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The Japan Institute for Labour Policy and Training International Research Exchange Section 8-23, Kamishakujii 4-chome, Nerima-ku, Tokyo 177-8502, Japan TEL: +81-3-5903-6274 FAX: +81-3-3594-1113 For inquiries and feedback: j-emm@jil.go.jp

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Column

Job Separation and Reemployment amid the COVID-19 Crisis in Japan

TAKAHASHI Koji

I. Background

The COVID-19 pandemic has dealt a significant blow to the Japanese economy. Particularly in the second quarter (April-June) of 2020, in which the declaration of a state of nationwide emergency from April to May was also an influencing factor, the GDP growth rate in real terms was down 8.3% from the previous quarter, sinking to its lowest level since the end of the Second World War.¹

Despite such an economic crisis, the effects on employment were relatively minimal. While Japan's unemployment rate (the seasonally adjusted value) rose from 2.4% in January 2020 to 3.1% in October 2020,² the extent of the increase was comparatively low in comparison with other developed countries.³ In addition to being due to the underlying tendency toward personnel shortage that predated the crisis, this may also be the result of factors such as the government's moves to encourage enterprises to protect employees' jobs through means that include relaxing the eligibility for and raising the possible amounts provided as Employment Adjustment Subsidies (*koyō chōsei joseikin*), which partially subsidize payments to furloughed workers.

At the same time, there are also other trends that cannot be identified from the official statistics such as those quoted above. While overall the unemployment rate has seen only a slight increase, there may be certain people who are highly susceptible to experiencing job separation (changing employers, or becoming unemployed or "unoccupied," which is used here to refer to those neither working nor looking for work).⁴ The first aim of this paper is to draw on multiple regression analysis to reveal the types of people who have experienced job separation in the COVID-19 crisis in Japan.

The official statistics also fail to reveal which types of people

who have experienced being unemployed/unoccupied in the pandemic are likely to find new employment (reemployment). It is likewise unclear what kinds of differences exist between their previous jobs and their work after reemployment. Shedding light on these questions is therefore the second aim of this paper.

II. Data and analysis overview

We have drawn on data from the May Survey (first survey), August Survey (second survey), and December Survey (third survey) of the "Survey on the Impact that Spreading Novel Coronavirus Infection Has on Work and Daily Life."⁵ This series of surveys are a panel study of individuals who were registered with an online survey company. In this paper, we analyze the responses from the 3,172 persons who responded to all three surveys and were employees of private enterprises as of April 1, 2020.

The analysis in this paper is structured into two. In step one, the 3,172 respondents who were employed as of April were divided into three categories—(1) people who have continued to work at the same company, (2) people who have changed employers and are working at a different company (without experiencing being unemployed/unoccupied),



Figure 1. Categories and analysis overview

and (3) people who have experienced being unemployed/unoccupied; analysis was conducted to reveal which people, with which kinds of attributes, and which kinds of working styles, tend to enter each of the categories.

Step two is to elucidate which of those people who have experienced being unemployed/ unoccupied tend to find reemployment, and which types of people tend to remain unemployed/ unoccupied. It should also be noted that given the differing implications of reemployment as a regular employee and reemployment as a non-regular employee, we treat them as separate categories. In addition, we provide insights on the differences between the relevant respondents' previous jobs and their jobs after reemployment. Figure 1 sets out the categories used and an overview of the analysis.

III. Who has experienced job separation?

Firstly, let us look at the correlations between

the basic attributes and the experiences over the 8 months from May to December of those who were employees of private enterprises as of April 2020 (Table 1). It should be noted that due to the survey design, and in consideration of reliability, the 38 respondents who changed employment type to selfemployment, etc. have been excluded from the analysis (N=3,134). Table 1 shows the results as follows. 92.9% of all respondents continued to work at the same company. The rates of turnover or experiences of being unemployed/unoccupied are higher among women than men. Among young people, and among non-regular employees, there were high percentages who changed employers or experienced being unemployed/unoccupied. Among non-university graduates, and among people not responsible for earning a livelihood ("nonbreadwinners"), there were high percentages who experienced being unemployed/unoccupied.

Secondly, we shall use multinomial logistic

Table 1. Respondents' basic attributes and experiences in the 8-month period

		Continued to work at		Experienced being
	N	the same company	Changed employers	unemployed/
				unoccupied
Total	3,134	92.9	3.0	4.2
Male	1,723	94.9	2.5	2.6
Female	1,411	90.4	3.5	6.1
Aged 20-34	706	89.8	4.4	5.8
Aged 35-49	1,367	93.9	2.6	3.4
Aged 50 or over	1,061	93.5	2.5	4.1
Non-university graduate	1,705	92.1	2.8	5.2
University graduate or higher	1,429	93.8	3.2	3.0
Non-breadwinner	1,121	90.3	2.8	7.0
Breadwinner	2,013	94.3	3.1	2.6
Regular employee	2,094	95.3	2.3	2.4
Non-regular employee	1,040	88.0	4.3	7.7

Note: "Regular employee" and "non-regular employee" refer to respondents' employment type as of April 1, 2020 (both refer to employees of private enterprises). "The 8-month period" refers to the 8 months from May 2020 onward (the same applies in Table 2).

Table 2.1. Determinants of	job separation	(multinomial le	ogistic regressio	n analysis)
	1 1	`	0 0	J /

	Chan	rad amployare	Experienced being				
Model 1	Chang	geu employers	unemplo	yed/unoccupied			
	В	S.E.	В	S.E.			
Female	0.427	0.218 *	0.797	0.193 **			
Age	-0.022	0.010 *	-0.014	0.008 †			
University graduate or higher	0.172	0.220	-0.412	0.198 *			
Constant	-2.785	0.477 **	-2.755	0.413 **			
N		3,134					
Chi-square		39.813 **					
Nagelkerke R-square		0.028					

Note: The base category is people who "continued to work at the same company." **: p<0.01, *: p<0.05, †: p<0.1

regression analysis to look at the effects on job separation of several explanatory variables simultaneously (Table 2). The base category is people who continued to work at the same company. Model 1 looks at the effects of gender, age, and educational background. The results suggest that women tend to change employers or experience being unemployed/unoccupied, that young people tend to change employers or experience being unemployed/unoccupied, and that university graduates do not tend to experience being unemployed/unoccupied.

In Model 2, the explanatory variables include in addition to gender, age, and educational background—whether respondents are responsible for earning a livelihood ("breadwinners") and whether respondents were non-regular employees as of April 2020. The results suggest that breadwinners tend to change employers but do not tend to experience being unemployed/unoccupied; that nonregular employees tend both to change employers and to experience being unemployed/unoccupied. On the other hand, in this model, women's tendency to change employers and tendency to experience

Model 2	Chan	ged employers	Exper unemplo	rienced being ved/unoccupied
		S F	- <u> </u>	S F
	В	J.L.	D	J.L.
Female	0.367	0.247	0.250	0.223
Age	-0.029	0.010 **	-0.017	0.008 *
University graduate or higher	0.270	0.224	-0.252	0.200
Breadwinner	0.637	0.257 *	-0.443	0.216 *
Non-regular employee	0.948	0.242 **	0.945	0.210 **
Constant	-3.294	0.507 **	-2.611	0.417 **
N		3,134		
Chi-square		88.644 **		
Nagelkerke R-square		0.061		

Table 2.2. Determinants of job separation (multinomial logistic regression analysis)

Notes: 1. The base category is people who "continued to work at the same company." **: p<0.01, *: p<0.05, †: p<0.1 2. "Regular employee" and "non-regular employee" refer to respondents' employment type as of April 1, 2020.

Table 2.3. Determinant	s of job separation	n (multinomial logistic	regression analysis)
------------------------	---------------------	-------------------------	----------------------

				Environment la sinor				
	Chan	and amployare	Exp	Experienced being				
Model 3	Chang	ged employers	unemp	loyed/unoccupied				
·	В	S.E.	B	S.E.				
Female	0.520	0.269 †	0.220	0.252				
Age	-0.023	0.011 *	-0.014	0.009				
University graduate or higher	0.116	0.241	-0.366	0.228				
Breadwinner	0.678	0.278 *	-0.365	0.243				
Non-regular employee	0.545	0.273 *	0.696	0.241 **				
Suspension of business/	0 512	0.076 +	0.055	0.074				
increase of non-business days	0.515	0.270	0.055	0.274				
Monthly income index	-0.012	0.005 *	-0.012	0.004 **				
Constant	-2.634	0.685 **	-1.813	0.586 **				
N		3,092						
Chi-square		83.555 **						
Nagelkerke R-square		0.065						

Notes: 1. The base category is people who "continued to work at the same company." ** p<0.01, * p<0.05, \dagger p<0.1

2. "Regular employee" and "non-regular employee" refer to respondents' employment type as of April 1, 2020.

