

Japan Labor Issues

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A Dazzling Brilliance: In Memory of Dr. Tadashi Hanami

NAKAJIMA Shigeya

Dr. Tadashi Hanami's long life drew to a close in August 2021. He was 92 years old. The late Dr. Hanami was remarkably brilliant, both as a researcher and as a person. It would be somewhat imprudent of me, a person who studied labor law under him for many years, to describe him as simply "a little unconventional man." But he truly was a legal scholar of such stature. When I received a copy of Dr. Hanami's last book, *Sotsuju Kinen, rōdō mondai roku ju-nen: Higashi to nishi no kakehashi o yumemite* (A commemoration of Dr. Hanami's 90th Birthday: Tackling labor issues for sixty years—Dreaming of being a bridge between East and West) (2020, Shinzansha), which was published in November of last year, I sent him a thank-you note with words of encouragement from the bottom of my heart, "Aim for 100!" However, it is the fate of all living beings to depart this world—even the Buddha was no exception. And as nature decreed, Dr. Hanami passed away. While offering a prayer for the repose of his soul, I would like to write a little about his brilliant and colorful life.

1. Dr. Hanami's self-critique

Dr. Hanami's incomparable brilliance is first revealed in self-critique. In general, the normal occupation of a researcher in the humanities is to do literature reviews and comparative studies of other people's works. If that researcher is in the field of law, he or she might also actively comment on trials and judges. But I have not heard of many researchers who engage in self-critique with the knowledge their conclusions will eventually be exposed (publicly) in print. Dr. Hanami did that for years. For him, there were no taboos. And authoritarianism was not in his nature. That is why he had so many fans.

Let us take a look at some of the things Dr. Hanami said: "The work I did, well, that was comparative labor law." "A characteristic of my research is that I am not the type of person who studies every square inch of a topic and then writes a basic textbook. By nature, I am quickly drawn to new things, but I am also easily bored. So I am quick to take an interest in new topics and publish research, and often too far ahead of my time to be understood by others." "You know, with textbooks,

you also have to write about things that don't interest you (so I've never written one)." "You'll never be a scholar if you're thinking about popularity" (in an interview with one of his leading disciples, Professor Fumiko Obata of Kyoto University's Graduate School, in the aforementioned *Sotsuju Kinen*). As he stated, Dr. Hanami devoted nearly all of his energy to the study of "comparative labor law." Furthermore, the way he spoke suggests that the things he disliked most were "boring theories, boring people, and sutra-like sermons." In his later years, after retiring from the university, he began practicing law. Perhaps he was feeling more at ease in life, or perhaps he had become more energetic as he aged. It was then that his "cultural, anthropological, and social criticism" became increasingly widespread. I and others were a little concerned that he was treading close to the realm of Soichi Oya. However, as one would expect, he made arguments that sharply cut to the root of the current system and prevailing thought (for an example, see "'Hō no shihai' no gensō ni tsuite" (On the fantasy of the "rule of law"), Onarimon Newspaper (online publication), 2014, appearing on page 347 of *Sotsuju Kinen*).

2. International exchange and prestige

No one will dispute that Dr. Hanami has been a pioneer in international research and exchange in fields of Japanese labor relations and industrial relations, particularly among researchers of labor law, and that he was among the highly influential figures who paved the way for the now-thriving international research being undertaken by subsequent scholars in those fields. Undoubtedly, the brilliant, dazzling impression we have of him originates from an aura he gave off when pouring himself into his studies on "dreaming of being a bridge between East and West."

Let us look at some examples of Dr. Hanami's place on the international stage. In 2000, *Rōdō kankei-hō no kokusai-teki chōryū: Hanami Tadashi sensei koki kinen ronshū* (New trends of labor law in international horizon: Liber amicorum for prof. Dr. Tadashi Hanami) (edited by Koichiro Yamaguchi, Akira Watanabe, Kazuo Sugeno, and Shigeya Nakajima) (Shinzansha) was issued in honor of Dr.

Hanami's 70th birthday. A striking aspect of this work was the collection of overseas authors who were involved: Dr. Roger Blanpain (Belgium), Dr. Manfred Weiss (Germany), Dr. Tiziano Treu (Italy), Dr. Marco Biagi (Italy), Dr. Reinhold Fahlbeck (Sweden), Dr. Sohn Chang-Hi (South Korea), Dr. Jacques Rojot (France), and Dr. Bob Hepple (U.K.). All are distinguished professors in the field of labor law in their respective countries. I remember that they were delighted to contribute—and that none of them missed a deadline. They earned the admiration of all of us on the editing team.

Congratulatory messages sent to Dr. Hanami by Dr. E. Harari (Israel), Dr. Robert E. Cole (U.S.A.), and Dr. Manfred Weiss also appeared in *Sotsuju Kinen*. At least in the field of labor relations, other than Dr. Hanami, I do not know of any Japanese legal scholars who are graduates of Japan's former high school system and have interacted so widely with overseas researchers.

Honoring his research, Katholieke Universiteit Leuven, the University of Florida, Harvard University, and Columbia University invited Dr. Hanami to their campuses to be a visiting professor. In 1985, Katholieke Universiteit Leuven (Belgium) awarded him the Doctor *honoris causa*. I traveled from Germany, as I was studying at Ludwig-Maximilians-Universität München, to attend the awarding ceremony. It was so solemn that, naturally, Dr. Hanami was on his best behavior there. His Excellency Shizuhiko Yamamoto, Japan's Ambassador Extraordinary and Plenipotentiary to Belgium, was also there to congratulate Dr. Hanami. After the ceremony, I sent a picture of Ambassador Yamamoto that I had taken at the venue and later received a gracious thank-you letter from Belgium. A chronology of Dr. Hanami's life in *Liber Amicorum* contains a 1985 entry stating "Spent some free time in Munich on the way home." I believe that was when the professor stopped by my apartment. I remember celebrating his honorary doctorate with a bottle of German wine that we bought together and a modest home-cooked meal prepared by my wife. (Dr. Hanami was a non-drinker, so I drank almost all of the wine.)

3. Characterizing Dr. Hanami's writings

If we look at the chronological records presented in *Liber Amicorum* and *Sotsuju Kinen*, what we notice is that he produced a head-spinning number

of writings on domestic and foreign matters, both large and small. Among them are publications in Japanese and European languages as well as single-author books and papers and co-edited works. He was an "all-around player" in the sense that his thinking covered all aspects of labor relations. That said, it is not entirely appropriate to state that he was an expert in this or that field of labor relations, which is how one usually presents a scholar. In other words, except for case studies, he did not produce many single-author papers on "legal hermeneutics" (the theory of delineating the legal and contractual rights and obligations of parties), which I and others have clung to tightly as the backbone of jurisprudence. This may have something to do with the fact that, as he himself said, he didn't want to write textbooks (because they are boring). He simply wrote resourcefully based on his accumulated education and knowledge. For a scholar, there can be no more enviable life.

Nonetheless, there is no disputing that those of his writings that discussed the theory of rights and obligations (i.e., legal theory and legal hermeneutics in a narrow sense) were, without exception, superior commentaries at the time of their publication. For example, one of his early works, *Rōshi-kan ni okeru chōkai-ken no kenkyū* (A study of disciplinary authority between labor and management) (1959, Keiso Shobo), presented his interpretive theory as a legal scholar on disciplinary authority, a topic that was being hotly debated at that time. It was such an outstanding work that a later commentator described it as "a landmark achievement in Japanese labor law concerning the problem of disciplinary authority," Professor Kunitomo Konishi in *Bunken kenkyū rōdō hōgaku* (Literature study on labor law) (1978, Sogo Rodo Kenkyujo). Dr. Hanami's "Shoppu-sei" (Union shop system) (*Rōdō hō Taikai* (1), 1963, Yuhikaku) and "Shiyō keiyaku no hōteki seishitsu" (The legal nature of probationary employment contracts) (1957, *Kikan Rodoho* 7, no.2: 71–91) are other essays that have influenced subsequent academic theories and even court decisions.

Although there are still so many things I can say about Dr. Tadashi Hanami, I will end here by reiterating my prayer that his soul will rest in peace.

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News

Four Plans Setting the Course for Future Policy: Supporting Human Resources Development and Work Styles for a New Era

On June 18, the government approved the following four plans at a Cabinet meeting: the “Basic Policy on Economic and Fiscal Management and Reform 2021,” the “Action Plan of the Growth Strategy,” the “Regulatory Reform Implementation Plan,” and the “Basic Policy for Vitalizing Towns, People, and Jobs 2021.” The plans call for increased investment in areas such as digitalization, regional revitalization, and environment. They further request to foster human resources and reform work styles and attitudes and linking productivity and higher income levels to economic growth within that investment. In addition to focusing on the development of digital talent (people with business acumen and technological skill), the plans encourage the proactive career development of diverse workers for long professional lives. They aim to prepare for creating an environment in which people can work in rural areas in the same way they do in urban areas by promoting telework and other tools. The following presents the four plans, with a focus on initiatives relating to labor.

I. The Basic Policy on Economic and Fiscal Management and Reform 2021

1. Building an inclusive society in which no one is left behind

Since 2001, the Council on Economic and Fiscal Policy (chaired by the Prime Minister) has formulated a Basic Policy on Economic and Fiscal Management and Reform (hereinafter, the “Basic Policy”), which is known as “*Honebuto no hoshin*” (literally translates to “Big-boned Policy”) around June of each year to spell out the administration’s

priority issues and budgetary orientation for the following fiscal year. The Basic Policy 2021 points out that although COVID-19’s spread is posing a severe challenge to economic and fiscal management, forward-looking changes are beginning to occur. They include the emergence of flexible work styles utilizing digital technologies, changes in business models, increased awareness of environmental issues, and indications that the trend toward overconcentration in Tokyo is shifting. The Basic Policy takes the view that “bold efforts to make changes based on free thinking that is unencumbered by past successes are emerging, and an opportunity has arrived to make great strides in tackling issues that heretofore have remained unresolved.” With this in mind, it stresses an attitude aligned to promote focused investments for bringing about “four driving forces” that generate growth—namely, (1) realization of environmentally efficient society, (2) promotion of digitalization with the public-private action and efforts, (3) revitalization of the local region which eventually strengthens the country, and (4) realization of the parent-friendly society to overcome the declining birthrate. Additionally, it seeks to promote the creation of a foundation that supports growth, one that includes human resource development for a new era, work-style reforms that make work more rewarding and productive, the strengthening of safety nets, and the construction of robust supply chains. It presents the goal of “increasing Japan’s value-added productivity and building an inclusive society in which no one is left behind.”

2. Developing and maintaining digital talent and realizing relocation without job change

For promotion of digitalization (item (2) of the four driving forces above), the Basic Policy seeks to develop and maintain human resources to take charge of advanced technologies by sharing the image of the human resources that will be needed throughout society. To this end, the government will establish a digital talent platform in cooperation with the business community and educational institutions to develop educational content and curricula and provide practical learning opportunities.

COVID-19's spread is triggering changes that include increased interest in rural areas, expanded use of telework, and advancements in digitalization. Accordingly, for revitalization of the local region (item (3) above), the Basic Policy aims to generate a flow of people to outlying areas, achieve “new regional revitalization,” and rectify the overconcentration of people in Tokyo by encouraging these changes. Here, the government will encourage “urban human resources who see rural areas as frontiers” to move to and settle in rural areas, taking advantage of opportunities for employment in local small and medium-sized enterprises, farming, business succession, and entrepreneurship. To strengthen support for relocation, the government will further enhance the “local vitalization cooperators” scheme as a framework for activities in underpopulated areas under the commission of local governments. It will also promote the development and use of satellite offices to realize “relocation without job change” by taking advantage of teleworking in rural areas.

For realization of the society where giving birth and raising children are easier to overcome the declining birthrate (item (4) above), the Basic Policy aims to improve the employment environment, which has been identified as a factor behind the nation's declining birthrate, by raising wages and correcting the disparities between regular and non-regular workers. Additionally, it seeks to bring about a society in which people can fulfill their dreams with respect to marriage and childbirth and comfortably raise their children. It aims to do this

by improving the environment in which men in all sectors of society can easily take childcare leave.

3. Early realization of a minimum wage with a nationally weighted average of 1,000 yen

The Basic Policy aims to lift the economy through higher wages. To achieve early private demand-led economic recovery, the Basic Policy seeks to maintain the trend toward wage increases. Here, the government will implement tax measures to increase employment as well as wage increases and other forms of income expansion to strengthen the ability of companies to create added value, which provides a source for wage increases. Japan's share of income by labor has been falling for many years. Moreover, wage disparities are widening due to the effects of the pandemic. In light of such circumstances, the Basic Policy points out that raising the minimum wage is essential to correct these disparities. It further emphasizes the goal of accelerating the achievement of a nationally weighted average in the minimum wage of 1,000 yen, with consideration also given to regional disparities. For the concept of “equal pay for equal work,” which had been applied to small and medium-sized enterprises since April 2020, the Basic Policy seeks to promote improvements in the treatment of non-regular employees and support the transition of non-regular employment to regular employment status.

