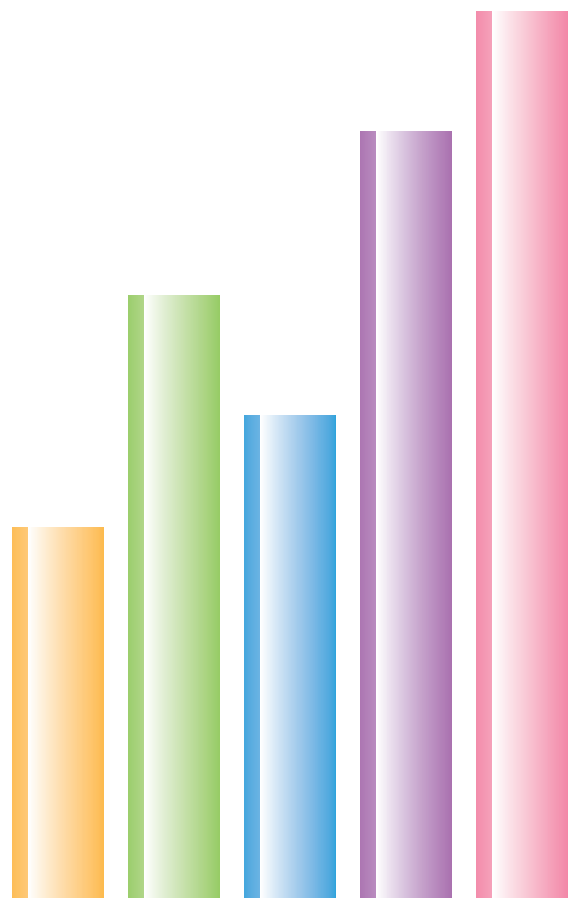


Labor Situation in Japan and Its Analysis: Detailed Exposition 2012/2013



The Japan Institute for Labour Policy and Training

The objective of The Japan Institute for Labour Policy and Training is to contribute to the planning of labor policies and work toward their effective and efficient implementation, as well as to promote the livelihood of workers and the development of the national economy by conducting comprehensive research projects regarding labor issues and policies, both domestically and internationally, and capitalize on the findings of such research by sponsoring training programs for administrative officials.

The Institute will concentrate our effort in the following areas.

1. Comprehensive Research on Labor Policies

The following research projects are now being conducted.

- (1) Research on Strategic Labor/Employment Policies for Non-regular Workers
- (2) Research on Employment/Labor in Response to Changes in Economic and Social Environments in Japan
- (3) Research on Vocational Capability Development System in Response to Economic and Social Changes
- (4) Research on Support for Lifetime Career Development and Promotion of Employment
- (5) Research on Companies' Employment Systems and Personnel Strategies, Improvement of the Quality of Employment through Development of Employment Rules, and Realization of Decent Work
- (6) Research on Mechanism for Establishing Terms and Conditions of Employment, Centering on Labor Management Relations

The Institute will also engage in collection and coordination of information on labor policies, both domestically and internationally, and various statistical data in order to lay a solid basis for its research activities. We will also carry out policy studies from an international perspective by building a network with overseas research institutions and individual researchers.

2. Training of Staff and Other Personnel Related to Labor Affairs

Using the results of the above mentioned research projects, the institute will provide training programs for personnel in charge of labor affairs and other interested parties at the Ministry of Health, Labour and Welfare. Simultaneously, through such training sessions, the Institute will be kept abreast of current issues in labor administration and the problems frontline officials in such positions face. The information so acquired will then be utilized in future research activities.

3. Dissemination of Results and Findings, Including Policy Proposals

The results of our research activities will be published quickly in research reports on labor policies, newsletters and on the web site with an eye to contributing to the planning and drafting of labor policies and the stimulation of policy discussions among different strata of the populace. At the same time, the Institute will organize labor policy forums and other events to provide opportunities for open discussion on policies

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Labor Situation in Japan and Its Analysis: Detailed Exposition 2012/2013

The Japan Institute for Labour Policy and Training

Foreword

The Japan Institute for Labour Policy and Training (JILPT) was established in October 2003 with the objective of contributing to the planning of labor policies and working toward their effective and efficient implementation. In order to achieve this objective, the Institute works towards building a network with overseas research institutions and individual researchers, and is also engaged in the promotion of joint study from an international perspective.

This publication, as one of our businesses establishing a basis for international research activities, describes the current situation of Japanese labor issues by subjects and adds analysis results. Authors are mainly JILPT researchers and the International Affairs Department is in charge of the compilation.

We have issued “general” and “particular” statements of this series biyearly in principle. “2011/2012 edition” issued in 2012 is a “general” statement covering basic items of Japanese labor issues and labor politics in full detail as much as possible.

On the other hand, “2012/2013 edition” issued this time is a “particular” statement covering the essence of the results of the following six project researches in which JILPT has worked on in the second medium-term plan (April 2007 to March 2011): (i) Research and Study of a Society in which All Demographics Could Participate in a Time of Population Decline, (ii) Research on Factors Changing the Regional Structure for Employment / Unemployment, (iii) Research on response to diversification of employment formats and establishment of working conditions toward the realization of balancing work and private life, (iv) Comprehensive Research for Building Stable Labor and Management Relations in Individualized Labor Relations, (v) Research on Human Resource Development and Career Support in the New Economic Society, (vi) Research and Development on the Strengthening of Supply and Demand Control Function and Career Support Function in the Labor Market.

We hope that this publication will help its readers gain an understanding of the current labor situation in Japan.

January 2013

YAMAGUCHI Koichiro, President

The Japan Institute for Labour Policy and Training

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The Current Status and the Challenges of the Employment of Elderly People

Introduction

Objectives and Overview of the Study

In March 2012, the Japan Institute for Labour Policy and Training (JILPT) published a six-volume project research series to provide general readers with an introduction to the outcomes of the six research projects that it undertook during its second target period (the five years from FY2007 to FY2011). This is an English translation of an overview of the content of the first volume, which deals with the current status of the employment of elderly people and its related issues.

The name of the JILPT project under which this study was conducted is “A Study of Approaches to a Society with Full Participation amid Population Decline” and the research was carried out with the objective of examining how the decline in the total labor force can be curbed in Japan, where the expected decline has already set in. More specifically, it established three sub-themes - elderly people, women and young people - and examined approaches to employment promotion in regard to each group. This first volume discussed the outcomes of studies focusing on the sub-theme of the employment of elderly people. It differed slightly from the rest of the project research series in that a great deal of it was newly written, as it had been difficult to compile a whole book from the research output of the past four years alone.

This volume is an essay that endeavors to surmise the future prospects based on the current status of the employment of elderly people, examining such matters as the issues that must be tackled in order to secure further employment in due course and, as a task for the future, how to achieve employment past the age of 65. One of the points of contention that forms the premise of this paper is the issue of promoting the employment of elderly people in a way that enables elderly people to help to support society, bearing in mind discussions around the intergenerational burden

of social security. However, this paper has pursued approaches to the employment of elderly people based on as positive an attitude as possible, rejecting the conventional idea that elderly people should work in their older years because pensions are inadequate, and instead considering that elderly people work to give them a purpose in life and to be part of the workforce supporting a company, making use of the skills and knowledge that they have cultivated themselves.

I. The Current Status of the Employment and Lives of Elderly People, Corporate Employment Management Initiatives, and its related Issues

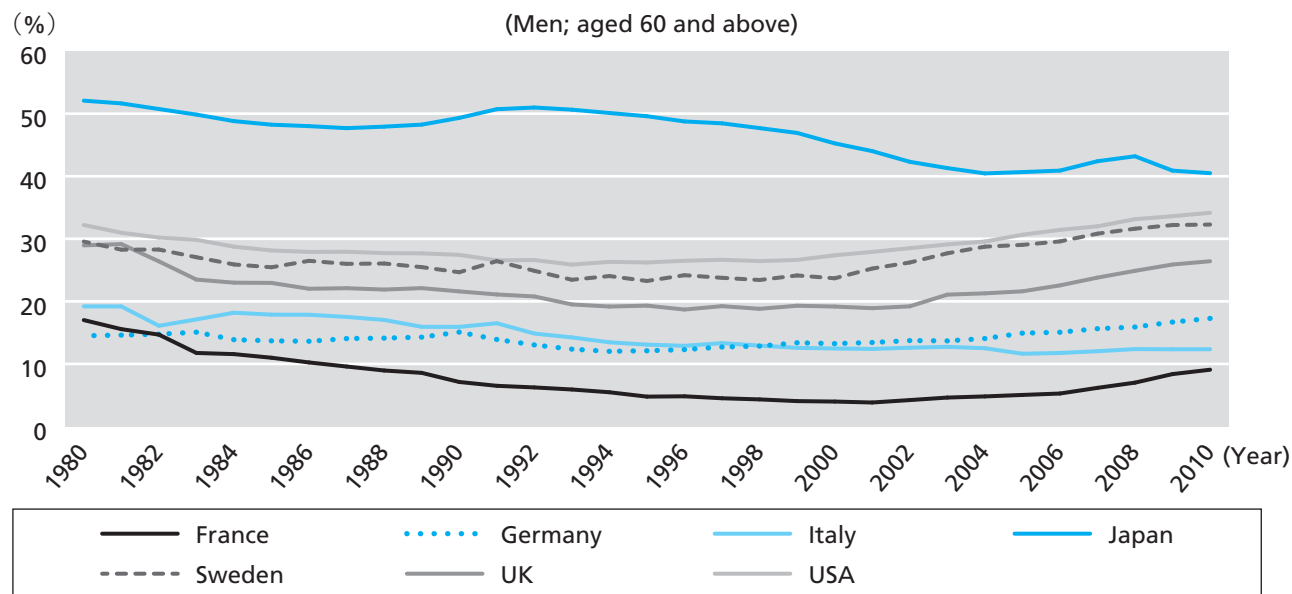
1. The Current Status of the Employment of Elderly People and Approaches to Employment Past the Age of 65

This chapter elucidates the current situation of the employment of elderly people and their attitudes to employment, with the objective of summarizing the information that forms the background to the analyses that were carried out in the subsequent chapters. Moreover, it narrowed down the focus onto employment past the age of 65 in particular, as an issue to tackle to promote the employment of elderly people in the future, and analysed the challenges to be faced in promoting employment past 65 and the points that should be taken into consideration.

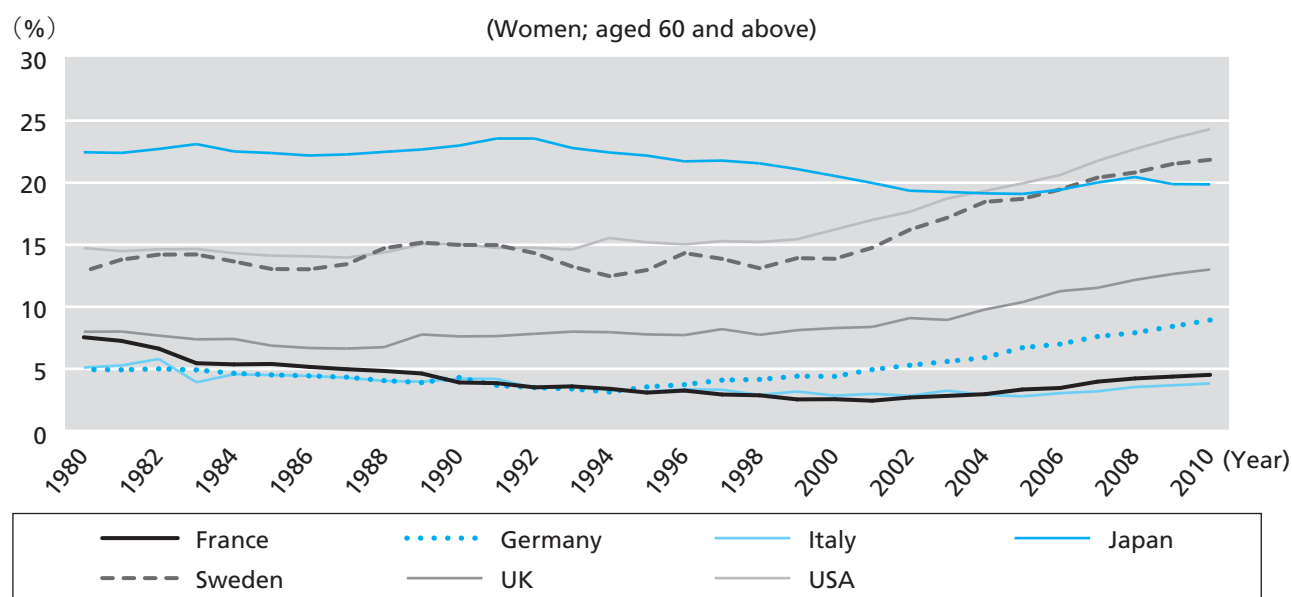
Firstly, looking at the situation on an international level, it is quite common for elderly people of Japan to work. In particular, in the case of men, the labor force participation rate among those aged 60 and above is the highest among all developed countries. On the other hand, in the case of women, the labor force participation rates among those aged 60 and above in the USA and Sweden overtook the rate of Japan in the early to mid-2000s and remain higher today (I-1).

Next, let us look at the current status of mandatory retirement age systems and continued employment

I-1 International Comparison of the Labor Force Participation Rate of Elderly People



Source: Figures for 1980-2010 from LABORSTA "Economically Active Population Estimates and Projections 1980-2020" (Data as of September 5, 2011)



Source: Figures for 1980-2010 from LABORSTA "Economically Active Population Estimates and Projections 1980-2020" (Data as of September 5, 2011)

systems at companies. Reflecting the effects of the revised Act on Employment Security of Elderly Persons that came into effect in April 2006, more than 90% of companies currently set their mandatory retirement age at 60 and implement a continued employment system up to the age of 65 (I-2).

In response to such improvements of employment

systems at companies, the labor force participation rate of elderly people in Japan has been rising at a considerable pace since 2006. Hitherto, there had been a long-term decline in the labor force participation rate among both those in the 60-64 age bracket and the 65- and-above bracket, but this downward trend halted in around 2005 and began to

I-2 Existence of a Maximum Employment Age Where a Uniform Mandatory Retirement Age Has Been Set and Employment Takes Place Via an Extended-employment or Re-employment System, and the Age That has Been Set

(As of January 2011, %)

Post-retirement-age measures, company scale	Companies with a uniform mandatory retirement age & a post-retirement-age system		Companies that stipulate a maximum employment age						Companies that do not stipulate a maximum employment age
				64 years	65 years	66 or over	(Reprinted) 65 or over		
Extended -employment system									
Total	[20.0]	100.0	56.2	(100.0)	(7.3)	(73.9)	(17.1)	(91.1)	43.8
1,000 people or more	[8.7]	100.0	75.7	(100.0)	(3.5)	(85.1)	(7.7)	(92.8)	24.3
300-999 people	[9.1]	100.0	68.5	(100.0)	(9.0)	(79.7)	(11.3)	(91.0)	31.5
100-299 people	[14.4]	100.0	59.4	(100.0)	(7.6)	(82.7)	(9.8)	(92.4)	40.6
30-99 people	[23.0]	100.0	55.0	(100.0)	(7.2)	(71.7)	(19.0)	(90.7)	45.0
Re-employment system									
Total	[83.9]	100.0	79.0	(100.0)	(7.0)	(87.4)	(5.0)	(92.4)	21.0
1,000 people or more	[93.6]	100.0	95.1	(100.0)	(7.6)	(88.9)	(2.3)	(91.2)	4.9
300-999 people	[94.6]	100.0	92.3	(100.0)	(9.6)	(86.9)	(3.0)	(89.9)	7.7
100-299 people	[91.4]	100.0	84.9	(100.0)	(8.0)	(86.7)	(4.8)	(91.4)	15.1
30-99 people	[80.3]	100.0	75.1	(100.0)	(6.2)	(87.7)	(5.4)	(93.1)	24.9

Source: Ministry of Health, Labour and Welfare "General Survey on Working Conditions" (2011)

Notes: 1) Figures for "extended-employment system" and "re-employment system" include "combined use of both systems".

2) Figures in brackets [] indicate the proportion of companies with a uniform mandatory retirement age system that have an extended-employment system or re-employment system (or the both).

3) Figures in parentheses () indicate the proportion among companies that have stipulated a maximum employment age.

rise at quite a rapid pace among the 60-64 age bracket from 2006 onward. Moreover, the figure for those aged 65 and over has remained steady and has not declined further since then. Furthermore, looking at quantitative changes in employment and employees, the number of elderly workers or plus self-employed persons has been increasing at a higher rate than averaged trend among all age brackets, so it can be said that the employment of elderly people has improved relative to the situation in other age brackets.

Based on the broad overview above, the current status of the employment of elderly people in Japan is not bad overall. However, there are a number of issues to be tackled in further promoting the employment of elderly people in the future. The five main assertions of this chapter are as follows.

Firstly, it is necessary to develop a mechanism that enables people to continue working past the age of 65. According to the results of a study concerning the employment of elderly people by companies, which the JILPT conducted in 2008, 62.1% of companies were neither implementing a system to secure employment past 65, nor considering the introduction of such a system. In relation to this, elderly people of Japan are healthy and enjoy considerable longevity, even when viewed at an international level. Moreover, elderly people who have passed the age of 65 still have sufficient motivation to work and vocational awareness, and the number of those wishing to work in order to give them a purpose in life is also growing. Consequently, it would seem to be essential to create a mechanism that would allow those above the age of 65 who so

I-3 Approaches to the Employment of Elderly People Past the Age of 65 (60-69 Years, Totals for Men & Women)

(%)

	Total	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree	No response
There are various ways in which elderly people can support society, other than work	100	28.8	54.8	14.2	1.8	0.3	4.7
There are considerable variations between individuals after the age of 65. A mechanism that takes into account the fact that some people cannot work should be created	100	44.1	43.9	9.4	2.1	0.5	4.3
Pension payments are inadequate, so one must continue working after the age of 65	100	15.4	35.5	32.5	13.1	3.5	4.4
Work gives people a purpose in life. One cannot achieve this through one's hobbies	100	6.0	20.1	41.5	25.1	7.2	4.4
Elderly people can still help to support their company. A society that enables them to play an active role should be created	100	29.1	46.9	17.3	5.8	0.9	4.4

Source: JILPT "Survey of the Employment Status of Elderly People, Including Continued Employment" (2012)

desire to work as well. Having said that, elderly people themselves are not thinking only of jobs. Moreover, they would wish for a society that flexibly accepts the differences between individuals, which expand as they age (I-3). To what extent policies can flexibly respond to the diversity desired by elderly people will be a major key.

Secondly, it emerged that there is a slightly downward trend in the long term in employment of elderly people aged 65 and over, due to a considerable decline in self-employed and family workers. Since the end of 1990s, the number of self-employed and family workers in Japan has decreased considerably and hence the total number of workers has declined; this change in the employment structure has been affecting some elderly people. These structural changes could well become a problem in due course, in regions with a higher proportion of self-employed and family workers. It was pointed out, therefore, that creativity and efforts will be required, focusing on nurturing small employment opportunities within the community and initiatives to promote self-employment and a

return to agriculture involving whole towns.

Thirdly, the data analysis was focused on the fact that the employment structure of elderly people changes as they age. First of all, in macro terms, when elderly people reach the age of 60, their employment status (regular employee, part-timer, contract worker, etc.) changes considerably. It was ascertained that the degree of the change has been growing in recent years (I-4), but that, on the other hand, the change taking place among those in their late 60s is small, as is the change in the component ratio by occupation; these trends have not been changed greatly compared with the past. Taking into consideration both these facts and also the results from the data showing that, among those with no occupation who wish to be in employment, the number of people in the 60-and-above age bracket who desire short-time work increases, it was pointed out that even if initiatives focusing on establishing a mandatory retirement age of 65 were commenced in due course, it would be necessary to diversify the ways of working of regular employees – at least for those aged 60 and above – and

I-4 Changes in the Employment Component Ratio as People Get Aged (Data by Employment Status; Cohort Analysis)

(%)

Men	1987-1997	1997-2007
55-59 years → 60-64 years	20.48	36.52
60-64 years → 65-69 years	14.71	21.92
(Reference) 60-64 years → 65 and above	21.10	24.01
Women	1987-1997	1997-2007
55-59 years → 60-64 years	9.48	16.79
60-64 years → 65-69 years	11.02	7.64
(Reference) 60-64 years → 65 and above	17.30	16.41
Total for men & women (reference)	1987-1997	1997-2007
55-59 years → 60-64 years	16.33	28.53
60-64 years → 65-69 years	12.26	15.92
(Reference) 60-64 years → 65 and above	19.13	19.70

Source: Ministry of Internal Affairs and Communications “*Employment Status Survey*” (editions for the years 1987, 1992, 1997, 2002, and 2007)

Notes: 1) The data above are based on the employment status whose classifications are as follows: self-employed workers, family workers, private sector executives, regular staff members or employees, part-time workers, *arubaito* (casual work), *shokutaku* (special fixed-term employee), dispatched workers, and others.

2) With regard to the calculation method, the component ratio (percentage) of each employment status (or occupation) was calculated as a share of the total number of employed persons and the results were then compared with the data for the same cohort five years previously, the change in the component ratio calculated as an absolute value if a negative value resulted. This change was totaled for all employment statuses (occupations) and the resultant sum was then divided by two.

to revise employment management system to make it more flexible, by such means as introducing short-time work even for those in specialist or managerial posts.

Fourthly, changes in employment status resulting from aging was examined from a micro perspective; the changes by subsequent re-employment route (whether they engaged in continued employment at the same company, or underwent job placement to another company, or found the job by themselves) among those who were employees at the age of 55 ascertained that continued employment systems fulfilled an important function in quantitative terms, as a means of securing employment. However, it was also discovered that about the same number of people found the job by themselves. The importance of the government support for the re-employment of elderly people was thus affirmed once again (I-5-1, I-5-2).

Finally, problems peculiar to women were examined. As a result, it was ascertained that the proportion of elderly women who cannot obtain a job due to family health problems (such as household nursing care) has been rising over the past 20 years.

This will not instantly be the reason why the labor force participation rate among elderly women in Japan is not growing when seen at the international level, but as long as path dependent effects exist, the decline in the labor force participation rate at certain ages should have an effect on the subsequent rate in some years. We would like to continue to observe trends in the future, to see how the problem of the burden of providing long-term nursing care among families will change as a result of the development of the policies on long-term nursing care.

2. Initiatives concerning Corporate Personnel Management Pertaining to Job Security Measures and Relevant Issues

This chapter uses the “Survey on the Employment of Elderly People” (hereinafter referred to as the “JILPT Survey of Companies”) carried out by JILPT in 2008 to elucidate the reality of the continued employment systems for workers in their early 60s that are currently being implemented by companies (content of the job and conditions of employment),

I-5-1 Share of the Employment of Elderly People by Re-employment Route (Men)

Total	In employment with no period of being unemployed or idle						Re-employment after being unemployed or idle	Retirement
5,924 100.0%	3,822 64.5%						1,010 17.0%	1,092 18.4%
Breakdown	Same company	Continued employment	Job placement	Entrepreneurship	Sideline business, etc.	Searching on one's own		
4,832 100.0%	990 20.5%	1555 32.2%	520 10.8%	138 2.9%	136 2.8%	483 30.9%	1,010	

Note: Of the 6,412 respondents, this shows the results for 5,924 people, excluding those whose current employment situation is unclear.

I-5-2 Share of the Employment of Elderly People by Re-employment Route (Women)

Total	In employment with no period of being unemployed or idle						Re-employment after being unemployed or idle	Retirement
4,206 100.0%	2,244 53.4%						640 15.2%	1,322 31.4%
Breakdown	Same company	Continued employment	Job placement	Entrepreneurship	Sideline business, etc.	Searching on one's own		
2,884 100.0%	1,082 37.5%	637 22.1%	55 1.9%	8 0.3%	176 6.1%	286 32.1%	640	

Note: Of the 4,636 respondents, this shows the results for 4,206 people, excluding those whose current employment situation is unclear.

focusing on differences in trends by industry type and company scale. Moreover, the characteristics of companies that implement continued employment without a significant drop in wages even after the mandatory retirement age were analyzed, along with the requirements for continued employment systems. The age at which payments of the earnings-related component of the employees' pension commence will be raised in 2013, and the livelihood support functions played by public benefits in regard to those in their early 60s will gradually decrease in future. Amid this situation, the analysis of the latter was carried out from the perspective of whether companies will be required to pursue personnel management that minimizes wage fluctuations after reaching the mandatory retirement age, from the viewpoint of maintaining and increasing the motivation of working seniors.

As a result, firstly, it was ascertained that the larger the company, the more likely it was to have established criteria relating to those eligible for the continued employment system, and the more likely it was that only those who met those criteria were employed via continued employment. However, these criteria are not "selection" criteria wherein, for example, at least half of those desiring continued employment will not ultimately be employed; rather, they include such matters as "no obstacles from a health perspective" (set by 91.1% of companies that set criteria (72.2% of all respondents) according to the JILPT Survey of Companies), "has the desire and motivation to work" (90.2% of companies setting criteria), "attendance and attitude to work" (66.6% of such companies), "can reach a mutual agreement concerning the content of duties proposed by the company after shifting to continued employment"

(53.2% of such companies), and “achieving a certain level in performance appraisals” (50.4% of such companies). Looking at the proportion of those who actually engaged in continued employment, although the figures are lower among companies with criteria than among those without, there is not a great difference between them.

Secondly, looking at the status of the implementation of continued employment among those in their early 60s based on the aforementioned survey, one can, broadly speaking, identify two contrasting groups by industry type. The first is the group that includes finance and insurance, and information and communications, which has such characteristics as criteria for those eligible for the system being set by 80-90% of companies, a comparatively large number of cases of jobs not being continued after reaching the age of 60, most of those taking up continued employment being employed in a capacity other than that of regular employee, and a comparatively large number of companies facing issues relating to the employment of elderly people, including the handling of staff in managerial posts. The factor common to the industry types in this group is that the proportion of employees in their late 50s, close to the mandatory retirement age, accounted for by staff in clerical posts, for which there is particularly low labor demand, is high in comparison with other industries.

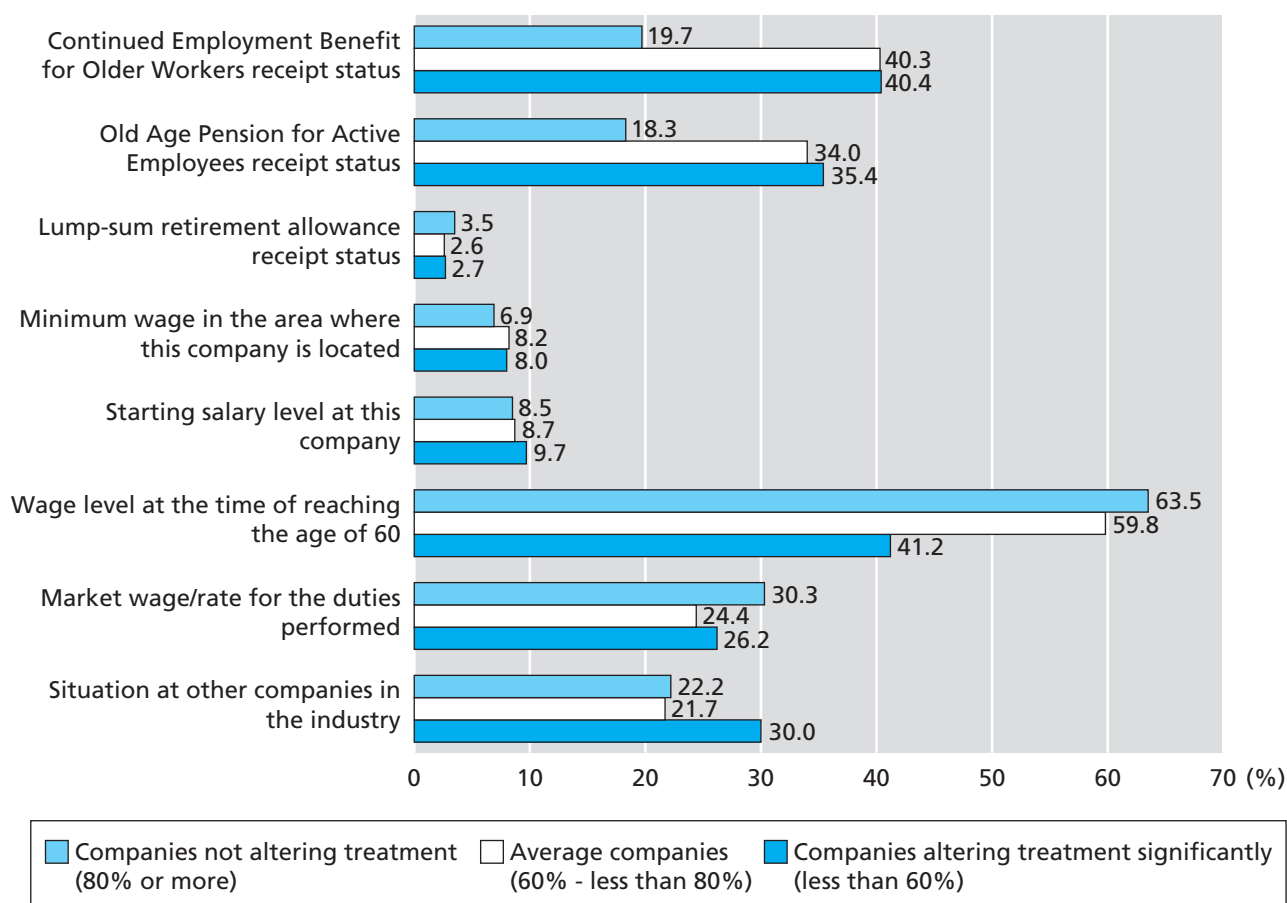
The other group is the group that includes medical care and welfare, education and learning support, and transport, which has such characteristics as criteria for those eligible for the system being set by just 60% or so of companies, a comparatively large number of cases in which jobs are continued due to the staff member's expertise, skills and experience at the age of 60 being valued, and a relatively large number of companies not facing issues in promoting the employment of elderly people. The industry types in this group feature a relatively large proportion of workers in their late 50s who are employed in specialist or technical occupations or jobs in transport or communications, and it is thought that this structural characteristic by occupation in their late 50s is linked to features relating to measures to secure employment and the content of personnel management for those in their early 60s.

Thirdly, companies that set the wage level for those in continued employment in the early 60s age bracket at 80% or more of the level at the time the employee reached the mandatory retirement age have been described as “companies not altering treatment” and their characteristics have been examined. In general, in the continued employment of workers following mandatory retirement, almost half of all companies set the wage level at between 60% and less than 80% of the level at the time the employee reached the mandatory retirement age. In relation to this, looking at the characteristics of personnel management at companies not altering treatment, few companies take into consideration the amount of Continued Employment Benefit for Older Workers or Old Age Pension for Active Employees paid to the worker after they take mandatory retirement, with approximately 60% of companies determining wages with reference to the wage level at the time the employee reached the age of 60 (I-6). Moreover, many of these companies do not set criteria for determining who will be eligible for continued employment. Even if criteria are set, they attach importance to such matters as the employee being able to continue doing their current job, having skills and abilities based on proficiency and experience, or having specialist qualifications. At such companies not altering treatment, those engaging in continued employment are required to demonstrate more expertise, proficiency and experience in the same job as they had before reaching the mandatory retirement age.

Dividing the companies into groups by wage level for those in continued employment (less than 60% of the level at the time the employee reached the mandatory retirement age, 60% - less than 80% (average companies), and 80% or more (companies not altering treatment)), and examining the wages curve for each company group, one can see that shape of the curve for companies not altering treatment is such that the apex is reached at the age of 55, in which respect it does not differ greatly from the curves for companies that impose a larger reduction in wages, but the degree to which seniority-based pay is involved is weaker.

Moreover, when a statistical analysis was

I-6 Points Considered When Determining the Wage Level of Employees Engaging in Continued Employment after Reaching the Mandatory Retirement Age at 60: by Wage Level of the Employee Concerned (Multiple Responses Permitted)



conducted to examine the characteristics of personnel management measures at companies not altering treatment, it was ascertained that, while companies not altering treatment do not often implement terms of office or a mandatory retirement age system for managerial personnel, they more frequently implement such measures as the introduction of new duty shifts, such as short-time work. On the other hand, there is not a great disparity between companies not altering treatment and other companies with regard to such matters as the development of jobs for elderly people.

The first thing that one can say from the results of the analysis above is that, in the case of large corporations where more people reach the mandatory retirement age each year, and industries in which

there is a high proportion of employees in their 50s who are engaged in occupations for which there is low labor demand, it is very difficult to employ all of those who request continued employment. In June 2011, the Ministry of Health, Labour and Welfare decided upon a policy of not permitting companies to set criteria for those eligible for continued employment, but if this kind of policy becomes institutionalized in such companies and industries, which are less motivated to retain elderly employees, a situation could arise in which employment opportunities are secured for a larger number of workers in continued employment, but the wages of individual employees are reduced in order to avoid increasing total labor costs. If importance is attached to expanding employment opportunities for elderly

people and ensuring that they have sufficient income to cover living expenses, greater consideration will need to be given in future to the necessity of policies to supplement wages in order to deal with this kind of situation, similar to the existing Continued Employment Benefit for Older Workers.

What also emerges from the analysis of companies not altering treatment (primarily wages) after reaching the mandatory retirement age is the fact that, at companies not altering treatment, a balance is achieved in some form between the jobs done by elderly people and the wages paid to them. The methods used to achieve this balance include deploying these employees in jobs requiring proficiency and skills, as well as in ways that increase the education and training effect for younger employees, something that can be seen from the content of the criteria set for determining eligibility for continued employment. In order to ensure such treatment based on the level of contribution, it is worth considering measures to enhance the employment environment for elderly people, such as

through offering support relating to the utilization of elderly people in education and training within companies, and promoting effective partnerships between companies and the government in relation to the evaluation of abilities within companies.

3. The Livelihood-making Effect of the Job Security Measures for Elderly People: In Relation to the Raised Age Eligible for Pension

This chapter examines the ways in which elderly people, primarily those in their early 60s, cover their living expenses, analyzing such matters as the necessity of earned income when the age eligible for pension is raised to 65, and the effect of the job security measures for elderly people (either raising the mandatory retirement age, continued employment (re-employment, extended employment), or abolishing the mandatory retirement age). The data was obtained from individual responses to the “Survey of the Employment Status of Elderly People” conducted by JILPT in August 2009 to analyze by

I-7 Pensions and Ways of Covering Living Expenses

	Those who cannot cover their living expenses without an employees' pension	Others	Overall	Job security measures for elderly people		Raising/abolition of the mandatory retirement age	
				Applied	Others	Applied	Was not applied
Component ratio (%)	15%	85%	100%	42%	58%	18%	82%
Net savings at age 65 (¥10,000)	84.8	1980.5	1694.3	2037.0	1451.1	2861.4	1442.7
Figure if received no employees' pension (¥10,000)	-667.8	1674.5	1321.0	1773.0	1000.2	2764.6	1009.7
Gap between income and living expenses (¥10,000, per month)	0.3	22.5	19.1	26.9	13.6	37.8	15.1
Figure if received no employees' pension (¥10,000, per month)	-12.2	17.4	12.9	22.5	6.1	36.2	7.9
Living expenses (¥10,000, per month)	20.2	19.0	19.2	20.8	18.0	23.2	18.3
Total income (¥10,000, per month)	20.6	41.5	38.3	47.7	31.6	61.0	33.4
Earned income (¥10,000, per month)	2.8	18.9	16.4	26.9	9.0	38.4	11.7
Employees' pension (¥10,000, per month)	12.5	5.1	6.2	4.4	7.5	1.6	7.2
Employees' pension (before reduction due to wage earning) (¥10,000, per month)	13.0	6.2	7.3	5.9	8.2	2.1	8.4
Other unearned income (¥10,000, per month)	2.6	6.8	6.2	5.2	6.9	6.0	6.2
Earned income of spouse (¥10,000, per month)	1.4	6.7	5.9	8.4	4.1	12.0	4.6
Unearned income of spouse (¥10,000, per month)	1.3	4.0	3.6	2.9	4.1	3.1	3.7
Employment rate (%)	32%	75%	68%	90%	53%	100%	61%
Proportion of part-time/arubaito (%)	46%	20%	22%	17%	27%	11%	25%
Percentage of those job security measures for elderly people are applied to (%)	27%	44%	42%	100%	0%	100%	29%
Percentage to whom raising/abolition of mandatory retirement age was applied (%)	3%	20%	18%	43%	0%	100%	0%
Percentage unable to realize their wish for continued employment (%)	20%	9%	11%	0%	19%	0%	13%

means of cross tabulation, regression analysis and measures of distribution.

Looking at the results of the cross tabulation analysis, in the case of around 15% of all elderly people, their income would be lower than their living expenses if they did not have the employees' pension, and they would be unable to cover those living expenses even if they used their net savings (I-7). This income shortfall is ¥120,000 (per month) on average, and even if elderly people tried to deal with it by breaking into their savings, the fact is that their net savings only amount to less than ¥1 million on average, which is nowhere near enough to cover their living expenses during the first five years of their 60s. Some people may argue that elderly people are rich in assets and that they should be able to cope with it by breaking into their savings even if they do not receive a pension in their early 60s, but there are considerable intra-generational disparities among elderly people, quite a few of whom are not affluent. It is thought that a reaction will be required for at least around these 15% of people once the age at which pension payments commence is finally raised to 65.

Looking at the main factors behind the income shortfall for these people, first of all, they have little earned income. The reasons for having little earned income are, firstly, the low employment rate, coupled with the impact of disparities in the implementation of job security measures for elderly people. As shown in I-7, their employment rate is 32%, which is considerably lower than the 75% among those who can cover their living expenses. Furthermore, even among those in employment, the proportion of part-time and *arubaito* workers is high, which is believed to be another cause of low level of earned income. The proportion of all employed persons accounted for by those in part-time jobs or *arubaito* is 46%, which is much higher than 20% for those who can cover their living expenses. The average monthly earned income of those in part-time jobs or *arubaito* is approximately ¥140,000, while those who are in other forms of employment earned roughly ¥270,000, the income for the former group being lower accordingly. This situation may also be attributed to disparities in the implementation of raising the age of

or abolishing the mandatory retirement. Looking at the results of regression analysis of the contributory factors of earned income, job security measures for elderly people and or raising the age of or abolishing the mandatory retirement have an increasing effect on the earned income of elderly people in their early 60s.

However, this is just the situation on average among people who would be unable to cover their living expenses without the employees' pension, and variations in income or pension do exist. Then income disparities and the degree of contribution of earned income and the employees' pension, etc. to the disparities were calculated based on the quasi-Gini coefficient and quasi-relative variance (quasi-squared coefficient of variation), which are indicators of distribution that measure disparities. Looking at the results of the analysis, pension payments that start at the age of 65 will have the effect of widening income gaps, but if job security measures for elderly people are popularized to increase the employment rate, it has quite a considerable gap-shrinking effect. Job security measures for elderly people are vital in order to curb the expansion of income gaps and to reduce the number of people with a shortfall in income to cover their living expenses. Furthermore, raising the age of or abolishing the mandatory retirement, if it became more prevalent, would also have an effect of reducing income disparities among working persons.

I-8 examines the ways of covering living expenses by age among elderly people in their early 60s. In each age group, income is higher than living expenses even if the employees' pension is excluded, but the younger they are, the higher incomes tend to be, and net savings also tend to be larger. Reflecting this, in the questionnaire survey, the proportion of those whose income would be smaller than their living expenses without the employees' pension and unable to cover those expenses even if they broke into their savings tends to be lower among younger respondents, at 12% among those aged 60, 11% among those aged 61, 13% among those aged 62, 18% among those aged 63, and 26% among those aged 64. This may be affected by the fact that earned income is higher among those who are younger, and their overall income is higher accordingly.

I-8 Ways of Covering Living Expenses by Age

	By age					Overall
	60	61	62	63	64	
Component ratio (%)	19%	25%	23%	17%	16%	100%
Net savings at age 65 (¥10,000)	2018.2	1908.2	1584.2	1314.9	1526.4	1694.3
Figure if received no employees' pension (¥10,000)	1872.1	1638.8	1260.5	747.6	851.8	1321.0
Difference between income and living expenses (¥10,000, per month)	22.3	19.9	19.9	16.9	15.5	19.1
Figure if received no employees' pension (¥10,000, per month)	19.9	15.4	14.5	7.4	4.3	12.9
Living expenses (¥10,000, per month)	19.4	21.0	17.4	18.9	18.9	19.2
Total income (¥10,000, per month)	41.7	40.9	37.2	35.8	34.4	38.3
Earned income (¥10,000, per month)	24.6	18.2	16.8	10.1	9.8	16.4
Employees' pension (¥10,000, per month)	2.4	4.5	5.4	9.5	11.2	6.2
Employees' pension (before reduction due to wage earning) (¥10,000, per month)	3.2	5.6	5.9	11.6	12.1	7.3
Other unearned income (¥10,000, per month)	4.6	7.0	5.8	6.8	6.8	6.2
Earned income of spouse (¥10,000, per month)	5.8	8.8	6.2	3.8	3.2	5.9
Unearned income of spouse (¥10,000, per month)	4.2	2.5	3.0	5.6	3.3	3.6
Employment rate (%)	76%	73%	69%	59%	60%	68%
Proportion of part-time/arubaito (%)	13%	12%	29%	24%	38%	22%
Percentage of those job security measures for elderly people are applied to (%)	55%	47%	44%	30%	26%	42%
Percentage to whom raising/abolition of mandatory retirement age was applied (%)	35%	20%	18%	9%	2%	18%
Percentage unable to realize their wish for continued employment (%)	4%	8%	13%	18%	14%	11%

It goes without saying that the higher earned income among younger people can be attributed to their higher employment rate. The results of the analysis here in conjunction with the fact, emerged separately, that employees' pension has hardly any negative effect on motivation to work, will show that differences in the employment rate by age are affected by external factors such as employment environment, that cannot be influenced by individual choices, and indeed affected by implementation of job security measures for elderly people.

By way of conclusion of this chapter, it is presumed that once the age eligible for pension payments is raised to 65, elderly people whose income falls below living expenses and who cannot cover those expenses even if they break into their net savings will emerge to some degree. The situation of such elderly people is their net savings are so small that they cannot cover their living expenses during the five years until they reach the age of 65. A reaction, therefore will be required in the event that the age eligible for pension payments is raised to 65. The popularization of job security measures for

elderly people has the effect of reducing the number of elderly people with this kind of income shortfall by raising their employment rate, and hence their earned income. Furthermore, the effect would be even larger if raising the age of or abolishing the mandatory retirement became more prevalent among the job security measures for elderly people.

Reflecting compulsory raise of mandatory retirement age step-by-step, job security measures for elderly people are applied more to elderly people at younger age, but in addition to ensuring that all companies steadily take job security measures for elderly people up to the age of 65, it is necessary to promote that all elderly people who desire to can continue to work surely up to the age of 65. For this purpose, the examination of the eligibility of elderly people permitted under the current system for their continued employment should be abolished. Furthermore, the mandatory retirement age should be raised to 65 or above by the time the process completes of raising to 65 the age at which payments of the earnings-related component of the employees' pension commence.

II. Issues Concerning the Employment of Elderly People and Overseas Trends

4. Ways of Working in the Final Stage of One's Working Life and Elderly People's Attitudes to Employment

This chapter is slightly different from the other chapters, in that it focuses on the psychological aspects relating to workers approaching the mandatory retirement age who intend to continue working. The author analyzed the questions of how elderly people in the final stage of their working lives perceive newly-imposed changes in their conditions of employment, compared with what they were used to before reaching the mandatory retirement age, and how they evaluate their own working lives up to that point. This truly is a study that investigates the conditions for elderly people to achieve a smooth retirement from their working lives. A questionnaire was carried out among 380 people with experience of mandatory retirement (3 aged 50-59, 258 aged 60-65, and 119 aged 66-69), and two case study interviews were conducted. The following was understood from the analysis of the survey results.

Firstly, the question of how people perceive the working conditions at their new workplace after mandatory retirement was examined. It seems that, after mandatory retirement, most workers were forced to seek ways of working and approaches to work that involved different conditions from the jobs that they had held hitherto. As well as separation from posts and changes in employment type, post-retirement employment often involves a fall in wages. However, to put it in figures, the ratio of those whose overall working conditions are the same or better to those whose working conditions are worse is 56:44, so it is not necessarily the case that respondents felt that their conditions of employment had deteriorated. As well as the individual conditions of employment such as the form of employment, content of the job, level of authority, wages, and working hours, the working conditions referred to here include the overall conditions granted to the individual, that is to say, the conditions seen from a comprehensive perspective (hereinafter referred to as the "general conditions"). The general conditions

include such aspects as the ease of working and job satisfaction, but precisely what aspects are included is subjective and varies according to the individual.

Here, multiple linear regression analysis has been used to examine what factors affect the way in which the general conditions are perceived. To summarize the results overall, the situation of the individual in their home life does not seem to give rise to any particular differences in how changes in the general conditions are perceived, but occupation and work-related power relationships in the workplace have a significant relationship. Moreover, in regard to individual conditions of employment, apart from wages and working hours, all conditions were significant determining factors.

Next, the pre-retirement expectations of those who perceived their general conditions to have improved were examined, in regard to the environment and conditions that they expected of their post-retirement workplace. This is because it is thought that, if the conditions desired before reaching the mandatory retirement age (hereinafter referred to as the "desired conditions") are achieved, it becomes easier to approach one's job with positive feelings and the individual will perceive their general working conditions after reaching the mandatory retirement age in a better way; as such, it is an analysis designed to verify this hypothesis.

I-9 shows the results. The respondents were asked to choose up to two applicable statements from among the 15 statements listed. The results can be summarized as follows. Firstly, being able to acknowledge that one can do one's job based on one's own authority and responsibility – that is to say, being able to feel that one has been put in charge of one's job in the workplace to a considerable degree – has the effect of making people perceive their general conditions to have improved. It is comparatively easy for those in executive or managerial positions and those in specialist/technical posts to obtain such jobs, and the proportion of those who achieve their desired conditions is high. Moreover, if the kind of job that one is good at is set as a desired condition, there is a strong possibility that this desired condition will be achieved and that this will serve to improve the general conditions.

I-9 Desired Conditions and Conditions Achieved

(n = 258)

Conditions for doing one's job	Strongly desired		More strongly desired		Achieved	
	Number of people	%	Number of people	%	Number of people	%
Substantially the same status and post as previously	21	(8.1)	10	(3.9)	40	(15.5)
A workplace environment that enables one to keep up appearances, such as the position of one's desk or the provision of one's own office	9	(3.5)	1	(0.4)	31	(12.0)
Assignment or deployment that takes into account one's interpersonal relationships to date	19	(7.4)	8	(3.1)	53	(20.5)
An appropriate job title or name for one's status that enables one to keep up appearances	19	(7.4)	5	(1.9)	55	(21.3)
Securing income that is a certain proportion of one's income immediately before reaching the mandatory retirement age	40	(15.5)	53	(20.5)	56	(21.7)
A benefit package at the same level / with the same content as previously	32	(12.4)	4	(1.6)	75	(29.1)
Job type and content, such as a job in a field in which one is skilled	43	(16.7)	41	(15.9)	92	(35.7)
A job that one can undertake at a leisurely pace, which is not demanding or difficult	50	(19.4)	24	(9.3)	82	(31.8)
No overtime or work on holidays	22	(8.5)	8	(3.1)	70	(27.1)
Short working hours	20	(7.8)	21	(8.1)	59	(22.9)
Able to commute outside the rush hour	10	(3.9)	1	(0.4)	38	(14.7)
Wages or treatment based on a short-term performance appraisal	4	(1.6)	1	(0.4)	2	(0.8)
Having wage increases	4	(1.6)	0	(0.0)	7	(2.7)
Ongoing stable employment	56	(21.7)	41	(15.9)	81	(31.4)
Other	5	(1.9)	6	(2.3)	8	(3.1)

On the other hand, those who responded "substantially the same status and post as previously" tend to perceive their general conditions to have declined, perhaps because such conditions were difficult to achieve if they had been set as a desired condition. However, with regard to status in one's work after reaching the mandatory retirement age, being a senior manager or executive increased satisfaction with one's working life overall, such as feeling that the general conditions had improved.

Next, self-image (how one perceives oneself) when working in the new workplace after mandatory retirement was analyzed. This is because whether or not an elderly person is able to feel a sense of satisfaction or feel convinced about their own image when working in a new workplace after mandatory retirement provides an important clue in judging

whether or not they have been able to make a smooth transition to their new working life after mandatory retirement. Here, multiple linear regression analysis has been conducted in regard to the respective relationships between changes in the general conditions and individual working conditions, and what is the determining factor of self-image, looking at the situation by occupation (three occupations: clerical, specialist/technical, and executive/managerial) and by age at the time of mandatory retirement (divided into those aged 60 and above and those aged 59 and below).

As a result, it was discovered that the factors contributing to self-image when working after reaching the mandatory retirement age differ by occupation. On the other hand, no major differences were observed by age. However, broadly speaking,

the fact is that self-image when working after reaching the mandatory retirement age differs quite considerably according to differences in position in the workplace (whether or not one is in a managerial post), and the content and type of job, more than it does according to occupation or age. For example, the sense of satisfaction increases among general staff in clerical posts if it is easy for them to take leave, but among those in executive/managerial posts, it leads to a negative self-image of being at a disadvantage.

Finally, in the latter part of this chapter, the individual case studies have been examined. More specifically, this focuses on people who are working after mandatory retirement, looking at whether the conclusions analyzed above are applicable and what image the people concerned have of themselves at present. The key points are introduced below.

Firstly, this part of the study examined the case of a man who took mandatory retirement at the age of 60 from an SME (employing about 60 people) dealing with automotive components, and was then employed on an ongoing basis at the same company where he had worked before retirement. In this example, the man's desired conditions were coordinated with the company in advance and were achieved. Accordingly, the man was satisfied with the conditions amid which he was carrying out his work after reaching the mandatory retirement age. Moreover, with regard to his post-retirement self-image, the burden of responsibility in his work had become lighter, but this enabled him to concentrate more on his work and he had the sense that he could actually do it better by devising operational improvements. In addition, considering that he came to have time for his personal life thanks to the shorter working hours, he took the lower income for granted, and was enjoying his working life, finding his work interesting. One can say that this trend is broadly similar to the knowledge gained from the study referred to above.

The next case focused on a man who had worked in personnel for a large corporation in the retail sector for many years, but had suddenly been ordered to relocate to a special subsidiary company that had been established for the purposes of employing

people with disabilities. The man had expertise in the duties of which he was in charge at the subsidiary and he was subsequently headhunted by another company that valued his knowledge and experience. In this example, the man worked as an executive, both before and after reaching the mandatory retirement age, and he enjoyed the breadth of the discretion that he had in his job, which corresponded with his work ethos. In addition, he attached importance to the social contribution made by the job, which corresponded with his attitude to his occupation, and he has been continuing to pursue those conditions as his desired conditions, even after reaching the mandatory retirement age. With regard to his post-retirement self-image, the man felt that he was translating his own ethos into reality, and was satisfied that this was meaningful. His work requires his expert know-how in the employment management of people with disabilities, so it is a specialist/technical post in nature. He chose this job after reaching the mandatory retirement age and obtained conditions compatible with this, so overall he secured good conditions.

To summarize the foregoing section, if workers have a positive image of themselves and can feel a sense of satisfaction in their work when engaging in new jobs after mandatory retirement, they can achieve a comfortable finish to their working lives. This also leads to a positive evaluation of their working lives overall.

In terms of actual problems in relation to this, it cannot be denied that differences in careers before mandatory retirement affect the conditions within which people work thereafter. However, at the same time, as shown in the first of these case studies in particular, no matter what kind of occupation or form of employment one might have, conditions exist for each individual to make them satisfied with their situation at work after reaching the mandatory retirement age, and give them a positive self-image.

The employment of elderly people is likely to increase in importance as an issue for companies in future. In seeking to utilize the abilities of workers after mandatory retirement, it is essential for companies to pay attention to putting in place the conditions that will enable each individual worker to

feel positive about their work situation.

5. Are Elderly People Depriving Young People of Jobs? The Potentiality for “Paired Work”

This chapter examines the problem of competition between the employment of elderly people and that of young people, which is a prevailing research topic in European countries. Are elderly people and young people really competing with each other for jobs? The various facts and opinions regarding this in Japan are confused and a unified awareness has yet to be achieved in academic circles. While the “substitution effect”, in which the extension of the employment of elderly people leads to companies curbing the hiring of new staff, has been confirmed through many empirical studies, there are those of the opinion that, based on international comparisons, no trade-off exists between the extension of the employment of elderly people and the employment of young people. The Japanese government has conventionally adopted a policy of supporting the extension of the employment of elderly people, partly as a response to the raised public pension eligibility age. In addition, based on the revised Act on Stabilization of Employment of Elderly Persons, job security measures for elderly people began to be implemented from April 2006 and all companies were obliged to put in place measures, either by abolishing the mandatory retirement age system, or by extending the mandatory retirement age or extending employment. However, it remains

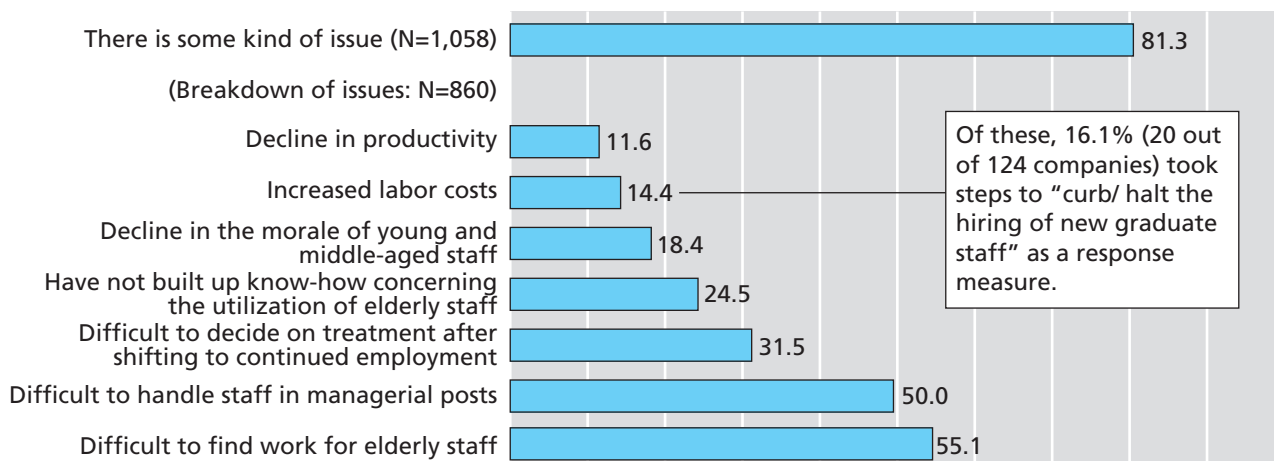
unclear what effect the introduction of such measures has had on employment opportunities for young people (particularly the hiring of new graduate staff).

Accordingly, focusing on differences between companies in the degree of introduction of employment extension measures (the proportion of those eligible to use the system, etc.) and the types of measures utilized (extension of the mandatory retirement age, re-employment, or an extended employment system), this chapter uses cross-sectional data at a single point in time, in order to try to precisely verify the relationship between the extension of the employment of elderly people and the hiring of new graduate staff. The past empirical studies that concluded that there was “competition (a substitution effect)” all used data from before April 2006. Therefore, in this chapter, firm-level data were used from a questionnaire conducted by JILPT among large corporations in October 2006, immediately after the law entered into force, entitled “Survey on the Actual Status of Continued Employment of Elderly People” (hereinafter referred to as the “JILPT Survey”).

In the JILPT Survey, of those who responded that the problem they experienced in offering some form of work to elderly people was “increased labor costs”, only 20 companies (1.9%) responded that the measure that they had taken to deal with this was to “curb/halt the hiring of new graduate staff”. As can be seen from I-10, rather than the hiring of new graduates being inhibited, many companies cited

I-10 Issues in Offering Some Form of Work to Elderly Staff (Multiple Answers)

(%)



more practical problems as issues relating to the continued employment of elderly people, such as finding work for elderly staff, the handling of managerial posts, and treatment after switching to continued employment.

Why do few personnel managers acknowledge a substitution effect between the employment of the elderly and the young ? The first conceivable reason is the possibility that the personnel manager at a company does not have a clear answer regarding the causal relationship between the continued employment of elderly staff and the decision to “curb/halt the hiring of new graduate staff”. In order to properly distinguish whether or not the continued employment of elderly people leads to the hiring of new graduates being curbed, it is necessary to examine whether companies that engage in the continued employment of more elderly people are more likely to curb the hiring of new graduates, using statistical estimation techniques and taking the various factors affecting workforce demand at

companies and company attributes as constants. This paper uses the so-called “continued employment measures usage rate” as the indicator of continued employment; this indicates the proportion of staff members reaching the age of 60 who made use of continued employment measures (re-employment, extended employment or extension of the mandatory retirement age). Moreover, the FY2005 “new graduate hiring rate” (number of new hires/number of employees) is used as an indicator of the degree to which new graduates are being hired.

The results of the estimate in I-11 coincide with the “substitution effect” hypothesis in firm-level. Companies with a higher continued employment measures usage rate have a lower new graduate hiring rate, and where the former rises by 1 percentage point, the latter falls by 0.32 percentage points. Moreover, compared with companies where the mandatory retirement age is 60 (standard group), the new graduate hiring rate is 0.79 percentage points and 1.8 percentage points lower at companies where

I-11 Determinants of the Employment of New Graduates in Large Corporations

(n = 810)

	Y: New graduate hiring rate		
	Coefficient	Standard error	
Continued employment measures usage rate	-0.3229	0.0876	***
Mandatory retirement age: 61-64 years	-0.0079	0.0036	**
Mandatory retirement age: 65 years or above	-0.0180	0.0045	***
Continued employment 2: extended employment system	0.0013	0.0051	
Continued employment 3: raising the mandatory retirement age, etc.	-0.0052	0.0038	
Number of years of operation	0.0000	0.0000	
Industry type 2: manufacturing industry	0.0013	0.0028	
Industry type 3: transportation	-0.0086	0.0039	**
Industry type 4: wholesale & retail	0.0050	0.0033	
Industry type 5: service industry	-0.0014	0.0037	
Industry type 6: other	0.0036	0.0046	
Number of employees (1,000 people)	-0.0013	0.0004	***
Has a union	-0.0064	0.0023	***
Introduction of performance-related pay / payment by results	0.0004	0.0022	
Constant term	0.0323	0.0046	***
R Squared	0.0693		

Notes: 1) These are the results of estimates carried out using the OLS model. The standard errors are robust variance estimators.

2) Figures for the hiring of new graduates are the results of hiring in FY2005. On the other hand, figures for the number of employees are based on the situation at the time of the survey (October 2006).

3) *P-value < 0.1, **P-value < 0.05, ***P-value < 0.01

the mandatory retirement age is 61-64 and at companies at which it is 65 or above, respectively. The mean value for the new graduate hiring rate is 2.6%, so the results of the estimates suggest that, under the same conditions (company scale, industry type, etc.), the new graduate hiring rate at companies that have extended the mandatory retirement age will only reach 30%-70% of the average level.

In addition, the new graduate hiring rate is lower at larger companies and companies with unions. More specifically, for every increase of 1,000 in the number of employees, the new graduate hiring rate falls by 0.13 percentage points. Moreover, companies with unions have a new graduate hiring rate that is 0.64 percentage points lower than that of companies without unions. From these results, it can be said that the substitution effect between job security for elderly people and the hiring of new graduates, is relatively stronger within corporate giants and within corporates with unions.

To summarize the foregoing section, one can say that there is a distinct tendency to curb the hiring of new graduates among companies with higher continued employment measures usage rates, companies that have extended the mandatory retirement age, larger companies and companies with unions.

Hopes are being placed in “paired work”, in which an elderly person and a young person play complementary roles (such as “instructor” and “learner”), as a measure to curb this substitution effect, so that elderly people and young people do not have to compete for jobs. Unfortunately, the questionnaire used in this study did not include any information about the existence or otherwise of such “paired work” measures, so it has not been possible to engage in a rigorous discussion of these measures. As a second-best option, four types of “deemed paired work” measures (“deployment in a post with consideration for the physical strength of the elderly staff member”, “job development appropriate to the elderly staff member”, “operation of a specialist post system”, and “introduction of short-time work for elderly staff members”) were examined to see whether their introduction alleviated the tendency to curb the hiring of new graduates; the results of this

empirical analysis demonstrated that the four types of “deemed paired work” measures did not lead to the alleviation of the tendency to curb the hiring of new graduates.

In the future, as well as gaining an understanding of the content of “paired work” measures through case studies, it will be necessary to conduct a clearer analysis of the actual status and effects of such initiatives.

6. The Old Age Pension for Active Employees, and the Employment and Income Distribution of Elderly People

This chapter focuses on the current Old Age Pension for Active Employees system, analyzing elderly males in their early 60s for its employment-inhibiting effect and income redistribution effect. In addition, estimates were also made how the employment-inhibiting effect and income redistribution effect had changed as a result of the recent (FY2005) revision of the system, which abolished the previous system of reducing the pension uniformly by 20% upon entering employment. The estimates were made likely utilizing incomes plus the Continued Employment Benefit for Older Workers included. Currently, further easing of the Old Age Pension reduction is being considered by the Social Security Council of the Ministry of Health, Labour and Welfare; the impact of this on the employment-inhibiting effect and income redistribution effect has also been analyzed. The data were obtained from male individual responses to the “Survey on Continued Employment and Occupational Life After Age 60” carried out by JILPT in 2007. The Gini coefficient, coefficient of variation, Theil measure and Atkinson measure were used to determine the degree of inequality.

Firstly, let us look at the current mechanism of the Old Age Pension for Active Employees applied for those in their early 60s (I-12). With regard to the lines indicating the total of wages and pension, the line for the current system (thick solid line) is above the line for the former system, demonstrating that the revision of the Old Age Pension for Active Employees system (thin solid line) has alleviated the reduction in

I-12 Mechanism of the Old Age Pension for Active Employees for Those in Their Early 60s



Source: Figures for 1980-2010 from LABORSTA "Economically Active Population Estimates and Projections 1980-2020" (Data as of September 5, 2011)

pension.

Under the Old Age Pension for Active Employees system, the pension is reduced according to wages, which, therefore, has an inhibitory influence on the motivation to work, but the employment of elderly people and their wage income is not determined solely by individual choices such as motivation to work; rather, it is affected considerably by external factors that individuals cannot influence such as employment environment. The Old Age Pension for Active Employees system has the function of adjusting the pension amount in response to such external factors and of redistributing income among those who can work and those who cannot. With regard to this, let us look at the Gini coefficient, coefficient of variation, Theil measure and Atkinson measure relating to income distribution shown in I-13. Under both the current system and the one before the revision, the degree of inequality in each case was smaller than the initial one as a result of the Old Age Pension for Active Employees system. Moreover, with regard to the Theil measure,

decomposed by inequality among employed persons, inequality among non-employed persons, and inequality between the two, it was found out the inequality among employed persons makes less contribution to the total disparity shrinkage by the Old Age Pension for Active Employees system. The same result applies to cases with the Continued Employment Benefits for Older Workers included, too.

