation of Labor Law and the Creation of an Anti-Conspiracy Bill” hosted by the “One-Day Executive Committee for Solidarity on Labor Movements and Citizens’ Movements,” was also held at the Hibiya Open-Air Concert Hall. It called for solidarity between labor movements and citizens’ movements, but the Bill was approved by a parliamentary majority consisting of the LDP-Komeito ruling coalition on the morning of June 15.

#### AUTHOR

**Noboru Ogino**, Deputy Research Director General, The Japan Institute for Labour Policy and Training (JILPT). Research interest: Industrial sociology. Profile: <http://www.jil.go.jp/english/profile/ogino.html>

---

### 3. Constitutional Amendment

Japan’s Constitution has remained unamended ever since it was promulgated in 1946. As a direct result of Japan’s defeat in World War II, the General Headquarters (GHQ) played a major part in its creation; some today regard the existing Constitution as having been “thrust upon” Japan. For this very reason, the ruling LDP has assumed the mission of independently amending the Constitution ever since the party was founded. Points of particular contention in the proposed amendment are the “renunciation of war” and the non-maintenance of armed forces in Article 9. Although Article 9 symbolizes the pacifist principles of Japan’s Constitution, the circumstances surrounding Japan’s security have changed significantly in recent years, including the problem of nuclear and missile development by North Korea. As such, moves to amend Article 9 are now gathering momentum, in that the pacifist principles espoused by Japan immediately after the war are no longer relevant to the current reality. Another factor lying behind these calls to amend the Constitution is the wish to rebuff criticism that the existence of the Self-Defense Forces, widely supported by the Japanese public, violates the constitutional pledge not to maintain armed forces. Prime Minister Abe has expressed a determination to amend the Constitution by 2020, and there are growing calls from the pro-amendment camp for a debate on constitutional amendment to go ahead. The anti-amendment camp, conversely, wants to keep the existing Constitution as it is. Left-leaning parties such as the Japanese Communist Party, representative of the anti-amendment camp, describe the planned constitutional amendment as “constitutional degradation,” and have embarked on a campaign of opposition.

---

## NEWS

# Nearly 40% of Companies Aim to Spend More on Training

## Corporate Focus on Training Comes Clear

On March 31, 2017, the Ministry of Health, Labour and Welfare (MHLW) published the results of its FY2016 “Basic Survey of Human Resources Development.” They reveal that corporate expenditure on training outside the workplace (“off-the-job training,” hereinafter “Off-JT”) was 21,000 yen (approximately \$189) per worker, an increase of 4,000 yen (\$36) from the previous year. In forecast spending on Off-JT over the next three years, the ratio of companies “planning to increase” spending was just under 40% for regular employees and 20% for non-regular employees, suggesting a tendency by companies to prioritize education and training. In the individual survey, on the other hand, nearly 70% of regular employees and about half of non-regular employees responded that they would like to plan their own vocational life.

MHLW has conducted this survey every year since 2001, with the aim of clarifying situations of human resource development by companies, business establishments and individual workers in Japan. The survey consists of three parts: (1) a company survey, (2) a business establishment survey, and (3) an individual survey. Of these, the “company survey” this time targeted about 7,300 companies, the “business establishment survey” some 7,200 business establishments, and the “individual survey” around 24,000 individuals.

### Upward trend in spending on Off-JT

The results of the company survey show that the amount spent on Off-JT was 21,000 yen per worker in 2016. This is higher than both the previous surveys (17,000 yen in 2015 and 14,000 yen in 2014).

In their actual spending on Off-JT over the past three years (2013-2015), 24.8% of companies responded that they had “increased” spending for regular employees and 10.4% for non-regular employees. In terms of forecast spending over the

next three years, the ratio of companies stating that they “plan to increase” spending was high for regular employees (37.4%) and non-regular employees (20.6%), suggesting a tendency by companies to stress education and training.

### HRD of non-regular employees:

#### 60% companies consider themselves responsible

When asked whether the responsibility for human resource development lay with the “company” or with the “individual worker,” 76.1% or nearly three-quarters of companies said that, for regular employees, this was “decided, or mainly decided by the company.” For non-regular employees (short-term contract employees, contract employees, part-time workers, etc., not including dispatched workers or contract workers), 65.6% of companies stated that this was “decided, or mainly decided by the company,” more than 10 percentage points lower than for regular employees.

When asked about the scope of workers particularly targeted for training, 59.1% of companies responded that, for regular employees, their particular targets were “all or almost all the workers,” while 39.9% said that training was focused on “selected or mainly selected workers.” For non-regular employees, on the other hand, 54.8% of companies had their focus on “All or almost all the workers” and 43.0% on “selected or mainly selected workers,” showing a greater tendency to focus on selected employees than in the case of regular employees.

### Off-JT for non-regular employees:

#### Implemented half of that for regular employees

The situation of Off-JT from the results of the business establishment survey, 74.0% of business establishments implemented Off-JT for regular employees in 2015, an increase of 2.0 points from



---

the previous fiscal year. For non-regular employees, the ratio increased by 0.4 points year-on-year to 37.0%, which is only half of the figure for regular employees. The most common type of Off-JT provider for both regular and non-regular employees was “in-house,” this accounting for 76.5% among regular employees and 87.5% among non-regular employees.

### **Difficulty in setting items for fair evaluation**

Meanwhile, 53.8% of business establishments evaluated the vocational ability of their regular employees and 36.5% that of their non-regular employees. Evaluations of vocational ability by business establishments were most commonly used as “judgmental criteria for performance appraisal (for determining bonuses, salaries, promotions and demotions, internal transfers and job displacements, etc.)” (80.9%), followed by “optimization of personnel allocation” (63.2%) and “setting goals for vocational development necessary for workers” (47.0%), in that order.

Of business establishments that evaluated vocational ability, 67.4% saw problems in their efforts to evaluate vocational ability, an increase since last time (63.8%). In a breakdown of the problems, the most common was “difficulty in setting items for fair evaluation for all divisions and job types” (72.7%), followed by “inconsistent content of evaluation, partly because evaluators have not understood evaluation standards” (49.6%) and “excessively large burden on evaluators” (26.9%),

among others.

### **Majority of workers positive about Off-JT**

The results of the individual survey show that the ratio of workers who attended Off-JT in 2015 was 46.3% among regular employees (44.1% last time) and 21.8% among non-regular employees (20.9% last time). Both are increasing since the previous survey. When asked how useful they found the Off-JT they attended, positive views (the total of “It was useful” and “It was somewhat useful”) were in the majority both for regular employees (94.6%) and for non-regular employees (94.1%).

### **30% of non-regular employees “don’t know” their vocational life plan**

Workers were also asked about their thoughts on their own vocational life planning. In response, 29.1% of regular employees said “I want to plan my own career” and 38.9% said “Given the choice, I would prefer to plan my own career path.” In total, therefore, nearly 70% (68.0%) expressed their wish to plan their own vocational life.

In fact, even 22.2% of non-regular employees said “I want to plan my own career” and 26.2% said “Given the choice, I would prefer to plan my own career path.” In other words, about half of them (48.4%) wished to think proactively about their own careers. However, the ratio of non-regular employees who said they “don’t know” was 30.0%, more than twice that of regular employees (14.2%).

## Article

# Elderly Employment in a Society of Population Decline

*Takaaki Tahara*

Japan's population has been in decline since 2011, and particularly, large decrease in the working age population (i.e. ages 15-64) is anticipated in future. This means that providing continued employment for older workers is now an urgent and crucial issue in order to maintain or enhance the vitality of Japan's economy.

A key factor in this respect is that the age when pension payments start is gradually being raised to age 65. For men, pension payments started at age 61 in FY2013 and 62 in FY2016. This will rise to 63 in FY2019, 64 in FY2022 and 65 in FY2025 (for women, these changes are delayed by five years). In other words, retired workers are basically pensionless until they reach the age as mentioned above. To correct this, an amendment to the Act on Stabilization of Employment of Elderly Persons in March 2013 made it mandatory for employers to ensure employment security for workers until age 65, thus ensuring a smooth transition from employment to pensions.

After coming to power in 2012, the Abe administration drew up a "Japan Revitalization Strategy" to outline the government's economic policy, with revisions every year. An awareness of the issue was clearly laid out in the 2014 Revision. "Japan's sustainable growth depends on whether it can maintain its working population and raise its labor productivity before entering into a population-declining society by improving the working environment for women and elderly people and ambitious, capable youths who are hopeful about their future." The importance of encouraging productive activity by older members of society is further emphasized in the 2015 Revision.

Amid these social environmental changes in the

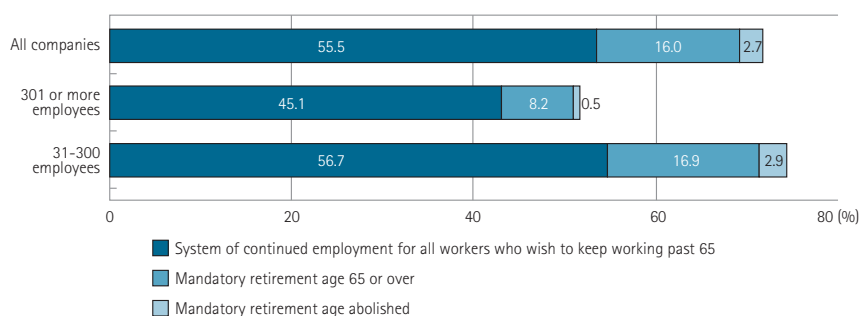
employment of older workers, all of the workers who wish to work until age 65 or beyond can do so in 53.8% of large corporations and in 76.5% of small and medium enterprises (SMEs) (Figure 1). In other words, continued employment of workers in their early 60s is becoming the established norm. On the other hand, only about 20% of companies allow continuous employment until age 70 or over, including those that select workers for continued employment based on certain standards (Figure 2). Given the prospect of shrinking population and increasing acute labor shortages in future, it is hoped that more workers will remain gainfully employed through their late 60s and beyond.

JILPT has conducted research on the employment of older workers since 2012, and has set up a research group including noted external experts to examine the problem from the perspective stated in the beginning. The group has now compiled its findings based on research results as well as the outcome of past research. This report features seven papers by members of the group dealing with the various issues, and an outline of each paper will be given below.

## Employment of Workers in Early 60s

### 1. "Retirement at 65" and mandatory retirement system

Mandatory retirement age is 60 at many companies but can be said to have actually extended to 65 by 2013 amendment to the Act to secure employment until age 65 if the workers wish. Professor Koichiro Imano of Gakushuin University firstly called the original "retirement at 60" system as "traditional mandatory retirement system," and



Source: Ministry of Health, Labour and Welfare, *Report on Employment Conditions of Elderly Persons*, 2016.

Figure 1. Ratio of companies continuously employing all workers who wish to keep working past 65



Source: Ministry of Health, Labour and Welfare, *Report on Employment Conditions of Elderly Persons*, 2016.

Figure 2. Ratio of companies permitting employment past 70

examines how the “traditional mandatory retirement system” is changing in line with “retirement at 65” and what functions it will have in terms of human resource management after the change. The second issue that Imano reviews is the relationship between mandatory retirement system and human resource management for workers in their early 60s known as “senior employees”.

