

# Japan Labor Issues

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January 2018

Volume 2 Number 4

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## KEY TOPIC

# Regional Minimum Wages Hiked by Average 3% for 2nd Straight Year

## Hourly Rate Now 848 yen

In recent years, moves to raise the minimum wage have been getting active around the world. In Japan, Prime Minister Shinzo Abe has expressed a positive stance on raising the minimum wage; for example, he has indicated a policy of increasing the amount by an annual rate of about 3%, targeting a minimum hourly average of 1,000 yen (\$8.86).

In response to this, the regional minimum wages decided for each prefecture increased by a national weighted average of 25 yen (about 3%) for two straight years in 2016 and 2017. This is the largest rise since 2002 when an hourly amount was adopted as the indicator of regional minimum wage.

Revisions of regional minimum wages are decided by Regional Minimum Wage Councils in each prefecture, based on guidelines issued by the Central Minimum Wages Council, Ministry of Health, Labor and Welfare (MHLW). In this process, the views of relevant labor/management organizations and the results of the Survey on the Status of Wages are taken into account. In principle, the minimum wage applies to all workers, numbering some 50 million, and the weighted average hourly minimum for 2017 is 848 yen.

With this, regional minimum wages have risen by about 100 yen over the past five years of the Abe administration.

### Policy trends in minimum wage rises, starting 10 years ago

Since the beginning of the 21st century, the deflationary economy has intensified and the ratio of non-regular employment (part-time workers and short-term contract workers) has risen significantly. Therefore, reducing disparity among employment forms has become a major policy issue, and the existence of a minimum wage system as a safety net has increased in importance. For this reason, a lively policy debate on the minimum wage was started about ten years ago.

When the first Abe administration took power in September 2006, raising the minimum wage was cited as one of the pillars of public policy to give public-sector jobs to part-time workers, and to help failed businesses to start up again. As a related move, a “Growth Potential Enhancement Strategy Planning Team” was set up in the government in February 2007, and in March, a “Strategy for Enhancing Growth Potential” was drawn up. One of its goals was to raise the incomes and living standards of all working people while preventing disparity from becoming entrenched. This led to the launch, later that month, of the “Round-Table Council to Promote Strategy for Enhancing Growth Potential” consisting of government, labor, and management. Its aim was to promote an improvement in productivity combined with a rise in the minimum wage.

Until then, revisions of the minimum wage had been implemented following deliberation on revision guidelines by the Central Minimum Wages Council. In this process, the Council took account not only of price increase but also of trends in wage rises by private companies affected by the outcome of that year’s *shunto* (spring wage negotiations), as well as data showing the revised average wages of workers (general workers and part-time workers) in small, medium, and micro-enterprises in the important reference material “Survey on the Status of Wage Revision” (MHLW).<sup>1</sup> Because wage rises remained low in a state of deflation, the minimum wage increase often consisted of just a few yen until 2006.

In response to these trends, in July 2006 the Round-Table Council agreed to “encourage rises not on the same trajectory as those hitherto” when raising the minimum wage for FY2007. This principle was then incorporated in a consultation by the MHLW to the Central Minimum Wages Council. As a result, the national average hourly wage for FY2007 was revised upwards by 14 yen from the previous year, compared to only 5 yen in FY2006.

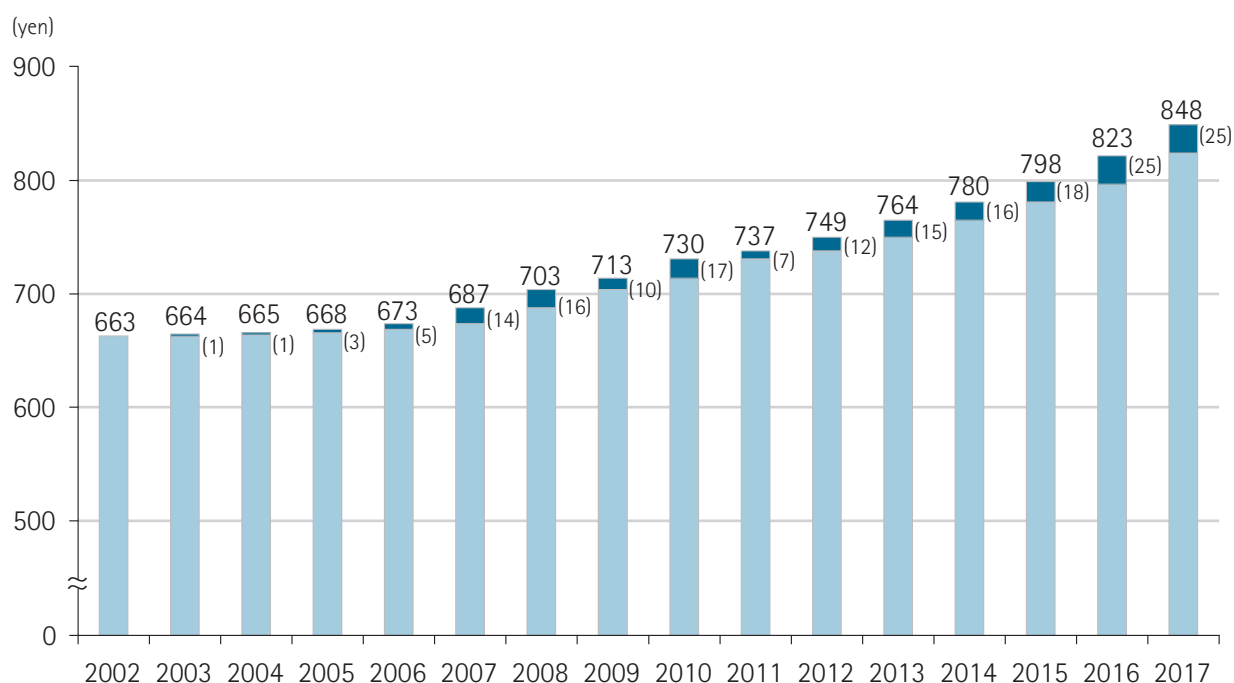
In conjunction with these government initiatives, a “Bill for Partial Revision of the Minimum Wage Act” was submitted to the Diet in March 2007. As well as “Clarifying the standards for deciding minimum wages so that the consistency between regional minimum wages and public assistance policies shall be considered to ensure that workers can maintain the minimum standards of wholesome and cultured living,” the Bill also increased penalties for non-payment of the minimum wage from the previous 20,000 yen to 500,000 yen. The Bill was enacted in November that year and came into effect on July 1, 2008.<sup>2</sup>

The “Round-Table Council Agreement” drawn up in June 2008, meanwhile, incorporated a medium- to long-term rise in the minimum wage based on the amended Minimum Wage Act. It included a statement that “the government, labor, and management will combine efforts with the aim of raising the minimum wage for about the next five years, in consideration of consistency with public assistance standards and balance with the minimum starting salary for senior high school

graduates in small-scale businesses.” With this, an attempt not only to eliminate the problem of reverse phenomenon between public assistance standards and the minimum wage (the phenomenon that the sum of minimum wage becomes lower than public assistance) but also to achieve a balance with high school graduate starting salaries was being proposed as a new indicator. With the targeted standards of medium- to long-term minimum wage rises agreed in this way, the scene was set for staged increases in the minimum wage.

### Impact of the Lehman’s collapse and the Great East Japan Earthquake

The Democratic Party of Japan (DPJ) won the September 2009 General Election by a landslide, having pledged that it would “aim to raise the minimum wage to a national average of 1,000 yen” in its election manifesto. With this change (of the government), the DPJ now led the government with Yukio Hatoyama as Prime Minister. In November that year, an “Employment Strategy Dialogue” comprising representatives of labor and industry as



Source: MHLW, Compiled from “Status of Reports on Regional Minimum Wage Amounts,” 2017, <http://www.mhlw.go.jp/file/06-Seisakujouhou-11200000-Roudoukijunkyou/0000175631.pdf>

Note: Top segment shows the raised amount (figures in parentheses) on the minimum wage of the previous year.

Figure 1. Trends in regional minimum wages (national weighted average, hourly amount)

**Table 1. Regional minimum wages FY2017 (yen)**

Prefecture	Minimum wage amount	(FY2016)	Raised amount
Hokkaido	810	(786)	24
Aomori	738	(716)	22
Iwate	738	(716)	22
Miyagi	772	(748)	24
Akita	738	(716)	22
Yamagata	739	(717)	22
Fukushima	748	(726)	22
Ibaraki	796	(771)	25
Tochigi	800	(775)	25
Gunma	783	(759)	24
Saitama	871	(845)	26
Chiba	868	(842)	26
Tokyo	958	(932)	26
Kanagawa	956	(930)	26
Niigata	778	(753)	25
Toyama	795	(770)	25
Ishikawa	781	(757)	24
Fukui	778	(754)	24
Yamanashi	784	(759)	25
Nagano	795	(770)	25
Gifu	800	(776)	24
Shizuoka	832	(807)	25
Aichi	871	(845)	26
Mie	820	(795)	25
Shiga	813	(788)	25
Kyoto	856	(831)	25
Osaka	909	(883)	26
Hyogo	844	(819)	25
Nara	786	(762)	24
Wakayama	777	(753)	24
Tottori	738	(715)	23
Shimane	740	(718)	22
Okayama	781	(757)	24
Hiroshima	818	(793)	25
Yamaguchi	777	(753)	24
Tokushima	740	(716)	24
Kagawa	766	(742)	24
Ehime	739	(717)	22
Kochi	737	(715)	22
Fukuoka	789	(765)	24
Saga	737	(715)	22
Nagasaki	737	(715)	22
Kumamoto	737	(715)	22
Oita	737	(715)	22
Miyazaki	737	(714)	23
Kagoshima	737	(715)	22
Okinawa	737	(714)	23
The average of the whole country	848	(823)	25

Source: MHLW, "Regional minimum wages of Japan at a glance," 2017, [http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kokyou\\_roudou/roudoukijyun/minimumichiran/](http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kokyou_roudou/roudoukijyun/minimumichiran/)

well as experts was set up under the Prime Minister, and the "New Growth Strategy (Basic Policies)" decided by the Cabinet in the following month stated that a concrete target would also be set for the minimum wage hike "by 2020," in line with the Employment Strategy Dialogue and others. Then, at the 4th Employment Strategy Dialogue in June 2010, it was confirmed that "At the earliest possible juncture, we will secure a national minimum wage of 800 yen, and will aim for a national average of 1,000 yen while taking account of the economic situation."

