

Developments in Well-Being at Work in Japan

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Developments in Well-Being at Work in Japan

A Survey and a Comparison with France

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Developments in Well-Being at Work in Japan

A Survey and a Comparison with France

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Abstract

This paper discusses the evolution of well-being at work in Japan, from a historical and political perspective, in comparison with France, in particular. Several indicators reveal a deterioration of work conditions, like in many OECD countries. Still, this decline of well-being at work in Japan has led to detrimental effects, from diminishing productivity and employees' satisfaction, up to absenteeism and, in acute cases, death at work (*karōshi*). By focusing on the Japanese case, the aim of the study is to fathom both the reasons for this decline and the different ways in which public authorities, as well as firms, have addressed this issue. The 1990s was a difficult period for workers who saw an increasing number of non-regular employees, which caused a decline of the average wage. Women, younger and elder workers have been particularly affected by the economic slowdown. In response to this degraded environment, successive governments have taken initiatives and built major laws to help workers to improve their work-life balance and to reduce the risk of death by overwork. Moreover, firms themselves have taken initiatives to improve workers' well-being using working hours flexibility, developing childcare facilities and providing various fringe benefits. The enacting of the so-called "Work Style Reform" (*hatarakikata kaikaku*) in June 2018 may be seen as the most recent effort to tackle the situation.

Keywords

Well-being at Work, Productivity, Japan, Employment Inequalities, Women Workers, Fringe Benefits, Work-life Balance, *Karōshi*.

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Introduction

Happy workers are more productive[1]. It used to be an assumption but since the last decade many studies showed that there are clear and positive links between workers' happiness and their productivity[2]. So far, conventional ways were used to raise productivity: capital investment, labor increment, skills training, and technological and business innovation. However, according to these reports one unconventional factor has been overlooked and underestimated – the power of happiness[3]. This growing concern for workers happiness reveals that private and public actors better understand workers-oriented labor management and organization by assessing its positive impact on firms' global competitiveness.

According to Global Workforce Happiness Index, Japan is below many other industrialized advanced countries[4] and it could be one reason for its low productivity. According to the Commission on Measuring Well-being in Japan (2011), three domains are considered to be the greatest contributors towards well-being; socio-economic situation, health and relatedness; however, the individual subjective well-being plays a central role for the overall assessment of well-being. A clear distinction is made between the term "happiness" and "well-being". The term "happiness" is used when describing a state of contented pleasantness which is categorized as an emotion in response to events that occur on a daily basis, while "well-being" is used to capture how well people are doing in all aspects of their life, or in other words, how happy they are in the overall evaluation of their life[5].

In this report we investigate several factors of Japanese workers' **well-being** and to what extent a deteriorated well-being could impact workers and firms' **productivity**[6]. In fact, since the 1990s, Japanese companies' productivity remains lower than the OECD average. Several factors explain this phenomenon, among them: fewer companies' **investment in human capital** (caused by a constant increase in the number of non-regular workers who do not benefit from company's formation), **high level of retained earnings** (in response to future uncertainty leading to risk-adverse strategies) and to a certain extent **workers' well-being deterioration** (OECD, 2015). Indeed, two major trends impact the Japanese labor market: evolution of the workforce structure and wages. First, the **increasing number of non-regular workers** reinforces the labor market duality and its rigidity by reducing social mobility and

1. Global happiness workforce Index, https://universumglobal.com/happinessindex/ ; A recent survey found happy workers to be 12% more productive, while unhappy workers were 10% less productive. The research was based on four different experiments with more than 700 participants led by Pr. Andrew Oswald, Dr Eugenio Proto and Dr Daniel Sgroi from the University of Warwick Department of Economics.
2.https://warwick.ac.uk/fac/soc/economics/staff/dsgroi/events/japan_today_13th_june_2016_-_happiness_and_productivity.pdf
3. Happiness is a mental or emotional state of well-being defined by joy, satisfaction, contentment, enthusiasm and interest. Many psychologists have pointed out that happiness promotes the capacities of innovation, improves memory, and leads to greater altruism. For example, the U.S. Internet giant Google/Alphabet, the most valuable company in the world and the No. 1 place to work for seven years in a decade, is regarded as the pioneer in employee happiness.
4. In the World Happiness Report 2016 Update by the U.N. Sustainable Development Solutions Network, Japan was ranked the 53rd happiest country among 156 countries.
5. http://www5.cao.go.jp/keizai2/koufukudo/pdf/koufukudosian_english.pdf
6. The economic challenge of non-prevention of safety and work health is considerable. The International Labor Office estimated on the World Day for Safety and Health at Work the economic costs of accidents and work-related illnesses to represent nearly 4% of the World GDP.

worsening instability[7]. Second, despite the economic growth in the mid-2000s and its slight recovery since 2013 **wages are stagnant for both regular and non-regular workers.** Labor market instability, fear of unemployment and wages stagnation became gradually major factors of stress and demotivation for a growing number of Japanese workers. Although well-being factors differ slightly between regular and non-regular workers, since the 1990s **labor market ongoing deregulation** has generated negative impacts on workers' well-being.

According to the OCDE framework for measuring well-being and progress, there are three distinct domains: material conditions, quality of life, and sustainability. The material conditions include income and wealth, jobs and earnings, as well as housing. The quality of life refers to several aspects such as health status, work-life balance, education and skills, or subjective well-being. Last but not least, to sustain well-being outcomes over time it is necessary to preserve human capital, social capital, natural and economic capital[8]. This framework proposes a multi-dimensional approach of well-being by combining economic circumstances (material living conditions, purchasing power, etc.) with indicators that consider a wide range of quality of life factors. We first explore the well-being's factors for regular and non-regular workers to highlight different domains of well-being's interconnection in both cases.

A. Japanese Regular Workers Well-being's Factors

According to the International Social Survey Program (ISSP)[9] on subjective job satisfaction indicators, Japanese respondents are twice the number of French respondents who would agree *to work fewer and earn less money*[10]. In Japan **"long working hours"** is strongly correlated with regular workers well-being, whereas in France "income" still has a stronger correlation with job satisfaction. In Japan, despite being on a decreasing trend, the percentage of workers working long hours (60 hours or more per week) remains at a high level compared to other countries (21,9% in Japan; 11,7% in the USA; 7,8% in France, 5% in Germany)[11]. Since the 1980s, most of the western advanced industrialized countries have adopted ILO (International Labor Organization) standards to reduce legal working time. Japan has also revised the Labor Standards Law (LSL) in 1987 to reduce working time to 8h/day and 40h/week, but no legal measures were introduced to limit overtime. We explain this characteristic in the second part of the report.

Excessive working time leading to overwork impacts negatively workers' well-being at the workplace but also in their personal life. Japanese employees working longer hours fail to achieve a sustainable **work-life balance**[12]. Thus, the number of working hours is a key factor impacting the perceived equilibrium between expected and actual work-life balance for

7. International Social Survey Program on Job satisfaction (http://www.issp.org/about-issp/).
8. http://www.oecd.org/statistics/measuring-well-being-and-progress.htm
9. International Social Survey Program is a cross-national collaboration program conducting annual surveys on diverse topics relevant to social sciences (http://www.issp.org/about-issp/).
10. For example, 32,87% of French agree *to work longer and earn more money* compare to 25,51% of Japanese; 14,90% of Japanese agree *to work fewer and earn less money* compare to 7,38% of French (ISSP, 2005).
11. Ministry of Labor, Health, and Welfare report, « Analysis of the Labour Economy — Challenges for Promoting Innovations and Realizing Work-Life Balance », 2017.
12. According to a recent survey, husbands/wives in double-income household are more **stressed** than those in full-time housewife households (78,9% of female regular employee declare being stressed and 70,4% of the male respondents are stressed when their wife is a regular employee) in National Employment Situation Panel Survey" (2016), Recruit Works Institute, Recruit Holdings.

regular employees[13]. Therefore, if wages and job security remain important issues for workers, Japanese regular workers' well-being is also strongly correlated with working time as it affects workers' quality of life (health status, work-life balance, subjective well-being, etc.).

In response to workers' stress-related health troubles, scientists developed internationally more accurate indicators to measure the correlation between workers well-being and stress, working hours, labor organization, management method, etc[14]. In France since the 1980s several salient issues related to the workplace were publicized[15] but workers' well-being is a relatively recent topic. Indicators such as absenteeism, turnover, labor accident, delay in the production process, or mistakes are taken into consideration to evaluate workers' well-being as well as the productivity's loss for the company[16].

According to a recent survey, the cost of depression in the Japanese workplace is evaluated at 14 billion dollars lost productivity, twice the Japanese energy budget[17]. If the cost of workers' well-being deterioration is evaluated, it is more complex to measure the positive correlation between workers' well-being and company productivity (Yamamoto & Mastuura, 2012)[18]. Nervertheless, according to ILO (International Labour Organization) many studies show a direct link between productivity levels and the general health and well-being of the workforce[19]. More recently we observe a growing trend for the development of global health promotion policies by employers and their partners covering a large range of lifestyle issues including diet, exercise and mental well-being. They focus in particular on the quality of sleep, nutrition and physical activity's impact on workers' health, well-being and productivity[20]. We will address these dimensions of well-being in the following part of the report. In the next part we focus on non-regular workers' well-being factors.

13. 70,6% of respondents working 10 hours or more said that the expected status and actual status do not match whereas for 41,8% respondents working less than 10 hours, it matches; "Individual/Company Survey on Work-Life Balance" (2014), Cabinet Office.
14. In France also since last decade work-related stress, moral as well as sexual harassment and management by fear have been analyzed by scientists to publicize the correlation between workplace and well-being (Lerouge, 2017).
15. In the 1980s following the ILO standards on working time "Quality of Life at Work" was a salient issue, then in the 1990s "work-life balance" and in the 2000s moral harassment as well as psychosocial risks were under fierce interest among public and private actors.
16. Work-related stress is a major issue, in the European Union; 22% of workers declared being work-related stressed, and 50% to 60% of absenteeism (day-off) is due to stress related troubles. The cost is evaluated at 20 billion euros in 2002 for the European Union (15 countries in 2002).
17. http://www.lse.ac.uk/website-archive/newsAndMedia/PDF/Work-Depression-Japan-Infographic-Full-UPDATED.pdf
18. https://www.rieti.go.jp/jp/publications/dp/12e079.pdf
19.https://www.ilo.org/safework/areasofwork/workplace-health-promotion-and-well-being/WCMS_118396/lang--en/index.htm
20. https://www.ilo.org/safework/areasofwork/WCMS_118392/lang--en/index.htm, https://www.ilo.org/safework/areasofwork/WCMS_118393/lang--en/index.htm,
https://www.ilo.org/safework/areasofwork/WCMS_118394/lang--en/index.htm

B. Japanese Non-regular Workers Well-being's Factors

For non-regular workers "**job status"** is more strongly correlated with job satisfaction. Non-regular workers do not benefit from the same advantages as regular-workers. Income, fringe benefits, carrier path, access to formation (employee development programs) and job security are significantly lower, or quasi-absent. Non-regular workers' material conditions (jobs and earnings) are substantially lower than regular workers. As a consequence, labor market inequalities based on status have proportionally expanded with the increase of non-regular workers and represent a factor of well-being deterioration. Furthermore, non-regular workers' quality of life measured by indicators such as health status, education and skills, personal security or work-life balance is also negatively impacted by their job status. Labor market determinism is strongly perceived among Japanese non-regular workers, which also may deteriorate their subjective well-being by limiting their resources for future (human capital, social capital and economic capital)[21]. Indeed, if the unemployment rate is lower in Japan than it is in France, the fear of unemployment impact negatively Japanese non-regular workers because of a high risk of poverty as observed after the financial crisis in 2008-2009 and the following increase of the poverty rate[22].