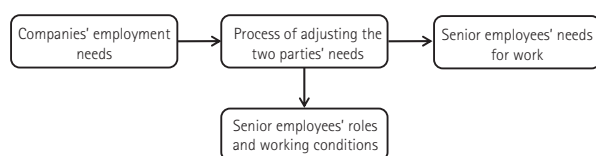
Imano first asserts that, if working lives are to be extended to 65 or beyond, workers’ roles and careers will need to be reviewed at a certain stage of older age, regardless of whether there is a system of mandatory retirement or not. He then examines whether a mandatory retirement system would need to play the function of adjusting roles and working conditions at a given point in older age, if such an adjustment were necessary. He concludes that the traditional mandatory retirement system, though not necessarily ideal, could be seen as “suitable” in that it adjusts roles and working conditions by a single standard based on age, taking into account the cost of

explanation and persuasion (in other words, the cost of adjustment) that has to be borne by companies.

Imano regards mandatory retirement system as effective in terms of adjusting roles and working conditions. However, when roles and working conditions as well as employment itself are adjusted in line with mandatory retirement, their quality of employment will depend on the roles given to “senior employees” past retirement age and how human resource management is structured to cope with this. In other words, changes in roles and careers in line with mandatory retirement need to be considered from the viewpoint of management making immediate use of “senior employees,” and “senior employees” creating opportunities for their own active participation (Figure 3).

Finally, Imano examines the currently controversial issue of whether it would be desirable to delay mandatory retirement or abolish the system altogether. He states that the solution to this issue depends on whether a system with the function of

adjusting roles and working conditions can be created to replace the system of mandatory retirement. He suggests that postponing or abolishing mandatory retirement without developing a new adjustment system to replace it would not be a desirable option for companies or for workers.



Source: Adopted from Figure 1-7, JILPT, 2017.

Figure 3. Scheme for matching companies with "senior employees"

## 2. Corporate roles and HRM of workers in early 60s

JILPT Senior Researcher Makoto Fujimoto presents three typical patterns adopted by companies for workers after reaching mandatory retirement age, and investigates the characteristics of human resource and labor management in each case. The three patterns are (i) "Unchanged Type," in which

job contents remain unchanged before and after retirement, (ii) "Changed Responsibility Type" in which job contents remain unchanged but the level of responsibility changes (such as removal from a managerial positions), and (iii) "Changed Work Type" in which job contents change after reaching retirement age.

Unchanged Type differed significantly from the other two types in terms of securing employment for those in their early 60s. Specifically, many companies in this type saw "No particular problems" when securing employment for workers in their early 60s. In Changed Responsibility Type and Changed Work Type, however, more companies saw problems in this regard. In Changed Responsibility Type, the treatment of workers who were in managerial positions was seen as the major issue. In Changed Work Type, the main problem lay in securing jobs internally that older workers can do, in addition to the treatment of workers who were in managerial positions (Table 1).

One future measure to be drawn from this would be to increase the number of companies that can adopt Unchanged Type of employment management in which the job remains the same after reaching

Table 1. Problems in securing employment for the early 60s (multiple responses, %)

Unchanged	Changed responsibility	Changed work	
1692	2264	506	n
13.1	17.8	34.0	Hard to secure jobs for older workers internally***
3.0	3.7	7.1	Hard to secure jobs in subsidiaries or affiliated companies for older workers***
4.7	5.4	5.9	Insufficient facilities or working environment for using older workers
7.4	11.9	17.4	Not enough knowhow for using older employees***
17.3	33.9	33.6	Unsure how to treat employees previously in management posts***
19.6	25.9	22.9	Hard to decide conditions for employees who remain after retirement age***
0.4	0.2	0.2	Hard to gain understanding of unions, workers' representatives, etc.
4.1	6.0	6.7	Decline in morale of young and middle-aged workers*
20.6	26.1	24.9	Cannot hire young workers and age composition distorted***
8.9	11.0	12.1	Increased burden of personnel costs*
9.6	16.0	16.6	Low work motivation***
7.2	9.7	13.0	Low productivity***
38.2	21.8	16.4	No particular problems***

Source: Adopted from Figure 2-15, JILPT, 2017.

Note: \*\*\*<.001, \*\*<.01, \*<.05

mandatory retirement age. This is because, compared to the other two types, this type of employment management is more likely to reduce problems when securing employment for those in their early 60s. Another conclusion to be drawn is that support should be provided to companies practicing the other two types (Changed Responsibility Type and Changed Work Type). This will help to resolve problems that tend to confront these companies – namely, the treatment of employees who were previously in management posts and securing jobs suitable for older workers.

## Employment of Workers Over 65

### 3. Employment and career changes of workers in late 60s and beyond

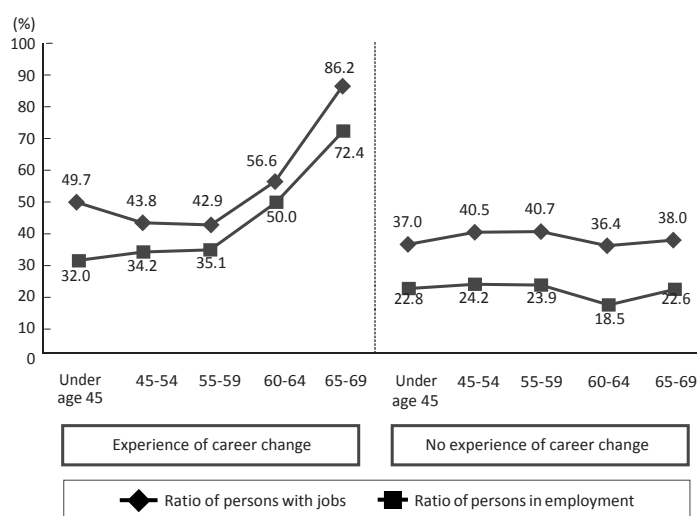
JILPT Project Researcher Yutaka Asao has analyzed the correlation between the employment of workers in their late 60s and their experience of changing careers, mainly in old age. His analysis revealed the following facts.

(i) For men, older age is a period of more dramatic change than middle age when it comes to employment; many of those who remain employed over 65 have experienced some kind of job change along the way. In the process, many change from regular employment to a

variety of employment forms (particularly part-time work), switch to smaller companies, or shift to service jobs or others that differ from their previous ones.

(ii) While career changes are sometimes based on temporary transfer, permanent transfer to another company (usually an affiliate or a subsidiary), or mediation by the original employer, independent job-seeking activity is also important for those wishing to continue working over 65. *Hello Work* (public employment security offices) have a dominant role to play in this. Various channels for matching jobs with workers are being used for career changes in older age, depending on the employment form and the types of job and role sought.

(iii) Asao analyzes the employment situation of male workers in their late 60s in terms of whether they have experienced career changes at various ages. The result shows that the ratio of persons in employment among older workers in employment among older workers with experience of career changes before 60 (Figure 4, on the left) is about 10% higher than that of those without such experience (on the right). In age groups beyond 60, older workers with experience of career changes appear to have higher rates of employment now. Thus, supporting career changes for workers



Source: Adopted from Figure 3-15, JILPT, 2017.

**Figure 4. Current employment situation by experience of career changes in different age groups (male, aged 65-69)**

in their 60s is a major issue in order to raise employment rates for those in their late 60s and beyond (Figure 4).

Asao also analyzes workers' employment situations and environments based on their pensions and savings. As a result, he sets out the following policy tasks and directions for measures on employment of the over-65s (Figure 5).

- (i) A significantly large proportion of workers have not saved enough to support their lives in old age. The results show that at least 20-30% of people aged 65-69 are placed in such a situation. Of these, around 60% are currently in employment, and about a quarter of them are thought to be unemployed in the broad sense. It is vital that we focus attention on this group (older persons in urgent need of work) when developing the groundwork for promoting employment in older age.
- (ii) As for workers with sufficient savings for old age, Asao identifies their employment needs based mainly on motivation in two directions – motivation to make the most of their own

vocational skills and “wish to be useful to others.” If the latter is stronger, volunteer activity might be an answer. But for those who wish to use their skills in a professional environment, if combined with the latter motivation, “specialized or technical work” could be the typical kind of occupation required.

#### 4. Study of determining factors in companies where employees can continue working past 65

JILPT Researcher Tetzushi Kamakura analyzes data from the Employer Survey to study factors that determine whether or not employees can continue working past the age of 65. To do this, he divides companies into three types depending on whether or not their employees can keep working past 65. These are (i) “All Employees Type” in which all employees can work past 65 if they wish to, (ii) “Some Employees Type” in which employees meeting certain standards can work past 65 if they wish to, (iii) “No Employees Type” in which employees cannot work past 65, as a bench mark (Figure 6).

The findings suggest, firstly, that companies in

	Pension I	Pension II	Pension III
Savings I	Working days per month: 18.7 Daily working hours: 7.8 Monthly wage income: 142,300 yen	16.4 6.8 128,100 yen	16.9 6.3 140,000 yen
Savings II	Working days per month: 20.8 Daily working hours: 7.7 Monthly wage income: 187,400 yen	16.4 7.3 170,700 yen	14.5 7.3 144,100 yen
Savings III	Working days per month: 17.1 Daily working hours: 6.5 Monthly wage income: 82,500 yen	14.8 7.4 213,500 yen	14.8 5.8 148,400 yen
Pension or Savings IV	Working days per month: 15.6 Daily working hours: 7.9 Monthly wage income: 228,900 yen		

Source: Adopted from Figure 3-28, JILPT, 2017.

Notes: 1. The various categories are defined as follows. Savings I: Less than 1 million yen, Savings II: 1.0-19.9 million yen, Savings III: 20.0-49.9 million yen, Savings IV: 50 million yen or more. Pension I: Less than 100,000 yen, Pension II: 100,000-199,999 yen, Pension III: 200,000-299,999 yen, Pension IV: 300,000 yen or more.  
2. 100,000 yen is about \$953.—Ed.

Figure 5. Comparison of average values for different combinations of pensions and savings (male aged 65-69, in employment)



which more regular employees quit their jobs in their 50s are more likely to allow all employees to continue working past 65 if they wish to. A policy implication to be drawn from this is as follows: when companies are encouraged to promote “continued employment past age 65 for all employees” in future, considerations are needed on the risk that they would opt for more rigorous selection of employees in their 50s, or would increase the number of employees who quit their jobs voluntarily by downgrading the treatment of workers in their 50s.

Contrastingly, large companies, with a higher proportion of regular employees, and with a higher rate of wage decrease after age 60 are more likely to fall into No Employees Type (i.e. their employees cannot continue working whether they want to or not). On the other hand, companies with a longer history, a higher proportion of regular employees aged 60-64, a labor union, a policy of consistency in wages at all ages, and a tendency to keep re-hired workers in their early 60s in the same jobs as before 60 are not likely to fall into No Employee Type. From these results, Kamakura suggests that possible directions for policy when promoting a change from No Employees Type to All Employees Type could include (i) reforming wage systems to ease rates of wage decrease at around 60, (ii) fostering awareness of the need to increase the consistency of the wage system, (iii) encouraging workers to set up unions, and (iv) assigning workers the same jobs as before they retired, thus focusing promotional efforts on companies in question and introducing measures for system design.

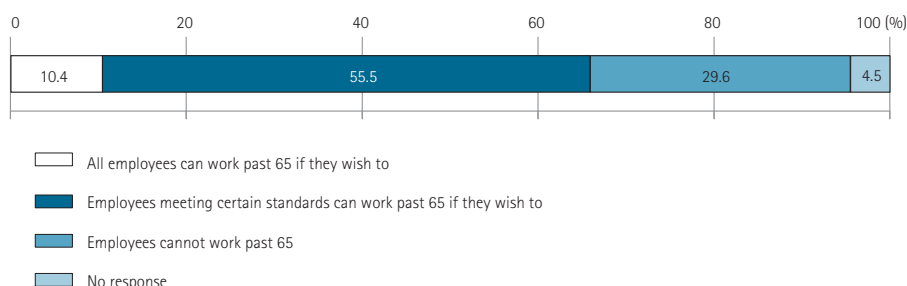
## Active Participation by Older Persons and Related Measures

### 5. Rising employment rate and “Period of no income” due to raised starting age of pension payments

Professor Atsuhiko Yamada of Keio University uses individual data from MHLW “Longitudinal Survey of Middle-aged and Elderly Persons (First-Tenth Surveys)” to analyze the birth cohort affected by the 2013 rise in the starting age for pension payments (earnings-related component). Specific attention is given to (i) whether there was a rise in the employment rate, (ii) whether incomes were properly guaranteed, and (iii) how these differed from the situation when the starting age for fixed-amount pension payments (fixed-amount component) was raised (Table 2). Five facts were revealed as a result.

