

# Japan Labor Issues

# 10

October 2018

Volume 2 Number 9

## ● Trends

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MHLW'S White Paper on the Labor Economy 2017

## ● Research

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## ● Statistical Indicators



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## KEY TOPIC

# Challenges for Promoting Innovations and Realizing Work-Life Balance

MHLW'S White Paper on the Labor Economy 2017

Given the constraints on labor supply resulting from the declining birth rate and aging population, improvement in labor productivity is an important task for Japan to achieve economic growth. The Ministry of Health, Labour and Welfare (MHLW) analyzes the present situation and challenges Japan faces based on the thoughts that improving labor productivity would require efforts to facilitate innovation and establish work-life balance.

### Delay in innovation hinders Japan's TFP and economic growth

According to the MHLW's white paper *Analysis of the Labour Economy 2017*, one of the causes of Japan's sluggish economic growth—that is, the low labor productivity—is the delay in the creation of innovation and utilization of its results. The creation of innovation constitutes a portion of Japan's total factor productivity (TFP).\*

Until the 1980s, Japan had the highest economic growth rate among the major countries such as France, Germany, the UK and the US. However, since the late 1990s, it has been stuck at only a low growth rate in comparison with other major countries. Looking at recent figures, from the 2000s, Japan has had a low growth rate of less than 1%, in contrast with other major countries which are achieving growth at an annual average of over 1% on the whole.

The growth of GDP can be broken down into three factors: the contributions of (i) increase in capital input, (ii) increase in labor input, and (iii) increase in TFP. The white paper shows that in all of the major countries, factors (i) and (ii) made a significant contribution to the real GDP growth rate until the 1990s, but have been making a smaller contribution from the 2000s onward. A comparison of Japan with the US in terms of (iii) shows that in recent years the US has had a high rate of increase in

both TFP and GDP, while Japan has had a low rate of increase in TFP and GDP.

The white paper analyzes that the sudden slowdown in Japan's GDP growth rate from the 1990s is attributable not only to the decrease in capital investment and the drop in the labor supply, but also the major decline in the margin of increase in the TFP increase rate. It suggests that it is important to ensure an increase in TFP in order to secure future economic growth.

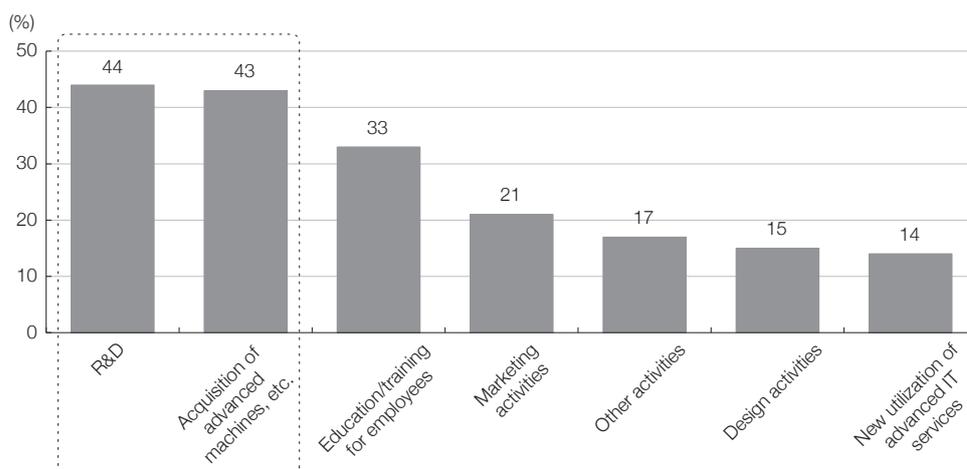
\* TFP (total factor productivity) refers to growth factors other than capital and labor inputs (e.g., innovations, etc.) when the economic growth is decomposed.

### R&D and acquisition of advanced machinery

The white paper notes a positive correlation between TFP and innovations. It argues that it is innovation activities that contribute to an increase in TFP. In an international comparative perspective, Japan has a low percentage of companies realizing innovations, and also a low TFP increase rate. In contrast, Germany and France have high percentages of companies realizing innovations and high TFP increase rates.

So, what are the factors that promote innovation, and what are the factors that obstruct it? Figures on the content of activities pursued by those companies engaging in innovation activities show high percentages of companies engaging in “R&D (research and development)” and “acquisition of advanced machines, etc.” (Figure 1). On the contrary, as the factors obstructing innovation activities, around 70% of companies cited “lack of competent employees” (Figure 2).

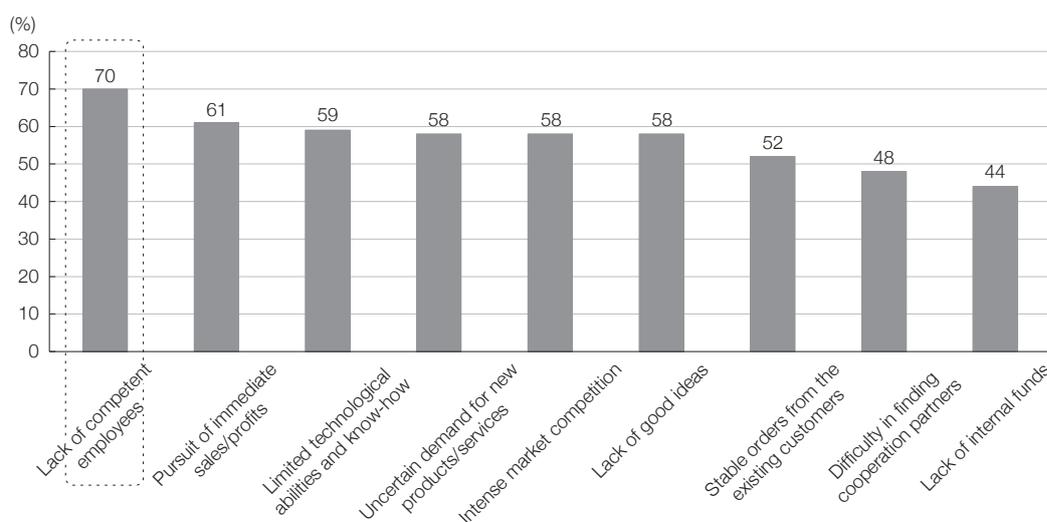
In light of these figures, the white paper states that facilitating innovation activities would require the active pursuit of initiatives in R&D and other such areas that involve more active capital investment and securing competent human resources.



Source: Prepared by Office of Counsellor for Labour Policy Planning of MHLW, based on the “Report on the Fourth Round of the Japanese National Innovation Survey” (2016) by the National Institute of Science and Technology Policy (NISTEP) and Ministry of Education, Culture, Sports, Science and Technology (MEXT).

Note: Data are tabulation results of surveying specific innovative endeavor implemented by companies engaging in innovation activities.

Figure 1. Promoting factors for innovation activities (multiple responses)



Source: Same as Figure 1.

Note: Data are tabulation results of surveying obstructive factors for innovation activities by companies engaging in innovation activities, and reasons for no innovative activities by companies negative in innovation activities.

Figure 2. Obstructive factors for innovation activities (multiple responses)

### Polarizing labor market by skill level

The white paper highlights the changes in the numbers of workers of the different skill levels involved in their occupation types. Focusing on occupation types in Japan, the US, and the UK, it analyzes those changes from 1995 onward, by dividing occupations into three categories: high-

skill occupations (“managers,” “professionals/ technicians, or associate professionals,” etc.), middle-skill occupations (“clerical support workers,” “service and sales workers,” etc.), and low-skill occupations (“workers in routine jobs,” etc.).

This reveals that all three countries are experiencing a job polarization in skills, as the numbers of workers in middle-skill occupations are on the decline, while

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that of workers in low-skill and high-skill occupations are on the increase. In comparison with the US and UK, Japan has a low rate of increase in the numbers of workers in high-skill occupations. In the US and UK, the rate of increase in the numbers of workers in high-skill occupations is high in comparison with that of workers in low-skill occupations.

As a potential explanation for this polarization of skills in Japan, the white paper notes an almost consistent decrease in the share of middle-skill routine work, in contrast with an almost consistent increase in the share of non-routine work for both the high-skill and low-skill occupations since the 1960s. In other words, there has been going notable polarization in Japanese labor market. As possible factors behind the increase in the number of workers in low-skill occupations, the white paper notes Japan's failure to keep up with the IT revolution, the increase in the numbers of non-regular workers due to the diversification in working styles.