Since the 1990s, in the economic stagnation context and in response to the rising competitiveness of other East Asian countries, Japanese companies reduced labor costs by using a flexible workforce. Higher contingent workforce utilization generates higher turnover, as a consequence the associated regular workers' workload also increases. As working time is still different between regular and non-regular workers, it is then difficult to highlight the deterioration of non-regular workers' well-being by focusing on working time as one major factor of reduced time for sleep, unhealthy diet due to a lack of time and poor physical activity. It is nevertheless possible to consider other factors such as low income, instability or a lack of professional formation to address non-regular workers' higher risks of health, mental well-being and productivity degradation.

C. Current Debate about the Work Style Reform Law Project

Recently the ongoing labor market structural reforms already targeting work-life balance's improvement are currently reinforced with more emphasis on highly salient topics such as **work-time efficiency** and optimized **organizational structures**. Recent surveys showing that shorter working hours increase **labor productivity**[23] support the Japanese government's measures to encourage firms to introduce several managerial transformations: *human resource performance and time management system* focusing on individualized evaluation, a discretionary labor system in high priority sectors such as innovation and finance for company top level employees. Moreover, advanced automation with **Artificial Intelligence** is expected to continue changing the way of employment[24]. The ruling Liberal Democratic Party's is proposing

21. International Social Survey Program (http://www.issp.org/about-issp/).
22. In 2018, two legal cases of non-regular workers demanding the application of the "equal work equal treatment" right are now opened to Supreme Court referral. Decisions are highly expected.
23. Ministry of Labor, Health, and Welfare report, « Analysis of the Labour Economy — Challenges for Promoting Innovations and Realizing Work-Life Balance », 2017.
24. Impacts of the introduction of AI on workplaces in "Survey on Status of Responding to Innovations" (2017), and "Survey on Working Style for Responding to Innovations" (2017), The Japan Institute for Labour Policy and Training.

series of labor reform bills (*hatarakikata kaikaku*) to raise productivity to make Japan more globally competitive, it also wants to solve the problem of excessive overtime, which has led to the well-reported *karōshi* problem (death from overwork)[25].

In the first part of this report, we analyze the labor market transformations and its consequences on well-being at work since the last twenty years. In the second part, we investigate public policies implemented to address several social issues such as child rearing, work-related physical and mental health troubles and equal work opportunity for women. We analyze more precisely the 2003 Act on Advancement of Measures to Support Raising Next-Generation Children, the 2014 Act on Prevention of *Karōshi* and the 2015 Act on Promotion of Women's Participation and Advancement in the Workplace. We investigate in the third part several cases study of Japanese firms' innovative management practices. Growing investments in Company Social Responsibility (CSR) demonstrate that workers' well-being is more and more associated to company's sustainable development. Finally, we will discuss the current debate about the labor reform law (*hatarakikata kaikaku*).

25. Article from *The Japan Times* « Japan's labor reform ignores elementary principles », March 10, 2018: https://www.japantimes.co.jp/news/2018/03/10/national/media-national/japans-labor-reform-ignores-elementary-principles/ (…) *Current debates highlight the fact that in the face of labor shortages, companies want laws that reduce their obligation to pay overtime, while workers are afraid that limiting it will reduce their wages, since in many cases they have come to expect overtime, not as the occasional compensation for extra work, but rather as an essential part of their livelihood*(..).

Part I: The Japanese Labor Market Dynamics since the Last Twenty Years and its Consequences on Well-Being at Work

The first part of this report aims to review Japanese labor market main changes since the last twenty years. Our goal is to reveal how and in which ways those transformations have contributed to deteriorate the sense of well-being among Japanese workers. As we have seen above (report introduction), the well-being question in the workplace is linked with different criteria: job security, wages, working hours, and among them, the working-life balance often viewed as the most important. In comparison with the High Economic Growth Period (1955-1973) and the Bubble Period (1986-1991), Japan has experienced a general worsening in terms of working conditions considering all those criteria. We will look at each of them.

A. Japanese Economy since the 1990s

After the burst of the economic bubble in 1991, the Japanese economy declined for more than a decade, ending the significant growth that had begun since the end of the war. In fact, between 1992 and 1999, the GDP stagnated closely to 1% each year, breaking with previous double-digit rates. This economic stagnation was reinforced by the 1997 financial crisis, which had strong effects on labor market and unemployment rate (Genda, 2001). Thus, the period between 1992 and 2002 where unemployment reached its peak is known as "**the lost decade**".

A second period starts from the middle of the 2000s, after an economic rebound, despite a **low growth context**. However, the situation has worsened soon because of the global financial crisis of 2008. The period of recession and stagnation continued until the first two years of the 2010s with a new peak during the period of the Great Tôhoku Earthquake and its consequences on all over the country in March 2011.

A third stage starts with the **economic rebound from** the beginning of **2012**. This year was also the return to power of the Liberal Democratic Party and the second Abe Shinzô's government from December. Abe rapidly undertook economic reforms called "**Abenomics**" based on monetary easing, fiscal stimulus by public investment and other structural reforms. Some of them are specifically linked with labor laws. Although a slight decline has been noticed with a rebound at 2% of GDP growth in 2013, last years were those of an era of **low but persistent growth** around 1%.

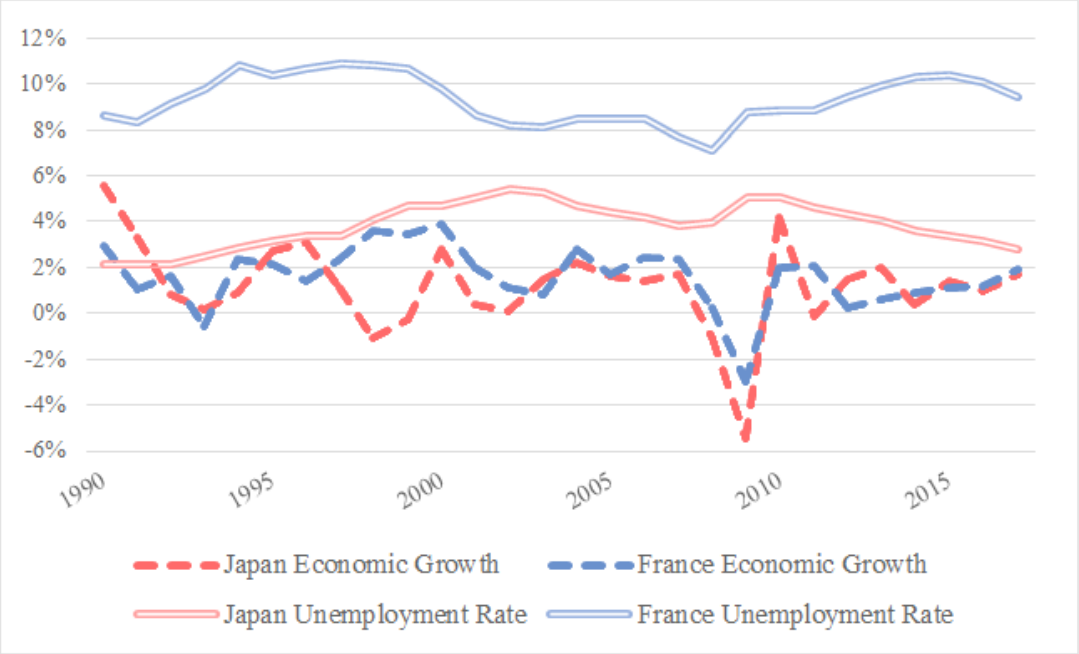
Until the 1990s, Japan benefited from an economic growth which brought work stability and increasing wages. As a matter of fact, it was during the thirty years period between the end of the 1950s and the late 1980s that the well-known standards of long-term employment relationship and seniority-based promotion system have been adopted by a large number of firms. Nevertheless, from the beginning of the 1990s, a combination of macro-level and micro-level transformations had strong consequences, as we will see more precisely thereafter (Lechevalier, 2011).

The three moments described above alternated between period of crisis and period of economic rebound have been the scene of deep evolutions on employment and working conditions. We will focus on it to spotlight the effects on well-being.

B. The Limit of an Unemployment Rate Analysis

A look at Japan and French situations regarding unemployment during the 1990s gives us a good starting point.