On the other hand, if one compares the current Old Age Pension for Active Employees system with the former one before the revision, the Gini coefficient, coefficient of variation, and Theil measure are smaller for the current one, while the Atkinson measure is larger, so it is difficult to judge which system is less unequal in terms of income redistribution. However, as shown in I-12, the reduction in pension under the current system has been eased compared to the former system, so a smaller change in income redistribution effect will be in play. In light of this point, one can say that the post-revision system has still maintained almost the

I-13 Changes in the Degree of Income Inequality Due to Revision of the System

	Gini coefficient	Coefficient of variation	Theil measure	Degree of contribution to Theil measure			Atkinson measure			
				Among employed persons	Among non-employed persons	Between the two	$\varepsilon=0.5$	$\varepsilon=1.5$	$\varepsilon=2.5$	$\varepsilon=3.5$
Initial income (wages and pension before reduction)	0.334	0.601	0.191	0.070	0.020	0.101	0.107	0.509	0.932	0.980
[Current old age pension for active employees system] After reduction due to the old age pension for active employees system	0.303	0.545	0.164	0.047	0.019	0.098	0.094	0.430	0.878	0.968
After addition of the continued employment benefit for older workers to the above	0.299	0.534	0.163	0.041	0.018	0.104	0.094	0.439	0.883	0.969
[Old age pension for active employees system before revision] After reduction due to the old age pension for active employees system	0.306	0.547	0.165	0.050	0.019	0.095	0.093	0.426	0.875	0.967
After addition of the continued employment benefit for older workers to the above	0.302	0.535	0.163	0.043	0.018	0.101	0.094	0.435	0.881	0.969

same scale of income redistribution effect, where post-reduced pension has become more synchronized in amount with initial income.

This is thought to be affected by the fact that the scale of the pension reduction has been made more synchronized with the initial income. Under the current Old Age Pension for Active Employees system, when the initial income exceeds a certain level, the pension is reduced by half in relation to the excess portion. Consequently, the reduction in pension is regarded as being progressive in relation to the initial income and because the pension reduction is synchronized with the initial income, having no adverse effect on the amount of post-reduced income, the degree of inequality in income distribution moderates. In its respect, under the pre-revision system, a uniform pension reduction of 20% was enforced on earned-income, so there were cases in which the scale of the pension reduction was not synchronized with the initial income. Consequently, when pensions account for a high (or low) share of the total income, the pension reduction is high (low) even though the initial income is low (high), so it is not necessarily the case that the pension reduction is progressive in relation to initial income, nor that the degree of inequality in income distribution is

reduced.

The basic mechanism through which the scale of the pension reduction was synchronized with the initial income was introduced in FY1995 and although it eased the pension reduction in such a way as to reduce the employment-inhibiting effect, it still had an income redistribution effect not very different from the pre-revision system. One can say that the mechanism for synchronizing the scale of the pension reduction with the initial income has been perfected, as a result of the recent revision of the system, which abolished the uniform 20% reduction in pension for those in employment.

Furthermore, the mechanism for synchronizing the scale of the pension reduction with the initial income in the current Old Age Pension for Active Employees system is desirable from the perspectives of both horizontal equity and the function of public pensions. From the perspective of horizontal equity, the scale of the pension reduction should be equal for those whose initial incomes are the same. Moreover, from the perspective of the function of public pensions in compensating for the earned income that one has ceased to be able to receive due to old age, the pension reduction should be the same for the two cases where the total of income and pension are the

same with different decomposition, considering the function of public pensions as compensation for reduction in earned-income. The current Old Age Pension for Active Employees system fulfills these criteria.

Finally, the prospects for future approaches to the Old Age Pension for Active Employees system have been examined. In relation to the Old Age Pension for Active Employees system, the Pension Committee of the Ministry of Health, Labour and Welfare's Social Security Council is considering easing the pension reduction by such means as raising the level at which the pension reduction begins to be applied or lowering the amount of pension reduction, with the objective of promoting the employment of elderly people. This paper, then, estimates the impact on the employment-inhibiting effect and the income redistribution effect in the event that this were to occur.

Looking at the results of the analysis, even in the case where the level at which the pension reduction begins to be applied is raised from the current ¥280,000 to ¥340,000, which is thought to be still within the middle income bracket, for the sake of reducing the employment-inhibiting effect, the Old Age Pension for Active Employers system is projected to maintain almost the same magnitude of income redistribution effect as the current one. Consequently, there is possibly scope for further easing of pension reductions, in order to reduce the employment-inhibiting effect. However, as one cannot say that the employment-inhibiting effect of the current Old Age Pension for Active Employees system is greater than its income redistribution effect, it would not be desirable to completely abolish reduction of the Old Age Pension for Active Employees once beyond the stage of easing the reduction up to the middle income bracket. Moreover, reduction in the pension reduction rate will not be desirable because the income redistribution effect in that case would be smaller than under the current Old Age Pension for Active Employees system, although the employment-inhibiting effect is reduced.

In addition, it has been decided that the age at which pension payments commence will be raised

from 60 to 65 over a transitional period, so the system of Old Age Pension for Active Employees for those in their early 60s, on which this chapter focuses, will disappear at that point in time. In the future, if employment for those in this age bracket is secured at all companies, by such means as the steady implementation of job security measures for elderly people up to the age of 65, it will eventually lessen the necessity to use the Old Age Pension for Active Employees system to redistribute income between those who can work and those who cannot. However, if it becomes possible to work until the age of 65 as a matter of course in the future, the issue of variations between those who can work after the age of 65 and those who cannot will become more important, so rather than the necessity of redistributing income vanishing, it will shift to an older age. Consequently, rather than abolishing the income redistribution function of the Old Age Pension for Active Employees system due to the raise in the age at which pension payments commence in future, it should be altered to target older people, by such means as making the basic pension for high income earners also subject to reduction after the age of 65. From the viewpoint of the role of public pensions, which is to compensate for the earned income that one has become unable to receive due to old age, the income redistribution function of the Old Age Pension for Active Employees needs to be maintained.

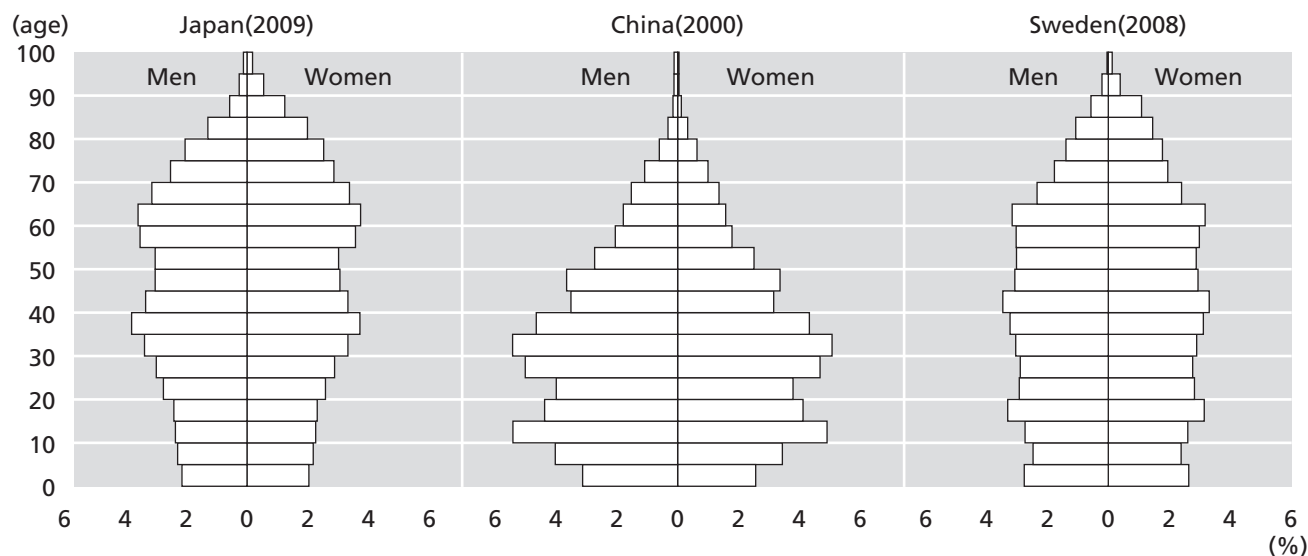
7. The Current Status of the Employment of Elderly People Overseas and the Government Measures

This chapter takes a look at the current situation of the employment of elderly people in other countries and their policies, drawing comparisons with Japan.

Firstly, the following points can be made regarding the current situation of their aging population.

- (i) The aging ratio (population aged 65 and above / total population) of Japan is growing rapidly, and is already the highest in the world (20.8% in 2006). The speed of aging is also extremely fast. In developed countries, the age bracket

I-14 International Comparison of Demographic Pyramids (Proportion by Age Group)



Source: Ministry of Internal Affairs and Communications website

accounting for the largest proportion of the population is shifting to the late 50s and above, but in Japan, there is pronounced bimodal distribution among the “baby boom generation” and their children, known as the “baby boom junior generation”. (I-14)

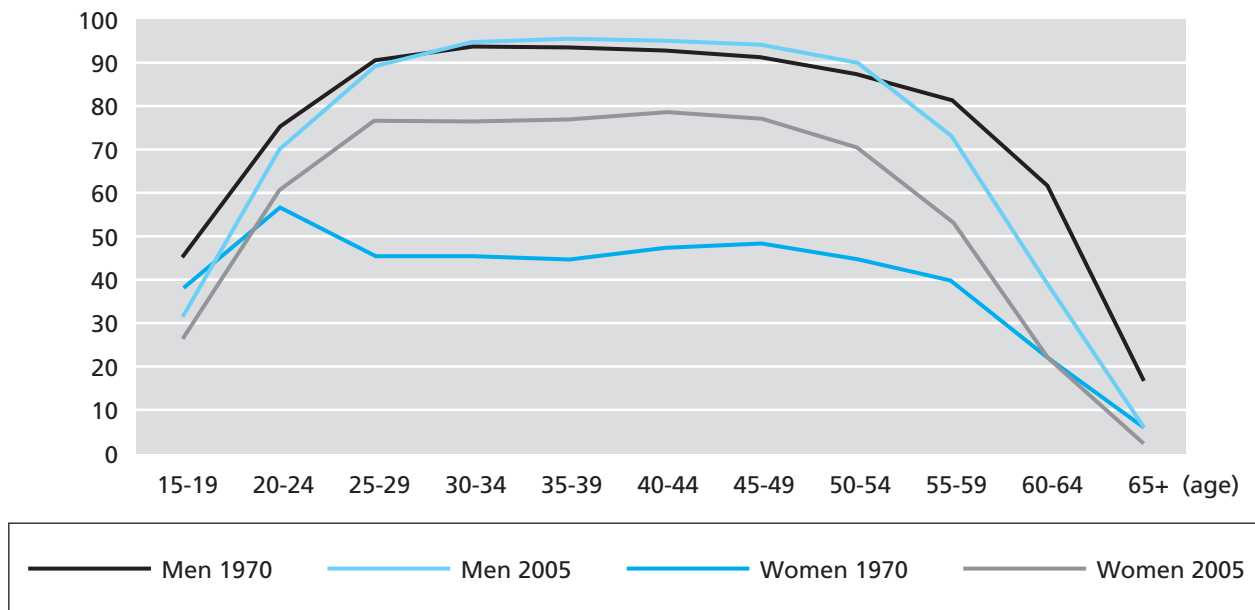
- (ii) The impact of aging is clearly shown by the support rate (population of working age ÷ population of elderly dependents). The comparison of the trends in the support rates between Japan and European countries suggests the necessity of elderly people in Japan, to be shifted on a much larger scale than in European countries, reflecting its faster aging, from being supported by society to supporting society (paying taxes and social insurance premiums). For example, suppose that the population of working age includes those aged 20 up to 70, then it follows that 2.83 workers are expected to support an each elderly person (aged 70 and above) in Japan in 2020. This level of 2.83 people is roughly equivalent to the average of 2.78 people for the same year in the countries of Western Europe, where the population of working age encompasses those aged 20 up to 65, which implies that the support rate of Japan would be equivalent to Western European

countries on the condition that they work five years longer in Japan.

Secondly, one can say the following about the employment situation of elderly people.

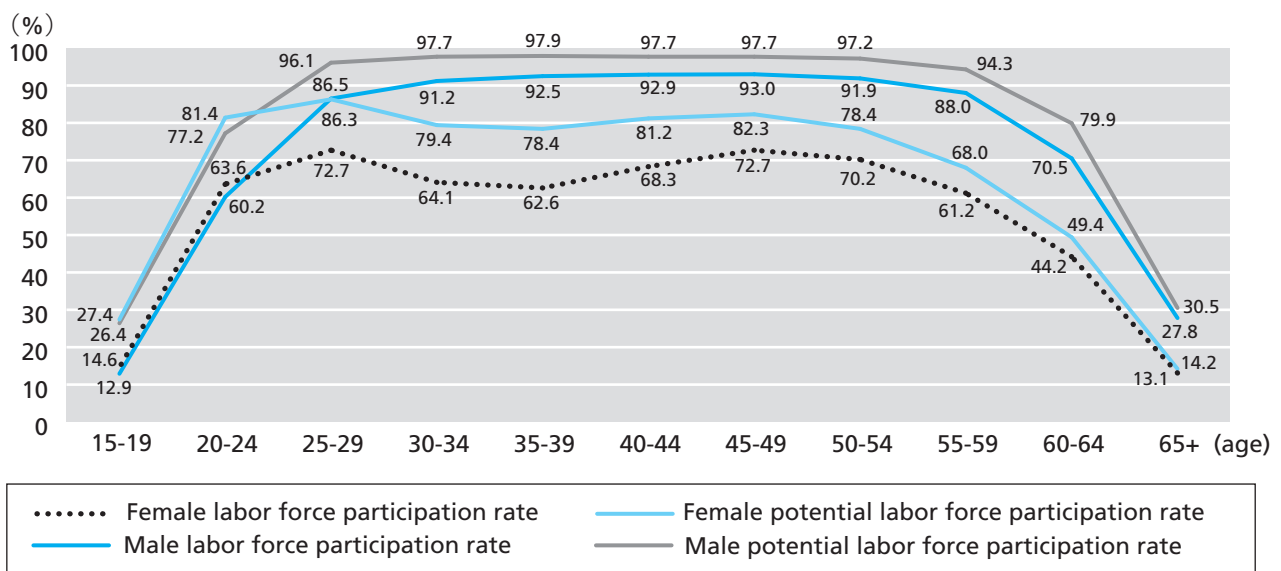
- (i) Looking at the employment rate by age, there are no major differences among countries between the age of 30 and around 50. In the case of those aged 55 and above, the employment rate falls considerably in a lot of Western countries, whereas it is high in Japan. However, if one focuses on the situation since the latter half of the 1990s, many countries demonstrate an increase in the rate. There is an upward trend among women in all countries (I-15, I-16).
- (ii) In many developed countries, the actual age of retirement from the labor market is lower than the age at which public pension payments commence, whereas in Japan, the actual age of retirement from the labor market is higher than the age at which public pension payments commence, among both men and women.
- (iii) In many countries, cross-sectional data on wages by age depict an inverted U-shaped curve in which wage levels among the middle-aged are high, primarily among men. Countries such as Japan and the UK are typical examples of this (I-17).

I-15 Labor Force Participation Rate by Gender in the 15 EU Countries (1970, 2005, %)



Source: EU "Employment in Europe 2007"

I-16 Labor Force Participation Rate by Gender in Japan



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Labour Force Survey* (2010), *Labour Force Survey Detailed Tabulation* (2010)

Note: Potential labor force participation rate= (total labor force+ completely unemployed+ non-labor force who wish to be in employment)/ population aged 15 and above

Thirdly, with regard to public pensions, measures are being formulated in many countries, aiming at

improving the balance of pension revenue and expenditure in order to advance the sustainability of

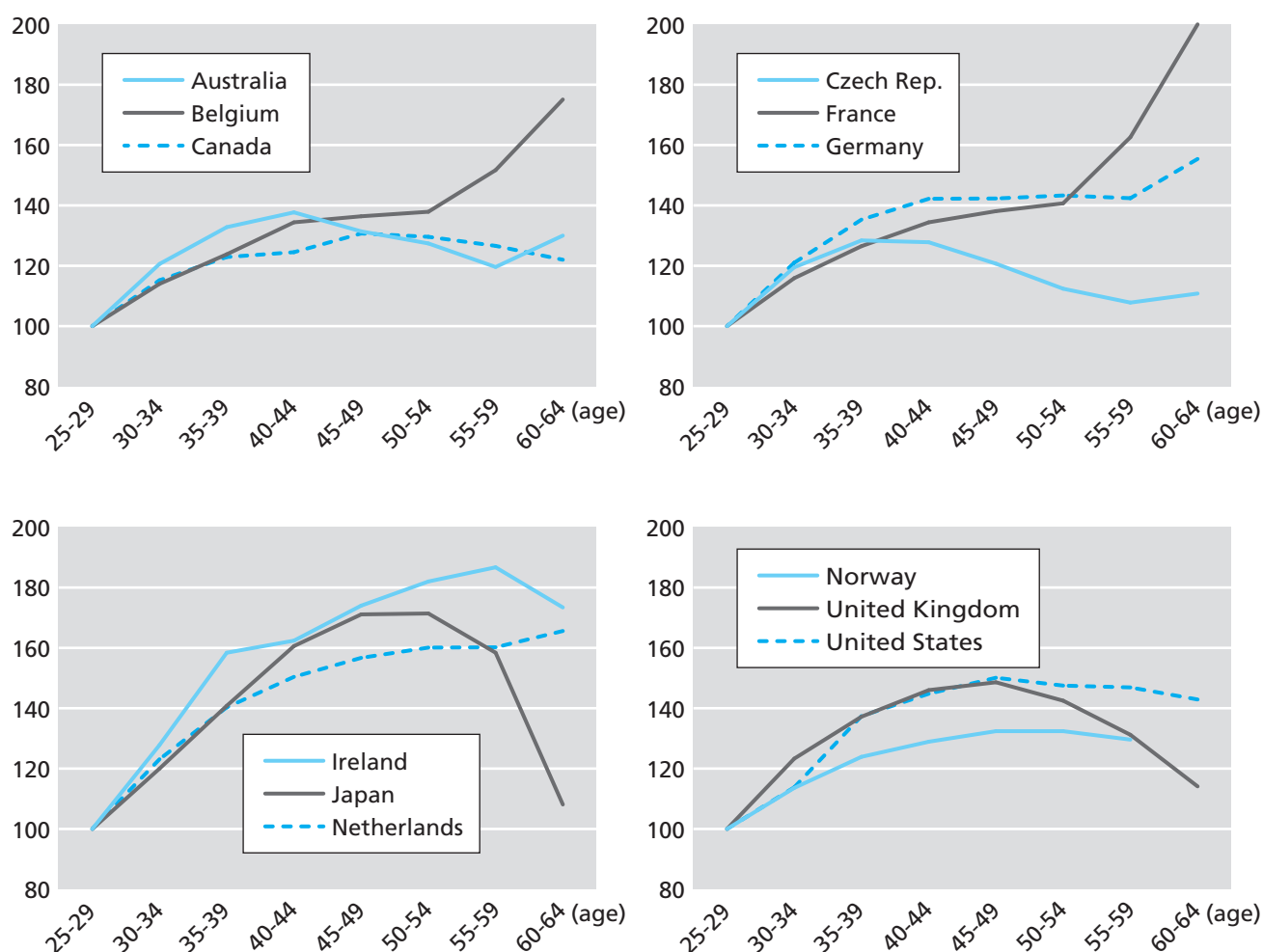
the pension system; in particular, in recent years, an increasing number of countries are implementing or considering an extension of premium payment period by such means as raising the age at which pension payments commence.

Fourthly, measures aiming at the employment of elderly people can be broadly classified into (i) measures limited for elderly people; (ii) measures relating to elderly people within somewhat broader policies, targeting such people as those experiencing difficulty in finding a job; and (iii) measures aiming at rectifying age discrimination (barriers). In recent years, initiatives prohibiting age discrimination have

become a universal trend across developed countries, not only in recruitment and hiring but also in all aspects of employment (although, other than in the so-called Anglo-Saxon countries, the initiative for retirement is limited only to revision of the age at which pension payments commence).

Moreover, all of the European countries are tackling issues relating to the economy, employment, health, pensions, education and housing in a comprehensive, strategic manner, and personnel management and labor relations practitioners in Europe are beginning to attach importance to “work (adaptation) ability”, which is built up on the basis of the balance between

I-17 Age and Wage Profiles (25-29 years = 100)



Source: OECD, “Pensions at a Glance 2011”

Notes: 1) The source is D’Addio et al (2010) “Population Ageing and Labour Market”, Oxford Review of Economic Policy” (based on the OECD income database)

2) Data are for full-time workers for 2005 to 2008, depending on the country.

the qualities of individuals (their health throughout their lifetime, as well as their specialist skills and values) and the demands of the job. In addition, it is difficult for elderly people to acquire new skills, so there is a tendency for human investment in elderly people to diminish, but in Switzerland and the Nordic countries, there is a high rate of vocational training attendance among elderly people and cross-sectional international studies have shown that the vocational training attendance rate among elderly people and the employment rate have a positively significant correlation.

With regard to responses to aging population in these foreign countries, there are many examples that could serve as a point of reference for Japan, such as (i) comprehensive, strategic initiatives to tackle issues relating to such matters as economy, employment, health, pensions, education and housing; (ii) the introduction of mechanisms within the pension system to promote the employment of elderly people; and (iii) initiatives prohibiting age discrimination in all aspects of employment, apart from regulations concerning retirement, synchronized with the age at which pension payments commence.

Final Chapter In Lieu of a Conclusion

The final chapter brings the volume to a conclusion by discussing future approaches to the issue of the employment of elderly people from a fairly broad perspective, in light of the results of analysis and policy implications outlined in the foregoing seven chapters.

In the first half of the chapter, the issues affecting the economic society of Japan are summarized, as it is thought most important to emphasize consistency with the nation's socioeconomic environment in considering issues concerned and approaches to policies concerning the employment of elderly people in the future. More specifically, reference was made to the following four aspects: firstly, in relation to the macroeconomic environment, the Japanese economy has been experiencing stagnant growth and investment in the long term, accompanied by ongoing hollowing-out of industry and employment; in addition, there has

been a prolonged decline in wages since the latter half of the 1990s. Secondly, it was stated that, with the aging of the population and the tax and social security expenditure burden expected to increase further in due course, it is important to ensure that elderly people start to bear part of the growing burden and that the promotion of the employment of elderly people is a form of system maintenance consistent with this policy perspective. Thirdly, it was asserted that, under the corporate management environment becoming increasingly harsh in the future, it is vital to properly position the employment of elderly people alongside personnel management, and education and training that values the expertise of workers, and also cohesive organizational management, in order to promote management innovation and cohesive organizational capability. Fourthly, in relation to the so-called 2007 problem, it was argued that the employment of elderly people should be promoted from the perspective of encouraging the transfer of skills.

On this basis, the latter part of the chapter discusses approaches to the employment of elderly people; firstly, it asserted that elderly people in Japan are healthy and active, so a system should be developed that allows those elderly people who wish to work to do so as long as they desire. Secondly, it pointed out the importance of properly positioning the employment of elderly people in organizational management and personnel management that emphasizes the cultivation of expertise, in order to enable elderly people to become one force supporting corporate management, amid the globalization of the economy. However, at the same time, given that it is thought important for both companies and elderly workers that it not be a "one size fits all" system, the question is raised of whether, for example, the introduction of specialist posts available for part-time workers could be considered.

With regard to this latter point, in terms of ensuring that improvements do not result in a "one size fits all" system, it was referred to as important to develop diverse mechanisms when creating systems for the employment of regular employees aged 60 and over. Flexible way of working, such as the aforementioned part-time specialist posts, is one concrete example of this, but the core issue is, as one

might expect, the system of mandatory retirement at the age of 65. Stating that it is important to devise a mechanism that will enable elderly people with diverse backgrounds to work at a company until the age of 65 if they so desire, this chapter referred to the issue of revising the mandatory retirement from executive posts (which is to decide on age structure for executives and those in managerial posts), and of designing wage structure based on broad classification of different occupation groups, while paying attention to total labor costs, both of which

will be the primary issues of devising the mechanism concerned.

Finally, in light of the long-term stagnant wages in Japan, as described above, the chapter concludes with an indicative proposal regarding the current Continued Employment Benefit for Older Workers system, recommending a shift away from the current mechanism of compensating individual workers, in a manner, for reduced wages to assisting companies partially with labor costs which may be burgeoned by the employment of elderly people.

Progress in Policies on Work-life Balance in Japan and the Current Status Thereof

1. The Emergence of the Concept of Work-Life Balance
2. Progress in National Policy and Changes in the Concept and Terminology
3. The Attitudes of Companies
4. Awareness among Workers
5. The Enlargement and Focusing of the Concept of Work-Life Balance
6. The Optimum Balance for the Quantity of Labor Input
7. Conclusion

1. The Emergence of the Concept of Work-Life Balance

A. Emergence at the Beginning of the 2000s

"I changed job last month." "Oh? Why?" "The work at my previous company was hard and I felt like I was going to end up damaging my health. There was a lot of overtime and I just couldn't take any holidays, either. Although I'm in the local soccer club, I was rarely able even to kick a ball around. My wife works too and I've got kids, so I changed job for the sake of my work-life balance." "I see...."

The expression "work-life balance" has come to be widely used in this way in everyday conversation in Japan. Already, more than 50% of Japanese people have heard of this term.¹ However, the history of the term itself in Japan is not as long as one might think.

At the very least, the first time that the government officially used the term "work-life balance" was in the series of moves that led to the formulation of the "Work-Life Balance Charter".² Incidentally, in Japan, there is a tendency for objections to emerge when the government uses loan

words directly from another language in its policies, so there are times when the equivalent Japanese term "*shigoto to seikatsu no chouwa*" ("*chouwa*", meaning "harmony", does not necessarily correspond directly to "balance", but this is what was used in Japan, rather than "*kinkou*", which is the Japanese word for "balance")" is used (as opposed to the loan word version, which is written in the *katakana* syllabary used for loan words and pronounced as "*waaku raifu baransu*"), and both terms are used in parallel in the aforementioned Work-Life Balance Charter. "*Shigoto to seikatsu no chouwa*" had already begun to be used in around 2003, when the Ministry of Health, Labour and Welfare began to hold its "*Shigoto to seikatsu no chouwa ni kansuru kentoukaigi* (Review Meetings on Work-Life Balance)". This organization, the Japan Institute for Labour Policy and Training, undertook a project entitled "*Shigoto to seikatsu no chouwa wo kanou ni suru shakai sisutemu no kouchiku ni kansuru kenkyuu* (Study on the Construction of a Social System That Will Facilitate a Work-Life Balance)" as one of the research projects that it carried out during its first target period, from October 2003 to March 2007.

Moves by researchers and others to advocate and introduce the term and concept "*waaku raifu baransu*" in Japan began a few years before the aforementioned moves by the government, for example, in Ham (2000)³ and Park (2002).⁴

Consequently, first of all, the term "*waaku raifu baransu*" and the associated concept was introduced by researchers at the beginning of the 2000s, and then the term "*shigoto to seikatsu no chouwa*", which was synonymous with "*waaku raifu baransu*", began to be used in discussions at seminars and other academic

1 Cabinet Office (2011) "Survey of Work-Life Balance and its Impact on the Recent Economic Climate". However, the proportion of "people who have heard of the term and understand what it means" is just 20%.

2 The official Japanese name of the Work-Life Balance Charter is "*Shigoto to seikatsu no chouwa (waaku raifu baransu) kenshou*". See below for further details of the nature of this Charter and the background leading up to its formulation.

forums; one can say that situations in which the loan word could be used directly alongside its Japanese equivalent began to emerge in the latter half of the 2000s.

Incidentally, the terms “*shokugyou seikatsu to katei seikatsu no chouwa* (the harmonization of work life and family life)”, “*shokugyou seikatsu to katei seikatsu no ryouritsu* (achieving compatibility between work life and family life)”, and “*famirii furendorii* (family-friendly)”, which are similar to “*waaku raifu baransu*” or its equivalent “*shigoto to seikatsu no chouwa*”, or have some overlap with them in terms of their concepts, existed in Japan long before the emergence of either of the two terms used to refer to “work-life balance”. In addition, the difference between “*seikatsu*” and “*katei seikatsu*” can easily be envisaged, as they make a distinction between “life” (the former) and “family” life (the latter), but it has come to be explained that the newly-emerged term “*waaku raifu baransu*” is quite broad in scope compared with terms that are prefixed by “*katei seikatsu* (family life)” or “*famirii* (family)”. At the very least, in the Work-Life Balance Charter, which was formulated in 2007,⁵ achieving a work-life balance is, of course, deemed to be an issue common to both men and women, and in this concept, “life” - that is to say, the life that should be balanced with work - is not restricted to matters pertaining to family responsibilities, such as child rearing or providing long-term nursing care for family members. In fact, it is not even restricted to family life in its broader sense, beyond the aforementioned responsibilities. Let us now look at the content of this Charter.

B. The Work-Life Balance Charter

In the Work-Life Balance Charter formulated at the beginning of December 2007, a “society that has achieved a good work-life balance” is defined as “a society where each citizen works with a sense of satisfaction, finding his/her job rewarding, executes work-related responsibilities, and at the same time, chooses and lives a variety of lifestyles according to different stages of life, such as the childrearing and midlife periods, within his/her family and community life”. In addition, an “Action Policy for Promoting Work-Life Balance” was formulated at the same time as the Charter in order to realize this “society that has achieved a good work-life balance”, prescribing effective initiatives by companies, workers and the populace as a whole, and the policy on national and local government measures. In this Action Policy, the following are explicitly stated to be the conditions required for a “society that has achieved a good work-life balance”.

The Various Conditions Required for a “Society That Has Achieved a Good Work-Life Balance”

- 1) *A society where economic independence through work is possible*
- *Where young people can make a smooth transition from school to an occupation.*
 - *Where young people and mothers in single-parent households, etc. can achieve economic independence through employment.*

3 Ham, Heasun (2000) “*21 seiki no yuuryou kigyuu Waaku raifu baransu no shiten* (Blue-chip Companies in the 21st Century: The Work-Life Balance Viewpoint)”

4 Park, Joanna Sook Ja (2002) “*Kaisha ningen ga kaisha wo tsubusu waaku raifu baransu no teian* (Workaholics Crush Companies: Proposals on Achieving a Work/Life Balance)”

5 A policy decided upon at the Council of Executives of Public and Private Sectors to Promote Work-Life Balance, which was held at the Prime Minister's Office on December 18, 2007. It is a document agreeing that the government, workers and management will each fulfill their respective roles and responsibilities, in order to realize a society with a good work-life balance. This Council of Executives was chaired by the Chief Cabinet Secretary and consisted of relevant members of the Cabinet, representatives of the worlds of the economy and labor and of local authorities, and various experts; the members signed the Charter that they had formulated, as proof of their agreement with it, and submitted it to Prime Minister Fukuda along with the “*Shigoto to seikatsu no chouwa suishin no tame no koudou shishin* (Action Policy for Promoting Work-Life Balance)”, which they had decided upon at the same time.

- *Where it is possible to transition from non-regular to regular employment according to one's motivation and abilities.*
 - *Where fair treatment and opportunities for skills development are secured, irrespective of the form of employment.*
- 2) *A society where time can be secured for healthy, rich lives*
- *Where the importance of securing time to make it possible to lead a healthy, rich life is acknowledged by companies and society.*
 - *Where there is compliance with relevant legislation on working hours.*
 - *Where the kind of long working hours that are detrimental to one's health do not exist and initiatives are promoted that enable those workers who so desire to take annual paid leave.*
 - *Where hourly productivity also improves as a result of a well-modulated way of working.*
 - *Where work-life balance is taken into consideration in all situations outside the workplace as well, such as in contracts with business partners and in consumption.*
- 3) *A society where choosing a variety of ways of working and living is possible*
- *Where there are systems that make it possible for parents bringing up children, women with the desire to work, and elderly people to enjoy diverse, flexible ways of working according to different stages of life, such as the childrearing and midlife periods, and where these systems can actually be used.*
 - *Where the social infrastructure has been developed to support child rearing, long-term nursing care, activities in the community, and the formation of vocational abilities, tailored to diverse ways of working.*
 - *Where fair treatment and opportunities for skills development are secured, irrespective of the form of employment (restated).*

From the "Action Policy for Promoting Work-Life Balance"

of young people and problems relating to job-seeking, to the problem of the treatment of what are called non-regular workers, promoting the taking of annual paid leave and issues relating to working hours, including measures to prevent death from overwork, and even the issue of hourly productivity as being included in the concept of "*shigoto to seikatsu no chouwawa*" (=work-life balance). Efforts are also being devoted to the expansion of the possibilities for opting for diverse, flexible ways of working. As labor policy, the concept of "*shigoto to seikatsu no chouwawa*" encompasses a wide range of policies, including not only equal employment policy, but also employment security, labor standards, and skills development.

Of course, this newly emerged concept of "work-life balance" was once expressed using such terms as "*shokugyou seikatsu to katei seikatsu no chouwawa* (the harmonization of work life and family life)", and it cannot be denied that this included the problem of balancing work with child rearing and long-term nursing care, issues that are primarily faced by women over the course of their lives. In fact, there are still many Japanese people who associate the term "work-life balance" first and foremost with these problems involving female workers.

So why has the broadening of the concept outlined above taken place? Moreover, various other questions also arise, such as what the background was to the initial emergence of such concepts as "the harmonization of work life and family life" in Japan in the first place, and how the situation at that time has changed as of the present day.

Accordingly, in considering work-life balance, the author would like first of all to examine the developments that led up to the present day, while bearing in mind the breadth of the concept of work-life balance as it is used today. In addition, by way of exploring its origins, the author would like to summarize the background to the emergence of the various terms and concepts that have been used hitherto, which overlap with the concept of work-life balance, while also examining progress in relevant policies.

Looking at this, it contains a truly wide range of content, referring to everything from the independence

2. Progress in National Policy and Changes in the Concept and Terminology

A. “*Shokugyou seikatsu to katei seikatsu no chouwa* (Harmonization of Work Life and Family Life)” in the 1972 Working Women’s Welfare Law

As stated above, similar concepts had appeared in labor policy on women well before the emergence of the term “*waaku raifu baransu* (work-life balance)”. The term “*shokugyou seikatsu to katei seikatsu no chouwa*” appears in the stipulation of purpose in Article 1 and the stipulation of basic principles in Article 2 of the Working Women’s Welfare Law, which was passed in 1972. This law clearly set forth policy guidance concerning female workers for the first time in Japan and was the first law to stipulate that employers were under an obligation to make efforts to grant of child care leave and other accommodations relating to child rearing.⁶ One of the concepts central to the welfare of working women was deemed to be “*shokugyou seikatsu to katei seikatsu no chouwa* (harmonization of work life and family life)” and this marked the first appearance of legislation with a concept similar to that of work-life balance.

What should be borne in mind is that this was a concept designed solely for working women. It is likely that this was based on the premise of the fixed division of roles between men and women, reflecting the social situation and public awareness at the time the legislation was formulated, such as the fact that “family life” was a concept that included not only child rearing, but also housework, and the positioning

of childbirth and childcare as important roles for women, which were considered⁷ to be equally important as, or even more important than, their economic role.

Why were these provisions set forth in the Working Women’s Welfare Law? Speculating on the intention of the policy at the time it was formulated, one could interpret it as having been meant to promote the utilization of working women, focusing primarily on married women, in order to respond to the growth in labor demand resulting from economic development, with the emphasis being placed on the harmonization of work life and family life as the conditions that needed to be put in place in order to achieve this. This is also obvious from the fact that the “Basic Concept of Legislation Concerning the Welfare of Working Women”, which was the advice provided by the Women’s and Young Workers’ Problems Council (as it was at the time) ahead of the bill’s submission to the Diet, stated at the outset that, “As well as enabling working women to effectively demonstrate their abilities, the legislation should have the objective of formulating the necessary measures to enable married working women in particular to harmonize their working lives with child rearing, housework and other family responsibilities, thereby improving the welfare of working women.”⁸

In addition, as well as the aforementioned obligation to make efforts to grant accommodations for child rearing, such as child care leave, the legislative policy promoting the “harmonization of work life and family life” incorporated into the Working Women’s Welfare Law at that time also included provisions relating to “vocational guidance” and “vocational training”, taking into consideration the re-employment of married women, and these

6 For more detail concerning the background to the enactment of the Working Women’s Welfare Law and its content and significance, see Ministry of Labour Women’s & Minors’ Bureau Women Workers’ Division ed. (1972) “Working Women’s Welfare Law Handbook” Association of Women and Minors, as well as Iki, Noriko “The Evolution of Labor Policy on Women: From the Perspectives of ‘Justice’, ‘Utilization’ and ‘Welfare’” (2011) Japan Institute for Labour Policy and Training.

7 Regarding the roles of working women, Article 2 of the Working Women’s Welfare Law firstly lists “an important role in the raising of the next generation” and then states a role that “contributes to the development of the economy and society”

8 Ministry of Labour Women’s & Minors’ Bureau Women Workers’ Division ed. (1972) “Working Women’s Welfare Law Handbook” Association of Women and Minors.

aspects are also included in the “harmonization of work life and family life”, broadly speaking.

B. “*Shokugyou seikatsu to katei seikatsu no chouwa* (Harmonization of Work Life and Family Life)” in the 1986 Equal Employment Opportunity Act

The Equal Employment Opportunity Act,⁹ which was passed by the Diet in 1985 and entered into force in 1986 as a means of putting in place the conditions required for Japan to ratify the Convention on the Elimination of All Forms of Discrimination against Women, emerged as a result of the partial revision of the Working Women’s Welfare Law. Accordingly, as well as prohibiting discrimination against women in education and training, welfare programs, the mandatory retirement age, resignation and dismissal, and imposing the obligation to make efforts to implement equal handling in recruitment, employment, deployment and promotion, the initial Equal Employment Opportunity Act also incorporated the policies on the welfare of working women that had been included in the Working Women’s Welfare Law, namely the obligation to make efforts to provide child care leave and other accommodations for child rearing; it also inherited from the Working Women’s Welfare Law some of the stipulations concerning its purpose and basic principles.

Here, the “harmonization of work life and family life” is described as a means of achieving the objective of the “improvement of the welfare of women workers”.

The difference from the Working Women’s Welfare Law lies in the order of priorities in terms of the relationship with the “guarantee of equal opportunity and treatment between men and women in employment”, with the term “equal” coming first and being emphasized in the stipulations concerning its purpose and basic principles, while the

harmonization of work life and family life is referred to after that. Looking at this order, the importance of the harmonization of work life and family life is subordinate to the equality of men and women. Furthermore, in the provisions regarding the basic principles, in the Working Women’s Welfare Law, working women are described as “having an important role in the raising of the next generation”, but in the new law, an effort was made to eliminate nuances suggesting the fixed division of roles in relation to women, by such means as inserting the phrase “as a member of the family” before such descriptions.

It goes without saying that one of the contributing factors to such differences was the 1979 adoption of the Convention on the Elimination of All Forms of Discrimination against Women, which triggered the birth of the Equal Employment Opportunity Act. The Convention was interpreted as meaning that protecting or providing preferential treatment for women constituted discrimination where this had a discriminatory effect, and not permitting such treatment except as a “provisional special measure” with the aim of promoting effective equality between men and women. This meant that special measures aimed at the “harmonization of work life and family life” based on the premise that only women bore family responsibilities could exist on condition that they “promoted effective equality between men and women”. To put it another way, one can say that this clarified the positioning of the “harmonization of work life and family life in relation to working women” as a “means” of enabling men and women to achieve effective equality, which had not been clear at the time of the Working Women’s Welfare Law.

As well as clearly indicating support for the re-employment of working women who had resigned for reasons such as bringing up children, in addition to the provision of accommodations for child rearing, the policy content of the Equal Employment

9 The official name is the the Law Respecting the Improvement of the Welfare of Women Workers, including the Guarantee of Equal Opportunity and Treatment between Men and Women in Employment. For more detail concerning the background to the enactment of the this law and its content and significance, see Akamatsu, Ryoko “The Equal Employment Opportunity Act and the Revised Labor Standards Act” (1985) Japan Institute of Labor, as well as Iki, Noriko “The Evolution of Labor Policy on Women: From the Perspectives of 'Justice', 'Utilization' and 'Welfare'” (2011) Japan Institute for Labour Policy and Training.

Opportunity Act, which aimed at the harmonization of work life and family life, prescribed a new obligation to make efforts in relation to “special measures for re-employment”, under which companies were requested to make a commitment in advance to re-employ working women who had resigned temporarily to bring up their children, and to re-employ them on the basis of this.

In addition, in 1981, after the adoption of the Convention on the Elimination of All Forms of Discrimination against Women, the “Workers with Family Responsibilities Convention” (ILO Convention No.156) was adopted based on the necessity of achieving effective equality in terms of opportunities and treatment between male and female workers with family responsibilities, and between workers with family responsibilities and those without; Japan ratified the Convention on the Elimination of All Forms of Discrimination against Women in 1985 and ILO Convention No.156 in 1995.

C. “*Shokugyou seikatsu to katei seikatsu no ryouritsu (Achieving Compatibility Between Work Life and Family Life)*” in the 1995 Revised Childcare Leave Act

The Childcare Leave Act¹⁰ that entered into force in 1992 established for the first time the right of both men and women workers to take child care leave, as a general rule, but the initial stipulation of objectives was brief and did not clearly prescribe the relationship between work life and family life. “Achieving compatibility between work life and family life” was only clearly stipulated in the prescription of objectives at the time of the primary enforcement date (October 1995)¹¹ of the revised law, which had been amended with the aim of legislating for family care leave. The prescription of objectives

at that time contains a passage stating that, “...efforts shall be made to promote the continuing employment and re-employment of workers bringing up children or providing long-term nursing care for family members, thereby contributing to achieving compatibility between work life and family life for those people”. Thus, pursuing compatibility between work life and family life, such as child rearing and providing long-term nursing care for family members, first became the objective of a law in 1995 and was aimed at both men and women. This took place at the same time as the ratification of ILO Convention No.156. At this point, in addition to child care leave, which had been made a right for both men and women in 1992, new provisions were added that prescribed not only the obligation to make efforts to provide family care leave (which became a right for both male and female workers in 1999), but also expanded the focus of the obligation prescribed in the Equal Employment Opportunity Act, to make efforts to implement special measures for re-employment and support the re-employment of those who had resigned in order to bring up children, etc., in order to encompass both men and women; accordingly, the name of the act was changed to the Child Care and Family Care Leave Act. Consequently, one can see that such support for re-employment and special measures for re-employment were clearly stipulated as measures aimed at “achieving compatibility between work life and family life”.

Moreover, at this point, the term “*ryouritsu* (achieving compatibility)” came to be used instead of “*chouwa* (harmonizing)”. With regard to the difference between “*chouwa*” and “*ryouritsu*”, it was deemed that, while they both had “basically the same meaning”, “*chouwa*” has a meaning that emphasizes overall balance, whereas the meaning of “*ryouritsu*” emphasizes that the aspects have equal status.¹² In

10 The official name is the “Act on Childcare Leave, etc.” For more detail concerning the background leading up to this legislation, see Takahashi, Sakutaro (author & editor) “A Detailed Explanation of the Act on Childcare Leave, etc.” (1991) Institute of Labour Administration, and the aforementioned work by Iki, Noriko.

11 The title of the law after its revision at that point was the “Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care Leave, etc.” For further details concerning the background leading up to the enactment of the amended law that in 1999 ultimately granted both men and women the right to family care leave, as well as its content and significance, see Matsubara, Nobuko “A Detailed Explanation of the Child Care and Family Care Leave Act” (1996) Institute of Labour Administration, and the aforementioned work by Iki, Noriko.

other words, while the former has a nuance that also takes into consideration the choice to emphasize one over another for the sake of overall balance, the latter has a nuance that attaches importance to both at the same time. Through the shift away from “*chouwa*”, which has a nuance based on the premise of the division of labor in relation to housework and childcare carried out by women and ways of working that prioritize the family, toward “*ryouritsu*”, which has a nuance that attaches importance to work as well, it is possible to see how the intent of policy has moved toward the equality between men and women workers with family responsibilities indicated in the Convention on the Elimination of All Forms of Discrimination against Women and the Workers with Family Responsibilities Convention.

However, even though such matters were stipulated in the aforementioned legislation, in reality, there was no change in the fact that policies such as child care leave were still mainly used by women, while exceedingly few men used them. Moreover, nobody harbored any major doubts about this state of affairs. The reason why both men and women were targeted in legislation was to ensure that it did not encourage an attitude of the fixed division of roles and give rise to discriminatory effects by targeting the legislation solely at women, as well as to ensure that the needs of single-parent male workers or other fathers were ignored. Moreover, at that point, the “family life” that should achieve compatibility with “work life” still focused on such areas as child rearing and long-term nursing care for family members.

D. “*Katei seikatsu ni okeru katsudou to hoka no katsudou no ryouritsu* (Achieving Compatibility Between Activities in Family Life and Other Activities)” in the 1999 Basic Act for Gender-Equal Society

In the Basic Act for Gender-Equal Society, which was enacted and entered into force in 1999 as the basic law for promoting gender equality in a wide range of

fields, not restricted to labor, Article 6 prescribes “*katei seikatsu ni okeru katsudou to hoka no katsudou ni okeru ryouritsu* (achieving compatibility between activities in family life and other activities)”. This Article places child rearing, long-term nursing care for family members and other activities in family life at its heart, while work life is one of the “other activities”, in relation to which compatibility with family life should be achieved.

In addition, in the revised Equal Employment Opportunity Act, which entered into force in April 1999, at more or less the same time as the Basic Act for Gender-Equal Society, the wording “*shokugyou seikatsu to katei seikatsu no chouwa* (harmonization of work life and family life)” in relation solely to women was deleted. This is strongly related to the fact that this law abolished special measures focused solely on women, apart from matters relating to maternity protection and so-called “positive action”, while simultaneously prohibiting sexual discrimination at all stages, with the necessary aspects being transferred to the Child Care and Family Care Leave Act as provisions common to both men and women. This revision of the Equal Employment Opportunity Act is also consistent with the direction of the aforementioned Basic Act for Gender-Equal Society.

E. “*Famirii furendorii* (Family-friendly)” in the 1999 Family-friendly Companies Awards System

Unlike the terms that have been discussed hitherto, “family-friendly” is not a concept included in legislation in Japan. This concept began to be advocated at the end of the 1970s by international organizations in relation to equal employment opportunities for men and women, and it is said that its introduction in US companies also began at that time. It then began to become prevalent in Western companies in the 1980s, and became widely accepted as a management philosophy from the 1990s onwards.¹³

12 Matsubara, Nobuko “A Detailed Explanation of the Child Care and Family Care Leave Act” (1996) Institute of Labour Administration

13 “Family-Friendly Company” (tentative name) Research Group “Aiming for ‘Family-Friendly’ Companies” (1999) Japan Association for The Advancement of Working Women

It was in 1999 that this concept was explicitly incorporated into policy in Japan. At that time, a report by the “Family-Friendly Company” (tentative name) Research Group,¹⁴ which summarized the results of a study that it had been commissioned to conduct by the Ministry of Labour (as it was called at the time), advocated that companies aim to become “family-friendly companies”, based on which, the “Family-friendly Companies Awards system” was established. Moreover, the Research Group presented the following definition of “family-friendly companies”.

1. Having many systems to support achieving compatibility between work and family, such as child care leave and family care leave systems, which are actually frequently used, including by men and those in managerial posts.
2. Having systems that permit flexible ways of working, which take into consideration the balance between work and family, such as flexi-time and home-working systems, which are actually frequently used.
3. Having a corporate culture that makes it easy to achieve compatibility between work and family, such as an atmosphere in which it is easy to use such systems and understanding on the part of both senior management executives and those in other managerial posts.

Thus, in addition to legislation imposing obligations to develop systems, the evolution of companies into “family-friendly companies”, based on the framework of “diverse systems”, “flexible ways of working” and “transforming corporate culture”, was sought in this form as well.

As can be seen from the history of deliberations in this area, the term “family-friendly” was a concept that also encompassed its value as a management strategy, as a means of guiding companies with reference to advanced examples among companies in the UK and the US.

The object of concern was still “family life”, rather than life in general, but as well as targeting both men and women, of course, the scope of the policies promoted “flexible ways of working”, including greater flexibility in employment locations through home-working systems, forms of employment that permitted changes over a long span of time, and the diversification of employment tracks, none of which were included in the menu of recommendations in the existing Child Care and Family Care Leave Act. Moreover, this promoted a rethink regarding the corporate culture of long hours at work and difficulty in taking sufficient annual paid leave, as well as in relation to attitudes to the fixed division of roles.

F. “Koyou kankyou no seibi (Development of the Employment Environment)” to Achieve a “Juujiitsu shita shokugyou seikatsu (Fulfilling Work Life)” and “Yutaka na katei seikatsu (Rich Family Life)” in the 2003 Act on Advancement of Measures to Support Raising Next-Generation Children and the Basic Act for Measures to Cope with a Declining Birthrate

The Basic Act for Measures to Cope with Society with Declining Birthrate and the Act on Advancement of Measures to Support Raising Next-Generation Children, which were enacted successively in July 2003, are both laws relating to measures to apply the brakes to the decline in the birthrate.

Although the laws differ in that the former is legislation that was introduced by Diet members, while the latter is a law that was enacted after being submitted by the Cabinet, both laws have the same policy direction in terms of dealing with the declining birthrate. Moreover, in order to strongly encourage specific efforts by employers to promote the development of the employment environment through the formulation and submission of “General Employer Action Plans”, the Act on Advancement of Measures to Support Raising Next-Generation Children imposes on companies with at least 301 staff (subsequently amended to at least 101 staff from

14 “Family-Friendly Company” (tentative name) Research Group “Aiming for ‘Family-Friendly’ Companies” (1999) Japan Association for The Advancement of Working Women

FY2011) the obligation to submit such Action Plans. According to the Action Plan form prescribed in an Ordinance of the Ministry of Health, Labour and Welfare and the guidelines for formulating the action plans, not only “the development of the employment environment in order to support achieving compatibility between work life and family life for workers bringing up children, etc.”, but also “putting in place diverse conditions of employment that contribute to rethinking ways of working” is cited as something “thought to be important as a measure to support raising next-generation children” in the development of the employment environment incorporated into these General Employer Action Plans. The term “putting in place diverse conditions of employment that contribute to rethinking ways of working” includes measures aimed at reducing overtime work, promoting the taking of annual paid leave, implementing work-sharing focused on diverse employment, introducing teleworking, and rectifying attitudes that prioritize the workplace and focus on the fixed division of roles by gender.

Thus, the 2003 Basic Act for Measures to Cope with a Declining Birthrate and Act on Advancement of Measures to Support Raising Next-Generation Children set forth the terms “*juujitsu shita shokugyou seikatsu* (fulfilling work life)” and “*yutaka na katei seikatsu* (rich family life)”, as well as “*koyou kankyou no seibi* (the development of the employment environment)” in order to achieve these goals; this was the first time that the general “working hours problem” had been taken up in legislative policy in combination with the issue of the declining birthrate, and that “rethinking ways of working” had been sought. One can say that these led to the concept of the Improved Working Time Arrangements Act, referred to below, which was enacted in 2005.

Incidentally, in both the Basic Act for Measures to Cope with a Declining Birthrate and the Act on Advancement of Measures to Support Raising Next-Generation Children, “rethinking ways of working” was a measure intended as a policy for “changing the trend toward a declining birthrate”. More specifically, there was an awareness of the problem that long working hours on the part of men who are spouses of child-bearing women cause the burden of childcare to

fall solely upon women, leading to a declining birthrate, so the issue of long working hours arose in conjunction with the necessity of promoting the participation of men in bringing up children.

Thus, in 2003, the widespread shortening of general working hours came to be set forth clearly in legislative policy under the term “achieving compatibility between work life and family life”, as a revision of ways of working not restricted to workers raising children or providing long-term nursing care.

G. “*Roudousha no kenkou de juujitsu shita seikatsu no jitsugen* (Achieving a Healthy, Fulfilling Life for Workers)” in the 2005 Law for Improvement of Working Time Arrangements

The Law for Improvement of Working Time Arrangements was a revised version of the Law Concerning Temporary Measures for the Promotion of Shorter Working Hours enacted in 1992. The Law Concerning Temporary Measures for the Promotion of Shorter Working Hours was a temporary statute drawn up at a time when Japan’s long working hours were the cause of international economic friction, which aimed to achieve total actual working hours of 1,800 hours a year. When Japan was getting close to achieving this figure of 1,800 hours annually (average total actual working hours were reduced from 2,111 hours in 1987 to 1,846 hours in 2003) and the significance of the existence of this law began to be questioned, it came under review, including the awareness of the issue of rethinking ways of working as a measure to deal with the declining birthrate, and it was turned into a permanent law entitled the Law for Improvement of Working Time Arrangements.

The Law for Improvement of Working Time Arrangements incorporated the outcomes of discussions by the “Investigative Commission on Work-Life Balance” (Chairman: Yasuo Suwa), which had taken place ahead of this. The Investigative Commission discussed “work-life balance”, without limiting it to family life. Here, the awareness is demonstrated that, “...the situation in which work-life balance is achieved is a situation in which it is possible for workers to allocate a satisfactory amount of time for various activities in certain restricted time

slots”, and that in order for “workers to be able to carry out satisfactory ‘time allocation’, it is necessary to endeavor to diversify the options for working hours, while shortening working hours, so that individual workers can choose various ways of allocating their working hours and living hours.” Moreover, it also pointed out that, “in our lives, a work-life balance is also important from the long-term perspective of enabling people to feel a sense of satisfaction when they look back over their lives, in which they have shifted their focus according to the situation, prioritizing work at some times, their families at others, and themselves at still other times”.¹⁵

In this law, not only those bringing up children or providing long-term nursing care, but also employees working away from their families and those engaging independently in education and training were positioned as “workers requiring particular consideration”, and the concept of reducing working hours to reflect diverse needs over the course of a worker’s occupational lifetime was born from this.

H. “*Waaku raifu baransu* (Work-Life Balance)” in the 2007 Work-Life Balance Charter

The Work-Life Balance Charter, which appeared at the end of 2007, prescribed the balancing of work with life, including matters outside the family. Let us look again at the background leading up to this.

In April 2007, the first report by the Council on Economic and Fiscal Policy’s Expert Committee on Labor Market Reform (Chairman: Naohiro Yashiro), which was discussing labor market reform amid population decline at the behest of the Cabinet of then-Prime Minister Abe, stated that, “In order to achieve a good work-life balance, it is necessary to resolutely undertake concrete initiatives, as well as sparking a major popular movement and boldly changing ways of thinking through efforts by the government, workers and management, taking into consideration the experiences of countries such as the UK, which have faced the same kind of situation in the past. Accordingly, the government should

formulate the <Work-Life Balance Charter: Changing Ways of Working, Changing Japan> and promote fully-fledged initiatives aimed at achieving a good work-life balance.”

In addition, an Expert Committee member from the private sector submitted a position paper stating that, “The public and private sectors should join forces to formulate an ‘Action Policy for Changing Ways of Working’, aimed at achieving compatibility between work and life, with the ‘Work-Life Balance Charter’ as the basic approach.” In light of this, the policy on the formulation of the Charter and the Action Policy was clearly set forth in “Economic and Fiscal Reform 2007 (Basic Policies)”, which was decided upon by the Cabinet in June 2007.

The following July saw the establishment of the Council of Executives of Public and Private Sectors to Promote Work-Life Balance (the Japanese name of which was subsequently changed to replace the loanword “*waaku raifu baransu*” with the equivalent Japanese term “*shigoto to seikatsu no chouwa*”. Hereinafter referred to as the “Council of Public and Private Sector Executives”), which was chaired by the Chief Cabinet Secretary and consisted of members including relevant members of the Cabinet, and representatives of the worlds of the economy and labor, as well as local authority representatives. In August the same year, the working group for formulating the “Action Guidelines for Changing the Way of Working, Changing Japan” (tentative name) was established under the Council of Public and Private Sector Executives and commenced its discussions and deliberations. On December 18, 2007, the Council of Public and Private Sector Executives decided upon the “Work-Life Balance Charter” (the official Japanese title of which incorporated both the loan word and equivalent Japanese word for “work-life balance”) and the Action Policy for Promoting Work-Life Balance (hereinafter referred to as the “Action Policy”), and after it was signed by all members, who included representatives of government, workers and management, it was delivered personally to Prime

15 June 2004 Report of the “Investigative Commission on Work-Life Balance”

Minister Fukuda.

The definition in the Work-Life Balance Charter of a society that has achieved a good work-life balance is, as stated above, “a society where each citizen works with a sense of satisfaction, finding his/her job rewarding, executes work-related responsibilities, and at the same time, chooses and lives a variety of lifestyles according to different stages of life, such as the childrearing and midlife periods, within his/her family and community life”. As well as policy goals relating to child rearing and long-term nursing care, the specific policy goals set forth in the Action Policy include a wide range of policies, such as a reduction in the number of “freeters” (part-time job-hoppers), and halving the proportion of workers who work at least 60 hours a week.

This breadth of scope is likely to be strongly related to the fact that, as well as considering problems surrounding “ways of working” from the viewpoint of workers, the Work-Life Balance Charter emerged from discussions by the Council on Economic and Fiscal Policy’s Expert Committee on Labor Market Reform, which had the goal of examining approaches to labor market policy in order to improve the use of personnel and increase economic productivity. In this sense, one can say that the Work-Life Balance Charter constitutes a reform of the labor market.

Of course, it does not follow that the Work-Life Balance Charter and Action Policy lose their nature as measures to deal with the declining birthrate simply because of this. In particular, one of the causes of the emphasis on “work-life balance” was the fact that Japan was plunged into being a society in population decline when it recorded a total fertility rate of 1.26 - an all-time low - in 2005, so it was assailed by the necessity of further promoting the participation in the labor market of a more diverse range of people, in order to maintain the country’s economic society in the future. Moreover, estimates were carried out which suggested that, rather than this low birth rate reflecting the preferences of the populace, the people actually demonstrated a high motivation toward giving birth if certain conditions were put in place.

Consequently, one can comprehend that, in addition to discussion of the topic as a measure to deal with the declining birthrate, the discussions by the aforementioned Council on Economic and Fiscal Policy aimed at labor market reform became a major motive force and became intertwined with the formulation of the Work-Life Balance Charter.

If the developments at this time are reframed from the perspective of a change in the policy viewpoint, one can say that, after policies had progressed based on what could be described as the “child-centered” and “childcare-centered” viewpoints of the Basic Act for Measures to Cope with a Declining Birthrate and the Act on Advancement of Measures to Support Raising Next-Generation Children, rethinking ways of working from the viewpoint of workers came to be advocated in the process leading up to the formulation of the Work-Life Balance Charter, in conjunction with which, the “utilization” of working women came to be acknowledged. Thus, it can be said that the fact that the Work-Life Balance Charter was formulated from the viewpoint of the worker has great significance in terms of labor policy.

In addition, after the change in government to the Democratic Party of Japan, the Council of Public and Private Sector Executives was restructured with the Prime Minister as the Chairman, and the Work-Life Balance Charter was revised in 2010 after some amendments had been made.

I. Summary

The following is a summary of the changes in policies and concepts that have been examined in sections A-H above.

- (i) From the 1970s to the 1980s, the concept of the “harmonization of work life and family life” focused solely on working women was clearly stipulated in legislative policy, from the viewpoint of the “welfare” and “utilization” of working women, with the viewpoint of “justice” in terms of “putting in place the conditions for achieving effective equality between men and women” also being added; accordingly, the popularization of child care leave for working women was promoted, while support was provided for their re-employment and skills

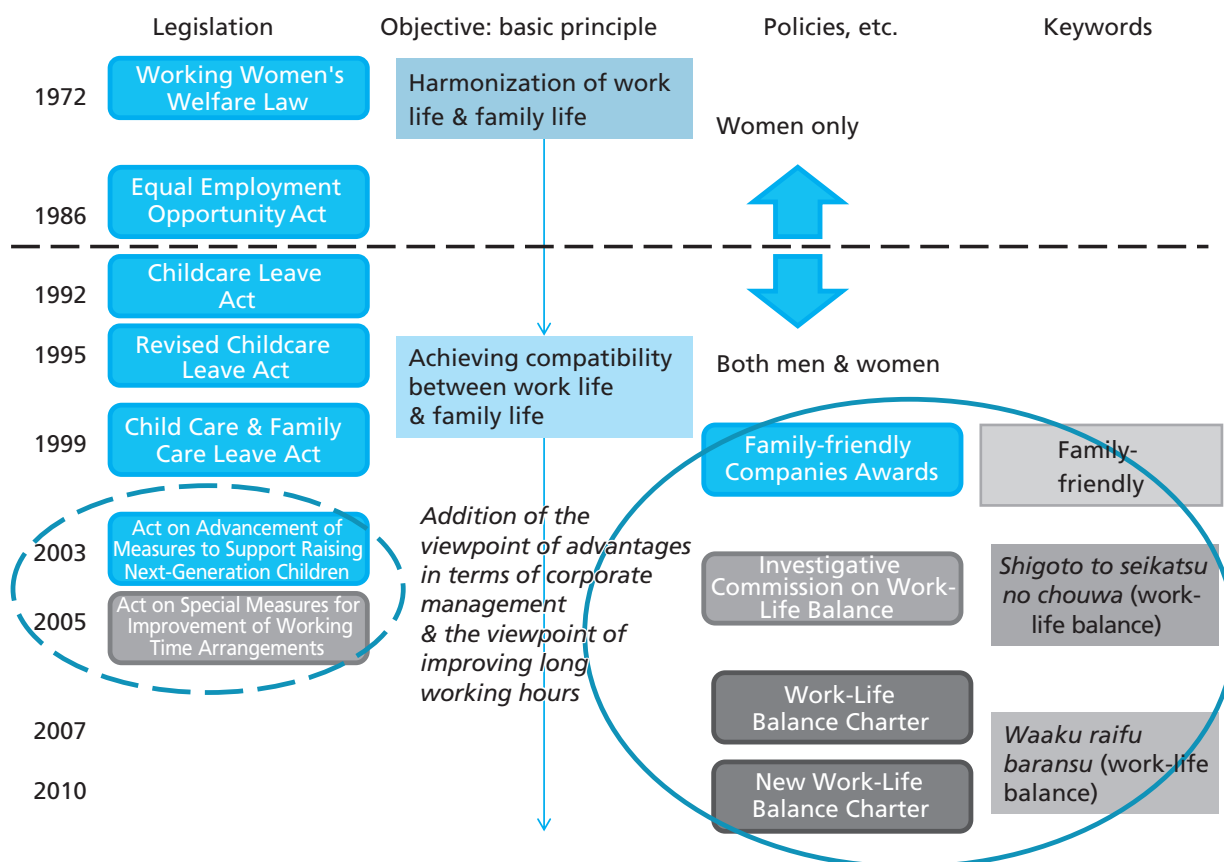
development also took place.

- (ii) In the 1990s, the ratification of the Convention on the Elimination of All Forms of Discrimination against Women and the Workers with Family Responsibilities Convention (ILO Convention No.156) triggered stronger concerns about the problem of seeking the “harmonization of work life and family life” in relation solely to working women, so the concept of “achieving compatibility between work life and family life” for both men and women, based on the premise of the equality of male and female workers with family responsibilities, was clearly stipulated in the Child Care and Family Care Leave Act. As well as granting both men and women the right to child care leave and family care leave, policies relating to such matters as support for the re-employment of those who had resigned for reasons such as bringing up their children

were put in place in relation to both men and women, but the majority of those who actually used these were women, and there was hardly any momentum encouraging men to make use of these rights.

