

## 1 Employment Measures and Relief for the Unemployed

The Japanese Government implements employment policies to respond to changes in economic and social conditions. High priority is assigned to measures designed to provide employment opportunities, prevent unemployment, and facilitate re-employment so that all workers can make maximal use of their abilities.

As an indicator of the direction of mid-term employment policies, in August 1999 the Cabinet approved the “Ninth Project for the Stabilization of Employment and Creation of New Employment Opportunities,” which will remain in effect until 2009. To respond accurately to structural changes in the labor market, the goals of the project are to stabilize employment and create new employment opportunities while motivating workers and enabling them to make effective use of their skills. To achieve those goals, a concerted effort will be made to promote the following comprehensive measures:

- (1) Stabilization of employment and the creation of new jobs in accurate response to changes in economic and industrial structures.
- (2) Along with the upgrading of workers’ skills, promoting human resource training to support socioeconomic development.
- (3) Aiming for the realization of a society in which people can make the most of their ambition and abilities.
- (4) Developing employment policies from a global perspective.

### The Labor Situation 2003

The current employment and unemployment situation remains in a severe state with the overall unemployment rate hovering at high levels, yet with the rise in

the ratio of active openings to applicants, some signs of recovery can be seen.

The Japanese Government, in response to this situation, compiled the Comprehensive Measures to Accelerate Reforms in October 2002, established the Program to Accelerate Reforms in December 2002, and in the FY2002 supplementary budget and FY2003 budget, took measures such as the following:

- (i) Providing subsidies to companies which employ people aged 30 or older and below 60 who are forced to leave their work in relation to the disposal of non-performing loans, either directly or through trial employment
- (ii) Establishing corporations to carry out services which contribute to the region, and establishing support measures for cases in which places of employment for people aged 30 and above and below 65 are created
- (iii) Improving and effectively utilizing the Emergency Regional Employment Creation Special Grants Works, in which local authorities create temporary and short-term employment opportunities according to the regional situation
- (iv) Taking following measures in Hello Work:
  - Detailed consulting with career consultants
  - One-on-one systematic and planned support of early reemployment through full-time support personnel.

With the prolonged severe employment and unemployment situation, in order to respond accurately to structural changes in the economic society and secure stable management of the employment insurance system, the Law Concerning Partial Amendment to the Employment Insurance Law was established at the 156th ordinary session of the Diet and put into effect on May 1, 2003. Regarding bene-

fits, this Law (i) promotes early reemployment, (ii) responds to the diversification of forms of work, and (iii) puts emphasis on addressing the difficult situation of reemployment as well as raises the insurance rate by the minimum amount needed for stable management of the system in consideration of alleviating the rapid increase of burden on labor and management.

Also, in order to respond to the severe employment and unemployment situation and the diversification of forms of work, the Law Concerning Partial Amendment to the Employment Security Law and the Worker Dispatching Law was enacted at the 156th ordinary session of the Diet, and currently the necessary efforts toward putting it into effect on

March 1, 2004 have been carried out. In order for job introduction services and the temporary labor agency to be able to promptly smoothly and accurately tie labor force demand to supply, the Law stipulates (i) enabling free job introduction services by notification to take place by corporations established through special laws of the Chamber of Commerce and Industry, Japan Agricultural Cooperatives, and other organizations when they are carried out for their members or carried out by local authorities, (ii) enabling dispatch of employees to places of manufacturing which has been prohibited, and (iii) extending the uniform limit on dispatch time, which was set at one to three years.

## 2

## Policies Designed to Secure Employment for Older and Disabled Workers

### Helping Older Workers Find Employment

The rapid aging of Japan's population is a phenomenon as yet unobserved anywhere else in the world. And also in 2007, the baby boom generation will be entering its sixth decade. In terms of total population, approximately one person in three will be over 60 years of age, while in the labor force that ratio will be approximately one person in five. To maintain socio-economic vitality under these circumstances, it will be necessary for as many elderly as possible to take an active part in supporting society and the economy. To realize this in the future, we need to create a society in which motivated and able persons can continue to work, regardless of age.

With this fundamental understanding, the government is enacting the following measures. Over the next ten years, we will endeavor to raise the standard retirement age to 65. At the very least, it is necessary for employers to hire or rehire older people who are willing and able to work, and retain them until age 65. We are, therefore, placing priority on long-term, comprehensive policies designed to secure employment for older workers, as described below, which we will promote aggressively in FY2002.

### Securing Employment for Persons Up to Age 65 to Benefit from Their Knowledge and Experience

Aid is being provided to employers who engage in guidance and assistance by Public Employment Security Offices, and the promotion and establishment of continuous employment in order to secure employment for persons up to age 65 through raising the mandatory retirement age and introduction of the continuous employment system.

In addition, beginning in FY2003 business owners' associations have been entrusted in making efforts towards continuous employment in collaboration with administrative and economic organizations, labor organizations and other relevant institutions. Projects to achieve continuous employment to the age

of 65 are being carried out that establish implementation plans aimed at the introduction of the system and provide group guidance and counseling for subsidiary companies.

### Assisting and Promoting the Re-employment of Middle-Aged and Older Workers

Request is being made to employers for the creation of reemployment assistance planning and aid is being provided to employers and others who carry out reemployment assistance, in order to promote corrective guidance regarding age limitations when recruiting or hiring based on the Employment Measures Law and the smooth reemployment of elderly workers who have been forced to leave work.

Regarding the reemployment of middle-aged workers, such as the heads of households, for whom reemployment is particularly urgent, reemployment support has been carried out beginning in FY2003. This includes the implementation of trial employment with the aim that workers will be able to make the transition from trial employment to regular employment; employment support seminars and counseling for unemployed middle-aged workers utilizing the know-how of the private sector; and exchanges between job seekers regarding their experiences, etc.

### Promoting Diverse Work and Social Participation for the Elderly

Silver Human Resource Centers, which provide local community-based work for elderly persons who desire to do temporary or short-term or other light jobs, are being promoted in order to support an active aged society by supporting a variety of social participation activities. Also, beginning in 2003, Silver Human Resource Centers will carry out child-care support for taking care of children. This will include caring for infants and taking children to and from child-care facilities. In addition, at the Federation of Silver Human Resource Centers, Senior Work Programs will be carried out which sponsor skills

training, group interviews, etc. in an integrated manner with the cooperation of business owners' associations and public employment security institutions. (As of the end of March 2003, there were a total of 1,790 Silver Human Resource Centers with approximately 730,000 members.)

Furthermore, support is being given to elderly persons who establish new businesses using their experience by subsidizing a part of the cost for relevant businesses, when elderly persons start a new business and hire workers which will create and manage places of continuous employment.

### **Employment Measures for Persons with Disabilities**

Several programs aim to help persons with disabilities lead normal lives, such as the New Long-Term Project for Support of the Disabled (formulated in March 1993), and the Seven-Year Normalization Plan for the Disabled (formulated in December 1995). These programs are designed to help persons with disabilities achieve "equality and full participation in society," which was the motto of the International Year of the Handicapped, by enabling them to participate in the same activities as other members of society. Those objectives are best attained by finding job for the disabled. It is important for persons with disabilities to hold the same jobs as workers without disabilities, as far as possible. Our policies are based on this principle, as well as on the provisions of the Law for Employment Promotion, etc. of the Disabled, and Fundamental Policy for Employment Measures for Disabled Persons.

### **Employment Quota System for Disabled Persons and Levy and Grant System for Employing Persons with Disabilities**

The Law for Employment Promotion, etc. of the Disabled stipulates that quotas be established for the hiring of the physically and or intellectually disabled, specifying the percentage of a company's workforce to be occupied by persons with disabilities. Business owners are required to hire persons with disabilities in numbers equivalent to or greater than the legally mandated quota.

The current legal employment quotas are:

- Private corporations: 1.8%
- Special government corporations: 2.1%
- National and local public corporations: 2.1%
- Designated school boards: 2.0%

Public Employment Security Offices promote the employment of persons with disabilities by directing the following to submit a hiring plan: (1) business owners whose hiring practices fall significantly below the quota, (2) business owners who need to meet the quota by hiring a large number of persons with disabilities, and (3) business owners in the private sector who plan to hire a large number of workers in the future. A warning is issued to any business owner who does not implement a submitted plan.

The Levy and Grant System for Employing Persons with Disabilities was established to ease the economic burden on business owners who hire persons with disabilities, and to increase job opportunities for the disabled. Levies are collected from companies that fail to fulfill the employment quota, and distributed as bonuses to companies that employ more physically or intellectually disabled persons than the quota. A number of grants are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing grants, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

### **Future Direction of Measures for the Employment of Disabled Workers**

Amid current severe employment conditions, the number of applicants with disabilities is expected to remain at a high level. This requires urgent attention to provide support for the disabled who are unemployed by enabling them to find new jobs as soon as possible.

To create employment opportunities for persons with disabilities, we have been making every effort by assigning people to find job offers for the disabled and sponsoring group interviews etc. In addition, we started "Program for Creating Employment Opportunities" from fiscal year 2001, which supports probationary employment for three months.