Figure 1: Growth & Unemployment Evolutions in France and Japan between 1990 and 2015

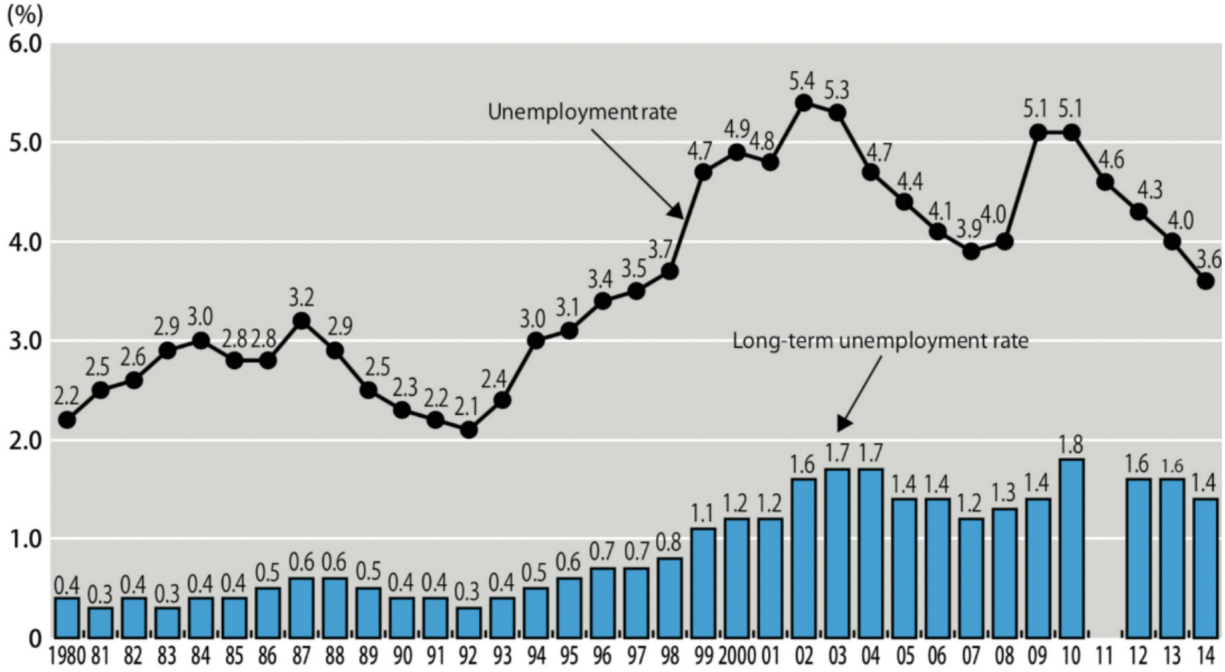


Source: OECD, 2017.

Looking at Japan's case, unemployment rate has effectively raised from the middle of the 1990s. The increase intensified from 1997 with the Asian countries financial crisis. A peak was reached in 2002 with a rate of 5,4%. However, this increase remains low regarding French situation during the same period. During the 1990s, a better economic climate than Japan did not lead do some employment improvement in France. Even when situation worsened because of the 2008 financial crisis, Japanese growth decreased more deeply than France, but Japan unemployment rate remained relatively low and situation improved quickly while France unemployment rate was reaching a new peak.

Looking at the unemployment rate, Japan demonstrates a **strong resilience** regarding economic crises. In February 2018, the rate fell to 2,4%, the lowest since the bubble burst. According to OECD data, Japan ranks second just behind Czech Republic and should reach the first place soon (OECD, 2017a: 8).

Figure 2: Unemployment rate evolution between 1980 and 2014



Source: Ministry of Internal Affairs and Communications (Statistics Bureau), "Labor Force Survey (労働力調査)"

A significant part of the recorded decline in the unemployment rate since 2011 comes from hiring in the industrial sector – mostly construction – which traditionally serves as a cyclical adjustment tool. Furthermore, labor force participation in Japan is strongly procyclical i.e. it has been shown women labor supply falls during economic downturns, which substantially reduces the increase in unemployment (Sakurai & Tachibanaki, 1991). However, in 2015, **unemployment** is still substantially **higher for young people** without university education. Despite of the general amelioration, unemployment rate for people of 19-24 was 6,4% and 5,2% for 25-29, almost twice the national average on the same period.

As we saw above, it is true that Japan has been relatively less affected by unemployment compared to Europe. However, that period of gloom had other type of effects. For example, even if a low rate of unemployment is the sign of a robust economic activity, the **fear of unemployment** can remain a factor of stress for part of the population. **Job security** is the most important issue for a lot of workers. According to the Research Institute for Advancement of Living Standard[26] last report, 26,6% of survey respondents recognized to be concerned with unemployment issue in April 2017 (Rengō, 2017a).

Moreover, other factors have to be considered. First, differences regarding the method used in counting must be taken into account. Second, Japanese firms' reactions in a time of crisis have specificities. While French firms' generally use collective redundancies or temporary closing, Japanese firms tend to **protect** their **regular employees** by reducing graduate recruitment (Boyer, 2014). For all these reasons, to over-focus on the issue of unemployment might lead us to believe that situation is improving. Then, we must turn our attention to other issues.

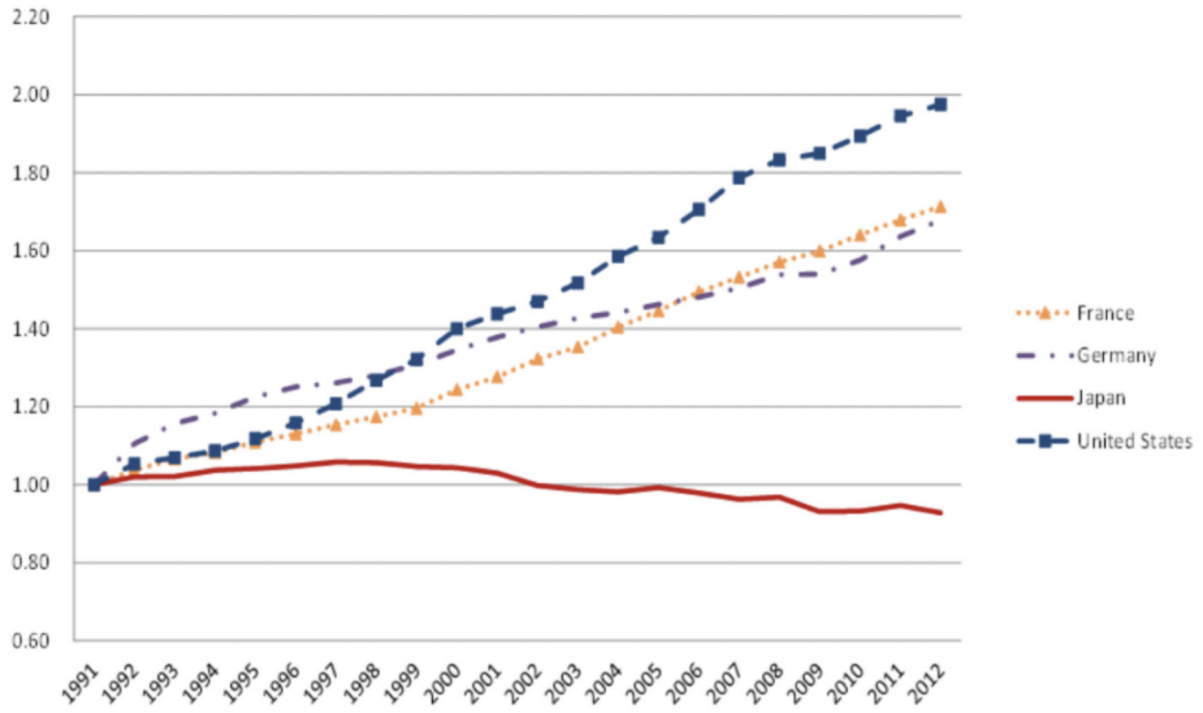
26. The RIALS is a think-tank specialized in labor issues and established by the Rengo, the most influent trade union confederation.

C. Wage Stagnation and Low Labor Productivity

Another way to understand the effect of twenty years of economic difficulties on well-being at work is to focus on the **wage evolution**. Indeed, according to a survey conducted by national worker union Rengo in 2017, wage is the second most important concern for work motivation, just after work-content (Rengo, 2017b). In comparison to other OECD major countries, wages have been largely decreasing in the last twenty years as seen on next graph.

Figure 3: Average Annual Nominal Wage in Selected OECD Countries

(1991 = 100)

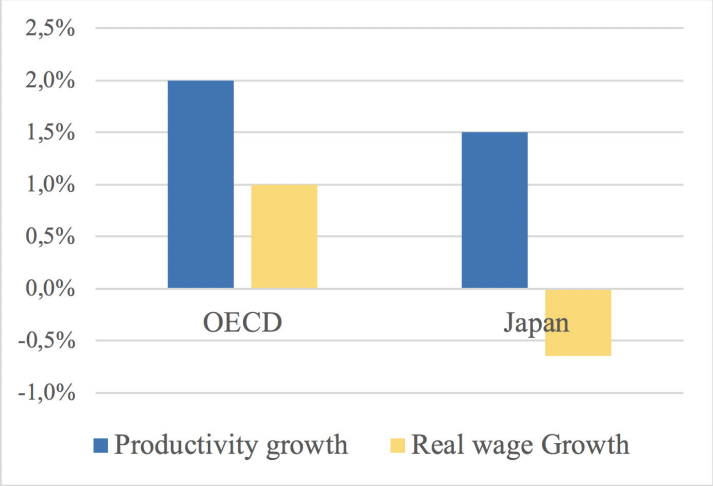


Source: Kodama, Inui & Kwon, 2015.

While annual nominal wages in France, Germany or the United States have increased since 1991, Japan **wages have progressively declined** during the same period. Such a decline has been deeply felt by workers. Thus, between 1995 and 2005, the feeling of satisfaction related to wages has also decreased from 52% to 39%[27]. If situation has improved considerably, especially since the last five years, looking at wage evolution in comparison to productivity growth may offer another interpretation.

27. Cabinet Office Government of Japan, "Public Opinion Survey on People's Lives (国民生活に関する世論調査)."

Figure 4: Growth of Productivity and Real Wages between 1990 and 2015



Source: OECD, 2017.

One of the major consequences of **low growth economy** is the **stagnant growth in wages** that goes with. While productivity growth was increasing towards 1,5% in average between 1990 and 2015, wages decreased by 0,68% during the same period. Despite of undeniable improvement of economic result, worker wages are lower than during the 1990s. Japan is the only advanced country which experiments a situation where wages may decrease when demand for labor shrinks (Miyamoto, 2015). Thus, stagnation of wages cannot simply be explained only by the decrease of productivity growth.

There are several ways to understand this phenomenon. A first reaction from firms in an unfavorable economic context is to **reduce bonus and overtime payments** based on employees' individual performance. Proportion of firms who adopted **individual performance evaluation system** since the 1990s has considerably increased. In 2010, 58% of Japanese firms have introduced such a payment system, notably in big companies (JILPT, 2010: 107). Bi-annual bonus in Japanese may be the equivalent of several months payment in the same time. As a result, a diminution of bonus has a significant impact on employees' wage average and thus contributes to the overall decrease that we saw above. This managerial transformation had also impacts on workers' satisfaction. According to an employee survey conducted by JILPT in 2009, workers often point out individual performance system and procedure to be complicated or that evaluation varies according to evaluator or from a section to another (ibid.: 123).

