Japan Labor Issues

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Special Feature on Research Papers (II)

Advancing Women with Interrupted Careers: Focusing on Women's Motivation for Autonomous Skill Development during Middle Age and Older TAGAMI Kota

A Comparative Study on Employment Policy Target for Persons with Disabilities: Japan, France, and Germany TERADA Gaku

Trends

Key topic

The "Long-lasting and Persistent" Labor Shortage since the 2010s—MHLW's White Paper on the Labor Economy 2024

Judgments and Orders

Commentary

If a Fixed-term Labor Contract Has been Set Renewable for Up To Five Years, Is It Permissible for the Employer to Refuse to Renew the Contract in the Fifth Year When Workers' Right to Apply for Conversion to an Indefiniteterm Contract Arises?

The Nippon Express (Kawasaki Branch) Case HOSOKAWA Ryo

Series: Japan's Employment System and Public Policy

Corporate In-house Education and Training and Career Formation in Japan FUJIMOTO Makoto

Statistical Indicators



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Editorial Office

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

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Special Feature on Research Papers (II)

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

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

Advancing Women with Interrupted Careers: Focusing on Women's Motivation for Autonomous Skill Development during Middle Age and Older

TAGAMI Kota

Today, the typical life course of women, i.e., "being re-employed after career interruptions," has not yet changed. However, women whose career has been interrupted are rarely taken up as the main target of intervention under women's labor policy, especially in the context of women's advancement in the workplace. On the other hand, previous studies on the third stage of women's life cycle suggest that women are more motivated for autonomous skill development, such as self-development, in their middle and older age (age 45-64) after experiencing career interruptions. Based on the above, this study focuses on the self-development of women with interrupted careers in middle and older age, and tests the hypothesis that "middle-aged and older female workers who have experienced career interruptions are more likely to engage in self-development than female workers in their young and prime-age (age 25-44)." The main findings are as follows. First, the implementation rate of a selfdevelopment through interactions with others (hereinafter, the "interaction type" of self-development) is higher among married women in middle and older age than those in young and prime-age, and this is not due to career fluidity or job specialization. Second, this tendency is observed among middleaged and older married women who have changed jobs and are currently working as regular workers or who are currently working as non-regular workers, and it is particularly pronounced in the former group. Therefore, in order to promote the advancement in the workplace of women whose career has been interrupted, it is effective to pay attention to their high level of motivation to engage in autonomous skill development in their middle and older age. Specifically, it is important from a policy perspective to create an environment in which such skill development can take place through personal involvement with others, and to adjust the evaluation mechanism in the external labor market so that women whose career has been interrupted can be positioned in core projects in the company.

- I. Introduction
- II. Previous studies and background for the question of this study
- III. Methodology
- IV. Results
- V. Discussion

I. Introduction

Even today, the typical life course of women, i.e., "career interruptions due to life events such as marriage, childbirth, and child-rearing," has not changed significantly¹ (Abe 2011; Imada and Ikeda 2006; Nishimura 2014; Yoshida 2021), but rather, the life course of "being re-employed after career interruptions" has taken root (Iwai 2013). As a result, many women today, due to experiencing career interruptions, have deviated from the scenario of "advancement through career internalization"² that the conventional women's labor policy advocates.

Women whose career has been interrupted are rarely taken up as the main target of intervention under women's labor policy, especially in the context of women's advancement in the workplace. This is because typical Japanese employment practices emphasize long-term skill development and career formation in the internal labor market (within companies) (Koike 2005), and the normative career model of "long-term service in the same organization"³ is also emphasized in the context of women's advancement (e.g., Takeishi and Takasaki 2020). If so-called "homegrown (*haenuki*) employees," who have been in long service at the same company since being hired immediately upon graduation, are assumed to be the ideal human resources in a company, women's experience of career interruptions due to life events, such as marriage, childbirth, and childcare, may function as a signal of low commitment to their work role, even if they have no choice but to give priority to their family role.⁴ That is why it has been considered important in the advancement of women to develop support measures for balancing work and life or measures for equal employment opportunities, and to foster "homegrown" female employees who have been with the company for a long time (Sato 2008). Furthermore, in academic research, emphasis tends to be placed on clarifying the factors that cause women to continue or interrupt their career. On the other hand, few studies have taken the viewpoint of how women who have experienced career interruptions can play an active role as core human resources in companies and the labor market.

Based on the above, this study discusses how women whose career has been interrupted can advance in the workplace. It is difficult from the aspect of corporate human resource management to expect women with interrupted careers to be "promoted as a consequence of career internalization." In recent years, the aging of society and the extension of healthy life expectancy have lengthened working life spans, and it is difficult to cover all of an individual's working life only by career formation in the internal labor market, so emphasis is also placed on career formation through workers' autonomous occupational skill development, such as self-development (hereinafter referred to as "autonomous skill development"). In this study, it is considered that career formation through autonomous skill development may be rather effective in the context of advancement of women with interrupted careers who have deviated from the normative career model. As will be discussed in detail in the next and subsequent sections, previous studies on the third stage of women's life cycle have shown that "women who have experienced career interruptions due to life events are more motivated for learning and work in the post-parenting and middle and older age periods." In other words, if the proposition that "middle and older-aged female workers who have experienced career interruptions are highly motivated for autonomous skill development" is proven, it will be possible to position this new career formation process, which has been attracting attention in recent years, as one of the scenarios for advancement of women with interrupted careers.

Based on the tendency for women whose career has been interrupted to re-enter the workforce in middle and older age, as indicated by the M-shaped curve, Section II organizes previous studies on women's re-employment and working styles in middle and older age, and presents the theoretical basis for the above proposition. Section III describes the data used and the analytical strategy. The results of the analysis are presented in Section IV, and then the suggestions and implications of this study are discussed in Section V.

II. Previous studies and background for the question of this study

1. Women's re-entry in the workforce

Many previous studies on women's re-entry in the workforce have focused on the employment status of highly educated women after leaving their job upon giving birth to their first child (Sakamoto 2009; Takeishi 2001; Higuchi 2007; Hirao 2005; Wakisaka and Okui 2005, etc.). Women with higher education start forming a family later in life due to longer schooling and later childbearing, and as a result, they tend to be older when they re-enter the workforce after leaving their job for childbearing, and find it difficult to be re-employed especially as regular workers (Sakamoto 2009; Takeishi 2001; Wakisaka and Okui 2005). Furthermore, not only among highly educated women but also as a general trend, the longer the period of unemployment after leaving a job due to a life event, the more difficult it is for women to be re-employed as regular workers, and the less they are motivated to be re-employed (Takeishi 2001; Fujita 2004). Based on these findings, previous studies suggest that it is important to eliminate the mismatch between job offerings and job seekers, such as by eliminating the labor demand-side practice of setting age limits for mid-career hires (Sakamoto 2009; Takeishi 2001; Wakisaka and Okui 2005). While most of the previous studies on women's re-entry in the workforce have focused on the possibility and process of re-entry in the workplace, i.e., "what factors enable women to be re-employed successfully after career interruptions," few studies have focused on how women who have once experienced career interruptions work after re-entering the workplace.

2. How women work after re-entering the workforce and in middle and older age

In one of the few exceptional studies, Takeishi (2001) divides the career patterns of university-educated women into three categories: continuous workers, re-employed regular workers, and re-employed non-regular workers, and points out that while there are significant differences in the content of work and career development depending on the current employment status, job satisfaction is higher among re-employed regular workers than among continuous workers.

Some of the most recent studies have pointed to the high level of work motivation among middle and olderaged female workers. Teramura (2020) points out that compared to men, middle and older-aged female workers are more motivated to work, more satisfied with their jobs, and have a greater sense of self-growth in their work. In addition, the Japan Institute for Women's Empowerment & Diversity Management (2019) points out that middle and older-aged women who feel that child-rearing is a constraint on working are more motivated for their current jobs. Furthermore, in a study of career development theory, it is pointed out that while men's occupational careers reach a peak in their 30s and then decline through their middle and older age period, women's occupational careers decline gradually in their young and prime-age period, but then rise in their late 40s onward and peak in their 50s⁵ (Shimomura 2013). These findings are not applicable only to women whose career has been interrupted, but given the fact that many women today follow a life course of being re-employed after career interruptions, as mentioned at the beginning of this paper, they are also applicable to middle-aged and older women who have experienced career interruptions and are then re-employed.

The above mentioned few studies that have paid attention to how women work after being re-employed have a limitation in that they have only examined general work motivation and job satisfaction; and have not clarified the actual situation of specific working styles of women with interrupted careers after re-entering the workplace.

3. High level of motivation to be active among middle-aged and older women in the third stage of their life cycle

In light of such limitation, this study focuses on the implementation of self-development as a concrete practice of autonomous skill development, which has been emphasized in recent years. Against the background of the prolongation of working life, the government, in its basic design for the 100-year life society published in 2018, states that it will fundamentally expand "recurrent education, which enables workers to relearn, return to work, and change jobs at any age," and explains the importance of career formation through workers' autonomous skill development.⁶ Following this, in June 2022, the Ministry of Health, Labour and Welfare (MHLW) published the "Guidelines to Promote Learning and Recurrent Education in the Workplace," pointing out the importance of not only company-led occupational skill development through OJT, which has been emphasized under typical Japanese employment practices, but also autonomous skill development through self-development and other means.⁷ Previous studies on the third stage of women's life cycle suggest that women become more motivated to engage in such autonomous skill development in their middle and older age after career interruptions.

The life cycle is a concept that covers the temporal development of life phenomena, or life stages, over a person's lifetime, focusing on the fact that the life of a person includes regular transitions, such as birth, growth, maturation, senility, and death (Morioka and Mochizuki 1997). In modern society, the improvement of mortality rates among children and young people has led to an increase in longevity, and as more people pass through the young and prime-age period to the middle and older age period, the life stages by age have become clearer, and in particular, life stages in the young to middle age periods have become universal (Morioka 1996). As a result of this universalization of life stages and clarification of the life cycle, the middle and older age period was not only discovered for the first time in modern society, but also extended along with the further progression of the declining birthrate, which greatly changed the life cycle especially for women (Ishikawa 1996). As the fertility rate declines extremely and the number of children a woman would have decreases, in women's life course, the childbearing and child-rearing period shrinks, while the post-parenting period after completing their parenting role relatively expands.

Some studies have pointed out that women's middle and older age period is a time when they experience the loss of parenting role as their children grow up and their social roles change dramatically, leading to a critical situation in their identity (Okamoto 1999; Naoi 1979). However, there is possibility that the identity crisis may make women more motivated to acquire new social roles. For example, as is evident in the discussion on the feminization of employment, even among baby boomers, who lived during the period of change in women's life cycle, the employment rate increased rapidly in middle and older age, and there is a strong tendency for women freed from childcare to try to re-enter the labor market (Ochiai 2019). Furthermore, it has been pointed out that the re-employment probability is higher for women who engage in learning activities, such as self-development (Osawa and Suzuki 2012; Teramura 2021), from which it can be imagined that women acquire the occupational skills necessary to be re-employed in their middle and older age. As a classic study, Amano (1979), based on this trend, divided women's life cycle into four stages: (1) the first stage in which they are in the process of education, (2) the second stage in which they raise the next generation, (3) the third stage in which they are released from child-rearing duties, and (4) old age. The study points out that middle-aged and older women in the third stage, when they are freed from housework and childcare, are more likely to engage in learning activities to redesign their lives. The motivation to engage in these learning activities and work may be related to self-development, which is a form of autonomous skill development that has been emphasized in recent years.

4. Question of this study

Previous studies on the working styles of women whose career has been interrupted have a limitation in that they simply focus only on the process of re-employment (Sakamoto 2009; Takeishi 2001; Higuchi 2007; Hirao 2005; Wakisaka and Okui 2005) or on abstract aspects, such as work motivation and satisfaction after re-employment (Takeishi 2001; Teramura 2020; Japan Institute for Women's Empowerment & Diversity Management 2019). In addition, studies that focus on women's self-development (Amano 1979; Osawa and Suzuki 2012; Teramura 2021) also only examine it as a factor for successful re-employment or as a general

learning activity. Therefore, previous studies have not sufficiently examined the realities of how the actual situation of specific working styles of women whose career has been interrupted in their careers after re-entering the workforce, and the policy implications of how women with interrupted careers are positioned in the context of women's advancement in the workplace are not clear.

Furthermore, previous studies on the third stage of women's life cycle suggest that as women in middle and older age experience the loss of their previously core social role of caregiving, they become motivated to engage in learning activities and work (Amano 1979; Ochiai 2019), and the most recent studies support this view (Teramura 2020; Japan Institute for Women's Empowerment & Diversity Management 2019). However, there is a limitation in that these studies treat this as a trend related to middle-aged and older women in general, while implicitly assuming a limited scope of targets, i.e., women who have experienced career interruptions due to life events.

Based on the above, this study examines a new scenario of women's advancement in the workplace by focusing on the actual situation of specific occupational skill development in the form of self-development in middle and older age with regard to women with interrupted careers, who have often been regarded as receiving low expectations for playing an active role as core human resources in the company. The question to be examined in this study is: Does the finding of previous studies on women in the third stage of their life cycle that "many women are motivated to work as a new social role after the loss of their social role of caregiving" also apply to the motivation to engage in autonomous skill development among women with interrupted careers in middle and older age? Based on the discussion in the previous studies mentioned above, the hypothesis that "middle-aged and older female workers who have experienced career interruptions are more likely to engage in self-development than female workers in their young and prime-age" can be derived from this question.

III. Methodology

1. Data

The data used in this study is from the "Survey on Occupation and Working Life" (hereafter referred to as the "Survey on Working Life") conducted by the Japan Institute for Labour Policy and Training (JILPT) in November 2019 (JILPT 2022a). This survey targeted 12,000 men and women, aged 25–64, randomly selected from the Basic Resident Register nationwide, regarding individual employment behavior, including retention in companies and leaving or changing jobs, in terms of both work and daily life. It is, so to speak, a labor survey version of the General Social Survey (GSS). The number of valid responses was 5,977 (49.8%). The "Survey on Working Life" can provide a multifaceted view of the occupational life of workers in various life stages. It is also the largest and most up-to-date data available as a social survey for apprehending the labor market and the occupational life of individuals since 2015, when the Act on the Promotion of Women's Active Engagement in Professional Life came into effect and heightened interest in women's advancement in the workplace.⁸ Furthermore, the women recognized in the "Survey on Working Life" as the middle-aged and older group are women in the Equal Employment Opportunity Law-generation who have developed their occupational careers along with the development of women's labor policy in the postwar period, which is appropriate for examining the question of this study.

2. Variables and analytical strategy

As a specific indicator for capturing the motivation to engage in autonomous skill development, this study focuses on the implementation of self-development. Self-development mentioned here means "work-related education and training conducted by individuals on their own initiatives, not by instructions from the company or workplace."⁹ Although it is not clear whether the individual's occupational skills have really improved, it is at

least a sufficient indicator of the level of motivation of workers themselves to develop their occupational skills autonomously. The self-development variables are adopted as shown in Table 1 according to the items implemented. Each variable is a dummy variable that takes 1 if one or more of the relevant self-development items are implemented.

The career variable capturing women's experience of career interruptions, which is designed based on Takeishi (2001), takes three values: "regular workers continuing their first job" who entered regular employment as their first job and continue the job at present; "regular workers having changed jobs" who have changed jobs and are currently working as regular workers; and "currently non-regular workers" who are currently working as non-regular workers (regardless of whether or not they have changed jobs). Here, "career interruption" refers to the interruption of a "long-term career in the same organization," which is assumed under typical Japanese employment practices, and is captured depending on whether or not the individual has changed jobs in their career.¹⁰ In the context of the current women's labor policy, "regular workers continuing their first job" are expected to be the most active as core human resources in companies, while "regular workers having changed jobs" are regarded as receiving relatively low expectations for playing an active role. It can be assumed that "currently non-regular workers" also generally receive low expectations for women's advancement in the workplace, regardless of career continuity. In addition to the career variable, attention is paid to differences by marital status. Previous studies on the third stage of women's life cycle have focused on the loss of the social role of child-rearing as one of the factors contributing to the high level of motivation to engage in learning activities and work among middle-aged and older women. Although this explanation itself is only one interpretation, this study also analyzes differences by marital status in order to understand the heterogeneity of the experience of career interruptions.

First, age and marital dummies and a career variable are used to ascertain descriptively whether the implementation rate of self-development is higher in the middle and older age among women who have experienced career interruptions. In this analysis, comparisons are made not only within women, but also between men and women. If an association is observed in that the motivation to engage in self-development in the young and prime-age is higher than that in the middle and older age among men, this makes the high level of motivation to engage in self-development in the middle age and older age among women more distinctive. In the descriptive analysis, the results for all types of self-development is reviewed and then the type of self-development reflected in these results is identified. As it is found that the results for all types of self-development in particular, a focus is placed on this type of self-development in the multivariate analysis that follows.

Next, with the analysis subject being limited to women and the outcome being limited to an "interaction type" of self-development, multivariate analysis is conducted to confirm whether similar results are obtained when the basic covariates and the fluidity and job category variables are controlled. It is possible that the motivation to engage in autonomous skill development, such as self-development, is also related to the "fluid career" orientation. For example, the motivation to successfully change jobs and the increased intention to leave a job due to some dissatisfaction with the current job may often be directed toward acquiring new skills that are required in career transitions. In addition, previous studies have pointed out that women's job categories are related to post-industrialization, which became prominent from around the 1970s (Osawa 1993; Tsutsui 2015). Although fields that have developed as a result of post-industrialization are mainly related to care work, such as the medical, health care and welfare industry, and in some respects, post-industrialization has resulted in an expansion of occupational segregation by gender, the entry of women into these industries and occupations has encouraged more women to become specialized in particular jobs (Mandel and Semyonov 2006). This female-specific job specialization may also be related to the implementation of self-development by women whose career has been interrupted.

Table 1. Definitions of self-development variables

Variables	Items
Educational institution type	Attending courses at universities and graduate schools; attending courses at specialized training colleges and miscellaneous schools; and attending courses at national and prefectural vocational training institutions.
Interaction type	Attending workshops, study meetings, seminars, etc.; participating in study meetings with colleagues at work; and participating in study meetings with people outside the company.
Self-study type	Taking correspondence courses; self-directed study.
All types	Any of the above items.

Source: Prepared by the author.