Considering, however, that the DPJ administration was launched at a time of recession caused by the Lehman Brothers collapse, and that it was also confronted by the unprecedented disaster of the Great East Japan Earthquake on March 11, 2011, the targeted "national average of 1,000 yen" was not attempted to be achieved during its three years in power. Indeed, partly because priority was given to eliminating the reverse phenomenon between public assistance and regional minimum wages, the rise was extremely small in prefectures where there was no such phenomenon (Table 1).

### Minimum wage hikes accelerated under the 2nd Abe administration

Under the second Abe administration launched at the end of 2012, the policy of "striving to raise the minimum wage" was indicated as part of the administration's growth strategy known as the "Japan Revitalization Strategy" (June 2013), aiming at achieving a positive cycle of wage rise and improved corporate earnings. Then, following deliberation on regional minimum wages in line with the Central Minimum Wages Council's guidelines in August that year, the reversal between minimum wage and public assistance was eliminated in all prefectures except Hokkaido. The phenomenon was eliminated in Hokkaido in the following year.

After this, in the Council on Economic and Fiscal Policy in November 2015, Prime Minister Abe declared that "The minimum wage needs to be raised by a target annual rate of around 3%, while taking account of the rate of growth in nominal GDP, and we will aim to take the national weighted average to 1,000 yen." With this, he indicated more specific targets for the rise than had previously

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been expressed. As a result, the FY2016 minimum wage hike was 25 yen (an increase of 3.1% from the previous year), the largest increase since 2002.

After deliberating the rise for FY2017, the Central Minimum Wages Council decided on a target national average of 25 yen (3.0%) on July 25. Following deliberation on the revision of regional minimum wages by the councils in each prefecture, the revised national weighted average was to be 848 yen, an increase of 25 yen (3.0%) over the previous year. The government's Action Plan for the Realization of Work Style Reform, decided in March 2017, stated explicitly that "we will raise the minimum wage at an annual rate of approximately 3%, and through this, we will aim for the national weighted average to reach 1,000 yen." This year's revision was in line with that principle. Since 2007,

therefore, revisions of the minimum wage could be said to have been promoted through dialog between the government, labor, and management and academic experts, in addition to the basic principle of the Minimum Wage Act, giving comprehensive consideration to targets and others set by successive administrations.

#### Note

1. <http://www.mhlw.go.jp/toukei/list/97-1.html>.
2. In Japan, the Amended Minimum Wage Act was established on November 28, 2007 (enforced on July 1, 2008). As a result of this amendment, the living expenses of workers considered when determining regional minimum wages shall be balancing in consistency with social security benefits; the extended application system of labor agreements was abolished; a specified minimum wage was established; and penalties for nonpayment of wages were raised (up to 500,000 yen).

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## NEWS

# Rengo Holds 15th Biennial Convention, Re-Elects President Koze

## Aims to Establish "Rengo Vision 2035" as It Nears 30th Anniversary

The Japanese Trade Union Confederation (JTUC-JTUC-Rengo, hereinafter Rengo), a trade union national center in Japan with 6.75 million members, hosted its 15th Biennial Convention in Tokyo on October 4-5. Its new action policies for the coming two years include the task of formulating the "Rengo Vision 2035 (provisional name)," which will act as a medium- to long-term compass for labor union action as Rengo approaches its 30th anniversary in November 2019. In the election of executives, president Rikio Koze (Kikan Roren<sup>1</sup>) and non-full-time deputy president Atsushi Kawamoto (Jichiro<sup>2</sup>) were re-elected. General secretary Naoto Ohmi (UA Zensen<sup>3</sup>) was elected to the new post of full-time deputy president, and Yasunobu Aihara (JAW<sup>4</sup>), became his successor as general secretary.

### Renewed tax reform and formulation of a new social security vision

The slogan for action in FY2018-2019 is "A

Significant Step toward the Next Stage." The action policies decided in anticipation of Rengo's 30th anniversary are to "make it a time when we will call more comrades to join our action and hone our 'strength and policy,' as well as striving to form a decent consensus, promoting action in solidarity within Rengo, and increasing our basic strength as we aim for the next step forward." As well as this, the Convention set out priority tasks designed to accelerating the process towards a "secure society based on work," the image of society that has always been Rengo's aim.<sup>5</sup> These tasks are defined as (i) to build up the influential strength to achieve policies made from the standpoint of workers and consumers, and (ii) to maintain and increase organizational power and the driving force to promote action.

It was also proposed that a new vision for society should be formulated with the medium- to long-term perspective in light of progressive trends such as population decline and the Fourth Industrial



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Revolution. Debate will be based on the Interim Report of the “Review Committee on Vision for Population Shrinkage and Super-Aging Society with Declining Birthrate” delivered at the Convention, and the “Rengo Vision 2035” will be established at a central committee meeting to be held in October next year. The Report proposes “the principle of direct employment with non-fixed employment term” and “reducing working hours while securing equal and balanced treatment among work styles,” among others as the path to be taken from now on. Based on this vision, Rengo will formulate the “Fourth Basic Outline of Tax System Reform” and a “Medium- to Long-Term Policy on the Education System.”

### **Membership increase by 330,000 in two years, aiming to be 10 million by 2020**

Rengo aims to “accelerate efforts” to strengthen its organization, partly because it has set the target of 2020 for achieving the present unionization strategy of “Rengo with 10 Million Members.” Rengo issues appeals inside and outside the organization to the effect that establishing collective labor relations is essential to achieving progress in the work style reform currently under debate. Rengo approaches to non-unionized workers inside companies, non-unionized companies within corporate groups, etc. to accelerate future unionization drive.

According to figures for organizational expansion over the last two years reported at the Convention, membership grew by 333,426 (target attainment rate 37.2%) and the number of unions increased by 428 in that time. These are the largest increases over the last decade. On the other hand, it is seen as problematic that only 35 out of 50 industrial unions recorded increases, and that only 19 achieved unionization or increased membership of part-time workers. Meanwhile, it was reported on its unionization in media-related industries since 2010 that two member unions –the Federation of All-NHK Labour Unions

(NHK Roren, approximately 9,000 members) and the National Cinema and Theater Workers’ Union (Zen-Eien, approximately 500 members) – had merged and formed a new industrial union “Federation of Media, Advertising, Cinema and Theater Workers’ Unions (Media Roren)” as of October 2.

### **Full-time Deputy President post and new “Labor Consultation Center” created**

In the election of executives, Rikio Koza (Kikan Roren) was re-elected as president. Although there was previously only a single non-full-time deputy president, a new full-time post was added. The previous general secretary Naoto Ohmi (UA Zensen) was appointed full-time deputy president while Atsushi Kawamoto, (Jichiro) was re-elected as non-full-time deputy president. Yasunobu Aihara (JAW) was appointed as the new general secretary. The ratio of female executives in the central executive committee reached 33.9% with this reshuffle.

Besides this, a revision of the organizational structure was decided in order to strengthen the functions of Rengo headquarters. Specifically, (i) the department of organizational affairs would be renamed the “department of organizing,” and educational functions in the PR/education division would be moved to it; (ii) a new team would be created to build and implement a foundation for mutual help and support action; (iii) a “labor consultation center” would be set up to clearly specify the functions and roles of labor consultation; (iv) the department of gender equality would be renamed the “department of gender and employment equality,” with a gender equality division and an employment equality division placed under it; (v) a data collection function would be added to the library with a view to creating an archive of labor action; and (vi) the Rengo political center attached externally to the headquarters secretariat would be repositioned as an internal department, while the political affairs department and the political affairs

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1. Japan Federation of Basic Industry Workers’ Unions.
  2. The All-Japan Prefectural and Municipal Workers Union.
  3. The Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers’ Unions.
  4. Confederation of Japan Automobile Workers’ Unions.
  5. According to Rengo, “secure society based on work” is a participatory society “attaching the highest importance to ‘work’ based on self-reliance as well as mutual support with anybody being able to participate under fair working conditions and through various ways of working.”



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department would be abolished.