Several governmental measures have also contributed to reduce households' budget. First of all, the consumption tax increased from 5% to 8% in March 2014. The government also plans to increase the tax up to 10% in 2019. Since 2011, increasing social insurance costs have become a new burden for many households. Indeed, welfare pension fees increased gradually of 0,177% each year between 2011 and 2017. Moreover, in 2012, child allowance abatement has been dropped out from the inhabitant tax. According to a report released by the Daiwa Institute of Research, the overall reforms related taxes adopted between 2011 and 2020 will have in important impact on households' budget, and more particularly for highest and lowest income groups[28]. As an example, a four members household where only one member

28. Estimation of the effect of Consumption Tax Increase on households' budget, October 2017 Report (消費税増税等の家計への影響試算 2017年10月版) <改訂版> https://www.dir.co.jp/report/research/law-research/tax/20171012_012364.pdf

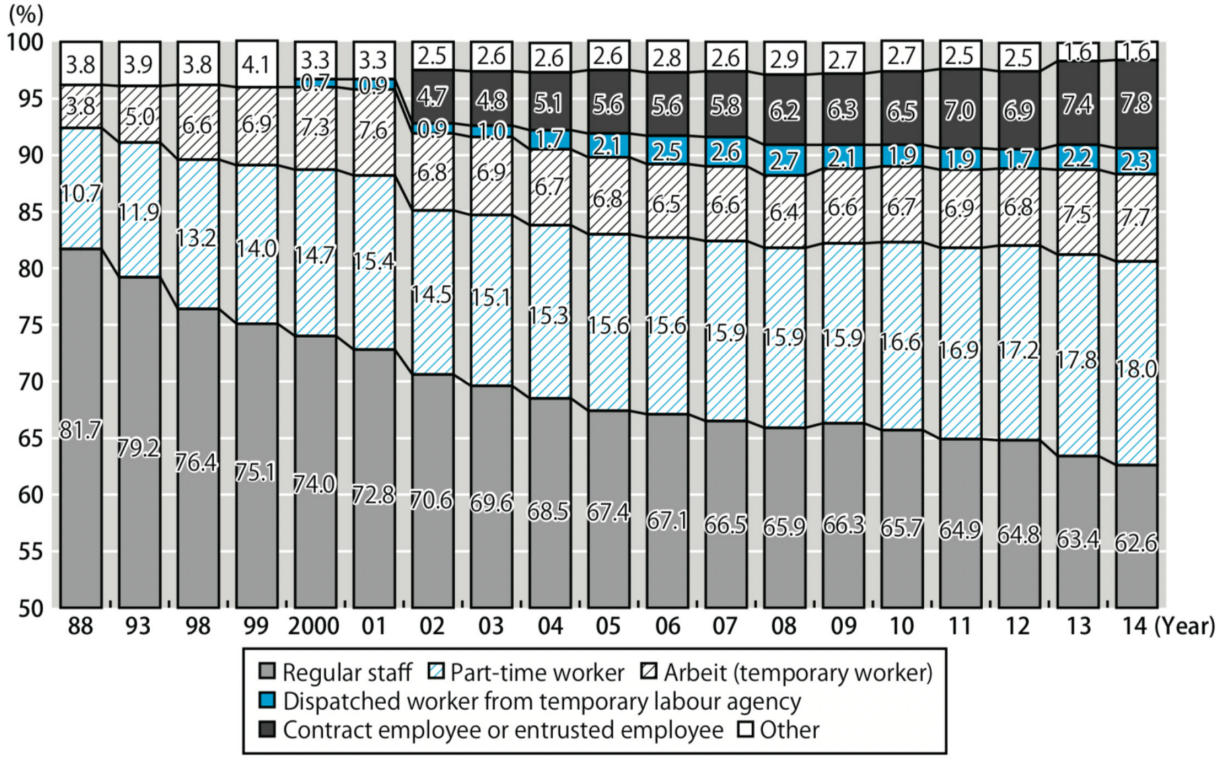
is working, that earns around three million yens (23 250 €) a year will experience a decrease of 8,3% of its income. For a similar household earning around fifteen million yens (116 350 €) a year, the decrease will reach 8,7% (ibid.: 123).

As we will see hereinbelow, the increasing number of non-regular employees is also a major explanation. Whereas Japan was one of the most egalitarian country at the end of the 1970s, **wages inequalities** have strongly expanded since the 1990s.

D. Non-regular Employment Increase

The increasing place taken by non-regular employment in labor market represents one of the most important change of the last twenty years. Whereas non-regular employees were only 20% during the middle of the eighties, they accounted for almost 40% in 2017.

Figure 5: The Proportion of Employees by Types of Employment between 1988 et 2014



*Source: Japan Institute for Labor Policy and Training,"Labor Situation in Japan and Its Analysis: General Overview 2015/2016 (*日本の労働事情と分析 総論版*)."*

Looking more precisely at the structure of non-regular employment, the major part is occupied by **part-time workers** (generally called pāto in Japanese) followed by **temporary workers** (arubaito) and **contract employees** (keiyaku shain). The increase in part-time category is the most significant, accounting for 10,7% of the workforce in 1988 and 18% in 2014. We can see the same increase trend in all these categories. It is important to recall that the increase in non-regular employment started before Japanese economy crisis begun. One of the first step is the **deregulation of labor market** from the middle of the 1980s. In 1985, the government passed a new act which officially legalizes temporary employment and the establishment of temporary work agency (rôdô haken hô). Legislation became effective one year after but limited temporary work to particular activities. Between 1996 et 2007, other legal deregulations have progressively expand the type of authorized activities. However, temporary work still represents

a small part of non-regular employment with only 2,4% of jobs in 2017[29].

The development of service sector and the intensification of international competition are generally given as the most important factors to explain the massive increase of non-regular workers in Japan (JILPT, 2016). The low economic growth and Japanese companies' weak benefits during this period are linked to the diminution of regular employee recruitment we talked about above. In order to reduce costs, many firms chose to protect their employees and strictly limit new recruitment. Numbers of non-regular employees have been recruited for the adjustment, strengthening the duality of the labor market.

Another point is the rise of service-based industries and the decline of agricultural sector. It is obvious in the case of wholesale and retail industries where non-regular employees represent 50% of global employment. In food, beverage and hostel industries, non-regular employees represent 73,3% (ibid.:14). Eventually, the most job-creating industrial sectors are also those where recruitment to non-regular position are the most significant.

E. The Inequalities between Regular and Non-regular Employees in Japan

In order to understand the relationship between non-regular employment and well-being, it is necessary to focus on **status and wage inequalities** between regular and non-regular workers.

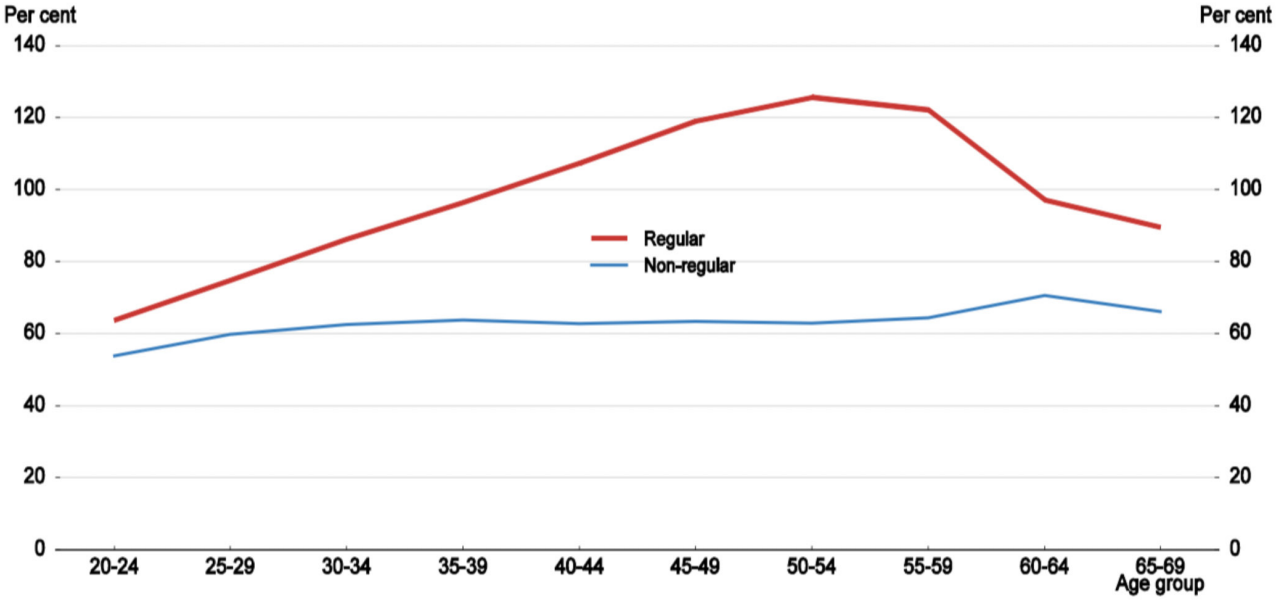
A first issue is **job-security**. While regular employment provides a strong security for workers regarding the norm of lifetime employment, non-regular employment often means job insecurity. A comparative study with the United States on job security shows a degradation of job stability for mid-career hires and youth workers in Japan (Kambayashi & Kato, 2017). Moreover, according to the Ministry of Health, Labor and Welfare (MHLW) survey in 2014, only 42,6% of non-regular workers were satisfied regarding the security provide by their positions whereas this part reaches 65,5% for regular employees[30].

A second issue is **skills training and formation opportunities** provide by firms. According to the 2015 *Basic Survey of Human Resources Development,* 44,1% of regular employees received at least once opportunities for external education and training, when it was only 20,9% for non-regular employees. This should be considered as a serious issue. Training opportunities are very important as they encourage the use and the development of the worker's skills. Not only they "*contributes to the solution of problems and progress toward goal achievement but [it is a source of satisfaction] in its creative challenging and/or familiar aspects*", which means they are determinant for well-being (Warr, 2007: 84).

The third issue is the important wage inequalities between regular and non-regular employees. In 2015, it still exists a **strong disparity** between **wage average** in relation to **employment status**. Non-regular employees earn around 40% less than regular employee. Thus, non-regular employment increase since the last twenty years can be seen as one explanation of global wage stagnation during the same period.

29. Japan Staffing Services Association, 2018 (日本人材派遣協会), "派遣の現状｜一般社団法人日本人材派遣協会".
30. Ministry of Health, Labour and Welfare, "General Survey on Diversified Types of Employment (就業形態の多様化に関する総合実態調査)."

Figure 6: Wage as a Percentage of the Average Wage of Regular Employees



Source: OECD, "OECD Economic Survey: Japan Overview."

This significant gap, especially from 30-34 can be explained by the strong use of seniority-based promotion system for regular employees, who can expect a regular increase of their income until the end of their careers. The introduction since the end of the 1990s of individual performance-oriented promotion system did not really influence the trend, mainly because this new system is only related to regular employees.