Table 2. Definitions of fluidity variables and job category variables

	Variables	Description
	Intention to continue working for current job	To what extent the workers would like to continue working for their current job until retirement (or as long as possible). Categories are: "Want to continue working;" "Don't want to continue working;" and "Don't know."
	Job change preparation dummy	Whether the workers currently engage in job-hunting or job-search activities (including preparing to start their own business), such as having a job interview or gathering information on job openings or jobs.
Fluidit	Job change orientation dummy	In comparison between the two types of career view, A: "work for one company for a long time and receive better treatment at that company," and B: "repeatedly change jobs in search for better working conditions," whether the workers respond that their career view is closer to B.
	Job satisfaction dummy	Whether the workers are satisfied with their current job.
	Unemployment anxiety dummy	Whether the workers are worried about losing their job within the next 12 months.
Job category	Job type	Categories are: managerial; professional/technical; clerical; sales (retail salesperson); sales (sales representative); services; and manual workers (such as security; manufacturing process, construction and mining, transport and machine operation, carrying, cleaning, packaging, and related workers).
	Industry	Categories are: manufacturing; construction; information and communications; transport and postal services; wholesale and retail trade; finance and insurance; real estate and goods rental and leasing; professional and technical services; accommodations, eating and drinking services; services, N.E.C.; education, learning support; medical, health care and welfare; and government.

Source: Prepared by the author.

In the multivariate analysis, basic covariates are first controlled by narrowing the analysis subject to women, and then a logit model is estimated, with the "interaction type" of self-development dummy adopted as the outcome, and the age, age squared term, and married dummies and their interaction terms adopted as independent variables. From this model, the marginal effect of age (effect of aging) for each married dummy and the predictive values for each married dummy and age are calculated.¹¹ Using this model as a baseline, analysis is conducted using the same procedure by adding the fluidity and job category variables¹² shown in Table 2 in turn, to compare the results. Finally, Model 4, in which all control variables are input, is analyzed, while taking into account the interaction of age, age squared term, and married dummies with the career variable, to confirm the implementation rate of the "interaction type" of self-development in the middle and older age among women with interrupted careers. Other than the fluidity and job category variables, the covariates used are education, length of service, company size, annual income,¹³ and working hours. The descriptive statistics values of the variables used in the multivariate analysis are presented in Appendix Table.

The sample used in the descriptive analysis is workers aged 25 to 64 (N = 3,557, about 52% is women), and the sample used in the multivariate analysis is limited to women (N = 1,857). Cases with missing variables used are excluded from the analysis.

IV. Results

1. Descriptive analysis

Table 3 shows the implementation rate of each type of self-development, by gender, marital status, and age. Here, age is divided into two age groups, with the 45–64 age group being considered the middle and older age group. In the case of men, the implementation rate of self-development in the young and prime-age is high for "all types" of self-development, regardless of marital status. In the case of women, on the other hand, different patterns are observed depending on the type of self-development and the combination of marital status and age. In the case of married women, the "interaction type" was about 5 percentage points higher among those aged 45–64 than among those aged 25–44, while the "self-study type" was about 4 percentage points lower. For married women, it is important to analyze self-development by type, since this difference offsets the age difference in the implementation rate of "all types" of self-development. As for unmarried women, the implementation rate tends to be higher in young and prime-age for "all types" of self-development, the implementation rate of the "interaction type" of self-development is higher in middle and older age among married women.

The results for the "interaction type" of self-development among married women are consistent with the findings of the previous studies on the third stage of women's life cycle discussed in Section II, but does this trend apply generally to married middle-aged and older women or does it vary by career type? Figure 1 shows the implementation rate of each type of self-development by gender, marital status, age, and career.

First, let us look at the results for A: "All types." In all categories except for married women, the implementation rate declines in the middle and older age. However, among married women, the implementation rate is higher in the middle and older age for all career types. The proportion of married women who engage in some form of self-development in their middle and older age is higher than in their young and prime-age, by about 10 percentage points among "regular workers having changed jobs," about 4 percentage points among "regular workers continuing their first job," and about 3 percentage points among "currently non-regular workers."

The results for the C: "Interaction type" of self-development most clearly reflect this trend. Among married women, the implementation rate of this type of self-development tends to increase in the middle and older age for all career types. The difference in the implementation rate of the "interaction type" of self-development between the middle and older age and the young and prime-age among married women is about 16 percentage points for "regular workers having changed jobs," about 8 percentage points for "regular workers continuing their first job," and about 5 percentage points for "currently non-regular workers." The implementation rate in the middle and older age group is also 6 to 7 percentage points higher for "regular workers continuing their first points for "regular workers continuing their first points higher for "regular workers continuing their first points for "regular workers continuing their first points higher for "regular workers continuing their first points points p

							(Unit: %)
	Category	,	Ν	All types	Educational institution type	Interaction type	Self-study type
N a mia al		Age 25–44	487	49.5	6.0	32.2	33.5
Male —— Uni	Married	Age 45–64	707	39.5	4.2	24.9	23.2
	Unmarried	Age 25–44	296	40.9	3.4	20.3	26.0
		Age 45–64	210	29.0	2.4	18.1	15.7
Marrie Female Unmarr	Marriad	Age 25–44	474	32.5	2.7	19.0	20.7
	Married	Age 45–64	776	33.9	4.5	23.5	16.9
	Unmerried	Age 25–44	319	41.1	5.3	27.6	21.9
	Unmarried	Age 45–64	288	33.7	3.5	23.3	19.4

Table 3. Implementation rate of self-development by gender, age, and marital status

Source: Prepared by the author based on JILPT "Survey on Working Life."



Source: Prepared by the author based on JILPT "Survey on Working Life."

Figure 1. Implementation rate of self-development by gender, marital status, age, and career type

job" among both unmarried men and women. For the other categories, there is no tendency for the implementation rate to increase in the middle and older age.

For all career types, the implementation rate of the B: "Educational institution type" of self-development tends to be several percentage points higher among married women in their middle and older age. It should be noted, however, that the overall level of the implementation rate of the "educational institution type" of selfdevelopment is low, and the magnitude of the difference between the two age groups is relatively small. There is no tendency for the implementation rate to increase in the middle and older age among unmarried women and among men.

As for the D: "Self-study type" of self-development, the implementation rate in the middle and older age is high at about 19% for "currently non-regular workers" among married men,¹⁴ whereas there is no tendency in other categories for the implementation rate to increase in the middle and older age.

The above descriptive analysis indicates that the finding of previous studies on the third stage of women's life cycle that "women are more motivated to engage in learning and work in the post-parenting and middle and older age periods" is particularly true for the "interaction type" of self-development among married women. Furthermore, although this tendency is true for all career types, that finding supports the hypothesis of this study as well, because the degree of increase in the implementation rate is relatively large among "regular workers having changed jobs" in particular. Next, let us focus on women's "interaction type" of self-development to see whether this association is still observed after controlling several covariates and fluidity and job category variables.

2. Multivariate analysis

Figure 2 and Table 4 present the results of the multivariate analyses. Figure 2 shows the predictive values estimated from four logit models, limiting the sample to women and using the "interaction type" self-development dummy (hereafter simply referred to as "self-development") as the outcome. All these models focus on the age, age squared term, and married dummies and their respective interaction terms, so the estimation results for the other variables are omitted. The first model controls only education, length of service, company size, annual income, and working hours as basic covariates (M1). The next model (M2) controls the fluidity variable (see Table 2) in addition to M1, the third model (M3) controls the job category variable (see Table 2) in addition to M1, and the last model (M4) controls the fluidity and job category variables in addition to M1. Table 4 shows the marginal effects of age (effect of aging) estimated from these models. The solid line in Figure 2 indicates that the difference between the predictive values for each marital status at the relevant age is statistically significant at the 5% level.¹⁵

The baseline model (M1) in Figure 2 shows that the implementation rate of self-development among married women tends to increase with age. However, there is little difference between the married and unmarried groups until around age 50, after which the difference widens but does not reach a statistically significant level until age 57 or later. Table 4 shows that the effect of aging among married women is also statistically significant, with the implementation rate increasing by about 0.5 percentage points per year of aging. This trend does not change at all when the fluidity variable is controlled in M2, indicating that the effect of aging among married women is not due to the "fluid career" orientation, such as dissatisfaction with the current job and a desire to change jobs.

There is a slight change in the shape of the effect of aging when the job category variable is controlled in M3. The implementation rate of self-development is slightly higher around age 40 among unmarried women, while it is slightly lower around age 60 among married women. As a result, the implementation rate among unmarried women is statistically significantly higher around the age of 40. Despite this change in the shape of the effect of aging, the effect of ageing on married women in M3 itself is statistically significantly positive (Table 4). Similar results are obtained for M4, in which both the fluidity and job category variables are controlled. The higher implementation rate among married women in their middle and older age is still observed after controlling the basic covariates as well as the fluidity and job category variables.

Finally, whether the higher implementation rate of self-development among married women in their middle and older age varies by career type is analyzed. Specifically, using the covariates and control variables of M4 used in Figure 2 and Table 4, the predictive values (Figure 3) and marginal effects (Table 5) are examined with



Source: Prepared by the author based on JILPT "Survey on Working Life."

Note: Only among female workers aged 25–64. The outcome is "interaction type" of self-development. Solid lines indicate that the difference in predictive values by marital status at the relevant age is statistically significant at the 5% level. In all these models, covariates (education, length of service, company size, annual income, and working hours) are controlled.

Figure 2. Predictive values for implementation rate of self-development by age and marital status (only among female workers)

Model	Marital status	Marginal effect of age	Standard error	Significance level
M4: Daga line	Unmarried	0.00068	0.00145	
MT: Base line	Married	0.00454	0.00135	***
M2: Controlled for fluidity variable,	Unmarried	0.00053	0.00150	
unmarried	Married	0.00429	0.00138	**
M3: Controlled for job category	Unmarried	-0.00033	0.00133	
variable, unmarried	Married	0.00341	0.00119	**
M4: Controlled for fluidity and job	Unmarried	-0.00080	0.00137	
category variables, unmarried	Married	0.00298	0.00121	*

Table 4. Marginal effect of age by marital status

*** p<0.001, ** p<0.01, * p<0.05

Source: Prepared by the author based on JILPT "Survey on Working Life."

Note: Only among female workers aged 25–64. The outcome is "interaction type" of self-development. In all these models, covariates (education, length of service, company size, annual income, and working hours) are controlled.

regard to the age, age squared term, and married dummies, career variable, and their interaction terms. Note that in Figure 3, the differences in predictive values by career type were not statistically significant at most ages, so they are uniformly shown as solid lines.¹⁶

Figure 3 shows that the effect of aging is most pronounced among married "regular workers having changed jobs." The implementation rate of self-development among married "regular workers having changed jobs" decreases gradually from their 20s to 40s, but increases thereafter, with a particularly large increase after the age of 50. In contrast, the implementation rate among "regular workers continuing their first job" increases from



Source: Prepared by the author based on JILPT "Survey on Working Life." Note: Only among female workers aged 25–64. The outcome is "interaction type" of self-development. In this model, covariables and fluidity, and job category variables are controlled.

Figure 3. Predictive values for implementation rate of self-development by age, marital status and career type (only among females workers)

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Marital status	Career type	Marginal effect of age	Standard error	Significance level	N (%)
	Regular workers continuing their first job	0.00163	0.00395		116 (6.2)
Unmarried	Regular workers having changed jobs	-0.00291	0.00212		239 (12.9)
	Currently non-regular workers	0.00046	0.00192		252 (13.6)
	Regular workers continuing their first job	-0.00146	0.00273		156 (8.4)
Married	Regular workers having changed jobs	0.00555	0.00259	*	276 (14.9)
	Currently non-regular workers	0.00316	0.00156	*	818 (44.0)

*** p<0.001, ** p<0.01, * p<0.05

Source: Prepared by the author based on JILPT "Survey on Working Life."

Note: Only among female workers aged 25-64. The outcome is "interaction type" of self-development. In this model, covariates and fluidity, and job category variables are controlled. N (%) indicates the number of cases in each category and their distribution in the analyzed sample (female workers) for reference.

their 20s to 40s, but declines monotonically from their 40s onward. Meanwhile, the implementation rate monotonically increases with age among "currently non-regular workers." Table 5 shows the marginal effect of age on each career type, which is statistically significantly positive for "regular workers having changed jobs" and "currently non-regular workers."

Looking at the results for unmarried women, the shape of the effect of aging for "regular workers having changed jobs" and "currently non-regular workers" is an inverted U-shaped curve (Figure 3), and the marginal effect of age is not statistically significantly positive, indicating no tendency for the implementation rate of self-development to increase during the middle and older age. Although there appears to be a positive effect of aging for unmarried "regular workers continuing their first job," its magnitude is relatively small and not statistically significant (Table 5).

These results indicate that the implementation rate of self-development among middle-aged and older women

varies depending on marital status and career type. In the same category of currently regular workers, the implementation rate increases among "regular workers continuing their first job" before their 40s. In contrast, the implementation rate increases in the middle and older age among married women who are "regular workers having changed jobs," that is, those who have experienced some form of career interruptions (job change) by leaving their first job; and are currently working as regular workers. The implementation rate among these women increases sharply, especially from their late 40s onward. As can be seen from the number, N, in each category shown in Table 5 as a reference, the majority of married women do not actually have a career as "regular workers having changed jobs," but many of them are in the "currently non-regular workers" group. However, the implementation rate of self-development among "currently non-regular workers" tends to increase gradually with age. The "currently non-regular workers" group includes those who have been continuously employed as non-regular workers, but there are also many cases in which they have left regular employment and then re-entered the workforce as non-regular workers. "Regular workers having changed jobs" and "currently non-regular workers" have in common that they are out of the conventional scenario of women's advancement in the workplace, and it is suggestive that the implementation rate of self-development tends to increase in middle and older age for both of these groups.

V. Discussion

1. Major findings and consideration

The findings of this study can be summarized as follows. First, the implementation rate of the "interaction type" of self-development is higher in the middle and older age than in the young and prime-age among married women (Table 1), and this is not due to career fluidity or job specialization (Figure 2, Table 4). Second, this tendency is observed among middle-aged and older married women who have changed jobs and are currently working as regular workers or who are currently working as non-regular workers, and it is particularly pronounced in the former group (Figure 1, Figure 3, Table 5). These findings support the hypothesis of this study that "middle-aged and older female workers who have experienced career interruptions are more likely to engage in self-development than female workers in their young and prime-age."

Although previous studies on the third stage of women's life cycle showed the finding that "women are more motivated to engage in learning and work in the post-parenting and middle and older age periods," the analysis in this study shows that heterogeneity according to marital status and career type was observed for the increase in women's motivation to engage in autonomous skill development in the middle and older age. The motivation to engage in autonomous skill development age among married women who are "regular workers having changed jobs" and those who are "currently non-regular workers." Indeed, since these two groups have deviated from the normative career model of "long-term service in the same organization," it may be difficult to expect them to be promoted in their middle and older age as a consequence of their career in the same company, which is the conventional scenario for women's advancement in their middle and older age, and based on this, a different scenario for women's advancement in the workplace can be considered.

While previous studies on the third stage of women's lifestyle have attributed this trend to the fact that "women in middle and older age experience the loss of their previously core social role of caregiving" (Amano 1979; Ochiai 2019), the results of this study can be interpreted as otherwise than the experience of loss of social roles. For example, if a mechanism is assumed in which the motivation to engage in autonomous skill development increases in the early stage of career formation, it is easy to understand the heterogeneity by career type described above. In the case of "regular workers having changed jobs" and "currently non-regular workers," as it is typical for them to prioritize the caregiving role in their young and prime-age when they experience career interruptions

due to marriage, childbirth, and childcare, most of them can form their career in full swing in the post-parenting and middle and older age periods. In other words, while the duration of the overall career is shorter for women whose career has been interrupted, they may be more motivated to engage in autonomous skill development in their middle and older age because they enter the initial stage of career formation during this age period. Conversely, women who continue their career are assumed to be highly motivated to engage in autonomous skill development in their young and prime-age, which is the initial stage of their careers. This is consistent with the finding of this study that in the case of married women who are "regular workers continuing their first job," the implementation rate of self-development is the highest before their 40s.

Of course, both of the above mechanisms are only based on interpretations. In this study, it was not possible to directly analyze the experience of career interruptions due to life events because of the limitation of data, i.e., not all career information was available. In the first place, not all career interruptions women experience are caused by life events. For example, it has been pointed out that among highly educated women, the reasons for leaving their first job are not only family factors such as marriage and childbirth, but also work-related factors, such as loss of career in the company or dissatisfaction with the job content and reward (Ouchi 2007; Osawa and Nho 2015). A future study is needed to examine the mechanism by which the phenomenon of "middle-aged and older female workers who have experienced career interruptions are more likely to engage in self-development than female workers in their young and prime-age," which was shown in this study. Despite these limitations, this study is significant in that it presents a new path toward the advancement in the workplace of women whose career has been interrupted.

2. Policy implications

As discussed in Section II, today in the area of skill development of employees, emphasis is being placed on workers' autonomous skill development. The MHLW's "Guidelines to Promote Learning and Recurrent Education in the Workplace" state that in autonomous skill development, it is important for workers to actively engage in acquiring new abilities and skills through reskilling and recurrent education, and for companies to provide continuous support for this.¹⁷ According to the findings of this study, the most active in autonomous skill development are married middle-aged and older women who have experienced career interruptions. The importance of autonomous skill development has begun to be recognized in companies in relation to innovation creation, and as a specific form of implementation, "cross-boundary learning," which means "individuals engage in learning and reflecting on content related to their own work and duties while going in and out of the boundary of the organization to which they belong," is attracting attention (Nakahara 2012: 186). Specifically, "crossboundary learning" includes voluntary study meetings held outside of the organization and self-development conducted outside of the company while interacting with various people, but it also includes occupational skill development outside of the "situation to which one conforms," such as a department within a company or one's usual work (Ishiyama 2018). According to the findings of this study, middle-aged and older women who have experienced career interruptions are more active in autonomous skill development, especially when it is conducted through personal involvement with others ("interaction type"). Therefore, in both the context of women's advancement in the workplace and the context of skill development of employees, it is important for companies to create an environment in which autonomous skill development can take place through personal involvement with others, such as cross-boundary learning.

In recent years, attention has also been focused on how companies utilize human resources in the field of innovation, such as the launch of new businesses and services and the development of products and goods. While it is said that in such innovation, it is important for companies to carry out autonomous skill development, such as the above-mentioned cross-boundary learning (Iriyama 2019), the latest study points out that it is not mid-career hires but internally trained personnel who are handpicked for such core projects (JILPT 2022b). One of

the main reasons is that the existing evaluation axes in the external labor market are based on job type, and the potential of human resources is not fully evaluated. Therefore, in order to promote advancement in the workplace of female workers whose career has been interrupted, it is important to develop a mechanism to evaluate their potential, including their motivation to engage in skill development, in the external labor market.

Furthermore, it is important to increase the number of "regular workers having changed jobs" among those who have a life course of "being re-employed after career interruptions." The implementation rate of self-development through "interaction type" significantly increases in the middle and older age among women who are "regular workers having changed jobs," but not many women follow such career pattern in reality. The typical life course of "being re-employed after career interruptions" is still the career pattern for "currently non-regular workers," and this career pattern has also deviated from the conventional scenario of women's advancement in the workplace. Of course, the above-mentioned argument is applicable to "currently non-regular workers" because the implementation rate of self-development through "interaction type" significantly increases in their middle and older age. Women with such career pattern are expected to be more active in autonomous skill development if they are employed as regular workers.

