

COVID-19's Impact on the Labor Market and Policy Responses in Japan

Koji TAKAHASHI

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I. Introduction: Distinctive aspects of Japan's labor market

As we set out to analyze the impacts of the COVID-19 pandemic on Japan's labor market and the related policy responses, it is helpful to begin by outlining the distinctive aspects of employment in Japan. Firstly, the practice of long-term employment—while no longer as common as it once was—has typically been adopted by Japanese enterprises. Men have a particularly high average number of years of continuous employment in comparison with averages from other advanced nations (MHLW 2013). Under secure employment relationships, they remain with the same employer, accumulating experience and developing their skills within that one enterprise.

At the same time, the personnel management approaches pursued by Japanese enterprises draw a clear distinction between regular employees and non-regular employees (such as part-time workers, fixed-term contract workers, and temporary staff dispatched from an agency), and it is regular employees who enjoy the benefits of long-term employment (Sugeno 2002). Non-regular employees are excluded from the practice of long-term employment and tend to be the first to face dismissal or non-renewal of contract when personnel cutbacks need to be made (Inagami and Whittaker 2005). It is also notable that some non-regular employees are also not enrolled in employment insurance.

Non-regular employees include married women, young people (including students), elderly people, and so on. A considerable proportion of non-regular employees are married women who work part-time. While in many cases such women work to supplement their household income and would not be directly at risk of poverty if they were to lose their employment, they may in some cases become unable to maintain their existing standard of living. Non-regular employees of restaurants or other such establishments serving food and drink (“restaurants, etc.”)—which have been severely affected by the pandemic—are largely students pursuing jobs alongside their studies (*arubaito*). Some may struggle to continue their studies if they lose that source of income.

While the examples above all refer to workers who are *employees* of a company or other such entity, there are of course also people who work without being in an employment relationship. In addition to the traditional self-employment roles such as farming or running a shop, this also includes people whose status lies between employee and self-employed, such as freelancers or platform workers. Although Japan's Labor Standards Act, Labor Union Act, and Employment Insurance Act are generally not applied to workers who are not in an employment relationship, in recent years protection for people who fall between employee and self-employed has become an important policy issue.

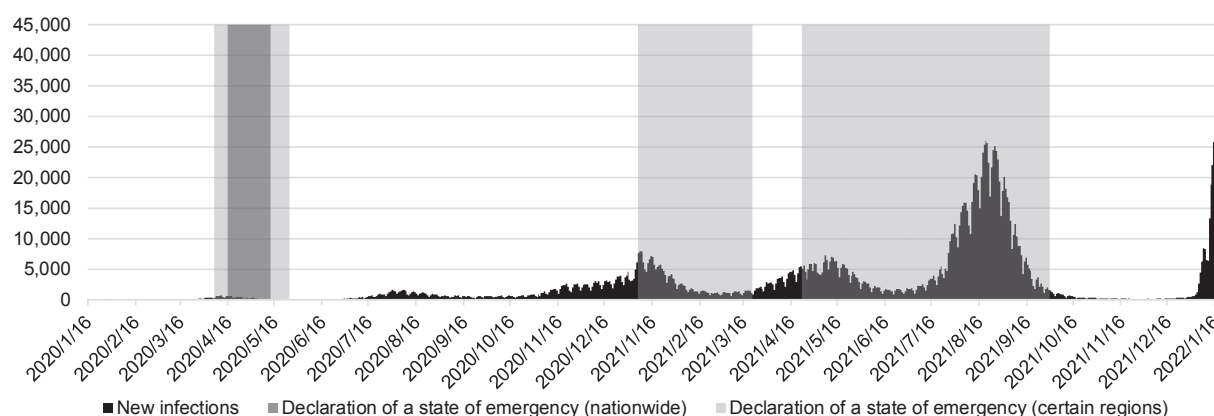
II. COVID-19's impact on the labor market

1. Current developments in employment and labor

Japan has tackled six waves of COVID-19 infections since the onset of the pandemic. During this time, there

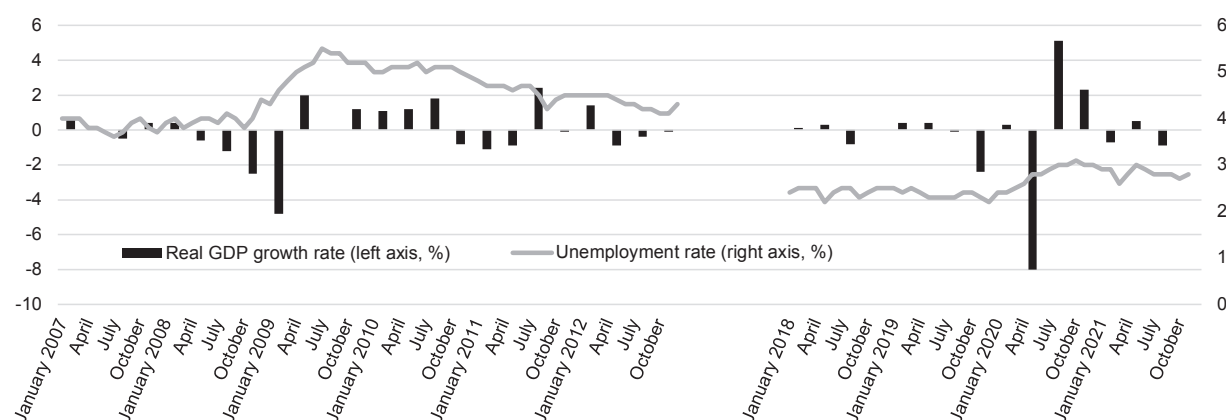
have been three declarations of states of emergency, which restricted economic activity with the aim of preventing the spread of infection. Among them, the first declaration from April to May 2020 exerted a particularly severe impact on the economy. From April 16 to May 13 the declaration was expanded to cover the entire country, with restrictions placed on the operation of restaurants, etc. and calls for the public to voluntarily refrain from leaving home and avoid long-distance travel (Figure 1).

With the impacts of the nationwide declaration of a state of emergency, the real GDP growth rate (quarterly) recorded a decline of 8.0% in the second quarter of 2020. This severe blow exceeded that of the 2008 financial crisis. However, in comparison with the 2008 financial crisis, the pandemic has seen an unemployment rate that is both low and has increased only slightly. The highest unemployment rate during the pandemic was only 3.1% in October 2020 (Figure 2).



Source: NHK website, <https://www3.nhk.or.jp/news/special/coronavirus/data-all/> (in Japanese) (accessed on January 20, 2022).