Thus, a survey conducted in April 2017 by the Japanese Trade Union Federation Rengô revealed that, in relation to the recent amelioration of Japanese economy, regular employees have globally experienced wage growth whereas, in the same time, non-regular workers have shared the opposite situation (Rengō, 2017a).

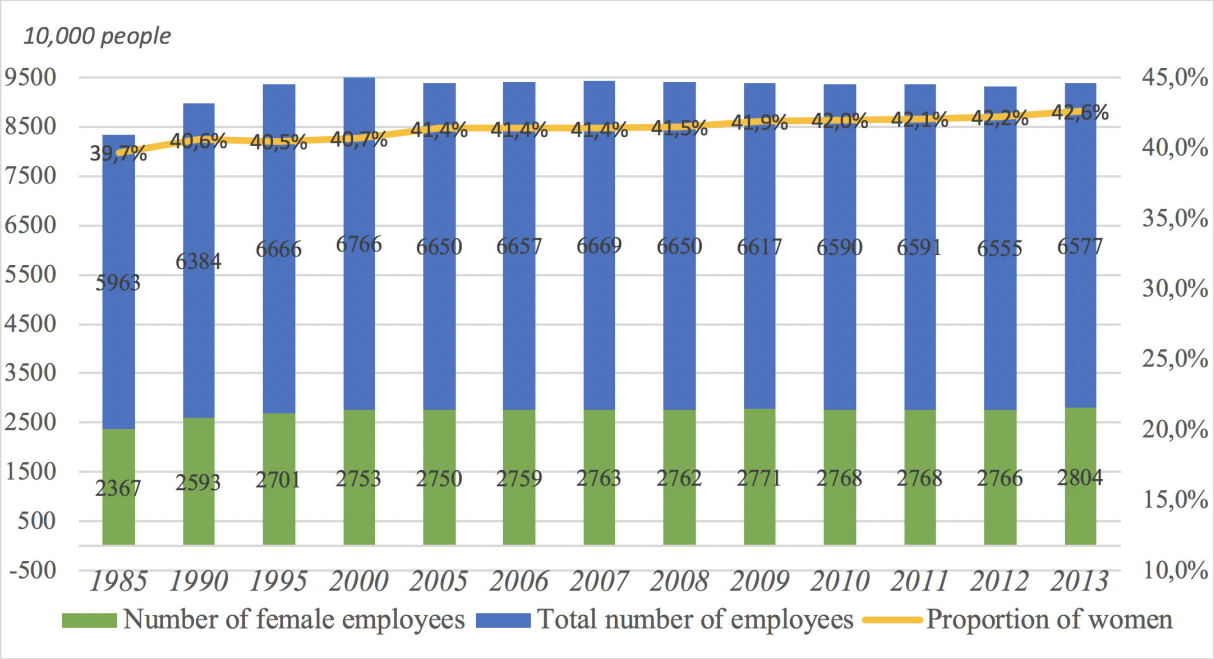
In 2016, the Japan Institute for Labor Policy and Training (JILPT, 2017) revealed that the level of dissatisfaction regarding workers lifestyle was higher in the case of non-regular workers than for regular workers, the former accounting dissatisfaction level around 50% while the latter remain at 30%. The feeling of dissatisfaction is particularly strong for mid-age males as well as for mid-age spouseless females. The same study gives several reasons: First, mid-age non-regular male workers are more **involuntarily** engaged at non-regular job than early-age non-regular male workers. Second, they are generally engaged on on-sites operations works while female non-regular workers engage on administrative works. Third, the limit of wage increase for non-regular workers constitutes serious difficulties for mid-age male with a family.

All these facts allow us to confirm the presence of strong inequalities regarding the workers status and the difference of advantages linked. While the non-regular employment increase may be a firms' reaction whom decided to limit economic uncertainty by hiring employees easier to lay off, this increase displays links with the breakdown of well-being at work since the last twenty years. We will show it by looking more precisely at the situation of women and older workers.

F. Position of Women in the Labor Market

After a long period during which masculine work based on the model of "male bread winner" was the norm, the return of women to the labor market starts truly from the second part of 1980s decade. Contrary to popular thinking, women were present in the labor market until the 1960s. Their gradual disappearance truly began with the early **1970s economic crisis**. Until the middle of the 1980s, male workers wage increase was enough to feed all the family and thus contributed of the rise of the Japanese housewife (*sengyô shufu*) as female counterpart of Japanese modern family (Thomann, 2005). One key moment is the vote of the Equal Employment Opportunity Act in 1985, as starting point of women return. However, contrary to 1970s economic situation, 1990s economic crisis did not lead to a new disappearance of women. Today, women represent approximatively **40%** of the global **labor force**.

Figure 7: Ratio of Women in the Total Workforce



Source: Ministry of Internal Affairs and Communications (Statistics Bureau), "Labor Force Survey (労働力調査)."

Industrial sectors where women are particularity numerous are medical, healthcare and welfare sector as well as **services**, which have been growing since the last decade. It is also in service and healthcare that we found a growing proportion of non-regular employment. Men and women do not face the same situation. Indeed, in 2003, 15,6% of men were working as part-time or temporary job. They were 21,2% in 2013. At the same time, proportion of women working as non-regular employees increased from 50,6% to 55,8%[31].

The **« M » shaped curve** characterizes women' behavior on labor market. The hollow is the result of interruption of career for marriage, childhood and childcare, basically between 30 and 40. This interruption also embodies the changeover to the position of housewife described above. Comparing the same curve of women' participation into labor force during the 1980s and more recently, we can distinguish a trend of longer participation. As a matter of fact, only 5,7% of women kept their job by using child care leaves after they had their first child between

31. Ibid.

1985 and 1989. The ratio has increased to 17,1% between 2005 and 2009 and proves a kind of expansion of this practice[32]. This also means the male-bread-winner is not the standard familial model anymore.

Regarding wages, if the gap between men and women seems to narrow, especially nowadays, women wage remains around 70% of what men earn under the same conditions. A persistent glass ceiling still prevents women to reach **managerial position** within organizations. In 2014, only 12,4% of women were working in a managing position while they represent 40% of the total labor force (OECD, 2017b).

Eventually, women are doubly penalized. As regular employee, firm's internal promotion system based on male-bread-winner has been the origin of women departure from the labor market, embodied by the "M-shaped" curve. Related to that, women are the first group targeted by hiring to non-regular position, with all the inequalities given above.

G. Japanese Youngers Workers: Between Anxiety and Dissatisfaction

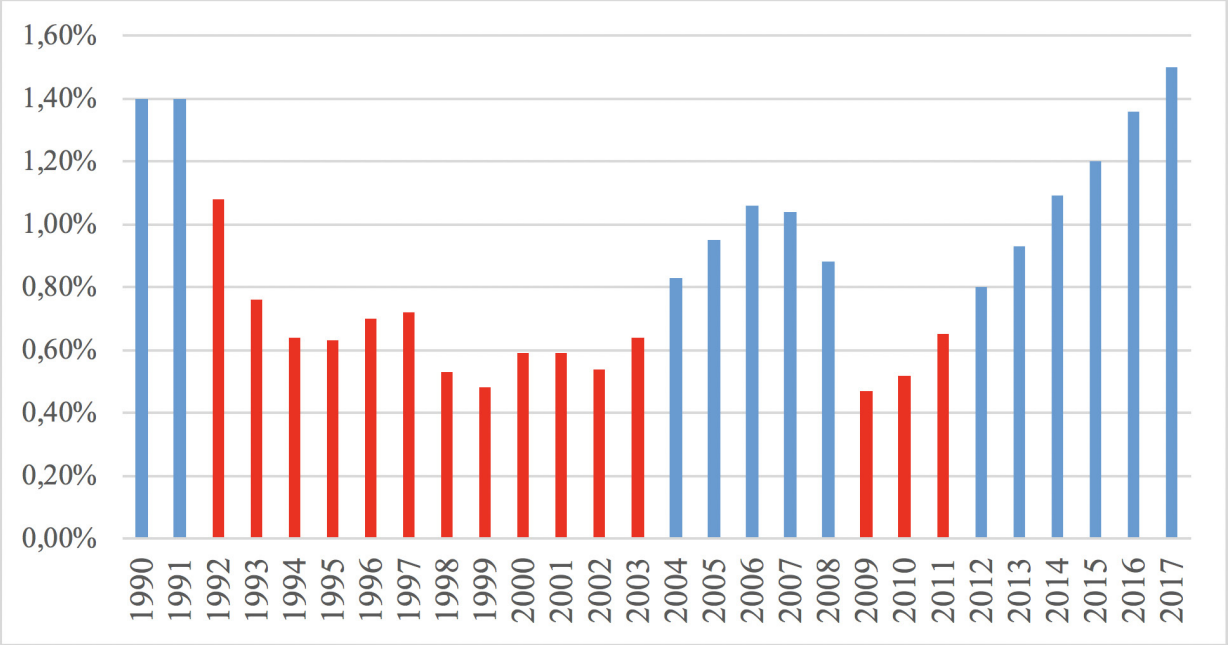
The situation of younger workers has deeply changed since the last twenty years. Until the end of the 1980s, the situation on the labor market was good enough to provide hope for the future to the new generation of workers. However, with the start of stronger economic difficulties, people who were trying to join the labor market after graduating from high school or university became the first victim of the crisis. Younger workers who started their career several years after the financial bubble collapsed are known as "the lost generation" (Brinton, 2010). The so-called "**recruitment ice-age**" refers to the period between 1993 and 2005 during which it has been harder for a lot of young workers to find job as a regular employee.

For the reasons we gave above, Japanese companies' retort against economic crisis is first to protect their regular employees. Therefore, the firms prefer "to close their doors" by severely restricting the hiring of new graduate students. Hence, the recruitment of graduate students decreased during almost ten years.

Nevertheless, in the case of Japan, it did not lead to a high unemployment rate among young people, as it was recently experienced in southern European countries after the 2008 financial crisis. The main visible effect of the crisis on younger workers is that many of them could not find a stable job and eventually had to start their career as **non-regular** employees. Being hired anyway means they probably got into same positions to do the same tasks as regular employees, but on non-regular status. Therefore, their overall job satisfaction is significantly lower than permanent staff's (Booth et al., 2002).