### **Confirmation of policy not to enter agreement with any party for the general election**

At a meeting of the central executive committee on September 27, Rengo had confirmed that it would endorse 174 mainly Democratic Party candidates in the next House of Representatives (Lower House) election. Subsequently, Prime Minister Abe announced that he would dissolve the House at the start of the extraordinary Diet session on September 28. In response to this, the Party of Hope was formed with Tokyo Governor Yuriko Koike as its leader. (But later on November 14, Koike subsequently resigned from her post as the leader.) Then the Democratic Party, which the Rengo had supported until that point, decided to enter a *de facto* merger with the Party of Hope in the general election to both houses on September 28. This alliance was opposed by Yukio Edano, Deputy President of the Democratic Party, who then launched the Constitutional Democratic Party. At this point, Rengo's confirmed policy (version 1) on the Lower House election was that it would continue to endorse all previously decided candidates, even if they had become official candidates of the Party of Hope or the Constitutional Democratic Party, or independent candidates, but that it would no longer endorse several candidates who had earlier broken away from the Democratic Party.

In response to new political developments, however, Rengo held an extraordinary meeting of its central executive committee after the latest Convention, at which it decided a new policy (version 2) on the Lower House election. On the merger of the Democratic Party with the Party of Hope, Rengo acknowledged that, "given constraints of time, the aim was to offer a new choice to replace Abe's power politics, which shows an even more pronounced stance of disregard for the Diet and the people." On the Constitutional Democratic Party launched by anti-merger lawmakers and candidates, meanwhile, Rengo regarded it as providing a single voice for a broad and diverse range of voters. Again, Rengo asserted that the manifesto announced by the Party of Hope "needs to be examined thoroughly," in that "although

the content can be understood in a broad sense, the fine details of policy are not clear." On the other hand, Rengo criticized the alliance between the Party of Hope and the Nippon Ishin no Kai (Japan Innovation Party), saying "it is extremely regrettable that things have gone as far as dividing candidates into Tokyo and Osaka to avoid electoral competition."

Based on these perceptions, Rengo made an unusual decision not to have a policy agreement with any of the parties though it normally formed agreements with specific parties before an election. Regarding no policy agreement with the Party of Hope, Rengo says "under the circumstances, we judge it difficult to align our basic policies and philosophy at the present time, and have no choice but to defer our conclusion of an agreement for the coming general election." Also, it decided not to form an agreement with the Constitutional Democratic Party. On the endorsement of official Democratic Party candidates, however, Rengo confirmed the principle that local Rengo organizations would individually form policy agreements, and that attempts would be made to achieve the policy and institutional demands asserted by Rengo through the endorsed candidates.

### **"Continuation of LDP-Komeito government extremely regrettable" Rengo General Secretary**

In the Lower House elections on October 22, the Liberal Democratic Party (LDP) won 284 seats and the LDP-Komeito coalition won 313, more than the two-thirds majority needed to initiate discussion on Constitutional amendment. By contrast, the Party of Hope only managed 50 seats, while the Constitutional Democratic Party made considerable advances with 55. Based on this, Rengo released a statement by General Secretary Aihara on October 23. In the statement, Aihara said, "although the opposition parties including independents increased their seats, it is extremely regrettable that the LDP-Komeito coalition will remain in government." Nevertheless, he praised the fact that 99 of the 196 Rengo-endorsed candidates won their seats, saying "I would like to see this as helping to form future policies and institutions."

## Report

# Is Career Counseling Effective?

*Hideo Shimomura*

## I. Comparing individuals with and without experience of career counseling

In Japan, it was the first half of the 2000s when the government started a policy to train experts to provide career counseling and career guidance to individuals. In Japanese labor administration, “career counseling and guidance” are referred to as “career consulting.” The term “career consulting” is translated in this article as “career counseling” throughout. The experts who provide this career counseling are called “career consultants.”

While career consultants are active in a broad variety of fields today, they are mainly active in three types of organization — public employment security agencies, companies, and educational institutions. As of 2013, the first of these three accounted for the largest number of career consultants, with 30% of the total. As for the other two, 20% were in companies and 17% in educational institutions.

“Career counseling” in Japan is not necessarily limited to counseling support for individuals, but also includes other support such as career design, management and evaluation of school’s career education programs as well as corporate systems of vocational ability development. The Japanese Ministry of Health, Labour and Welfare defines career counseling as “counseling and other forms of support given in response to personal requests, to design their own vocational lives in accordance with their aptitudes, professional experience, etc., and thereby to make effective career choices and develop vocational abilities effectively in forms such as vocational training.”

Meanwhile, one-to-one counseling aimed at individuals is regarded as lying at the core of

these. And doubts over the effectiveness of individual counseling have been repeatedly expressed as in other developed nations. The aim of this paper is to assist in resolving these doubts.



In FY2016, the Japan Institute for Labour Policy and Training (JILPT) conducted a large-scale questionnaire survey to search for evidence on the effects of career counseling. In the survey, subjects were divided into those with past experience of receiving career counseling or similar types of counseling support, and those without such experience. Both groups were then asked extensively about their present awareness, employment status, and working style.

Specifically, the subjects were asked at the start of the survey if they had ever received career or career-related counseling from an expert or specialist in career. They were then divided into those who replied in the affirmative and in the negative, respectively. The former were further asked from whom they had received counseling, with alternatives to choose from: “expert in career counseling (career consultant, career counselor, etc.),” “expert in non-career counseling (general counselor, other counseling supporter)” or “other related personnel (university and other career center staff, company human resources personnel).” On the assumption that about one in ten persons in Japan today has had some experience of career counseling or similar counseling support, the survey targeted around 10,000 survey company monitors, with the aim of recruiting around 1,000 respondents with experience of counseling. As a result, 1,117 responses were gathered from research

participants with some experience of counseling, and 8,833 from those without such experience.

The survey results were studied using a semi-experimental method of comparing the two types: those with and without experience of career counseling. This method was not as rigorous as RCT\*, and in that sense, the quality of the evidence can hardly be described as high. Yet, not even this kind of semi-experimental study has been adequately attempted in the past. Since the financial and time-related cost of fully-fledged research would have been enormous, it was thought sufficiently meaningful to obtain provisional findings within a practicable scope in advance of such research.

The discussion in this paper is based on a re-analysis of data from JILPT survey conducted in 2016 on 1,117 persons with experience of counseling (JILPT 2017).

\* RCT (randomized controlled trial): an experimental research method in which groups with and without some kind of intervention are established and the two are compared.

## II. Was career counseling effective?

Traditionally, the effects of career counseling are known to appear most clearly in terms of awareness, such as a sense of satisfaction.

As shown by the results of this survey (Figure 1), the sense of satisfaction with “job assignment,” “human relations in the workplace” and “working life in general” was also highest amongst those with experience of counseling by an expert in career counseling, followed by experience of counseling by an expert in non-career counseling, experience of counseling by other related personnel, and finally no experience of counseling, in that order. The survey also asked about respondents’ satisfaction with “income,” “status at work” and “life at present in general,” but all followed the same trend. Figure 1 shows that satisfaction with “job assignment” was also unusually high for “other personnel,” but this includes human resources personnel and others in the company in question. The inference is that satisfaction with “job assignment” became higher when some form of internal counseling was used.

This survey found evidence not only of effects in terms of awareness, but also of employment status that are somewhat closer to objective indicators.

As shown in Figure 2, a high ratio of persons with experience of counseling by counseling experts in career were currently working as regular employees, and a high ratio of them had an annual personal income of 4 million yen or more. A high ratio of those working in an organization had also experienced promotions.

The survey respondents were also asked about when they had experienced counseling. Answers were 3.8 years before for those with “experience of counseling by an expert in career counseling,” 4.1 years before for those with “experience of counseling by an expert in non-career counseling,” and 4.1 years before for those with “experience of counseling by other related personnel.” Thus, there was no statistically significant difference between them. As such, we may see this survey as reflecting how subsequent working life is impacted by having or not having had experience of counseling around four years earlier.

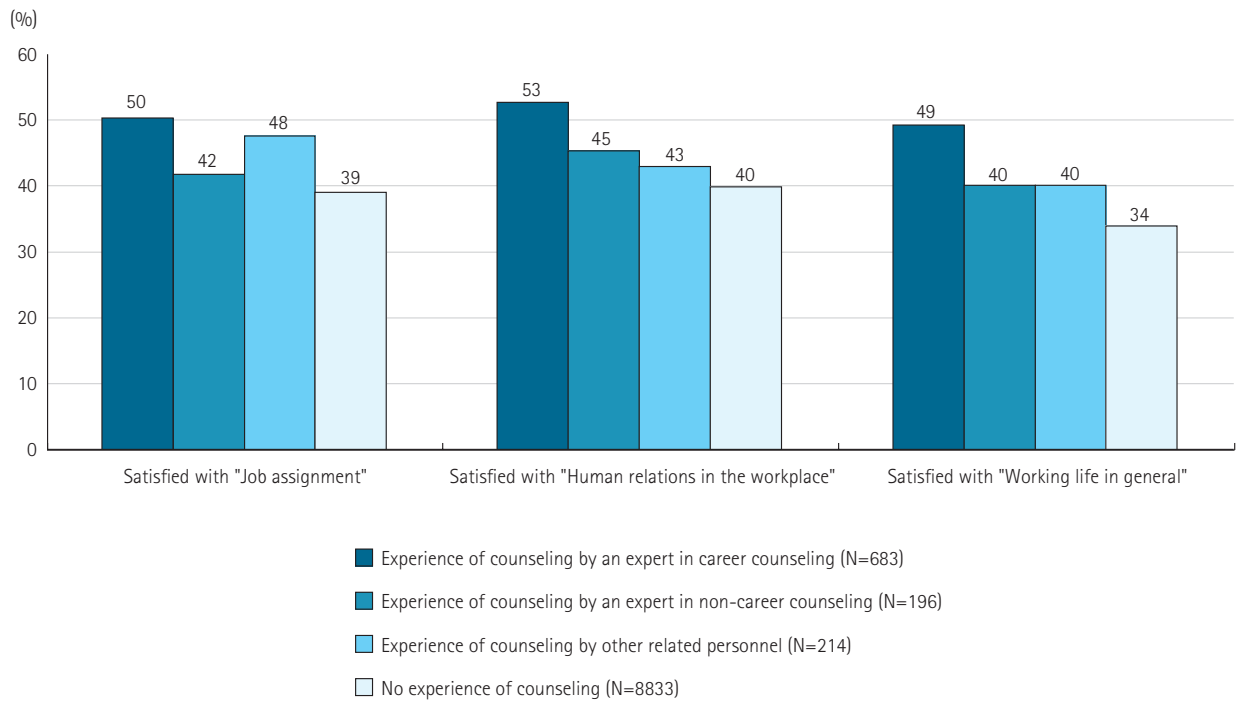
From the results so far, then, we could say that people with experience of counseling by an expert in career counseling are shown to be in a better situation at the present time, to a certain extent, in terms of indicators such as satisfaction, regular employment ratios, annual income and promotion.