Figure 1. Daily number of new infections and the timings of state of emergency declarations (persons)

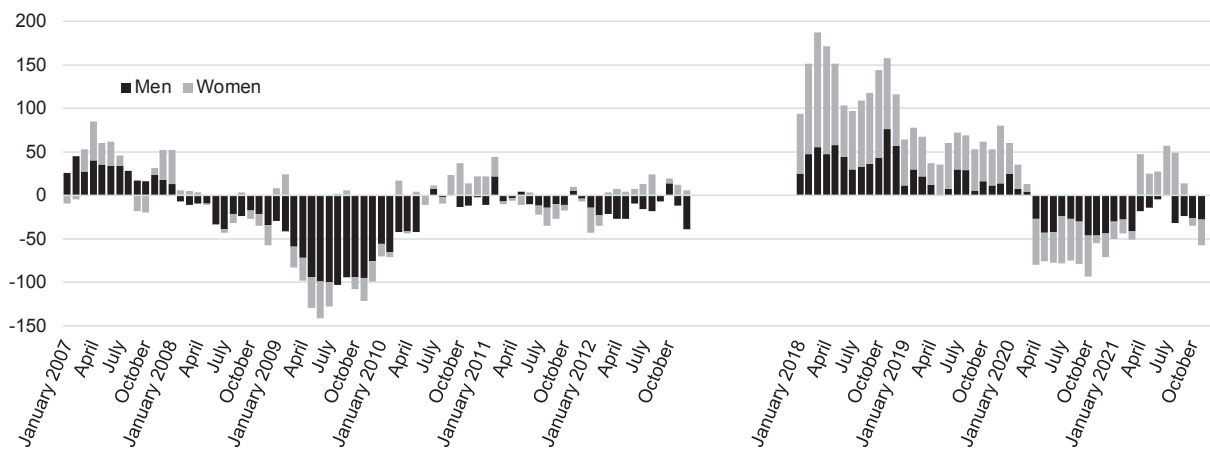


Source: Cabinet Office, Government of Japan. *System of National Accounts*; MIC Labor Force Survey.

Figure 2. Trends in the real GDP growth rate (quarterly) and unemployment rate (monthly)

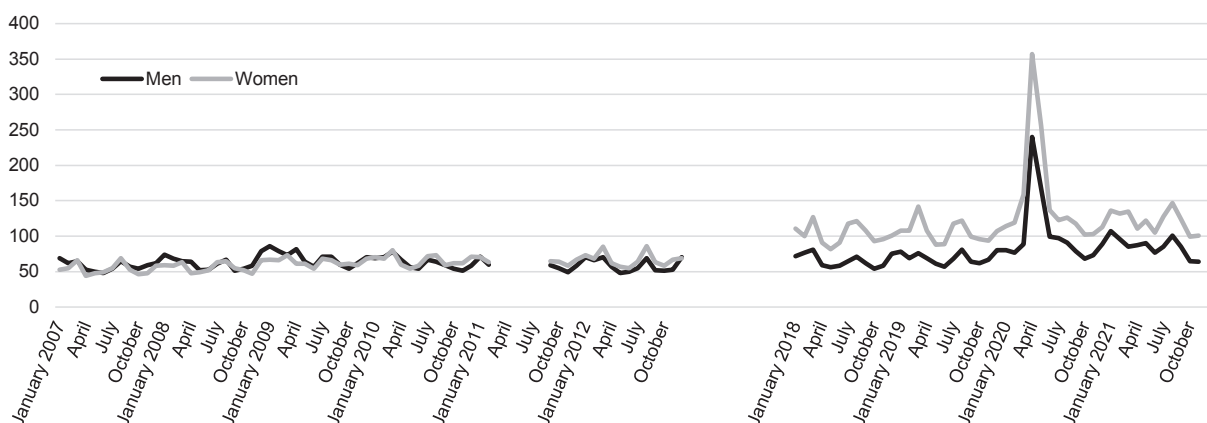
The relatively low impact on employment is also indicated by the trends in the number of employed persons (Figure 3; “employed persons” covers employees, self-employed workers, and family workers). While in 2009, following the onset of the financial crisis, the number of employed persons declined by over 1.4 million people on the same month of the previous year, during the pandemic in 2020 the decline was by no more than around 900,000 people.

While there has been relatively little decline in the number of employed persons, there has instead been a significant increase in the number of people on leave from work during the pandemic. Data from the *Labor Force Survey* by the Ministry of Internal Affairs and Communications (MIC) shows that in April and May 2020, respectively, as many as 5.97 million and 4.23 million employed persons did not work a single day in the last week of the month (Figure 4). This indicates that the primary response from enterprises in the pandemic was to adjust working hours, as opposed to reducing employment.



Source: MIC Labor Force Survey.

Figure 3. Trends in the number of employed persons (difference from the same month of the previous year, 10,000 persons)

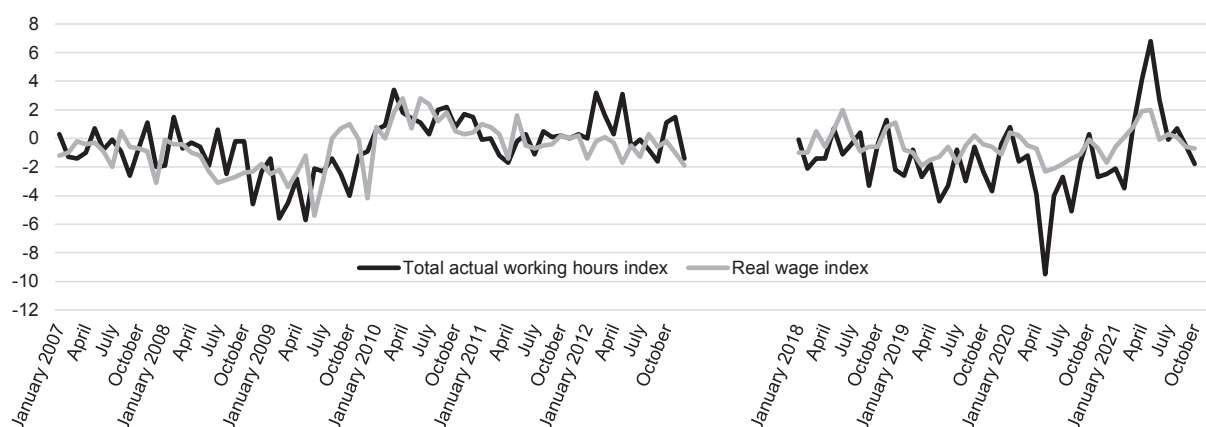


Source: MIC Labor Force Survey.