Firstly, the employment rate at age 60 of people born in FY1953 was compared to that of those born in FY1952 (for whom pension payments had started at age 60). In 2013, when the starting age for earnings-related pension payments was raised to 61, the employment rate at age 60 of those born in FY1953 was 7% higher for males who were regular employees at age 59, and 10% higher for males who were working for companies with 300 or more employees at age 59.

Secondly, the proportion of those born in FY1953 who had their own income including the public pension at age 60 was 5% lower for all males in the relevant cohort and about 3% lower for males who were regular employees at age 59, compared to those born in FY1952. This suggests that, even



Source: JILPT, 2016.

Figure 6. Possibility of continued employment past 65 in surveyed companies

after the 2012 amendment to the Act on Stabilization of Employment of Elderly Persons, a period of no income caused by the gap between employment (retirement age) and pensions (pensionable age) could not be completely prevented from arising.

Thirdly, there was no discernible rise in the unemployment rate at age 60 of those born in FY1953 compared to those born in FY1952, even though this period of no income between employment and pensions had arisen for some people. The inference is that when this no income period between employment and pensions arises, people do not look for work, but instead, leave the workforce and rely on their retirement benefit or savings, or the income of other household members, to maintain a living during that time.

Fourthly, there was no discernible decrease in the amount of their own income at age 60 for males born in FY1953 who had a principal income including the public pension, compared to those born in FY1952. Yamada sees this as suggesting that they used other forms of income mainly involving earned income (or early payment of pension benefits) to make up for the gap in annual income interrupted by the rise in the starting age for earnings-related pension payments.

Fifthly, Yamada examined attributes affected by the rise in the employment rate (i.e. “regular employee” or “working for a company with 300 or more employees” at age 59) as well as the rise

in the employment rate resulting from the raised starting age for earnings-related pension payments and the scrapping of systems restricting continued employment in FY2013. As a result, he finds that these were about the same as those based on the rise in the starting age for fixed-amount pension payments and the rise in the maximum age for compulsory measures to guarantee employment.

As for policy implications, finally, the period of no income caused by the raised starting age for payments of the (earnings-related) specially-provided old age employee’s pension (from age 60 to 61) in FY2013 was one year at most; people in this situation may have made ends meet by using their retirement allowance or savings, for example. However, there could be a risk that future rise in the starting age for pension payments would gradually prolong this “period of no income” for an increasing number of people (unless they opt for early payment). Moreover, given that old-age employees’ pensions have already been reduced due to a gradual decrease in the pension benefit rate, Yamada also highlights the risk that more people will be unable to compensate for reduced pension payments with earned income after age 65. These risks need to be watched closely for the future; if they should materialize, closer linkage between elderly employment policies and the social security system will be needed, including directions for

Table 2. Analyzed policy effects and birth cohorts of the treatment and control groups

Pair number	Male		Analyzed policy effects
	Control group	Treatment group	
(1)	Born in 1946	Born in 1947	Age of mandatory employment guarantee measures and specially-provided old-age employees' pensions (fixed-amount component) raised from 63 to 64 (effect at <u>age 63</u> )
(2)	Born in 1948	Born in 1949	Age of mandatory employment guarantee measures and specially-provided old-age employees' pensions (fixed-amount component) raised from 64 to 65 (effect at <u>age 64</u> )
(3)	Born in 1952	Born in 1953	Age of mandatory employment guarantee measures and specially-provided old-age employees' pensions (earnings-related component) raised from 60 to 61 (effect at <u>age 60</u> )

Source: Adopted from Table5-3, JILPT, 2017.

Note: Underlines are added by Atsuhiko Yamada.

continued employment not only in the early 60s but also beyond 65.

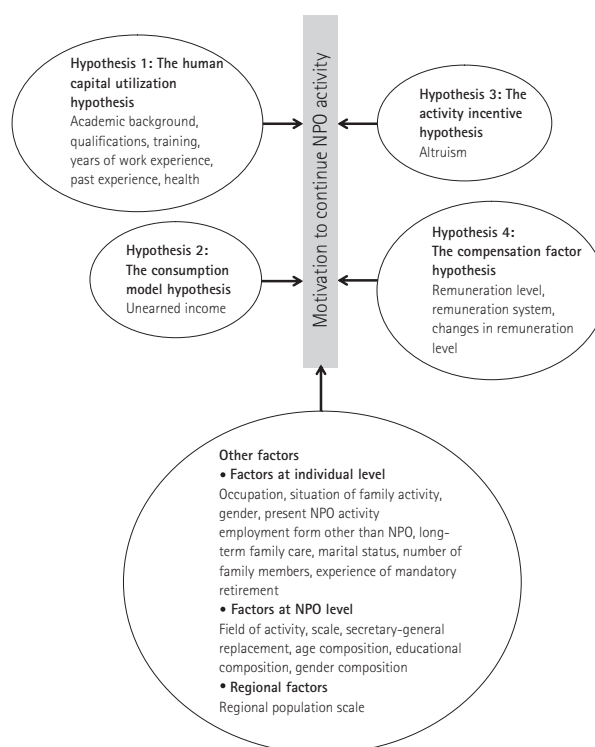
## 6. Determinant factor analysis of the motivation to continue NPO activity among middle-aged and older persons

Associate Professor Xinxin Ma of the Institute of Economic Research, Hitotsubashi University, examines determinants of the motivation to continue NPO (nonprofit organization) activity among those in middle-aged to older age brackets (ages 50-59, 60-64, 65 and over) and tests four hypotheses (the human capital utilization hypothesis, the consumption model hypothesis, the activity incentive hypothesis, and the compensation factor hypothesis) (Figure 7).

As policy implications, Ma suggests various ways of encouraging these people to continue NPO activity, including support for NPO activity by those with medical qualifications, a stable system of remuneration, PR targeting middle-aged and older persons, and support for those in low unearned income brackets. The outcome could be useful as reference when older persons choose NPO activity for active participation in various forms.

## 7. Employment, health and care burdens of older persons

Kunio Mimura, a lecturer at the Institute of Economic Research, Hitotsubashi University, analyzes how employment activity by older persons in their 60s affects their subjective health and burdens of care impact, and conversely, how this employment activity affects their subjective (sense of) health (Table 3). As a result, Mimura finds that (i) if a person's subjective health is good, there is a greater likelihood of that person being in work, (ii) the main caregiver is less



Source: Adopted from Figure 6-1, JILPT, 2017.

Figure 7. Image diagram of the tested hypotheses

likely to be in work, and (iii) being in work enhances subjective health. The policy implications to be drawn from these results are as follows.

Firstly, policies that increase the subjective health of older persons will be effective in encouraging them to stay in employment. Given that subjective health reflects physical and psychological social health as well as quality of life, a broad range of living support (including health promotion) aimed at middle-aged and older persons could encourage them to stay in employment.

Secondly, if an older person is a caregiver, that person's employment activity is constrained. but if

Table 3. Distribution of perception about one's own health by age and gender (4-level evaluation, %)

	Very good	Good	Not very good	Bad	No response
Total	5.43	63.04	26.60	4.59	0.34
Early 60s / Male	6.24	63.52	25.52	4.48	0.24
Late 60s / Male	5.94	61.88	26.38	5.07	0.72
Early 60s / Female	4.42	64.32	26.97	4.18	0.12
Late 60s / Female	4.29	61.16	29.18	4.94	0.43

Source: Adopted from Table7-4, JILPT, 2017.

the caregiver is another family member other than him/herself, there is no discernible constraining effect. This suggests that living together with the care recipient is not necessarily burdensome in itself, but that the burden of care on the caregiver leads to constraints on employment activity. It is therefore possible that reducing burdens on caregivers could help to promote employment activity by older persons. This could be done, for example, by enhancing at-home care support and creating an environment in which other family members are encouraged to take part in giving care.

Thirdly, encouraging older persons to stay in employment is effective in increasing their subjective health. Mimura suggests that, for those in their 60s, working provides not only an income and an opportunity for self-fulfillment, but also a way to an external life that positively impacts their health and quality of life. Thus, Mimura suggests that policies encouraging older persons to stay in employment could be effective in terms not only of securing manpower and guaranteeing the income of older persons but also of promoting their health.

## Challenges for the Future

Challenges connected with the employment of older persons may be described from the following three perspectives.

Firstly, as for issues facing the employment of workers in their early 60s, one challenge is to consider employment management systems that will be accepted by workers, enabling them to work and be highly productive, given the change to mandatory employment until age 65. In fact, (i) less than 30% of companies have introduced evaluation systems (JILPT 2016), and that (ii) many re-hired workers have negative views on the significant fall in wages after re-hiring (JILPT 2015). These are also linked to court judgments on reduced wages for workers in their early 60s, the debate over equal pay for equal work, and the consideration being given to continuous employment benefits for the elderly (including their impact on employment and wages, etc.).

Secondly, what are the issues facing the employment of workers in their late 60s and beyond, or older workers in general? One challenge is to

find ways of expanding the employment of older persons, mainly those aged 65 or over. Other challenges include promoting smooth employment of those who wish to work, given that older persons newly employed past 65 are also covered by employment insurance following an amendment to the Employment Insurance Act.

Finally, regarding the active participation by older persons and related measures, it is important that older persons can participate actively in various ways, including those outside employment. There are still many issues that need to be explored in connection with the study of pensions and elderly employment, in particular. Meanwhile, the analysis results obtained this time show that employing older persons has a positive effect on their health, and it is seen as important to pursue further analysis on this. Finding effective measures to help older persons remain in employment while providing long-term care for their spouses or parents will also be a challenge for future research.

\*This paper is a summary of JILPT Third Mid-Term Plan Project Research Series No.2, *Elderly Employment in a Society of Population Decline* (available only in Japanese).

## References

- \_\_\_\_\_. 2016. *Kounenrei sha no koyo ni kansuru chosa* (kigyo chosa)[Survey on the employment of older people (survey of employer)]. JILPT Research Series no.156. Tokyo: Japan Institute for Labour Policy and Training.
- \_\_\_\_\_. 2017. *Jinko gensho shakai ni okeru koreisha koyo* [Elderly Employment in a Society of Population Decline]. Project Research Series no.2 on 3rd mid-term.
- Ministry of Health, Labour and Welfare. 2005-2015. *Chukonensha judan chosa* [Longitudinal Survey of Middle-Aged and Elderly Persons, First-Tenth Surveys].  
<http://www.e-stat.go.jp/SG1/estat/NewList.do?tid=000001030155>
- \_\_\_\_\_. 2016. *Koyo no kozo ni kansuru jittai chosa: Konenreisha koyo jittai chosa* [Survey on employment conditions of elderly persons]. <http://www.mhlw.go.jp/toukei/list/3-20.html>
- \_\_\_\_\_. 2011-2014. "Longitudinal Survey of Middle-Aged and Elderly Persons, First-Tenth Surveys." <http://www.mhlw.go.jp/english/database/db-ls/>

## AUTHOR

**Takaaki Tahara**, Vice President (in charge of vocational ability development), Polytechnic University of Japan. Former Research Director, The Japan Institute for Labour Policy and Training (JILPT) (till June 2017). Research interest: Economics.