4. Strengthening safety nets for groups that are easily affected by the economic and employment situations

The Basic Policy aims to strengthen the job seeker support system and other safety nets in the labor market. The job seeker support system is the so-called “second safety net.” It serves to supplement two other systems: the employment insurance system (the “first safety net”), which provides employment stability, and the public assistance system (the “third safety net”), which guarantees a minimum standard of living. Its purpose is to promote employment while providing support for daily living. Under this policy, the

government will reexamine this job seeker support system as well as the “higher vocational training promotion benefit” program, which is a scheme that subsidizes the living expenses of single parents while they are studying to obtain certifications or qualifications. Looking to expand these systems even further, this reexamination will include a study of their financial resources based on an inspection of the systems’ accomplishments and issues. In addition, the plan calls for the continued effective implementation and validates the issues of “trial employment” with appropriate progress management. The trial employment is a system in which companies accept people who wish to do a job for which they have no prior work experience (in principle, companies hire job seekers for a trial period of three months, after which the companies decide whether or not to employ the job seekers after assessing their abilities and aptitudes). It further requests the examination of issues pertaining to trial employment and consideration of improvements. As for support for workers in non-regular employment and freelance workers, the Basic Policy aims to study methods for assisting such people by, among other approaches, strengthening the “support for the independent livelihood and protection of people in need” scheme as well as housing support that makes use of vacant houses. At the same time, the plan seeks to steadily promote the further expansion of employee insurance coverage as well as the expansion of special enrollment in workers’ accident insurance.

II. Action Plan of the Growth Strategy

1. Sustained improvement of citizens’ income levels by raising the share of income by labor

The Action Plan of the Growth Strategy was discussed by the Growth Strategy Council (established in October 2020 and chaired by Chief Cabinet Secretary Katsunobu Kato) to “promote the concrete implementation of growth strategies for the Japanese economy’s sustained growth” under the Basic Policy on Economic and Fiscal Management and Reform. The COVID-19 pandemic has triggered demand for new services and technologies. Against

this backdrop, the Action Plan of the Growth Strategy for 2021 (hereinafter, the “Growth Strategy”) outlines the government’s thinking vis-à-vis the building of a “new normal.” Raising the economic growth rate will require increases in the labor participation rate and labor productivity. Among the G7 countries, Japan has the highest growth rate of labor participation but the lowest labor productivity. In light of this, the Growth Strategy seeks to increase labor productivity, distribute the benefits in the form of wages to working people, and sustainably raise citizen’s income levels. It will “aim to achieve a virtuous cycle of growth and distribution through the Growth Strategy, to correct economic disparities, and bring about a society in which each and every citizen can have a true sense of well-being as a result.”

The COVID-19 pandemic is having major impacts on various business categories such as eating and drinking; accommodations; and culture, arts, and entertainment. The Growth Strategy states to support the continuation of these businesses as well as supporting the restructuring of these businesses through new initiatives and conversion of business formats for the post-COVID-19 era. On the other hand, it also seeks to promote proactive strategies for areas with growth potential. As a specific direction, the Growth Strategy “aims to realize ‘Society 5.0’ by encouraging bold private-sector investment and innovation in areas such as digitalization and environmental consideration and linking them to a shift toward a socioeconomic structure that is compatible with the post-COVID-19 era.”

2. Developing digital talent: Active recruitment for national public servants and collaboration with the private sector

The Growth Strategy states that “boldly promoting future-oriented digital transformation (DX) and utilizing it as a driving force for growth, while also strengthening specialized human resources to deliver the benefits of digitization to all citizens.” It presents specific initiatives to develop the digital talent that will support such a society. One is the

creation of “an environment [in government bodies] in which talented people can build their careers while moving back and forth among the private sector, local governments, and national government.” It prepares for the addition of a new examination category for digital talent in the 2022 general recruitment examination for the hiring of national public servants as well as efforts to actively recruit successful candidates. In the private sector, it will try establishing a digital talent platform in cooperation with the business community and educational institutions as a means of “getting a shared picture of the ‘digital talent’ required by society as a whole and developing and maintaining human resources.” This platform will develop educational content and curricula and provide practical learning opportunities. The Growth Strategy also seeks to build collaboration with the private sector’s efforts to develop digital talent in local areas. Other initiatives mentioned by the Growth Strategy include the preparation of criteria evaluating the skills of digital talent and the sharing of human resources among local governments.

3. Stronger investment in “people”

The Growth Strategy presents measures for strengthening investment in “people.” Among the specific measures the strategy presents are (1) improvement of working environment such as the development of a protection system that allows freelance workers to work with peace of mind; (2) promoting public awareness of guidelines for establishing telework, active use of ICT tools, and development of satellite offices; (3) realizing new ways of working by, for example, lifting restrictions on concurrent and side jobs and promoting the introduction of systems permitting full-time employees with shorter working hours; (4) transforming organizations into ones that are diversity-inclusive, thereby allowing women, foreigners, and mid-career workers to play active roles; (5) stabilizing the employment environment for young people by, for example, reviewing personnel evaluation system; and (6) supporting labor mobility without the unemployment that

comes with changes in the industrial structure by promoting recurrent education.

4. Building “robust SMEs”

For small and medium-sized enterprises (SMEs) affected by the COVID-19 pandemic, the Growth Strategy seeks for the implementation of all possible measures to support their business continuity while constantly reviewing subsidies to support their restructuring to build “robust SMEs.” Additionally, it aims to increase the number of SMEs capable of competing overseas by strengthening “accompanying support up until overseas expansion” in cooperation with private-sector support organizations. Moreover, it seeks to drive smooth business succession and develop an environment in which SMEs can properly utilize existing support for mergers and acquisitions. The Growth Strategy also aims to appropriately adjust transactions between large enterprises and SMEs, and particularly to establish desirable business relationships between main subcontracting entrepreneurs and subcontractors. Specifically, it aims at strengthening of supervision systems to prevent the shifting of prices onto subcontractors. Additionally, the Growth Strategy seeks to accelerate the formulation of “voluntary action plans,” that are required of individual industry associations to improve trading conditions, and also to strengthen and promote efforts by individual companies in this area as part of improved corporate governance.

III. Regulatory Reform Implementation Plan

1. Providing training for longer working lives and forward-looking careers

The Regulatory Reform Implementation Plan (hereinafter, the “Plan”) was prepared to address implementation items indicated in the “Report on the Promotion of Regulatory Reform” (June 1, 2021) compiled by the Regulatory Reform Promotion Council (an advisory body to the Prime Minister) as well as other related matters, including those pertaining to the Task Force for Comprehensive Review of Laws and Regulations for Renewable

Energy and Other Resources. It specifies the ministries and agencies in charge and the timing of measures and thus paves the way for the government's systematic and steady execution of those items and matters. As priority employment-related actions to be taken in FY2021, the Plan presents visions including "provision of vocational training and educational/training opportunities for a broad range of workers" and "development of safety nets to support autonomous and proactive career development and the stabilization of working lives." These were actions included with the aims of responding to the COVID-19 pandemic and work styles of the post-pandemic future as well as of developing human resources to support society's future. In the area of vocational and educational training for middle-aged and elder workers, the plan strives to promote training with an eye to longer working lives and future careers. One of the means for achieving this is the development of various practical training programs. For elderly job seekers, the Plan seeks to disseminate training based on curricula developed with the aim of eliminating mismatches in occupational classifications and with consideration for job-offer and job-seeker trends in the labor market. In the area of public vocational training, it plans for studies oriented toward improving training convenience and effects for recipients based on analyses of the implementation status and effects of online training, and then the implementation of necessary measures that come to light as a result. It also makes efforts for the further publicity of education and training benefit systems that already include online training as well as special measures for job seeker support systems that have been in effect since February 2021. With respect to the job seeker support system, the Plan aims for implementation of measures to make the systems more effective as necessary through an analysis of the status and effects of special measures for those systems.

2. Promoting autonomous and proactive career development for a diverse workforce

The Plan aims to establish a safety net to support

autonomous and proactive career development and to ensure stability in working life. Focusing on the promotion of autonomous and proactive career development for a diverse range of workers—not only regular employees—it prepares for the formulation of "recurrent guidelines" to systematically present issues that workers and companies should address and the various systems related to human resource development measures that exist. As the various measures available are not presented systematically, they have not served to encourage investment in human capital or autonomous and proactive learning and skill development. Given this, the guidelines will outline the importance of strategies for investing in human capital. They will also spell out the need for education and training that leads to practical work, for workers to take stock of their careers in a timely manner, and for career consulting within the context of corporate personnel policy. Also covered will be actions to promote the granting and taking of leave for education and training. Furthermore, as part of the government's efforts to develop safety nets, the plan calls for collecting cases of "employee transfers to another firm maintaining affiliation to the transferring firm" (*zaisekigata shukkō*) and surveys on their effectiveness in career development and skills development, and diffuse them.

IV. Basic Policy for Vitalizing Towns, People, and Jobs 2021

1. Three perspectives on regional revitalization: "human," "digital," and "green"

The Basic Policy for Vitalizing Towns, People, and Jobs 2021 (hereinafter, the "Policy") lays out the direction of future actions with respect to the basic goals of the "Second Comprehensive Strategy for Vitalizing Towns, People, and Jobs" (December 2020)—which outlines goals and policy directions for the next five years, starting with fiscal 2020—as well as the policy packages and individual policies prepared to achieve those goals. The Policy notes that actively promoting initiatives related to perspectives of "human" (creation of the flow of people to the rural areas and assistance for human

resources development), “digital” (promotion of digital transformation that contributes to regional revitalization), and “green” (realization of decarbonized society driven by the movement in local areas) will be essential for new progress in the future. Under it, the government will comprehensively promote future initiatives with attention to these three perspectives based on the basic framework for promoting regional revitalization.

COVID-19 still having a major impact on local economies and people’s lives. However, amid the disease’s continued spread, there has been a major shift in public awareness and behavior, as more and more people are interested in moving to rural areas and there are signs of changes in the flow of people. The Policy states that it is necessary to amplify this into a larger trend and link it to a correction of overpopulation in the Tokyo metropolitan area. It is also important to solve the challenges that local areas face and raise their attractiveness through “human capabilities.” Specifically, the Policy mentions making full use of regional human resources; actively utilizing human resources from other regions that have expertise and know-how but do not necessarily reside in the local regions; creating environments in which women can demonstrate their abilities and play active roles; and developing the human resources necessary for the new era, such as STEAM (science, technology, engineering, arts, and mathematics) human resources.

Today, all aspects of Japan’s administrative and economic system are coming face to face with the need for rapid digital transformation. At both the central and local levels, efforts toward addressing this need, including the establishment of a Digital Agency, will make rapid progress. The Policy states that the promotion of DX in local areas “will enable better productivity in key local industries (such as agriculture, forestry, fisheries, and tourism), as well as in small and medium-sized enterprises, and is an important means of improving convenience and satisfaction in residents’ lives (e.g., in education, medical care, and welfare) and improving regional attractiveness” and stresses the need for local

governments to take proactive measures in this area.

The taking of active steps to realize a decarbonized society has become a global trend. The Policy points out that public and private efforts to achieve a decarbonized society by 2050 will bring about changes in the industrial structure and economic society, and thereby lead to significant growth in the future. Specifically, it states that the decarbonization trend should be actively incorporated into local development, as utilizing abundant local energy resources (such as solar power, hydropower, wind power, and biomass) to generate renewable energy can contribute to decarbonization and also facilitate regional revitalization by creating related industries in local areas.

2. Promoting telework for regional revitalization

As an initiative related to the “human” perspective, the Policy calls for the promotion of telework that contributes to regional revitalization (hereinafter, “telework for regional revitalization”), such as working at satellite offices in rural areas. The information needed to promote telework for regional revitalization varies depending on the circumstances of local governments, companies, and workers. For this reason, it is important to create an environment that can provide information to entities engaged in telework for regional revitalization in a centralized manner. For local governments, the Policy calls for responding to individual consultations based on specific situations, such as confirming regional strengths and matching with private companies. For companies, it requests the advice on how to improve internal systems as well as consultation on relocation and new markets. And for workers, it asks for stronger cooperation with existing relocation consultation services. In addition, the Policy seeks to make initiatives associated with telework for regional revitalization more visible by establishing a “self-declaration system” through which companies can widely publicize their efforts. The aim here will be to promote understanding of undertaken initiatives both inside and outside companies and thereby expand the base of companies that are involved in telework for regional

revitalization. It also calls for the establishment of a commendation system for outstanding initiatives to encourage the horizontal dissemination of successful cases.

The Policy also urges the use of “grants to municipalities that promote teleworking as a regional revitalization measure” that were established in FY2020 to promote the development of satellite offices, shared offices, and co-working spaces by local governments and the private sector. It states to expand local regions in which people can work the same as in cities, by raising the number of local governments striving to bring in companies and promote relocation through the use of satellite offices and other means to 1,000 by the end of FY2024. At the same time, it states that the government will support business development that is carried out through collaboration between companies that have moved into those developed offices and facilities and local governments/companies in the region. In addition, the government will continue to support the relocation of companies to local areas through the taxation system for strengthening regional business bases and other associated measures.