In the medium and long term, in accordance with "The Fundamental Policy for Employment Measures

for Disabled Persons”, etc., we will make additional efforts to promote the employment of the physically and intellectually disabled persons by strictly enforcing the above employment quotas, and we also need to gradually and systematically advance comprehen-

sive and through polices that meet the needs of persons with all types of disabilities, such as establishing environments to promote the employment of the mentally disabled persons and to maintain their employment relationship.

## V-1 System of Employment Measures for Elderly Persons

### 1. Measures to secure employment for people aged up to 65, tapping their expertise and experience

- **Promotion of a raised retirement age and or the introduction, etc. of a continuous employment system**
  - Guidance and careful consultation and assistance for employers by Public Employment Security Offices
  - Promotion of job development for elderly persons through collaboration with regional economic organizations and strengthening guidance and assistance aimed at raising the percentage of companies which have introduced continuous employment systems for people aged up to 65 (projects to achieve continuous employment up to the age of 65)
  - Subsidy measures for business owners who raised the mandatory retirement age and introduced a continuous employment system (Subsidy for Promotion and Establishment of Continued Employment)

### 2. Support and Promotion of Reemployment of Elderly Persons

- **Guidance and assistance for employers, etc. who assisted in the rehiring of retired persons and middle-aged workers who were forced to leave work**
  - Promotion of support of employers for current middle-aged workers who are planning to leave work (popularization of a system of reemployment assistance plans, promotion of their effective use)
  - Subsidy measures for employers, etc. who assisted in the reemployment of middle-aged workers who were planning to leave work (Subsidy to Help Workers in Office Find Employment)
  - Subsidy measures for employers who accept middle-aged workers within the enterprise group (employment security subsidies for the transfer of elderly workers)
- **Job counseling and introduction of work at Public Employment Security Offices**
- **Promotion of trial employment services for middle-aged workers**
- **Integrated reemployment support by the public and private sectors for long-term unemployed middle-aged workers (enhancement of career exchange services)**

### 3. Promotion of Social Participation of Elderly Persons

- **Promotion of business at Silver Human Resource Centers**
  - Promotion of local community-based services such as child-care support
  - Senior work programs (implementation of skills training, group interviews, and workplace experience courses with employer groups)
- **Support for older persons starting their own enterprises**
  - Support measures for businesses started by three or more elderly persons. etc. (subsidies to create joint employment opportunities for elderly persons)

## V-2 System of Employment Measures for Persons with Disabilities

Comprehensive promotion of employment measures for disabled persons, aiming at the realization of a society in which persons with disabilities and persons without can participate similarly in their places of employment, according to ability and aptitude.

Basic Plan for Persons with Disabilities and Five-Year Plan for Implementation of Priority Measures

The Fundamental Policy for Employment Measures for Disabled Persons

Comprehensive Promotion of Employment Measures for Persons with Disabilities

### (1) Guidance and assistance for business owners

- **Employment quota system for disabled persons**
  - Stipulated employment rate  
Private enterprise: General—1.8%, Special government corporations—2.1%  
National, Local government: 2.1% (selected school boards—2.0%)
  - Guidance in fulfilling quotas through order to prepare “A Plan for Hiring Disabled Persons”
- **Support, etc. for employers through the system of levy and grant system for employing persons with disabilities.**
  - Adjustment of the imbalance of economic burden between employers by levy and grant system for employing persons with disabilities
  - Support for employers who improve facilities, equipment and so on for disabled employees; assign assistants; give consideration toward housing and transportation; and continue to employ persons who become disabled while on the job
  - Assistance in paying wages through bounty for the employment development for specified job applicants
- **Provision of expertise regarding employment for persons with disabilities**
  - Provision of positive examples and employment administration expertise regarding employment for persons with disabilities

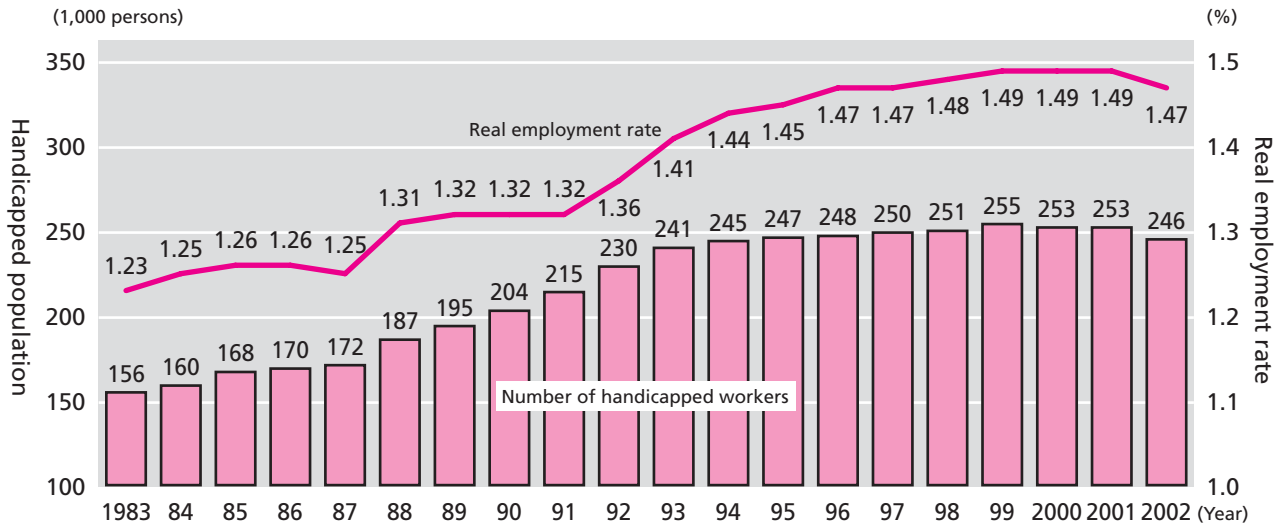
### (2) Implementation of occupational rehabilitation based on the characteristics of each persons with disabilities

- Offer of advice, referrals, and guidance for adaptation to the workplace according to the needs of persons with disabilities, at Public Employment Security Offices
- Provision of specialized occupational rehabilitation services to persons with disabilities (e.g. performance evaluations) at vocational centers for persons with disabilities (operated by the Japan Organization for Employment of the Elderly and Persons with Disabilities)
  - Personal support by Job Coaches for adjustment in the workplace
- Promote the combined assistance of employment and living support within the living area
- Strengthening of cooperation with institutions related to health, welfare, etc.

### (3) Education related to employment of persons with disabilities

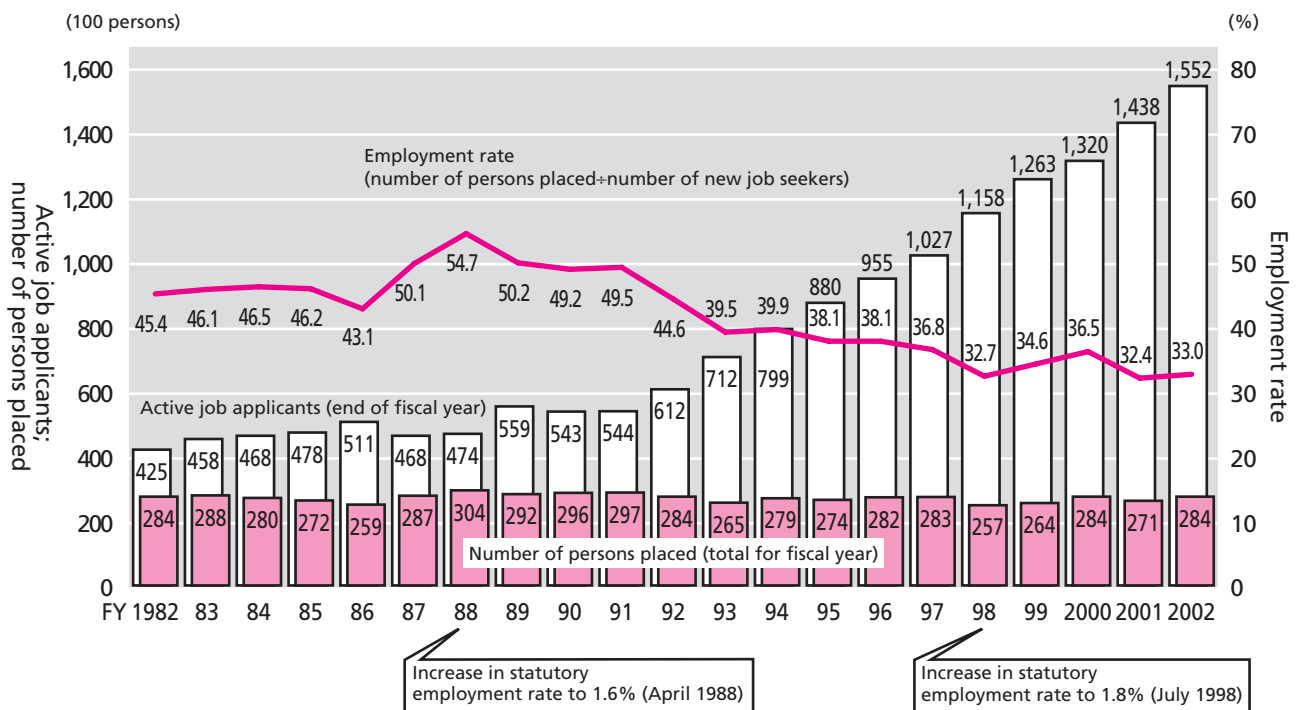
- Creation of an opportunity for enterprises to employ persons with disabilities through trial employment
- Institution of a promotional month for the employment of persons with disabilities
- Cooperation with the disabled groups in public information and education activities

### V-3 Employment Situation of Disabled Persons (report on employment conditions, 1 June each year)



Sources: Employment Security Bureau Statistics, Ministry of Health, Labour and Welfare

### V-4 Employment Situation of Disabled Persons (transactions handled by public employment security offices)



Sources: Employment Security Bureau Statistics, Ministry of Health, Labour and Welfare

## 3 Public Job Introduction System

The basic purposes of Public Employment Security Offices, which are located in approximately 600 locations all over Japan (including branch offices), are to provide job seekers with the most suitable job opportunities according to their wishes and abilities and to introduce the most appropriate personnel to employers who are looking for employees.