3. "Suspension of business/increase of non-business days" and the "monthly income index" were items covered in questions in the May 2020 Survey (first survey). The 13 people who had changed employers and the 29 people who had experienced being unemployed/unoccupied by the time that survey was conducted were, therefore, excluded from the analysis.

being unemployed/unoccupied are statistically insignificant. The tendencies among women to change employers or experience being unemployed/ unoccupied indicated in Model 1 appear to be related to the fact that few women are breadwinners, and many women are non-regular employees.⁶

Model 3 incorporates two explanatory variables uniquely relevant to the COVID-19 pandemic:

whether respondents' employers had suspended business or increased their non-business days before or in May 2020,⁷ and the level of respondents' monthly income closest to the May Survey (first survey) in comparison with their monthly income in a typical month prior to the pandemic (monthly income index).⁸ The results suggest that suspension of business/increase of non-business days had a slight positive effect on the tendency to change employers, and that decline in monthly income had a positive effect on both tendency to change employers and tendency to experience being unemployed/unoccupied (the effect on tendency to experience being unemployed/unoccupied was substantial). It can be suggested that suspension of business at one's place of employment slightly encourages the change of employers, and the decline in monthly income strongly encourages becoming unemployed/unoccupied. It appears that while in cases where suspending business is the only measure that needs to be taken, there is still leeway for both enterprises and workers to accept the changing circumstances, decline in monthly income increases the severity of the situation, for both parties.

IV. The reemployment of people who experienced being unemployed/unoccupied

Let us now analyze the state of reemployment among people who have experienced being unemployed/unoccupied. In Table 3, the 122 respondents who had experienced being unemployed/unoccupied in or before November 2020 among the 131 respondents who had experienced being unemployed/unoccupied were classified according to their status as of December, for each of the basic attributes. This revealed firstly, that just under half were reemployed as of December, secondly, that men and those who had been regular employees as of April tended to be reemployed as regular employees and women and those who had been non-regular employees as of April tended to be reemployed as non-regular employees, and thirdly, that young people, nonbreadwinners, and people who were non-regular employees as of April had a strong tendency to become unoccupied.

For people who were unemployed/unoccupied, we were able to identify in which month(s) they were unemployed/unoccupied and in which month they entered reemployment. A discrete-time multinomial logistic regression analysis-a type of survival analysis-was therefore conducted to reveal which types of the people who were unemployed/unoccupied promptly found reemployment. The analysis subjects were respondents who were unemployed/unoccupied in month t, and the explained variables were whether those respondents were "regular employees," "nonregular employees," or "still unemployed/ unoccupied" (excluding "self-employed, etc.") in month t+1. The base category was "still unemployed/unoccupied."

Table 4 presents the results of that analysis. Firstly, the number of months for which subjects were still unemployed/unoccupied had a significant

						(%)
	Ν	Regular employee	Non-regular employee	Self-employed, etc.	Unemployed	Unoccupied
Total	122	16.4	29.5	1.6	18.0	34.4
Male	43	25.6	20.9	0.0	16.3	37.2
Female	79	11.4	34.2	2.5	19.0	32.9
Aged 20-34	37	18.9	21.6	2.7	10.8	45.9
Aged 35-49	44	18.2	34.1	0.0	20.5	27.3
Aged 50 or over	41	12.2	31.7	2.4	22.0	31.7
Non-university graduate	80	16.3	27.5	1.3	21.3	33.8
University graduate or higher	42	16.7	33.3	2.4	11.9	35.7
Non-breadwinner	73	6.8	32.9	2.7	17.8	39.7
Breadwinner	49	30.6	24.5	0.0	18.4	26.5
Regular employee	48	35.4	10.4	2.1	25.0	27.1
Non-regular employee	74	4.1	41.9	1.4	13.5	39.2

Table 3. The basic attributes and December status of people who experienced being unemployed/unoccupied

Note: "Regular employee" and "non-regular employee" refer to respondents' employment type as of April 1, 2020.

	Regi	ılar employee	Non-re	gular employee
	В	S.E.	B	S.E.
Number of months still	0.641	0.000 **	0.244	0.124 +
unemployed/unoccupied	-0.641	0.202	-0.244	0.134
Female	0.256	0.543	0.870	0.540
Age	-0.019	0.023	0.004	0.015
University graduate or higher	-0.032	0.510	0.327	0.390
Breadwinner	1.359	0.592 *	0.625	0.506
Non-regular employee	-1.604	0.604 **	1.527	0.486 **
Constant	-0.762	1.210	-3.728	1.006 **
Person-month		359		
Chi-square		59.280 **		
Pseudo-coefficient of determination		0.143		

Table 4. Determinants of the reemployment of people who experienced being unemployed/unoccupied (discrete-time multinomial logistic regression analysis)

Notes: 1. The base category is "still unemployed/unoccupied." **: p<0.01, *: p<0.05, †: p<0.1. Cluster-robust standard errors were used.

2. The subjects of the analysis were 121 respondents. The one respondent who was "unemployed in May, self-employed, etc. in June" was excluded from the analysis.

negative effect for both "regular employees" and "non-regular employees." This demonstrates that the shorter the period of being unemployed/ unoccupied, the stronger the tendency for reemployment. Conversely, this means that the longer the period of being unemployed/unoccupied, the lesser the tendency for reemployment. The results also indicate a statistically significant tendency for breadwinners to enter reemployment as regular employees. Likewise, for breadwinners finding reemployment as a non-regular employee, (while not statistically significant) the coefficient is positive, suggesting that breadwinners are generally likely to find reemployment.9 Additionally, the effect of the non-regular employee dummy variable indicates that people who were regular employees in April tended to be reemployed as regular employees, and people who were non-regular employees at that time tended to be reemployed as non-regular employees.

We now come to the question of what kinds of differences exist between respondents' previous jobs and their jobs after reemployment. Figure 2 shows the employment types before and after reemployment and changes in monthly income (increase/decrease in comparison with a typical month prior to the pandemic) for the 56 respondents who experienced being unemployed/occupied in or before November 2020 and had found reemployment (in this case, were employees again) as of December. While, given the small sample size, it is necessary to be cautious about the robustness of the results, the analysis reveals that, while 22.7% of those who were regular employees in their original became non-regular employees jobs after reemployment, 8.8% of those who were non-regular employees became regular employees, suggesting that there is a stronger tendency to become a nonregular employee than to become a regular employee. Similarly, just 5.4% saw an increase in monthly income, while as many as 33.9% saw a decrease.

These results reflect the harsh conditions surrounding reemployment in the COVID-19 crisis. However, a comparison of the life satisfaction levels of those who were still unemployed/unoccupied (people still unemployed/unoccupied as of December) and those in reemployment in Figure 3 distinctly shows that satisfaction levels among those in reemployment are high. While circumstances



Figure 2. Circumstances before and after reemployment (N=56)



Figure 3. Life satisfaction levels of those still unemployed/unoccupied and those in reemployment

may be difficult, there is no question of the importance of providing support for reemployment.

V. Key insights

This analysis has looked at the actual state of job separation (changing employers or being unemployed/unoccupied) and unemployed/ unoccupied to reemployment amid the COVID-19 crisis. It has provided us with the following insights.

Firstly, it was revealed that non-regular employees tend to experience being unemployed/ unoccupied, and the same trend is also slightly apparent among young people. The decline in employment of non-regular employees and young people in the COVID-19 pandemic has also been identified in previous research utilizing macro-level data from the *Labour Force Survey* and other such sources,¹⁰ and here we have corroborated such a conclusion through the analysis of microdata. Secondly, in addition to such trends, there are the effects of the factors unique to the COVID-19 crisis—namely, that suspension of business at workers' places of employment slightly prompts the change of employers, and that decline in monthly income urges becoming unemployed/unoccupied.