## III. Effects unique to career counseling, excluding the impact of various factors

In the results until now, however, it is assumed that various factors such as the person’s education, employment form, job assignment, scale of employer, age and gender could have impacted the result. It is normally preferable to allocate these various factors at random in advance, in order to eliminate their impact. When that can be completely achieved, RCT is possible.

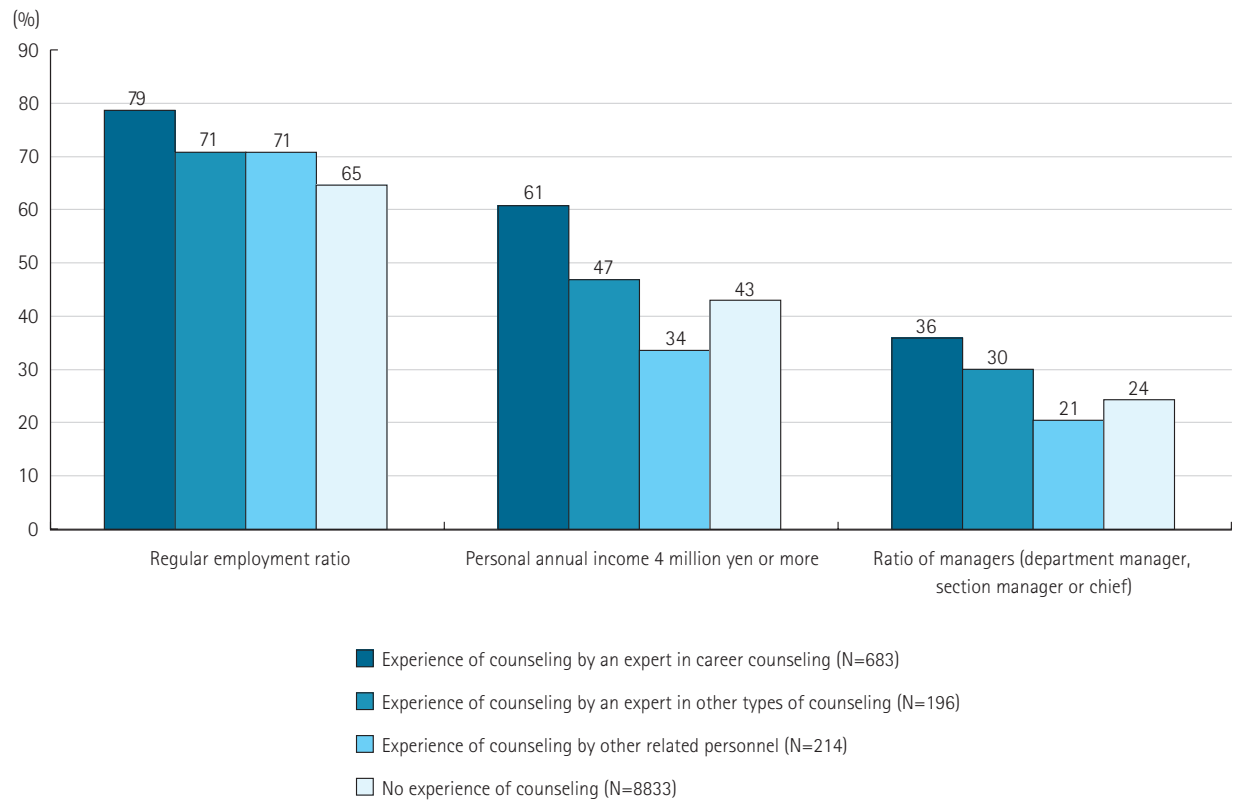
When that cannot be done, a method of eliminating the impact of these factors statistically may be employed as the next best option. Here, logistic regression analysis was used to remove the factors mentioned above, and the effects obtained by having experience of counseling were examined on that basis (see Table 1).

The examination reveals that whether or not a person has experienced counseling by an expert in career counseling has a statistically significant



Source: JILPT, 2017.

Figure 1. Present levels of satisfaction by experience of counseling



Source: JILPT, 2017.

Figure 2. Regular employment ratio, annual income and promotions by experience of counseling

**Table 1. Impact of "experience of counseling by career experts" on regular employment, annual income, and satisfaction**

	Satisfaction with current working life			Currently in regular employment			Currently, annual income 4 million yen and over		
	B	Exp(B)	sig.	B	Exp(B)	sig.	B	Exp(B)	sig.
Age	0.01	1.010		-0.200	0.819	**	0.225	1.252	**
Gender (1=male, 2=female)	0.365	1.441	**	-1.144	0.319	**	-1.192	0.304	**
Education (vs. junior/senior high graduate)									**
Junior college/Vocational college graduate	0.03	1.031		0.224	1.251	**	0.024	1.025	
University (arts) graduate	0.169	1.184	**	0.217	1.243	**	0.771	2.163	**
University (sciences) graduate	0.08	1.083		0.607	1.834	**	0.925	2.522	**
Job change frequency	-0.032	0.968		-0.148	0.863	**	-0.018	0.983	
Employment form (1=non-regular, 2=regular)	0.069	1.071					1.776	5.905	**
Years of continuous employment	0.025	1.025		0.399	1.491	**	0.383	1.467	**
Job content (vs. manufacturing and other work)									**
Managerial	0.641	1.899	**	2.010	7.467	**	1.485	4.416	**
Specialist or technical	0.548	1.730	**	1.181	3.258	**	0.855	2.350	**
Administrative	0.326	1.386	**	1.547	4.698	**	-0.031	0.970	
Sales or services	0.242	1.273	**	0.265	1.303	**	-0.035	0.966	
Weekly working hours	-0.032	0.968	**	0.336	1.399	**	0.125	1.134	**
Employee scale	0.023	1.023		0.300	1.350		0.577	1.781	**
Career counseling experience (vs. no experience)									**
Counseling by expert in career counseling	0.635	1.886	**	0.540	1.715	**	0.656	1.927	**
Counseling by non-career expert	0.258	1.295		0.088	1.092		0.228	1.256	
Counseling by other related personnel	0.292	1.339		0.351	1.421		-0.332	0.717	
Constant	-1.752	0.173		-0.072	0.931		-1.232	0.292	
** p<.01		Cox-Snell R <sup>2</sup>	0.025**		0.341**			0.441**	

impact at the 1% level on satisfaction with current working life. Specifically, when a person has experienced counseling by an expert in career counseling, compared to a person who has not, the satisfaction with current working life was 1.886 times higher.

The same result is obtained when examining whether the person is currently in regular employment, and whether the person has an annual income of 4 million yen or more. In both cases, when the respondent had experienced counseling by a career consultant, these factors were statistically significant at the 1% level; the probability of being in regular employment was 1.715 times higher and the annual income probability was 1.927 times higher.

Of course, education, job assignment, gender, number of employees and the other factors also have an impact. However, this result means that experience of counseling by a counseling expert in career also had an effect independently of the impact of these factors.

The same results are obtained when narrowing

the study down to persons working as regular employees in a company. For those with "experience of counseling by career experts," satisfaction with current working life was 1.958 times higher and the probability of an annual income of 4 million yen or more was 1.979 times higher. Again, the same result is found when limiting the analysis to females; those with "experience of counseling by career experts" have a regular employment ratio 1.799 times higher, a satisfaction level 1.752 times higher, and probability of an annual income of 4 million yen or more 2.775 times higher.

On the other hand, no significant results are produced in certain cases. For example, if we limit the same analysis to persons currently working as non-regular employees, satisfaction is 1.591 times higher but no effect is seen in terms of annual income when they have "experience of counseling by career experts." Again, when divided by age, the effect of having "experience of counseling by career experts" is only statistically significant in terms of satisfaction with current working life for those in

their 20s, where it is 2.159 times higher. For those in their 50s, it is only statistically significant in terms of an annual income of 4 million yen or more, where the probability is 2.592 times higher.

#### IV. Medium- to long-term effects of career counseling

Based on the results so far, one could probably assert that career counseling is effective to an extent, albeit with certain limitations. Of course, research based on more rigorous RCT needs to be accumulated in future, if possible. Partly due to prevailing trends, it is a fact that researchers examining issues of career support are required to show rigorous evidence at all times, whether in Japan or abroad.

