

Japan Labor Issues

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December 2018

Volume 2 Number 11

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● Statistical Indicators



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Japan Labor Issues website

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

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

Published by

The Japan Institute for Labour Policy and Training

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

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

ISSN 2433-3689

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Printed in Japan.

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KEY TOPIC

The 2018 *Shunto*, 2% Pay Hike for five Consecutive Years; Regional Minimum Wages, 3% Rise for three Consecutive Years

The outcomes of 2018 *Shunto* announced by the government and labor and management groups

The Ministry of Health, Labour and Welfare (MHLW), a national center of trade unions, and an employers' association each announced the final tally of the 2018 spring wage offensive (*Shunto*). In Japan, the outcomes of this annual wage negotiations act upon the deliberation of minimum wages for the fiscal year.

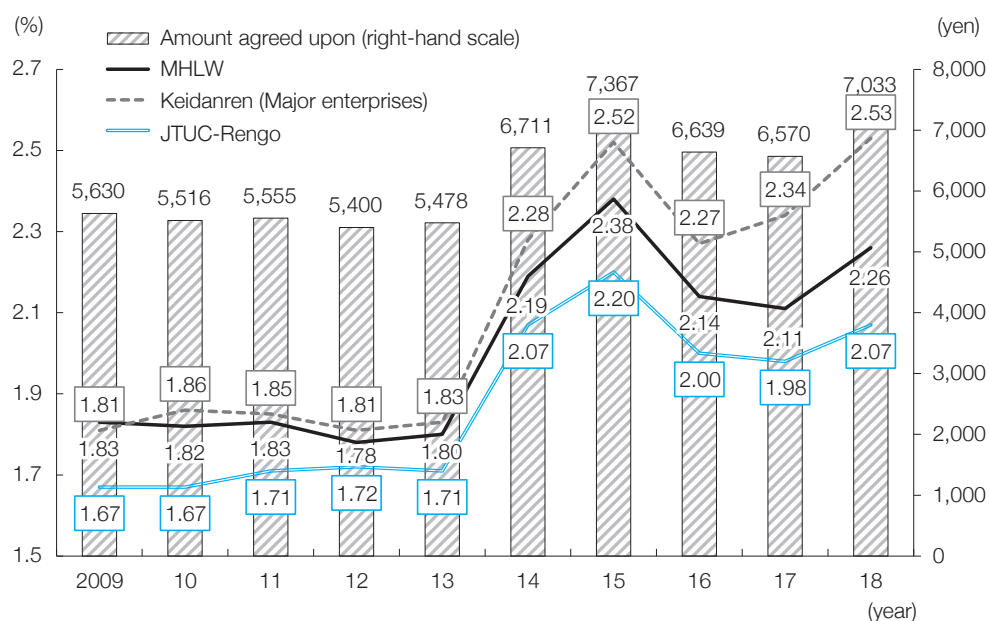
According to MHLW's "Status of wage increase demands and settlements at major private corporations in FY2018" released on August 3, the average wage increase that labor and management agreed upon at the surveyed companies was 7,033 yen (approx. US\$62.34), a 463 yen increase over last year's figure of 6,570 yen. Average wage increase refers to the monthly increase including across-the-board pay raises (called "base-up" in Japanese) and amounts equivalent to regular wage increases due to automatic increases based on age, years worked, and other factors. The rate of increase for average wages before the negotiations stood at 2.26% (a 0.15-point increase over the previous year), which marked the first rise for *Shunto* in three years. This survey subjected a total 334 companies (with labor unions) comprising those with capital of at least one billion yen, companies employed 1,000 workers or more, and whose data for agreed-upon raises including regular pay raises was available.¹

Prior to this, on July 10, Keidanren (Japan Business Federation), the leading organization of employers, released its final tally entitled "Results

of 2018 spring offensive wage settlements at major enterprises by sector (weighted average)." The average increase across 17 sectors among 116 companies (with 500 employees or more) listed in the first section of the Tokyo Stock Exchange, for which wage increase data was available, reached 8,539 yen, resulting in a rate of increase of 2.53%. Compared to last year's data (from 123 companies), wages increased by 784 yen and the rate of increase rose by 0.19 points. According to Keidanren's "Results of wage settlements at small and medium-sized enterprises (weighted average)" released on August 7, the average wage increase at 412 companies with fewer than 500 employees was 4,804 yen, making for an increase rate of 1.89%. Compared to last year's final figures, this is an increase of 218 yen (0.08 points), making the fourth straight year of increases in excess of 4,500 yen.

Meanwhile, JTUC-Rengo (Japanese Trade Union Confederation), a trade union national center with 6.75 million members, announced its final tally of the results of responses to the 2018 *Shunto* on July 6. According to this data compiled from 290 million members of 5,575 unions, the increase in monthly wages including across-the-board pay raises and regular wage increases reached 5,934 yen, making for an increase rate of 2.07%. Compared to the previous year, this is an increase of 222 yen (0.09 points). JTUC-Rengo viewed the situation positively by stating that "the upward trend of wages remains strong" pointing out that 710 unions more than last year had secured wage increases.

1. "Status of wage increase demands and settlements at major private corporations" (MHLW) tabulates amounts agreed upon as a result of spring joint labor negotiations, so the figures listed are the average wage increases and increase rates primarily for regularly enrolled workers (i.e., permanent employees and labor union members). The increases include regular pay raises if applicable.



Sources: Ministry of Health, Labour and Welfare (MHLW), “Status of wage increase demands and settlements at major private corporations”; Keidanren, “Results of spring offensive wage settlements at major enterprises by sector (weighted average)”; JTUC-Rengo, “Results of spring offensive final responses.”

Notes: 1. Agreed upon amounts are based on MHLW surveys. In principle, the companies subject to “Status of wage increase demands and settlements at major private corporations” are those with capital of at least one billion yen and labor unions with at least 1,000 members. (Figures are weighted averages.)

2. The JTUC-Rengo figure is an aggregate of all unions surveyed and includes small and medium-sized unions with fewer than 300 members.

3. In principle, the subject of the Keidanren survey of major enterprises are companies listed in the first section of the Tokyo Stock Exchange that have at least 500 employees.

Figure 1. Trends in wage increases at spring wage offensive (MHLW, JTUC-Rengo, Keidanren)

Major enterprises invest over 3% in funds in wage increases including bonuses

Aiming to escape deflation, the Abe administration, which came into power at the end of 2012, has been proactively requesting Keidanren and other business groups to increase wages. Responding to this demand, companies started increasing actual wages, including wage improvements² and across-the-board pay raises, with the 2014 *Shunto*, and the rate of increase has topped 2% for five consecutive years (Figure 1).

Because Prime Minister Abe presented the corporate sector with a specific target of 3% when he called for wage increases ahead of the 2018 *Shunto*, attention was focused on how things would play out. Keidanren’s aforementioned rate of average wage increase for major enterprises for 2018 *Shunto* was 2.53%, so it did not meet the 3% target. However, when you look at Keidanren’s “Results of 2018 spring offensive summer bonus settlements at major enterprises by sector (weighted average)” released on August 1, the amounts are the highest on record. The average bonus at 146 companies (with 500

2. Wage improvement is a term coined by labor unions during the 2006 *Shunto* as a replacement for “base-up” (across-the-board pay raises). Across-the-board pay raises mean raises for every employee in a company that take into account inflation and increased corporate performance. They have been used as a means to prevent real wage loss due to rising prices. Until recently, management indicated a strong resistance to across-the-board pay raises due to falling prices and poor corporate performance and labor unions were not able to issue forceful demands for such raises. As the economy began to recover in around 2005, labor unions came to demand that more resources be devoted to paying raises. Since then, management has been providing pay raises to specific groups of workers, such as young workers or middle-aged workers, or to workers in certain positions. This is referred to collectively as wage improvement.

employees or more) increased 8.62% over last year's tally (of 150 companies) to 953,905 yen (an increase of 75,733 yen).