The Public Employment Security Offices are connected online throughout Japan, and offer service using the Comprehensive Employment Information System to provide information about job vacancies and job searches immediately through computers.

In addition, in order to make appropriate responses to various needs in recent years, we have strengthened our agencies by introducing services such as the following:

(1) Bank of Human Resources

The Public Employment Security Offices established 26 Banks of Human Resources in major cities to introduce able personnel to medium- and small-sized companies and to promote the employment of the elderly. The Bank of Human Resources deals primarily with administrative, professional, and technical positions.

(2) Part-time Job Bank and Part-time Job Satellite

The Public Employment Security Offices established 97 Part-time Job Banks and 117 Part-time Job Satellites in convenient areas, such as station terminals in major cities, in order to offer comprehensive job introduction services for part-time employment.

(3) Hello Work to Support Combining Work and Family

The Public Employment Security Offices changed “Ladies’ Hello Work,” established in 1999, in both name and services offered to form Hello Work to Support Combining Work and Family. The Public Employment Security Offices established a Hello Work to Support Combining Work and Family at 12 locations throughout the country to support users in the combination of childcare, nursing care, domestic duties, and work. This service is geared toward those who have the willingness and ability to work but cannot do so because of responsibilities related to child care, nursing care, and domestic duties.

(4) Hello Work Information Plaza

The Public Employment Security Offices began establishing Hello Work Information Plazas in each prefecture in 1999 to help job seekers find employment. Job seekers may easily and effectively find job information by using searchable devices for themselves at the Hello Work Information Plazas.

(5) Comprehensive Employment Support Center for Students, Employment Center for Students, and Counseling Room for Students

The Public Employment Security Offices established these institutions for the specific purpose of providing employment support to graduating students as well as unemployed graduates. These institutions offer employment counseling to provide not only a variety of employment information but also to offer supplemental assistance to job introduction services offered by universities and other institutions.



## V-5 The Organization and Functions of the Public Employment Service Institutions (as of March 31, 2003)

### The Public Employment Security Offices

**Main offices (478 offices)**

**Branch offices (109 offices)**

**Supplementary offices (27 offices)**

- A. Employment counseling and assistance, job introduction (for the general public, the elderly, graduates, the disabled, day workers, etc.)
- B. Job instruction (providing employment information, implementing vocational aptitude tests, etc.), instruction about vocational training
- C. Instruction to improve employment management (providing and managing employment information, continued employment system for the elderly, employment of the disabled, securing personnel for small and medium-sized businesses, etc.)
- D. Providing information on employment, job seeking, and the labor market
- E. Business transactions concerning employment insurance (applicability and payment)
- F. Business transactions concerning subsidies
- G. Business transactions concerning demand-supply coordination among the private labor force (acceptance of application of job introduction project for fees, etc.), and others

### Institutions to provide specific services

**Bank of Human Resources (26 Banks)**

The Bank of Human Resources introduces able personnel to small and medium-sized companies and promotes the employment of the elderly. The Bank of Human Resources focuses primarily on administrative, professional, and technical positions, offers job consultation, provides information, etc.

**Part-time Job Bank (97 Banks) and Part-time Job Satellite (117 Satellites)**

The Part-time Job Bank and Part-time Job Satellite implement job introduction, job consultation, information sharing, and vocational training for the benefit of part-time workers.

**Hello Work to Support Combining Work and Family (12 institutions)**

The Hello Work to Support Combining Work and Family implements job introduction, job consultation, information sharing, and other services to those who have the willingness and the ability to work, but cannot do so immediately because of responsibilities for child care, nursing care, and other duties.

**Hello Work Information Plaza (47 institutions)**

Job seekers can find a wide range of job information by using searchable devices at the Hello Work Information Plaza.

**The Comprehensive Employment Support Center for Students (1 center), Employment Centers for Students (6 centers), and Counseling Rooms for Students (40 centers)**

These institutions implement job introduction, job counseling, information sharing, vocational aptitude tests, etc. for the benefit of newly graduating students as well as unemployed graduates.

Note: In addition to the institutions listed above, there are Local Region Employment Support Centers and Employment Service Centers for Foreigners.

## 4 Measures to Shorten Working Hours

### Working Hours

During the era of rapid economic growth, annual working hours steadily declined due to a tight labor market and higher productivity. In the mid-1970's, this trend leveled off. Since the revised Labor Standards Law became effective in 1988, establishing a 40-hour workweek as the norm, working hours have continued to decrease.

In FY2002, scheduled working hours remained at 1,702 a decrease of 8 hours while overtime hours were 139 (an increase of 8 hours over the previous fiscal year), so that total working hours increased by 2 to 1,841 hours.

The five-day workweek is gradually taking root in Japan, with 91.3% of all workers on that schedule in FY2002. However, only 57.1% of all employers have adopted it on a regular basis; small and medium-sized businesses have made little progress in this direction.

Most workers use less than 50% of the paid holidays and vacation days to which they are entitled each year. In FY2002, the average worker was entitled to 18.2 paid annual leave, but generally used only 8.8 days (48.1%).

### Efforts by Public Administration to Shorten Working Hours

The entire nation must address the issue of reduction of working hours since leisure time is crucial to a comfortable lifestyle. The government has set a firm goal of a 1,800-working-hour year (in economic plans, for example). To this end, it has placed importance on encouraging workers to take paid annual leave and reducing the number of overtime hours, and is coping with these issues now.

The Cabinet issued a resolution entitled "Advancement Plan for Reducing working Hours

(Cabinet decision)." The resolution, as an important policy recommends shortening the number of working hours to 1,800 per annum by curtailing overtime work.

The revised Labor Standards Law prescribes that legal working hours be gradually shortened.

Accordingly, all but exempt businesses would shift to a 40-hour work week beginning in April 1997. The government has encouraged the adoption of the Variable Scheduling System (note 1) and the Discretionary Scheduling System (note 2) in some sectors, to limit working hours to 40 per week.

In addition, with the goal of public consensus on the widespread application of extended vacation time, the "National Convention on Extended Holidays and its Effect on Home Life" was held five times since January 2000, and a report on the topic was issued in July of the same year. Currently, we are aiming at realizing the long-term holiday (L Holiday) system referred to in that report within a short time, and are striving to promote its popularization with the understanding and cooperation of interested parties, starting with labor and management.