In career guidance study, on the other hand, “the economic impact of career guidance” is a theme of ongoing interest. This is based on the argument that career guidance does not merely solve the problems of individuals who are undecided about their vocational path or career, but could also affect the economy of a country as a whole, over the medium to long term.

As a recent theory along these lines, Hooley and Dodd (2015) divide the effects of career guidance into i) individual outcomes, ii) primary economic outcomes (increased labor market participation, decreased unemployment, enhanced skills and knowledge base, flexible and mobile labor market), iii) secondary economic outcomes (improved health, decreased crime, increased tax revenue, and decreased cost of benefits), and iv) macro-economic benefits (deficit reduction, improved productivity, raised living standards, and economic growth). On this basis, they assert that the effects of career guidance will generally be disseminated in this sequence. A theory derived from the assumption of this dissemination effect is that career guidance must be given to workers a priori when developing the basis for a nation’s skill policies (CEDEFOP 2008; ELGPN 2012; OECD 2012).

This and other similar debates are also underway in Japan, which is referred to as the “right to a career.” That is, workers are regarded as having an inherent right to receive career support services such as career counseling, while it is the duty for the

government and organizations therefore to provide career support services in line with that. Rather than merely solving the problems of individuals, career guidance is seen as impacting the economy and society of the country as a whole. In this respect, the economic impact and medium- to long-term effects of career guidance could be said to be prioritized in Japan, as they are in other developed nations.

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## Validity of Wage Rules Deducting an Amount Corresponding to Premium Wages in Calculating Percentage Pay

### The Kokusai Motorcars Case

The Third Petty Bench of the Supreme Court (Feb. 28, 2017) 1152 *Rohan* 5

*Hirokuni Ikezoe*

**F**acts In this case, 14 appellees including Appellee X (plaintiffs in the district court trial, appellees in the high court trial) who were employed by Appellant Y (defendant in the district court trial, appellant in the high court trial) and were working as taxi drivers, claimed that the stipulation in Y's wage rules that an amount corresponding to premium wage for overtime and night work would be deducted when calculating percentage pay was invalid, and that Y bore an obligation to pay an amount corresponding to the deducted premium, and thus demanded payment from Y.

In Y's wage rules, premium wage and commuting expenses are treated as costs subject to deduction when calculating percentage pay, which constitutes a part of the normal wage. The gross amount from which these expenses are deducted is called the "base amount." It is calculated by subtracting a fixed basic deduction from sales per shift for each of weekdays, Saturdays, and Sundays or public holidays, and multiplying the amount thus calculated by a fixed coefficient. The overtime and night work premiums (etc.) calculated severally using calculation formulae stipulated in Y's wage rules are deducted from this. The use of this procedure to calculate percentage pay leads to a situation in which, although the premiums for overtime and night work are initially calculated, the amount paid to drivers is the same whether they work overtime and night work or not, as long as the sales turnover is the same as the sum of the premium and commuting expenses (as the initially calculated premium is deducted from the calculation of percentage pay, the premium is consequently offset even if it is paid). Therefore, the premium wage is, in effect, not paid.

Both the district court and the high court ruled that Y's wage rules are a circumvention of the gist of Article 37 of the Labor Standards Act, obliging employers to pay premium wage, and are invalid as a violation of public order and morals, and therefore upheld the claim for unpaid wages.



**J**udgment Loss of suit by Appellant in high court's judgment was reversed and remanded. The judgment is summarized below.

(1)(a) Article 37 of the Labor Standards Act only obliges employers to pay premium wage in an amount not less than the amount calculated using the method stipulated in said Article.

(1)(b) To judge whether an employer has paid the premium wage stipulated in said Article, it should first be considered whether or not the portion corresponding to wages for normal working hours can be distinguished from the portion corresponding to the premium wage stipulated in said Article. If they can be distinguished, it should then be considered whether or not the amount paid as a premium is less than the amount calculated using the method stipulated in said Article, taking the amount of the portion corresponding to wages for normal working hours as a basis.

(1)(c) On the other hand, since Article 37 of the Labor Standards Act does not provide for a method of determining wages for normal working hours in an employment contract, a rule stipulating that wages for normal working hours shall be calculated by



deducting an amount corresponding to the premium wage stipulated in said Article from an amount corresponding to a fixed ratio of sales turnover, etc., in an employment contract naturally cannot be deemed a circumvention of the gist of said Article or invalid as a violation of public order and morals.

(1)(d) The high court only judged that deducting an amount corresponding to the premium when calculating percentage pay is a circumvention of the gist of Article 37 of the Labor Standards Act and invalid as a violation of public order and morals. It did not judge whether or not, in Y's stipulation of its wage rules, the portion corresponding to wages for normal working hours can be distinguished from the portion corresponding to the premium wage stipulated in said Article, or, if it can be distinguished, whether the amount paid as a premium wage based on Y's wage rules is less than the amount calculated using the method stipulated in said Article. As such, the assertion that the claims of X et al. should be upheld is thus unlawful, based on the principle of inexhaustive review.

(2) Of overtime work, the high court made no distinction between portions corresponding to overtime work within statutory working hours and non-statutory holiday work, and portions other than these. However, Article 37 of the Labor Standards Act does not oblige employers to pay premium wage for overtime work within statutory working hours or non-statutory holiday work, and whether or not employers should pay premium wage for this kind of labor is entrusted to the employment contract. Of the overtime work performed by X et al., therefore, a distinction needs to be made between portions corresponding to statutory overtime work and non-statutory holiday work, and portions other than these.

(3) In view of the above, the portion of the high court's judgment relating to the loss of suit by the Appellants shall be reversed and remanded to the high court.

## **C**ommentary

Article 37 of the Labor Standards Act obliges employers to pay a premium of 25% of the normal wage for labor exceeding the statutory working hours of 8 hours per day and 40 hours per week, as well as for night work (work between the hours of 10 p.m.

and 5 a.m.), and a premium of 35% of the normal wage for labor on statutory holidays (basically one calendar day per week) (Cabinet Order No.309 of June 7, 2000). These premium wages are generally paid in accordance with the hours actually worked, but in some professions, overtime work, night work and holiday work are treated as part of the job and premium wages are included in the normal wage. A fixed premium wage may already be included on the assumption of certain labor outside statutory working hours, regardless of actual hours worked. Such practices are called "fixed overtime pay system" and "fixed amount payment system." In the case of wage systems that incorporate a premium wage, the premium is paid together with the normal wage. This is deemed a violation of Article 37, in that it is impossible to distinguish whether the premium prescribed by Article 37 has been paid. In the case of the fixed overtime pay system and the fixed amount payment system, meanwhile, although the premium prescribed by Article 37 is paid separately from the normal wage and can be calculated, it is in violation of Article 37 unless the missing portion corresponding to actual hours worked beyond statutory working hours and others actually worked at night is paid in addition. In cases involving Article 37, these two types of violation are also seen besides simple non-payment of premium wages, and workers often file suits claiming unpaid wages in such cases.

In interpreting Article 37 of the Labor Standards Act, the Supreme Court has until now tended first to consider whether or not the premium wage portion can be distinguished from the normal wage portion. This enables it to judge whether or not the statutory premium wage has been paid as part of the overall wage (possibility of distinguishing). If the two can be distinguished, the Supreme Court has then judged whether or not the amount paid in the premium wage portion is less than an amount calculated using the method stipulated by law (appropriateness of the amount paid). Like existing Supreme Court precedents, the present judgment by the Supreme Court also focuses on the above two points (Judgment (1)(b)).

The first characteristic of this case is the special nature of the work of taxi drivers. Taxi drivers often exceed statutory working hours in a single shift, and

night work is often assumed. These hours qualify for payment of statutory wage premiums. On top of that, percentage pay constitutes a significant proportion of the overall wage. For this reason, taxi companies are inclined to suppress total wages, and sometimes set up a system of fixed overtime pay or fixed amount payment, or, as in this case, a very complicated wage system that could enable them, in effect, to avoid paying premium wages. Thus, the second characteristic of this case is that the very complex problem of whether statutory premium wages were effectively being paid or not has become a point of contention, given that the legal validity of the rule for calculating percentage pay (the portion that constitutes the majority of the normal wage) is brought into question. On this point, the Supreme Court, in (1)(b)(d) of the Judgment, follows existing precedent in raising the question of whether the premium wage portion can be distinguished from the normal wage portion when calculated in accordance with Y's wage rules.

The calculation formula used in Y's wage rules, brought into question in this case, was generally (basic pay<sup>1</sup> + service allowances<sup>2</sup>) + percentage pay (1) [base amount<sup>3</sup> — (night work, overtime and holiday allowances + commuting expenses)<sup>4</sup>] + percentage pay (2)<sup>5</sup>. As stated above, statutory overtime and night work are assumed to be part of the job for taxi drivers. Even if overtime and night work allowances were calculated under these rules, therefore, the amount would be offset by deducting the overtime and night work allowance from the calculation of percentage pay that forms the majority of the normal wage. As a result, the statutory premium wage might effectively go unpaid (although the base amount would have been calculated as a negative figure if total deductions

had exceeded the base amount, the treatment in this case was rather that the premium at last started to be added from this point). In their understanding of this point, the district court and the high court judged Y's wage rules to be a circumvention of the gist of Article 37 of the Labor Standards Act and invalid as a violation of public order and morals. By contrast, the Supreme Court, in its interpretation of Article 37 of the Labor Standards Act, stated that the very fact that appropriate premium wages are paid in accordance with the law is the point (Judgment (1)(b) (d)). On the other hand, it judged that Y's wage rules naturally cannot be deemed a circumvention of the gist of said Article or invalid as a violation of public order and morals (Judgment 1(c)), since Article 37 of the Labor Standards Act does not include a specific provision on the manner of prescribing wages for normal working hours in an employment contract (wages including percentage pay, in this reviewer's understanding).