Overall, major enterprises are enjoying a recovery in performance and reflecting increased profits in their bonuses. If this is added to the equation, one can state that companies are indeed giving more than 3% back to their employees compared to the previous year.

Wage increase at SMEs and for non-regular workers

There is no significant difference in the rates of increase between unions at major enterprises and those at SMEs. According to the aforementioned JTUC-Rengo final tally, the rate of average wage increase was 2.07% at labor unions who said they had used a method of average wage-based revisions,³ and 1.99% (4,840 yen) at labor unions of SMEs with fewer than 300 union members (4,073 unions: approx. 380,000 respondents). Furthermore, when you compare the figures at labor unions of SMEs to last year, the rate of increase rose 0.12 points (a 350 yen increase). The rate grew more than the total weighted figure (0.09 points up year-on-year).

JTUC-Rengo views these outcomes positively. It sees that the action for structural change of SMEs' wage increase in the *Shunto* "has firmly established and is making progress from their long-continued stance of catching up to wage increase at major enterprises or using it as a standard to a posture negotiating more on their initiative." "Things are moving in a positive direction toward narrowing the gap in wage level scales between enterprises of different sizes," Rengo says. According to its calculations, annual bonuses now stand at 4.92 months' worth of salary (weighted average based on the number of members of 2,599 labor unions), or 0.11 months more than the previous year.

The hourly wage increase for non-regular workers (part-time workers and contract workers) was 24.70 yen, up 3.41 yen year-on-year (resulting in an average hourly wage of 970.62 yen) according to

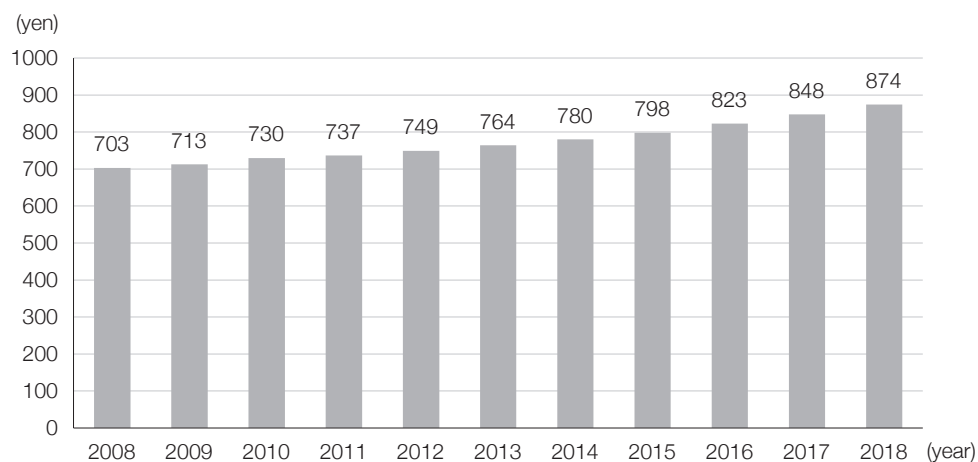
responses from 358 labor unions (weighted average of approx. 760,000 union members). Monthly wages for contract workers increased by 4,146 yen (a 640 yen increase year-on-year) according to responses from 145 labor unions (weighted average of approx. 36,000 union members). JTUC-Rengo considered the results as an increased recognition among both labor and management that it is needed to improve conditions for all workers regardless of the forms of employment in order to boost workplace productivity. "We must continue demanding more robust labor-management negotiations at the individual level in an effort to further boost wages for non-regular workers," it concluded. What appears to be underpinning these year-on-year increases in wages for both workers at SMEs and non-regular workers at 2018 *Shunto* is the impact of labor shortages.

Revised regional minimum wage reaches 874 yen

In a reflection of trends in increasing wages at private enterprises in *Shunto*, regional minimum wage hikes were up over the previous year. Revised regional minimum wage in national weighted average is to be increased 26 yen year-on-year to 874 yen (Figure 2).

On July 26, the tripartite Central Minimum Wage Council (MHLW) issued its suggested regional minimum wage revisions for fiscal 2018. Suggested hikes exceeded 20 yen in all prefectures, translating to a rate of increase of 3.1% (compared to 3.0% last fiscal year). Each prefecture receives a rank of A, B, C, or D for their suggested wage hikes based on their respective economic situations. For each rank, the suggested wage hikes are 1 yen more than last year. Six prefectures (including Tokyo) received an A ranking for suggested hikes of 27 yen. This was followed by 11 prefectures (including Kyoto) that received a B ranking with suggested hikes of 26 yen, 14 prefectures (including Hokkaido) that received a C ranking with suggested hikes of 25 yen, and 16 prefectures (including Aomori) that received a D

3. Average wage-based revisions refer to a wage revision method in which wages for all workers are determined based on decisions made about the average (standard) wage increase request of each worker.



Source: MHLW data.

Figure 2. Trends in regional minimum wages in national weighted average

ranking with suggested hikes of 23 yen.

The Regional Minimum Wage Councils in each prefecture deliberated minimum wage for their regions based on the suggestions from the Central Minimum Wage Council and reported their revised minimum wage amounts by August 10. Minimum wage hikes ranged from a high of 27 yen to a low of 24 yen. According to their reports, revised minimum wage in Tokyo is 985 yen accounting for the highest amount and that in Kagoshima was 761 yen, the lowest among 47 prefectures in Japan. With the ratio of the lowest to the highest minimum wage standing at 77.3% (0.4 points up year-on-year), wage disparity declined for the fourth consecutive year. Last year, 32 prefectures had minimum wages in the 700–799 yen range, but with this year’s revised amounts, this figure fell to 19 prefectures. This means that more than half of the prefectures now have minimum wages in the 800–899 yen range. These revised amounts in their reports are to be go into effect successively by mid-October.

Prior to the Central Minimum Wage Council’s deliberations, the government’s policy was presented in “Basic Policies for Economic and Fiscal Management and Reform 2018” and “Future Investment Strategy 2018,” both of which were approved by the Cabinet Office on June 15. Regarding minimum wages, the government expressed the policy objectives to achieve a national

weighted average of 1,000 yen by raising minimum wages at an annual rate of approximately 3% while giving consideration to the nominal GDP growth rate. These numerical targets are the same as the last two years.

Labor side stresses the need to reach a minimum wage of 1,000 yen by 2020

At a meeting of the Central Minimum Wage Council on June 26, MHLW Minister Katsunobu Kato proposed to establish a subcommittee on suggested hikes for regional minimum wage. The subcommittee met four times and released the “Report on the central minimum wage council’s suggested hikes” on July 24.

According to this report, during the discussions in the subcommittee labor representatives pointed out that “given the continuing low standard of minimum wages and significant disparity among regions, suggested hikes should be discussed based on the amount to be targeted in the interim,” and that “urgent action is needed to eliminate regional minimum wages under 800 yen.” Then they stressed that rank A regions should aim for a minimum wage of 1,000 yen, and this should be achieved by 2020.

Employers request “suggested hikes based on clear evidence”

Meanwhile, employer representatives of the

subcommittee stressed that owners of SMEs are “being forced to raise wages more than they are able to afford in order to combat a severe shortage of workers” amid a declining ability to pay wages due to the difficult situation that SMEs face such as increasing management costs including the rising prices of oil or other resources and increased personnel costs due to a shortage of workers. Furthermore, employer representatives claimed that discussions should give a consideration to the impact that these significant hikes in recent years have had on corporate management. “Employers who pay less than the minimum wage face penalties. These hikes differ from normal pay raises. The government’s various support measures are not having a sufficient impact yet.” They then insisted that “suggested hikes of an agreeable level should be presented based on clear evidence in light of the three principles stipulated in Article 9⁴ of the Minimum Wage Act—namely, the living expenses of workers, wages of workers, and ordinary enterprises’ ability to pay wages.”