# Basic Information on Recent Elderly Employment Trends in Japan

Yutaka Asao

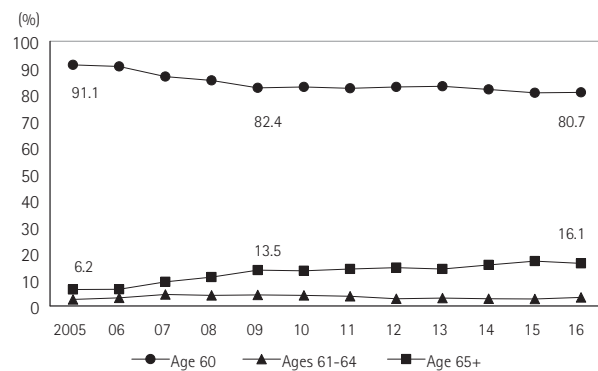
The aim of this paper is to provide basic information on the employment of older people in Japan over the last decade or so, rather than analyzing or examining issues in depth. The author asks readers to bear in mind that this is just a very brief summary. All data referred to in this paper are based on Japanese statistics.

## I. Changes in corporate employment systems for older workers

According to a statistical survey on corporate employment systems by the Ministry of Health, Labour and Welfare (MHLW),<sup>1</sup> 95.4% of companies had systems of mandatory retirement (employment rules stipulating that workers must retire on reaching a certain age) as of 2016. By corporate scale, the ratio was 99.7% in large corporations with 1,000 or more employees; even in small and medium enterprises (SMEs) with 30-99 employees, it was as high as 94.2%, showing that the majority of companies have a system of mandatory retirement.

Most companies set the mandatory retirement age uniformly, rather than making it job-based. Figure 1 shows the distribution of mandatory retirement ages among Japanese companies. The data reveal that 60 is the mandatory retirement age in most companies, but that the ratio of mandatory retirement age set at 60 is declining while that of 65 and over is on the rise. So far, the rise is mainly seen in SMEs. There are different views on the speed of this change, slow or fast.

Over the course of Japanese employment history, systems of mandatory retirement were set and became established spontaneously in each company. This was probably based on traditional cultural attitudes toward aging. It also has economic rationality, in that, by assuming a more or less fixed



Source: Ministry of Health, Labour and Welfare, *General Survey on Working Conditions*, 2016.

Figure 1. Trends in mandatory retirement age (company ratios)

point of termination, a framework could be given to an employment system premised upon long-term employment. What must be noticed, however, is that even if the basic rule was to stop working at the mandatory retirement age, there were always provisions for exceptions to the rule. Actually, those who were sufficiently capable of working after mandatory retirement age were sometimes kept in employment. In some ways, this was seen as a good opportunity to review jobs and treatment for those in older age. In fact, many companies have now developed systems for continued employment after mandatory retirement, such as re-hiring schemes.

The legal system related to elderly employment has also supported and promoted these trends,<sup>2</sup> and has been playing a particularly important role in recent years. Legislation on corporate systems of mandatory retirement is primarily concerned with the prohibition of systems requiring mandatory retirement before age 60. This has been in effect



since 1998. In addition to this, however, two amendments with effect from 2006 and 2013, respectively, have made it compulsory for companies to guarantee employment up to age 65 for all workers who wish, even if mandatory retirement is set at less than 65.<sup>3</sup> In this way, systems of continued employment up to age 65 for all those who wish have also been developed in terms of legislation.

With regard to the retirement age, people in Western Europe often retire before the age usually cited by the system. On the other hand, many workers in Japan actually retire from their jobs at a far higher age than the mandatory retirement age.

## II. Background to the development of systems for continued employment up to age 65

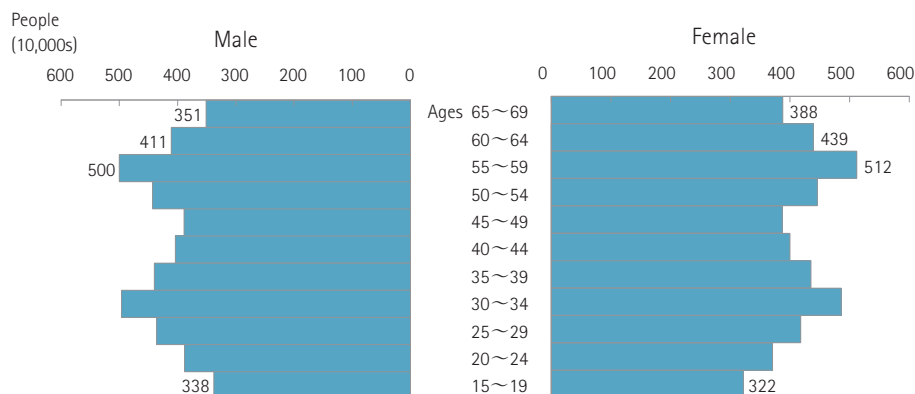
The background behind the development of systems for continued employment up to age 65 for the last ten years will be understood by looking at the population age composition in 2005 shown in Figure 2. It reveals that, at that time, there was a large population spike known as the “baby boom generation” at ages 55-59, i.e. just before the age of 60 set as the mandatory retirement age by most companies. Figure 2 reveals two important issues. The first is how to provide employment opportunities for older workers in their 60s, now that this population spike has entered their 60s, and how to support social security in terms of pensions and healthcare. Though less frequently highlighted compared to this, the other problem is that, while 5 million men are gradually entering their 60s, only about 3.4 million young people are entering their

20s. It is obvious that the key to solving both of these problems is for older persons to keep working.<sup>4</sup>

## III. Trends in elderly employment

Let us now introduce some data on trends regarding the employment of older persons. In the following, data will be presented by sex and by age group in five-year segments. The focus will be mainly on persons aged 60-64, i.e. those targeted by systems of continued employment up to age 65, and on men in particular. As we will see, the process is not so simple.

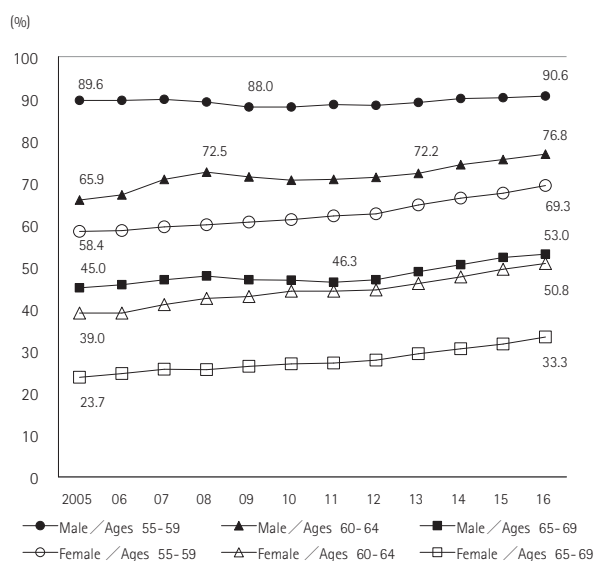
Figure 3 shows trends in employment ratios. The employment ratio of men aged 60-64 was 76.8% in 2016, a rise of 11 percentage points compared to the 65.9% in 2005. Over the medium to long term, employment for older persons seems to have expanded. If we look at trends within this timeframe, however, we find that, although the ratio rose quite sharply between 2006 (when the first of the aforementioned two amendments came into force) and 2008, it subsequently fell between 2009 and 2010. This was due to shrinking economic activity, caused by the global financial crisis at the time. The possibility was even mooted that many eligible workers dared not hope for continued employment but had “stepped aside for the next generation,” even when measures for continued employment up to age 65 had been taken following the amendment. Although the employment ratio slumped temporarily in this way, it started to rise steadily again from 2013 onward. This was partly due to the enforcement of the second amendment in 2013, but was probably



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Labor Force Survey*, 2006.

Figure 2. The year 2005 population by age group





Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Labor Force Survey*, 2006.

Note: "Employment ratio" is the ratio of persons in employment to the total population for the age group in question.

Figure 3. Trends in employment ratios

also influenced by a considerable improvement in the economic situation from around that time.

The employment ratio of men in 2016 in the 60-64 age group was about 14 points lower in the 60-64 age group than among those aged 55-59, and about another 24 points lower in the 65-69 age group. Even then, however, it should be noted that more than half of all men were still working even in the second half of their late 60s.

#### IV. Changes in older age

Apart from this general situation, another major characteristic of elderly employment is that various changes are seen to accompany increasing age. Some of these will now be introduced.

The first is a change in the type of employment. Figure 4-1 (male) and 4-2 (female) show the ratio of non-regular employees (hereinafter "non-regular ratio"), excluding executives of companies or corporations.

For men (Figure 4-1), the non-regular ratio is a little over 10% for those in the 55-59 age group but more than 50% for the 60-64 age group, revealing that men often convert from regular to non-regular employment around the age of 60. The same is true with those employees who remain employed in

companies even after they reach their mandatory retirement age at 60 or over. In that case, they are often full-time non-regular employees, rather than part-time ones.

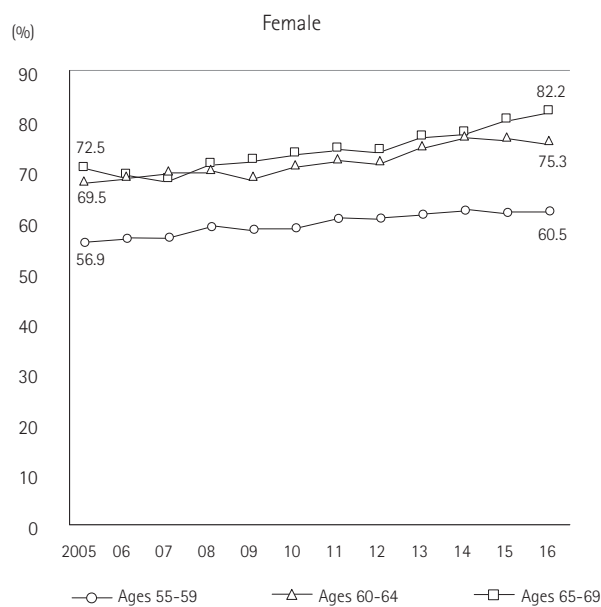
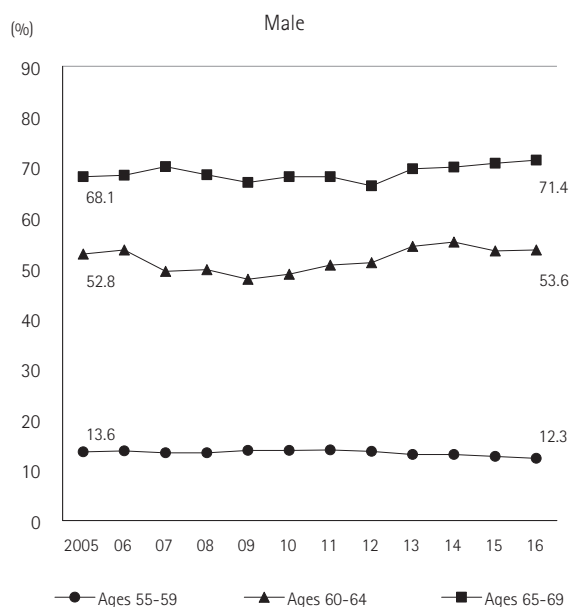
Table 1 shows 2016 data on the composition of occupations by age. Comparing the 55-59 and 60-64 age groups, the ratio of those engaged in professional, technical and clerical occupations has decreased, while that of those in services, transportation or machine operation, construction, mining and others as well as light duty such as carrying, cleaning and packaging has increased. This reveals that the content of the job undertaken often changes in older age, not only when the place of employment is changed, but even in continued employment after mandatory retirement, when there is generally not supposed to be any significant change in the job content.