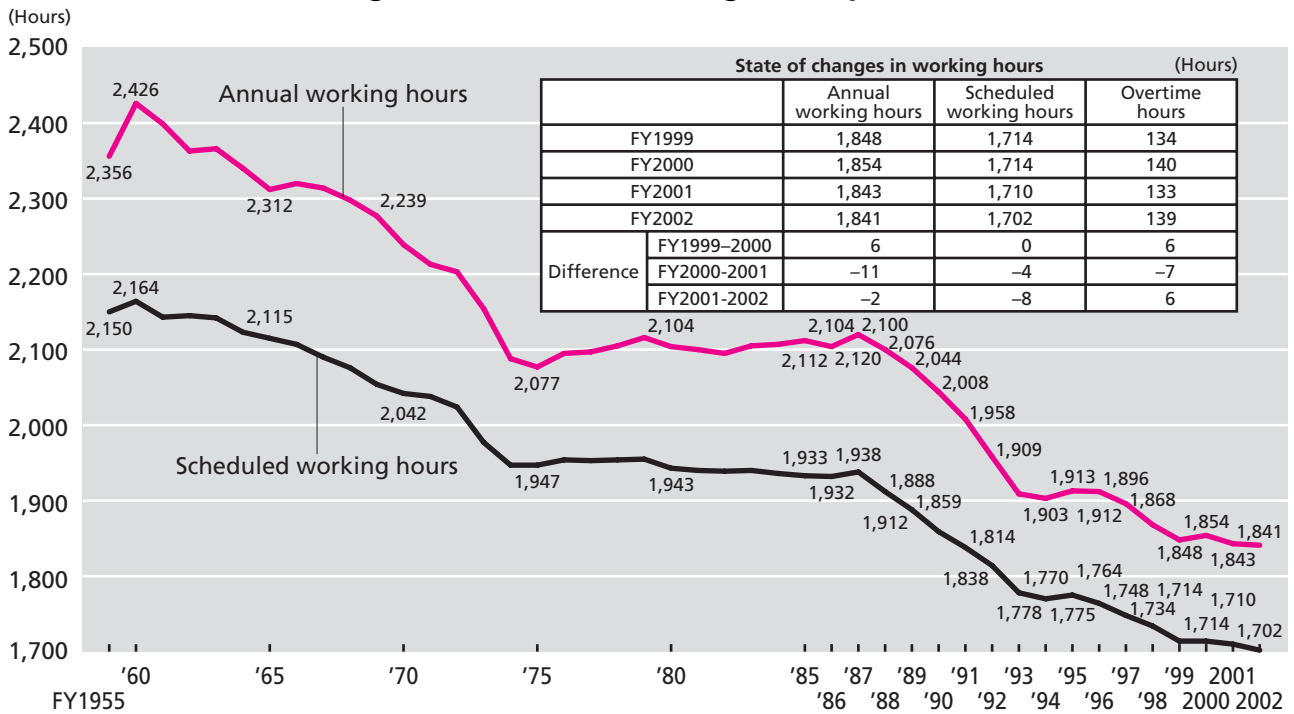
Notes: 1) Variable Scheduling System

This system involves distributing working hours over a fixed time period, thus accommodating business priorities and ensuring that the total number of hours worked per week does not exceed 40.

2) Discretionary Scheduling System

Working hours are determined in this system based on a collective agreement rather than setting a fixed schedule, when the duties in question require significant worker discretion. It can apply to both specialized work and creative work.

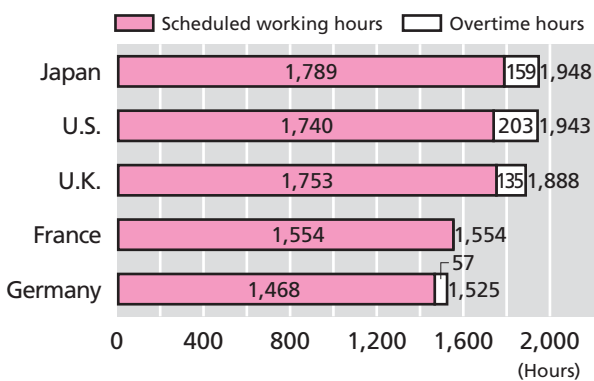
### V-6 Shifts in Average Total Annual Working Hours per Worker (FY, finalized)



Source: *Monthly Survey of Labour Statistics*, Ministry of Health, Labour and Welfare

- Notes: 1) This study was limited to businesses that employ more than 30 workers.
- 2) Figures were obtained by multiplying monthly averages by 12.
- 3) Overtime hours were obtained by subtracting prescribed working hours from annual working hours.
- 4) Figures from FY1983 and earlier were obtained by adding up all monthly figures.

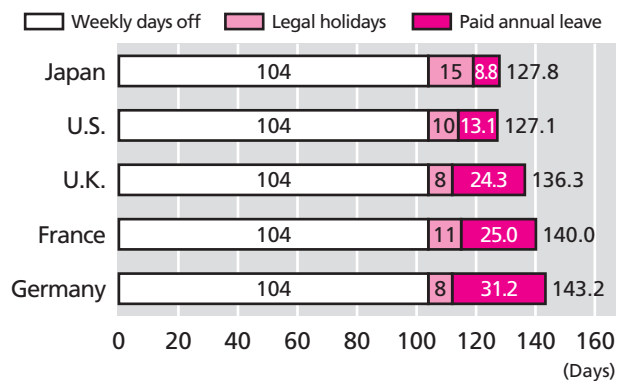
### V-7 International Comparison of Annual Working Hours (workers in the manufacturing industry: 2001)



Source: Estimates were made by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Health, Labour and Welfare, based on reports issued by the EU and the other nations listed above.

Notes: Figures for Germany are from 1999. Overtime hours for France were not available.

### V-8 International Comparison of Annual Holidays



Sources: Working Conditions. Estimates based on statistics from the EU and reports from other nations, compiled by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Health, Labour and Welfare.

- Notes: 1) "Weekly days off" refers to company-prescribed weekly days off, e.g., Saturday and Sunday, under the assumption that employees are allowed two days off per week.
- 2) "Paid annual leave" refers to the number of vacation days granted to employees. Figures for some countries were estimated by the Working Hours Division. Figures for Japan represent the number of vacation days granted.
- 3) Survey dates for paid annual leave are as follows.

Japan	2001
U.S.	1997
U.K.	1996
France	1992
Germany	1996

## 5 The Minimum Wage System

### The Minimum Wage Law

With the enactment of the Minimum Wage Law, drafted to improve working conditions and guarantee a minimum wage to low-paid workers, Japan's minimum wage system came into being in 1959. The law also sought to promote the sound development of the national economy by raising the quality of the labor force and fostering fair competition among companies.

### Setting Minimum Wages

Minimum wages are determined in Japan through (1) Minimum Wages Councils, composed of members representing labor, management, and the public interest, that set minimum wages subsequent to research and deliberation; and (2) local minimum wages set by collective agreements.

When minimum wages are determined by (1) above, details such as how much the minimum wage should be, and how widely it should be applied, will be decided based on discussion by a Minimum Wages Council composed of members representing labor, management, and the public interest.

In its deliberations, a Minimum Wages Council will examine statistical data to ascertain the current wages earned by workers under consideration for a particular minimum wage. Its members also visit and inspect workplaces to investigate prevailing working conditions and wages. They ask workers and their employers for their opinions. The Council makes a decision after considering the local cost of living, starting salaries paid to new graduates, any collective agreement on minimum wage, the distribution of workers along the wage scale, and the effects of setting a minimum wage.

Since FY1978, the Central Minimum Wages Council has been providing guidelines to prefectural Minimum Wages Councils for minimum wage increases to ensure national uniformity. The local councils, in turn, use the guidelines to revise minimum wages to accord with the local situation. The

majority of minimum wages are set as described in (1) above (296 cases). Only two cases have been set in accordance with (2).

### Types of Minimum Wage

Minimum Wages Councils rule on two types of minimum wage—local and industry-specific minimum wages.

One local minimum wage is determined for each prefecture, regardless of the type of industry or occupation. Usually, the minimum wage in a given prefecture applies to all workers in all workplaces in that prefecture, and to all employers who have one or more workers.

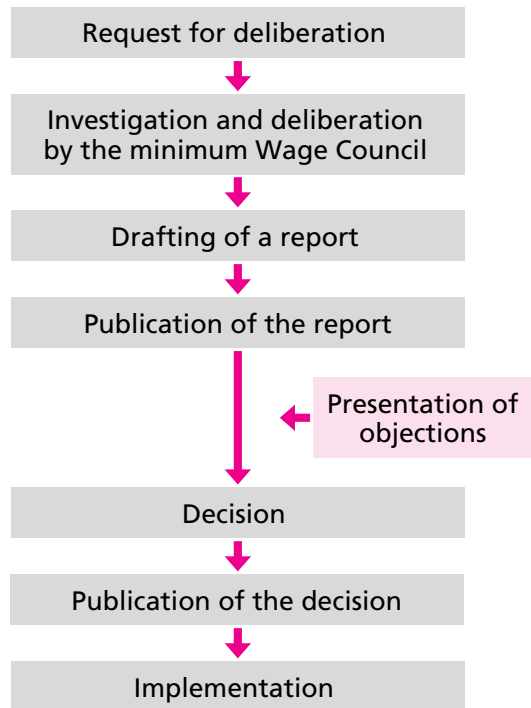
There are two types of industry-specific minimum wages: prefectural and national. The prefectural industry-specific wage is determined by prefectural labor authorities for certain industries, while the national industry-specific minimum wage applies nationwide. Both are limited to particular industries, as the terms imply.

### Minimum Wages vs. Actual Wages

The current minimum wages are determined at the Local Minimum Wages Council, based on the guidelines on wage increase amount issued by the Central Minimum Wages Council, and by comprehensively calculating three elements: workers' cost of living, wages earned by other workers engaged in similar employment, and employers' ability to pay. Currently, regional minimum wages are all set only by hour. However, industrial minimum wages may be divided into those set by hour alone or by both day and hour.

Of the minimum wages set as mentioned above, minimum wages set only by hour apply to all workers. Minimum daily wages set both by day and hour apply mainly to workers who are paid according to methods other than by the hour (e.g. day or month), and minimum hourly wages apply mainly to workers who are paid by the hour.

**V-9 Methods Used to Set Minimum Wages  
(minimum wages set through minimum wage council investigation and deliberation)**



**V-10 Minimum Wages  
(weighted national average)**

(As of March 31, 2003; yen)

	Hourly rate
Minimum wage by prefecture	664
Minimum wage by industry	756

## 6 Industrial Safety and Health

### Occupational Accidents

Though occupational accidents have steadily been decreasing in a long run, there are still approximately 530,000 cases annually.