Thirdly, we also ascertained that the shorter the period of being unemployed/unoccupied, the stronger the tendency to find reemployment—or, conversely, that the longer the period of being unemployed/unoccupied, the lesser the tendency to find reemployment. Fourthly, breadwinners tend not to become unemployed or unoccupied, and, even if Appendix. The determinants of reemployment among those who experienced being unemployed/unoccupied (males only)

(discrete-time multinomial logistic regression analysis)

	Regular	employee	Non-regula	ar employee
_	В	S.E.	В	S.E.
Number of months in	-0.230	0 201	0 1 2 0	0.201
unemployment/unoccupied	-0.230	0.301	0.120	0.201
Age	-0.030	0.039	0.085	0.039 *
University graduate or higher	-0.333	0.657	0.882	0.922
Married (has spouse)	1.915	0.748 **	-1.081	0.780
Breadwinner	0.909	1.260	-0.817	1.163
Non-regular employee	-1.533	1.298	0.744	0.799
Constant	-1.799	2.389	-6.754	2.055 **
Person-month		135		
Chi-square		29.530 **		
Pseudo-coefficient of determination		0.187		

Notes: 1. The base category was "still unemployed/unoccupied." **: p<0.01, *: p<0.05, †: p<0.1. Cluster-robust standard errors were used.

2. There were 42 subjects. The one respondent who was "unemployed in May, self-employed, etc. in June" was excluded.

they do become unemployed or unoccupied, tend to promptly find reemployment. In other words, many non-breadwinners become unemployed/unoccupied for an extended period. Fifthly, the environment surrounding reemployment was on the whole difficult. More specifically, there was a tendency for reemployment to be as a non-regular employee, as opposed to as a regular employee, and the cases of decline in monthly income outweighed those in which it increased. At the same time, the levels of life satisfaction of those in reemployment were remarkably high in comparison with those still unemployed/unoccupied, and therefore the necessity of support for reemployment remains without question.

The analysis in this paper focused only on the actual state of job separation and reemployment in the COVID-19 pandemic. It is therefore difficult to reach clear implications for policy. However, at least, it can be said that there is a need for special support for people who have been unemployed/ unoccupied for a long period (who include many non-breadwinners). There is also the suggestion that where measures are taken with the aim of preventing workers from becoming unemployed/unoccupied

while also curbing the spread of COVID-19, it is essential that although enterprises may suspend business and send employees on temporary leave, employees receive proper financial compensation.

1. See Cabinet Office, *National Accounts of Japan*, (October-December 2020, 1st Preliminary Estimates).

2. See the Ministry of Internal Affairs and Communications, *Labour Force Survey (Basic Tabulation)*. See also Figure 1, Statistical Indicators in *Japan Labor Issues*.

3. From OECD. Stat, *Monthly Unemployment Rate* (accessed February 18, 2021). The highest unemployment rates in 2020 following the COVID-19 crisis were 14.8% in the US (April), 5.0% in the UK (October), 4.6% in Germany (December), and 9.4% in France (July), which represent 11.3 percentage point, 1.0 percentage point, 1.2 percentage point, and 1.7 percentage point increases in comparison with January 2020, respectively.

4. In this paper, "job separation" refers to all of the following: changing employers (changing job to a different company), becoming unemployed (and looking for work), and becoming "unoccupied" (neither working nor looking for work).

5. For overviews of survey implementation and results of the first, second, and third surveys, see JILPT (2020a), JILPT (2020b), and JILPT (2021), respectively.

6. Though the relevant tables and figures are omitted here, the tendencies among women to change employers or to become unemployed/unoccupied are attributable to the fact that typically a large proportion of women are non-regular employees.

7. The survey question asked respondents whether their employers had taken the step(s) of "suspending business (e.g.

shutdown, closure, etc.) and/or increasing non-business days."

8. The typical month prior to the pandemic is represented as the index 100.

9. Incidentally, for men, the effect of being married (having a spouse) is stronger than that of being a breadwinner (see Appendix).

10. See Takahashi (2020) regarding the decline in employment of non-regular employees and Sakamitsu (2020) regarding the decline in employment of young people.

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TAKAHASHI Koji

Senior Researcher, The Japan Institute for Labour Policy and Training. Research interest: Non-regular employment. https://www.jil.go.jp/english/profile/takahashi.html

How Women Bear the Brunt of COVID-19's Damages on Work (Continued, Part II): Catch Up With Men on the Employment Recovery

ZHOU Yanfei

I. Introduction

One year has passed since the COVID-19 pandemic began menacing the world. In the first article¹ under my column "How Women Bear the Brunt of COVID-19's Damages on Work," I reported on the how decreases in hours worked and income in April and May 2020, when the economy rapidly worsened under the government's state of emergency declaration, were larger for females than for males. In the following article,² I looked at June and July, when the economy was made a slight recovery, and reported that, similarly, female employment was recovering more sluggishly in comparison with male employment. However, from August to November, a time of further economic recovery, improvements in hours worked and income peaked for males but continued for females. In this article, I will explore this new trend in employment recovery and the primary factors behind it.

II. A reversal in male-female employment trends

Although the COVID-19 pandemic's effects on employment have been less severe in Japan compared to Western countries, the fact that its impacts are felt most by vulnerable groups is the same in Japan as it is elsewhere. Women, in particular, make up a large percentage of employment in industries involving interpersonal services, such as food service and accommodations, and many of those are engaged in non-regular employment. Consequently, the occurrence of what is coined the "she-cession" phenomenon whereby female employment is affected more than male employment—has been confirmed in various studies.³



According to the employee survey, "Survey on the Impact

that Spreading Novel Coronavirus Infection Has on Work and Daily Life"⁴ conducted by Japan Institute for Labour Policy and Training (JILPT), decreases in hours worked and income were greater for females than males in April-May 2020, when the economy worsened, and recovery in employment was more sluggish for females than males in June-July, when the economy improved.⁵ According to a large nationwide survey of 68,000 employees conducted jointly by NHK (Japan Broadcasting Corporation) and JILPT, the percentage of respondents who were dismissed, on job-separation, furloughed for more than seven days or experienced a significant decrease in hours worked within the seven-month period since April 2020 was 26.3% for females, as opposed to 18.7% for males.⁶

This is a trend unlike those seen previously appears in August-November, when the economy made a rapid recovery. Let us look at changes in numbers of employees by sex. For August to November, the number for male employees remains relatively unchanged from the pre-COVID-19 number (March 2020) at around 98% of the normal level. However, that for female employees shows a continuing gradual recovery that reaches 99.7% of the pre-COVID-19 number in November. A similar trend is seen for the number of unemployed persons. Number of employees (seasonally adjusted)



Source: Ministry of Internal Affairs and Communications, Labour Force Survey (Basic Tabulation).

Figure 1. Changes in number of employees by sex and number of unemployed persons (seasonally adjusted, March 2020=100)

The number of unemployed persons for females reaches a high of 129.4% of the pre-COVID-19 level in August and then improves to 110.3% in November. On the other hand, the number of male unemployed persons increases from August and worsens to 129.4% of the pre-COVID-19 level in November (Figure 1).

That a reversal in the employment trends of males and females occurred can also be seen in aforementioned JILPT employee survey conducted in mid-December (Figure 2 and Appendix 1). When the survey asked 4,307 employees (aged between 20 and 64 years) of private companies who were employed on April 1, 2020, about their employment situation at the end of November, the percentage of women who responded "involuntarily unemployed" due to dismissal, termination of employment contract, or company bankruptcy fell below that of men for the first time. In a May 2020 Survey, involuntary unemployment was higher for females than males (2.7% vs. 1.8%), but in the December Survey, this situation reversed, with males having a higher percentage (2.9%) than females (2.3%).

The gender gap is also shrinking in terms of the percentage of respondents indicating "on temporary leave (furlough)," indicating that the respondent is employed but did not actually work. As of the end of November, the percentage of women on furlough was 1.8%, compared to 0.4% of men. Thus, a disparity between the sexes continues to exist. However, the size of the difference between them shrank from 3.7 percentage points at the end of May to 1.4 percentage points. The percentage of those on "furlough" (including childcare leave) among females



Source: Statistics based on the JILPT "Survey on the Impact that Spreading Novel Coronavirus Infection Has on Work and Daily Life" (conducted around the end of May, August, and December 2020). See Appendix 1 for detailed results. For the preliminary results of each survey, see https://www.jil.go.jp/english/special/covid-19/index.html. *Notes*: 1. At all time points, the aggregated respondents are 4,307 employees who worked at private enterprises on April 1, 2020.

 a=Dismissed, had employment terminated, or became unemployed due to bankruptcy. b=Not working but engaged in jobhunting activity (excluding a). c= Not working and not engaged in job-hunting activity. d=Employed but worked zero hours.
A "child-rearing female" is a woman who is rearing a child under the age of 18.