In the composition by industry, the ratios of manufacturing and information/communications industries tended to decrease at around age 60, while those of the various service industries tended to increase. In terms of corporate scale, the ratio of large corporations decreased while that of small and medium enterprises increased. These data will be omitted here.

#### V. Summary and issues

Since the middle of the first decade of this century, the employment of older persons has become a serious issue as members of the large population spike known as the "baby boom generation" enter their 60s. This issue was initially addressed, not by extending the mandatory retirement age from 60, but mainly by requiring companies to offer continued employment up to age 65. As a result, thanks to cross-sector collaboration between the government, labor and management, systems of continued employment up to age 65 were developed. The attempt suffered a temporary setback owing to the global financial crisis, but since then, one could say that the employment of older persons has been expanding steadily in general. Amid this process, issues still remain for the present and future, while new issues are also arising.

The first is that, based on trends so far, we may need to review the framework of jobs and treatment



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Labor Force Survey: Detailed Tabulation*.

Note: These two graphs indicate the ratio of non-regular employees among all employees excluding executives of companies or corporations.

Figure 4-1. Trends in the ratio of non-regular employees (male)

Figure 4-2. Trends in the ratio of non-regular employees (female)

Table 1. Occupational composition of older persons in employment by gender and age group, 2016 (%)

	Male				Female			
	Ages 55-59	Ages 60-64	Age 65+	Ages 65-69	Ages 55-59	Ages 60-64	Age 65+	Ages 65-69
Employed persons total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Administrative and managerial workers	6.2	6.8	7.6	6.5	1.1	1.4	2.3	1.7
Professional and engineering workers	15.4	12.3	9.8	10.4	17.9	12.3	7.1	8.0
Clerical workers	18.0	14.6	7.2	8.5	25.6	19.9	14.9	15.4
Sales workers	11.8	10.1	9.8	9.6	12.2	11.8	12.0	11.4
Service workers	4.4	5.8	8.0	8.1	19.5	22.3	24.4	26.3
Security workers	3.0	3.2	3.5	3.8	0.0	0.0	0.0	0.0
Agricultural, forestry and fishery workers	3.3	5.5	13.7	9.2	2.7	5.7	12.3	7.4
Manufacturing process workers	14.8	14.3	12.4	12.3	10.3	11.8	9.7	10.3
Transport and machine operation workers	7.7	8.4	8.0	10.8	0.4	0.0	0.0	0.0
Construction and mining workers	8.0	9.7	8.0	10.0	0.4	0.5	0.3	0.6
Carrying, cleaning, packaging, and related workers	6.2	8.4	10.2	10.4	8.8	13.3	15.3	16.6
Workers not classified by occupation	1.2	1.0	1.3	1.2	1.1	0.9	1.6	1.1

Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Labor Force Survey*, 2016.

for workers in their early 60s, including the future directions of the system of mandatory retirement.

The second issue is to promote employment for people in their late 60s. Now that the “baby boom generation” is already in this age group, and employment over 65 has become a matter of social concern. For the time being, the majority of employment opportunities for this generation are

being provided by SMEs; in other words, labor force is being supplied to those enterprises. It is entirely possible that, starting in this year of 2017 when the “baby boom generation” reaches age 70, we could be heading toward a shortage of labor force in absolute terms. Although some commentators pin their expectations on employment beyond age 70, a bigger challenge is to further promote employment

for the successors to the “baby boom generation.” Moreover, it goes without saying that the entry of the “baby boom generation” into their 70s brings some very weighty issues in terms of the social security system.

#### Notes

1. MHLW, General Survey on Working Conditions. 2016. Aimed at private companies with 30 or more employees.
2. Mainly the Act on Stabilization of Employment of Elderly Persons.
3. Figure 1 suggests that the ratio of companies setting mandatory retirement age at 65 and beyond increased at a faster pace between 2006 (when the amended law was enforced) and 2009, compared to before and after that period. This could be seen as one effect of

the amendment.

4. A similar situation pertains for the social security system (though diverging from the main purpose of this paper). After many years of deliberation on the employees’ pension scheme, the core of pensions for persons in employment, measures have been taken to raise the starting age of pension payment in stages from the previous age 60 to 65. This process is due to be complete in 2025 (or in 2030, for women).

#### AUTHOR

**Yutaka Asao**, Project Researcher, The Japan Institute for Labour Policy and Training (JILPT). Research interest: Labor policy from the viewpoint of labor economy.

## 75.8% motivated to keep working even after reaching pensionable age —The 7th Survey on Working Life

In a nationwide survey of attitude of 4,000 men and women aged 20 and over (including those with no employment) conducted by JILPT in 2015 (valid responses 2,118, valid response rate 53.0%), respondents were asked whether they would like to continue working even after reaching pensionable age. The result was that 75.8% of respondents answered in the affirmative, far outweighing those who said they would not be motivated to work (21.8%). By gender-age group, a characteristic of the survey result is that the ratio of men in their 20s and 30s who say they wish to keep working is lower than that of other gender-age groups. The ratio is highest amongst men in their 50s, i.e. those approaching mandatory retirement age. Of these, 84.3% say they wish to keep working.

Do you wish to keep working after reaching pensionable age? (%)

	Yes	Probably	Probably not	No	Don't know	Motivated to work	Not motivated
Total (n=2118)	44.1	31.8	12.8	8.9	2.4	75.8	21.8
Male (n=949)	47.5	29.2	12.5	9.5	1.3	76.7	22.0
Female (n=1169)	41.2	33.9	13.1	8.5	3.3	75.1	21.6
<b>Male</b>							
Ages 20-29	26.7	34.7	25.3	10.7	2.7	61.3	36.0
30-39	36.6	33.3	20.3	9.8	0.0	69.9	30.1
40-49	46.1	33.1	14.3	5.2	1.3	79.2	19.5
50-59	46.4	37.9	9.3	5.7	0.7	84.3	15.0
60-69	53.2	25.9	10.0	10.9	0.0	79.1	20.9
70+	56.1	20.7	7.6	12.7	3.0	76.8	20.3
<b>Female</b>							
Ages 20-29	23.2	51.2	17.1	7.3	1.2	74.4	24.4
30-39	39.9	36.6	15.0	6.5	2.0	76.5	21.6
40-49	39.5	39.0	15.7	4.0	1.8	78.5	19.7
50-59	36.2	39.9	14.9	6.4	2.7	76.1	21.3
60-69	51.6	22.5	11.2	10.9	3.9	74.0	22.1
70+	42.6	29.4	9.1	12.8	6.0	72.1	21.9

Note: "Motivated to work" is the total of "Yes" and "Probably." "Not motivated" is the total of "No" and "Probably not."

### What is JILPT "Survey on Working Life"?

JILPT has been conducting fixed point surveys on attitudes to work and work-life balance every few years since 1999 (specifically, in 1999, 2000, 2001, 2004, 2007, 2011, and 2015). Each survey was conducted by visit-and-interview method. The questions consist of topics related to work awareness which are asked every survey, and a special topic which is devised for each survey. The results in above Table are from the 2015 special topic, "The Full Participation Society."

The 1st to 5th surveys (1999, 2000, 2001, 2004, and 2007) are translated into English and posted on the website (<http://www.jil.go.jp/english/archives/survey/index.html>). The 6th and 7th surveys (2011 and 2015) are only available in Japanese (<http://www.jil.go.jp/kokunai/fixed/index.html>).

## Interpretation of Work Rules on Conversion from Fixed-Term to Open-Ended Contract for a College Lecturer

The Fukuhara Gakuen (Kyushu Women's Junior College) Case

Supreme Court (Dec. 1, 2016) 1156 *Rohan* 5

Yota Yamamoto

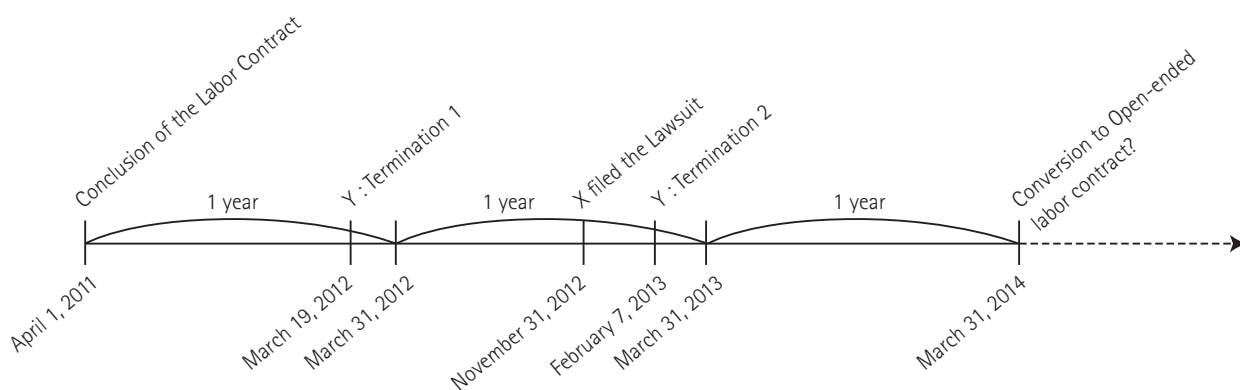
**F**acts On April 1, 2011, X entered a one-year fixed-term labor contract until March 31, 2012 (the Labor Contract) with Y (Fukuoka Gakuen) and started working as a lecturer (contract employee) at a junior college operated by Y. Y's work rules on contract employees as applied to X (the Regulations) included provisions to the effect that the contract term of a contract employee could be renewed up to a maximum of three years, and that a contract employee could convert to an open-ended (non-fixed) labor contract upon expiration of the three-year maximum renewal period, on condition that Y deemed it necessary to do so in consideration of the employee's work performance. In the university operated by Y, there were ten contract employees who had worked for more than three years as of March 31, 2012, and eight of them had converted to open-ended labor contracts upon expiration of the three-year maximum renewal period.

On March 19, 2012, Y informed X that the Labor Contract would be terminated as of the 31st of that

month (Termination<sup>1</sup> 1). Therefore, on November 6, 2012, X filed a lawsuit against Y seeking confirmation of X's status of entitlement under a labor contract (the Lawsuit). On February 7, 2013, while the Lawsuit was in progress, Y informed X that even if the Labor Contract had not been terminated upon Termination 1, it would terminate the Labor Contract as of March 31, 2013 (Termination 2).

The issue contested at the Supreme Court was whether the Labor Contract had been converted to an open-ended labor contract upon expiration of the three-year maximum renewal period on April 1, 2014.

**J**udgment The Supreme Court Judgment of December 1, 2016 was as follows. "In that the Labor Contract was concluded as a fixed-term labor contract with



Process of this case

a term of one year, it was clearly specified in the Regulations that govern its content that the renewal limit of the contract term was three years and that the term of a labor contract could only be made open-ended on expiration thereof if Y had deemed it necessary in consideration of the work performance of the contract employee requesting it; X may be assumed to have concluded the Labor Contract in full awareness of this fact. In addition to the above stipulation in the Labor Contract, it must be said that whether or not the Labor Contract was to be made open-ended was entrusted to the judgment of Y in consideration of X's work performance, in view of the fact that X was employed by Y as a faculty member of the college and that there is generally assumed to be fluidity in the employment of faculty members, and moreover that in the three universities operated by Y, there were several other contract employees whose labor contracts did not become open-ended after expiration of the three-year maximum renewal period. It, therefore, cannot be construed that the content of the Labor Contract was such that it would automatically convert to an open-ended labor contract upon expiration of the three-year maximum renewal period."