32. National Institute of Population and Social Security Research, "Basic Survey on Childbirth Trends."

Figure 8: Effective Job Openings Ratio



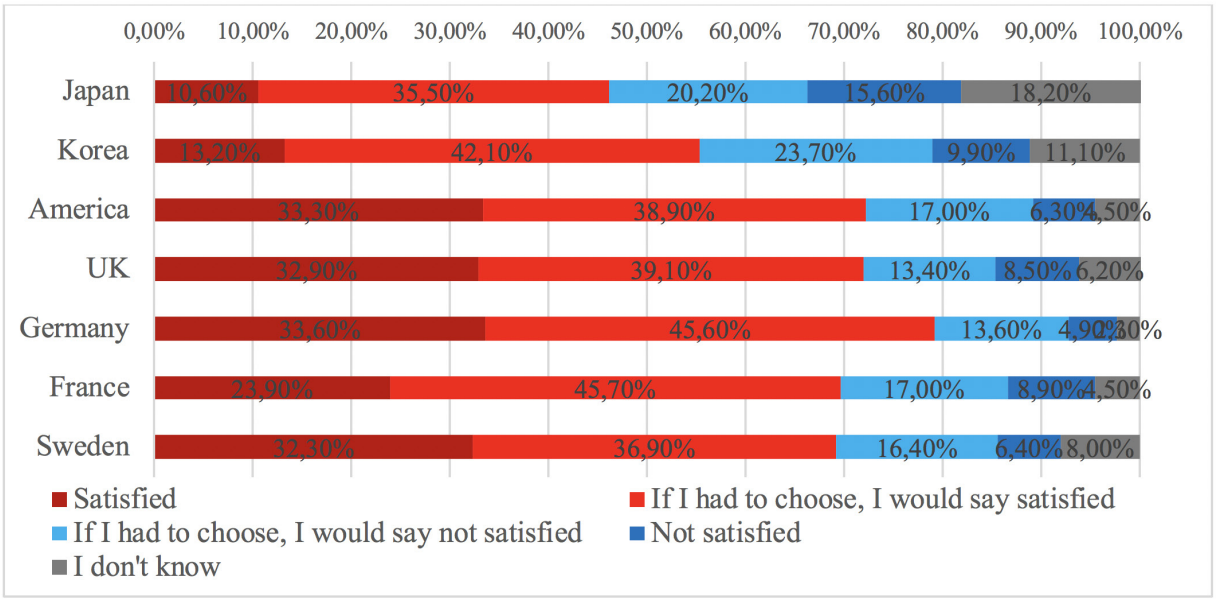
Source: MHLW "Employment Referrals for General Workers"

While the deregulation of temporary work started from the middle of the 1980s, the 1990s was the golden age of ***freeters***[33], an expression used to describe workers who are employed in non-regular jobs without being a part of categories like housewives and students. Workers who started their careers as freeters have experienced the same type of **inequality of wages and welfare** as others non-regular workers. However, the contrast is about their struggling to reach a regular position in a company after starting a career as freeter. Genda Yuji uses the notion of "generation effect" to describe the situation faced by young workers who could not get into regular position just after graduating from university due to the "recruitment ice-age". By unwillingly change from job to one another, these younger workers are not able to get better pays or to improve their qualification for a better job. According to Genda's research, the main difference with young workers who experimented the same difficulty to find jobs during a period of economic crisis in the US is that, in the case of Japan, the difficulty to reach a stable position remains, even after an economic rebound (Genda, Kondo & Ohta, 2010). Thus, workers who started their career by becoming freeters during the 1990s are living precariously in comparison with the situation of those who could find a stable job during the same period.

Since the last few years, the situation significantly improved toward younger workers regarding opportunities to get a position as a regular employee. Nowadays, it is possible to talk of **a clear trend** toward the recovery of the **demand for new graduates**. However, it does not mean all problems have been solved with the return to a better situation.

33. This expression comes from a combination of two German words: free and arbieter which means worker.

Figure 9: Satisfaction regarding Working Life in 2013



Source: http://www8.cao.go.jp/youth/kenkyu/thinking/h25/pdf/b2_3.pdf

According to a survey conducted by the Prime Minister Cabinet Office in 2013, the level of satisfaction of Japanese younger workers regarding their working life is particularly low, in comparison with other major countries. 35,8% of respondents declared themselves not satisfied with their work environment. The only other country with a such low rate of satisfaction is South Korea with 33,6%.

According to another survey concerning young people aged between 15 and 29 conducted by the Cabinet Office in 2011, their strongest concern regarding working issue was about their ability to earn enough money to live (82,9%) and their capacity to **save enough money** for retirement (81,5%). One important result of this survey is that there was **almost no difference between regular and non-regular** workers. In both cases, the same concern reached more than 80% of all the answers[34].

Thus, a better situation regarding job opportunity is not necessarily related to a better sense of satisfaction for younger workers. Wages are still a real concern for a large part of them, which goes along with the overall decline of wages we described above.

When considering the situation of elderly workers about which we will talk from now, younger workers also have every reason to worry about their future.

H. The Effects of Increasing Elderly Employment

Among the increased number of non-regular employees, elderly employment plays an important role. In comparison with other OECD countries, Japan has the most important rate of elderly workers. Related to the **overall aging process**, position of aging people in the labor market has become an important issue. In 2017, 72,7% of men between 60 and 64 were working. For men between 65 and 69, the rate still reaches 49%. Related to a new amendment of the Act on Stabilization of Employment of Elderly People in 2013, **mandatory retirement age** has been **extended** from 60 to 65 in a large proportion of firms. Thus, to keep on working beyond 60 is largely ordinary.

34. http://www8.cao.go.jp/youth/kenkyu/thinking/h23/pdf/3-2.pdf

Since 2006, Japan adopted a new law requiring firms to re-employ their former employees after their mandatory retirement around 60. However, instead of being re-hired as regular employee, they continue to work based on a **contractual relationship** with their companies, with a more **precarious status** than before.

This includes the same type of low wages and job insecurity we described for non-regular employee. Therefore, older workers contribute to the increase of non-regular employment. For some of them, re-hiring after mandatory retirement also means to have exactly the same job and work at the same place, whereas their wage has been considerably reduced, generating a strong feeling of frustration. In 2007, a survey released by the MHLW showed a gap of 7% between the wages of 50-54 and 55-59 workers. This gap increases to 30% with 60-64 workers' wages. According to another survey conducted by the JILPT, this **wage gap** is a major source of dissatisfaction for older employees. Indeed, only 2,5% of them were extremely satisfied of their wage and 26,2% generally satisfied, while completely unsatisfied and not very unsatisfied answers reach 60,6%[35]. As an example of problem related to wage gap, the Supreme Court of Tokyo recently ruled on two cases concerning the wage gap between regular and non-regular employees working at a transport company. The two employees were former regular workers who lost 25% of their pay before retirement, while work contents did not change.

To prioritize older employee's employment has also consequences on new graduated students (*shinsotsugyôsei*) and women hiring. During the 1990s economic crisis, rather than cutting into their workforce, a large number of Japanese firms decided to reduce drastically the traditional graduated students hiring. Hence, a considerable number of young workers did not have the opportunity to reach regular employment, contributing to the birth of what the economist Yûji Genda calls "**Employment ice-age**"[36]. Between 1993 and 2005, a lot of graduated students failed to find a job as a regular employee and contributed to increase non-regular employment. Concerning influences on women hiring, some researches show that when firms re-hire older male employee after retirement, recruitment of part-time female workers decrease[37].

Population aging process contributes to the increase of non-regular employment and cultivates inequalities regarding women or young people who are not graduated from the university. Furthermore, even if legal dispositions give the opportunity to senior workers to keep their job after mandatory retirement, it is based on a more precarious status.

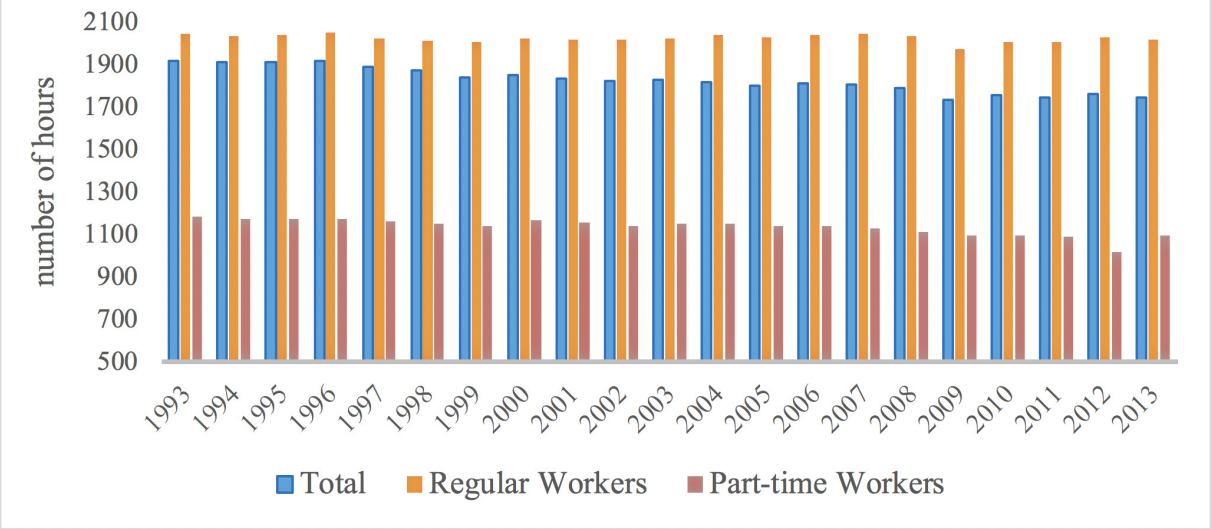
I. Working Time, Principal Problem for Regular Employees?

Long working hours are a major issue for regular employees. As we saw previously, wages stagnation and job insecurity impact negatively non-regular employees and women's well-being. In order to understand factors impacting **male regular employees' well-being**, which still represent the largest proportion of workers in Japan (60%), we have to consider **long working time**.

The first revision of the Labor Standards Law in 1987 legalized working time at 40 hours a week and 8 hours a day[38].

35. Kodama, 2015: 9.
36. Genda, 2018.
37. Kondo, 2016. "Effects of Increased Elderly Employment on Other Workers' Employment and Elderly's Earnings in Japan."
38. Several exceptions to this rule exist in industries which need particular working style, service and

Figure 10: Annual Total of Hours Actually Worked by Regular and Part-time Worker



Source: Compiled from MHLW, Monthly Labor Survey (establishments with five or more workers).