Figure 2. Percentages of persons employed by private enterprises who became unemployed or went on temporary leave ("furlough") (May to November 2020)

who are raising children under the age of 18 also fell to 4.2%, which is a 1.9-percentage-point improvement compared to the end of July.

III. Hours worked and income peaked for men but continue to improve for women

Women are also closing the gap with men in terms of the degree of recovery in hours worked and wages. Figure 3 and Appendix 2 show changes in the average hours worked and monthly income of people who continued working between March and the end of November 2020. Although women's average hours worked recovered in June-July, the rate of recovery was sluggish compared to men. This was in part because the decrease of hours worked for females was much larger than males in April-May. However, for August-November, the weekly average of hours worked stays roughly unchanged at about 96% of the normal month for males, while that for females continues to improve gradually. As a result, the gender gap essentially disappears in terms of the degree of recovery in hours worked. In the fourth week of November, hours worked recover to about 97% of the normal month for both males and females.

Likewise, for pretax monthly income, the gender gap is shrinking in terms of employment recovery. Looking at average monthly income for November (estimated amount), income is recovering to a level that is slightly above the normal month for all females. On the other hand, the average monthly income for males is 2.6% lower than the normal month (November estimate), and no further improvements have been seen since June.⁷

Even child-rearing females, whose employment recovery was sluggish in the August Survey, show a



Pretax monthly income



Source: Prepared based on the aggregated results of Appendix 2.



comparatively large improvement in both hours worked and monthly income. Their weekly average hours worked fell to 77.3% of the normal month in the second week of May; however, since then, it has closed the gap by recovering to 94.7% of the normal month in the fourth week of November. The average monthly income of child-rearing females has also recovered to 98.1% of the normal month (November estimate).

IV. Changes in both labor force demand and supply

It appears that women catch up with men on employment recovery due to changes in both labor force demand and supply. First, after the economy experienced a historic drop in April-May 2020, it sprang back when the state of emergency declaration was lifted (May 25) and labor demand returned to a considerable degree. In fact, Japan's gross domestic product (GDP) for July-September 2020 posted a record increase of 22.9% (annualized on a quarteron-quarter basis) and is predicted to achieve high growth of 7.97% in October-December. Thus, there is a clear economic recovery between July and December.⁸ The introduction of the "Go To Travel" campaign (beginning on July 22, 2020) and "Go To Eat" campaign (beginning in October 2020) as national initiatives to spur consumption helped boost economic expansion. And as a result, labor demand in interpersonal service-oriented industries, such as restaurants and travel, recovered to a significant degree.

In addition, economic support is being strengthened for industries that are severely affected by the pandemic and non-regular employees. Such support includes a major expansion of the Employment Adjustment Subsidy program through which the government expanded subsidies to companies in payments of business suspension allowances, and the establishment of "leave benefits/payments" for which employees can apply individually when their companies are unable to provide them the business suspension allowances (compensating 80% of wages with a maximum daily limit of 11,000 yen, approximately US\$100.66; beginning in July 2020). These measures benefit female employees disproportionately and may have helped shrink the gender gap in employment recovery by serving as factors on the labor demand side.

A factor on the labor supply side, on the other hand, is the fact that housework and child-rearing duties largely returned to their pre-COVID-19 levels (Figure 4 and Appendix 3). The effect of increased



Source: Prepared based on the aggregated results of Appendix 3. *Note*: The bottom part of Figure 4 shows aggregated results for respondents who answered "there was a major impact" associated with the pandemic in their employment and income during the time between the outbreak of the COVID-19 pandemic to the present time.

Figure 4. Changes in housework hours and child-rearing hours (normal pre-pandemic month=100)

housework and child-rearing duties that resulted from the temporary closure of nursery, elementary, junior high, and high schools gradually dissipated after the state of emergency declaration was lifted. It is likely that a decrease in women who had been voluntarily refraining from working that came with the reopening of schools also contributed to employment recovery among females.

Looking at Figure 4, the daily number of hours spent doing housework (hours spent cooking, doing laundry, and cleaning) increased by between 6% and 10% for both males and females during the state of emergency period (April 7 to May 25, 2020) compared to the normal month. However, as of December, this number has fallen to 102% of the normal month for females and 105% of the normal month for males. Although it remains the case that housework duties tend to be handled by women, as women's housework hours are more than double those of men, it is safe to say that the amount of time women spend doing housework is returning to its normal level.⁹ A similar trend can be seen in terms of the amount of time spent caring for children (e.g., taking care of food and clothing, serving as a playmate, providing care during study, etc.).

It is worth noting that when limiting to women who answered "there was a major impact" in employment and income due to the pandemic, they experienced a major increase in housework and child-rearing hours of between 10% and 23% during the state of emergency in comparison with the normal month. However, as of December, this level has returned to about 105% of the normal month, which is the same as the level for men.

V. Policies that will be required if female employment worsens again

Although the employment situation for Japanese females was extremely severe in the April-May period of 2020, it is now recovering from its very worst state. However, a point of concern here is the effect brought by the national government's declaration of a second state of emergency in response to a resurgence in COVID-19 cases (started on January 7 and ended on March 21, 2021).

In the case of this second state of emergency, while some local governments asked parents to refrain from sending their children to nursery schools, the kind of temporary closure of all nursery, elementary, junior high, and high schools that was seen during the first state of emergency has not been implemented. Accordingly, this factor that inhibits female employment on the supply side is being avoided, at least for the time being.

On the labor demand side, however, there is the risk that female employment will again worsen. This is because service consumption relating to restaurants, hotels, and the like is again falling with the renewed state of emergency. Moreover, cases are again growing in the United States and Europe, and as a result exports are expected to plummet from growth of around 9% in October-December 2020 to growth of just 0.76% in January-March 2021.¹⁰

Should the female employment situation worsen again, attempts to respond solely with conventional measures that are dependent upon economic assistance from the national government, such as the Employment Adjustment Subsidy, will reach certain limitations. The first is limited financial resources. The Employment Adjustment Subsidy program, which was created in 1975 with use by regular employees in iron and steel industries in mind, cannot supply the money needed with premiums revenue of 600 billion yen a year. Indeed, estimates made at the end of 2020 show that there is already a revenue shortage of 1.7 trillion yen. The shortfall is being covered through temporary special provisions legislation that uses employment insurance reserve funds normally applied to unemployment insurance and childcare leave benefits. However, it is expected that those reserve funds will run out in FY2021. It is highly likely that employment insurance premium rates will be raised at some point to replenish the depleted employment insurance reserve funds, and that this will result in a greater burden on both companies and employees.

The second involves limitations in terms of

maintaining workers' skills and job turnover. The Employment Adjustment Subsidy and leave benefit programs are short-term employment measures, nothing more and nothing less. If furloughs become extended largely, it may become difficult to maintain vocational skills and job motivation. Moreover, while it may be better over the long term for workers to move away from languishing occupations to thriving ones, use of the Employment Adjustment Subsidy program could inhibit this kind of job turnover.

With the COVID-19 pandemic expected to become prolonged, the time is coming when the main relief measures will shift away from direct economic assistance (represented by the Employment Adjustment Subsidy and leave benefits) toward "job creation assistance." What is needed now is a fullscale public investment to "increase jobs," "eliminate mismatches," and "cultivate new growth fields." The renovation of aging roads and bridges, development of infrastructure for the arrival of 5G, and public investment to encourage widespread use of electric vehicles (EV), for example, will not only increase employment but also have a tremendous effect in cultivating new growth fields. Meanwhile, in Japan, which tends to be strongly oriented toward large enterprises, small and medium-sized venture companies often face difficulty securing suitable human resources. A matching service that temporarily assigns business suspension allowance recipients to growth-oriented SMEs experiencing this problem, and that makes job movement possible for those recipients who desire it, would be a good tool for addressing this.

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1. Yanfei Zhou, "How Women Bear the Brunt of COVID-19's Damages on Work," *Japan Labor Issues* 5, no.28 (January 2021): 2–8, https://www.jil.go.jp/english/jli/documents/2021/028-01.pdf.

2. Yanfei Zhou, "How Women Bear the Brunt of COVID-19's Damages on Work (Continued): The Gender Gap in Employment Recovery," *Japan Labor Issues* 5, no.29 (February–March 2021): 2–10, https://www.jil.go.jp/english/jli/documents/2021/029-01.pdf.