### **The impacts of AI on employment**

The white paper analyzes how employment is affected by advancements in AI (artificial intelligence).

Results of estimates of the potential increases or decreases in the number of workers brought about by advancements in AI and other such developments (the left-hand side of Figure 3) show that while the number of workers is estimated to fall by around 1.61 million by 2030 in comparison with present figures, the labor force population is estimated to decrease by an even greater amount. The provisional calculations suggest that even if Japan adapts to advancements in AI and other such aspects of the fourth industrial revolution by 2030, there will not be an increase in the numbers of unemployed persons, but rather an around 640,000 shortage in the labor force.

Looking at the estimates by industry, the manufacturing industry is anticipated to see a decrease of around 1.6 million workers, while non-manufacturing industries are estimated to see a decrease of only around 10,000.

The figures by occupation (center of Figure 3) show that the occupations anticipated to see an increase in the number of workers are home health and personal care

aid workers (estimated rise of around 1.08 million), sales workers (estimated rise of around 470,000), and engineers (estimated rise of around 450,000). On the contrary, the occupations anticipated to see a decrease are manufacturing process workers (estimated decrease of around 1.87 million), and clerical workers (estimated decrease of around 790,000).

Figure 3 (right-hand side) also includes a comparison of the estimated increases or decreases in the numbers of workers when they are divided into three occupation types such as (i) occupations requiring techniques (engineers, professional workers, and people engaged in creative fields), (ii) occupations requiring human added values (sales workers, home health and personal care aid workers, and service workers), and (iii) other occupations such as clerical work mainly involving routine work.

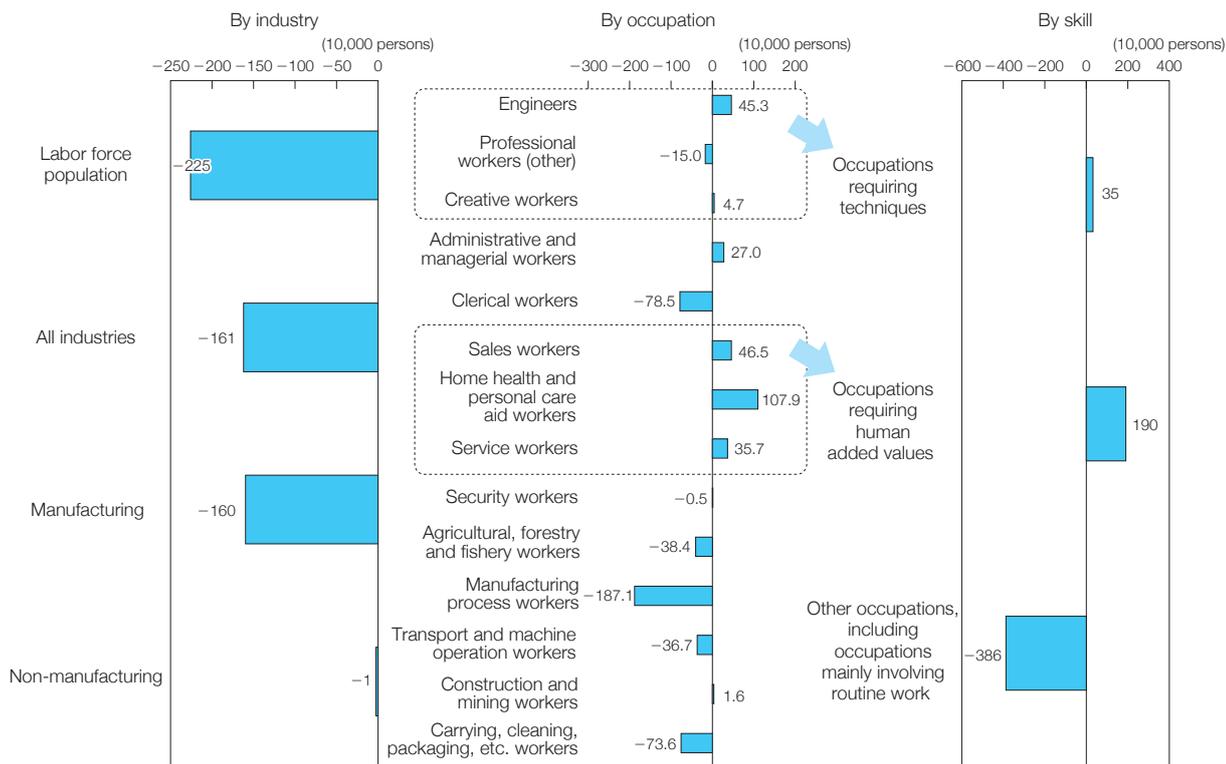
Alongside increases in the number of workers in categories (i) and (ii), the estimates indicate that the number of (ii) is anticipated to see an even higher increase than that for (i). On the other hand, the number of workers in category (iii) decreases significantly.

In future, workers should acquire the skills of adapting to occupations requiring techniques and to those requiring human added values since those occupation types are estimated to increase. In the demand of technical and specialized workers for the advancements in AI, the white paper also points out important challenges such as increasing the numbers of human resources capable of working in scientific and engineering fields, and enhancing communication skills that AI cannot substitute.

### **Pursuing initiatives that incorporates work-life balance**

There are greater choices of new working styles free from restrictions regarding time or location as cloud computing services and wireless communication environments have progressed with the recent popularization of mobile communication devices. The white paper examines how technological innovation has expanded the options for working styles and what kind of challenges can be seen.

A growing number of companies are introducing teleworking, namely, using information and



Source: Prepared by Office of Counsellor for Labour Policy Planning of MHLW, on the basis of the “Interim Report on the New Industrial Structure Vision: Japan’s Strategy to lead the fourth industrial revolution” (2016) by Ministry of Economy, Trade and Industry (METI), and “Labour supply and demand estimates: Preliminary calculations by prefecture based on new national estimates (2015 edition),” JILPT research material series, no.166 (2016) by Japan Institute for Labour Policy and Training (JILPT).

Note: The value showing the change in labor force population on the left-hand side of the figure is an estimated value calculated by comparing values for 2014 and 2030 (JILPT 2016) and that the other figures showing changes in the numbers of people engaged in the different industry/occupation types are the estimated values calculated by comparing the values for 2015 and 2030 (METI 2016).

Figure 3. Estimated changes in numbers of workers due to the advancements in AI and other such developments (by industry, occupation, and skill) in Japan

communication technology to work from home or other locations outside the workplace (also known as telecommuting) in Japan. According to the white paper, the percentage of companies that responded that they have “introduced” teleworking had risen to 16.2% in 2015, from levels of around 10% from 2011 (9.7%) onward.

The white paper finds that companies are implementing teleworking with the aim of not only improving labor productivity but also assisting employees to achieve work-life balance. When surveyed on their aims for introducing teleworking, a significant percentage (43.9%) of companies selected the response “improving the efficiency/productivity of routine work.” Besides, they selected the responses related with work-life balance such as “adapting to

employees who are combining work with family life” (50.9%), “shortening and raising the efficiency of travelling time employees spend” (43.9%), and “ensuring that employees enjoy relaxing and healthy lifestyles” (31.6%).

The use of technological advances in areas such as AI and ICT generates flexible working styles and thereby contributes to achieving work-life balance. White paper concludes pointing out the necessity to pursue steady efforts toward the government’s Work-Style Reform in the form of initiatives combining the realization of innovation activities with the achievement of work-life balance as the “two halves of a whole” in order to boost Japan’s economic growth despite the restricted labor supply.

## Research notes

# Industry and Female Managers: Insights for Promoting Women's Active Participation in the Workplace

Tamotsu Nagata

Promotion of women's participation and advancement in the workplace is recognized as a key national policy in Japan. In December 2005, the Japanese Cabinet approved "The Second Basic Plan for Gender Equality," thereby setting up the government objective of increasing the share of women in leadership positions to 30% at least by 2020 in all fields of society<sup>1</sup> by facilitating initiatives to promote their active participation in each field.

There are no clear guidelines in the Plan as to which statistics are used as the grounds for determining the share of women in managerial positions. Materials such as those distributed at the Labor Policy Council seem to draw on statistics from *Basic Survey on Wage Structure* (Ministry of Health, Labour and Welfare, MHLW) on the number of persons in positions equivalent to section manager and positions equivalent to director in companies with 100 or more employees.

