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Special Feature on Research Papers (I)

Issues for Regulating Working Hours in the Post-Work-Style-Reform Era HOSOKAWA Ryo

Effects of Paternity Leave Take-up Rate in Fathers' Industry of Work on Mothers' Employment and Health NAKAYAMA Mao ISHIKAWA Yumi

Trends

Key topic

2024 Shunto: The First Wage Increase Above 5% since 1991 with an Urgent Need to Spread the Trend to SMEs ARAKAWA Sota

New

First Revision in 12 Years of Industrial Accidents Recognition Criteria for Mental Disorders: Customer Harassment and Continuous Engagement in Work with High Risk of Infection are Newly Added

Research

Article

Creation of "Employment for Skill Development Program," Aiming for Making Japan an Attractive Destination for Foreign Workers YAMAGUCHI Rui

Statistical Indicators

Contents of Japan Labor Issues 2024



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Special Feature on Research Papers (I)

Japan Labor Issues is pleased to present its annual special feature on research papers. This time, six significant papers will be presented for three parts (I-III). In the following pages, you will find two of them as Part I.

The Editorial Office selects research papers every year from various relevant ones written in Japanese and published within a year or two, from the viewpoint of communicating the current state of labor research in Japan to the rest of the world.

We hereby sincerely thank authors for their kind effort arranging their original papers for the benefit of overseas readers.

Editorial Office, Japan Labor Issues

Issues for Regulating Working Hours in the Post-Work-Style-Reform Era

HOSOKAWA Ryo

- I. Introduction
- II. Discussions on working hours regulations up until the work style reform and future issues
- III. Issues concerning quantitative regulations of working hours
- IV. Discussion on flexible work styles
- V. Issues for the future direction

I. Introduction

What is currently being discussed in Japanese labor studies regarding how working hours should be regulated? When considering this proposition, we need to discuss the following two issues: (1) what is the current state of quantitative regulations of working hours in Japan; and (2) how qualitative regulations of the quantity of work should be developed in order to realize flexible work styles. These issues were discussed as central issues in the process of enacting the amendment of the laws on working hours as part of the "work style reform law" (Act on the Arrangement of Related Acts to Promote Work Style Reform) enacted in 2018, and a number of studies have already been carried out regarding these issues.¹ The work style reform law can be evaluated as a milestone in the nearly 30 years of debate over the ideal form of regulations of working hours in Japan. On the other hand, there are issues that have not yet been resolved by this law and new issues that have arisen after its enactment. This paper first briefly summarizes, as a precondition, the discussions on working hours regulations up until the enactment of this law and issues involved in such discussions (II), and then attempts to sort out issues concerning working hours regulations after the work style reform (III, IV).²

II. Discussions on working hours regulations up until the work style reform³ and future issues

In Japan in the 1980s, the problem of long working hours began to become a social issue, drawing international condemnation, and at the same time, there was a call for response to changes in industrial structure (the increase of white-collar workers along with the growth of tertiary industries) and diversification of forms of employment. Since then, for about 30 years until the enactment of the work style reform law, there had been ongoing discussions on the ideal form of working hours regulations to solve the problem of long working hours and that of working hours regulations (introduction of a flexible working hours system, or in Japanese "flextime system" in short) to

respond to changes in industrial structure and diversification of forms of employment.⁴

The work style reform law enacted in 2018 consists of amendments to a total of eight laws, including the Labor Standards Act and the Industrial Safety and Health Act. The amendment to the Labor Standards Act, as part of the work style reform law, introduced regulation that set upper limits on overtime work hours with penalties (LSA Art. 36), aiming to address the issue of long working hours. Additionally, it made the employer legally obligated to assess worker's working hours (Article 66-8-3 of the Industrial Safety and Health Act).⁵ On the other hand, from the viewpoint of promoting flexible work styles, the flexible working hours system was revised (LSA Art. 32-3) and the "high-skilled professional system," as it is called, was established (LSA Article 41-2),⁶ while the amendment to revise and expand the discretionary labor system (*sairyo rodo jikansei*) was postponed.⁷

Then, what are the issues concerning working hours that have remained or newly arisen after the work style reform? As will be explained later, the issues are so complicated that it is difficult to sort them out in a simple form. For the time being, an attempt is made to sort out these issues from the two perspectives mentioned at the beginning of this paper: (1) the status of qualitative regulations of working hours and (2) the realization of flexible work styles.

With regard to the status of qualitative regulations of working hours, the issues mentioned above can be divided into two categories: those that were left unaddressed in the work style reform (apart from the criticism that "the upper limits on working hours introduced by the reform are equivalent to the so-called *karōshi line* from overwork" may be insufficient regulations in the first place⁸), and those that have arisen after the reform. A typical example of the former category is issues concerning working hours in occupations for which the application of the upper limits on working hours was postponed under the work style reform law, such as construction workers, transportation drivers, and hospital doctors.⁹ Typical of the latter category are issues that became apparent or attracted attention during the COVID-19 pandemic (although they had existed prior to that period). Specifically, these include concerns about telework and working hours that emerged with the widespread of adoption of remote work as well as separate issues related to working "on a shift basis."

Regarding the realization of flexible work styles, the legal framework for the discretionary labor system and how it should be operated can be cited as a typical issue. In fact, this issue was discussed at the Ministry of Health, Labor and Welfare (MHLW)'s expert panel, Study Group on Future of the Working Hours System (held from July 1991 to July 1992), where the desirable policy for regulating working hours after the enactment of the work style reform law was discussed. The results of this discussion subsequently led to amendments to the Ordinance for Enforcement of the Labor Standards Act, which revised the discretionary labor system. In addition, the issue of how to regulate working hours in light of diverse work styles, including the work styles of white-collar workers, remains unresolved and under ongoing discussion (although this topic had been discussed even before the work style reform).

III. Issues concerning *quantitative* regulations of working hours

1. Regulations of working hours in specific industries and occupations

(1) Postponement of the application of the upper limits on working hours to construction workers, transportation drivers, and hospital doctors, and its consequence

Under the work style reform law, the application of the upper limits on working hours to construction workers, transportation drivers, and hospital doctors was postponed for five years, during which a new form of regulations was supposed to be discussed.

A new standard has applied starting with April 1, 2024. For construction workers, all upper limits on working hours introduced under the work style reform law has been applied, except for overtime work and work on days-

off related to recovery and reconstruction projects at the time of a disaster under Article 33 of the Labor Standards Act (LSA Art. 139). For transportation drivers whose work style is subject to restrictions based on trade practice in a relationship with shippers, etc.,¹⁰ the annual maximum overtime work hours allowed under special clauses in a labor-management agreement, even where there are temporary special circumstances, are 960 hours (for regular workers, the annual maximum overtime work hours under special clauses are 720 hours). However, other regulations regarding overtime work under special clauses remain inapplicable, including the upper limits on average working hours over ranging from one to six months (80 hours on average per month; the average working hours must not exceed 160 hours for two months, 240 hours for three months, ...and 480 hours for six months) (LSA Art. 140). On the other hand, the "notice of standards for improvement of working hours for transportation drivers" was revised for chauffeured cars or taxis, trucks, and buses, respectively.

As for hospital doctors,¹¹ following discussions at the panels (Study Group on Work Style Reform for Hospital Doctors and Study Group on Promotion of Work Style Reform for Hospital doctors), the upper limit on overtime work and work on days-off based on special clauses has been set at 960 hours per year in principle as the special maximum standard applicable to hospital doctors. On the other hand, separate standards have been established: one from the viewpoint of securing a system for providing community healthcare, and another from the viewpoint of enhancing the skills of hospital doctors. Under these special standards, the annual maximum overtime work hours allowed under special clauses are 1,860 hours. Whether these new regulations are appropriate and effective remains an issue for future discussion.

(2) Working hours of public school teachers

In recent years, the working hours of public school teachers have attracted significant attention, in addition to the issues mentioned in (1) above.¹² Under the Act on Special Measures concerning Salaries and Other Conditions for Education Personnel of Public Compulsory Education Schools, etc. (hereinafter referred to as the "Education Personnel Salaries Act"), work performed by teachers during off-duty hours had been excluded from the scope of work covered by payment of overtime compensation based on the premise that teachers engage in such work on their own initiative.¹³ In other words, the issues concerning the Education Personnel Salaries Act can be directly interpreted as issues concerning the payment of premium wages. At the same time, however, the more important issue is that the problem of long working hours of public school teachers is rather serious as their work content diversifies.¹⁴ To begin with, the Education Personnel Salaries Act and the related Cabinet Order¹⁵ provide that educational personnel "shall be assigned regular working hours...in an appropriate manner and shall not be ordered to work overtime in principle," while limiting the cases in which they are ordered to work overtime as follows: "field trips and other practical training for students"; "school trips and other school events"; "staff meetings"; and "work necessary in the event of an emergency disaster...or under other unavoidable circumstances." Despite these provisions, it has become the norm that teachers engage in long working hours, while on the other hand, non-payment of overtime compensation is maintained under the abovementioned premise, which is a contradictory situation. To address this problem, the Central Council for Education published a report on "the work style reform at schools,"¹⁶ and the Ministry of Education, Culture, Sports, Science and Technology (MEXT) has issued guidelines, and it amended the Education Personnel Salaries Act in 2019 to apply the one-year variable working hours system (henkei rodo jikansei) and to ensure compliance with the upper limits on working hours. However, there are many critical views on the one-year variable working hours system,¹⁷ and many issues remain to be solved in order to eliminate the long working hours of teachers.

2. Issues associated with technological innovation and diversification of work styles

(1) Legal policy for securing time for rest

The work style reform law can be evaluated as having shown a certain achievement with regard to regulations

of quantitative limitation of working hours (although some issues remain). However, it is not necessarily only "working hours" (as defined in the Labor Standards Act) that burden workers.¹⁸ In addition to reducing the workload (working hours), it is also important to ensure that workers can recover by taking days off and rest for workers' health. From this perspective, it is significant to consider the possibility of introducing the work interval system, but it is also necessary to consider ensuring the quality of rest.¹⁹ In particular, with the development of ICT, it has become easier for workers to have contact with work during rest periods when they are off duty and away from their place of work. As a response to such situation, it is necessary to consider the possibility of what is called the "right to disconnect."²⁰

(2) Prevalence of telework and issues raised

Naturally, the COVID-19 pandemic has had a major impact on the way of working in Japan following the enactment of the work style reform law. No one would deny that one of the major changes brought about by the pandemic was the prevalence of telework from home.^{21 22}

The issues concerning telework mainly concern the decision of the place and time of work. With regard to working hours, assessing and managing working hours becomes an issue. In other words, in the case of telework, since workers work away from the workplace under the management of the employer, the employer needs to devise ways to properly assess their working hours. At the same time, since workers tend to be away from direct management by the employer, there is a risk that their working hours would drag on. The Guidelines for the Promotion of Appropriate Introduction and Implementation of Telework issued by MHLW, in consideration of the unique characteristics of telework, allow the employer, with conditions, to rely on workers' self-reports of their working hours, in addition to assessing working hours objectively with the use of equipment, etc. However, these Guidelines cannot sufficiently indicate specific measures to properly assess working hours in the case of telework, thus, this should be further discussed in the future. Moreover, it seems that a number of workers who wish to telework aim to combine their work with their family life and seek flexible working hours to achieve this. It is an important and challenging issue how to balance the necessity to assess workers' working hours and ensure their health, and the necessity to allocate working hours flexibly, while taking into account the difficulties involved in properly assessing working hours in telework settings.

(3) Issues concerning multiple job-holding

The problem concerning working hours in the case of multiple job-holding has been discussed after the enactment of the work style reform law, as one of the topics related with diverse work styles and working hours although it has not emerged due to the COVID-19 pandemic.

To begin with, in Japan, there were many cases in which employers prohibited or restricted workers from holding multiple jobs. Therefore, in the discussion on the work style reform, the promotion of multiple job-holding has been discussed with the aim of promoting diverse work styles.²³ A typical issue is how to calculate working hours under the Labor Standards Act in the case of multiple job-holding.²⁴ Specifically, Article 38, paragraph (1) of the Labor Standards Act provides that, "to apply the provisions on working hours, hours worked are aggregated even if the hours worked were at different workplaces." The administrative interpretation²⁵ holds that hours worked for each different employers are aggregated.²⁶ Then, how to overcome the practical difficulties in managing working hours in the case of multiple job-holding becomes an issue.

This issue is more complicated in that it is not merely an issue of the interpretation of Article 38, paragraph (1) of the Labor Standards Act. First, even if the issue concerning the aggregation of working hours under the Labor Standards Act is settled to some extent, whether by interpretation or by legislation, another issue is raised: how to consider the employer's obligation to assess and manage working hours from the perspective of the employer's obligation to consider the safety (LCA Art. 5) of workers (obligation to consider workers' health)

under a labor contract.²⁷ Second, when a worker has multiple jobs, their work for secondary job is not necessarily based on employment. This does not matter if the worker's secondary job is, for example, an online investment activity where the physical workload is not so great. However, in recent years, so-called employment-like work styles have been expanding (in Japan, it is still unclear whether labor laws such as the Labor Standards Act are applicable to platform work such as UBER EATS). Under such circumstances, if the treatment of the worker could differ depending on whether their secondary job is based on employment (the worker falls within the scope of "workers" under the Labor Standards Act in terms of their work style) or whether it is an employment-like work style, then, why is such difference in treatment permissible? If the treatment could differ in some cases and not in other cases, where is the boundary between them? ²⁸ Third, in terms of the relationship with the party to which the worker provides labor for their main job, their secondary job activities can be evaluated as a matter that belongs to their private sphere, which is not covered by the labor contract for their main job. In this case, it is necessary to theoretically clarify to what extent the employer for the worker's main job is allowed to enter into the worker's secondary job activities in relation to the employer's obligation to consider the safety of the worker, and whether the employer is justified in doing so.

IV. Discussion on flexible work styles

One of the major discussions on flexible work styles after the enactment of the work style reform law is the discussion on the discretionary labor system.²⁹ The high-skilled professional system introduced under the work style reform law is also an important issue, but considering that the actual operation of this system is not necessarily clear yet, this paper will consider this issue, focusing on the discussion on the discretionary labor system.

The discretionary labor system is a work arrangement in Japan that grants workers autonomy over their work procedures and hours. The expansion of the scope of application of the discretionary labor system was discussed in the process of enactment of the work style reform law but was postponed. MHLW's Study Group on Future of the Working Hours System discussed the revision of the discretionary labor system in the course of various discussions on the working hours system in the future. As a result, as the basic ideas for the revision, the study group indicated the viewpoints of "achieving both goals of ensuring workers' health and realizing proactive work styles" and of "realizing work styles that meet the diverse needs of both labor and management."

Following this, the amendment to the Ordinance for Enforcement of the Labor Standards Act in 2023 indicated that the discretionary labor system for planning work³⁰ does not cover work for which the employer designates either the start or end time, and that workers may be considered to have lost their discretion in determining the allocation of working hours in cases where the workload is excessive, etc. At the same time, the ordinance also encourages the appropriate operation of the system in accordance with its purpose and the establishment of a mechanism through the use of a labor-management committee, etc. for the appropriate operation of the system.³¹

The first question concerning the discretionary labor system is how to understand its position as a system (the purpose of the system). In light of its position under the provisions of the Labor Standards Act, this system can be understood as a special regulations for assessing working hours.³² On the other hand, based on the discussions that took place when the system was introduced, it is also a dominant view that this system is understood as a system designed to "realize compensation based on quality and performance (rather than time)".³³ In addition, (and this is not an argument limited to the discretionary labor system), there is a question as to whether the current flexible working hours arrangement centering on the discretionary labor system is appropriate as a working hour system compatible with the work styles of white-collar workers. The mechanism for making the working hours system more flexible has been created and developed separately for the flextime system, variable

working hours system, high-skilled professional system, and system for exempting managers from the application of the working hours regulations. It seems necessary to consider redesigning the working hours system in line with current diverse work styles.³⁴

V. Issues for the future direction

1. Ideal form of working hours (regulations) for specific work styles

The first issue that remained after the enactment of the work style reform law was how to regulate working hours regarding the types of business for which the application of the upper limits on working hours was postponed under this law, especially transportation drivers and hospital doctors to whom the exceptions were allowed to be applied from April 1, 2024, onwards, as well as working hours of public school teachers (based on the Education Personnel Salaries Act which also provides for exceptions). One of the reasons for allowing exceptions to the upper limits on working hours under the Labor Standards Act for these occupations is the special nature of the occupations, i.e., their public nature or public interest as infrastructure.³⁵

A broader discussion of this issue would allow for two questions: first, what is the justification for allowing exceptions to the upper limits on working hours under the Labor Standards Act for certain types of occupations and work styles; and second, what is the method to establish effective working hours regulations for such special work styles. At first glance, the public interest and public nature of an occupation may seem to be a justification. However, there are many occupations around the world that have a public interest or public nature, and it goes without saying that a more concrete justification is required to answer the question of why exceptions to the upper limits on working hours are allowed to be applied to certain occupations (and only certain occupations). Even if exceptions based on a public nature or public interest are allowed, the working hours regulations also have a high degree of public policy of ensuring the safety and health of workers, and therefore, an argument as to how to define the limits of exceptions will inevitably arise.

Next, regarding the issue of how to establish effective working hours regulations, exceptions to the working hours regulations for transportation drivers and hospital doctors have been set by law based on discussions between labor-management representatives and experts. A possible approach is to utilize the (collective) agreement between labor and management, in addition to the justification for exceptions to the upper limits on working hours. In fact, the report published by MHLW's Study Group on Future of the Working Hours System (submitted to the Labor Policy Council), which studied the flexibility of the working hours system, also proposes the use of a labor-management agreement. However, if the justification for allowing exceptions to the upper limit on working hours is based (even partially) on public interest or public nature, the question arises as to whether it is theoretically consistent to determine such exceptions by labor-management agreement. In the first place, we cannot ignore the aspect that the regulations of working hours in Japan were originally intended to be controlled by a labor-management agreement under Article 36, but the failure of such control led to the introduction of absolute upper limits of working hours by law. If exceptions to the upper limits on working hours are to be permitted by a labor-management agreement, a new institutional guarantee will be needed to justify such exceptions and make them function effectively.

2. Multi-layered regulations of working hours

Another issue is that, with increasing diversification of work styles, the challenges surrounding working hours regulations are becoming more diverse and complex. Under these circumstances, it is difficult to control working hours appropriately by relying solely on working hours regulations under the Labor Standards Act.