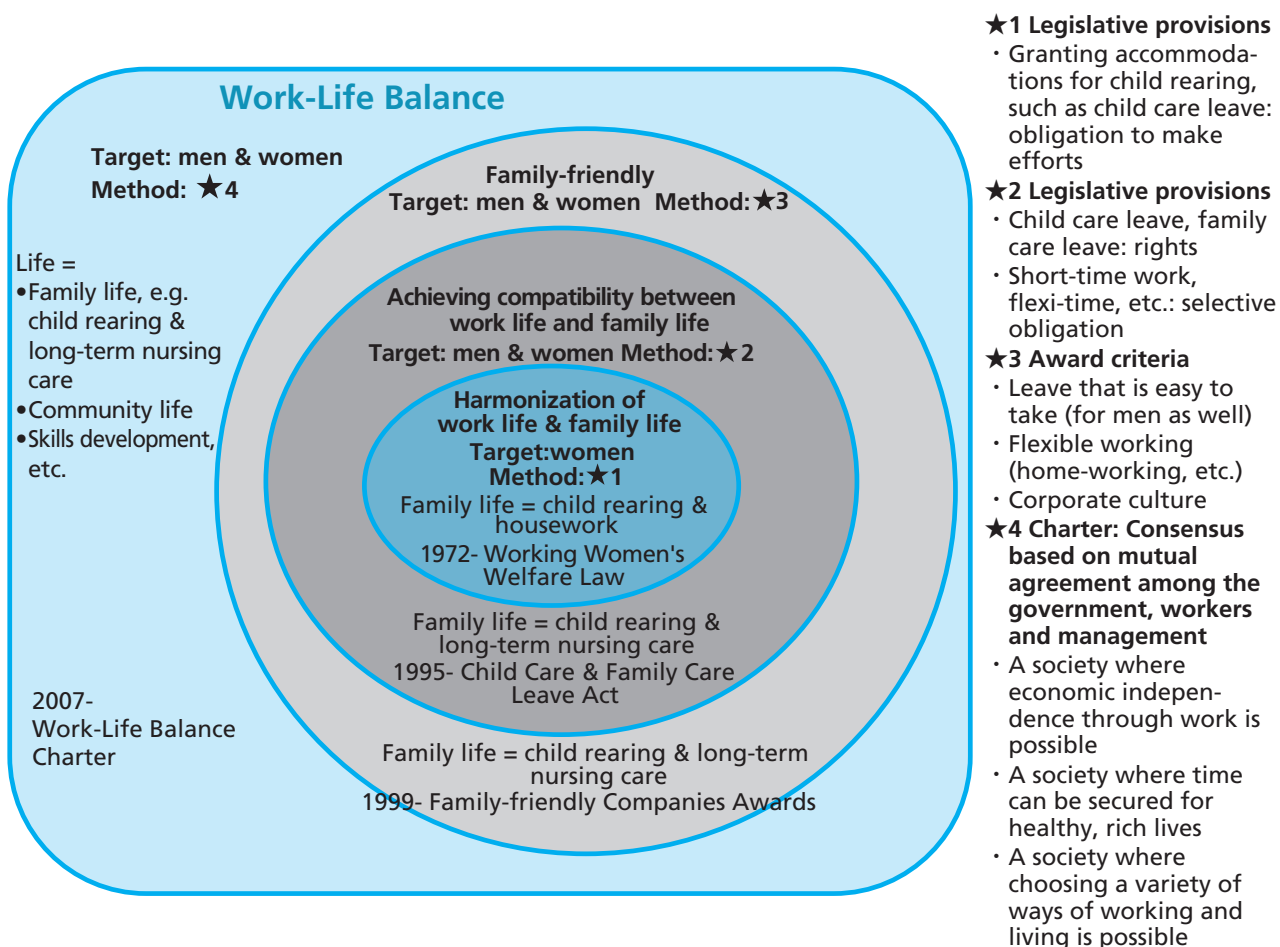
- (iii) At the end of the 1990s, due to the situation in the West, the “family-friendly” concept, which added the viewpoint of corporate management strategy, entered Japan and influenced policy to some degree, including its use in criteria for the system of awards for such companies. Although the focus of concern is still “family life”, in the form of childcare and long-term nursing care responsibilities, issues such as the length of the working hours of workers in general, not only those bringing up children or providing nursing care for family members, came to be questioned among the conditions for being deemed family-friendly, so attention was also directed at the

II-1 Changes in Legislation and Policy Ideals



Source: Compiled by the author

II-2 The Relationship Between and Expansion of Each Policy Concept



Source: Compiled by the author

participation of men in housework and child rearing.

- (iv) At the start of the 2000s, there began to be strong calls for “achieving compatibility between work life and family life” - in the sense of breaking down the barriers inhibiting childbirth and child rearing - due to the acceleration of the declining birthrate, and moves accelerated in relation to “rethinking ways of working”, again taking up such issues as long working hours, which had also been deemed to be a problem in the “family-friendly” concept. This approach was reflected in such legislation as the 2003 Basic Act for Measures to Cope with a Declining Birthrate and Act on Advancement of Measures to Support Raising

Next-Generation Children, and the 2005 Act on Special Measures for Improvement of Working Time Arrangements.

- (v) Triggered by Japan’s 2005 plunge into the status of a society experiencing population decline, a strong awareness developed of the need to increase the employment rate of women in particular, in order to maintain a sustainable society amid population decline, so not only an increase in the birth rate and measures to support child rearing, but also reforms of ways of working came to be pursued, with the objective of reforming labor markets. Accordingly, the 2007 Charter emphasized a work-life balance that encouraged very wide-ranging participation.

The changes in policy ideals over this period and the expansion of the concepts of the respective policies can be illustrated as shown in II-1 and II-2 below.

3. The Attitudes of Companies

As seen in section 2 above, there has been a long history and various developments have occurred in regard to labor policy on women, leading to the formation of the current concept of work-life balance (hereinafter abbreviated to WLB) in Japan and of government policies containing the term “WLB”. In addition, major changes have occurred over the years in the attitudes of companies and employers’ associations to such policies.

A. The Attitudes of Employers’ Associations

Firstly, in the era when the goal of labor policy on women was the “harmonization of work life and family life”, employers’ associations adopted a stance of distancing themselves from such policies to a considerable degree. More specifically, when some Liberal Democratic Party Diet members recommended the development of a system of child care leave in 1981, employers’ associations were opposed to the uniform introduction of a child care leave system that would impose a burden on companies, and they asserted that the matter should be left up to the autonomy of labor and management. Behind this was the attitude that childcare was an important role in the personal lives of working women and that even if a response was required from a social perspective, the status of the cultivation of skills in the utilization of women in companies varied greatly; there was also the issue of the vocational awareness of women themselves, so it was only natural that responses should differ between

individual companies.¹⁶

Subsequently, during the process of both enacting the Childcare Leave Act (enacted in 1991), which granted both men and women the right to child care leave, and enshrining in law family care leave in 1995, employers’ associations issued statements objecting to these systems.¹⁷ Ultimately, the laws were enacted after the Cabinet submitted the bills, following discussion by the relevant consultative councils, so they cannot be said to have overwhelmingly opposed it, but at any rate, they demonstrated strong opposition at the beginning of discussions.

However, from the latter half of the 1990s, when the decline in the birthrate began to accelerate, employers’ association began to actively recommend measures to counter the declining birthrate. More specifically, the Tokyo Chamber of Commerce and Industry published “Proposals Concerning ‘Measures to Counter the Declining Birthrate’: To Achieve a Dynamic Society in the 21st Century” on April 10, 1997; the Japan Federation of Employers’ Associations published “Proposals Regarding the Problem of the Declining Birthrate” on January 19, 1998; and the Japan Federation of Economic Organizations published “In Search of Concrete Initiatives to Tackle the Problem of the Declining Birthrate: Promoting Systemic Reforms Through Collaborative Efforts by the Government, Companies, Communities and Households” on March 19, 1999. While placing the emphasis on government policy, such as the enhancement of childcare services, these also incorporated recommendations concerning the role that companies should play, including the necessity of giving consideration in various employment management systems to the improvement of child care leave systems, more flexible working systems, and the diversification of forms of employment.¹⁸

One can also say that this change in attitude was

16 Takahashi, Sakutaro (author & editor) “A Detailed Explanation of the Act on Childcare Leave, etc.” (1991) Institute of Labour Administration

17 The work previously cited and Matsubara, Nobuko “A Detailed Explanation of the Child Care and Family Care Leave Act” (1996) Institute of Labour Administration

18 Ministry of Health, Labour and Welfare, Equal Employment, Children and Families Bureau (2002) “New Revised Edition: A Detailed Explanation of the Child Care and Family Care Leave Act” Roumugyousei

brought about by the fact that these organizations had become strongly conscious of the impact of the declining birthrate on companies as a real-life problem. It would seem that this was also related to the international acceleration of efforts to pursue CSR. Moreover, among these recommendations can also be seen references to the participation of fathers in childcare, gender equality, and rethinking the fixed division of roles, so one can perceive that these organizations are consciously adopting a reforming attitude in relation to Japanese-style employment practices, which position men as the core workforce in companies and demand that they make an ongoing contribution to their companies, including long working hours. However, at this point, what has been recommended is “achieving compatibility between work and childbirth/childcare” (Tokyo Chamber of Commerce and Industry), “achieving compatibility between work and life based on the premise of men’s participation in housework and child rearing” (Japan Federation of Employers’ Associations), and “achieving compatibility between work and child rearing” (Japan Federation of Economic Organizations), but the recommendations have not been extended to achieving compatibility between work and life in general.

In addition, these changes in the attitudes of employers’ associations are potentially related to the fact that awareness of the advantages to companies of WLB has progressed in the US and the UK,¹⁹ but this is not clear.

Furthermore, in November 1999, in response to a request from Chief Cabinet Secretary Mikio Aoki, the Japan Federation of Employers’ Associations (Nikkeiren, as it was known at the time) and the Japanese Trade Union Confederation (Rengo) put together a joint appeal (“Aiming for a Society in Which it is Easy to Bear and Raise Children”) concerning the problem of the declining birthrate. The content demonstrates the awareness that further efforts to “achieve compatibility between an efficient

work life and a rich personal and family life with latitude that is tailored to the life-cycle” are required, and refers to enhancing and upgrading measures from the perspective of “sharing family responsibilities with men as well”, based on “efforts aimed at personnel utilization and treatment that respects the individual, without regard to gender”. As well as the augmenting of maternity and child care leave that is easy for both men and women to take, and the introduction of flexible forms of work, such as staggered working hours, flexi-time, short-time work and home-working, the measures specified also include reducing working hours, by such means as curbing overtime.²⁰

The 2007 Work-Life Balance Charter was formulated after these developments, so it would perhaps be reasonable to surmise that around the turn of the century, the awareness spread at the level of employers’ associations that “life” is not necessarily restricted to childcare and long-term nursing care.

B. Attitudes of Individual Companies

As described hitherto, the meaning of the term “WLB” itself is broad, as far as one can see from the sense in which it is used by the government at present; the focus is not restricted to women, while the scope of the life that should be balanced with work is not limited to family responsibilities, such as child rearing and long-term nursing care, nor is it confined to life in the household, including housework. It is very hard at present to find data that present the meaning of the term “WLB” in such precise terms and indicate the attitudes of individual companies to WLB.

Accordingly, let us first look at the status of the introduction of various systems to support compatibility. Looking at the situation by the scale of the business establishment, the proportion of companies that have established provisions concerning child care leave systems has reached

19 Takeishi, Emiko (2005) “The Work-Life Balance Viewpoint in the Problem of the Declining Birthrate” Japan Institute for Labour Policy and Training “The Current Status of the Declining Birthrate and Policy Challenges: Toward the Expansion and Popularization of the Work-Life Balance” (2005)

20 Ministry of Health, Labour and Welfare, Equal Employment, Children and Families Bureau “New Revised Edition: A Detailed Explanation of the Child Care and Family Care Leave Act” (2002) Roumugyousei

100% among businesses with at least 500 people (according to the 2010 Basic Survey of Gender Equality in Employment Management), while these systems are prevalent in most businesses with between 100 and 499 people, at 97.6%, but gaps start to emerge among smaller businesses, with such systems in place at 88.1% of businesses with between 30 and 99 people, and at 63.3% of businesses with between 5 and 29 people, which means that over a third of business establishments in this latter category still have no regulations in this regard (the total for businesses with at least 5 people is 58.3%, while the figure for those with at least 30 people is 90.0%). In the case of short-time work systems, an obligation that the revised Childcare and Family Care Leave Act imposed on companies when it entered into force in 2010, 58.5% of business establishments with at least 5 people had such systems, while 55.6% offered exemptions from overtime work (according to the 2011 Basic Survey of Gender Equality in Employment Management), so only just over half of business establishments had such systems, although the revised law had entered into force not long before. Nevertheless, whereas the proportion of businesses introducing such systems has been rising sharply in recent years, partly due to the effect of making these two systems obligatory, there has been only sluggish growth in the introduction of flexi-time (which can be used for childcare purposes), which has been introduced at only 15.1% of business establishments (according to the 2011 Basic Survey of Gender Equality in Employment Management); although flexi-time became part of the focus of the obligation to introduce selective measures after the 1992 enactment of the Childcare Leave Act, there were no provisions imposing an obligation to introduce this system alone.

Next, moving away from individual systems, let us look at a survey conducted in 2006, before the formulation of the Work-Life Balance Charter, using

a concept similar to that of WLB, in order to ascertain the attitudes of companies to work-life balance and achieving compatibility between work and childcare/long-term nursing care.

For example, in a survey conducted by the JILPT,²¹ the concept of “achieving compatibility between work and family” was used, rather than WLB, but even at large corporations with at least 300 staff, the most common reason given for working on “measures to support achieving compatibility between work and family” was “because it is required in law” (85.5%), followed by “to fulfill our corporate social responsibility” (72.8%). Thus, the top two answers express a sense of obligation on the part of companies, while the next more common answers - “to increase the retention rate of female employees” (63.3%) and “to increase the morale of female employees” (59.6%) - demonstrate that there is a continuing awareness of these measures as a means of promoting the use of female employees. Consequently, as far as can be seen from this survey, a strong momentum has yet to emerge to position the harmonization of work and (family) life from a management strategy viewpoint and drive acceptance of WLB (or, in this survey, “support for achieving compatibility between work and family”) as a win-win relationship for both companies and workers.

On the other hand, according to a survey conducted in June 2007, immediately before the Work-Life Balance Charter was formulated, targeting the personnel managers of companies with at least 300 staff (restricted to listed companies),²² when the subjects were asked about the meaning of promoting work-life balance (clearly stipulating the term in its loan-word form) at their companies, the statements that more than 50% described as “applicable” were those describing WLB as “part of measures to support child rearing” and “an initiative that leads to staff retention”. The statements that more than 80% of respondents described as either “applicable” or

21 Japan Institute for Labour Policy and Training (2007) “Survey Concerning Support for Achieving Compatibility Between Work and Family”. The survey was conducted in June 2006, with 863 companies providing valid responses.

22 Labour Research Center, Japan Productivity Center for Socio-Economic Development (2008) “Comprehensive Investigative Research Report on Approaches to the Promotion of Work-Life Balance, etc.” Valid responses were obtained from 136 companies.

“somewhat applicable” were those describing WLB as “an initiative that leads to staff retention” (91.2%), “an initiative that leads to personnel being secured” (89.7%), “part of measures to support child rearing” (88.2%), “an initiative aimed at improving the motivation of employees” (83.1%), “corporate social responsibility” (82.3%), and “an initiative aimed at preventing mental health issues” (80.1%). There are various differences in elements that affect the results, such as differences in wording in the surveys, differences according to whether or not they are restricted to listed companies, and differences in the number of valid responses, but these surveys provide a glimpse of attitudes that demonstrate that companies now perceive WLB in a more positive light.

However, these are all attitudes among comparatively large companies, so the question remains of attitudes to this issue among small and medium-sized enterprises,²³ at which it is said 60-80% of all workers in Japan²⁴ work. According to a survey conducted by the JILPT,²⁵ in relation to the initiatives undertaken as measures to support WLB at companies with at least 10 employees but fewer than 1,000, companies that evaluated themselves as “proactive” accounted for no more than 3.1% of all survey subjects, while the passive/indifferent group, consisting of companies that evaluated themselves as “somewhat passive”, “passive” or “no response” accounted for as much as 79.9% of all respondents. Narrowing the focus to small companies with fewer than 30 staff, the shares of responses are 1.1% and 90.4% respectively, so one can see that the proportion of passive companies increases overwhelmingly. Furthermore, when the respondents were asked about

the reasons for being passive, the largest share was accounted for by companies replying that “we have established systems within the scope of the law, but it is difficult to do more than that”, at 45.0%, so one can see that there is little elbow room for tackling WLB in a forward-looking, proactive manner as a corporate strategy.

These disparities in responses due to the scale of the company naturally have an impact on the degree of implementation of WLB in regard to the people working there, so it would be no exaggeration to say that the success or failure of WLB as part of Japan’s labor policy depends on how WLB is implemented at small and medium-sized enterprises.

4. Awareness among Workers

Turning our attention to workers now, let us look at what workers think about the work-life balance, including changes in their attitudes.

A. Workers’ Attitudes to Work and Families

Firstly, let us look at the awareness of female employment, which is strongly associated with WLB, based on an opinion poll conducted among the general public.²⁶

Looking at II-3, in regard to “attitudes concerning women having an occupation”, those responding that “women should continue their occupation without interruption even after having children” (the continuing employment model) had overtaken those responding “women should quit their job after having children and then resume their occupation once they grow older” (the re-employment model) as of the time of the survey in July 2002, and a large gap had

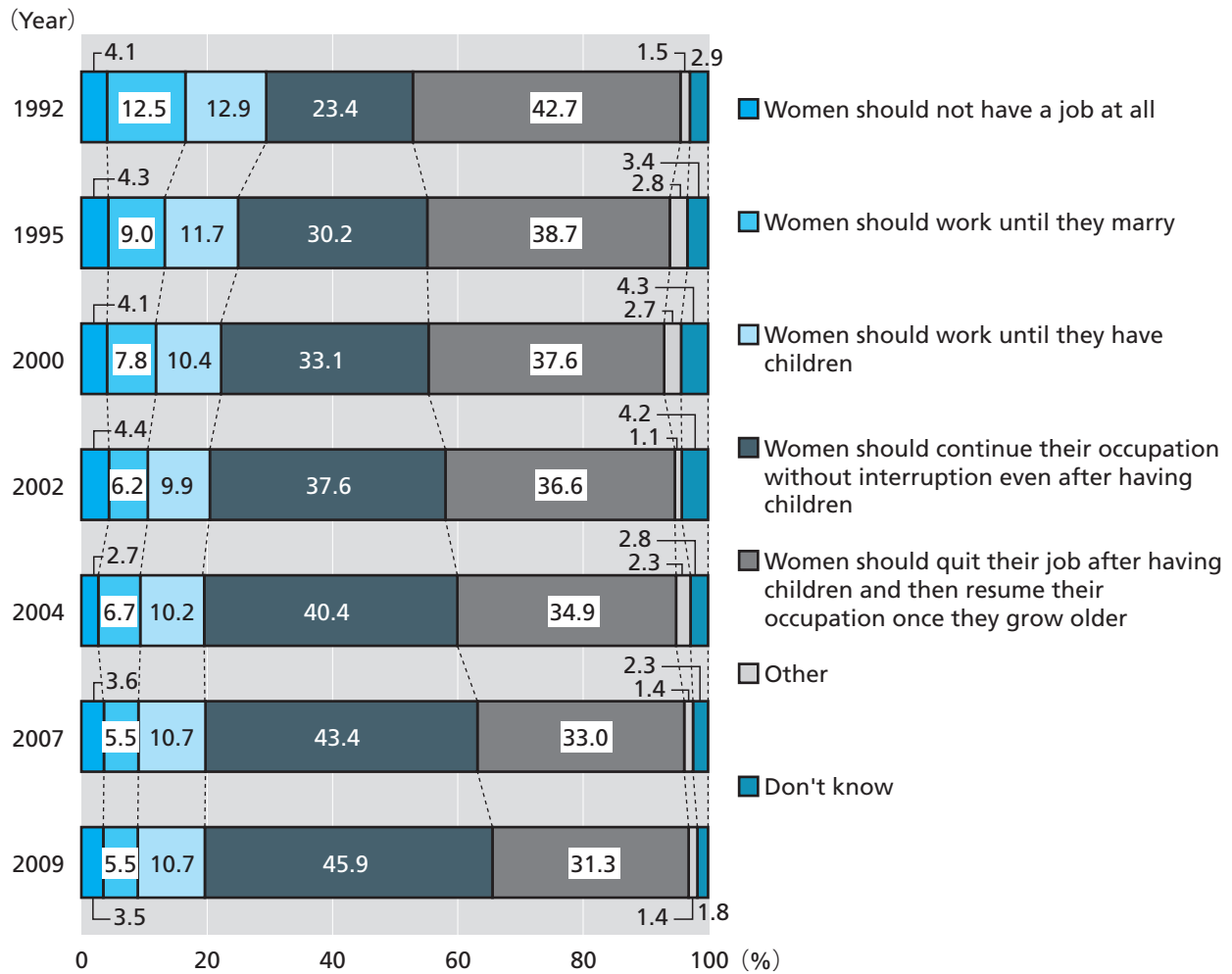
23 According to the Small and Medium-sized Enterprise Basic Act, the definition of small and medium-sized enterprises is based on their stated capital and number of employees, but the scale of companies defined as small and medium-sized enterprises differs according to the industry type, so in manufacturing industry, etc. it is fewer than 300 people, in wholesale and the service industry it is fewer than 100 people, and in retail industry it is fewer than 50 people.

24 The proportion of employees of small and medium-sized enterprises among all employees is 62.9%, based on the number in regular employment recorded in the 2009 Economic Census (Basic Census)

25 Japan Institute for Labour Policy and Training (2009) “Results of a Survey Concerning Employment Management and Support for Compatibility at Small and Medium-sized Enterprises” The survey subjects were companies with at least 10 employees but fewer than 1,000. Number of companies that responded: 2,103

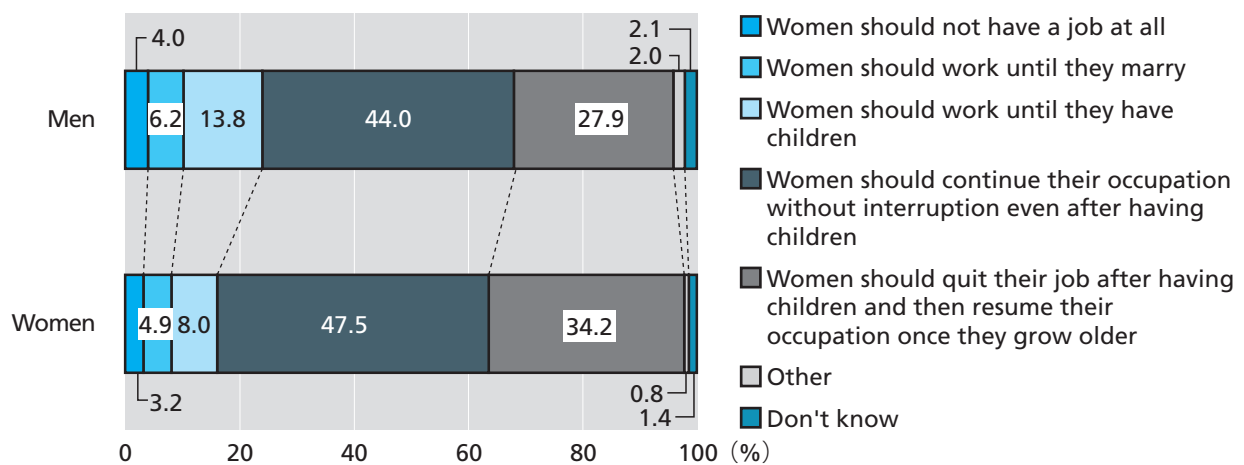
26 Cabinet Office, Public Relations Office of the Minister’s Secretariat (2009) “Opinion Poll on a Gender-equal Society”

II-3 Concerning Women Having an Occupation (Transition in Survey Results)



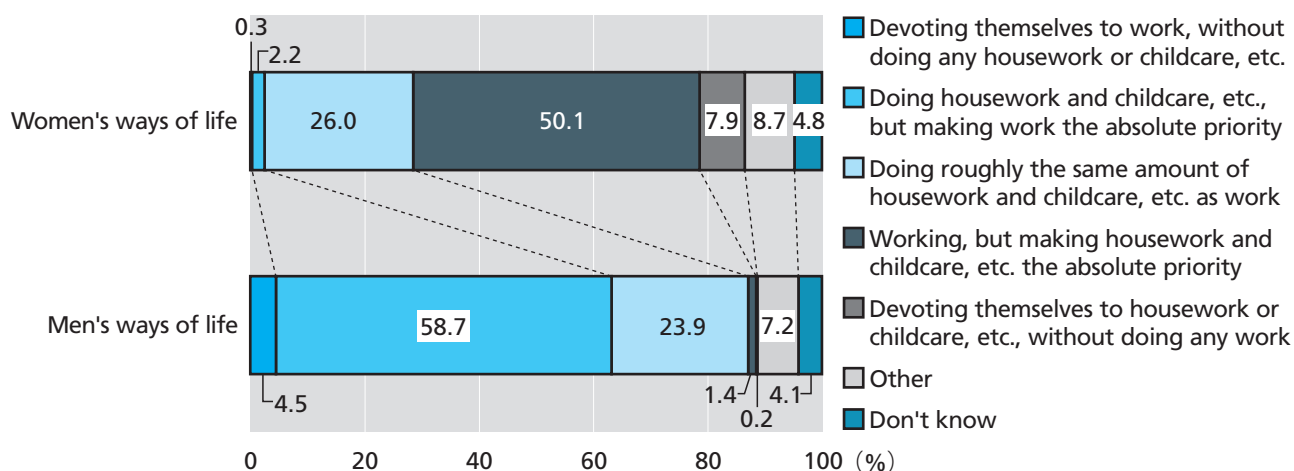
Source: Cabinet Office, Public Relations Office of the Minister's Secretariat (2009) "Opinion Poll on a Gender-equal Society"

II-4 Concerning Women Having an Occupation (by Gender of Respondent)



Source: Cabinet Office, Public Relations Office of the Minister's Secretariat (2009) "Opinion Poll on a Gender-equal Society"

II-5 Desirable Ways of Life for Men and Women in Relation to Housework and Childcare, etc. and Work



Source: Japan Institute for Labour Policy and Training (2008) "JILPT Survey Series No.41 Survey Concerning Working Life (2007)" (survey conducted in September-October 2007)

emerged as of the time of the most recent survey, conducted in October 2009, with 45.9% in favor of the continuing employment model and 31.3% in favor of the re-employment model. In particular, it should be acknowledged that even if the focus is restricted to male respondents, those in favor of the continuing employment model (44.0%) account for a much greater share than those in favor of the re-employment model (27.9%), as can be seen from II-4. Even men have come to have a positive opinion concerning women continuing to work when they have children.

At the same time, although support is highest for the continuing employment model, it does not account for a majority among all age groups, and it is necessary to bear in mind that there are considerable variations in opinion in Japan concerning women working, with those endorsing the views that women should work "until they have children" or "until they marry", or that "women should not have a job at all" accounting for a total of around 20% of all responses.

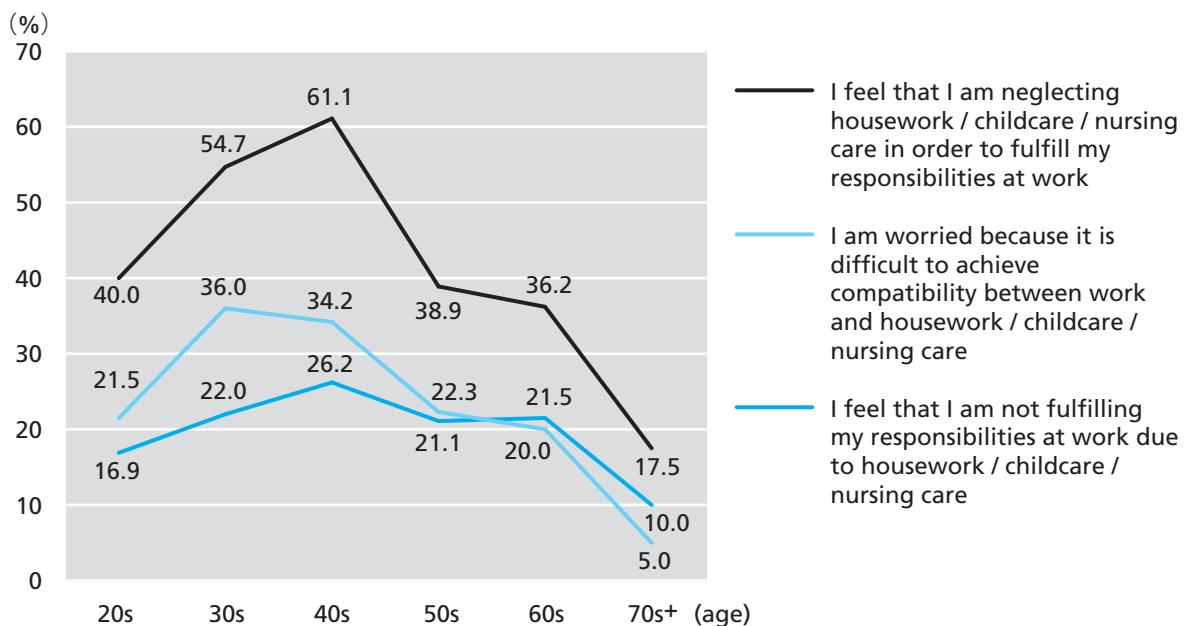
In order to investigate these attitudes a little more closely, let us look at a survey conducted by the

JILPT.²⁷

This survey asked men and women aged 20 and above about the desirable ways of life for men and women in relation to housework and childcare, etc. and work. With regard to men's ways of life, 4.6% responded that "devoting themselves to work, without doing any housework or childcare, etc." was desirable, while 59.3% advocated the desirability of "doing housework and childcare, etc., but making work the absolute priority", and only 22.0% supported a way of life focused on "doing roughly the same amount of housework and childcare, etc. as work"; in contrast, in relation to women's ways of life, 50.8% supported a way of life focused on "working, but making housework and childcare, etc. the absolute priority", while 23.9% supported "doing roughly the same amount of housework and childcare, etc. as work" and 9.1% advocated "devoting themselves to housework or childcare, etc., without doing any work". It should be noted that while the proportions themselves differ slightly, there is no change in the order of priorities even among the younger age brackets, or when looked at by gender of

27 Japan Institute for Labour Policy and Training (2011) "JILPT Survey Series No.89-1 FY2009 General Survey of the Actual Status of the Employment of Japanese People - Part 1 Main Paper" (survey conducted in February-March 2010)

II-6 Balancing Housework, Childcare and Nursing Care with Work (Men)



Source: Japan Institute for Labour Policy and Training (2008) "JILPT Survey Series No.41 Survey Concerning Working Life (2007)" (survey conducted in September-October 2007)

the respondent.

Thus, although understanding of women continuing employment is spreading at the individual level, it must be recognized that there still remains an attitude of the division of roles by gender in terms of the weighting of work and family life.

B. The Reality of "Work" , "Family Life" , and "Community/Personal Life"

Moreover, in the aforementioned Cabinet Office (2009) survey, looking at the desires and reality concerning relationships between "work", "family life" and "community/personal life", the overall totals for male and female respondents show that most respondents support a balanced approach or a family-first approach, with 8.5% responding "I want to put work first", 28.7% responding "I want to put my family life first", and 31.2% responding "I want to give priority to both work and family life", but although the figures for the current situation

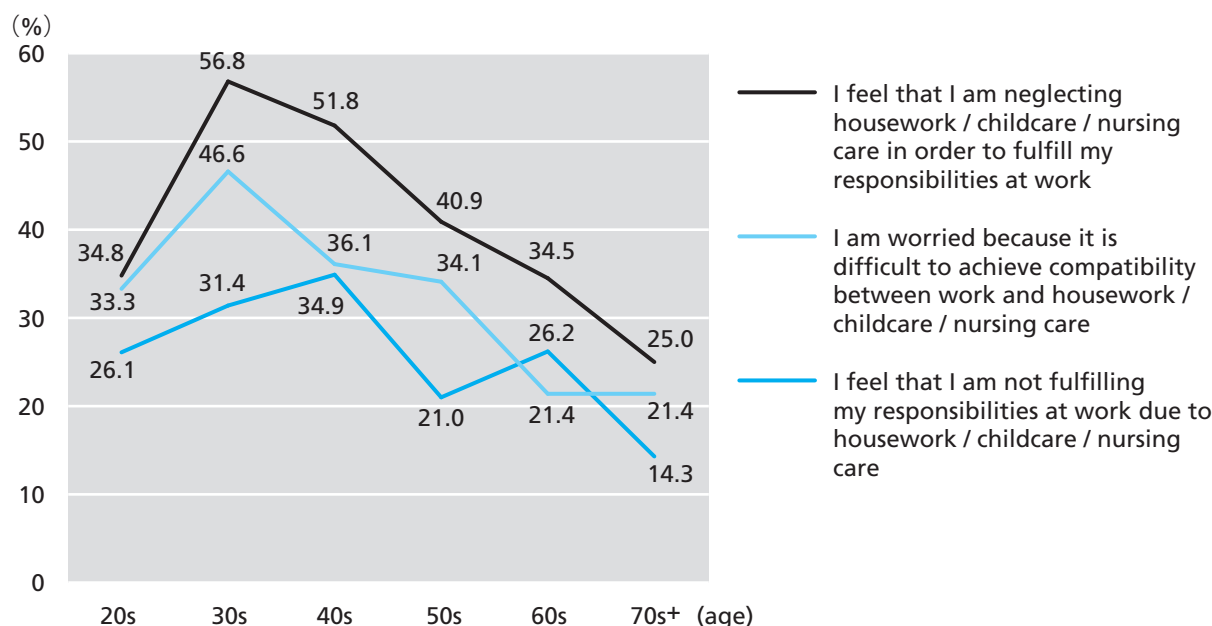
demonstrate increases in regard to the responses "I put my work first" (25.85%) and "I put my family life first" (33.0%), there is a considerable drop in those responding "I give priority to both work and family life" (21.0%), so it is clear that there are those who desire a balanced approach but are not achieving it. Looking at the situation by gender, it is particularly noteworthy that the share of women who actually put family first (44.2%) is higher than the share of those who expressed a desire to prioritize it (34.1%), while in contrast, it is noticeable that the share of men who actually put work first (37.8%) is higher than the share of those who expressed a desire to prioritize it (13.3%).

In order to investigate these attitudes a little more closely, let us look at a different survey conducted by the JILPT.²⁸

This survey clearly shows the responses by gender in relation to whether or not the respondents believe the following three statements are applicable:

²⁸ Japan Institute for Labour Policy and Training (2008) "JILPT Survey Series No.41 Survey Concerning Working Life (2007)" (survey conducted in September-October 2007)

II-7 Balancing Housework, Childcare and Nursing Care with Work (Women)



Source: Japan Institute for Labour Policy and Training (2008) "JILPT Survey Series No.41 Survey Concerning Working Life (2007)" (survey conducted in September-October 2007)

(i) I feel that I am neglecting housework / childcare / nursing care in order to fulfill my responsibilities at work; (ii) I feel that I am not fulfilling my responsibilities at work due to housework / childcare / nursing care; and (iii) I am worried because it is difficult to achieve compatibility between work and housework / childcare / nursing care.

To summarize, many men and women feel that work has an impact on their family lives, but there are also quite a few who feel that housework, childcare and/or nursing care have an impact on their work, and one can see that this feeling is more prevalent among women. This means that more women feel a sense of frustration that, although they have a latent will to work, they are unable to adequately demonstrate their abilities due to child rearing or long-term nursing care, etc.

5. The Enlargement and Focusing of the Concept of Work-Life Balance

A. The Enlargement of the Concept of Work-life Balance

As has been seen above, the term and concept of WLB is no longer confined to simply adjusting the time spent on work and that spent on child rearing and/or long-term nursing care, but currently also includes "rethinking ways of working" within a very wide-ranging scope. Furthermore, it would be reasonable to say that corporate personnel management reforms aimed at improving productivity based on rethinking ways of working in this way also fall within this scope. In addition, the "society that has achieved a good work-life balance" set forth in the Work-Life Balance Charter could be said to present a kind of Utopia, so to speak, in which all stakeholders reap the benefits through win-win relationships; in this situation, not only would the work-related needs and desires and the life-related needs and desires of individual workers be satisfied, but also companies would benefit in terms of corporate management, through improved productivity

and workers demonstrating their abilities, while advantages would also accrue in terms of government policy, through an increase in the birthrate and a rise in the female employment rate.

As shown in the various attitude surveys above, for the many workers who desire a balanced approach to life but are currently not achieving this, their level of happiness would grow if they were able to achieve the WLB that they desire, so it is not hard to imagine that the advantages for workers in general would increase. For the government as well, it would be ideal if corporate productivity increased and the level of satisfaction among workers grew as a result of achieving a good WLB, exerting a positive influence on the birthrate. Moreover, as can be seen from the fact that top representatives of employers' associations signed the Work-Life Balance Charter, it seems that companies do, overall, acknowledge the advantages of promoting WLB.

However, looking at the matter from the perspective of individual companies, it is hard to imagine that the concerns they harbor about increasing the WLB of workers having the potential to lead to a rise in costs will dissipate easily. Perhaps with the objective of allaying these fears, in 2008, the Council for Gender Equality's Expert Panel on Work-Life Balance published a document entitled "The Advantages of Pursuing Work-Life Balance". This document summarized the advantages for companies of implementing initiatives focused on encouraging a good work-life balance and methods of promoting such initiatives, providing quantitative data on costs as well, and was intended to "provide concrete information to show that tackling the work-life balance does not only result in costs for a company, but also has advantages for both labor and management".

The main specific advantages cited are (i) retaining employees; (ii) securing high-caliber staff; (iii) securing and retaining highly diverse employees; (iv) increasing the level of satisfaction and motivation to work among employees, along with their loyalty to the company; (v) maintaining and promoting both the mental and physical health of employees; (vi) developing employees' perspectives as people who have lives and increasing their creativity and time management skills; (vii)

improving the abilities of subordinates and colleagues; (viii) reducing costs; (ix) increasing productivity and sales; and (x) improving the image and evaluation of the company.

Moreover, it also provided a summary of methods of promoting a better work-life balance, listing the following: (i) changing ways of thinking among senior management, providing leadership and positioning work-life balance in the management strategy; (ii) promoting changes in attitudes through a body or key executive (CWO: Chief Work-life-balance Officer) appointed for this purpose; (iii) encouraging efficient ways of working; (iv) changing attitudes and improving management ability among those in managerial posts; (v) promoting understanding and improving ability among surrounding employees; (vi) implementing appropriate staffing, time management and fair personnel appraisals; (vii) promoting understanding among clients and business partners, etc.; and (viii) building networks with other companies.

Such initiatives have been developed in order to promote WLB policy, as a result of the government's awareness that it is necessary to clearly point out to companies that implementing these measures has advantages for them as well. It is fair to say that the slogans used in the USA to encourage the popularization of WLB among companies and the slogans used when the Blair administration in the UK embarked on a WLB campaign placed the advantages to companies at the forefront. It is perhaps necessary to bear in mind as well that such advantages have come to be emphasized more strongly as the policy concept has broadened from the "harmonization of work life and family life", which focused primarily on working women, to the concept of WLB presented in the Work-Life Balance Charter, that is to say, as we have reached the point at which it encompasses rethinking ways of working in general and the reform of corporate personnel management.

As the issues to which companies must respond increase, due to the concept of WLB policy having become broader than the concepts of the harmonization of work life and family life or achieving compatibility between them, it seems that the advantages for companies have to be emphasized, in order to

encourage them to respond to so many issues. At the same time, given that this broadening of the concept occurred after employers' associations agreed to the Charter, it is likely that the concept had to be expanded to encompass rethinking ways of working, productivity improvements and personnel management reforms so that this would surely have advantages for companies. Alternatively, perhaps it was thought that the effects would only emerge if, instead of individual piecemeal policies, these measures were implemented through a comprehensive policy linking them together.

However, now that WLB policy has become so extensive, the question is what its focus is and where to begin. To what extent must the various menus of tasks be accomplished in order to bring about the desired policy effects? The Action Policy does list numerical targets in relation to the individual policy menus, but it does not indicate an order of priority between the various menus.

In particular, a number of the menus relate to matters which, although they have been positioned as part of WLB policy, actually require implementation on the basis of other, stronger political imperatives. For example, if the smooth transition of young people from school to work and the economic independence of young people through employment, which are included in the section relating to "a society where economic independence through work is possible" of the Action Policy, are not achieved, young people will be unable to marry or have children with peace of mind, so they are certainly issues of great concern from the perspective of increasing the birthrate, but at the same time, they are also fundamental problems relating to the policy on labor markets, which play a leading role in the development of Japanese economic society, so it is likely that few people think of them as problems solely associated with WLB. Moreover, with regard to compliance with legislation concerning working hours, which is a topic in the section relating to "a society where time can be secured for healthy, rich lives", there are likely to be few people who think this has a stronger relationship to WLB than to an entitlement of basic workers' rights concerning the securing of the minimum level of labor standards. Furthermore, as well as issues relating to the child rearing period and long-term

nursing care, the section relating to "a society where choosing a variety of ways of working and living is possible" includes the problem of the employment of elderly people during the process of retirement from their working lives, but this is a crucial labor market policy involving the age at which pension payments commence, and one could not say that it requires such serious discussion as a WLB policy as the relationship between WLB and child rearing or long-term nursing care does. Moreover, although putting in place the social infrastructure to support childcare, long-term nursing care, and community activities, etc. tailored to diverse ways of working is an indispensable policy in achieving a good WLB, from the standpoint of labor policy studies, it is probably not appropriate to consider this as a central issue.

Thus, although WLB appears at first glance to be quite extensive in scope, the realms that should be prioritized when considering it primarily as a topic in labor policy studies can be spontaneously identified.

B. The Focusing of the Concept of Work-life Balance

As described above, if one looks at matters from the perspective of identifying the actual problems for workers and companies relating to WLB that should be examined in policy terms, it is possible to narrow down the areas in which vital issues exist, in terms of both quality and quantity, without a great deal of difficulty. In accordance with the topics in the Action Policy, the realms in which there are issues thought to be particularly important, in terms of both quality and quantity, are as follows.

Firstly, of the topics relating to "a society where economic independence through work is possible" and "a society where choosing a variety of ways of working and living is possible", one can reframe the issues that are particularly relevant to WLB as follows, and perceive them as problems relating to "labor force participation by women".

- Where people (mainly women), including mothers in single-parent households, who have previously lost their jobs or interrupted their employment due to childcare or long-term nursing care can achieve economic independence through employment

- Where there are systems that make it possible for parents bringing up children and women, etc. with the desire to work to enjoy diverse, flexible ways of working according to different stages of life, such as the childrearing and midlife periods, and where these systems can actually be used
- Where it is possible (for the aforementioned women) to transition from non-regular to regular employment according to one's motivation and abilities
- Where fair treatment and opportunities for skills development are secured (for the aforementioned women), irrespective of the form of employment

These are mainly problems relating to the continuing employment of working women who are bringing up children or providing long-term nursing care, or problems relating to the re-employment of women who have previously resigned due to marriage, childbirth or child rearing, and they involve choices concerning forms of employment and the issue of fair treatment. Moreover, there are also problems relating to the employment management menus of the companies reacting to these issues.

The studies carried out by the JILPT over the past five years that have a strong relevance to these issues of “men's ways of working” are as follows.

- (i) Studies relating to the continuing employment of women during the childbirth and child rearing period: conducted by Shingou Ikeda
 “Fixed-term Contracts and Childcare Leave: The Reality of Continued Employment and Tasks for the Establishment of Childcare Leave” (JILPT Research Report No.99, June 2008)
 “Continued Employment and Childcare Leave During the Childbirth and Child Rearing Period: A Comparison of Large Corporations and Small and Medium-sized Enterprises” (JILPT Research Report No.109, May 2009)
 “Women's Ways of Working and Continued Employment During the Childbirth and Child Rearing Period: Support for the Employment Continuation Process and Tasks for Creating a Workplace That Increases the Motivation to Continue Working” (JILPT Research Report No.122, June 2010)
 “Continued Employment During the Childbirth

and Child Rearing Period: Focusing on Trends Since 2005” (JILPT Research Report No.136, May 2011)

“Childbirth/Child Rearing and Continued Employment: The Increasing Mobility of the Workforce and Responses to the Nocturnal Society” (JILPT Research Report No.150, April 2012)

- (ii) Studies relating to the re-employment of women: conducted by Mari Okutsu

“Re-employment After Bringing up Children: Issues and Their Resolution” (JILPT Research Report No.96, March 2008)

“Resignation and Re-employment During the Marriage, Childbirth and Child Rearing Periods: Women's Career Development and Relevant Issues” (JILPT Research Report No.105, March 2009)

- (iii) Studies relating to the employment of mothers in single-parent households: conducted by Zhou Yanfei

“Study Concerning Employment Support for Mothers in Single-parent Households” (JILPT Research Report No.101, June 2008)

“The Employment and Economic Independence of Single Mothers” (JILPT Research Report No.140, January 2012)

- (iv) Studies relating to the reality of the child care leave system at small and medium-sized enterprises: conducted by Ryoji Nakamura

“The Current Status of and Issues Relating to Work-Life Balance at Small and Medium-sized Enterprises” (JILPT Research Report No.135, May 2011)

Next, of the topics relating to “a society where time can be secured for healthy, rich lives”, if one deems the issues that are particularly relevant to WLB to be as follows, they can be perceived as problems focused on “men's ways of working”.

- Where the importance of securing time to make it possible to lead a healthy, rich life is acknowledged by companies and society
- Where the kind of long working hours that are detrimental to one's health do not exist and initiatives are promoted that enable those

- workers who so desire to take annual paid leave
- Where hourly productivity also improves as a result of a well-modulated way of working
- Where work-life balance is taken into consideration in all situations outside the workplace as well, such as in contracts with business partners and in consumption

These are problems relating to the management of working hours at companies and the many working men who are affected by them, along with their families, particularly their wives.

The studies carried out by the JILPT over the past five years that have a strong relevance to these issues of “men’s ways of working” are as follows.

- (i) The problem of working hours: conducted by Kazuya Ogura (currently at Waseda University), Yutaka Asao, and Shingou Ikeda
 “A Study Concerning Diversity in Work Locations and Hours” (JILPT Research Report No.106, April 2009)
 “Husbands’ Working Hours Seen From the Perspectives of Their Wives: Analysis of the Results of the ‘Questionnaire Concerning Working Hours (Questionnaire for Wives)’” (JILPT Research Report No.127, January 2011)
 “The Working Hours and Holidays of Japanese People: Overtime, Unused Annual Paid Leave and Awareness, and the Workplace Environment” (JILPT Data Series No.108, March 2012)

There would seem to be an argument that perceiving the achievement of compatibility between work and child rearing, etc. as a women’s problem and the issue of long working hours as a men’s problem in this way involves different directions in attitudes to gender equality and the recent revision of the Child Care and Family Care Leave Act (the establishment of the “Papa & Mama Child Care Leave Plus” system to encourage fathers to take child care leave). However, if one looks at the problems occurring in reality, it is a fact that the issue faced by the vast majority of women is the problem of achieving compatibility between child rearing and work, while what most men face is the problem of long working hours. Naturally, one should consider

childcare and long-term nursing care not as women’s problems alone but as issues for both men and women, and the importance of encouraging understanding of this when promoting WLB among individual companies is not denied, but when examining from the perspective of labor policy the problems that are actually occurring, the perception above is close to reality.

In this sense, a major aspect of what WLB aims to achieve, broadly speaking, would seem to be the reallocation of the quantity of labor input incorporating the concept of working hours, by increasing the quantity of labor input from women, which is currently insufficient (due to such factors as the large number of women who quit their jobs during the childbirth and child rearing period, the inability to achieve re-employment in the way they had hoped, and the lack of transition from part-time work to standard ways of working), while simultaneously reducing or curbing to some degree the quantity of labor input from men who are in their most productive years (and who are working too hard due to long working hours stemming from a variety of factors), which is currently fairly large, and distributing the resultant employment opportunities among young people and elderly people, or providing employment opportunities for women.

In addition, when looking at WLB in this way, there is also the question of how to approach the matter of “establishing options for diverse, flexible ways of working”, which was clearly stipulated in the Charter as an independent element. However, thinking about it, are these “diverse options” an ultimate objective that we should aim to achieve independently of the other objectives? Is it not rather the case that these “options for diverse, flexible ways of working” are required as an effective means of increasing women’s labor force participation and addressing men’s overwork?

The reason for thinking this way is because of the increasing trend in Japan toward the use of non-regular workers ? in the form of part-time workers, fixed-term contract workers, and dispatched workers ? and the current situation in relation to this has not been brought about by policy efforts to achieve a good WLB. This trend can be said to be the result of

companies having been compelled to transform their corporate management and personnel management due to various economic factors, such as globalization. Therefore, it is not appropriate to discuss such matters as part-time workers and fixed-term contract workers as a problem relating to the establishment of diverse options from a WLB perspective, without sorting these issues out.

6. The Optimum Balance for the Quantity of Labor Input

As has been seen hitherto, the focus in work-life balance as a labor policy in Japan is on increasing the labor force participation of women and addressing the tendency of men to overwork. Let us use the concept of quantity of labor input touched upon in 5 above to examine the degree to which the ways of working of men and women in Japan actually differ.

A. Differences between Men and Women in Volume of Employment

Before looking at the quantity of labor input, let us look at differences between men and women in the volume of employment in Japan, based on the

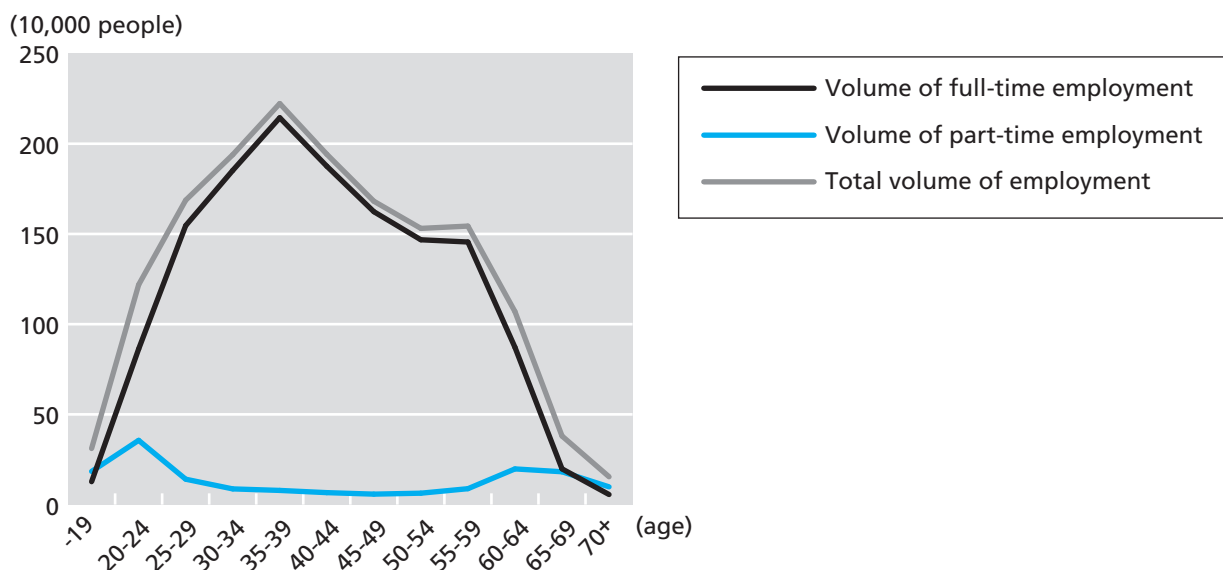
number of employees.

As can be seen from II-8, the volume of full-time employment is overwhelmingly high among men, and it would be reasonable to say that part-time employment is almost non-existent other than in non-regular age brackets, such as arubaito during the younger years and shokutaku employment during retirement.

In contrast to this, the graph depicting the volume of employment for women is shown in II-9.

There will doubtless be many readers who are surprised to find that one can hardly see any trace of the M-shaped curve that is usually seen in the labor force participation rate of women in Japan. The volume of full-time employment declines after peaking in the 25-29 age bracket, while the volume of part-time employment describes a mound-shaped curve, with a gentle plateau from the early 40s to the late 50s. The composite graph for the total volume of employment mostly describes a plateau, apart from a slight dip between the ages of 35 and 39. This is because the population in each age bracket differs. The current generation of those in their late 20s to their 30s is a comparatively populous age bracket that is called the “baby boom junior generation”, as they

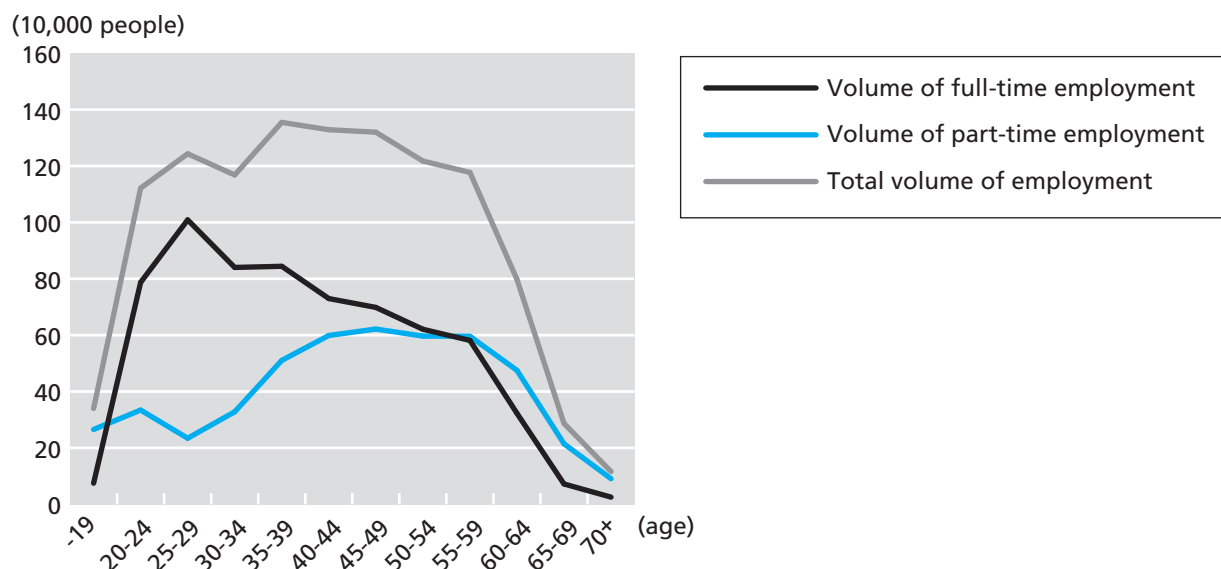
II-8 Volume of Employment among Men by Age Group (Number of Employees)



Source: Compiled by the author from the *Basic Survey on Wage Structure* 2010

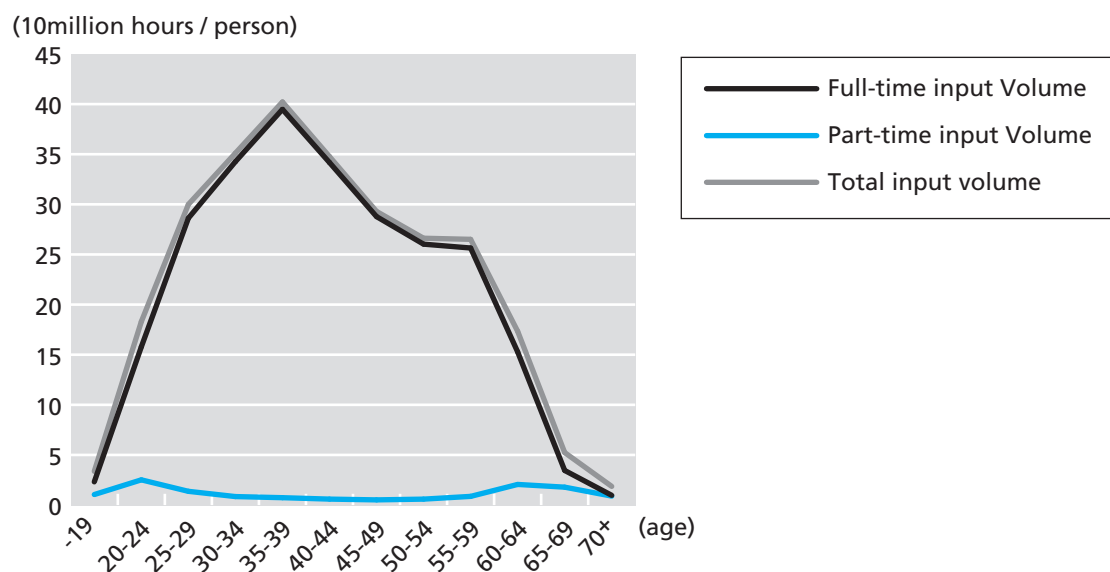
Note: The data in the aforementioned survey relates to employed workers working at business establishments with at least five people.

II-9 Volume of Employment among Women by Age Group



Source: Compiled by the author from the *Basic Survey on Wage Structure* 2010

II-10 Monthly Quantity of Labor Input among Men by Age Group



Source: Compiled by the author from the *Basic Survey on Wage Structure* 2010

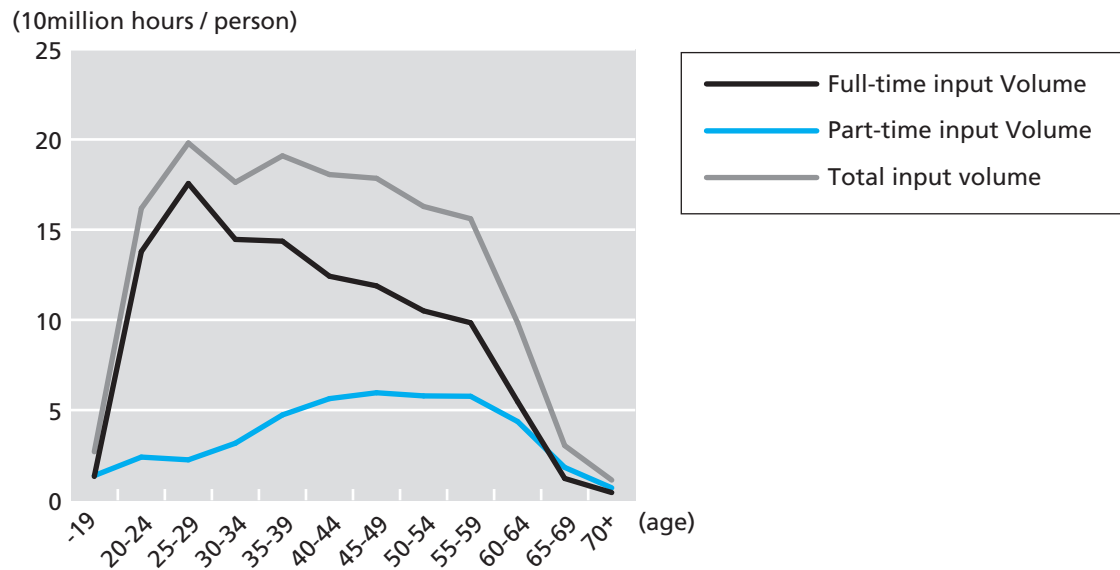
were the second generation of baby boomers after the Second World War.

B. Differences between Men and Women in Quantity of Labor Input

The quantity of labor input usually incorporates the concept of working hours, as well as the volume

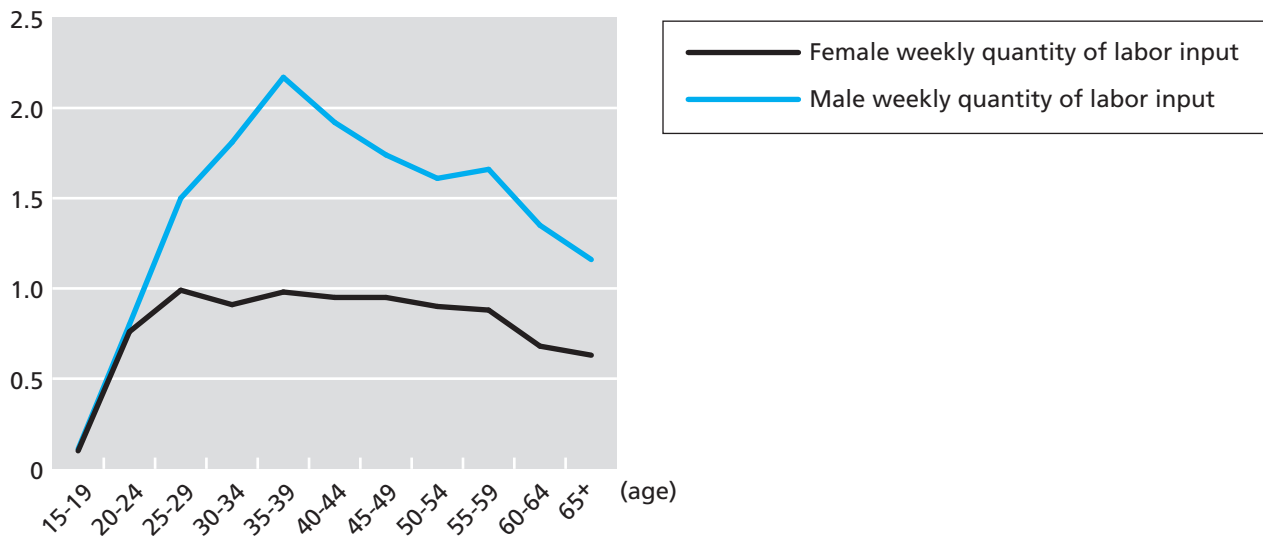
of employment in terms of numbers employed, so here, the number of working hours input at companies with at least 5 staff members has been calculated by age bracket using the Basic Survey on Wage Structure, and has been represented in graphical form. In doing so, although part-time workers have a high volume of employment, their per

II-11 Monthly Quantity of Labor Input among Women by Age Group



Source: Compiled by the author from the *Basic Survey on Wage Structure* 2010

II-12 Weekly Quantity of Labor Input among Men and Women by Age Group



Source: Compiled by the author from the 2010 *Labour Force Survey*
 Note: The unit of the vertical axis is million hours/person

capita working hours are low, so the quantity of labor input is low in comparison with full-time workers.

In this graph showing the situation among men, one can see that there is hardly any difference between the quantity of full-time labor input and the total quantity input, while the contribution made by part-time workers to the quantity of labor input is

very small.

In this graph showing the situation among women, one can see that the degree of contribution made by part-time workers to the quantity of labor input is small, so the graph for the total quantity input for women shows a decline with increasing age.

The graphs examined above were compiled on the

basis of the Basic Survey on Wage Structure, which incorporates monthly data on actual working hours, but data on weekly working hours can be obtained from the Labour Force Survey, so by way of verification, let us also look at this to examine the differences between men and women in the quantity of labor input.

C. Differences between Men and Women in Labor Input Rate

Up to B, the graphs use statistical data that can be used with existing concepts, and from this alone, one can clearly see the fact that women's ways of working and men's ways of working differ greatly. Here, the additional concept of labor input rate has been introduced and a graph compiled. This uses the quantity of labor input (hours) as the numerator, while the denominator is the quantity of labor input in the event that the workers in a certain age bracket were to work the overall average number of working hours for both men and women of the relevant ages. Here, the data has been processed by abstracting differences in the demographic composition in each age bracket, in order to make it easier to compare with the labor force participation rate. Moreover, it was thought that differences in the status of labor

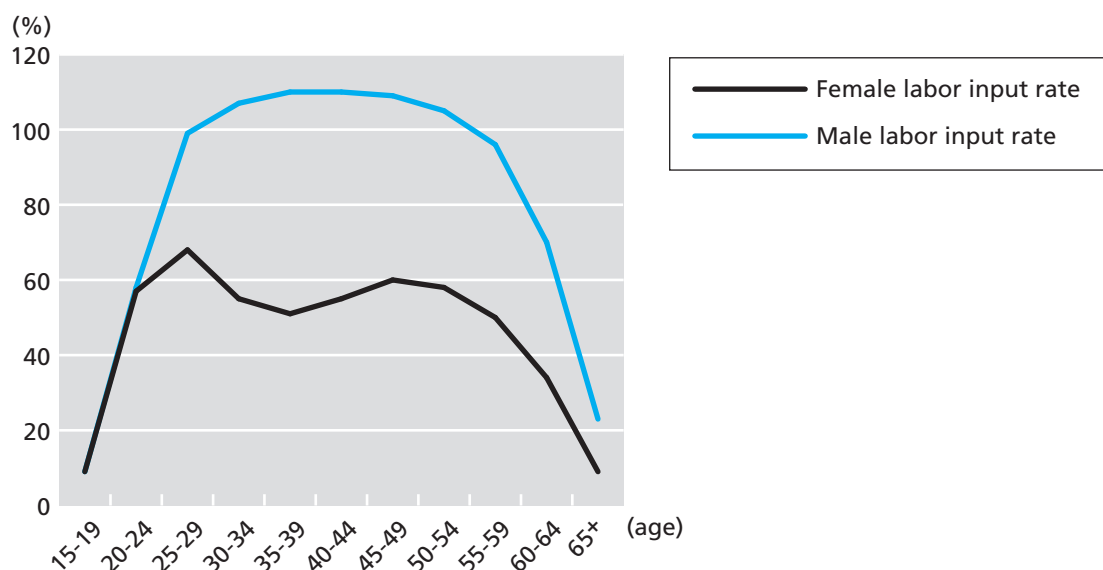
input between men and women would become clearer by using the average working hours for both men and women as a whole, with the quantity of labor input as the denominator.