In this case, there are aspects of the Judgment that are difficult to understand, in that it differs from other similar cases because there are concurrent problems on the validity of a single wage rule — namely, that of calculating the percentage pay that constitutes the normal wage, and how to treat premium wages in the process of this calculation. One possible understanding is that (i) it is not clear whether the premium wage portion can be distinguished from the normal wage portion as a result of calculating the wage amount according to Y's wage rules, and therefore, while strictly calculating actual hours worked beyond statutory working hours and statutory holidays, it would need to be ascertained whether the premium wage portion can be distinguished from the normal wage portion, in line with Judgment (2); if it can be distinguished,

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1. **basic pay**: 12,500 yen per shift of 15 hours and 30 minutes.

2. **service allowances**: Allowance if working without driving; 1,000-1,200 yen per hour.

3. **base amount**: (Contractual shift takings — contractual shift basic deduction) x 0.53 + (Non-contractual shift takings — Non-contractual shift basic deduction) x 0.62). The basic deduction differs depending on whether contractual or non-contractual, and whether on weekdays, Saturdays or Sundays and holidays (generally 8,000-30,000 yen).

4. **allowances for night, overtime and holiday work**: The formula for calculating night, overtime and holiday allowances is the total of {(basic pay + service allowance) ÷ (days worked x 15.5 hours)} x 1.25 (\*night work = 0.25, holiday work = 0.25 to 0.35) x overtime and other non-contractual hours, plus (base amount ÷ total working hours) x 0.25 (\*of allowances, statutory holidays = 0.35) x overtime and other hours.

5. **percentage pay (2)**: Wage paid in lieu of a bonus.

it could therefore have been construed that Y's wage rules cannot be deemed illegal, although whether the premium was appropriate or not is a separate problem. Another understanding is that (ii) it could have been construed that the legal evaluation of Y's wage rules in reference to Article 37 of the Labor Standards Act is that the rules cannot be deemed invalid because they are a question of calculating the normal wage, since the Article is not concerned with the calculation of the normal wage. The understanding is that this would hold true even if the possibility of distinguishing the normal wage portion from the premium wage portion, and the problem of calculating and paying an appropriate premium wage amount were separate problems. In other words, the understanding is that the high court is stated to have somewhat misunderstood the problem. Of course, these two interpretations are not mutually exclusive, and it is also possible that the understanding in (i) above was adopted on the assumption of (ii) above (that is to say, it was judged that Y's wage rules

could not be deemed invalid in two senses).

Further study is needed on the assessment and impact of this judgment, but in any case, the remanded-trial will surely give further scrutiny to the possibility of distinguishing between the normal wage portion and the premium wage portion, and whether or not premium wages were paid in appropriate amounts, as a result of using Y's wage rules, based on Judgment (2). This means that judgment will probably be passed on the validity of Y's wage rules. One awaits with interest the remanded-judgment of the high court.

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## Allocation and Transfer in Japan

*Hodaka Maeura*

### I. Characteristics of allocation and transfer management

In the field of human resource management, “allocation” occurs when a company assigns jobs to its employees. In Japan, where the concept of a “job” is not as well-defined as it is in Europe and the US, we tend not to assign human resources who have the aptitude and competence to perform a particular job with defined job description. Instead, there is a strong tendency for the content of the assigned job to change in line with each employee’s aptitude and competence, or in a form corresponding to changes in the environment surrounding the company.

Meanwhile, we could cite the following four characteristics in the management of “transfer,” whereby Japanese companies assign their employees to different jobs within the company.

First, transfers are made for organizational need, such as a response to expansion or reduction of the corporate organization or changes in business activity, revitalization of the organization, etc. Some transfers are mainly

for the purpose of training/educating employees and maintaining/improving their motivation. Table 1 shows that this kind of trend could be observed throughout the 2000s and 2010s, and applies increasingly as corporate scale rises, while it should be remembered that a simple comparison of data is difficult (see *Note* below).

Second, corporate authority and initiative are very strong when it comes to transfer. Human

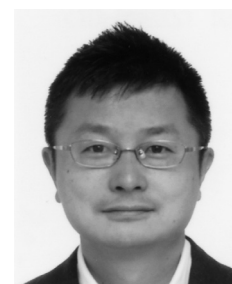


Table 1. The reasons why companies transfer staff (multiple responses, %)

	Total of companies using transfer=N	HR development of employees	To maintain or improve employee's motivation	Treatment of employees / right person in the right place	Response to changes in business activity	To revitalize the organization through transfer	Employment adjustment	Others	No response	
	Total	3,845	67.0	47.5	76.7	55.2	62.9	17.9	1.3	1.0
JILPT survey (2013)	1,000 or more	219	82.2	63.9	84.0	68.5	79.5	25.1	1.4	0.9
	300-999	570	76.0	57.5	82.3	60.7	75.3	18.6	0.9	0.5
	100-299	1,651	67.0	47.3	77.7	56.1	63.1	17.9	1.2	0.7
	fewer than 100	1,405	61.1	41.0	72.2	49.8	54.9	16.4	1.6	1.6
	Total	–	63.8	45.9	78.3	55.6	72.2	17.6	0.8	0.9
JILPT survey (2004)	1,000 or more	–	86.9	70.0	90.3	74.7	85.5	21.9	1.4	–
	300-999	–	73.1	56.4	82.9	63.7	83.3	19.9	1.6	1.0
	100-299	–	64.8	45.8	79.6	55.5	73.8	19.7	1.4	1.6
	fewer than 100	–	57.8	40.4	74.7	51.2	66.2	14.7	0.0	0.3

Source: Survey on the mechanism for establishing and changing terms and conditions of employment and the situation of personnel treatment, JILPT research series no.5, 2005 and JILPT Domestic Labor Information 14-12, 2014.

Note: The 2013 and 2004 surveys differed in their conditions for survey targets, the number of companies, the method of sampling, and the method of aggregating results. N is not shown in the 2004 survey, as the figures are reconstructed.

resource departments tend to have a stronger say in allocation and transfer of employees hired as new graduates as well as transfer of management personnel. In contrast, the intention of the department that is actually in charge of the work tends to be more reflected in transfer of other regular employees. This is observed typically in transfer within large corporations.

Third, the range in which regular employees may be transferred gradually becomes narrower, mainly focusing on specific job skills, when they have been in the company for a certain amount of time. When transfer involves promotion, however, managers often experience transfer beyond departments, due to the limited posts.

Fourth, some types of transfer may go beyond the framework of a single company. The aim of these may be to support suppliers and subsidiaries, develop employees' competence, or secure posts for middle-aged and older employees. These are known as *shukko* (temporary transfer, or transfer to another company while maintaining the employment relationship with the original company) and *tenseki* (permanent transfer, or moving out to another company without maintaining the employment relationship with the original company).

## II. New arrangements in allocation and transfer management

Given the four characteristics outlined above, there are two advantages in the management of allocation and transfer by Japanese companies. Namely, (i) companies can adjust internal staff allocation flexibly and quickly because allocation and transfer are made to suit the situation of individual employees and the business environment surrounding the company, without being limited to specific jobs; and (ii) they can develop human resources capable of handling a wide range of work operations, because employees have experience of work in a relatively large number of departments or in other companies. Conversely, these methods are highly likely to have disadvantages. This is because companies have very strong authority and initiative regarding allocation and transfer, while their employees' needs with regard to employment and career formation are not taken into account. Another major disadvantage is

that allocation and transfer can significantly affect the employees' home lives, particularly in the case of *tanshin funin* (transfer not accompanied by family or "solo allocation"), in which employees who are heads of households have no option but to live apart from their families.

With the aim of resolving these negative aspects, two arrangements designed to reflect the wishes of employees in allocation and transfer are now spreading among Japanese companies. These are the "self-declaration system" and the "in-house recruitment system." Under the former, employees declare personal circumstances and wishes, and the company takes these into account when carrying out allocation, transfer and career development of employees. The latter enables companies to specify the content of assigned work in advance, for example when launching new projects or businesses, and to recruit personnel in-house to undertake it. Employees who pass selection process can then be put in charge of that work. Of course, when actually using these arrangements, many companies will probably find it hard to obtain adequate outcomes, owing to barriers arising from the intension of the departments to which the employees belong, the difficulty of securing work to suit employees' needs, and so on.

## III. Characteristics of promotion management and how they are changing

One type of allocation and transfer is promotion. Promotion is defined as the movement of an employee from a position handling a job belonging to a lower grade within an organization, to one belonging to a higher grade. In Japanese companies, there is a strong tendency to place emphasis on securing human resources from within the organization, so that when assigning management posts, promotion within the company is used rather than hiring from outside. This "internal promotion" is one characteristic of promotion in Japanese companies.