In terms of legal regulations, the basic approach should be to establish the minimum standards for the regulations of working hours under the Labor Standards Act, and in order to control the work-related burden on

workers (including hours that do not necessarily fall within the scope of "working hours" under the Labor Standards Act), it is necessary to consider introducing regulations from the perspective of ensuring health under the Industrial Safety and Health Act and, in some cases, consider developing the interpretation and legislation to require employers to assess "working hours" in a broad sense and ensure (quality of) rest (as an extension of the obligation to consider safety), as contractual obligations under the Labor Contract Act.

On the other hand, considering flexibility in working hours regulations within a certain range, based on the characteristics of work styles and occupations, is also an issue to be addressed in view of the diversity of work styles. In this case, it may be possible to use approach through collective labor-management agreements or individual labor-management agreements. However, it will be essential to consider a mechanism to ensure the proper management of working hours, with the understanding that there is a risk of evading working hours regulations by setting exceptions based on such labor-management agreements.

This paper is based on the author's article commissioned by the editorial committee of the *Japanese Journal of Labour Studies* for the special feature "Labor Studies Unveiled: Current Debates and Emerging Directions" in its April 2024 issue (vol.66, no.765) with additions and amendments in line with the gist of *Japan Labor Issues*.

Notes

- 1. Below are the major literatures discussing the reform of working hours regulations under the work style reform law (including the enactment process).
 - Takashi Araki, "Hatarakikata kaikaku ni tsuite" [Concerning the work style reform], NBL no.1141 (2019): 12-35.
 - Yoichi Shimada, "Hatarakikata kaikaku to rōdō jikan hōsei no kadai" [Work style reform and issues on the working hours regulation], Monthly Jurist no. 1517 (April 2018): 56–61.
 - Yuichiro Mizumachi, "'Hatarakikata kaikaku' no tōtatsu-ten to kadai" [Achievement and issues of the work style reform], *Horitsu Jiho* 91, no. 2 (February 2019): 54–60.
 - Yuichiro Mizumachi, " 'Hatarakikata kaikaku' no sōkatsu to kongo ni nokosareta kadai" [Overview of the work style reform and remaining issues], *Quarterly Labor Law* no. 265 (Summer 2019): 104–112.
 - Susumu Noda, "Rodo jikan kisei kaikaku ni okeru rippo to hanrei no sokan" [Correlation between legislation and Judicial precedents in the reform of working hours regulations], *Rodo Horitsu Jumpo* no. 1927–1928 (January 2019): 6–13.
 - Hajime Wada, "Rōdō jikan kisei kaikaku no hōteki bunseki" [Legal analysis of the working time regulations reform of 2018], Japanese Journal of Labour Studies 61, no.1 (January 2019): 6–16.
 - Shinobu Nogawa, "Hatarakikata kaikaku: Kanren hõan no kiketsu to sono hyōka" [Work style reform: Consequence of related bills and its evaluation], *Horitsu Jiho* 91, no. 2: 7–13 (February 2019).
 - Sumiko Ebisuno, "Hatarakikata kaikaku kanrenhō no shingi to rōshi kankei: Rōdō jikan hōsei ni tsuite" [Deliberation of the work style reform law and labor-management relations: The legal system for working hours], *Japanese Journal of Labour Studies* 61, no. 1 (January 2019): 63–74.
 - Takashi Muranaka, "Hatarakikata kaikaku to rōdōhō no yakuwari" [Work style reform and the role of labor and employment laws], *Minshoho Zasshi* vol. 156, no. 2 (June 2020): 285–317.
 - Hiroaki Konya, "Hatarakikata kaikaku ni okeru rōdō jikan kisei: Rōdō jikan no jōgen kisei to kōdo purofesshonaru seido o chūshin ni" [Working hours regulations in the work style reform: Focusing on the upper limits on working hours regulation and highskilled professional system], *Japan Labor Law Association Journal* no. 132 (2019): 239–247.
 - Hideo Kunitake, "Hatarakikata kaikaku kanrenhō: 'Rōdō jikan no jōgen kisei' to 'kōdo purofesshonaru seido' o chūshin ni" [Work style reform law: Focusing on the "upper limits on working hours" and "high-skilled professional system"], *Hogaku Kyoshitsu* no. 459 (2018): 50–55.
 - Michitaka Nako, "'Hatarakikata kaikaku' to shōrai no koyō shakai" ["Work style reform" and the employment society in the future], *Kanazawa Hogaku* 61, no. 1 (July 2018): 33–58.
 - Ikuko Mizushima, "Hatarakikata kaikaku to rōdō jikan kisei" [The work-style reform and working time regulation], *Handai Hogaku* 67, no. 3 and 4 (November 2017): 529–553.
- 2. Due to space limitations, a detailed discussion on each issue is omitted here. See the numerous literatures listed in the text and notes in this paper.
- 3. For the development of working hours regulations in Japan, see the following.
- Yuichiro Mizumachi, *Shokai: Rodo ho* [Detailed Understanding: Labor and Employment Law], 2nd ed. (Tokyo: University of Tokyo Press, 2021), 658–738.
- 4. During the 1980s, the following measures were implemented to reduce overtime work, e.g. the formulation of the guidelines on appropriate overtime work agreements; the increased premium wage rate for overtime work in excess of 60 hours per month; and strengthened supervision and guidance on workplaces where long hours of overtime work are performed. With regard to enhancing the

flexibility of working hours regulations, there were measures implemented such as the development of the variable working hours system and the establishment of a discretionary labor system for planning work and other revisions in the system.

- 5. In addition, measures have been introduced to partially oblige an employer to grant annual leave to an employee (LSA Art. 39, Para 7).
- 6. For the discussions on the high-skilled professional system, see the followings.
 - Akira Hamamura, "Kōdo purofesshonaru seido wa hatarakikata kaikaku nanoka: Jikan ni kōsoku sarenai hatarakikata to wa" [Is the high-skilled professional system part of a work style reform? What is a work style not bounded by time], *Hogaku Seminar* no. 762 (July 2018): 17–22.
 - Shinpei Ishida, "Sairyörödössei no igi to kadai: Jikan keisan no shikumi to tekiyö jogai seido no aida" [Significance and issues of the discretionary labor system: Between time calculation mechanism and exemption system], *Horitsu Jiho* 91, no. 2 (February 2019): 26–32.
- 7. For the discussions on the discretionary labor system in the process of enactment of the work style reform law, see the followings. Ishida, *supra* note 6, 26–32.

Takuya Shiomi, "Sairyōrōdōsei no teian wa naze shippai shitanoka" [Why did the proposal of the discretionary labor system fail?], *Hogaku Seminar* no. 762: 38–43.

- 8. For the discussion on this issue, refer to the publications concerning the work style reform law mentioned above, supra note 1.
- 9. In addition to these occupations, the application of the maximum working hour regulations had been postponed to workers in the sugar manufacturing businesses in Kagoshima and Okinawa Prefectures, but the normal maximum working hour regulations will be applied to them from April 1, 2024, onward (LSA Art. 142).
- 10. For details of the long working hours of transportation drivers, see the followings.
 - Hiromitsu Takihara, "Torakku unyugyō ni okeru rōdōjikansei to karōu-unten no jitsujō to kadai: Jissai no jian o fumaetsutsu" [The Actual Situation and Issues regarding the Working Hours System and Overwork Driving in the Trucking Transport Business: In Keeping with the Actual Cases], *Okinawa University Journal of Law and Economics* no. 17 (March 2012): 35–52.
 - Minoru Saito, "Butsuryū ni okeru doraibā chōjikan rōdō no kadai: Jittai to kaizen e no torikumi" [Issues of long working hours of truck drivers in logistics: Actual situation and efforts for improvement], *Kanagawa University Shokei Ronso* 54, no. 2 and 3 (February 2019): 19–41.
 - Shoshin Yonaga, "Torakku doraibā no chōjikan rōdō taisaku" [Measures to address long working hours of truck drivers], Quarterly Labor Law no. 261 (2018): 52–61.
 - Kunishige Asai, "Torakku unyu no chōjikan rōdō kaizen no torikumi" [Toward remedying long working hours in trucking industry], Japanese Journal of Labour Studies 61, no. 1 (January 2019): 51–62.
 - In addition to the above, see the discussions contained in *Rodo Horitsu Jumpo* no. 1924 (Special feature: Long working hours of transportation drivers).
- 11. For the upper limits on overtime work of hospital doctors and discussions on this topic, see the followings.
 - Yoichi Shimada, "Ishi no hatarakikata kaikaku to kongo no rōdō jikan kisei" [Work style reform for hospital doctors and future of the working hours regulations], *Quarterly Labor Law* no. 266 (2019): 2–18.
 - Yoko Murakami, "Ishi mo ningen rashiku hatarakeru shakai ni mukete chakujitsu na torikumi o: 'Ishi no hatarakikata kaikaku', rōdōkumiai no tachiba kara" [Steady efforts toward a society where hospital doctors can work with dignity: "Work style reform for hospital doctors" from the viewpoint of labor unions], *Quarterly Labor Law* no. 266 (2019): 19–28.
 - Satoshi Imamura, "Ishi no tachiba kara mita hatarakikata kaikaku" [Work style reform from the viewpoint of hospital doctor], *Quarterly Labor Law* no. 266 (2019): 29–41.
 - Kanako Asato, "Ishi no hatarakikata kaikaku: Iryō o mirai ni tsunagu torikumi" [Work style reform for hospital doctors: Efforts for leading medical care to the future], *Quarterly Labor Law* no. 266 (2019): 42–53.
- 12. A recent court case is the Saitama Prefecture (Elementary School Teacher's Claim for Overtime Premium Wages) case, Tokyo High Court (August 25, 2022) (not published in the casebook issued by the courts or in other law reports.
- 13. The issues and its problematic interpretation concerning the Education Personnel Salaries Act are discussed in the followings.
 - Hirotaka Hayatsu, "Köritsu gakkö kyöin no rödö jikan kisei ni kansuru kentö" [Consideration of regulations on working hours for public school teachers], *Quarterly Labor Law* no. 266 (2018): 54–69.
 - Takanori Yoroi, "Kōritsu gakkō kyōin no rōdō jikan-sei to `rōdō' no igi: Kyōin no 'hataraki-kata kaikaku' rongi no arikata hihan o kanete" [The working hours system and the meaning of "labor" for public school teachers: A critique of the work style reform discussion for teachers], *Ryukoku Hogaku* 52, no. 1: 105–141.
- 14. For the recent discussions on long working hours of teachers, see the followings.
 - Hirokazu Ouchi, "Kyōin no kajōrōdō no genjō to kongo no kadai" [The current situation of overwork by teachers and future challenges], *Japanese Journal of Labour Studies* 63, no. 5: 4–13.
 - Goro Horiguchi, "Kyōin no tabōka to iu sabetsu mondai" [Discriminatory issue of school teachers' heavy workload], *Hogaku Seminar* no. 818: 12–17.
 - Akira Hamamura, "Kyōin no chōjikan rōdō taisaku" [Measures to address long working hours of school teachers], *Quarterly Labor Law* no. 261: 2–11.
- 15. The Cabinet Order Specifying Standards for Cases Such as Those When Having Education Personnel of Public Compulsory Education Schools Work in Excess of Regular Work Hours (2003 Cabinet Order No. 484).

16. Central Council for Education, "Comprehensive measures for work style reform in schools to build a sustainable school education and management structure for education for a new era" (January 25, 2019).

17. Below are the major views.

- Satoshi Takahashi, "Koritsu gakko kyoin no rodo jikan gainen: Rodokijunho o sendatsu suru kaisei kyutoku ho no mondai" [Legal issues regarding the working hours of public school teachers: Focusing on the unlawful exemption from the Labor Standards Act], Japanese Journal of Labour Studies 63, no. 5 (May 2020): 14–25 (especially 21–25).
- Masafumi Kaneko, "Kyōshi no chōjikan rōdō to hatarakikata kaikaku: 1 nen henkei rōdō jikan sei no dōnyū o keikini" [Long working hours and work style reform of school teachers: Upon introduction of the one-year variable working hours system], *Quarterly Education Law* no. 205 (June 2020): 20–31.
- Chikara Shimasaki, "Ichinen tan'i no henkei rōdō jikan sei ga motarasu kikensei" [Risk posed by the variable working hours system in units of one year], in *Meisō suru kyōin no hatarakikata kaikaku* [Work style reform for teachers without consistency and integrity] (Iwanami Shoten, 2020): 33–47.
- 18. See also the following for the discussion.
 - Yuichiro Mizumachi, "Nō, shinzō shikkan tō no rōsai nintei kijun to 'rōdō jikan' gainen" [Standards for recognizing brain or heart diseases as industrial accidents and concept of 'working hours'], *Quarterly Labor Law* no. 280 (2023): 121–133.
 - Whether the hours spent by a doctor for self-improvement can be regarded as working hours became an issue in relation to the doctor's death from heart disease in the *Nagasaki City Hospital Organization* case (Nagasaki District Court, May 27, 2019, 1235 *Rohan* 67). See also the following commentaries as critiques on this case.
 - Takahiro Asano, "Ishi no tōchoku gyōmu, benkyōkai sanka jikan tō no rōdōjikansei to rōdō jikan haaku ketai no shiyōsha no sekinin" [Whether hours spent by a doctor for night duty and for participating study sessions can be regarded as working hours, and employer's responsibility for the negligence to assess working hours], *Quarterly Labor Law* no. 269 (2020): 180–192.
 - Takeharu Matsui, "Ishi no benkyōkai sanka jikan tō no rōdō jikan gaitōsei" [Whether hours spent by a doctor for study sessions can be regarded as working hours], 1235 *Rohan* 96.
 - Fumiko Obata, "Jishuteki kensan no rödöjikansei to shinzoshi ni kansuru songai baishö sekinin" [Whether hours spent for selfdirected improvement can be regarded as working hours, and liability for damages relating to cardiac death], *Minshoho Zasshi* 157, no. 1: 131–142.
 - Gen Oishi, "Ishi no jishuteki na kensan no rōdōjikansei" [Whether hours spent by a doctor for self-directed improvement can be regarded as working hours], *Quarterly Labor Law* no. 269 (2020): 206– et seq.

19. Securing leave, mainly by promoting the use of paid leave, is also an important issue but left for another time due to space limitations. 20. See the following for the "right to disconnect."

- Ryo Hosokawa, "ICT ga 'rodo jikan' ni tsukitsukeru kadai: 'Tsunagaranai kenri' wa kaiketsu no shohosen to naru ka?" [Challenge to the notion of 'working time' with development of ICT: Can the 'Right to disconnect' be the key to a solution?]. *Japanese Journal of Labour Studies* 61, no. 8 (August 2019): 41–51.
- 21. Telework from home refers to remote work (telework outside the office or default place of work) and satellite work (telework at satellite offices). It can also be classified into telework of workers under an employment contract and telework of self-employed workers. In this paper, when simply referring to "telework," it refers to telework from home of workers under an employment contract as a general rule.
- 22. For the major discussions on the recent legal issues concerning telework, see the followings.
 - Yukiko Ishizaki, "Koyō-gata terewāku ni kakaru rōdōhōjō no kadai" [Issues under labor law concerning telework of workers under employment contract], *Quarterly Labor Law* no. 274 (2021): 14–27.
 - Natsuki Kohno, "Terewāku to rōdōsha no shiseikatsu no hogo" [Telework and protection of workers' private life], *Horitsu Jiho* 92, no. 12 (November 2020): 80–84.
 - Kazuyoshi Yamakawa, "Kinkyūji terewāku no hōteki kadai" [Legal issues of telework at the time of emergency], *Quarterly Labor Law* no. 271 (2020): 47–56.
 - Shinya Ouchi, "Terewāku o ronjiru: Gijutsu kakushin to shakaiteki kachi" [Discussing telework: Technological innovation and social value], *Quarterly Labor Law* no. 274 (2021) : 2–13.
 - Maiko Okamoto, "Zaitaku kinmu dekirunoni shussha shinakutewa naranainoka: Kinmu basho no kettei, henkō no hōri o toinaosu" [Why do persons have to go to the office when they can work from home?: Questioning the legal theory for deciding and changing the place of work], *Horitsu Jiho* 95, no. 12 (November 2023): 107–113.
 - Ryo Hosokawa, "Terewāku no kakudai to hataraku 'basho' / 'jikan' " [Expansion of telework and the "place" and "time" of work], *Hogaku Kyoshitsu* no. 486 (March 2021): 33–37.
 - Ryo Hosokawa, "Zaitaku terewāku o meguru hōteki kadai" [Legal issues concerning telework from home], 1288 Rohan 6.
 - Kazuya Takemura, "Zaitaku kinmu no jitsumuteki kadai to arubeki kaishaku: Rōdōsha gawa no shiten" [Practical challenges of work from home and ideal interpretation: Viewpoint of workers], 1288 *Rohan* 10.
 - Ayako Oura, "Seisansei no takai zaitaku kinmu no suishin o: Shiyōsha gawa no shiten" [Promoting productive work from home: Viewpoint of employer], 1288 Rohan 14.
- 23. For example, the Growth Strategy 2017 and 2018 (adopted by the Cabinet on June 9, 2017, and June 15, 2018), and the Action Plan of the Growth Strategy (June 21, 2019).
- 24. Issues concerning multiple job-holding and management of working hours are discussed in detail in Yukiko Ishizaki, "Fukugyō, kengō

sha no rōdō jikan kanri to kenkō kakuho" [Management of working hours of workers with multiple jobs and ensuring their health], *Quarterly Labor Law* no. 269 (2020): 2–15.