3. Supporting human resources and generating movement of people in outlying regions

The Policy aims to reinforce support for human resources in the local areas. Under the Human Resources Support Program for Local Revitalization, the government will actively dispatch national public servants and private-sector specialists to local governments. In addition, it will support dispatches of corporate personnel to local governments and other bodies as well as the development of human resources who will coordinate specific activities to solve local problems in rural areas. This will be achieved by applying the “corporate version of the Furusato Nozei (hometown tax donation) system (personnel dispatch type)” established in October 2020, which is a system whereby companies’ tax burden is reduced when they make donations to local governments. Under this system, the government will provide support to regional

companies for the formulation of management strategies, and also help match those companies with professionals who can translate those strategies into reality. It will also continue to support efforts by regional financial institutions and other organizations to match companies with highly qualified personnel.

4. Promoting relocation of child-rearing households

Younger generation is increasingly becoming interested in relocating to local areas, and raising children is one of the major triggers that lead them to consider such a move. Under the Policy, the government will robustly promote the relocation of child-rearing households that will support local communities in the future by providing priority support for relocating with children. Aiming to create an environment in which people can raise their children with peace of mind in rural areas, the Policy presents a stance of promoting efforts to create an environment that facilitates marriage, childbirth, and child-rearing from the standpoints of grappling with the nation’s declining birthrate and promoting of women’s participation in society.

5. Early development of 5G infrastructure, and training and dispatching specialized personnel

Fifth-generation (5G) technology is “a key form of infrastructure for the 21st century that is indispensable for regional development,” and as such, its rapid nationwide deployment is extremely important. The Policy mentions this and lays out the government’s orientation with respect to ICT infrastructure, including base stations and the optical fibers that support them. Specifically, it states that the government will “accelerate the development of 5G without disparities between rural and urban areas and promote the diffusion and deployment of local 5G that helps solve problems” by promoting development, particularly in disadvantaged regions. Working with telecommunications companies and other private businesses, the government will dispatch employees who are capable of handling DX and other technologies to local governments as digital specialists, namely, human resources capable

of using digital technology to solve or ameliorate local problems. In this way, it will strive to transfer and establish their knowledge and know-how in local regions, develop the human resources, and

thereby build a foundation of human resources for regional revitalization that applies digital technologies.

Key topic

The 2021 *Shunto*: Results and Identified Issues from a Broad Range of Discussions Amid the COVID-19 Pandemic

OGINO Noboru

The second *Shunto* amid the COVID-19 pandemic

During the spring labor-management negotiations (*Shunto*) for 2021, the second to be held amid the COVID-19 pandemic, both labor and management were forced to make some extremely difficult decisions. However, a look at the outcomes shows that, although there were noticeable variations in wage hikes across companies and business categories, declines in wage hike levels compared to the previous year were limited. Also evident in this year's negotiations were progress in building a consensus on work style reforms across all industries and more substantial discussion on teleworking and other forms of digitalization. It can also be noted that there was an apparent change in the trend toward the correction of wage disparities among company sizes and forms of employment.

After the worst post-war decline in Japan's GDP during the April-June 2020 period, there were marked differences in how corporate performance recovered, as a tripolar situation consisting of recovery, stagnation, and deterioration emerged. The Japanese Trade Union Confederation (JTUC-Rengo) demanded wage hikes on par with the previous year's levels, that is, basic wage hikes of about 2% after securing automatic raises of monthly basic wage (*teiki shokyu*) which are made automatically based on age and years worked, to "achieve a balance between COVID-19 countermeasures and self-sustaining economic growth." Additionally, JTUC-Rengo focused on pursuing wage levels that help provide the maximum amount of support in

each industry amid society-wide efforts to maintain and create employment, as well as pursuing wage levels committed to absolute wage amounts that help correct disparities among company sizes and employment forms. However,



demands from unions were somewhat uneven, reflecting the tripolar nature of the business situation. For example, some gave priority to maintaining automatic raises of monthly basic wage and sustaining employment, some put off asking for across-the-board increases (or wage improvements for certain groups) for the first time in eight to ten years, and others continued demands on par with the previous year. According to JTUC-Rengo, the demanded wage hike (including automatic raises of monthly basic wage) based on the average wage hike method (4,732 unions), in which an average wage hike (rate) per employee is demanded and decided through negotiations, was 7,817 yen (2.76%), which was 1,026 yen or 0.33 percentage points lower than the previous year. It therefore appears that labor's demands were comparatively restrained.

However, tabulations of responses by JTUC-Rengo and other organizations reveal that, although response and agreement levels for wage hikes and annual lump-sum payments fell slightly compared to the previous year, it could be said that the extent of the decreases was limited. This can be seen as reflecting a situation in which labor and management were in agreement with respect to maintaining the momentum of wage hikes, which had been building

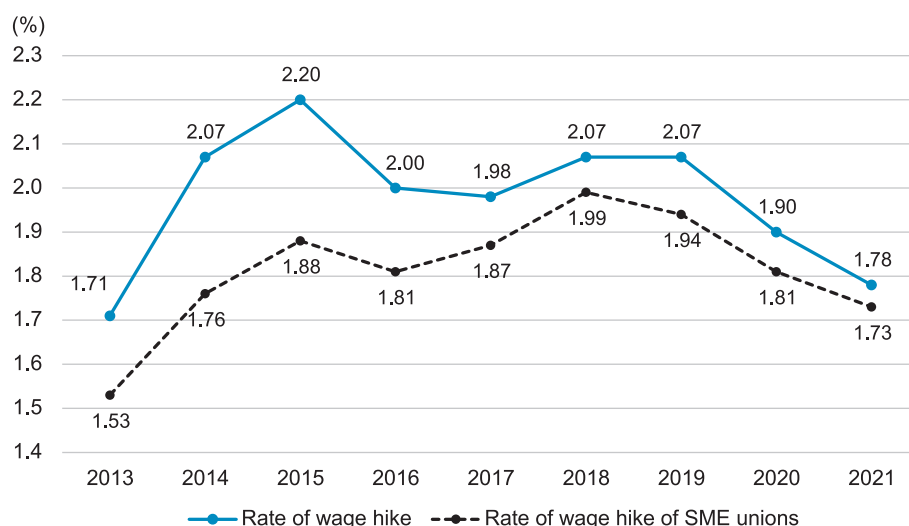
since 2014, as well as their judgment that they must reward employees for their efforts amid the COVID-19 pandemic. On March 17, the “concentrated response date” for this year’s negotiations, Hiroaki Nakanishi, chairman of the Japan Business Federation (Keidanren), commented, “The responses show that companies have given as much consideration as possible to rewarding the efforts and contributions of employees amid the COVID-19 pandemic while keeping in mind the content of union demands.”

“There is a continuing trend of wage hikes” (JTUC-Rengo)

JTUC-Rengo tabulated final response results for this year’s *Shunto* on July 1. According to the tabulation, the weighted average of wage hike responses, including those equivalent to automatic raises of monthly basic wage, from the 4,772 unions that made demands and negotiated under the average wage method was 5,180 yen or 1.78%. This amount was 326 yen lower in terms of amount and 0.12 percentage points lower in terms of rate in comparison with the same period of the previous year. Of this, the weighted average of 1,498 unions

where the amount of wage hike such as across-the-board pay raises was clearly calculable was 1,602 yen, or 0.55%, which was slightly higher than the previous year by 132 yen, or 0.05 percentage points. Because most of the unions secured the equivalent of automatic raises of monthly basic wage, JTUC-Rengo’s view is that “the trend of wage hikes is continuing.” The wage hikes of 991 unions at small and medium-sized enterprises (SMEs) having fewer than 300 employees where the amount of wage hike such as across-the-board pay raises was clearly calculable were 1,382 yen, lower than the overall average in terms of amount. However, their rate of increase was 0.57%, which was higher than the overall average. The results show that SME unions are doing better than in the past (Figure 1).

For the past several years, JTUC-Rengo has been calling for demands focused on wage levels with the aim of correcting the disparities among company sizes. The number of unions that made such demands with stress on absolute amounts was 3,240, or about half of the total number of unions that submitted demands. This marked a significant increase over the previous year. Here, JTUC-Rengo’s view is that “union efforts that take into



Source: JTUC-Rengo, “Results of spring offensive final responses.”

Note: Data for each year are rates of wage hike (including portions equivalent to automatic raises of monthly basic wage) based on the average wage method (weighted average).

Figure 1. Changes in wage hike rates in *Shunto* (tabulated results of companies’ final responses, 2013 to 2021)

account their companies' wage levels are making progress." As for responses concerning annual lump-sum payments (1,933 unions), the weighted average was down slightly to 4.62 months (down by 0.17 months). However, here, too, the extent of the decrease was small.

In the machinery and metal industry, a progress was observed in rectifying disparities by company size

On March 17, the concentrated response date, responses from major companies in the automobile, electrical machinery and other industries seen as so-called "pattern setters" that play a leading role in the wage hike negotiations were noticeably uneven. This was the third year in which the Confederation of Japan Automobile Workers' Unions' message shifted from "joint struggle for forming the standard of increases in wages," which was the mainstream of past *Shunto*, to "joint struggle with stress on absolute levels of wages," which seeks to correct disparities among industries and company sizes. In the case of the manufacturers' unions, Toyota's union did not disclose the demanded amount of its monthly wage. However, the company settled by giving a response that fully met the union's demand of "a per-person average of 9,200 yen in total wage hikes, such as automatic raises of monthly basic wage, including investment in people, for all members" and "annual lump-sum payment covering six months per year." Nissan also fully met its union's demand for "an average wage-based revision resource ¹ of 7,000 yen" and "annual lump-sum payment covering five months per year." Although its union did not demand a wage improvement, Honda also settled on a response that fully met its union's demand for annual lump-sum payment covering 5.0 + 0.3 months per year.

The Japanese Electrical Electronic & Information Union (DENKI RENGO) conducts a unified industrial union campaign that is centered on raising the wage level of core development and design workers at individual points. In this year's *Shunto*, DENKI RENGO set a wage level improvement of 2,000 yen (1,000 yen lower than the previous year)

as a unified demand criterion. Through negotiations, all 13 unions of the Central Struggle Committee Union, comprised of major manufacturers' unions, satisfied the "1,000 yen or more" criterion for avoidance of dispute (so-called *hadome* in Japanese, i.e., minimum standards for wage increases). Following the previous year, the response levels varied somewhat, with Hitachi's union settling at 1,200 yen, Murata Manufacturing's union settling at 1,100 yen, and 11 unions (including those of Panasonic, Fujitsu, Toshiba, Mitsubishi Electric, and NEC) settling at 1,000 yen. All settled at roughly the same level as the previous year.

In the case of the Japan Federation of Basic Industry Workers' Unions (KIKAN ROREN), which is made up of unions in the steel, shipbuilding and heavy machinery, and non-ferrous metal industries, the unions of Mitsubishi Heavy Industries and IHI did not demand wage improvements for the first time in ten years due to the sluggish performance of their core businesses.

On the other hand, in the case of the Japanese Association of Metal, Machinery and Manufacturing Workers (JAM), an industrial union to which many SME unions in the machinery and metal industries belong, 437 SME unions received responses by March 19, following the concentrated responses from the major companies. The average amount of wage hikes for the 138 unions where the amount of wage hikes of across-the-board pay raises and wage improvement was clearly calculable was 1,212 yen. By company size, the average wage hike for major companies with more than 3,000 employees was 1,052 yen, while that for companies with fewer than 300 employees was 1,301 yen, exceeding that for the major companies. Reacting to these developments, JAM's headquarters noted that "SME unions are continuing to break away from their pattern of following the standards set by large enterprise unions."

Steady in retail and food products while top priority put on maintaining employment in tourism and transportation

Looking at the Japanese Federation of Textile,

Chemical, Food, Commercial, Service and General Workers' Union (UA Zensen)—the largest industrial union organizing supermarkets and drug stores, which are performing well due to demand generated by people's staying at home—according to data compiled as of March 25, when the second climax was completed (176 unions, 590,000 people), wage hikes for regular employee union members surpassed the previous year's results in more than half of the unions for which comparisons with the previous year were possible. The weighted average rate of increase was 2.34%, which surpasses the rate of increase for all JTUC-Rengo member unions (1.81%, as of March 19). UA Zensen's headquarters indicated that it saw this as meaning that progress was being made in correcting the disparities among industries. The weighted average rate of increase for short-hour (part-time) union members accounting for the majority of union members was 2.44%. This figure exceeded the rate of increase for regular employees for the sixth year in a row. Taking this into account, UA Zensen's headquarters judged that some progress was being made toward correcting disparities among industries and forms of employment.

The Federation of All Japan Foods and Tobacco Workers' Unions (the FOOD-RENGO) positions union members working in the food industry as essential workers. Responses obtained as of the end of March showed that the simple average under the average wage hike method is 5,686 yen, or 2.02%, which surpasses the previous year (4,947 yen, 1.88%). On March 17, the NTT Group reached an agreement with its labor unions to implement wage improvement of 2,000 yen per person per month, the same amount as the previous year, on average for its seven major companies. This year will become the eighth consecutive year of wage hikes.

Thus, in industries with essential workers who supported sales and production amid the COVID-19 pandemic, responses were the same as the previous year or better. On the other hand, labor-management negotiations in such industries as hotel, leisure, restaurant, and transportation which handles the flow of people had difficulty negotiating wage hike

itself. As a result, most unions focused on securing automatic raises of monthly basic wage, and many of the responses pertaining to annual lump-sum payments were only for the first half of the year, with discussions continuing. The continuation of business was a major topic of discussion, with some workplaces striving to maintain employment through "temporary assignments with continuing affiliation,"² an approach that is attracting attention as the effects of COVID-19 become prolonged.