This study shows that it is effective to focus on career formation through workers' autonomous occupational skill development as one of the scenarios for the advancement in the workplace of women whose career has been interrupted. Autonomous occupational skill development of workers has already been discussed in the area of skill development of employees, and several measures have been implemented.¹⁸ Although these measures are aimed at all workers, in the context of women's labor policy, it is important, especially in terms of positive action, to actively implement these measures for women with interrupted careers, who have tended to be regarded as receiving low expectations of playing an active role as core human resources in the company.

Finally, I will discuss the impact of the policy implications of this study in light of future social changes in Japanese society. Although this study focuses on women with interrupted careers who have deviated from the conventional scenario of women's advancement in the workplace, it is assumed that the number of such women will decrease not only due to the impact of future women's labor policies but also due to social changes, such as the declining birthrate and the tendency to never marry or marry late. Optimistically, if women are less likely to experience career interruptions due to life events as a result of the tendency to never marry or marry late, more women will follow the normative career model of "long-term service in the same company," in which case the conventional scenario of women's advancement in the workplace will become more effective. However, as mentioned as a limitation of this study, women experience career interruptions for various reasons, and interruptions, they will still deviate from the conventional scenario of women's advancement in case they fail to follow the scenario of career internalization for any reason. By focusing on the increase in the motivation to engage in autonomous occupational skill development among women whose career has been interrupted, as indicated in this study, a new horizon for women's advancement in the workplace.

This paper is a translation of the author's paper "*Shūgyō chūdan josei no josei katsuyaku e no michisuji: Chūkōnenki no josei no jiritsuteki shutaitekina nōryoku kaihatsu iyoku ni chūmoku shite* [Advancing women with interrupted careers: Focusing on women's motivation for autonomous skill development during middle age and older]" submitted to and published in the *Japanese Journal of Labour Studies* (Vol.65, No.760, November 2023) with some additions and amendments in line with the gist of *Japan Labor Issues*.

Notes

- 1. A recent study has shown that the trade-off between childbearing and career has been eliminated in younger cohorts (born in the 1970s and later) (Moriizumi and Nakamura 2021).
- 2. "Advancement through career internalization" mentioned here means that female workers are treated in the same way as male workers at all stages of employment management, continue to work in a way in which they can balance work and family even when facing life

events such as marriage, childbirth, and childcare, form stable careers within the company, and as a result play an active role as core human resources (e.g., in managerial positions) within the company.

- 3. Note that in this study, "long-term service in the same organization" is regarded as a "normative career model" not in the sense that it is considered desirable according to general moral standards, but in the sense that a career based on "long-term service in the same organization" is considered desirable in typical Japanese employment practices.
- Labor economists traditionally consider career interruption (job loss) to function as a signal of low productivity in the career-change market (Gibbons and Katz 1991).
- 5. This is the result of an analysis using the "lifeline method" in which the survey respondents were asked to look back on their work life and subjectively evaluate the ups and downs in their career by drawing a line on a survey sheet with age on the horizontal axis and plus-minus scale on the vertical axis (Shimomura 2013).
- 6. Council for Designing the 100-Year Life Society. 2018. Basic Design for the Human Resources Development Revolution. https://www. kantei.go.jp/jp/content/000023186.pdf, accessed on August 18, 2023.
- 7. MHLW. 2022. Guidelines to Promote Learning and Recurrent Education in the Workplace. https://www.mhlw.go.jp/ content/11801000/00095 7888.pdf, accessed on August 16, 2023.
- 8. Other large-scale social surveys include the SSM Survey (National Survey of Social Stratification and Social Mobility) and JGSS (Japanese General Social Surveys). However, the most recent SSM Survey was conducted in 2015. The JGSS is somewhat smaller than the "Survey of Working Life," with a sample size of 4,000, although the most recent survey was conducted in 2018.
- 9. Specifically, in response to the question (Q7-2) "In the past year, have you done any of the following as work-related self-development (voluntary education and training not directed by the company or workplace)?," the respondents were asked to choose all items that apply.
- 10. Specifically, respondents were considered to have changed jobs if they answered "yes" to the question (Q3-31) "Have you ever worked for another company before starting work at your current company?"
- 11. The model is estimated using the logit command of Stata. The average marginal effect calculated by the margins command is used to confirm the effect of aging. The predictive values are calculated for each marital status per year in the age range of 25 to 64 years using the margins command. See Long and Freese (2014) for details on this analytical procedure.
- 12. "Agriculture, forestry, and fishery workers" among job categories, and "Agriculture, forestry, and fisheries," "Mining and quarrying of stone and gravel," and "Electricity, gas, heat supply, and water supply" among industry categories are excluded from the analysis due to their extremely small sample size.
- 13. For annual income, the top and bottom 2% of the distribution are coded.
- 14. It is interesting to note that the implementation rate of the "self-study type" of self-development increases in the middle and older age for "currently non-regular workers" among unmarried men, who are often regarded as deviating from the typical career course as in the case of women whose career has been interrupted. However, the motivation to engage in occupational skill development among men is described to the minimum extent because it is not the subject of this study. I would like to examine this trend in future study.
- 15. Predictive values are calculated for each age and marital status using the margins command of Stata, and the difference between the predictive values for married and unmarried in each age group is tested using the user-created command, the mlincom (in the spost13 package). For details, see Long and Freese (2014).
- 16. Using the same procedure as in the preceding note, the significance of the difference between "regular workers continuing their first job" and "currently non-regular workers" is tested, with "regular workers having changed jobs" serving as the benchmark. The only combination that was significant at the 5% level was the difference between "regular workers having changed jobs" and " regular workers continuing their first job" at ages 62–64. This may be due to the large number of interaction terms in this model and the large standard errors of the estimated coefficients. Therefore, if a larger data set is used, the difference in predictive values would also be statistically significant.
- 17. See supra note 7.
- 18. For example, the MHLW has established the Education and Training Benefit System to pay for workers' autonomous occupational skill development, and the "Career Formation and Relearning Support Center" where workers can receive support from career consultants and other specialists.

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Variables	Ν	mean	sd	min	max
Interaction type of self-development	1857	0.2299	0.4209	0	1
Age (centered at the age of 45)	1857	0.8745	10.3175	-20	19
Married dummy	1857	0.6731	0.4692	0	1
Career type					
Regular workers continuing their first job	272	0.1465			
Regular workers having changed jobs	515	0.2773			
Currently non-regular workers	1070	0.5762			
Education					
Graduate from senior high school or lower education	716	0.3856			
Graduate from professional training college, junior college, or college of technology (KOSEN)	746	0.4017			
Graduate from university or higher education	395	0.2127			
Company size					
Less than 30 employees	472	0.2542			
30–99 employees	334	0.1799			
100–299 employees	286	0.1540			
300–999 employees	281	0.1513			
1,000 employees or more; government offices and public enterprises	484	0.2606			
Length of service (centered at five years)	1857	3.8681	8.8367	-5	37
Annual income	1857	244.2999	186.0202	70	1100

Appendix Table. Descriptive statistics values

Variables	Ν	mean	sd	min	max
Working hours					
Less than 35 hours	708	0.3813			
35–45 hours	706	0.3802			
45–55 hours	335	0.1804			
55 hours or more	108	0.0582			
Intention to continue working for current job					
Want to continue working	920	0.4954			
Don't want to continue working	376	0.2025			
Don't know	561	0.3021			
Job change orientation dummy	1857	0.2041	0.4031	0	1
Job change preparation dummy	1857	0.1309	0.3373	0	1
Job satisfaction dummy	1857	0.6780	0.4674	0	1
Unemployment anxiety dummy	1857	0.1691	0.3749	0	1
Job type					
Clerical	576	0.3102			
Managerial	24	0.0129			
Professional/technical	401	0.2159			
Sales (sales representative)	43	0.0232			
Sales (retail salesperson)	194	0.1045			
Services	349	0.1879			
Manual workers	270	0.1454			
Industry					
Manufacturing	255	0.1373			
Construction	38	0.0205			
Information and communications	28	0.0151			
Transport and postal services	46	0.0248			
Wholesale and retail trade	313	0.1686			
Finance and insurance	98	0.0528			
Real estate and goods rental and leasing	21	0.0113			
Professional and technical services	48	0.0258			
Accommodations, eating and drinking services	135	0.0727			
Services, N.E.C.	121	0.0652			
Education, learning support	152	0.0819			
Medical, health care and welfare	528	0.2843			
Government	74	0.0398			

Appendix Table. Descriptive statistics values (continued)

Source: Prepared by the author based on JILPT "Survey on Working Life."

TAGAMI Kota

Researcher, The Japan Institute for Labour Policy and Training. Research interests: Industrial sociology, social stratification.

https://www.jil.go.jp/english/profile/tagami.html



A Comparative Study on Employment Policy Target for Persons with Disabilities: Japan, France, and Germany

TERADA Gaku

In Europe, the statutory employment rate of persons with disabilities in the private sector under the mandatory employment system in 2021 is 6% in France and 5% in Germany. In Asia, it stands at 3.1% in South Korea, 1% in Taiwan, and 1% in Thailand. It has been noted that Japan's statutory employment rate (2.3%) is lower than those of France and Germany, whose systems are modeled on when Japan designed its own system. However, a simple comparison would not be accurate because the size of the disabled population may vary from country to country, and in the first place, the definitions of persons with disabilities differ among countries. This paper estimates the size of the population of those who could potentially be persons with disabilities in Japan, France, and Germany in a manner that allows for meaningful comparison, and then compares these three countries in terms of how they define the persons with disabilities are included in the workforce. The results of the comparison reveal that while Japan has a relatively wider range of those who could potentially be persons with disabilities are included in the workforce. The results of the comparison reveal that while Japan has a relatively wider range of those who could potentially be persons with disabilities than France and Germany.

- I. Introduction
- II. Review of previous studies and analytical model in this study
- III. Comparison of statistics on persons with disabilities, focusing on persons with activity limitations due to health problems
- IV. Scope of persons with disabilities covered by employment policies
- V. Comparison among Japan, France, and Germany, and consideration

I. Introduction

In 1960, Japan introduced a mandatory employment system (a system under which employers with a certain number of regular employees have the duty to employ persons with disabilities at a statutory employment rate) modeled on that of European countries, such as France and Germany, with the aim of expanding the employment of those with disabilities through the mandatory employment approach (Hasegawa 2018, 196). Subsequently, the scope of those with disabilities covered by the mandatory employment system was expanded to include persons with intellectual disabilities (law amendment in 1997) and persons with mental disabilities¹ (law amendment in 2013) in addition to persons with physical disabilities,² and the statutory employment rate was successively

increased accordingly.³ Furthermore, through the amendment to the Act to Facilitate the Employment of Persons with Disabilities upon the ratification of the Convention on the Rights of Persons with Disabilities, Japan's employment policy for those with disabilities adopted the anti-discrimination approach in addition to the mandatory employment approach.⁴ In France and Germany as well, the introduction of the mandatory employment approach of the anti-discrimination approach, which is a relatively recent development.⁵

On the other hand, the statutory employment rate for persons with disabilities in the private sector differs among countries, standing at 6% in France, 5% in Germany, 3.1% in South Korea, 1% in Taiwan, and 1% in Thailand (Nakagawa 2021, 12n17). Japan's statutory employment rate of 2.3% is lower than the rates in France and Germany, whose systems Japan used as a reference when designing its system. However, it makes no sense to simply compare these rates. The statutory employment rate a country adopts is usually set by taking into consideration the ratio of the disabled population to the labor force participation population in the country. In the first place, the definitions of persons with disabilities differ and consequently the size of the disabled population could vary from country to country.

This paper estimates the size of the population of those who could potentially be persons with disabilities in Japan, France, and Germany in a manner that allows for meaningful comparison, and then compares these three countries in terms of how they define the persons with disabilities targeted by their employment policies, the policy coverage, and the extent to which those with disabilities are included in the workforce. In this paper, the employment policy for persons with disabilities is regarded as consisting of both the mandatory employment approach and the anti-discrimination approach,⁶ and those covered by these approaches are defined as "persons with disabilities covered by the policy."

II. Review of previous studies and analytical model in this study

Kudo (2008, 6) points out that in order to measure the effectiveness of an employment policy for persons with disabilities, it is appropriate to apply the "employment rate of persons with disabilities," with the disabled population during the working-age period as the denominator and the number of employed persons (*shugyo-sha*) with disabilities as the numerator. As the reason for this approach, Kudo states that it is assumed that there are many cases where persons with disabilities are not in the labor force due to a delay in the adjustment of their employment conditions and work environment, and that the labor force participation rate and the unemployment rate are not effective as a basic indicator for identifying the macro conditions of the labor market. Citing the "Survey on the Employment of People with Physical Disabilities, People with Intellectual Disabilities, and People with Mental Disabilities" conducted by the Ministry of Health, Labour and Welfare (MHLW) (2008), Kudo estimates the employment rate for those with disabilities in Japan to be 40.3% and points out that there is no significant difference compared with the rates in other OECD countries (Kudo 2008, 7).

However, the group of persons with disabilities employed in each country may differ due to the difference in the persons with disabilities targeted by the country's employment policy. Nakagawa (2021) assumed that the degree of functional disability of individuals is inversely proportional to their productivity (ability to perform their jobs) and that they are employed in order of productivity. Based on this assumption, he compared three data sets from Japan, France, and Germany, namely, the ratio of the disabled population to the working-age population, the statutory employment rate, and the actual employment rate (the ratio of those with disabilities actually employed by companies), and analyzed which groups are targeted by each country's mandatory employment system and the percentage of them undergo transition to general employment (Nakagawa 2021, 11–13). According to this analysis, the percentage of those with disabilities in the population aged 20–65 in Japan (4.4%) is lower than the percentage in France (16.0%) and Germany (18.0%). On the other hand, the ratio calculated by dividing the statutory employment rate by the percentage of the disabled population is 52.3%, which is higher

than in France (37.5%) and Germany (27.8%). Based on these facts, Nakagawa points out that Japan's employment policy targets a wider group of persons with disabilities including those with more severe functional disabilities. In addition, he also points out that, as the ratio calculated by dividing the actual employment rate by the percentage of the disabled population is 93.5% in Japan, which is higher than in France (55.0%) and Germany (82.0%), Japan has achieved the transition of a relatively high percentage of persons with disabilities among the targeted groups to general employment. The analytical model presented by Nakagawa (2021) is very suggestive as it successfully visualized the differences in the group of persons with disabilities targeted by each country's policy.

However, as Nakagawa (2021) indicates, this analysis leaves the following issue regarding the statistical data used. Essentially, in order to analyze the scope of persons with disabilities covered by each country's policy, it is necessary to compare the population of those targeted by the policy, rather than the population in statistics (Nakagawa 2021, n18), because not all persons with disabilities in the statistics in a country are targeted by the country's policy.

Furthermore, as in the case of the analysis by Kudo (2008), there is another issue in that different countries have different definitions of persons with disabilities in their statistics, which makes it difficult to compare the disabled population. Looking at the data of disabled population used by Nakagawa, data for France and Germany are cited from Katsumata (2010, 141, table 2). These data are statistics on persons with disabilities based on the subjective evaluation of persons with disabilities. In contrast, the disabled population in Japan is estimated based on a survey of those certified as persons with disabilities, which is not based on the subjective evaluation.⁷ For this reason, the percentage of the disabled population in Japan (4.4% of those aged 20–65) is very low compared to France (16.0% of those aged 20–64) and Germany (18.0% of those aged 20–64). In order to compare the extent to which the employment policy covers the disabled population in each country, it would be necessary to align the definitions of persons with disabilities to a comparable degree.

To address these issues, this paper compares the disabled population of persons with disabilities in Japan, France, and Germany according to the definition of "disability" given by the Statistical Office of the European Union (Eurostat) based on the International Classification of Functioning, Disability and Health (ICF). Specifically, it assumes the population of "persons with activity limitations due to health problems" as the maximum value of the disabled population in a country (III) and analyzes how many of those with disabilities are covered by the policy and which groups are employed (IV and V). Statistical data on persons with activity limitations due to health problems in France and Germany can be obtained from the EU Statistics on Income and Living Conditions (EU-SILC) (Eurostat 2017). For Japan, similar data are obtained from the National Institute of Population and Social Security Research (IPSS) "National Survey on Social Security and People's Life" (2017).

Furthermore, referring to the analysis by Nakagawa (2021) above, this paper presents an analytical model as shown in Figure 1, assuming that the degree of functional disability corresponds to the degree of work difficulty, and that persons with disabilities who have the least work difficulty are employed first.⁸ This model compares the maximum value of the disabled population in a country, i.e., the population of those with activity limitations due to health problems, with the population of those covered by the country's policy, and the population of those who are employed, by area ratio (i.e., using ratios derived from the areas of corresponding visual representations). Here, since not all persons with activity limitations due to health problems are covered by the policy, the area of the population of those with disabilities covered by the policy is smaller than the area of the population of those with activity limitations due to health problems. Furthermore, since the government focuses on the severity of functional disability or the degree of work difficulty when certifying persons with disabilities to be covered by the policy, the scope of those covered by the policy can be represented by the square placed at the lower left of the figure (the sum of the shaded and hatched areas). Assuming that persons with disabilities covered by the policy are employed first, those who are employed among those with disabilities covered by the policy.



Source: Created by the author based on Nakagawa (2021, 13, Figures 5 and 6). Note: It is assumed that the degree of functional disability (vertical axis) corelates with the degree of work difficulty (horizontal axis).

Figure 1. Analytical model used in this study

are placed at the upper right (the hatched area). The use of this analytical model is expected to clarify the differences in the groups of persons with disabilities covered by the policies in Japan, France, and Germany.

III. Comparison of statistics on persons with disabilities, focusing on persons with activity limitations due to health problems

In international comparisons of the disabled population, it is important to align as closely as possible the different definitions of "disability" which exist across countries. Eurostat has four different definitions of "disability" based on the concept of the International Classification of Functioning in Living (ICF), one of which is "disability measured through a concept of general activity limitation" (Eurostat 2019). In order to investigate the applicability of this definition, Eurostat asks in the questionnaire: "For at least the past 6 months, to what extent have you been limited because of a health problem in activities people usually do? Would you say you have been... severely limited / limited but not severely or / not limited at all?" (Eurostat 2019; Nomura Research Institute 2020, 15). This question is called Global Activity Limitation Indicator (GALI) question and is used in the EU-SILC to survey the disabled population in EU member states (Eurostat 2017).

On the other hand, in Japan, the IPSS survey (2017) introduced a GALI-type question regarding barriers to daily activities in 2017 (Hayashi 2022,10). The survey asks: "For at least the past 6 months, have you been limited because of your health problem in activities people usually do?... 1. severely limited / 2. limited but not

				(Unit: %)
	Total	Severely limited	Limited but not severely	Age group
Japan	15.0	2.8	12.2	Aged 18–64
France	18.0	5.7	12.3	Aged 16-64
Germany	17.5	5.6	12.0	Aged 16-64
(Reference: Total of EU)	17.5	4.6	12.9	Aged 16–64

Table 1. Percentage of "persons with activity limitations due to health problems" (as of 2017)

Source: Data for Japan are from Table 126 in the "National Survey on Social Security and People's Life" (IPSS 2017). Data for France, Germany, and the total of EU are from the "EU Statistics on Income and Living Conditions" (Eurostat 2017).

severely / 3. not limited at all" (IPSS 2017).