Looking at this graph alone, there may be many who think that it does not differ from the graph for the labor force participation rate, so the labor force participation rate graph is shown next.

So, what do you think? When the concept of working hours is taken into account in the labor input rate, it seems that the differences between men and women become even greater than in the labor force participation rate. In particular, whereas the graph for men reaches a very high plateau from their 30s to their 40s, exceeding 100% due to the impact of their long working hours, in the case of that for women, although an M-shape does appear, the trough is more pronounced than in the case of the labor force participation rate, while the peak in the latter half is lower than that in the former half, and it remains under 60% overall apart from in the late 20s, so it is clear that women's participation in the labor force is inadequate.

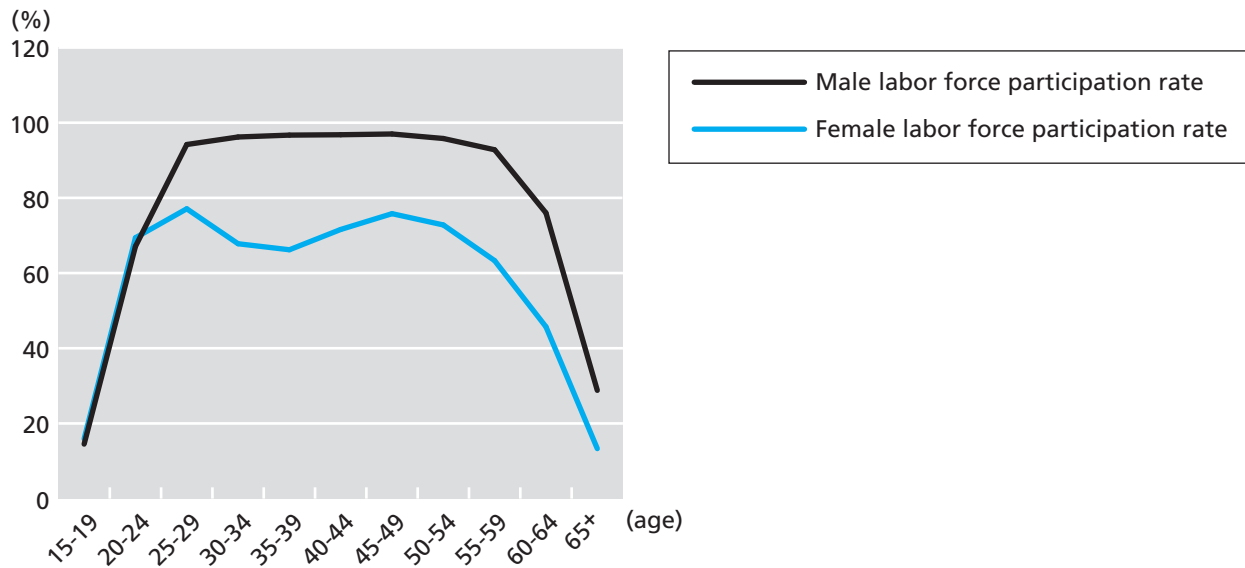
It is necessary to approach a better balance in the ways of working of both men and women, eliminating the excessively big distance between

II-13 Labor Input Rate among Men and Women by Age Group



Source: Compiled by the author from the 2010 *Labour Force Survey*

II-14 Labor Force Participation Rate among Men and Women by Age Group



Source: Compiled by the author from the 2010 *Labour Force Survey*

them by shifting the men's graph downward and the women's graph upward.

7. Conclusion

As has been seen up to this point, the labor force participation of women and efforts to rethink the ways of working of men in Japan are still inadequate, and it would probably be fair to say that there is a host of issues in all directions that must be tackled in order to achieve a better WLB for Japanese workers. However, at the same time, it is a fact that the areas where one can expect that the expansion and improvement of the legal system will increase the degree of achievement of WLB have already diminished considerably. In this sense, the achievement of WLB in Japan in the future, or the increasing of its level, will depend on the degree to which companies and workers understand what the WLB Charter and legislation concerning WLB are aiming for, agree with it, and develop employment management systems or select their own careers accordingly.

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The Actual Status of Non-regular Employment and Related Policy Challenges - Focusing Primarily on Non-regular Employment, Career Development, and Equal Treatment

Part 3 provides an introduction to recent trends and issues in Japan relating to the growth of non-regular employment, which is a development that many countries have in common. The descriptions below are based on the content of Research Series No.3 “The Current Status of Non-regular Employment and Related Policy Issues”, a project undertaken during the JILPT’s second target period, based on research and studies carried out by the JILPT.¹ Please be aware that this was published in March 2012, and the content mainly deals with matters during the period before the Great East Japan Earthquake in March 2011. Having said that, although there are areas in which little progress has been made in terms of recovery from this tremendous catastrophe brought about by the huge earthquake, it does not appear to be necessary to make any major changes in terms of trends relating to the main subject matter dealt with here, because for better or for worse, the economy is returning to its original condition, as it surmounts the temporary supply constraints that it experienced.

With regard to the structure of this part, Chapter 1 provides a broad overview of employment trends in Japan, including non-regular employment, focusing primarily on the situation since the economic fluctuations triggered by the Lehman Shock, and examines the characteristics of and issues arising from those trends. Chapters 2 to 4 respectively take up the subjects of *keiyaku-shain* (full-time workers on fixed-term contracts), part-time workers, and dispatched workers, which are typical forms of non-regular employment, examining and analyzing the issues that workers in each employment type face.

Following on from this, Chapters 5 to 7 look at non-regular employment in general, rather than individual forms of employment, with Chapter 5 focusing on skills development, Chapter 6 on the transition to regular employee status, and Chapter 7 on wage disparities between regular and non-regular workers. Finally, Chapter 8 provides a comprehensive summary, discussing tasks for the future, including from a medium- to long-term perspective.²

Chapter 1. Trends and Issues concerning Non-regular Employment Before and After the Financial Crisis

Using data including existing government statistics, Chapter 1 provides a broad overview of the labor economy and employment trends since the financial crisis, and summarizes the characteristics of employment adjustment resulting from the recent economic fluctuations.

1. Trends in Economic Activities

Let us firstly examine changes in GDP (gross domestic product), which is an overall indicator of economic activities, and also the industrial production index. From the peak (January - March 2008) until the trough (January - March 2009), which fell either side of the July - September 2008 period when the Lehman Shock occurred, nominal GDP declined by 9.2%, while real GDP, excluding price changes, dropped by 9.9%, so one can say that economic activities in Japan fell by around 10% overall. Moreover, the manufacturing industry production index fell by 32.3% over the same period,

1 The publication was jointly authored by seven people, with sections being contributed by Hiromi Hara, Akiko Ono, Koji Takahashi, Yuko Watanabe, Qingya Lee, and Mitsuji Amase, as well as Asao, the author of this part. Hara, Ono and Takahashi are researchers at JILPT (however, Hara is currently an associate professor at Japan Women’s University), while Amase is the Deputy Director of the International Research Division at JILPT, Watanabe is a Research Officer in the Research and Statistical Information Analysis Department at JILPT, and Lee is an Assistant Fellow at JILPT.

2 This structure differs from that in the aforementioned publication. In particular, the previous publication contained a chapter concerning non-regular employment in various other countries, which has been omitted from this publication.

with the level of production in the machine industry declining by as much as 42.6%. Looking at subsequent developments, production in manufacturing industry - and in the machine industry within that sector - demonstrated what would be fair to describe as a V-shaped recovery, and real GDP also recovered to a moderate degree, but was more or less flat going into 2010. If one takes the levels at the time of the recent peak (January - March 2008) as being 100, the levels for the period October - December 2010 were all below those at the time of the peak, with real GDP at 95.3 and manufacturing industry production index at 86.1, a decline of around 5% and around 15% respectively.

2. Trends in Labor Input Adjustment in Manufacturing Industry

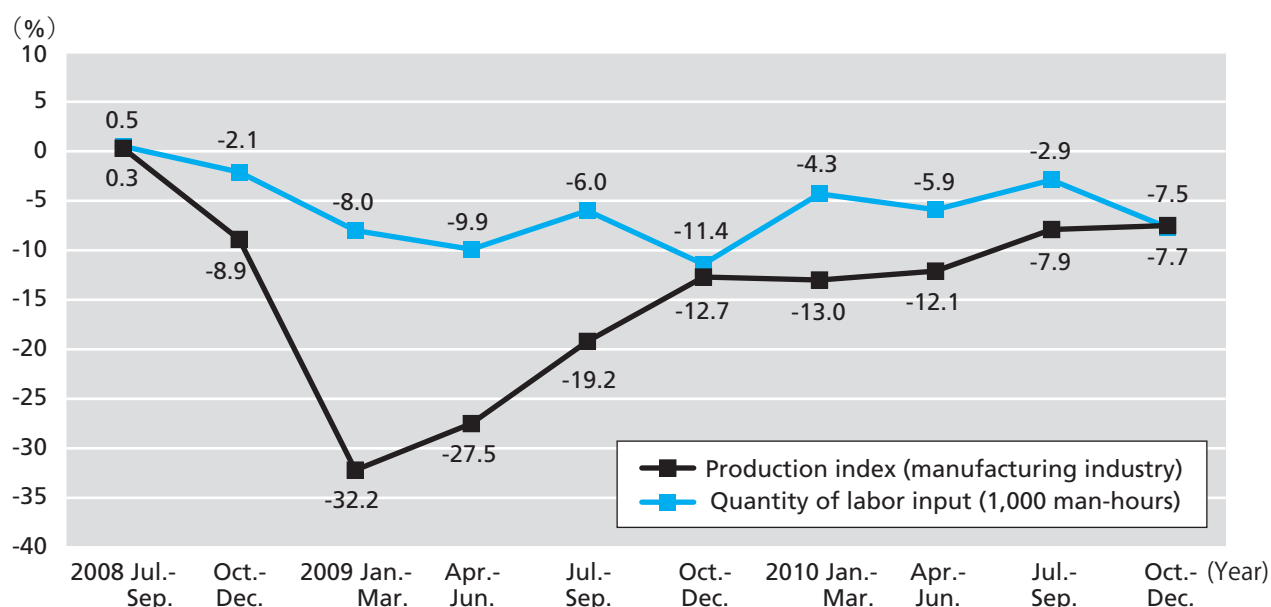
As described above, the Japanese economy was stricken by a rapid contraction amid a worldwide financial crisis. Above all, this had a major impact on the manufacturing industry sector. Along with

fluctuations in economic activities, there were variations in labor input, bringing about changes in employment trends overall. Accordingly, let us look at trends in the quantity of labor input (employment × working hours) in manufacturing industry during this period.

III-1 shows the level of production and labor input in each period, taking the period April - June 2008, before the Lehman Shock, as the base point. Labor input continued to decline throughout 2009, falling to 11.4% in the period October - December 2009, at which point production and labor input were more or less equal. Thus, in the event of a sharp drop in production (that is to say, the volume of business activity), the overall quantity of labor input begins to be adjusted gradually, so eventually the decline in labor input combines with the recovery of production and the correlation between them is adjusted.

So how was this adjustment of the quantity of labor input carried out? The breakdown of changes in the quantity of labor input was estimated from

III-1 Changes in Production and the Quantity of Labor Input in Manufacturing Industry (Percentage Change from April - June 2008)



Source: Estimated from Ministry of Economy, Trade and Industry "*Industrial Production Index*", Ministry of Health, Labour and Welfare "*Monthly Labour Survey*"

- Notes: 1) After turning the regular employment indices and working hour indices of the Monthly Labour Survey into real numbers by multiplying them by the actual figures for the base year, the quantity of labor input was calculated based on the equation quantity of labor input = regular employment × working hours.
 2) The graph shows the rate of change in each quarter based on the levels of production and quantity of labor input for the second quarter of 2008 (2008 Apr.-Jun.).
 3) Calculated from the original indices.

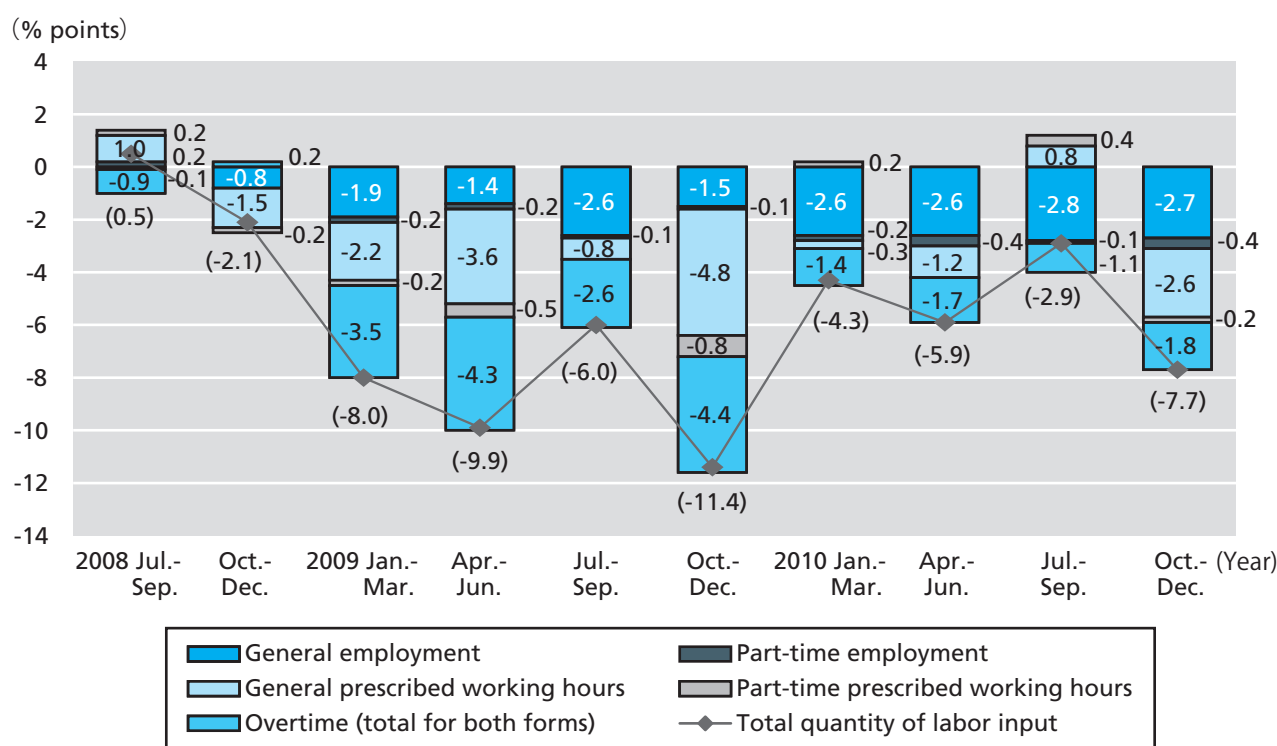
statistical indicators and is shown in III-2 in terms of the degree of contribution. From the period October - December 2008 to April - June 2009, when labor input declined sharply, the contribution of overtime increased, as did the contribution made by the prescribed working hours of general workers (those in full-time regular employment), to a reasonable extent. During this period, as well as curbing overtime, labor input adjustment mainly took place via temporary layoffs of general workers. Subsequently, with adjustments continuing to take place via overtime, the contribution made by the employment of general workers expanded somewhat. In October - December 2009, the period when labor inputs declined the most against the period April - June 2008, input adjustments took place to the extent that the contribution made by the prescribed working hours of

general workers exceeded the contribution made by overtime. However, in 2010, the quantity of labor input leveled off and remained more or less flat. From this, it can be said that the adjustment of inputs via large-scale temporary layoffs took place until 2009, but that such layoffs ceased and things returned to normal in 2010.

In addition, although the employment of part-time workers may not be described as making a major contribution, fluctuations were seen in the prescribed working hours of part-timers, demonstrating that adjustments also took place in the employment and working hours of part-time workers.

However, the aforementioned statistics are data concerning directly-employed workers, and they do not reflect trends relating to dispatched workers involved in manufacturing duties, the employment of

III-2 Changes in the Degree of Contribution to Fluctuations in the Quantity of Labor Input by Item (Percentage Change from April - June 2008 & Degree of Contribution)



Source: Estimated from Ministry of Health, Labour and Welfare "Monthly Labour Survey"

- Notes: 1) After turning the regular employment indices and working hour indices of the Monthly Labour Survey into real numbers by multiplying them by the actual figures for the base year, the quantity of labor input was calculated based on the equation quantity of labor input = regular employment × working hours.
2) The graph shows the rate of change in each quarter based on the levels of quantity of labor input for the second quarter of 2008 (2008 II).
3) Figures in brackets below each quarter are the values for the overall fluctuation rate of the quantity of labor input.
4) Calculated from the original indices.

whom has expanded rapidly since the ban on this form of work was lifted in 2004. Accordingly, if using the various statistics to make a provisional calculation of the quantity of labor input based on directly-employed workers + dispatched workers, the quantity of labor input in October - December 2010 was down 12.5% from the April - June 2008 level, which was considerably lower than the fall in the level of production (7.5%) From this, one can surmise that employment adjustments in manufacturing industry were escalating at an earlier stage.

3. Fluctuations in Employment by Form

Turning our attention to the “Survey Concerning the Actual Status of Diverse Forms of Employment”, carried out by JILPT in August 2010, and looking at fluctuations in the number of employed persons by form of employment during the three years up to the time the survey was conducted (see III-3), in the figure for total industry, the index of change for regular employees was more or less steady at 99.3, with fixed-term part-time workers and employees of contractors demonstrating a similar pattern, but while there was a fairly significant decline in dispatched workers (by around 6%), the number of fixed-term employees increased somewhat (by around 2%), and there was a fairly significant rise in the number of the special fixed-term employees known as “*shokutaku-shain*” (by around 5%). The considerable fall in the number of dispatched workers and the rise in the number of *shokutaku* and ordinary fixed-term employees are striking.³

Next, looking at the situation by industry, most industries are generally demonstrating a remarkable

decline in dispatched workers. Above all, in machine-related manufacturing industry, while there were decreases in regular employees (97.1) and fixed-term part-time workers (96.8), and a moderately significant fall among employees of contractors (93.5), dispatched workers declined even further, to 85.0. In addition, the industries experiencing relatively large declines in dispatched workers included finance and insurance, accommodation and catering, and consumption-related manufacturing industry. *Shokutaku-shain* demonstrated considerable increases among all industries. This trend in regard to *shokutaku-shain*, which can be seen among most business establishments, regardless of their industry, occurred when companies had to re-employ staff because the baby-boom generation reached the mandatory retirement age, and resulted from the ongoing employment of many baby boomers as *shokutaku* employees.⁴ Moreover, with a few exceptions, there were also increases in fixed-term employees in most industries.

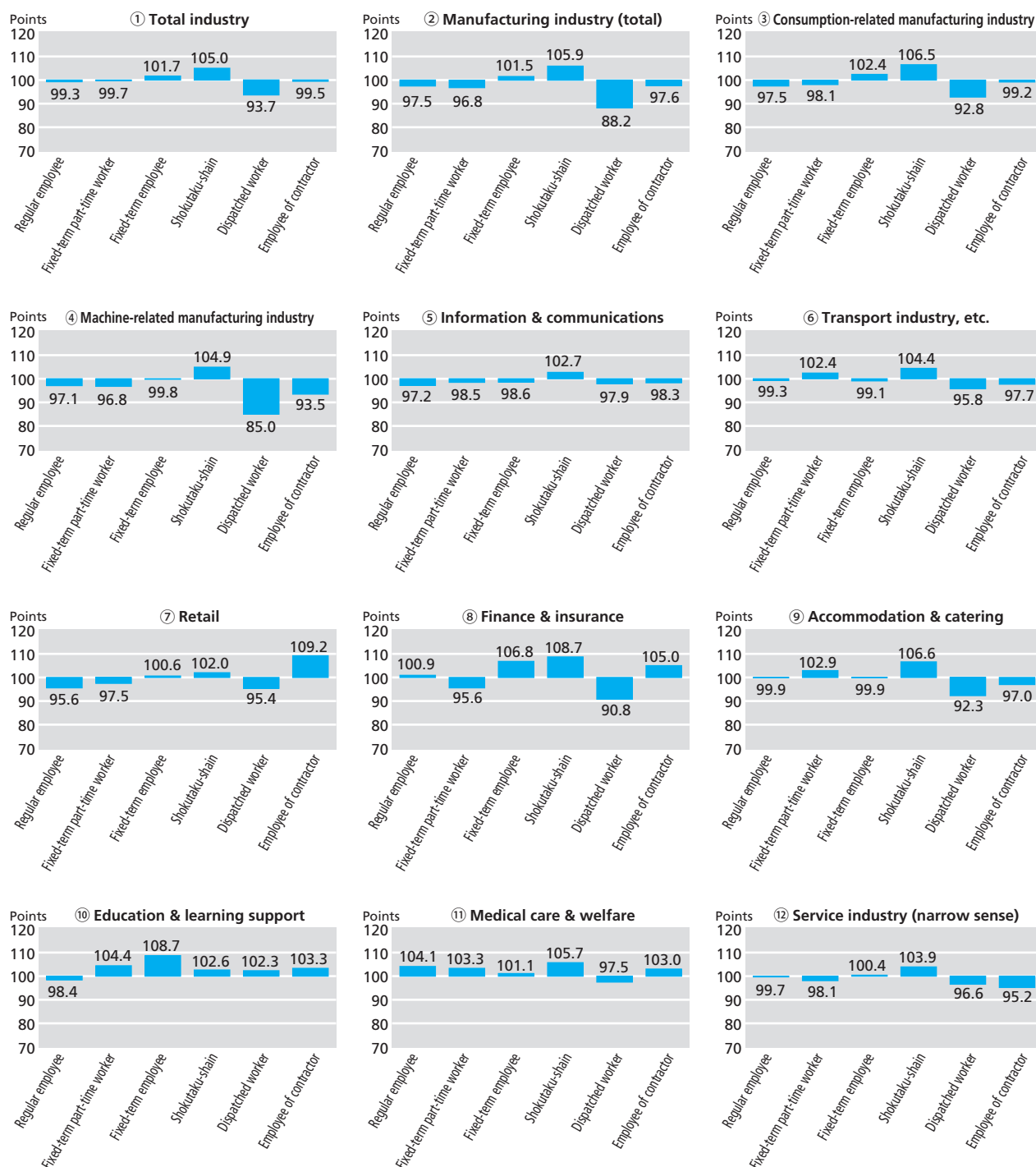
The only industry listed that remained steady was the medical care and welfare sector. One can see steady increases in employment, not only among regular employees (104.1), but also among the various forms of non-regular employment, although dispatched workers are on the decline here (97.5).

Judging from the aforementioned results, a major characteristic of employment trends by form of employment over the three years (2007 - 2010) that spanned the global financial crisis is the fact that although employment was faltering when seen in terms only of regular employees, there was a significant fall in dispatched workers and a considerable increase in *shokutaku-shain*. Although

3 A “fixed-term part-time worker” is a part-time worker on an employment contract that runs for a specified period. On the other hand, part-time workers with an employment contract that does not stipulate the duration of the contract are called “indefinite part-time workers”. “Employees of contractors” are employees of companies to which work has been outsourced, who work at the business establishment of the client in order to carry out their duties on the basis of a contract between the companies. “*Shokutaku-shain*” are those engaged in fixed-term full-time employment, who have been re-employed after taking mandatory retirement. “Fixed-term employees” are those engaged in fixed-term full-time employment, excluding those to whom the term “*shokutaku-shain*” applies.

4 In Japan, a particularly large number of people were born during a three-year period from 1947 to 1949, immediately after the Second World War, forming a large hump in the age composition of the population. This demographic is called the “baby-boom generation”. Moreover, in 2006, a revision of the Act on Stabilization of Employment of Elderly Persons was enacted, stipulating that companies must, as a general rule, continue to employ employees in their early 60s if those employees express a desire to continue working; most of this demographic continued their employment in the form of re-employment.

III-3 Index of Change in Employment by Industry (3 years earlier= 100)



Source: JILPT "Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Business Establishments)" (carried out August 2010)

Note: 1) The responses concerning the degree of fluctuation that were categorized constitute the average index of change obtained from a weighted average calculated based on the component ratio of those group values.

2) The index of change in employment was calculated for business establishments that have all forms of employment, excluding those responding that "we have no such employees now, nor did we have any 3 years ago" and those who did not respond.

3) The names of some industry categories have been abbreviated, as follows.

- "Transport industry, etc.": "Transport & postal industry"
- "Accommodation & catering": "accommodation sector, catering service sector"
- "Service industry (narrow sense)": "Service industry (not otherwise classified)"

the latter resulted from a structural factor, in the form of the baby-boom generation entering their 60s, this would seem to have been what one might describe as a given condition that companies could do little to change.

4. Issues Surrounding Employment Adjustment and Non-regular Employment

The foregoing section provided a broad overview of trends in non-regular employment since the global financial crisis, bearing in mind its relationship with economic activity. Behind such developments is what is called employment adjustment: the actions of companies (business establishments) that seek to adjust employment in response to their business activities. The term “employment adjustment” refers to the actions of companies as they seek to match the volume of employment to changes in their business activities.

Using the data from JILPT “Survey Concerning the Actual Status of Diverse Forms of Employment”, regression analysis was carried out, focused on the correlation between fluctuations in employment and fluctuations in amount of sales. The results of this are as shown in III-4; looking at the regression coefficient for the “index of change in amount of sales”, positive coefficients have been estimated for

both regular employees and all three types of non-regular employment. Among these, looking at the “future amount of sales forecast”, there is a comparatively clear-cut relationship in the case of regular employees, in which one can see that their numbers are maintained or increased where amount of sales is forecast to grow, but curtailed or reduced where amount of sales is forecast to decline; on the other hand, no relationship that could be described as statistically significant was identified in most cases of non-regular employment, with a few exceptions. Whereas the employment of regular employees is determined with reference at least to the medium-term prospects, rather than just recent fluctuations in business activities, there is a tendency for non-regular employment to be adjusted, due to being strongly affected by fluctuations in workload.

In times of major economic fluctuations, it is necessary to give the utmost consideration to maintaining employment, above all else. Behind major economic fluctuations is quite a considerable “overshoot” phenomenon, which is peculiar to market economies and occurs when there is an overreaction in the natural movements of the real economy due to the collapse of expectations, forecasts or credit. Consequently, there is a tendency for actions taken in response to immediate short-term fluctuations to

III-4 Results of OLS Regression Analysis Taking the Index of Change in Employment as the Dependent Variable

	Dependent Variable Index of change in employment of regular employees		Dependent Variable Index of change in employment of fixed-term part-time workers		Dependent Variable Index of change in employment of fixed-term employees		Dependent Variable Index of change in employment of dispatched workers	
	Regression coefficient	t value	Regression coefficient	t value	Regression coefficient	t value	Regression coefficient	t value
(Constant)	86.136	59.946 ***	94.110	32.858 ***	89.646	25.660 ***	87.087	27.329 ***
Index of change in turnover since 3 years ago (group value)	0.144	11.054 ***	0.076	2.996 ***	0.085	2.723 ***	0.099	3.628 ***
Future sales / strong increase (dummy)	2.955	1.775 *	0.544	0.167	3.030	0.755	-2.976	-0.839
Future sales / moderate increase (dummy)	0.719	0.885	0.436	0.306	3.775	2.121 **	-0.298	-0.166
Future sales / somewhat on the decline (dummy)	-2.012	-2.926 ***	0.263	0.213	0.356	0.230	-1.425	-0.835
Future sales / must be prepared for a considerable decline (dummy)	-3.604	-2.691 ***	1.099	0.333	-4.164	-1.221	-2.410	-0.718
Future sales / hard to say (dummy)	0.508	0.500	2.848	1.584	5.279	2.360 **	-0.321	-0.142
Number of cases used in measurement	1271		626		507		547	
Analysis of variance F value	14.402 ***		3.106 ***		2.718 ***		4.473 ***	
Coefficient of determination adjusted for level of freedom	0.137		0.066		0.066		0.118	

Source: JILPT “Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Business Establishments)” (carried out August 2010)
Note: The asterisks beside the t values represent significance probability, as follows: ***: 1%, **: 5%, *: 10%, -: significance probability of less than 0.115%.

The future sales basis (reference category) is “Holding more or less steady”.

As well as the items listed, the explanatory variables include items relating to business challenges and the reasons for utilizing non-regular employment, but these have been omitted.

become a factor that exacerbates the situation instead. Above all, if one seeks to respond quickly to rapid falls in amount of sales in the immediate term by reducing employment, there is a possibility that the situation might turn into one in which “the bottom falls out of the economy”, with decreases in employment giving rise to further decreases in employment. Japanese companies are generally inclined to try to maintain employment as much as possible, insofar as their future business prospects permit, but it would also be fair to say that broadening the scope of these endeavors is task for the future, so that they apply not only to regular employees, but also non-regular employees, including dispatched workers.

Chapter 2. The Ways of Working and Consciousness of *Keiyaku-shain*

Chapter 2 examines the ways of working and consciousness of *keiyaku-shain*. Here, “*keiyaku-shain*” are defined as directly-employed workers in full-time employment (at least 35 hours a week) on fixed-term contracts, excluding those who have been re-employed after reaching the mandatory retirement age. Moreover, those aged 60 or above are excluded from the analysis below. According to data from JILPT “Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)”, if looking at the attributes of “*keiyaku-shain*” as defined in this way, one can see various characteristics including the fact that (i) the proportion of women is around 70%, which is higher than the proportion among regular employees, but lower than that amongst indefinite and fixed-term part-time workers and dispatched workers; (ii) compared with regular employees, there are relatively few aged in their 30s to 40s, but many aged in their 50s; (iii) compared with regular employees, there are many who graduated from high school, junior college or technical college, but few who progressed as far as

graduating from university or a higher level institution; (iv) the proportion of those who responded that they themselves were the main breadwinner was around 40%, which was lower than the proportion among regular employees, but higher than that among indefinite and fixed-term part-time workers; (v) compared with regular employees, there are few in managerial posts, but many in skilled technical posts and jobs relating to production processes, service-related posts, and other jobs.

1. Characteristics of *Keiyaku-shain*

If one looks at the employment characteristics of *keiyaku-shain* in light of the aforementioned data, one can point out the following.

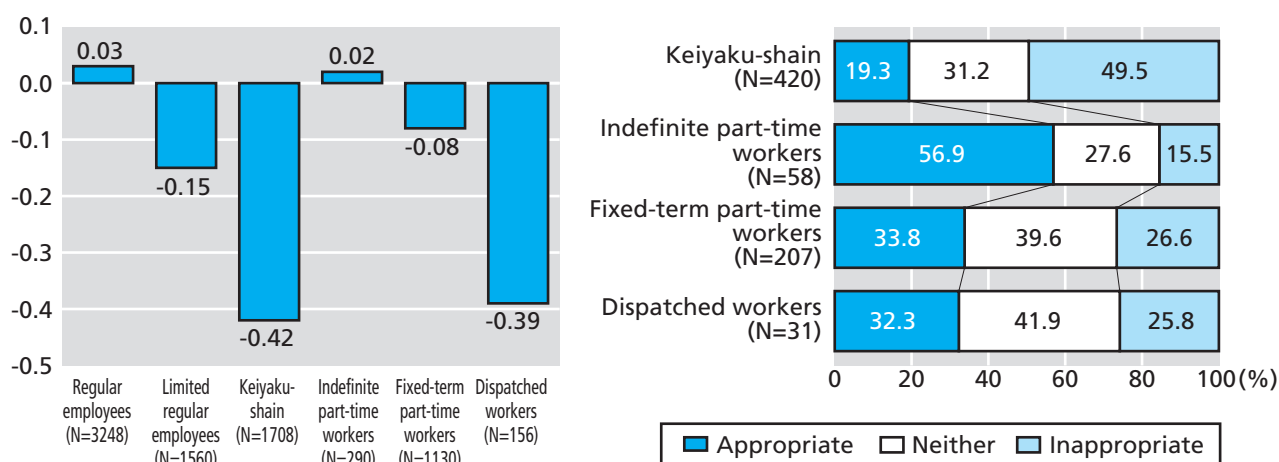
Firstly, in contrast to indefinite part-time workers and fixed-term part-time workers, *keiyaku-shain* include many people who chose their current form of employment for a passive reason, namely “because there were no opportunities to work as a regular staff member or employee”. Whereas the proportion of indefinite and fixed-term part-time workers citing this as a reason was 9.8% and 22.5% respectively, the figure was 41.0% among *keiyaku-shain*.

Secondly, of all non-regular employees, the duties of *keiyaku-shain* are most similar to those of regular employees. However, if one compares their wages with those of other non-regular employees, they are not a great deal higher. The median values for scheduled hourly wage are as follows, in descending order: regular employees (¥1,708), limited regular employees⁵ (¥1,459), dispatched workers (¥1,203), *keiyaku-shain* (¥1,000), fixed-term part-time workers (¥916) and indefinite part-time workers (¥874). Partly for this reason, as well as having the lowest score for their level of satisfaction in regard to wages, *keiyaku-shain* also have a strong sense of dissatisfaction concerning wage disparities within a single workplace (III-5).

Thirdly, given this situation, quite a few *keiyaku-shain* wish to transition to being regular employees,

5 Regular employees, generally speaking, tend to have an image of being those who satisfy the three conditions of being (i) directly employed (ii) full-time (iii) for an indefinite period, but among regular employees are employees with more restricted conditions, who are called “limited regular employees”. The survey cited the conditions for this as being the scope for promotion or transfer (so-called “general staff”), the business establishment where they are employed (“region-specific”), occupations involving professional expertise (“occupation-specific”), and no overtime (“time-specific”).

III-5 Level of Wage Satisfaction (Score, Left-hand Figure) and Awareness of Wage Differences with Regular Employees (Right-hand Figure) by Form of Employment



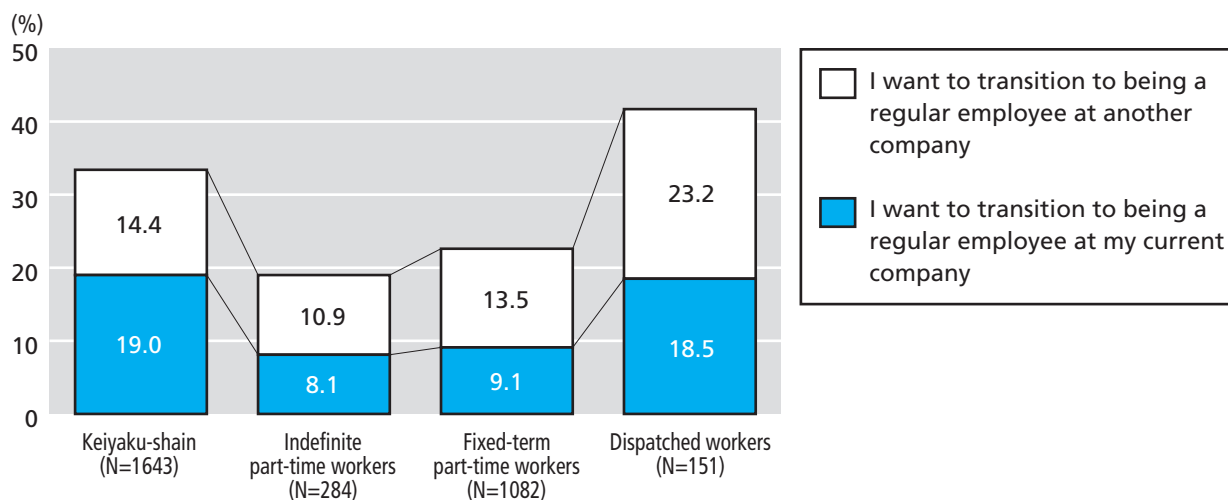
Source: JILPT "Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)"

Notes: 1) The score for the level of satisfaction was calculated by assigning 2 points for "satisfied", 1 point for "somewhat satisfied", 0 points for "neither satisfied nor dissatisfied", -1 point for "somewhat dissatisfied" and -2 points for "dissatisfied".

2) The question regarding awareness of wage differences with regular employees was answered solely by those in a workplace in which there are regular employees doing the same work as them.

3) In both cases, those who did not respond have been excluded.

III-6 Desire to Transition to Being a Regular Employee by Form of Employment



Source: JILPT "Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)"

Note: Those who did not respond have been excluded.

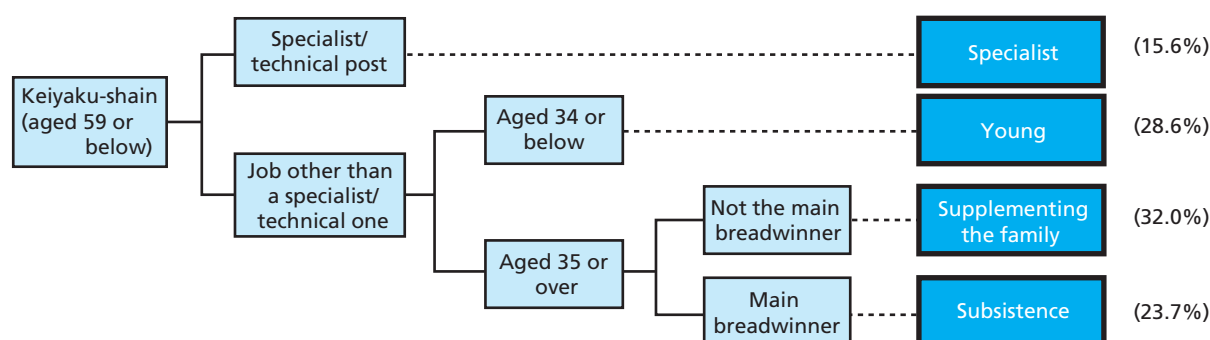
particularly at their current company. In addition, the first and second characteristics above apply not only to *keiyaku-shain*, but also to dispatched workers to some extent, but *keiyaku-shain* were noteworthy in terms of the fact that they wished to become regular employees at their current company, rather than

becoming a regular employee at another company as a result of changing jobs (III-6).

2. Types of Keiyaku-shain and Related Issues

If *keiyaku-shain* are categorized according to their attributes, they can be classified into one of four

III-7 Category Types of *Keiyaku-shain*



Note: Proportions in brackets are from JILPT “Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)”.

categories: “specialist”, “young”, “supplementing the family finances” and “subsistence” (III-7).

Looking at the characteristics of *keiyaku-shain* in each category and the issues they face, one can point out the following.

Firstly, compared with *keiyaku-shain* in other occupations, specialist *keiyaku-shain* face relatively few (or comparatively small) issues. The reason for this is thought to be that the scope of their work is limited, so it has a positive effect on both career development and on wages.⁶

Secondly, young *keiyaku-shain* have a strong desire to transition to being regular employees, particularly at their current company. Moreover, they are characterized by the fact that this desire is often linked to specific actions, such as skills development.⁷

Thirdly, compared with other types of *keiyaku-shain*, those who are supplementing the family finances not only have a low wage level, but also a low level of satisfaction with their wages, and take a harsh view of wage disparities within the same workplace. The reason for this is thought to be that most of such *keiyaku-shain* have worked in their jobs continuously for a long time, and many of these carry out advanced duties, so they are highly proficient in their jobs, but often do not receive correspondingly high wages.

Fourthly, there is a tendency for subsistence *keiyaku-shain* to be those who have ended up in their current way of working as a result of involuntary choices, but they appear to want to continue working at their current company, rather than having a strong desire to transition to being a regular staff member or employee. The biggest reason for this is thought to be the fact that the re-employment environment surrounding them is extremely harsh. Incidentally, compared with other types of *keiyaku-shain*, subsistence *keiyaku-shain* have a stronger tendency to value stability of employment.

3. Issues Surrounding *Keiyaku-shain*

Finally, let us summarize the issues being faced by *keiyaku-shain*.

Firstly, compared with part-timers, one can see that *keiyaku-shain* include many people who chose their current form of employment for a passive reason, namely “because there were no opportunities to work as a regular staff member or employee”.

Secondly, of all non-regular employees, the duties of *keiyaku-shain* are most similar to those of regular employees, but they also have the strongest sense of dissatisfaction concerning wage disparities within the same workplace.

6 Naturally, it is not necessarily the case that *keiyaku-shain* in professional occupations face no issues at all. At most, one can say that compared with *keiyaku-shain* in other occupations, they face relatively few (or comparatively small) issues.

7 Among young *keiyaku-shain* who wish to transition to being regular employees, whereas 38.7% of those whose place of employment have a system for transition to being a regular employee are actively endeavoring to develop their skills, this figure is only 19.3% among those whose workplaces have no such transition system.

Thirdly, given this situation, quite a few *keiyaku-shain* wish to transition to being regular employees, particularly at their current company.

Consequently, in the future, measures will be required to promote a shift from fixed-term to indefinite labor, by such means as encouraging appointments to regular employee positions within companies, promoting equal treatment, focusing primarily on wages, and facilitating the introduction of multiple categories of regular employee, with different personnel and wage systems.

Chapter 3. The Current Status of and Issues Concerning the Employment Management of Part-time Workers Since the Revision of the Part-time Workers' Act

Chapter 3 takes up the issue of part-time workers. The Part-time Workers' Act (Act on Improvement, etc. of Employment Management for Part-Time Workers), which regulates matters relating to part-time workers, underwent major revisions (entered into force in 2008). The main new provisions introduced as a result of this revision are as follows:

- (1) The obligation to disclose specified working conditions in documentary form [Article 6]
As well as general working conditions, a new obligation was imposed to disclose specified working conditions (wage increases, retirement allowances, and whether or not bonuses are granted) by means of document delivery, etc.
- (2) The prohibition of discriminatory treatment of part-time workers equivalent to ordinary workers⁸ [Article 8, paragraph (1)]
Discriminatory handling of part-time workers equivalent to ordinary workers, as their duties and personnel utilization mechanisms, etc. are the same as those of ordinary workers, and they are on indefinite contracts (including cases in which they are deemed to be substantially "indefinite"), was prohibited in regard to all aspects of their treatment, including decisions

on wages, the implementation of education and training, the utilization of welfare facilities, and all other aspects.

- (3) Obligations concerning endeavors to decide the wages of part-time workers other than those referred to in (2) above [Article 9]
The Act prescribed the obligation to endeavor to ensure that matters such as the content and outcomes of duties, motivation, ability, and experience are taken into consideration in decisions on wages relating to duties (basic pay, bonuses, allowances for supervisory posts, etc.), even in the case of workers who are not "part-time workers equivalent to ordinary workers" [paragraph (1)]. Of these, the Act prescribed the obligation to endeavor to ensure that the same methods (applying the same wage tables and standards) are used as for ordinary workers, in the case of part-time workers with the same duties and personnel utilization mechanisms, etc. as regular employees, at least during periods when the status of personnel utilization is the same [paragraph (2)].
- (4) The obligation to take measures to promote transition to ordinary worker status [Article 12]
The obligation was imposed to take measures to promote the transition of part-time workers to ordinary worker status.
- (5) The obligation to explain matters considered when making decisions on treatment [Article 13]
The Act imposed the obligation to explain matters considered when making decisions on treatment if requested to do so by part-time workers after their engagement.
- (6) The obligation to strive for voluntary resolution, such as in regard to the handling of complaints [Article 19]
The Act also incorporated a provision concerning situations in which a complaint is received from a part-time worker, imposing the obligation to strive for voluntary resolution by such means as the use of the complaint-handling

⁸ "Ordinary workers" refers to so-called full-time workers who work the usual prescribed working hours, and does not necessarily mean "regular employees" as defined in the study below.

system within the business establishment or having the staff member in charge of personnel matters serve as the part-time employment manager.

From June to July 2010, the JILPT conducted the “Survey of the Status of Part-time Workers”, and gained an understanding of the status of the employment management of part-time workers after almost two years had passed since the aforementioned revised Act had entered into force.⁹ The following provides an outline of the situation concerning the matters incorporated in the Act as a result of the aforementioned revisions.

1. The Status of Improvements, etc. in the Employment Management of Part-time Workers at Business Establishments

62.6% of business establishments responded that they “did” “implement amendments, such as improvements in employment management, in response to the entry into force of the revised Part-time Workers’ Act”. Looking at the content of responses (multiple responses permitted), the most common response was “we disclosed specified matters by means of a notice of employment, etc.” (45.6%), followed by “we clarified the classification (differences) of the content of duties between regular employees and part-time workers” (14.1%), “part-time workers also became able to utilize welfare facilities” (11.7%), “we established measures to promote transition from part-time worker to regular employee status” (11.4%), “we improved the wages and other treatment of part-time workers (taking into consideration equality with regular employees, as well as their motivation and abilities)” (10.9%), and “we decided to implement education and training for part-time workers” (10.7%). One can see that initiatives aimed at responding to the revised Part-time Workers’ Act were steadily progressing, two years after it entered into force.

2. The Proportion of Part-time Workers Subject to Equal Treatment

The study asked in detail about the occupation in which the largest number of people were engaged, among the duties carried out by part-time workers. At 84.0% of business establishments, regular employees were also engaged in that occupation. Of these, there were part-time workers whose duties were almost identical to those of regular employees (“content of duties” and “degree of responsibility”) at 24.4% of business establishments. Furthermore, at business establishments where there were part-time workers with the same duties as regular employees, 18.0% had the same personnel utilization mechanisms, etc. (e.g. whether or not they were subject to personnel changes) for part-time workers; this figure was divided among those responding that “there are the same people throughout the whole period” (13.3%) and those responding that “there are the same people for a certain period” (4.7%). Furthermore, at 39.6% of business establishments, the part-time workers were on “(substantially) indefinite contracts”.

To summarize the information above, 1.1% ($=84.0\% \times 24.4\% \times 13.3\% \times 39.6\%$) of business establishments have “part-time workers equivalent to ordinary workers” as defined in Article 8 of the Part-time Workers’ Act, but if one looks at the proportion of all part-time workers for which they account, it was tiny, at just 0.1%.¹⁰

3. Methods of Calculating the Basic Wage, etc.

The proportion of “part-time workers equivalent to ordinary workers” is exceedingly small, but the revised Part-time Workers’ Act imposed the obligation to endeavor to determine wages for certain part-time workers using the same methods as those used for ordinary workers. Looking at the basic wage calculation methods used in regard to part-time

9 The survey was conducted among 10,000 business establishments with at least five regular employees and the part-time workers employed there (different numbers according to the scale of the business establishment); valid responses were received from 3,040 business establishments and 6,208 people.

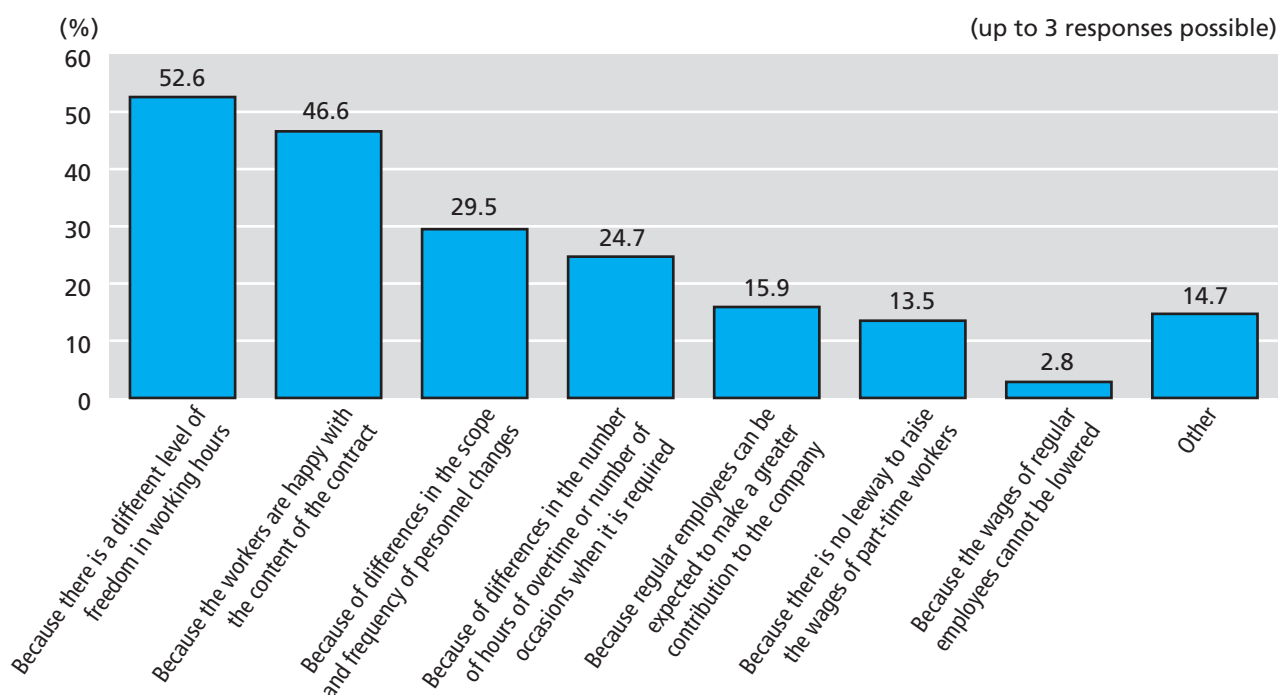
10 It is thought that the reason why they accounted for such a minute proportion was that the focus of the survey was restricted to the occupations in which part-time workers were most commonly involved, but in any case, one can say with certainty that they account for a small share of the total.

workers whose duties are almost identical to that of regular employees, one can see that the same systems and standards as regular employees are used, or the calculation factors have been aligned only in approximately a quarter of cases, with 9.1% of business establishments responding that they “pay them based on the same calculation method (system/standards) as regular employees”, and 17.5% responding that they “use different systems/standards from regular employees, but pay on the basis of the same calculation factors as are used for regular employees”. Moreover, looking at part-time workers carrying out the same duties and subject to the same personnel utilization, the proportion is somewhat higher than at those businesses at which only the duties are the same, with 12.3% of business establishments responding that they “pay them based on the same calculation method (system/standards) as regular employees” and 18.5% responding that they “use different systems/standards from regular employees, but pay on the basis of the same calculation factors as are used for regular employees”.

Next, comparing hourly wage shares for regular employees and part-time workers who have the same duties, 3.9% of respondents stated that they were “higher than regular employees”, 17.5% responded that they are “the same as regular employees (no wage disparity)”, and 69.5% responded that “the wage share is lower than for regular employees”. Moreover, looking at the results of asking business establishments the reasons why the wage shares are lower than for regular employees, the most common response was “different level of freedom in working hours” (52.6%), followed by “the workers are happy with the content of the contract” (46.6%), and “differences in the scope and frequency of personnel changes” (29.5%) (III-8).

Although improvements in the treatment of part-time workers are progressing gradually overall, adequate progress is not necessarily being made in regard to the initiatives sought in the revised Part-time Workers’ Act, with the aim of securing equal treatment in comparison with regular employees who have the same duties and personnel utilization

III-8 Reasons Why the Wages of Part-time Workers are Lower Than Those of Regular Employees When Their Duties are the Same



Source: JILPT “Survey of the Status of Part-time Workers” (carried out in June 2010)

mechanisms, etc.

4. Measures for Transitioning to Regular Employee Status

48.6% of business establishments are implementing measures to promote the transition from part-time worker to regular employee status; the figure was 45.8% when JILPT carried out a similar survey in 2006, so there has only been a small amount of growth in this area.

The methods (multiple responses permitted) used by businesses that stated that they were “implementing” measures to promote the transition included, in descending order, “notifying part-time workers of the details when recruiting regular employees” (51.0%), “introducing a system for transition to being a regular employee, such as an examination system” (45.6%), “giving part-time workers the opportunity to apply when in-house recruitment for regular employee posts takes place” (38.5%), and “other” (10.7%).

5. Endeavors Concerning the Explanation of Matters Pertaining to Decisions on Treatment and the Voluntary Resolution of Complaints, etc.

22.3% of business establishments had experience of having been asked by part-time workers to provide explanations concerning their treatment, and of those requested to provide such an explanation, as many as 98.5% of respondents stated that they “explained” these matters. Moreover, in cases in which businesses received complaints from part-time workers about their treatment, the proportion of respondents stating that they “strive to resolve them voluntarily” was as high as 92.4%, and among the methods used for this (multiple responses permitted), approximately 80% (80.7%) stated that “the person in charge of personnel matters is the point of contact”. Overall, the obligations to provide an explanation when requested to do so by part-time workers and to endeavor to achieve voluntary resolution in the event of a complaint are being fulfilled to a considerable degree, at least in terms of awareness on the part of business

establishments.

6. Tasks for the Future

Two years after the revised Part-time Workers’ Act entered into force, initiatives aimed at responding to the revisions contained therein are progressing steadily, and some improvements in employment management, etc. are being carried out. At the same time, despite being obliged to do so, fewer than half of all business establishments surveyed were not implementing measures to promote the transition from part-time worker to regular employee status, and initiatives aimed at improvements in treatment to secure the delicate balance of equal treatment while bringing into alignment calculation methods (systems and standards) and factors in regard to basic wages are still at a difficult stage, as they are only partly underway.

Comprehensive discussions are required concerning the question of what kind of way of working part-time work should be established as (through policy guidance) in society, in light of the changes in the situation surrounding economic society, as well as considering its positioning as one of a diverse range of ways of working, including approaches to tax and social security.

Chapter 4. The Careers of Dispatched Workers: The Actual Status of Skills Development, Wages, and Transition to Regular Employee Status

Chapter 4 takes up the issue of dispatched workers.¹¹ Dispatch work is used as an employment buffer, so contracts are often terminated due to fluctuations in the economic climate and corporate performance, and there is no guarantee that a dispatched worker will be able to continue working at a single workplace for a long time. When thinking about the careers of dispatched workers, one can see that it is difficult for them to develop a career based on a long-term career perspective, due to the fact that their employment becomes unstable as a result of the short duration of their employment contracts and

11 In general, in Japan, those employed on the basis of the Worker Dispatching Act are called dispatched workers.

fluctuations in the economic climate, etc. The question of how dispatched workers can plan their career development is a crucial issue. Based on a questionnaire¹² and interviews with dispatched workers carried out by JILPT, this section discusses this issue from three perspectives: (1) whether ability can be cultivated through dispatch work; (2) whether wages rise; and (3) the potential for making the transition to regular employee status or changing jobs.

1. Can Ability be Cultivated?

There are three ways of cultivating vocational ability through dispatch work. The first is off-the-job training (Off-JT), such as education and training carried out by the dispatching undertaking (the formal term used in the Worker Dispatching Act to refer to worker dispatch businesses). The second is on-the-job training (OJT), through working for the client. The third is the method whereby the dispatched worker him- or herself studies independently. According to the survey of dispatching undertakings, approximately 50% of respondents believe that the greatest contribution to the skills development of dispatched workers is made by “the dispatched worker (self-development)”, followed by just under 30% who believe it is “the client”, with “the dispatching undertaking” accounting for the lowest share, at around 15%.

Education and training systems at dispatching undertakings have an important function in improving the abilities of dispatched workers. However, the only option is to rely on clients for the OJT that is most important in developing vocational skills, while dispatching undertakings are confined to cultivating general skills, such as manners, common sense, and basic computer operation skills, as well as supplementing any deficiencies in workers’ business knowledge. Moreover, in the dispatch format known as registered dispatch, situations frequently arise in which workers are dispatched by a different

dispatching undertaking from the one at which they received education and training. In other words, this business format has a structure that makes it difficult for dispatching undertakings to recover their investment in education. More specifically, apart from in the case of regular dispatch (the format in which the dispatched worker is regularly employed at the dispatching undertaking) in specialist technical fields, there are factors that mean that one cannot expect much from dispatching undertakings in terms of skills development.

Looking at the results of the question in the survey of dispatched workers concerning whether they obtained their current vocational ability through OJT at the client or through independent self-study, approximately 60% overall responded “self-study” (“self-study” + “more self-study than anything else”), while approximately 40% responded “OJT at the client” (“OJT at the client” + “more OJT at the client than anything else”), and it appears that OJT at the client is more common among those who have no experience as a regular employee and those engaged in routine work. In other words, while it seems that vocational ability in the initial stage of their careers can be cultivated through work at the client, dispatched workers need to make efforts to cultivate their vocational ability themselves once they pass that stage. Moreover, the results show that skills development at the client not only contributes directly to the skill level and career development of the individual concerned, but also makes a significant contribution to increasing their motivation to work hard at their job with the client.

2. Do Wages Rise?

Examining the times when wage rises can be seen from the survey of dispatching undertakings, one can see that both specified dispatch (dispatch based on regular employment) and general dispatch have in common the fact that a high proportion of these businesses stated that wage rises can be seen “as

12 The questionnaire-based survey was carried out from February to March 2010, targeting dispatching undertakings (5,000 worker dispatch businesses), clients (10,000 business establishments in industry types that use the largest number of dispatched workers), and dispatched workers (eight dispatched workers working at each client business establishment targeted in the survey). The number of valid responses was 1,620 establishments, 3,085 establishments, and 4,473 people, respectively.

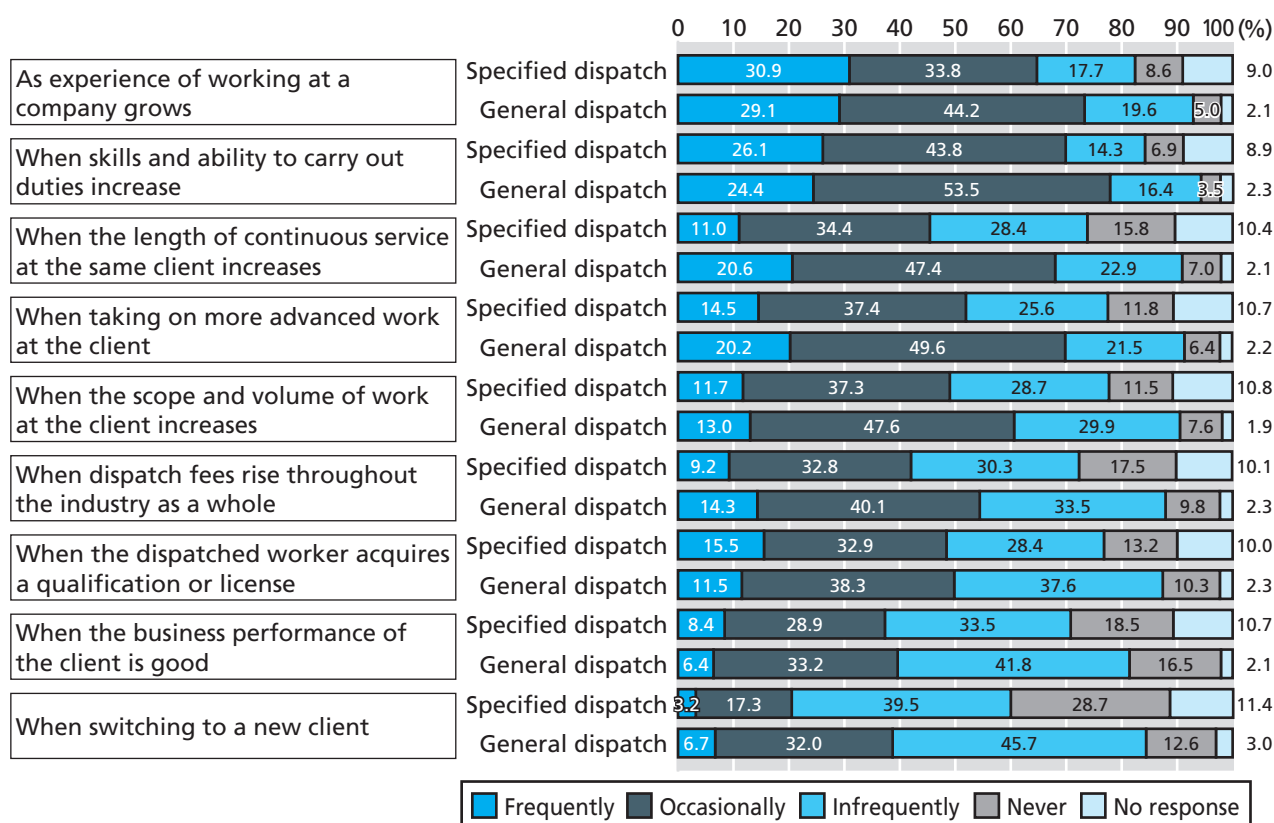
experience of working at a company grows” and “when skills and ability to carry out duties increase”. At the same time, looking at the responses where there were higher scores among general dispatch businesses than among specified dispatch businesses, the difference in the proportion responding “when the length of continuous service at the same client increases” is almost 23 percentage points, while there are differences of around 10-20 points in the case of the responses “when taking on more advanced work at the client”, “when the scope and volume of work at the client increases”, “when dispatch fees rise throughout the industry as a whole”, and “when switching to a new client” (III-9).

Thus, general dispatch wages change as the dispatch fees are paid according to the content of work at the client, and also tend to be affected by both the market as a whole and the economic climate. On the other hand, in the case of specified dispatch, the workers are classified as ordinary workers, such

as regular employees of the dispatching undertaking, so it is presumed that they have an established wage system at the dispatching undertaking, creating a structure that makes it harder for their pay to be affected by external impacts, such as the economic climate.

The case studies carried out through interviews show that those who feel that they can develop their careers through dispatch work tend to be those whose first employment was a part-time job or *arubaito* (casual work) in a non-clerical position (sales, light manual labor, etc.) These are people who have worked in fields with little vocational skills development, who subsequently took up clerical posts through dispatch work at a time when they were inexperienced, and then developed their careers. In terms of wages, the maximum hourly wage for clerical posts is just under ¥2,000, so let us say that it is possible to develop one’s career to encompass duties that enable one to achieve that upper limit.

III-9 Factors Behind Wage Rises for Dispatched Workers



Source: JILPT “Survey Concerning Career Management at Temporary Staff Recruitment Agencies (Survey of Dispatching Undertakings)” (carried out in February 2010)

However, beyond this point, both wages and duties reach a ceiling and level off. It might be the case that the only option for further career development is to transition to being a regular employee.

3. The Potential for Making the Transition to Regular Employee Status or Changing Jobs

There are three types of transition to regular employee status: “employment placement dispatching”, transition after regular dispatch (hereinafter referred to as “headhunting”), and “transition after three years of undertaking deregulated operations”.¹³ However, no precise understanding has been gained through official statistics concerning the number of those transitioning to regular employee status via methods other than employment placement dispatching. This is because it has hitherto been deemed difficult to grasp the actual situation, as in most cases, “headhunting” takes place after the dispatch contract ends.

In the survey of dispatching undertakings, when businesses conducting general dispatch were asked whether they had had cases in which dispatched workers switched to being directly employed by the client (including not only as regular employees, but also as *keiyaku-shain*, part-timers or *arubaito*) within the last year via each of the aforementioned three transition patterns, the largest share (45.0%) was accounted for by businesses responding that they had had cases of transition via “headhunting”; this was 20 points higher than transition due to “employment placement dispatching” (24.7%) and “transition after three years of undertaking deregulated operations” (27.3%).