- 25. Kihatsu (Notification in the name of the chief of the Labor Standards Bureau) No. 769 (May 14, 1948),
- 26. There has been a longstanding theoretical debate between the view that hours worked should be aggregated and the view that they should not if the hours worked were for different employers.
 - Naoko Kono, "Kengyō fukugyō" [Portfolio career], Quarterly Labor Law no. 258 (Autumn 2017): 129-142.
- 27. This issue was raised in the Daiki Career Casting and another company case (Osaka High Court, (Oct. 14, 2022) 1283 Rohan 44). See also the following commentary.
 - Chikako Kanki, "Kengyō ni yoru renzoku chōjikan rōdō to kaku shiyōsha no hōteki sekinin: Daiki Kyaria Kyasutingu hoka 1 sha jiken" [Consecutive long working hours due to holding multiple jobs and legal responsivity of each employer: The *Daiki Career Casting and Another Company* case], *Monthly Jurist* no. 1591 (December 2023): 142–145.
- 28. However, from the viewpoint of fulfillment of the obligation to consider the safety of workers, this obligation is not necessarily based on an employment relationship. Thus, it can be theoretically assumed that even if the party to which the worker provides labor as their secondary job is not the party to an employment contract, the said party may have an obligation to assess and manage the worker's working hours based on the obligation to consider safety.
- 29. For the major recent discussions concerning the discretionary labor system, see the followings.
 - Takashi Araki, "Rōdō jikan kisei no tenkai to kadai: Sairyō rōdō-sei o chūshin ni" [Development and issues of working hour regulations: Focusing on discretionary work schemes], *Japanese Journal of Labour Studies* 65, no. 752. Special Issue (March 2023): 10–19.
 - Shinpei Ishida, "Sairyō rōdō-sei no igi to kadai: Jikan keisan no shikumi to tekiyō jogai seido no aida" [Significance and issues of discretionary labor system: Between time calculation mechanism and exemption system], *Horitsu Jiho* 91, no. 2 (February 2019): 26–32.
- 30. Under the discretionary labor system, workers are allowed to determine their starting and ending times or the working hours required for their duties. They are legally deemed to have worked a predetermined number of hours, regardless of the actual hours worked. This system applies to specific professional categories including researchers, designers, and analysts, as well as workers engaged in corporate planning and management. Its implementation is subject to various procedures and conditions.
- 31. For the amendment to the Ordinance for Enforcement of the Labor Standards Act in 2023, see the followings.
 - Takahiro Asano, "Sairyō rōdōsei no minaoshi dōkō no kentō" [Study on the trends in the review of the discretionary labor system], *Quarterly Labor Law*, no. 282 (Autumn 2023): 54–67.
 - Daisuke Masuhara, "Rōdōkijunhō shikōkisoku tō kaisei (sairyōrōdōsei no seido kaisei) ni kansuru kaisetsu" [Commentary on the amendment to the Ordinance for Enforcement of the Labor Standards Act, etc. (Reform of the discretionary labor system)], *NBL* no. 1250 (September 2023): 45–52.
- 32. From this perspective, a problem could arise when there is a discrepancy between deemed working hours and actual working hours.
- 33. There are many issues regarding such understanding: it may not be consistent with the fact that the discretionary labor system is positioned in the chapter on "working hours" rather than "wages"; such a wage system is not necessarily required to be realized through the discretionary labor system; if the purpose of the discretionary labor system is to separate "wages" and "working hours," it is more theoretically consistent to position the system as part of the provisions for the exemption from working hours regulations (Art. 41); and in such a case, the relationship with the "high-skilled professional system."
- 34. For the recent discussions on the premium wage regulations under the existing law and the ideal form of regulations of working hours of white-collar workers, see the following.
 - Yoko Hashimoto, "Rōdō jikan hōsei ni okeru 'jikan' to 'chingin' o meguru kōsatsu" [Study on "time" and "wage" under the working hours system], in *Seikatsu jikan no kakuho (seikatsu shuken) o kijiku ni shita rōdō-jikan hōsei kaikaku no mosaku: Kongo no rōdō jikan hōsei no arikata o kangaeru chōsa kenkyū iinkai hōkokusho* [Exploring a reform of the working hours system based on securing time for one's life (life sovereignty): A Report of study committee on future working hours regulation]. edited by JTUC Rengo Research Institute for Advancement of Living Standards]: 96–106.
- 35. See Shimada, *supra* note 11, 7.

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Effects of Paternity Leave Take-up Rate in Fathers' Industry of Work on Mothers' Employment and Health

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Despite the ongoing development of the system of parental leave and the improvement of the childcare environment, why do many women drop out of the labor force after birth giving? One possible reason is the reality that fathers' involvement in childcare has not made headway, leaving most of the burden of childcare to mothers. While mothers are expected to be encouraged to continue working by their spouses' (fathers') proactive involvement in childcare, the influencing factors of mothers' employment include not only the spouses' intentions and wishes but also whether or not the environment to which the father is exposed is favorable for taking paternity leave. Efforts are underway to improve the employment environment so that both mothers and fathers can care for children while continuing to work. Are those efforts actually effective in encouraging mothers to continue working? This paper, using a fixed-effects model and focusing on the average paternity leave take-up rate in fathers' industry of work, examines the effects of fathers' working environment on mothers' employment. Our analysis found that the paternity leave take-up rate in fathers' industry of work has the effect of increasing mothers' employment. It should be noted that, the possibility remains that the strength of this effect may be limited. We also found that the effect has heterogeneity depending on the age of the couple's child (children)—the effect is stronger in the case of couples with a child (children) of preelementary school age than in the case of couples whose youngest child is of elementary school age or older. One possible reason for this is that fathers may be encouraged to be involved in childcare when there are more persons around them who take paternity leave. Indeed, we found that a rise in the paternity leave take-up rate in fathers' industry of work leads to a significant increase in their childcare involvement probability, although the strength of the effect is limited. On the other hand, when we examined the effect of a rise in the paternity leave take-up rate in the fathers' industry of work on the mother in aspects other than employment, robust effects were not observed with respect to the mother's health outcomes.

- I. Introduction
- II. Changes in the Japanese system of parental leave
- III. Estimation model
- IV. Overview of data
- V. Estimation results
- VI. Conclusion

I. Introduction

As resolving gender inequalities in the labor market is an important theme that has drawn strong interest in recent years, efforts have been underway to develop employment and childcare environments favorable for women to care for children while continuing to work after birth giving. As will be explained in Section II, the system of parental leave in Japan has become well-developed and are held in high regard internationally. Moreover, the number of "children on the waiting list for nurseries" due to capacity shortages, has been on a downtrend, dropping to the lowest level on record in 2020. The parental leave take-up rate for mothers in 2020, for example, was as high as 81.6% (Ministry of Health, Labour and Welfare, MHLW, 2020), apparently indicating that most mothers use parental leave. However, the parental leave take-up rate for mothers as defined in the survey is the percentage of "women who started to take parental leave" among "women who gave birth while continuing to work" during a certain period, which means that women who chose to discontinue working after becoming pregnant or giving birth are excluded from the calculation. As of 2010–2014, among women who were working before becoming pregnant, nearly half (46.9%) of them left the company after becoming pregnant for the first child, according to the "National Fertility Survey (on Married Couples)" by the National Institute of Population and Social Security Research.

Despite the ongoing development of the system of parental leave and the improvement of the childcare environment, why do many women choose to discontinue working after birth giving? One possible reason is the reality that fathers' involvement in childcare has not made headway, leaving most of the burden of childcare to mothers. In FY2020, the paternity leave take-up rate in Japan was as low, at 12.7% (MHLW 2020). Despite the presence of the well-developed system of parental leave, few fathers use them. While mothers are expected to be encouraged to continue working by fathers' proactive involvement in childcare, the influencing factors of mothers' employment include not only the spouses' intentions and wishes to take leave but also whether or not the environment to which the father is exposed is favorable for taking paternity leave.

Although there is some accumulated body of research on the effects of taking paternity leave on mothers, there has until now been no firm consensus on the effects. Dunatchik and Özcan (2021), Farré and González (2019), and Patnaik (2019), using data obtained in the United States and Europe, show that reforming the paternity leave system increases mothers' employment. There are also studies, using data obtained in Northern Europe, showing that reforming the paternity leave system narrows the wage inequality within married couples (such as Andersen 2018; Druedahl, Ejrnæs, and Jørgensen 2019). On the other hand, other studies, also using data obtained in Northern Europe, find that reforming the paternity leave system does not have effects on mothers' employment or income (such as Cools, Fiva, and Kirkebøen 2015; Ekberg, Eriksson, and Friebel 2013). In other words, it is not self-evident whether or how the paternity leave affects mothers' employment or income. Among previous studies using Japanese data, some show that the availability of paternity leave, shorter working hours, and a flexible work arrangement in fathers' workplaces increase their childcare involvement rate (Ishii-Kuntz 2013). Meanwhile, Kobayashi and Usui (2017), using the "2011 Internet Survey on Life and Work (LOSEF 2011)" (Institute of Economic Research, Hitotsubashi University), analyzes fathers' and mothers' work arrangements and the situation of breastfeeding. It shows that when fathers work under the flexible work system or similar arrangements, breastfeeding is encouraged, pointing out that one factor behind that is an increase in the husband-wife sharing of the burdens of housework and childcare.

As described above, the ease of taking paternity leave in fathers' workplaces is expected to have a positive effect on mothers by encouraging fathers' involvement in childcare. However, as there have been few studies that analyze the effects of paternity leave on mothers, there has not been a firm consensus.¹ This paper examines whether the ease of taking paternity leave in fathers' workplace affects mothers' employment. Specifically, the ease of taking paternity leave in fathers' workplace is captured in terms of the average paternity leave take-up

rate in their industry of work, and the effects of this factor on mothers' employment are identified using a fixedeffect model.

Many previous studies focusing on the effects of the system of parental leave treated the situation of employment as an outcome because the system is intended to help reconcile work with childcare. However, the deterioration of mothers' health during the period of birth giving and childcare also generates gender inequalities in the labor market. In particular, mothers' mental health has become a serious issue in Japan. For example, it has been shown that the probability of a mother's contracting depression one month after birth giving (postpartum depression) is 14.3% in Japan (Tokumitsu et al. 2020). Previous studies have shown that factors such as poor matrimonial relationship, stressful incidents, including the death of a close relative, low academic achievement, an income decline, and the loss of a job increase the probability of contracting postpartum depression (such as Nguyen et al. 2021; Wesselhoeft et al. 2020). When considering paternity leave's effects on whether mothers continue working after birth giving, it is important to look into whether it has positive effects not only on mothers' employment situation but also on their health. Therefore, this paper also analyzes whether the ease of taking paternity leave in fathers' workplace may be beneficial for mothers' health, including postpartum mental health.

Our analysis found that a rise in the paternity leave take-up rate in fathers' industry of work has the effect of increasing mothers' employment. It should be noted the possibility remains that the strength of this effect may be limited. The effect has heterogeneity depending on the age of the couple's child (children). The effect is stronger in the case of families with a child (children) under seven years old (pre-elementary school age) than in the case of families whose youngest child is of elementary school age or older. This paper also paid attention to changes in the degree of fathers' involvement in childcare as a pathway whereby the ease of taking paternity leave in fathers' workplace affects mothers' employment. Our analysis found that a rise in the paternity leave take-up rate in fathers' industry of work significantly increases the probability of fathers' involvement in childcare, although the strength of this effect is limited. On the other hand, when we examined the effects of the ease of taking paternity leave in fathers' workplaces on mothers' health, including mental health, robust effects were not observed.

This study highlights the following. First, the paper explores possible pathways whereby the ease of taking paternity leave in fathers' workplace affects mothers' employment and indicates the possibility that the degree of fathers' involvement in childcare may be a pathway. Specifically, four criteria—(1) whether the father changes the child's diapers and clothes; (2) whether the father comforts and plays with the child; (3) whether the father communicates with the mother about childcare; and (4) whether the mother feels an excessive burden regarding housework, childcare, and nursing care—are used to measure the degree of fathers' involvement in childcare. In particular, in the case of mothers with a pre-elementary school child (children), their spouses' involvement in childcare may affect the decision as to whether to continue working. Our research also looked into whether fathers are encouraged to be involved in childcare when the paternity leave take-up rate in their industry of work is high. Second, this paper also pays attention to mothers' health as an outcome.² In particular, it is of great significance to examine the effects on postpartum mental health, which has become an increasingly important issue. This paper evaluates mothers' mental health based on the Centre for Epidemiological Studies Depression (CES-D) scale, a major indicator of depression. Third, our analysis uses Japanese data. As previous studies mainly used data obtained in the United States and Europe, the accumulated body of research using data from elsewhere is sparse. While there is a well-developed system of parental leave in Japan, the traditional concept of gendered division of roles-that fathers work outside home while mothers concentrate on family matters-still remains entrenched. In addition, although the paternity leave take-up rate in Japan has been on an uptrend in recent years, it is still low compared with the rates in other developed countries. By using Japanese data to examine the effects of change in fathers' workplace environment on mothers, this paper can provide insights that

serve as the basis for considering measures necessary for Japan to increase mothers' employment and maintain their health.

This paper is structured as follows. Section II below provides an overview of the parental leave system in Japan. Section III presents our estimation model, and Section IV explains the data used in the analysis. Section V reports on the estimation results, and Section VI summarizes the research results and our interpretation thereof.

II. Changes in the Japanese system of parental leave

This section provides an overview of the history of the system of parental leave in Japan. Under the system of pre- and postpartum leave as defined by the Labor Standards Act, in order to protect the health of pregnant and postpartum mothers, working women who have become pregnant are entitled to up to 42 days of leave before giving birth and up to 56 days of leave thereafter. On the other hand, under the system of parental leave as defined by the Childcare and Nursing Care Leave Act, both men and women raising children under one year old are entitled to parental leave, respectively. Those who take parental leave are eligible to receive cash benefits during the leave period. The current amount of cash benefits is equivalent to 67% of the pre-leave wage during the first six months of the period and 50% during the remainder of the period for both men and women. During the leave period, leave takers are exempted from paying social security premiums.

It was in 1991 that the Act on Child Care Leave was enacted for the first time in response to the shrinkage of the population of children and a rapid decline in the fertility rate that came with the empowerment of women and the advance of the nuclear family trend. This law represented the first legal institutionalization of the granting of leave specifically intended to allow workers with a child (children), to temporarily discontinue working in order to care for children. More specifically, the law stipulated that when workers with children under one year old, regardless of whether they are fathers or mothers, have requested to take leave, employers cannot refuse the request in principle, nor can they dismiss the workers on account of their request for leave or their leave-taking. However, initially, the law did not provide for the payment of cash benefits, meaning that the leave was unpaid. Moreover, the law was applicable only to business establishments that employed 30 or more workers permanently, and there were many other challenges, such as the absence of an explicit provision to impose penalties against legal violations or to prohibit discriminatory treatment of workers taking parental leave. It was in 1995 that the legal provision for parental leave became applicable to all business establishments. In the same year, the payment of cash benefits equivalent to 25% of the pre-leave wage during the period of parental leave was introduced. Thereafter, through repeated legal amendments, the system of parental leave has undergone changes, including the extension of the leave period and the expansion of cash benefits payment. Figure 1 provides an overview of the changes in the period of parental leave and the amount of cash benefits.

One factor behind the repeated reforms of the system of parental leave has been the need to develop an employment environment favorable for both mothers and fathers to care for children while continuing to work as part of the effort to help them reconcile work with childcare amid the continuing shrinkage of the population of children. In particular, the legal amendment in 2010 provided for measures to encourage fathers to take paternity leave. For example, the program "Father and Mother Child Care Leave Plus" that was established in the same year, when fathers and mothers both take childcare leave, allows parents to extend the leave period to the day when the child turns one year and two months old. The "Daddy Leave," another leave program established around that time, allows fathers who took paternity leave within eight weeks from their spouses' birth giving to take it again at a later time.³ Yet another reform was the abolition of employers' right to refuse requests for parental leave from mothers and fathers when their spouses were full-time housewives/househusbands. In modern Japan, where double-income families account for the majority of working families, those reforms were intended to realize working arrangements to enable both fathers and mothers to be involved in raising children

by preventing the concentration of the burden of childcare on mothers. While the system of parental leave has been further developed, how has the actual situation of the parental leave take-up rate changed? According to the "Basic Survey of Gender Equality in Employment Management," there is a significant difference in the situation of the parental leave take-up rate between men and women (Figure 2). Women's parental leave take-up rate gradually increased in the second half of the 1990s through the first half of the 2000s, and it has stayed at a high level, above 80%, since 2007. Meanwhile, men's paternity leave take-up rate stayed below 2% until 2010 and was still lower than 3% in 2015. In the past five years or so, the paternity leave take-up rate has been on an uptrend, rising to a record high of 12.7% in 2020, but it is still short of the government's target of 13%. Of the fathers who took paternity leave, around 80% took less than one month of leave, and the percentage of those who took less than five days of leave was as high as 36.3% (MHLW 2018). In addition to the low leave-taking rate,



Source: Created by authors.

Notes: 1. The figure shows the changes by 2021.

2. For the outline of the system, see https://www.mhlw.go.jp/english/policy/children/work-family/dl/190410-01e.pdf.

Figure 1. Changes in the parental leave system



Source: Created by authors based on the "Basic Survey of Gender Equality in Employment Management" (MHLW). Figure 2. Changes in parental leave take-up rate by gender

the short duration of the leave taken is also a challenge.

III. Estimation model

This paper analyzes the effects of the paternity leave take-up rate in fathers' industry of work on mothers' decision as to whether to continue working and on their health. More specifically, estimation is conducted

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y_{it}^{k} = \beta Childcare leave rate t^{k} + X'_{it}\gamma + I_{i} + I_{k} + I_{k} \cdot t + I_{t} + u_{it}^{k}
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through the following formula based on a fixed-effects model.

The meanings of the symbols in the above formula are as follows: y_{it}^k = the employment probability and health conditions of the mother in the married couple i in which the father works in the industry k in the year t; *Childcare leave rate*^k_t = the paternity leave take-up rate in the fathers' industry of work (industry k) in the year t; X'_{it} = other control variables; I_i = individual-specific effects; I_k = industry dummy; I_t = year dummy; u_{it}^k = error term.

Using a fixed-effects model and adopting the fixed effects and industry-specific trends as explanatory variables make it possible to identify the effects of change in the paternity leave take-up rate after removing time-invariant factors, such as the married couple's willingness to work and attitude toward gendered division of roles and controlling for the average difficulty of taking paternity leave that is determined by the level of the technology dealt in fathers' industry of work and the trends in its change over time. In addition, in order to verify the robustness of this model, we conduct estimations regarding the following three cases: a case where industry-specific trends are not controlled; a case where clustering is conducted on an industry-by-industry basis; and a case where prefecture-specific effects are controlled.

When a change in the paternity leave take-up rate is caused by factors that are not exogeneous, the above estimations become biased. For example, it is very possible that a father changes jobs because of the birth of a first child. It is also likely that a father moves from one industry to another where he can take leave easily because of the deterioration of his spouse's health conditions. In cases like those, the change in the paternity leave take-up rate is affected by dependent variables. Therefore, our research verifies the robustness of the model by also conducting an estimation using a sample group limited to those who continued to engage in the same job.