Therefore, the population of persons with activity limitations because of health problems obtained from these two surveys (Eurostat 2017 and IPSS 2017) can be considered as the disabled population according to the common standard in Japan, France, and Germany.

Table 1 summarizes the data. It shows that the percentage of persons with activity limitations due to health problems among the working-age population was 15.0% in Japan, 18.0% in France, and 17.5% in Germany.

IV. Scope of persons with disabilities covered by employment policies

1. Japan

The scope of persons with disabilities covered by the employment policy in Japan is prescribed in the Act to Facilitate the Employment of Persons with Disabilities. Article 37, Paragraph 2 of this Act limits the scope of persons with disabilities covered by the mandatory employment policy to those with physical disabilities, those with intellectual disabilities and those with mental disabilities, and this scope practically corresponds to the scope of disability certificate holders (physical disability certificate, rehabilitation certificate, and certificate of mental disorder) (Hasegawa 2018, 154–155). In issuing a disability certificate, whether a person is disabled or not is determined based on the physician's diagnosis, depending on whether the person has a specified functional disability and whether the degree of the disability falls under any of the disability grades. On this occasion, the physician makes a judgment and prepares a medical certificate and opinion letter from a medical perspective based on the condition of the individual who applies for a disability certificate. However, when determining the change in the individual's body part or mental function, the physician does not take into consideration the restrictions due to the environment surrounding the individual, such as daily activities and occupational life (Nakagawa 2018, 267–268). In this regard, France and Germany, which are presented below, have established a mechanism in which the individual may be covered by the mandatory employment system by evaluating the individual's work difficulty even if an individual cannot be certified as a person with disabilities uniformly based on the degree of functional disability. Japan's mandatory employment system, on the other hand, certifies an individual as a person with disabilities exclusively based on the degree of functional disability.

Then, what is the size of the population of persons with disabilities covered by the mandatory employment system and what is their employment rate? According to the "Survey on Difficulties in Living" (MHLW 2016), the number of those with disabilities who are covered by the mandatory employment system and who hold a disability certificate is 2,238,000 for those under 65 years of age, accounting for 2.4% of the population of the same age group (Table 2-1). Of those holding disability certificates under 65 years of age, 48.3% are physically disabled, 35.5% are intellectually disabled, and 26.5% are mentally disabled (Table 2-2).

Next, the population size of persons with disabilities who are eligible for measures to prohibit discrimination and provide reasonable accommodation is estimated. The scope of those eligible for these measures is defined under Article 2, item (i) of the Act to Facilitate the Employment of Persons with Disabilities, which includes those who do not hold a disability certificate. According to the guidelines for companies published by the MHLW, whether those who do not hold a disability certificate are eligible for these measures is confirmed based on a claimant's certificate under the Act on Providing Comprehensive Support for the Daily Life and Life in Society of Persons with Disabilities, a medical care recipient certificate under the Act on Medical Care for Patients with Intractable Diseases, or a physician's medical certificate indicating the name of disability or disease, such as schizophrenia, bipolar disorder, epilepsy, developmental disorder, higher brain impairment, etc. (MHLW, n.d.) Therefore, the population of "disability certificate holders," "persons who do not hold a disability certificate but receive payment of independent living benefits," "persons with developmental disorder," "persons with higher brain impairment," and "persons with intractable diseases" in the "Survey on Difficulties in Living" (MHLW Table 2. Population size, breakdown by type of disability, and employment status of persons with disabilities covered by the policy in Japan

			•		(Unit: 1,000 persons, %)
	Population	Total	Holding a disability certificate	Receiving payment of independent living benefits (Note 1)	Suffering from developmental disorder, higher brain impairment, or intractable diseases (Note 2)
	127,042	6,344	5,594	338	412
All age groups	100.0	5.0	4.4	0.3	0.3
Aged less than 65	92,482	2,591	2,238	145	208
	100.0	2.8	2.4	0.2	0.2

Table 2-1. Population size and certification status of persons with disabilities (2016)

Source: Created by the author based on the *Population Estimates* (Statistics Bureau, Ministry of Internal Affairs and Communications, 2016, Longitudianl data, Table 3), for population, and Tables 1 and 3 of the "Survey on Difficulties in Living (2016)" (MHLW 2016) for the number of persons with disabilities.

Notes: 1. Persons who do not hold a disability certificate but receive payment of independent living benefits under the Act on Providing Comprehensive Support for the Daily Life and Life in Society of Persons with Disabilities.

2. Persons who do not hold a disability certificate and not receive payment of independent living benefits, and are diagnosed as suffering from developmental disorder, higher brain impairment, or intractable diseases.

Table 2-2. Breakdown of persons with disabilities by type of disability

			(Unit	:: 1,000 persons, %)
	Holding disability			
	certificates	Physical	Intellectual	Mental
All age groups	5,594	4,287	962	841
	100.0	76.6	17.2	15.0
Aged less than 65	2,238	1,081	794	594
	100.0	48.3	35.5	26.5

Source: Created by the author based on Table 1 of the "Survey on Difficulties in Living (2016)" (MHLW 2016).

2016) may basically match the scope of persons with disabilities eligible for anti-discrimination and reasonable accommodation measures (Hasegawa 2018, 267–268). According to this survey, the population of those with disabilities under the age of 65 who fall within this scope is 2,591,000, accounting for 2.8% of the population of the same age group (Table 2-1).

Next, the employment rate of persons with disabilities covered by the policy is estimated. As mentioned above, in Japan, the scope of persons with disabilities eligible for the anti-discrimination and reasonable accommodation measures is slightly broader and includes those with disabilities covered by the mandatory employment system. Therefore, data was collected on the employment rate of persons with disabilities who are covered by both the mandatory employment system and the anti-discrimination and reasonable accommodation measures, i.e., disability certificate holders. Since Japan's *Labor Force Survey* (conducted monthly by Statistics Bureau, Ministry of Internal Affairs and Communications, MIC) does not investigate the number of employed persons with disabilities, the percentage of persons with disabilities is estimated according to the "Survey on

Table 2-3. Employment status of persons with disabilities

	(UIII. 76)
	Disability certificate holder (aged less than 65)
Total	100.0
Employed (<i>shugyo-sha</i>)	<u>31.6</u>
Regular employees	12.1
Job offering for persons with disabilities	3.5
Job offering for applicants other than persons with disabilities	8.6
Employees other than regular employees	15.5
Job offering for persons with disabilities	6.0
Job offering for applicants other than persons with disabilities	9.5
Self-employed	4.0
Persons other than the employed	68.4

(1 lmit: 0/)

Source: Created by the author based on Table 37 of the "Survey on Difficulties in Living (2016)."

Note: "Employed" above are the respondents who selected the followings when asked how they spend their daytime: "regular employees (job offering for persons with disabilities)," "regular employees (job offering for applicants other than persons with disabilities)," "employees other than regular employees (job offering for applicants other than regular employees (job offering for applicants other than persons with disabilities)," "employees other than regular employees (job offering for applicants other than persons with disabilities)," "employees other than the the employee" include those who selected "spend time at home" (34.9%), "use day care services for persons with disabilities" (23.7%) (including users of support services for continuous employment services Types A and B), or "go to school" (9.7%).

Difficulties in Living" (MHLW 2016).⁹ Based on the Table 37 in this survey, the respondents who selected "regular employees (job offering for persons with disabilities)," "regular employees (job offering for applicants other than persons with disabilities)," "employees other than regular employees (job offering for persons with disabilities)," "employees other than regular employees (job offering for persons with disabilities)," "employees other than regular employees (job offering for applicants other than persons with disabilities)" or "self-employed" when asked about how they spend their daytime were recorded as employed persons (Table 2-3).¹⁰ Although users of the support services for continuous employment—Type A (with employeed persons, they are not included in the employed persons because they are provided with opportunities to work within the framework of welfare services for persons with disabilities which cannot be considered as the effects of the employment policy for persons with disabilities. Based on the above, the employment rate of disability certificate holders (under the age of 65) is 31.6% (Table 2-3).

2. France

The scope of persons with disabilities covered by the mandatory employment system in France is defined by the Labor Code (Code du travail).¹¹ L.5212-13 of the Labor Code defines the following as persons with disabilities covered by the mandatory employment system: (i) people who are granted recognition of disabled worker status by the Commission of Rights and Autonomy of Persons with Disabilities (*Commission des droits et de l'autonomie des personnes handicapées*, CDAPH); (ii) beneficiaries of industrial accident pension; (iii) beneficiaries of disability pension; (iv) beneficiaries of disability military pension; (v) beneficiaries of allowance for disabled adults; and (viii) bereaved families of war victims. Disability recognition is granted by the Center for Disabled People (*Maison départementale des personnes handicapées*, MDPH) established in each department. Departmental Centres for Disabled People (*Conseil départemental consultatif des personnes handicapées*, CDCPH) were established in 2005 as one-stop service centers for those with disabilities and are in charge of procedures for all kinds of supports and benefits. (Nagano 2013, 2018). In the disability recognition process, a

physician at the Departmental Center for Disabled People evaluates the applicant's rate of disability from 0 to 100% according to "Guidelines for Evaluation of Impairment and Disability of People with Disabilities (*Guidebarème pour l'évaluation des déficiences et incapacités des personnes handicapées*)" based on the Code on Social Welfare and Family (*Code de l'action sociale et des famill*), and the Commission of Rights and Autonomy of Persons with Disabilities established in the Center recognizes the disability depending on the necessity of assistance. Beneficiaries of allowance for disabled adults and disability certificate holders¹² are recognized as persons with disabilities unconditionally if their rate of disability is 80% or more. Other people may be covered by the mandatory employment system if they are evaluated as having work difficulty on an individual basis and recognized as "disabled workers"(Haruna et al. 2020, 53–57, 60–66).

L.5213-1 of the Labor Code defines disabled workers as "any person whose possibilities to obtain or maintain employment are effectively reduced because of the impairment in one or more of their physical, sensory, mental, or psychological functions." In most cases, recognition as a disabled worker is granted only through document examination, but in cases where it is difficult to judge, a "multidisciplinary specialist team" consisting of vocational entry specialists, industrial physicians, nurses, and social workers, in addition to physicians affiliated with the Center, examines the applicant's work difficulty on a definite and individual basis, and then recognizes the applicant as a disabled worker (Haruna et al. 2020, 55). The disability recognition process in France is different from Japan's mandatory employment system in that it is based not only on whether an individual has a functional disability but also on whether the individual has work difficulty.

L.1132-1 of the Labor Code provides for the principle of anti-discrimination. This clause prohibits discrimination against people on the basis of their "disability" in addition to discrimination on the basis of their origin, sex, custom, age, family status or pregnancy, ethnicity, nationality or race, political convictions, trade union activities, religion, physical appearance, and gender. Reasonable accommodation is prescribed as "appropriate measures" in L.5213-6 of the Labor Code, and the scope of persons with disabilities eligible for "appropriate measures" coincides with the scope of those with disabilities covered by the mandatory employment system.¹³

What then are the population size and employment rate of persons with disabilities covered by the policy in France? Karube clarified the ratio of those recognized as persons with disabilities to the population and their employment status in France as of 2007 (Karube 2011, 105–110). This paper therefore attempts to update these data.

Out of the available data, the data as of 2015, which is relatively close in time, is used from the perspective of comparison with Japan. The population and employment status of persons with disabilities in France as of 2015 can be identified from the "Employment Survey" (*Enquête emploi*) conducted by the National Institute of Statistics and Economic Studies (*Institut national de la statistique et des études économiques*, INSEE) and the Directorate of Research, Economic Studies and Statistics (*Direction de l'animation, de la recherche, des études et des études*, DARES). The "Employment Survey" uses two definitions: "persons with disabilities having an administrative recognition," who may be covered by the mandatory employment system, and "persons having a lasting health problem associated with the difficulty in daily activities," regardless of whether they have been granted an administrative recognition (DARES 2017, 8).

It should be noted that the number of "persons with disabilities having an administrative recognition" here includes those receiving disability compensation benefits (*prestation de compensation du handicap*, PCH) who are not covered by the mandatory employment system, so the number of "persons with disabilities having an administrative recognition" does not necessarily correspond to the size of the actual scope of those covered by the mandatory employment system (DARES 2017, 2). Although the specific type of "administrative recognition" cannot be ascertained in the "2015 Employment Survey," the difference between the number of "persons with disabilities covered by the disabilities having an administrative recognition" and the number of persons with disabilities covered by the mandatory employment system (DARES 2017, 2).

mandatory employment system is estimated to be about 200,000 according to the supplementary module of the "2011 Employment Survey" (DARES 2017, 2).

As of 2015, the number of "persons with disabilities having an administrative recognition" (aged 15–64) was 2,665,000, which is 6.6% of the population (Table 3-1). If the number of those not covered by the mandatory employment system included in this figure is assumed to be 200,000 (estimated as of 2011) and this number is excluded, the ratio of those with disabilities covered by the system to the population is approximately 6.1% (Table 3-1). Thus, the size of the population of those with disabilities covered by the policy in France can be estimated to be about 6.1%.

In addition, as of 2015, there were 938,000 employed persons among "persons with disabilities having an administrative recognition" and the employment rate was 35.2% (Table 3-2). The employment rate for these employed persons excluding those who are not covered by the mandatory employment system is unknown. The definition of an employed person is in accordance with the ILO, i.e. "a person who has worked at least one hour during the week covered by the survey" (DARES 2017, 10). Therefore, it is not limited to those who are employed under an employment contract, but also includes self-employed persons. It is not clear whether employed persons include persons with disabilities who are engaged in employment under the welfare scheme.

Table 3. Population size and employment status of persons with disabilities covered by the policy in France

Table 3-1. Population size and recognition status of persons with disabilities (2015)

(Unit: 1,000 persons, %)

	2015						
	Population	Persons with disabilities having an administrative recognition		Persons with disabilities covered by the mandatory employment system (estimate)			
			Ratio to population		Ratio to population		
Aged 15-64	40,558	2,665	6.6	2,465	6.1		

Source: Created by the author based on the Employment Survey (*Enquête employ*) (INSEE 2015) and DARES (2017, 2, Table 1).

Note: "Persons with disabilities covered by the mandatory employment system (estimate)" is "persons with disabilities having an administrative recognition" excluding an error of 200,000 persons (estimated as of 2011) who are not covered by the system.

Table 3-2. Employment status of	persons with disabilities (2015)
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	(Unit: 1,000 persons, %)
	2015
Persons with disabilities having an administrative recognition (aged 15–64) (a)	2,665
Of which, labor force participation population (b)	1,152
Labor force participation rate (b / a)	43.2
Of which, employed (c)	938
Employment rate (c / a)	35.2
Unemployed persons in labor force participation population (d)	214
Unemployment rate (d / b)	18.6

Source: Created by the author based on the Employment Survey (*Enquête employ*) (INSEE 2015) and DARES (2017, 2, Tables 1; 4, Table 4; 7, Table 9).

3. Germany

The scope of persons with disabilities covered by the policy in Germany is defined in Book IX of the Social Code (Sozialgesetzbuch Neuntes Buch, SGB IX) (Bundesagentur für Arbeit 2022). Section 2 in this Book defines disability in three categories: (i) people with disabilities; (ii) severely disabled people with a disability rate of at least 50; and (iii) people with disabilities equivalent to severely disabled people (*gleichgestellte behinderte Menschen*). Among these, (ii) and (iii) are covered by the mandatory employment system (Section 151(1) and Section 154(1) of the same Book IX). The disability rate is certified based on a diagnosis given by a physician at the municipal assisting authority, and is expressed as a numerical value from 0 to 100. This certification is based on the ICF classification of body functions and body structures and is exhaustive, including pain, internal disability, systemic impairment, and impairment of skin and external appearance (Haruna et al. 2020, 52).

Those who are certified as having a disability rate of 50 or more are recognized as severely disabled persons and covered by the mandatory employment system. In addition, those with a disability rate of 30 or more but less than 50 who need support services (for new employment or continuous employment) may receive vocational rehabilitation (career support in cooperation with schools, job consultation, job training, and job placement) by Employment Agencies.¹⁴ In this process, if the mandatory employment system is judged to be effective, they may be certified as "persons with disabilities equivalent to severely disabled persons" and covered by the mandatory employment system (Haruna et al. 2020, 66). Miner's pension certificate holders are also counted as persons covered by the mandatory employment system (Section 158(5) of the same Book).

Reasonable accommodation measures are defined in Section 164(4) of the same Book as various claims against their employer (Takahashi 2011, 49). The following five items may be claimed: (i) utilization of skills and knowledge; (ii) preferential consideration in internal vocational training; (iii) facilitation for participation in external vocational training; (iv) maintenance of a disability-friendly workplace; and (v) equipping the workplace with the necessary technical work aids (Matsui 2013, 70). Those who may claim reasonable accommodation measures are severely disabled persons and those equivalent to severely disabled persons (Section 151(1) and Section 164(4) of the same Book), which corresponds to the scope of those with disabilities covered by the mandatory employment system.¹⁵

What then are the population size and employment rate of persons with disabilities covered by the policy in Germany? Karube (2011) clarified the ratio of severely disabled persons to the population and their labor force participation rate in Germany as of 2007 (Karube 2011, 70–74). This paper therefore attempts to update these data. Out of the available data, the data as of 2017, which is relatively close in time, is used from the perspective of comparison with Japan. Disability statistics in Germany consist of the Statistics of Severely Disabled Persons (Statistik der schwerbehinderten Menschen) compiled by the Federal Statistical Office (*Statistisches Bundesamt*) and the Statistics of the Federal Employment Agency (*Statistik der Bundesagentur für Arbeit*) complied by the

Table 4. Population size and breakdown by disability type of persons with disabilities covered by the policy in Germany

Table 4-1. Population size of persons with disabilities (2)	2017)
---	------	---

		(Unit: persons, %)	
	20	17	
	Severely disabled person Ratio to population		
Aged 15-64	3,254,905	6.0	

Source: Created by the author based on the "Statistics of Severely Disabled People" (Statisches Bundesamt 2017) and Bundesagentur für Arbeit (2019a, 7, Table 1.1).

Note: The number indicated above is "severely disabled persons" aged 15–64. Note that it does not include persons with disabilities equivalent to severely disabled persons or persons covered by other mandatory employment system.