### **C**ommentary

In Japanese labor law, there is no legal regulation requiring just cause when concluding a fixed-term labor contract. Therefore, when an employer hires a worker (particularly in a specialist occupation), the format sometimes adopted is to conclude (or renew) a fixed-term labor contract for trial purposes at first, and to ascertain the worker's aptitude during that time. In such cases, the relationship with the worker converts to an open-ended labor contract if the employer judges the worker to have an aptitude, but if the employer judges him/her to have no aptitude, the normal rule is for the relationship to end upon expiration of the fixed-term labor contract.

In this case, similarly, Y had adopted the hiring format of employing their faculty members first as contract employees for a maximum of three years by concluding and renewing one-year fixed-term labor contracts, and then judging whether or not to convert to open-ended labor contracts upon

expiration of the three-year maximum renewal period, based on their work performance during that time. The direct cause of the dispute in this case was that Y originally informed X that it would not renew the Labor Contract before reaching the first renewal (Termination 1). However, the ruling by the Kokura Branch of the Fukuoka District Court on February 27, 2014 deemed this Termination 1 and the Termination 2 subsequently made during the Lawsuit, as unlawful under the "doctrine restricting termination of employment"<sup>2</sup> (Article 19 (ii) of the current Labor Contracts Act). It judged that the Labor Contract should have been renewed twice unless it was unlawfully terminated, giving rise to a situation in which the expiration of the three-year maximum renewal period was reached while the Lawsuit was in progress.

Based on this situation, the ruling by the Fukuoka High Court on December 12, 2014 deemed that the period of three years in this case was "a probation period, and in the absence of exceptional circumstances, it would be reasonable to expect conversion to an open-ended labor contract," thus supporting the conversion of the Labor Contract to an open-ended labor contract.

In the supplementary opinion of Judge Ryuko Sakurai added to the Supreme Court ruling, this judgment by the Fukuoka High Court was critically deemed as having "borrowed" the aforementioned doctrine restricting termination of employment (Article 19, (ii) of the Labor Contracts Act) to cover the conversion of fixed-term labor contracts to open-ended labor contracts.

Reversing the Fukuoka High Court, the Supreme Court judged that the decision whether or not X could have converted to open-ended contract status was "entrusted to the judgment of Y," in view of (i) the fact that, in the Regulations, the rule on conversion from a fixed-term to an open-ended labor contract was explicitly stipulated, (ii) the fact that there is generally fluidity in the employment of college faculty members, and (iii) the actual situation that several of the other contract employees did not convert to open-ended labor contracts. In conclusion, therefore, it denied the conversion.

In other words, based on the hiring format used in this case, the employer's discretion regarding the



conversion from fixed-term to open-ended contracts would be recognized if rules to this end have been clearly stipulated (i), if actual contract conversion has been made in line with these rules (iii), and if it could be considered to be the type of job for which it would be reasonable to adopt this kind of hiring format (ii). To put it differently, however, there is room to deny discretion on the employer's part in cases where actual contract conversion has not been made in line with conditions presented in advance, or when it is not deemed reasonable to adopt the hiring format used in this case for the type of occupation in question.

The Supreme Court ruling of June 5, 1990 on the *Kobe Koryo Gakuen Case* indicated that, when a period has been specified in a labor contract for the purpose of evaluating aptitude, in principle, the said labor contract should be construed not as a fixed-term labor contract but as an open-ended labor contract with a probation period. In contrast to this, because X did not make a claim based on that Supreme Court ruling in this case, the Kokura Branch of the Fukuoka District Court, the Fukuoka High Court and the Supreme Court all made their judgments on the premise that the Labor Contract was a fixed-term labor contract until expiration of the contract term renewal limit. Therefore, this case could be considered basically unrelated to the Supreme Court ruling on the *Kobe Koryo Gakuen Case* (Supreme Court (Jun. 5, 1990) 564 *Rohan* 7). Given the fact

that just cause requirement for concluding fixed-term contracts was discussed but not introduced when the Labor Contracts Act was amended in 2012, the judgment in the Supreme Court ruling on the *Kobe Koryo Gakuen Case* will need to be studied anew.

1. Termination means refusal to renew a fixed-term contract.
2. The doctrine restricting termination of employment

This is the principle whereby, when an employer and a worker enter a fixed-term contract, the employment relationship terminates upon expiration of the specified term. In Japan, however, the employer must have just cause for terminating the employment relationship with the worker if the worker has a reasonable expectation that the employment relationship will continue when this term expires (whether this reasonable expectation exists is judged in consideration of aspects such as the worker's job content, the number of previous contract renewals, and the employer's indications in word or deed). This means that, if there is no just cause, the legal position on the matter is that the existing fixed-term contract has been renewed.

This rule (the doctrine of termination of employment) was previously based on case law precedents of the Supreme Court (for example, the *Panasonic Plasma Display Case* of December 18, 2009), but following the amendment to the Labor Contracts Act in 2012, it is now governed by Article 19 of the Labor Contracts Act.

#### AUTHOR

**Yota Yamamoto**, Researcher, The Japan Institute for Labour Policy and Training (JILPT). Research interest: Labor law. Profile: <http://www.jil.go.jp/english/profile/yamamoto.html>

▶▶ Human Resource Management

▼ Labor-Management Relations

▼ Labor Market

▼ Labor Administration and Legislation

▼ Social Security System

## Recruitment and Hiring in Japan

*Shinsaku Matsumoto*

The recruiting and hiring practices of human resources in Japan considerably differs between regular employees (normally in long-term employment), and non-regular employees such as part-time workers, *arubaito* (temporary) workers, etc.; between new graduates and mid-career hiring; and between large corporations and small and medium enterprises. Firstly, we will take an overview of recruitment and hiring as reflected in the *Survey on Employment Trends*. This survey conducted twice a year, which was started in 1964 by the Ministry of Labor (now the Ministry of Health, Labour and Welfare), highlights movements of personnel in terms of being hired, entering employment, changing jobs, and quitting. Although it is a sample survey, the data are used to extrapolate figures for Japan as a whole. Here, we will look at the results of the most recent survey at the present time, the 2015 survey. Then we will examine issues such as methods of recruitment and hiring (including the results of other surveys), aspects prioritized by job seekers when choosing workplaces, and attributes expected of core human resources by companies. Finally, we will explain the latest situation in related sectors.

### I. An overview of recruitment and hiring in Japan

According to the *Survey on Employment Trends* (Table 1), a total of 7,749.2 (persons in thousands, same applies below) were hired in 2015. Of these, 4,710.4 were hired “on an open-ended contract — without a fixed term labor contract” (known as “regular employees”) and 3,038.8 “on a fixed term contract” (known as “non-regular employees”). These 7,749.2 can be divided into two groups: one is those hired as “new graduates, etc.” (without

previous employment) totaled 2,721.1, and the other is those hired in mid-career totaled 5,028.1. If we then categorize those **new graduates, etc.** hired “on an open-ended contract” by age group, 730.8 were aged 20-24 and 484.6 were aged 19 or lower. The former graduated from university or similar and started working as regular employees, while the latter graduated from junior or senior high school and started working as regular employees.

Of mid-career hiring (shown as “Hired career-changing employees” in Table 1), regular employees accounted for 58.6% and non-regular employees for 41.4% of the total of 5,028.1 job changers. This reveals a higher ratio of non-regular employees than that among **new graduates, etc.** recruits (of whom regular employees accounted for 64.8% and non-regular employees for 35.2%). By age group, 510.1 workers aged 25-29 were hired as regular employees, more than in other age groups. These are probably **new graduates, etc.** who were hired as regular employees when aged 20-24 but changed jobs at 25-29, remaining in regular employment. Other age group, the numbers hired gradually decrease with age. As a general flow of human resources, this would mean that they graduate from senior high school, university or similar, find employment as regular employees, but subsequently change to other jobs as regular employees when aged 25-29. On the other hand, even a certain proportion of **new graduates, etc.** are hired as non-regular employees, and the same goes for hiring as non-regular employees in mid-career.

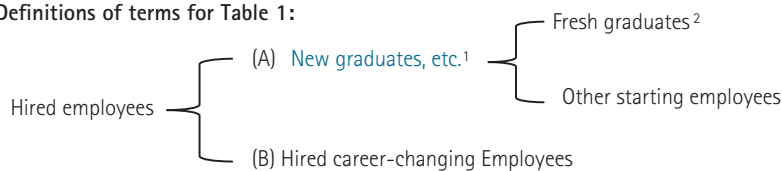


**Table 1. Type of employment contract of new graduates, etc. and mid-career, (by corporate scale, and age group)**

(male-female totals, unit: 1,000 persons)

Enterprise size and age group	(A)+(B) Hired employees			(A) New graduates, etc. (Fresh graduates and other starting employees)			(B) Hired career-changing employees		
	Total	Open-ended employment	Fixed-term employment	Total	Open-ended employment	Fixed-term employment	Total	Open-ended employment	Fixed-term employment
All corporate scales	7,749.2	4,710.4	3,038.8	2,721.1	1,762.0	959.1	5,028.1	2,948.4	2,079.7
Age 19 and under	1,047.8	670.5	377.2	786.3	484.6	301.7	261.5	186.0	75.5
Ages 20-24	1,506.4	1,109.1	397.3	893.9	730.8	163.2	612.5	378.3	234.1
25-29	983.5	658.3	325.2	221.4	148.3	73.2	762.0	510.0	252.0
30-34	695.1	408.6	286.5	130.7	66.9	63.7	564.4	341.7	222.7
35-39	710.8	429.6	281.2	163.7	88.5	75.2	547.0	341.1	206.0
40-44	732.5	435.4	297.1	128.4	62.1	66.3	604.1	373.3	230.8
45-49	566.4	330.2	236.2	111.5	55.8	55.8	454.8	274.4	180.5
50-54	463.1	252.8	210.3	89.1	44.3	44.8	373.9	208.5	165.4
55-59	345.2	194.7	150.4	56.6	25.3	31.3	288.6	169.5	119.1
60-64	429.7	122.9	306.7	70.3	25.5	44.8	359.3	97.4	261.9
Age 65 and over	268.9	98.3	170.7	69.0	29.9	39.0	200.0	68.3	131.7
1,000 employees or more	2,576.6	1,188.3	1,388.4	1,029.9	516.1	513.9	1,546.7	672.2	874.5
300-999 employees	1,281.1	770.8	510.4	441.3	312.5	128.7	839.9	458.3	381.6
100-299 employees	910.2	539.3	370.8	280.1	173.6	106.5	630.0	365.7	264.3
30-99 employees	1,157.2	860.4	296.8	400.7	309.0	91.7	756.5	551.4	205.1
5-29 employees	1,541.8	1,264.3	277.5	482.0	413.8	68.1	1,059.8	850.4	209.4

**Definitions of terms for Table 1:**



Source: Adapted from Ministry of Health, Labour and Welfare, *Survey on Employment Trends*, 2015.

Notes: 1. "New graduates, etc." is used in place of "hired starting employee" in the original MHLW document, which means "a hired employee with no work experience within one year prior to finding work."

2. In this survey, "fresh graduates" is used in place of "new graduates" in the original, which means "a hired starting employee who graduated in the survey year, whether moving on to further education or employment (including persons who entered further education but work as a regular employee in addition to studying.)"