The number of deaths in these cases was 1889 in FY2002, a decrease of 132 compared with FY2001, resulting in the fifth consecutive year with fewer than 2000 deaths.

According to the results of periodical health screening test, more than 40% of all workers have some positive-findings. It is also observed that there are more than 60% of workers who feel some kind of stress on their job.

### Present Conditions and Issues in Industrial Safety and Health Measures

Since 1958, the Ministry of Labor has implemented eight 5-year plans to prevent industrial accidents. In accordance with the Ninth Industrial Accident Prevention Plan (1998-2003), we are striving toward the following goals:

- (1) Eradication of fatal accidents at the workplace
- (2) Assuring safety and health in small and medium-scale enterprises
- (3) Assuring safety and health as aging society develops
- (4) Introduction of new safety and health management methods

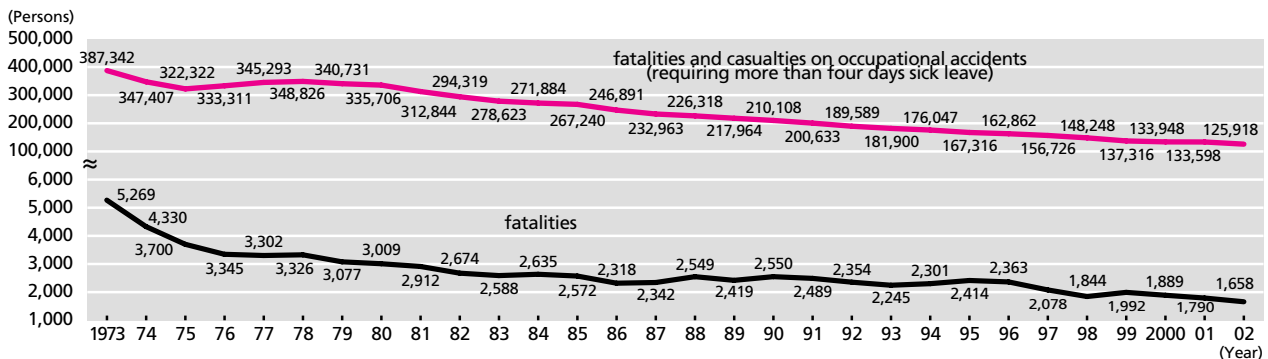
### Workers' Compensation Insurance System

This government insurance system pays the necessary insurance benefits to workers to give them prompt and equitable protection against injury, illness, disability, death, etc. resulting from employment or commutation. The system also provides welfare services to injured workers to promote their smooth return to society (see Figure V-12).

#### (1) Eligibility

Any business that employs workers may participate in the Workers' Compensation Insurance system, excluding government employees (except local government part-time employees engaged in bluecollar labor) and seamen who are eligible for the Mariners Law. Certain businesses engaged in agriculture, forestry or fishery, and employing five or fewer workers may be eligible on a temporary basis. Additionally, special enrollment may be granted to smaller business owners and their family employees, sole proprietorships, and workers dispatched on overseas assignments. In those cases, they are entitled to receive benefits for injuries sustained at the workplace and, in some circumstances, for injuries sustained while commuting to or from the workplace.

V-11 Changes in Reported Cases of Occupational Accidents



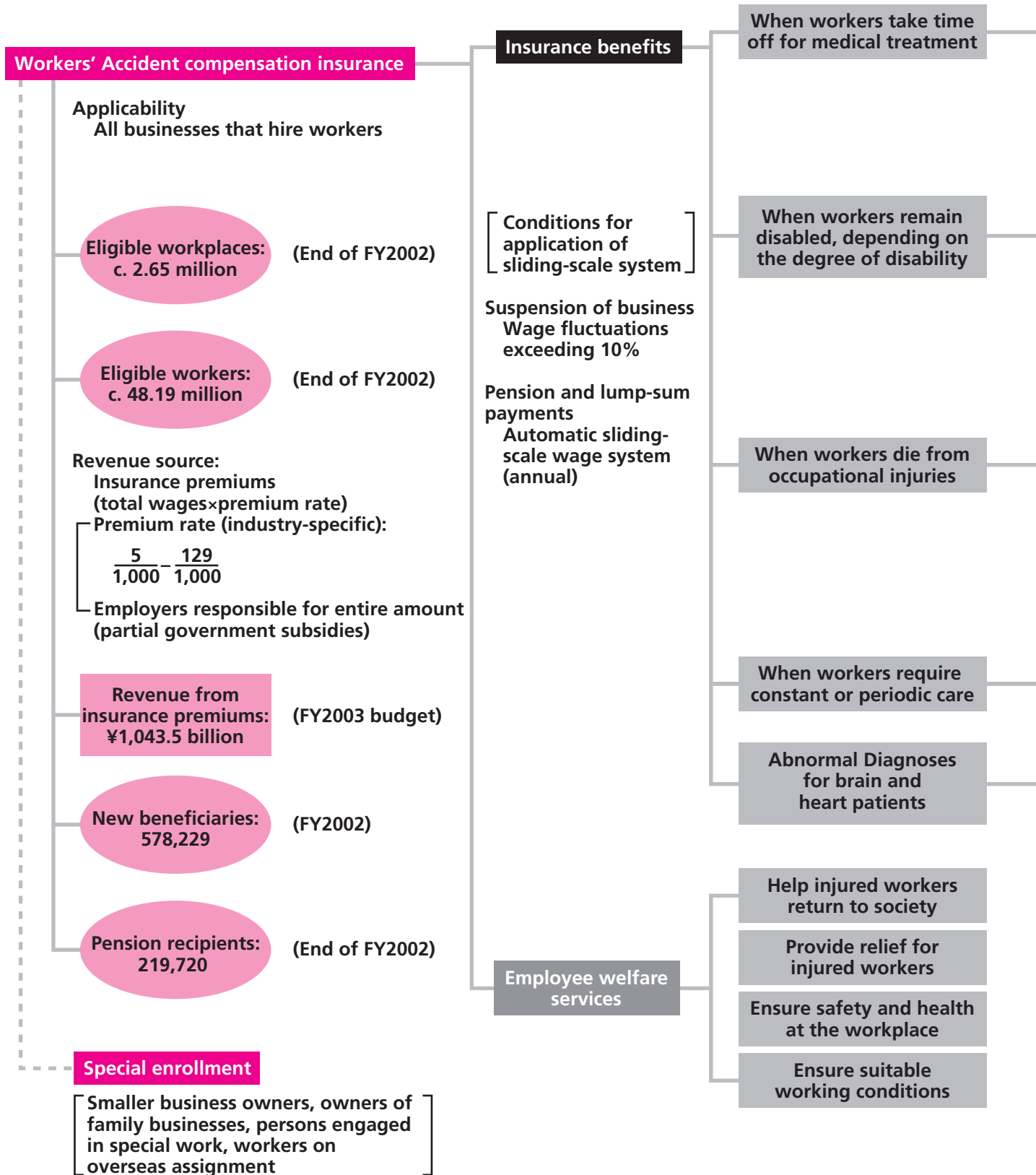
Sources: Research done by Labour Standards Bureau, Ministry of Health, Labour and Welfare

## **(2) Insurance Premiums and the Burden of Expenses**

Employers are required to pay insurance premiums, which are calculated by multiplying total payable wages by the Worker's Compensation Insurance rate determined by the accident rate of each business cate-

gory (5/1,000-129/1,000). Companies larger than a specific size may participate in a so-called merit system, whereby premium rates or total premium (excluding those related to accidents occurring while in commute or benefits for a second physical exam) are based on relevant accident rates at each company.

## V-12 Outline of Workers' Compensation Insurance System





Compensation for medical expenses	[ All medical expenses ]	
Compensation for missed work	[ 60% of standard benefits per day of work missed, beginning on the fourth day of absence ]	+ Additional special benefits * Special benefits for missed work * Special lump-sum payments * Special pensions
Compensation for illnesses or injuries (pension)	[ Payment ranging from 245 (Class 3) to 313 (Class 1) days' worth of pension at standard daily rate to those who have not recovered from illnesses or injuries after 18 months of treatment ]	
Compensation for disabilities (pension)	[ Payment ranging from 131 (Class 7) to 313 (Class 1) days' worth of pension at standard daily rate ]	
Compensation for disabilities (lump sum)	[ Payment ranging from 56 (Class 14) to 503 (Class 8) days' worth of pension at standard daily rate ]	
Compensation to survivors (pension)	[ Payment ranging from 153 days to 245 days' worth of pension at standard daily rate, according to number of survivors ]	
Compensation to survivors (lump sum)	[ Lump-sum payment amounting to 1,000 days' worth of standard pension to survivors not eligible for pensions ]	
Compensation to Funeral expenses (Full payment)	[ ¥315,000 + 30 days of standard compensation (minimum compensation: 60 days' worth at standard daily rate) ]	
Compensation for nursing care	[ Up to ¥106,100 for constant care and ¥53,050 for occasional care, per month ]	
Payment for a second medical exam	[ Second exam to ascertain cardio vascular or heart condition and special health guidance by a doctor ]	

**(Provision of artificial limbs, establishment and administration of industrial accident hospitals)**

**(Special benefits for injured workers; benefits to defray the cost of educating injured workers' children)**

**(Implementation of measures for preventing accidents at the workplace and promoting occupational medicine)**

**(Compensation for unpaid wages)**

Notes: 1) Standard daily rate is calculated by dividing total wages paid to a worker during the three calendar months preceding the injury by the number of calendar days in that period. (minimum compensation: ¥4,180).  
2) Minimum and maximum standard daily rates for pensions and long-term (18 months) medical treatment are determined according to age group.