However, looking at the responses for employment categories after the transition to direct employment, based on the survey of clients, in the case of employment placement dispatching, the largest share was accounted for by businesses implementing transition to regular employee status, at

57.8%. In the case of “headhunting”, transition to *keiyaku-shain* status (47.3%) tended to be more common. In the case of “transition after three years of undertaking deregulated operations”, switching to *keiyaku-shain* status (64.2%) was more common than transition to regular employee status (20.3%). Thus, it is not necessarily the case that “headhunting” results in being able to transition to regular employee status.

Looking at the reasons why clients appointed dispatched workers as regular employees, “because they did good work” was the most prominent response, at 78.4%. In addition, many business establishments also selected other responses that praised the way in which dispatched workers carried out their duties, namely “because they had a very high level of skill and ability” (44.8%) and “because they were indispensable personnel for that workplace” (34.1%) (responses by business establishments that had implemented transitions to regular employee status within the last three years). Appointing staff to regular employee status after a period of dispatch enables companies to screen a worker’s abilities and way of working, and to conduct more accurate matching. It is also presumed that there are times when dispatch is used as a channel for employing the appropriate personnel.

On the other hand, there is a possibility that a dispatched worker might reject a transition to regular employee status. If the wages for dispatch work are higher and there is no employment instability, there is no reason to switch to being a regular employee. There is some room for interpretation, but if a worker moves from job to job in the external labor market, there is a possibility that he or she will not opt to become a regular employee.

13 “Employment placement dispatching” refers to the situation in which workers are dispatched based on the premise that the dispatched worker in question will be placed in a job as a worker directly employed by the client in the near future. “Transition after three years of undertaking deregulated operations” refers to transitions taking place on the basis of a provision in the Worker Dispatching Act, which stipulates that dispatched workers involved in operations that had been the focus of dispatch work since 1999 must be transferred to being directly employed by the client company if they have been working there for three years in succession. Apart from in these two cases, situations in which a client company hires a dispatched worker as a directly-employed worker are described as “headhunting”.

4. Issues Focused on Future Career Development for Dispatched Workers

The ability to enter an occupation without any prior experience of carrying out similar duties can be cited as one of the great advantages of dispatch work. It could be of assistance in restarting one's working life for those who are newly graduated but have been unable to find a job, as well as those who were in involuntary employment and have left their jobs. In particular, one can see the potential for those who started their first jobs in non-clerical posts to cultivate the beginnings of a career in a clerical post; in addition, especially in the case of clerical and professional posts, one can see the possibilities for being able to secure advancement up to a certain stage in one's career.

After securing advancement up to a certain stage in their career, dispatch workers would then need to decide whether to become regular employees or whether to continue in dispatch work. If switching from their initial career to being a regular employee (changing jobs), dispatched workers must strategically build up their careers while keeping in mind their own age, given the realities of the Japanese labor market, in which it tends to be easier for young people to change jobs. It is necessary for dispatching undertakings to disclose to dispatched workers who wish to transition to being regular employees whether or not there is a system for being appointed as a regular employee at the client and information about past performance in this regard, before the dispatched worker in question starts their employment; in addition, clients need to advise dispatched workers as soon as possible after they begin their employment, what the feasibility is of their transitioning to regular employee status.

At the same time, there are people who wish to continue working stably in dispatch work, for a variety of reasons. The fact is that the number of those wishing to continue doing dispatch work increases after the age of 40. Consequently,

consideration for building the careers of dispatched workers is required, such as introducing them to clients that proactively employ workers and engage in skills development while those workers are still young, when changing jobs is comparatively easy, as well as providing education and training to enable them to find work in the 26 occupations that are not subject to the three-year maximum dispatch period. In light of the reality of the labor market, wherein it is difficult to change jobs after reaching the age of 40, institutional mechanisms are required that ensure that dispatch work does not lead to future employment instability.

Chapter 5. The Role of Skills Development Among Non-regular Employees

Chapter 5 takes up the issue of the skills development of non-regular employees. Since the collapse of the economic bubble in 1993, the proportion of those following careers as regular employees for the whole of the initial period of their working lives - that is to say, for five years after graduating - has fallen considerably, and the number of people beginning their initial careers in non-regular employment is growing. However, there are various problems for non-regular employees, such as major disparities in terms of opportunities for skills development in comparison with regular employees. Accordingly, this section analyzes the factors regulating the participation of non-regular employees in training provided by the company and the effects of that training.¹⁴

Looking at the results of the simple survey, the probability of attendance and number of days of training attended for both OJT and Off-JT was higher among regular employees than among non-regular employees. Most notably, the probability of attendance of Off-JT was, at 21%, less than half that of regular employees (45%). Moreover, looking at the average number of days of training attended by employment type, there is more than a threefold gap

¹⁴ The subject of the following analysis is training within industry, so its focus is restricted to directly-employed non-regular employees. In other words, it does not look at indirectly-employed workers, such as dispatched workers. The data used is from the "Survey on Working and Learning" conducted by JILPT from October to December 2008 (targeted male and female employed persons aged at least 25 but under 45. 4,024 valid responses were received).

between regular employees (2.50 days) and non-regular employees (0.76). However, looking solely at those who did attend training, the gap between regular employees (5.64 days) and non-regular employees (3.66 days) narrows, and one can see that there were quite a few days of training for those who had such training, even among non-regular employees.

1. Factors Regulating Participation in Training Within Industry

Training provided by the company represents human investment, so companies restrict the training of employees to situations in which such training has a high expected return. The factors behind this seem to be the anticipated length of continuous service being as long as possible to allow an adequate return on investment to be recovered, and sufficiently long working hours. This section examines whether or not this hypothesis stands true in regard to participation in both OJT and Off-JT.

Looking at the results of probit analysis (marginal effect), one can see that many non-regular employees who work full-time receive OJT. Moreover, while the factors of anticipated length of continuous service and full-time employment do not appear to affect Off-JT, having participated in Off-JT previously increases the probability of attendance for Off-JT during the current fiscal year by a statistically significant margin. This indicates the possibility that the same people are undergoing repeated training in a selective manner on numerous occasions. With regard to the number of days of Off-JT attended, the figure was higher among those working full-time.

From the information above, one can see that those working full-time have a high density of participation in training provided by the company, in regard to both OJT and Off-JT. Moreover, this demonstrates that past participation in training at the place of employment increases the opportunities to participate in education and training in the present, and that companies carry out selection in regard to training implementation.

2. Effects of Participation in Training Provided by The Company

Let us now look at the effects of participating in training provided by the company. Here, three indicators are used as variables for measuring the effects of training, with growth in vocational ability and changes in productivity being used, as well as the wage increase rate, although the former two are based on subjective assessments by the respondents.

Firstly, looking at the relationship between participation in training provided by the company, changes in vocational ability and productivity, and the wage increase rate, based on the results of the simple tabulation, whereas the subjective assessment of participants' ability to do their job and productivity increases among those who have participated in OJT or Off-JT, one cannot identify any clear relationship between the rate of wage increase and having participated in OJT or Off-JT (III-10).

Next, let us examine the results of the quantitative analysis. With regard to the results of the analysis of the impact of training provided by the company on participants' ability to do their job, both skill levels and ability to carry out duties increase by a statistically significant margin among those who have participated in a large amount of OJT, those who have participated in Off-JT, and those with a higher number of days of Off-JT attended. Next, looking at the effects of participation in training on changes in indicators thought to represent productivity, those who have participated in a large amount of OJT had higher scores in regard to their scope of duties, level of work, and level of job responsibility, while participation in Off-JT increased the level of work and level of job responsibility.

At the same time, looking at the impact of training provided by the company on the wage increase rate, participation in OJT does not affect the wage increase rate. From the foregoing analysis, it was ascertained that participation in OJT gave rise to increases in vocational ability and productivity, but it appears that this is not reflected in wages. On the other hand, looking at the results of the analysis focused on regular employees, those who have participated in a large amount of OJT have experienced statistically

significant wage rises. This differs considerably from the results of the estimates for non-regular employees, which suggests that there are differences between regular and non-regular employees in terms of the ways in which the effects of training manifest themselves. Similar results were obtained from estimates relating to Off-JT as well.

Having said that, looking at the results of analysis concerning whether or not there were transitions to regular employee status in 2008, there was a significant increase in the probability of transitions to regular employee status among those who had participated in more OJT as well as among those who had experience of Off-JT and who had participated in a larger number of days of such training. Although training provided by the company has no effect on the wages of non-regular employees, it appears that it does have an effect on their transition to regular employee status.

3. Issues Surrounding the Skills Development of Non-regular Employees

This study demonstrates that it is easier for younger people, in their 20s, to make the transition from non-regular to regular employee status, and indicates the importance of intensive career development support measures for the young. It appears that measures that encourage skills

development among non-regular employees, particularly support for skills development among young non-regular employees, are an effective means of supporting career development.

From the results of the analysis, one can see that even in the case of the non-regular employee way of working, selecting the full-time way of working is one means of benefiting from opportunities for skills development at present.

Thinking in terms of a longer time span, it will be necessary to build a social system in the future that properly evaluates the skills development of non-regular employees, and implements treatment based on the results of such evaluations. More specifically, this should take the form of constructing a society that enables whoever wishes to do so - whether they are a regular or non-regular employee - to engage in skills development, have the outcomes of that skills development evaluated, and move up the career ladder as a result: in other words, what is required is the popularization of a vocational ability appraisal system.

Chapter 6. The Transition to Regular Employee Status and Subsequent Issues

Chapter 6 takes up the issue of the transition to

III-10 Changes in Subjective Assessment, Productivity and Wage Increases among Non-regular Employees According to Whether or Not They Participated in OJT and/or Off-JT (Descriptive Statistics)

① Changes in indicators relating to subjective assessment of vocational ability

	<Skill level>		<Ability to perform duties>	
	Mean		Mean	
	(Participated)	(Did not participate)	(Participated)	(Did not participate)
Overall	0.28		0.30	
	Mean	Mean	Mean	Mean
Number of OJT sessions	0.37	0.16	0.40	0.16
Participated in Off-JT	0.45	0.24	0.46	0.25

② Indicators concerning changes in productivity and return on wage increase rate

	<Scope of duties>		<Level of work>		<Level of job responsibility>		<Wage increase rate>	
	Mean		Mean		Mean		Mean	
	(Participated)	(Did not participate)	(Participated)	(Did not participate)	(Participated)	(Did not participate)	(Participated)	(Did not participate)
Overall	0.38		0.33		0.29		0.01	
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Number of OJT sessions	0.47	0.26	0.42	0.20	0.38	0.17	0.01	0.02
Participated in Off-JT	0.45	0.36	0.47	0.29	0.41	0.25	0.02	0.01

Source: JILPT "Survey on Working and Learning" (carried out in 2008)

regular employee status of non-regular employees. Above all, it focuses on the issues arising after becoming a regular employee through this kind of transition. As in Chapter 2 above, the data used are from the “Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)” carried out by JILPT. According to this, 39.5% of business establishments have appointment systems for fixed-term employees, 27.5% have them for part-timers, 12.8% for dispatched workers, and 3.3% for the employees of contractors. If including those business establishments that do not have a system but do have “a custom of such appointments” or “a track that permits such employees to become regular employees via another form of employment”, the figures climb to 71.1% for fixed-term employees, 66.3% for part-timers, 56.7% for dispatched workers, and 15.5% for the employees of contractors. Looking at the results for the last three years, companies making internal appointments account for more than 70% of the total. Moreover, a quarter of companies employ as their own regular employees people who have previously worked as non-regular employees at other companies.

1. Differences Seen in Wages and Vocational Training

Firstly, let us compare regular employees who have experience of non-regular employment in the past (hereinafter referred to as “transitioned employees”) with regular employees who have consistently been regular employees, without such experience (hereinafter referred to as “continuous regular employees”) and examine the differences that can be seen between them in terms of wages, etc. For this analysis, transitioned employees will be further categorized into those who were internally appointed, without changing jobs (hereinafter referred to as “internally transitioned”) and those who were hired externally, through changing jobs (hereinafter referred to as “externally transitioned”).

(Wage disparities)

After controlling for the effects of the various attributes that could be used (age, number of years of continuous service, gender, occupation, industry type, and company scale) by means of the usual OLS,

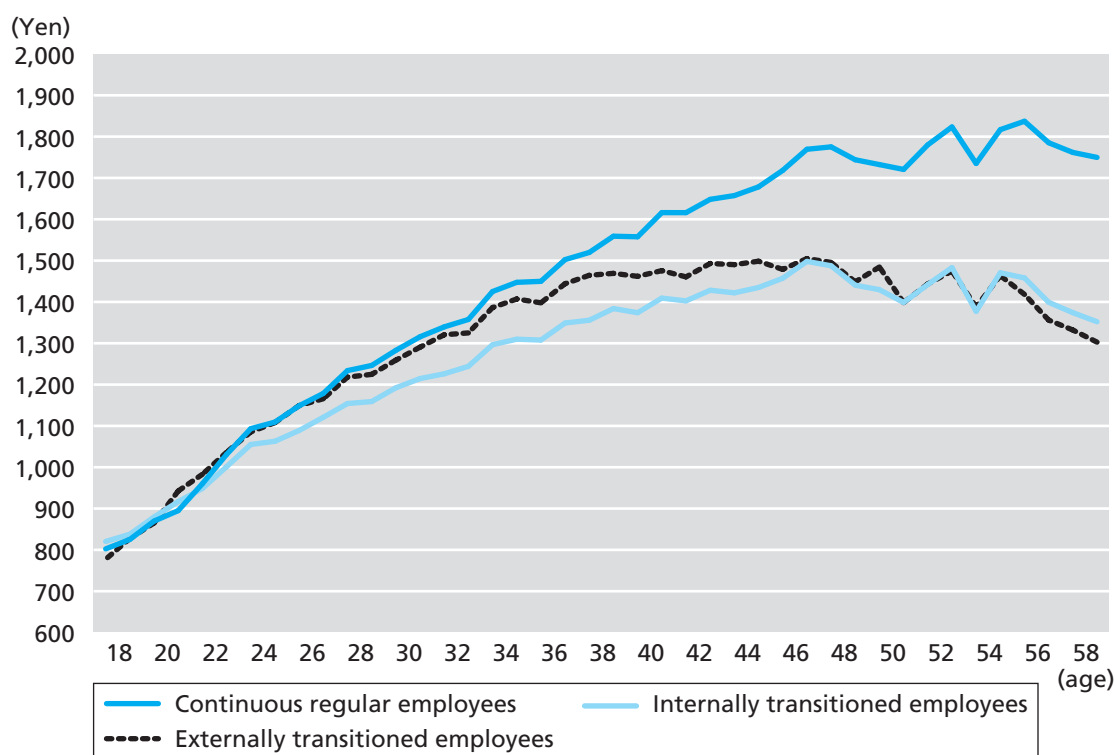
differences in the wage rates were examined with a focus on whether or not there was any experience of non-regular employment. As a result, it was demonstrated that the wage rates of transitioned employees with experience of non-regular employment were lower than those of continuous regular employees, even taking into account differences in the various attributes. In addition, when transitioned employees only were extracted and subjected to the same analysis, it emerged that the wage rates of internally transitioned employees are lower than those of externally transitioned employees.

In order to ascertain whether or not experience of non-regular employment affects wages throughout a worker’s lifetime, the respective wage functions of continuous regular employees, internally transitioned employees and externally transitioned employees were identified and the estimated values were plotted by age (III-11). The wage curve for externally transitioned employees does not differ much from that of continuous regular employees until the early 30s. Subsequently, the speed at which it rises slows, and the gap with continuous regular employees widens as each type of worker ages. The wage rates of internally transitioned employees are lower than those of externally transitioned employees in their 20s and 30s, but after the wage rates of the latter hit a ceiling in their 40s, the gap between the two progressively shrinks and eventually disappears. When looked at in terms of lifetime wages, this suggests that externally transitioned employees have higher total wages than do internally transitioned employees. Having said that, what they have in common is the fact that if workers have experience of non-regular employment, their total wages over their lifetime are lower, no matter which route they take to becoming a regular employee.

(Disparities in education and training provided by the company)

Workplace education and training can be broadly classified into three categories: OJT, Off-JT and support for self-development. Here, probit analysis was conducted in regard to each of OJT, Off-JT and support for self-development, and after controlling for the various attributes, the effects on workplace

III-11 Wage Curve Based on Estimated Wage Rates



Source: JILPT "Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)" (carried out August 2010)

training of experience of non-regular employment and the route to transitioning to regular employee status were examined. As a result, excluding aspects that resulted from differences in various attributes, this suggested that there was almost no gap between internally transitioned employees and continuous regular employees in terms of education and training opportunities. On the other hand, compared with continuous regular employees, externally transitioned employees had less possibility of receiving workplace training or support. More specifically, compared with continuous regular employees, externally transitioned employees had 6.5% less probability of receiving OJT or Off-JT, and 7.9% less probability of receiving support for self-development.

(Other disparities)

As well as disparities in terms of wages and skills development, the gaps between transitioned employees and continuous regular employees also encompassed the content of duties and the speed of advancement.

2. Level of Job Satisfaction After the Transition

Firstly, looking at the degree of satisfaction with the job overall, the proportion of those who were satisfied with the job overall ("satisfied" + "somewhat satisfied") was 55.4% in the case of continuous regular employees, 51.7% among internally transitioned employees and 43.9% among externally transitioned employees, so one can see that the highest level of satisfaction was among continuous regular employees, followed by internally transitioned employees and then externally transitioned employees. Moreover, looking at the total scores for levels of satisfaction in regard to 11 items, including job content and feeling of being worthwhile, wages, working hours, approaches to personnel appraisal and treatment, approaches to workplace training and skills development, and career, one can see that the highest scores were among continuous regular employees, who scored

19.9 points, followed by internally transitioned employees with 14.5 points and then externally transitioned employees with 10.4 points.

Accordingly, looking at the differences in satisfaction using OLS, taking the level of satisfaction scores as the explained variable after controlling for the various attributes, the results suggest that there is a tendency for both internally and externally transitioned employees to have a lower level of satisfaction than continuous regular employees. However, no significant difference in the level of satisfaction was seen in a comparison of internally and externally transitioned employees.

Furthermore, looking at the results after the same method was used to analyze which of the items was responsible for the difference in the level of satisfaction, it was ascertained that, irrespective of whether they were internally or externally transitioned, transitioned employees are dissatisfied because their wages are lower than those of continuous regular employees, and that externally transitioned employees receive less education than continuous regular employees, as well as being assigned duties at a lower level.

3. Issues Following the Transition to Regular Employee Status

Let us now summarize the issues arising from transition to regular employee status, in light of the results of the analysis above. Looking at the current situation, in which it is difficult to transition from non-regular employment to regular employee status, one can see that those who succeeded in making the transition were blessed with good employment opportunities. Compared with their previous non-regular work, they experience various improvements in treatment, above all in terms of wages. However, there are many cases in which they compare their various employment conditions with those of other regular employees, now that they themselves have become regular employees, and feel dissatisfied if they do not believe their own conditions to be appropriate. Accordingly, it is perhaps first of all necessary to put in place fair personnel appraisal and wage mechanisms, while taking this into account even after such employees make the transition. It is

also important to provide equal opportunities for skills development and advancement, and to eliminate discrimination, but this study shows that many companies still face challenges in this regard.

Chapter 7. What is an Appropriate Wage Disparity From the Perspective of a Person in Non-regular Employment?

Chapter 7 takes up the issue of wage disparities between regular and non-regular employees. In regard to this issue, in Japan, as seen in Chapter 3, the Part-time Workers' Act was revised in 2007 (entering into force in April 2008), incorporating provisions relating to equal treatment of ordinary workers (so-called regular employees) and part-time workers. However, while this kind of legal framework exists, it has not necessarily been clarified adequately. Firstly, there is the question of the degree to which wage disparities arise according to the three requirements concerning equal treatment: (1) content of duties; (2) personnel utilization mechanisms and the operation thereof; and (3) differences in contract period. Secondly, in the event that a certain wage disparity exists between regular and non-regular employees, there is the question of the degree to which this is acceptable to non-regular employees, according to the following: (1) content of duties being different; (2) personnel utilization mechanisms or the operation thereof being different; and (3) contract period being different. This section introduces the results of work carried out with the objective of clarifying these matters. As in Chapter 2 above, the data used are from the "Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)" carried out by JILPT, with analysis focusing on those who are directly-employed non-regular employees and who do the same work at their workplace as regular employees.

1. The Status of Wage Disparities

Looking at the data, one can see that 15.5% of non-regular employees receive at least the same wages as regular employees, but on the other hand, 40.1% receive wages that are lower than those of

regular employees, with 23.8% stating that their wages are at least 40% lower than those of regular employees. However, it should be noted that 42.9% of non-regular employees responded that they did not know what their wage level was in comparison with regular employees. Moreover, looking at the mean values for the wages of non-regular employees if those of regular employees are 100, one can say the following. Firstly, wage disparities increase as the age of the worker rises. Secondly, there are few wage disparities in specialist/technical posts and service positions, but there is a considerable wage gap among those in clerical posts. Thirdly, wage disparities are small in the wholesale, accommodation, catering service, medical care, welfare, and service sectors, but large in manufacturing industry, the information and communications sector, and the composite service sector. Fourthly, in general, wage disparities grow as the scale of the company expands.

The impact of the aforementioned three requirements on wage disparities was examined by using ordered logistic regression analysis¹⁵ to analyze the factors regulating wage disparities after controlling for a range of variables. As a result, one can point out firstly that the greater the difference in terms of “weight of responsibility involved in the job” and/or “potential for intra-company transfers involving relocation of one’s home”, the greater the wage disparity between regular and non-regular employees, and secondly that, on the other hand, whether or not the contract period and prescribed working hours differ has a statistically significant effect on wage disparities between regular and non-regular employees.

2. The Appropriateness of Wage Disparities

Firstly, with regard to non-regular employees overall, whose wages are at least 10% lower than those of regular employees doing the same work at their workplace, looking at whether or not they think this kind of wage disparity is appropriate, 21.9% of all non-regular employees responded “I think it’s appropriate”, but almost double that number (43.1%)

responded “I don’t think it’s appropriate”.

Accordingly, the factors regulating evaluations of the appropriateness of wage disparities were analyzed using ordered logistic regression analysis, in the same way as the aforementioned wage disparities. As a result, it was ascertained firstly that wage disparities are evaluated as more appropriate when the “weight of responsibility involved in the job” and/or “potential for intra-company transfers involving relocation of one’s home” differ, and secondly that, on the other hand, they are evaluated as less appropriate among non-regular employees when they are in “fixed-term employment” and/or are “full-time” workers (III-12).

3. Issues Surrounding Wage Disparities Between Regular and Non-regular Workers

The following implications can be elicited from the results of the foregoing analysis. Firstly, with regard to the framework in the revised Part-time Workers’ Act, it appears to be rational, to some extent, to stipulate an approach to treatment that is based not only on the “content of duties”, but also on the “level of responsibility” and “whether or not there are personnel changes, etc. as well as the scope thereof”. Secondly, on the other hand, among non-regular employees who are “fixed-term, full-time” workers in particular, there is a tendency to evaluate wage disparities with regular employees as being less appropriate. Adequate consideration should be given to this point when examining whether or not to make further amendments to the Part-time Workers’ Act, as well as when discussing approaches to legislation concerning fixed-term employment contracts.

Chapter 8. Policy Tasks for Achieving a “Society with Diverse Employment”

Chapter 8 presents a summary of the policy implications concerning non-regular employment in the future, in light of the results of the analyses carried out above and the issues and tasks presented therein.

15 The explained variables adopt the values for 7 levels, from “high” to “50% or less”. Those who responded “Do not know” or did not respond have been excluded.

III-12 Factors Regulating Evaluations of the Appropriateness of Wage Disparities (Ordered Logistic Regression Analysis)

Explained variable: Degree to which wage disparities are thought inappropriate (3 levels)	Model ①		Model ②		Model ③	
	B	Wald	B	Wald	B	Wald
Weight of responsibility involved in the job (differs)			-1.398	65.715 ***		
Potential for intra-company transfers involving relocation of one's home (differs)					-0.814	12.133 ***
Fixed-term employment						
Full-time						
$\tau = 1$	-1.469	8.070	-2.124	15.458	-1.672	10.179
$\tau = 2$	0.274	0.285	-0.222	0.174	0.098	0.035
N		631		631		631
-2 log likelihood		1088.044		1089.914		1101.616
Chi-squared		94.070 ***		163.481 ***		106.441 ***
Nagelkerke R-square		0.157		0.259		0.176

Explained variable: Degree to which wage disparities are thought inappropriate (3 levels)	Model ④		Model ⑤		Model ⑥	
	B	Wald	B	Wald	B	Wald
Weight of responsibility involved in the job (differs)					-1.283	49.364 ***
Potential for intra-company transfers involving relocation of one's home (differs)					-0.591	5.649 *
Fixed-term employment	1.029	16.146 ***			1.117	16.659 ***
Full-time			1.058	33.051 ***	0.793	16.962 ***
$\tau = 1$	-0.445	0.576	0.273	0.192	0.035	0.002
$\tau = 2$	1.304	4.906	2.104	11.222	2.029	8.083
N		621		609		599
-2 log likelihood		1080.388		1074.440		1037.293
Chi-squared		109.401 ***		129.822 ***		204.320 ***
Nagelkerke R-square		0.183		0.218		0.328

Source: JILPT "Survey Concerning the Actual Status of Diverse Forms of Employment (Survey of Employees)"

Notes: 1) ***: $p < 0.001$, **: $p < 0.01$, *: $p < 0.05$

2) In addition to the above, the following have been input as explanatory variables: male dummy, age dummy (5 levels), highest level of education dummy (4 levels), occupation dummy (10 levels), industry type dummy (20 levels), and company scale dummy (6 levels).

3) The subjects of the analysis are those with wages at least 10% lower than those of regular employees doing the same job at their workplace.

1. Interim Policy Tasks

(1) The importance of skills development

Skills development is a key factor, whether in relation to the transition to regular employee status that is a key direction in career development, or in relation to the improvement of employment conditions and the working environment (improved wages and other treatment, and equal treatment between regular and non-regular employees). Consequently, in order to overcome factors inhibiting skills development,¹⁶ the deployment of policies to

promote this are required, with a primary focus on self-development by non-regular employees themselves.

(2) Support for diverse career visions

In order to aim for better career development among non-regular employees, it is necessary to develop core functions to ensure that working people can benefit from consultations about their own careers, as needed and as convenient for them, as well as enabling them to receive various forms of support. For example, policies should be promoted that enable workers to benefit from career

¹⁶ These include (1) the lack of incentives to companies to undertake skills development among non-regular employees; (2) the lack of wherewithal among non-regular employees to permit them to incur the associated cost burden; (3) the lack of time available to non-regular employees to undertake skills development; and (4) the fact that non-regular employees do not know whether or not this will lead to finding a job or improved treatment.

consultations with experts with specialist knowledge of occupational career development and skills development, as well as being well-acquainted with the situation in the labor market and involved in providing career development support; through this kind of support, a career vision for each person should then be formulated, with workers receiving various forms of government support if they undertake skills development in accordance with their own vision.

(3) Development of the treatment environment (equal treatment)

In addition to career development, the development of employment conditions and the working environment for non-regular employment itself is also a crucial issue. For the time being, based on the premise of the approach taken in the Part-time Workers' Act, it would be desirable for this to be applied not only to part-time workers, but also to full-time non-regular employees (such as *keiyaku-shain*, etc.)

(4) Stable employment amid major economic fluctuations

Ensuring the stability of employment for not only regular employees but also non-regular employees during times of major economic fluctuations, such as those resulting from the recent global financial crisis, is a crucial challenge.

The foregoing outlines some interim policy tasks thought to be particularly important, but a more basic issue could be said to be developing the awareness that the era when non-regular employment was called "peripheral workforce" is a thing of the past, and that today, non-regular employment is one of the primary, fundamental ways of working during a person's working life.

2. Medium- to Long-term Policy Tasks (Targets)...Achieving a "Society with Diverse Employment"

As people become able to work under proper employment conditions and in working environments, irrespective of whether they are regular or non-regular employees, while responding to the requirements of the economy and undertaking career development tailored to each of them, the

prospect of achieving a labor society that could be described as "a society with diverse employment" comes into view, and this is the medium- to long-term target (and slogan).

The following are examples of the strata that should coexist in a society with diverse employment. The respective ways of working would primarily be based on the long-term career needs of working people, and on occasional employment needs. Moreover, various intermediate forms would probably exist between each of the following.

- ① The stratum of those who are hard workers but who take long consecutive periods of leave, as they should.
- ② The stratum of those who work and leave the office mostly on time and share the housework.
- ③ The stratum of those who are primarily focused on housework and who are in part-time employment.
- ④ The stratum of those who are partially taking time away from work, as they are focused on skills development at a turning point in their careers.
- ⑤ The stratum of those engaging in work that is possible for them, appropriate to their abilities and physical strength.

This kind of society with diverse employment would be supported by various employment and labor systems. To put it another way, putting in place the following systems would lead to the foundations of a society with diverse employment being formed.

- ① A labor supply and demand matching system that supports changes of occupation in accordance with people's career vision.
- ② A skills development system and social evaluation system that supports people's career vision.
- ③ A system of "equal pay for equal work" in accordance with wage principles appropriate to Japanese corporate and labor practices.
- ④ A work rule system suited to diverse employment.
- ⑤ The avoidance of unnecessary employment fluctuations resulting from economic fluctuations.

3. Conclusion

In regard to policy tasks pertaining to non-regular employment and points of contention concerning the

approach to responses to these, as well as interim tasks, the section above touched upon the medium- to long-term vision (=a society with diverse employment), while also incorporating the author's ideals.

Having said that, from an economic and social viewpoint, dealing with the current state of affairs as a matter of urgency is imperative. Almost 20 years have passed since the collapse of the economic bubble in the early 1990s and the subsequent plunge into a harsh employment situation. The first of those

who were the younger generation at the time - those who left education and were unable to obtain regular posts, so began their lives as members of society in non-regular employment and have been unable to transition to regular employment during their working lives to date - are just entering their 40s. Devoting intensive efforts to promote specific measures aimed at achieving transition to regular employee status for as many of this stratum as possible, or securing work based on stable non-regular employment, is a pressing issue.

IV-1

Shrinking of Trade Unions and Need for a New Collective Influential Voice System in Japan

1. Problems (Dysfunction of Trade union)

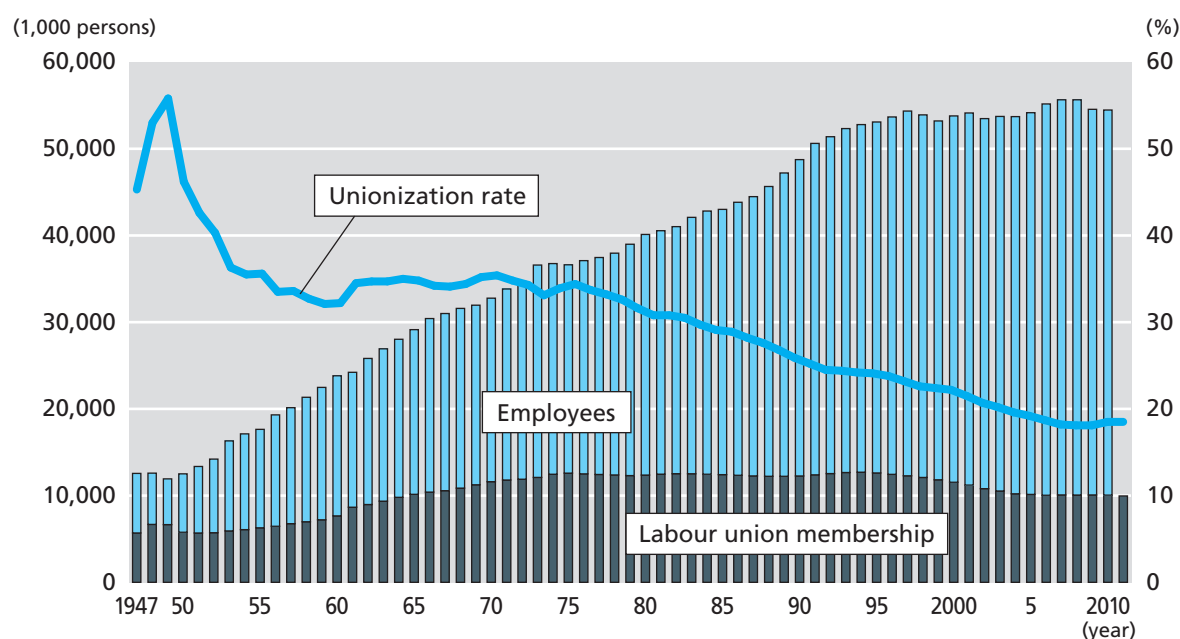
The labor legislation in developed countries faces a number of issues in the huge, universal trend of post-industrialization and economic globalization. One of the most significant issues is the decrease in the function of trade unions. In most of developed countries, the organization rate has consistently declined and such trend has caused the dysfunction of its traditional system for determining working conditions that worker protection laws stipulate minimum labor standards and working conditions that are more favorable than these standards are fixed by collective bargaining.

The power of trade unions in Japan has also

remarkably weakened. IV-1 shows the long-term trends of estimated organization rate and number of union members researched by the Ministry of Health, Labour and Welfare. After peaking at 55.8% in 1949, the organization rate continued to decline until falling below 20% in 2003. It decreased further to 18.1% in 2008, and remaining at 18.5% currently. Not only the organization rate but the number of union members is also experiencing an ongoing decline after reaching a peak of 12.70 million in 1994. It was finally 9.96 million in 2011—falling below the 10 million members even though it is affected by the Great East Japan Earthquake.

Approximately 90% of Japanese trade unions are organized by enterprise-based,¹ unlike those organized by industry as often seen in Europe and the

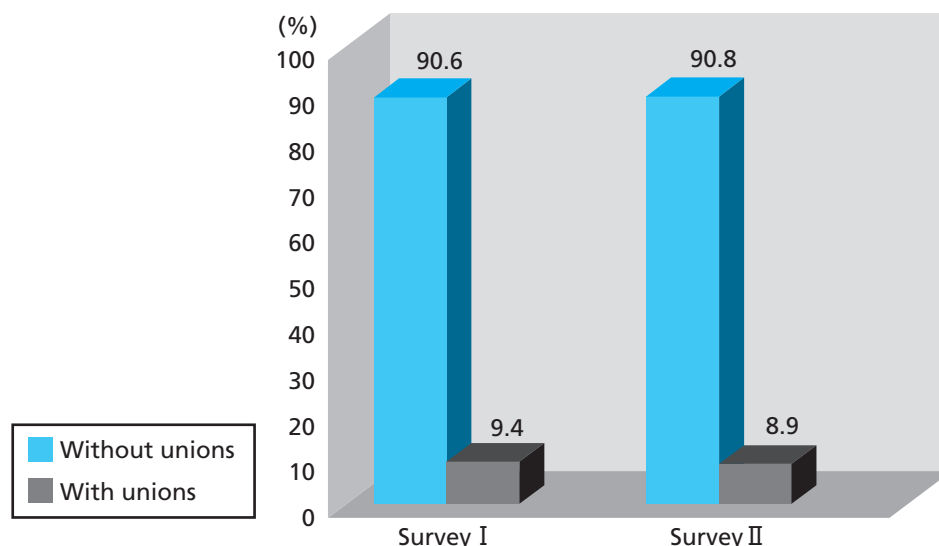
IV-1 Changes in the Estimated Organization Rate and Number of Union Members



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Trade Unions*

1 In terms of organizing trade unions, Japanese Trade union Act takes the stance of free establishment, allowing workers to set up trade unions at their discretion without requiring any permission or application. However, the Trade union Act requires a trade union to meet certain criteria so that it can be recognized as a legitimate body under the said law, and to have specific qualifications in order to be eligible to participate in the procedures provided in the Law and to be granted solutions.

IV-2 Existence or Absence of Trade Unions at Private Enterprises (with 10 or More Employees)



Source: Survey I : JILPT 2005, *Survey on the Framework of Employee Relations, Employment and Retirement*
 Survey II : JILPT 2005, *Survey on the Establishment and Modification of Working Conditions and Human Resources*

U.S. According to the “Basic Survey on Trade unions” conducted by the Ministry of Labour in 1997, among Japanese trade unions, 95.8% were enterprise union and 85.9% of union members belong to ones established within the corporations where they are hired. IV-2 is the result of survey in 2004, showing the ratio of the enterprises where trade union exists and the ratio of the enterprises where trade union does not exist. According to it, less than 10% of enterprises with 10 or more workers have a trade union, leaving more than 90% without any such institution.

Based on the overall tendency of decrease in organization rates, I have already pointed out the deterioration of the function of collective bargaining for improving working conditions. Moreover, it is revealed that this system is not functioning properly, as shown by the fact that more than 90% among enterprises with 10 or more employees do not have a trade union.

It is important for determining working conditions to secure a mechanism for labor-management negotiations on a practically equal footing by

complementing bargaining strength as well as properly determining workers’ opinions. In a slow-growth economy, in order to respond toward diversification of employment patterns and diversity and complexity of enterprises and workers, especially in Japan, the collective influential voice system is expected to have the following functions as well as the function that realizes more favorable working conditions than minimum labor standards stipulated by worker protection laws. To face the reality that more than 90% among enterprises have no trade union, it is an extremely important issue how to reflect opinions from employees for determining working conditions in enterprises without trade union.

A.Reflection of opinions from employees against disadvantageous modification of working conditions

In the era of high economic growth, the main issue was to improve working conditions as much as possible. When entering the era of low economic growth, the main issue is shifted to disadvantageous

modification of working conditions. Therefore, the collective system for determining working conditions is playing the role of not only improving working conditions but also setting unified working conditions through the coordination of advantages and disadvantages. In most cases, working conditions are collectively modified through changes in working regulations in Japan. According to Supreme Court's precedents, whether disadvantageous modification of work rules is right or wrong shall be determined based on rationality and process of negotiations with trade union shall be one of criteria for the rationality to be determined in a comprehensive manner.

B. Realization of regulations reflecting diversity and complexity of enterprises, workers, etc.

The realization of regulations reflecting diversity and complexity of enterprises, workers, etc., unlike conventional uniform regulations, becomes necessary. The deviation from legislation that requires labor-management agreements with majority representatives and decisions made in labor-management committees is expanding. This concept is to approve the deviation from nationally-established labor standards and take its procedure based on not individual agreements but collective agreements. Such requests are expected to continue to expand.

C. Response towards diversification of employment patterns

It becomes necessary to determine working conditions that respond to the increase in part-time workers and diverse workers. Effective responses depending on circumstances of workplaces are expected by reflecting diverse workers' voices through collective influential voice systems.

2. Direction of Developing/Strengthening Workers' Collective Influential Voice System

As above, the need for developing/strengthening workers' collective influential voice system in workplaces is increasing. There are three major

fundamental directions for review of labor-management relations laws towards the realization of its system: (1) maintenance of the existing system, (2) strengthening/regeneration of trade unions, and (3) development/strengthening of workers' collective influential voice systems that are different from existing trade unions.

The concept of above (1) is to expect trade unions to make efforts within the framework of existing labor-management relations laws without any fundamental modification. For instance, trade union activities are protected by the system to deter unfair labor practices and trade unions can expand their power of influence by the extended application system of collective agreements even under the existing laws. At the most fundamental level, it is guaranteed that trade unions go on strike to assert their opinions against employers. In fact, trade unions have already had legal rights so they can realize to extend their influence by their own effort under the existing laws.

The concept of above (2) is to expand policies for support of trade unions or amend the existing labor-management relations laws to regain their power and strengthen their functions.

The concept of above (3) is to develop/strengthen workers' collective influential voice systems that are different from existing trade unions by law. Note that while the system of collectively determining working conditions is shrinking, the number of workers' collective influential voice systems that are different from existing trade unions is increasing.

It is preferable that trade unions that have rights of organization, collective bargaining and collective activities work positively to maintain and improve working conditions. There is a huge expectation for regaining the power of trade unions. However, to face the reality that the organization rate shows the long-term trends of decline without showing any sign of rapid recovery and especially more than 90% of enterprises have no trade union, we must say that it becomes important for determining working conditions to secure a mechanism for labor-management negotiations on a practically equal footing by complementing bargaining strength as well as properly determining labor opinion with

development/strengthening of systems that are different from existing trade unions even for enterprises where trade union does not exist.

In this paper, therefore, I expect trade unions to regain their power and also make a detailed analysis of organizations and activities of trade unions based on the existing survey to examine the realities of above (1) and (2). On that basis, I will seek which is the most realistic among above three methods.

3. Realities of Trade Unions' Organization, Activities, Etc.

A. Actual situation of organization

i. Comparison between private enterprises and public sectors

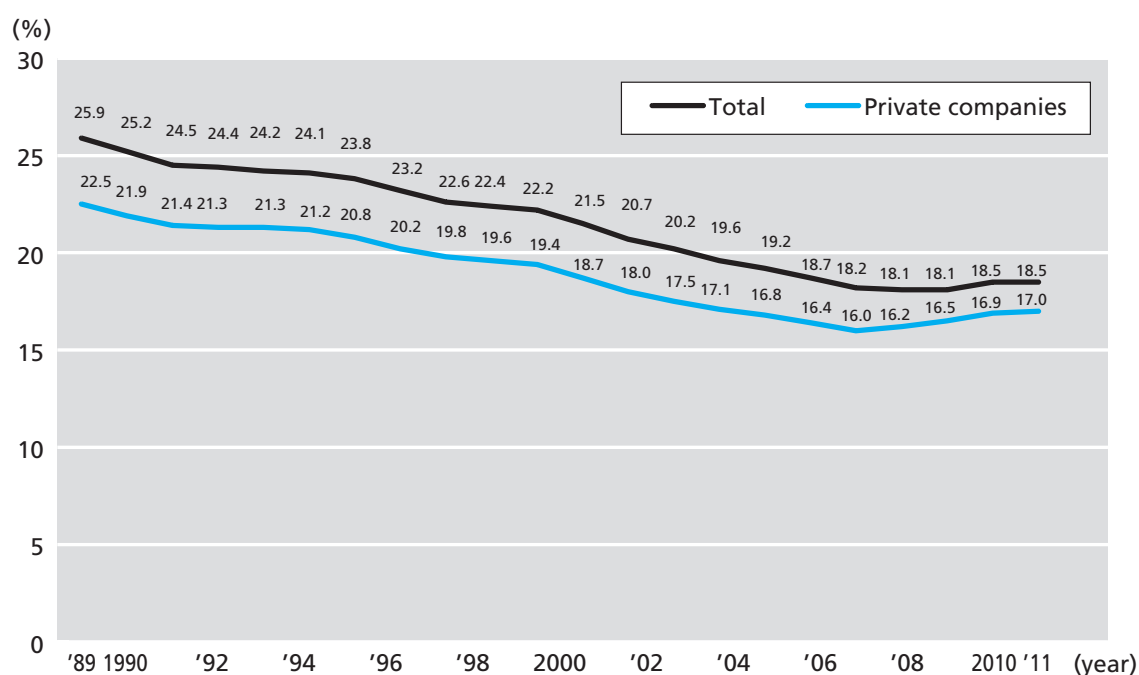
Private enterprises and public sectors do not share the same level of organization rate. IV-3 shows shifts in the estimated rate both among all types of organizations and among private enterprises. It is obvious that the line indicating the rates among private enterprises always runs below the total line.

This is because that the rates among public sectors are generally high. In 2010, for example, public sectors had a organization rate of 31.8%, while that among private enterprises was 17.0%. Values of private enterprises tell that this is a matter of concern.

ii. Situations by enterprise size (private sectors)

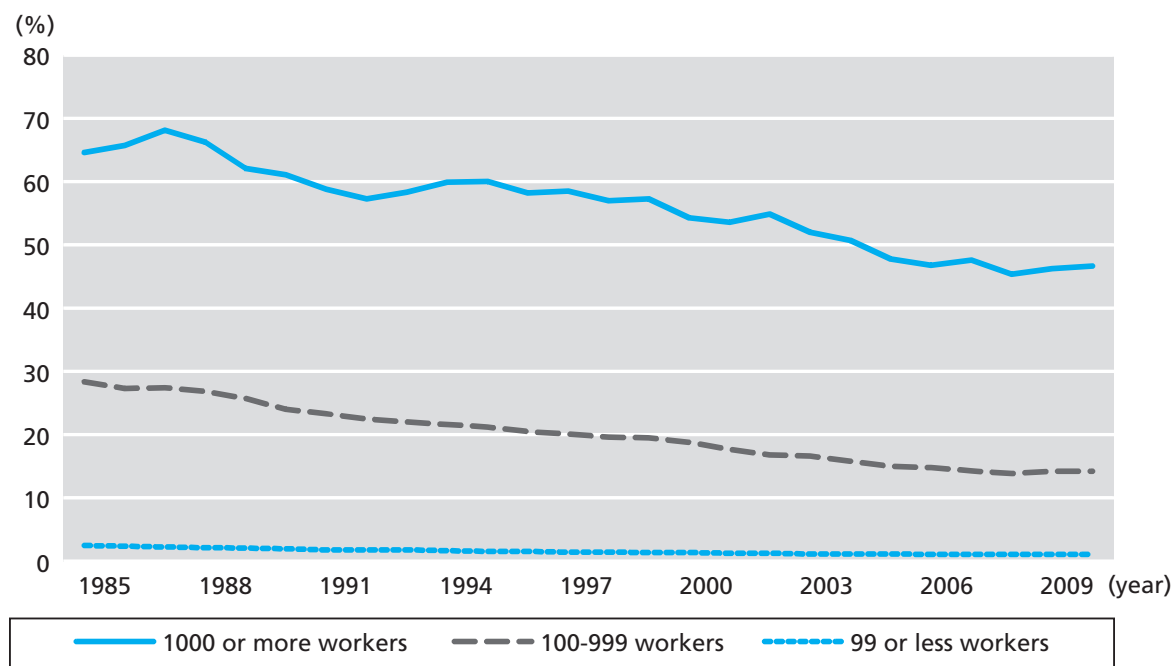
IV-4 indicates shifts in the estimated organization rate, and IV-5 shows those in the estimated number of union members, both among private enterprises by corporate size. The organization rate is high among large-sized enterprises, and low in small-sized enterprises. In 2010, it was 46.6% among enterprises with 1,000 or more employees, 14.2% among those with 100 or more but less than 1,000, and as low as 1.1% among those with 99 or less. Similarly, the number of union member drops as the enterprise size grows smaller. It is apparent that situations regarding trade union organization vary significantly depending on the size of the corporation.

IV-3 Shifts in the Estimated Organization Rate (Total and among Private Enterprises)



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Trade Unions*

IV-4 Shifts in the Organization Rate by Enterprise Size (among Private Enterprise)



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Trade Unions*

IV-5 Shifts in the Number of Trade Union Members by Enterprise Size (among Private Enterprises)



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Trade Unions*

iii. Organization of non-regular workers

○ Organization of part-time workers

The number of part-time workers union members is 726,000 in 2010, a 3.9-time increase in 15 years from 184,000 in 1995. The percentage of part-time union members has increased from 1.5% to 7.3% in 15 years. The estimated organization rate of part-time workers has also increased from 2.1% to 5.6% in 15 years. However, those percentages are much lower than whole estimated organization rate.

○ Organization of dispatched workers

In recent years, easing of for worker dispatch services such as expansion of permitted jobs have been repeated and the number of temporary workers has been increasing, but the organization of them is also slow.

According to the Ministry of Health, Labour and Welfare “Questionnaire Survey on Labor Placement System” in 2005, 60% among temporary workers are unionized where temporary agencies have trade unions, but many of them have no trade union and the percentage of all unionized temporary workers in such case is only 5.9%. The organization rate of temporary workers in user enterprises which have trade unions is also only 1.7% and the percentage of

all unionized temporary workers in such case is only 0.8%. The percentage of temporary workers who join other trade unions is 1.6%. By simple arithmetic, the percentage of temporary workers who join any trade unions is 8.3% (see IV-6).

In addition, IV-6 shows that one-quarter temporary workers said they “don’t know” if trade unions exist.

○ Organization at enterprise level

Organization rates obtained by “Basic Survey on Trade Unions” are calculated by the number of union members divided by the number of employees based on “Survey on Workforce” at workers level.

According to survey on organization rates at enterprise level by JILPT in 2004, less than 10% of enterprises with 10 or more workers have trade unions. According to enterprise size, more than 70% of enterprises with more than 1,000 workers have trade unions, but the smaller an enterprise is, the lower its percentage becomes. Only about 5% of enterprises with 10 to 49 workers have trade unions (see IV-7).

IV-6 Situation of Organizing Dispatched Workers

(number of persons, %)

	Total	Do temporary agencies have trade unions?			Do user enterprises have trade unions?			Other union members
		Yes (members)	No	Don't know	Yes (members)	No	Don't know	
Total	2,908	280 (173)	1,817	77	1,351(23)	706	748	(45)
%	100	9.6 (5.9)[61.8]	62.5	25.7	46.5 (0.8)[1.7]	24.3	25.7	(1.6)
Women	1,672	146 (93)	894	598	677 (10)	419	523	(25)
%	100	8.7 (5.6)[63.7]	53.5	35.8	40.5 (0.6)[1.5]	25.1	31.3	(1.5)
Men	1,229	134 (80)	922	148	673 (13)	287	223	(20)
%	100	10.9(6.5)[59.7]	75.0	12.0	54.8 (1.1)[1.9]	23.4	18.1	(1.6)
Registered workers	1,154	108 (62)	551	476	427 (8)	296	399	(17)
%	100	9.4 (5.4)[57.4]	47.8	41.3	37.0 (0.7)[1.9]	25.7	34.6	(1.5)
Regular employees	1,698	167 (106)	1,240	23	902 (14)	396	337	(27)
%	100	9.8 (6.2)[63.5]	73.0	14.9	53.1 (0.8)[1.6]	23.3	19.9	(1.6)

Source: Ministry of Health, Labour and Welfare, *Questionnaire Survey on Labour Placement System*, 2005

IV-7 Existence of Trade Unions at Enterprise Level

(%)

		Exist		None	
		I	II	I	II
Size of enterprise		9.4	8.9	90.6	90.8
Number of employees	10 to 49 employees	5.6	4.4	94.4	95.2
	50 to 99 employees	14.8	16.3	85.2	83.6
	100 to 299 employees	29.4	33.0	70.2	66.7
	300 to 999 employees	46.6	46.2	53.0	53.4
	1000 or more employees	73.5	73.6	26.3	26.2

Source: Survey I and II by JILPT

IV-8 Number of Trade Unions in a Enterprise

(%)

One	Two or more	Non-response
88.4	5.1	6.5
94.5	4.8	0.7

Source: Survey I and II by JILPT

IV-9 Existence of Trade Unions Organizing Majority of Employees

(%)

Exist	None	Don't know	Non-response
70.3	20.2	2.7	6.8
75.1	15.0	0.5	9.3

Source: Survey I and II by JILPT

IV-10 Establishments Unionizing Majority of Employees in One Trade Union

(%)

All establishments	Many establishments	Few establishments	None	Don't know	Non-response
54.9	7.2	6.0	14.9	4.1	12.9
50.2	8.1	4.2	14.6	0.5	22.4

Source: Survey I and II by JILPT

In addition, according to survey carried out by JILPT in 2006, only 1% among enterprises with 1 to 9 workers have trade unions. This tells us that there are very few trade unions in such size of enterprises.

According to Survey I and II by JILPT in 2004, 90% among enterprises that have trade unions said one enterprise has one trade union. 70% among enterprises that have trade unions said their trade unions organize majority of employees. About 60% among enterprises said “all establishments” or “many establishments” have one trade union organizing majority of employees (see IV-8 to IV-10).

As above, it is clear that there is no trade union in

most of small and medium-sized enterprises and especially micro enterprises. Those enterprises in which laws on the system for determining working conditions based on the existence of trade unions such as collective agreements between employers and trade unions and labor-management agreements with trade unions organizing majority of employees can be applicable to are extremely rare.

B. Realities of Activities

i. Situation of organization activities

○ Scope of union members

IV-11 shows organization rates of trade unions in

IV-11 Ratio of Trade Unions by Organization Rate

(%)

	Less than 10%	10 to 30%	30 to 50%	50 to 70%	70 to 90%	90% or higher	Less than 50%	50% or more	With other unions	With union shops
1993	1.1	4.4	10.0	21.6	29.9	32.9	15.5	84.4	16.6	61.0
1998	1.2	5.3	9.7	22.6	31.0	30.2	16.2	83.8	13.9	58.7
2003	2.4	5.6	12.7	22.7	26.4	30.2	20.7	79.3	10.8	63.4
2008	0.8	6.8	16.2	34.3	26.1	15.7	23.8	76.1	8.3	49.4

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions Activities*, every year

Notes: 1) Ratio of union members from all workers in establishments (in case of per unit union, all enterprises). "Less than 50%" and "50% or more" are obtained by simple calculation.

2) "With other unions" is in the case that there is another independent trade union unionizing workers in the same establishment.

establishments. While trade unions with an organization rate of 90% or more previously accounted for the highest proportion, the proportion fell as the unionization rate declined. In other words, a characteristic of Japan was the fact that although the proportion of establishments in which a trade union had been organized was low, the unionization rate in establishments where they had been organized was high. However, according to the most recent data available, for 2008, the most common are establishments with a unionization rate of 50-70%, followed in descending order by those with rates of 70-90%, 30-50%, and more than 90%, so one can see that it is no longer necessarily the case that the unionization rate is high even if a trade union exists. The reasons behind this are likely to be the increase in the number of non-regular workers, who have a low unionization rate, as well as the decline in the proportion of establishments with union shop agreements.

IV-12 shows the scope of union members other than regular employees. It tells us that there are few trade unions which regard non-regular employees such as part-time workers and fixed-term workers as targets for organization, and there are very few actual union members of such non-regular employees. For instance, 83% or more among trade unions whose establishments have part-time workers do not give part-time workers their union membership. Furthermore, though about 17% among trade unions give part-time workers their union membership, only

10% among those have actual union members of part-time workers. For dispatched workers, subcontract workers, etc. who have no employment relationship with employers of such establishments, the percentages are less, and less than 1% among trade unions have actual union members of those workers.

There are very few trade unions "making efforts to unionize" such non-regular employees. Less than 10% among trade unions whose establishments have part-time workers make efforts to unionize part-time workers. Overwhelming majority of trade unions "do not make any effort for organization." The reality is 72.3% among trade unions whose establishments have part-timer workers do not make any effort for organization.

IV-13 shows if expansion of organization is considered as a priority issue (multiple answers). 29.6% among trade unions are dealing with the expansion of organization as a priority issue during the number of union members is decreasing. Many of trade unions regard regular employees as a target for expansion of organization: "New graduate/mid-career regular employees" (54.4%) and "Existing unorganized regular employees" (50.5%). On the contrary, the ratio of trade unions which regard non-regular employees as a target for expansion of organization is low; 31.8% and 27.6% among trade unions regard part-time workers and dispatched workers as targets for expansion of organization respectively.

IV-12 Situation of Organization by Types of Workers

(%)

	(There are applicable workers)							
		Qualified to join		Not qualified to join	Multiple answers			
			There are actual union members		Granting membership as associate members	Making efforts to organize	Collaboration with organizations in which applicable workers join	Not making any effort for organization
Managers/specialists	(65.7)	35.9	28.2	64.1	0.3	1.8	0.5	61.4
Part-time workers	(61.8)	23.0	17.4	77.0	1.4	8.5	0.7	66.4
Fixed-term workers	(51.3)	23.3	15.0	76.7	1.5	5.5	0.3	69.4
Senior fixed-term workers	(69.1)	30.0	22.5	70.0	2.4	6.2	0.6	60.8
casual workers	(41.4)	11.2	7.2	88.8	0.8	4.5	0.2	83.3
Retired workers (no employment relationship)	(43.7)	13.2	10.3	86.8	1.3	2.4	1.5	81.7
Workers transferred to another enterprises	(47.7)	84.5	62.6	15.5	0.5	0.2	1.3	13.6
Workers transferred from another enterprises	(36.2)	16.5	10.9	83.5	0.0	0.9	3.5	69.0
Dispatched workers	(54.0)	3.1	1.5	96.9	-	2.7	0.4	93.9
Subcontract workers	(29.1)	2.7	1.7	97.3	-	1.2	3.5	92.6
Foreign workers	(20.4)	21.2	13.6	78.8	-	0.3	-	78.5

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions Activities*, 2008

Note: Values without parentheses are percentages with a score of 100 representing applicable workers.

IV-13 Expansion of Organization as a Priority Issue

(%)

Dealing with it as a priority issue		Not dealing with it as a priority issue		Unknown
29.6		68.4		2.0
↓		↓		
Target for expansion of organization		Reason for not dealing with it as a priority issue		
(Multiple answers, %)		(Multiple answers, %)		
Existing unorganized regular employees	New graduate/mid-career regular employees	Part-time workers	Contract workers	Already organized
50.5	54.4	31.8	27.6	51.2
				Low chances of expansion
				28.9
				No money or personnel for organization
				19.1
				There are other priority issues
				21.4

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions*, 2008

68.4% among trade unions are not dealing with expansion of organization as a priority issue. The reasons for not dealing with it as a priority issue are: "Already organized" (51.2%) and "Low chance of expansion" (28.9%), etc.

In the same way, from the Ministry of Health, Labour and Welfare's "Survey on Trade Union Activities" (2010), one can see that initiatives by trade unions to unionize non-regular workers in the workplace certainly cannot be deemed to be adequate.

There are not so many trade unions making some efforts for these workers. Even if trade unions make some efforts for those workers, majority of them do not deal with strengthening of the organization. For

example, even if there are part-time workers and full-time non-regular workers in a workplace, only about half of all trade unions conduct initiatives relating to such workers (IV-14); of these, only 20% or more conduct activities relating to the unionization of full-time non-regular workers, while barely 4% of them extend these activities to dispatched workers (IV-15). Though the necessity of unionizing non-regular employees has been pointed out in recent years, this situation has never changed even in 2010.

As above stated, Japan's trade unions are centered on regular employees, increase and decrease in the number of regular employees are directly connected to increase and decrease in the number of union members, and the expansion of organization is

IV-14 Presence or Absence of Non-regular Workers/ Union Members

(%)

	There are applicable workers					No applicable worker
	Qualified to join?			Making efforts for applicable workers		
	Yes & has such members	Yes, but has no such members	No			
Part-time workers	68.4	(24.3)	(7.0)	(68.7)	(47.1)	31.6
Full-time non-regular workers	68.9	(26.0)	(7.1)	(66.9)	(50.3)	31.0
Dispatched workers	64.6	(1.9)	(5.1)	(93.0)	(23.9)	35.4

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions Activities*, 2010

Note: Values in parentheses are percentages with a score of 100 representing applicable workers.

IV-15 Ratio of Trade Unions by Contents of Efforts for Non-regular Workers

(multiple answers, %)

	Creation of consultation services, check of realities by questionnaire, etc.	Holding of meetings/ study meetings on non-regular workers	Granting qualification for union members	Soliciting activities relating to the unionization	Demands for improvement of working conditions/ benefits	Collaboration with organizations in which non-regular workers join	Supporting for reemployment (after dispatching period)	Labor-management consultations on employment of non-regular workers	Others
Part-time workers	20.4	11.9	2.6	13.6	30.5	1.9	4.1	19.3	4.0
Full-time non-regular workers	20.6	13.4	2.6	17.8	30.3	3.6	5.3	23.3	5.2
Dispatched workers	7.4	2.2	1.9	2.2	6.9	1.6	1.2	9.8	2.8

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions Activities*, 2010

mainly for regular employees. In these circumstances, some trade unions are making efforts for organization of increasing part-time workers, etc., but large majority of trade unions are not forward enough to unionize them.

ii. Relationship with union shop agreements

○ Situation of concluded union shop agreements

Let's see trade unions' effort for organization from the viewpoint of concluded union shop agreements.

IV-16 shows the situation of concluded union shop agreements. The ratio of unions with union shop agreements is 60.9%. The ratio is especially high among large-sized enterprises; for instance, 71.1% among enterprises with 5,000 or more workers and 73.7% among those with 1,000 to 4,999 employees. As a matter of course, the higher the organization rate, the higher the conclusion ratio of union shop

agreements becomes.

According to the *Survey on Trader Unions* in 1993, the most common reason for organization of workers was "due to union shop agreements" (76.1%). It clearly tells us that workers are not unionized by independent decision.

○ Situation of efforts for organization

IV-17 to IV-19 show changes in the number of union members with or no union shop agreements. More of trade unions "with union shop agreements" answered "Increased" and "No change" and fewer those answered "Decreased" compared with those with "no union shop agreement". The most striking difference in reasons for increases in the number of union members can be seen among trade unions that responded that they "Have union-shop agreements", with few reporting that "Existing unorganized regular employees" had joined, while many of them reported

IV-16 Situation of Concluding Union Shop Agreements

(%)

[By size of enterprise]

	With agreement	No agreement
Total	60.9	39.1
5000 or more employees	71.1	28.9
1000 to 4999 employees	73.7	26.3
500 to 999 employees	71.4	28.6
300 to 499 employees	61.3	38.7
100 to 299 employees	50.3	49.9
30 to 99 employees	38.8	61.2

(%)

[By organization rate]

	With agreement	No agreement
90% or higher	72.5	27.5
70 to 90%	70.1	29.9
50 to 70%	53.1	46.9
30 to 50%	46.2	53.8
10 to 30%	40.4	59.6
Lower than 10%	60.7	39.3

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions*, 2008

IV-17 Changes in the Number of Union Members

(%)

	Increased	No change	Decreased	Unknown
Total	30.1	22.2	47.1	0.7
With agreement	33.9	23.0	42.5	0.6
No agreement	24.2	20.7	54.3	0.6

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions*, 2008

Note: "Total" means total of unit trade union, "With agreement" means trade unions with union shop agreements, and "No agreement" means trade unions with no union shop agreement.

IV-18 Reasons for Increase in the Number of Union Members

(multiple answers, %)

	Organization of new graduate/ mid-career workers	Organization of existing regular employees	Organization of non-regular employees	Workers' increase by enterprise integration, etc.	Others
Total	74.4	10.9	14.0	11.4	6.4
With agreement	72.2	8.0	14.5	13.8	6.3
No agreement	79.2	17.3	12.9	6.1	6.6

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions*, 2008

IV-19 Reasons for Decrease in the Number of Union Members

(multiple answers, %)

	Stoppage of recruitment of regular employees	Non-organization of new graduate/ mid-career regular employees	Existing workers' leaving trade unions	Retirement of union members			Decreased the number of workers due to corporate breakup	Others
				Mandatory retirement	Voluntary retirement	Involuntary retirement		
Total	51.9	5.7	16.9	65.4	50.9	10.9	6.5	8.8
With agreement	52.3	0.3	7.8	68.8	54.5	13.7	9.0	10.7
No agreement	51.4	12.2	28.0	61.2	46.6	7.5	3.4	6.5

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions*, 2008

an "Increase in workers due to enterprise integration, etc". On the contrary, as for distinctive difference of reasons for decrease in the number of union members, more of those trade unions have union shop agreements answered "Union members retired" and fewer of those answered "Non-organization of new graduate/mid-career regular employees" and "Existing workers' leaving trade unions".

iii. Relation with diversification in forms of employment

○ Diversification in forms of employment

In a reflection of structural changes of the economy and employment and diversification of values among the people, employment patterns and working patterns have changed and people working in very diverse ways other than regular employment such as part-time work and temporary work are increasing.

According to the Ministry of Internal Affairs and Communications "Labour Force Survey (Detailed Tabulation) in January to March 2012, the numbers of regular employees and non-regular employees were 33.34 million (64.9%) and 18.05 million (35.1%) respectively out of the 51.4 million employees except board members. The ratio of non-regular employees increased more than 10 points compared with 10 years ago. 12.5 million part-time workers accounted for 69.2% of these non-regular employees (24.3% of all employees).