Public interest members call for consideration to the Work Style Reform

With this significant gap in opinion between labor and management in the subcommittee, the Central Minimum Wage Council announced on July 24, before reporting its suggested regional minimum wage hike amounts, the opinion of its public interest members calling for full consideration to the circumstances the government faces, especially in light of the Work Style Reform Bill, which was enacted as a comprehensive legal package on June 29. They pointed out that overall wage increase rate at 2018 *Shunto* was higher than the previous year; the increase of consumer price index began to rise

and was likely to continue; and the nominal GDP growth rate did not reach 3% but increased over fiscal 2017 levels. They adverted to the impact of minimum wage hikes on the employment situation saying that “the minimum wage hikes cannot be considered significant although the “minimum wage impact factor” (i.e., the percentage of workers whose wage would fall below the revised minimum wage) indicated an upward trend.” As the grounds for that view, they listed the evidence such as the jobs-to-applicants ratio now exceeding 1.0 in all prefectures; the increasing number of employed persons; and decline in both the unemployment rate and the number of bankruptcies. They emphasized that they had assessed comprehensively and considered a wide range of factors including the need to continue improving the ratio of the lowest regional minimum wage to reach the highest regional minimum wage. Now that the Work Style Reform Bill has passed, they stressed the importance of “a particular attention to ongoing societal demands for improving treatment for non-regular workers, that is, one important goal of the Reform.

Regarding the impact of minimum wage hikes, the public members requested a careful deliberation while keeping an eye on the minimum wage impact factor, the number of employed persons, and other indicators. Since the beginning of the second Abe administration in 2012, minimum wages have increased by more than 100 yen cumulatively and its impact factor has also risen. In a survey of small-scale enterprises (i.e., general enterprises with fewer than 30 employees or manufacturers with fewer than 100 employees), the impact factor reached 11.0% in fiscal 2016, topping 10% for the first time, and increased to 11.8% in fiscal 2017.

4. Article 9, Paragraph (2): Regional minimum wages shall be set in consideration of the living expenses of workers, wages of workers and the ordinary enterprises’ ability to pay the wages in the region.

Article

Gender Segregation at Work in Japanese Companies: Focusing on Gender Disparities in Desire for Promotion

Tomohiro Takami

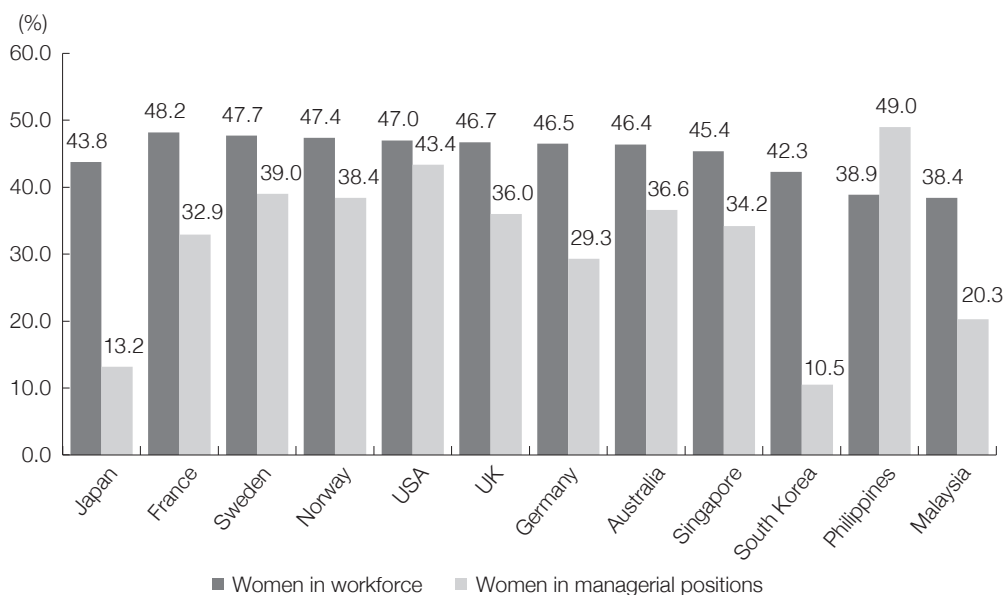
I. Why don't more Japanese women aim for managerial positions?

Women make up 43.8% of the workforce in Japan, a figure nearly equivalent to those of Western countries (Figure 1). However, the occupation rate of women in managerial position in Japan is 13.2%, which is still low compared with other countries, even though it has been on an upward trend in recent years.

Various factors have been cited as contributing to the low rate of women in management in Japan, and one of the key reasons is said to be the management strategy in large companies based on the career-track system.

Today, equal employment opportunities for men and women are mandated by law in Japan, so there is no overt gender discrimination in companies. In practice, however, there are several “career courses” assigned

to employees with different placement, training policies, and treatment as a management method in large companies. This career course system operates in such a way that employees may choose differently by gender on their own initiative. An example of this is course-based employment management, which is considered to be a feature of Japanese employment



Source: Cabinet Office, Government of Japan, *White Paper on Gender Equality*, 2018

Figure 1. Percentage of workforce, and of managerial positions, occupied by women (international comparison)

management, as explained below.

There are usually two main career paths in large companies. One is known as the “career track” (*sogoshoku*). Companies assign core duties to career-track employees and offer opportunities for promotion. The other career path is the “clerical track” (*ippanshoku*). Employees on this support-staff track perform routine tasks and play a less important role in workplaces. Workers can choose their track when they enter a company as a new graduate.

In this context, almost all male workers choose the career track, whereas many female workers choose the clerical track on their own initiative. In the background of this self-selection, it is said that female workers are reluctant to choose the career track because of its highly demanding job quality. Companies usually require career-track employees to have a strong commitment to the company both physically and mentally, which includes potential transfers to other branches throughout the country and readiness to undertake overtime work for sudden needs. Female workers tend to avoid these burdens in consideration of their life events such as pregnancy and childbirth. This is a factor in how differences in tracks by gender have arisen in Japanese companies.

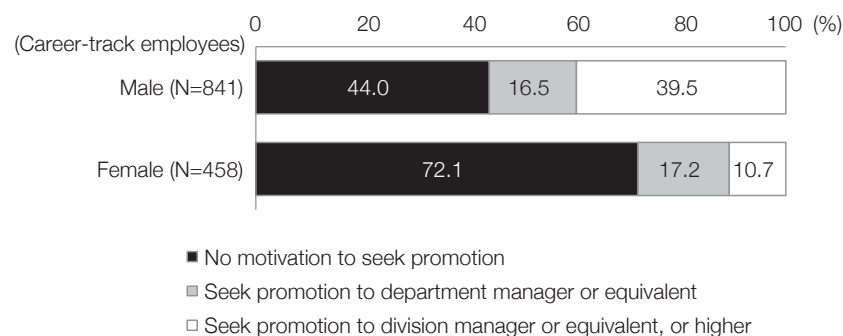
Furthermore, there can be cases where male and female career-track employees are ostensibly on the same track but are treated differently, and

these practices discourage women’s motivation through their careers. Existing studies indicate that women’s desire for promotion diminishes over the course of their careers. This paper examines the background of women’s loss of motivation focusing on gender disparities of core duties delegated within companies.

II. Gender disparities in desire for promotion

This issue is examined below based on a survey of white-collar workers at large companies. The data used are from the employee survey from the “Survey on Corporate Human Resource Management and Work Styles of Male and Female Regular Employees” conducted in 2016 by the Japan Institute for Labor Policy and Training (JILPT). This section analyzes data on male and female career-track regular employees who are not in managerial positions.¹

We begin by comparing men’s and women’s motivation to seek promotion to managerial positions. Figure 2 shows how far employees hope to be promoted at their current company, by gender. Compared to women, a much higher percentage of men seek promotion to a managerial position, especially to division manager or an equivalent position or higher, whereas the majority of women have no motivation to seek promotion. Even among



Source: “Survey on Human Resource Management and Work Styles of Male and Female Regular Employees” (JILPT 2016)

Note: Questionnaire administered to six male and six female university-graduate employees aged 30 to 54 in white-collar (professional or technical, administrative, clerical, or sales) positions at 10,000 companies with 100 or more employees nationwide. Each respondent was asked about their responsibilities, work styles, experience with personnel transfers, and professional mentality.