The 2021 *Shunto* was marked by mixed wage hike responses that were attributable to differences in business conditions and the COVID-19 pandemic's impact. However, it is apparent that both labor and management looked ahead to the post-COVID-19 world and thus avoided implementing wage adjustment measures that would have affected workers' morale.

“Progressing in correcting disparities toward a shift in the distribution structure” (JTUC-Rengo, as of May 2020)

The tabulated results of responses and agreements reflect the results of SME unions with each successive round after the date of concentrated responses by the major companies. In typical spring labor-management negotiations, the rate of wage hike gradually decreases with each tabulation. However, a different trend was observed in this year's negotiations. According to JTUC-Rengo's tabulation, the rate of wage hike based on the average wage hike method remained constant (between 1.81% and 1.83%) between the first tabulation (March 19) and the fifth tabulation (May 6). JTUC-Rengo assessed this trend in its mid-term summary report of the 2021 *Shunto* (May 20) by stating, “We consider this means that the movement toward changing the structure of following and complying with the standards set by large enterprise unions is making further progress.”

Moreover, hourly wages for fixed-term, short-hour, and contract workers, such as part-timers and contract employees, showed distinctive movement this year. In the fifth tabulation, the weighted average wage increased by 21.88 yen and the

reference value increased by 2.13% (down 6.61 yen from the same period of the previous year), which were lower than those of the same period of the previous year. However, the rate of increase in hourly wages surpassed the average wage hike rate for regular employee union members. In response, JTUC-Rengo positively assessed the outcomes of efforts by SME unions that took into account “their own wage levels” in its mid-term summary report. JTUC-Rengo’s “2021 Policy for Spring Struggle” states that the wages of SME unions as well as fixed-term, short-hour, and contract workers should be raised to “a level commensurate with the value of their work”³. Since wage hikes for fixed-term, short-hour, and contract workers have consistently surpassed those of general union members, JTUC-Rengo’s analysis states that “Our view is that movements made with awareness of correcting disparities and achieving ‘wage levels commensurate with the value of work’ are making progress toward changing the distribution structure.”

Progressing discussions on work style reform and response to digitalization

As was seen earlier, the results of the wage negotiations were mixed, reflecting differences in business conditions among business categories and types as well as companies’ favorable or unfavorable conditions. On the other hand, progress was seen in discussions on work style reforms, including the correction of unreasonable differences in treatment among employment forms, and on business structure reforms, including the promotion of digitalization with a view to the post-COVID-19 world.

On April 1, 2021, application of the Part-Time and Fixed-Term Workers Act was expanded to include SMEs, and laws concerning “equal pay for equal work” were applied to all companies. According to JTUC-Rengo’s final tabulation of results concerning responses and agreements of this year’s negotiations, there were 230 cases of “development of rules for conversion to regular employees and inspection of their application” and 131 cases of “development of rules for determining basic wages and other wages.” Additionally, it is

apparent that labor-management negotiations and discussions on the correction of long working hours, which is another pillar of work style reform, made progress. A total of 714 cases resulted in a response or agreement on “inspection and review of the Labor-Management Agreement relating to Overtime Work and Work on Days Off (the so-called ‘36 Agreement’)” in the bargaining unit. Those cases include the conclusion of agreements setting overtime at “no more than 45 hours per month and no more than 360 hours per year” as a general rule (247 cases); setting a limit on overtime of no more than 720 hours per year, even when special clauses are unavoidably concluded (61 cases); and efforts to keep the number of overtime hours, including work on days off, to within 720 hours per year (51 cases).

Kengo Sakurada, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), stated in his comments on the concentrated response date of March 17, “Various changes are taking place in face of the COVID-19 pandemic. They include more widespread use of teleworking and web conferencing; reassessment of conventional practices using written documents, face-to-face meetings, and seals; and efforts to maintain employment and exchange human resource through temporary assignments with continuing affiliation.” According to JTUC-Rengo’s tabulations, the number of responses and agreements addressing the introduction of teleworking and reassessment of systems reached 270. Additionally, a survey by the Tokyo Metropolitan Government revealed that more than 40% of unions demanded teleworking-related “overhead costs” and “working hour management.”

Giving attention to wage levels

Management is also expressing its awareness of the wage level issue in Japan. At a meeting between the top representatives of JTUC-Rengo and Keidanren on January 27, which effectively marked the start of this year’s *Shunto*, Keidanren Chairman Nakanishi said, “We recognize anew that Japan’s wage levels are considerably below those of other OECD members. We have had a great sense of urgency with respect to this problem, even before

the government asked us to maintain momentum of wage hikes.” Although no answers to this issue were found during the spring wage negotiations, it is likely that grappling with it will become an unavoidable part of maintaining international competitiveness.

During the previous year’s *Shunto*, increases in hourly wages rose to their highest level since JTUC-Rengo’s formation. Nevertheless, as a result of a request on the management side to postpone revision, no guidelines for subsequent regional minimum wage revisions were presented this year. At the meeting of JTUC-Rengo’s Central Committee on June 1, President Rikio Kozu stressed, “At all costs, we must avoid a situation in which the amount of increase remains low for two consecutive years. We must break away from the levels that have left us far behind and buried among the developed nations.”

The COVID-19 pandemic has made it clear that

Japan lags behind other countries in terms of digitalization. Investment in the human resources that will lead this digitalization will be essential in the years ahead. And for labor and management, the question of how Japan’s wage levels stack up against other nations is likewise emerging as a critical issue.

1. 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.
2. “Temporary assignment with continuing affiliation” refers to a form of work in which, based on a temporary assignment contract between a sending company and receiving company, a worker works under an employment contract with the two companies.
3. “A wage level commensurate with the value of work” refers to a wage level that is commensurate with experience, skills, and abilities possessed by the individual. It shall be commonly recognized that no differences will arise in terms of company size, employment form, and gender (from the “2021 Policy for Spring Struggle”).

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Research interest: Non-regular employment, Industrial relations.

Article

COVID-19-Related Job Separation and Income Decline in Japan

TAKAHASHI Koji

I. Overview of analysis and data

This paper investigates the circumstances experienced by those who became separated from their employment due to the COVID-19 pandemic (“COVID-19-related job separation”), and, where the circumstances are disadvantageous, the factors that prompt such disadvantages to arise. The analysis concludes that those who experience COVID-19-related job separation are highly likely to see a decline in their income after changing employers/reemployment. It also reveals that this is related to the high rate of job separation for reasons attributable to the employer, and the high rate of change across industries in the process of changing employers/reemployment.

The job separation and reemployment trends among workers following the onset of the COVID-19 pandemic have been covered in Takahashi (2021). Said analysis revealed that younger people and non-regular employees tend to experience job separation, and that over 60% of those who find reemployment after being unemployed/“unoccupied” (neither working nor looking for work) see a decline in their income, among other trends.

It is, however, necessary to note that job separation and reemployment occur all the time, regardless of whether such a crisis as the COVID-19 pandemic is in progress. It is therefore unclear whether the above trends are specific to job separation and reemployment due to the COVID-19 crisis. Being aware that the approach leads to a considerably small sample size, we therefore divide

cases of job separation after the onset of the COVID-19 pandemic into COVID-19-related job separation and normal job separation and compare the two, with the aim of revealing the distinctive characteristics of COVID-19-related job separation.



The analysis draws on data from the first to fourth wave of the “JILPT Panel Survey on the Impact of COVID-19 on Work and Daily Life.”¹ The study has been built on the JTUC Research Institute for Advancement of Living Standards (RENGO-RIALS)’ “39th Short-Term Survey of Workers in Japan” (April 2020), by surveying the same respondents, in the first to fourth wave of JILPT panel survey conducted in May, August, and December 2020 and March 2021. The survey subjects are divided into employees of private enterprises or freelance workers as of April 1, 2020. In the case of employees of private enterprises, who are the focus of this analysis, subjects were allocated from respondents registered with an online survey company using stratified sampling by sex, age group, residential region, and regular/non-regular employee status (by 180 cells), based on data from the *Employment Status Survey*.²

The subjects of the analysis in this paper are the 2,501 respondents who were employees of private enterprises as of April 1, 2020, and responded to the RENGO-RIALS survey and all of the four waves of the JILPT panel survey. Of those subjects, 310 people had experienced job separation in the period from April 2020 to March 2021 (that is, the timing

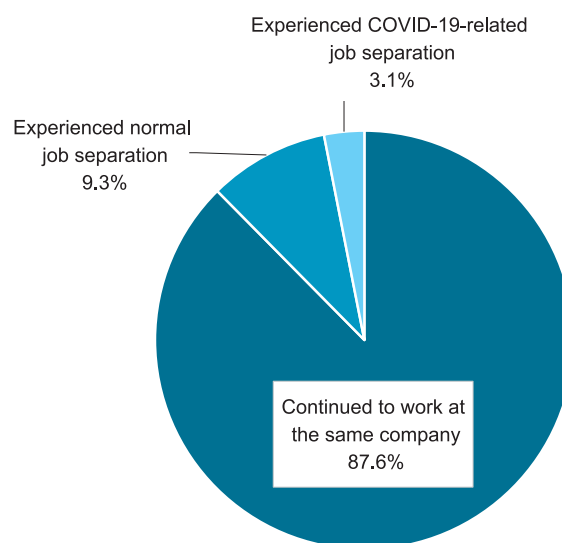
of the fourth wave), of whom 249 were reemployed as employed workers within said period.

II. Definition and identification of those who experienced COVID-19-related job separation

In this paper, the term “those who experienced COVID-19-related job separation” is used to refer to those who became separated from their employment as a result of the onset of the COVID-19 pandemic. The following method was used to identify those subjects.

The first step was to divide respondents into “those who continued to work at the same company” and “those who experienced job separation.” More specifically, based on the responses to a question in the fourth wave of the panel survey, which asks respondents about their careers in and after April 2020, those who responded that they “are working and have not experienced losing or leaving their employment at all” were classified as “those who continued to work at the same company” and all other respondents were classified as “those who experienced job separation.”³

The second step involved dividing “those who experienced job separation” into “those who experienced normal job separation” and “those who experienced COVID-19-related job separation.” The fourth wave of the survey asked respondents to what extent their “employment and/or income was affected in connection with COVID-19” and asked those who responded that they experienced some kind of effect about the specific nature of that effect. In this paper, “those who experienced job separation” who selected “dismissal from company,” “termination of employment on expiration of the contract term,” “unemployment as a result of employer’s business suspension/discontinuation or bankruptcy,” or “voluntary resignation” as the specific effect on their employment, were classified as “those who experienced COVID-19-related job separation”; all others were classified as “those who experienced normal job separation.” That is, we took “people who experienced job separation” and singled out those whose job separation was clearly a



Note: The subjects of analysis were employees of private enterprises as of April 1, 2020. Same applies to Tables 1 and 2.

Figure 1. Continued employment and job separation in the COVID-19 crisis (N=2,501)

result of the COVID-19 pandemic.

The percentages of those who continued to work at the same company, those who experienced normal job separation, and those who experienced COVID-19-related job separation as defined and identified above were 87.6%, 9.3%, and 3.1%, respectively (Figure 1). This shows us that those who experienced COVID-19-related job separation account for around a quarter of all those who experienced job separation.

III. What types of workers have experienced COVID-19-related job separation?

In this section, what types of workers have experienced COVID-19 job separation are focused. Firstly, let us compare the profiles of those who continued to work at the same company, those who experienced normal job separation, and those who experienced COVID-19-related job separation, on the basis of the data in Table 1. It should be noted that employment type, industry, occupation, and size of enterprise refer to those as of April 2020.

This shows us that many of those who experienced COVID-19-related job separation were

Table 1. Profile of people who experienced COVID-19-related job separation

(%)

	Continued to work at the same company	Experienced normal job separation	Experienced COVID-19-related job separation
N	2,191	232	78
Male	57.6	50.9	50.0
Female	42.4	49.1	50.0
Aged 34 or under	17.5	25.9	24.4
Aged 35–49	45.5	40.9	48.7
Aged 50 or over	37.0	33.2	26.9
Non-university graduate	53.4	59.5	56.4
University graduate or higher	46.6	40.5	43.6
Non-breadwinner	33.3	34.5	39.7
Breadwinner	66.7	65.5	60.3
Regular employee	71.0	47.0	56.4
Non-regular employee	29.0	53.0	43.6
Construction	5.9	4.3	2.6
Manufacturing	26.0	17.2	21.8
Electricity, gas, heat supply and water	1.6	1.7	2.6
Information and communications	6.2	6.9	2.6
Transport	6.6	8.2	3.8
Wholesale and retail trade	13.6	14.7	12.8
Finance and insurance	6.2	3.4	6.4
Real estate	2.5	1.3	3.8
Accommodation and food services	2.3	6.0	12.8
Medical, health care and welfare	9.0	12.1	3.8
Education, learning support	3.4	5.2	1.3
Postal services, cooperative associations	1.0	0.9	0.0
Services (not elsewhere classified)	12.7	14.7	20.5
Others	2.8	3.0	3.8
Do not know	0.2	0.4	1.3
Managerial workers (section manager level or higher)	11.6	4.3	3.8
Professional and engineering workers	16.8	17.7	10.3
Clerical workers	26.3	25.4	33.3
Sales workers	15.2	15.1	16.7
Service workers	8.4	12.5	17.9
Security workers	0.5	0.9	0.0
Production/skilled workers	10.1	8.6	6.4
Transport and machine operation drivers	2.3	2.6	1.3
Construction and mining workers	1.1	0.4	0.0
Carrying, cleaning, and packaging workers	3.8	8.2	5.1
Others	3.1	2.2	3.8
Do not know	0.7	2.2	1.3
99 or fewer employees	35.6	43.1	32.1
100–999 employees	27.6	21.6	33.3
1,000 or more employees	28.9	19.4	24.4
Do not know	7.9	15.9	10.3

Note: Employment type, industry, occupation, and size of enterprise refer to those as of April 2020.