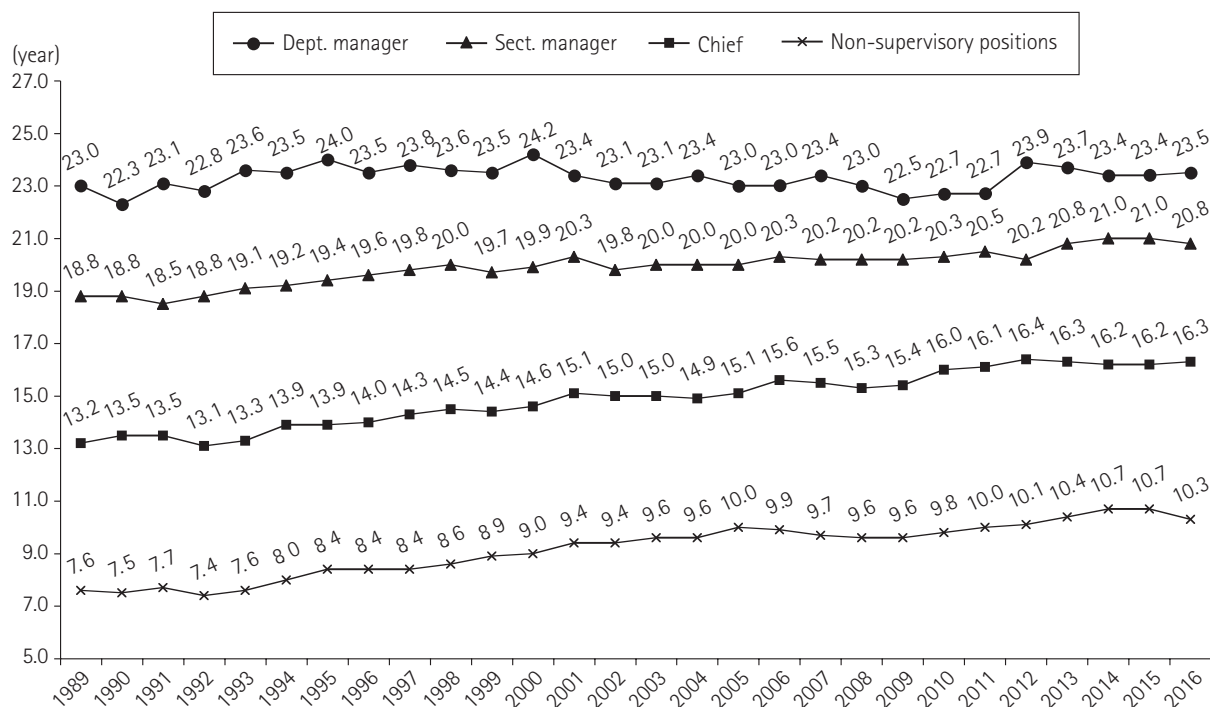
When making decisions about promotion, many companies that have established standards evaluate the work record and competence of the candidate. Many others place emphasis on years of service and practice seniority-based promotion management. This does have certain rationality. That is, by

promoting many new graduates who were hired as regular employees at the same time (*dōki shain*) to managerial posts at a certain level, such as section manager, this system gives hope of promotion to many employees and leads to improved motivation.

Looking at the reality of promotion in Japanese companies, we see that another characteristic is “late promotion”—when the timing of selection for promotion is late compared with the US, Germany, etc. The Japan Institute of Labour (1998) reports that, in the case of university graduate white-collar workers, the timing of the first selection round (the time when a promotion disparity first arises) was 7.85 years on average in Japan, compared to 3.42 years in the US and 3.71 years in Germany. Meanwhile, the average timing of the career plateau phenomenon (when the number of employees competing for promotion within the same year is narrowed down, and there are no further promotion prospects for about half of them) was 22.30 years in Japan, 9.10 years in the US and 11.48 years in Germany.<sup>1</sup> According to the Ministry of Health, Labour and Welfare (Figure 1), around 1996 when

the Japan Institute of Labour survey (1998) was conducted, the timing of the first selection more or less corresponded to the number of years served by employees in non-supervisory positions, and the average timing of the career plateau phenomenon to those of the section manager class. As a recent trend, however, years of service in the section manager class, the chief clerk (assistant manager) class and the employees in non-supervisory positions have increased, and the timing of promotion is thus gradually being delayed.

Thus, promotion in Japanese companies has the two characteristics of “internal promotion” and “late promotion.” In recent years, however, changes have been seen in the *raison d’être* of this “late promotion.” That is, it has become more difficult to see rationality in “late promotion,” for a number of reasons. One is that it has become harder to sustain a high probability of promotion, due partly to the flattening of organizations and cuts in officer posts. Another reason is that it is harder to provide opportunities for equal education and training to all employees due to stagnant corporate growth,



Source: "Wage Census FY1989-2016," Ministry of Health, Labour and Welfare, <http://www.mhlw.go.jp/toukei/list/chinginkouzou.html>  
 Note: The above data represent industry totals, corporate scale 100 employees or more, age group totals, males, and university/graduate school graduates.

Figure 1. Average years of service in Japanese companies by position (1989–2016)



and moreover, the inclination toward promotion to management has decreased, particularly among male regular employees.

#### IV. A new tide in allocation and transfer management?

As one new phenomenon, companies are now starting to adopt the human resource management measure called “talent management.” Although talent management has yet to be given a unique definition, its key points are thought to be threefold: (i) it is targeting a limited number of human resources with “talent,” (ii) its ultimate goal is to improve corporate performance, and (iii) it is strongly oriented toward optimizing human resource allocation (Kakinuma 2015).

This type of management forms groups of human resources (talent pools), which leads to the use of human resources including training, allocation and evaluation. This system has been adopted by some Japanese companies, where selection of future management personnel may be considered to be in progress (Sato 2016; JILPT 2017). Although it is not certain to what degree this system exists, *de facto* selection already seems to be practiced by some companies before the time when disparity appears in promotion timing. If talent management becomes broadly established among Japanese companies, the characteristics of Japanese allocation and transfer management could well change.

#### Note

1. The characteristics of these data are that they target white-collar university graduates and that, in terms of the scale of the respondents' companies, more than 90% have 1,000 or more regular employees. These differ from the data in Figure 1 (corporate scale 100 employees or more) in the timing of promotion.

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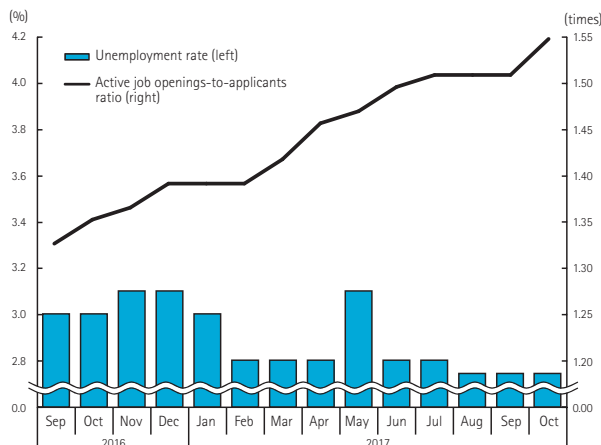
## Economy

The Japanese economy is on a moderate recovery. Concerning short-term prospects, the economy is expected to recover, supported by the effects of the 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 the financial and capital markets (“Monthly Economic Report,”<sup>1</sup> November, 2017).

## Employment and unemployment (See figure 1)

The number of employees in October was 620 thousand increases over the previous year. The unemployment rate, seasonally adjusted, was 2.8%.<sup>2</sup> Active job openings-to-applicants ratio\* in October, seasonally adjusted, was 1.55.<sup>3</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>3</sup>

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

## Wages and working hours (See figure 2)

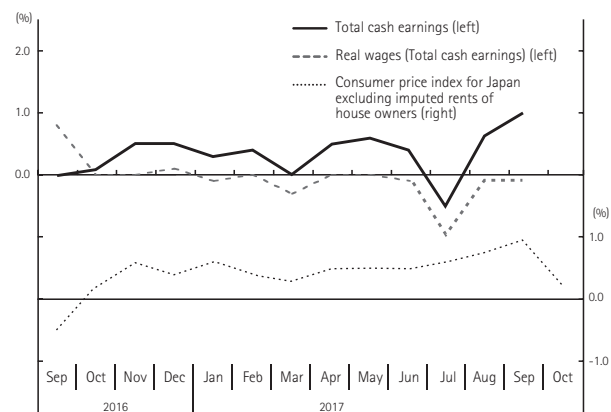
In September, total cash earnings (for establishments with 5 or more employees) increased by 0.9% and real wages (total cash earnings) decreased by 0.1% year-on-year. Total hours worked were on a par year-on-year, while scheduled hours worked decreased by 0.2%.<sup>4</sup>

## Consumer price index

In October, the consumer price index for all items increased by 0.2% year-on-year, the consumer price index for all items less fresh food rose by 0.8%, and the consumer price index for all items less fresh food and energy increased 0.2 % year-on-year.<sup>5</sup>

## Workers’ household economy

In October, consumption expenditure by workers’ households increased by 2.6% year-on-year nominally and by 2.3% in real terms.<sup>6</sup>



Source: “Monthly Labor Survey”<sup>4</sup>; “Consumer Price Index.”<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. Ministry of Health, Labour and Welfare (MHLW), “Employment Referrals for General Workers,” [http://www.mhlw.go.jp/english/database/db-l/general\\_workers.html](http://www.mhlw.go.jp/english/database/db-l/general_workers.html)