3. Yanfei Zhou, "Korona-ka no kakusa kakudai to konkyu-sha shien: Josei, hiseikirodo-sha, tei-shunyu-so ni chumoku shite" [Widening inequality in the COVID-19 pandemic and support for poor and needy people with a focus on women, non-regular workers, and low-income strata], *Journal of Poverty* 25: 4–13 (only available in Japanese).

4. See "Results of the 'Survey on the Impact that Spreading Novel Coronavirus Infection Has on Work and Daily Life' (August 2020 Survey, coupling with the respondents of April Survey and May Survey, First Aggregation)" at https://www.jil. go.jp/press/documents/20210118.pdf (only available in Japanese), and https://www.jil.go.jp/english/special/covid-19/ survey/documents/20200826.pdf (summary in English).

5. See notes 1 and 2.

6. JILPT, "Shingata korona uirusu to koyo/kurashi ni kansuru NHK-JILPT kyodo chosa kekka gaiyo" [Summary of the joint NHK-JILPT survey on the novel coronavirus and employment/ living] released on December 4, 2020 (only available in Japanese).

7. The percentage of those whose monthly income for the most recent month decreased by 30% or more against the normal month was 8.1% for males and 8.0% for females. Thus, no difference between the sexes is evident.

8. This is the average prediction of 36 private-sector economists (Asahi Shimbun, "GDP nen 7.9% seicho yosoku" [Predicted annual GDP growth of 7.9%], February 11, 2021).

9. A similar result was obtained from the NHK-JILPT joint survey.

10. *Nihon Keizai Shimbun*, "GDP, 5.4%-gen yosoku: Kinkyu jitai encho de shitabure" [Prediction of 5.4% decrease in GDP: A downturn from the extended state of emergency], February 11, 2021.

ZHOU Yanfei

Professor, Japan Women's University. Associate Researcher, The Japan Institute for Labour Policy and Training. Research interests: Labor Economics, Social Security and Public Policy.

Appendix 1. Percentages of persons employed by private enterprises who became unemployed or went on temporary leave ("furlough") (%, from May to November 2020)

	Total	Males	Females	Non-regular employment	Regular employment	Non-regular employment · Males	Non-regular employment · Females	Child- rearing males	Child- rearing females	Single mothers
(End of May 2020–May Survey)										
Involuntary unemployment ^a	2.2	1.8	2.7	3.8	1.4	3.9	3.7	1.7	2.2	3.9
Voluntary unemployment ^b	0.4	0.5	0.4	1.0	0.2	1.8	0.7	0.0	1.0	1.0
Not in labor force ^c	0.5	0.3	0.7	0.9	0.3	1.3	0.7	0.1	1.2	0.0
On temporary leave ("furlough") ^d	3.3	1.6	5.3	6.9	1.4	5.2	7.5	1.0	7.1	8.7
Total	6.4	4.2	9.0	12.5	3.3	12.3	12.6	2.8	11.5	13.6
n	4,307	2,311	1,996	1,459	2,848	383	1,076	717	496	103
(End of July 2020–August Survey)										
Involuntary unemployment ^a	2.5	2.4	2.6	3.6	1.9	4.4	3.4	2.9	2.5	1.9
Voluntary unemployment ^b	0.4	0.4	0.5	0.8	0.3	1.3	0.6	0.3	0.2	0.0
Not in labor force ^c	1.0	0.7	1.5	1.4	0.8	0.5	1.8	0.8	1.9	1.0
On temporary leave ("furlough") ^d	1.6	0.7	2.7	2.4	1.2	1.6	2.7	0.3	6.1	2.9
Total	5.6	4.2	7.2	8.2	4.2	7.8	8.4	4.3	10.7	5.7
n	4,307	2,311	1,996	1,459	2,848	383	1,076	714	479	105
(End of November 2020–December Su	irvey)									
Involuntary unemployment ^a	2.7	2.9	2.3	3.7	2.1	6.3	2.8	3.7	2.1	1.1
Voluntary unemployment ^b	0.6	0.4	0.8	0.8	0.4	0.8	0.8	0.0	0.4	0.0
Not in labor force ^c	1.1	0.7	1.7	2.3	0.5	2.1	2.3	0.0	2.5	0.0
On temporary leave ("furlough") ^d	1.0	0.4	1.8	1.3	0.9	0.5	1.6	0.7	4.2	2.2
Total	5.4	4.4	6.5	8.1	4.0	9.7	7.5	4.4	9.2	3.3
n	4,307	2,311	1,996	1,459	2,848	383	1,076	709	477	91

Source: Statistics based on the JILPT "Survey on the Impact that Spreading Novel Coronavirus Infection Has on Work and Daily Life" (conducted around the end of May, August, and December 2020).

Note: a=Dismissed, had employment terminated, or became unemployed due to bankruptcy. b=Not employed but engaged in job-hunting activity (excluding a). c=Not employed and not engaged in job-hunting activity. d=Employed but worked zero hours. A "child-rearing male (female)" is a man (woman) who is rearing a child under the age of 18.

Appendix 2. Changes in weekly hours worked and pretax monthly income (March to November 2020; average values)

	Total Males		Females Non-regular employment		Reg emplo	Regular employment		Child-rearing males		rearing ales				
	Hours worked	Monthly income (10,000 yen)	Hours worked	Monthly income (10,000 yen)	Hours worked	Monthly income (10,000 yen)	Hours worked	Monthly income (10,000 yen)	Hours worked	Monthly income (10,000 yen)	Hours worked	Monthly income (10,000 yen)	Hours worked	Monthly income (10,000 yen)
Normal month	39.2	24.4	43.3	30.6	34.3	17.0	29.4	13.4	44.0	29.9	45.3	35.8	30.8	15.0
March	37.8	23.5	42.3	29.8	32.1	16.1	27.4	12.4	42.8	29.2	44.6	35.0	28.0	13.8
April	35.6	22.9	39.9	29.2	30.3	15.4	25.2	11.6	40.6	28.6	42.2	34.3	26.1	13.2
May	33.5	23.5	38.3	29.7	27.8	16.1	22.7	12.3	38.9	29.0	40.7	34.7	23.8	13.2
June	36.4	23.7	40.8	29.8	31.2	16.6	26.4	12.9	41.4	29.2	42.7	34.7	26.7	13.9
July	37.0	24.0	41.2	29.9	31.9	16.9	27.3	13.2	41.8	29.3	43.2	34.9	27.4	14.1
August	37.3	23.9	41.3	29.8	32.5	16.9	27.6	13.1	42.1	29.2	43.4	34.8	28.6	14.4
September	37.5	24.0	41.4	29.8	32.9	17.1	27.9	13.4	42.2	29.3	43.5	34.9	29.0	14.6
October	37.8	24.1	41.7	29.9	33.1	17.2	28.2	13.5	42.5	29.3	43.9	34.9	29.3	14.6
November	37.8	24.0	41.8	29.9	33.1	17.2	28.3	13.6	42.5	29.3	44.1	34.9	29.2	14.7
Rate of change (Mar-May average against normal month, %)	-9.1	-4.5	-7.2	-3.6	-12.2	-6.3	-14.6	-9.5	-7.4	-3.4	-6.2	-3.3	-15.8	-10.3
Rate of change (Jun-Jul average against normal month, %)	-6.4	-2.2	-5.2	-2.6	-7.8	-1.1	-8.5	-2.4	-5.6	-2.3	-5.1	-2.8	-12.3	-6.6
Rate of change (Aug-Nov average against normal month, %)	-4.1	-1.6	-4.0	-2.6	-3.9	0.9	-4.5	0.3	-3.8	-2.2	-3.5	-2.7	-5.8	-2.7
n (normal month to July)	4,179	3,791	2,262	2,054	1,917	1,737	1,388	1,262	2,791	2,529	701	571	459	417
n (August to November)	4,194	3,781	2,269	2,048	1,925	1,733	1,390	1,256	2,804	2,525	703	650	459	420

Source: Statistics based on the JILPT "Survey on the Impact that Spreading Novel Coronavirus Infection Has on Work and Daily Life" (conducted around the end of August and December 2020).

Notes: 1. The aggregated respondents are employees of private enterprises (including persons on temporary leave "furlough"). The value for the normal month and March to July is 4,179 people who worked from March 1 until the end of July, and the aggregated value for August to November is 4,194 people who worked from August 1 until the end of November.

2. The numbers of hours worked provided for each month refer to the average hours worked for the entirety of March, the second week of April, the second week of May, and the last week of June, July, August, September, October, and November, respectively. The monthly incomes for July and November are estimated amounts.