As mentioned earlier, while Japan's system of parental leave is well-developed, the paternity leave take-up rate is low. The presence of a well-developed leave system is no guarantee for a high leave-taking rate. One of the important points of our analysis is that the key variable is not fathers' eligibility criteria regarding paternity leave or the situation of leave-taking by individuals but the paternity leave take-up rate in each father's industry of work. According to the data used for the analysis, in Japan, it is rare for fathers to take paternity leave. The median duration of the period of paternity leave taken is five days, with only around 10% taking 20 days or more of leave. This is an extremely short duration given that the median duration of leave taken by mothers is 10 months. It is possible that many fathers used ordinary paid leave for the purpose of childcare instead of taking paternity leave. It is also possible that instead of taking leave, fathers secured time for childcare by changing working arrangements, such as using staggered working hours and increasing hours worked at home. Our analysis shed light on how mothers are affected by a change in the paternity leave take-up rate in their spouses' industry of work, including cases where the father himself did not take paternity leave. The situation of paternity leave-taking in fathers' industry of work cannot be viewed to exactly represent the working environment faced by the individual fathers. Even so, a rise in the paternity leave take-up rate in each father's industry of work does not merely mean an increase in the leave-taking rate among a limited group of men entitled to paternity leave but also may affect a wide segment of workers in the same industry by improving the efficiency of work processes, by promoting changes in workplace practices, such as the reduction of after-hours drinking parties and holiday

company events, and by changing workers' attitude toward childcare.

IV. Overview of data

This paper uses individual data from the "Japanese Panel Survey of Consumers" of Keio University's Panel Data Research Center, more specifically data from the 2008 to 2017 versions of this survey, which contain necessary datasets. The survey was first conducted in 1993 by the former Institute for Research on Household Economics, covering women aged 24 to 34. Since then, the survey has been annually conducted, with new cohorts added to the sample group every five years. This survey is distinctive for its large number of questions related to women and families, so we can obtain information not only on women's employment status and health conditions but also on their children's age and their spouses' employment situation and involvement in childcare.

The key dependent variable is mothers' employment probability. The mothers' employment probability is represented by a dummy variable that takes the value 1 when the mother is working and the value 0 when the mother is a student, full-time housewife, or otherwise non-working person. The key explanatory variable is the paternity leave take-up rate in spouses' (fathers') industry of work, which is calculated by dividing by 100 the percentage of fathers whose spouses gave birth and who took paternity leave (the paternity leave take-up rate) based on data obtained from "the Basic Survey of Gender Equality in Employment Management." As a result, this variable takes values between 0 and 1.⁴ It should be noted that the paternity leave take-up rate among public servants used here is a figure obtained from Ministry of Internal Affairs and Communications (MIAC, 2022) because "the Basic Survey of Gender Equality in Employment" does not cover the public servant category. "The Survey on Working Conditions at Local Governments" does not contain information regarding national government employees, but regarding the paternity leave take-up rate among public services that is used for our analysis, we adopt information obtained from this survey as a substitute because the "Japanese Panel Survey of Consumers" does not distinguish between national and local government employees.

Figure 3 shows the paternity leave take-up rate by industry in the years of survey (from 2008 to 2017) under analysis. While the average leave-taking rate across all industries is 1.9%, the rate varies significantly from industry to industry. For example, the leave-taking rate in the finance services, insurance, and real estate industries is three times as high as the rate in the electricity, gas, heat supply, and water industries. The industry-wise differences in the leave-taking rate are presumably attributable to factors such as differences in the workplace culture, employment arrangement, and the male-female ratio. Among the factors that may increase the paternity leave take-up rate are the promotion of flexible working arrangements, such as a discretionary work system, encouragement given for taking paternity leave in pursuit of diversity-driven business management, and an increase in the employment of regular workers, for whom taking paternity leave is easier than for non-regular workers. However, it should be kept in mind that the trends in the industry-specific rates of taking rate is low among fathers but is high among mothers. Among other explanatory variables used in our analysis are mothers' age, the number of children, and fathers' monthly salary. For the purpose of controlling the effects of fathers' industry of work and year, an industry dummy, a year dummy, and an industry-specific trend are used.

This paper also focuses on the presence or absence of fathers' involvement in childcare as a pathway whereby an increase in the taking of paternity leave in fathers' industry of work affect mothers' decision to continue working. Specifically, four criteria—(1) whether the father changes the child's diapers and clothes; (2) whether the father comforts and plays with the child; (3) whether the father communicates with the mother about childcare; and (4) whether the mother feels an excessive burden regarding housework, childcare, and nursing care—are used to develop dummy variables regarding the degree of fathers' involvement in childcare, each of which takes the value 1 when the criterion is met.



Source: Created by the authors based on "Japanese Panel Survey of Consumers" (Keio University, Panel Data Research Center).

Figure 3. Paternity leave take-up rate by industry

As for the effects in aspects other than work, we also analyze the effects on mothers' health outcomes. More specifically, we pay attention to mental health and subjective health outcomes. Data concerning the following items of the abbreviated 12-item version of the CES-D scale, known as measures of depression, are used as indicators of mental health: "I was bothered by things that usually don't bother me"; "I felt that I could not shake off the blues even with help from my family or friends"; "I felt depressed"; "I had trouble keeping my mind on what I was doing"; "I did not feel like eating; my appetite was poor"; "I felt that everything I did was an effort"; "I felt fearful"; "My sleep was restless"; "I talked less than usual"; "I felt lonely"; "I enjoyed life"; and "I felt sad." Samples were asked how many times they experienced each of the abovementioned feelings during a oneweek period, and points were awarded as follows in accordance with the answers given: none = 0 points; once or twice = 1 point; three or four times = 2 points; almost every day = 3 points. The total sum of the values awarded for the 12 items is calculated, with the full-mark value at 36. However, regarding the item "I enjoyed life," the awarding of points was reversed—when the answer was "never," for example, 3 points were awarded. For the analysis regarding mental health, in addition to the total sum of points awarded, the total sum of points awarded expressed as a z-score⁵ is also used. In some cases, a cut-off score, such as 16 points, is used under the CES-D scale. However, regarding the abbreviated 12-item version of the CES-D scale used in our analysis, there is not a widely used cut-off score, so there is not a firm measure to evaluate mental health. Therefore, in addition to the total sum of points awarded and a z-score, we pay attention to the relative weakness of mental health and adopt two dummy variables—one that takes the value 1 when the sample is among the top 10% in terms of mental health weakness, and the other that takes the value of 1 when the sample is among the top 20%. By using four different measures of mental health, we verify whether the results obtained are robust.

As for the subjective health outcomes, we identified the weakness of health by asking the question "Usually, what is your state of health?" and using a dummy variable that takes the value 1 when the answer is "Not very good," or "Not good at all" and the value 0 when the answer is "Very good," "More or less good," or "Neither good nor bad." It should be kept in mind that the samples who provided data used in this paper are mothers and that the measures used here are based on mothers' own perceptions. Descriptive statistics of the key variables above are shown in Table 1.

Table 1. Descriptive statistics

	Number of observations	Average	Standard deviation	Minimum	Maximum
Dependent variables:					
Employment dummy	9,615	0.583	0.493	0	1
Total sum of points awarded regarding mental health	7,359	6.323	5.144	0	36
Z-score regarding mental health	7,359	0	0.999	-1.301	5.882
Among the top 10 in terms of mental health weakness	7,359	0.112	0.316	0	1
Among the top 20 in terms of mental health weakness	7,359	0.209	0.406	0	1
Dummy for subjective mental health weakness	9,599	0.114	0.318	0	1
Independent variables:					
Paternity leave take-up rate by industry	9,615	0.021	0.022	0	0.158
Mother's age	9,615	38.648	6.150	26	56
Number of children	9,615	2.026	0.750	1	5
Father's monthly income	9,615	37.462	17.460	0	720
Father's involvement in childcare:					
Change of diapers/clothes	2,611	0.567	0.496	0	1
Playing with children	2,611	0.714	0.452	0	1
Communication	2,611	0.843	0.364	0	1
Sense of burden	2,226	0.413	0.492	0	1

Note: Regarding paternal involvement in childcare, the sample group is limited to couples whose youngest child is under seven years old.

V. Estimation results

First, the results of the analysis of the effects of change in the paternity leave take-up rate in fathers' industry of work on mothers' employment based on a fixed-effects model will be explained below. The estimation results are shown in Table 2. According to the estimation results in (1), a rise in the paternity leave take-up rate in fathers' industry of work leads to an increase in mothers' employment, at a significance level of 5%. Given that the paternity leave take-up rate used as the explanatory variable is a figure obtained by dividing by 100 the paternity leave take-up rate expressed in percentage terms, the co-efficient means that a rise of 1 percentage point in the paternity leave take-up rate in fathers' industry of work leads to an increase of 0.5 percentage point in mothers' employment probability. In short, mothers are more likely to continue working if their spouses work in an industry where more fathers take paternity leave. It should be noted that the strength of this effect is limited. This finding was obtained after controlling for the fixed effects of married couple, fathers' industry of work, and year, the trends specific to fathers' industry of work and the observable characteristics of mothers and families.

Next, Table 3 shows the summary of the results of an additional estimation conducted to verify the robustness of the obtained results shown in Table 2 (1). (1) shows once again the main results obtained using the basic model that were shown in Table 2. Under the basic model, it is assumed that changes that identify β are attributable not only to differences in the paternity leave take-up rate across industries but also to differences in industry-specific trends. (2) shows the results of an estimation conducted after excluding industry-specific trends in order to verify whether the results vary depending on the presence or absence of industry-specific trends. The analysis found that the main results are not affected by the presence or absence of industry-specific trends. In addition, as the

Table 2. Effects of the changes in paternity leave take-up rate in fathers' industry of work on mothers' employment probability

	Dependent variable: employment probability						
	(1) All samples (mothers)	(2) Samples whose youngest child is seven years old (elementary school age) or older	(3) Samples whose youngest child is under seven years old				
Paternity leave take-up rate	0.501**	-0.057	0.735*				
	(0.246)	(0.269)	(0.397)				
Mother's age	0.023***	-0.117*	0.072***				
	(0.008)	(0.009)	(0.013)				
Number of children	-0.084***	0.018	-0.262***				
	(0.016)	(0.035)	(0.023)				
Father's monthly income	-0.001*	-0.000	-0.001***				
	(0.000)	(0.000)	(0.000)				
Constant term	474.022	1.988***	435.026*				
	(330.080)	(0.425)	(233.753)				
Average value of the dependent variable	0.583	0.703	0.454				
Standard deviation of the dependent variable	0.493	0.457	0.498				
Coefficient of determination	0.096	0.039	0.156				
Observations	9,615	4,991	4,624				
Number of id	1,534	952	1,037				

Notes: 1. The marks ***, **, and * indicate the presence of significant effects at levels of 1%, 5%, and 10%, respectively. 2. The figures in parentheses represent robust standard errors even when there is heteroscedasticity.

3. All estimations were controlled for the dummy for the fathers' industry of work, industry-specific trends, and the year dummy.

Table 3. Verification of robustness of the results

	Dependent variable: employment probability							
	(1) Main results	(2) Without industry-specific trends	(3) Industry-by- industry clustering	(4) Controlled for prefecture- specific effects	(5) Excluding fathers who changed jobs			
Paternity leave take-up rate	0.501**	0.452*	0.501	0.465*	0.597*			
	(0.246)	(0.251)	(0.277)	(0.243)	(0.309)			
Mother's age	0.023***	0.034***	0.000	0.022***	0.019**			
	(0.008)	(0.002)	(0.000)	(0.008)	(0.009)			
Number of children	-0.084***	-0.086***	-0.084**	-0.083***	-0.073***			
	(0.016)	(0.017)	(0.026)	(0.017)	(0.019)			
Father's monthly income	-0.001**	-0.001**	-0.001	-0.001*	-0.001			
	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)			
Constant term	474.022	-0.645***	474.855***	472.253	99.746***			
	(330.080)	(0.249)	(95.586)	(330.595)	(35.553)			
Coefficient of determination	0.096	0.093	0.666	0.104	0.087			
Observations	9,615	9,615	9,436	9,605	7,008			
Number of id	1,534	1,534		1,533	1,224			

Notes: 1. The marks ***, **, and * indicate the presence of significant effects at significance levels of 1%, 5%, and 10%, respectively.

2. The figures in parentheses represent robust standard errors even when there is heteroscedasticity.

3. The estimations in (1), (3), and (5) were controlled for the dummy for the Fathers' industry of work, industry-specific trends, and the year dummy.

4. The estimation in (2) was controlled for the dummy for the fathers' industry of work and the year dummy.

5. The estimation in (4) was controlled for the dummy for the fathers' industry of work, industry-specific trends, the year dummy, and the prefecture dummy.

basic model focused on the paternity leave take-up rate in fathers' industry of work, we also conducted an estimation based on the clustering of standard errors in fathers' industry of work. According to the analysis results, shown in (3), the effects on mothers' employment are significant, despite being somewhat smaller than under the basic model, at a significance level of 11%, with the sign and value of the coefficient remaining unchanged. (4) shows the results of an estimation conducted after controlling for prefecture-specific effects. The paternity leave take-up rate used in this paper is the national average—which means that differences across prefectures are unobservable—so prefecture-specific effects were not adopted as a variable in the basic model. (4) indicates that the presence or absence of prefecture-specific effects do not significantly affect the estimation results.

Finally, Table 3 shows the results of an estimation conducted after excluding fathers who changed jobs during the analysis period in order to verify the robustness of the obtained results. The exclusion of those fathers eliminates the possibility of a change in the paternity leave take-up rate being caused by fathers' choice to move to a company where the paternity leave take-up rate is higher in pursuit of a working environment better suited to reconcile childcare with work. The analysis found that the main results regarding the effects on mothers' employment remain unchanged when the estimation is limited to fathers who did not change jobs. If the main results shown in Table 2 (1) reflect additional effects from fathers' moving to a company with a higher paternity leave-taking rate, the coefficient regarding the paternity leave take-up rate is expected to become smaller under the estimation that excludes fathers who changed jobs. However, the coefficient indicated in Table 3 (5) is not smaller, so it can be said that a rise in the paternity leave take-up rate has a positive effect on mothers' decision to continue working regardless of whether or not their spouses changed jobs.

From the abovementioned estimation results, it is presumed that change in the paternity leave take-up rate in fathers' industry of work may have a positive effect, albeit a limited one, on mothers' employment and that the effect is expected to have heterogeneity depending on the age of their children. Table 2 shows the results of reestimating the model using subsamples by age of their children. (2) shows the estimation results regarding a sample group of couples whose youngest child was seven years old or older, that is, whose youngest child was of elementary school age or older, while (3) shows the estimation results regarding a sample group of couples whose years old.

The estimation results indicate that the effects of changes in the paternity leave take-up rate in fathers' industry of work on mothers' employment are stronger in the sample group of mothers whose youngest child was under seven years old than in the sample group of mothers whose youngest child was seven years old or older and the significance is also higher in the former group. This means that the effects of the paternity leave take-up rate in fathers' industry of work on mothers' employment have heterogeneity depending on the age of the youngest child. It has a relatively large effect on mothers whose youngest child was of pre-elementary school age compared to mothers whose youngest child was of elementary school age or older. This finding is consistent with intuition given that younger child (children) require a higher burden of childcare.

The analysis results in Table 2 indicate that a rise in the paternity leave take-up rate in fathers' industry of work leads to an increase in mothers' employment, although the strength of this positive effect is limited, and also that the effect is stronger in the case of mothers whose youngest child was of pre-elementary school age than in the case of mothers whose youngest child was of elementary school-age or older. What are possible pathways whereby change in the paternity leave take-up rate in fathers' industry of work affects mothers? One possibility is that an increase in workplace colleagues who take paternity leave may lead to change in the degree of fathers' involvement in childcare. If fathers become more involved in childcare, thereby reducing the burden of childcare on mothers, mothers may be encouraged to continue working. Here, we use information on mothers' perception as to whether their spouses are involved in childcare as an indicator of the degree of fathers' involvement in childcare in order to analyze the effects of change in the paternity leave take-up rate in fathers industry of the degree of fathers' industry of work affects of change in the optimized in childcare as an indicator of the degree of fathers' involvement in childcare in order to analyze the effects of change in the paternity leave take-up rate in fathers' industry of work

on the degree of fathers' involvement in childcare.

The estimation results are shown in Table 4. The estimation results in (1) indicate that a rise in the paternity leave take-up rate in fathers' industry of work increases their probability of taking on the task of changing children's diapers and clothes at a significance level of 5%. A rise of 1 percentage point in the paternity leave take-up rate in fathers' industry of work leads to an increase of 1.17 percentage points in their probability of taking on the task of changing children's diapers and clothes. According to the estimation results in (2), no effect on fathers' probability of comforting and playing with children can be observed at least at a significance level of 10%. According to the estimation results in (3), the coefficient on the fathers' probability of communicating with mothers about childcare are significant at a significance level of 1% and a rise of 1 percentage points in their probability of communicating with mothers about childcare in fathers' industry of work leads to an increase of 1.15 percentage points in their probability of communicating with mothers about childcare are significant at a significance level of 1% and a rise of 1 percentage points in their probability of communicating with mothers about childcare are significant at a significance level of 1.15 percentage points in their probability of communicating with mothers about childcare. According to the estimation results in (4), the coefficient on the mothers' probability of feeling an excessive burden is negative but insignificant at least at a significance level of 10%. Although the burden felt by mothers tends to decline, significant effects cannot be observed.

The above findings indicate that regarding at least some of the criteria used in the analysis, change in the paternity leave take-up rate in fathers' industry of work has effects on their involvement in childcare. Therefore, it is presumable that change in the paternity leave take-up rate in fathers' industry of work affects mothers' employment by leading at least mothers to have the perception that their spouses are involved in childcare, such as changing children's diapers and clothes or communicating with them about childcare.⁶ It should be noted that the strength of those effects is limited. On the other hand, we also conducted an estimation incorporating fathers' involvement in childcare, which is considered to be important for mothers' decision as to whether to continue working, a rise in the paternity leave take-up rate in fathers' industry of work leads to a significant increase in mothers' employment (see Supplementary Table). It cannot be said that the degree of fathers'

	(1) Change of diapers/ clothes	(2) Playing with children	(3) Communication	(4) Sense of burden
Paternity leave take-up rate	1.171**	-0.263	1.147***	-1.372
	(0.585)	(0.577)	(0.442)	(0.869)
Mother's age	-0.125***	-0.079***	-0.024	0.030
-	(0.018)	(0.022)	(0.016)	(0.024)
Number of children	0.362***	0.229***	0.040*	0.125***
	(0.029)	(0.027)	(0.021)	(0.037)
Father's monthly income	0.001	0.002	0.002	-0.001
	(0.001)	(0.001)	(0.001)	(0.002)
Constant term	-475.455**	-104.380	-59.257	122.727*
	(195.827)	(86.010)	(39.567)	(73.487)
Coefficient of determination	0.229	0.145	0.022	0.030
Observations	2,611	2,611	2,611	2,226
Number of id	726	726	726	661

Table 4. Effects of the changes in paternity leave take-up rate in fathers' industry of work on fathers' involvement in childcare

Notes: 1. The marks ***, **, and * indicate the presence of significant effects at levels of 1%, 5%, and 10%, respectively.