	(Onic. p	persons, 70)
Severely disabled persons (total)	3,254,905	100.0
Physical disability	1,570,823	48.3
Loss or partial loss of upper or lower limbs	22,250	0.7
Functional limitations of upper or lower limbs	256,726	7.9
Functional limitations of the spine and trunk, thoracic deformation	215,923	6.6
Blindness and visual impairment	95,071	2.9
Speech or language disorder, hearing impairment, disorder of equilibrium	113,815	3.5
Loss of one or both breasts, disfigurement, etc.	82,676	2.5
Dysfunction of an organ or organ system	784,362	24.1
Mental or intellectual disability	988,620	30.4
Paraplegia	11,008	0.3
Cerebral seizures without neurological disorders of the musculoskeletal system (with mental disorders)	60,238	1.9
Organic seizures of the brain with neurological disorders of the musculoskeletal system (with mental disorders)	32,846	1.0
Cerebral mental syndrome without neurological deficits of the musculoskeletal system (brain dysfunction, organic personality changes), and symptomatic mental disorders	80,362	2.5
Cerebral mental syndrome with neurological disorders of the musculoskeletal system (brain dysfunction, organic personality changes)	112,185	3.4
Intellectual and developmental disabilities (learning disabilities, intellectual disabilities, etc.)	240,379	7.4
Endogenous mental disorders (schizophrenia, affective disorders)	153,970	4.7
Neurosis, personality disorders	255,097	7.8
Addictions	42,535	1.3
Others/ Unknown	695,462	21.4

(Linit: porcone %)

Table 4-2. Breakdown by type of disability

Source: Created by the author based on the "Statistics of Severely Disabled People" (Statisches Bundesamt 2017) and Statistisches Bundesamt (2018, 7-8, Table 2.1).

Note: Same as Table 4-1.

Federal Employment Agency (Bundesagentur für Arbeit) (Bundesagentur für Arbeit 2019a, 6). "Severely disabled persons" in the Statistics of Severely Disabled Persons, refers to severely disabled persons with a disability rate of 50 or more, and does not include those equivalent to severely disabled persons or other persons covered by the mandatory employment system. On the other hand, in the Statistics of the Federal Employment Agency, "severely disabled persons" includes severely disabled persons with a disability rate of 50 or more as well as those equivalent to severely disabled persons and others covered by the mandatory employment system (Bundesagentur für Arbeit 2019a, 5-6). Bundesagentur für Arbeit (2019a) clarifies the population of severely disabled persons as of 2017 based on the Statistics of Severely Disabled People (Bundesagentur für Arbeit 2019a, 7 figure 1.1). According to this material, the population of severely disabled persons aged 15-64 was 3,254,905, which represents 6.0% of the population aged 15-64 (Table 4-1). Therefore, it can be said that the ratio of persons with disabilities covered by the policy to the population in Germany is at least 6.0%. However, as mentioned above, the severely disabled persons in the Statistics of Severely Disabled People do not include those equivalent to severely disabled persons or others covered by the mandatory employment system. Thus, the population size of those covered by the policy may be larger than this. The breakdown of the severely disabled persons by type of disability is as shown in Table 4-2 (Statistisches Bundesamt 2018, 7-8 figure 2.1). Although a simple comparison cannot be made because the classification of disabilities in Germany differs from that in

Japan, it can be said that the percentage of those classified as physically disabled persons in Germany (48.3%) is generally comparable to the percentage of physical disability certificate holders in Japan (48.3%, Table 2-2).

Next, Federal Employment Agency (2019b) used the Statistics of the Federal Employment Agency to clarify the employment status of severely disabled persons (including those equivalent to severely disabled persons and other people covered by the mandatory employment system) as of 2017 (Bundesagentur für Arbeit 2019b, 175 table IV.G.8a). According to this material, the labor force participation population of severely disabled persons (including those equivalent to severely disabled persons and other persons covered by the mandatory employment system) was 1,403,714 persons, of which 1,241,341 persons were employed and 162,373 persons were unemployed, and the labor force participation rate (the ratio of the labor force participation population of severely disabled persons to the population of severely disabled persons) was 43.1% (Table 5-1). Employed persons are defined as workers and civil servants subject to social insurance contributions (Bundesagentur für Arbeit 2019b, 175 figure IV.G.8a n1). It is unclear whether persons with disabilities who are engaged in employment under the welfare scheme are included. Note that the Federal Employment Agency uses the data from the Statistics of the Federal Employment Agency (including those equivalent to severely disabled persons, etc.) for the labor force participation population of severely disabled persons (b in Table 5-1), while it uses the data from the Statistics of Severely Disabled People (excluding those equivalent to severely disabled persons, etc.) for the population of severely disabled persons (a in Table 5-1), which serves as the denominator (Bundesagentur für Arbeit 2019b, 175, table IV.G.8a 5). Therefore, the labor force participation rate may be higher than it actually is. The employment rate of severely disabled persons is 38.1% when calculated in the same way (Table 5-1). Therefore, the employment rate of those with disabilities covered by the policy in Germany may be estimated to be 38.1%. However, as in the case of the labor force participation rate, it should be noted that this figure is larger than the actual rate. Table 5-2 shows the number of employed persons by qualification under the mandatory employment system. It indicates that approximately 15% are covered by the system with qualifications other than "severely disabled persons" such as those equivalent to severely disabled persons, young disabled persons undergoing vocational training, and miner's pension certificate holders (Bundesagentur für Arbeit 2019a, 15 figure 3.1).

Table 5.	Employment	status	of persons	with	disabilities	covered	by	the	policy	and	breakdown	of	the
employe	d by qualificat	ion in G	ermany										

	(Unit: persons, %)
	2017
Population of severely disabled persons (a)	3,254,905
Labor force participation population of severely disabled persons (b)	1,403,714
Labor force participation rate (b / a)	43.1
Of which, employed (c)	1,241,341
Employment rate (c / a)	38.1
Of which, unemployed	162,373
Unemployment rate (Note 2)	11.7

Table 5-1. Employment status of persons with disabilities (2017)

Source: Created by the author based on the "Statistics of Severely Disabled People" (Statisches Bundesamt 2017) for (a), and the Statistics of the Federal Employment Agency (Bundesagentur für Arbeit 2017) and Bundesagentur für Arbeit (2019b, 175, Table IV.G.8a) for (b), (c), and (d).

Notes: 1. The number indicated above is "severely disabled persons" aged 15–64. Note that (a) does not include persons with disabilities equivalent to severely disabled persons or persons covered by other mandatory employment system, whereas (b), (c), and (d) include persons with disabilities equivalent to severely disabled persons and persons covered by the other mandatory employment system.

2. The ratio of the number of unemployed persons in 2017 to the labor force participation population in the previous year.

Table 5-2. Breakdown of the employed ("c" in Table 5-1) by qualification under the mandatory employment system (Unit: persons, %)

		,
Total	1,241,341	100.0
Persons employed by an employer with 20 or more employees	1,073,641	86.5
Severely disabled persons	882,454	71.1
Persons with disabilities equivalent to severely disabled persons	182,033	14.7
Job trainees	7,548	0.6
Miner's pension certificate holders, qualification unknown	1,607	0.1
Persons employed by an employer with less than 20 employees	167,700	13.5

Source: Created by the author based on Statistics of the Federal Employment Agency (2017) and Bundesagentur für Arbeit (2019a, 15, Table 3.1).

V. Comparison among Japan, France, and Germany, and consideration

Table 6 summarizes the ratio of "persons with activity limitations due to health problems" to the working-age population, and the ratio of persons with disabilities covered by the policy to the working-age population and their employment rate in Japan, France, and Germany. As to the employment rate, the employment rate of disability certificate holders was used for Japan, the employment rate of "persons with disabilities having an administrative recognition" was used for France, and the employment rate of severely disabled persons (including those equivalent to severely disabled persons and others covered by the mandatory employment system) was used for Germany, respectively. Based on this, the percentage of those with disabilities covered by the policy in the case where the percentage of persons with activity limitations due to health problems in the relevant country is 100% and the percentage of those employed are calculated (Table 7). Furthermore, when these figures are applied to the analytical model examined in section II above (Figure 1), Figure 2 is obtained.

Figure 2 shows that the area of persons with disabilities covered by the policy in Japan is smaller than that in France and Germany, visually revealing that Japan targets those with more severe degrees of functional disability compared with other two countries. It also shows that the group of employed persons (hatched area in the figure) is different among these countries. In other words, it is highly likely that those who are covered by the policy and employed in Japan may not be employed in France and Germany. It can be said that Japan provides employment opportunities for persons with more severe disability than France and Germany. On the other hand, there is a

Table 6. Comparison among Japan, F	France, and	Germany
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						(0
	Ratio of persons with activity limitations due to health problems to the working-age		Ratio of "persons covered by the working-age	of "persons with disabilities /ered by the policy" to the working-age population		Employment rate of "persons with disabilities
	population		Reasonable accommodation	Duty to employ		covered by the policy"
Japan	15.0	Japan	2.8	2.4	Japan	31.6
France	18.0	France	Same as right	6.1	France	35.2
Germany	17.5	Germany	Same as right	6.0	Germany	38.1

Source: Same as Table 1.

Source: Same as Tables 2-1, 3-1, and 4-1.

Source: Same as Tables 2-3, 3-2, and 5-1.

(1 Init: %)

Table 7. Percentage of each group of persons with disabilities in the case where the percentage of persons with activity limitations due to health problems is 100%

	Persons with activity	Persons with disabilities covered by the policy		Those employed among
	limitations due to health problems	Reasonable accommodation	Duty to employ	persons with disabilities covered by the policy
Japan	100.0	18.7	16.0	5.1
France	100.0	Same as right	33.9	11.9
Germany	100.0	Same as right	34.3	13.1



Notes: 1. The figures in Table 7 are applied to the analytical model in Figure 1. 2. It is assumed that the degree of functional disability corelates with the degree of work difficulty.

Figure 2. Comparison of groups of persons with disabilities covered by policies in Japan, France, and Germany

possibility that those who could potentially be persons with disabilities but are not covered by the policy in Japan may be covered by the policy in France and Germany, depending on their degree of functional disability or work difficulty.

In light of the above, we may see the issue of the relatively large group of people who could potentially be persons with disabilities but are not covered by the policy in Japan. In this respect, Momose (2022), by analyzing the questionnaire of the IPSS survey (IPSS 2017) mentioned above, points out that people in the "gray area," who do not hold a disability certificate but have health problems, may be at a disadvantage compared to persons with mild disabilities who hold a disability certificate, and they may be excluded from the labor market or have poor working conditions, suffering deprivation, and socially excluded (Momose 2022, 191–192). However, she also points out that it is not clear whether those in the "gray area" can make up for their disadvantage by holding a disability certificate (Momose 2022, 192).

This paper has compared the population of those who could potentially be persons with disabilities with the population of those with disabilities targeted by the policy based on the assumption that the degree of functional disability is proportional to the work difficulty. However, such a correlation is not necessarily valid at the individual level. For a more detailed analysis, it would be necessary to investigate what specific functional disabilities persons with activity limitations due to health problems who are not targeted by the policy have, and what barriers they face in actual employment settings. This paper has focused on the scope of persons with

(Unit: %)

disabilities covered by the policy and the method of certification. However, there are various other factors that could affect the effectiveness of an employment policy, such as the level of the statutory employment rate under the mandatory employment system, the means of achieving the statutory employment rate, and the income security status of those with disabilities under the social security policy. Analyzing the effects of these factors is also a subject for future research.

This is based on the authors' paper "Shogaisha koyo seisaku no taisho to naru shogaisha so no hikaku: Nihon, furansu, Doitsu" [A comparative study of persons with disabilities targeted by employment policies] submitted to and published in the *Japanese Journal of Labour Studies* 65 (11), (November 2023): 61–73. https://www.jil.go.jp/institute/zassi/backnumber/2023/11/pdf/061-073.pdf) with additions and amendments in line with the gist of *Japan Labor Issues*.

Notes

- The 1976 amendment, which preceded the 1997 amendment to include persons with intellectual disabilities in the scope of those covered by the duty to employ, established a mechanism to reduce the amount of persons with disabilities employment levy collected in the event that an employer fails to achieve the statutory employment rate, by deeming persons with intellectual disabilities employed by the employer to be physically disabled persons who are employed. A similar mechanism was also introduced for persons with mental disabilities by the 2005 amendment (Hasegawa 2018, 201–211).
- 2. When the former Act to Facilitate the Employment of Persons with Physical Disabilities was enacted in 1960, the duty to employ was imposed only on the public service sector, and employers in the private sector were only required to endeavor to employ persons with physical disabilities. Subsequently, in 1976, it was made obligatory for employers in the private sector as well to employ persons with physical disabilities, and the scope of persons with physical disabilities covered by the duty to employ was adjusted to be identical with the scope of persons with physical disabilities under the Act on Welfare of Physically Disabled Persons (Hasegawa 2018, 198–200).
- 3. The statutory employment rate is set based on the percentage of the total number of workers with disabilities covered by the mandatory employment system to the total number of workers in the labor market (Article 43, paragraph (2) of the Act to Facilitate the Employment of Persons with Disabilities). The actual statutory employment rate in the private sector is as follows: 1.5% (October 1, 1976), 1.6% (April 1, 1988), 1.8% (July 1, 1998), 2.0% (April 1, 2013), 2.2% (April 1, 2018), and 2.3% (March 1, 2021).
- 4. Amendment to the Act to Facilitate the Employment of Persons with Disabilities in 2013.
- 5. In France, a law was enacted in 1990 to prohibit discrimination on the grounds of disability and health conditions; also, the concept of "appropriate measures" that constitute reasonable accommodation was introduced in 2005 in order to make the EC Directive (2000) into national law. Germany prohibited discrimination on the grounds of disability through the General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz) enacted in 2006 (Hasegawa 2018, 13–16).
- 6. Originally, employment policies for persons with disabilities include not only the mandatory employment approach and the anti-discrimination approach, which are regulations applicable to companies, but also benefits for individuals, such as various vocational rehabilitation measures provided by public employment security offices (*Hello Work*), and other employment support organizations, and preferential treatment under the employment insurance system. However, in order to analyze the differences in the effects of employment policies for persons with disabilities in Japan, France, and Germany based on the ratio to population and employment rate of persons with disabilities in the labor market, this paper focuses on the mandatory employment approach and the anti-discrimination approach, which are regulations for companies.
- 7. Nakagawa (2021) cites the ratio of persons with disabilities to the working-age population in Japan, France, and Germany from Katsumata (2010, 141, 143) (Nakagawa 2021, 17n19).
- 8. The analytical model was created with reference to Nakagawa (2021,13, figures 5 and 6). However, while Nakagawa expresses the level of ability to perform jobs of persons with disabilities as "productivity," this paper uses the term "work difficulty," which means the ease or difficulty of finding employment from the perspective of individuals with disabilities.
- 9. The definition of employed persons in the labor force surveys of major countries conforms to the international standards adopted by the 13th International Conference of Labour Statisticians (1982) of the International Labor Organization, ILO (according to MIC Statistics Bureau, "Commentary on the *Labor Force Survey* [5th Edition]"). Specifically, "persons who during the reference period performed some work (worked for at least one hour) for wage or salary" are defined as "persons at work" (in Japanese, *jugyo-sha*), and "persons who have a job but were temporarily not at work during the reference period because of illness or injury, holiday or vacation, etc." are defined as "persons with a job but not at work" (*kyugyo-sha*), and the total of these are defined as "employed" (*shugyo-sha*). "Employed" includes those in paid employment and those in self-employment. However, since it is not possible to collect data on those who fall under the category of "persons with a job but not at work" from the survey items in the "Survey on Difficulties in Living" (MHLW 2016), only those who fall under the category of "persons at work" are defined as "employee" in this paper for the sake of convenience.
- 10. Although people employed in response to "job offering for applicants other than persons with disabilities" and "self-employed persons" may not directly benefit from the mandatory employment system, they are likely to experience the positive effects of the development of employment policies for persons with disabilities, including the anti-discrimination approach, such as an improved work environment

and a wider understanding of the employment of those with disabilities.

- 11. For the clauses of the Labor Code, reference was made to the website of the French government, légifrance, "Code du travail," https:// www.legifrance.gouv.fr/codes/texte_lc/LEGITEXT000006072050/ (Accessed on May 23, 2023).
- 12. According to Haruna, et al. (2020, 55), disability certificates in France are cards to be presented mainly for receiving support for transport and they are currently called *Carte Mobilité Inclusion* (CMI) (mobility inclusion card).
- 13. Among persons with disabilities covered by the mandatory employment system, bereaved families of war victims are not eligible for "appropriate measures."
- 14. In Germany, a corporation under public law called Bundesagentur f
 ür Arbeit (Federal Employment Agency) is established as an employment security agency under the supervision of Bundesministerium f
 ür Arbeit und Soziales (Federal Ministry of Labour and Social Affairs). Employment agencies are local offices of the Federal Employment Agency (Iida 2015, 25).
- 15. Among those covered by the mandatory employment system, miner's pension certificate holders are not stipulated as those who may claim reasonable accommodation measures.

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TERADA Gaku

Master of International and Administrative Policy, Hitotsubashi University. Chief of Coverage Section, Employment Insurance Division, Employment Security Bureau, Ministry of Health, Labour and Welfare.

Key topic

The "Long-lasting and Persistent" Labor Shortage since the 2010s—MHLW's White Paper on the Labor Economy 2024

The White Paper on the Labor Economy 2024 titled "Responding to Labor Shortages," published in September by the Ministry of Health, Labour and Welfare (MHLW), notes that the labor shortage that has continued since the 2010s in Japan has been "long-lasting and persistent" compared with past cases. In the labor market, the "labor supply-demand gaps" have arisen in a broad range of industrial sectors and occupations and the matching efficiency (ease of matching job applicants with job offers) has declined. The diverse labor participation by women, elderly people, and foreign nationals, is essential. The White Paper analyzes such situations and effective initiatives to mitigate the labor shortages in a case study from the nursing care services.

I. Background to the labor shortage

1. Review of the past half century

(1) Three phases of labor shortage

The white paper notes that in the past 50 years, there were three periods of labor shortage—(a) the "early 1970s" which corresponds to the late stage of Japan's postwar high economic growth, (b) the "late 1980s through the early 1990s" which corresponds to the bubble economy era, and (c) the "2010s onwards." The white paper describes the backgrounds of labor shortage in each period and the differences among them.

The active job openings-to-applicants ratio was higher than 1.0 in the periods (a) and (b) above as well as the late 2000s and the mid-2010s onwards. In particular, the ratio rose to a high of 1.76 in the period (a) and a high of 1.61 in the late 2010s. While the unemployment rate was on an uptrend during those periods, the direction of its movement was generally opposite to that of the active job openings-to-applicants ratio. Specifically, in the periods (a) and (b), the unemployment rate was around 1 percentage point lower, and in the late 2010s, it was slightly over 2 percentage points lower, compared with the previous and subsequent period, respectively.