Table 2. Determinants of COVID-19-related job separation (multinomial logistic regression analysis)

	Experienced normal job separation		Experienced COVID-19-related job separation	
	B	S.E.	B	S.E.
Female	-0.151	0.188	-0.161	0.303
Age	-0.018	0.007 *	-0.017	0.011
University graduate or higher	0.031	0.160	0.021	0.263
Breadwinner	0.531	0.178 **	0.047	0.283
Non-regular employee	1.154	0.182 **	0.495	0.298 †
Construction (ref. manufacturing)	0.125	0.402	-0.728	0.782
Information and communications	0.450	0.348	-0.817	0.778
Transport	0.416	0.382	-0.594	0.725
Wholesale and retail trade	0.182	0.314	-0.140	0.479
Finance and insurance	-0.069	0.433	-0.025	0.556
Real estate	-0.299	0.641	0.457	0.670
Accommodation and food services	0.897	0.424 *	1.547	0.542 **
Medical, health care and welfare	0.538	0.309 †	-0.934	0.664
Education, learning support	0.388	0.398	-1.192	1.064
Services (not elsewhere classified)	0.302	0.303	0.376	0.418
Others	0.169	0.366	0.159	0.524
Managerial workers (ref. clerical workers)	-0.503	0.374	-1.301	0.647 *
Professional and engineering workers	0.149	0.238	-0.547	0.444
Sales workers	-0.036	0.264	-0.322	0.389
Service workers	-0.133	0.287	-0.299	0.431
Production/skilled workers	-0.020	0.339	-0.943	0.567 †
Transport and machine operation workers	0.084	0.535	-0.491	1.134
Carrying, cleaning, and packaging workers	0.359	0.330	-0.153	0.592
Others	-0.249	0.343	-0.286	0.575
99 or fewer employees (ref. 1,000 or more employees)	0.529	0.200 **	-0.049	0.331
100–999 employees	0.082	0.219	0.351	0.318
Do not know	0.622	0.259 *	-0.009	0.464
Intercept	-2.739	0.460 **	-2.448	0.707 **
N	2,501			
Chi-square	145.373 **			
Nagelkerke R-square	0.096			

Notes: 1. ** $p < 0.01$; * $p < 0.05$; † $p < 0.1$.

2. (ref.) denotes the reference group.

3. The base category is “people who continued to work at the same company.”

4. Employment type, industry, occupation, and size of enterprise refer to those as of April 2020.

female, aged 49 or under, non-regular employees, employees in the accommodations, eating and drinking services (hereinafter referred to as “accommodation and food services”) and services (services not elsewhere classified) industries, and clerical or service workers. In contrast, there were few managerial workers and production/skilled workers among those who experienced COVID-19-related job separation. However, it is necessary to

consider the fact that the percentage of non-regular employees is higher among those who experienced normal job separation than among those who experienced COVID-19-related job separation, given that non-regular employees are inherently (that is, regardless of whether there are impacts from COVID-19 or not) more likely to experience job separation.

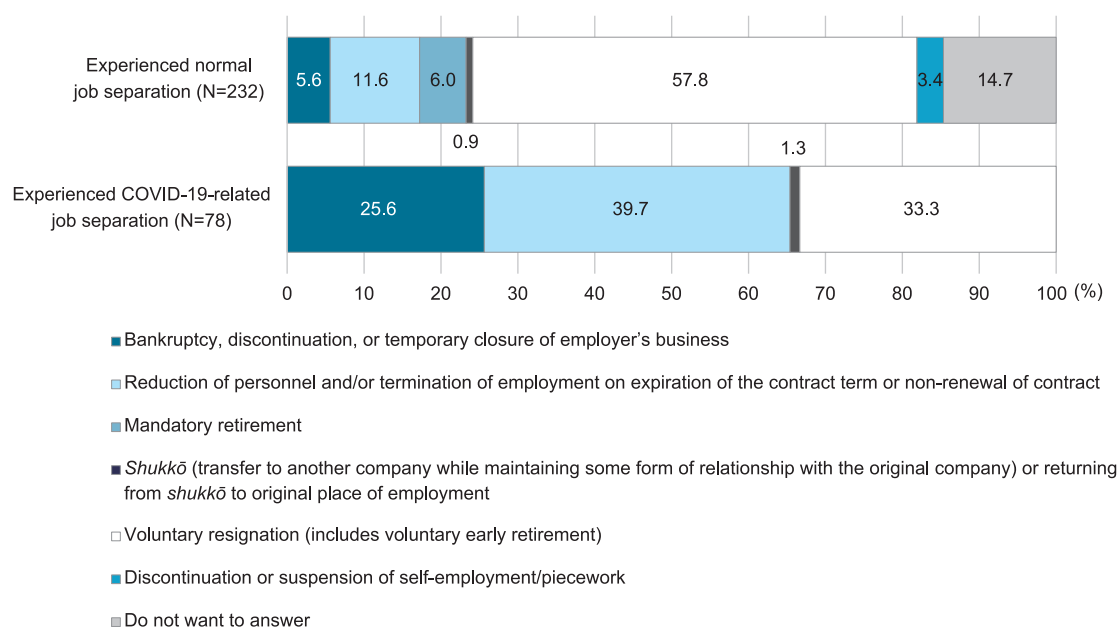
Drawing on the above profile for the explanatory

variables, a multinomial logistic regression analysis with “people who continued to work at the same company” as the base category was used to reveal which types of workers tend to experience COVID-19-related job separation (Table 2).⁴

This revealed that non-regular employees and workers in the accommodation and food services industry tend to experience COVID-19-related job separation, while managerial workers and production/skilled workers do not tend to experience COVID-19-related job separation. On the other hand, the types of workers who tend to experience normal job separation are younger people, breadwinners (people responsible for earning a livelihood),⁵ non-regular employees, workers in the accommodation and food services and the medical, health care and welfare industries, those employed by small enterprises, and those who responded that they “do not know” the size of the enterprise they are employed by.

IV. Paths from job separation to changing employers/reemployment

Here, we explore the paths from job separation to changing employers/reemployment comparing those of people who experienced normal job separation and those who experienced COVID-19-related job separation. In a different question to that used above to identify those who experienced COVID-19-related job separation, the fourth wave of the survey asks those who experienced job separation in or after April 2020 the reason why they became separated from their employment (Figure 2).⁶ According to the responses, among those who experienced COVID-19-related job separation, a high percentage—namely, 65.3% (25.6% + 39.7%)—are those whom we describe as “people who experienced job separation for reasons attributable to the employer” (“bankruptcy, discontinuation, or temporary closure,” or “reduction of personnel and/or termination of employment on expiration of the contract term or non-renewal of contract”), while among those who experienced



Notes: 1. The subjects of analysis were those who were employees of private enterprises as of April 1, 2020, and also experienced job separation in or before March 2021 (the timing of the fourth wave of the JILPT panel survey). The same applies to Figure 3 and Figure 4.
2. $p=0.000$.

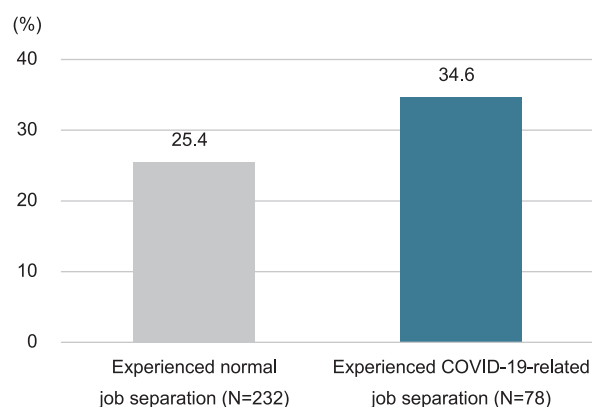
Figure 2. Reasons for job separation

normal job separation there was a high percentage (57.8%) who resigned voluntarily.⁷ Those who experienced normal job separation also included a high percentage who responded “do not want to answer” (14.7%), perhaps given that these cases may involve various issues.

We next turn to the circumstances after job separation. In comparison with those who experience normal job separation, the percentage of those who experienced COVID-19-related job separation who experienced being unemployed/unoccupied in or after May 2020 is somewhat higher, although this is not a statistically significant difference (Figure 3). Moreover, at the state of employment as of March 2021, the employment rates of those who

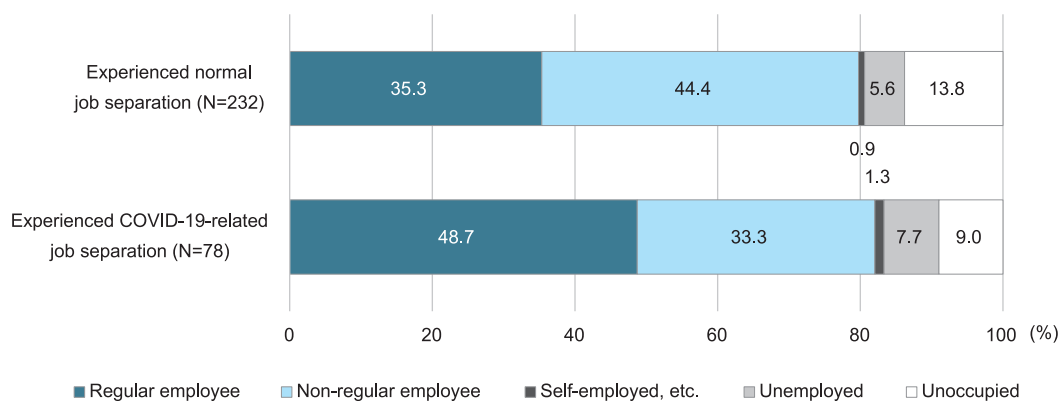
experienced normal job separation and those who experienced COVID-19-related job separation are almost the same (Figure 4). In fact, among those who experienced COVID-19-related job separation there is a somewhat higher percentage of those who were regular employees as of March 2021, perhaps due to the fact that the percentage of those who were originally regular employees was higher among those who experienced COVID-19-related job separation.⁸

Furthermore, a difference was observed in comparison between those who experienced normal job separation and those who experienced COVID-19-related job separation, both working as employed workers at the time of the survey. In terms of change of employment types, many of those experienced COVID-19 related job separation went from regular employment to regular employment, while many of those who experienced normal job separation went from non-regular employment to non-regular employment (Figure 5). Incidentally, while those who experienced COVID-19-related job separation also include many of those who went from regular employment to non-regular employment, there are also many of those who went from non-regular employment to regular employment. As far as these results suggest, there does not seem to be a particular problem with the state of change of employment types among those who experienced COVID-19-related job separation.



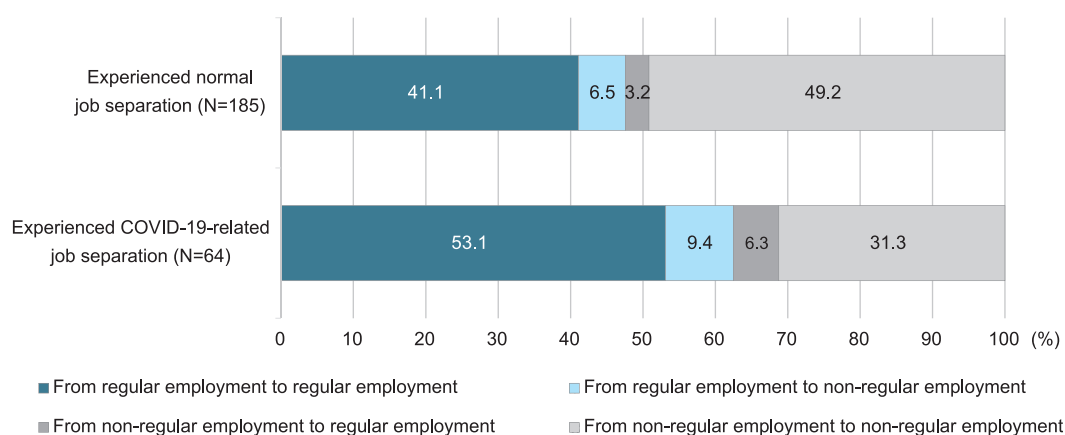
Note: $p=0.117$.