Figure 4. Trends in the number of employed persons who did not work a single day in the last week of the month (actual figures, 10,000 persons)

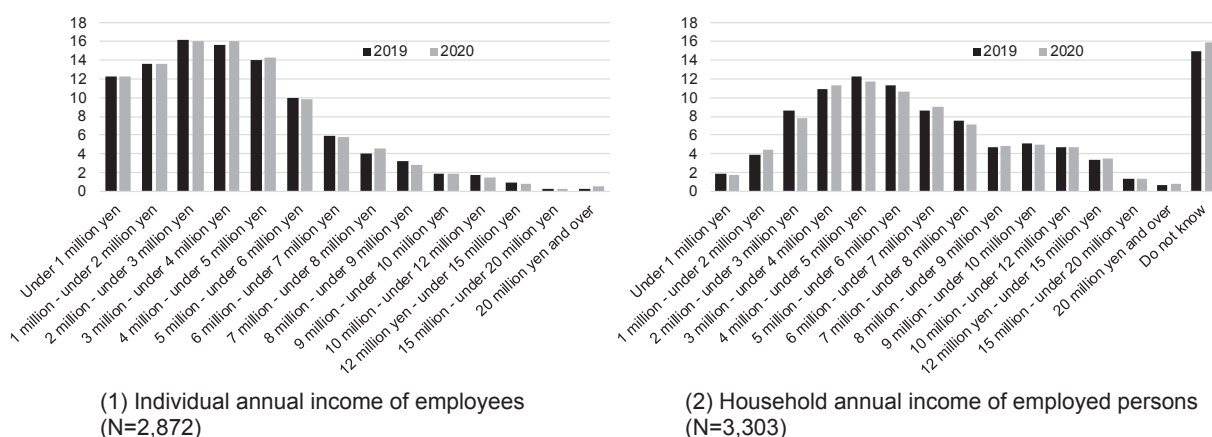
Detailed figures on the actual trends in adjustment of working hours can be drawn from the Ministry of Health, Labour and Welfare (MHLW)'s *Monthly Labour Survey* (Figure 5). According to these figures, the actual working hours index during the 2008 financial crisis declined around 5% on the same month of the previous year, in contrast with an almost 10% decline during the pandemic. On the other hand, the real wage index shows a smaller drop on the same month of the previous year than that during the 2008 financial crisis. This indicates that during the pandemic many workers received wage compensation, as employers generally adopted approaches such as paying leave allowances or treating leave as paid time off.

How have individual and household annual incomes changed amid such employment and labor conditions? Figure 6 shows a comparison of annual income distributions in 2019 and 2020 using data from the "JILPT Panel Survey on the Impact of COVID-19 on Work and Daily Life." Figure 6 (1) presents the changes in distribution of individual annual income for people who were employees as of April 1, 2020, while Figure 6 (2) covers the



Source: MHLW *Monthly Labour Survey*.

Figure 5. Trends in total actual working hours index and real wage index (on the same month of the previous year, %)



Source: Tabulated by the author using data from the "JILPT Panel Survey on the Impact of COVID-19 on Work and Daily Life."

Notes: 1. Survey subjects are people registered with an online survey company.

2. "Employed persons" in the figure (2) includes people working as freelancers.

Figure 6. Changes in annual income (%)

changes in distribution of household annual income for people who were an employee or freelancer as of April 1, 2020. This shows that there were no significant changes in individual or household annual income.

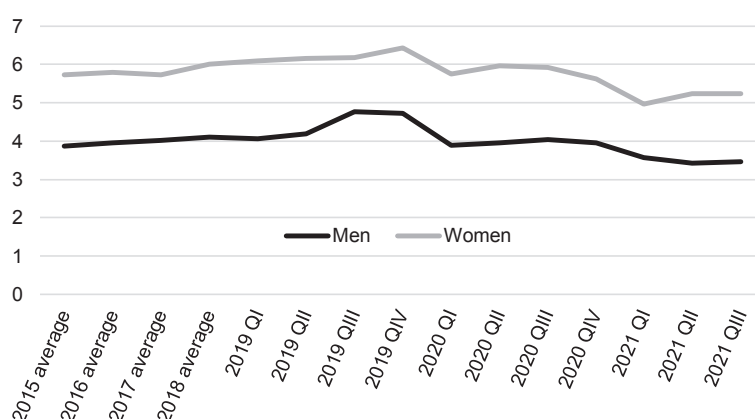
It is important to note that alongside the lack of significant change in annual income distribution, there has also been relatively little labor turnover in the pandemic. Figure 7 utilizes data from the MIC's *Labor Force Survey* to show trends in the job change rate (percentage of workers who changed employers). This reveals that the job change rate, which previously had been rising between 2015 and 2019, has been on the decline since 2020. The decline appears to be a result of the decrease in job openings at enterprises due to the stagnation of economic activity during the pandemic.

2. Trends by segment

As noted above, the pandemic has generally had limited impact on household incomes due to the fact that employers' responses have largely entailed adjustment of working hours as opposed to reduction of employment, and that in the event of such adjustment of working hours, wage compensation has also often been provided.

However, analysis focusing on trends by gender, age, industry, and employment type reveals that certain groups have experienced significant impacts. Figure 8 presents the changes in employment rate (number of employed persons as a percentage of the population aged 15 and older) by gender and age group. This shows that the employment rates for both men and women in the 15 to 24 age group have declined in comparison with 2019, likely due to loss of employment among student side-job workers at restaurants, etc. Likewise, there has also been a decline in the employment rate among women in the 35 to 44 age group. This is thought to be the result of such women facing difficulty pursuing employment due to a need to devote greater amounts of time to caring for their children during temporary closures of childcare facilities and schools (Zhou 2021).