3. Hours worked and pretax monthly income are roughly calculated based on 12 classes. However, hours worked of 60 or more hours are considered to be 60 hours and pretax monthly income of 500,000 yen or more is considered to be 500,000 yen; the median of each class is used for the others.

Appendix 3. Changes in average housework hours and child-rearing hours on weekdays (unit: minute)

	All employees						"There was a major impact" in employment and income due to the pandemic							
	Housework hours			Child-rearing hours			Housework hours				Child-rearing hours			
	n	Normal month	During state of emergency	As of December	Normal month	During state of emergency	As of December	n	Normal month	During state of emergency	As of December	Normal month	During state of emergency	As of December
Total	4,307	59.5	65.0	61.5	18.5	20.9	19.3	521	63.0	73.0	66.5	20.2	23.6	21.2
Males	2,311	38.2	42.3	40.1	16.2	18.2	17.1	296	47.1	53.6	49.3	22.0	24.9	23.3
Females	1,996	84.1	91.4	86.2	21.1	23.9	21.8	226	83.8	98.4	88.9	17.8	21.8	18.4
Regular employment	1,459	80.0	86.7	81.9	18.0	20.4	18.7	205	74.0	89.3	80.3	15.7	18.1	15.4
Non-regular employment	2,848	49.0	53.9	51.0	18.7	21.1	19.6	316	55.9	62.5	57.5	23.1	27.1	25.0
Child-rearing males	717	41.6	48.0	45.1	52.7	59.3	55.7	92	53.3	64.1	57.7	70.6	79.7	74.8
Child-rearing females	496	108.0	114.5	109.9	88.5	100.2	91.2	52	103.0	114.5	111.9	77.3	94.9	79.9

Source: Statistics based on the JILPT, "Survey on the Impact that Spreading Novel Coronavirus Infection Has on Work and Daily Life" (December 2020 survey).

Notes: 1. Housework hours: time spent cooking, doing laundry, and cleaning; child-rearing hours: time spent caring for a child.

2. Housework hours and child-rearing hours are roughly calculated based on 8 classes. However, hours of three hours or more are considered to be 180 minutes; the median of each class is used for the others.

The Worker Status of a Theater Troupe Member

The *Air Studio* Case Tokyo High Court (Sept. 3, 2020) 1236 *Rodo Hanrei* 35

HAMAGUCHI Keiichiro

I. Facts

Y is a stock corporation (*kabushiki gaisha*) that engages in theater production, audiovisual production, management of entertainers, studio management, and restaurant management. Y1, a theater troupe run by Y, has theaters at two locations in Tokyo, where it gives performances almost weekly, in addition to an annual performance at a theater not belonging to the troupe.

X joined Y1 in December 2008 on a provisional basis, and later became a troupe member upon signing a contract to join the company in August 2009. As a troupe member, X appeared in productions and participated in rehearsals for said productions, and, in addition, engaged in backstage work in areas such as stage setting, props, sound, and lighting. X initially received no salary at all, but from around 2013 onward, Y began to pay X and other troupe members 60,000 yen per month. Each troupe member also received a form of commission, determined according to the number of tickets sold, for each production in which they appeared (same amount for each performer; around 20,000 yen per production). X also received a wage for working at a café operated by Y.

X left Y1 in May 2016 and filed a suit in 2017 seeking payment of unpaid wages for duties such as backstage work and performance in productions and rehearsals, among other claims. On September 4, 2019, the Tokyo District Court passed a judgment partially in favor of X, whereby X's eligibility to be classed as a worker, or "worker status" ($r\bar{o}d\bar{o}shasei$), was recognized for the backstage work, but rejected for performance in productions, and Y was ordered to pay the



unpaid wages for the backstage work only.

Both X and Y responded by filing an appeal to the Tokyo High Court. X asserted his worker status concerning performance in productions as well (that is, in addition to his worker status about the backstage work), while Y asserted that working backstage should not qualify for worker status either (namely, just as performance in productions had been determined ineligible for worker status).

II. Judgment

Unlike the Tokyo District Court judgment, the Tokyo High Court, on September 3, 2020, recognized worker status not only concerning the backstage work but also concerning the performance in productions and rehearsals.

The Tokyo District Court had determined that due to the fact that "appearing in productions is optional, and X was therefore able to refuse," "it cannot be said that X was providing labor in the form of appearing in productions under Y's direction," and "the payment of money as a ticket sales commission is a remuneration for the performer's ability to attract an audience and not a compensation for the provision of labor in the form of performing."

In contrast, the Tokyo High Court recognized that while "X was able to refuse to appear in a Y1's production, and it cannot be inferred that any disadvantage would have been incurred as a result of refusing," "as troupe members become troupe members because they wish to appear in productions, they would typically be unlikely to refuse to perform, and, even if they were to refuse, it would be in order to allow them to engage in other duties for Y." As "such troupe members had to prioritize performing the work assigned to them by Y1 and Y, and were therefore effectively under the direction of Y, they are not considered to have been able to refuse." The judgment went on to state that "even if there were cases in which rehearsals were carried out at a location other than the theaters stated in this case, rehearsals themselves are, as a matter of course, conducted under Y1's direction, and therefore, even if the appearance in a production itself was optional, appearing and acting in the production falls under the direction of Y1." The court therefore concluded that "among X's duties at Y1, the work related to stage setting, props, sound and lighting (backstage work), appearing and acting in productions, and rehearsing, among other duties (excluding, however, participation in "end of run" parties and other such social events) can also be considered the provision of labor by X at specified times and locations under direction from Y1, namely, labor for which X was receiving a certain amount of wages. Therefore, it determined that X was employed by Y and thereby falls under the definition of a worker who is paid wages (as set out in Article 9 of the Labor Standards Act)."

III. Commentary

This judgment was a great shock to the Japanese theatrical world, which relies on the support of unpaid work by troupe members on the assumption that said members are not classed as workers. While the Tokyo District Court decision, and its recognition of worker status for the backstage activities, was itself a disquieting development for many theater companies utilizing troupe members as a source of unpaid labor, this Tokyo High Court judgment, and its recognition of worker status even for appearing in productions and attending rehearsals—the very fundaments of theatrical activity—delivered an extremely significant blow.

Looking first at the issue of the worker status for backstage work—which the Tokyo District Court had already recognized—stage and prop setting, sound, lighting, and other such work for entertainment activity of a certain scale would typically be the responsibility of a specialist worker, and the recognition of worker status would be no issue. In this case, in addition to appearing in productions, participating in rehearsals, and engaging in backstage work, X was working at Y's café, and, as Y recognized X's worker status for said work at the café, it is clear that the same person can engage in work for which they have worker status and work for which they do not have worker status at the same corporation.

It has, however, been noted that small theater troupes in Japan are barely capable of financially sustaining themselves as business operations and are just about keeping themselves afloat by troupe members' efforts to sell tickets to friends and family. Therefore, it is seemingly typical for the backstage work that would normally be conducted by specialist workers to be carried out by troupe members free of charge. A factor behind this is the lack of perception of theatrical performance (in contrast to other entertainment) as commercial enterprise, and there also appears to be a tendency to see theatrical performance as artistic endeavors where no thought is given to the pursuit of commercial success. For such theatrical productions by students or other non-professionals performing as a hobby, it is no doubt normal for troupe members to take care of the backstage work by themselves. However, an enterprise such as Y, a stock corporation operating various businesses, can hardly suggest that its theatrical activities are not commercial enterprise. If Y also employed and paid workers from external sources to engage in backstage work when said work was too much for

the troupe members alone, it stands to reason that when the troupe members carry out the same work, they should be recognized as workers.

This judgment, which addressed this issue by recognizing worker status for appearing in productions and participating in rehearsals, is expected to have extremely far-reaching consequences. It is particularly important to note that the logic behind this recognition of worker status is based on the conclusion that troupe members are effectively unable to do so, despite officially being able to refuse to appear in productions, because "troupe members become troupe members because they wish to appear in productions." The typically adopted logic is that even a person who is officially able to refuse orders does not have that freedom in practice if they are under some form of tangible or intangible pressure from the other party (the theater troupe). In addition to this typical logic, this judgment adopts the somewhat peculiar conclusion that the troupe member himself was unable to refuse due to his own psychological mechanism of "not wanting to refuse." This is, however, highly disputable, as it seems to render this criterion for worker status (the lack of freedom to refuse orders) an empty concept.