Figure 3. Percentages of people who experienced being unemployed/unoccupied



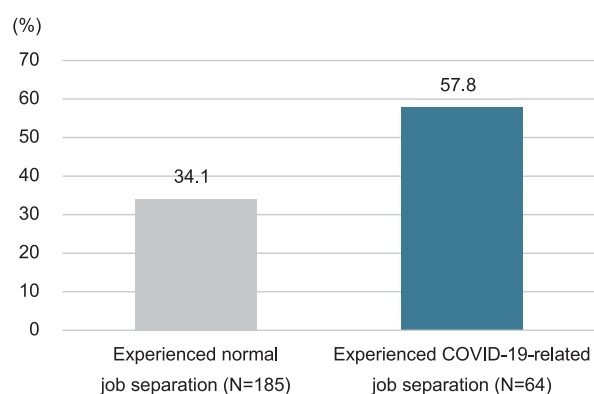
Note: $p=0.198$.

Figure 4. Employment status in March 2021



Notes: 1. The subjects of analysis were employees of private enterprises as of April 2020, and also experienced job separation and have changed employers/found reemployment as an employed worker in or before March 2021 (the timing of the fourth wave of the JILPT panel survey). Same applies to Figure 6, Figure 7, Figure 8, and Table 3.
2. $p=0.085$.

Figure 5. Change of employment types



Note: $p=0.001$.

Figure 6. Percentages of people whose monthly income declined

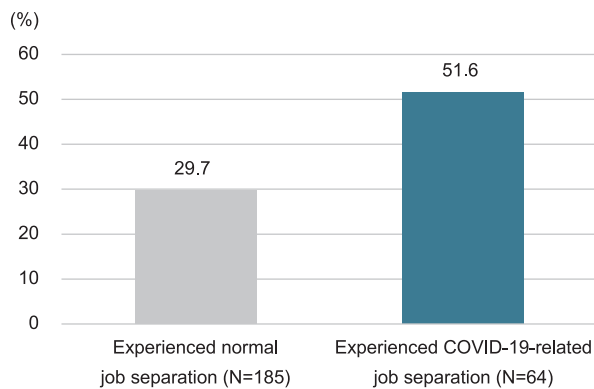
As the analysis above has shown, a comparison of the paths from job separation to changing employers/reemployment indicates that those who experienced COVID-19-related job separation are not necessarily suffering disadvantages in comparison with those who experienced normal job separation. However, looking at people who changed employers/found reemployment as employed workers and their responses when asked about the state of their most recent monthly income in comparison to that prior to the start of the COVID-19 pandemic, it becomes apparent that

those who experienced COVID-19-related job separation are at a disadvantage. The percentage of those who found that their monthly income declined is demonstrably higher among those who experienced COVID-19-related job separation, at 57.8%, in comparison with 34.1% among those who experienced normal job separation.⁹ (Figure 6).

V. Income decline due to change across industries

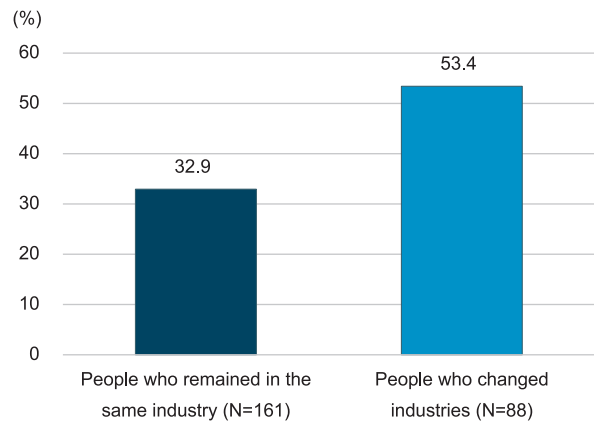
Why has so many people who experienced COVID-19-related job separation faced with a decline in their monthly income? One conceivable cause is the difficulty of changing employers/reemployment within the same industry, because specific industries are intensively bearing the brunt of the COVID-19 crisis. Figure 7 shows the percentages of those who changed employers across industries (“people who changed industries”) comparing those who experienced normal job separation and those who experienced COVID-19 job separation, both working as employed workers as of March 2021.¹⁰ This shows that in the case of those who experienced COVID-19 job separation, the majority changed across industries.

Figure 8 then shows that the percentage of those who experienced a decline in monthly income is



Note: $p=0.002$.

Figure 7. Percentages of those who changed industries



Note: $p=0.002$.

Figure 8. Percentages of those who experienced a decline in monthly income

high among those who changed across industries. More specifically, among those who changed across industries, the percentage who experienced a decline in monthly income is higher, at 53.4%, in contrast with 32.9% among those whose new employment was in the same industry (“those who remained in the same industry”).

Here we must address the question of whether change across industries in fact serve as an explanation of the decline in monthly income among those who experienced COVID-19-related job separation. In order to provide a clear answer, a set of binomial logistic regression models was conducted with monthly income decline as the explained variable, and the COVID-19-related job separation dummy, the reasons for job separation and state of changes in employment type (regarding which the above analysis has shown a difference between those who experienced normal job separation and those who experienced COVID-19-related job separation),¹¹ and the change across industries dummy as explanatory variables. The analysis subjects were the 249 workers who found reemployment as employed workers.

Table 3 provides the results of the analysis. Firstly, Model 1 shows that the COVID-19-related job separation dummy raises the likelihood of monthly income decline at a significance level of 0.01. In contrast, Model 2 shows that the job separation for reasons attributable to the employer dummy is significant at the 0.10 level, and where

Table 3. Determinants of monthly income decline (binomial logistic regression analysis)

Explained variables = Monthly income decline	Model 1		Model 2		Model 3		Model 4	
	B	S.E.	B	S.E.	B	S.E.	B	S.E.
COVID-19-related job separation	0.976	0.297 **	0.692	0.333 *	0.721	0.351 *	0.578	0.359
Job separation for reasons attributable to the employer			0.600	0.316 †	0.561	0.329 †	0.578	0.334 †
From regular employment to non-regular employment (ref. from regular employment to regular employment)					0.633	0.537	0.309	0.554
From non-regular employment to regular employment					-2.037	1.086 †	-2.480	1.108 *
From non-regular employment to non-regular employment					-0.269	0.290	-0.373	0.298
Changing across industries							0.842	0.298 **
Constant	-0.661	0.155 **	-0.775	0.168 **	-0.639	0.225 **	-0.829	0.239 **
N	249		249		249		249	
Chi-square	11.012 **		14.584 **		22.929 **		30.987 **	
Nagelkerke R-square	0.058		0.077		0.119		0.158	

Note: ** $p<0.01$; * $p<0.05$; † $p<0.1$.

this is controlled for, the COVID-19-related job separation dummy becomes significant at the 0.05 level. The high level of the likelihood of monthly income decline among those who experienced COVID-19-related job separation is to some extent attributable to the fact that many of those who experienced COVID-19-related job separation are those who were separated from their employment for reasons attributable to the employer. On the other hand, even where the state of shifts in employment type are controlled for in Model 3, there is no significant change in the coefficient of the COVID-19-related job separation dummy. Moreover, additionally incorporating the change across industries dummy in Model 4 results in the change across industries dummy itself becoming significant at the 0.01 level and the COVID-19-related job separation dummy no longer being significant. Therefore, the high level of likelihood of monthly income decline among those who experienced COVID-19-related job separation is also attributable to the high numbers of those who changed across industries among those who experienced COVID-19-related job separation.

VI. Key insights

This analysis regarding people who experienced COVID-19-related job separation found neither an extremely high unemployment/unoccupied rate, nor a low employment rate (as of March 2021, the timing of the fourth wave of the JILPT panel survey). It also indicated no particular disadvantage concerning the trends in change in employment types. However, the percentage who experienced a decline in monthly income after changing employers/reemployment was remarkably high. The potential factors behind this were revealed to be the high rate of job separation for reasons attributable to the employer and the high rate of change across industries when changing employers/finding reemployment.

Given the extreme circumstances of the COVID-19 pandemic, it is natural that many of those who are experiencing COVID-19-related job separation have been separated from their

employment due to reasons attributable to their employer. It is also conceivable that those who lose their employment for reasons attributable to their employer are often insufficiently prepared for changing employers/reemployment, and that this is one of the factors behind the decline in income among those who experience COVID-19-related job separation. This indicates a necessity to ensure that those who experience COVID-19-related job separation receive unemployment benefits that are generous in terms of their amount and the period of time for which they can be received.

The analysis also made the more important discovery that many of those who experience COVID-19-related job separation change across industries when changing employers/finding reemployment, which in turn leads to a decline in their income. As the impacts of the COVID-19 pandemic are intensified on particular industries, it is difficult for those who experience COVID-19-related job separation to find an employer to change to/reemployment within the same industry. Those people are consequently unable to sufficiently utilize their previously developed experience and skills when changing employers/finding reemployment, and this is one possible factor behind the decline in their income.

These trends seem to suggest that, firstly, it is necessary to provide those who experience COVID-19-related job separation with job placement services that ensure that they find suitable new employment—in other words, highly precise matching of workers with potential new employers/reemployment. Secondly, the trends also indicate the value of temporarily transferring workers to other industries in the form of *shukko*—which typically refers to transfer to another company while maintaining some form of relationship with their original company—and providing support for such transfers. The fact that many of those who experienced COVID-19-related job separation change across industries when changing employer/finding reemployment shows that there are many cases in which changing across industries is necessary, particularly in economic crises like the

current COVID-19 pandemic. On the other hand, the fact that many of those who change across industries face a decline in income tells us that leaving developments up to the natural mechanisms of the labor market could cause those who change across industries to suffer disadvantages. Given the need to eradicate such disadvantages, and the potential for *shukkō* to help in doing so, there appears to be considerable room for adopting the approach of utilizing *shukkō* and supplementing wages after placement.¹²

1. Note that the JILPT panel survey had been named the “Survey on the Impact that Spreading Novel Coronavirus Infection Has on Work and Daily Life” until the third wave (December 2020 Survey).
2. See JILPT (2021) for a detailed implementation and the first aggregation results of the fourth wave of the panel survey.
3. To be exact, those who responded, “found reemployment (changed employers/launched own business) after losing or leaving previous employment,” “currently looking for employment after losing or leaving previous employment,” and “neither found reemployment nor currently looking for employment after losing or leaving previous employment” were categorized as “those who experienced job separation.”
4. Industry categories with low responses—namely, “electricity, gas heat supply and water,” “postal services, cooperative associations” and “do not know”—were incorporated into the “others” (other industries) category, and occupation categories with low responses—“security workers,” “construction and mining workers,” and “do not know”—were incorporated into the “others” (other occupations) category.
5. It has been revealed that breadwinners tend to experience job separation but change employers without experiencing being unemployed/unoccupied (without a gap between jobs). See Takahashi (2021).
6. Respondents who have experienced job separation twice or more were asked about their “most recent experience.”
7. It is thought that the reason that those who experienced COVID-19-related job separation—who by definition are expected to have experienced either “dismissal from company,” “termination of employment on expiration of the contract term” (which refers to non-renewal of a fixed-term contract that had been repeatedly renewed), “unemployment as a result of employer’s business suspension/discontinuation or bankruptcy,” or “voluntary resignation”—include those who experienced “*shukkō* (transfer to another company while maintaining some form of relationship with the original company), or returning from *shukkō* to original place of employment” is due to the fact that those who experienced job separation twice or more provided responses on reasons for job separation that refer to a job separation not related to COVID-19. Furthermore, the fact that those who experienced normal job separation include “discontinuation/suspension of self-employment/piecework” is

also due to the reasons behind the second or subsequent job separation.

8. This difference is, however, not statistically significant.
9. It should be noted that among those who continued to work at the same company, the percentage of those who experienced a decline in monthly income is 24.7%.
10. Using the 15 industry categories shown in the profile in Table 1, those whose industry category as of April 2020 was the same as that as of March 2021 were classified as “people who remained in the same industry,” while those for whom that was not the case were classified as “people who changed industries.” (It must be noted, however, those who went from “do not know” to “do not know” were classified as “people who changed across industries.”)
11. The “job separation for reasons attributable to the employer” dummy was created by combining the following job separation reasons: “Bankruptcy, discontinuation, or temporary closure of employer’s business,” “reduction of personnel and/or termination on expiration of the contract term or non-renewal of contract.”
12. In relation to this, the Ministry of Health, Labour and Welfare (MHLW) provides support for *zaiseikigata shukkō*—a form of *shukkō* where a contract formed between the company from which the worker is being transferred and the company to which they are being transferred ensures that the worker has a contractual employment relationship with both companies—as a means of maintaining employment in the COVID-19 crisis. More specifically, in addition to its existing activities developing potential *shukkō* opportunities and matching workers with those opportunities through the Industrial Employment Stabilization Center of Japan, alongside subsidizing places of employment from which workers are sent on *shukkō* by means of Employment Adjustment Subsidies (*koyō chōsei joseikin*), the MHLW established the Industrial Employment Stabilization Subsidy in February 2021 to subsidize the wages and/or expenses of companies from which workers are sent on *shukkō* and the companies they are sent to, among other approaches. See the MHLW website for details (https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyou/jigyounushi/page06_00001.html [in Japanese])

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Reduction in the Shifts of a Non-standard Shift Worker

The *Silverheart* Case

Tokyo District Court (Nov. 25, 2020) 1245 *Rodo Hanrei* 27

HAMAGUCHI Keiichiro

I. Facts

Y is a private limited company that provides care services and after-school day care for children with physical or mental disabilities (“after-school care”). X entered Y’s employment on January 30, 2014, and was engaged in providing care on a shift basis. The employment contract’s only stipulation regarding working hours—aside from the times that work begins and ends—was “on a shift basis.” In January 2016, X began to be assigned shifts providing after-school care (afternoons, i.e., half days) and, from February 2017 onward, was assigned exclusively to after-school care. Regarding this as a wrongful transfer within the company, X filed an objection, and, having joined a regional labor union, was pursuing collective bargaining.