**Table 2. Educational background of fresh graduates by corporate scale**

(male-female totals, unit: 1,000 persons)

	New graduates, etc.									
	Total	Fresh graduates							Other starting employees	
		Total of fresh graduates	Junior high school	Senior high school	Specialized training college (post-secondary course)	College of technology, junior college	University, graduate school			
						Arts	Sciences			
All corporate scales	2,721.1	1,249.9	84.8	411.9	131.3	60.5	561.4	325.3	236.1	1,471.2
1,000 employees or more	1,029.9	526.3	53.1	165.3	33.6	14.7	259.6	146.8	112.7	503.7
300-999 employees	441.3	263.6	6.7	65.6	36.2	8.5	146.6	82.8	63.8	177.6
100-299 employees	280.1	138.0	8.6	52.0	21.1	12.1	44.1	28.7	15.4	142.2
30-99 employees	400.7	146.8	4.4	60.3	19.0	12.8	50.3	24.1	26.2	253.9
5-29 employees	482.0	134.5	11.5	65.4	17.7	9.8	30.0	19.2	10.8	347.5

Source: MHLW, *Survey on Employment Trends*, 2015.

In terms of corporate scale, companies with 1,000 employees or more hired the largest number of *new graduates, etc.* as regular employees (516.1), but companies with 5-29 employees also hired a large number of these (413.8). In other words, many *new graduates, etc.* entered large companies, but significant numbers also found employment in smaller companies. Companies with 5-29 employees hired the largest number of regular employees in mid-career (850.4), while the top hirers of non-regular employees were companies with 1,000 employees or more, hiring 874.5 of these.

Table 2 shows the 1,249.9 fresh graduates (of the *new graduates, etc.* mentioned above, particularly those hired straight after graduation in the year they graduated) in terms of their educational background. The largest were universities and graduate schools, supplying 561.4 new graduates, compared to 411.9 senior high school graduates. Classifying university and graduate school graduates into arts and sciences, arts graduates accounted for around two-thirds of the total, and science graduates for the other third. By corporate scale, companies with 1,000 employees or more hired the largest number of university and graduate school graduates. This was also true of senior high school graduates, but smaller companies such as those with 5-29 employees hired more of these than university and graduate school graduates.

## II. Methods of recruitment and hiring

Figure 1 shows the recruitment methods to hire employees, according to the *Survey on Employment Trends*. Job advertisements were the largest method overall, followed by personal connections and public employment security offices. As the figure shows, private job placement agencies were used least of all. By corporate scale, advertisements were most commonly used by companies with 1,000 employees or more, and least by those with 5-29 employees. Both personal connections and *Hello Work* (public employment security offices) were used most commonly by companies with 5-29 employees.

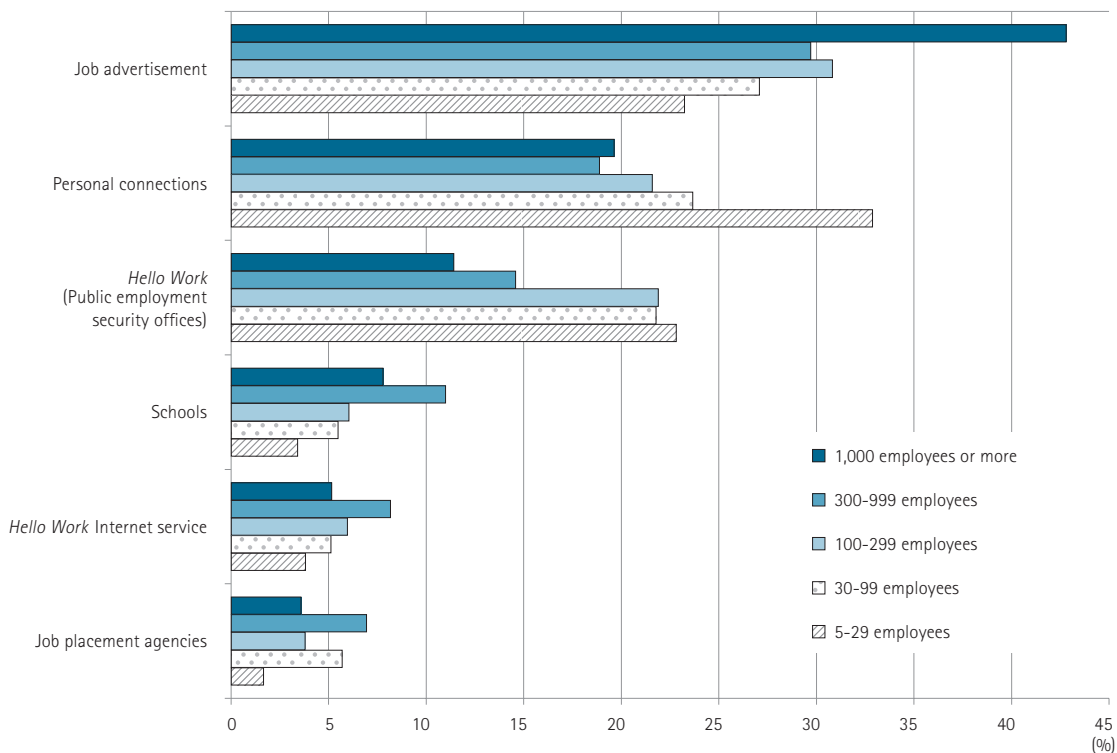
In a different survey from the one discussed so far, Figure 2 shows responses on methods found most effective when hiring mid-career in the 2007 *Survey on Hiring Management at Enterprises*, one of the *Surveys on Employment Structure* conducted by

the Ministry of Health, Labour and Welfare (MHLW) on different themes each year. According to the survey, the most common responses were “Resumes and professional records submitted” (73.6%) and “Responses during interviews” (73.5%).

## III. Attributes prioritized by job seekers and recruiters

Next, let us look at the attributes of employers prioritized by job seekers when deciding which jobs to go for. Figure 3 shows this as reflected in the *Survey on Employment Trends*. In a single-response question on the reason for choosing their employer, ratios of answers given by men and women have been calculated from all answers as 100%, after excluding answers that are not reasons for choosing, namely “I just wanted to get a job” and “Other reasons (including temporary transfer, etc.)” Men most commonly give the reason “I was interested in the job content” followed by “I can use my skills, personal characteristics or qualifications,” “Working hours, holidays and other work conditions are good,” and “It is convenient for commuting.” For women, the most common reason was also “I was interested in the job content” followed in a slightly different order by “Working hours, holidays and other work conditions are good,” “I can use my skills, personal characteristics or qualifications,” and “It is convenient for commuting.” In terms of gender difference, “Working hours, holidays and other work conditions are good” and “It is convenient for commuting” were more commonly chosen by women. “I can expect future potential from the company” and “Salary and other earnings are high” were less common.

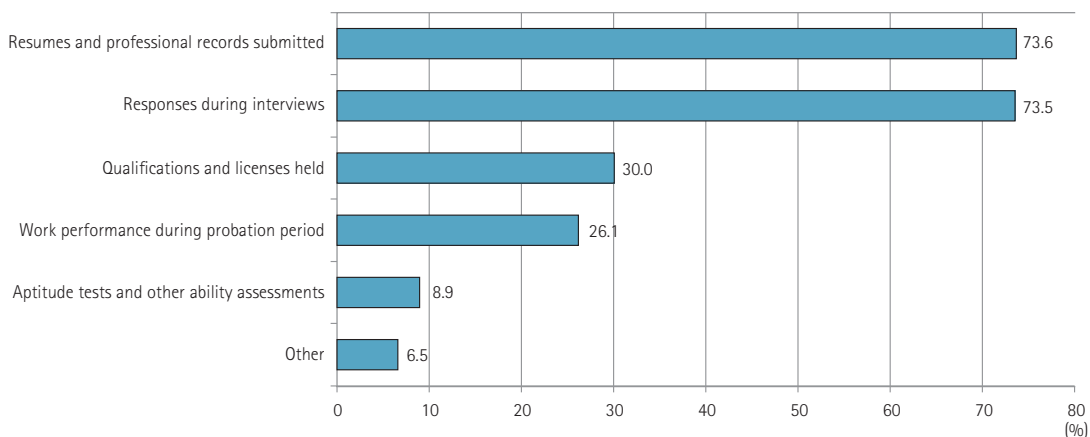
From the opposite angle, what do companies prioritize when selecting candidates? Figure 4 reveals how this was reflected in the *Surveys on Employment Structure: 2007 Survey on Hiring Management at Enterprises* conducted by MHLW. Companies were asked to divide their core human resources into management workers, specialist and technical workers, and skilled blue-collar workers, and to choose up to three main priorities for each. According to this, similar trends were shown for specialist and technical workers and skilled non-clerical workers. For these workers, companies prioritize attributes



Source: MHLW, *Survey on Employment Trends*, 2015.

Note: "Temporary transfer" and "returning from temporary transfer" is excluded from the data calculation. "Others" were also excluded in the chart.

Figure 1. Recruitment methods



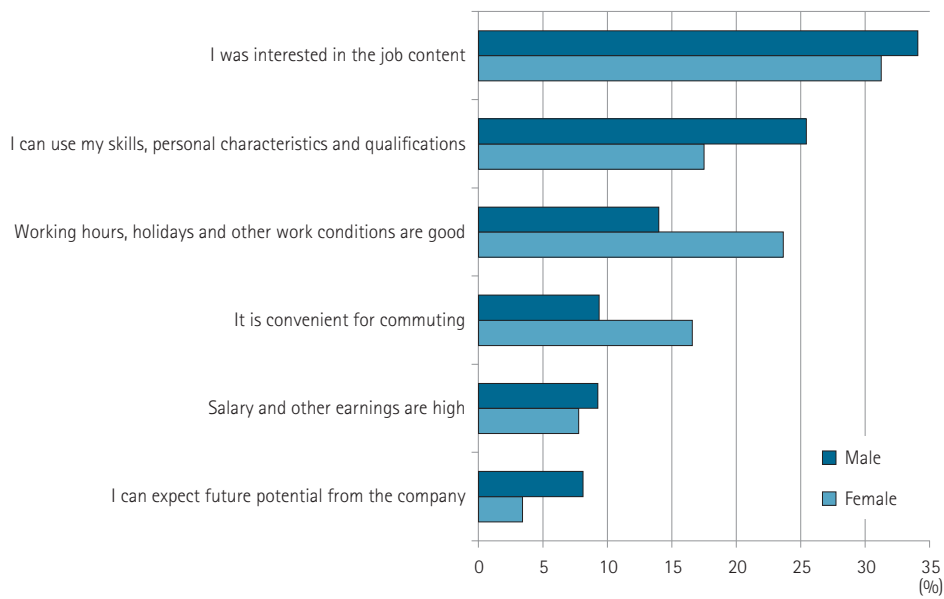
Source: MHLW, *Surveys on Employment Structure: Surveys on Hiring Management at Enterprises*, 2007.

Figure 2. Methods found effective in mid-career hiring (multiple responses)

such as “specialist knowledge and skills,” “sense of responsibility,” and “enthusiasm, motivation.” For managerial staff, in particular, the priorities were “determination, great activity,” “ability to mentor,” and “leadership” among others.