Figure 2. Desire for promotion to managerial position, by gender (career-track employees)

1. This article introduces the content of Takami 2017.

the same career-track employees, it is clear that women's desire for promotion is much lower than that of men.²

III. Significant disparities in duties delegated to male and female employees

There is an undeniable possibility that gender differences in desire for promotion are shaped in the course of working at a company, rather than being intrinsic to gender. In other words, motivation may be lowered by inadequate opportunities for women to experience important tasks.

The fact of gender disparities in duties to which employees are assigned has been discussed using the term "gender segregation." Specifically, companies often give men opportunities to take on jobs (duties) that constitute the core of the company's business, but offer women fewer of these opportunities. It is said that the reasons for this relate to concerns over women's continued employment, such as the likelihood of resigning due to marriage or childbirth, and to consideration of the burdens of tasks for women with family responsibilities and so on. In any

case, if there are such disparities in duties, it is only natural that women neither master the related skills nor harbor the desire for advancement to managerial positions. It is no surprise that there are few women in these positions.

This phenomenon is, of course, not limited to Japanese companies. However, gender-based division of duties could be highly connected to the Japanese employment system. This system, which has been typically in place at large companies, is characterized by cultivation of a wide range of general skills and career development through diverse work experiences in the context of long-term employment. Whether or not an employee experiences being assigned core duties is important for career development, and herein lies the potential for gender disparities to arise.

To gain a picture of gender segregation at Japanese companies, it is necessary to focus on gender disparities in job experience. Here we will examine the survey results. For non-managerial employees, there are gender disparities in the rate of experience with core duties that pave the way for

Table 1. Percentage of employees with experience handling core duties, by gender (career-track employees)

	External negotiations	Duties involving visiting customers	Building the company's business plans	Managing staff	Launching projects with own planning or proposal	Project leader
Male	76.2	56.4	28.9	46.3	38.4	19.6
Female	67.1	43.6	22.2	40.5	39.8	17.0

Source: JILPT Survey, 2016.

Table 2. Timing of first experiences with types of duties, by gender (career-track employees)

(Number of years after being hired, in average)

	External negotiations	Duties involving visiting customers	Building the company's business plans	Managing staff	Launching projects with own planning or proposal	Project leader
Male	3.17	2.87	6.06	5.79	5.24	4.71
Female	3.43	3.77	7.10	7.35	5.56	4.98

Source: JILPT Survey, 2016.

2. In a similar indicator, the percentage of women who seek a higher post or position than their current one is also lower than that of their male counterparts.

promotion to managerial positions. Table 1 shows that the percentage of women experiencing duties such as “external negotiations,” “duties involving visiting customers,” “building the company’s business plans,” and “managing staff” is lower than for their male counterparts. Even among people experiencing each category of duties, there are gender disparities with regard to when they were first offered these opportunities (Table 2). Women are consistently presented with these opportunities later in their careers than is the case for men.

It is evident that women are given relatively less experience with core duties that can lead to managerial positions.

IV. Job experience motivating female workers through acquiring self-confidence

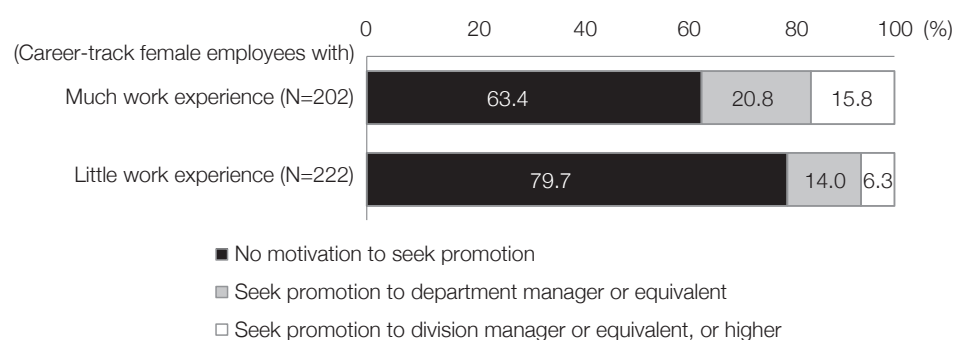
Do women who experience many core corporate duties have a stronger desire for promotion than women who have little experience? Here we will look at desire for promotion to managerial positions by degree of experience of core tasks (Figure 3).³ While approximately 80% of women lacking experience with core tasks have “no motivation to seek promotion,” the corresponding figure is lower among women with significant experience of performing core duties. This indicates a degree of

correlation between experience and motivation to seek promotion to managerial positions.

Why does building work experience contribute to ambition for advancement? A higher skill level is certainly one reason, but there are others as well. A crucial factor is self-confidence. Being responsible for important tasks and accomplishing them enhances the confidence of employees, both male and female, and it is likely that this lays the groundwork for aspiration to positions with more responsibility.⁴ The survey data bear out the idea that women who have experienced many core duties have a relatively high degree of confidence in their own skills. The more they experience core tasks, the higher their confidence in their ability to fulfill these tasks, and the greater their confidence, the stronger their motivation to seek promotion to managerial positions. Thus, we can infer that career-track women who have more extensive experience with core duties gain confidence, and, as a result, develop the desire for promotion.

V. Gender disparities in overtime work

As we have seen, there are gender disparities in degree of experience with core duties, and it is possible that a lack of such experience lessens women’s desire for promotion. For women to be



Source: JILPT Survey, 2016.

Figure 3. Desire for promotion to management position, by degree of core work experience

3. Principal component analysis was conducted to create indices of the extent of experience with core duties as seen in Table 1, with the categories of “much work experience” and “little work experience.”

4. In addition to employee confidence, company expectations may also be an important factor. If the company has high expectations of an employee, it will delegate important duties to that employee, and the perception of the company’s high expectations will give the employee stronger motivation. The survey results also showed that women who perceive the company as having higher expectations of them tend to have more desire for promotion.

more active in the workforce, various areas that give rise to gender disparities need to be addressed, including job placement, delegation of duties, and training. However, this is not easy to accomplish, as delegation of duties in the workplace is inextricably tied to companies' day-to-day operation and working styles.

Why are there so many companies at which women experience fewer important duties than men? One factor that has been pointed out is that women's average years of service are shorter than men's. There is another possibility: whether or not a company's standard work style requires overtime work could be linked to gender segregation. Previous studies show that it may be difficult to place women in departments handling core business areas, such as external negotiations and corporate planning, when the working hours of such departments are extremely long. Conversely, companies that have a policy of no overtime in any department may be conducive to women playing more active roles. This is because female workers tend to face time constraints with family responsibilities more than men. Thus, a company's daily overtime practice may be an index of a corporate culture of masculinity.