The share of women in managerial positions was a mere 1.8% in 1990 but rose to 9.3% in 2016 with labor-management initiatives and government support. Although the growth in the share is also gradually increasing, there is still a long way to go to reach 30%. Under typical Japanese employment practices, by which managerial positions are largely filled by internal promotion, training for such talents requires a greater number of years. (In Japan, managerial work are more of a status than a job type, unlike countries with developed external

labor markets.) That is, increasing the number of women in managerial positions takes time to sufficiently increase that of women who are potential candidates for such positions, namely, the women in positions equivalent to subsection chief. In light of this, the government set out new realistic goals in "The Fourth Basic Plan for Gender Equality" in December 2015, for the percentages of women among employees in each management level of private corporations in 2020 while maintaining the original target of 30%. These new goals were set at 25% for women in positions equivalent to subsection chief, 15% for women in positions equivalent to section manager, and 10% for women in positions equivalent to director.

Typically, small-sized companies only require executives for their management. As they increase in size, companies—whatever the industry—need managers to assist the executives and share the work of managing non-managerial employees. Moreover, depending on the industry, there may be unique approaches to pursuing or managing work processes. The percentage of managerial positions among the total number of employees (hereinafter referred to as "managerial ratio") therefore differs depending on company size and industry.

Table 1 shows the ratio of female among total employees on open-ended contracts by company size and the managerial ratio of total employees, as well as the managerial ratio of women (percentage

1. "All fields of society" is simply taken to mean "not only the national government but also local government bodies, private companies, and various groups and organizations." The ratios of women in managerial positions vary across the industries, company sizes, and regions, and among the individual private corporations. Rather than perceiving this as a problem, it may be more constructive to see it as a clue toward possible means of promoting the active participation of women as a whole.

**Table 1. Share of females in employees and managerial positions by company size  
(Employees on open-ended contracts)**

(%, Managerial positions = Director level + Section manager level)

Company size	Ratio of female employees <sup>1</sup>	Managerial ratio <sup>2</sup>		Ratio of female in managerial positions <sup>3</sup>
		Total male and female	Female	
Companies with 100 employees or more	31.7	10.6	3.1	9.3
Companies with 100–999 employees	34.5	9.9	3.2	11.3
Company with 100–499 employees	34.9	9.8	3.1	11.1
500–999 employees	33.6	10.0	3.5	11.7
Companies with 1,000 employees or more	28.5	11.4	2.9	7.3

Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Notes: 1. Ratio of female employees = Employees on open-ended contracts (female) / Employees on open-ended contracts (male + female) × 100%

2. Managerial ratio (total) = (Director + Section manager) / Employees on open-ended contracts (male + female) × 100%  
Managerial ratio of female = (Female director + Female section manager) / Employees on open-ended contracts (male + female) × 100%

3. Ratio of female in managerial positions = Women in managerial positions / Managerial positions (male + female) × 100%

**Table 2. Share of females in employees and managerial positions by industry  
(Employees on open-ended contracts)**

(%, Managerial positions = Director level + Section manager level)

Industry	Companies with 100 employees or more							
	Ratio of female employees <sup>1</sup>	Managerial ratio <sup>2</sup>		Ratio of female in managerial positions <sup>3</sup>	Ratio of female employees <sup>1</sup>	Managerial ratio <sup>2</sup>		Ratio of female in managerial positions <sup>3</sup>
		Total male and female	Female			Total male and female	Female	
Industry total	31.7	10.6	3.1	9.3	34.5	9.9	3.2	11.3
Construction	12.8	22.2	1.9	1.1	11.6	14.6	2.5	2.0
Manufacturing	18.1	9.8	2.2	4.1	22.0	9.0	1.6	4.0
Electricity, gas, heat supply, and water	10.5	7.7	2.1	2.8	11.9	12.4	2.3	2.2
Information and communications	19.9	16.4	4.7	5.7	20.5	15.4	6.0	8.0
Transport and postal services	11.5	5.2	2.2	4.9	10.7	5.5	2.5	4.9
Wholesale and retail trade	27.8	14.2	3.0	5.8	27.9	14.4	3.0	5.8
Finance and insurance	49.9	12.1	2.4	10.0	38.0	15.5	3.9	9.6
Real estate and goods rental and leasing	28.9	14.0	3.1	6.3	30.8	16.1	2.9	5.6
Scientific research, professional and technical services	22.2	14.0	4.6	7.3	26.9	14.1	4.9	9.3
Accommodations, eating and drinking	34.3	8.5	2.5	10.1	35.5	10.4	3.0	10.2
Living-related and personal services and amusement services	39.9	9.4	2.0	8.4	42.1	8.1	1.5	7.7
Education, learning support	36.3	6.9	3.4	18.1	39.0	8.1	3.6	17.6
Medical, health care, and welfare	69.4	5.8	3.6	43.0	69.6	5.3	3.6	46.6
Compound services	23.8	14.5	3.0	4.9	34.5	18.2	3.5	6.7
Services (not elsewhere classified)	25.3	7.7	3.0	9.9	24.9	8.6	3.4	9.8

Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Note: See notes in Table 1.

of women in managerial positions among total number of male and female employees) and the ratio of female in managerial positions (percentage of women in managerial positions among the total number of managerial positions). MHLW's *Basic Survey on Wage Structure* provides aggregated data on managerial positions for companies with 100 or more employees.

The larger the company size, the higher the managerial ratio. On the other hand, the ratio of female employees decreases as company size increases. Both the managerial ratio of women and the ratio of women in managerial positions are highest among medium-sized companies with 500–999 employees. Among large companies with 1,000 employees or more, there is a lower percentage of female employees on open-ended contracts, and the percentage of women in such positions is low<sup>2</sup> despite a large percentage of managerial employees.

As this suggests, company size may have some influence on the appointment of women to managerial positions. The following analysis therefore looks not only at the overall figures for companies with 100 or more employees, but also at the figures for companies with 100–999 employees.

### **The paradox of women's active participation in the medical and welfare industry**

Table 2 shows figures demonstrating women's participation and advancement in the workplace by industry. (The mining and quarrying of stone industry is included in the total for all industries, but is not shown on the table because it includes figures that are difficult to interpret due to the low numbers of women in managerial positions.)

The average ratio of women in managerial positions for companies with 100–999 employees is over 10% (11.3%) in all industries. The industry with the highest ratio is medical, health care, and welfare with 46.6%; namely, the ratio of female to male among directors and section managers is

around 1:1. The only other industry for which the ratio of women in managerial positions is above average in education, learning support (17.6%). In both industries, it is particularly high in comparison with others. Would the overall ratio of women in managerial positions rise if more women took employment in such industries?

Looking at the managerial ratios (in the third column from the right of the table), the managerial ratio (percentage of directors and section managers among employees on open-ended contracts) still varies from industry to industry, even among the same company sizes. The lowest managerial ratio is for medical, health care, and welfare. The managerial ratio in education, learning support is also lower than the average. In contrast, industries with high managerial ratios are compound services, real estate and goods rental and leasing, finance and insurance, and information and communications (in descending order). Even in construction, which has the lowest ratio of women in managerial positions, the managerial ratio is relatively high, at 14.6%. As the industries such as finance and insurance and information and communications require a large number of managerial positions, in absolute terms, they have a large number of women in managerial positions, even when the ratio of men to women is 10:1.

The ratio of women in managerial positions among the total employees on open-ended contracts are 3.9% for the finance and insurance and 6.0% in information and communications, in contrast with 3.6% in medical, health care, and welfare. This shows that there are higher ratio of women in managerial positions in finance and insurance, and information and communications. As a result, it can be said that it is easiest for women to rise to managerial positions in information and communications, while it is difficult for women to rise to managerial positions in living-related and personal services and amusement services, and manufacturing.

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2. The specific reasons for this are unknown. Possible reasons could include the high percentage of large companies in the industries that women do not apply to, or, women leaving employment according to the Douglas-Arisawa's law (negative correlation between husbands' income levels and wives' employment rates), as large companies provide opportunities for them to find spouses with high incomes.



Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Notes: 1. The percentages shown are for employees on open-ended contract in companies with 100–999 employees.

2. Ratio of female employees = Employees on open-ended contract (female) / Employees on open-ended contract (male + female) × 100%

Figure 1. Relationship between ratio of female employees and managerial ratio

### What about increasing the number of women in industries with high managerial ratios?

Figure 1 is a scatter plot of the managerial ratios and the ratios of female employees.<sup>3</sup> There appears to be no relationship between the managerial ratio and the ratio of female employees. (There may be a possibility that the high ratio of female employees in the medical, health care, and welfare, where both men and women have difficulty securing managerial positions, may slightly reduce the ratio of women in managerial positions as a whole.)