The active job openings-to-applicants ratio indicates the situation of a labor shortage when the total number of job openings is higher than the total number of job applicants (i.e., when the ratio is higher than 1.0). However, in Japan, this indicator covers only job openings and applications that go through governmental employment service offices "Hello Work." In order to better grasp the true picture of the job market situation, it is necessary to refer to the unemployment rate. Unemployed persons are classified into three broad categories: "Jobless workers who left employment involuntarily," "Jobless workers who left employment voluntarily (for their own reasons)," and "Jobless workers who seek a job to newly enter the labor market." Depending on the factors that have caused job loss, how we should assess the labor market situation from employment data may vary widely. For example, "Jobless workers who left employment involuntarily" include those who have been dismissed because of stagnant corporate activity due to recession. As a result, even if the unemployment rate remains stable at a low level, it could be misleading to assess that labor supply is insufficient in production activity when the ratio of jobless workers who left



Source: Compiled by the MHLW (Office for Policy Planning and Evaluation for the Director-General for Policy Planning, and Evaluation) based on the Employment Security Service Statistics by the MHLW and the *Labor Force Survey* (basic tabulation) by the Statistics Bureau of the Ministry of Internal Affairs and Communications (MIC). *Note*: The shaded areas indicate periods of economic downturn.

Figure 1. Trend in the employment situation

employment involuntarily to the total number of the unemployed is rising.

In light of that point, let us look at the changes in the ratio of jobless workers who have involuntarily left their job to the total number of jobless workers (Figure 1). In the period (b) above and in the late 2010s, this ratio declined just as the unemployment rate did. Although the ratio also declined in the late 2000s, its level remained high. That period immediately followed the deterioration of the employment environment that had continued since the late 1990s. When the Lehman Shock triggered the global financial crisis in 2008, employmentrelated indicators deteriorated across the board. The white paper offers the analysis that the improvement of the employment situation in the late 2000s was short-lived.

(2) Employment Condition D.I.

Regarding the perception of labor shortage among companies, the value of the Employment Condition (DI) in the Bank of Japan's Tankan (Short-Term Economic Survey of Enterprises) report was negative (meaning that there are more companies that perceived a labor shortage than those that perceived a labor surplus) in the periods (a) and (b), in the late 2000s, and in the period (c). However, in the late 2000s, the negative value of the DI was smaller than in the other three periods.

While taking into consideration such trends in the employment-related indicators, the white paper analyzes the characteristics of the labor shortages by phase: the periods (a), (b), and (c).

(3) Economic growth and shift to services industries

In the period (a), the white paper shows that Japan's gross domestic product (GDP) in 1973 recorded a growth rate higher than 20% year on year, while the number of active job openings rose around 40% year on year that year. Regarding the situation in this period, the white paper gives the following assessment: "The extremely high economic growth rate strongly stimulated labor demand in the short term, resulting in a steep increase in job openings, and this presumably led to the tightening of the labor supply-demand balance."

As for the period (b), the white paper points out that "labor demand grew in the short term" due to the economic shift to services industries with a large labor-absorbing capacity, as shown by the GDP share of as large as 62% that the tertiary industry had in 1990. The white paper analyzes that the shortening of hours worked for full-time workers also contributed to a decline in labor supply, as exemplified by an increase in the percentage of workers with weekly hours worked of between 35 and 48 hours among full-time workers.

Regarding the period (c), the white paper points out the labor shortages that arose in line with the improvement of the employment situation due to economic recovery. As another factor behind the labor shortages, the white paper cites a further economic shift to services industries, exemplified by the GDP share as large as 74% in 2022 in the tertiary industry which has a strong employment-inducing effect

(4) Labor supply (total hours worked basis)

The white paper compares the labor supply in 2023 and 1990 on a basis of total hours worked on a (the number of workers \times hours worked per worker). In 2023, while the number of workers was higher than in 1990, weekly hours worked per worker were shorter. As a result, the total hours worked in 2023 were shorter than those in 1990.

The white paper observes the trend in rate of vacancies (the percentage of number of unfilled job openings for regular workers). In the 2010s, the rate of vacancy was not higher than in the bubble economy period of around 1990, but the rate of filled vacancy (the percentage of job placements relative to the new job openings) has been on a prolonged downtrend since the 2010s. In particular, the rate of filled vacancy among full-time workers fell to the lowest level in the past half century in 2023. The white paper indicates the view regarding full-time workers in particular that companies have a stronger perception of labor shortage than is suggested by the rate of vacancy because those workers are supposed to constitute the core of their workforce and because the process of recruiting full-time workers tends to take a long time. The white paper also points out that the labor shortages since the 2010s are "long-lasting and persistent" compared with the ones in the past periods, which were "short-lived and transient," and are more serious than is suggested by the rate of vacancy. Note that unfilled job opening (*mijusoku kyujin*) refers to a job offer posted by a business establishment (regardless of the recruiting methods) to fill a situation where there are no one available to do the job.

In addition, the white paper analyzes the relationship between the labor shortage and the aging of society. As the aging of society and population shrinkage are expected to continue, the white paper states that it is necessary to develop initiatives for improving labor productivity and the labor participation rate in order to maintain the vitality of our society.

2. The 2010s onwards

(1) Labor supply-demand gap negative again since 2022

Next, the white paper analyzes in detail the situation of labor shortage since the 2010s. Specifically, it defines the labor supply minus labor demand as the "labor supply-demand gap" and indicates the sectors where there has been a shortage and the level of shortage quantitatively since 2013 (Figure 2).

Until 2019, labor supply remained almost flat. However, the labor supply-demand balance turned negative in 2017-2019 as labor demand increased. A negative labor supply-demand balance means that even if all job applicants obtain a job, companies' demand for labor is not satisfied. It turned positive in 2020-2021 because of the effects of the COVID-19 pandemic, but has been negative once again since 2022 due to a recovery in labor demand.

(2) Labor supply-demand gap being positive but shrinking or being negative in all industries.

Looking at the change by industry, the labor supply-demand gap has been positive but shrinking as a long-term trend or remained negative in all industries. Labor supply and demand have been almost balanced in the "manufacturing," "information and communications," and "transport and postal services" industries, while there has been a negative gap in the "wholesale and retail trade," "accommodations, eating, and drinking services,"



Source: Compiled by the MHLW (Office for Policy Planning and Evaluation for the Director-General for Policy Planning, and Evaluation) based on the Survey on Employment Trends, the Employment Security Service Statistics by the MHLW and the Labor Force Survey (basic tabulation) by the Statistics Bureau of the MIC.

Figure 2. Estimation of the labor supply-demand gap

and "medical, healthcare and welfare." In the "accommodations, eating and drinking services" in particular, the gap has remained negative since 2014. "manufacturing," In the "information and communications," and "medical, healthcare and welfare," labor demand has been increasing at a higher pace than productivity. This trend is expected to continue along with an increasing demand for human resources with professional and technical skills due to the development of the ICT and a growing demand for workers engaging in medical and nursing care services, according to the white paper. By occupation, there have been shortages of workers engaging in jobs involving interpersonal communication, including service workers and sales workers, and professional and engineering workers.

(3) Trends in job-hopping

Growing tendency of job-hopping to larger companies

The white paper also observes the relationship of labor shortage with labor shifts and wages. In recent years, the percentage of workers who moved from a company with 100–999 employees to a company with a similar size or with a larger workforce of 1,000 or more employees has been rising as a trend compared with the 2000s. While the percentage of those who moved from a company with 5–99 employees to a company with a similar size has consistently remained high, it has been on a downtrend in the long term. In addition, the percentage of those who move to a company with 1,000 or more employees has been on an uptrend. On the whole, there is a growing tendency to move to a company with a similar or larger workforce size. On this trend, the white paper indicates a trend that there is an ongoing labor shift to large companies that provide relatively good working conditions including higher wages, and more generous employee benefits.

Job-hopping across industries and occupations still inactive

By industry, job-hopping across industries has not become active except in the "manufacturing" and "medical, healthcare and welfare" industry. By occupation, job-hopping across occupations has not become active except among "carrying, cleaning, packaging, and related workers" and "security workers."

The matching efficiency declined

The matching efficiency (ease of matching job applicants with job openings) has generally declined. Since the 2010s onward (period (c) above), as the rate of filled vacancy has continued to fall, many job openings failed to lead to hirings. The white paper describes that situation based on data on job applications, openings, and hiring, and points out that a decline in the matching efficiency has also been observed at fee-charging job placement service agency.

(4) High level of sensitivity of the wage increase rate to the rate of vacancy in Japan

The white paper compares Japan with Germany, the United Kingdom, and the United States in terms of the correlation between labor shortage and the wage level. It finds that compared with the United States, the other three countries show sensitivity of the wage increase rate at a higher level to the rate of vacancy, and a lower level to the productivity growth. Japan shows a strong correlation the rate of vacancy and a weak correlation between the productivity growth rate and the wage increase rate. In light of those results, the white paper points out that it is presumed that in Japan, "a high wage increase rate may be realized in accordance with a rise in the rate of vacancy because of the high level of sensitivity of the wage increase rate to the rate of vacancy."

II. Companies' response to labor shortage

1. Realizing a society for everyone to play active roles

(1) 4.6 million jobless workers wishing to work but not seeking a job

Based on the examination and analysis of the current situation, the white paper examines the potential labor capacity in Japan as the first step toward finding solutions to the labor shortage. According to *Employment Status Survey* by the Statistics Bureau of the MIC, there were approximately 4.6 million jobless workers who are wishing to work but not seeking a job, of whom

nearly two million were women. As for the reasons for not seeking a job, many respondents-around 600,000 men and 700,000 women-cited "Illness, injury or advanced age," particularly among elderly people. "Birth-giving, childcare, or nursing care for old or ill relatives" were cited by around 600,000 respondents among women aged 59 or younger. In comparison, each of "Looked for but failed to find a job," "Unlikely to find a desirable job," and "Not confident of own knowledge or skills" were cited by tens of thousands. In light of the findings, the white paper observes that it is important to help people willing to work by providing careful consulting support regarding matching through the employment service offices and by supporting reskilling through public vocational training programs.

Regarding the support for engagement in a side or concurrent job, the white paper notes as follows: "In addition to continuing to steadily promote working style reform and the reconciling of work with family life, it is necessary to make efforts to develop an environment that enables people to take on an additional job, when they desire, and that leads a vigorous working life within reasonable limits physically and mentally, including by supporting engagement in a side or concurrent job." Among people who are working either as a regular or nonregular worker, the number of those who are willing to accept longer working hours is around 3 million. The number of those who are willing to do an additional job while continuing the current one is 5 million. On the other hand, 7.5 million expressed a desire to reduce working hours in the survey. With respect to non-regular workers willing to accept longer working hours, the white paper indicates that enabling them to work without becoming conscious of the annual income barrier (in which those with spouses usually adjust annual income to stay below tax and social insurance premium line) is effective to some degree in mitigating the labor shortage.

(2) The employment rate for women on the rise while the part-time worker ratio also rising

While analyzing the current situation of women, elderly people and foreign nationals, whose presence in the labor market has shown pronounced growth, the white paper describes the challenges that stand in the way of labor participation by people with diverse backgrounds. Regarding the situation of women's, the employment rate for women in Japan is on an uptrend, while the part-time worker ratio among women (aged between 25 and 54) has also been rising and is at a higher level compared with the ratios in other developed countries. The regular worker ratio for women is rising, particularly among young women, as is the ratio of women who use parental leave to continue working after giving birth. However, women who found a job once again after losing a job or staying out of the labor market have been employed mainly as non-regular workers.

Under the Japanese employment practices, where seniority wages are observed, continuing to work for the same company tends to result in higher wages (especially in large companies) than changing the employer or having a career break. The white paper shows, among the female college graduates, the wage gap appears in the age groups of 40 or older and becomes the largest around the age group of 55 to 59 when comparing the "haenuki" (those who have been working for the same company since they graduated) and those who have changed the employer.

In light of those statistical data, the white paper argues that it is necessary to develop a working environment in which women can, if willing, continue working as a regular worker by enhancing parental leave and other measures to support them continuously. It is also necessary to develop an environment in which women can return to the labor market as a regular worker and to improve matching support at Hello Work in order to prevent from a career interruption, narrowing the options in their working lives, according to the white paper. The white paper also points out that it is required to improve the transparency of the labor market in order to strengthen the matching function, and to support through a career advancement subsidy and other measures in order to encourage people working under a fixed-term contract to switch to regular employment.

(3) "Employment rate cliff" shifting from age 60 toward 65

The employment rate for the elderly in Japan is high by international standards. Among the OECD member countries, Japan has the third highest rate, after South Korea and Iceland. Since 2013, as measures to facilitate the employment of the elderly were progressed, the employment rate rose steeply particularly in the age groups of 60 to 64 and 65 to 69. This means that the "employment rate cliff," that is, the age threshold line where the employment rate starts to fall precipitously, is shifting from 60 toward 65. As for type of employment, the non-regular worker ratio tends to be higher especially among men aged 60 or older than among younger people. Pointing out pronounced individual-to-individual differences in physical strength and functions among the elderly, the white paper notes that it is necessary to make active efforts to develop a workplace environment in which everyone can work comfortably by introducing facilities and equipment suited to the actual circumstances of the elderly, such as the traits of advanced age and the specifics of jobs assigned to elderly workers and by modifying work processes.

(4) Ensuring appropriate treatment of foreign workers

There is a growing number of foreign workers, mainly among those from Vietnam, who are working with a status of residence, the "Specified Skilled Workers," (under the SSW System, Tokutei-Gino Seido), which is granted exclusively to those possessing a certain level of specialism and skills in the specified industrial fields (currently 16 fields) such as nursing care, construction, accommodation, and food service. Because of the stagnant wage increase in Japan, the wage gaps between Japan and labor source countries have been narrowing as a trend. According to the results of analysis of job openings offered through Hello Work, the greatest factor for attracting foreign job applicants is the wage level. Add to that, granting more than 120 nonworking days per year may also help to attract more applicants. The white paper points out that Japan needs to become a country where foreign workers

can receive comprehensive treatment including the presence of a system to facilitate career advancement in addition to the fair protection of human rights and workers' rights, and where foreign workers work with fulfillment.

2. Labor shortage in the nursing care services and companies' initiatives

In recent years, the need for nursing care services has been growing significantly due to the aging of society. As of November 2023, the number of people recognized as requiring public nursing care services (including those recognized as requiring public support services) was 7,075,000,¹ and the number is projected to be 8.72 million in FY2040,² when the number of those aged 65 or older is expected to roughly peak. To accommodate this situation, around 2.8 million nursing care workers are required. The number of additional nursing care workers that would have been necessary to make up for the shortage in FY2019 is around 690,000 workers. In short, securing a sufficient number of nursing care workers has become a critical challenge.³ At the moment around 70% of nursing care facilities already perceive a chronic shortage of nursing care workers (Care Work Foundation, 2022). The labor shortage in the nursing care services is serious.

Among the industries facing a serious labor shortage, the white paper focuses on the nursing care services. Based on the "Fact-Finding Survey on Long-term Care Work" (2015-2022),⁴ annually conducted by Care Work Foundation (*Kaigo Rodo Antei Senta*), the perception of a labor shortage in the nursing care services is strong at nursing care facilities in urban areas and at large facilities. The white paper points out that, as the hiring rate has been trending downward, lowering the turnover rate is important as a response to the labor shortage.

As effective initiatives for mitigating the labor shortage, the white paper notes that ensuring that the wage level at nursing care facilities is higher than the average, developing consulting support services, paying bonuses on a regular basis as well as introducing ICT equipment. The white paper describes a case of a nursing care service establishment (see the column "A Case Study"). In that case, the company revised the working conditions, for example through the introduction of the work separation system between direct work (works involving direct contact with facility users) and indirect works (works not involving direct contact), and an exclusive night shift system, in order to develop a comfortable working environment. At the same time, the company succeeded in retaining human resources by creating a career advancement support program and helping employees resolve the problems they are facing.

Effective initiatives to the labor shortage differs depending on the level of shortage, so necessary measures differ from facility to facility. In addition to providing management support, the government also supports the introduction of equipment⁵ and helps to secure sufficient nursing care fee revenues to raise wages.⁶ The white paper points out that, in order to ensure sustainable social security systems whereby elderly people can receive care services with peace of mind, it is necessary to ensure the retention of nursing care workers by taking measures to support the improvement of the workplace environment in the nursing care services.

3. Labor shortage and effectiveness of companies' initiatives in the retail trade and services sectors

With respect to the retail trade and services sectors, based on the Survey on Labor Shortage and Its Management (2024), conducted by the Japan Institute for Labour Policy and Training (JILPT), the white paper examines the situation of labor shortage in the retail trade and services sectors. According to the survey, more than half of the facilities that responded to the survey perceived a labor shortage regarding all of regular workers, part-time workers and casual workers, while fewer facilities considered the labor-supply balance to be appropriate. The percentage of facilities that expected a structural labor shortage (a shortage that is not resolved for the foreseeable future) in the future was around 50% among the facilities that perceived a shortage of parttime workers and casual workers but was as high as nearly 70% among the facilities that perceived a

A Case Study

Separation of direct and indirect works and the exclusive night shift implemented in nursing homes

Company A, founded in 2002, operates group homes, nursing homes, and other facilities for older people mainly in Ise City, Mie Prefecture (with 114 employees in total as of April 2024) and has implemented a unique working style reform. First, it introduced an operation system for separated direct and indirect works in 2016. Works at nursing care facilities provides not only work in direct contact with facility users such as assisting them in bathing and eating but also indirect work such as cleaning, washing, and changing bed sheets, which accounts for more of the facility's work. In Company A, a care worker used to be assigned to both direct and indirect works (as most nursing care service companies do) and could not concentrate on indirect work when asked for direct care by users. There were complaints from users' families who considered the quality of cleaning and washing to be inadequate. Since the new operation system was introduced, the time spent on face-to-face contact with users has increased. A facility staff member observed that care workers came to realize the fundamental principle of nursing care, that is, "understanding what is on users' minds." Indirect works were assigned to disabled workers as well as to those aged 65 or over from the National Silver Human Resources Center Association (a public interest incorporated association). The new operation system thus led to a better workplace environment providing opportunities for the disabled and older people as a contribution to the society. The company also improved operational efficiency with ICT equipment such as digitalization of care records using smartphones and utilization of an intercom.

Second, Company A adopted the new working arrangement; the four-day-a-week work, exclusive night shift, and 10 hours-a-day work, followed by a half-year preparatory period. In 2018, while their job offers failed to attract applicants, several workers left the company one after another. Their facility in Suzuka City was facing a chronic labor shortage as there were quite a few nursing care facilities in the neighborhood. The new arrangement divided the care workers into exclusive daytime and nighttime shift. The company adopted a variable working hours system (*henkei rodo jikansei*) with a shift change every four weeks. It was a pioneering initiative that had a significant impact on the nursing care sector. Immediately after the introduction, seven people applied for two job offers, and as a result, the company increased hiring. The existing care workers also feel a higher level of satisfaction with their private lives as they can choose day or night shifts in accordance with their own life styles. Absences due to illness have decreased nearly 80% with the increased regularity of working hours.