Despite a decrease in the total working hours since the late 1980s, we observe a significant difference between regular and non-regular employees' working hours. Working hours are quite **higher for regular employees**. This phenomenon may be explained by the firms' tendency to reduce non-regular workers working hours during period of economic downturn. As shown in the next graph, there is a direct association between the amount of overtime work and the ebb and flow of business conjuncture (Imai, 2011). Japanese companies adjust overtime in response to the business conjuncture. Large firms have the strongest correlation between the amount of overtime and changes in business conjuncture compared to smaller firms, even though overtime is declining and with it the differences among firm sizes (ibid.).

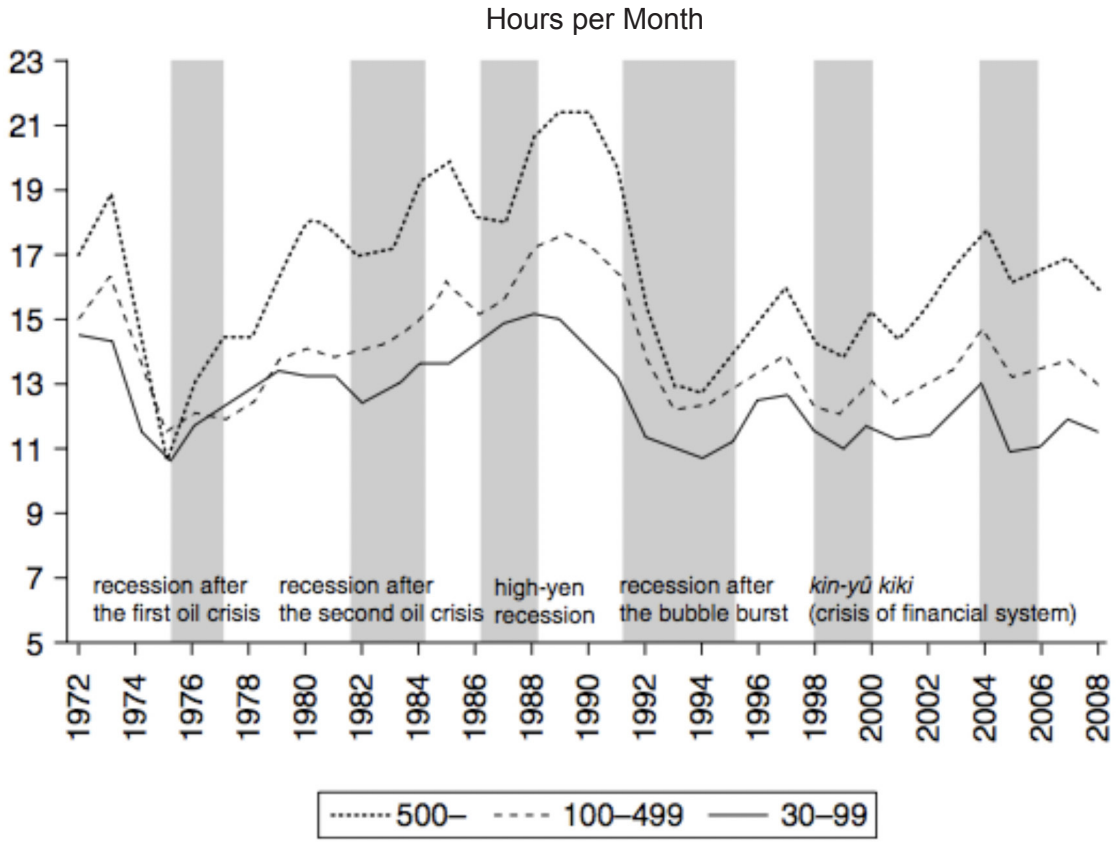
According to a recent MHLW survey, 22,7% of firms had full-time employees who worked more than 80 hours overtime per month[39]. Under labor accident standards, 80 hours overtime in a month is known as the "*karōshi* line." The industries with the highest proportion of employees crossing this line with excessive overtime were information and communications (44.4%), academic research and specialist and technical services (40.5%), and transportation and postal services (38.4%).

Very long working hours (more than 60 hours a week for a long period) represent more than 8,2% of workers in 2015, according to the Labor Force Survey. The situation is particularly harsh for young employees of 30-39, as this is when internal selection is done to access managerial positions. In 2015, 16% of them were working more than 60 hours a week, twice the national average. ***Karōjisatsu* victims** are more represented among the **30-39 years workers** (Kawahito, 2014).

entertainment, health and hygiene of Information and communication related works.

39. The survey, conducted from December 2015 to January 2016, was sent to some 10,000 corporations (of which 1,734 replied) and around 20,000 employees (White Paper on *Karōshi*, 2017).

Figure 11: Trend of Overtime and Business Conjuncture by Firm Size (Manufacturing)



Source: Monthly Labour Survey, MHLW 2008.

Several problems emerge from a long working hours environment. First, there is a clear relation between **long hours** and the **rise of stress and health risks** for workers. According to a JILT survey released in 2010, 78,6% of respondents who are working more than 60 hours a week feel anxiety, worry or stress related to work. Risk of injury or illness increases also significantly[40]. The bleakest effect related to long hour working is *karōshi,* literally death by overworking, about which we will talk in more detail in this report.

Kuroda (2009) shows that between 1976 and 2006 the daily working hours has increased as a result of the five days working week. He observes that between 1976 and 2006 sleeping time reduced (an average of 7 hours, in comparison with France where the average is 8,5 hours). According to ILO survey, sleep-deprived adults have lowered emotional resilience, greater irritability, increased obesity, and higher risk of cardiovascular disease. Controlling for most other relevant factors, sleeping too little is associated with a 40% increased chance of earlier death[41].

Lunchtime also slightly reduced (less than 1 hour; Kuroda, 2009[42]). According to several recent surveys, almost half of the workers spend 10 to 20 min for lunch (on average 21.6 min for men and 29.1 min for women)[43]. In Japan, more generally the majority of both men and women bring their own homemade lunch to work. If the main reason is to save money, by

40. Japan Institute for Labor Policy and Training, “General Survey of the Actual Employment Situation of Japanese People.”
41. https://www.ilo.org/safework/areasofwork/WCMS_118392/lang--en/index.htm
42. https://www.rieti.go.jp/jp/events/09040201/pdf/1-1_Kuroda.pdf
43. 新生銀行「2018年サラリーマンのお小遣い調査」（2018年9月25日アクセス）
http://www.shinseibank.com/corporate/news/pdf/pdf2018/180628okozukai_j.pdf#page=16

preparing their own lunch they can also ensure that the diet is healthy and well balanced[44]. The second-most popular lunch option is to buy a bentô at a convenience store. For instance, the convenience stores' 500 yens bentô sales constantly increased since the end of the 1990s and more significantly since the 2008 crisis. Thus, there are two main reasons for having a bentô at the workplace: to save money and a lack of time to enjoy a proper lunch.

People who take meal rapidly have a higher risk of BMI[45]. According to legal and medical experts, time for sleep and meal prevent *karōshi* and *karōjisatsu*' s risks (North & Morioka, 2016). H. Kawahito, a Japanese lawyer who defended *karōshi* and *karōjisatsu* victims published in a recent book several workers' time schedule. They usually arrive at work around 7 am and leave around 10 to 12 pm, six days a week, in many case seven days a week (Kawahito, 2014). In those cases, time for sleep and meal is considerably reduced, bearing huge impact on workers' health and well-being.

The average office worker takes just 9 of their 18 days' annual leave, the lowest in comparison to OECD countries (except South-Korea). According to a recent psychiatric survey, 21,8% of Japanese workers are likely to take 21 plus days in an episode of depression, but 23,1% don't take a day off. Researchers show that depression-related presenteeism costs Japan 8,3 billion dollars which is twice higher than Nissan's 2015 operating profit[46]. **Depression costs** evaluation based on absence from work and attending work while unwell are estimated to **14 billion dollars in lost productivity**[47]

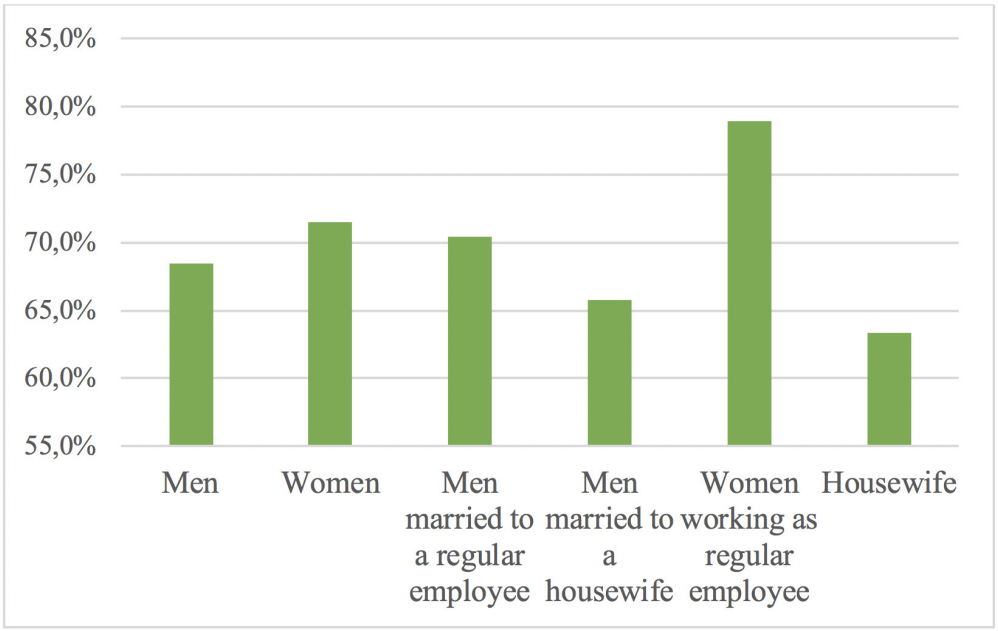
Long working hours have also consequences regarding working life balance. According to a survey realized by Prime Minister Cabinet in 2014, difficulties to manage with those two aspect of life increase beyond ten working hours a day[48]. Difficulties for a good articulation between private and professional life generate stress for some workers.

According to another survey carried out by the MHLW in 2017, feeling of stress generated by difficulties with working-life balance is stronger for women (71,5%) than for man (68,5). Moreover, stress feeling is higher for couples where both partners are currently working as regular employees. Thus, 78,9% or married women working as a regular position have declared to be in this situation.

Working hour issue is particularly relevant to understand the degradation of well-being at work and it will take a major place in the rest of this report.