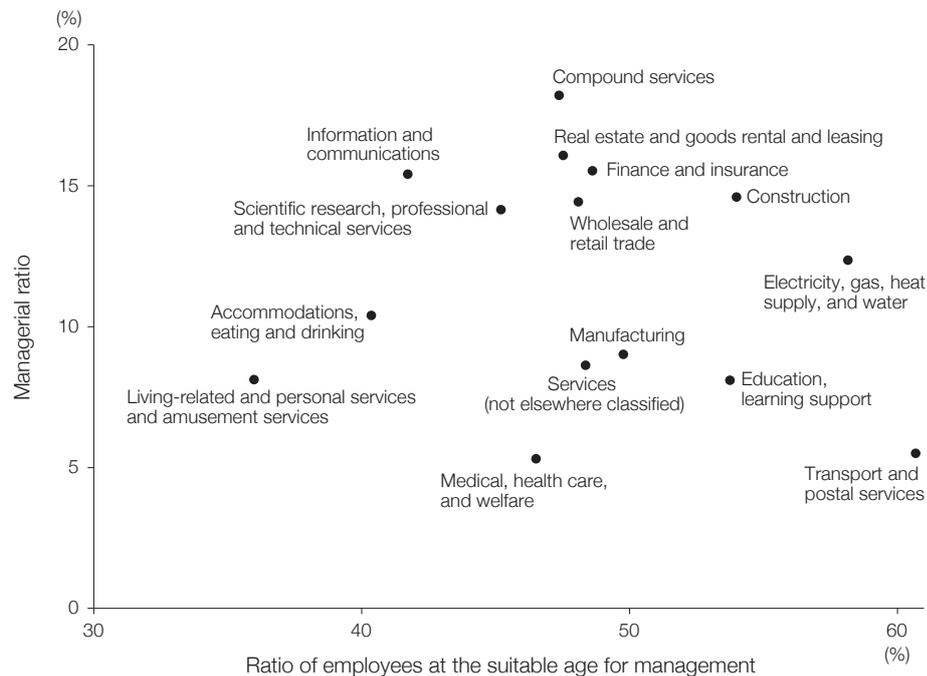
Namely, the low ratio of women in managerial positions may not necessarily be attributable to the fact that a considerable number of women work in industries with low managerial ratios regardless of gender.

Depending on how one looks at it, however, if efforts could be made to increase the hiring of women and facilitate the retention of women

in industries with high managerial ratios, that could contribute to improve the ratio of women in managerial positions as a whole. Specifically, policies to support companies to establish a women-friendly employment management focusing on key industries could be effective means of increasing the ratio of women in managerial positions within these industries and in Japan as a whole. (Key industries to be focused are compound services, real estate and goods rental and leasing, finance and insurance, information and communications, and construction in which the ratios of women in managerial positions are not high.) That being said, having many women take employment in medical, health care, and welfare, just because the industry has a high ratio of women in managerial positions, is not really anticipated to raise the managerial ratio of women as a whole.

Under the typical Japanese employment practices, by which managerial positions are

3. The correlation coefficient is  $-0.267$ , but excluding the exceptionally high ratio of women in the medical, health care, and welfare industry, there seems to be no correlation between the two.



Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Note: The figures represent employees on open-ended contract (male + female) in companies with 100–999 employees, who are at the suitable age for management (aged 40–59).

Figure 2. Relationship between age composition and managerial ratio

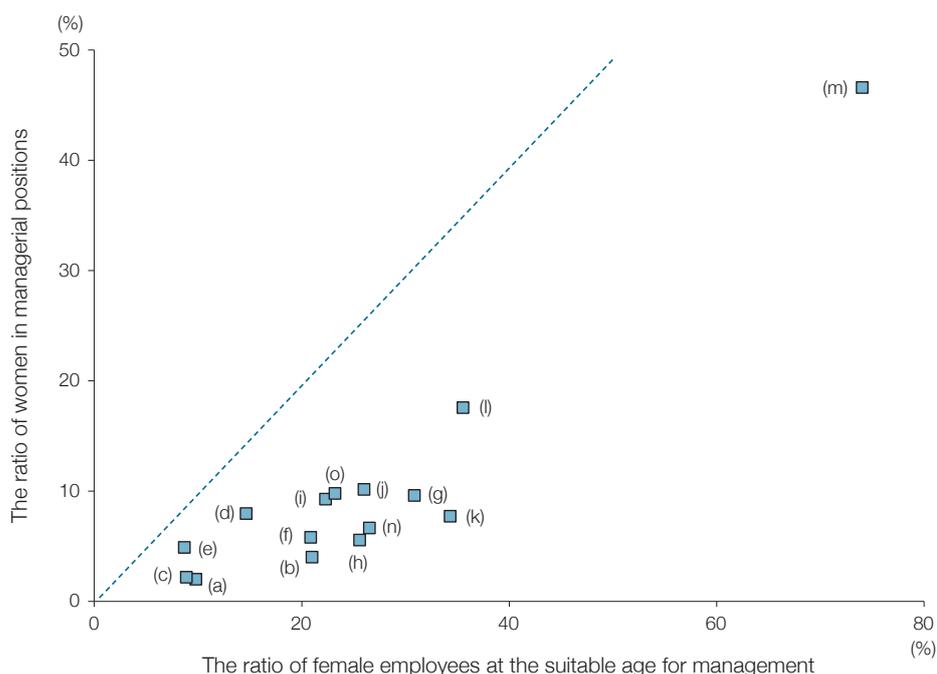
essentially filled with people promoted from within the company, employees require a certain years of continuous service to reach managerial positions. If employees who joined a company on graduating university are promoted to section manager in around their 18th year of service at that company, they reach the suitable age for management from about age 40 onward. Looking at female directors and section managers at companies with 100 employees or more for the different ages divided into five-year groups, the highest percentage can be found in the 50–54 age group (26.3%), followed by 45–49 (22.5%), 55–59 (18.7%), and 40–44 (15.2%). In other words, more than 80% of female managers are concentrated in the 20 years from ages 40 to 59. Let us therefore call the 40–59 age bracket the “suitable age for management.”

Figure 2 is a scatter plot showing the ratio of employees at the suitable age for management and

the managerial ratio (male and female in total) for companies with 100–999 employees, categorized by industry. This shows that there is no connection between the two; the ratio of managerial positions required varies from industry to industry due to business-related characteristics, even when company size is fixed to a certain extent.<sup>4</sup>

Industries with high ratios of women among employees at the suitable age for management (40–59) in companies with 100–999 employees are medical, health care, and welfare, education, learning support, living-related and personal services and amusement services, and finance and insurance; that is, these high ratios are common in industries with high percentages of women in managerial positions. The industries with low ratios of women among employees at the suitable age for management are transport and postal services, electricity, gas, heat supply, and water, and construction; that is, the low

4. In Figure 2, the correlation coefficient for the ratio of employees at the suitable age for management and the managerial ratio is  $-0.141$ .



(a) Construction, (b) Manufacturing, (c) Electricity, gas, heat supply, and water, (d) Information and communications, (e) Transport and postal services, (f) Wholesale and retail trade, (g) Finance and insurance, (h) Real estate and goods rental and leasing, (i) Scientific research, professional and technical services, (j) Accommodations, eating and drinking, (k) Living-related and personal services and amusement services, (l) Education, learning support, (m) Medical, health care, and welfare, (n) Compound services, (o) Services (not elsewhere classified)  
 Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Note: The figures represent employees on open-ended contract (male + female) in companies with 100–999 employees, who are at the suitable age for management (aged 40–59).

Figure 3. Relationship between ratio of female employees at the suitable age for management and ratio of women in managerial positions

ratios are found in a number of industries with low ratios of women in managerial positions. Namely, the higher the ratio of women among employees at the suitable age for management (male and female in total), the higher the ratio of women in managerial positions. This is shown as a scatter plot in Figure 3.<sup>5</sup>

To raise the ratio of women in managerial positions in each industry, it is important to increase the ratio of women among employees at the suitable age for management, by facilitating continued employment of women, promoting the conversion of non-regular employees to regular employees,

and hiring mid-career female workers capable for promotion to managerial positions.<sup>6</sup>

### Shifting the focus from company “where women shine” to “where managers are happy”

JILPT’s “Survey on Careers and Work-Life Balance Support of Male and Female Regular Employees”<sup>7</sup> conducted in 2012 also analyzes the tendency among women not to seek managerial positions. Being asked why not seeking managerial positions, many women selected the reason “It will become difficult to balance work and family life,”

5. The correlation coefficient is 0.928.

6. According to *Survey on Hiring, Deployment, Promotion, and Positive Action*, JILPT Research series no. 132, 2014 [only available in Japanese], women hired in mid-career are promoted after fewer years of continued employment in comparison with men (Figure 1-6-2). <http://www.jil.go.jp/institute/research/2014/132.html>.