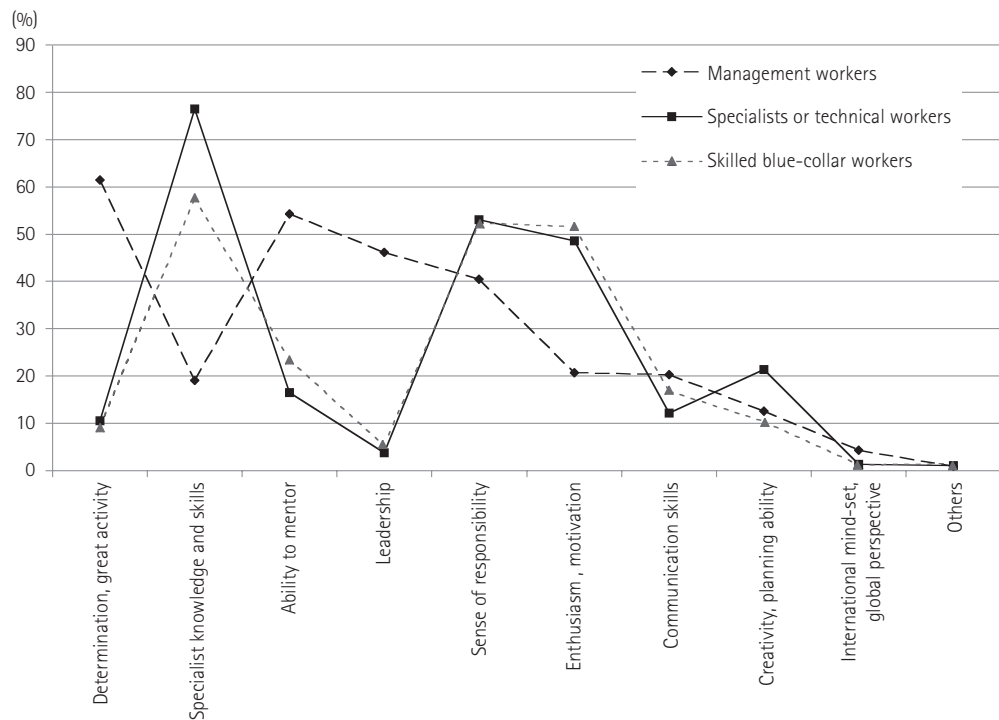
#### IV. Recent trends

Earlier starts and the longer duration of recruitment schedules are becoming problematic in relation to university graduate hiring, and a tendency to delay those schedules has been seen. Over the last few years, schedules have been fluctuating between



Source: MHLW, *Survey on Employment Trends*, 2015.  
 Note: Single response, calculated as % excluding non-reasons.

Figure 3. Reasons for choosing the company to work for



Source: MHLW, *Surveys on Employment Structure: Surveys on Hiring Management at Enterprises*, 2007.  
 Note: Three expected attributes as a management worker, a specialists/technical worker, or skilled blue-collar worker for core human resources were responded by each enterprise.

Figure 4. Attributes expected of core human resources by companies



being delayed and brought forward somewhat earlier. Nevertheless, for hiring in April 2018, as in 2017, “PR activities” (company explanation sessions, etc.) for university juniors (third year students) started on March 1, 2017 and “selection” (hiring interviews, etc.) on June 1, 2017 [“Guideline on Recruitment and Selection” by the Japan Business Federation (Keidanren), revised on September 20, 2016]. There was no change in the date of formal offers of employment, starting on October 1, and this is the date when many companies have their ceremonies for prospective employees. The practice of offering internships in around the summer for juniors is now firmly established. Recently, university graduate hiring has become a “seller’s market” that works to the advantage of the students; the informal job offer rate for university students planning to enter companies in April 2017 (as of February 1) was 90.6%, according to the *Survey on Potential Recruits among Graduating Students at Universities, etc.* conducted by MHLW. For university students, hiring in April 2018 will again be a “seller’s market.”

There is currently a thriving demand for labor

among Japanese companies but not enough job seekers, causing a labor force shortage. The active job openings-to-applicants ratio, which passed 1.0 to reach 1.09 in 2014 (meaning that there is more than one job opening per individual job seeker), rose to 1.20 in 2015 and 1.36 in 2016, and has risen further in 2017, according to the *Employment Referrals for General Workers* by MHLW. The ratio is particularly high among construction skeleton workers, security workers, medical practitioners, pharmacists, architects, civil engineers, and surveyors in the survey on the *Employment Referrals for General Workers* (June 2017) by MHLW. This is due to construction work in preparation for the coming Tokyo Olympics 2020, in addition to reconstruction works after the Great East Japan Earthquake of 2011, as well as aging of the society.

#### **AUTHOR**

**Shinsaku Matsumoto**, Project Researcher, The Japan Institute for Labour Policy and Training (JILPT).  
Research interest: Industrial and organizational behavior.

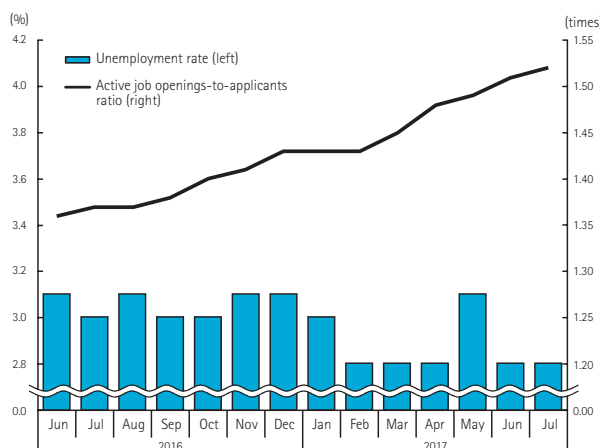
## Economy

The Japanese economy is on a moderate recovery. Concerning short-term prospects, the economy is expected to recover, supported by the effects of policies, while employment and income situation is improving. However, attention should be given to the uncertainty in overseas economies and the effects of fluctuations in financial and capital markets (“Monthly Economic Report,”<sup>1</sup> August, 2017).

## Employment and unemployment (See figure 1)

The number of employees in July was 960 thousand increases over the previous year. The unemployment rate, seasonally adjusted, was 2.8%.<sup>2</sup> Active job openings-to-applicants ratio\* in July, seasonally adjusted, was 1.52.<sup>5</sup>

\* Active job openings-to-applicants ratio: An indicator published monthly by MHLW, showing the tightness of labor supply and demand. It indicates the number of job openings per job applicant at public employment security offices.



Source: “Labour Force Survey”<sup>2</sup>; “Employment Referrals for General Workers.”<sup>5</sup>

Figure 1. Unemployment rate and active job openings-to-applicants ratio (seasonally adjusted)

## Wages and working hours (See figure 2)

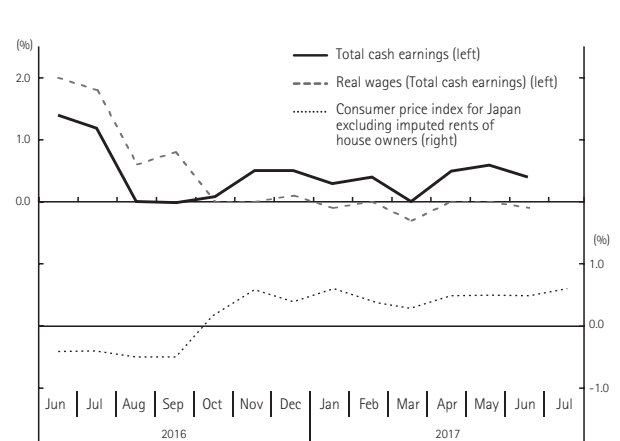
In June, total cash earnings (for establishments with 5 or more employees) increased by 0.4% and real wages (total cash earnings) decreased by 0.1% year-on-year. Total hours worked increased by 0.1% year-on-year, while scheduled hours worked were on a par.<sup>6</sup>

## Consumer price index

In July, the consumer price index for all items increased by 0.4% year-on-year, the consumer price index for all items less fresh food rose by 0.5%, and the consumer price index for all items less fresh food and energy increased 0.1% year-on-year.<sup>3</sup>

## Workers’ household economy

In July, consumption expenditure by workers’ households increased by 2.1% year-on-year nominally and by 1.5% in real terms.<sup>4</sup>



Source: “Monthly Labor Survey”<sup>6</sup>; “Consumer Price Index”<sup>3</sup>; “Employment Referrals for General Workers.”<sup>5</sup>

Figure 2. Total cash earnings / real wages annual percent change

See the websites below for details.

The Japan Institute for Labour Policy and Training. “Main Labor Economic Indicators,” <http://www.jil.go.jp/english/estatis/eshuyo/index.html>

Notes: 1. Cabinet Office, “Monthly Economic Report” analyzes trends in the Japanese and world economics, and indicating the assessment by the Japanese government. Published once a month, <http://www5.cao.go.jp/keizai3/getsurei-e/index-e.html>

2. Ministry of Internal Affairs and Communications (MIC), “Labour Force Survey,” <http://www.stat.go.jp/english/data/roudou/results/month/index.htm>

3. MIC, “Consumer Price Index,” <http://www.stat.go.jp/english/data/cpi/index.htm>

4. MIC, “Family Income and Expenditure Survey,” <http://www.stat.go.jp/english/data/kakei/index.htm>

5. Ministry of Health, Labour and Welfare (MHLW), “Employment Referrals for General Workers,” [http://www.mhlw.go.jp/english/database/db-l/g\\_workers\\_jul2017.html](http://www.mhlw.go.jp/english/database/db-l/g_workers_jul2017.html)

6. MHLW, “Monthly Labour Survey,” <http://www.mhlw.go.jp/english/database/db-l/monthly-labour.html>

# What's on Next Issue

## *Japan Labor Issues*

Volume 1, Number 3, November-December 2017

*tentative*

Country Reports by young researchers presented at the 1st JILPT Tokyo Comparative Labor Policy Seminar (Tokyo, March 27-29, 2017) on “Identifying Major Labor Policy Issues in Contemporary World of Labor — Commonalities and Differences Crossing Regions and Nations.”

### Australia

- ❖ Leader or Laggard? Australian Efforts to Promote Better Working Conditions in Supply Chains Within and Beyond Australia's Borders, Ingrid LANDAU

### Cambodia

- ❖ Overview of Labor Legal Issues in Cambodia, Kanharith NOP

### China

- ❖ Draft Regulation on Employee Invention and Innovative Workers Protection in China, Qian WEI
- ❖ Labour Models in Local Daily Service Platforms, Manxue YIN

### India

- ❖ Industrial Relations Situation in India, Girish BALASUBRAMANIAN

### Indonesia

- ❖ The Development and Labor Situation in Indonesia, Hayati HASIBUAN

### Japan

- ❖ Changes in the Wage System in Japan, Itaru NISHIMURA
- ❖ Atypical Work Organizations as a Social Phenomenon Occurring throughout the Contemporary Labor World, Qi ZHONG

### Korea

- ❖ A step against All or Nothing Policy, Sukhwan CHOI
- ❖ A Review of the Government Intervention in Labor Relations through Guidelines, Hochang ROH

### Malaysia

- ❖ Identifying Major Labour Policy Issues in Malaysia, Mary TIONG

### Myanmar

- ❖ Identifying Major Labour Policy Issues in Myanmar, Eitra MYO

### Philippines

- ❖ Can the Duterte Administration End Contractualization?, Maria Catalina TOLENTINO

### Taiwan

- ❖ The Practice and Changes of Taiwan's Labor Dispute Regulations Act, Yu-fan CHIU
- ❖ The Changes and Development of Collective Bargaining in Taiwan, Yueh-hung HOU

### Vietnam

- ❖ Collective Bargaining and Collective Agreements in Vietnam, Tran TRANG
- ❖ Report on Vietnam's Rules Regulating Foreign Workers, Hang TRAN



## *Sign up for Japan Labor Issues*

Free of charge

“Japan Labor Issues” is a monthly journal published by the Japan Institute for Labour Policy and Training (first issued in September, 2017).

We send you the latest issue via email. Please register your email address at:

<https://www.jil.go.jp/english/emm/jmj.html>



The Japan Institute for Labour Policy and Training