This judgment also states that the presumption that a performer will arrange his or her replacement when they cease to appear in productions is the distinguishing factor that such performing is work conducted under an employer's direction. However, this logic is reversed; in the first place, if the person could hire another person to conduct his or her work, this indicates that the person is not under a direction and supervision of an employer (*Labor Standards Act Study Group Report*, 1985¹). On this basis, it is necessary to object to this judgment recognizing worker status—as such status is defined under the Labor Standards Act—for troupe members concerning productions and rehearsals.

This case deals with a claim for the payment of unpaid wages, which addresses the issue of worker status as defined in the Labor Standards Act. At the same time, there is another concept of worker status: worker status as defined under the Labor Union Act, which would appear to be more applicable for allowing recognition of worker status in this case. That is, it can be suggested that the troupe members were retained by Y1 as a necessary or essential labor force for carrying out the organization's work, and the particulars of their contract were unilaterally determined. It is also possible to class the 20,000yen ticket sales commission for each production as remuneration for the provision of labor (even if it is difficult to recognize it as wages for hours worked). Therefore, if X were to form or join a labor union and apply for collective bargaining to seek payment of appropriate remunerations for productions and rehearsals, there would surely be scope for recognizing his worker status under the Labor Union Act.

1. The Study Group on the Labor Standards Act, *Rodo kijunho kenkyukai hokoku: Rodo kijunho no 'rodosha' no handan kijun ni tsuite* [Labor Standards Act Study Group Report: The criteria for 'worker' in the Labor Standards Act] (Tokyo: Ministry of Labour, December 19, 1985). https://www.mhlw.go.jp/stf/shingi/2r9852000000xgbw-att/2r985200000xgi8.pdf (available only in Japanese).

The *Air studio* case, *Rodo Hanrei* (*Rohan*, Sanro Research Institute) 1236, pp. 35–62. See also *Journal of Labor* Cases (Rodo Kaihatsu Kenkyukai) no.106, January 2021, pp. 38–39 and *Jurist* (Yuhikaku) no.1554, February 2021, pp. 4–5.

HAMAGUCHI Keiichiro

Research Director General, The Japan Institute for Labour Policy and Training. Research interest: Labor policy. https://www.jil.go.jp/english/profile/hamaguchi.html

Labor-management Relations in Japan Part II: Trends and Current State of Collective Labor Relations

HAMAGUCHI Keiichiro

I. Declining unionization rate

Let us start by looking at data related to "organization-oriented" collective labor relations,¹ one of the labor relations models introduced in Part I of this article series. The most important figure concerning this model is, obviously, the unionization rate.

In Japan, Labor Union Act was enacted in 1945, shortly after the end of the Second World War. At the time, the unionization rate was extremely high, reaching 55.8% in 1949. However, it subsequently went into a gradual decline, dropping to 30.8% in 1980, 21.5% in 2000, and, most recently, to 17.1% in 2020. While this was a slight increase from the 16.7% in 2019, it was merely a minimal rise resulting from the decrease in total number of workers during the COVID-19 pandemic. The unionization rate is essentially on the decline (Figure 1).

A more serious trend is the significant differences in unionization rate according to size of enterprise. While the unionization rate is gradually decreasing across all enterprise sizes, there are unmistakable differences between the rates for larger enterprises (1000 or more employees), medium-sized enterprises (100–999 employees), and smaller enterprises (less than 100 employees). At larger enterprises, it is still the case that just under half of employees are union members. The unionization rate at medium-sized enterprises, which was formerly around 30%, has now dropped to the 10% mark. At smaller enterprises, the unionization rate—which was already the 2% mark

25 years ago—has currently fallen to the 1% mark. In other words, at smaller enterprises, only one worker in every 100 is a union member (Figure 2).



II. Collective labor disputes facing extinction

The greatest element distinguishing *organization*oriented labor relations from *participation*-oriented labor relations is that they involve labor disputes. In Japan, Labor Dispute Mediation Act was enacted as early as 1926, prior to the Second World War. The postwar Labor Relations Adjustment Act of 1946 subsequently put in order the framework for conciliation, mediation, and arbitration and other such procedures of adjusting disputes, and a system for relief against unfair labor practices was also established in 1949.

While legal systems for disputes are fully developed, the unionization rate—the crucial element— is steadily declining, as just noted, and labor disputes also continue to decline. Moreover, a significant proportion of the infrequent labor disputes at present are labor disputes without acts of dispute—namely, disputes that are all talk and no strikes or other such practical actions. Most recent figures from 2019 show that, of the 268 disputes that year, only 49 were disputes with dispute acts, while the remaining 219 were merely all talk and no action. Furthermore, even of those 49 with dispute acts, only 27 involved a strike lasting half a day or more. At its peak in 1974, there was a total of 10,462 disputes, of which 9,581 were with dispute



Source: The author, based on Ministry of Health, Labour and Welfare, "Basic Survey on Labour Unions."



Figure 1. Unionization rate

Source: Same as Figure 1.

Figure 2. Unionization rate by size of enterprise

acts, and 5,197 involved strikes lasting half a day or more. Given that even prior to the Second World War, when labor unions were yet to receive legal approval, the total number of disputes was 2,456 in 1931, of which 998 involved dispute acts, it is even possible to suggest that labor disputes are now on the brink of extinction (Figure 3).

Moreover, the substance of these labor disputes demonstrates little of the typical characteristics of collective labor relations. In practice, the majority of cases are ostensibly labor union activities but in fact merely individual labor disputes on issues such as dismissals, changes to the terms and conditions of employment which are disadvantageous to workers, or harassment. This reflects the tendency toward individual labor relations, which we will explore in the next article (Part III). The very number of disputes appealed to the Labor Relations Commissions is also on the path of decline. In 2019 there were 203 cases, of which 150 involved regional



Source: The author, based on Ministry of Health, Labour and Welfare, "Survey on Labour Disputes."

Figure 3. Numbers of labor disputes



Source: The author, based on Central Labour Relations Commission, "Annual Report of Labour Relations Commission." Figure 4. Rise in cases involving regional general unions/ action with last-minute union membership

general unions ($g\bar{o}d\bar{o} r\bar{o}so$; non-enterprise-based unions open to individual membership, also referred to as community unions), and, furthermore, 85 were cases in which a worker had joined a regional general union after being subject to dismissal, harassment, or other such treatment, and the dispute was brought to a Labor Relations Commission by that union (cases known as *kakekomi uttae*, referred to below as "action with last-minute union membership"). In such cases, the labor union's role is no more than that of a contractor tasked with resolving an individual dispute (Figure 4).

III. Collective bargaining and joint labormanagement consultation

According to the European-style labor relations system, of which the German system is the typical example, organization-oriented collective labor relations entail labor unions-as organizations voluntarilv formed bv workers-conducting collective bargaining to conclude *collective* agreements, and participation-oriented collective labor relations entail works councils-as official organizations-pursuing joint labor-management consultations to conclude works agreements. It is a system in which work is divided between the organization-oriented and the participation-oriented approaches. In postwar Japan, however, there is not necessarily a clear distinction between collective joint bargaining and labor-management consultations, due to the fact that the enterprise unions-which are, at least according to the law, voluntarily-formed organizations-have in practice served as organizations representing the employees at their particular enterprise. Matters concerning terms and conditions of employment, such as salary or working hours, are typically addressed in collective bargaining, while other issues related to enterprise management are covered with joint labormanagement consultation. However, in practice, there are many cases in which even issues concerning terms and conditions of employment are initially addressed with joint labor-management consultations and switched to collective bargaining if no progress is made in consultations. It is therefore important to be aware that statistics on collective bargaining and joint labor-management consultation are also nothing more than the data for the cases that each enterprise chose to name as such.

Let us first look at the trend in the implementation rate of collective bargaining in organization-oriented collective labor relations. The percentage of labor unions that have engaged in collective bargaining in the last three years has hovered at around almost two thirds in recent years (Figure 5). We must, however, remember that due to the decline in the unionization rate, the percentage of the total number of workers to which this collective bargaining applies is decreasing.

Participation-oriented collective labor relations have also been stagnant in recent years. In Japan, as should be noted, the labor unions themselves are



Source: The author, based on Ministry of Health, Labour and Welfare, "Survey on Bargaining between Labour and Management."