7. See *Results of the survey on careers and work-life balance support of male and female regular employee (2) Analysis*, JILPT Research series no. 119, 2014 [only available in Japanese] (Figure 4-4-5). [http://www.jil.go.jp/institute/research/2014/documents/0119\\_04.pdf](http://www.jil.go.jp/institute/research/2014/documents/0119_04.pdf).

Table 3. Wages of section managers and subsection chiefs

(times)

Industry	Companies with 100 employees or more					
	Companies with 100–999 employees			Companies with 1000–9999 employees		
	Female section manager / Female subsection chief	Female section manager / Male section manager	(Female section manager / Female subsection chief) / (Male section manager / Male subsection chief)	Female section manager / Female subsection chief	Female section manager / Male section manager	(Female section manager / Female subsection chief) / (Male section manager / Male subsection chief)
Industry total	1.241	0.902	1.047	1.211	0.941	1.064
Construction	0.970	0.724	0.777	1.093	0.732	0.972
Manufacturing	1.425	1.038	1.242	1.304	1.047	1.180
Electricity, gas, heat supply, and water	1.242	1.069	1.156	1.970	1.306	1.717
Information and communications	1.309	1.010	1.142	1.388	1.067	1.200
Transport and postal services	1.222	1.054	1.069	1.331	1.050	1.192
Wholesale and retail trade	1.246	0.913	1.040	1.229	0.924	1.069
Finance and insurance	1.419	0.832	1.100	1.327	0.912	1.114
Real estate and goods rental and leasing	1.355	0.998	1.095	1.200	0.941	0.996
Scientific research, professional, and technical services	1.323	0.946	1.113	1.272	0.984	1.139
Accommodations, eating and drinking	1.098	0.822	0.952	1.106	0.843	0.922
Living-related and personal services and amusement services	1.241	0.915	1.064	1.101	0.828	0.953
Education, learning support	1.141	0.942	1.016	1.043	0.864	0.951
Medical, health care, and welfare	1.131	0.844	0.913	1.098	0.908	0.962
Compound services	1.272	0.901	1.139	1.136	0.971	1.039
Services (not elsewhere classified)	1.209	0.942	1.114	1.386	1.012	1.214

Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Note: Regular monthly salary paid to employees on open-ended contract, 40–49 age group.

while many male selected the reason “Advantages are limited or non-existent.” Incidentally, the response “It would mean taking on more responsibility” was selected by almost the same percentage of men and women.

Let us then focus on wages—one of the advantages of being in managerial position—and compared the wages (contractual monthly cash earnings) of section manager and subsection chief at the suitable age for section manager. The analysis looks at age 40–49 as the suitable age for section manager in order to make the effect of “promotion” to managerial positions clear. (If included all relevant ages up to 59 as identified above as the suitable age for management, there would be too many directors and too few subsection chiefs to see the effect of promotion.) If we see a large difference in wages for employees of that age group when promoted to

section manager compared to when remaining at the level of subsection chief, the advantages of rising to a managerial position should be significant.

Table 3 shows three multiples regarding wages for the 40–49 age group in each of the different industries as follows: (i) the wage difference when female subsection chiefs are promoted to section manager, (ii) the wage difference between female section managers and male section managers, and (iii) the difference between the rates at which female subsection chiefs’ wages increase when they are promoted to section manager, in comparison with that for male.

Among companies with 100–999 employees, the industry total shows section managers’ wages are 1.21 times (21.1% higher than) those of subsection chiefs. By industry, while section managers’ wages are higher than those of subsection chiefs in all

industries, that difference is limited in education, learning support, construction, and medical, health care, and welfare. The rate of increase in wages between subsection chief and section manager is higher in industries with relatively low percentages of female employees, namely, electricity, gas, heat supply, and water, services not elsewhere classified, and information and communications.

Comparing section managers' wages by gender, the industry total shows that the wages of female section managers are 6% lower than those of male section managers. By industry, the wages of female section managers are higher in electricity, gas, heat supply, and water, information and communications, transport and postal activities, manufacturing, and services not elsewhere classified. Female section managers' wages are lower than those of male section managers in construction, living-related and personal services and amusement services, accommodations, eating and drinking, education, learning support, and medical, health care, and welfare (in order starting from lowest in comparison). In construction, the wages of female section managers are not even 80% of those of male section managers. In the medical, health care, and welfare, in which the ratio of men and women in managerial positions is almost 1:1, there is a significant difference in wages between men and women.<sup>8</sup>

The industry total shows that the wage increase when a subsection chief is promoted to section manager is 6% higher among women than men. Perhaps this is therefore one of the reasons why more men select "Advantages are limited or non-existent" as a reason for not wishing to be promoted to managerial positions. Looking at the figures for each industry, the rise in wages for women on promotion to section manager is higher than that for men in electricity, gas, heat supply, and water

services not elsewhere classified, information and communications, as well as transport and postal services. Conversely, the rise in wages for women on promotion to section manager is lower than that for men in accommodations, eating and drinking, education, learning support, living-related and personal and amusement services, and medical, health care, and welfare.

The wages may not be the only advantage of being promoted to a managerial position. Another advantage could be the motivation that comes from being put in charge of an organization. Moreover, since managerial employees receive a managerial allowance rather than overtime pay and are free to manage their own working hours, they should easily balance work with their responsibilities at home (albeit, this is probably difficult in reality). To motivate workers to seek promotion to section manager, a higher wage in comparison with that of a subsection chief should be offered. It should be discussed between labor and management as this is an issue regarding wages.

In initiatives aimed at promoting the active participation of women, there should be efforts included to allow a significant number of women to aim for managerial positions with companies' support for the balance between work and family life, as well as efforts to improve working styles and treatments to ensure that managerial positions are attractive status. This would in turn help workers, whether male or female, to feel more motivated and satisfied in their work, and generate positive impacts on business management as well.

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8. While we can only speculate on the male and female ratios within the respective fields of the medical, health care, and welfare industry, it is conceivable that the medical field has more men at section manager level, while the field of welfare has more women at section manager level.

## Course-Based Employment Systems and Gender Discrimination

### The Towa Kogyo Case

Nagoya High Court (Apr. 27, 2016)

*Keiichiro Hamaguchi*

#### Facts

X was hired at Y in 1987 and was initially a clerical worker, but from 1990 onward worked as a designer and was engaged in designing plants and industrial machinery. In 2001 X acquired second-class architect certification. Y introduced a “track” system, in place of separate wage systems for men and women, in 2002, but all men were designated as *sogo shoku* (employees on the career track) and all women as *ippan shoku* (employees on the clerical track). In the design department, only X, the only female employee out of seven members, was designated as *ippan shoku*, and her wages were lower than those of men who were her juniors. X repeatedly asked Y to reclassify her as *sogo shoku*, but was refused, and filed a lawsuit. The District Court of Kanazawa ordered Y to pay the difference between *sogo shoku* and *ippan shoku* wages in seniority-based payment and retirement allowance, as well as consolation money, for violating Article 4 of the Labor Standards Act (LSA), stating that “an employer shall not engage in discriminatory treatment of a woman as compared with a man with respect to wages by reason of the worker being a woman,” on March 26, 2015. However, the court did not recognize a violation in terms of gap in wages based on ability evaluations. Both X and Y appealed.

#### Judgment

The April 27, 2016 judgment from the Kanazawa branch of the Nagoya High Court was almost identical to the original judgment. It stated that “When Y’s track system was introduced, employees were not actually classified according to their *sogo shoku* and *ippan shoku* roles, but rather all

male employees were simply designated *sogo shoku* and all female employees *ippan shoku*...strongly indicating de facto gender-based discrimination. At Y, in effect, different wage tables were applied depending on gender, in violation of

Article 4 of the Labor Standards Act.” As in the earlier ruling, Y was ordered to pay the difference between *sogo shoku* and *ippan shoku* wages in seniority-based payment and retirement allowance, as well as consolation money, but the court did not recognize a violation in terms of wages based on evaluation of “professional ability.” The judgment in the appeal went into somewhat more detail on this point than the original ruling, rejecting the call for compensation equivalent to the gap in ability-based pay on the grounds that “Employees’ promotion is based on personnel evaluations, and whether or not an employee satisfies the conditions for promotion is a matter of Y’s discretion.”