According to the Ministry of Health, Labour and Welfare "General Survey on Diversified Types of Employment," the ratio of non-regular employees was on the increase (22.8% in 1994, 27.5% in 1999, 34.6% in 2003, 37.8% in 2007, and 38.7% in 2010), and the ratio of part-time workers, majority of non-regular employees, was 22.9% in 2010.

○ Situation of organizing non-regular employees

As above, trade unions whose establishments have non-regular employees such as part-time workers, dispatched workers are not necessarily to have an incentive to unionize these workers. According to the Ministry of Health, Labour and Welfare “Survey on Trade union” in 2008, trade unions dealing with expansion of organization as a priority issue were asked issues in unionizing regular workers or non-regular workers.

IV-20 shows the answers about issues in unionizing regular employees from such trade unions: “Labor side has little interest in trade unions” (66.2%), “Labor side has no time for organization” (34.3%), etc. On the other hand, issues in unionizing non-regular employees were “Labor side has little interest in trade unions” (49.9%), “Consolidation is difficult due to unconventional contents of demands” (28.2%), and “It is difficult to set/collect union fees” (22.4%). That is, in case of unionizing non-regular employees, issues are mainly caused by differences with organization of regular employees. Trade unions look bewildered by organization of non-regular workers.

Non-regular employees such as part-time workers and fixed-term contract workers have been essential both qualitatively and quantitatively in workplaces and trade unions cannot ignore them. If trade unions would not deal with organization of non-regular employees, they may not be regarded as representatives of workers. It is an important issue for trade unions to

unionize non-regular employees.

C. Situation of collective labor-management disputes, etc.

i. Changes in the number of labor disputes

Labor disputes, which are collective disputes between labor and management, peaked at 10,462 in 1974, after which they basically demonstrated a downward trend, despite a brief rise at the beginning of the 1980s; from 1991 onwards, they remained broadly around the 1,000 mark, but have fallen to around the 600 mark in recent years, with 682 such disputes being recorded in 2010 and 612 in 2011 (IV-21).

Among labor disputes, the number of disputes without industrial action (third-parties such as the Labor Relations Commission were involved for solution without industrial action) fluctuates nearly from 300 to over 800. It reached over 300 in the early 1990s, but in recent years, the figure has been around the 500-600 mark. On the contrary, the number of labor disputes with industrial actions such as strikes is, as same as total number of labor disputes, basically on a declining trend after peaking in 1974, 9,581, despite the increase in the early 1980s. It declined to less than 1,000 in 1991 and less than 500 in 1999, falling below the 100 mark to 92 in 2009, and reached 57 in 2011. The number of work-days lost to strikes, etc. was nearly 10 million days in 1974, but sharply decreased after that, falling to less than 1 million days in 1980, less than 100,000 in the 1990s and there were even years during the 2000s

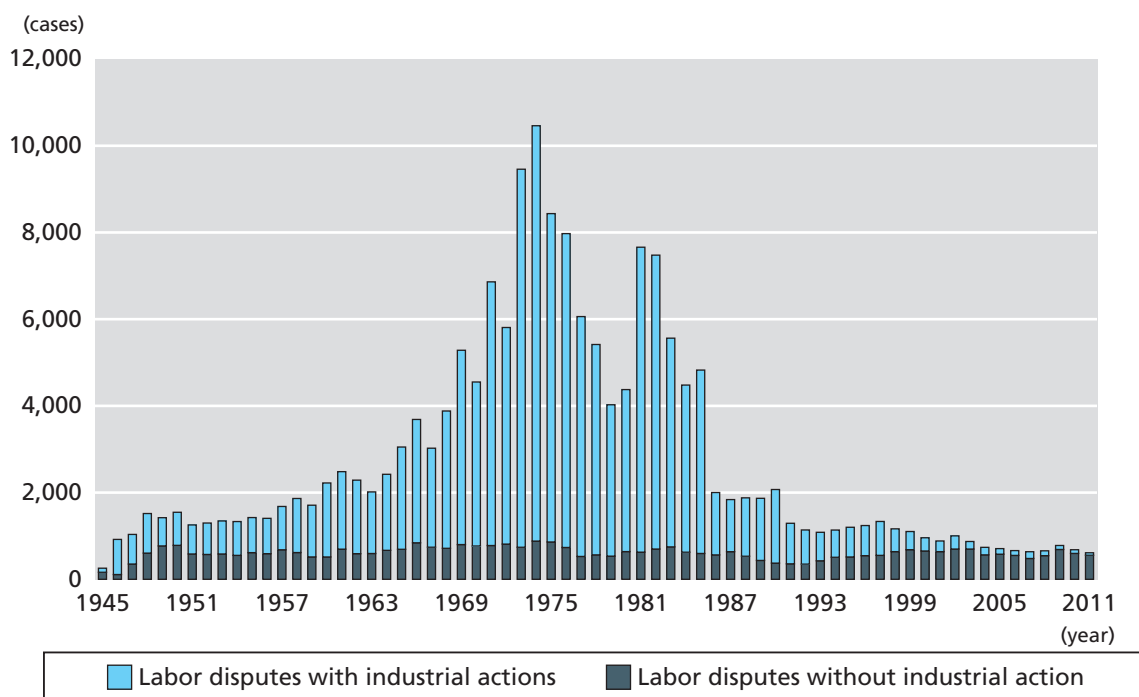
IV-20 Issues in Organizing Employees

(multiple answers, %)

	Workers have little interest in trade unions	Workers have no time	Trade union side has no personnel or money for organization	Consolidation is difficult due to unconventional contents of demands	It is difficult to set/collect union fees	Others	No problem	Unknown
Regular employees	66.2	34.3	33.7	13.2	14.8	15.9	14.3	26.1
Part-time Workers, etc.	49.9	27.5	25.8	28.2	22.4	25.9	7.4	36.9

Source: Ministry of Health, Labour and Welfare, *Survey on Trade Unions*, 2008

IV-21 Changes in the Number of Labor Disputes



Source: Ministry of Health, Labour and Welfare, *Survey on Labour Disputes*, editions for each year

when it fell below 10,000 days, and the figure was 4,378 in 2011.

ii. Changes in the number of cases handled by the Labor Relations Commission

In conjunction with the number of labor disputes, the number of adjusting labor disputes has also decreased.² The number of newly adjusted labor disputes was approximately more than 1,000 in 1970s. It became 2,249 in 1974, less than 1,000 in 1979, reduced to over 300 in the early 1990s but fluctuated from 500 to over 600 after that and was 543 in 2011.

The number of new requests to deter unfair labor practices³ to the Labor Relations Commission

reduced to over 500 after peaking in 1970s, over 900, except two years, 1970 and 1983, that were outstanding due to collective requests for public-sector-related cases. It became less than 300 in the early 1990s, fluctuated approximately over 300 in the past 10 years and was 376 in 2011.

iii. Increase in individual disputes

In contrast to decrease in the collective labor disputes combined with decline in the organization rate, the number of individual disputes between workers and enterprises are increasing (IV-22, IV-23).

The number of consultations received at the comprehensive labor consultation corner opened by the Ministry of Health, Labour and Welfare as a

2 Labor disputes are adjusted by the Prefectural Labor Relations Commissions and the Central Labour Relations Commission. Labor Relations Commissions are tripartite institutions. Adjustment consists of mediation, conciliation and arbitration and most of adjustments are mediation.

3 Unfair labor practices are stipulated by the Trade union Act to protect the right of organization. Employers are prohibited from doing unfair treatment of union members, concluding any yellow-dog contract, rejecting collective negotiations and predominantly intervening trade unions. If the employer carries out any of these prohibited acts, the trade union may seek redress from the Labor Relations Commissions.

IV-22 Status of the Resolution of Individual Labor-related Disputes in the Labor Bureau

(cases)

	general labor consultations	individual civil labor dispute consultations	applications received for advice or guidance	applications received for conciliation
FY2001 (Second half)	251,545	41,284	714	764
FY2002	625,572	103,194	2,332	3,036
FY2003	734,257	140,822	4,377	5,352
FY2004	823,864	160,166	5,287	6,014
FY2005	907,869	176,429	6,369	6,888
FY2006	946,012	187,387	5,761	6,924
FY2007	997,237	197,904	6,652	7,146
FY2008	1,075,021	236,993	7,592	8,457
FY2009	1,141,006	247,302	7,778	7,821
FY2010	1,130,234	246,907	7,692	6,390
FY2011	1,109,454	256,343	9,590	6,510

Source: Ministry of Health, Labour and Welfare, *Status of the Resolution of Individual Labor-Related Disputes*, editions for each year

IV-23 Number of Petitions under Each Individual Labor-management Dispute Resolution System

(cases)

	Conciliation by the labor bureau	Conciliation by labor relations commission	Conciliation by bureau overseeing labor relations	Labor tribunals	Ordinary civil litigation concerning labor relations
FY2002	3,036	233			2,321
FY2003	5,352	291	1,370		2,433
FY2004	6,014	318	1,298		2,519
FY2005	6,888	294	1,215		2,446
FY2006	6,924	300	1,243	1,163	2,035
FY2007	7,146	375	1,144	1,563	2,246
FY2008	8,457	481	1,047	2,417	2,441
FY2009	7,821	503	1,085	3,531	3,218
FY2010	6,390	397	919	3,313	3,127
FY2011	6,510	393	909	3,721	3,170

Source: Compiled by the author from each organization's website etc.

support of consultations under the law concerning promotion of individual dispute settlement has increased; for instance, 625,572 in FY2002 to 1,109,454 in FY2011. Among those consultations, the number of civil individual disputes such as deteriorating working conditions and dismissal that do not violate the law of labor relations has also increased; for instance, 103,194 in FY2002 to

256,343 in FY2011. Moreover, in FY2011, the number of cases involving requests for advice or guidance by the director of the local labor bureau and the number of cases involving requests for conciliation by the dispute coordinating committee rose to 9,590 and 6,510, respectively.

On the other hand (and this is not necessarily restricted to lawsuits concerning individual labor-

management disputes), after the number of new cases of ordinary civil litigation concerning labor relations that were received by district courts nationwide crossed the 1,000 threshold to reach 1,307 in 1993, the figure remained at around the 1,500 mark for three years in succession before experiencing a further sustained increase from 1997 and then remaining at around the 2,000-3,000 mark during the 2000s.

D. Typical trade unions (Are trade unions promising?)

As above, it came to light that unions do not necessarily regard organization expansion as one of their major issues. This is despite the fact that the number of union members decreased due to, for instance, the managements' reluctance to hire regular employees, the ratio of union participants in the workplace fell.

The necessity of trade unions remains unchanged, and their positive effects cannot be denied. In the system of determining working conditions, they have played a significant role in obtaining better working conditions than minimum standards through collective bargaining with the management. Their roles cannot be overlooked. Rather, expectations are still high for trade unions in the system of determining working conditions, and it is desired that they restore and expand their power of influence and use their energy to improve working conditions for workers. Nonetheless, looking at their current activities, we must admit that it is difficult to foresee their influence being recovered any time soon. On the contrary, it can be easily imagined that the decline in the organization rate and decrease in the number of union members will be further exacerbated.

Given these circumstances, it is possible, both theoretically and from the viewpoint of labor movements, to consider reinforcement of trade unions by reviewing labor-management relations laws with the aim of preventing the organization rate and number of union members from falling. From what we can see in their actual situations, however, it would be difficult to achieve social consensus for such measures. The existing labor-management relations laws offer systems to help trade unions

expand their power of influence, by, for instance, protecting trade unions' right to organize with the system to deter unfair labor practices and by granting general binding effect to collective agreements. In this light, the question is rather how can trade unions themselves regain and enhance their presence by making the most of the already-established labor-management relations acts.

When the overall system of determining working conditions is under review, we must pay close attention to trade unions' realities, and not their idealistic theories. In other words, we should now realize that it is time for us to give serious consideration to a new system to enable workers' voices to be reflected which should have as much practical influence as trade unions even in the case where trade unions do not exist.

4. Expansion of Legislations Such as Majority Representative System, Labor-management Committee, Etc.

During decline in the organization rate of trade unions and decrease in the number of union members, there are systems which can be evaluated as workers' collective influential voice systems distinct from trade unions under the current legal system: the majority representative system and the labor-management committee system.

The majority representatives system stems from the original articles in the enactment of the Labor Standards Act in 1947. The Law obliged employers to conclude and report to the authority an agreement concerning overtime work and work on holidays with majority representatives, as well as to conduct hearings from the majority representatives of workers when work rules are newly set or modified. Afterwards, regarding this majority representative system, only some regulations were added in the 1952 revision of the Labor Standards Act⁴ and a few rules were newly established in other acts than the Labor Standards Act,⁵ until in 1987 when the Law was amended to introduce a flexible working hour system involving labor-management agreements with majority representatives of workers. Following this amendment, the legislation of the majority

representative system has expanded, and a new system called labor-management committee (and the Committee on Improvement of Working Time Arrangements) was legislated.

These systems bring legal effects that allow employers to depart from a certain legal labor standards under the agreement between labor and management. As such background of allowing labor standards more flexible, the uniform legal labor standards cannot easily conform to, for instance, specificity of industries, circumstances of individual corporations, and diversification of workers as well as forms of employment, and workers themselves should select the regulation of protecting workers. That is, these systems are one of the two major pillars of the system to determine working conditions on the role of legal minimum standards fixed by worker protection laws and also reflect workers' collective opinion to realize flexible working conditions that conform to circumstances of workplaces and workers. Some researchers express their opinions that the majority representative system is definitely positioned as one of employee representative systems and the initial labor-management committee is regarded as "a step to the employee representative system ahead of the majority representative system".

The recent such trend of legislative expansion seems as if it had a negative correlation with decline in the organization rate of trade unions and decrease in the number of union members. Given more than 90% of enterprises have no trade unions, the existence of these systems becomes much more significant.

The overview of lawmaking trend on the majority representative system and labor-management

committee are as follows:

(Legal system of working hours)

Recently, for the purpose of making regulations concerning working hours more flexible, a series of amendments of the Labour Standards Act have been enforced. More precisely, the variable scheduling working-hours averaging system over the span of either three months or one week, the flextime system, and the discretionary work system for specialized work and experts were introduced in 1987, under conditions of concluding labor-management agreements with a trade union organized by a majority of the workers at a workplace where such union exists or with a person representing a majority of the workers at a workplace where no such trade union exists". This has significance for realizing the introduction of a flexible working hour system that conforms to the circumstances of workplaces and workers to such workplaces, and brings legal effects that allow employers to depart from a certain legal labor standards, 8 hours a day and 40 hours a week, under the conclusion of labor-management agreement with the majority representative. In 1993, the applicable span of the working-hours averaging system was extended from three months to a maximum of one year, with a prerequisite of a labor-management agreement with a majority representative. Again, with the same prerequisite, the variable scheduling system over the span of one month was also the conclusion of labor-management with the majority representative approved in 1998.

In addition, the same year's amendment adopted the discretionary work system for management planning workers. It was decided that, upon introduction of this system, a unanimous decision

4 In 1952, it was provided in the revision of Labor Standards Act that agreements with the majority representatives of workers on commissioned management of savings for workers (Article 18, Paragraph 2), payroll deduction (Article 24, Paragraph 1) and payment of wages during paid holidays under the Health Insurance Act, standard remuneration by the day (Article 39, proviso to paragraph 6) shall be concluded.

5 For instance, it was provided in the Industrial Safety and Health Act enacted in 1972 that the employer should have input from the majority representative when preparing a safety and health improvement plan (Article 78, Clause 2), the employer needs a recommendation of the majority representative for a half of members of the safety committee, health committee and safety and health committee (except those who supervise the business) (Article 17, Paragraph 4, Article 18, Paragraph 4, Article 19, Paragraph 4). In the 1978 revision of the Workers' Property Accumulation Promotion Act, a written agreement with the majority representative on conclusion of workers' property accumulation benefit contracts (Article 6-2 Paragraph 1), a written agreement with the majority representative on establishment of workers' property accumulation fund (Article 7-8, Paragraph 1) and an agreement with the majority representative on increase in the number of fund establishment places (Article 7-25, Paragraph 1).

would be required by a labor-management committee half of whose members are appointed by a majority representative of workers, and that decisions made by this committee can be substituted for labor-management agreements with majority representatives concerning working hours. This system also brings legal effects that allow employers to depart from a certain legal labor standards under the resolution of labor-management committee. In 2003, the range of enterprises applicable to the discretionary work system for management planning workers was expanded, and one of the requirements imposed on the said labor-management committee was also relaxed (from a unanimous consent to a four-fifths agreement).

In addition, as for working hours, the Act on Temporary Measures Concerning Reduction in Working Hours was enacted and the Reduction in Working Hours Committee was established in 1992.⁶ If the requirements, e.g., a half of this committee members are nominated based on the recommendation of the majority representative, are satisfied, an exception of the provision on working hours of the Labor Standards Act shall be offered and if the committee decides, they shall be able to substitute it for the labor-management agreement with the majority representative on a flexible working hour system, etc.

In an attempt to improve workplace conditions, including working hours, in order that they can give consideration to workers' health and lifestyles and conform to a diverse range of employment patterns, the "Act on Special Measures Concerning on Improvement of the Setting of Working Hours, Etc." was enacted in 2005. This allows decisions reached in the "Committee on Improvement of Working Time Arrangements" to substitute for labor-management agreements with majority representatives concerning working hours and other similar arrangements. It was also stipulated that, in workplaces where the "Committee on Improvement of Working Time Arrangements does not exist," "the health committee"

or "safety and health committee" established according to the Industrial Safety and Health Act can play the role of the said special committee, on condition that such committees satisfy certain requirements. One of these requirements is that at least half of the total committee members are appointed based on recommendations from majority representatives of workers, and that they are assigned to research and deliberate on issues regarding improvement on working hours, etc. and then to present their views to the employers.

(Laws in other areas)

The Child and Family Care Leave Act also relaxes uniform rules on the premise of concluding labor-management agreements with majority representatives of workers. Established in 1991, the Law permitted employers to refuse requests for child care leave from specific employees, as long as they have reached labor-management agreements with majority representatives of workers. Furthermore, its 1995 and 2004 amendments also allowed employers to refuse requests for family care leave in 1995 and child nursing care leave in 2004 from specific employees in the above-mentioned years respectively, again on condition that they have reached labor-management agreements with majority representatives of workers.

The revision of the Worker Dispatching Act in 2003 stipulated that a user enterprise should fix the term of contract in advance when it intends to hire dispatched workers for more than one year and up to three years. In that case, it has to inform the majority representative of workers of the desired term and ask for his or her opinions. This is based on the following idea: "As the term which can be considered temporary or tentative apparently varies depending on the situations of the enterprise supplied with dispatched workers, it is appropriate for the employer of the user enterprise to individually judge if the term can be actually considered temporary or tentative even when it exceeds one year, after listening to opinions from the majority representative of

⁶ As legal committees that are placed in workplaces and consist of labor and management, there are safety committee (Article 17), health committee (Article 18) and safety and health committee (Article 19) under the Industrial Safety and Health Act since the date of enactment in 1972.

employees working in the same enterprise”.

When the Law concerning Stabilization of Employment of Older Workers was revised in 2004, it was stated that, in cases where the employer fixes the retirement age at under 65 years old, he or she should conduct any one of the following measures, in order to secure stable employment for older workers until the age of 65: Raising the retirement age, introduction of a continuous employment system, or abolition of the retirement age. In relation to this rule, it was also stipulated that employers can be regarded as having implemented a continuous employment system when they have designated standards concerning older persons who are subject to the continuous employment system and introduced a system based on the said standards, under a written agreement concluded with majority representative. This is based on the following idea: “In respect of the continuous employment system, as it is sometimes said that a uniform legislation cannot always properly reflect each enterprise’s management strategies and/or labor-management relationships, it is appropriate to allow enterprises that have designated standards concerning employees who are subject to the continuous employment system under a labor-management agreement to introduce a system applicable to workers who meet the said standards, so that enterprises can flexibly respond according to their individual circumstances incorporating innovative approaches adopted by both the labor and management”.

5. Issues in Making the Concept of Improving/Strengthening Workers’ Collective Influential Voice Systems

There are various opinions among researchers on enacting employee representative systems that are distinct from trade unions in Japan. The emerging legal issues are as follows:

A. Relationship between trade unions and employee representatives

- Does the enactment of employee representative system disturb the organization/activities of trade unions?
 - Coordination of roles/authorities between the two organizations
 - Position of minority trade unions under the employee representative system
- B. Is the establishment of employee representative organization obliged even if a majority trade union exists (concurrent employee representative system or complementary employee representative system)?
- C. Form of employee representative organization (permanent and comprehensive)
- D. Election of employee representatives
- The legitimacy as worker representatives (how to fairly represent diversified workers’ benefits)
 - Election procedure of employee representatives
- E. Functions/authorities of employee representatives

Based on these issues, according to actual examples on the relationship between trade unions and employee representative systems in foreign countries, in Germany and France, it is clear that trade unions dominate the determining of working conditions. In addition, trade unions are allowed to intervene and get involved in the election, operation, activities, etc. of the employee representatives. However, note that those trade unions are organized by industry in such countries, but since most Japanese trade unions are organized by enterprise, trade unions and workers’ collective influential voice system are in the same league. Furthermore, I point out that since detailed selection procedures of an employee representative are provided by law and the system reflects diversified opinions of workers in workplaces in Germany and France, there is no doubt about the reliability of the system. In addition, there are various protections for activities of employee representatives such as guarantee of status in both countries.

IV-2 In Search of a Copernican Transformation in Labor-management Relations¹

1. A Copernican Transformation in Companies' Perception of Unions: A Shift from Suppressing the Energy of Unions to Utilizing it ²

Since the collapse of the economic bubble in 1991, Japan has faced serious problems, including low economic growth, the aging of the population coupled with a declining birthrate, an expanding budget deficit, a crisis in the social security system, a lack of political leadership, and an absence of vision on the part of young people. Who will save and regenerate our country and society? We should look toward labor unions to be the key actors in such endeavors. In order to facilitate the full-scale regeneration of Japan, a Copernican transformation in perceptions of labor unions and labor-management communication will be required on the parts of both labor and management.

For companies, conducting management in such a way as to avoid disputes, such as strikes by labor unions, was once a crucial task in labor relations. One could describe it as a policy of suppressing the energy of labor unions. Labor unions gathered together by industry to break through this policy and succeeded in winning significant wage increases through successive annual spring wage offensives, but what made these possible was the fact that the country was experiencing high economic growth.

Following the period of economic maturity in the 1970s and 1980s, Japan entered the era of low growth in the 1990s, with an ongoing recession referred to as "the lost decade" or even "the lost 15 years". On top of this, Japan suffered direct hits in the form of the Lehman Shock and the Great East Japan Earthquake. The question being asked is what can be done to overcome these difficulties, which could be described

as a national crisis; the answer is that we must mobilize and tap the strength of every member of society. The same applies to companies: if they have a labor union, they need to encourage that union to exert its collective energy and make use of it in corporate management. In other words, a policy of utilizing the energy of labor unions is required. Labor unions can thus become a type of management resource.

It is necessary for companies to achieve a Copernican transformation in their perception of labor unions, shifting from a policy of suppressing the energy of labor unions to a policy of utilizing it. In doing so, what is of paramount importance is whether or not the labor union itself has any energy. What kind of things can inhibit the maintenance and development of a company? Poor managerial skills on the part of management, a lack of CSR, the absence of collaboration between departments, unsatisfactory wage and personnel policies, a low desire to work on the part of workers, high inventories and other forms of waste.... Labor unions need to have the ability to precisely grasp such issues and not only request improvements and reforms, but also implement them. In order to do this, first and foremost, the prerequisites are that the members of the labor union have an attachment to the company and the union, and an interest in the relevant problems of the company and that a workplace environment has been developed to let them raise those issues openly. If such negative information does not reach the labor union, it will not have the energy to lock horns with the company. In this sense, it is imperative to ensure complete democracy within the union, in order to ensure that it has sufficient energy.

At companies where no labor union has been

1 This paper was originally carried in the January 2012 edition of "*Roudou Chousa* (Labor Survey)", published by the Labour Research Council.

2 This section was carried unaltered in the November-December 2011 edition of "NAVI", published by the Japanese Electrical Electronic & Information Union.

organized, if management listen to the frank opinions and requests of their employees, and actively disclose information and details of the company's future direction, it will increase the sense of unity between management and workers, thereby having a positive effect on the medium to long-term development of the company. Such labor-management communication is even more important today, precisely because it is an unpredictable age in which globalization increases the tendency for companies to be affected by developments overseas. Moreover, it is an era of fierce competition, in which it is difficult for management to ensure the survival and expansion of their companies through their own efforts alone. Amid the growing necessity to ensure that all employees feel a sense of ownership through management that utilizes the creativity and abilities of each and every member of staff, it is imperative to foster a workplace environment in which employees can think freely and speak out openly.

This is an era in which we require a Copernican transformation, perceiving the energy of labor unions and the opinions of employees not as something to be repressed, but as a management resource to be utilized. The author recently published the results of studies carried out hitherto,³ and would like to take up a few points from these results, to serve as a point of reference when considering labor-management relations in the future.

2. The Nature of Labor-Management Communication as a Management Resource

In 2006, the Japan Institute for Labour Policy and Training conducted a questionnaire-based survey of the presidents of 12,000 middle-ranking small and medium-sized enterprises (hereinafter referred to as "SMEs") with fewer than 1,000 regular employees. Valid responses were received from 2,440 companies (a response rate of 20.3%). From this survey, one can see the nature of labor-management communication as a management resource.

Firstly, to what degree is communication with employees required in the corporate management of SMEs? Looking at their basic policies on communication, one can see the following. The responses to the request to select either Opinion A or Opinion B below can be broadly categorized into four groups: 28.2% responded "My opinion is close to Opinion A" (positive), 44.4% responded "Of the two, my opinion is closer to Opinion A" (somewhat positive), 20.9% responded "Of the two, my opinion is closer to Opinion B" (somewhat negative), and 5.4% responded "My opinion is close to Opinion B" (negative). 72.6% of companies - the total share of those with a positive or somewhat positive opinion - think that they should gain an adequate understanding of the wishes and requests of ordinary employees. However, the remaining 26.3% of companies think that there is no need to listen to the requests of ordinary employees.

Opinion A: "Companies should implement management based on an adequate understanding of the wishes and requests of ordinary employees"

Opinion B: "The company is run by management, so it is not necessary to listen to the requests of ordinary employees concerning its operation"

Dividing the basic policies of those company presidents concerning labor-management communication into the aforementioned four types, one can see the following regarding the degree to which management information is actually disclosed to employees.

The more that a company gains an adequate understanding of the wishes and requests of ordinary employees, the higher the rate of disclosure to ordinary employees of information concerning the management of the company. It is thought that the higher the rate of disclosure of information concerning the management of the company, the

3 For more specific details, see Oh, Hak-Soo (2011) "*Roushikankei no Furontia: Roudoukumiai no Rashinban* (Frontiers of Industrial Relations in Japan: Compass for Labor Unions)", Japan Institute for Labour Policy and Training. The content below forms part of that publication.

easier it is to achieve a sense of unity and cooperation between the company and its employees. The total scores for the management information disclosure rates for the four types are 407.6% for the positive group, 378.0% for the somewhat positive group, 352.1% for the somewhat negative group, and 315.0% for the negative group.

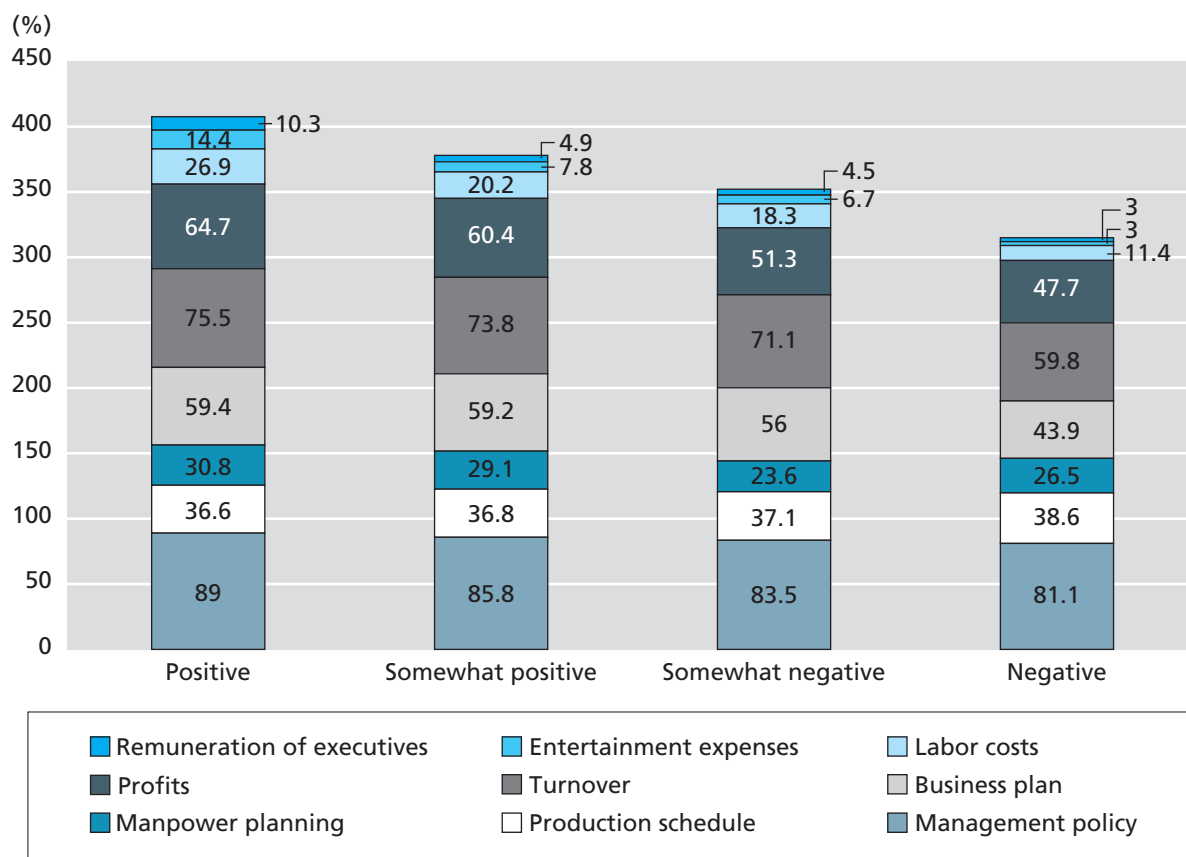
Looking at the situation in more specific terms, although one cannot see major differences in each of the four types in terms of information concerning the management policy, production schedule, manpower planning and business plan (hereinafter referred to as "business information"), the disclosure rate of information concerning turnover, profits, labor costs, entertainment expenses and remuneration of executives (hereinafter referred to as "financial information") increases, the more that a company is inclined toward the positive group. Of the financial information, the disclosure rates for entertainment

expenses and executive remuneration are three or four times higher among the positive group than among the negative group (see IV-24).

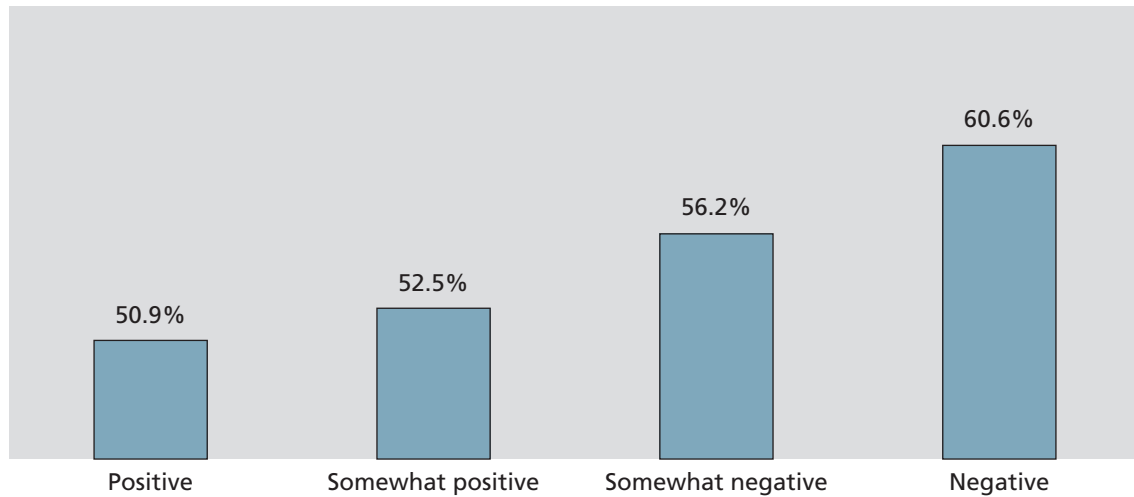
If one looks at the effects of labor-management communication, firstly, one can see that the proportion of those with experience of a management crisis is lower, the more that a company is inclined toward the positive group. In other words, if one looks at whether or not a company has experienced a management crisis due to a downturn in business since 1990, one can see that the proportion responding that it had experience of such a downturn was 50.9% among the positive group, 52.5% among the somewhat positive group, 56.2% among the somewhat negative group, and 60.6% among the negative group (see IV-25).

Secondly, the more a company is inclined toward the positive group, the lower the degree of difficulty in the management of employees. Of the issues listed,

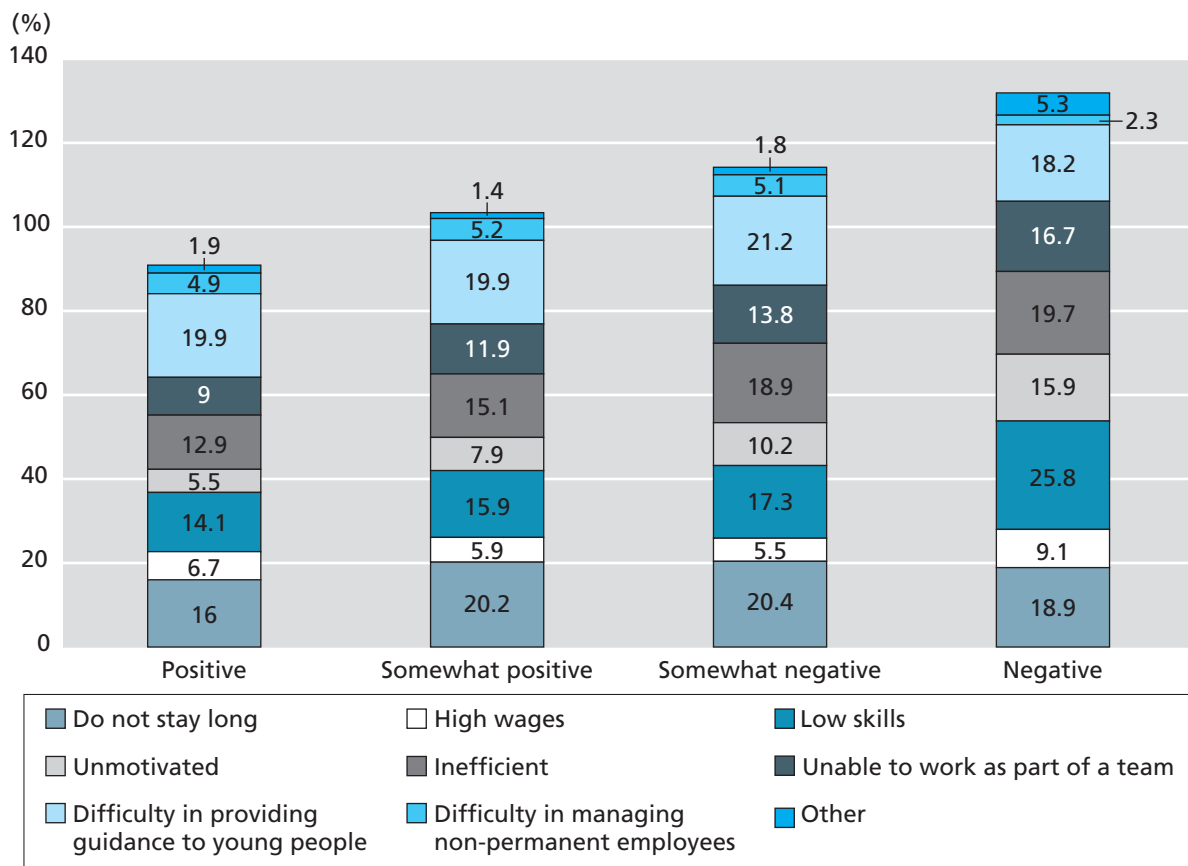
IV-24 The Four Types of Communication Policy and the Disclosure of Management Information



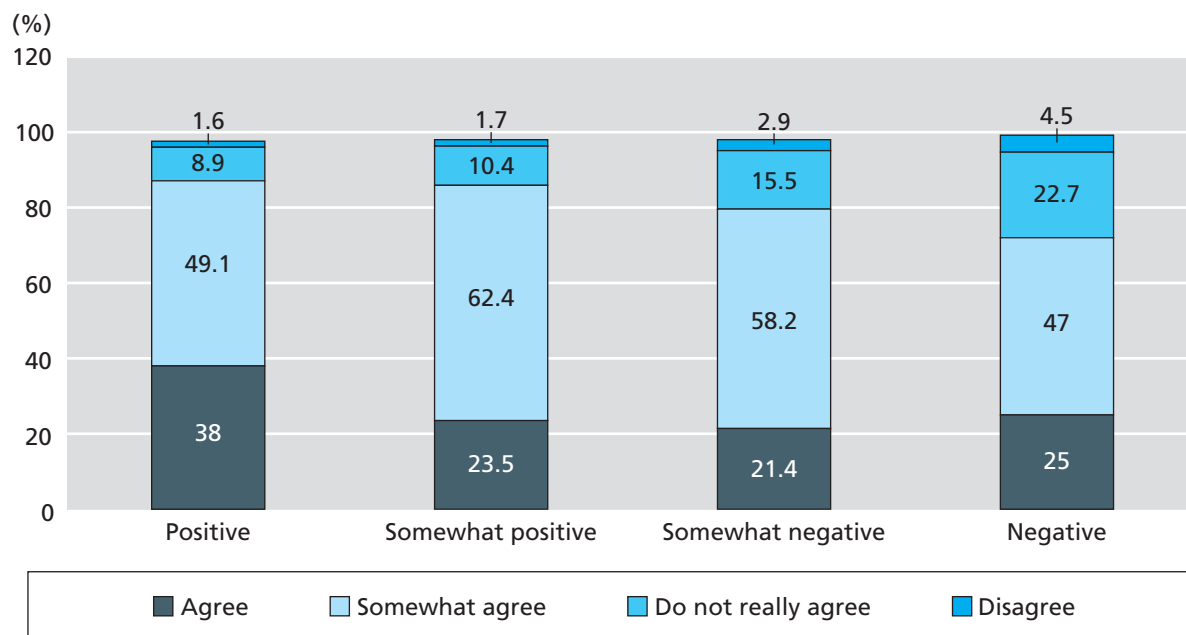
IV-25 The Four Types of Communication Policy and the Proportion of Companies with Experience of a Management Crisis Due to a Downturn in Business since 1990



IV-26 The Four Types of Communication Policy and the Degree of Difficulty in the Management of Employees



IV-27 The Four Types of Communication Policy and the Degree of Cooperation by Employees in the Running of the Company: Employees are Cooperative in Regard to the Running of the Company



the levels drop markedly in relation to "low skills", "unmotivated", "inefficient", and "unable to work as part of a team", the more a company is inclined toward the positive group (see IV-26). These aspects can be described as extremely important management resources for Japanese companies, which attach great importance to the desire to work and teamwork, and the more a company is inclined toward the positive group, the more it possesses these management resources in abundance.

Thirdly, the more a company is inclined toward the positive group, the higher the degree of cooperation by employees with the running of the company. The figure for the positive group (87.1%) is 15.1% higher than that for the negative group (72.0%), which shows that more employees cooperate with the running of the company (see IV-27).

As described above, the more that the president of a company listens to the wishes and requests of ordinary employees and reflects them in the management of that company, the greater the improvement in proactive cooperation by employees in the running of the company, as well as in morale,

skills, efficiency and teamwork, and the less likely the company is to experience a management crisis. It would probably be fair to say that labor-management communication is a management resource that prevents management crises and increases the motivation and cooperativeness of employees.

3. The Energy of Labor Unions and Increasing the Feasibility of a Copernican Transformation

(1) The Energy of Labor Unions: Toward the Expansion of the Circle of Solidarity

The labor union membership rate in Japan was 18.5% in 2010; among private sector companies, the smaller a company is, the lower is its rate of union membership. Whereas the unionization rate among companies with at least 1,000 employees is 46.2%, among those with between 100 and 999 employees, it is 14.2%, while among those with 99 employees or fewer, it is just 1.1%. Union members at companies with at least 1,000 employees account for 61.7% of the total. The number of members of public servants' unions and unions at large enterprises with at least

1,000 employees accounts for as much as 68.1% of the total number of union members. At present, one can describe members of labor unions as "the fortunate ones" working at large corporations or in the public sector. Even if labor unions seek to improve the treatment of these fortunate ones, the power of mobilization does not function. Companies have continued to increase the number of non-regular workers, who are disadvantaged workers, as they pursue ways of economizing on labor costs and making employment adjustment easier. As a result, non-regular workers have come to account for one-third of all employed workers. They have been forced into a situation in which they cannot get married - or if they do get married, they are scared to have children - and in which they cannot afford to pay pension or medical insurance premiums, or to buy things. Consequently, fundamental social problems, such as the aging of the population coupled with a declining birthrate, the crisis caused by the collapse of the social security system, and the contraction of domestic demand, are increasing in severity. Accordingly, the social economy of Japan is weakening and the bill for this will ultimately be presented to "the fortunate ones" as well.

Unless labor unions foresee this reality and expand the circle of solidarity to incorporate those non-regular workers for the sake of their own members, they will not gain the energy for this crusade. There is the S Union, which launched a campaign to reform the management of the company in 1993, by unionizing the workers at a subsidiary of a sales company, with the aim of eliminating the problem of "channel stuffing", in which more products than a distribution channel can sell are forced through that channel, and which has now achieved sound corporate management as well as an improvement in the treatment of union members. There are the JA and JB Unions, which unionized part-timers based on an equalization strategy, thereby not only improving the sense of unity within the workplace and increasing the desire to work and job satisfaction, but also supporting the stable, sustained development of their companies. Furthermore, there is the Kenwood Group Union, which was established in 2004 by integrating several subsidiary unions into

a single union to cover the whole of the group, including subsidiaries, and which has undertaken campaigns aimed at eliminating waste in the form of excess inventory at subsidiaries and the parent company, as well as focusing on job security for union members at subsidiaries and the unionization of non-regular workers, thereby assisting the group in breaking free of a critical management situation and contributing to the achievement of further expansion. Having previously focused solely on the fortunate regular employees of head offices and parent companies as union members, all of these unions have expanded the circle of solidarity to encompass subsidiaries and non-regular workers. The negative effects of corporate management tend to be focused on and concentrated among subsidiaries and non-regular workers, who are in a weak position. It is necessary for labor unions to seek out problems in the company, and unionize the workers among whom those problems are concentrated, in order to promote further development through problem solving; unions will then find that greater energy wells up within them as they endeavor to resolve those problems. What kind of social responsibility must be fulfilled in order to ensure that companies utilize the energy of unions and that unions lead our society in a better direction?

(2) Increasing the Feasibility of a Copernican Transformation: Union Social Responsibility (USR)

As described above, if labor unions act solely for "the fortunate ones", the power of mobilization does not emerge and they are unable to maintain or improve the lives of union members in the medium to long term. In this sense, labor unions should have an awareness that they are, first and foremost, organizations within society, and are "social and public institutions" that influence and are in turn influenced by society. In fact, labor unions in Japan are generously protected by Article 28 of the Constitution and the Labor Union Act. If the activities of a labor union are legitimate, they have immunity from both criminal and civil prosecution, and are also exempt from penalties. Moreover, acts such as dismissal or other disadvantageous treatment

by employers of employees for having formed, joined or engaged in the activities of a labor union, and rejection of good faith collective bargaining are deemed to be unfair labor practices and are therefore prohibited. In this sense, labor unions are granted considerable authority, rights and privileges. Labor unions are independent groups, but they are protected by law, so they are social entities.

Since the latter half of the 1990s, various corporate scandals have occurred, such as concealing product recalls and mislabeling products, so corporate social responsibility has been called into question. In order to deal with this situation, companies swiftly strengthened their corporate social responsibility (CSR) activities in the early 2000s. Labor unions are aware that corporate social responsibility is at least equally important as corporate management, if not more so. Moreover, labor unions are either actively working in partnership with companies on CSR-related endeavors, or are monitoring issues from a different perspective than that of companies, and are providing their opinions in an appropriate fashion. One could say that labor unions are adopting the attitude that they share a common destiny with companies in regard to CSR. One could describe the translation of this way of thinking into reality as Union Social Responsibility (USR).

USR relates to the aforementioned role of unions as social and public institutions, and it is something that unions need to demonstrate in various settings associated with labor legislation. For example, in the event of changes to the Article 36 agreement (agreement on overtime) or the rules of employment, the majority union, as the representative of the workers, has the right to conclude an agreement with the company or submit a written opinion, so one

could describe fulfilling that purpose as the USR. Since the 1990s, amid an increase in the number of non-regular workers within companies, such as part-time workers, *arubaito* (casual workers) and contract workers, due to the diversification of employment types, cases are emerging in which the number of union members has fallen to less than a majority of all employees. In order to fulfill their USR, it is necessary for labor unions to implement initiatives focused on such areas as unionization aimed at ensuring that the number of union members constitutes the majority of all employees. Furthermore, rather than stopping there, it may well be necessary for labor unions to listen seriously to the opinions of non-members of the union, as an organization that can represent all employees.

In light of the above, one can summarize the four aspects of the USR of enterprise unions, which form the majority of Japanese unions, as follows. Firstly, there is USR toward the company. As well as ensuring that the company carries out the things that it acknowledges to be its corporate social responsibility, this involves informing the company of what the labor union considers to be its CSR and ensuring that the company carries this out as well.⁴ Secondly, there is USR toward union members. This is the starting point of union activities, and involves maintaining and improving employment stability and the conditions of employment, such as wages, as well as ensuring that union members can secure the rights guaranteed to them under various laws, institutions, conventions and agreements. To put it another way, it involves filling the gap between legal and institutional rights and the reality. For example, this includes the full implementation of childcare and family care leave, annual paid leave,⁵ and upper limits on working hours. Thirdly, there is USR

4 According to a study by the Japan Trade Union Confederation Research Institute for Advancement of Living Standards, among the matters that labor unions consider to be part of the social responsibility that their companies should fulfill, the highest proportion of responses relating to improvements in the quality of labor were accounted for by such matters as "extending employment toward the age of 65" (78.5%), "managing and improving the health and mental health of staff" (77.6%), "reducing real working hours" (66.8%), and "encouraging staff to take childcare and family care leave" (64.9%). For more specific information, see Inagami, Takeshi and the Japan Trade Union Confederation Research Institute for Advancement of Living Standards (eds.) (2007), "*Roudou CSR* (Labor CSR)", NTT Publishing.

5 In the case of annual paid leave, companies granted a total of 17.8 days on average in 2010, but the actual number of days taken by workers was 8.7 days, giving an average take-up rate of no more than 48.1%. Accordingly, this refers to filling the gap between the number of days granted and the number of days taken.

toward non-members of the union. This involves confirming CSR toward non-members of the union and checking on its implementation, as well as ensuring the application *mutatis mutandis* of USR toward union members to those non-members. This is particularly necessary if the labor union is acting on behalf of all employees. With the number of non-unionized employees, such as non-regular workers, continuing to grow, it is vital for unions to carry out their USR toward non-members of the union as well and expand the circle of solidarity of workers, in order to maintain and increase their bargaining power in relation to the company. Fourthly, there is USR toward the public interest and the national interest. This includes local beautification projects aimed at the local community and citizens outside the company, activities aimed at supporting people with disabilities, through recreational activities, etc., and volunteer activities.

While it is not necessarily obligatory, such USR contributes greatly to increasing the *raison d'être* of labor unions and achieving a society in which it is more pleasant to work and more comfortable to live.

Above all, it is crucial for labor unions to recognize that their nature as social and public institutions should determine the direction that their efforts should take in the future, and to fulfill the USR appropriate to this.

Although unionization rates are declining and the *raison d'être* of labor unions is weakening, they still form the biggest social group in Japanese society, even today. Apart from labor unions, there are no other groups in which group members assemble voluntarily and pay their membership fees (union dues) every month, which are also democratic organizations with a membership in excess of 10 million people and which permit all members to participate in the decision-making of the organization. If labor unions develop a sense of pride in and an awareness of their responsibility as the biggest force in this society and steadily fulfill their USR, we can expect an increase in the feasibility of achieving a Copernican transformation in labor-management relations, switching from suppressing the energy of labor unions to utilizing it.

Human Resource Development and Skills Development at Small and Medium-sized Enterprises¹

I. Japan's Small and Medium-sized Enterprises

1. Small and Medium-sized Enterprises in Japan

When defining the term "small and medium-sized enterprises" (hereinafter referred to as SMEs) in Japan, it is usual to base the definition on the provisions of the Small and Medium-sized Enterprise Basic Act, which sets forth the basic approach to policy on SMEs. The Small and Medium-sized Enterprise Basic Act stipulates that companies with stated capital (or investment) below a certain amount or with a regular workforce below a certain number of employees are SMEs; the definition of what kind of company (or individual working as an employer) constitutes an SME differs according to the business type. Looking at the provisions relating to the regular workforce, the Act states that a company or an individual in the wholesale trade or service industry with no more than 100 persons, a company or an individual in the retail trade with no more than 50 persons, and a company or an individual in manufacturing or other categories of business with no more than 300 persons constitutes an SME.²

According to the "Economic Census" conducted by the Ministry of Internal Affairs and Communications, in 2009 the number of enterprises in Japan in industries other than agriculture, forestry and fisheries numbered 2.028 million, 95.1% of which conformed to the aforementioned definition of an SME. Moreover, the number of employees working at SMEs in industries other than agriculture, forestry and fisheries was approximately 48.58 million, accounting for 80.2% of all employees working in industries other than agriculture, forestry and fisheries. Although their relative importance as a share of the number of enterprises and the number of employees is declining compared with the situation at the beginning of the 2000s,³ there is no change in the fact that the SME sector still accounts for the vast majority of enterprises and employees in Japan.

Turning our attention to wage levels among employees working at SMEs,⁴ the average salary paid monthly to regular employees aged between 30 and 34 is ¥305,900 at enterprises with between five and nine employees, and ¥315,500 at enterprises with between 10 and 99 employees. If the average salary paid monthly to male regular employees also aged between 30 and 34 working at enterprises with 1,000

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- 1 The content of this paper is mainly based on the analyses in each chapter of Japan Institute for Labour Policy and Training (ed.) [2012a].
 - 2 The Small and Medium-sized Enterprise Basic Act also stipulates that a company or an individual engaged in commerce (wholesale or retail trade) with no more than 5 persons and a company or an individual in any other category of business with no more than 20 persons constitutes a "small enterprise".
 - 3 According to the "Establishment and Enterprise Census" (the survey that was the forerunner of the "Economic Census") conducted by the Ministry of Internal Affairs and Communications in 2001, the proportion of SMEs among all enterprises in industries other than agriculture, forestry and fisheries was 99.2%, while SMEs accounted for the employment of 88.4% of all employees; thus, both figures were higher than the results for 2009. In particular, with regard to the number of employees, the number of employees overall working in industries other than agriculture, forestry and fisheries has grown (rising from approximately 58.03 million in 2001 to approximately 60.60 million in 2009), while the number of employees in the SME sector has fallen (from approximately 51.28 million to approximately 48.58 million over the same period), representing a considerable decline in relative importance. It is presumed that the factors behind this include the impact of the economic downturn, including the 2008 Lehman Shock, as well as the rise in business closures in the SME sector due to such issues as the aging of employers.
 - 4 The statistics below concerning wages are based on the "Basic Survey on Wage Structure" conducted by the Ministry of Health, Labour and Welfare in 2011.

or more employees is set at 100, the average salary of those working at enterprises with between five and nine employees is 71.5, while that of those working at enterprises with between 10 and 99 employees is 73.8; thus, average salaries are approximately 30% lower in the latter two cases. Moreover, again among regular employees aged between 30 and 34, the average amount of bonuses, etc. paid annually is ¥354,300 among those working at enterprises with between five and nine employees and ¥528,900 among those working at enterprises with between 10 and 99 employees. If these are compared and the average bonus paid at enterprises with 1,000 or more employees is set at 100, the figure for those working at enterprises with between five and nine employees is 24.5, while that for those at enterprises with between 10 and 99 employees is 36.5, so it can be seen that even among those in the same age bracket, the levels at SMEs are only between a quarter and a third of the level at enterprises with 1,000 or more employees.

2. The Management of SMEs

What management-related issues do Japanese SMEs currently face and what initiatives are they implementing to deal with these? Let us look at these questions next.

Looking at the matters that SMEs currently feel to be a problem in relation to their business, from the results of a questionnaire-based survey ("Survey of Business Improvement Measures among Small and Medium-sized Enterprises")⁵ conducted in 2010 among SMEs by the Shoko Chukin Bank (a government-affiliated financial institution specializing in providing loans to SMEs), the issue

most commonly indicated by enterprises was "dwindling or stagnant demand", which was highlighted by 85.3% of respondents, followed by "falling selling prices" (50.9%) and "intensifying competition with enterprises within Japan" (39.1%).⁶ It can be seen that, with demand itself for products and services diminishing due to such factors as the recession and the aging of the population, many SMEs are being compelled to reduce prices in order to increase sales and are facing increasingly intense competition with other companies. In addition, a certain number of companies cited the following as business-related problems: "increasing burden of fixed costs" (17.1%); "changes in the domestic demand structure" (16.5%); "financing" (15.7%); "requests from major clients to reduce production costs" (14.5%); and "deteriorating terms of sales" (13.6%).

While feeling the kind of problems detailed above, the most common answer from respondents (67.7%) concerning the future was that they were "strengthening profit margins based on the premise of the current situation level of sales", while the next most common answer was that they were "awaiting a self-sustaining recovery in domestic markets" (47.8%). It can be seen that many enterprises are managing their business based on the premise that demand will continue to be sluggish, or are waiting for demand to recover, but on the other hand, there are also quite a few companies that are striving to stimulate domestic demand, responding that they were "rethinking marketing techniques in order to cultivate domestic demand" (30.5%) or that they were "engaging in new product development and cultivating the domestic market" (25.5%).

5 This survey was conducted among 9,996 SMEs in receipt of loans from the Shoko Chukin Bank, with responses being received from 4,911 enterprises (a valid response rate of 49.1%) concerning their situations as of January 1, 2010.

6 The fact that demand for the products and services handled by SMEs is diminishing and the downward trend in selling prices also appear in the results of the "Short-Term Economic Survey of Enterprises in Japan" (often referred to as the Tankan survey), which is conducted quarterly by the Bank of Japan, Japan's central bank. The D.I. relating to supply and demand for products and merchandise (the proportion of SMEs responding that they were experiencing "excess demand" minus the proportion of SMEs responding that they were experiencing "excess supply") has consistently been at -30 or lower since the first quarter of 2008. Moreover, the D.I. relating to the prices of products and merchandise (the proportion of SMEs responding that prices had "risen" minus the proportion of SMEs responding that prices had "fallen") dropped sharply from the fourth quarter of 2008, following the Lehman Shock, and has subsequently remained at a level somewhere between -30 and around -20.

V-1 Management Improvement Measures Due to Be Implemented in Future

Intend to implement over the next year or two	Intend to implement over the next five years
(i) Cultivating new marketing channels (45.7%)	(i) Securing personnel and enhancing education within the company (31.3%)
(ii) Securing personnel and enhancing education within the company (30.7%)	(ii) Cultivating new marketing channels (24.1%)
(iii) Developing new products, commodities or services (30.4%)	(iii) Cultivating new markets (23.5%)
(iv) Cultivating new markets (29.0%)	(iv) Reducing total assets, via asset sales, etc. (21.7%)
(v) Increasing technology development capabilities / production technology capabilities (22.6%)	(v) Expanding into new business areas (20.5%)

Source: Shoko Chukin Bank [2010]

What are the initiatives to which SMEs wish to devote their energies in order to improve their business situation (V-1)? With regard to the measures that respondents stated they wished to implement over the next year or two, almost half of all SMEs that responded cited "cultivating new marketing channels", while the proportion citing "securing personnel and enhancing education within the company", "developing new products, commodities or services", or "cultivating new markets" was approximately 30% in each case. It can be seen that implementing some kind of initiative to expand sales and securing the personnel to support corporate activities amid a harsh business environment are issues that a comparatively large number of SMEs must deal with. Even when they were asked about the measures they intend to implement over the next five years, many respondents highlighted the same initiatives; the largest share was accounted for by enterprises citing "securing personnel and enhancing education within the company", while a larger number cited measures that were not among the top answers in relation to measures that respondents planned to implement over the next year or two, namely "reducing total assets, via asset sales, etc." and "expanding into new business areas" (the proportion of enterprises responding that they planned to implement these measures over the next year or two was 13.4% and 9.7% respectively). It is thought that more enterprises might feel that there is a necessity to secure and cultivate personnel, reform their asset composition, or expand into new business areas, but think of these as medium- to long-term

issues, because it is difficult to embark on such tasks immediately.

II. Characteristics of Human Resource Development and Skills Development at Small and Medium-sized Enterprises

At SMEs, which have less capital and equipment than large corporations, the state of the skills and know-how of individual employees plays a major role in efforts to adapt to various environmental changes in order to maintain and develop the business. Most proprietors of SMEs are aware of this; accordingly, securing and cultivating personnel and promoting skills development is seen as a major business challenge. However, at the same time, some SMEs are finding that things are not progressing as they would like, due to the recent harsh business environment and financial situation, even though they wish to cultivate personnel or promote skills development.

So what form does the cultivation of employees and their skills development take at SMEs in Japan? The following looks at the situation based on statistics from the Ministry of Health, Labour and Welfare and the results of a questionnaire conducted by the Japan Institute for Labour Policy and Training (hereinafter referred to as "JILPT").

1. Comparison with Large Corporations

Firstly, let us look at the the status of human resource development and skills development among SMEs compared with the situation among large

V-2 Who Determines the Policy on the Skills Development of Employees: The Company or the Worker?

(%)

	Regular employee					Non-regular employee				
	Definitely A	Tend more toward A	Tend more toward B	Definitely B	A - B	Definitely A	Tend more toward A	Tend more toward B	Definitely B	A - B
30-49 people	28.7	42.8	17.2	9.4	44.9	23.9	28.9	20.2	19.8	12.8
50-99 people	29.1	44.8	19.3	5.4	49.2	27.0	31.8	21.3	17.4	20.1
100-299 people	33.1	43.7	19.0	4.2	53.6	29.4	33.6	20.3	14.0	28.7
300-999 people	32.2	51.0	12.9	3.9	66.4	30.0	37.7	16.8	13.9	37.0
1000 people or more	35.2	49.4	12.2	3.0	69.4	25.8	30.0	26.1	16.2	13.5

Source: Ministry of Health, Labour and Welfare [2011].

Notes: A - Approach/policy in which "the policy on the skills development of workers is determined by the company itself"

B - Approach/policy in which "the policy on the skills development of workers is determined by the individual worker"

A-B: (definitely A + tend more toward A) - (definitely B + tend more toward B)

corporations, based on the results of the "Basic Survey of Human Resources Development" conducted annually by the Ministry of Health, Labour and Welfare. According to the Company Survey⁷ carried out in 2010 as part of this survey, the proportion of enterprises at which the policy on the skills development of regular employees was determined by the company itself (those responding "definitely A" plus those responding "tend more toward A") was 71.5% among companies with a regular workforce [s1][MF2]of between 30 and 49 people and 73.9% among those with a regular workforce of between 50 and 99 people. Thus, even among small-scale enterprises, those at which the company itself takes the initiative in skills development account for the majority. However, if the differences between these shares and the proportion responding that "the policy on the skills development of workers is determined by the individual worker" are tallied by the scale of the enterprise, the tendency toward companies taking the initiative in promoting skills development is weak among SMEs in comparison with that among large corporations with 300 or more staff. This tendency can also be seen among attitudes to employees other than regular employees (although enterprises with 1,000 or more employees in their regular workforce

depart from the trend and adopt a weaker approach of taking the initiative in skills development) (V-2).

What views do SMEs have concerning the focus of education and training? According to V-3, enterprises adopting the approach of "emphasizing education and training that increases the skill level of the workers in general" account for more than half of all respondents among all sizes of enterprise (in terms of the number of employees). However, looking at the differences between these shares and the proportion responding that they focus on "emphasizing education and training that increases the skill level of selected workers", whereas the difference is 17.9 percentage points among enterprises with between 300 and 999 employees and 39.0 percentage points among enterprises with 1,000 or more employees, it is less than 10 percentage points among enterprises with no more than 299 employees. In other words, it can be seen that there is a stronger tendency to narrow down the focus of education and training among SMEs than among large corporations. In the same way, in regard to education and training for staff other than regular employees, the proportion of enterprises with 299 or fewer employees which responded that their approach involves "emphasizing education and training that increases the skill level of the workers in general" was lower than that among enterprises with at least

⁷ Each year, the Ministry of Health, Labour and Welfare conducts three types of survey as part of the Basic Survey of Human Resources Development: a Company Survey, a Business Establishment Survey, and an Individual Survey.

V-3 Focus of Education and Training: Employees in General or Selected Employees?

(%)

	Regular employee					Non-regular employee				
	Definitely A	Tend more toward A	Tend more toward B	Definitely B	A - B	Definitely A	Tend more toward A	Tend more toward B	Definitely B	A - B
30-49 people	21.0	29.9	34.8	12.4	3.7	18.8	29.5	28.3	16.0	4.0
50-99 people	18.6	32.9	37.5	9.1	4.9	16.2	27.5	34.4	18.5	-9.2
100-299 people	19.0	34.3	35.2	11.2	6.9	16.6	31.6	30.6	18.3	-0.7
300-999 people	18.3	40.7	33.6	7.5	17.9	18.2	35.9	29.3	14.8	10.0
1000 people or more	23.1	46.3	26.6	3.8	39.0	22.3	38.6	24.9	11.6	24.4

Note: A - Approach/policy focused on "emphasizing education and training that increases the skill level of the workers in general"

B - Approach/policy focused on "emphasizing education and training that increases the skill level of selected workers"

A-B: (definitely A + tend more toward A) - (definitely B + tend more toward B)

300 employees, while the proportion of enterprises responding that their focus is on "emphasizing education and training that increases the skill level of selected workers" was higher among enterprises with between 50 and 99 employees and those with between 100 and 299 employees.

Enterprises that have emphasized on-the-job training (hereinafter referred to as OJT; off-the-job training is referred to as Off-JT) in undertaking education and training - or which tend more toward that approach - account for 69.3% of enterprises with a regular workforce of between 30 and 49 people, and 74.6% of enterprises with between 50 and 99 people. However, the results show that around 80% of enterprises with at least 300 employees emphasize OJT, demonstrating that the tendency to emphasize OJT is slightly weaker among SMEs than among large corporations. Moreover, with regard to the ways in which education and training are undertaken for

staff other than regular employees, around 70% of enterprises emphasize OJT, but as seen in the ways in which education and training are undertaken for regular employees, the tendency to emphasize OJT is somewhat weaker among SMEs than among large corporations (V-4).

In relation to ways of undertaking education and training, if we turn our attention to the status of investment in education and training methods other than OJT, namely Off-JT and self-development support,⁸ the average expenditure per member of the regular workforce at the enterprise spending this money does not differ greatly according to the scale of the enterprise, both in the case of Off-JT and self-development support, and no tendency can be seen for expenditure to decrease because the enterprise is smaller (in fact, in the case of self-development support, the average expenditure per employee is higher among smaller enterprises). However, the

V-4 Direction of Employee Skills Development: Emphasis on OJT or Off-JT?