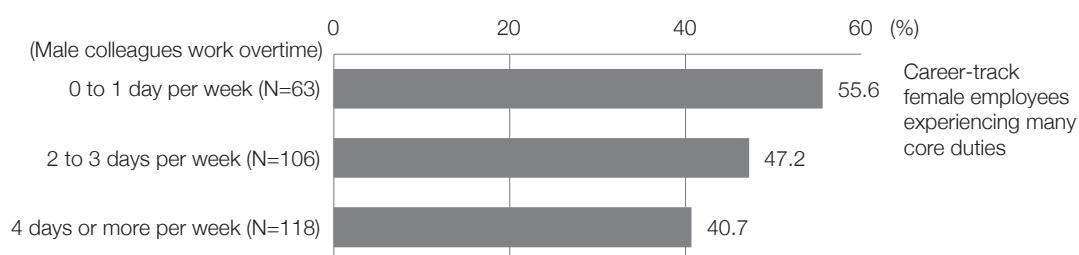
When long working hours are the standard practice or corporate culture of a workplace, gender disparities in delegation of duties are an underlying cause of women's difficulty in reaching managerial positions. The survey data on how working hours differ between men and women show that there are significant gender disparities in overtime hours and frequency of overtime work. Even within the same career-track category, women have shorter working

hours and less frequent overtime than men, and it seems that these gender disparities may form the background to the distribution of core duties. The survey also indicates that women engaged in core duties work relatively more overtime.

In a corporate culture where long working hours are the standard or norm, women often must work overtime in order to handle the company's core duties. Japan in general has just such a corporate culture, meaning it is not easy for many female employees to utilize their full potential.

VI. "Overtime culture" is a barrier to women playing active roles

In this regard, the degree to which women are responsible for important tasks may differ depending on whether the company is one where working overtime is the norm. To verify this point, we took the frequency with which male employees in a company work overtime as an indicator of an "overtime culture" and examined gender disparities in experience with core duties in the same company as correlated with the average overtime frequency for male regular employees (Figure 4). We can see that the highest percentage of women gain experience with core duties at companies where men's average overtime frequency is "0 to 1 day per week," and the percentage is the lowest at companies where it is "4 days or more per week." In other words, there is a positive correlation between less male overtime work and more female experience of core duties (equivalent to that of male employees), whereas at companies where men constantly work overtime, women are more likely to be excluded from the



Source: JILPT Survey, 2016.

Figure 4. Percentage of women experiencing many core duties, by frequency of overtime for their male colleagues

experience of core duties.

In order to raise the percentage of women in managerial positions in Japan, human resources measures such as work-life balance improvement have been carried out. However, these have not been effective in increasing women's desire for promotion. This is because companies treat men and women differently in terms of job placement, delegation of duties, and approaches to training. This creates gender disparities in work experience that accumulate over the course of their careers, and impede women's skill cultivation and motivation.

As described in this article, if women can experience a variety of core duties, it builds their confidence and motivation, but the culture of habitually working overtime acts as a bottleneck in terms of delegating duties in the workplace. For example, at companies where people work overtime on a daily basis, men are likely to be assigned to departments with more overtime and women to those with little overtime. Also, within the same department, there are gender disparities in terms of specific work allocation, such as a tendency to allocate tasks with tight deadlines involving overtime to men. Furthermore, when tasks that lead to professional growth are always assigned in a manner that involves working overtime, it

leads to gender disparities in training and skill-building opportunities. As a result, women's desire for promotion suffers and female managers fail to emerge.

For women to play more active roles in the workforce, it is necessary to review and reform work styles, including those of men, throughout companies as a whole.

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Are Wage Disparities Unreasonable and Illegal? Between Fixed-term Contract Employees Rehired After Retirement and Regular Employees

The Nagasawa Un-yu Case

The Supreme Court (June 1, 2018) 1179 *Rohan* 34

Ryo Hosokawa

Facts

Worker X and his colleagues signed open-ended (non-fixed term) labor contracts with transportation company Y, and from 1980 to 1993 each worked as a driver of a tanker truck as a regular employee. X et al. retired from Y in 2014 at the age of 60. However, on the same day that X et al. retired, they signed fixed-term labor contracts with Y and continued to work as tanker truck drivers. Under the fixed-term contract concluded at the time of retirement, the work duties and operations and associated responsibilities of X et al. were not different from those of regular employees.

The wages of Y's regular-employee drivers consist of a basic wage mainly based on years of service and age, plus efficiency wages, performance-based wages, and various allowances, bonuses, and so forth. Meanwhile, fixed-term contract employees rehired at Y after retirement, including Worker X et al., are paid higher basic wages than regular employees, but do not receive additional efficiency wages, performance-based wages, and so forth. In the course of determining the working conditions of retirees rehired under fixed-term contracts, labor union Z to which X belongs requested that rehired persons receive the same amount of wages as before retirement. Y refused this request, but on the other hand, decided to raise the basic wages of the retirees rehired under fixed-term contracts, including X and others, and offered separate adjustment payment—allowance to make up for the remuneration-based portion of benefit during the blank period of old age employee pension, although these terms have not been determined through a collective bargaining

agreement).

X et al. argued that Y's non-payment of (1) efficiency wages and performance-based wages, and (2) perfect attendance allowance and various other allowances and bonuses

to non-regular employees rehired after retirement constitutes an unreasonable disparity in working conditions compared to regular employees, i.e. the disparity between working conditions of open-ended contract employees (regular employee) and fixed-term contract employees is irrational and violated Article 20 of the Labor Contracts Act, and filed an action seeking payment equivalent to the difference in wages under the system applied to regular employees and the wages they were actually paid.

At the first instance (Judgment of the Tokyo District Court [May 13, 2016] 1135 *Rohan* 11), the claim of X et al. was approved. However, this judgment was reversed at the second instance (Judgment of the Tokyo High Court [Nov. 2, 2016] 1144 *Rohan* 16) and the claim was dismissed. X et al. appealed.

Judgment

The judgment of the court below was partially dismissed and partially remanded to the court below. The Supreme Court decision is summarized as follows:

(1)

The Labor Contracts Act, Article 20 recognizes that differences may exist between the treatment



of fixed-term contract employees and open-ended contract employees, but stipulates that these differences should not be unreasonable taking the content of work duties, scope of reassignment of work and work place and other related matters into consideration, and that workers should be treated in a fair and balanced manner in accordance with differences in the content of duties and responsibilities, etc. (see the *Hamakyorex* case, the Judgment of the Supreme Court [Jun. 1, 2018]).

(2)

(a) At Y there is no difference between the work duties and accompanying responsibilities of fixed-term contract drivers rehired after retirement and regular employees, nor is there a difference between them in personnel management policies such as reassignment of work and work place.

(b) However, workers' wages are not automatically set in accordance with content of work duties and scope of change thereof. Employers determine workers' wages from the standpoint of business considerations, taking into account various circumstances besides their work duties and scope of their change. Also, it can be considered that workers' terms of conditions on wages ought to be largely entrusted to the autonomy between labor and management through collective bargaining, etc. Given the fact that Article 20 of the Labor Contracts Act explicitly mentions "other related matters" when judging whether disparities in working conditions of fixed-term contract and open-ended contract employees are unreasonable or not, it does not place restrictions on the circumstances taken into account other than content of work duties and scope of change thereof.

(c) X et al. retired from Y and were then rehired under fixed-term labor contracts.

(d) In general, companies with retirement systems have wage structures premised on long-term employment. On the other hand, when employers rehire retirees under fixed-term labor contracts, they do not generally intend to employ them over the long term. Also, retirees rehired under fixed-term contracts have enjoyed the benefits of a wage system premised on long-term employment up until their

retirement. Also, they are scheduled to receive old-age employee pensions. When judging violations of Article 20 of the Labor Contracts Act, it is necessary to take into account the status of fixed-term contract employees rehired after retirement as "other related matters."

(3)

When judging whether disparities in the wages of fixed-term and open-ended contract employees are unreasonable, it is necessary not only to compare their total wages, but also to consider the determinant factors of the wages respectively. However, when some wages are determined considering other wages, such circumstances should also be taken into consideration.

(4)

(a) Though X et al. were not paid efficiency wages and performance-based wages which are paid to regular employees, taking into account the fact that their basic wages were higher than those prior to retirement, that the coefficient used to calculate their percentage pay was higher than the coefficient used to calculate regular employees' efficiency wages, and that the total basic wages of X et al. were raised through collective bargaining between Y and the labor union, the comparison should be made between the total of regular employees' basic wages, efficiency wages, and performance-based wages and the total of X and colleagues' basic wages and percentage pay when determining whether the disparity is unreasonable or not. The disparity between them amounts to 2% to 12%.