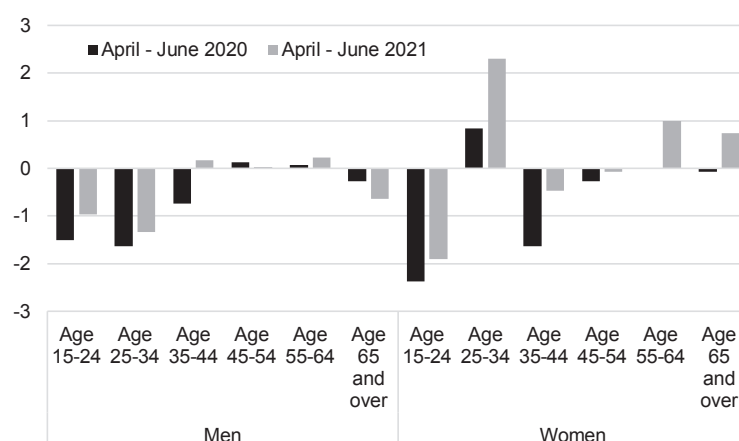
Figure 9 shows the changes in the number of employed persons by industry. As touched on above, the pandemic has seen restrictions on the operation of restaurants, etc. and calls for the public to refrain from leaving home and to avoid long-distance travel. This has led to a considerable decline in the number of employed persons in the accommodation and food services industry in comparison with 2019. In contrast, there have been increases in the number of employed persons in the medical, health care, and welfare industry, which was already a growth industry due to population aging, and the information and communications industry, which has seen increased



Source: MIC Labor Force Survey.

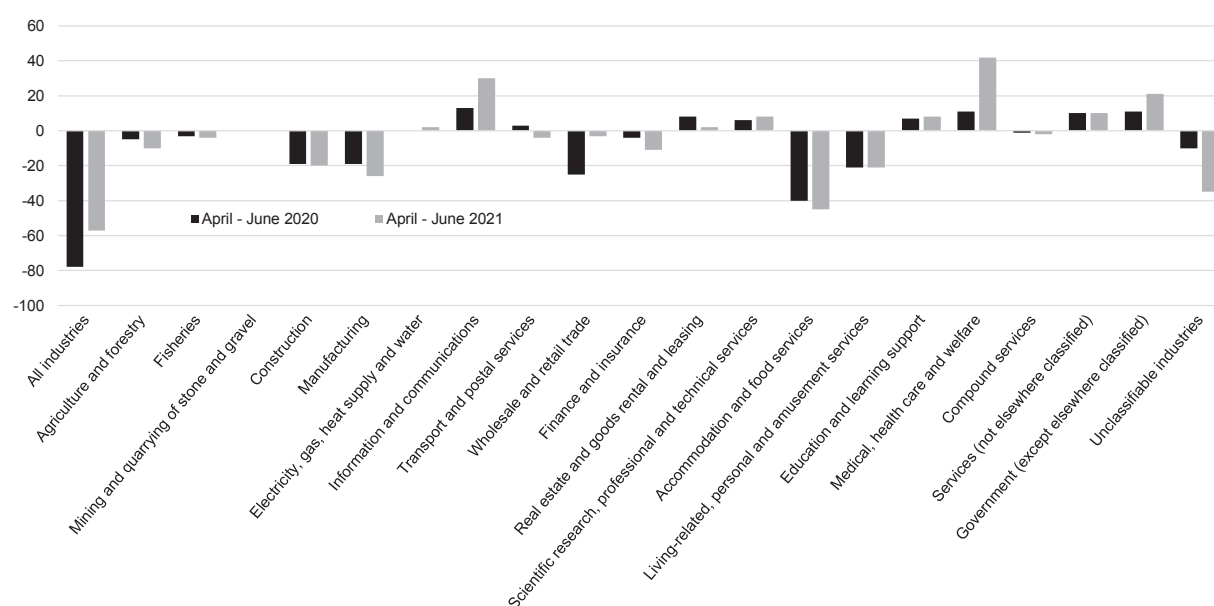
Note: The figure shows the number of people who changed jobs (changed employers) as a percentage of the number of employed persons at each survey timing. As “people who changed jobs” are defined as those who left their original employment and started their new employment within the previous year, in some cases the actual timing of the job change was a year previously.

Figure 7. Trends in job change rate (%)



Source: MIC Labor Force Survey.

Figure 8. Changes in employment rate by gender and age group (difference from April to June 2019, percentage points)



Source: MIC Labor Force Survey.

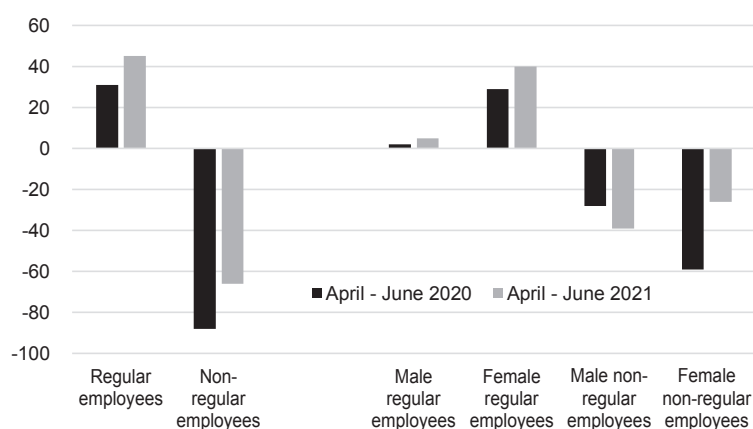
Figure 9. Changes in the number of employed persons by industry (difference from April to June 2019, 10,000 persons)

demand due to the greater adoption of teleworking.

Figure 10 shows the changes in the number of employees by employment type and gender. Looking firstly at the changes in the figures for male and female employees combined, while there has been a rise in regular employees in comparison with 2019, there has been a significant decline in the number of non-regular employees. Although the decline in employment during the pandemic has been low overall, among the non-regularly employed, a considerable number of people have been dismissed from their employment or not had their contract renewed. Figures by gender show a striking decline in the number of female non-regular employees in 2020. The