X appealed, but on May 17, 2017 the Supreme Court decided not to hear the case.

#### Commentary

It is a good illustration of typical Japanese labor management before passage of the Equal Employment Opportunity Law (EEO) of 1985, although such a clear-cut case of old-fashioned discrimination against women is somewhat unusual today. In the traditional Japanese-style employment system, male workers were generally expected to work for the same employer over the long term from



recruitment to retirement, their wages increasing with seniority, and to handle core business duties, while female workers handled supplementary duties, on the premise of short-term service from recruitment until resignation due to marriage, child-birth, or child-care. Influenced by the United Nations Convention on the Elimination of All Forms of Discrimination against Women in 1981, EEOL in 1985 called for employers' "duty-to-endeavor" to treat men and women equally in recruitment, hiring, assignment and promotion. It was not until the 1997 revision of the EEOL drastically modified the 1985 that discriminatory treatment in recruitment, hiring, assignment and promotion against women was prohibited. To comply with this, companies introduced track-based employment systems, with the former male track replaced by *sogo shoku* and the women's by *ippan shoku*, with workers to be classified regardless of gender. Until the 1997 revision, however, in many workplaces there was de facto continuation of the previous system, with all men classified as *sogo shoku*, and the vast majority of women as *ippan shoku*.

In this case, X, graduated from university with a science degree, had second-class architect certification, and was engaged in the design work, but was classified as *ippan shoku*, while male employee F, also in the design department, had a vocational-technical high school degree, and not only lacked second-class architect certification but could not even make a simple design drawing on his own, yet was classified as *sogo shoku*. This illustrates that the concept of "track" (*sogo shoku* vs. *ippan shoku*) in Japan differs from that of "job title" common in Western countries.

In this case the court found that "track" was simply slapping new labels onto the male and female categories, and that judgment is certainly applicable. Indeed, after X resigned in January 2012, Y introduced a new system in June 2012, and the first female *sogo shoku* employee was hired in April 2013.

Under the new system of *sogo shoku* and *ippan shoku*, classifications are to be applied to all workers regardless of gender. The concepts, however, are

different from those of job title or position common in Western countries, with *sogo shoku* referring to positions where employer could assign different duties or relocate to other regions, and *ippan shoku* to those who as a basic rule have limited scope of duties and whom employer cannot order for relocation.

Now, it is very confusing that Japan's EEOL and the guidelines based thereon employ the term *shokushu* (generally translated as "job type," "position," or "occupation") to describe this distinction between *sogo shoku* and *ippan shoku*, rather than to the Western-style concept of "occupation" such as sales, design, or clerical work. In the Japanese-style employment system, the concept of "job title" in the Western sense either does not exist or is of little importance. The important aspect of employment classification is whether job content and geographical location are limited or can be freely assigned at the employer's discretion. There is scarcely any literature that draws attention to these points. Many non-Japanese researchers may misunderstand the significance of references to *shoku-shu* in EEOL.

The call for the amount equivalent to gap in wages based on ability evaluation, which was rejected in this case, also relates to a unique aspect of Japanese wage system. Under this ability-based wage system, job grades and gradational salaries are determined based on evaluations of workers' ability to perform job duties. In practice, it takes widely varied, from strictly regulated reviews resulting in major disparities in wages and position, to something virtually indistinguishable from a seniority-based system, depending on the companies.

While this particular case is not clear-cut, X claimed that there was no difference in promotion or wage increase criteria depending on whether she was *sogo shoku* or *ippan shoku*, thus she could expect a similar rise in wages over time as *sogo shoku*, but Y denied this and rejected. The court went along with the strictly defined basic principle of ability evaluation-based treatment. With little or no concept of "job title" per se, it is extremely difficult to prove discrimination in individual evaluations of professional ability unless these evaluations are

in practice extremely seniority-based. This is an obstacle not only in gender discrimination cases, but also in cases of discrimination based on other factors, such as labor union membership.

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Termination of Employment Relationships in Japan (Part III):

## Mandatory Retirement Age System

*Hirokuni Ikezoe*

In the final article on the topic of termination of employment relationships in Japan, we discuss the mandatory retirement age system.\*

### I. The history and significance of the mandatory retirement age system

Behind the background to the creation of the mandatory retirement age system, there was consideration that work performance might decline with age. When economic society increasingly industrialized and secondary industry took a central role in society, it became necessary for companies to maintain the quality of their labor force in order to bring high-quality products to market consistently. Apparently, consideration was also given to the increased risk involved in ensuring the safety of employees as they got older. Companies therefore sought to maintain the composition of their internal labor force. They replenished their supply of young personnel while also establishing a mandatory retirement age system to ensure that employees who have reached a certain age leave employment.

Factors with particularly strong influence on the widespread adoption of mandatory retirement age systems were economic recession and natural disaster—namely, the recession after the *Taisho* bubble economy brought by World War I, the Great Depression in 1929, and the recession after World War II as well as the Great Kanto Earthquake in 1923. As these events dealt a blow to the markets, companies were forced to take measures to reduce their surplus personnel. Amid the social conditions in the postwar period, companies are thought to have adopted the mandatory retirement age system,

supported by labor union struggles against dismissals, and also responding to protective labor legislation.

The mandatory retirement age system is still used with the purpose of optimizing the composition of internal labor force as described above, ensuring companies stable workforce, while providing employees with employment security. From the perspective of typical Japanese employment practices, mandatory retirement age systems are company systems that support long-term employment. Moreover, as companies have adopted the practice of seniority-based wage system over the years, they have also maintained the mandatory retirement age system as a means of addressing potential increases in personnel expenses. Nowadays, as factors such as the decline in the working population and changes in its age composition have necessitated raising the age from which pensions are paid, labor policies have been set out to ensure the establishment of legal provisions that prescribe possible mandatory retirement ages and measures for extending the mandatory retirement age or offering alternatives.



### II. The legal treatment and actual state of the mandatory retirement age

Article 8 of the current Act on Stabilization of Employment of Elderly Persons (ASEEP) prescribes that employers must not set the mandatory retirement age below 60 years of age. This provision is also interpreted as a mandatory rule under private

law, so that a mandatory retirement age under 60 is considered null and void (in such cases, it is considered that no mandatory retirement age has been stipulated).

Moreover, under Article 9 of said Act, employers who fix a mandatory retirement age of under 65 are obliged to take measures to secure stable employment for employees until 65. More specifically, there are three measures:

- (i) Raising the mandatory retirement age
- (ii) Introducing a continued employment system
- (iii) Abolishing the mandatory retirement age

These measures are obligations under public law and are not considered mandatory under private law,<sup>1</sup> but there have also been strong claims that they can be interpreted as mandatory rules under private law.

Despite such conflict in the theory, employers who do not take such measures in any way may be liable for damages on the basis that their behavior was illegal. In the case of above-mentioned measure (ii), current law specifies that continued employment must be offered to all employees, and employers are not permitted to screen those who opt for it.<sup>2</sup> It is also prescribed that for employers that have an affiliated company, continued employment at such an affiliated company also falls under such a continued employment system as set out in measure (ii).

Drawing on the Ministry of Health, Labour and Welfare's report on the "Status of Employment of Elderly Persons in 2017" to look at the introduction of measures for securing employment until 65 years of age, we can see that 99.7% of companies with 31 or more employees (approx. 156,000 companies) had already introduced measures for employment

security as of June 1, 2017. As for the employment security measures introduced, the breakdown was, in the descending order, (ii) 80.3%, (i) 17.1%, and (iii) 2.6%.

In the case of the most commonly adopted measure—namely, continued employment systems—70.0% of companies had introduced a system of continued employment to age 65 and above for all those who opt for it, while 30.0% of companies had introduced a system of continued employment to age 65 and above for employees who meet certain criteria.<sup>3</sup> In 94.1% of companies, continued employment is only within the same company, while in 5.9% of companies continued employment can be offered at an affiliated company.

As for companies with advanced efforts, 75.6% of companies offer employment until age 65 or above to all those who opt for it, and moreover, 22.6% of companies offer employment to age 70 or above.