(b) In addition, taking into account the fact that X et al. are eligible to receive old-age employee pension, and that Y determines to provide adjustment pay after collective bargaining with the labor union, it is not unreasonable for the company to pay percentage pay and not to pay efficiency wages and performance-based wages.

(5)

Y pays a perfect attendance allowance to encourage its employees to come to work every day except holidays. If the content of work duties of X et al. and regular employees is the same, there is no discrepancy in the need to encourage and reward full

attendance. For this reason, failure to pay X et al. an attendance allowance is unreasonable and a violation of Article 20 of the Labor Contracts Act.

Commentary

The Article 20 of the Labor Contracts Act stipulates that there must not be unreasonable disparities between the working conditions of open-ended contract employees (regular employees) and fixed-term contract employees. The Supreme Court handed down on two verdicts involving interpretation of Article 20 on June 1, 2018. This *Nagasawa Un-yu* case is one of them, following the *Hamakyorex* case (the Supreme Court, Second Petty Bench, June 1, 2018, 1179 *Rohan* 20)

In Japan, mandatory retirement age systems requiring workers to resign when they reach a certain age are legally recognized and in widespread use. At the same time, in order to ensure employment until the age of 65 when people can generally begin receiving pensions, the Act on Stabilization of Employment of Elderly Persons requires employers to take one of three measures: (i) raise the retirement age to 65 or over, (ii) rehire workers that have retired so that they can continue working until age 65, or (iii) abolish mandatory retirement ages.¹ Many companies take approach (ii), and rehire the retired workers under fixed-term labor contracts. In these cases their wages are often lower than when they were regular employees, and wage disparities among employees result. The case under discussion here questioned whether such wage gaps between retired workers rehired under fixed-term labor contracts and regular employees are a violation of Article 20 of the Labor Contracts Act.

Below is commentary on (1) general judgments the Supreme Court has handed down with regard to application of Article 20 of the Labor Contracts Act (including the *Hamakyorex* case), and (2) application of said Article to fixed-term contract employees

rehired after retirement.

(1) Objective and application of Article 20 of the Labor Contracts Act²

(a) There are many existing interpretations of the rules laid down by Article 20 of the Labor Contracts Act. These primarily revolve around three points, namely (i) that fixed-term contract employees and open-ended contract employees with similar duties and responsibilities must be subject to the same working conditions (equal pay for equal work, equal treatment), (ii) that even when differences between the work duties and responsibilities of fixed-term and open-ended contract employees exist, they must be treated in a fair and balanced manner (balanced treatment, and (iii) disparities between the working conditions of these two categories of employees must not be too large (while taking into account the general Japanese employment practice of implementing wage systems where wages do not necessarily correspond to work duties.)

The Supreme Court uses the term “balanced” in its judgments, and its viewpoint seems closest to point (2) above. However, in delivering judgments, it states that employers’ business decisions and negotiations with labor unions would be taken into account. This means that the court does not disregard point (3) above, which relates to the unique nature of Japanese companies’ wage systems.

(b) When wages are composed of multiple elements, there is a debate over whether (i) judgment should be made on whether disparities between each element of the wages are unreasonable or not, or (ii) judgment should only be made on whether disparities between the entirety of wages are unreasonable or not. On this point, the Supreme Court has adopted the first position. On the other hand, in this judgment, the court asserted that in cases like this one where multiple elements interrelate, it is possible for judges to examine them in their entirety and decide whether disparities are unreasonable. However, there is no

1. With regard to issues surrounding working conditions of employees rehired after retirement, ref. Keiichiro Hamaguchi, “Job Changes for Re-employed Retirees: The *Toyota Motor* case,” *Japan Labor Issues* 1, no.1: 20.

2. With regard to the background behind establishment of Article 20 of the Labor Contracts Act and related judicial precedents, see Ryo Hosokawa, “The Illegality of Differences in Labor Conditions Between Regular Workers and Non-Regular (Fixed-term Contract) Workers: The *Japan Post* case,” *Japan Labor Issues* 2, no. 7: 20.

clear standard for determining in which cases this sort of approach is acceptable. Further debate would be needed.

(c) In judging whether disparities are unreasonable, this judgment takes into account the fact that the employer raised wages based on requests from the labor union in the course of determining wages. Another likely point for future debate is whether disparities arising as a result of labor-management negotiations can be viewed as legitimate (in this case, however, no collective agreement on wage increases was concluded.)

(2) Workers rehired after retirement

In this case, the fact that X et al. were workers rehired after retirement had an impact on the Supreme Court judgment.

(a) This judgment interpreted the application of a wage system to fixed-term contract employees differing from that of regular employees as legitimate. It also views as acceptable a resulting drop in wages after reaching retirement age. As grounds for this, it cites for management decisions and the fact that X et al. had enjoyed the benefits of the wage system for regular employees until retirement. This appears to take into account the fact that at many Japanese companies, the wages of regular employees are determined not by the content of job duties but rather by age, years of service, experience, and general job competence. However, various different wage systems are in place at different Japanese companies, and at some, wages are determined on the basis of content of work duties. For this reason, there is a need for future debate on what kind of cases the above judgment will be applied.

(b) This judgment took into account the fact that X et al. were eligible to receive old-age employee pension payments, and decided that a 2% to 12% disparity in monthly wages with a lack of bonuses and allowances resulting in a total wage equivalent to 79% that of regular employees did not constitute an unreasonable wage gap. The Japanese legal policy of elderly employment presupposes that rehired workers would earn lower wages than before they retired. However, this also assumes that content of work duties and degree of responsibility would be lessened. This case is characterized by the fact that there was a wage gap even though the scope of work duties, responsibilities, and assignments had not changed compared to those prior to retirement. This judgment found, as described above, that the drop in X and colleagues' wages was acceptable. However, there are also precedents in which working conditions of employees rehired after retirement were judged to be too inferior and illegal in that they contradict the spirit of the Act on Stabilization of Employment of Elderly Persons (the *Kyushu Sozai* case (Fukuoka High Court [May 25, 2017] 1167 *Rohan* 49) There is an evident need for further discussion and debate on the specifics of how workers rehired after retirement should be treated.

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This five-year series systematically outlines the basis of labor situations and analysis in Japan, covering five field topics.

Corporate In-house Education and Training and Career Formation in Japan (Part II)

Japanese Companies' Commitment to Employees' Career Formation

▶▶ Human Resource Management

▼ Labor-Management Relations

▼ Labor Market

▼ Labor Administration and Legislation

▼ Social Security System

Makoto Fujimoto

Many of Japanese companies are exploring various different measures focusing their employees' career formation. They find it difficult to expand their corporate organizations amid a changing social environment including a low-growth economy, declining birthrate, and aging population. They also see the need to further advance the internationalization of corporate management. Also propelling this endeavor are society-wide demands for continued employment for the elderly and increase of women's career formation opportunities.

This article describes these companies' commitments, based on the results of the "Survey on human resources development and career management in companies" conducted by the Japan Institute for Labour Policy and Training (JILPT) to more than 300 large companies between January and March 2016.¹

I. Recent activities of Japanese companies

What matters for current Japanese companies regarding human resources development and career management of their regular employees? Among the 531 companies, the most common response, given by about 70%, was "Boosting the overall competency of employees" (Figure 1). Following this, the second most was "Clarification of values we want to share across the entire company," cited by more than 50%.

It is notable that the majority of respondents cited efforts that encompass their entire organizations, whether they are boosting the overall competency of employees or clarifying the values they want to share throughout the company. Despite, or perhaps because of, the recent widespread emphasis

for "individualization" of personnel management and labor relations—such as systems for evaluating and correspondingly treating employees based on performance, and the principle of "self-reliant

career formation"—in many large companies, a trend toward increasing the functionality and value of the organization as a whole has been observed. The third most frequent response, given by nearly half of companies, was "Strengthening of ties between management plans/policies and human resources development." Like the two responses cited above, this is also an approach to human resources development for the entire organization's current direction.