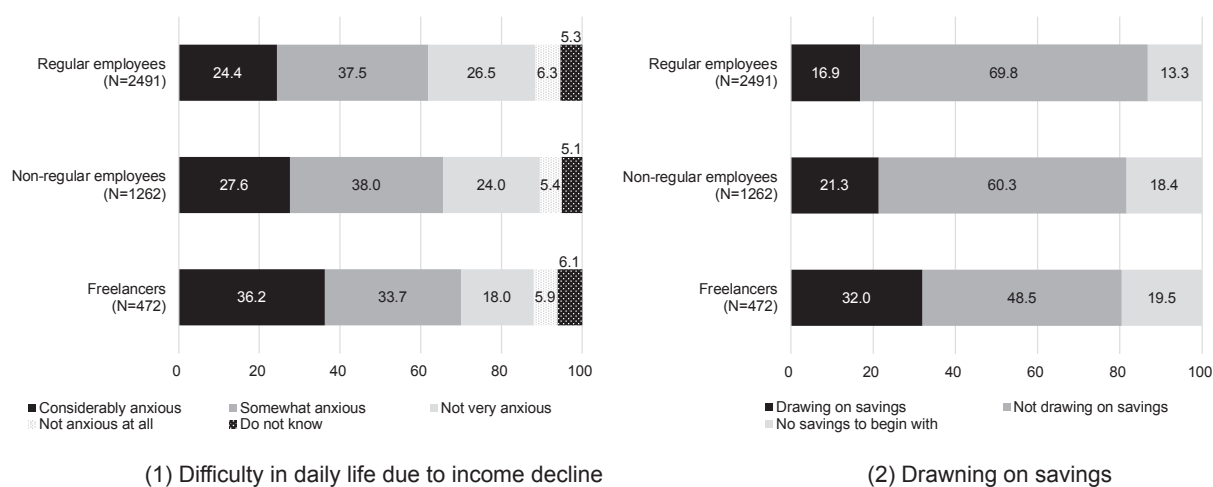
factors behind this are thought to include the strong tendencies among non-regularly employed women to work for restaurants, etc. and other such businesses providing services directly to customers, and to leave employment voluntarily in order to care for their children.

While it has been noted that the pressure to reduce employment has primarily affected non-regular employees, freelancers—namely, workers not in employment relationships—are thought to have experienced even harsher conditions. Figure 11 presents the daily living conditions in August 2020 of regular employees, non-regular employees, and freelancers as of April 1, 2020. This shows that the percentage of respondents who are “considerably anxious” or “somewhat anxious” about difficulty in daily life associated with decreased income and respondents who have drawn on their savings are higher among freelancers than among non-regular employees.



Source: MIC Labor Force Survey.

Figure 10. Changes in the number of employees by employment type and gender (difference from April to June 2019, 10,000 persons)



Source: Tabulated by the author using data from the “JILPT Panel Survey on the Impact of COVID-19 on Work and Daily Life.”
 Note: Survey subjects are people registered with an online survey company.

Figure 11. Conditions experienced by freelancers (%)

3. Summary of labor market impacts

Japan's real GDP growth rate recorded a significant decline in the second quarter of 2020 during the declaration of a national state of emergency. The unemployment rate, however, has seen only a small increase, and the extent of the decline in the number of employed persons has also been limited. This is thought to be due to enterprises' efforts to adjust working hours as opposed to reducing employment. These efforts can be attributed to the reluctance of Japanese enterprises to let go of valuable human resources after having long struggled with personnel shortages, alongside responses related to the Employment Adjustment Subsidy—a government subsidy to supplement payment of employee leave allowances—which saw relaxation of the eligibility criteria and increased payment levels.

However, analysis by segment reveals groups that experienced considerable impacts. Firstly, the figures show a decline in the employment rates among students in side jobs and women raising children. Trends by industry show a decline in the number of employed persons in the accommodation and food services industry, with trends by employment type revealing a significant decrease in employment among non-regular employees. Moreover, freelancers—that is, workers not in employment relationships—experienced even greater deterioration in their daily living conditions than non-regular employees. These trends are thought to be attributable to the restrictions on the operation of restaurants, etc. that were introduced as part of measures to prevent the spread of COVID-19 infections, as well as to factors such as the preponderance of women assuming family care responsibilities, the distinctions drawn between regular and non-regular employees in personnel management approaches that follow typical Japanese employment practices, and the disparity in the guarantee of living conditions between employees and those who are not in an employment relationship.

III. Government policy responses

1. Employment Adjustment Subsidy

The efforts by many enterprises to adjust working hours rather than reducing employment can be attributed not only to preexisting chronic personnel shortages, but also to the relaxation of the eligibility criteria and increase in payment levels for the Employment Adjustment Subsidy to supplement the leave allowances paid to employees.

The Employment Adjustment Subsidy (*koyō chōsei joseikin*; EAS), which is drawn from the employment insurance fund and paid to enterprises, is aimed at enabling enterprises to maintain employees' jobs when developments in the economy necessitate a reduction in business activity. The Labor Standards Act obliges enterprises to pay a leave allowance equivalent to at least 60% of the employee's average wage to each employee who has been sent on leave at the convenience of the enterprise. The EAS supplements a portion of these leave allowances in order to support enterprises who send employees on leave and thereby prevent the dismissal of the employees.

While it is rarely utilized when the economy is stable, in economic crises the EAS tends to be paid in vast amounts, as special exceptions are introduced to relax the eligibility criteria and to raise the payment levels. One such example was around the time of the 2008 financial crisis, when huge amounts of the EAS were paid in FY 2009 and FY 2010.

In the pandemic, special provisions prescribed an even greater easing of the eligibility criteria and increase in the payment levels than those introduced in the 2008 financial crisis. More specifically, these steps included: (1) reducing the eligibility requirement based on an enterprise's production index from a "decline in production index of at least 10% in the last three months" to "a decline of at least 5% in the last month," (2) increasing the proportion of leave allowance covered by the subsidy from "two-thirds for small and medium-sized enterprises and half for major enterprises" to "four-fifths for small and medium-sized enterprises and two-thirds for major enterprises," and (3) raising the upper limit for subsidy amounts from "8,370 yen per person per day" to "15,000 yen per person per day." At the time of compiling this paper (late January 2022), these special provisions were

due to remain in place until the end of March 2022.