Figure 5. Implementation rate of collective bargaining



Source: The author, based on Ministry of Health, Labour and Welfare, "Labour-Management Communication Survey." Figure 6. Enterprises with a joint labor-management consultation system

enterprise unions, and have therefore come to take the leading role in the joint labor-management consultation system. Shortly after the Second World War, labor-management councils (keieikyōgikai) were established at each enterprise, and these councils at times sought the approval of labor unions regarding personnel or management matters. The prerogatives of management were later established with the formation of the Japan Federation of Employers' Associations (Nikkeiren), and the Japan Productivity Center advocated the joint labor-management consultation system as a means to further develop discussions between labor and management, an approach which was increasingly adopted by enterprises. Japan's period rapid economic growth of then saw the establishment of enterprise-based collective labor relations which were focused on joint labormanagement consultation rather than collective bargaining. This demonstrated its strengths in the oil crises of the 1970s. While Japan, the US and Europe all suffered significant economic impacts due to the oil crises, it was noted at the time that it was joint labor-management consultation that allowed Japan to successfully weather these crises.

However, this joint labor-management consultation system, which has been noted by the OECD and others as Japan's strength, has been stagnant since the 1980s. Figure 6 shows the percentages of enterprises that have established a joint labor-management consultation system, based on data from the Ministry of Health, Labour and Welfare's "Labor-Management Communication Survey." While the size of enterprises surveyed differs depending on the survey timing, it is possible to see a general trend by which these percentages were on the increase in the 1970s, but subsequently stagnated in the 1980s, 1990s, and 2000s. In 2018, just 37.1% of enterprises with over 30 employees had joint labor-management consultation bodies.

1. "The organization-oriented collective labor relations model can be described as the 'democratization of the market' model, as it seeks to conduct the relations between the sellers of labor and the purchasers of labor in the labor market as collective bargaining as opposed to individual negotiations. The UK and US labor unions are based entirely on this model." See Hamachi (2021) for more detail.

Reference

Hamaguchi, Keiichiro. 2021. "Labor-management Relations in Japan Part I: Characteristics of the Collective Labor Relations System". Japan Labor Issues, vol.5, no.30. https://www.jil.go.jp/english/jli/documents/2021/030-02. pdf.

This is a series of three articles on the topic of the labormanagement relations in Japan. Part I (vol.5, no.30) looks at characteristics of the collective labor relations system. Part III will cover individual labor relations.

HAMAGUCHI Keiichiro

Research Director General, The Japan Institute for Labour Policy and Training. Research interest: Labor policy. https://www.jil.go.jp/english/profile/hamaguchi.html

I. Main Labor Economic Indicators

1. Economy

The Japanese economy shows weakness in some components although it remains in picking up in a severe situation due to the Novel Coronavirus. Concerning short-term prospects, the economy is expected to pick up, supported by the effects of the policies and improvement in overseas economies while the socio-economic activities will be resumed with taking measures to prevent the spread of infectious diseases. However, full attention should be given to the movement of infections would affect the domestic and foreign economy. Also attention should be given to the effects of fluctuations in the financial and capital markets. (*Monthly Economic Report*,¹ March 2021).

2. Employment and unemployment

The number of employees in February decreased by 430 thousand over the previous year. The unemployment rate, seasonally adjusted, was 2.9%.² Active job openings-to-applicants ratio in February, seasonally adjusted, was 1.09.³ (Figure 1)

3. Wages and working hours

In February, total cash earnings decreased by 0.4% year-on-year and real wages (total cash earnings) increased by 0.1%. Total hours worked decreased by 3.5% year-on-year, while scheduled hours worked decreased by 3.1%.⁴ (Figure 2)

4. Consumer price index

In February, the consumer price index for all items declined by 0.4% year-on-year. The consumer price index for all items less fresh food declined by 0.4%, and the consumer price index for all items less fresh food and energy increased by 0.2%.⁵

5. Workers' household economy

In February, consumption expenditures by workers' households decreased by 7.4% year-on-year nominally and decreased by 6.9% in real terms.⁶



Source: Ministry of Internal Affairs and Communications (MIC), *Labour Force Survey*; Ministry of Health, Labour and Welfare (MHLW), *Employment Referrals for General Workers*.

Note: Active job openings-to-applicants ratio indicates the number of job openings per job applicant at public employment security. It shows the tightness of labor supply and demand.

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



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

For details for the above, see JILPT Main Labor Economic Indicators at https://www.jil.go.jp/english/estatis/eshuyo/index.html

1. Cabinet Office, *Monthly Economic Report* analyzes trends in the Japanese and world economies and indicates the assessment by the Japanese government. Published once a month. https://www5.cao.go.jp/keizai3/getsurei-e/index-e.html

^{2.} https://www.stat.go.jp/english/data/roudou/results/month/index.html

^{3.} https://www.mhlw.go.jp/english/database/db-l/general_workers.html

^{4.} For establishments with 5 or more employees. https://www.mhlw.go.jp/english/database/db-l/monthly-labour.html

^{5.} https://www.stat.go.jp/english/data/cpi/index.html

^{6.} MIC, Family Income and Expenditure Survey. https://www.stat.go.jp/english/data/kakei/index.html

II. Impacts of the COVID-19 pandemic on employment and unemployment

There are growing concerns that COVID-19's spread will have a significant impact on employment by retarding economic activity in Japan. The following outlines the recent trends shown in statistical indicators relating to employment. See JILPT website *Novel Coronavirus (COVID-19)* for the latest information (https://www.jil.go.jp/english/special/ covid-19/index.html).

1. Employment and unemployment

(1) Definitions of Labour Force Survey



Source: Ministry of Internal Affairs and Communications (MIC), *Labour Force Survey*, Concepts and Definitions. https://www.stat.go.jp/english/data/roudou/pdf/definite.pdf

(2) Labor force

Table 1. Labor force

		Labor force							
	-	Total	Employe	Unemployed person					
				Not at work					
2017		6,720	6,530	151	190				
2018		6,830	6,664	169	166				
2019		6,886	6,724	176	162				
2020		6,868	6,676	256	191				
	January	6,846	6,687	194	159				
	February	6,850	6,691	196	159				
	March	6,876	6,700	249	176				
	April	6,817	6,628	597	189				
	May	6,854	6,656	423	198				
	June	6,865	6,670	236	195				
	July	6,852	6,655	220	197				
	August	6,882	6,676	216	206				
	September	6,899	6,689	197	210				
	October	6,910	6,694	170	215				
	November	6,902	6,707	176	195				
	December	6,860	6,666	202	194				
2021	January	6,834	6,637	244	197				
	February	6,840	6,646	228	194				

Source: Compiled by JILPT based on Ministry of Internal Affairs and Communications (MIC), Labour Force Survey (Basic Tabulation) (unadjusted values).



Medical, health care and welfare

Source: Ministry of Internal Affairs and Communications (MIC), Labour Force Survey (Basic Tabulation).⁷

Figure 3. Number of employed persons by main industry (unadjusted values, year-on-year change) (January 2017 to February 2021)

7. For up-to-date information and further details, see https://www.jil.go.jp/kokunai/statistics/covid-19/c01.html#c01-7 (in Japanese).



Source: MIC, Labour Force Survey (Basic Tabulation).8

Figure 4. Number of employed persons not at work (unadjusted values, by sex) (January 2017 to February 2021)





Figure 5. Number of unemployed persons (unadjusted values, by sex) (January 2017 to February 2021)

^{8.} For up-to-date information and further details, see https://www.jil.go.jp/kokunai/statistics/covid-19/c23.html (in Japanese).

^{9.} For up-to-date information and further details, see https://www.jil.go.jp/kokunai/statistics/covid-19/c03.html#c03-1 (in Japanese).

2. Working hours



Source: Compiled by JILPT based on MHLW, "Monthly Labour Survey."10

Notes: 1. Beginning in June 2019, values are based on a complete survey of "business establishments with 500 or more employees." 2. "Business establishments with 500 or more employees" for the Tokyo metropolitan area are re-aggregated beginning in 2012.

Figure 6. Total hours worked, scheduled hours worked, and non-scheduled hours worked (year-on-year change, total of full-time employees and part-time workers) (January 2017 to February 2021)

For the up-to-date information, see JILPT Main Labor Economic Indicators at https://www.jil.go.jp/english/estatis/eshuyo/index.html

10. MHLW, *Monthly Labour Survey*. https://www.mhlw.go.jp/english/database/db-l/monthly-labour.html. For up-to-date information and further details, see https://www.jil.go.jp/kokunai/statistics/covid-19/c11.html#c11-1 (in Japanese).

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