X’s work shifts were reduced from 15 days (78 hours) in July 2017 to 5 days (40 hours) in August 2017, and one day (8 hours) in September 2017, and in and after October 2017, X was no longer assigned any days at all. While X claimed to have an agreement with Y that X would be engaged in providing care services with working hours of 8 hours a day for 3 days a week (24 hours a week), Y filed a suit seeking confirmation that no such agreement existed. X filed a counterclaim in response.

II. Judgment

While X claimed to have an agreement with Y regarding working hours, the Tokyo District Court

did not recognize the existence of such an agreement, given that the employment contract stated that the work was “on a shift basis,” that previous schedules also showed variation in the number of times X worked per month

between 9–16 times, and that it was difficult to set a certain number of days of work per month.

At the same time, the District Court recognized that the drastic reduction of shifts without reasonable grounds constitutes abuse of the employer’s right to determine shifts, given that for shift workers, the drastic reduction in shifts directly results in decrease in income and thereby significant disadvantage to the worker.

Thus, while recognizing the August schedule of 5 days (40 hours) as reasonable, the Tokyo District Court found no reasonable grounds for the drastic reduction in shifts in September to only one day (8 hours) and in October to no days at all, and therefore the ruling determined that these reductions were illegal, as they constituted abuse of the employer’s right to determine shifts, and ordered the payment of the difference with X’s average wages in the prior three months (May–July).

III. Commentary

Non-standard shift work has been a significant topic of discussion in Japan in recent years. Standard shift systems such as the systems of “two shifts” (day shift and night shift) or “three shifts”



(day shift, early night shift, and late night shift) where, while working days or working times may vary, the scheduled working hours for a certain time period are predetermined. In contrast, non-standard shift work does not have scheduled working days or scheduled working hours that have been determined in advance. The days and time slots when non-standard shift workers work are sporadically determined—to be exact, they are assigned in shifts arranged on the basis of their requests submitted in advance—by their supervisor, such as their shop or restaurant manager, at weekly, monthly, or other such regular intervals. Given that they do not have scheduled working hours that have been predetermined, such non-standard shift workers may face the problem of receiving too few shifts or no shifts at all, and consequently not earning the income they expected to.

Such non-standard shift work poses the same issues as approaches such as on-call work, on-demand work, and zero-hours contract work—forms of work that have become an issue in EU countries in recent years. In the political field, there have also been calls for provisions similar to those of the EU's Directive 2019/1152 on Transparent and Predictable Working Conditions.

Since the onset of the COVID-19 pandemic in 2020, support has been provided in the form of the Employment Adjustment Subsidy (*koyō chōsei joseikin*) to subsidize compensation for leave taken at the order of the employer and the Support Allowance for Leave Forced to be Taken Under the COVID-19 Outbreak (*kyūgyō shienkin*), but issues have arisen regarding whether or not the reduction of the non-standard shift work constitutes the leave to which such financial aid applies. Since January 2021, the Ministry of Health, Labour and Welfare's Employment Security Bureau, which holds authority over employment-related subsidies, has declared that from January 2021 onward, those people who work on a shift or other such basis—and therefore whose working days are not specified in their labor contracts—are eligible for such payments under certain conditions. At the same time, it is unclear whether such leave qualifies for the leave

allowances that employers are obliged to pay under Article 26 of the Labor Standards Act.

Under the existing legislation, there are few judicial precedents addressing the acceptability of reduction of shifts, and this case is one of them. With regard firstly to non-standard shift work itself, this judgment recognizes labor contracts that do not determine scheduled working days or scheduled working hours, on the grounds that “the very agreement for work to be shift based is not unthinkable, given that it is also beneficial for workers for working days and number of working days to be assigned in shifts on the basis of their requests regarding their work for the coming month, in the sense that the schedules may be suited to their convenience.” On the other hand, based on the fact that “the drastic reduction in shifts directly results in reduction in income, and therefore significant disadvantage for the worker,” the court recognized that “the drastic reduction of shifts without reasonable grounds may be deemed illegal as it constitutes abuse of the employer's right to determine shifts,” and thereby set out a standard for judgment that “on the basis of Article 536, paragraph (2) of the Civil Code, a worker may demand the payment of wages for the equivalent number of working hours by which the work was unreasonably reduced.”

At the same time, it is questionable whether this judgment can be viewed as a general standard for decisions regarding non-standard shift work. That is, given that in this case, X had sought to address what X perceived as a wrongful transfer within the company from care services to after-school care by joining an external labor union (that is, not Y's enterprise-based union) to pursue collective bargaining, and that to Y, this was an act of hostility toward Y, the reduction in shifts had strong connotations of a punitive action by Y in response to the perceived rebellious conduct. At the very least, given that in 2017—the year in question—Y was not forced to reduce its care services or after school childcare business or tackle other such circumstances, it would be natural to determine that the reduction of X's shifts by Y was unreasonable.

Since the onset of the COVID-19 pandemic in 2020, declarations of a state of emergency in Japan have led to a major slump in demand for many eating and drinking establishments and other such businesses directly offering services to customers, leaving such enterprises with a huge personnel surplus. As a result, while those workers other than non-standard shift workers were sent on leave and received employment-related subsidies, non-standard shift workers had their shifts reduced, as opposed to being ordered to go on leave. In that sense, if the concept of non-standard shift work by its nature assumes the possibility of workers' shifts being increased or decreased in number according to fluctuations in business conditions, it is difficult to conclude that it is unreasonable for shifts to be reduced on the grounds of poor business.

This case is one of the few judicial precedents regarding non-standard shift work. However, it is necessary to practice caution when considering whether it can serve as a direct reference in cases of

shift reduction in the COVID-19 pandemic.¹

1. Article 26 of the Labor Standards Act stipulates that “[i]n the event of an absence from work for reasons attributable to the employer, the employer must pay the worker an allowance equal to at least 60 percent of their average wage during that period of absence from work.” Article 536, paragraph (2), of the Civil Code stipulates that “[i]f the performance of any obligation has become impossible due to reasons attributable to the obligee [i.e. employer], the obligor [i.e. worker] shall not lose his/her right to receive performance [i.e. wage] in return.” Although Article 536, paragraph (2), of the Civil Code guarantees 100% of the worker's wages, reasons attributable to the employer are construed to mean an employer's intentional acts, negligence or other similar causes. Reasons attributable to the employer in Article 26 of the Labor Standards Act are broader than Article 536, paragraph (2), of the Civil Code and includes reasons arising in the management sphere rather than the worker sphere, such as the lack of materials because of transportation interruptions.

The *Silverheart* case, *Rodo Hanrei* (Rohan, Sanro Research Institute) 1245, pp. 27–40, and *Rodo Keizai Hanrei Sokuho* (*Rokeisoku*, Keidanren Jigyo Service) no.2443, pp. 3–14 (available only in Japanese).

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I. Main Labor Economic Indicators

1. Economy

The Japanese economy remains in picking up, although the pace has weakened in a severe situation due to the Novel Coronavirus. Concerning short-term prospects, the economy is expected to show movements of picking up, supported by the effects of the policies and improvement in overseas economies while taking measures to prevent the spread of infectious diseases, and accelerating vaccinations. However, full attention should be given to the further increase in downside risks due to the situation of infections in domestic and overseas and negative effects through the supply chains. Also attention should be given to the effects of fluctuations in the financial and capital markets. (*Monthly Economic Report*,¹ September 2021).

2. Employment and unemployment

The number of employees in August increased by 240 thousand over the previous year. The unemployment rate, seasonally adjusted, was 2.8%.² Active job openings-to-applicants ratio in August, seasonally adjusted, was 1.14.³ (Figure 1)

3. Wages and working hours

In August, total cash earnings increased by 0.6% year-on-year and real wages (total cash earnings) increased by 0.1%. Total hours worked increased by 0.7% year-on-year, while scheduled hours worked increased by 0.2%.⁴ (Figure 2 and 6)

4. Consumer price index

In August, the consumer price index for all items decreased by 0.4% year-on-year, the consumer price index for all items less fresh food remained the same level as the previous year, and the consumer price index for all items less fresh food and energy declined by 0.5%.⁵

5. Workers' household economy

In August, consumption expenditures by workers' households decreased by 3.4% year-on-year nominally and decreased by 2.9% in real terms.⁶

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>

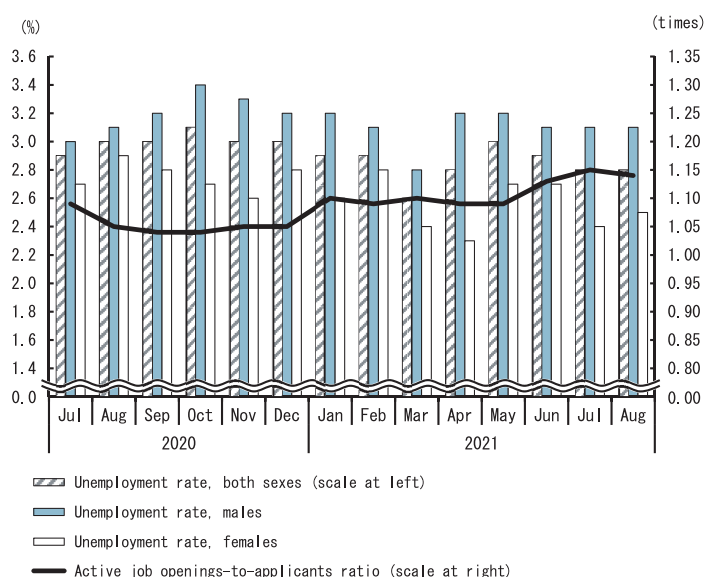
2. <https://www.stat.go.jp/english/data/roudou/results/month/index.html>

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>

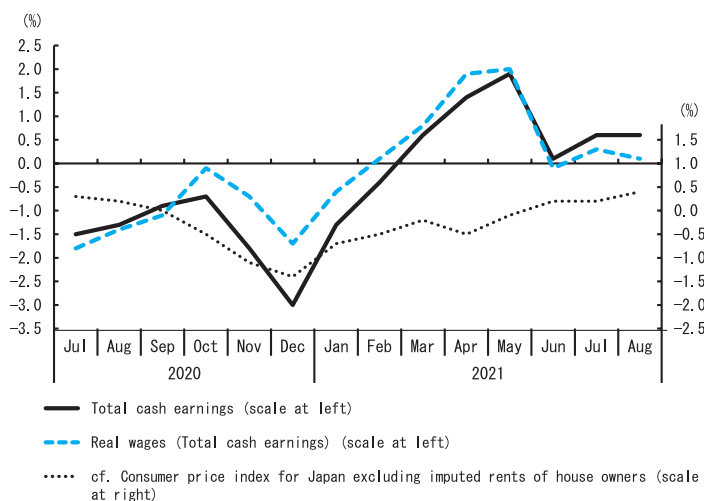
6. MIC, *Family Income and Expenditure Survey*. <https://www.stat.go.jp/english/data/kakei/index.html>



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-to-applicants ratio (seasonally adjusted)



Source: MHLW, *Monthly Labour Survey*; MIC, *Consumer Price Index*.