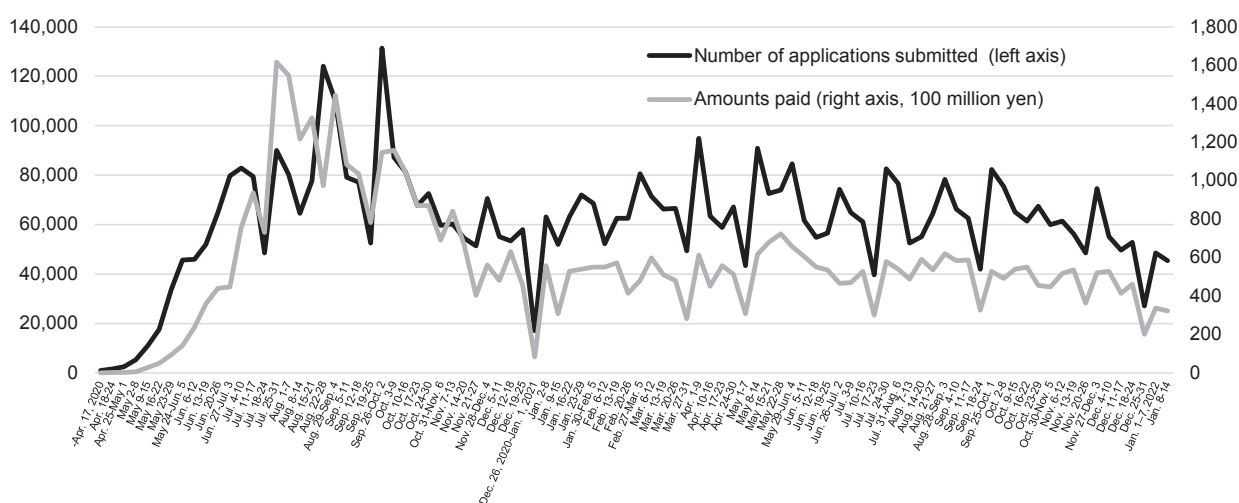
EAS payments have consequently reached an unprecedented scale. Figure 12 presents the (weekly) trends in the number of applications for the EAS and the amount of EAS paid. This indicates that even after the peak in mid-2020, there have been around 60,000 to 80,000 applications a week, and payments continue to total around 50 billion yen per week. As of January 14, 2022, the cumulative number of applications was 5.65 million, and the cumulative amount of EAS paid was 5.22 trillion yen. These increases in applications and payment amounts—which are causing funds to dwindle—may be due not only to the relaxation of eligibility criteria and increase in payment levels, but also to the simplification of the application process.

There are two more key developments with regard to the EAS in the pandemic. Firstly, a subsidy is now provided to supplement leave allowances for workers who are not enrolled in employment insurance. More specifically, where part-time workers who work less than 20 hours a week, students in side jobs, and other such workers who are not insured under the employment insurance program are made to take leave, the “Emergency Subsidy for Job Security” (*kinkyū koyō antei joseikin*) is paid according to the same criteria as the EAS.

The other is that workers at small and medium-sized enterprises who were not paid a leave allowance during the period for which they were on leave are now able to receive a leave allowance directly paid by the government (“Support Fund and Allowance for the Leave Forced to be Taken under the COVID-19 Outbreak” [*kyūgyō shienkin/kyūfukin*], referred to here as “government leave allowance”). This is because, despite the simplification of the EAS application process during the pandemic, there are nevertheless still enterprises—in particular, small and medium-sized enterprises—that neither apply for the subsidy nor pay leave allowances.

As described above, measures to maintain employment by providing leave allowances have been adopted in the form of general mobilization of special provisions to the existing system. Estimates by MHLW (2021) indicate that payments of the EAS effectively decreased the unemployment rate by 2.6 percentage points.

Even so, despite this, there are people who have slipped through cracks in the system. Firstly, there are non-regular employees. Analysis in Takahashi (2021) shows that in the pandemic non-regular employees were more likely than regular employees to face the issue of being sent on leave but receiving neither a leave allowance from their employer nor a government leave allowance. While the introduction of the Emergency Subsidy for Job Security should have ensured that leave allowances for non-regular employees are also supplemented without



Source: MHLW website, <https://www.mhlw.go.jp/stf/covid-19/open-data.html> (in Japanese) (accessed January 24, 2022).

Figure 12. Trends in the number of applications and amounts paid (weekly) of Employment Adjustment Subsidy (EAS)

exception, public awareness of the scheme seems to be insufficient. Another group of people not receiving assistance are freelancers and other such people not in employment relationships. As the EAS is a safety net drawn from the employment insurance fund, it naturally does not apply to those who are not in an employment relationship. To some extent, this is surely a factor in the difficult daily living conditions of freelancers as noted in the previous section.

2. Subsidies and financing to support business activities

Although they are beyond the category of employment and labor policy in the narrow sense, the various forms of subsidies and special financing provided to business operators to support business activities during the pandemic are also noteworthy. There is an undeniable possibility that such measures have contributed to maintaining employment.

The foremost of such measures is the Ministry of Economy, Trade and Industry's "Subsidy Program for Sustaining Businesses" (*jizokuka kyūfukin*). This subsidy, which can be used for all forms of business activity, is paid to business owners who have seen a decline in sales of at least 50% on the same month of the previous year. Maximum payments are 2 million yen for leading medium-sized enterprises, small and medium-sized enterprises, and small business operators, and 1 million yen for freelancers and other such self-employed people. In the period up to January 2021, benefits were paid to 4.24 million applicants to a total of 5.5 trillion yen.

While an exact tabulation is not available, various forms of subsidies and grants for cooperation with COVID-19 response measures have also been provided by local government bodies to business operators such as those whose business has deteriorated and those who reduced business hours in the pandemic.

By providing financial contributions and grants to public financial institutions and private financial institutions, the national government has also enabled low-interest or interest-free special financing for small and medium-sized enterprises, small-scale business operators, freelancers, and other such self-employed people struggling with cash flow. The government budget for such financial contributions and grants totals several trillion yen.

3. Subsidy for leave to fulfill childcare or long-term care responsibilities

Returning to employment and labor policy, several types of subsidies have also been provided for leave to fulfill childcare or long-term care responsibilities.

The first of these is the "Subsidy for Working Parents on Temporary Closure of Elementary Schools" (*shōgakkō kyūgyō nado taiō joseikin*). This subsidy was paid to business operators who granted paid leave to workers needing to take time off work to care for their children during elementary school closures due to COVID-19 measures. The maximum daily payout was 15,000 yen.

Following public discussion highlighting the unfairness of protecting only employees—given that freelancers are just as likely to be unable to work if their child's elementary school is closed—a similar fund for freelancers, with a maximum daily payout of 7,500 yen, was introduced under the title "Support Fund for Working Parents on Temporary Closure of Elementary Schools" (*shōgakkō kyūgyō nado taiō shienkin*; "Support Fund for Working Parents"). This is notable as an example of a framework of support for employees also being extended to those not in employment relationships.

Secondly, the pandemic saw the introduction of assistance aimed at ensuring that workers who need to provide long-term care to relatives do not leave employment, as part of the existing "Subsidy for Supporting Work-Life Balance" program. Such assistance was provided in cases where employers granted workers paid leave to provide long-term care to a family member as part of COVID-19 response measures.

Thirdly, assistance under the Subsidy for Supporting Work-Life Balance program has also been provided for expecting mothers taking time off as a maternal health care measure associated with COVID-19. This has been

paid to employers who granted pregnant female workers paid leave in the event that these workers took time off work with the aim of avoiding COVID-19 infection.