(%)

	Regular employee					Non-regular employee				
	Definitely A	Tend more toward A	Tend more toward B	Definitely B	A - B	Definitely A	Tend more toward A	Tend more toward B	Definitely B	A - B
30-49 people	26.6	42.7	18.7	9.1	41.5	30.2	38.7	11.9	11.2	45.8
50-99 people	21.1	53.5	17.7	5.6	51.3	31.9	45.8	11.3	7.7	58.7
100-299 people	23.1	49.9	18.9	7.4	46.7	33.1	44.4	11.1	8.0	58.4
300-999 people	20.9	58.5	16.1	4.3	59.0	38.1	46.8	9.0	4.3	71.6
1000 people or more	19.7	60.2	16.8	2.3	60.8	39.8	43.6	12.1	2.1	69.2

Source: Ministry of Health, Labour and Welfare [2011]

Note: A - Approach/policy focused on "emphasizing OJT in education and training"

B - Approach/policy focused on "emphasizing Off-JT in education and training"

A-B: (definitely A + tend more toward A) - (definitely B + tend more toward B)

proportion of enterprises engaging in such expenditure differs considerably according to their scale. In the case of Off-JT, whereas more than 80% of enterprises with at least 300 employees had expenditure in this area, only half of enterprises with

between 50 and 99 staff and around 40% of those with between 30 and 49 staff invested in such training. In addition, in terms of the proportion of enterprises implementing expenditure on self-development support, there is a considerable gap

V-5 Status of Expenditure on Off-JT and Support for Self-development and Average Expenditure per Member of the Regular Workforce

	Off-JT			Self-development support		
	Was there expenditure? (%)		Average expenditure per member of the regular workforce at the enterprise spending the money (10,000 yen)	Was there expenditure? (%)		Average expenditure per member of the regular workforce at the enterprise spending the money (10,000 yen)
	Yes	No		Yes	No	
30-49 people	39.5	60.1	1.5	18.8	80.6	0.6
50-99 people	50.0	50.0	1.4	26.2	73.3	0.5
100-299 people	66.4	33.4	1.1	32.9	66.9	0.4
300-999 people	81.3	18.7	1.2	56.4	43.6	0.3
1000 people or more	85.4	14.6	1.9	68.7	30.8	0.2

Source: Ministry of Health, Labour and Welfare [2011]

V-6 Breakdown of Costs Associated with Off-JT (Mean Values Accounted for by Each Cost Item in the Breakdown)

(%)

	In-house personnel costs	External personnel costs	In-house facilities and equipment fees and management costs	Fees for the use of external facilities	Fees for teaching materials	Training outsourcing costs and participation fees	Other
30-49 people	13.1	15.5	2.1	4.3	7.8	54.0	3.2
50-99 people	14.5	19.2	1.9	4.0	7.5	49.1	3.8
100-299 people	13.4	16.8	3.1	6.0	7.3	47.8	2.2
300-499 people	14.7	17.4	2.6	6.4	7.7	41.6	3.5
500-999 people	13.7	20.5	2.5	10.2	7.4	41.5	4.1
1000-4999 people	22.5	23.7	6.2	8.0	8.4	23.6	7.6
5000 people or more	18.9	20.5	13.8	9.6	6.4	21.9	9.0

Source: Ministry of Health, Labour and Welfare [2006]

Notes: "In-house personnel costs" – Salaries and allowances for staff at in-house training facilities and the education and training division

"External personnel costs" – Honorariums paid to external lecturers and instructors when conducting training within the enterprise

"In-house facilities and equipment fees and management costs" – Depreciation costs of in-house training facilities and buildings used by the education and training division, utility costs, rent, etc.

"Fees for the use of external facilities" – Rental charges for external facilities and equipment used for training conducted within the enterprise, management/usage fees for joint facilities, etc.

"Fees for teaching materials" – Fees for teaching materials used in education and training, fees for the development of teaching materials, etc.

"Training outsourcing costs and participation fees" – Fees incurred for outsourcing all education and training to an external organization, fees for participation in external seminars, fees for domestic study-exchange or overseas study, etc.

- 8 In the "Basic Survey of Human Resources Development", "Off-JT" is defined as "Work orders requiring employees to attend education and training, which involves temporary departure from normal work", while "self-development support" is defined as "activities carried out by a worker towards the continuance of his or her career, by autonomously developing and improving abilities related to work".

between them according to their scale and, as in the case of expenditure on Off-JT, the proportion of enterprises investing in such support is lower among SMEs (V-5).

The 2006 "Basic Survey of Human Resources Development" asked enterprises with expenditure on Off-JT to provide a breakdown of these costs. The response results are summarized in Figure 6. According to this, among enterprises with a small number of employees in their regular workforce, only a small share of expenditure was accounted for by "in-house facilities and equipment fees and management costs", such as depreciation costs of in-house training facilities and buildings used by the education and training division, and utility costs, and "fees for the use of external facilities", such as facility rental charges and the management or usage fees for joint facilities, while the share accounted for by "training outsourcing costs and participation fees" was high. Whereas the average share accounted for by "training outsourcing costs and participation fees" was 23.6% among enterprises with a regular workforce of between 1,000 and 4,999 people, and 21.9% among those with at least 5,000 staff, it was 49.1% among enterprises with between 50 and 99 people and 54.0% among those with between 30 and 49 people. From this, it can be seen that the main opportunities for Off-JT at SMEs are education and training

opportunities conducted by bodies outside the enterprise.

2. Relationship to Employment

In 2009, JILPT conducted a questionnaire-based survey of enterprises and employees in the small and medium-sized service industry,⁹ while in 2010 it conducted a similar survey of enterprises and employees in the small and medium-sized manufacturing industry.¹⁰ Next, let us clarify the situations in which human resource development and skills development actually take place, by analyzing the questionnaire results. Below, the questionnaire focused on the small and medium-sized service industry is referred to as the "JILPT Small and Medium-sized Service Industry Survey (companies or employees)", while that focused on the small and medium-sized manufacturing industry is referred to as the "JILPT Small and Medium-sized Manufacturing Industry Survey (companies or employees)".

In considering the objectives of human resource development and skills development carried out by SMEs, one should firstly focus on its relationship with trends in recruitment and employment, which ? like human resource development and skills development ? are ways for enterprises to secure personnel. The JILPT survey divides the recruitment and employment of regular employees over the three

9 This questionnaire-based survey was conducted among enterprises with head offices in prefectural capitals in the Kanto region in eight service industry sectors ((i) building services sector; (ii) cram schools; (iii) beauty sector; (iv) information services sector; (v) funerals sector; (vi) motor vehicle maintenance sector; (vii) senior citizens' welfare services sector; and (viii) civil engineering and construction services sector), and among two of the employees working at each enterprise. The survey was conducted between January 16 and March 6, 2009; the company questionnaires were distributed to 3,482 enterprises and 897 responses were received (a valid response rate of 25.8%). Moreover, 1,317 responses to the questionnaire for employees were received (taking the number of companies to which questionnaires were distributed \times 2 = 6,964 as the number of questionnaires for employees distributed, this gives a valid response rate of 18.9%). As well as Japan Institute for Labour Policy and Training (ed.) [2012a], which has already been referred to, id. [2010a] also provides a summary of an analysis based on this survey. Moreover, for details of the selection of survey subjects and the content of the survey, as well as the results, see id. [2010b]. In addition, the totals shown hereinafter for the company survey refer to the 719 companies classified as SMEs in the service industry.

10 This questionnaire-based survey was conducted among enterprises in the machinery and metals-related sectors of manufacturing industry, which have between five and 299 employees and have a head office located in either Tokyo, Osaka, Aichi, Fukushima, Nagano, Hiroshima or Fukuoka; in addition, questionnaires were distributed to two employees working at each of those enterprises. The survey was conducted between February 12 and March 19, 2010; the company questionnaires were distributed to 3,282 enterprises and 842 responses were received (a valid response rate of 25.7%), while the 903 responses were received to the questionnaire for employees (taking the number of companies to which questionnaires were distributed \times 2 = 6,564 as the number of questionnaires for employees distributed, this gives a valid response rate of 13.8%). As well as Japan Institute for Labour Policy and Training (ed.) [2012a], which has already been referred to, id. [2011] also provides a summary of an analysis based on this survey. Moreover, for details of the selection of survey subjects and the content of the survey, as well as the results, see id. [2012c].

years up to the survey date into employment of new graduates (new graduate employment) and employment of experienced workers (mid-career employment) (V-7). Looking at new graduate employment, 48.1% of enterprises in the small and medium-sized service industry carried out recruitment, of which 25.0% were "able to employ the planned headcount of new staff", while 12.7% "employed staff but were unable to fill the planned headcount of new staff" and 10.4% were "unable to employ any staff". Moreover, 46.5% ? almost half ? of the enterprises did not conduct any recruitment activities focused on new graduate employment. On the other hand, in the small and medium-sized manufacturing industry, the proportion of companies engaging in recruitment was 33.3%, which was even lower than in the small and medium-sized service industry. However, of those that did engage in recruitment, three-quarters were able to employ the planned headcount of new staff; given that the proportion responding in this way in the small and medium-sized service industry was approximately 60%, it can be said that there is a tendency for post-recruitment matching to go more smoothly in the small and medium-sized manufacturing industry.

When the situation relating to mid-career employment was examined in the same way, the proportion of enterprises in the small and medium-sized service industry that conducted recruitment was

59.8%, while 32.5% of enterprises did not conduct recruitment and 35.3% of enterprises were able to employ the planned headcount of new staff; the figures in the small and medium-sized manufacturing industry were 47.8%, 36.1% and 38.4%, respectively. In both the small and medium-sized service industry and the small and medium-sized manufacturing industry, the proportions of enterprises conducting recruitment were higher than in the case of new graduate employment. Moreover, comparing the small and medium-sized service industry and the small and medium-sized manufacturing industry, although the recruitment implementation rate was lower among the latter, there was no difference from new graduate employment in terms of the fact that enterprises that were able to employ the planned headcount of new staff accounted for a greater share of enterprises conducting recruitment among the latter than among the former.

Next, V-8 shows the relationship between whether or not new graduate or mid-career employment took place and the implementation status of various workplace initiatives focused on the cultivation of staff or the development of their skills. The figures indicate the proportion of companies that are proactively implementing such initiatives.

Looking at the differences in the small and medium-sized service industry in terms of whether or not new graduate employment took place, the

V-7 Status of the Recruitment and Employment of Regular Employees at SMEs (over the 3 Years to the Survey Date)

(%)

	Category	Recruited			Did not recruit	No response
		Able to recruit & employ		Unable to employ any staff		
		Able toemploy the planned headcount of new staff	Employed staff but were unable to fill the planned headcount of new staff			
Small and medium-sized service industry (719 companies)	New graduate employment	25.0	12.7	10.4	46.5	5.4
	Mid-career employment	35.3	17.1	7.4	32.5	7.6
Small and medium-sized manufacturing industry (833 companies)	New graduate employment	25.2	4.6	3.5	54.1	12.6
	Mid-career employment	38.4	6.0	3.4	36.1	16.1

proportion of enterprises that employed such staff is higher than the proportion of enterprises that did not hire such staff in the case of all five initiatives listed in the table. Of these, the difference in share in regard to those proactively implementing initiatives was 14-17 percentage points in the case of those responding that they "have decided on an instructor and are cultivating staff and conducting skills development in accordance with a plan", "use work standards and manuals to cultivate staff and conduct skills development", or that "staff organize study groups and presentations of proposals", and there is a particularly large gap in the level of initiatives according to whether or not the enterprise concerned has employed new staff. Given that these initiatives involve considerably more effort on the part of the company than having employees build up experience during the course of their normal duties, as they require planning and the securing of time and a venue, the degree to which an enterprise is proactive in these initiatives clearly indicates its attitude to human resource development and skills development. A similar tendency can be seen in the relationship between whether or not mid-career employment takes place and the implementation status of the various initiatives, but the difference between the shares according to whether or not employment has taken place is smaller than in the case of new graduate

employment. Looking at the results of the survey of small and medium-sized manufacturing industry as well, the proportion of responses stating that various workplace initiatives were being proactively undertaken was higher among enterprises that had engaged in new graduate or mid-career employment. Moreover, in addition to the initiatives regarding which differences could be seen according to whether or not employment had taken place in the small and medium-sized service industry, there were also differences according to whether or not employment had taken place in the case of enterprises responding that they "give staff experience of progressing from simple tasks to harder work" and "give staff experience of related duties on a rotating basis".

In regard to Off-JT and self-development support initiatives as well, just as in the case of workplace initiatives, the shares of all initiatives being implemented were higher among enterprises that were conducting new graduate or mid-career employment of regular employees. In the case of enterprises in the small and medium-sized service industry, differences in the tendency toward implementation can be seen in the case of enterprises responding that they "secure a budget each year" and "ensure that plans are formulated" for Off-JT, in particular. For example, the proportion of enterprises that are employing new graduates as regular employees that "secure a budget

V-8 Status of Employment of Regular Employees over the Past Three Years and Human Resource Development and Skills Development Initiatives in the Workplace

(%)

	Small and medium-sized service industry				Small and medium-sized manufacturing industry			
	New graduate employment		Mid-career employment		New graduate employment		Mid-career employment	
	Carried out	Did not carry out	Carried out	Did not carry out	Carried out	Did not carry out	Carried out	Did not carry out
Have decided on an instructor and are cultivating staff and conducting skills development in accordance with a plan	53.5	38.6	45.6	42.9	49.6	32.5	47.0	30.4
Use work standards and manuals to cultivate staff and conduct skills development	42.4	28.4	38.2	28.6	44.0	30.6	40.5	29.5
Give staff experience of progressing from simple tasks to harder work	79.3	66.5	75.1	66.9	72.6	61.5	71.1	58.4
Give staff experience of related duties on a rotating basis	49.4	41.8	44.6	43.9	45.6	34.8	41.6	34.3
Staff organize study groups and presentations of proposals	48.3	31.3	43.8	32.1	36.3	18.5	29.7	17.3

Source: JILPT Small and Medium-sized Manufacturing Industry Survey (Companies), JILPT Small and Medium-sized Service Industry Survey (Companies)

each year" or "ensure that plans are formulated" is 20.6% and 19.1% respectively, figures that are 3.1 times and 2.6 times higher, respectively, than the share of companies not engaging in new graduate employment that implement such initiatives (6.7% and 7.3%). The proportion of small and medium-sized manufacturing industry enterprises implementing each initiative is actually lower than that among enterprises in the small and medium-sized service industry, but the differences in the tendency toward implementation according to whether or not employment has taken place are more clear-cut than in the case of small and medium-sized service industry. Looking at differences according to whether or not new graduate employment has taken place, the share responding that they "secure a budget each year" is 5.6 times higher among enterprises that have been employing new staff (10.7%) than among those that have not (1.9%), while the share responding that they "ensure that plans are formulated" is 3.3 times higher among enterprises that have been employing

new staff (14.2%) than among those that have not (4.3%).

The results of the analysis shown above demonstrate that enterprises that are actually employing new staff are more proactive in regard to cultivating staff and promoting their skills development; it might be that this relationship comes about due to employment being the trigger that makes enterprises start cultivating staff and promoting their skills development, or it might be that the results demonstrate that enterprises that have more advanced staff cultivation and skills development initiatives have gone on to employ more new staff. Either way, what is important is that employment does not completely satisfy personnel needs at SMEs; rather, it is vital to strengthen links between recruitment and employment, on the one hand, and staff cultivation and skills development, on the other.

V-9 Personnel regarding Whom Particular Efforts Are Made in Relation to Cultivation and Skills Development

(%)

	n	Proprietor him/herself	Personnel who can handle the management of the company as a whole at a senior or mid-ranking level	Personnel who can play a leadership or supervisory role	Personnel who can expand sales or cultivate customers	Personnel in charge of administrative work
[Manufacturing industry (machinery / metals)]						
Mainly technicians	643	32.7	29.4	53.8	14.6	10.9
Mainly engineers	154	34.4	27.3	34.4	13.6	9.1
[Service industry]						
Cram school	35	40.4	46.8	66.0	27.7	21.3
Building services	92	20.1	32.8	69.4	30.6	19.4
Motor vehicle maintenance	154	45.9	37.2	52.7	29.7	15.5
Information services	117	27.8	39.8	63.2	24.1	15.8
Funerals	51	51.0	40.8	49.0	32.7	14.3
Civil engineering and construction services	157	31.3	39.4	65.0	24.4	10.6
Beauty	61	61.7	45.0	75.0	26.7	18.3
Senior citizens' welfare	52	36.7	49.0	79.6	16.3	22.4

Source: JILPT Small and Medium-sized Manufacturing Industry Survey (Companies), JILPT Small and Medium-sized Service Industry Survey (Companies)

Note: Among enterprises in the manufacturing industry, those classed as employing "mainly technicians" are those at which technicians directly involved in the manufacture of goods constitute the majority of employees involved in the manufacture of goods, while those classed as employing "mainly engineers" are those at which engineers involved in design and development constitute the majority of employees involved in the manufacture of goods.

3. Human Resource Development and Skills Development Aimed at Securing Workplace Leaders and Supervisors

V-9 summarizes the results of the responses given in the questionnaire by each enterprise concerning the personnel in regard to whom they are making particular efforts in relation to cultivation and skills development. Excluding the funerals sector, the highest proportion among seven of the eight service industry sectors surveyed was accounted for by those responding "personnel who can play a leadership or supervisory role". Moreover, in manufacturing industry (machinery and metals) as well, the highest response rate was seen among those responding "personnel who can play a leadership or supervisory role", accounting for more than half of all responses if one looks only at enterprises consisting mainly of technicians directly involved in the manufacture of goods.

So why are many SMEs devoting their energies to securing and cultivating workplace leaders and supervisors? This becomes clear if one looks at the issue in conjunction with the approach to the production/provision of goods/services at each enterprise included in the figures, as well as the things that each enterprise acknowledges as its competitive advantage in relation to other companies. Among enterprises in the senior citizens' welfare, building services (building maintenance, etc.) and information services sectors, in which a particularly large proportion of enterprises is devoting their energies to cultivating and developing the skills of workplace leaders and supervisors, and among manufacturers consisting mainly of technicians directly involved in the product manufacturing process, it is usual to produce/provide goods or services through a group of employees of a certain size carrying out their duties at a specific facility or within a particular region. In such forms of the production/provision of goods/ services, the factor that has the greatest influence on the quality of goods/services and the efficiency of production/provision is the stratum of leaders or supervisors who manage the sites where the service is provided. Consequently, the needs of enterprises that want to

secure and cultivate such personnel stem directly from their desire to maintain and strengthen the "quality of goods/services", which many SMEs perceive as the source of their advantage in competition with other companies.

Another factor can likely be found in the characteristics of the composition of employees. For example, enterprises in the building services and cram school sectors stand out from other enterprises in that the bulk of their employees are non-regular employees. There are many who do not work full-time, and where an enterprise seeks to provide a service to customers using a group of employees consisting primarily of non-regular employees, who have a greater likelihood of leaving their jobs than regular employees, it becomes even more important to secure leaders and supervisors who can deal appropriately with customers and conduct appropriate employment management in the field, based on the business situation of the enterprise and customer needs.

Enterprises that are devoting their energies to cultivating those in middle management, in the form of workplace leaders and supervisors, are more proactive in cultivating employees and promoting their skills development. V-10 compares the situation relating to initiatives aimed at cultivating employees and promoting their skills development at enterprises that are devoting their energies to nurturing workplace leaders and supervisors and at those that are not. It can be seen that there are clear differences between the two groups in both the manufacturing industry and the service industry in relation to the proportion implementing (or proactively working on) each of the initiatives. Of these, with regard to the cultivation and skills development initiatives that involve workers being away from the workplace, namely "staff organize study groups and presentations of proposals", "gathering information relating to teaching materials and training, etc.", "dispatch employees for training conducted by an external organization" and "self-development support", among manufacturers, there is a considerable gap between the two groups in terms of the level of initiative, with around three times as many companies devoting their energies to cultivating such personnel implementing these initiatives than

V-10 Initiatives Aimed at the Cultivation and Skills Development of Employees: Differences According to Attitude toward the Cultivation of Workplace Leaders and Supervisors

(%)

		n	Have decided on an instructor and are cultivating staff systematically	Use work standards and manuals	Staff organize study groups and presentations of proposals	Gathering information relating to teaching materials and training, etc.	Dispatch employees for training conducted by an external organization	Self-development support
Manufacturing industry (machinery / metals)	Devoting energies	409	50.4	47.9	35.5	24.0	37.2	36.2
	Not devoting energies	433	27.5	23.1	13.2	8.8	11.8	12.5
Service industry	Devoting energies	402	54.0	41.0	46.8	29.9	42.3	43.5
	Not devoting energies	317	32.8	25.2	26.8	16.7	24.3	28.7

Source: JILPT Small and Medium-sized Manufacturing Industry Survey (Companies), JILPT Small and Medium-sized Service Industry Survey (Companies)

Note: This shows the proportion of enterprises that responded that they are "actively implementing" initiatives in relation to the statements that they "have decided on an instructor and are cultivating staff systematically", "use work standards and manuals", and that "staff organize study groups and presentations of proposals", and the proportion that responded that they are "implementing" the other initiatives listed.

those not making particular efforts in regard to such staff. Looking at the situation in this way, it can be seen that one of the other triggers for actions relating to human resource development and skills development at SMEs is the securing of workplace leaders and supervisors who play an important role in business activities at an enterprise (it can be said that they are figures who manage the actual manufacturing or service provision site on behalf of the proprietor).

4. The Positioning of Vocational Qualifications and Human Resource Development and Skills Development

Along with recruitment and employment activities and attitudes to the cultivation of workplace leaders and supervisors, the positioning of vocational qualifications within the enterprise are another factor believed to be strongly related to human resource development and skills development initiatives at SMEs.

V-11 shows the average number of staff cultivation and skills development initiatives being actively implemented in the workplace, and the differences in the average number of initiatives relating to Off-JT and self-development support currently being implemented, according to the positioning of qualifications by an enterprise. Here, both enterprises that have qualifications that they encourage staff to acquire before reaching a certain rank within the

company and those that have qualifications that they encourage staff to acquire for the purpose of self-development are classed as enterprises that have "qualifications that staff are encouraged to acquire for the purpose of skills development or career development within the company".

Looking at enterprises in the small and medium-sized manufacturing industry, the average number of education and training initiatives being actively undertaken in the workplace and the average number of Off-JT and self-development support initiatives is much higher among enterprises that have qualifications that they order staff to acquire or have qualifications that they encourage staff to acquire for the purpose of skills development or career development within the company, than among those that do not have such qualifications. Similarly to the situation in the manufacturing industry, the level of workplace education and training initiatives proactively undertaken by enterprises in the small and medium-sized service industry and the level of Off-JT and self-development support initiatives implemented in these service sectors differs according to whether or not the enterprise has qualifications that it orders or encourages staff to acquire for the purpose of skills development or career development within the company, with all of these initiatives being commonly implemented at companies with such qualifications.

From the results above, it can be said that the

V-11 The Positioning within the Company of Vocational Qualifications and Education and Training Initiatives

	Small and medium-sized manufacturing industry		Small and medium-sized service industry	
	Number of workplace initiatives being actively implemented (average)	Number of Off-JT and self-development support initiatives being implemented (average)	Number of workplace initiatives being actively implemented (average)	Number of Off-JT and self-development support initiatives being implemented (average)
[Existence of qualifications that staff are ordered to acquire]				
Have qualifications that staff are ordered to acquire	2.66	1.35	2.78	2.25
Do not have qualifications that staff are ordered to acquire	1.90	0.71	2.35	1.24
[Existence of qualifications that staff are encouraged to acquire for the purpose of skills development or career development within the company]				
Have qualifications that staff are encouraged to acquire for the purpose of skills development or career development within the company	2.77	1.55	2.73	1.83
Do not have qualifications that staff are encouraged to acquire for the purpose of skills development or career development within the company	1.88	0.68	2.22	1.09

Source: JILPT Small and Medium-sized Manufacturing Industry Survey (Companies), JILPT Small and Medium-sized Service Industry Survey (Companies).

Notes:

- Enterprises that have "qualifications that staff are encouraged to acquire for the purpose of skills development or career development within the company" indicates enterprises that have at least one of the following: "qualifications that they encourage staff to acquire before reaching a certain rank within the company" or "qualifications that they encourage staff to acquire for the purpose of self-development".
- "Number of workplace initiatives being actively implemented" indicates the number of initiatives that the enterprise is proactively undertaking (i.e. responded that it is "actively implementing" or "actively implementing to some degree") from among the following five initiatives: "have decided on an instructor and are cultivating staff and conducting skills development in accordance with a plan", "use work standards and manuals to cultivate staff and conduct skills development", "scrutinize their work and give staff experience of progressing from simple tasks to harder work", "give staff experience of related duties on a rotating basis, in addition to their main duties", and "staff organize study groups and presentations of proposals".
- The "number of Off-JT and self-development support initiatives being implemented" indicates how many of the following six initiatives the enterprise is undertaking: "secure a budget for Off-JT each year", "determine who will be in charge of planning Off-JT", "prepare teaching materials, machinery and equipment for Off-JT", "gathering information relating to teaching materials and training, etc.", "dispatch employees to training programs undertaken by an external organization", and self-development support.

positioning of qualifications as some form of criterion for skills development and career development has the potential to lead to more proactive initiatives focused on the cultivation of staff and skills development. It is presumed that, as a result of enterprises requiring employees to acquire qualifications ? that is to say, by having qualifications that are required in order for employees to accomplish their duties ? systems focused on implementing effective workplace education and training initiatives, Off-JT and self-development are developed and maintained, with a view to the acquisition of those qualifications.

Incidentally, with regard to the handling from a personnel management perspective of vocational qualifications that SMEs require their employees to acquire, judging from the results of the JILPT Small and Medium-sized Service Industry Survey and the JILPT Small and Medium-sized Manufacturing

Industry Survey, firstly, even in the case of qualifications that employees are required to acquire, handling within the company differs considerably between industries. In manufacturing industry, perhaps because many of the qualifications employees are required to acquire are essential to production activities, the acquisition of required qualifications by employees is not often reflected in their treatment. On the other hand, in the service industry, if employees are encouraged to acquire qualifications as part of their personal development and they go on to acquire them, it is generally reflected in their treatment. Secondly, in manufacturing industry, there is little tendency to employ personnel who already have a relevant qualification. Even in the service industry, there is not a very strong preference among enterprises to employ staff who hold qualifications, in the case of most qualifications, but there is a stronger

preference in favor of qualified staff in the case of qualifications that enterprises often require staff to acquire in the senior citizens' welfare or building services sectors. Thirdly, the most common initiative focused on supporting the acquisition of qualifications in most cases is financial support, regardless of whether the enterprise concerned is in the manufacturing industry or the service industry. However, the approach to support differs from other qualifications in the case of qualifications that enterprises often require staff to acquire in the senior citizens' welfare sector; in this sector, support measures generally take the form of making accommodations in terms of time to enable staff to take examinations or attend lectures.¹¹

III. Various Mechanisms for Stimulating Human Resource Development and Skills Development

Chapter II looked at which particular aspects of human resource development and skills development are perceived as being an issue among the usual business activities of SMEs, and how these translate into actual initiatives.¹² Although based on an analysis of the same questionnaire-based surveys as were used in Chapter II, this chapter has a different perspective and examines what kind of initiatives lead to further stimulation of human resource development and skills development at SMEs.

1. The Development of Systems for Dealing with Human Resource Development and Skills Development Throughout the Company as a Whole

In the "Survey Concerning the Cultivation and

Skills Development of Young Employees" conducted by JILPT in 2010, enterprises in machinery and metals-related sectors and in the wholesale, retail and service sectors were asked about the status of their securing and cultivation of young (aged under 35) staff. Looking at the results tallied from the responses provided by SMEs (2,970 companies with no more than 300 employees, in the case of the machinery and metals-related sectors, and 2,198 companies with no more than 100 employees, in the case of the wholesale, retail and service sectors), approximately 30% of enterprises in both the machinery and metals-related sectors and the wholesale, retail and service sectors believe that the cultivation and skills development of young staff is not going well at present. When enterprises that responded that the cultivation and skills development of young regular employees were asked about the reasons for this, a larger proportion picked out the following responses in preference to the other options: (i) lack of mid-ranking employees to take charge of cultivating them; (ii) lack of know-how in conducting education and training effectively; (iii) lack of motivation among young regular employees to acquire new skills and knowledge; and (iv) few young regular employees newly assigned to the workplace. Accordingly, it can be seen that, in addition to an insufficient number of young regular employees and insufficient motivation on the part of those who are employed, SMEs that feel they have issues with the cultivation and skills development of young regular employees also face the problem that the organization as a whole lacks a system for undertaking such cultivation and skills development.

The fact that the lack of a system at the organizational level is a bottleneck hindering the

11 For further details of the analysis of the handling of vocational qualifications in terms of personnel management, see Fujimoto [2012].

12 In II, (i) the employment of new staff, (ii) the securing of leaders and supervisors, and (iii) requiring vocational qualifications to carry out duties were deemed to be aspects leading to initiatives focused on human resource development and skills development at SMEs, but a further aspect thought to be an important trigger is (iv) the proprietor's own awareness of the necessity of self-improvement. This is because there are many cases at SMEs where the proprietor is not only the top decision-maker, but also the most important salesperson, and the content of their own activities has a decisive influence over the business situation of the enterprise. However, the two questionnaire-based surveys conducted by JILPT among SMEs did not ask about the proprietor's own awareness and activities concerning self-improvement, so it is not possible to present data to back this up; accordingly, trigger (iv) was not referred to in this paper.

cultivation and skills development of young employees at SMEs can also be seen from the status of the implementation of specific initiatives aimed at cultivation and skills development. As well as the evaluation of the cultivation and skills development of young regular employees at their own company, V-12 tallies the implementation rate of each initiative. Looking at initiatives aimed at young regular employees at enterprises in the machinery and metals-related sectors, in terms of the implementation rate of initiatives, there is not a particularly pronounced difference between enterprises at which cultivation and skills development were going well and those at which they were not, but the implementation rate for the response "OJT in accordance with a plan, having selected an instructor" was more than ten percentage points higher at enterprises responding that cultivation, etc. was going well. Furthermore, turning one's

attention to initiatives relating to the cultivation and skills development of managers and supervisors, the proportion of enterprises responding that they were not conducting such initiatives was more than ten percentage points higher among enterprises at which cultivation and skills development were not going well than among those at which they were, both in the machinery and metals-related sectors and in the wholesale, retail and service sectors.

2. The "Visualization" of Employee Skills

The results of the analysis cited in 1. above suggest that the situation in relation to human resource development and skills development changes as a result of an enterprise developing a system that approaches human resource development and skills development from the perspective of the company as a whole, such as initiatives to increase

V-12 Initiatives by Enterprises According to Evaluation of the Cultivation and Skills Development of Young Regular Employees

(%)

	Machinery & metal-related		Wholesale, retail and services	
	Going well	Not going well	Going well	Not going well
[Measures aimed at young regular employees]				
OJT in accordance with a plan, having selected an instructor	51.6	39.0	38.0	32.6
Scrutinize their work and give staff experience of progressing from simple tasks to harder work	56.4	58.6	53.8	51.2
Give staff experience of related duties on a rotating basis, in addition to their main duties	40.3	32.6	34.3	28.7
Make staff take up the challenge of new duties	15.1	11.8	15.4	11.0
Use work standards and procedure manuals to cultivate staff and conduct skills development	53.6	48.0	22.5	18.9
Encourage improvements and proposals in the workplace	45.5	40.3	22.5	24.8
Workplace activities such as small-group activities and QC Circles	25.7	21.2	—	—
Off-JT, such as training (education and training conducted outside the workplace)	35.4	34.2	29.6	21.3
Support for self-development activities	28.3	27.1	26.7	22.5
[Initiatives aimed at managers and supervisors]				
Distribution to managers and supervisors of manuals concerning the education of their subordinates	7.7	4.9	10.0	5.6
Training concerning the education and management of subordinates	28.0	20.0	26.2	16.8
Have managers and supervisors formulate plans for cultivating their subordinates	36.2	26.8	20.3	14.0
Include items concerning the education of subordinates as items in the appraisals of managers and supervisors	20.0	18.1	20.1	17.0
Other	1.5	1.6	1.3	2.0
No particular initiatives aimed at managers or supervisors	33.5	46.4	43.1	54.5

Source: Japan Institute for Labour Policy and Training [2010] "Survey Concerning the Cultivation and Skills Development of Young Employees"

the awareness of interested parties at the manager and supervisor level, thereby leading to positive outcomes.

"Visualization" initiatives can be cited as another type of initiative within companies that leads to the stimulation of human resource development and skills development. "Visualization" initiatives reveal the skills required of employees in a form linked to the business activities of a company. For example, at Company A, which has approximately 70 employees and manufactures components for cars and trucks, an evaluation table similar to that shown in V-13 is compiled in regard to basic tasks for staff in their first year after joining the company. The row at the top shows the task items subject to evaluation (press operation, die attachment, etc.), while the names of the employees subject to evaluation are written in the column on the left. Company A uses four task evaluation levels ("Pass" ? "Task can be entrusted but there are times when guidance is required" ? "In training" ? "Cannot do"), with a symbol indicating the relevant level being written in each box (◎, ○, △, and ×, respectively) to clarify the current level of each employee in relation to each and every task item. The evaluation table and evaluation results are disclosed to all employees, with each employee being shown the know-how and skills required to carry out their duties, the current state of their skills development and the targets to be achieved.

Looking at the degree to which the abilities required in their jobs are disclosed to core employees at each of the enterprises that responded to the JILPT Small and Medium-sized Service Industry Survey and the JILPT Small and Medium-sized

Manufacturing Industry Survey, in each sector of the service industry, 60-80% of respondents replied that they are made "very clear" or "quite clear", with a particularly large proportion of enterprises in the beauty and civil engineering and construction services sectors indicating that they were confident that they had clearly disclosed these matters. On the other hand, "very clear" (15.8%) and "quite clear" (35.3%) combined accounted for more than half of all responses in the manufacturing industry, with the remainder accounted for by "cannot say either way" (27.3%) and "not clear" ("not very clear" (10.0%) and "not clear" (9.1%))" (19.1%). It cannot be said that such efforts are adequate, compared with the service industry, where the clarification of abilities required is quite advanced (V-14).

The methods used by enterprises to notify employees of the abilities required can be broadly divided into two groups: methods involving notifying the organization as a whole (whole company or division) and methods involving notifying specific individuals. With regard to the methods involving notifying the organization as a whole, methods involving disclosing in advance the abilities required by the organization through "disclosure of the job description" (7.1% in the service industry, 8.2% in the manufacturing industry; the same order applies below), "disclosure of the personnel/wage system to staff" (9.0%, 5.2%), "company intranet" (5.7%, 2.6%), or "distribution of pamphlets or circulars" (7.2%, 5.1%) were less common than methods involving managers directly notifying their subordinates verbally, through "meetings or small group gatherings" (54.7%, 45.8%) or "morning meetings"

V-13 "Visualization" Initiative at Manufacturing Industry Company A: Compilation of an Evaluation Table

Employee Name / Work Item	Press operation	Furnace operation	Die attachment
Employee A	◎	△	◎	△					○
Employee B	◎	△	◎	◎					△
Employee C	◎	△	○	○					×

Source: Materials provided by Company A

V-14 Status of Progress in Clarifying the Abilities Required of Employees

(%)

	n	Clear	Very clear	Quite clear	Cannot say either way	Not very clear	Not clear	Not clear
[Manufacturing industry (machinery/metals)]								
Mainly technicians	643	53.0	15.1	37.9	25.8	11.2	8.7	19.9
Mainly engineers	154	50.6	18.8	31.8	35.1	4.5	9.1	13.6
[Service industry]								
Cram school	35	65.7	34.3	31.4	14.3	17.1	2.9	20.0
Building services	92	64.1	22.8	41.3	14.1	17.4	4.3	21.7
Motor vehicle maintenance	154	70.8	22.1	48.7	16.2	10.4	1.3	11.7
Information services	117	65.8	24.8	41.0	19.7	11.1	1.7	12.8
Funerals	51	72.5	41.2	31.4	11.8	7.8	5.9	13.7
Civil engineering and construction services	157	75.8	29.9	45.9	9.6	12.1	0.6	12.7
Beauty	61	86.9	47.5	39.3	4.9	4.9	0.0	4.9
Senior citizens' welfare	52	69.2	17.3	51.9	11.5	9.6	7.7	17.3

Source: JILPT Small and Medium-sized Manufacturing Industry Survey (Companies), JILPT Small and Medium-sized Service Industry Survey (Companies)

(31.3%, 45.4%). Comparing the service industry with the manufacturing industry, in terms of methods involving managers directly notifying their subordinates verbally, "meetings or small group gatherings" were the more common method in the service industry, while "morning meetings" were more commonly used in the manufacturing industry. The methods that involve notifying specific individuals are primarily focused on advising individuals of the abilities they require in their current jobs, "in the course of their everyday duties" (66.6%, 58.8%) or through "OJT in the workplace" (22.8%, 22.8%); this trend was the same in both the service industry and the manufacturing industry.

So can a relationship be seen between the "visualization" of the abilities required of employees and the human resource development and skills development initiatives undertaken by enterprises? Looking at the relationship between staff cultivation and skills development initiatives in the workplace and the degree of "visualization", it can be seen that in both the service industry and the manufacturing industry, there is a greater tendency to proactively promote such initiatives in the workplace among companies at which "visualization" is more advanced. The difference in values after deducting "not very clear + not clear" from "very clear" is particularly large in the case of "have decided on an instructor and are cultivating staff systematically" in

the service industry ("very clear" - "not very clear + not clear" = 46.7%), while in the manufacturing industry there is a considerable gap in the case of "staff organize study groups and presentations of proposals" (31.5%, based on the same formula), so it can be said that a pronounced difference in the degree of progress in "visualization" emerges in the case of initiatives with costs in terms of time or money (V-15).

3. Making Use of Opportunities within the Region or Sector

From the aforementioned Ministry of Health, Labour and Welfare "Basic Survey of Human Resources Development", it was seen that the main opportunity for Off-JT at SMEs is the use of opportunities for education and training outside the company. If this is the case, there is a possibility that human resource development and skills development initiatives at SMEs are more intensive where there are greater opportunities for interaction, education and training in the sector to which an enterprise belongs or in the region where it is located. Let us verify this on the basis of data from the JILPT survey of small and medium-sized manufacturing industry.

The JILPT Small and Medium-sized Manufacturing Industry Survey (Companies) asked enterprises about the characteristics of the region in which they are currently located and about the status of activities

V-15 Degree of "Visualization" and Cultivation and Skills Development Initiatives in the Workplace

(%)

	n	Have decided on an instructor and are cultivating staff and conducting skills development in accordance with a plan	Use work standards and manuals to cultivate staff and conduct skills development	Give staff experience of progressing from simple tasks to harder work	Give staff experience of related duties on a rotating basis	Staff organize study groups and presentations of proposals
[Small and medium-sized service industry]						
Very clear	202	64.9	50.5	74.3	48.5	54.0
Quite clear	311	45.3	34.1	74.3	47.9	37.0
Cannot say either way	96	25.0	20.8	62.5	27.1	20.8
Not very + not clear	99	22.2	15.2	69.7	41.4	26.3
[Small and medium-sized manufacturing industry]						
Very clear	133	58.6	48.9	80.5	56.4	41.4
Quite clear	297	46.1	43.1	69.7	38.7	28.3
Cannot say either way	230	29.6	30.4	59.6	39.1	19.6
Not very + not clear	161	24.2	19.3	52.2	21.7	9.9

Source: JILPT Small and Medium-sized Manufacturing Industry Survey (Companies), JILPT Small and Medium-sized Service Industry Survey (Companies).

Note: The proportions show the totals for "actively implementing" and "actively implementing to some degree" combined.

relating to education and training and skills development in that region. Respondents were asked to select from five options in the question relating to the characteristics of the region where the enterprise is located, with the responses being assigned a score based on the opportunities for interaction with other enterprises, as follows: "a region in which manufacturing companies in a specific sector are gathered": 5 points; "a region focused on large-scale manufacturers, in which their subcontractors are also gathered": 4 points; "a region in which there are no core large-scale manufacturers, but manufacturing companies from various sectors are gathered": 3 points; "a region in which there are no manufacturing companies in the surrounding area": 2 points; and "other": 1 point. Moreover, in relation to education and training and skills development in the region in which the enterprise is located, respondents were asked to use a five-step scale to grade how proactively initiatives concerning the following were implemented: "arranging internships", "holding seminars and workshops", "mutual skills and technology guidance initiatives between companies, such as dispatching and

hosting technicians and engineers, etc.", and "academic-industrial collaboration between companies and technical colleges and universities, etc." The responses of each company in regard to each initiative were then assigned a score ranging from "actively implementing" = 5 points to "not actively implementing at all" = 1 point. When these are added up, the scores for each enterprise range between 5 and 25 points. Companies scoring 5-10 points were classified as having "few" opportunities for interaction or education and training in the region in which they were located, those with 11-19 points were classed as having "moderate" opportunities, and those with 20 points or more were classed as having "many" opportunities.

The aforementioned indicator is used here to analyze the relationship between human resource development and skills development at SMEs and initiatives in the region, but because the responses of enterprises were used to compile the indicator, there is a strong possibility of an overlap between enterprises that are proactive about education and training and enterprises that perceive many opportunities in the

V-16 Opportunities for Interaction, Education and Training in the Regions Where Enterprises Are Located and Off-JT and Self-development Support at the Place of Employment

(%)

	n	Dispatch employees for training conducted by an external organization	Support for self-development
[Opportunities for interaction and education and training in the regions where enterprises are located]			
Few	264	38.6	25.4
Moderate	258	46.5	33.3
Many	204	51.5	37.7

Note: Uses matching data from the JILPT Small and Medium-sized Manufacturing Industry Survey (Companies) and *id.* (Employees).

V-17 Information-gathering Activities concerning Employee Skills Development

	Were information-gathering activities carried out? (%)				Degree of enthusiasm for information-gathering activities		
	n	Yes	No	No response	Effective number	Number of media (average)	Standard deviation
[By number of learning resources in the region]							
Few	264	60.6	33.3	6.1	248	1.08	1.08
Moderate	258	73.3	20.2	6.6	241	1.34	1.07
Many	204	75.5	19.1	5.4	193	1.44	1.23
Total	726	69.3	24.7	6.1	682	1.27	1.13

Notes: 1) Uses matching data from the JILPT Small and Medium-sized Manufacturing Industry Survey (Companies) and *id.* (Employees).

2) The degree of enthusiasm for information-gathering activities indicates the average number of media used in gathering information.

region in which they are located. Accordingly, in order to avoid this overlap or bias, the analysis was carried out using results where the responses of employees could be matched to the enterprise where they worked. V-16 examines the relationship between human resource development and skills development initiatives from the perspective of employees and opportunities for interaction, education and training in the region concerned. Enterprises located in regions with more opportunities for interaction, education and training have a greater tendency to be proactive, from the employee's perspective as well, in regard to Off-JT and support for self-development by staff.

One can also recognize the influence of the region in which a place of employment is located in the activities undertaken by employees themselves in

relation to skills development. V-17 summarizes the degree to which employees gather information about education and training and skills development, according to the level of opportunities for interaction between companies and education and training in the region in which their place of employment is located. It shows that the proportion of employees who gather information about such matters is higher among employees working at enterprises located in regions where there are more opportunities, and that they conduct these information-gathering activities using a wider range of media. Furthermore, in relation to OJT, Off-JT and self-development initiatives, employees that work for enterprises located in regions with more opportunities are more proactive in their efforts toward skills development, through such

V-18 Employee Skills Development Activities: Process Policy

(%)

	n	Acquiring knowledge and skills through OJT	Making use of opportunities for Off-JT in the workplace	Engaging in independent study or learning (selfdevelopment), such as taking correspondence courses
[By number of learning resources in the region]				
Few	264	12.9	8.0	8.3
Moderate	258	17.4	11.6	8.9
Many	204	21.6	16.2	12.3
Total	726	16.9	11.6	9.6

Notes: 1) Uses matching data from the JILPT Small and Medium-sized Manufacturing Industry Survey (Companies) and *id.* (Employees).

2) The proportions show the totals for "actively implementing" and "actively implementing to some degree" combined.

endeavors as "acquiring knowledge and skills through OJT", "making use of opportunities for Off-JT in the workplace" and "engaging in independent study or learning (self-development), such as taking correspondence courses" (V-18).

IV. Social and Political Issues Surrounding Human Resource Development and Skills Development at SMEs

Finally, let us consider social and political issues for the future, while looking at the number of problems relating to human resource development and skills development faced by SMEs and the current status of human resource development and skills development as seen from the analyses above.

1. Problems Felt by Enterprises Concerning Human Resource Development and Skills Development

What kind of problems do SMEs feel that they face in relation to human resource development and skills development initiatives at their own companies? According to the JILPT Small and Medium-sized Service Industry Survey, the most common issue felt to be a problem by enterprises in the service industry is "employees are too busy and have no time for education and training" (45.8%). In addition, other issues felt by enterprises to be a problem were, in descending order, "the cost of using external education and training organizations is too high" (23.6%), "insufficient motivation on the part of

employees" (19.6%), and "staff quit soon after they are fully trained" (16.8%). On the other hand, according to the JILPT Small and Medium-sized Manufacturing Industry Survey, the most common problem cited by manufacturing companies was "employees are too busy and have no time for education and training" (30.4%), followed by "the cost of using external education and training organizations is too high" (21.6%), and "insufficient motivation on the part of employees" (20.5%). Although there are some slight differences in the response rates for each item, the results of both surveys are very similar and it can be seen that a lack of either time, money or employee motivation is a typical problem hindering human resource development and skills development at SMEs, regardless of the sector.

Moreover, there is a greater tendency to face such issues among enterprises that feel a strong need for human resource development in the running of their company. For example, when the responses concerning what each enterprise felt to be an issue in relation to the cultivation and skills development of employees were divided up according to differences in attitude to the cultivation of workplace leaders and supervisors (V-19), a larger proportion of enterprises that are devoting their energies to the cultivation of such staff pointed out most of the items listed as examples of issues. In both the manufacturing industry and the service industry, the most common issue pointed out by enterprises that are devoting their energies to the cultivation of workplace leaders

V-19 Issues concerning the Cultivation of Employees and Their Skills Development (Multiple Responses Permitted)

Differences According to Attitude toward the Cultivation of Workplace Leaders and Supervisors

(%)

		n	It is difficult to identify the abilities required of employees	Even if the abilities required of employees are identified, it is not possible to convey these effectively	Insufficient motivation on the part of employees	Employees are too busy and have no time for education and training	Staff quit soon after they are fully trained	Poor communication between superiors and subordinates and between seniors and juniors (in terms of length of service)	We do not know what kind of education and training organizations exist and where to find them	No education and training organizations have established training courses with the appropriate content or at a suitable level	The cost of using external education and training organizations is too high	We do not understand the application procedures for government grants for education and training / the procedures are too complex	Other	No particular problems devoting
Manufacturing industry (machinery/metals)	Devoting energies	402	13.9	9.2	21.9	52.0	17.7	—	4.2	8.2	29.4	7.7	1.2	14.4
	Not devoting energies	317	9.1	6.6	16.7	37.9	15.8	—	2.5	5.7	16.4	6.6	3.2	21.1
Service industry	Devoting energies	409	13.0	8.8	24.0	38.6	—	15.4	6.1	12.5	27.1	9.3	1.7	19.6
	Not devoting energies	433	9.2	4.8	17.3	22.6	—	5.8	5.8	5.3	16.4	4.8	1.4	26.1

Note: Items marked "—" denote items for which options were not included in either the manufacturing or the service industry survey.

and supervisors, and the issues where there was the greatest difference between such enterprises and those that are not devoting their energies to the cultivation of such staff was "employees are too busy and have no time for education and training". In addition, there was a pronounced difference between the two groups of enterprises in relation to the issue that was the second most common among enterprises devoting their energies to the cultivation of such staff, namely "the cost of using external education and training organizations is too high".

2. Social and Political Issues

From the situation indicated in 1. above, it is anticipated that there are many cases where SMEs face issues of human resource development and skills development that require consideration or a response but find various constraints and result in only losing motivation to undertake initiatives. If this is the case, social and political endeavors focused on lowering the hurdles hindering the implementation of such development initiatives, and which do not discourage proprietors, are required in order to prevent

motivation being reduced or enterprises dragging their heels over such initiatives, and to encourage human resource development and skills development at SMEs. Moreover, at the same time, amid the globalization of market competition, companies will become increasingly oriented toward high-added-value management, and this is carried out on the basis of advanced vocational abilities. The need for human resource development emerges from this. Moreover, there is ceaseless technological innovation, requiring workers to master new knowledge, technologies and skills, so it is necessary for workers to redevelop their abilities constantly. The need for what is termed "lifelong learning" emerges from this.

Are the human resource development mechanisms in Japan able to respond to such needs? Imano and Japan Trade Union Confederation Research Institute for Advancement of Living Standards (eds.) [2011] point out the following.

"However, the social mechanisms of human resource development in Japan are unable to respond to such changes. The basic mechanism of human

resource development hitherto has been formed as a "fortunate transition system" that was expedient for both young people and companies, in which companies provided in-house education to cultivate young people who had completed their school education. However, the social role of companies in relation to human resource development is now declining steadily. It has been widely noted that the human, time and financial resources invested in staff education are dwindling, leading to a decline in the ability of companies to conduct human resource development. Another important fact is that the scope of those targeted by staff education is shrinking. As a result, companies have altered their employment strategies, cutting back on regular employees in favor of increasing the number of non-regular employees, giving rise to a serious situation in which a large number of workers who have lost opportunities for human resource development are emerging, such as young workers who cannot find jobs as regular employees.

Looking at the issue of human resource development in this way, it will become necessary for society as a whole to develop mechanisms for effectively cultivating personnel." (Imano and Japan Trade Union Confederation Research Institute for Advancement of Living Standards [2011:1]).

While sharing this awareness that "vocational ability among Japanese workers has been formed exclusively through education within individual companies → its function is now declining → social mechanisms that provide support and make up for that decline in function are required", Kikuchi [2011] goes further in focusing on tools to support social mechanisms.¹³

"For many years, the development and formation of vocational skills was mainly carried out within each company, through education and training focused primarily on OJT. However, companies themselves are now losing (or abandoning) their

scope to increase vocational ability among personnel through long-term investment in education and training predicated on long-term employment, and when the selective employment of "ready-made workers" occurs in the labor market, young people whose path to becoming a regular employee has been cut off lose even the opportunity for skills development and formation.

This situation gives rise to problems that are difficult for companies as well. The cultivation of highly-skilled technicians is being neglected in the manufacturing industry, giving rise to a situation that could shake the very foundations of the craftsmanship and skills that should support "Japan, home to the art of monodzukuri (manufacturing)". Moreover, in new industries and categories of business, even if a company tries to procure personnel from the labor market because it is not possible to rely on existing personnel within the company, there is the question of the degree to which it can depend upon those specialist vocational abilities being of a high level, as the "quality assurance" of abilities is uncertain. Precisely because of this, the government was unable to leave the situation as it was and embarked upon the introduction of the "Japanese NVQ" system and the "career grade system", which incorporate the development of vocational skills and public assurance." (Kikuchi [2011:13]).

Having said that, it is not the case that the social human resource development and vocational ability training and development mechanisms that Imano and Kikuchi assert are necessary, which go beyond the boundaries of individual companies, were completely non-existent in Japan. As was touched upon in the section concerning Off-JT at SMEs (II.1), in many cases, Off-JT at SMEs is carried out via external organizations and, naturally, external organizations that provide education and training do exist; the organizations that have mainly offered the education and training opportunities that are used by SMEs are regional or nationwide level employers' associations,

13 See also Sato [2011], which proposes using school education or collaboration with public vocational training organizations to supplement the decline in the functions of education and training within enterprises, based on the same awareness of the problem.

such as chambers of commerce and industry or other commercial and industrial associations, or are industry groups organized by enterprises in the same category of business, or are public vocational training organizations, such as vocational training institutes, and the activities of these groups and organizations have fulfilled a role as public infrastructure for human resource development and skills development. In light of this fact, rather than constructing the mechanisms themselves from scratch, what is required in seeking to enhance social mechanisms for human resource development and skills development, as recommended by Imano and Kikuchi, is the revision of the content of human resource development and skills development and of approaches to its provision that go beyond the boundaries of companies, in order to provide effective support for human resource development and skills development activities by enterprises, as well as skills development activities undertaken by individuals.

Moves toward such revisions have already begun in various parts of Japan. For example, a number of organizations that play a leading role in human resource development initiatives in regions with manufacturing industry clusters in Japan implement these in parallel with initiatives aimed at new business development that makes use of the region's strengths, in many cases. In the Hamamatsu region of Shizuoka Prefecture, the Hamamatsu Industry Creation Center has established a study group consisting of those who have completed the human resource development projects implemented by the Center, as well as related enterprises and local academic institutions, which is promoting the acquisition of applied technologies, with a view to their commercialization, and is conducting research into next-generation industrial fields that the region should work on. Moreover, in the Tsubame-Sanjo region of Niigata Prefecture, as well as various courses and seminars aimed at human resource development, the Tsubame-Sanjo Regional Industries

Promotion Center also sets up study groups focused on new technologies and new materials, with the objective of enabling local enterprises to acquire useful information about production technologies and product development and put this to practical use. There are also moves focused on forming effective, efficient human resource development mechanisms within specific regions. In the Toyo district of Ehime Prefecture, the Toyo Industry Creation Center has played a key role in devising a framework for human resource development projects within the region and is aiming to cooperate with other organizations in putting into practice the implementation system that it has developed in line with this idea, concerning the roles that should be played by various organizations, such as the Chamber of Commerce and Industry, technical high schools and technical colleges.¹⁴

This paper has already examined "visualization" as an endeavor to encourage human resource development and skills development within enterprises, but one area that should be the focus of attention in regard to the basic direction of revisions is that of initiatives aimed at promoting such "visualization" in a manner that goes beyond the boundaries of individual enterprises. More specifically, these involve activities focused on the disclosure of the personnel requirements necessary for the running of a business and the implementation of education and training in light of those requirements. One example of such activities can be found in the Yonezawa region of Yamagata Prefecture. In this region, the Yonezawa Business Network Office, which was formed by manufacturing companies with the involvement of financial institutions and local government, has played a key role in establishing the Yonezawa Industry Cultivation Project Management Committee; this committee runs the "Yonezawa Region Common Certification System for Lead-free Soldering Technology", with the aim of improving technical abilities in the electronic component industry, which is the major industry in this region, and clarifying the technical skills of each enterprise in the area. In the aforementioned Toyo district of Ehime

14 For further details concerning such initiatives in regions with manufacturing industry clusters, see Japan Institute for Labour Policy and Training (ed.) [2012b].

Prefecture, the "Plant Maintenance Engineer Cultivation Project" is being carried out, with those who complete the courses carried out as part of this project being granted the qualification "Plant Maintenance Master (PMM)". This qualification has been created by developing a new plan for the content of the courses that personnel must take in order to obtain the existing qualifications within the industry, and reorganizing it to suit the personnel needs within the region.¹⁵

Moreover, the activities of the Kansai Electronics Information Industry Society can be cited as another initiative that uses what Kikuchi describes as "tools to support social mechanisms". Using the "Job-Card System"¹⁶ promoted by the Ministry of Health, Labour and Welfare, this society has devised a scheme¹⁷ to help member companies to secure more new graduates by positioning a series of education and training initiatives as an extension of the internships and employment activities that it has conventionally implemented in partnership with member companies, and enhancing training for those who are hired by member companies.

It seems likely that in the future, enterprises will make progress in clarifying the abilities that they require, in a form based on their operational initiatives, while industry groups, various regional organizations and the government strive to expand and enhance initiatives such as those detailed above, thereby broadening the points of contact between enterprise and employee needs, on the one hand, and various initiatives that go beyond the boundaries of individual enterprises, thereby leading to the establishment of social mechanisms that effectively support human resource development and skills

development at SMEs.

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15 For further details of the operation of vocational qualifications in the Yonezawa region of Yamagata Prefecture and the Toyo district of Ehime Prefecture, see the aforementioned Japan Institute for Labour Policy and Training (ed.) [2012b].

16 The "Job-Card System" (implemented from April 2008) is a system that is mainly aimed at people with little experience of being regular employees, which involves conducting vocational training that combines practical training at a company with study at an education and training organization; during this process, matters such as details of the duties carried out by the individual concerned, the things that they have learned, their experience of vocational training, and any licenses or qualifications they have attained are recorded on a document called a "Job-Card", with the objective of promoting subsequent job-seeking activities and career development.

17 For further details of initiatives by the Kansai Electronics Information Industry Society, see Japan Institute for Labour Policy and Training (ed.) [2010c].

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Significance and Methods of Assessing Vocational Aptitude in Career Development Support

Introduction

The necessity of careers education and career guidance for young people choosing their occupation for the first time has been a topic of discussion for some time, and various concrete support measures have already been developed. However, in recent years, the focus has spread from young people alone to include middle-aged and older people who have experience of employment. One of the factors behind this is the fact that the conventional approach to career development, in which a worker obtained a job after completing their school education and then worked at the same workplace until the mandatory retirement age, is becoming less commonplace than before. Furthermore, whereas work as a regular employee used to be the standard way of working, the proportion of workers in non-regular employment – namely part-timers, *arubaito* (casual work) and dispatched workers – is growing and the situation is such that the issues faced when considering their own career development can occur at a number of points throughout their lives. Amid this situation, there has been a re-evaluation of the role of vocational aptitude tests as a tool for obtaining data that can provide people with a more profound understanding of themselves, which is vital in determining the direction of an individual's career development.

For example, Nishimura (2012) refers to the period when young people transition from school to an occupation and establish themselves in that occupation as the initial career period; the period when, after having entered the labor market through finding a job, workers change jobs or occupations as the mid-career period; and the period when people retire from working life due to having reached the mandatory retirement age, or when they consider continuing their working lives, as the late-career period. Nishimura then states that aptitude assessment has certain requirements and a role to play, not only during the early career period, but also

in the mid- and late-career periods.

As well as the General Aptitude Test Battery (GATB), which was introduced from the USA in the 1950s and has conventionally been used for the assessment of vocational ability in Japan, various forms of vocational aptitude test and career guidance tools have been developed and utilized. In the past, there was a period when utilizing the results of aptitude tests to determine career paths and occupations was seen negatively and the use of such tests died down, but today, various types of test have been developed and are used to provide data for gaining a more profound understanding of oneself and determining one's future career path.

The JILPT has conducted studies concerning aptitude tests and career guidance tools, examining the development, maintenance and use of tests from the perspective of a research institute focusing on issues relating to the administration of employment security. More specifically, this Institute has conducted studies concerning the development of aptitude tests and tools that are of use to public employment security offices when providing job placement support to job-seekers and assisting students in choosing a new career path or place of employment after they graduate.

The studies carried out to date by this Institute concerning such tests can be summarized as follows. In the 1950s, soon after the end of the Second World War, the Institute carried out a study aimed at standardizing the use of the USA's GATB in Japan, and completed what came to be known as the Japanese edition of the General Aptitude Test Battery edited by the Ministry of Labor. Subsequently, during the 1970s, the Institute developed the Vocational Readiness Test, which was used to check the development of the vocational awareness of junior and senior high school students, while in the 1980s, it developed the Vocational Preference Inventory (VPI), which standardized the VPI used in the USA to enable it to be utilized in Japan. These tests are all

paper-pencil tests, completed by the respondent on paper using a pencil. Thereafter, from the 1990s to the 2000s, the Institute carried out studies of the Computer Assisted Careers Guidance System (CACGS) and Card Sort Type tools, perfecting these systems as the output of the respective studies. Moreover, the Institute carries out regular revisions of each type of test every 10-15 years, gathering new data and re-examining the scales and standards in order to maintain their reliability and validity as tests. The tests and career guidance tools developed and maintained in this way are widely used by educational institutions including junior and senior high schools and universities, as well as employment placement

organizations and counseling bodies.

This paper focuses on the vocational aptitude tests and career guidance tools that the Institute has developed to date, introducing their content and reporting on the results of studies carried out concerning the use of the various types of test. It also examines the future role of aptitude assessment in career development support and issues relating to this.

1. The Content of Vocational Aptitude Tests and Career Guidance Tools

The various tests developed by this Institute can be broadly classified into three types. The first is paper-

VI-1 Overview of Vocational Aptitude Tests and Career Guidance Tools Developed to Date

Test Name	Characteristics Measured / Information Provided	Subjects	Content	Characteristics & Objectives
General Aptitude Test Battery edited by the Ministry of Health, Labour and Welfare	Abilities	Those aged 13 to under 45 (but there are standards for use with those aged 45 or over)	9 major aptitudes (General Intelligence, Verbal Aptitude, Numerical Aptitude, Clerical Perception, Spatial Aptitude, Form Perception, Motor Co-ordination, Finger Dexterity and Manual Dexterity)	Measures the aptitude level and compares it with occupations based on ability level
Vocational Readiness Test (VRT)	Vocational interest	Junior high school students & above	Test A (vocational interest), Test B (basic orientation), Test C (degree of confidence in carrying out duties)	Understanding the level of development (readiness) of students in regard to selecting an occupation, focusing on junior and senior high school students
Vocational Preference Inventory (VPI)	Vocational interest	University, junior college and vocational college students and adults	Vocational interest (6 types), tendency scale (5)	Administration and scoring takes little time, focusing on understanding personality based on vocational interest
Career In★Sites	Abilities, interests, values, behavioral characteristics	Those aged around 18 to 34	Aptitude assessment, comprehensive assessment, provision of occupational information, career planning	Comprehensive career guidance centered on aptitude assessment using a computer
Career In★Sites MC	Abilities, interests, values, behavioral characteristics	Those aged around 35 to 69	Aptitude assessment, comprehensive assessment, provision of occupational information, career planning	Comprehensive career guidance centered on aptitude assessment using a computer
OHBY Cards	Occupational information/ card sort method	From children to adults	48 cards	Classification according to whether or not the subject would like to do the job, while looking at the pictures and photographs on the card
VRT Cards	Vocational orientation/ card sort method	Junior high school students & above	54 cards, vocational interest (6 realms), degree of confidence in carrying out duties (6 realms)	Classification according to whether or not the subject has interests or confidence in doing the job, while reading the content of the job written on the card

pencil tests, completed by the respondent on paper using a pencil, the second is computer-assisted career guidance systems, in which the subject utilizes a computer to check their own aptitude, and the third is tools using the card sort method, which identifies one's vocational interests according to the classification of cards on which the content of jobs and the names of occupations are written. VI-1 provides a summary of these tests and career guidance tools.

(1) Paper-Pencil Type Psychological Tests

Of the tests shown in VI-1, the paper-pencil tests are the General Aptitude Test Battery edited by the Ministry of Health, Labour and Welfare (hereinafter referred to as the GATB), the Vocational Readiness Test (hereinafter referred to as the VRT), and the Vocational Preference Inventory (hereinafter referred to as the VPI). All of these are psychological tests developed in accordance with standardized procedures, but whereas the GATB is a test that defines and measures nine types of aptitude in relation to vocational aptitude abilities, the VRT and VPI are tests that measure individual characteristics, with a central focus on vocational interests. The VRT was created as a test intended to be of use in providing guidance concerning career paths for students at the school stage, such as junior and senior high school students, while on the other hand, the VPI was developed as a test to be of use in providing university students and those at higher levels with a deeper understanding of themselves. The GATB and VPI were developed as so-called translated versions, based on tests that had been developed and utilized in the USA; items were stipulated that would enable those tests to be used as Japanese versions, with data being gathered in order to compile standards. In contrast, the VRT is a test that was completely new when it was developed by the National Institute of Employment and Vocational Research, which was the predecessor of the JILPT. Accordingly, the following provides an overview of the VRT.