The role of women in society has become more prominent as in increasing numbers they enter the labor force and participate in community activities. Changes in the social environment are therefore necessary to facilitate their participation in the labor force while providing working conditions that enable them to achieve a reasonable balance between their careers and family lives.

Over ten years have elapsed since the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment (hereinafter referred to as the Equal Employment Opportunity Law) was enacted in 1986. Now that more women are in the work force and increasing the length of their careers, the public attitude toward working women has altered dramatically, along with employers' efforts to undertake their full participation. However, women are not afforded the same opportunities as their male counterparts in some instances.

Accordingly, the Equal Employment Opportunity Law was revised and strengthened in June 1997. While it had previously been employers' obligation to direct efforts toward the prohibition of discrimination against women in recruiting, hiring, assignment and promotion, the new version promotes positive action and the establishment of rules for the prevention of sexual harassment in the workplace. In addition, a system was created whereby violating organizations' names will be made public. Brought into effect everywhere in April 1999, the law also revises the mediation process, nullifies regulations against female employees' working overtime, on holidays, and graveyard shift, and respects the necessity of maternity leave.

In order to ensure the execution of the revised Equal Employment Opportunity Law, the Equal

Employment Opportunity Departments of the Prefectural Labor Bureaus-branch offices the Ministry of Health, Labor and Welfare established in each prefecture-have implemented the following measures:

- (1) The Department disseminates the Equal Employment Opportunity Law thoroughly, and also provides counseling about sexual discrimination in recruitment, employment, assignment, promotion, education and training, minimum welfare, retirement and dismissal, as well as sexual harassment in the workplace.
- (2) Advice and guidance will be provided by the Director of the Prefectural Labor Bureau, or mediation by the Equal Opportunity Mediation Committee, to ensure prompt resolution of individual disputes between female workers and their employers regarding equal treatment.
- (3) The Bureau actively provides positive administrative guidance based on the Equal Employment Opportunity Law to grasp the real state of a company's employment management and to help private companies treat men and women as equally as possible.

Further, the Ministry and the Bureau encourage understanding among the top echelon of management and consensus within companies to promote positive action for the dissolution of the existing gap between male and female workers caused by employment management based on customary practices and a static sense of sex roles. In cooperation with management groups, we have hosted the "Positive Action Promotion Council" and are promoting efforts for companies themselves to take this positive action independently.

## 8 Assistance Measures to Balance Work and Family

The development of rapid decline of birth rate is thought to impose a significant effect on the future society and economy of Japan through decrease in the labor force population, effects on social security system and changes in the childrearing environment of the family and the region. For such reason, the Japanese Government decided on “Policies and Measures to Support Fostering Next-Generation Youths” (at the Ministerial Meeting on the Promotion of Measures Against Declining Birth Rate) on March 14, 2003 to institute effective measures to change the trend of declining birth rates.

In it, as “review of work styles including that of men” is established the target percentage of workers taking child care leave by gender (see Table V-13) to promote assistance for balance between work and family including the reduction of overtime work during the child-rearing period and promotion of fathers taking a five-day leave when a child is born. Measures to create an environment where people are able to bring up children in comfort are actively being pursued while in line with “Measures Against Declining Birth Rate: Plus One” and “Policies and Measures to Support Fostering Next-Generation Youths.”

In accordance with these “Policies and Measures to Support Fostering Next-Generation Youths,” a Bill to Promote Measures Fostering Next-Generation Youths, which aims to develop the framework in which local governments and enterprises formulate

an action plan to promote intensive and systematic measures for ten years on policies for fostering next-generation youths, was submitted to the Diet on March 17, 2003 and the said law was established on July 9.

Furthermore, with regard to revisions on child care leave and others to create a more efficient system, considerations will be made at the Equal Employment Opportunity Sectional Meeting of the Labor Policy Council from April 2003 and based on the conclusion drawn at the meeting, necessary measures will be taken.

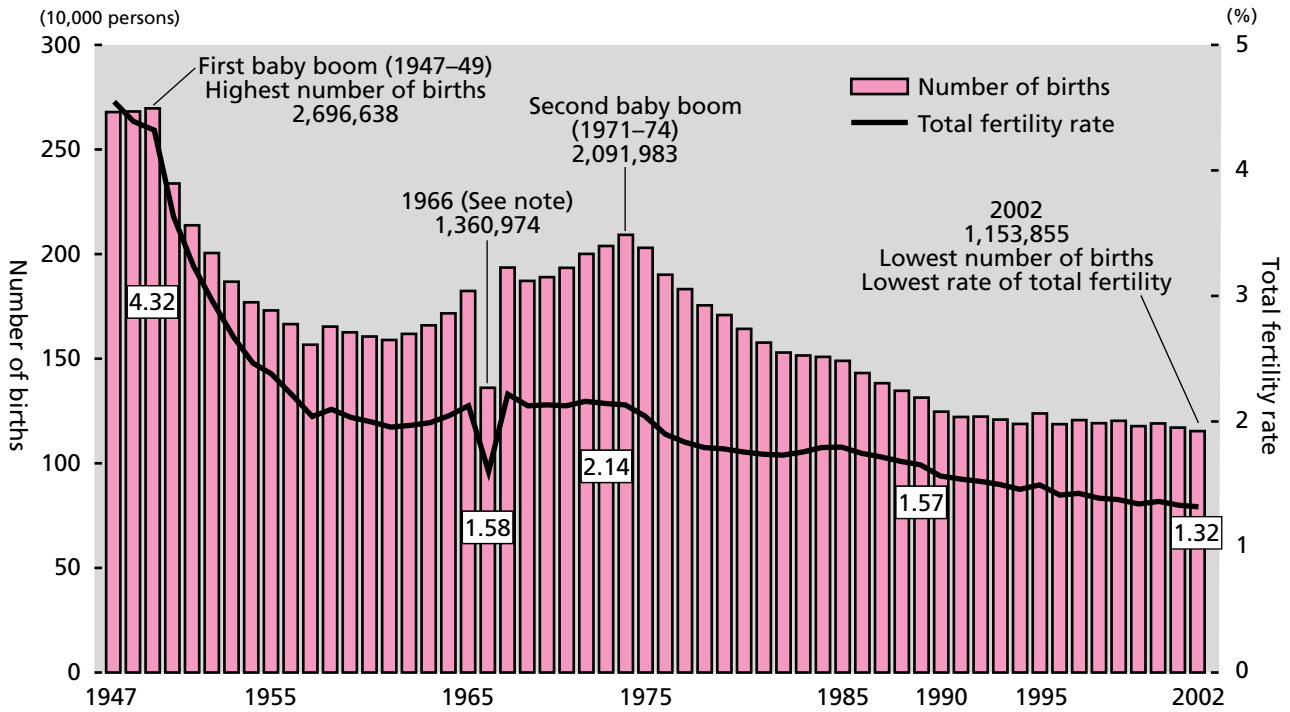
In addition to publicizing the Child Care and Family Care Leave Law to develop an environment comfortable to continue working in while bringing up children or taking care of family members, the Ministry of Health, Labour and Welfare has been promoting the spread of family-friendly companies that develop an employment environment in which workers are able to maintain a balance between work and family by promoting the use of a balance index, which indicates “ease of attaining balance between work and family” at companies, and implementation of company awards. Furthermore, the Ministry of Health, Labour and Welfare is assisting employers that develop employment environments in which workers can comfortably continue to work while bringing up children or taking care of family members through the use of various subsidy measures, etc.

**V-13 Target Value of Percentage of Workers Taking Child Care Leave included in the “Policies and Measures to Support Fostering Next-Generation Youths”**

Item	Target Value	FY2002	FY1999
Percentage of men taking child care leave	10%	0.33%	0.42%
Percentage of women taking child care leave	80%	64.0%	56.4%
Diffusion rate of leave system to attend to a sick child	25%	10.3%	8.0%
Diffusion rate of measures such as work hour reduction until the child starts attending primary school	25%	9.6%	7.0%

Note: The figure for FY1999 and FY2002 are based on the *Basic Survey on Employment for Women*, Ministry of Health, Labour and Welfare.

## V-14 Changes in Number of Births and the Total Fertility Rate



Source: *Vital Statistics*, Ministry of Health, Labour and Welfare

Note: Total fertility rate: The sum of fertility rates by age of women between the ages of 15 and 49, and represents the number of children a woman is likely to bear in her lifetime if the trend of the survey year continues.

## 9 Part-time Work Policies

### 1. Current Status of Part-time Workers

The number of part-time workers has been rapidly increasing, and they play a major role in Japan's economic society. This can be seen in the extension of the years of continuous employment and an expansion of fields of work.