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

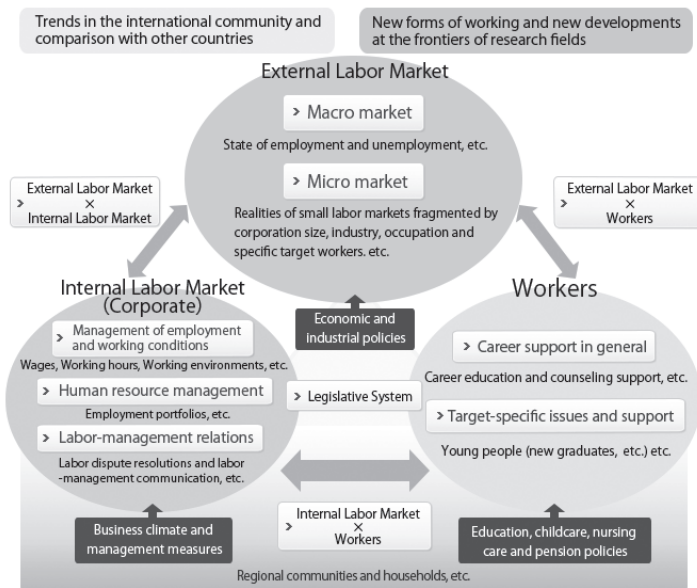
5. MIC, “Consumer Price Index,” <http://www.stat.go.jp/english/data/cpi/index.htm>

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

# JILPT Research Activity

The Japan Institute for Labour Policy and Training is conducting surveys and research focused on producing valuable insights that assist the Ministry of Health, Labour and Welfare in planning and pursuing labor policies and initiatives.

## The Fields of Our Research



## Comprehensive Research on Labor Policies

The following research projects are now being conducted.

### • Research on Employment Systems

This research analyzes the current state and directions of Japan's long-term employment systems amid significant changes in industrial and demographic structures, using an analytical approach that incorporates a range of perspectives including the viewpoints of companies, workers, and society as a whole. Once we have established an overview of the current state and changes in Japanese employment systems, we consider how employment systems should be developed in the future.

In FY 2017, we seek to ascertain the actual state in both labor supply and demand, through interview surveys for cases of human resource management in new industrial fields, and secondary analysis of existing data, etc.

### • Research on Labor and Employment Policies Adapted to Correspond with Changes, etc. in Demographic and Employment Structures

As Japan experiences rapid population aging and decline and a continued increase in non-regular workers, this project encompasses surveys and research that contribute to promoting measures and presenting policy implications in areas such as the creation of a society where people remain in the workforce throughout their lives (*shōgai*

*gen-eki shakai*) and the improvement of working conditions for non-regular workers.

In FY 2017, we are conducting case studies regarding the employment and work of older people, engaging in interview surveys of companies that dispatch non-regular workers, and defining points for discussion as to the improvement of the treatment of non-regular workers, etc. We are also analyzing the special tabulation of the Ministry of Health, Labour and Welfare's General Survey on Diversified Types of Employment as a means of developing basic data regarding non-regular employment.

### • Research on Potential Future Developments in Employment and Labor along with Technological Innovation, etc.

In light of major economic and social trends—including the rapid progress of technological innovation in A.I., the internet of things (IoT), and other such areas, etc., and changes in the structure of labor supply and demand—this research looks ahead to consider potential developments in employment and labor, and employment opportunities in the regional community, and also presents policy implications for the future.

In FY 2017, we are defining points for discussion regarding the impact of technological innovation on working environments, etc., and regional differences in employment opportunities and ways of working. We are also utilizing government statistics to analyze labor productivity.

### • Research on Worker and Corporate Behavior Strategies amid "Work Style Reform"

In preparation for "Work Style Reform", this research picks out the issues involved in the behavior strategies of both workers and companies—such as the appropriate state of working hour systems and other such aspects of human resources management, promotion of the active participation of women, and balancing child-rearing and long-term care for families, with pursuing a career—and sets out policy implications that contribute to improving the quality of employment.

In FY 2017, our research includes case studies on the actual state of time management in work and daily life, the setting of wage level in the labor market and the determining of wages within companies, and surveys on balancing work with long-term care for families.

- **Research on Vocational Skills Development Suited to Diverse Needs**

This research ascertains and analyzes the various needs involved in enhancing vocational skills, and sets out policy implications regarding the appropriate state of infrastructure for vocational skills development across Japan as a whole, human resource development in new industrial fields, etc., and mechanisms for young people to make a smooth transition into employment and develop careers.

In FY 2017, we are ascertaining the actual conditions of advanced education and training in the field of IT, proactive learning by workers, and other aspects of vocational skills development infrastructure. In addition, we are using case studies to investigate and analyze conditions in the job market for high-school graduates.

- **Research on Career Formation Support toward the Achievement of a “Society in which All Citizens are Actively Engaged” (*zen’in-sanka-gata shakai*)**

This research looks at the actual state of work and job-seeking environments to identify the issues that need to be addressed—such as the appropriate state of lifetime career development support, job matching and counselling to promote the labor participation of people who have difficulties in the job-seeking activities, and the development of occupational information and tools suited to the current age—and proposes effective support methods.

In FY 2017, we are working on research aimed at ascertaining the issues related to career consulting, the actual needs and challenges regarding occupational information and occupation classifications and how career support should take into account characteristics of young people. We are also revising tools for career guidance and developing programs to support job-seeking activities.

- **Research on Mechanisms for Establishing Terms and Conditions of Employment, Centering on Labor Management Relations**

This research ascertains the actual state of the changes in the notion of employees and labor-management relations and the ongoing shifts in mechanisms for establishing terms and conditions of employment amid increasing diversity in ways of working. While also comparing domestic developments with international trends, we identify the challenges with regard to labor law and policies, and present policy implications to prepare for developments in the future.

In FY 2017, we are pursuing research on labor law policies for responding to the development of atypical work organizations and other such changes in work society in other countries, and conducting surveys on collective labor-management relations and workplace harassment.

## Results of Research Activities

The results of our research activities will be published quickly in research reports on labor policies, newsletters and on the web site with an eye to contributing to the planning and drafting of labor policies and the stimulation of policy discussions among different strata. At the same time, the Institute will organize policy forums and other events to provide opportunities for open discussion on policies.

## Collection and Analysis of Information on Labor and Related Policies

JILPT collects and analyzes a variety of labor-related statistical data and information, both domestically and internationally, with the aim of contributing to promoting research and debate on labor policy.

### Domestic Labor Information

Information on domestic labor trends, such as employment, human resource management, industrial relations and so on, is gathered and sorted through surveys including “Monitoring Survey on Business and Labor” and other researches which are carried out through questionnaires or interviews to businesses, management and labor organizations.

### International Labor Information

- ▶ Information on the labor situation in key countries is continuously and systematically assembled, and then sorted by country as well as by policy issue.
- ▶ JILPT networks with foreign research institutions, participates in joint field surveys when necessary, and collects information on pressing issues for labor policy research.

## Compilation and Dissemination of Various Statistics Data

A variety of statistical data related to labor is collected from a broad range of information sources. This data is analyzed and processed, and is used to provide information that cannot be obtained from existing numerical data.

## International Research Networks

### Creating Networks with Foreign Institutions

JILPT networks with research institutes in foreign countries with the aim of exchanging and utilizing to the extent possible the results of each other's research activities including joint study programs.

### Accepting Foreign Researchers and Intellectuals, and Sending Researchers Abroad

Exchange of researchers and intellectuals is undertaken to foster research into Japanese labor issues, as well as creating a basis for future joint international research.

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Recruitment and Hiring in Japan

Shinsaku Matsumoto

#### Statistical Indicators

### Vol. 1, No. 3 November-December 2017

#### Special Issue: The 1st JILPT Tokyo Comparative Labor Policy Seminar 2017 “Identifying Major Labor Policy Issues in Contemporary World of Labor—Commonalities and Differences Crossing Regions and Nations”

The special issue carries 17 reports submitted by promising young researchers from Asian countries and regions, introducing their findings on the latest labor policy issues in each country and region addressing the broad theme of the seminar.

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## What's on Next Issue

### *Japan Labor Issues*

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*tentative*

▶ Challenges for Workplace regarding the Autonomy of Working Hours: Perspective for the Prevention of Overwork

Tomohiro Takami

▶ Why Do the Japanese Work Long Hours? Sociological Perspectives on Long Working Hours in Japan

Hiroshi Ono

▶ Fixed-Term Contract Employees and Intra-Firm Wage Gap

Koji Takahashi

▶ A Legal Analysis of "Equal Pay" Provisions between Typical and Atypical Employees

Koichi Tominaga

▶ Some Observations on Talent Management in Japan: Through Case Studies of Japanese Manufacturing Companies

Itaru Nishimura

▶ Some Research Tasks on "Learning Histories and Careers": Learning from the Outcome of KOSEN Education

Masakazu Yano



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### **What is the Japan Institute for Labour Policy and Training (JILPT)?**

JILPT, or the Japan Institute for Labour Policy and Training, is a government-related organization. The objective of The Japan Institute for Labour Policy and Training is to contribute to the planning of labor policies and work toward their effective and efficient implementation, as well as to promote the livelihood of workers and develop the national economy by conducting comprehensive research projects on labor issues and policies, both domestically and internationally, and capitalize on the findings of such research by implementing training programs for administrative officials.

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