Naturally, the areas of focus vary from company to company. When viewed by industry, "Cultivation of personnel that can work effectively overseas," a response largely given by only single-digit percentages in other industries, reaches 24.8% in the manufacturing sector. This seems to reflect the current status of manufacturing, in which significant overseas business development is occurring.

Differences among industries are also noticeable with regard to "Cultivation of personnel with advanced expertise." This was emphasized by about 60% of respondents in the construction industry, and about 50% in medical, health care and welfare and the service industry respectively, but only about 20% in wholesale and retail trade as well as education, learning support. In medical, health care





Source: The author, based on JILPT, 2017.

Figure 1. What Japanese companies are currently emphasizing with regard to human resources development and career management of regular employees (multiple responses)

and welfare, operations are largely carried out by professionals, such as medical doctors, nurses, care workers, while in construction, the structures built and the specialties of construction are becoming increasingly compartmentalized and sophisticated, making these industries place a relatively strong emphasis on the training of highly specialized human resources compared with other industries. Meanwhile, the relatively high response rate from the service industry appears to reflect the fact that Japan's service-industry enterprises (in particular large companies) are focusing on advanced and specialized service fields in order to generate sufficient revenue to maintain and develop their organizations.

II. Trend toward increasing interest in fostering next-generation executives

Looking ahead, what sort of human resources development and career management efforts do major Japanese companies intend to pursue? Figure 2 shows a comparison of responses regarding future intentions and initiatives already underway.

The top five responses regarding initiatives to pursue in the future were “Cultivation and appointment of female managers” (43.3%), “Fostering self-awareness among next-generation section chief and director candidates” (39.9%), “Boosting the overall competency of employees” (38.0%), “Promotion of work-life balance” (37.5%), and “Strengthening of ties between management plans/policies and human resources development” (36.0%), all of which had response rates of around 40%. Perception of the importance of cultivating and appointing female managers appears to be growing among major companies following the August 2015 enactment of the Act on Promotion of Women's Participation and Advancement in the Workplace (APWPAW), which from April 2016 newly obliges large companies with 301 or more workers to formulate action plans for promoting women's career advancement. We may infer that those companies promoting work-life balance also have a common emphasis on planning to pursue efforts to support female regular employees and encourage female advancement to managerial



Source: The author, based on JILPT, 2017.

Figure 2. Efforts pertaining to human resources development and career management of regular employees that companies intend to pursue in the future (multiple responses): Comparison with currently pursued initiatives

positions. Meanwhile, it seems that the approach to fostering next-generation section chief and director candidates reflects the concern with cultivating and securing middle management-level personnel, which is increasing mainly at large companies in recent years.²

When the percentages of companies intending to pursue initiatives in the future and currently doing so are compared, the former is 10 or more percentage points higher than the latter with regard to “Cultivation and appointment of female managers” (43.3%–27.1% = 16.2 percentage points, the same calculation applies to the following percentage points), “Cultivation of top management (executives, general managers, etc.)” (14.3 points), “Offering business opportunities beyond the boundaries of departments” (13.2 points), “Distinction between managerial and professional career tracks” (11.3 points), and “Diversity management efforts” (10.4 points). To advance these efforts, various systems in corporate management will be further upgraded.

It is also predicted that changes in organizations, workplaces and individual work approaches accompanying the progress of these efforts will expand in Japan’s major corporate sector.³

III. Links between management policy and human resources development

Since human resources development and career formation management are crucial means of securing human resources, it is logical that there would be some relationship between these and individual companies’ corporate management. We thus conducted a survey on each company’s policies about management-related matters as well as efforts in human resource management of regular employees. Utilizing the results of this survey, we examined differences in the contents of career formation management among companies with contrasting views on various matters (Table 1).

The difference in management policy related to the target market most influences efforts to

Table 1. Corporate management policies and currently emphasized efforts regarding human resources development and career management of regular employees

Item / Content of policy	n	Clarification of values we want to share across the entire company	Strengthening of ties between management plans / policies and human resources development	Cultivation of personnel with advanced expertise	Cultivation of top management (executives, general managers, etc.)	Boosting the overall competency of employees	Selective training for some employees	Distinction between managerial and professional career tracks
① High quality vs. low cost								
Boosting competitiveness through high added value	419	54.2	48.7	37.5	19.6	70.2	29.8	8.4
Boosting competitiveness by cutting costs	78	50.0	41.0	33.3	17.9	66.7	25.6	9.0
② High quality vs. stronger sales and marketing								
Emphasis on heightening quality of products and services	379	54.4	47.8	39.6	19.5	71.0	27.7	7.9
Emphasis on strengthening sales and marketing	116	50.0	45.7	28.4	19.0	67.2	34.5	10.3
③ Scale of enterprise								
Emphasis on maintaining current size	286	52.4	44.8	38.5	17.8	70.3	24.5	8.4
Emphasis on expansion of the size	209	55.0	51.2	34.4	21.5	69.4	35.9	8.1
④ Self-sufficiency vs. specialization								
All steps from development to manufacturing and sales carried out in-house	254	52.8	48.4	33.9	20.1	67.3	31.1	8.3
Focus on areas at which company excels	216	52.8	44.0	38.9	19.4	72.7	28.7	9.3
⑤ Relationship between business strategy and human resources								
Business strategy tailored to current personnel	188	50.0	44.7	36.2	16.0	70.7	21.8	8.0
Personnel hired to fit business strategy	313	55.3	48.6	37.4	21.1	69.0	33.5	8.6
⑥ Broadening or deepening market								
Emphasis on expansion of new business units	161	55.3	52.8	35.4	21.1	73.3	34.2	9.9
Emphasis on maintaining and reinforcing existing business units	335	51.9	44.2	37.3	18.2	68.4	26.9	7.8
⑦ Domestic vs. overseas								
Emphasis on domestic market	432	53.7	46.5	35.4	18.5	70.1	27.8	7.4
Emphasis on overseas market	57	54.4	49.1	45.6	26.3	70.2	43.9	17.5
⑧ Speed of business development								
Emphasis on speed of business development	237	58.6	53.6	36.7	23.6	73.8	33.3	9.3
Business development carried out cautiously	263	48.7	41.4	36.9	15.2	66.9	25.5	8.0
⑨ Decision-making procedures								
Emphasis on top-down decision-making	430	54.7	49.3	37.0	19.5	69.5	29.1	8.6
Emphasis on bottom-up decision-making	76	46.1	35.5	35.5	15.8	69.7	27.6	7.9

Source: The author, based on JILPT, 2017.

Note: Among companies with different policies for each item concerning corporate management, areas with a response rate differential of 10 percentage points or more are in bold letters and shaded areas.