2. The figures in parentheses represent robust standard errors even when there is heteroscedasticity.

All estimations were controlled for the dummy for the fathers' industry of work, industry-specific trends, and the year dummy.
 The analysis was limited to a sample group whose youngest child was under seven years old.

involvement in childcare has been fully controlled through the variables used in our analysis. However, the finding that the paternity leave take-up rate in fathers' industry of work has significant effects even when fathers' actual involvement in childcare is taken into consideration suggests the possibility that an increase in those who took paternity leave in fathers' industry of work may have positively affected mothers through factors other than fathers' direct involvement in childcare, such as change in fathers' working environment, health conditions, or the attitude toward childcare.

Does change in the paternity leave take-up rate in fathers' industry of work affect mothers in aspects other than encouragement for continuing to work? Table 5 shows the results of an estimation regarding the effects of the paternity leave take-up rate in fathers' industry of work on mothers' mental health and subjective health outcomes. As explained in Section IV, our research identified mothers' mental health outcomes using the items of the abbreviated 12 item-version of the CES-D scale and uses four different measures—(1) the total sum of points awarded, (2) the total sum of points awarded expressed as a z-score, (3) the probability of being included among the top 10% in the sample group in terms of mental health weakness; and (4) the probability of being included among the top 20% in the sample group in terms of work but in terms of their lives in general by causing panic disorder or depression, for example. Our research attempts to capture both the average effects and particularly serious negative effects on mental health by using multiple variables.

According to the estimation results, while the sign of the coefficient regarding the paternity leave take-up rate is negative in all of (1) to (4), significant effects can be observed at a significance level of 10% only with respect to the probability of being included among the top 10% in terms of mental health weakness. This means that the results are not robust. In addition, from the estimation results in (5), it cannot be said the paternity leave take-up rate in fathers' industry of work has significant effects on mothers' subjective health outcomes. In light of the results shown in Table 4, a rise in the paternity leave take-up rate in fathers' industry of work was expected to positively affect mothers' health outcomes by encouraging fathers' involvement in childcare and reducing the

	(1)	(2)	(3)	(4)	(5)
		Ment	al health		Subjective health
	Total sum of points awarded	Z-score	Top 10% dummy	Top 20% dummy	
Paternity leave take-up rate	-2.067	-0.432	-0.403*	-0.378	0.147
	(2.978)	(0.577)	(0.244)	(0.265)	(0.179)
Mother's age	0.142*	0.023	0.008	0.006	0.005
	(0.077)	(0.015)	(0.006)	(0.006)	(0.004)
Number of children	-0.319*	-0.066**	-0.009	-0.014	-0.006
	(0.163)	(0.032)	(0.011)	(0.012)	(0.010)
Father's monthly income	-0.012*	-0.002*	-0.001**	-0.001	0.000
-	(0.007)	(0.001)	(0.001)	(0.001)	(0.000)
Constant term	869.028	183.481	9.681	3.858	-9.033
	(769.151)	(146.917)	(15.942)	(17.607)	(15.653)
Coefficient of determination	0.013	0.011	0.005	0.008	0.010
Observations	7,359	7,359	7,359	7,359	9,599
Number of id	1,371	1,371	1,371	1,371	1,534

Table 5. Effects of the changes in paternity leave take-up rate in fathers' industry of work on mothers' health

Notes: 1. The marks ***, **, and * indicate the presence of significant effects at levels of 1%, 5%, and 10%, respectively. 2. The figures in parentheses represent robust standard errors even when there is heteroscedasticity.

3. All estimations were controlled for the dummy for the father's industry of work, industry-specific trends, and the year dummy.

maternal burden of childcare. However, the results shown in Table 5 do not indicate the presence of any such effect.

VI. Conclusion

Using the Japanese Panel Survey of Consumers, this paper examined whether promoting policy measures to help fathers reconcile work with childcare contributes to encouraging mothers to continue working, focusing on the effects of fathers' taking of paternity leave on mothers, on which few previous studies have been conducted.

In the analysis, we examined, using a fixed-effects model, whether an increase in men taking paternity leave in fathers' industry of work affects mothers' decision as to whether to continue working. As a result, we found that a rise in the paternity leave take-up rate in fathers' industry of work increases mothers' employment. It should be noted that the possibility remains that the strength of this effect may be limited. According to the estimation results in Table 2, which represent the main estimation results of our research, a rise of 1 percentage point in the paternity leave take-up rate in fathers' industry of work leads to an increase of 0.5 percentage point in mothers' employment probability. While it is difficult to make direct comparisons between our findings and the research results obtained in studies conducted in other countries, Patnaik (2019), for example, analyzes the effects of the parental leave reform implemented in the Canadian province of Quebec. This reform lowered the eligibility criterion regarding parental leave from 600 working hours per year to an easier-to-meet annual income threshold of 2,000 Canadian dollars, raised the amount of cash benefits from 55% to 70-75% of the pre-leave wage and created a five-week leave with cash benefits available exclusively for fathers. The analysis found as a result of the reform, the paternity leave take-up rate rose by around 50 percentage points, while mothers' employment increased by 4.6 percentage points. Dunatchik and Özcan (2021) also analyzes the effects of the same reform in the province of Quebec and finds that the reform led to a rise of 5 percentage points in mothers' labor participation. Meanwhile, Farré and González (2019), which examines the effects of the two-week paid paternity leave introduced in Spain, find that the measure led to an increase of 2.5 to 4.0 percentage points in mothers' probability of working at six months after birth giving.

It was also found that the effects on mothers' work is stronger in the case of families with a child (children) of pre-elementary school age, at which policy measures to help reconcile work with childcare are targeted, than in the case of families whose youngest child was of elementary school age or older. Given that the percentage of fathers who actually took paternity leave in the sample group of our analysis is very small, our research suggests that a sufficiently significant improvement in the workplace environment in fathers' industry of work has positive effects on the employment of mothers with a pre-elementary school child (children). It is also expected that encouraging men to take paternity leave may have positive effects on people who have no access to paternity leave, too.

This paper also paid attention to change in fathers' involvement in childcare as a pathway whereby the paternity leave take-up rate in fathers' industry of work affects mothers. Our analysis found that although the strength of this effect is limited, a rise in the paternity leave take-up rate in the workplace increases the probability of at least fathers with a pre-elementary school child (children) being involved in childcare. In other words, it is presumable that change in the rate of paternity leave in fathers' industry of work increases the probability of mothers perceiving fathers' involvement in childcare (this outcome is based on replies from mothers) and that as a result, mothers are encouraged to continue working. On the other hand, robust effects on mothers' health outcomes, including mental health and subjective health, were not observed.

The accumulated body of research concerning the relationship between fathers' workplace environment related to childcare and mothers' work is sparse, and there has not yet been an established consensus on whether or not an improvement in the environment is effective in encouraging mothers to continue working. While our research examined the effects of change in fathers' workplace environment, as represented by the paternity leave take-up rate in fathers' industry of work, on mothers' employment, it is expected that encouraging fathers to take paternity leave will help reconcile birth giving and childcare with work in a broader sense by improving the efficiency of work processes and changing the attitude to childcare. Moreover, promoting policy measures to help reconcile childcare and work other than paternity leave may also generate similar positive effects by changing fathers' workplace environment.

We also paid attention to the effects on mothers' health as well as on their decision whether to continue working and examined whether change in the paternity leave take-up rate in fathers' industry of work promotes mothers' good health. While we found the presence of robust effects on mothers' decision as to whether to continue working, few effects on health outcomes were observed. However, in recent years, we have come to often hear of postpartum depression and there are growing concerns about the deterioration of the mental health of women with children. For people suffering from depression and other mental health disorders, support from the people around them is indispensable. It is desirable that fathers' involvement in childcare become more widespread through paternity leave, which leads to realize a society in which mothers and fathers can care for children together without undermining maternal health. Moreover, it is expected that promoting mothers' good health will be beneficial in the long term from the angle of mothers' employment by improving their labor productivity or by preventing them from dropping out of the labor force. It is premature to conclude from the results of our research alone that fathers' working environment has no effect on mothers' health, and it is necessary to continue careful research on the effects on mothers in aspects other than employment.

Finally, we would like to mention future challenges. This paper captured fathers' working environment related to childcare in terms of the paternity leave-taking rate in their industry of work. However, in fact, the important influencing factors of fathers' involvement in childcare include not only industry-specific factors but also workplace factors such as company-specific leave programs, corporate culture and bosses' and colleagues' attitude toward childcare. In addition to further developing the system of parental leave, encouraging fathers' involvement in childcare by changing the workplace environment is also an important policy measure to help reconcile work with childcare. Further research is needed to capture the fathers' working and childcare environments from multiple angles and to examine specifically how the working environment should be improved.

This is a translation of the authors' paper "Dansei haigusha no gyoshu betsu ikuji kyugyo shutokuritsu ga josei no shugyo kakuritsu, kenko jotai ni ataeru eikyo" [Effects of Paternity Leave Acquisition Rates in Spouses' Industries on Women's Employment and Health] submitted to and published in the *Japanese Journal of Labour Studies* (vol.65, no.760, November 2023) with additions and amendments in line with the gist of *Japan Labor Issues*. We express sincere gratitude to two anonymous referees and the editorial committee of the *JJLS*. We also thank Professor Ayako Kondo for many useful comments at the 2022 spring convention of the Japanese Economic Association. The data for this secondary analysis, the "Japanese Panel Survey of Consumers," was provided by Panel Data Research Center at Keio University. We acknowledge the projects' contributors for making the data available. This study was financially supported by JSPS KAKENHI grant number JP22K20164.

Notes

1. There is some accumulated body of research concerning the effects of fathers' workplace environment, rather than the paternity leave take-up rate, on mothers. Samtleben et al. (2019) shows that even when there is a well-developed system of parental leave, concerns over the effects on career development and the difficulty of finding a substitute worker may become impediments to paternity leave-taking. Meanwhile, Ishii-Kuntz (2009) shows that one determinant factor of fathers' involvement in childcare is their workplace environment. Among previous studies that shows the presence of the effects of fathers' workplace environment on their involvement in childcare, there are some indicating that the availability of systems to help reconcile work with childcare, such as parental leave, shorter working hours, and flex time (Ishii-Kuntz 2013) and the autonomy of work (Ishii-Kuntz 2013; Hook, Ruppanner and Casper 2022) has the effect of increasing the fathers' childcare involvement rate. There are also studies indicating that the burden of work (Ko and Hwang 2021), the monotony of work (Hook, Ruppanner and Casper 2022), and workplace stress (Ishii-Kuntz 2013) has the effect of lowering the fathers' childcare involvement rate.

- 2. In previous studies that analyze the effects of fathers' involvement in childcare and paternal leave, mothers' employment and income (Andersen 2018; Cools, Fiva and Kirkebøen 2015; Druedahl, Ejrnæs and Jørgensen 2019; Dunatchik and Özcan 2021; Ekberg, Eriksson and Friebel 2013; Farré and González 2019; Patnaik 2019) and marital relationship (Goldacker et al. 2022; Olafsson and Steingrimsdottir 2020; Avdic and Karimi 2018) have been mainly used as outcomes.
- 3. In 2022, the postpartum paternal leave (paternity leave granted at the time of the mother's birth giving) was introduced in place of the existing the "Daddy Leave", making it possible for eligible fathers to take up to four weeks of leave within eight weeks from the birth giving in addition to parental leave.
- 4. The paternity leave take-up rate was divided by 100, rather than used in the original percentage value, in order to facilitate comparisons of the coefficients of the estimated results.
- 5. A z-score of a relevant data point is obtained first by deducting the mean value of the dataset from the value of that data point and then dividing the obtained value by the standard deviation, resulting in an average value of 0 and a standard deviation of 1. In an analysis using a simple score representing the total sum of points awarded, an increase of 1 point is always considered to represent the same degree of effect, but when a z-score is used, the analysis can take into consideration the scattering of data points.
- 6. When we conducted an estimation using the time spent by fathers on childcare instead of fathers' involvement in childcare as a dependent variable, we did not observe significant effects on an all sample basis or by age of the youngest child. A previous study finds that the reform of the system of parental leave affected the time spent by fathers on childcare but had no effect on the time spent by fathers on housework (Farré and González 2019). While our research indicates the possibility that the time spent by fathers on childcare may increase given the increase in fathers' involvement in childcare, we may have been unable to observe significant effects because the data in this analysis does not distinguish between housework time and childcare time. Kohara and Maity (2021), who use the same data as the one used by us, find that fathers do not change the allocation of time even when the childcare environment has changed, with the result that household output (the time spent on childcare and housework) does not increase.

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Supplementary Table. Estimation controlled for fathers' involvement in childcare

	Dependent variable: employment probability						
	(1)	(2)	(3)	(4)			
Paternity leave take-up rate	1.202**	1.246**	1.243**	0.881			
	(0.534)	(0.530)	(0.533)	(0.628)			
Change of diapers/clothes	0.032						
	(0.026)						
Playing with children		0.023					
		(0.024)					
Communication			-0.025				
			(0.029)				
Sense of burden				0.013			
				(0.020)			
Mother's age	0.094***	0.092***	0.089***	0.068***			
	(0.025)	(0.025)	(0.025)	(0.024)			
Number of children	-0.260***	-0.254***	-0.248***	-0.273***			
	(0.034)	(0.034)	(0.034)	(0.037)			
Father's monthly income	-0.001	-0.001	-0.001	-0.001			
	(0.001)	(0.001)	(0.001)	(0.001)			
Constant term	452.560*	439.917*	438.012*	408.270*			
	(249.937)	(242.165)	(243.811)	(237.087)			
Coefficient of determination	0.175	0.174	0.174	0.166			
Observations	2,611	2,611	2,611	2,226			
Number of id	726	726	726	661			

Notes: 1. The marks ***, **, and * indicate the presence of significant effects at levels of 1%, 5%, and 10%, respectively.

2. The figures in parentheses represent robust standard errors even when there is heteroscedasticity.

All estimations were controlled for the dummy for the fathers' industry of work, industry-specific trends, and the year dummy.
 The analysis was limited to a sample group whose youngest child was under seven years old.

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Key topic

2024 *Shunto*: The First Wage Increase Above 5% since 1991 with an Urgent Need to Spread the Trend to SMEs

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Wage negotiations between labor unions and management in the spring of 2024, or the 2024 Shunto, resulted in an average wage increase above 5% for the first time in 33 years. Many large companies, such as those in the manufacturing industry which has been leading the Japanese economy, accepted wage increases as demanded by labor unions. While labor shortages are becoming increasingly serious in Japan, the government and the business community aim to achieve economic growth through investing in human resources. Their intention matches that of labor union, who seeks to get rid of the prolonged deflation and make a shift to a society where wage increases naturally continue. This brought about the high-level wage increases. However, wage increases achieved at negotiations at small and medium size companies (SMEs) were below the levels of large companies. In order to develop an environment where SMEs can improve their earnings and raise wages, the government is dedicated to taking measures to ensure that SMEs will not suffer disadvantages in business-to-business transactions.

I. Final results

1. Wage increase rate was 5.10% on average, up by 1.52 percent points from the previous year.

In *Shunto*, labor unions start to present their demands in February. Those at large companies receive responses from the management side in mid-March, which takes the bargaining season to its climax. Then, negotiations are intensively held at the medium-sized companies and SMEs and are mostly

completed by around July.

On July 3, 2024, the Japanese Trade Union Confederation (JTUC-Rengo), the largest national center of labor unions with membership of 6.817 million, published the "Results of 2024 Spring Wage Negotiation Final Responses" (data tabulated for approximately 2.93 million union members). According to the results, the average increase in monthly wage per union member was 15,281 yen, with the increase rate being 5.10%. The rate was higher by 1.52 percent points than that for the previous year, 3.58%, which made news headlines as the highest level in the last thirty years. It exceeded 5% for the first time in 33 years since 1991, when the increase rate hit 5.66% (Figure 1).

2. Wage increases achieved by unions of SMEs were below the levels of large companies.

Let us look at the amount of increase and the increase rate by size of labor union. For labor unions with 300 or more members, the amount of increase was 15,874 yen (up by 4,917 yen annually) and the increase rate was 5.19% (up by 1.55 percent points annually), while for labor unions with less than 300 members, the amount of increase was 11,358 yen (up by 3,337 yen annually) and the increase rate was 4.45% (up by 1.22 points annually). In the final overview of 2024 *Shunto*, JTUC-Rengo stated the evaluation that small and medium-sized labor unions made vigorous efforts (JTUC-Rengo 2024b). However, both the amounts and rates were higher for larger sized labor unions.



Figure 1. Wage increase rate based on the average wage method in *Shunto*, 1989–2024 (changes since the foundation of JTUC-Rengo)

Source: JTUC-Rengo, "Results of Spring Wage Negotiation Final Responses." *Note*: Wage increase rate (including portions equivalent to automatic raises of monthly basic wage) based on the average wage method (weighted average). Data as of the end of June for each year.

3. Government statistics also shows wage increase rate exceeded 5% at large companies.

Other statistics published later by the government and an employers' association also support responses admitting high wage increases in the 2024 Shunto. In August, the Ministry of Health, Labour and Welfare (MHLW) published the "Results of 2024 Spring Wage Negotiations by Major Private Companies," which compiles the results for companies with stated capital of 1 billion yen or more and with 1,000 or more employees. According to this publication, the average agreed amount of increase was 17,415 yen, which was the highest level since 1975. The average wage increase rate was 5.33%, exceeding 5% for the first time since 1991. By type of business, the increase rate reached as high as 12.49% for the iron and steel industry (Figure 2). According to the Japan Federation of Economic Organizations (Keidanren)'s aggregated results as of August based on the data for 135 large companies with 500 or more employees, the wage increase rate was 5.58%.

The latest wage increase over 5% affects discussions on the minimum wage revision and on

the wage decisions for the government employees. In July, the Central Minimum Wages Council of the government, which had been discussing the revision of the minimum wages by region for FY2024, recommended a wage increase equivalent to a 5.0% increase (1,054 yen) as a national average to the Minister of Health, Labour and Welfare. The increase rate is higher by 0.5 percent points from the previous year. Additionally, in August, the National Personnel Authority recommended the government and the Cabinet to achieve base-pay increases for government employees by 2.76% on average, the highest level in approximately 30 years.