4. Promoting telework

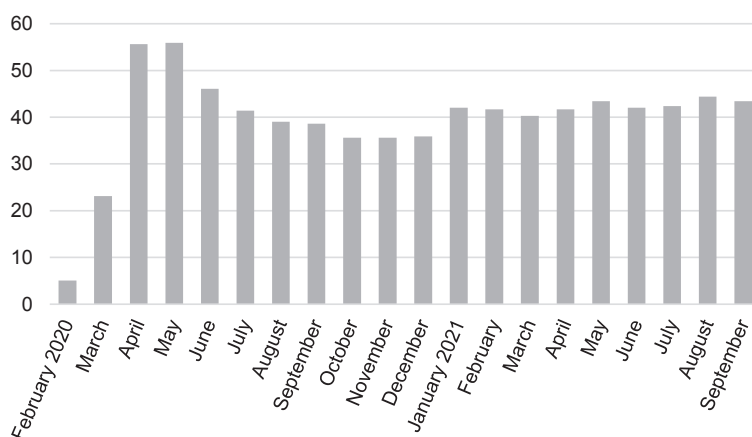
The pandemic has prompted an increasing number of Japanese enterprises to adopt teleworking (namely, the use of information and communication technology to work from home or another such location outside the default place of work) as a means of ensuring that workers avoid close contact with other people while commuting or at the office. The government has also been pursuing initiatives aimed at furthering such efforts.

Firstly, the MHLW revised its guidelines on teleworking. The guidelines on teleworking that were originally compiled in 2018 were entirely focused on curbing long working hours. In contrast, the guidelines revised in March 2021 bore the new title “Guidelines to Promote the Appropriate Introduction and Implementation of Telework,” emphasizing their aim to “promote” telework. Likewise, the guidelines themselves declared that it is possible to implement telework in all working hours systems prescribed in the Labor Standards Act, as well as encouraging review of work duties in order to allow as many workers as possible to pursue telework.

Secondly, enterprises that adopted telework received the “Subsidy to Support the Promotion of Work Style Reform.” This subsidy, which already existed prior to the pandemic, has been expanded and seen a sharp rise in applications during the pandemic.

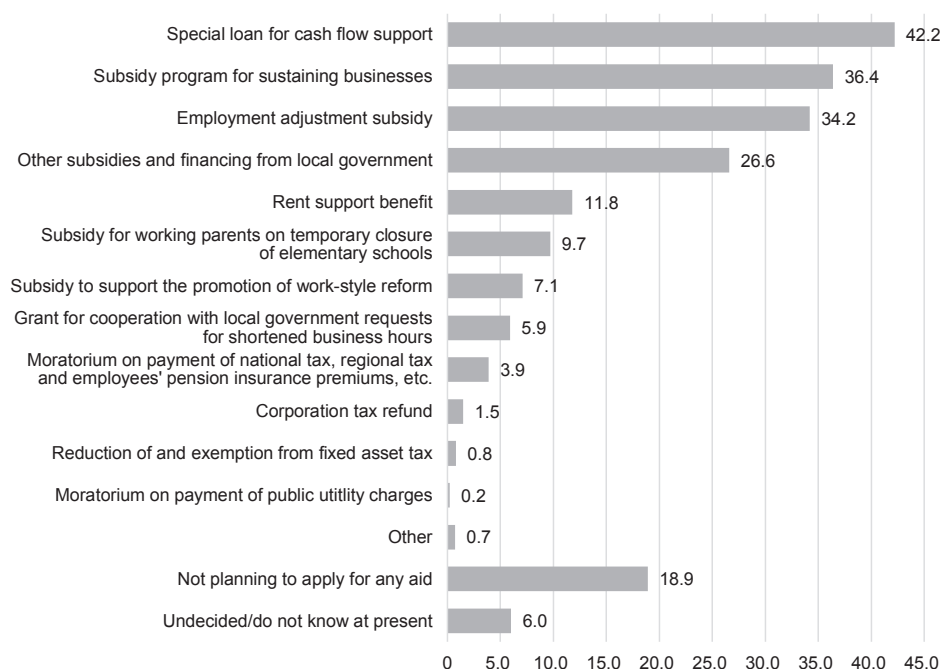
Although not exclusively attributable to the effects of such policies, there is no doubt that the pandemic prompted the widespread adoption of telework in Japanese enterprises. Figures from the JILPT panel study show that the percentage of enterprises implementing telework rose from around 5% in February 2020 to over 50% at the time of the declaration of a national state of emergency in April to May, before settling at around 40% in 2021 (Figure 13).

Sections 1 to 4 above introduced some of the COVID-19-related support measures provided for enterprises. While it includes some measures not covered above, Figure 14 below is intended as a reference to show the extent to which the various support measures have been utilized. This reveals that high percentages of enterprises have drawn on the subsidies and funding to support business activities, such as the “Special loan for cash flow support” and the “Subsidy program for sustaining businesses.” If these measures are excluded, the EAS shows the highest percentage of enterprises that draw on its assistance.



Source: JILPT “JILPT Panel Survey on the Impact of COVID-19 on Enterprise Management,” 5th wave, October 2021 Survey.
 Note: Survey subjects are enterprises registered with an online survey company. Tabulation includes only data from enterprises that responded to all waves of the panel study.

Figure 13. Trends in the telework implementation rate (N=295, %)



Source: JILPT "Survey on the Impact of COVID-19 on Enterprise Management," 2nd wave, October 2020.

Note: Survey subjects are enterprises registered with an online survey company.

Figure 14. Use of COVID-19-related support measures as of October 2020 (N=1,458; multiple responses allowed; %)

5. Support for individuals and households

Let us go on to look at the major support measures for individuals and households in the pandemic. Firstly, with a rising number of people losing their work and income in the pandemic, in 2020 the government paid a handout for citizens (those who opted to receive it) fixed at 100,000 yen per person. This benefit was a centerpiece of policy in the initial stages of the pandemic and was ultimately paid to over 99% of citizens.

Secondly, support measures were also developed for people whose income declined during the pandemic, including measures such as a loan of emergency funds (800,000 yen), rent subsidies (equivalent to generally three months, to a maximum of nine months' rent), a moratorium on payment of national or local taxes, reduction of and exemption from payment of social insurance, and a moratorium on payment of public utility charges.

Thirdly, support was also provided for households raising children. This initially entailed a benefit of 50,000 yen per child for households raising children. Additionally, following the formation of a new administration in October 2021, the upper income limit for receiving this benefit was raised, such that most households raising children received a benefit of 100,000 yen per child.