(%)

Reduction of department- and division-manager level posts	Promotion of self-awareness among next-generation section chief and director candidates	Offering business opportunities beyond the boundaries of departments	Placement of employees that reflects their own wishes	Promotion of employees' self-reliant career formation	Promotion of work-life balance	Cultivation of personnel that can work effectively overseas	Cultivation and appointment of female managers	Diversity management efforts
3.1	41.5	15.0	15.5	28.9	39.9	11.2	28.4	12.6
1.3	37.2	9.0	10.3	17.9	29.5	12.8	24.4	14.1
3.2	39.8	14.2	14.8	28.0	39.6	12.4	29.0	12.7
1.7	43.1	13.8	14.7	26.7	33.6	8.6	23.3	12.9
3.8	39.5	12.6	13.6	30.1	39.2	12.2	25.5	10.8
1.4	41.6	15.8	16.3	25.8	37.3	10.0	30.1	15.3
3.9	42.5	13.4	15.4	28.0	37.4	15.4	26.8	11.4
1.4	40.7	14.4	13.9	26.4	36.6	7.9	26.9	15.3
2.1	41.5	12.2	10.6	28.2	39.4	10.6	23.9	11.2
3.2	40.3	15.0	17.6	27.8	37.4	12.1	29.7	13.7
1.2	42.2	13.7	16.8	31.1	43.5	11.8	32.3	18.6
3.6	40.0	14.0	13.7	25.4	35.2	11.3	25.4	9.9
3.0	40.0	14.1	14.4	25.9	38.4	7.2	28.0	11.6
1.8	49.1	15.8	19.3	33.3	40.4	43.9	24.6	22.8
3.0	46.0	15.6	19.0	31.6	37.6	13.5	32.9	18.1
2.7	35.4	12.2	11.4	23.6	38.4	9.9	23.6	8.0
2.8	41.2	15.3	15.6	29.1	39.8	10.7	29.3	13.5
2.6	34.2	5.3	11.8	19.7	32.9	15.8	21.1	7.9

enhance human resources development and career management. Companies focused on overseas markets more frequently emphasized the following areas than their counterparts focused on domestic markets: “Selective training for some employees,” “Cultivation of personnel that can work effectively overseas,” “Cultivation of personnel with advanced expertise,” “Distinction between managerial and professional career tracks,” and “Diversity management efforts.” We can infer that selective training for some employees is increasingly necessary for developing human resources responsible for the management of business units and organizations that are growing more and more complex with overseas expansion, and to train highly specialized human resources is so for predominating an edge in international competition. Meanwhile, the distinction between managerial and professional career tracks appears to be emerging as an issue, as companies that emphasize overseas markets seek to effectively train and manage human resources while sophisticating both managerial and specialized professional personnel.

Differences in mentality toward the speed of business development seem to have a significant influence on competency development and career management initiatives. Companies that emphasize speed in business development tend to focus on “strengthening the ties between management plans and policies and human resources development” more strongly than companies that conduct business development more cautiously. Companies focused on speed in business development evidently take into account how smoothly management plans and policies can be realized as businesses, and human resources development of their regular employees is carried out so as not to disrupt effective and efficient flow from management plan and policy to execution.

In addition, compared to companies pursuing business development cautiously, a higher percentage of companies focused on swift business development emphasize “Fostering self-awareness

among next-generation section chief and director candidates.” Here we can recognize the importance of middle managers who hold the key to business development, and can see how actively these companies are working to build managers’ skills and capacities.

Notes

1. This survey was conducted to 9,854 private enterprises and corporations with 300 or more employees in Japan excluding enterprises in the agriculture, forestry and fisheries, compound services, political, economic and religious sectors, etc., with responses from 531 organizations (valid response rate: 5.4%). For details of the survey and its results, see JILPT 2017.
2. See Japan Business Federation (2012) and others for data on the extent of this concern.
3. For example, predicted measures include (i) promotion and advancement strongly characterized by positive action, taking the training and promotion of female managers into account, (ii) further improvement and entrenchment of a fast track for managerial executive training, (iii) development of multi-track human resources management, and corresponding differentiation of regular full-time career tracks, and (iv) revision of the custom of “slow promotion” in the context of an increasing number of foreign employees, etc. Positive action mentioned in (i) above refers to a set of measures targeting women, for the purpose of enabling or encouraging them to overcome or minimize disadvantage in employment, or measures for companies to give women opportunities for advancement in the treatment.

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Makoto Fujimoto

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, attention should be given to the effects of situations over trade issues on the world economy, the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets. Furthermore, sufficient attention should be given to the economic impacts by the successive natural disasters. (“Monthly Economic Report,”¹ October, 2018).

Employment and unemployment (See Figure 1)

The number of employees in September increased by 1.00 million over the previous year. The unemployment rate, seasonally adjusted, was 2.3%.² Active job openings-to-applicants ratio³ in September, seasonally adjusted, was 1.64.⁴

Wages and working hours (See Figure 2)

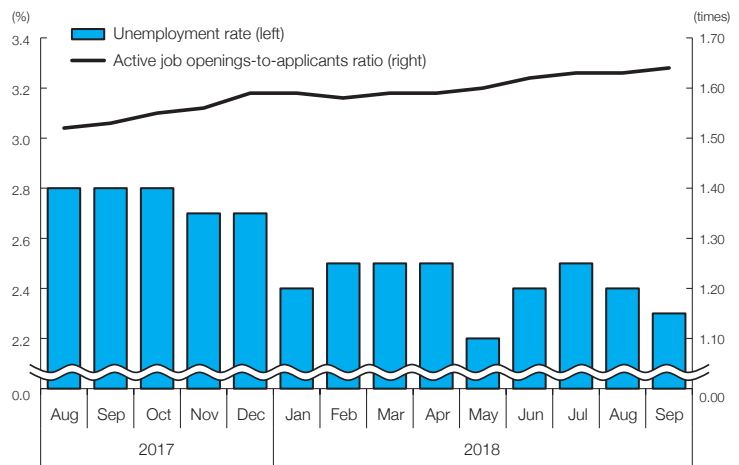
In August, total cash earnings (for establishments with 5 or more employees) increased by 0.8% and real wages (total cash earnings) decreased by 0.7% year-on-year. Total hours worked increased by 0.6% year-on-year, while scheduled hours worked increased by 0.7%.⁵

Consumer price index

In September, the consumer price index for all items increased by 1.2% year-on-year, the consumer price index for all items less fresh food rose by 1.0%, and the consumer price index for all items less fresh food and energy increased 0.4% year-on-year.⁶

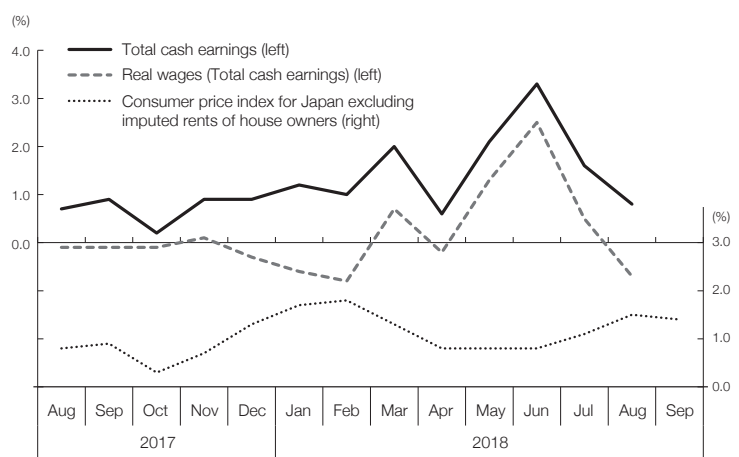
Workers' household economy

In September, consumption expenditure by workers' households increased by 1.5% year-on-year nominally and increased by 0.1% in real terms.⁷



Source: “Labour Force Survey”²; “Employment Referrals for General Workers.”⁴

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



Source: “Monthly Labor Survey”⁵; “Consumer Price Index.”⁶

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

See JILPT “Main Labor Economic Indicators” for details at <https://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. Active job openings-to-applicants ratio: An indicator published monthly by Ministry of Health, Labour and Welfare (MHLW), showing the tightness of labor supply and demand. It indicates the number of job openings per job applicant at public employment security offices.

4. MHLW, “Employment Referrals for General Workers.” http://www.mhlw.go.jp/english/database/db-l/general_workers.html

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

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

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

What's on Next Issue

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January-February 2019

tentative

▶ The Corporate Community and Changes in the Japanese-style Employment System

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▶ Can “Owners” of Convenience Stores be “Workers” under Japanese Labor Union Act?

Yoko Hashimoto

▶ Who Holds Multiple Jobs?: Empirical Analysis of Multiple Job Holding Using a Japanese Internet Survey

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