

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

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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-the-job 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) off-the-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

(unit:%)

	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).

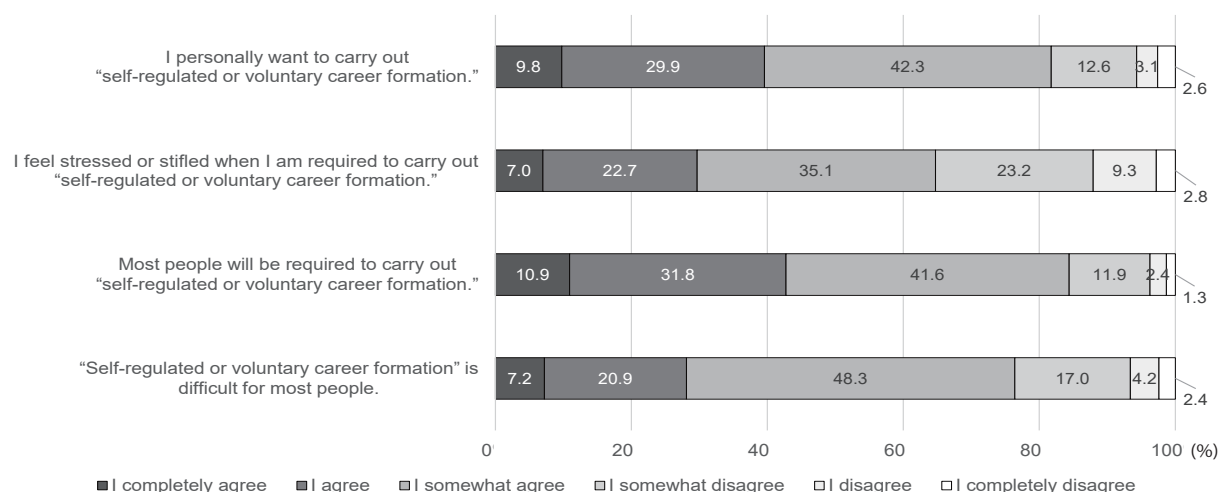
2. Reskilling and self-regulated career management

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 self-regulated 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 self-regulated 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 self-regulated 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 self-regulated 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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