In addition, the company has started a counseling service by career consultants in order to address workers' reservations and anxiety initially after the introduction. In July 2014, it also established an employee training and education facility called "Welfare Academy," for the purpose of returning the benefits of care services to users by improving each worker's skills. Their in-house skills qualification system evaluates the skills level on a six-grade scale. The acquisition of a higher grade is reflected in bonus payments. Employees' motivation for acquiring qualification has increased, and the accident rate at the facilities has declined. Furthermore, the company established a mental health consulting office and a "Self-career dock" program to provide in-house career consulting to employees on a regular basis. As a result, the turnover ratio has declined. One year when the company engaged in proactive communication throughout the year with those considering quitting the job, around 70% of them remained with the company.

*This is a summary of the column included in the White Paper.

shortage of regular workers. As for the level of labor shortage, most facilities perceived "No shortage" or "Shortage of less than 10%" with respect to regular workers, part-time workers and casual workers. Even so, more than 20% of companies perceived "Shortage of higher than 10%" regarding regular workers.

Regarding the shortage of regular workers, the white paper points out that the difference in the level of shortage across facilities tends to arise due to differences in the turnover rate, rather than in the hiring rate and that facilities where the worker retention rate is high, which means a low turnover rate, tend to avoid facing a labor shortage because they do not need to recruit new workers to fill vacancies. The white paper also notes that, in order to ease the labor shortage, it is first and foremost necessary to retain workers by steadily raising wages, reducing overtime work, and developing a workplace environment favorable for taking paid leave, and by improving training programs and the working conditions even while making efforts to secure sufficient manpower through the diversification of hiring channels.

- 1. MHLW, "Outline of the Report on the Nursing Care Insurance Program" (November 2023 Provisional Version).
- MHLW, "Regarding Type 1 Nursing Care Insurance Premiums and Estimated Service Volume, etc. during the Period of the Eighth Nursing Care Insurance Business Plan" (May 14, 2021).
- MHLW, "Necessary Number of Nursing Care Workers Based on the Eight Nursing Care Insurance Business Plan" (July 9, 2021).
- 4. "The Fact-Finding Survey on Long-term Care Work" is comprised of two parts: "Survey on Care Work at Care Service Facilities" and "Survey on the Situation of Nursing Care Workers' Work and Attitude toward Work." This section used

the first part for the analysis. In the Survey on Care Work at Care Facilities, around 18,000 facilities are randomly selected as samples from among the nursing care service facilities across Japan, and each year, around 8,000 to 9,000 facilities respond to the survey. This survey asks each facility to provide information on attributes, wages, the number of years worked and other items regarding up to 32 nursing care workers, and as a result, data concerning those items are tabulated with respect to around 70,000 to 80,000 workers each year.

- 5. The specifics of the support for the introduction of equipment are as follows. Through the Funds for Securing Comprehensive Medical and Long-term Care in local communities by the MHLW, subsidies are provided for the development of telecommunications environment in accordance with the introduction of nursing care robots used for assisting users in activities such as moving around at home, going out, excretion, and bathing and for keeping watch over users, back-office software programs useful for efficiency improvement (attendance management and shift management software), and sensors to keep track of movements of users. As a result of the revision of nursing care fees in FY2024, some flexibility has been introduced into the personnel assignment standards for specified facilities that are advanced in introducing robots and other nursing care-related equipment.
- 6. As a result of the revision of nursing care fees in FY2024, the extra rate for additional fees related to the improvement of worker treatment will be raised so that base salary increases of 2.5% in FY2024 and 2.0% in FY2025 can be realized in FY2025.

Reference

- Care Work Foundation. "Kaigo rodo jittai chosa" [Fact-finding survey on long-term care work] (2015-2022). For the press release on the latest survey results, see https://www.kaigocenter.or.jp/content/files/report/2023r01_chousa_ gaiyou_0821.pdf.
- JILPT (Japan Institute for Labour Policy and Training). 2024. *Hitode busoku to sono taio ni kakawaru chosa* [Survey on labor shortage and its management]. JILPT Survey Series no.248. Tokyo: JILPT. https://www.jil.go.jp/press/ documents/20240829.pdf.

Commentary

If a Fixed-term Labor Contract Has been Set Renewable for Up To Five Years, Is It Permissible for the Employer to Refuse to Renew the Contract in the Fifth Year When Workers' Right to Apply for Conversion to an Indefiniteterm Contract Arises?

The Nippon Express (Kawasaki Branch) Case Tokyo High Court (Sept. 14, 2022) 1281 Rodo Hanrei 14

HOSOKAWA Ryo

I. Facts

In September 2012, X (plaintiff, appellant) started working as a temporary agency worker dispatched by Company S, a temp agency, at the oil distribution center affiliated to Branch C of Company Y (defendant, appellee), a company engaging in logistics business in general and related businesses, including motor truck transportation, railway freight construction, transportation, and specialized transportation. In June 2013, X concluded a fixedterm employment contract with Y as a clerical worker at the oil distribution center for a contract term of one year. With regard to the renewal of the contract, the written contract executed between X and Company Y provided that the contract "may be renewed. The renewal is determined depending on the workload, work performance, attitude, and ability, the financial conditions of the branch office where the worker is employed, and the progress of the work performed by the worker, at the end of the expiration of the contract term." In addition, it also stated, "The contract will not be renewed for a period exceeding five years in total from the date of commencement of the first employment contract with the Company (hereinafter referred to as the 'renewal limit clause')." The duties assigned to X could be performed by other contract workers. At the time when Company Y refused the renewal of X's contract, the oil distribution center where X worked had been in business for more than 17 years, and although it was run in the red, there was no plan to close any of its business establishments. Before and after X worked at Company Y, there were fixed-term contract workers who had been working at Company Y for more than five years, but the contract conditions applicable to those workers were different from those of X because no renewal limit was set under their initial fixed-term employment contracts.

X and Company Y subsequently renewed the employment contract four times, and at each renewal, a written contract was prepared with X's signature and seal. When the contract was renewed for the fourth time on June 29, 2017, the written contract stated that the contract would not be renewed the next time. On this occasion, a procedure was carried out wherein a manager read out to X the explanation concerning the renewal limit, or the non-renewal of the contract, and a written confirmation was prepared as proof that X received the explanation, and was submitted to Company Y.

Around June 1, 2018, Company Y notified X in writing that the Employment Contract with X (hereinafter, the "Employment Contract") would expire on June 30, 2018. The renewal limit clause was cited as one of the reasons for the expiration of the contract.

On July 31, 2018, X filed a suit against Y to seek a confirmation that X had the status of a worker who has rights under the employment contract, alleging that the renewal limit clause is invalid as it was an attempt to avoid the worker's right to apply for conversion to an indefinite-term contract under Article 18 of the Labor Contracts Act, and X had a reasonable expectation for continued employment, and that Company Y's refusal to renew X's contract is unacceptable under Article 19 of the Labor Contracts Act as it is not found to be objectively reasonable or appropriate in general societal terms. The court of first instance dismissed X's claim (The Yokohama District Court, Kawasaki Branch (Mar. 30, 2021) 1255 *Rohan* 76). X appealed to the high court.

II. Judgment

The court of second instance dismissed X's appeal and upheld the judgment in first instance that dismissed X's claim to seek a confirmation of the status of a worker. The summary of the judgment in second instance is as follows.

Article 18 of the Labor Contracts Act provides for a system for converting a fixed-term labor contract into an indefinite-term contract (a labor contract without a fixed term) if the fixed-term labor contract is renewed repeatedly over a period exceeding five years in total. It is interpreted that this system is intended to prevent the abusive use of fixed-term labor contracts and ensure stable employment of workers. The background to the establishment of this provision is that when fixedterm labor contracts are repeatedly renewed and employment continues for a long period of time, there is a risk that the legitimate exercise of rights by workers may be restrained due to the fear that their employers would refuse to renew their contracts.

On the other hand, it is interpreted that even afte the introduction of Article 18 of the Labor Contracts Act, it is still permissible to use workforce in shortterm employment by concluding fixed-term labor contracts for up to five years in total. Therefore, even if the employer concludes fixed-term labor contracts with a total contract term not exceeding five years and subsequently refuses to renew the contract, such conduct would not be immediately deemed an abusive use of fixed-term labor contracts contrary to the purpose of Article 18 of the Labor Contracts Act, nor would it necessarily be considered an act designed to circumvent that provision. Article 19, item (ii) of the Labor Contracts Act codifies the theory established in the Supreme Court 1986 decision in the Hitachi Medico Case (Supreme Court (Dec. 4, 1986)). Whether a fixed-term labor contract meets the condition of "having reasonable grounds upon which the worker expects the fixed-term contract to be renewed when the fixed-term contract expires," which is a requirement for applying the theory under this provision to restrict an employer's refusal to renew a fixed-term contract, should be determined comprehensively. This determination involves considering various objective circumstances, such as whether the worker has been employed on a temporary or regular basis, the number of times the contract has been renewed, the total period of employment, the situation of contract term management, and whether the employer's behavior has caused the worker to expect that their employment would continue (hereinafter referred to as "circumstances for consideration"). The fact that the employer and the worker concluded a labor contract that explicitly specifies the maximum period of renewal would be one of the factors for consideration, in combination with the circumstances for consideration mentioned above, in the course of determining whether there are reasonable grounds for the worker to expect that the fixed-term labor contract would be renewed. In other words, such fact would be one of the circumstances due to which the existence of reasonable grounds for the worker's expectation for the renewal of the contract should be denied.

Based on the above, X's argument that "the employer's refusal to renew a fixed-term labor contract to avoid the worker's right to apply for conversion to an indefinite-term contract is impermissible, and the non-renewal clause and renewal limit clause are against public policy and invalid because they were established in an attempt to avoid or circumvent the application of Articles 18 and 19 of the Labor Contracts Act" cannot be accepted.

Under a labor contract, workers are in a position

to be subject to the employer's directions and orders and have limited ability to collect information that they could use as the basis for making their own decisions, and thus they may be forced to accept agreements that are disadvantageous to them. Therefore, for example, when a worker under a fixed-term labor contract has come to have a reasonable expectation for the renewal of the contract, and subsequently enters into a new contract with a specified renewal limit, there may be cases where it should be carefully determined, from the perspective mentioned above, whether the worker can be deemed to have accepted, on their own free will, that such reasonable expectation would be extinguished due to the introduction of the renewal limit.

However, the non-renewal clause and renewal limit clause disputed in this case had been explicitly prescribed in the relevant written contracts since the Employment Contract was concluded for the first time. In addition, it is unambiguously clear that the employment term under the Employment Contract is set as not exceeding five years in total. The section chief of Company Y had an interview with X and explicitly presented and explained this contract condition to X. X entered into the Employment Contract while being fully aware of the existence of the non-renewal clause and renewal limit clause. Given these facts, it is difficult to say that there were circumstances in which an agreement was reached without X's free will, such as that X was forced to accept conditions that were contrary to their legitimate confidence and expectations with respect to the renewal of the contract in the process of concluding the Employment Contract.

According to the above, in light of the facts of this case, it is not found that there are reasonable grounds for X to expect that their employment under the Employment Contract would continue at the time of expiration of the Employment Contract. In other words, the Employment Contract does not satisfy the requirement set forth in Article 19, item (ii) of the Labor Contracts Act, and therefore the theory restricting an employer's refusal to renew a fixedterm contract prescribed in Article 19 of the Labor Contracts Act does not apply. Consequently, the court of first instance was justified in dismissing X's claim by determining that the Employment Contract was terminated upon the expiration of the term of the contract.

III. Commentary

In this case, given the fact that the employer set the total contract term (following several times of renewal) in advance upon concluding a fixed-term labor contract and refused to renew the contract when the total contract term reached the upper limit, the worker disputed the effect of such refusal to renew the contract (vatoidome), alleging that it was an attempt to circumvent Article 18 of the Labor Contracts Act, which provides for a worker's rights to apply for conversion to an indefinite-term contract when the total contract term following several times of renewal exceeds five years, or Article 19 of the same Act, which restricts an employer's refusal to renew a fixed-term contract under certain conditions in the same manner as the "abuse of the right to dismiss" theory .

In Japan, fixed-term labor contracts were only regulated by setting the limit to the maximum contract term, and there were no restrictions on the reasons for using fixed-term labor contracts, and also no restrictions on the number of contract renewals or the total contract term. As a result, not a few workers repeatedly renewed their fixed-term labor contracts and worked for the same employer for many years. Then, a case law theory was established to the effect that the abuse of the right to dismiss theory applies by analogy to the employer's refusal to renew a fixed-term contract if the worker's expectation for continued employment is recognized with reasonable grounds, such as when a fixed-term labor contract is repeatedly renewed.¹

As the number of contract renewals and the total contract term were considered as factors for determining whether the worker reasonably expected that their employment would continue, employers often tried to eliminate such expectation for continued employment by setting the upper limit of the number of renewals in advance or including in the contract for renewal a provision that the contract would not be renewed next time. Due to such practice, the validity of a clause that sets such upper limit of the number of renewals or the total contract term and a clause that stipulates the subsequent non-renewal of the contract (hereinafter these clauses are collectively referred to as "renewal restriction clauses") has often been challenged.²

In the 2000s, the precarious state of employment and unfair treatment (low income) of non-regular workers became social problems. In 2012, the Labor Contracts Act was amended for the purpose of protecting workers with fixed-term contracts (almost equal to non-regular workers). This amendment introduced the right of a fixed-term contract worker to apply for conversion of the fixed-term labor contract to an indefinite-term contract if the fixedterm labor contract has been repeatedly renewed over a period exceeding five years (right of conversion to indefinite-term contract; Article 18 of the Labor Contracts Act).³

As a result, it became a common practice to include renewal restriction clauses in a contract so that the total contract term would not exceed five years and the worker's right of conversion to indefinite-term contract would not arise. On the other hand, such manner of using renewal restriction clauses was criticized as substantially preventing the occurrence of a fixed-term contract worker's right of conversion to an indefinite-term contract and thereby attempting to circumvent law. As a result, the legal effect of the renewal restriction clauses was also challenged in relation to Article 18 of the Labor Contracts Act. The case discussed in this article can be positioned as one of such cases.

The issues surrounding renewal restriction clauses can be roughly divided into two cases: (1) cases in which a clause setting the limit to the number of contract renewals, etc. (hereinafter "renewal limit clause") has been explicitly indicated in the initially concluded fixed-term labor contract; and (2) cases in which a fixed-term labor contract is concluded without any clause on contract renewal, and then a new clause restricting renewal is added or other measures are taken when the contract is subsequently renewed. This case is categorized as type (1).⁴

In type (1) case, there are two theoretical questions. First, the renewal limit clause would result in preventing the occurrence of a fixed-term contract worker's right of conversion to an indefinite-term contract when the total contract term reaches five years. The question is whether the practice of including such clause in a fixed-term contract would be regarded as unlawfully depriving the worker of the right of conversion to an indefinite-term contract, which is legally guaranteed under Article 18 of the Labor Contracts Act, and judged to be circumvention of law or violation of the purpose of the system under that Article. Second, if the renewal limit clause is not immediately rendered invalid, a question arises as to how such clause would be judged when the applicability of the theory restricting an employer's refusal to renew a fixed-term contract prescribed in Article 19 of the Labor Contracts Act is at issue, especially in the course of determining whether there are "reasonable grounds upon which the worker expects the fixed-term labor contract to be renewed when the fixed-term labor contract expires" as referred to in item (ii) of that Article.

In the judgment on the case discussed in this article, the court held as follows regarding the first question. It is understood that even after the introduction of Article 18 of the Labor Contracts Act, it is still permissible to use workforce in short-term employment by concluding fixed-term labor contracts for up to five years in total. Therefore, even if the employer concludes fixed-term labor contracts for a contract term not exceeding five years in total and then refuses to renew the contract, such practice would not be immediately judged to be an abusive use of fixed-term labor contracts contrary to the purpose of Article 18 of the Labor Contracts Act. In conclusion, the court ruled that the renewal limit clause would not immediately be judged to be invalid. Although there are some court decisions prior to this judgment that expressed the same purport,⁵ the first significance of this judgment is that it clarified this point. As discussed below, this judgment states that even if the renewal limit clause

is not immediately rendered invalid, this does not necessarily preclude the possibility of contract renewal beyond the limit specified in that clause, but it serves as nothing more than one of the important factors in considering the worker's expectation for continued employment. It then follows that the existence of the renewal limit clause itself does not uniformly deprive a fixed-term contract worker of the possibility of conversion to an indefinite-term contract⁶ and therefore it does not immediately contradict the purpose of Article 18 of the Labor Contracts Act. Thus, the argument presented in this judgment can be evaluated to be consistent.⁷

Regarding the second question, previous court decisions can be divided into two groups: those that hold that the existence of a reasonable expectation for continued employment is itself denied by the renewal limit clause⁸ and those that regard the renewal limit clause as one factor for consideration in determining whether there is a reasonable expectation for continued employment along with other factors.9 In this judgment, the court held that the fact that the employer and the worker concluded a labor contract that explicitly specifies the maximum period of renewal would be one of the factors for consideration, in combination with the circumstances for consideration, in the course of determining whether there are reasonable grounds for the worker to expect that the fixed-term labor contract would be renewed. Thus, the court clearly adopted the view of the latter of the abovementioned two groups. This is the second significance of this judgment. In the administrative interpretation of Article 19, item (ii) of the Labor Contracts Act,10 the competent administrative authority took the position that all circumstances that occurred between the time of conclusion of the contract and the time of its expiration should be comprehensively taken into consideration when determining whether there is a reasonable expectation for continued employment, which is an appropriate view.

However, if this approach is taken, the next question is how much weight should be given to the fact that the renewal limit clause is agreed upon under the initially concluded contract in determining whether there is a reasonable expectation for continued employment. In this regard, many court decisions ruled that a reasonable expectation would not arise if the renewal limit clause is agreed upon, unless there are special circumstances.¹¹ This judgment does not clearly take such position. However, this judgment cites the portion of the determination by the court of prior instance that emphasizes the fact that the renewal limit had been explicitly indicated in the initially concluded contract, and draws the conclusion that a reasonable expectation did not arise on the grounds that "it is difficult to say that there were circumstances in which an agreement was reached without X's free will" in the process of concluding the contract with the renewal limit clause. Accordingly, it is possible to understand that this judgment takes the abovementioned position.

On the other hand, this judgment also presents a

view that denies the constancy of work due to the financial conditions at the oil distribution center where X was assigned.¹² After all, it is not definite how much weight the court considers the renewal limit clause to have in determining whether there is a reasonable expectation. In addition, if the renewal limit clause eliminates an expectation for continued employment (unless there are special circumstances), it could in effect eliminate the possibility of conversion to an indefinite-term contract through setting a finite total of the labor contract term. Considering this point, there may be leeway for questioning the consistency with the purpose of Article 18 of the Labor Contracts Act, which is to prevent the abusive use of fixed-term contracts, and the conventional theory restricting an employer's refusal to renew a fixed-term contract, which requires various circumstances to be comprehensively taken into consideration in determining a reasonable expectation for continued employment.¹³ Questions such as how the renewal limit clause should be positioned in determining whether there is a reasonable expectation for continued employment and in what cases the renewal limit clause is regarded as an abusive use of fixed-term contract and its effect is denied are open to further discussion.