II. Characteristics of negotiations at large companies

Labor unions' demands were fully met.

As characteristics of negotiations by major large companies for the 2024 *Shunto*, the following three outcomes can be pointed out. First, many reached agreements with demands by labor union fully met, ahead of the deadlines designated by labor unions.



Figure 2. Results of 2024 spring wage negotiations at major private companies (by industry)

Source: MHLW, Results of 2024 Spring Wage Negotiations by Major Private Companies.

Second, some made responses above demands by labor union. Third, there was intentions observed in the management efforts to raise wages for younger workers in particular. Furthermore, quite a few companies, mainly large companies, announced through their press releases the significant increases in starting salary for new graduates of April 2024.¹

Regarding the first point, ten out of eleven major automobile manufacturers (such as Toyota and Nissan) that made responses in mid-March responded with fully meeting or even exceeding demands by labor unions. Honda and Mazda presented management's intention to fully meet demands by labor unions at the negotiation tables as early as in February.

As a representative example of the second characteristic, the case of Nippon Steel, the largest iron and steel company, can be cited. In their negotiation, the labor union demanded a monthly wage increase of 30,000 yen per person on average, and the management presented an increase of 35,000 yen, exceeding the demand by 5,000 yen.

The third is as seen in the case of a major beer

maker Asahi Breweries, in which the company responded that it would raise monthly wage by 13,500 yen per person on average and would further add 3,500 yen each to employees aged 32 or younger.

III. Backgrounds and factors for high-level wage increases

Since the 2000s, labor unions in Japan had refrained from demanding wage increases amid economic stagnation under the deflationary trend. It was only from 2014 that wages started to be raised again. For around ten years since then, wages have been raised continuously but the increase rate remained around 2% until 2022. Based on data by JTUC-Rengo, the increase rate marked above 3% (3.58%) in 2023, but at the same time, the price increase rate rose, and it was doubtful whether workers were able to perceive increases in their wages.

Why was it suddenly possible to achieve the wage increase over 5% in the 2024 *Shunto*? Of course, robust corporate performance was one factor

as pointed out in the "FY2023 Report on Japanese Economy" (Cabinet Office) with the achievement of record-high ordinary and operating profits in the July-September term of 2023 (Tankan survey by the Bank of Japan). However, what exerted the largest influence is the shared stance to place importance on wage increases among government, management side, and labor unions. The government intends to promote the "structural wage increases" for economic growth. The management side seeks to secure human resources by improving terms and conditions while a labor shortage is becoming more and more serious and the career-change market is growing. And labor unions, taking this opportunity, aim to achieve a shift to a society where wages increase continuously without being subject to yearly economic conditions and corporate performance.

The "structural wage increases" is an official term used by the government, which represents the idea to consider wages as not as a cost but an investment endeavoring to improve workers' capabilities while raising wages, and thereby enhance corporate productivity and achieving economic growth. The government started to use this term in the "Basic Policy on Economic and Fiscal Management and Reform 2023" (Cabinet Office).

Looking at wage increases presented by large companies in mid-March, Prime Minister Kishida (at the time) said, "I'm encouraged to see a strong trend of wage increases." Tokura Masakazu, Chairperson of Keidanren, said, "I am glad to see that many large companies, mainly those in the manufacturing industry, achieved base-pay increases exceeding 10,000 yen and wage increases of over 5%, which significantly exceed the levels in the previous year" (Keidanren website).

In its final overview, JTUC-Rengo summarized the 2024 *Shunto* as follows: "Sharing the awareness that it is the time to eliminate the deflationary mindset and bring the Japanese economy and society to a new stage, labor and management negotiated persistently and sincerely with a medium- to long-term perspective regarding the importance of investment in human resources, which will lead to the growth of industry and companies and eventually of the Japanese economy as a whole, while considering the impact of high prices on the household economy and increasing burden on workers due to a labor shortage. They brought about a trend in a responsible manner and achieved a big success" (JTUC-Rengo 2024).

IV. Remaining challenges towards the 2025 *Shunto*

1. Passing cost increases on to prices of goods and services.

While achieving high-level wage increases, one of the remaining challenges is weaker wage increases among SMEs. Labor unions have endeavored to correct wage gaps by corporate size, but the gaps rather expanded in the 2024 *Shunto*.

It is a common awareness between the government and the economic and labor circles that SMEs are unable to raise wages at a level equivalent to that for large companies partly because they often find it difficult to obtain sufficient profits in business-tobusiness transactions and cannot secure enough funds for raising wages. SMEs find it difficult to ask for client companies, often larger in business size, for understanding for reflecting increases in material costs or labor costs to the prices of their goods and services. There are cases where their requests for such understanding are rejected by clients. According to the results published in June 2024² of the "Questionnaire Survey on Price Negotiations and Price Pass-Throughs," conducted among SMEs biannually by the Small and Medium Enterprise Agency (SMEA), 20% have not been able to pass cost increases on to product or service prices at all.

The government has already been taking various measures to break through this situation. It investigates the status of price negotiations and price pass-throughs and publishes a ranking by industry of the degree of implementation, for example. The ranking clearly shows which industries are negative concerning price negotiations and price passthroughs.

2. Guidelines to facilitate price pass-throughs.

In October 2023, the Cabinet Secretariat and the

Fair Trade Commission jointly established guidelines for actions required for ordering parties, for order recipients, and for both, with the aim of helping companies pass labor cost increases due to wage increases on to prices. The guidelines state that ordering parties should decide on their policies for accepting price pass-throughs with the involvement of top management, and that order recipients that intend to provide ordering parties with explanations concerning the grounds for labor cost increases do not have to present their internal data but can use publicly available data. In the meantime, an initiative in collaboration between the business community and labor unions has been carried out, in which companies declare compliance on desirable transaction practices with their contractors under the name of their top executives.³ Over 50,000 companies have already made a declaration.

3. Price shift underway, yet labor unions see "halfway."

Through these efforts, some progress is observed in price pass-throughs. According to the results of the aforementioned SMEA survey (2024), the percentage of order recipients that were able to pass "at least a part of" general cost increases on to prices increased to 67.2%, up by approximately 4 percent points from the previous survey conducted half a year before (Figure 3). As for labor costs to pass on to prices, the percentage was 56.7%, up also by 4 percent points. However, Katahiro Yasukochi, President of Japanese Association of Metal, Machinery and Manufacturing Workers (JAM membership of 367,000), an industrial union consisting of labor unions of many metalrelated SMEs, regards the current status of price pass-throughs, expressing that they are "still only half-way."

4. The collaboration between government, labor, and management continues.

The government cited "wage increases above price increases" and efforts for price pass-throughs as priorities in the "Basic Policy on Economic and Fiscal Management and Reform 2024" (Cabinet Office). The basic policy states that the key for transition of the Japanese economy to a new, growthoriented stage is "higher income and productivity driven by wage increases," and aims to expand the strong momentum toward wage increases observed in the *Shunto* to SMEs and local economies, thereby achieving and maintaining "wage increases above price increases."



Figure 3. Status of passing general cost increases on to prices in the last 6 months

Source: SMEA, "Results of the Follow-up Survey of Price Negotiation Promotion Month (March 2024)."

With regard to price pass-through approach, it declared to "achieve 'structured price pass-throughs' to maintain proper price pass-throughs across the supply chain as a new business practice." Industries showing low price pass-through rates are required to formulate or revise voluntary action plans and consider remediation measures.

The attitude and stance of management side for wage increases will remain the same as those in the 2024 *Shunto*. In response to the basic policy, Keidanren published Chairperson Tokura's comment, "In order to completely break away from deflation and achieve a virtuous cycle, we will work valiantly to expand domestic investment and to maintain and further strengthen efforts for raising wages in the next year onward."

Against such a background, it is expected that positive efforts for wage increases in a close collaboration among the government, labor, and management will be continued for the 2025 *Shunto*. Whether the wage increase rate can be achieved above this year's level will depend on to what extent SME's price pass-throughs can be practically achieved through collaborative efforts by labor and management with support by the government.

- 1. For example, NTT Group, one of the major corporations in the telecommunications business, has announced that it will raise wages for university graduates of Spring 2024 at NTT Docomo and other major group companies to over 300,000 yen (standard cases).
- 2. 2. Surveyed the status as of the period from October 2023 to the end of March 2024.
- "Declaration of Partnership Building." Companies that made this declaration can receive subsidies and preferential tax treatment.

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Trends

News

First Revision in 12 Years of Industrial Accidents Recognition Criteria for Mental Disorders: Customer Harassment and Continuous Engagement in Work with High Risk of Infection are Newly Added

The number of workers' compensation insurance claims of mental disorders has been increasing along with changes in the social situation in Japan. The Ministry of Health, Labour and Welfare (MHLW)'s Review Meeting on Workers' Compensation Recognition Criteria for Mental Disorders (chaired by Nobuo Kuroki, Emeritus Professor at Toho University) published a report in July 2023 after examining the criteria for all aspects for the first time in twelve years, since the 2011 revision. Based on the Report, the MHLW set out new Recognition Criteria for mental disorders, and, after the public comment, issued a notification to the Directors General of Prefectural Labour Bureaus in September 2023.

Mental disorders are incorporated into the list of occupational diseases covered by Japan's Industrial Accident Compensation Insurance Act. The aims of reviewing the Recognition Criteria for mental disorders cases were ensuring facilitating the application procedure, speeding up the examination process, and more appropriate evaluation of stress caused by work. The Review Meeting proposed to improve the Assessment Table of Psychological Burden due to Work and newly added "specific examples" of events concerning "customer harassment" (intimidating behavior and annoying conduct of customers) and "work with a high risk of a disease (including infection) or incident" as requirements to be considered when recognizing industrial accidents. It also indicated the necessity to review the scope of cases for deciding where deterioration of a mental disorder is found attributable to work, as well as to improve the efficiency of collecting medical opinions.

I. How has the Recognition Criteria been developed?

The number of claims for compensation insurance benefits filed due to mental disorders has been increasing year by year, reaching 2,683 in the fiscal year 2022 (Figure 1). The factors behind this trend may be changes in the social situation such as diversification of working styles and changes in the workplace environment. Since December 2021, the Review Meeting had held discussions for fourteen times on the recognition requirements and criteria with reference to the latest medical knowledge and past administrative or judicial decisions.

II. What are the focal points of the revision?

1. Objective assessment of facts and concretization of incidents

The Assessment Table has the following categorizes of "objective events": (1) experience of an accident or injury, (2) work failure, imposition of excessive responsibility, (3) quantity and quality of work, (4) change in the role or position, (5) "power harassment," (6) relationships with others, and (7) sexual harassment. For each objective events, it indicates the "specific examples" of events that could occur during work so that the workers' psychological burden experienced can be judged "mild," "moderate," or "severe." In order to be recognized as experiencing an industrial accident, a worker is required to have suffered a "severe" psychological

burden within about six months before the onset of a mental disorder. When judging whether a mental disorder is attributable to work, the following steps are taken: first, identifying the event that actually occurred to a corresponding event among those specific examples indicated in the Assessment Table, and second, assessing the intensity of the burden (stress) caused by the relevant event according to the Table.

The Report presented a new Assessment Table. It added sample cases of events that should be subject to assessment responding to changes in the social situation. Some subdivided items were merged to eliminate overlapping items to the extent possible. As a result, facts can be assessed objectively for each item with clear and concrete criteria.

The assessment items for measuring the psychological burden (stress) follows the manners in the old Assessment Table. The comprehensive assessment of the burden is described as "severe" in the case where an excessive burden due to work is observed, and "moderate" or "mild" if an excessive burden is not observed. The burden is described as "mild" in cases of burden that people experience in everyday life or burden that is generally expected. As for those described as "moderate" (the burden is greater than the "mild" but is not recognized as "severe"), the frequency of experience varies.

2. Added recognition criteria for "customer harassment"

Conventionally, an event which can be recognized as giving an intense psychological burden regardless of the situation after the event because the event itself involves an extremely heavy psychological burden is considered as an event with a "severe" psychological burden. The situation where a worker is unable to secure the minimum physiologically required amount



Figure 1. Number of workers' compensation insurance claims and decisions to pay for mental disorders

Source: Based on the "Status of Industrial Accident Compensation in Cases Related to Mental Disorders" (Reference 2) from MHLW's "FY2022 Status of Industrial Accident Compensation for Karōshi [death from overwork]," https://www.mhlw.go.jp/content/11402000/001113802.pdf (Japanese).

Note: The number of decisions to pay is decisions by which a mental disorder was recognized as a "work-related injury." *Editor's note*: "Work-related injury" is often translated as "employment injury" in the government's documents.

of sleep for a period of several weeks is considered as an event which can be recognized as giving an intense psychological burden in the form of "extremely long working hours" by indicating the number of working hours during that period. In the new Assessment Table, these are regarded as "unusual events" (cases where the event itself giving the worker an extremely high psychological stress) and judged as "severe" in the comprehensive assessment of psychological burden. As for "events other than 'unusual events,"" the intensity of the average burden assumed for each event is described by the three stages, I, II, and III (from mild to severe). After the judgement of the stage, the intensity of the psychological burden is judged either as "mild," "moderate" or "severe." The Table provides specific examples of such cases.

As a specific event in the "relationships with others" category, an event of "experiencing extremely annoying conduct of a customer, client, or facility visitor" (generally called "customer harassment") has been newly added. The intensity of the average psychological burden of this event is assessed as "II." The new Assessment Table indicated some specific examples to clearly show that customer harassment can be the cause of an industrial accident: such as where the "worker suffered violence from a customer, etc. at a level that requires medical treatment" or the "worker experienced violence inflicted by a customer, etc. persistently (repeatedly or continuously)." The psychological burden in such cases is judged as "severe." In the case where the worker suffered violence at a level that does not

Revision history of the Industrial Accident Recognition Criteria for mental disorders

February 1984

Reactive depression suffered by a design engineer was recognized as a work-related injury.

September 1999

⁴Guidelines for Determining the Work-Relatedness of Mental Disorders Caused by Psychological Stress" were established out of the necessity to clarify criteria for processing these claims promptly and properly, against the backdrop of the increasing number of claims for industrial accident compensation insurance benefits due to mental disorders. The guidelines indicate requirements to assess the intensity of psychological burden based on the Assessment Table of Psychological Burden at Workplace ("the Assessment Table").

"Handling of Suicide due to Mental Disorders" was issued. A suicide by a worker who suffered a mental disorder during the work was presumed to be attributable to work.

April 2009

The Assessment Table was revised (by adding causes of psychological burden such as "suffering serious harassment, bullying or violence").

December 2011

Recognition Criteria for Mental Disorders due to Psychological Burden" was issued.

-Due to the significant increase in the number of claims for industrial accident compensation insurance benefits due to mental disorders, the Recognition Criteria were established to further speed up and streamline the examination process, which embodied and clarified the old Recognition Criteria.

-Specific examples of the "severe," "moderate," or "mild" psychological burden were provided in the Assessment Table. -The number of working hours that constitutes extremely long working hours or overtime working hours causing "severe" psychological burden was specified.

-If a worker's mental disorder became worse due to a particularly "severe" psychological burden, the disorder should be treated as a work-related disease.

-Sexual harassment was established as an independent category with points to note in assessment clarified.

May 2020

"Power harassment" was included as a new item in the Assessment Table, clearly indicating the example cases.

August 2020

Injury with multiple work-related factors was covered.

Source: Report published by the MHLW's Review Meeting on Workers' Compensation Recognition Criteria for Mental Disorders (July 2023), Table 1.

require medical treatment and violence was not repeatedly or continuously inflicted, the psychological burden is assessed as "moderate."

3. Newly covered engagement in work with a high risk of infection or incident

Based on the experience of the COVID-19 pandemic, the case where the worker" engaged in work with a high risk of being subjected to disease (including infection) or incident" has been added to the new Assessment Table as a specific event concerning the "quantity and quality of work" category. As in the case of customer harassment, the intensity of the average psychological burden of this event is assessed as "II."

More specifically, the intensity of the psychological burden is judged as "severe" in the case where the "worker was suddenly ordered to engage in work with a high risk of contracting an emerging infection, and while taking protective measures through the trial-and-error process, the worker felt the fear of death due to the spread of infection within the workplace but continued to work." The intensity of the psychological burden is judged as "moderate" in the case where the "worker engaged in work with a high risk of being subjected to a disease (including infection) or incident and protective measures required a certain level of burden, but the risk posed on workers was reduced by implementing established measures."

4. Psychological attack in relation to sexual orientation or gender identity added to the scope of conduct assessed as "power harassment"

Psychological attack in relation to sexual orientation or gender identity has been included in the scope of conduct assessed as "power harassment." More specifically, the new Assessment Table provides specific examples of all of the six categories of power harassment, namely, (1) psychological attack, (2) physical attack, (3) excessive demands, (4) insufficient demands (underutilization), (5) isolation from human relationships, and (6) violation of privacy. In addition, specific examples for intensity levels have been added properly to the events for which only limited examples had been provided.

5. Necessity to review the recognition scope of deteriorating mental disorder cases, and to introduce the efficient method for collecting medical opinions

The old Recognition Criteria basically targeted the occurrence of mental disorder. As the deterioration of the state of mental disorder which had been occurred outside of work was limitedly qualified, the recognition standard was considered particularly high in such cases. The review this time made the standard easier when the state worsens, and the area of coverage of help would expand. Conventionally, the deterioration of mental disorder was not found to be attributable to work unless the worker experienced an "unusual event" within about six months before their mental condition worsened. However, the Report stated that if the worker did not experience an "unusual event" within about six months before the deterioration but the worker's mental condition worsened due to an intense psychological burden related to work, the worsened part of the mental condition would be found to be attributable to work.

The Report also mentioned the revision of the method for collecting medical opinions for determination. Under the old Recognition Criteria, it was necessary to collect opinions from a panel of three specialist physicians in the case where whether the psychological burden due to work should be recognized as "severe" is uncertain, or the case of suicide by the worker who had no record of receiving treatment for mental disorder. The Report proposed to authorize a single specialist physician to plan a decision, except in cases where a high level of medical examination is required to determine whether the worker suffered a mental disorder due to work.