### 2. Current Measures for part-time workers

In order to create an employment structure for part-time work in which workers can effectively use their abilities, the Ministry of Health, Labour and Welfare has been enhancing the welfare of part-time workers through publicizing the Part-Time Work Law and guidelines, carrying out appointment and recommendation of employment managers for part-time workers, and promoting voluntary efforts of labor and management regarding employment management which takes into consideration the balance with regular workers.

- (2) When creating or changing work regulations relating to part-time workers, the employer shall make an effort to listen to a person who is representative of the opinions of the majority of part-time workers.
- (3) The Minister of Health, Labour and Welfare will establish and publicize the necessary guidelines related to measures for the improvement of employment management that should be taken by employers.
- (4) The Minister of Health, Labour and Welfare, when deemed necessary, will be able to collect reports from employers and to provide advice, guidance and recommendations.

#### Outline of the Law concerning the Improvement of the Employment Management, etc. of Part-time Workers

##### 1 Definition

“Part-time workers” are workers for whom the scheduled working hours per week at a place of work is shorter than that for regular workers at that place of work.

##### 2 Measures concerning the Improvement of Employment Management, etc.

- (1) When employing a part-time worker, the employer shall make an effort to quickly issue a clear statement in writing of the working hours and other work conditions.

#### Outline of Guidelines concerning the Measures for the Improvement of Employment Management, etc. Which Should Be Taken by Employers

- I In addition to complying with the Labour Standards Law, the Minimum Wages Law, the Industrial safety and Health Law, the Worker's Accident Compensation Insurance Law, the Law regarding the Guarantee of Equal Opportunity and Treatment between Men and Women in Employment, the Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave and the Employment Insurance Law, and other legislation protecting workers, with regard to part-time workers, employers shall deal with part-time workers considering the actual work conditions and balance with regular workers, etc. Especially for part-time workers whose job descriptions are the same as regular workers, employers should take

into account the following concepts when considering the balance between part-time and regular workers.

- (1) Regarding part-time workers whose status is not significantly different than that for regular workers with regards to the extent and frequency of personnel transfers, changes in roles, personnel training and other personnel utilization mechanisms, and operation, etc., employers shall make efforts to secure balance with regular workers by treating relevant part-time workers according to their ambition, ability, experience, and accomplishments, upon taking measures to make the methods for determining the treatment of workers the same for both relevant part-time and regular workers.
- (2) Regarding part-time workers whose status is different than that for regular workers with regards to the extent and frequency of personnel transfers, changes in roles, personnel training and other personnel utilization mechanisms and operation, keeping in mind the degree of difference, employers shall make efforts to secure balance between part-time and regular workers by taking measures, etc. related to the treatment of part-time workers based on their ambition, ability, experience, and accomplishments, etc.

II Based on the basic concepts above, employers should take appropriate measures with regard to the following points.

- 1 Securing appropriate work conditions for part-time workers
  - (1) Issuing a written statement clarifying wages, working hours and other work conditions.
  - (2) Making working regulation based on the Labour standards Law which are applied for part-time workers and listening to opinions from a person who is recognized as representing the majority of part-time workers when they are to be made or amended regarding part-time workers.

- (3) Setting working hours and working days considering the situation of the part-time worker and avoid having part-time worker work non-scheduled hours and non-scheduled days.
- (4) Granting annual paid vacation based on the Labour Standards Law.
- (5) Taking measures concerning clarification on availability of renewals at the time of concluding a contract, etc., notification of the termination of employment, clarification of the reasons for termination of employment, and consideration for the contract period according to the standards based on the Labour Standards Law.
- (6) Providing notice at least 30 days in advance when dismissing part-time workers.
- (7) Issuing a certificate to part-time workers when requested in case part-time workers resign.
- (8) Determining wages, bonuses and retirement benefits considering the actual work conditions of part-time workers and balance with regular workers.
- (9) Carrying out medical examinations based on the Industrial Safety and Health Law.
- (10) Taking measures during a worker's pregnancy and after child-bearing.

2 Implementation of Education and Training, Enhancement of Welfare, and Other Improvement of Employment Management for Part-time Workers.

- (1) Implementation of education and training according to the actual work conditions.
- (2) Treating part-time workers the same way as regular workers with regard to the use of welfare facilities.
- (3) Necessary measures based on the Law for Child Care and Family Care Leave.
- (4) Application of employment insurance based on the Employment Insurance Law for part-time workers who qualify as insured persons by employment insurance.
- (5) Providing an appropriate place of work for

elderly persons who wish to do part-time work.

- (6) Preferential granting of opportunities for part-time workers to apply for regular workers, etc.
- (7) Improving conditions for part-time workers to become regular workers.

3 Employers shall make efforts to take measures related to the treatment of part-time workers based on the contents of their job description, ambition, ability, experience and accomplishments.

4 Employers shall make efforts to appropriately treat part-time workers as regular workers for those whose scheduled working hours are almost the same as regular workers and, despite the fact that the actual work condition is the same, are treated differently

than regular workers on work conditions, benefits, etc.

5 Implementation of Measures for the Promotion of Communication between Labor and Management.

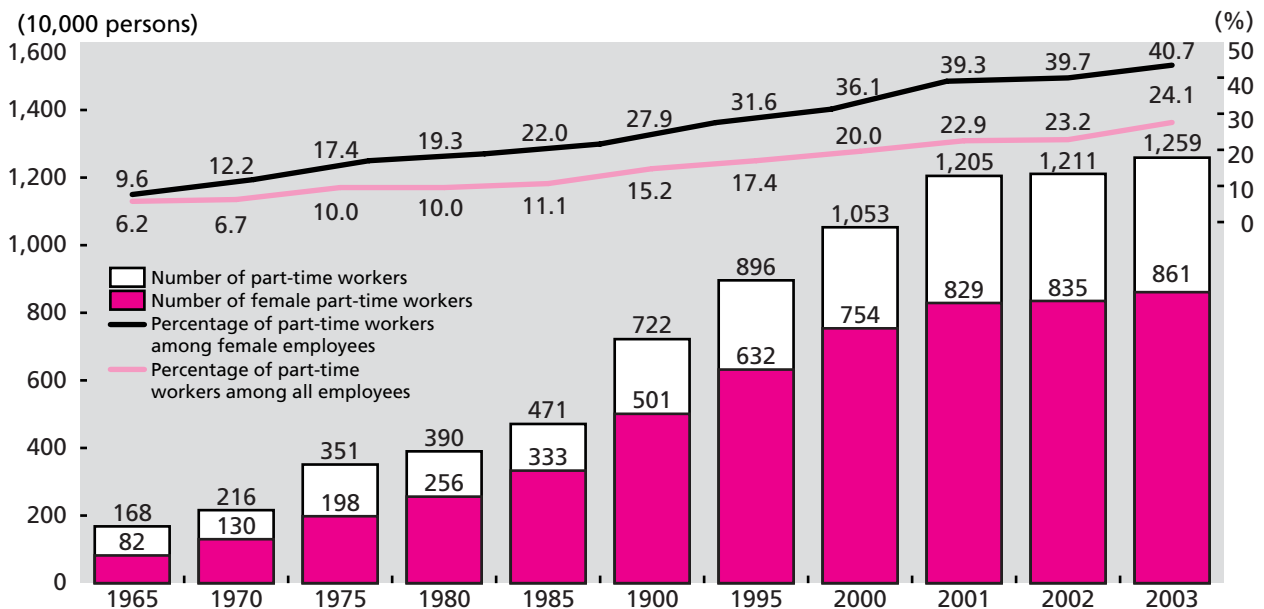
(1) When requested by part-time workers, employers shall make efforts to explain the way they treat part-time workers.

(2) Employers shall make efforts to think of appropriate ways to establish opportunities to listen to the opinions of part-time workers.

(3) Employers shall make efforts to voluntarily resolve complaints by utilizing mechanisms for handling complaints, etc.

6 Employers shall make efforts to appoint a manager for part-time workers for places of business which constantly employ ten or more part-time workers, and publicize the name of the manager.

### V-15 Changes in the Number and Percentage of Part-time Employees (people who work less than 35 hours per week) in Industries besides Agriculture and Forestry



Sources: Labour Force Survey, Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications

Notes: Excludes employees on leave.

Percentage of women among part-time workers 68.4%

Percentage of part-time workers among female employees 40.7%

Percentage of part-time workers among all employees 24.1%

## 10 Public Vocational Training Policies

The term “public vocational training,” in a narrow sense, refers to vocational training conducted at public vocational capacity development facilities. However, more broadly, public vocational training includes the disbursement of subsidies to defray educational expenses, and is based on the following three policies:

- (1) Providing vocational training at public vocational capacity development facilities (the narrow definition of public vocational training).
- (2) Encouraging employers and employer associations in the private sector to offer vocational training by awarding subsidies, disseminating information, and providing consulting services.
- (3) Motivating workers to acquire skills voluntarily by granting subsidies and providing informational and consulting services.