- 1. The *Hitachi Medico* case, Supreme Court (Dec. 4, 1986) 486 *Rohan* 6, cited above.
- 2. The *Qantas Airways Limited* case, The Tokyo High Court (Jun. 27, 2001) 810 *Rohan* 21; The *Hokuyo Denki* case, The Osaka District Court, (Sept. 11, 1987) 504 *Rohan* 25;The *Kinki Kensetsu Kyokai* case, The Kyoto District Court, (Apr. 13, 2006) 917 *Rohan* 59; The *Hotoku Gakuen* case, The Kobe District Court, Amagasaki Branch (Oct. 14, 2008) 974 *Rohan* 25; The *Rikkyo Jyogakuin* case, The Tokyo District Court, (Dec. 25, 2008) 981 *Rohan* 63.
- For the commentary on the regulations for fixed-term labor contracts and the amendment to the Labor Contracts Act in 2012, see Ryo Hosokawa, "Is a Part-time Instructor Whose Role is Exclusively to Teach University Language Classes a 'Researcher'?" The Senshu University (Conversion of a Fixed- Term Labor Contract to an Indefinite-term Labor Contract) Case, Japan Labor Issues 7, no.43 (May 2023): 56–61. https:// www.jil.go.jp/english/jli/ documents/2023/043-04.pdf.
- 4. For the issues and court decisions regarding type (2) cases, see Takashi Araki, *Rodoho* [Labor and Employment Law], 5th ed. (Yuhikaku, 2020), 566–569. As a type (2) case involving Nippon Express, see The *Nippon Express (Tokyo)* case, The Tokyo High Court (Nov. 1, 2022) 1281 *Rohan* 5.
- The Baiko Gakuin case, The Hiroshima High Court (Apr. 18, 2019) 1204 Rohan 5, The Sendai City Council of Social Welfare case, The Sendai High Court (Dec. 10, 2020), Journal of Labor Cases, no.110 (May 2021): 38.
- 6. Kentaro Hayashi, "Keiyaku teiketsu tosho kara 5 nen no koshin gendo ga settei sare ta yuki koyo rodosha ni taisuru yatoidome no tekiho-sei: The *Nihontsuun (kawasaki)* case, Tokyo High Court (Sept. 14, 2022)" [Legality of the employer's refusal to renew a fixed-term labor contract which is renewable for up to five years since the conclusion of the initial contract], *Horitsu Jiho* 95, no. 13 (December 2023): 268–271.
- 7. Among academic theories, the view that the renewal limit clause is not illegal or invalid unless there are special circumstances as in this judgment (Takashi Araki, Kazuo Sugeno, Ryuichi Yamakawa, Shosetsu Rodo keiyaku ho [Labor Contracts Act], 2nd ed., (Kobundo 2014), 177) is dominant (there is a view that basically does not deny the effect of the renewal limit clause but requires sufficient explanation and strict implementation of the clause-Nobutaka Shinohara, "Hi seiki rodosha no koyo shuryo hori to 2018 nen mondai" [Theory of termination of employment of non-regular workers and the 2018 problem], Quarterly Labor Law, no.264:77). On the other hand, there is a persistent view that the renewal limit clause is against public policy and invalid unless the employer can prove that this clause is not intended to avoid

the worker's right to apply for conversion to an indefiniteterm labor contract (reasonable grounds for setting the upper limit of renewal) (Miki Kawaguchi, Rodoho [Labor Law], 8th ed. (Shinzansha, 2024), 590-594, Keiko Ogata, "Yuki rodo keiyaku no koshin gendo joko ni kansuru ichi kosatsu" [Consideration on the renewal limit clause in fixed-term labor contracts], Quarterly Labor Law 266: 116-127; Tomoko Kawada, "Muki tenkan ruru ni taiko suru goi no koryoku"[Effect of agreement against the rule for conversion to an indefinite- term labor contract], in Yamada Shozo sensei koki kinen, Gendai koyo shakai ni okeru jiyu to byodo (Shinzansha, 2019): 350-351, [A festschrift in honor of the 70th birthday of Professor Shozo Yamada, "Freedom and equality modern employment society"]). in The latter view, however, would require special freedom for the conclusion of fixed-term labor contracts (less than five years in total), and would be interpreted in the same way as establishing "entrance regulations" for restricting the use of fixed-term labor contracts (Nobuyuki Inatani, "Koshin jogen kisei ni yoru muki tenkan chokuzen no yatoidome no tekihosei" [Legality of the employer's refusal to renew a fixed-term labor contract under regulations limiting the duration of the contract immediately before the conversion to an indefiniteterm labor contract] Min-Shoho Zasshi 158, no.5 (December 2022): 1237–1248). This may involve an issue as to whether such an effect can be understood as the purpose of Article 18 of the Labor Contracts Act.

- The Kyoto Shimbun COM case (The Kyoto District Court (May 18, 2010) 1004 Rohan 160).
- The Daikin Kogyo case (Osaka District Court (Nov. 1, 2012) 1070 Rohan 142); The Docomo Support case (Tokyo District Court (June 16, 2021) Journal of Labor Cases, no.115 (Oct. 2021): 2).
- Notice on Enforcement of the Labor Contracts Act (Notice *Ki-Hatsu* No. 0810-2, August 10, 2012), 5-5(2)C, which is issued by the Director of the Labour Standards Bureau of the Ministry of Health, Labour and Welfare.
- 11. The *Baiko Gakuin* case and the *Sendai City Council of Social Welfare* case, *supra* note 5. For the academic theory that takes the same position, see Araki, *supra* note 4, 566.
- 12. For a view that raises a question about the determination in this judgment, see Hisashi, Takeuchi (Okuno), "Koyo tosho kara fusa re te i ta 5 nen o koe nai to no koshin jogen joko no koryoku" [Effect of the five-year renewal limit included in the initially concluded contract], *Monthly Jurist* no. 1568 :128, and Yoko Hashimoto, "Koshin jogen-sei to fukoshin joko to Rokeiho 19 jo" [Renewal limit clause and non-renewal clause and Article 19 of the Labor Contracts Act], *Monthly Jurist*, no.1580: 5.
- 13. For a view that points out this issue, see Hayashi, *supra* note 6, 271.

HOSOKAWA Ryo

Professor, Aoyama Gakuin University. Research interest: Labor Law.



Labor Market, and Labor Administration and Legislation

Corporate In-house Education and Training and Career Formation in Japan

FUJIMOTO Makoto

I. Current status of skills development at Japanese companies

It is considered necessary for workers to engage in the following two types of education and training in order to improve their vocational skills: (i) on-thejob training (OJT), namely, acquiring the necessary knowledge and skills for a job while working; and (ii) education and training conducted while they are not on duty. Type (ii) is further divided into: (a) offthe-job training (Off-JT) conducted under the supervision of the company; and (b) self-development (*jiko keihatsu*) pursued by workers voluntarily.

Among these, OJT and Off-JT fall under the category of in-house education and training. According to the Business Establishment Survey in the "Basic Survey of Human Resources Development" in 2023 (by Ministry of Health, Labour and Welfare, MHLW, hereinafter "the Basic Survey"),¹ 60.6% of the business establishments provided their regular employees with "planned OJT." The planned OJT is a type of OJT conducted on the basis of programs that specify details such as the staff in charge of training, the employees who will receive the training, and the period and content of the training. Note that while the Basic Survey specifies OJT for regular employees, OJT other than "planned OJT" is more often conducted for both regular and non-regular employees at workplaces.

Planned OJT is more likely to be implemented for young regular employees. While businesses that provided planned OJT for their new employees accounted for 51.5%, those providing planned OJT for their mid-career employees accounted for 36.6%. Planned OJT is more common in larger companies: it was conducted at 45.4% of the businesses affiliated with companies with 30 to 49 employees and at 76.5% of the businesses affiliated with companies with 1,000 or more employees.

On the other hand, 71.4% of the respondent businesses conducted Off-JT. The tendency to implement Off-JT also shows a marked difference by company size. While 57.2% of the businesses affiliated with companies with 30 to 49 employees provided Off-JT for their regular employees, the figure is as high as 83.6% among those affiliated with companies with 1,000 or more employees.

Although the Basic Survey shows that Off-JT was implemented at more businesses than planned OJT, for the majority of workers, OJT is the main opportunity for education and training. This type of training is particularly important in Japanese companies, where, unlike job-based employment in other countries, job contents may not be specified, and the vocational skills required are easily influenced by the situations surrounding the company or workplace. According to the Company Survey in the Basic Survey in 2023, 78.5% of the respondent companies chose OJT when asked whether they place importance on OJT or Off-JT in education and training for their regular employees.

From the Company Survey in this Basic Survey, we can also find how Japanese companies intend to commit to skills development for their regular employees. In response to the question as to whether the skills development policy for regular employees is decided by the company or workers, 72.9% of the respondent companies answered that the policy is decided by the company. This shows that there is a growing trend among companies to adopt the stance that the skills development of regular employees should be carried out under the initiative of the company, as their employer, rather than employees.

II. Increasing popularity and challenges of reskilling

1. Increasing popularity of reskilling in Japan

In Japan, the term "reskilling" has been used frequently in industry and in government policies as a concept related to skills development for workers since the beginning of the 2020s, particularly after the inauguration of the Kishida Administration in October 2021. The Guidelines for Integrated Three-Pronged Labor Market Reforms published in May 2023 by the Council of New Form of Capitalism Realization, an organ established within the Cabinet Secretariat, mentioned support for improving abilities through re-skilling as one of the key factors for achieving the labor market reform, thus emphasizing the significance and importance of reskilling (Council of New Form of Capitalism Realization 2023). In recent years, initiatives toward realizing human capital management have been spreading in industries. In Ministry of Economy, Trade and Industry (METI) (2020), which provided guidelines for such initiatives, mentioned reskilling and relearning as one of the five factors that will be required for corporate human development strategies.

Here we should consider what "reskilling" means. A famous Japanese advocate of reskilling defines this term as "learning new things, acquiring and practicing new skills, and taking up new work or a new job" (Goto 2022: 2). Another definition has been given in earlier research: "acquiring or having workers acquire new skills in order to take up a new job or adapt to significant changes in the skills required for the current job" (Recruit Works Institute 2021: 4). These two definitions have in common the point that reskilling is for taking up a new job or work, but there is a slight difference in terms of the description of what is supposed to be acquired through reskilling. There is also research that views

reskilling as "relearning/rebuilding skills for the DX (digital transformation) era" in relation to digitization and DX (Recruit Works Institute 2020 and 2022).²

However, the term "reskilling" seems to be used with a meaning beyond the above definitions in a situation where workers actually engage in learning, in particular, in-house skills development or education and training programs. Reskilling initiatives carried out by companies include initiatives for supporting education and training for employees in terms of digitalization and DX, such as offering programs to learn computer programming and acquire IT skills, and conducting education on computer literacy for all employees and education on data analysis for some employees for the promotion of DX. Financial support to acquire qualifications necessary for work as well as support for language learning are also provided as reskilling initiatives (JILPT 2022). It is presumed that there are many companies that do not limit reskilling to the acquisition of knowledge and skills related to digitalization and DX, or to the acquisition of new knowledge and skills. Furthermore, there are no cases where the employees who are eligible for reskilling support are limited to those who are taking up new work.

How do workers consider reskilling? The "Questionnaire on Workers' Jobs and Lifestyles" conducted in April 2023 by the JTUC Research Institute for Advancement of Living Standards (RENGO-RIALS) defined the term "reskilling" as "an effort to learn digital technology and skills that are newly required for work in the midst of great changes in society." The survey asked the workers about the need for reskilling as an initiative by the company and reskilling as a voluntary activity by workers, and the tendency of their responses was similar for both types of reskilling. About 50% of the workers working as regular employees and about 40% of the workers working as non-regular employees answered that reskilling is necessary. Workers at larger companies are more likely to consider that both types of reskilling are necessary. By job type, the rate of respondents who recognize the need for reskilling is relatively higher among Table 1. Workers' view on the need for reskilling

		(
	Reskilling is necessary as an initiative by the company	Reskilling is necessary as a voluntary activity by workers
[Type of employment]		
Regular employees	49.0	49.1
Non-regular employees	40.5	40.9
[Company size]		
Not more than 99 employees	39.8	39.6
100 to 999 employees	48.3	47.7
1,000 or more employees	58.7	58.2
[Job type]		
Administrative and managerial	57.8	57.8
Professional and engineering	52.8	54.7
Clerical	49.6	49.6
Sales	46.0	45.6
Service	45.0	44.3
Skilled workers and laborers, etc.	31.0	30.3

Source: Created by author based on RENGO Research Institute (2023).

workers engaging in administrative and managerial work or professional and engineering work than among skilled workers and laborers (Table 1).

2. Reskilling and self-regulated career management

Another characteristic trend toward reskilling recently observed in Japan is that companies are promoting reskilling in combination with individual employees' independent efforts to develop their skills and shape their career. In other words, such efforts are considered as self-regulated career management, individual employees' commitment to developing one's own career and continuing to learn in a rapidly changing environment. According to JILPT (2022), an electronic company introduced job descriptions for non-managerial workers to make their positions clear, enabled subordinates to receive support for career formation from their superiors, and strengthened support for managers, with the aim of encouraging employees to change their behavior toward self-regulated career building and reskilling. An electric cable manufacturer is working to promote coaching training and one-on-one meetings so as to

foster a corporate culture that motivates employees to relearn on their own.

Fujimoto (2023) indicates two structural factors that cause a combination of reskilling and selfregulated career management and points out that this combination can be established as a basic approach to skills development and career formation in the future. The first factor indicated by Fujimoto is that, due to the constraint on labor supply caused by the decline in population, especially among young people, and the globalization of business activities, companies will need to enable diverse human resources to play an active role. The second factor is that skills development carried out to make use of the advance and innovation of digital technology will place more focus on learning new things that will be useful in the future, than learning about past experiences. These two factors may make it difficult to implement OJT according to the hierarchy based on the quantity of work experience or the relationship in which senior workers teach junior workers or implement Off-JT for respective groups of workers, such as hierarchical training.

When combined with self-regulated career



Source: Created by author based on Recruit Management Solutions, 2021.

Figure 1. Attitude toward "self-regulated or voluntary career formation"

management, reskilling will be an activity for which workers should have greater self-responsibility. Figure 1 shows the results of the survey of attitude for career formation, conducted in 2021 for young and mid-career employees aged 25 to 44. The majority of the young and mid-career employees have an awareness that "Most people will be required to carry out self-regulated or voluntary career formation in the future" (84.3%, a total of "I completely agree" and "I somewhat agree"; hereinafter the same), and feel that "I personally want to carry out self-regulated or voluntary career formation" (82.0%). On the other hand, 74.6% think "self-regulated or voluntary career formation is difficult for most people," and 64.8% answered that "I feel stressed or stifled when I am required to carry out self-regulated or voluntary career formation."

Based on the above results, even in the case of reskilling that is promoted in conjunction with selfregulated career management, it is expected that many young and mid-career employees will understand the need for reskilling and want to actively carry it out, but when it comes to actually taking action, they feel difficulty and pressure and hesitate, often finding themselves in a situation where their feelings are positive, but their actions are negative. In view of the fact that efforts are being made to encourage employees to change their behavior or to create a corporate culture that supports relearning as in the cases mentioned above (JILPT 2022), it can be said that companies are also aware of the risk that reskilling, which is combined with selfregulated career management, could become a mere formality.

In addition, the approach of combining reskilling with the promotion of self-regulated career management may conflict with the relevant policies that many Japanese companies have adopted to date regarding skills development for their employees. If companies are to encourage their employees to engage in reskilling while promoting their selfregulated career management, they will find it more necessary to take into account the autonomy and needs of employees when deciding job assignments and promotions that lead to career formation within the company. In the future, many Japanese companies may face issues, such as whether they can make this kind of change in policy and whether they can balance skills development and career formation, which focus on the autonomy and needs of employees, while maintaining the management of employees as an organization.

1. "Basic Survey of Human Resources Development," which

consists of the Company Survey, Business Establishment Survey, and Individual Survey, has been conducted annually since FY2000 by MHLW. The number of targets and the valid response rate of the FY2023 survey were as follows: in the Company Survey, 7,318 companies with 30 or more regular workers, 56.3%; in the Business Establishment Survey, 7,026 businesses with 30 or more regular workers, 54.3%; and in Individual Survey, 19,574 workers belonging to the targeted business establishments, 43.6%. For the summary of the survey results,see:https://www.mhlw.go.jp/content/11801500/001283508. pdf [in Japanese].

2. The digital transformation is often abbreviated as "DX" in Japan.

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FUJIMOTO Makoto

Vice Research Director, The Japan Institute for Labour Policy and Training. Research interest: Industrial sociology.

https://www.jil.go.jp/english/profile/fujimoto.html



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 the effects of price increases, policy trends in the U.S., the situation in the Middle East and fluctuations in the financial and capital markets. (*Monthly Economic Report*,¹ January 2025).

2. Employment and unemployment

The number of employees in December increased by 670 thousand over the previous year. The unemployment rate, seasonally adjusted, was 2.4%.² Active job openings-to-applicants ratio in December, seasonally adjusted, was 1.25.³ (Figure 1)

3. Wages and working hours

In December, total cash earnings increased by 4.4% year-on-year and real wages (total cash earnings) increased by 0.3%. Total hours worked decreased by 1.1% year-on-year, while scheduled hours worked decreased by 0.9%.⁴ (Figure 2)

4. Consumer price index

In December, the consumer price index for all items increased by 3.6% year-on-year, the consumer price index for all items less fresh food increased by 3.0%, and the consumer price index for all items less fresh food and energy increased by 2.4%.⁵

5. Workers' household economy

In December, consumption expenditures by workers' households increased by 8.7% year-on-year nominally and increased by 4.3% 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

3. https://www.mhlw.go.jp/english/database/db-l/general workers.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

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

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

What's on the Next Issue

Japan Labor Issues

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•Special Feature on Research Papers (III)

> An International Comparison of Japanese Jobs

 Position of Japan Regarding Changes in Work Environment Following Introduction of AI Technology in Workplace: International Comparison Focusing on Reponses by Corporate Organizations

Trends

Key topic

MHLW's 2024 Report on Employment Status of the Older People

News

Result of MHLW's 2024 "Basic Survey of Labor Unions"

• Judgments and Orders

Commentary

Whether or Not "Working Hours are Difficult to Calculate" in the Case of Off-site Work (*Jigyoba-gai Gyomu*) The *Cooperative Grove* Case Supreme Court, April 16, 2024

•Series: Japan's Employment System and Public Policy

Current Policies on Supporting Workelderly-care Reconciliation in the Most Aged Society; 2024 Amendment of the Child Care and Family Care Leave Act and Related Policies

Statistical Indicators



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