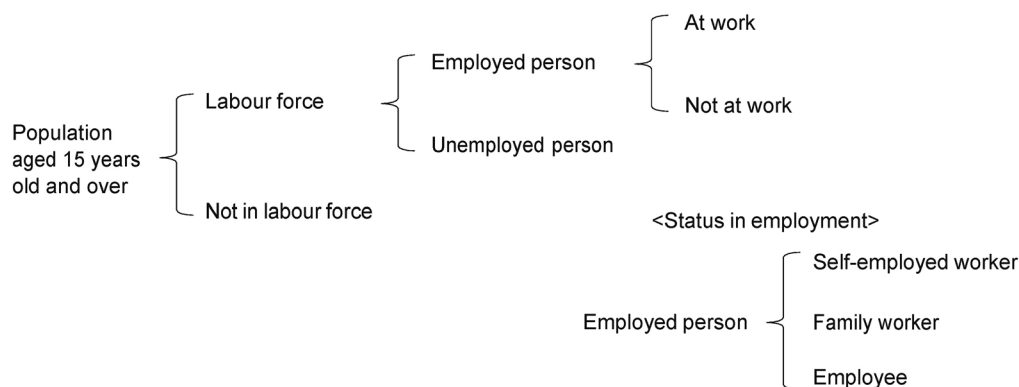
Figure 2. Total cash earnings / real wages annual percent change

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*



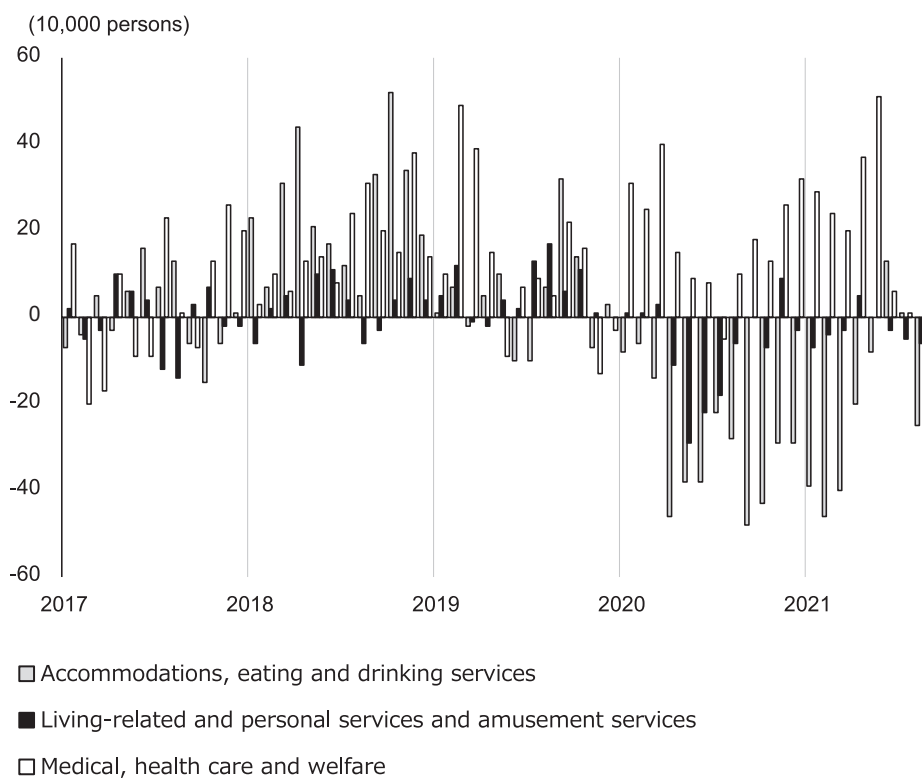
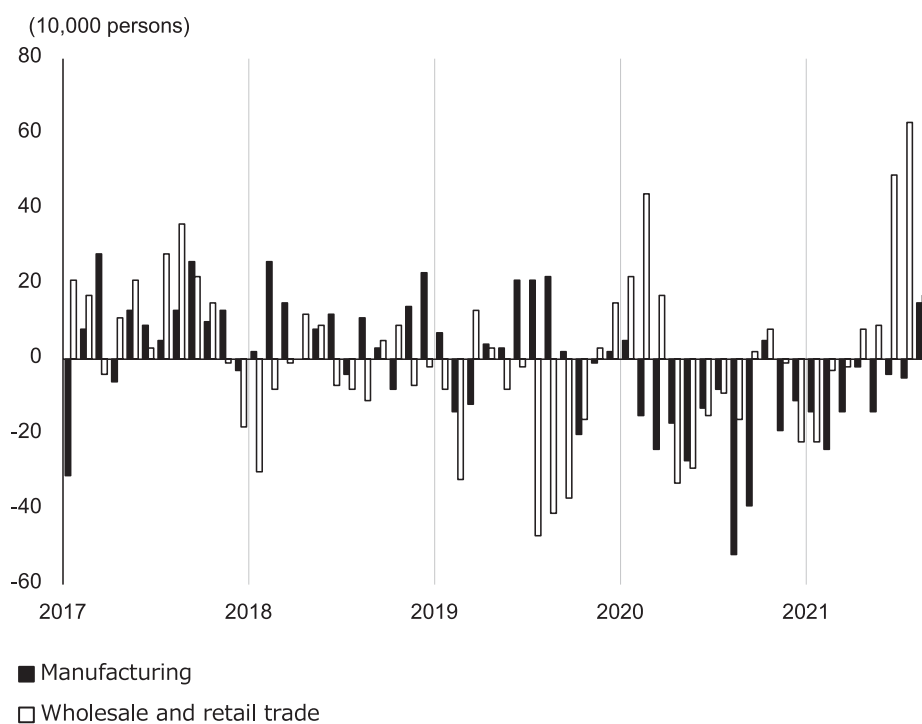
Source: Ministry of Internal Affairs and Communications (MIC), *Labour Force Survey*, Concepts and Definitions. <https://www.stat.go.jp/english/data/roudou/pdf/definite.pdf>

(2) Labor force

Table 1. Labor force

					(10,000 persons)
Labor force					
		Total	Employed person		Unemployed person
				Not at work	
2018		6,830	6,664	169	166
2019		6,886	6,724	176	162
2020		6,868	6,676	256	191
	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
	March	6,837	6,649	220	188
	April	6,866	6,657	199	209
	May	6,879	6,667	212	211
	June	6,898	6,692	182	206
	July	6,902	6,711	212	191
	August	6,886	6,693	248	193

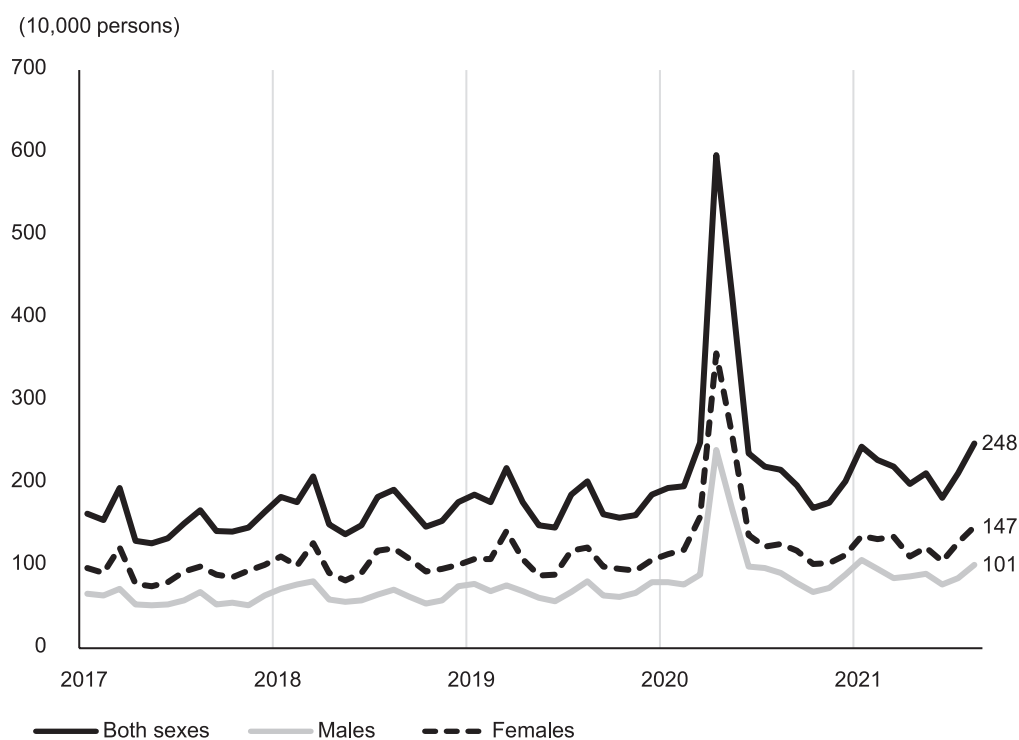
Source: Compiled by JILPT based on Ministry of Internal Affairs and Communications (MIC), *Labour Force Survey* (Basic Tabulation) (unadjusted values).



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

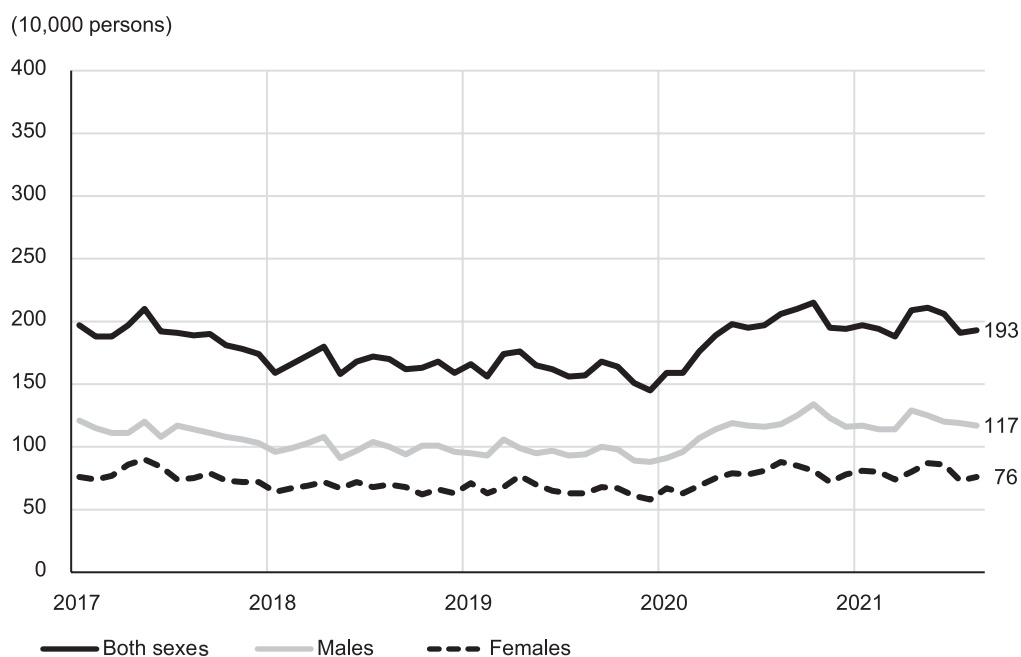
Figure 3. Number of employed persons by main industry (unadjusted values, year-on-year change) (January 2017 to August 2021)

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 August 2021)



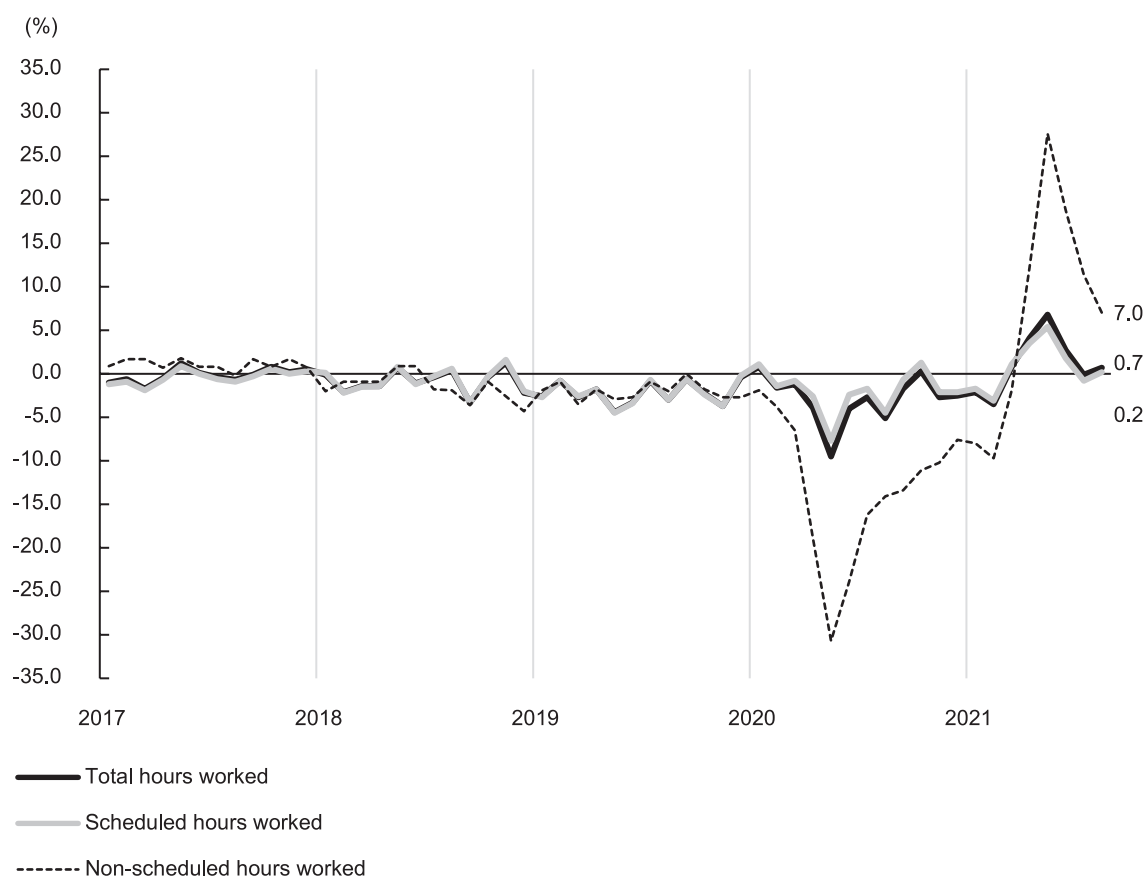
Source: MIC, *Labour Force Survey* (Basic Tabulation).⁹

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