Fourthly, in light of the decline in work for students in side jobs during the pandemic, the Ministry of Education, Culture, Sports, Science and Technology paid an "Emergency Student Support Handout for Continuing Studies" of 100,000 yen per person, with the aim of supporting students who pursue their studies while working side jobs. Measures to support students facing financial hardship were also introduced, such as new systems for scholarships (*kyūfugata shogakukin*; financial aid that does not need to be repaid) and reduction of and exemption from tuition fees.

6. Protection of freelancers

In previous sections we found that the daily living conditions of freelancers—namely, those not in employment relationships—deteriorated during the pandemic. Although they do not all relate to COVID-19, protection measures for freelancers are currently being expanded as if in response to such a trend.

Firstly, in March 2021 the Cabinet Secretariat, Fair Trade Commission, Small and Medium Enterprise Agency, and MHLW jointly formulated the “Guidelines for Secure Working Conditions for Freelancers.” These guidelines draw on discussions that were already being pursued by the Fair Trade Commission prior to the onset of the pandemic. More specifically, on the basis that freelancers are defined as “self-employed people and sole proprietors with neither a physical business location nor employees, who utilize their experience, knowledge and skills to earn an income,” the guidelines specify a number of rules, including: (1) the ordering party (client) is obliged to set out written terms for a business transaction with a freelancer, (2) a client’s abuse of their superior bargaining position is subject to regulation under the Antimonopoly Act, and (3) certain regulations also apply to business operators who mediate transactions between freelancers and their clients.

Secondly, the routes for freelancers to receive special enrollment (voluntary enrollment) in industrial accident insurance have been expanded. That is, in September 2021 business operators using bicycles to transport goods (including Uber Eats) and IT freelancers were added to a list of occupations that are able to voluntarily enroll in industrial accident insurance.

7. Summary of government policy responses

Looking at the support provided for enterprises in the pandemic in terms of budget scale and expansion of coverage reveals the vast scale of the subsidies and financing to support business activities. Such support may have indirectly contributed to maintaining employment.

At the same time, such support measures did not have a specified intended usage. As a subsidy with a clearly defined purpose, the EAS has played an overwhelming role. With the relaxation of eligibility criteria for receiving payments, increases in payment levels, and the simplification of application procedures, the EAS was paid on an unprecedented scale. This undoubtedly contributed to maintaining employment and preventing unemployment during the pandemic.

When considering the EAS, it is also important to note the steps to expand its scope of eligibility, such as payment of the subsidy also being made for leave taken by workers not enrolled in employment insurance (part-time workers working less than 20 hours per week and students working side jobs, etc.) and the direct payment of government leave allowances to workers who did not receive leave allowances while on leave. However, it must be noted that it was nevertheless difficult for some non-regular employees to receive support.

On the other hand, the government had already been making efforts to address support for child-rearing and long-term nursing care responsibilities. In addition to these efforts, as the pandemic has increased the burden of care for children or elderly family members, subsidies for childcare leave or nursing care leave have also been paid. These include interesting developments such as the expansion of support that was initially targeted for employees in order to cover persons who are not in employment relationships (freelancers) to some extent in response to public opinion.

Turning to benefits for individuals and households, alongside the across-the-board handout for all citizens and support for households that experienced income decline, of course considerable support was provided to households raising children. Moreover, amid recognition of the difficulties faced by students in side jobs during the pandemic, efforts were also made to provide support for students experiencing financial hardship.

In addition to such subsidies and benefits, two sets of guidelines regarding employment and labor were formulated during the pandemic. The first set of guidelines was aimed at promoting telework in the context of the pandemic, while the other sought to protect freelancers at risk of decline in daily living conditions during the

pandemic. While it must be noted that efforts to protect freelancers are in response to ongoing discussions that predate the pandemic as opposed to exclusively in response to the pandemic, elements of this protection do supplement weaknesses in the freelancer safety net that have been exposed by the pandemic, and it is worth following future developments.

IV. Directions of employment and labor policies

This paper has looked at the impacts of COVID-19 on the labor market and the government's corresponding policy responses. What kinds of insights do these provide regarding the potential directions of employment and labor policy in the future?

Firstly, the pandemic saw vast amounts of EAS paid in order to maintain employment, as a means of ensuring that unemployment rates remained at a low level. In Japan, policies are steadfastly directed at prioritizing the stability of employment in an economic crisis, although promoting worker mobility is an important policy agenda in normal times. The same direction is very likely to be adopted in future economic crises. However, the extremely large sums of EAS payments are causing funds to run low. It is essential to investigate whether such payments during the pandemic were appropriate and effective.

Secondly, the Emergency Subsidy for Job Security was introduced for the leave of workers other than those enrolled in employment insurance (part-time workers who work less than 20 hours a week and students in side jobs). While this was only a temporary system, it may serve as a stepping-stone for expanding the categories of workers eligible for employment insurance. If part-time workers who work less than 20 hours a week and students in side jobs become able to enroll in employment insurance, the rate of non-regular employees enrolled in employment insurance will in turn rise.

Thirdly, while not necessarily a result of the impacts of the COVID-19 pandemic, there were successive developments toward protecting freelancers during the pandemic. These included the formulation of the "Guidelines for Secure Working Conditions for Freelancers" in light of previous discussions, and the expansion of the list of occupations for which freelancers are eligible for special (voluntary) enrollment in industrial accident insurance. There were also examples of the frameworks for supporting employees being extended to cover those not in employment relationships, such as the Support Fund for Working Parents. Debate regarding the protection of and safety nets for freelancers is very likely to gain momentum in the future, given the interest in the decline in the daily living conditions of freelancers during the pandemic.

Fourthly, employment and labor policies in recent years have placed increasing importance on supporting workers to balance work with responsibilities of caring for children or family members. This policy direction was also reflected in the emergency measures adopted during the pandemic. Support for balancing work with child and family care responsibilities will undoubtedly remain an important cornerstone of employment and labor policy in the future.

Fifthly, the pandemic has prompted a rise in the necessity of telework and also seen efforts by the government to promote it. In 2021 the percentage of enterprises implementing telework remained far higher than that prior to the pandemic. While the telework implementation rate may decline slightly once the pandemic is over, it is unlikely to revert to its level prior to the pandemic. The "Guidelines to Promote the Appropriate Introduction and Implementation of Telework" has dealt with issues regarding working hours systems. In the future, labor and management will need to focus their efforts on preventing the erosion of workers' private lives, as well as addressing issues such as work allocation, human resources development, and personnel evaluation.

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AUTHOR

Koji TAKAHASHI

Senior Researcher, The Japan Institute for Labour Policy and Training.