◆ Vocational Readiness Test (VRT) ¹

[Background to Development]

This test was published in 1972 by the National Institute of Employment and Vocational Research (currently the Japan Institute for Labour Policy and Training). At that time, there were many young people who quit their jobs shortly after finding employment upon graduating from junior or senior high school, and the test was developed with a view to providing guidance concerning career paths and occupations, in order to bring about an improvement in this situation. Following publication of the first edition, revisions were made in 1989 and the version currently in use is the third edition, which was revised and issued in 2006. Approximately 270,000 copies are published annually.

[Subjects]

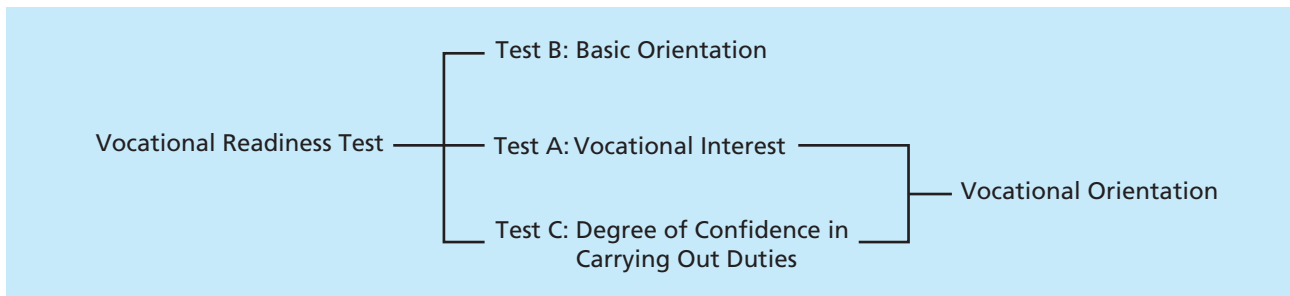
As a general rule, the subjects are junior and senior high school students, but subjects who have graduated from high school and are aged around 20 are permitted to take the test, if it is thought that their vocational awareness and/or self-understanding are inadequate.

[Objective]

The VRT was created with the objective of gaining an understanding of the “vocational readiness” – or, to put it another way, the level of psychological preparedness for selecting an occupation – of students, for use in career path and vocational guidance at junior and senior high schools. Accordingly, as well as measuring interest in an occupation, the VRT identifies the student's degree of confidence in carrying out the duties involved in that occupation, thereby comprehensively measuring and interpreting the student's awareness of occupations. Moreover, in the case of students who have not yet formed an adequate mental image of occupations, the test provides an insight into their interests and behavior using criteria that ask about their actions and ways of thinking in situations in day-to-day life, and makes it possible to associate these with occupations.

¹ Muroyama (2012a) provides details of the content of the Vocational Readiness Test. Moreover, see Muroyama & Matsumoto (2006) for more information about measuring the interest of junior and senior high school students using the Vocational Readiness Test.

VI-2 Composition of the Vocational Readiness Test



[Test Method]

There is a question sheet and an answer sheet, and the subject of the test reads each question and writes their response on the answer sheet. There is no time limit for responses and it is basically carried out at the preferred pace of the subject. On average, it takes around 40-45 minutes to complete, so it is possible to take the test within a single junior or senior high school lesson period. In addition, the VRT can be scored by the subject. If using the self-score method, another school lesson period is required in order to score their answers and complete the tasks using the worksheet ("How to Understand and Use the Results").

[Composition and Content]

The VRT consists of three tests: A, B and C (VI-2). Tests A and C are criteria that measure "vocational orientation", which relates to interest in an occupation and degree of confidence in carrying it out, while Test B is a scale measuring "basic orientation" in relation to behavioral and attitudinal tendencies in daily life.

In Test A, vocational interest is measured, with those taking the test answering questions covering 54 items relating to the content of occupations and jobs, and assigning one of three ratings concerning whether or not they would like to do them: "Would like to do", "No preference" or "Would not like to do". In Test B, those taking the test answer either "Applies" or "Doesn't apply" in regard to 64 items concerning their behavior and attitudes in daily life. In Test C, the same 54 items as in Test A are used to measure respondents' degree of confidence in carrying out the relevant duties, with those taking the test answering either "Confident", "No opinion" or "Not confident" in relation to whether or not they

have confidence that they would be able to carry out those duties well in the future.

[Framework for Compiling the Measurement Results]

The concept of the six types of vocational interest propounded by the US researcher Holland (Holland, 1985) are used as the framework for gaining an insight into vocational interest in Test A and degree of confidence in carrying out duties in Test C. The characteristics measured in Test B as the basic orientation are expressed as a level of tendency in three directions (D: orientation toward data; P: orientation toward people; and T: orientation toward things) In the VRT, each orientation is composed of multiple subscales (VI-3), so it is possible to examine the content of each DPT orientation in detail.

[Interpreting Results Using the Worksheets]

A worksheet has been prepared for the VRT, in order to enable the person taking the test to interpret their own results in detail. Four tasks have been prepared for the worksheet, so as well as compiling a profile of their interests and basic orientation, the respondent can ascertain the degree of differentiation in their interests, interpret the level of consistency, and identify the occupations that correspond to the characteristics of their interests. VI-4 shows the interest scale and confidence profile, while VI-5 and VI-6 show the DPT and subscale profiles.

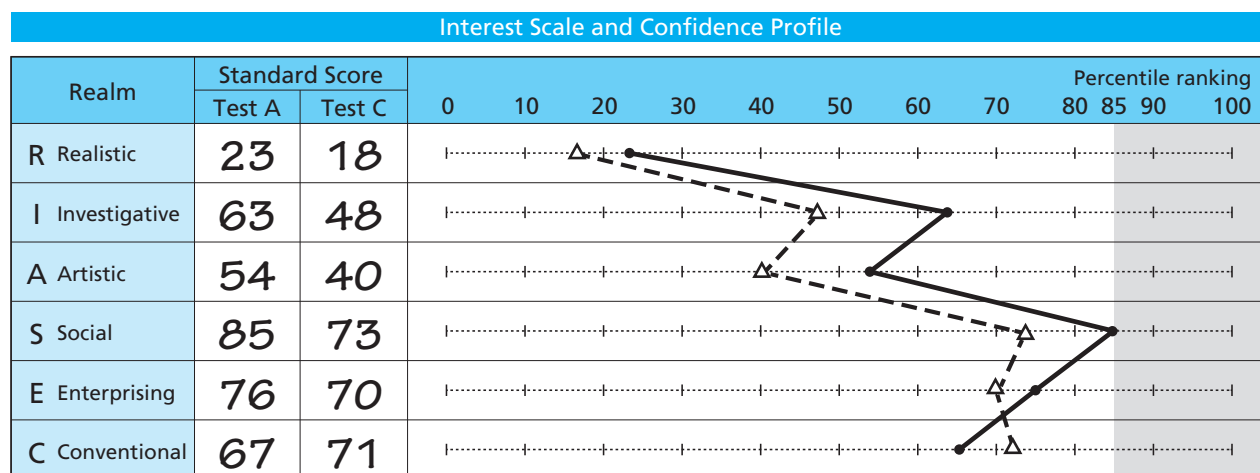
[Usage Method]

Schools wishing to administer the VRT can obtain the forms free of charge from a public employment security office, so as well as enabling them to be used in career path guidance in junior and senior high schools, they can be used in the careers education lessons that have begun to be carried out in recent

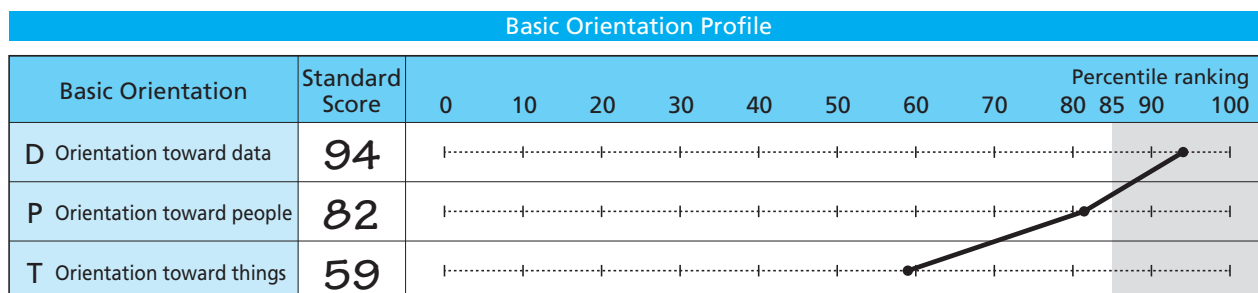
VI-3 Names and Content of Subscales Included in the DPT Basic Orientation

Basic Orientation	Subscale	Content
D: Orientation toward data	D1: Gathering data	Indicates that the respondent has a strong desire to gather a great deal of data.
	D2: Satisfying curiosity	Indicates that the respondent has strong curiosity about mechanisms in society and the world around them and a strong desire to find out more about them.
	D3: Using data	Indicates that the respondent has a strong desire to properly organize the data that they have collected, manage it in an orderly fashion, and use it logically.
P: Orientation toward people	P1: Expressing oneself	Indicates that the respondent has a strong desire to express their opinions properly in front of other people and to express themselves.
	P2: Acting with others	Indicates that the respondent has a strong desire to act with many other people, rather than spending time alone.
	P3: Helping others	Indicates that the respondent is sensitive to people's feelings and has a strong desire to help others.
T: Orientation toward things	T1: Making things	Indicates that the respondent has a strong preference for making things using tools or machinery.
	T2: Familiarity with nature	Indicates that the respondent has a strong preference for observing animals and plants in the natural environment and for physical activity.

VI-4 Interest Scale and Confidence Profile (Solid Line Represents Interests, Dotted Line Represents Confidence)



VI-5 Basic Orientation Profile



VI-6 Basic Orientation Subscale Profile

Basic Orientation Subscale Profile				
Basic Orientation(DPT)		Number of responses in category	Fill in on the graph the number of boxes that corresponds to the number of responses in the category.	Commentary
D Orientation toward data	D1 Gathering data	7		Indicates that the respondent has a strong desire to gather a great deal of data.
	D2 Satisfying curiosity	5		Indicates that the respondent has strong curiosity about mechanisms in society and the world around them and a strong desire to find out more about them.
	D3 Using data	6		Indicates that the respondent has a strong desire to properly organize the data that they have collected, manage it in an orderly fashion, and use it logically.
P Orientation toward people	P1 Expressing oneself	4		Indicates that the respondent has a strong desire to express their opinions properly in front of other people and to express themselves.
	P2 Acting with others	7		Indicates that the respondent has a strong desire to act with many other people, rather than spending time alone.
	P3 Helping others	7		Indicates that the respondent is sensitive to people's feelings and has a strong desire to help others.
T Orientation toward things	T1 Making things	3		Indicates that the respondent has a strong preference for making things using tools or machinery.
	T2 Familiarity with nature	5		Indicates that the respondent has a strong preference for observing animals and plants in the natural environment and for physical activity.

* VI-4-VI-6 are reproduced from the Japan Institute for Labour Policy and Training (2011). Training Materials for Labor Administration Staff Vocational Ability and Aptitude, and the Assessment and Measurement Thereof (FY2011).

years. They are used as a material for promoting self-understanding among the students themselves, with a view to selecting their career path or occupation.

(2) Computer Assisted Careers Guidance System (CACGS)

Next, of the tools listed in VI-1, let us introduce Career In★Sites and Career In★Sites MC, which are computer assisted career guidance systems. Career In★Sites was developed for subjects aged 18-34, focusing on young people seeking a job for the first time and those in younger age brackets who have

been in the workforce for a comparatively short time. On the other hand, Career In★Sites MC targets those with experience of work who are in the 35-69 age range (the mid-career age bracket). Both systems were developed as integrated with aptitude assessment, occupational information provision, aptitude and occupation matching, and career planning functions. The following outlines the Career In★Sites system used for young people.

◆ Career In★Sites ²

[Background to Development]

Computer Assisted Careers Guidance Systems (CACGS), which enable subjects themselves to utilize computers to experience the whole range of processes involved in selecting an occupation, namely aptitude assessment, comparing aptitude with occupations, searching for information about occupations, and formulating a career plan, have been developed and used in the West since the 1960s. In Japan, research and development concerning CACGS lagged behind, but as a result of the increasingly information-oriented nature of society and growing prevalence of computers in recent years, the need has grown for the development of CACGS that can be used in vocational guidance provided by employment placement organizations and educational institutions. Accordingly, in 2001, Japan's first CACGS, called In★Sites2000 (Instructive Navigator: Self Identification & Trait Evaluation System) was created, aimed at young job-seekers. Subsequently, having been used at various institutions, In★Sites2000 was revised and the updated version was released in 2004 as Career In★Sites.

[Objective]

Career In★Sites was developed in order to make it simple for young people who wish to find out about their own aptitude and young people who are uncertain about the directions in which their options for an occupation or career path lie to carry out a number of the basic steps required in order to select an occupation, such as aptitude assessment and searching for information about occupations. At the same time, the aim was to make counseling sessions by staff at vocational counseling organizations more efficient by reducing the time and effort required to administer and score aptitude tests, thereby increasing the time available for direct dialogue with the subject.

[Test Method]

Career In★Sites is supplied on a CD-ROM and the system is used after being installed on a computer. The aptitude tests are included in the

functions, so the format does not involve using the internet.

Career In★Sites has basically been designed and developed to enable the subject to utilize the various functions without any assistance from anyone else. The subject can select the functions that they wish to use from those on the menu displayed on the screen, enabling them to carry out an aptitude assessment or search for information about occupations. Around an hour and a half to two hours are required to use all of the Career In★Sites functions, but it takes less than this if only certain functions are selected. Usually, it takes 30-40 minutes to complete the four aptitude tests on Career In★Sites.

[Composition and Content]

1) Structure

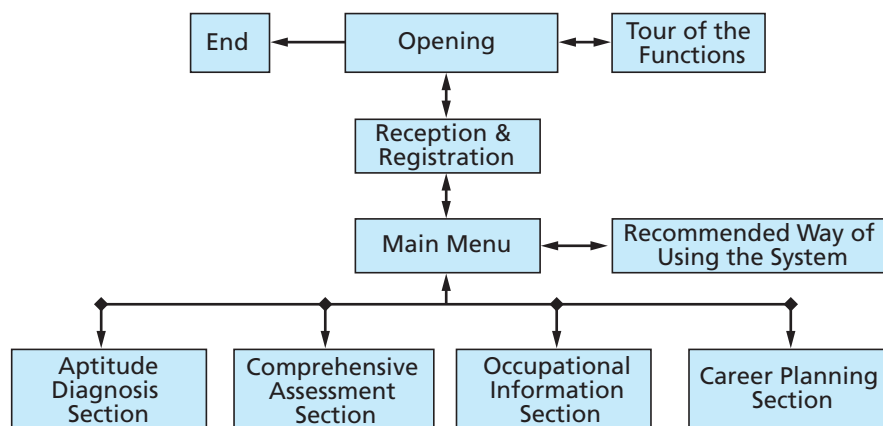
The structure of Career In★Sites is shown in VI-7. The system consists of four main functions: the aptitude diagnosis section, the comprehensive assessment section, the occupational information section, and the career planning section.

2) Functions

- (i) **Main Menu:** At the Opening screen (VI-8), click on the Start button to display the Reception & Registration screen. Once the subject's details are registered here, the Main Menu (VI-9) is displayed. The Main Menu displays all of the system's functions and the subject selects which function they wish to use from this screen.
- (ii) **Aptitude Diagnosis Section:** The Aptitude Diagnosis Section is the core function of Career In★Sites. It incorporates four aptitude assessments: abilities, vocational interest, values and behavioral characteristics. In carrying out each test, the self-rating method is used to assign a score as soon as the answers to the questions displayed are selected, with the subject's profile being displayed, along with comments on this (VI-10). A list of suitable occupations is created that corresponds to

2 For details of the content of Career In★Sites and Career In★Sites MC, see Muroyama (2012a), while for more on the development of Career In★Sites, see Muroyama (2004).

VI-7 System Structure



VI-8 Career In★Sites Opening Screen



VI-9 Main Menu



VI-10 Ability Assessment Profile Screen



VI-11 Creating a List of Suitable Occupations Using the Ability Assessment



VI-12 Results Using Both Abilities and Interests

職業適性診断システム - (総合評価: カリフォルム)

テストテスト: さん

内容を確認して「職業マッチング」ボタンで次に進んでください。

興味と能力に関するあなたの診断結果を照合すると次のようになります。

●1. あなたのプロフィール

興味	興味レベル	必要とされる能力	能力レベル	適合度
現実的 (ものさず) [R]	5	スピードエクササイズ [AT]	2	○ 興味はあるが、自信はない
		ハンドイクンギング [TH]	3	×
研究的 (研究・開発) [I]	2	リサーチスキル [VO]	3	○ 興味も自信もない
		ハンドイクンギング [TH]	1	×
芸術的 (創造的活動) [A]	4	リサーチスキル [VO]	3	○ 興味はあるが、自信は平均
		アートスキル [CA]	3	○
社会的 (人と関わる) [S]	4	リーダーシップ [PE]	2	○ 興味はあるが、自信はない
		ボランティアサポート [SO]	1	○
企業的 (企画・管理) [E]	3	リーダーシップ [PE]	2	○ 興味も自信も平均
		プランニング [EN]	3	○
学問的 (学問的興味) [C]	5	ボランティアサポート [SO]	1	○ 興味はあるが、自信はない
		コンピュータアカウント [DA]	2	○

●2. 興味と能力から見た適合性について

あなたの興味、興味と能力の両方から見て適合度が最も高かったのはA領域の仕事でした。また、R、S、C、E領域に当てはまる仕事も職業の範囲にあるといえます。他方、I領域は興味も自信もないため、あまりお勧めできません。

あなたの興味の方向とそれに関連した能力を確認したら「職業とのマッチング」へ進んでください。

終了 戻る 内容確認・用語解説 職業マッチング

the respective characteristics for abilities and interests (VI-11).

- (iii) **Comprehensive Assessment Section:** The Comprehensive Assessment Section uses the results of the two aptitude assessments, focused on abilities and interests, which were carried out in the Aptitude Diagnosis Section, in order to match the overall characteristics of the individual with occupations in the database.

The basic data used by Career In★Sites when an individual takes the tests of ability and interest is information about which areas on each of the scales have a strong correlation. In the comprehensive assessment, a table is created that shows the assessment level in regard to the two abilities with a particularly strong correlation to each of the types relating to interests, and the characteristics of the individual are described from the perspectives of both interests and abilities (VI-12). Based on these results, a list of suitable occupations is created that takes into account the overall picture concerning both interests and abilities (VI-13).

- (iv) **Occupational Information Section:** The database in the Occupational Information Section contains information about 417 occupations. In Career In★Sites, there is a

VI-13 Matching with Occupations Based on Both Abilities and Interests

職業適性診断システム - (総合評価: カリフォルム)

テストテスト: さん

【詳細情報へ】のボタンを押すと、詳細な職業情報を表示します。

●あなたの興味、能力の特徴からみて適職の範囲に含まれる職業の検索結果

満足リスト

●あなたの職業興味に合致し、また、能力のレベルから見て条件を満足する職業のリストです。

417 職業中 (10) 職業

職業名	職業コード	職業分類コード	職業分類
企業科員 (トレーサー)	1D	233	職業分類コード 233-23
企業科員 (トレーサー)			仕事の下位分類
企業科員 (トレーサー)			仕事の内容

【詳細情報へ】

終了 戻る 内容確認・用語解説 職業マッチング

large proportion of specialist and technical occupations, with 236 of the 417 occupations falling into this category.

The occupational information can be searched using any of five categories: occupation name, field of work, related abilities, related interests, and qualifications. Information about the content of the job (up to a maximum of 300 characters), related abilities and interests, and qualifications, etc. is provided for each occupation. The screen for each occupation is divided into general information and detailed information. The general information section shows the name of the occupation, the field of work, and the content of the job. The detailed information section shows information about related abilities and interests, and qualifications, etc. (VI-14). The subject can switch between the two information screens as required.

- (v) **Career Planning Section:** This section offers two menus – Short-term Career Plan, for considering the issue of finding a job in the near future, and Long-term Career Plan, for considering how the subject wishes to position their occupation during their lifetime.

The Short-term Career Plan offers the Compatibility Diagnosis for Desired

VI-14 Occupational Information (Detailed Information)

Occupation function, which shows the degree to which the results of the aptitude test correspond to the subject's aptitude for their current desired occupation, and the Job Search Readiness Checklist, which enables the subject to check their level of readiness in relation to such aspects as self-understanding, vocational awareness and decision-making.

The Long-term Career Plan is aimed at getting young people to look at their career plans over the long term, from their late teens through to their 60s, rather than focusing on the immediate issues. Through the selection of major goals for each age and various events that could occur in relation to the subject's working life, family life and personal life, the system helps the subject to formulate a long-term career plan (VI-15).

[Usage Method]

As well as public employment security offices, Career In★Sites is used at counseling organizations for young people and educational institutions such as universities, junior colleges and vocational colleges. The subject can utilize the aptitude assessments in Career In★Sites and obtain their results on their own, without the presence of a counselor, so it appears that in most cases subjects take the aptitude

VI-15 Long-term Career Plan

assessments, etc. on a computer at the facility in question and then undergo a counseling session based on a printout of the results.

(3) Guidance Tools Using the Card Sort Method³

Next, let us look at OHBY cards and VRT cards as Card Sort Type guidance tools. OHBY cards consist of 48 cards with photographs and illustrations depicting occupations. Those taking the test decide whether or not they have any interest in the occupation in question while looking at the photograph and illustration on each card (VI-16 and VI-17). More specifically, the subject lines up classification cards marked “Would choose”, “Would think about” and “Would not choose”, and then looks at the photographs and pictures on each occupation card before assigning that card to one of the three classification cards. The OHBY cards are a tool developed on the basis of occupational information and importance is attached to their ultimate goal of giving the subject a deeper understanding of occupations.

On the other hand, VRT cards consist of 54 cards containing descriptions of the content of duties. The person taking the test reads the descriptions of duties concerning the jobs on each card and categorizes them according to whether or not they are interested in them, or whether or not they could do those duties

3 Details of the OHBY cards and VRT cards are provided in Shimomura and Muroyama (2012).

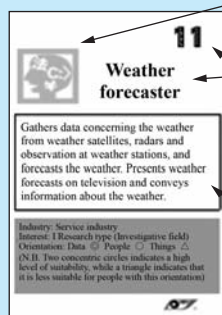
VI-16 The Front of an OHBY Card



Picture: Shows a picture that depicts particularly well the content of the occupation from the OHBY occupation handbook

Photograph: Shows a photograph that depicts particularly well the content of the occupation from OHBY

VI-17 The Back of an OHBY Card



Occupation field (occupational panorama) symbol: Shows the symbol used in the OHBY occupational panorama

Occupation name: Shows the name of the occupation

Card number: Shows the number assigned to the occupation name in order of the Japanese syllabary (this is a number assigned for the sake of convenience, to organize the cards, and does not indicate an order of importance for the occupations concerned)

Occupational information: A brief summary of the content of the occupation in 70-80 characters

well. The VRT cards were developed as a tool to enable the Vocational Readiness Test, which is a paper-pencil type test, to be carried out using the card sort method; at the development stage, they were confirmed to be highly reliable as a test of interest and very convenient to administer. The following provides an explanation of the VRT cards.

◆ VRT Cards

[Background to Development]

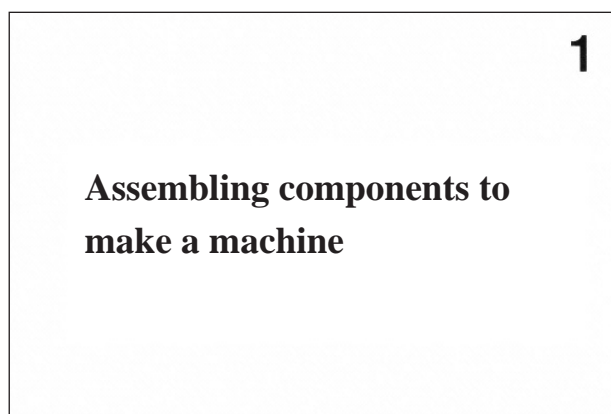
The VRT (Vocational Readiness Test) referred to above in the section on paper-pencil tests is an excellent test for comprehensively and precisely measuring the development of vocational awareness, such as vocational interest and degree of confidence in carrying out duties. However, in counseling sessions under conditions in which it is difficult to secure the time or place required to conduct a psychological test, such as the consultation counter of a public employment security office, it is difficult to use a tool that involves a paper-pencil test and takes

time to score. Accordingly, this test was developed by replacing the Vocational Readiness Test items with the card sort method and adapting it, with the objective of creating a tool that was easy to use and which guaranteed a certain degree of reliability as a test.

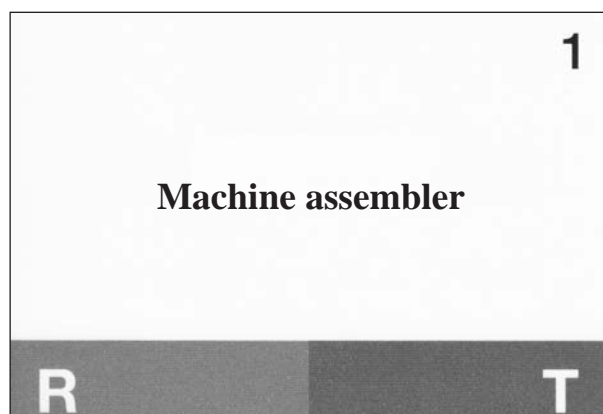
[Subjects]

The VRT cards were created as a card version of the Vocational Readiness Test, but unlike that test, which is primarily aimed at junior and senior high school students, the VRT cards do not involve the formulation of a profile based on comparison with reference values. Accordingly, it is basically possible to administer the test to anyone, as long as they can understand what is written on the cards and can categorize them. In trials carried out during the development process, it was verified that the test could be used by everyone from junior high school students to elderly people in their 70s, as well as by some people with disabilities.

VI-18 Front of the Card



VI-19 Back of the Card



[Objective]

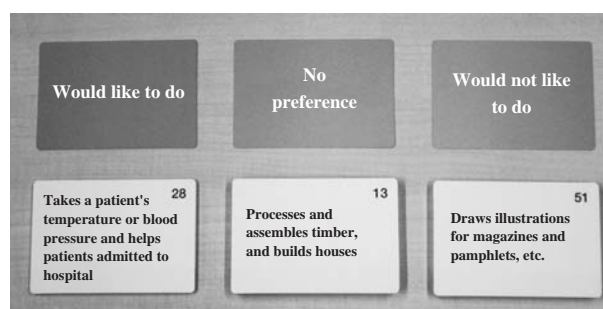
The VRT cards are a tool for checking the subject's interest in occupations and degree of confidence in carrying out duties, but rather than aiming for exact measurements, the primary objective of the test is to gain an understanding of the characteristics of the subject's vocational interests and confidence in a short period of time using a simple method. Moreover, it provides material for specific discussions between the subject and the tester, concerning what kind of work the subject would like to do and the common characteristics of the types of work he/she would prefer to do. Furthermore, in educational settings, such as schools, as well as deepening students' self-understanding, another objective of the test is to make use of its characteristic as a test that is fun, unlike the usual strict tests and examinations in schools, in order to promote communication between the students themselves.

[Composition and Content]

A set of VRT cards consists of the VRT cards themselves (explanation manual, 54 occupation cards and 6 classification cards), a Results Record Sheet, and a Results Summary Sheet.

There are 54 occupation cards, with the front of each card showing one of the items used in Test A (vocational interest) and Test C (degree of confidence in carrying out duties) of the Vocational Readiness Test. The front of each card also carries a number and a description of the content of duties (VI-18). The

VI-20 Example of the Classification of Cards by Interest



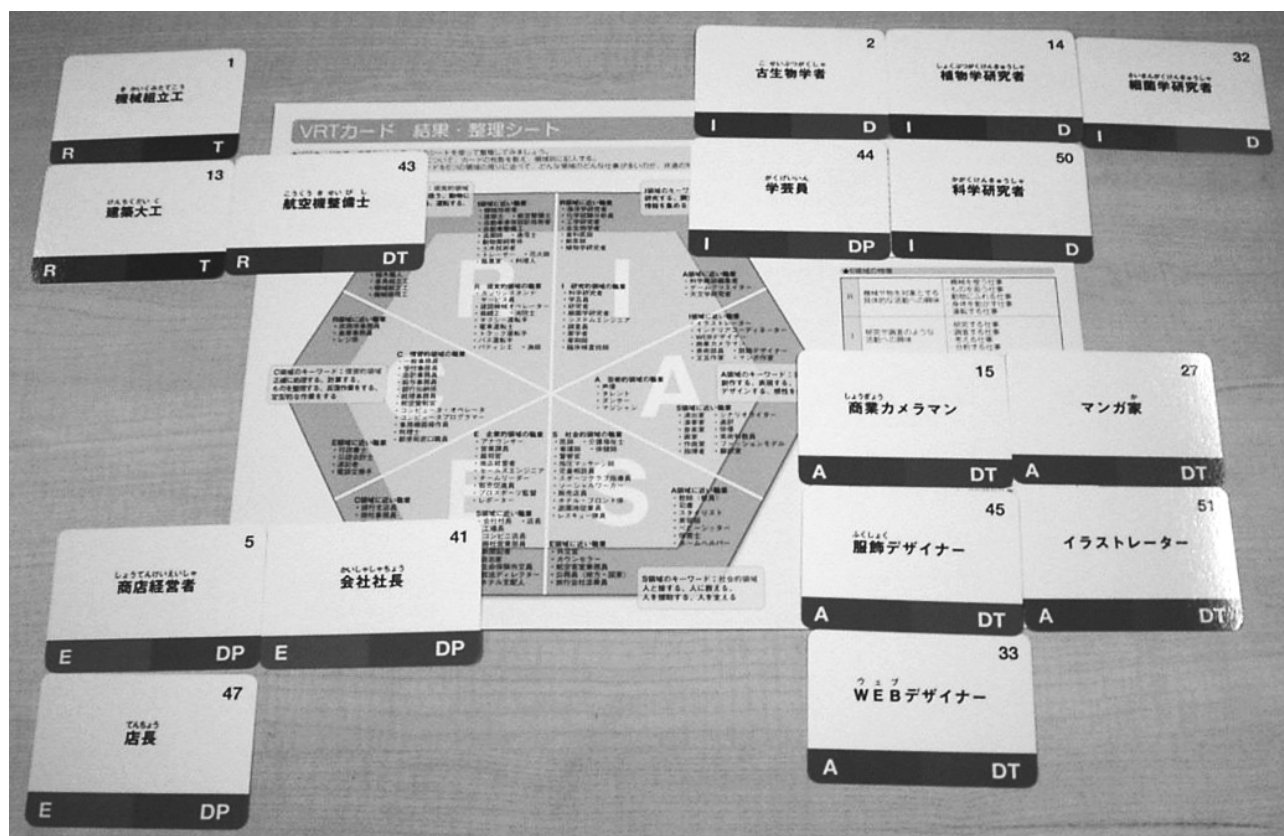
back of each card shows the number, the name of the occupation corresponding to the duties shown on the front of the card, the relevant one of the six types of interest to which that occupation corresponds, and the DPT code (combination of the three codes relating to orientation toward data, people and things to which that occupation corresponds) (VI-19).

Six classification cards are used to categorize the occupation cards. In relation to interests, the three cards used are "Would like to do", "No preference", and "Would not like to do", while in relation to confidence, the three cards used are "Confident", "No opinion", and "Not confident".

[Test Method]

The basic method used in individual counseling sessions involves the person administering the test reading out the descriptions of duties written on the front of the card and having the subject classify them

VI-21 Interpretation Using the Results Summary Sheet



into “Would like to do”, “No preference”, or “Would not like to do” (or “Confident”, “No opinion”, or “Not confident”) (VI-20). After classifying them all, the results are collated and, if necessary, a record is made and the results are interpreted.

There is no time limit for responses and the subject can basically answer at their own pace. They can be used both in one-to-one counseling sessions between the subject and the person administering the test, and in group situations, such as where all the students in a class take the test during a lesson at school.

The average amount of time required to classify all 54 cards is approximately ten minutes if the tester reads them out, and about three minutes if the subject of the test reads them silently and then classifies them.

There is a Results Record Sheet for recording the classification results, but it is not essential to use it. There is also a Results Summary Sheet, which is used to interpret the results after the cards have been

classified.

[Interpretation of Results]

After classification of the VRT cards has been completed, each pile of cards is turned over and collated. The six types of interest approach developed by Holland (Holland, 1985) is used to collate the results. For example, if looking at interests, the subject would count how many cards were in each of the six types of interest in each of the piles for “Would like to do”, “No preference”, and “Would not like to do”.

After having counted the number of cards, the Results Summary Sheet is placed in front of the subject and the classified cards are placed around each type with the back (showing the name of the occupation) facing upward; the subject and the person administering the test then interpret the results while discussing which type has the most cards assigned to it and what the common characteristics of the cards classified into a particular type are (VI-21). The classified cards can be confirmed visually, so it is

possible to elicit not simply the type in which the subject has the largest number of “Would like to do” responses, but also such matters as the subject's impressions concerning each and every occupation, as well as their reasons for choosing the responses.

[Usage Method]

The VRT cards are used in individual counseling sessions at public employment security offices and vocational counseling organizations, when finding out the characteristics of the job-seeker's interests. Moreover, they are also used as a teaching material in careers education classes at junior and senior high schools and universities, in order to promote self-understanding. The exercise is carried out as in groups when the cards are used in lessons, with two students forming one pair and taking turns to be the subject and the person administering the test. As the person administering the test and the subject cooperate enjoyably in conducting the test, they can interpret and discuss the results that have been obtained, so it is a meaningful method of utilization in which one can receive comments from someone else, rather than just seeing one's own results.

2. Studies Concerning the Use of Tools

Vocational aptitude tests and career guidance tools cannot be said to be fulfilling their primary role if they are not actually used in career counseling or education after being developed. Accordingly, this Institute revises the scales regularly and conducts ongoing research, such as surveys of usage methods, in order to ensure that the tests and tools can continue to be used as effective tools in real-life situations. The following section provides an introduction to the outcomes of studies carried out by the JILPT in order to facilitate the use of tests and career guidance tools.

(1) Study Concerning the Use of the General Aptitude Test Battery (GATB) Edited by the Ministry of Health, Labour and Welfare with Middle-aged and Older People ⁴

The GATB is an aptitude test that was developed in the USA during the First World War in order to

measure vocational ability. It measures vocational ability in terms of nine aptitudes: General Intelligence, Verbal Aptitude, Numerical Aptitude, Clerical Perception, Spatial Aptitude, Form Perception, Motor Co-ordination, Finger Dexterity and Manual Dexterity. Following the test, the aptitude level of the subject is compared to the ability levels required for various occupations and occupations that are suitable for the subject are considered. The test, which was originally developed in the USA, was introduced to Japan after the Second World War, and what was then the Ministry of Labor of Japan standardized it so as to be used in Japan and published it. Since then, it has continued to be used through to the present day as a test for measuring vocational ability, undergoing a number of revisions over the years.

The GATB used in Japan can be broadly classified into two types. One is the GATB for use in career path and vocational guidance, which is used at schools and vocational counseling organizations, while the other is the version for business, which is used by business establishments in their personnel hiring and deployment processes.

Naganawa (2012) looks at the test for use in career path and vocational guidance, which was created based on the criterion that it was aimed at job-seekers ranging from second-year junior high school students to those aged under 45, and examines its applicability to middle-aged and older people over the age of 45, as well as the conditions for its use if it were applicable. The results obtained were compiled into the GATB Guide for Use with Middle-aged and Older People (Japan Institute for Labour Policy and Training, 2010). The following provides an overview of the content of this publication.

(i) Study Objectives

At public employment security offices, the version for use in career path and vocational guidance is used in order to measure the vocational ability of ordinary job-seekers, but many of the job-seekers are aged 45 or older, and it is necessary for the individual to gain an understanding of their own abilities when

⁴ Naganawa (2012) provides a summary of the use of the GATB with middle-aged and older people.

they apply for a job that does not have an age limit, or when considering a career change or planning to undergo vocational training. In order to provide for such situations, this study examined matters such as changes in the aptitude scoring based on more advanced age by administering the GATB to middle-aged and older people aged 45 or over.

(ii) Method

[Implementation Method]

Test subjects who would take the GATB were recruited from among middle-aged and older people and each group of around ten people took the GATB (version for use in career path and vocational guidance) paper-pencil test and equipment test in accordance with the procedures.

[Subjects]

The data was gathered from a total of 141 subjects: 33 in their 40s, 70 in their 50s, and 38 in their 60s. The subjects included some who had been in managerial posts (a total of 82: 29 in their 40s and 53 in their 50s) and others who were ordinary middle-aged or older job-seekers (a total of 59 men

and women: 4 in their 40s, 17 in their 50s, and 38 in their 60s). The equipment test was administered only to the middle-aged or older job-seekers.

(iii) Results

In the results, the GATB aptitude scores are used to show the mean values and standard deviations for aptitude scores in each age group. In the study, data was also tabulated to show the specific groups, i.e. those who had been in managerial posts and those who were ordinary middle-aged or older job-seekers, but here the two groups have been combined and the results for the mean values and standard deviations for aptitude scores in each age group are shown in VI-22. Furthermore, the results of verifying the difference in mean values by age are shown in VI-23.

In the case of those in their 40s and 50s, significant differences are seen in Spatial Aptitude (S), Form Perception (P) and Motor Co-ordination (K), with lower mean values being seen among those in their 50s than among those in their 40s. There were no significant differences among any of the other abilities. Comparing those in their 40s with those in

VI-22 Mean Values and Standard Deviations for Aptitude Scores by Age Group

Age Group Number of subjects		40s 33 (F, M 4*)	50s 70 (F, M 17*)	60s 38
G General	Mean	108.73	104.13	93.79
	SD	18.91	23.29	19.62
V Verbal	Mean	107.21	104.64	93.18
	SD	22.57	19.04	17.58
N Numerical	Mean	103.15	107.73	102.05
	SD	17.41	18.06	25.49
Q Clerical	Mean	107.73	99.14	90.50
	SD	24.49	22.63	21.01
S Spatial	Mean	97.27	84.20	77.95
	SD	19.80	21.23	20.07
P Form	Mean	95.00	76.51	66.03
	SD	25.87	16.89	18.90
K Co-ordination	Mean	88.30	77.41	71.61
	SD	21.05	16.95	23.15
F Finger	Mean	81.25	75.41	55.87
	SD	10.66	20.13	17.60
M Manual	Mean	82.25	80.12	68.74
	SD	8.10	18.67	18.10

Note: Cited from Naganawa (2012)

* Number of persons implemented the equipment test (F, M)

VI-23 Verification of Difference in Mean Values for Aptitude Scores by Age Group

	40s & 50s	40s & 60s	50s & 60s
G General Intelligence	0.99	3.26 ***	2.32 *
V Verbal Aptitude	0.60	2.94 ***	3.14 ***
N Numerical Aptitude	-1.23	0.21	1.34
Q Clerical Perception	1.70	3.19 ***	1.99 *
S Spatial Aptitude	3.05 ***	4.08 ***	1.52
P Form Perception	4.34 ***	5.44 ***	2.86 ***
K Motor Co-ordination	2.81 ***	3.18 ***	1.49
F Finger Dexterity	0.55	2.81 ***	3.46 ***
M Manual Dexterity	0.22	1.47	2.11 *

Note: ***Significant at the 5% level, *****Significant at the 0.1% level

* Cited from Naganawa (2012)

their 60s, there was a larger number of abilities in which significant differences could be seen. In addition to the aptitudes where differences were seen between those in their 40s and those in their 50s, there were also significant differences in regard to General Intelligence (G), Verbal Aptitude (V), Clerical Perception (Q), and Finger Dexterity (F), with those in their 60s achieving lower mean values than those in their 40s.

Thus, one can see that the mean values differ according to age group, so aptitude is affected by advancing age. However, as shown in VI-22, the degree differs according to the ability. The four aptitudes of General Intelligence, Verbal Aptitude, Numerical Aptitude and Clerical Perception hardly change at all until people reach their 50s, when they maintain the same mean level – or even exceed it – as that seen among those in their 40s. On the other hand, scores for the five aptitudes of Spatial Aptitude, Form Perception, Motor Co-ordination, Finger Dexterity and Manual Dexterity decline with age.

(iv) Knowledge Gained from the Results

It is known that the GATB aptitudes can be broadly classified into three factor structures: cognitive skills, perceptual skills and psychomotor skills. General Intelligence, Verbal Aptitude, Numerical Aptitude and Clerical Perception correspond to the cognitive skills, Spatial Aptitude

and Form Perception to the perceptual skills, and Motor Co-ordination, Finger Dexterity and Manual Dexterity to the psychomotor skills (Ministry of Health, Labour and Welfare, 1995).

Based on the data obtained, Naganawa (2012) asserts that the results of conducting GATB among those aged in their 40s to 60s show that there is either no change or an increase in cognitive skills up to around one's 50s, but that perceptual skills and psychomotor skills decline. In addition, with regard to the question of the impact on suitability for an occupation resulting from such changes in aptitude due to aging, he states that, "Up to a certain age, there is no impediment to the accomplishment of tasks that require cognitive skills, but the performance of tasks requiring perceptual skills and psychomotor skills becomes more difficult as people age. Consequently, people who originally had a high level of cognitive skills and who have been engaged in specialist or technical occupations or clerical posts can continue working until their early 60s, but it is anticipated that it will become increasingly difficult for those who have been involved in occupations requiring perceptual or psychomotor skills to continue their jobs." In addition, when looking at the results for individuals, it is pointed out that whether or not an individual conforms to the aptitude criteria for the occupational groups for each aptitude does not depend on age, and that there are differences between

individuals in terms of the impact of aging.

Many middle-aged and older job-seekers tend to focus on their occupational experience to date when deciding on a place to seek reemployment. Accordingly, it would seem that the necessity of taking the opportunity to find out once more the characteristics of one's own skills by means of a test of ability like the GATB has not been acknowledged. However, with the advent of a society facing the aging of the population coupled with a declining birthrate, and the transformation of Japan into a society in which it will be necessary to continue working in the long term, the significance of objectively measuring one's own ability level even as one grows older, in order to ascertain one's suitability for new jobs and the direction one should take in skills development, seems likely to increase.

(2) Study Concerning the Development of the Integrated Edition of Career In★Sites ⁵

The functions and content of Career In★Sites and Career In★Sites MC have already been introduced, but there is another Career In★Sites system, called the data collection system (hereinafter referred to as the “D-version”). In terms of its structure and content, this system is the same as the version of Career In★Sites for young people, but the method used to store data differs. More specifically, when a user stores their usage record in Career In★Sites, the record is saved on the computer on which the system has been installed, but with the D-version, the record is uploaded via the internet and stored on a server managed by the JILPT. Accordingly, as long as the user is using a computer on which the D-version has been installed, they can call up their own record from their previous session, no matter which computer they might be using. Moreover, it enables the system developers to gather a large volume of data on an ongoing basis, so they can gain an understanding of the situation concerning the use of the system, and it can also assist them in grasping the need for the revision of the scales and identifying the characteristics of users through analysis of the measured values in the aptitude assessment

(Muroyama, 2010).

Thus, at present, there are three systems – Career In★Sites, Career In★Sites D-version, and Career In★Sites MC, but studies focused on integrating these three systems have been underway for a few years. Fukamachi (2012) reviews the trends in the studies of CACGS development carried out to date before introducing the approach to the integration of these systems.

(i) Approach Aimed at Development of the Integrated Edition

There are two factors driving the development of the integrated edition, which is currently underway.

Firstly, Career In★Sites is a system that was developed in 2004 and the time has come when a revision is required, including rethinking the scales from the perspective of verifying their reliability. Career In★Sites contains four tests and it is necessary to gather data regularly and confirm the reliability of the scales, in order to maintain the dependability of the tests.

Secondly, there is the question of technical maintenance (making it compatible with new operating systems) and rationalizing the number of times maintenance will be required in the future. Unlike paper-pencil tests, tools developed as computer systems are developed to function on the operating systems of the computers prevalent at the time. Consequently, as computers that have been installed with new operating systems become prevalent, it becomes impossible to use the system developed to run on the old operating systems. The Career In★Sites series that is used at present was developed to run on the operating systems that were common around 2004-2006, so in recent years, the Institute has been forced to develop a separate installer in order to enable the system to be used on computers on which new operating systems have been installed. Accordingly, in revising the edition for young people, the aim is to integrate the other systems into a single system, thereby rationalizing the number of times such maintenance work is required.

⁵ Fukamachi (2012) provides a summary of the development of the integrated edition of Career In★Sites.

However, although it is described as an integrated edition, it is not advisable to replace it with a completely new system, due to the need to consider those who have used it until now. As such, the functions of the version for young people and the MC version will remain separate, as has been the case hitherto, and a strategy will be adopted of developing the integrated edition in such a way as to permit the user to select which system to use when they register their details.

(ii) Revision of Content

There are three key points to consider in regard to revisions when developing the integrated edition.

Firstly, revisions must be made, primarily focusing on the Career In★Sites system for use by young people. Eight years have passed since the system for use by young people was developed, so it is necessary to revise the standard data used for aptitude assessment. Furthermore, new scales concerning interests and behavioral characteristics will be added, in order to enable some of the scales incorporated into Career In★Sites MC, which was developed in 2007, to be used with young people as well.

The second point relating to revisions is the addition of the functions of the D-version to the integrated edition. Hitherto, the D-version, which consolidates data concerning the usage records via the internet, has been used as a system for young people, but in the integrated edition, this function will be included as standard and those responsible for the system at the facilities introducing it will be able to choose whether to use the stand-alone version or the D-version. Moreover, the possibility of designing the system so that customized servers that record the data can be set up at the facility using the system will be considered.

The third point relates to deliberations concerning the revision of the content of occupational information and the method used to display it. One of the strengths of CACGS is that it is possible to make use of the computer's functions and immediately refer to the database of occupations in order to check the names of occupations that correspond to the conditions relating to the aptitude of the individual.

On the other hand, some counselors, as well as some users themselves, have expressed opinions concerning the appropriateness of the lists displayed, with reports being received that some of the names of occupations displayed do not suit the user's employment history to date or require some form of specialist education before applying for them. Moreover, regular revisions of the content of occupational information are required and in some cases, the information must be updated within a short period of time. Accordingly, it has been stated that, in developing the integrated edition, as well as revising the names of the occupations contained in the database of occupational information to date and the content about them that is displayed, the development team will also adjust the display method.

This, then, is the direction in which the development of the integrated edition of Career In★Sites has been progressing; the integrated edition system has now been completed and trial operations are beginning at some public employment security offices in August 2012. The development team plans in due course to conduct interviews with the facilities running the system, to see how the integrated edition is used in real-life career counseling, and to gather materials aimed at its specific utilization, in order to provide system users with information about how to use it effectively.

(3) Study Concerning the Use of the Card Sort Method in Schools and Vocational Counseling Organizations

The occupation card sort method was devised by Tyler (1961), since when it has become a career guidance technique widely used in the West, primarily in the USA. In Japan, research and development and the use of the card sort method lagged behind, but this Institute developed the aforementioned OHBY cards and VRT cards, and is promoting their popularization in educational and career counseling settings. The following provides an introduction to a case study of the use of OHBY cards in schools and a case study of the use of VRT cards in career counseling settings.

(i) Use of OHBY Cards in Schools ⁶

Shimomura (2012) reports cases in which OHBY cards are used in careers education at a junior high school and career guidance at a high school and a university. The following provides an overview of each case studied.

[Use in Careers Education at a Junior High School]

OHBY cards were actually used in a class by the teacher in charge of careers education at a public junior high school in Akita Prefecture. The test was carried out in a classroom setting among a single class of third-year students. The major characteristic of the method employed was the fact that there was a shift from use by the individual to group work, distributing one set of OHBY cards to each student. The lesson plan stated the content of the seven activities, from introduction to summing up, as well as prescribing the materials to be distributed and the support (evaluation) by the teacher, so the content of the careers education was extremely well-devised. The seven activities can be summarized as follows.

- Confirming the students' own interests via the Vocational Readiness Test carried out beforehand
- A “guess the occupation” quiz in which illustrations and photographs from the OHBY cards were displayed on slides
- Explaining the objectives of the OHBY card exercise and confirming the task to be completed
- Explaining how to use the OHBY cards and carrying out the classification
- Using the cards classified under “Would like to do” to think about each student's top three occupations that they would like to do
- Using the backs of the cards classified under “Would like to do” to summarize the types in which each student is interested and then discussing these as a group
- Completing the comment sheets concerning the exercise and then giving a presentation

[Use in Career Guidance at a High School]

The study introduces a case in which OHBY cards were used in a job-seeking seminar for second-year students at a general high school in Tokyo. The

participants were four second-year high school students (one boy and three girls), with a job support worker dispatched from Hello Work serving as the facilitator for the group exercise. The course of the group exercise was as follows.

- Writing the objectives of participation on a blank sheet of paper (what they expect from the seminar and what they would like to find out, etc.)
- Writing on another blank sheet of paper what they are most anxious about right now and what they worry about
- Ice-breaker exercise
- Explanation of the group exercise and guidance concerning job-seeking
- OHBY card exercise
- Group exercise using the OHBY cards
- Review of the task

The notes made by the four participating high school students during the group exercise are presented in the study as the results of the exercise. From the notes they made, it was confirmed that all four participants had fun during the group exercise and that appropriate interaction between the group participants resulted in their having gained some kind of self-understanding. Based on these results, Shimomura (2012) summed up the key points in using OHBY cards in group exercises as follows.

- Attention should be paid to creating an environment in which the members of the group can communicate with each other. The role of the facilitator is crucial to this.
- Basically, the process of talking to the other participants and listening to what they have to say should be emphasized. The participants should actively explain to each other the reasons for their choices in regard to the occupations they classified as “Would like to do” or “Would not like to do”.
- As the conclusion of the exercise, participants should explain to the other members of the group what their preferred occupation is and what the reasons for this are.

[Use in Career Guidance at a University]

In this case, the results of a trial to examine the effects of OHBY cards in careers education at a

⁶ Details of the use of OHBY cards in schools are provided in Shimomura (2012).

VI-24 Effects Following the Use of the Occupation Card Sort Method

Sample 1: 3rd- and 4th-year female university students majoring in the arts

	Before the test	Immediately after the test	1 week after the test	sig.
Number of career path options I am currently considering	3.59 (1.56)	3.69 (1.33)	3.22 (1.68)	
Career Path Undecided 1	47.21 (11.67)	46.69 (12.24)	45.34 (12.41)	
Career Path Undecided 2 (insufficient information)	17.55 (5.14)	15.84 (5.40)	15.87 (5.30)	*
(Value conflict)	18.55 (3.84)	17.39 (2.85)	17.16 (3.48)	*
(Unpredictable)	17.20 (3.55)	16.40 (4.01)	15.80 (4.08)	+
Career Path Self-efficacy	101.61 (13.88)	102.58 (17.88)	105.65 (15.92)	

Sample 2: Primarily 1st-year male university students majoring in sciences

	Before the test	Immediately after the test	1 week after the test	sig.
Number of career path options I am currently considering	2.83 (1.83)	3.00 (1.29)	2.47 (1.44)	
Career Path Undecided 1	55.45 (10.69)	51.39 (12.35)	52.00 (10.44)	**
Career Path Undecided 2 (insufficient information)	21.36 (5.47)	18.36 (4.86)	18.72 (4.74)	**
(Value conflict)	19.00 (3.94)	19.08 (3.68)	18.47 (3.43)	
(Unpredictable)	19.57 (3.59)	18.23 (3.43)	17.43 (2.90)	**
Career Path Self-efficacy	94.37 (18.86)	98.11 (14.62)	98.57 (13.18)	*

Note: **p< .01 *p< .05+p< .10

· Cited from Shimomura (2012)

· The "Number of career path options I am currently considering" item indicates the total number of options that respondents reported they were considering.

· Career Path Undecided 1 is a Japanese translation of a scale created by Osipow, Carney & Barak (1976), while Career Path Undecided 2 is a Japanese translation of a scale created by Germeijs & De Boeck (2003), and Career Path Self-efficacy is a value measured on a scale created by Urakami (1995).

university are reported. The basic design of the experiment involved measuring the basic psychological variable relating to career path awareness a week before using the cards, and then conducting a career guidance session using the cards during a lesson the following week. The same variable measured a week earlier was measured once again immediately after the cards were used, to check whether there had been a positive effect. Furthermore, a week after that, the same variable was measured again, to see whether or not that effect had been maintained. The experiment observed what kind of change in awareness had taken place among the university students as a result of measurements using the same question topics for three weeks in succession. The subjects were 37 university students

majoring in the arts (Sample 1) and 40 first-year university students majoring in sciences (Sample 2). The results obtained are shown in VI-24, but to provide a general summary, one can say that the occupation card sort method using OHBY cards was broadly effective in the cases of both Sample 1 and Sample 2, and that the effects were not only evident immediately after the test, but also lasted until a week later.

(ii) Use of VRT Cards in Career Counseling Situations ⁷

At the development stage of VRT cards, the development team had the cards used in various settings, including individual counseling sessions at vocational counseling organizations, as well as in

⁷ Details of the use of VRT cards in career counseling situations are provided in Muroyama (2012b).

individual counseling sessions and group settings at educational institutions such as junior and senior high schools and universities, and then examined the potential for their use. Of the data gathered in this way, Muroyama (2012b) summarizes the results obtained from responses to a simple questionnaire carried out among users after the cards were used on a trial basis at public employment security offices. The following provides an outline of the content.

[Subjects]

Job-seekers who came to public employment security offices (2 offices) in Kanagawa Prefecture and Miyagi Prefecture underwent a counseling session using VRT cards and the data from those who completed a questionnaire after undergoing the test was analyzed. There were 32 subjects: 6 men and 7 women in their late teens, 7 men and 6 women in their 20s, 2 men and 1 woman in their 30s, 1 woman in her 40s, and 1 man whose age was unclear. Both the men and women aged under 30 were all students.

[Implementation Method]

The cards were used in individual counseling sessions at public employment security offices, by counselors providing job-seekers with employment support. The procedure involved using the VRT cards with job-seekers after completing the intake procedures, and conducting a classification session based either on each job-seeker's interests or confidence. Depending on the situation, there were cases in which only the subject's interests were the focus and cases in which both their interests and confidence were tested, but the judgment concerning which test to administer was left up to the counselors. After completing the classification, the counselors made a record of the classification results and explained them to the job-seekers, while considering the overall trends in their interests, and then provided career counseling.

The counselors also recorded the time required to administer the test and the number of cards in the classification of each type of interest and confidence. Furthermore, notes were made that provided an overview of the content of the counseling sessions with the job-seekers and how the counselors interpreted the results.

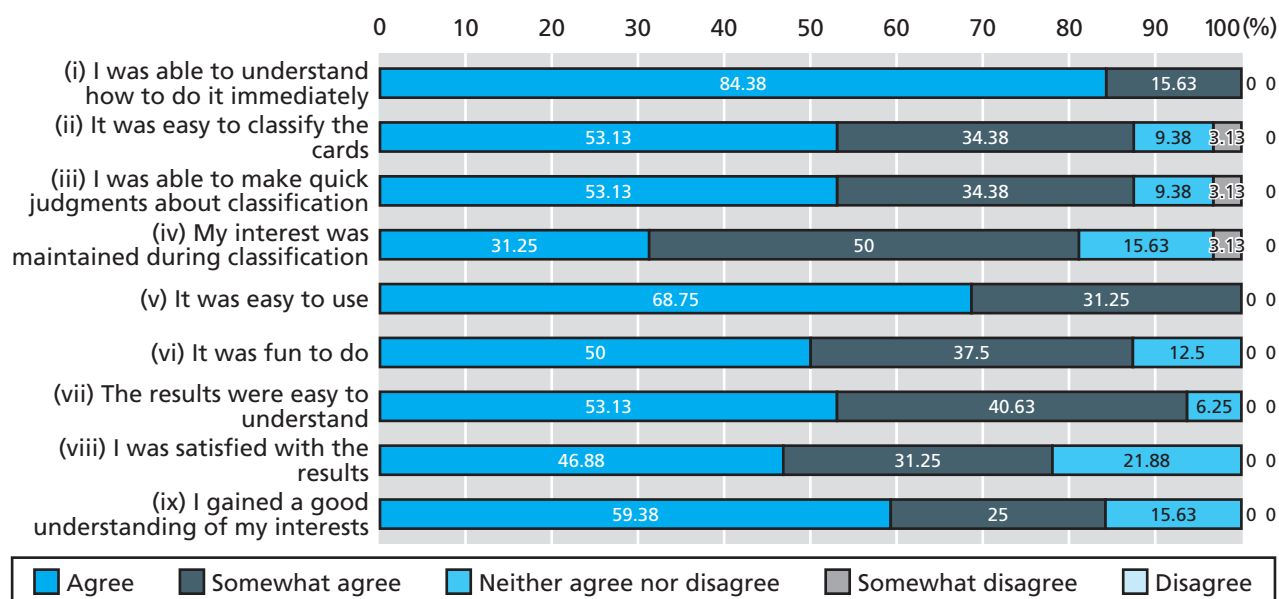
At the same time, after being administered the

test, the job-seekers completed a questionnaire (1 sheet of A4) that asked about their impressions of their experience of the VRT cards. The questionnaire asked them to evaluate nine statements (on a five-level scale ranging from "Agree" to "Disagree"): (i) I was able to understand how to do it immediately; (ii) It was easy to classify the cards; (iii) I was able to make quick judgments about classification; (iv) My interest was maintained during classification; (v) It was easy to use; (vi) It was fun to do; (vii) The results were easy to understand; (viii) I was satisfied with the results; and (ix) I gained a good understanding of my interests. In addition, at the end, a space was provided in which the respondents were asked "Please write any other comments you might have regarding your impressions or things that you noticed while classifying the cards, and any new insights you gained".

[Results]

The results of the responses to the questionnaire from users are shown in VI-25. The largest number gave the most positive response of "Agree" in regard to the statements relating to the usage method: (i) I was able to understand how to do it immediately (84.38%) and (v) It was easy to use (68.75%). If these responses are combined with those responding "Somewhat agree", they add up to 100%. The card sort method simply involves dividing up the cards according to the way one feels, so it is not very difficult at all. Next, when the positive responses "Agree" and "Somewhat agree" are combined, the statements receiving the largest shares of positive responses are as follows, in descending order: (vii) The results were easy to understand (93.76%); (ii) It was easy to classify the cards (87.51%); (iii) I was able to make quick judgments about classification (87.51%); (vi) It was fun to do (87.50%); (ix) I gained a good understanding of my interests (84.38%); (iv) My interest was maintained during classification (81.25%); and (viii) I was satisfied with the results (78.13%). In addition, if one looks solely at the "Agree" responses, the smallest number of responses was received for the statement (iv) My interest was maintained during classification (31.25%), which suggests the possibility that there are people who lose interest in the simple act of

VI-25 Proportion of Respondents Who Selected Each Option for Each Statement on the Questionnaire (n=32)



repetition involved in the process of classifying all 54 cards.

The content of the remarks made in the space left for the respondents to write freely about their impressions was then classified into five categories: remarks concerning their impressions of the results or the analysis thereof, remarks concerning the effects of the card sort method, remarks concerning the appropriateness of the implementation of the test, remarks concerning the reliability of the card sort method, and remarks concerning the characteristics of the card sort method.

Of these remarks, the largest number fell into the “impressions of the results or the analysis thereof” category, and one could see comments relating to self-analysis, focusing on the types in which the respondents' interests lay or the relationship between their interests and confidence. Moreover, in regard to the “effects of the card sort method” category, the responses all focused on the fact that the respondents were happy to have understood their own interests and confidence. The fact that the counselors employed an appropriate method of use would seem to be one factor behind the positive impressions received in this regard.

With regard to the comments concerning the “appropriateness of the implementation of the test”, one can see that the counselors who administered the test at the public employment security offices carefully carried out the task together with the job-seekers, ensuring that it was easy for them to understand. In terms of reliability, there were comments such as “I believe it holds true” and “I mostly obtained the same results as in the aptitude test I took at school”, which verified that the respondents were satisfied with the results, even though a simple method had been used.

3. The Potential for Using Vocational Aptitude Tests in Career Development Support

As stated at the outset, with career development – including the selection of an occupation – becoming an issue that is relevant not only to young people, research into approaches to specific forms of support aimed at enabling individuals to choose jobs and ways of life that enable them to demonstrate their interests and abilities is an important theme that must be worked on in the future. This paper has examined

methods that use vocational aptitude tests and career guidance tools as one approach to providing such support, introducing the content of the major tests that have been utilized in career counseling in Japan, as well as the methods of using them. To conclude, let us examine future approaches to aptitude assessment and issues relating to these.

(1) Changes in the Roles Required of Aptitude Tests

Conventionally, aptitude assessment focused on the use of paper-pencil-type psychological tests, but in recent years, various types of test have been developed, such as CACGS and the card sort method. The variety that has emerged in such tests is related to the diversification of the objectives of aptitude assessment, and this tendency is likely to grow further in the future. More specifically, the main objectives of aptitude assessments hitherto have been the measurement of an individual's interests and abilities, and matching them with occupations that have characteristics that correspond to those interests and abilities. However, today, one can see cases in which aptitude tests are used not simply with the aim of matching an individual with an occupation, but also for the purpose of obtaining material to promote self-understanding or for counselors to understand job-seekers, or as material for careers education in schools. Moreover, the range of subjects is expanding to include not only young people who are trying to find an occupation, but also middle-aged and older people with employment experience. Thus, one can say that aptitude tests are shifting from a role as tests measuring aptitude to fulfilling a role as a career guidance tool aimed at a wide range of age brackets, which provides a range of material for individual career development.

(2) Consideration of Appropriate Methods of Using Tests and Career Guidance Tools

Based on the conditions of the expansion of subjects and the diversification of the settings in which they are used, there are two issues that should be borne in mind in regard to the utilization of aptitude tests and career guidance tools in the future.

The first is the appropriate selection of tests suited

to the situation, such as the subject and their needs, the objective of the test and the setting in which it will be administered. Various tests and tools have been developed to date, but they each have their own characteristics in terms of their implementation methods and the results presented. Accordingly, it is necessary for the person administering the test or tool to consider the various conditions in which it will be administered before selecting the appropriate test or tool and thinking about better ways of using it.

The second is the appropriate development of skills and awareness among those using each tool. Guidance systems that use computers and card sort type tools do not have such strict administration conditions as psychological tests. Consequently, there is a tendency to think that they can be used easily, but depending on the situations, the interpretation of the results can be more difficult than in psychological tests, where a precise profile can be compiled mechanically. Accordingly, no matter what test or tool might be used, it is essential to increase the skills and awareness of those administering the tests or tools, in order to prepare them to ensure that they have a good understanding of the characteristics of that tool in advance, and can interpret the results adequately.

This Institute has developed various tests and tools to date, based on the accumulation of knowledge from many studies carried out over a long period. Each individual test or tool has been created based on repeated scrutiny of its effectiveness as a tool assisting in aptitude assessment or counseling. If aptitude tests and guidance tools are used properly, they are an excellent tool for efficiently gaining an understanding of an individual's characteristics, and can be of use in promoting mutual understanding between the subjects of the tests and those administering them. However, no matter how outstanding a tool might be, it is difficult for them to be utilized effectively if the user does not understand the appropriate method of use. Accordingly, what is required of researchers involved in aptitude assessment is to continue to strive to provide material that is useful to the career development of job-seekers and young people, by conducting ongoing studies aimed at the effective use of aptitude tests and

various guidance tools into the future.

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II Progress in Policies on Work-life Balance in Japan and the Current Status Thereof

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