It should be noted that the diseases subject to the Recognition Criteria discussed herein are mental disorders classified in 10th Revision of the International Statistical Classification of Diseases and Related Health Problems (ICD-10, specifically, Chapter V "Mental and Behavioral Disorders"), and that organic mental disorders and mental disorders induced by hazardous substances are excluded. Mental disorders that may be developed in connection with work are mainly those classified as F2 to F4 of ICD-10. Psychosomatic diseases are not included in the scope of mental disorders subject to this Recognition Criteria.

Article

Creation of "Employment for Skill Development Program," Aiming for Making Japan an Attractive Destination for Foreign Workers

YAMAGUCHI Rui

I. Introduction

In April 2019, the operation of the Specified Skilled Worker System, Tokutei-Gino Seido (hereinafter, the "SSWS") was commenced with the aim of accepting foreign workers in order to address serious labor shortage in Japan. This journal has so far covered the changes in Japanese policies for accepting foreign workers, focusing on the SSWS (Hamaguchi, 2019; Yamaguchi, 2024).¹ Here, in following those past articles, the latest trend in Japanese policies for accepting foreign workers as measures to tackle labor shortage will be compiled. Specifically, the SSWS was revised in March 2024, and the abolition of the Technical Intern Training Program, Gino-Jisshu Seido (the "TITP") and the creation of the Employment for Skill Development Program, Ikusei-Shuro Seido (the "ESDP") were decided as a result of the enactment of the amended Immigration Control and Refugee Recognition Act and Act on Proper Technical Intern Training and Protection of Technical Intern Trainees in June 2024. Then, based on existing statistical data, the current situation of acceptance and utilization of SSWS (i) workers will be examined. Additionally, Hiroshima Prefecture's project to support model companies to produce SSWS (ii) workers from the prefecture will be introduced in this article. The findings obtained through the process of this project, in which the author was involved, will offer significant suggestions concerning what business owners and other interested parties should do in order to "make Japan an attractive destination for foreign workers" who dare to cross borders.

II. Reform of the programs and the system

1. Revision of the SSWS

The SSWS aims to accept foreign workers who have certain levels of expertise and skills and can immediately make contributions as a part of the measures against labor shortage, which is becoming increasingly serious mainly among SMEs and micro businesses. The status of residence SSWS has two categories, namely, SSWS (i) for engaging in work that requires an appropriate level of knowledge or experience, and SSWS (ii) for engaging in work that requires expert skills.

The period of stay for SSWS (i) workers is up to five years. At present, for obtaining this status of residence, applicants' skill levels and Japanese language proficiency are checked through tests, etc., but those who completed TITP (ii) are exempted from those tests.

The status of residence SSWS (ii) is positioned above SSWS (i). For obtaining the status of residence SSWS (ii), applicants' skill levels are checked through tests and work experience, etc. There is no limit for the period of stay for foreign workers registered as SSWS (ii) workers. Additionally, they are allowed to bring their family members (spouse and children) if certain requirements are satisfied.

The SSWS may be used in the Specified Industrial Fields (as defined in Art. 7-2, para. (1), the Immigration Control and Refugee Recognition Act) where businesses face difficulties in securing human resources despite their efforts to improve productivity and secure domestic human resources. At present, 16 industrial fields are specified, including the four

(Unit: persons)	Governing agencies	Ministry of	and Welfare	Ministry of Economy, Trade and Industry				Ministry of Land,	Transport and Tourism					Ministry of Agriculture, Forestry and			11152 ndf) hv the
()	Type of employment	Direct employment	Direct employment	Direct employment	Direct employment	Direct employment	Direct employment	Direct employment	Direct employment	Direct employment	Direct employment	Direct employment Dispatched	Direct employment Dispatched	Direct employment	Direct employment	Direct employment	Direct employment
 Uutiline of the specified industrial fields (16 fields) 	Job category (Job to engage in)	 Physical nursing care, etc., and other related support services [Home-visit care services are not applicable.] 	 Interior building cleaning 	 Machining and metal processing Electric and electronic equipment assembly Electric and electronic equipment assembly Metal surface treatment Catton box and corrugated cardboard box making Precast concrete manufacturing Precast concrete manufacturing Tabricated textiles manufacturing Sewing Sewing Retuse derived paper and plastics densified fuel making Printing / Box binding Printing / Box binding Rames of job category have been changed as new jobs were added.] 	 Civil engineering Building Infrastructure facilities and equipment 	 Shipbuilding Ship electrical and electronic equipment Ship machinery Sategories were reorganized to 3 categories above.] 	Automobile daily maintenance, etc.	Airport ground handling Aircraft maintenance	$\boldsymbol{\cdot}$ Providing accommodation services, such as working at the front desk	 Bus drivers* Taxi drivers* Monterstand drivers Required truck drivers Required to have Japanese language skills of N3 level or higher. 	 Train operation workers (drivers, conductors, and station attendants)* Track construction and maintenance Electric facilities construction and maintenance Rolling stock manufacturing Rolling stock maintenance and overhaul Required to have Japanese language skills of N3 level or higher. 	General crop farming General livestock farming	Fishery Aquaculture industry	 General food and beverage manufacturing [Manufacture of ready-made dishes in food departments of supermarkets is also permitted.] 	General restaurant industry	 Silviculture, production of logs, forestry seedling cultivation, etc. 	• Wood processing in sawmilling industry and plywood industry, etc.
stem (>>vv	Number of job categories	F	-	6	ю	З	-	2	-	З	ى ا	2	2	~	1	1	1 and for the Rea
er vy	023) (ii)		0	-	30	6	0	0	0	I		0	0	0	0		
KIIIEA VVOLK	Number (end of Dec. 2 (i)	28,400	3,520	40,069	24,433	7,514	2,519	632	401	I	Ι	23,861	2,669	61,095	13,312		nt Eoraido Nai
ecilied of	ed /ears) Apr. 2024	135,000	37,000	173,300	80,000	36,000	10,000	4,400	23,000	24,500	3,800	78,000	17,000	139,000	53,000	1,000	5,000
e 1. op	ber expecte lue over 5 v ug. 2022	50,900	20,000	49,750	34,000	11,000	6,500	1,300	11,200		I	36,500	6,300	87,200	30,500		- "Initiat
labi	Num (max. val Apr. 2019 A	60,000	37,000	31,450	40,000	13,000	7,000	2,200	22,000	I	I	36,500	9,000	34,000	53,000		
	Industrial field	Nursing care	Building cleaning management	Industrial product manufacturing	Construction industry	Shipbuilding and ship machinery industries	Automobile repair and maintenance	Aviation industry	Accommodation industry	Automobile transportation business	Railway	Agriculture	Fishery and aquaculture	Manufacture of food and beverages	Food service industry	Forestry	Wood industry

acified inductrial fields (16 fields) of tho CSWSY. Outline Table 1 Sharifiad Skillad Worker System Immigration Services Agency (ISA). Last accessed on July 30, 2024. Notes: 1. This table is frequently updated. Those in blue letters above are newly added or amended parts by the Cabinet decision in March 2024. 2. The number expected in August 2022 has been revised considering the major economic changes caused by the COVID-19 pandemic. 3. The original source "Explanatory materials for 'Specified Skilled Worker,' etc." is available in twelve languages at https://www.moj.go.jp/isa/applications/ssw/nyuukokukanri01_00133.html. with other relevant information such as leaflets and video guidance on the program.

fields, namely, automobile transportation business, railway, forestry, and wood industry, which were added by the Cabinet decision made on March 29, 2024. Due to this Cabinet decision, the expected numbers of foreign workers to be accepted (maximum numbers over five years) were also revised for individual Specified Industrial Fields and the sum of the expected numbers increased from approximately 345,150 to 820,000.

Let us look at major changes by field. With regard to existing Specified Industrial Fields, In the "three manufacturing sectors" (machine parts and tooling; industrial machinery; and electric, electronics and information industries) under the jurisdiction of the Ministry of Economy, Trade and Industry, seven job categories were added and the field title was changed to Industrial Product Manufacturing. In the field of manufacture of food and beverages, manufacture of ready-made dishes in food departments of supermarkets, which belong to the retail business, is newly permitted. In the field of nursing care, the Expert Panel Discussing the Issue of Foreign Caregivers (Ministry of Health, Labour and Welfare, MHLW) has recommended that home-visit care services, not limited to care services at facilities, should be open to SSWS (i) workers, and the decision to be made on this issue is a focus of attention. In the revised Specified Industrial Fields, including newly added four fields, it is notable that some work requires relatively high command of the Japanese language. More specifically, bus drivers and taxi drivers in the automobile transportation business and train operation workers in the railway business are required to have Japanese language skills equivalent to or higher than N3 level of the Japanese Language Proficiency Test.² The outline of the Specified Industrial Fields under the SSWS is as shown in Table 1.

2. Switch from the TITP to ESDP

Since before the establishment of the SSWS, various types of foreign workers have been working at workplaces that need workforce. Symbolic examples include persons of Japanese descent who work at manufacturing sites as dispatched workers; foreign students who engage in customer services as part-timers; and TITP workers who work for SMEs and micro businesses that face difficulties in securing human resources, whose official purpose of applying for the program is bringing skills they obtained in Japan back to their home countries. As the front door to workplaces suffering from a labor shortage is open to foreign workers, the conventional recipient window, which is called the side door in Japan, and the relationship between the front door and side door need to be questioned. In that sense, the most notable was how the TITP needed to be handled. Regarding these points, discussions were held at the Advisory Panel of Experts on Ideal Form of the TITP and SSWS on 16 occasions since December 2022, and through Diet deliberations, the Immigration Control and Refugee Recognition Act was amended, and the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees was promulgated on June 21, 2024.

The major points of the legal amendments are as follows. The TITP will be positively dissolved and the ESDP, which aims to secure human resources in industrial fields suffering from a labor shortage and to train them, will be newly established. Both share the objective to train unskilled foreign workers, but the major objective of the TITP is an international contribution, while that of the ESDP, which is to be newly established, is to train foreign workers to change over to SSWS (i), the status placed at a superior position to the ESDP. This new program may be used only in the covered industrial fields (the Specified Industrial Fields where it is appropriate to have foreign workers obtain skills while engaged in working). Therefore, the training under the new program is provided in a planned manner while having foreign workers engage in duties requiring certain skills. Foreign workers who intend to switch their status of residence from ESDP to SSWS (i) and from SSWS (i) to SSWS (ii) need to pass a skills proficiency test and a Japanese language test. Requirements regarding Japanese language skills are also set for foreign workers before starting to work under the new program.

Under the SSWS, foreign workers may change

jobs within the same job category or in job categories for which they passed tests. In the meantime, as employer changes are not permitted in principle under the TITP and accordingly, the program has served as a framework for securing a certain number of workers for a certain period of time from the perspective of securing human resources, also been pointed out that this framework is the cause of serious problems concerning human rights and workers' rights. Under the new program, employer changes based on workers' own intention are permitted only within the same job category when satisfying the following requirements: (1) the foreign worker has worked for the same organization over one to two years; (2) the foreign worker has passed the basic grade of the National Trade Skill Test and a Japanese language test above a certain level; and (3) the organization to which the foreign worker intends to move satisfies certain requirements for being recognized as appropriate. Figure 1 is a conceptual diagram showing the national government's review of the programs and system.

III. Current situation of acceptance and utilization of Specified Skilled Workers Type 1 (SSWS (i))

The current situation of acceptance and utilization of SSWS (i) workers is overviewed based on relevant statistical data. Figure 2 shows the changes in the number of SSWS (i) and TITP workers. The number of TITP workers decreased temporarily due to emigration and immigration restrictions amid the COVID-19 pandemic but is on the rise again at present. The number of SSWS (i) workers, for which slower increases were pointed out immediately after the launch of the program, has increased continuously during and after the COVID-19 pandemic and reached almost half of that of the TITP workers at present. According to the data preliminarily published by the Ministry of Justice, the number of SSWS (i) workers is 262,769 and the number of SSWS (ii) workers is 314 as of the end of August 2024.

Table 2 shows acceptance routes and the implementation status of skills proficiency tests by



Source: "2024 Act Amending the Immigration Control and Refugee Recognition Act: Outline of the Amendment Act (Creation of the Employment with Training System, etc.)" by the Immigration Services Agency. Last accessed on July 30, 2024. https://www.moj.go.jp/isa/01_00461.html.

Figure 1. Conceptual diagram of the system revision



Source: Prepared by the author based on "Statistics on the Foreigners Registered in Japan" by the Immigration Services Agency.

Figure 2. Changes in number of SSWS (i) workers and TITP workers

Specified Industrial Field. The number of SSWS (i) workers is the largest for the field of manufacture of food and beverages at over 60,000, followed by the three manufacturing fields (40,069) and the field of nursing care (28,400). In Yamaguchi (2024), acceptance routes were explained based on the statistical data as of the end of December 2022, but as of December 2023, one year later, the percentage of SSWS (i) workers accepted through tests increased slightly from 26.1% to 33.1%. Regarding the characteristics in acceptance routes, the author would like to emphasize here again that the following diversities are observed by Specified Industrial Field: (1) fields where almost all foreign workers are accepted through the TITP (three manufacturing fields, construction industry, etc.); (2) fields where foreign workers are accepted mainly through the TITP but a certain number of foreign workers are also accepted through tests (agriculture, manufacture of food and beverages, etc.); and (3) fields where foreign workers are accepted mainly through tests (nursing care, food service industry, etc.).

Let us check the implementation status of skills proficiency tests for foreign workers who intend to be employed by taking tests. By Specified Industrial Field, the number of test-taker is the largest for the field of nursing care at over 90,000, followed by the manufacture of food and beverages and food service industry, both over 80,000. The overall pass rate for tests is 70.8%, but the rate is notably low for some fields like the three manufacturing fields (17.2%). For all fields, skills proficiency tests are conducted both in and outside Japan. For both the fields of nursing care and agriculture, tests are conducted in 11 countries outside Japan. The number of countries where tests are conducted for these two fields is larger than for other industrial fields, and the percentage of those who passed tests in foreign countries is relatively high at around 50% of the total number of successful test-takers (53.4% for nursing care and 52.6% agriculture). For the manufacture of food and beverages, where the numbers of test-takers and successful test-takers are both large, following the field of nursing care, tests are conducted in two foreign countries and the percentage of those who passed tests in foreign countries is less than 20%.

According to the hearing survey with 19 companies that the author conducted in 2022 (edited by the Japan Institute for Labour Policy and Training; 2023), most of SSWS (i) workers that surveyed companies accepted have experience living in Japan or working for Japanese companies under the TITP.

Table 2. Acceptance routes and implementation status of skills proficiency tests for SSWS (i) by Specified Industrial Field (12 fields, as of the end of December 2023)

Route for accepting SSWS (i)

Implementation status of skills proficiency tests

								-	
	Total	Through tests	Through TITP	Through other routes	Number of test-takers	Number of those who passed tests	Pass rate	Percentage of those who passed tests outside Japan	Number of countries where tests are conducted outside Japan
Total	208,425	69,004 33.1	139,088 66.7	333 0.2	350,676	248,234	70.8	39.8	12
Nursing care	28,400	22,883 <i>80.6</i>	5,287 18.6	230 <i>0.8</i>	95,361	68,628	72.0	53.4	11
Building cleaning management	3,520	1,423 <i>40.4</i>	2,097 59.6	-	7,108	5,757	81.0	38.3	5
Machine parts and tooling industries / Industrial machinery industry / Electric, electronics and information Industries	40,069	798 2.0	39,271 <i>98.0</i>	_	6,082	1,070	17.6	17.2	4
Construction industry	24,433	536 2.2	23,807 97.4	90 0.4	3,414	1,551	45.4	6.4	6
Shipbuilding and ship machinery industry	7,514	77 1.0	7,431 98.9	6 0.1	244	224	91.8	3.1	1
Automobile repair and maintenance	2,519	470 18.7	2,042 81.1	7 0.3	3,769	2,484	65.9	10.6	1
Aviation industry	632	632 100.0	0 0.0	_	3,659	2,240	61.2	49.0	4
Accommodation industry	401	379 97.5	22 5.5	-	10,022	5,068	50.6	4.9	4
Agriculture	23,861	9,025 37.8	14,836 <i>62.2</i>	_	53,246	47,070	88.4	52.6	11
Fishery and aquaculture	2,669	342 12.8	2,327 87.2	-	1,808	1,087	60.1	78.5	1
Manufacture of food and beverages	61,095	19,4 <mark>93</mark> <i>31.9</i>	41,6 <mark>0</mark> 2 <i>68.1</i>	_	83,549	58,892	70.5	18.1	2
Food service industry	13,312	12,946 97.3	366	—	82,414	54,163	65.7	40.4	7

(Units: persons; % for figures in italics)

Source: Prepared by the author based on "Publication of the Number of Foreign Nationals with Status of Residence 'Specified Skilled Worker' (preliminary figures)" and "Initiatives to Accept Foreign Nationals and for the Realization of Society of Harmonious Coexistence (updated in July 2024)" by the Immigration Services Agency.

Note: The acceptance route that accounts for the largest portion is shaded for each of the Specified Industrial Fields.

Among accepted SSWS (i) workers, companies highly evaluate those who completed in-house technical intern training as they are already accustomed to work and workplaces. In workplaces where on-the-job skill-building is prioritized, such as manufacturing sites, in particular, such foreign workers are appreciated as scarce human resources and are often receive treatment equal to that of fulltime workers. When switching to the status of residence SSWS (i), their wages increase significantly. Companies expect that this will improve foreign workers' motivation and cause them to recognize their roles clearly.

On the other hand, there are some cases where companies actively recruit those who completed the technical intern training at other companies. Furthermore, the quantitative use of foreign workers is in progress, particularly at major food processing companies. Such companies provide SSWS (i) workers wages that increase by stage in the same manner as part-time workers who have been the front line of the company. In that process, the company seems to successfully present acceptable terms and conditions depending on levels of workers' experience or other factors, on the premise of the various acceptance routes.

In the food service industry and accommodation industry, some companies recruit foreign workers who graduated from professional training colleges as foreign workers with the status of residence SSWS (i). In such cases, their job terms and conditions are mainly based on those for new graduates that those recruit, companies along with individual consideration as needed. In the food service industry, one of the advantages of accepting SSWS (i) workers is that a company can assign them with store operation work, in which the "highly skilled foreign professionals"3 are not allowed to engage. Foreign students who work as part-timers for a company become major candidates for the company. Such case is an example of recruitment placing importance on the foreign workers becoming accustomed to the relevant work and workplaces, in the same manner as in the case in other industrial fields where companies recruit foreign workers who have completed inhouse technical intern training as SSWS (i) workers.