### III. The legal nature of the mandatory retirement age system and recent form of disputes

The mandatory retirement age system prescribes retirement upon reaching a certain age and does not preclude the termination of an employment contract midway through the contract term. It is not a provision determining the duration of employment. It is therefore considered as a special agreement prescribing grounds for terminating an employment contract relationship. Because the mandatory retirement age system terminates an employment contract relationship on the basis of age, its legality has been the topic of debate over the years. Among the theories, some argue that the mandatory

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1. Under Article 10 of the Act, it is prescribed that where employers violate the provision, public administration will respond with guidance, advice, or recommendations and publication of failure to follow the recommendations.

2. A continued employment system refers to a system of continuing to employ an elderly person currently employed after the mandatory retirement age, if said elderly person wishes to be employed. This consists of re-employment system and employment extended system.

3. Moreover, the continued employment system prior to the 2012 amendment to the Act, which restricted those to whom it applied by setting certain criteria and setting a certain age of 61 years of age or above in connection with the incremental raise in the pensionable age from which pension payment starts, has been legally permitted as an interim measure on condition of the conclusion of a labor-management agreement specifying criteria for selecting those to whom the system applies, as prescribed prior to the amendment of the Act [2012 Amendment to the Act, Supplementary Provisions, Paragraph 3]. When determining the criteria, companies need to ensure that factors such as motivation and ability can be measured concretely as far as possible, necessary ability is defined in objective terms, and it is possible to anticipate the possibility of fulfilling the criteria. [Promulgation by the Director-General of the Employment Security Bureau, No. 1104001, November 4, 2004].

retirement age has no legal rationality, goes against the principle of employment security, and violates public policy (Civil Code, Article 90), making it null and void. However, Japan's long-term employment system is centered on the practice of seniority-based positions and wages, and the mandatory retirement age system is generally considered to be reasonable, given its capacity to provide employment security up until a certain age and allow for internal labor force reshuffles. Court rulings have also judged the mandatory retirement age system to be valid (The *RF Radio Nippon* case, Tokyo High Court [Aug. 8, 1996] 701 *Rohan* 12).

In recent years, legal disputes have arisen regarding continued employment or re-employment described above.

In the *Tsuda Electric Meters* case (Supreme Court, First Petty Bench [Nov. 29, 2012] 1064 *Rohan* 13), an employee past mandatory retirement age, who fulfilled the criteria for the continued employment system as defined prior to the amendment to the Act, was notified of the termination of contract on the basis of the expiry of his one-year contract period as a temporary contract employee (*shokutaku*). In response, said employee asserted his right to remain in employment beyond that point. Citing the *Toshiba Yanagi-cho Factory* case (Supreme Court [Jul. 22, 1974] 28 *Minshu* 927) and the *Hitachi Medico Co.* case, (Supreme Court, [Dec. 4, 1986] 486 *Rohan* 6), the Supreme Court applied the "refusal to renew a fixed-term contract" theory (see Part II in this series), judging it reasonable to consider that an employment relationship equivalent to re-employment continued to exist. Under the amended ASEEP, the continued employment measures apply to all employees who opt for them. It is permitted to set certain criteria regarding the employees to whom the system applies under the Act prior to amendment. Considering the distinctive characteristics of the case, however, the employee could be said to have significant reasonable expectations to be allowed to continue employment. It is understood, therefore, that the court chose to relieve the employee by applying the "refusal to renew a fixed-term contract" theory.

In the *Toyota Motor* case (Nagoya High Court

[Sept. 28, 2016] 1146 *Rohan* 22), the court accepted the employee's claim for the payment of damages on the basis of illegal act (tort) by the employer. In this incident, the commonly-accepted view was that offering labor conditions for re-employment that are markedly lower in comparison with the prior employment is a violation of the objectives of ASEEP (in effect, as the wage level was such that it guaranteed approximately 85% of the pension payment, it was deemed not to be a violation of the objectives of the Act). In addition, although in the case of re-employment it is permitted to provide work duties that differ from those pursued prior to mandatory retirement, in the event that the work is of a different nature, such as work that entails a completely different type of duties, the employment is effectively considered to be regular dismissal and new hiring, lacking substance as continued employment. The judgment ruled that providing such different work duties is not permitted unless there are grounds for justifying regular dismissal, such as lack of competence in the prior job type. (In this case, the employee had previously been engaged in a clerical work but was offered cleaning work on re-employment.) Ultimately, the court approved the payment of damages (more specifically, "consolation money" [*isharyō*]) to the plaintiff employee to the sum of the amount that he would have received if he had been re-employed for one year as a part-time employee. It was judged on the basis that the work offered at the point of re-employment did not qualify as an opportunity for continued employment, and was a clearly illegal act against the gist of the objectives of ASEEP, meaning that it constituted both a failure to meet the obligations of the employment contract and illegal act. This case, and its effectively narrow interpretation of the objectives of continued employment under ASEEP, may influence the actual practices adopted by companies in the future.

As shown above, the interpretation of ASEEP may provide various legal relief measures for elderly employees. Although Japan has not introduced an act on the prohibition of age-based discrimination, it can still be suggested that efforts are being made to secure employment opportunities for elderly

people, in response to factors such as the changes in the size and makeup of the working population and pension policies. If typical Japanese employment practices are to change in the future, Japan's system of employment and labor law and the various interpretations of the laws and theories of legal principles—including the state of the mandatory retirement age system and ASEEP—will also be forced to adapt to those changes.

\* This is a series of three articles on the topic of the termination of employment relationships in Japan. Part I (April-May issue, vol.2, no.6) looks at resignation and termination of employment

contracts by mutual consent. Part II (June-July issue vol.2, no.7) covers dismissal and refusal to renew a fixed-term contract.

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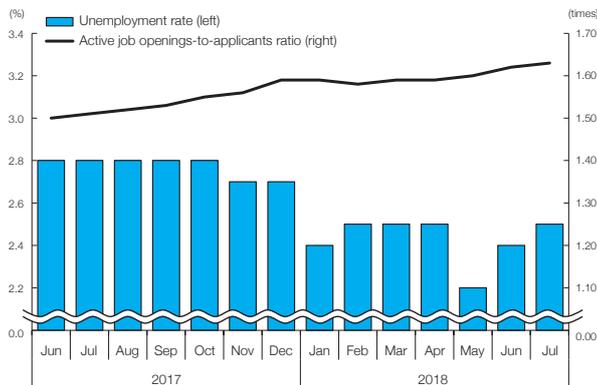
## Economy

The Japanese economy is recovering at a moderate pace. Concerning short-term prospects, the economy is expected to continue recovering, supported by the effects of the policies, while employment and income situation is improving. However, it is necessary to pay attention to the influence of the trend of trade problems on the world, the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets. (“Monthly Economic Report,”<sup>1</sup> August, 2018).

## Employment and unemployment (See Figure 1)

The number of employees in July increased by 1.14 million over the previous year. The unemployment rate, seasonally adjusted, was 2.5%<sup>2</sup>. Active job openings-to-applicants ratio\* in July, seasonally adjusted, was 1.63<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)

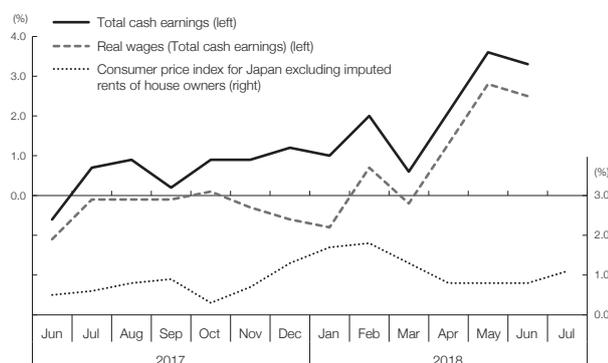
In June, total cash earnings (for establishments with 5 or more employees) increased by 3.3% and real wages (total cash earnings) increased by 2.5% year-on-year. Total hours worked decreased by 1.0% year-on-year, while scheduled hours worked decreased by 1.2%<sup>4</sup>.

## Consumer price index

In July, the consumer price index for all items increased by 0.9% 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 0.3% year-on-year<sup>5</sup>.