Table V-17 shows the ways in which public vocational training has been implemented in Japan. Young people are offered mainly long-term training lasting one to two years, while persons separated from their jobs receive mostly training of six months or less and persons currently employed primarily receive short-term training of only a few days. By law, vocational training is offered to those changing occupations (and currently unemployed) and the physically disabled free of charge, but the cost of texts and other materials is borne by trainees. Some training courses for those changing occupations (and currently unemployed) are entrusted to private education and training institutions. Training subjects taught at public vocational capacity development facilities are mostly vocational and technical subjects for industries such as manufacturing and construction, but among the training commissioned to the private sector, courses are established in various subjects like computers and social welfare. Short-term vocational training for the employed is implemented based on the needs of employers or employers’ associations of the region. There are also universities that specialize in skill development, educating the vocational training

instructors of the future and preparing textbooks for that purpose. Furthermore, among the facilities illustrated in Table V-17 is the Lifelong Human Resources Development Promotion Center, which acts as a central base facility for the human resource development of white-collar workers.

Steps taken to promote education and training in the private sector are outlined in Figure V-16. The Subsidy to Promote Career Development appearing therein is intended to promote effective career development for employees within the organization. Employers will be subsidized to cover part of the wages and expenses associated with the conduction of educational and training activities etc. they provide, based on a vocational ability development plan created within the business, for the workers employed there. The financial resources for the Subsidy to Promote Career Development come from a separate body established under the employment insurance umbrella and, being funds collected universally from business owners, shall be returned (again, universally) to Employers in the form of subsidies for education and training.

In terms of support for self-education, Figure V-16 also shows the Education and Training Benefits System introduced in December 1998. This is for workers who have been enrolled in unemployment insurance for at least three years, and provides assistance to the amount of 40% of class expenses with a maximum of 200,000 yen (and in the case of an unemployment insurance period of at least three years and less than five years, assistance of 20% with a maximum of 100,000 yen) paid by workers who attended and completed education and training designated by the Minister of Health, Labour and Welfare.

As of October 2003, eligible courses numbered 16,104 at 3,584 facilities, and it has become possible to receive benefits for many courses, such as in computers and bookkeeping, as well as preparation for a variety of certifications. Furthermore, starting in April 2002, we are trying to launch the construction

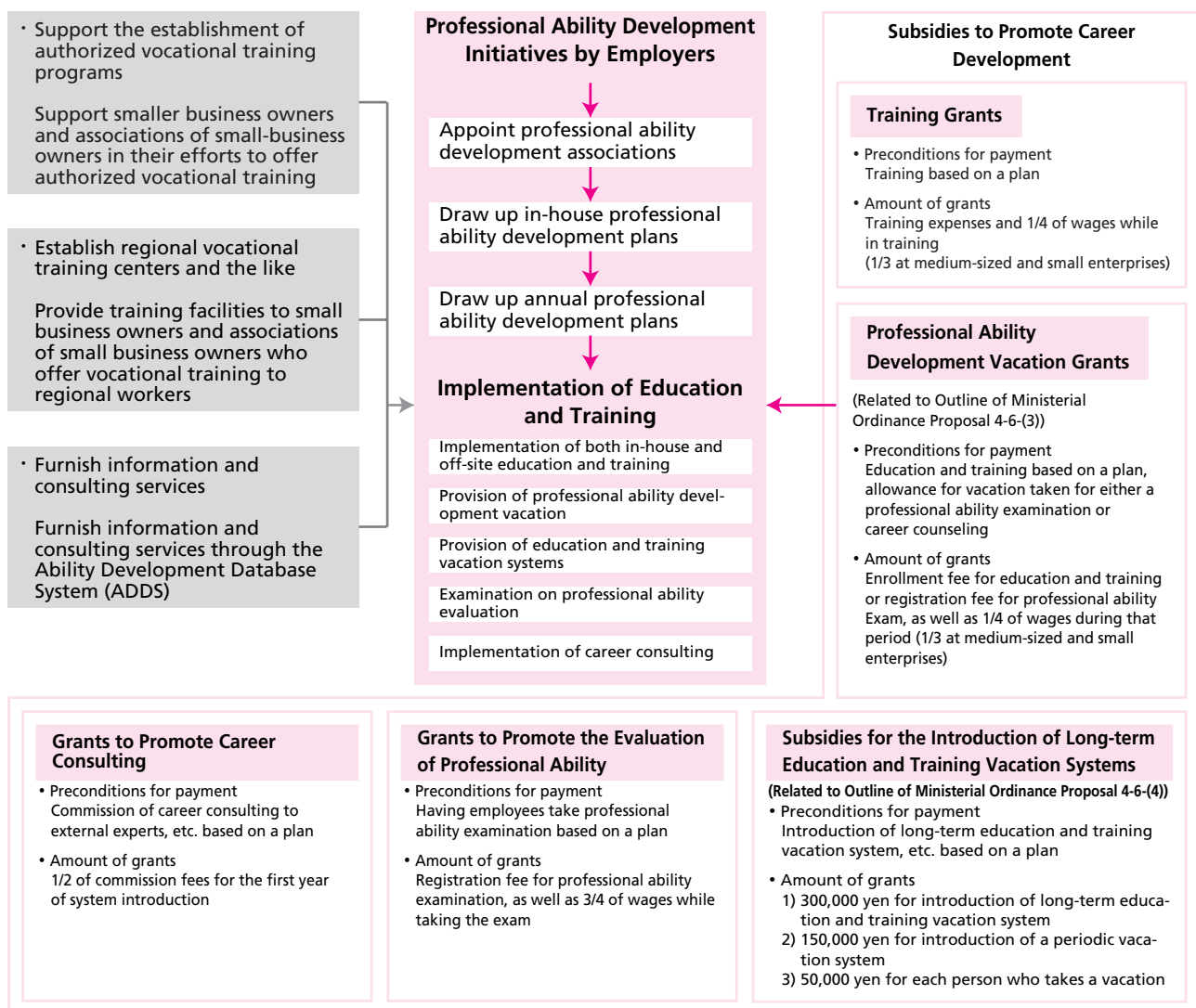


of a new system for human resources training- Pushing ahead with Leading Efforts to Create a human resources superpower-with cooperation etc. of industry, academia, and the government.

In addition, the Comprehensive Employment Measures were laid down in September 2001; the three main Programs are creation of employment opportunities by fostering the development of new markets and new industries, corrections in employment mismatches, and improvement of the employment safety net. On the development of professional ability, certain measures have already been put into effect. For example, the promotion of professional capacity development, making use of all educational

and training resources such as private education and training institutions, universities and graduate schools, business owners and non-profit organizations. Another measure is the placement at public employment security offices of advisors to support development of abilities. These advisors will do such things as provide consultation for job seekers on capacity development connected with the job search process, based on understanding their work experience and aptitude. Additionally, there will be placement of further advisors who clarify the abilities required to provide such services to job seekers as consultation support operations for the promotion of information disclosure on the required professional ability.

### V-16 Outline of Self-education and Training in the Private Sector



## V-17 Public Vocational Training Programs

					Facility	Human resource development centers	
					Established by	Prefectural government	
					Number of facilities	201	
Category	Courses offered	Objectives	Training period	Total hours	Number of trainees (total available slots per year)		
General	General courses	Provide middle- and high-school graduates with long-term training enabling them to acquire the basic skills and knowledge needed to secure employment	One year (high-school graduates); two years (middle-school graduates)	At least 1,400 hours, At least 2,800 hours		19,820	
	Short courses	Provide the employed and unemployed with short-term training enabling them to acquire the basic skills and knowledge needed to retain or find the jobs	Six months or less	At least 12 hours (at least 10 hours for management courses)		131,951	
	Technical courses	Provide new graduates with short-term training enabling them to acquire the basic skills needed for technical work	Six months (high-school graduates); one year (middle-school graduates)	800 hours At least 1,600 hours		6,260	
Advanced	Special courses	Provide high-school graduates with long-term training enabling them to acquire basic skills and knowledge necessary for their future careers	Two years (high-school graduates)	At least 2,800 hours		—	
	Applied courses	Provide persons who have completed special technical courses with the technical and applied skills necessary for future careers as high-level technical workers	Two years (persons who have completed technical courses)	At least 2,800 hours		—	
	Short special courses	Provide workers with short-term training enabling them to acquire advanced skills or knowledge	Six months or less	At least 12 hours		—	
	Short applied courses	Provide workers with the advanced technical and applied skills necessary for the jobs	One year or less	At least 60 hours		—	
Total							158,031

Junior colleges		Junior colleges	Job skill development promotion centers	Human resource development centers for the disabled		Total
Employment and Human Resources Development Organization of Japan	Prefectural government	Employment and Human Resources Development Organization of Japan	Employment and Human Resources Development Organization of Japan	National government	Prefectural governments	
1	7	10	62	13	6	300
—	—	—	100	2,370	380	22,670
180	—	8,670	243,203	1,700	—	385,524
—	—	—	—	—	—	6,260
160	1,400	4,460	—	—	—	6,020
—	—	1,360	—	—	—	1,360
720	—	15,040	50,590	—	—	66,350
—	—	6,240	—	—	—	6,240
880	1,400	35,770	293,893	4,070	380	494,424