Considering the current situation shown above, it can be said that positioning the new program as a preliminary stage to the status of residence SSWS (i) is a reasonable policy decision. At the same time, from the perspective of training human resources, the survey results also suggest the existence of variations by industrial field and job category regarding to what extent experience at workplaces is valued and whether Japanese language proficiency and relevant vocational qualifications are required for foreign workers to be immediately useful workers. Trial and error at an individual company level will be continued for some time, but in the medium- and long-term, they will eventually converge with a reasonable form of acceptance and employment management that is in line with conventional practices in human resources development and career building for each

of the Specified Industrial Fields and job categories.

IV. Concerning for the importance of making Japan an attractive destination for foreign workers

In the ongoing policy debates on the acceptance of foreign workers, the importance of making Japan an attractive destination for foreign workers is often emphasized. The country sending the largest number of TITP workers changed from China to Vietnam around ten years ago, and intensifying competition for foreign workers with neighboring advanced countries, such as South Korea and Taiwan, often becomes a topic recently. Under such circumstances, one practical approach is to increase countries from which people choose to come to Japan to work, thereby diversifying foreign workers to be accepted. Figure 3 shows the changes in the number of foreign workers with the status of residence TITP (i) for each of the major sending countries. Compared with the numbers before the COVID-19 pandemic, the number of such foreign workers sent from Vietnam remains almost the same, while that from Indonesia and from Myanmar increased significantly. In future years, workers may be sent from India, a country with a population of approximately 1.4 billion.

Apart from this, as emphasized in Figure 1, it is also important to make efforts to have foreign workers who once chose to work in Japan continue staying Japan and work for a longer period of time. As a pioneering initiative regarding this approach, Hiroshima Prefecture was carrying out a project to support model companies. The project is outlined in the following section. Based on the author's experience of being involved in the project as a member of advisors, we examine the requirements for companies to be chosen by foreign workers who decided to come to Japan to work.

1. Initiative to become an area of choice: Hiroshima Prefecture's project to support model companies

As explained above, under the new program, employer changes will become relatively easy.



Source: Prepared by the author based on "Statistics on the Foreigners Registered in Japan" by the Immigration Services Agency.

Notes: 1. The figure shows changes in the number of foreign nationals with the status of residence Technical Intern Training (i) from the five top countries as of the end of 2023.

2. Foreign workers with the status of residence TITP (i) refer to foreign workers who are in the first year of the technical intern training. Out of such foreign workers, those who received practical training for job types for switching their status of residence to TITP (ii) (in the second or third year of training) and passed the test can obtain the status of residence TITP (ii).

Figure 3. Changes in number of foreign workers with the status of residence TITP (i) by major nationality

However, it is said that local areas are more likely to depend on the old system that has functioned as a framework for securing a certain number of workers for a certain period of time. If work and life in urban areas are more attractive to foreign workers, it can be considered that any sense of crisis concerning the system reform would be stronger in local areas. Local governments have previously been dealing with problems and conflicts between neighbors when they accept foreign workers as residents of Japan, following the fundamental policy of "multicultural coexistence" (tabunka kyosei), that is, the slogan long advocated by the Japanese government. However, in terms of their employment or labor, they are still searching for what they can do for foreign workers at a local level.

Under such circumstances, the Employment and Labor Policy Division, Commerce, Industry and Labor Bureau, Hiroshima Prefectural Government launched the Subsidies for Supporting Model Companies Accepting SSWS Workers in FY2023. The objective of this project is described as follows: "For companies in the prefecture facing difficulties in securing human resources, Hiroshima Prefectural Government provides close-following support by partially subsidizing expenses of companies that endeavor to accept and retain SSWS workers, fosters such companies as model companies, and scales out their initiatives to the counterparts to promote other local companies' smooth acceptance and retention of foreign workers, thereby making Hiroshima the prefecture of choice for foreign workers." Eligible targets are SEMs in the prefecture aiming to produce SSWS (ii) workers in FY2023, and covered expenses are costs required for smooth acceptance and retention of foreign workers (the subsidizing rate is up to 3/4 of the total expenses; amount is 3 million yen per company).

Candidates were publicly sought from March 2023 and five companies (two in the three manufacturing fields; one in the shipbuilding and ship machinery industry; one in the agriculture field; and one in the fishery and aquaculture field) were finally adopted. They differ in experience levels of

accepting them, but all the designated companies have accepted TITP workers. They also share the awareness that foreign workers are indispensable for their survival.

When the project commenced, only two fields, namely, the construction industry and the shipbuilding and ship machinery industry (welding), were covered as the fields for switching to the status of residence SSWS (ii). Then, in June 2023, it was decided to expand the coverage to 11 fields, excluding the nursing care field, for which a unique status of residence Nursing Care had already been set. Officials of the Hiroshima Prefectural Government and advisors ascertained the current situation by directly visiting the adopted companies (recipient companies adopted by the Hiroshima Prefectural Government through the screening process) and by other means and made plans for tests for the status of residence SSWS (ii), and provided information on required preparations for the tests. As a result, three SSWS (i) workers of the adopted company in the shipbuilding and ship machinery industry passed the test in September 2023 and two SSWS (i) workers of the adopted company in the agriculture field passed the test in December 2023. The three obtained the status of residence SSWS (ii) in the shipbuilding and ship machinery industry for the first time in Japan and the two in the agriculture field passed the test that was conducted for the first time in this field.

The background against which Hiroshima Prefecture decided to launch this project is as follows. While Hiroshima Prefecture has a population of approximately 2.7 million, it has faced a big challenge of greater outflows of residents in recent years. The same trend applies for foreign workers. Minimum wages by area for Hiroshima Prefecture are higher at least compared with its neighboring prefectures and the number of TITP workers is large at 15,040, ranking eighth in Japan ("Statistics on the Foreigners Registered in Japan" by the Immigration Services Agency; as of the end of December 2023). However, a considerable number of those who completed technical intern training in Hiroshima Prefecture move to other prefectures when they switch their status of residence to SSWS (i) (Figure 4). Therefore, for Hiroshima Prefecture, how to retain foreign



Source: Prepared by the author based on the reference material (Material 2-1) for the tenth meeting of the Advisory Panel of Experts on Ideal Form of Technical Intern Training Program and Specified Skilled Worker System (July 31, 2023) (page 7) and "FY2022 Revision of Minimum Wages by Region" by the MHLW.

Notes: 1. Compiled the data for 37,173 foreign workers who moved to other prefectures upon switching to SSWS (i), out of 95,302 foreign workers who switched their status of residence from TITP workers to SSWS (i) workers (as of the end of December 2022).

2. Minimum hourly wages are those after revision that came into effect in October 2022.

Figure 4. Foreign workers' moves between areas upon switching of the status of residence from TITP to SSWS

workers in communities and industries in the prefecture attracts more attention than merely accepting a larger number of workers from foreign countries. For a long-term settlement, foreign workers need to obtain required statuses of residence. Based on such awareness of the issue, Hiroshima Prefectural Government set a goal of producing SSWS (ii) workers from the prefecture within the period of the FY2023 project and decided to accumulate expertise in that process.

2. Requirements for companies to be chosen: Communication, learning environment and joint work

Hiroshima Prefectural Government newly established a Project Team for Measures against Decrease of Young People and Labor Shortage in April 2024, and commenced a cross-departmental project for (1) restructuring measures against decrease of young people based on the analysis of factors of their outflows, and (2) taking countermeasures against labor shortage in diverse industries, including the so-called 2024 problems.⁴ Findings obtained through the aforementioned project to support model companies will reflect discussions and measures in this project. Employing foreign workers properly in compliance with the rules is the very premise.5 Judging from the experience of Hiroshima Prefecture's side-by-side support for companies, the author considers what companies require to attract foreign workers as follows:

The first requirement is the enhancement of communication. Foreign workers have cultures and habits different from those of Japanese nationals. Employers should ascertain their needs through communication and offer support if necessary. Employers also should facilitate communication between foreign workers and Japanese workers and play a role to mediate their communication with local communities. Foreign workers are members of individual companies and also members of local communities. Through such communication, employers will be able to prepare a favorable working and living environment for foreign workers.

Through communication, it is also possible to ascertain future careers that foreign workers themselves envisage. Thanks to the creation of the SSWS, foreign workers came to have diverse options for their careers in Japan. Off course they can return to their home countries when they complete technical intern training, but there is also an option to switch their status of residence to SSWS (i) and work in Japan for a longer period. They may consider such a period as an opportunity for making more money or use it for preparing for a longer career in Japan.

The second requirement is the development of a learning environment. Foreign workers learn diverse ranges of things at workplaces, but at the same time, learning outside workplaces is also important. Learning Japanese language contributes to smooth communication with Japanese people around them, and obtaining vocational qualifications will expand the range of their work. If foreign workers intend to develop their career in Japan in much longer terms, they must pass the test for SSWS (ii), and they need sufficient time and place for learning as well as learning materials and experts who help them.

A certain number of foreign workers are eager to have opportunities for learning and growth in Japan. When any of these foreign workers expresses such intention, employers need to respond to that request. Foreign workers who aim to obtain the status of residence SSWS (ii) while accumulating experience at workplaces are able to tell in their words "what they would like to be while working for the company" and "how they can contribute to the company." Their explanations may include the perspective of "where the points for improvements lie in performing business." If they serve as role models and there emerge other foreign nationals who follow them, this may create a virtuous cycle of communication and learning that may lead to better business management and working conditions.

As the requirements for companies to attract foreign workers, the author pointed out the enhancement of communication as well as the development of a learning environment. To begin with, however, these requirements seem almost the same as general requirements for any kind of worker; they have recently been mentioned as "work comfort" (hatarakiyasusa)-workers' sense of security and ease in their work situations-and "fulfillment at work" (hatarakigai)-workers' sense of work merit, enthusiasm, and pride. Therefore, from the perspective of ensuring equal treatment for foreign workers and Japanese workers, employers who employ foreign workers need to make efforts to satisfy these two requirements.6 In reality, there may be a certain number of employers who are not accustomed to the treatment of foreign workers. It is difficult for SMEs in particular to independently take the aforementioned measures. Therefore, it is reasonable to share and jointly promote measures among diverse interested parties. Supervising organizations and registered support organizations are first cited as entities supporting communication between companies and foreign workers.7 With regard to communication with local communities, expertise must have been accumulated through local governments' initiatives for promoting multicultural coexistence. Regarding the development of a learning environment, in particular, for the enhancement of foreign nationals' Japanese language proficiency, the roles to be played by certified Japanese language education institutions will further increase. Overall, it will be important to develop effective frameworks at local levels and industrial levels. The author pioneering initiatives undertaken by expects Hiroshima Prefecture to encourage other local communities to make unique efforts that reflect the characteristics of individual areas and industries.

Incidentally, attractive companies for foreign workers do not necessarily want foreign workers they employed to continue working for them. They suggest foreign workers who easily intend to change employers or jobs lightly to reconsider carefully but are accepting regarding their return to their home countries. Therefore, developing a learning environment for retaining foreign workers will eventually meet the purpose (an international contribution) of the TITP, which the government schedules to dissolve soon. However, companies chosen by foreign workers also have their own interests in mind. For example, regarding the enhancement of communication, one of the requirements for companies to be attractive, if a company maintains communication with foreign nationals after their return, they may come to Japan again sometime later or the possibility of accepting new foreign nationals from their home regions may increase. Also, regarding the development of a learning environment, another requirement, relevant efforts of a company may contribute to obtaining foreign nationals who seek opportunities for learning and development in Japan.

V. Conclusion

This article first compiles the major points of the reform of the system for accepting foreign workers for the purpose of compensating for labor shortage, and then explains the current situation of acceptance and utilization of SSWS (i) workers based on the existing statistical data and the results of the hearing survey that the author conducted with companies. The SSWS consists of sixteen Specified Industrial Fields and acceptance routes and employment management methods vary at present. The author has pointed out that the acceptance and utilization of SSWS (i) workers would be promoted while utilizing the newly established ESDP and referring to conventional practices regarding training and career development for each of the Specified Industrial Fields and job categories.

This article introduced Hiroshima Prefecture's project to support model companies and presented the requirements for companies to be attractive to foreign workers. Local areas are facing even more severe challenges in securing human resources and may have depended on the old program under which employers will not permit workers to change employers in principle. If so, we can recognize Hiroshima Prefecture's project as a pioneer. Hiroshima Prefecture aims to produce SSWS (ii) workers from companies in the prefecture. Now, Japan is accepting foreign workers through a series of institutional frameworks for the purpose of compensating for labor shortage. Knowledge from the Hiroshima Prefecture's pioneering project will serve as important references in considering what Japan should do for ensuring the long-term activities of foreign workers it accepted. The requirements for companies to be attractive to foreign workers are the enhancement of communication and the development of a learning environment. This article describes the necessity to share and jointly implement relevant measures among diverse interested parties.

The government of Japan formulated the "Roadmap for the Realization of a Society of Harmonious Coexistence with Foreign Nationals," which shows the visions of a society of harmonious coexistence with foreign nationals that Japan should aim at and medium-to long-term issues and concrete measures to realize these visions. In this Roadmap, a safe and secure society in which foreign nationals are included as members who jointly create the future of Japanese society and all people can live safely with peace of mind is advocated as one of the visions of a society of harmonious coexistence to be aimed at. With regard to SSWS workers, TITP workers, and ESDP workers, who are accepted for compensating for labor shortage, it is obvious that their social safety and security need to be guaranteed, but it should be emphasized that they themselves are indispensable in maintaining the front line that supports a safe and secure Japan. Their good quality experience in such work scenes will be the basis of their future work and life in and outside Japan. The new system is scheduled to be commenced by 2027. It will take some time until the details of the institutional design are determined so that a series of systems for accepting foreign workers for compensating for labor shortage will function effectively, and the system is accepted and rooted in Japan's industrial society. During this process, we will need to conduct ongoing research and studies to better understand current conditions and seek ideal directions.

- 1. As a more comprehensive report on Japanese policies regarding foreign workers, OECD (2024) can be cited.
- 2. As Japanese language tests for other Specified Industrial Fields and job categories than these mentioned in the text, there are the Japan Foundation Test for Basic Japanese and the Japanese Language Proficiency Test (N4 or higher). (In the field of nursing care, foreign nationals are additionally required to take the Nursing Care Japanese Language Skill Evaluation Test.)

The standard for N4 level is "the ability to understand basic Japanese," and that for N3 level is "the ability to understand Japanese used in everyday situations to a certain degree."

- 3. A status of residence that allows foreign workers activities to engage in work that requires skills or knowledge in the fields of science, engineering, or other natural sciences, or in the fields of jurisprudence, economics, sociology, or other humanities, or work that requires thinking or sensitivity based on foreign culture, conducted based on a contract with a public or private institution in Japan (source: https://www.moj.go.jp/isa/ applications/status/gijinkoku.html?hl=en).
- 4. The "2024 problem" refers to the concern that the overtime caps stipulated as part of Work Style Reform were applied to the construction industry, automobile driving, doctors, etc. starting in April 2024, which would have a serious impact on society, for example, stagnating logistics due to a shortage of truck drivers.
- See, for example, pamphlets targeting employers who employ foreign nationals prepared by the MHLW at https://www.mhlw. go.jp/content/001261966.pdf (last accessed on July 30, 2024).
- 6. See, for example, the "Report of the Survey on Development of 'Work Comfort' with 'Fulfillment at Work'" (MHLW 2014). There are no clear definitions for the ideas of "comfortable workplaces" (hatarakiyasusa) and "job satisfaction" (hatarakigai). In the Hiroshima Prefectural Government, another division (Commerce, Industry and Labor Bureau, which has been promoting reform of working practices) describes the situation where people feel it is comfortable to work as the "situation where employees can work in ways they like depending on individuals' circumstances and sense of value, free from restrictions on time and place," and job satisfaction as the "situation where employees can willingly and autonomously engage in work while feeling value in working for organizations they belong to." Furthermore, the division points out that future reform of working practices should aim to develop a working environment where employees can work willingly and autonomously with job satisfaction, in addition to developing comfortable workplaces. See https:// www.pref.hiroshima.lg.jp/site/hatarakigai/commentary.html (posted on March 4, 2022; last accessed on July 30, 2024).
- 7. A supervising organization is a non-profit corporation, such as a business cooperative, that has obtained a permission of the competent minister under the TITP. The organization (1) conducts periodic audits of affiliated companies accepting foreign nationals, (2) provides lectures to foreign nationals with the status of residence TITP (i) after their entry, (3) provides guidance for the preparation of TITP workers, and (4) responds to consultations from TITP workers. Most of the TITP workers come to Japan through the "supervisingorganization-type acceptance method" in which supervising organizations are involved. Under the newly established the ESDP, supervision supporting organizations are to be established in lieu of supervising organizations. Under the SSWS, on the other hand, companies are obliged to offer support to SSWS (i) workers regarding their daily lives and can entrust such support to registered support organizations. Registered support organizations are registered with the Commissioner of the Immigration Services Agency,

irrespective of being a profit organization or a non-profit organization, a corporation or an individual.

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Statistical Indicators

Main Labor Economic Indicators

1. Economy

The Japanese economy is recovering at a moderate pace, although it remains pausing in part. Concerning short-term prospects, the economy is expected to continue recovering at a moderate pace with the improving employment and income situation, supported by the effects of the policies. However, slowing down of overseas economies is downside risk of the Japanese economy, including the effects of continued high interest rate levels in the U.S. and Europe, and the lingering stagnation of the real estate market in China. Also, full attention should be given to price increases, the situation in the Middle East and fluctuations in the financial and capital markets. (*Monthly Economic Report*,¹ October 2024).

2. Employment and unemployment

The number of employees in September increased by 250 thousand over the previous year. The unemployment rate, seasonally adjusted, was 2.4%.² Active job openings-to-applicants ratio in September, seasonally adjusted, was 1.24.³ (Figure 1)

3. Wages and working hours

In September, total cash earnings increased by 2.5% year-on-year and real wages (total) decreased by 0.4%. Total hours worked decreased by 2.7% year-on-year, while scheduled hours worked decreased by 2.7%.⁴ (Figure 2)

4. Consumer price index

In September, the consumer price index for all items increased by 2.5% year-on-year, the consumer price index for all items less fresh food increased by 2.4%, and the consumer price index for all items less fresh food and energy increased by 2.1%.⁵

5. Workers' household economy

In September, consumption expenditures by workers' households decreased by 1.1% year-on-year nominally and decreased by 3.9% in real terms.⁶



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

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

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



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

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

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

Notes: 1. Cabinet Office, Monthly Economic Report analyzes trends in the Japanese and world economies and indicates the assessment by the Japanese government. 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

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Statistical Indicators



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