## Workers’ household economy

In July, consumption expenditure by workers’ households increased by 0.4% year-on-year nominally and decreased by 0.7% 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>

# Japan Labor Issues 2017-2018

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A Step against All or Nothing Policy: The Scope of Industrial Accident Compensation Insurance for Independent Contractors in Korea	Sukhwan CHOI (Korea)
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A System "On Life Support"? The Changing Employment Landscape and Collective Bargaining in Australia	Ingrid LANDAU (Australia)

## SPECIAL ISSUE/Papers

Vol.2, No.5 *This special issue includes six significant papers selected by the Editorial Board of Japan Labor Issues from various relevant papers published in 2016-2017. These papers address the latest subjects as well as conventional themes on labor in Japan that may be of interest to overseas observers, which is the purpose of this journal.*

A Legal Study on Equal or Balanced Treatment for Regular and Non-Regular Workers in Japan: With Particular Focus on the Relationship between Anti-Discrimination Principle and Policy-Based Regulations for Equal or Balanced Treatment	Koichi Tominaga
Fixed-Term Contract Employees and Intra-Firm Wage Gaps: Focusing on the Reasons Why Companies Use Them	Koji Takahashi
Why Do the Japanese Work Long Hours? Sociological Perspectives on Long Working Hours in Japan	Hiroshi Ono
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Current Status of Talent Management in Japan: Based on Insights into Procurement and Development of Next-Generation Executive Human Resources at Japanese Manufacturers	Itaru Nishimura

## **JILPT Research Reports 2017**

The Japan Institute for Labour Policy and Training conducts various researches and studies and releases the results to the public on the website.

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### **Disparities in Career Decisions and Perceptions among Young People in Major Urban Areas: Based on the 4th Survey on the Working Style of Young People**

The objective of this report is to clarify how young people's school-to-work transitions and perceptions of employment have changed over the past 15 years, based on data from four editions of the Survey on the Working Style of Young People. The first Survey on the Working Style of Young People was conducted with the aim of assessing changes in young people's career decisions and perceptions amid a rise in the number of young people called "freeters" (young people in atypical employment), as young workers increasingly changed jobs and led less stable careers starting in the latter half of the 1990s. Since then the survey has been conducted every five years, and this report organizes data from the 4th Survey on the Working Style of Young People primarily through comparison with past surveys.

(No.199, October 2017)

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### **Human Resource Development and Career Management in Japanese Companies**

While changes in the social environment such as low economic growth, birth rate decline and population aging are making it harder for corporate organizations to expand, there are social demands for employment to continue after 65 or older and women's career opportunities to be increased. Due to these, and the need to further advance the globalization of economic activity, many Japanese companies seem to be exploring various initiatives on ways of assisting their employees' career formation and skill development. Keeping this present situation in mind, the purpose of this research was to ascertain and analyze facts concerning initiatives being pursued by companies with regard to their employees' human resources development and career management, and how those initiatives relate to the nature of corporate management and the direction of human resource management in general. Additionally, the environment surrounding human resource development and career formation by workers (employees) was examined by ascertaining the realities of workplaces based on companies' initiatives and managerial activities.

(No.196, March 2017)

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### **Research on Identifying and Developing Next-Generation Executives: Focusing on Manufacturing Companies with Global Expansion Strategies**

Since "training, developing and upgrading / next-generation management personnel" has been cited as a notable issue in human resource management, the aim of this research is to clarify how next-generation executives are identified and trained by manufacturing companies with global expansion strategies, and to propose corporate personnel management policies based on the findings obtained.

(No.194, March 2017)

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## **Childcare, Family Care and Pursuing Vocational Careers: Women's Labor Force Participation and Men's Home Life**

Now 30 years have passed since the enactment of the Equal Employment Opportunity Act in 1985, 25 years since that of the Childcare Leave Act in 1991, and 20 years since that of the Childcare and Family Care Leave Act in 1995. This research elucidates policy tasks related to women's participation in the labor force and support for work-life balance, through both analyzing current situations in division of labor and roles in child and family care at home by gender, and clarifying factors that maintain or transform gender roles. (No.192, March 2017)

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## **Current Status, Effects and Latent Needs of Career Counseling: From Survey Results including Responses from 1,117 Persons with Experience of Counseling**

To promote career counseling measures effectively, it is essential that we have a detailed understanding of the realities and effects of career counseling, based on workers' attributes and industries. To this end, the author conducted a survey with persons who had prior experience of career counseling (or individual career guidance of a similar kind, all referred to below as "career counseling") in the past, then quantified and analyzed the results. At the same time, the author also carried out a survey on the latent needs of persons without such experience of career counseling. The purpose of conducting these surveys was to provide data that could be of benefit to career counseling measures as a whole in future labor administration. (No.191, March 2017)

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## **Distress in Childrearing Households**

With a serious decline in the birth rate, there is growing public concern over issues of childrearing. Social support for childrearing households is increasingly strengthened through almost fully subsidized childbirth costs, free medical treatment for small children, and an enhanced system of childcare leave, and so on. However, positive comments that childrearing today is "easier" or "less demanding" than it used to be are hardly ever heard from mothers. If anything, social issues connected with childrearing are now emerging more frequently than before, in forms such as child poverty, child abuse, children eating alone at home, or the "juggling act" for women who balance employment with housework and childrearing.

Over five years from 2011 to 2015, JILPT conducted a series of questionnaire surveys on childrearing households throughout Japan as part of its "Studies on Childrearing Women's Employment" Project Research. This Report clarifies various forms of distress affecting childrearing households in Japan, based on the results of these surveys. Particular focus is on distress caused by a lack of income and leisure time in childrearing households, distress related to continued employment by the mother, and childrearing distress. After presenting the respective situations and issues in each of these areas, measures to support for childrearing households will be considered.

This Report is divided into three parts. Part 1 presents the findings on economic distress in childrearing households. Part 2 focuses on employment distress among mothers. Part 3 analyzes work-life and childrearing distress among mothers. (No.189, March 2017)

## **Research on the Work and Lives of Non-Regular Workers in Mid-Prime-Age: Focusing on Conversion to Regular Employment**

More than twenty years have passed since the increase in young non-regular workers first became seen as problematic; teenagers who graduated from high schools and universities in the period known as the “employment ice age” are now entering their 40s. Consequently, we are now seeing an increase in non-regular workers in the 35–44 age brackets, who could no longer be called “young.” The number of these workers had reached 1.5 million as of 2015, even if married women are excluded. In light of this situation, JILPT has been conducting “Research on working styles and work consciousness of prime-age workers in non-regular employment” since FY2012, consisting of an individual interview survey in 2012 and a national questionnaire survey in 2013. The findings of these surveys can be summarized as follows.

First, male and unmarried female non-regular workers in mid-prime-age tend to choose non-regular employment for negative reasons more than young non-regular workers do. Unlike regular employees, their job level does not improve and their wages or salaries also tend not to rise as they move from younger years to mid-prime-age, despite the fact that many of them are their family’s breadwinner.

Second, as a result, non-regular workers in mid-prime-age are more prone to poverty and are less satisfied with their lives than young non-regular workers are. In addition, partly due to their age, they often have health problems.

Third, many male and unmarried female non-regular workers in mid-prime-age have experience of working as regular employees in their younger years. Based on this, the authors examined the mechanism that causes workers to quit jobs in regular employment and take up non-regular employment. The findings suggest that workers who have experienced overwork or harassment in a workplace where they worked as regular employees are more likely to switch to non-regular employment.

Fourth, the ratio of male and unmarried female non-regular workers in mid-prime age who wish to convert to regular employment is the same as that of young non-regular workers. Although a conversion from non-regular to regular employment undeniably becomes more difficult past the age of 30, the likelihood of converting to regular employment may still be enhanced in older age, for example, by acquiring professional qualifications.

Based on the above, JILPT then conducted a “Questionnaire survey on work and lives five years ago and now” in 2015. This was a monitor survey of workers who had been in non-regular employment at the age of 30–39 five years earlier. The aim of this report is to clarify the realities of converting from non-regular to regular employment in mid-prime-age\* in more detail by re-analyzing the national questionnaire survey and analyzing the monitor questionnaire survey. (\*While the expression “mid-prime-age” has been used to refer to the 35–44 age bracket in the series of related publications, the lower limit of this age bracket has been extended to include ages 30–44 in this report.)

(No.188, March 2017)

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**JILPT Research Reports are only available in Japanese.**

## What's on Next Issue

### *Japan Labor Issues*

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*tentative*

#### ● Trends

[News]

▷ Labor Reform Bill Passed and Enacted: Ordinances and Guidelines to be discussed at Councils

#### ● Research

[Article]

▷ Japan's Employment System and Formation of the "Abuse of the Right to Dismiss" Theory

#### ● Judgments and Orders

▷ On Payment or Non-payment of Premium Wages When Said Wages are Incorporated into Annual Salary: The *Iryo Hojin Shadan Koshin Kai* Case, Supreme Court (Jul. 7, 2018)

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▷ Corporate In-House Education and Training and Career Formation in Japan (Part I)

#### ● Statistical Indicators



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