44. https://livejapan.com/en/in-tokyo_train_station/article-a0001312/
45. 久保田 修, 落合 巧, 小川 祐子, 横山 明子, 長尾 住代, 松下 重子, 高橋 芳子, 今坂 純奈, 木部 美帆子, 野中 佳子, 村松 富子, 佐藤 五夫「生活習慣とBMIの関連について ー健診受診者6,826人の集計より」人間ドック,2010; 25(4) 626-632
https://doi.org/10.11320/ningendock.25.626
46. http://www.lse.ac.uk/website-archive/newsAndMedia/PDF/Work-Depression-Japan-Infographic-Full-UPDATED.pdf
47. http://www.lse.ac.uk/website-archive/newsAndMedia/PDF/Work-Depression-Japan-Infographic-Full-UPDATED.pdf
48. Gender Equality Bureau Cabinet Office (内閣府男女共同参加局), "White Book for Gender Equality 2017 (平成29年版男女共同参画白書)."

Figure 12: Part of Respondents Declaring to Feel Stressed about Working-life Balance



Soucre: MHLW.

Conclusion

As it has been seen, **degradations of work condition** affect a vast part of the labor force, **despite increasing economic growth and an unemployment rate historically low**. A large panel of criteria are reached: wage and career promotion inequalities related to gender and age for non-regular workers, long working hours and life difficulties related to work life balance for regular workers. Moreover, job insecurity feeling is experienced by all the principal population categories, whereas public statistics on unemployment show that it is not the principal issue. **Both regular and non-regular workers** are thus impacted. From all those consideration, we can identify several indicators of the overall degradation of well-being in Japanese labor market since the last twenty years.

Far to be unaware of the situation, public institutions as well as firms and other stakeholders like workers or employers' unions have been busy to develop solutions and initiatives in order to improve work conditions. The second part of this report will be dedicated more precisely to initiatives taken to ameliorate well-being at work. We will analyze those initiatives by focusing first on major public policies related to work condition since the last twenty years. Then, we will examine different local initiatives from companies themselves in order to ameliorate the conditions of work and well-being of their employees.

Part II: Main Public Initiatives regarding Well-being at Work in Japan since the Early 2000s

In the last twenty years, drastic changes occurred in the social environment in Japan. Some of these changes have been promoted by legislation, giving workers more rights and opportunities to take care of themselves and their families. Some of the legislation process is based on numerous incentives targeting both companies and workers with certifications rewarding the best. However, an incentive system may not be enough to tackle some deeply rooted issues as for the gender gap or the *karōshi* issues. In this second part, we will overview the main labor market reforms which had an impact on employees' well-being. We will focus on three laws from 2003, 2014 and 2015 by explaining them and go over their various effects.

A. 2003 Act on Advancement of Measures to Support Raising Next-Generation Children

Both the rising female labor participation from the 1980s we have seen in the first part of this report, and the falling fertility rate have transformed how families function. Such changeover undoubtedly has impact on well-being in the workplace and businesses must adjust to this social change that now comes within the scope of the long run. In addition to the work-life balance, equality in terms of working conditions, salary and career opportunity is therefore viewed as an unavoidable issue to improve workers' well-being. Considering the gender gap presented in the previous part, the 2003 "Act on Advancement of Measures to Support Raising Next-Generation Children[49]", hereinafter referred to as the "Act on the Next Generation", laid the foundation of a change in the business practices.

1. The Declining Birthrate for Origin

This is not the first time Japan has showed concerned about well-being at work by emphasizing the **role of parents** and the way they need some working hours management easing. The "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members[50]" established on May 8th, 1991 was the first step regarding **childcare leave** issue. After the "Angel Plans" from 1994 and 1999, the "Act on the Next Generation" has been the next government proactive measure to tackle **Japan's falling birthrate**. Indeed, for more than thirty years, following governments have been rightly concerned about Japan's fertility rate whose fall is relatively more pronounced than other industrialized countries[51]. The plans and laws we have just cited all attributed the declining birthrate to later marriages and a decrease in couples' fertility (Ikezoe, 2014). According to those, such a trend would mainly come from the **advance of women** into higher education and employment and the **struggle for families to balance child rearing with full employment**. From the government's point of view, this is a conspicuous way to staunchly promote a work-life balance that addresses the population's fall. As stated by the Cabinet chairperson (Mr. Hidenori Sasaki) during the Parliament's debates[52], the Act on the Next Generation's main goal was to

49. Act No. 120 of 2003 (次世代育成支援対策推進法)
50. Act No. 76 of 1991 (育児休業、介護休業等育児又は家族介護を行う労働者の福祉に関する法律)
51. Korea is the lowest (1,2); Japan and Germany are quite low too (1,5) whereas France and Sweden are at 1,9 with the OECD average at 1,7 (OECD, 2015).
52. http://www.shugiin.go.jp/internet/itdb_kaigirokua.nsf/html/kaigirokua/000115620030612040.htm

implement a long-term agenda against the declining birthrate. But creating a friendly working environment to employee's pregnancy, childbirth, or childcare and caregiver leaves, should be consider from employers' perspective as an employee's well-being enhancement. Above all, modest arrangement regarding **working hours** might prevent employees from leaving employment to care for their children and families nay their absenteeism[53] (Nishimoto, 2017). Since the 1990s a few actions have been undertaken to facilitate childcare, including economic incentives (e.g., child allowances and tax incentives) and the implementation of a childcare paid leave for working parents (Funabashi & Kushner, 2015). These actions are similar to those of many other developed countries. In France, the Social Security Funding Law for 2002 introduced eleven days of paternity leave. Since 2013, this paternity leave can be taken by the father, the common law husband of the mother or a person linked to the mother of the child through a civil solidarity pact or through co-habitation[54].

As stated in the first article, the rapid decrease of the birthrate is a major stake for the Japanese society which has motivated the adoption of the "Act on the Next Generation". The national and local public entities' responsibility regarding this topic was clearly emphasized during the Parliament discussions, underlying the idea that specific effort from them would develop an **incentive mechanism** to private companies. It was also intended to encourage local governments to execute in their action plan measures for the regeneration of local child rearing functions. Beyond companies' borders, the chronic insufficiency of nurseries in Japan and the number of children waiting for a seat (*taiki jidô*) amounting to nearly 25 000 cases is a barrier to develop a good work-life balance. One of the main issue regarding nursery place availability is that institutions are not established in a sufficiently homogeneous way all over the country to match the families' needs. Difficulties to find day care facility result in career choices generally unfavorable to women who found themselves either obliged to accept positions with low responsibilities or to get a part-time job. That's why, the **Child Welfare Law amendment** was passed the same year as the Act on the Next Generation.

2. Content of the Law

The law was introduced by Mr. Taro Nakayama and the main amendments were adopted on June 6th. A request for amendment tabled by the Communist Party was rejected by the majority, so the adopted law was passed by the following majority: LDP, Democratic Party, Komeito, New Conservative Party and non-affiliated MPs.

It was enacted in July 2003 for a ten-year period. It requires both public entities and private companies **to make every conceivable effort** to create an environment that allows workers to enjoy a good work-life balance and to ease childrearing. Creating such a rewarding workplace is supposed to both increase productivity and ease to support the next Japanese society. « Measures to support raising next-generation children » (Article 2) should be understood as support for families who are raising children in charge of the next generation society. To do so, local governments and employers must formulate and implement **actions plans** to support the child-rearing of the next generation. Measures must take the form of objectives regarding

53. According to the Survey on Work and Care conducted by the Japan Institute for Labour Policy and Training in 2006, a quarter of the workers used absenteeism as a form of leave when they started giving care.
54. Social Security Funding Law for 2013 (Law nr.2012-1404 of December 17, 2012).

for instance an acquisition rate of childcare leave, the introduction of a nursing leave or an overtime reduction. The purpose of the law is to regulate those actions plans. Each company with more than one hundred employees must propose several measures in a one-period action plan to achieve employees' work-family balance (Article 12). This action plan must be notified at the Equal Employment Office of the Labor Bureau of the Ministry of Health, Labour, and Welfare (MHLW) and made publicly available. For companies with less than three hundred regular employees, MHLW will provide consultation and assistance to secure human resources while developing next generation supportive measures.

The "Act on the Next Generation" also implements a certification system known as the Kurumin and Platina Kurumin Certification.

3. The Kurumin Certification

The certification is given by the MHLW through prefectural labor bureaus. When a company meets certain requirements, such as establishing, notifying an action plan based on the "Act on the Next Generation" and fulfilling in time the objectives specified in the action plan, it can be certified as a "child rearing support company" and gets the Kurumin certification. The Platinum Kurumin certification is a special case recognition for higher level of efforts among Kurumin certified companies.



Certification criteria:

- A two to five years-action plan that have been properly announced to workers by the company;
- To achieve all the action plan's objectives as scheduled;
- To have at least one male employee who took the childcare leave;
- To have at least 70% of female employees who take the childcare leave;
- To implement special measures for workers who have child between 3 years-old and school age;
- To take measures to reduce overtime work and encourage workers to take annual paid leave;
- There is no material violation of the Act, orders under the Act or any other applicable laws.

In December 2015 the death of a Dentsu employee recognized by the Tokyo Labor Bureau's Mita office as being work-related made a scandal. After discovering the company received the Kurumin certification in 2007[55], a revision of the certification criteria was implemented in 2017[56]. Added and modified criteria are:

- Regarding male workers who had a baby, at least 7% of them took childcare leave; at least 75% for female workers;
- The average weekdays and legal holidays overtime should be less than 45 hours per month.
- No worker can do more than 60 hours of overtime a month.

55.https://www.unglobalcompact.org/system/attachments/cop_2015/137971/original/Dentsu_CSR_Report_2014_en.pdf?1422841893

56. http://www.mhlw.go.jp/file/06-Seisakujouhou-11900000-Koyoukintoujidoukateikyoku/0000156432_1.pdf

- Measures to develop diversified working conditions will be taken and achieved under certain conditions with numerical targets
- New standards will be created to enable women to be employed continuously and to increase the number of women working actively while raising children

At the end of December 2017, 2,848 companies were certified by the MHLW with a Kurumin mark, and 181 companies with the Platinum Kurumin mark.

4. Effects and Revision: Limited Effectiveness

Regarding actions plan undertaken by companies, **reduction of working hours** and various measures concerning **childcare leave** were the most common implemented measures. The reduction and/or management of the working hours have a strong impact over work-life balance, allowing parents to adequately fulfill both work and family obligations. In fact, Peter Warr examines the relationship between work and happiness, and identifies nine primary features having psychological effect on individuals. Among them, the opportunity for personal control over work's environment is strongly related to the worker's well-being. Therefore, the amount of freedom an employee can have over his work pace or scheduling influences his general well-being (Warr, 2007: 82-83).

However, it seems difficult to consider this law as a founding act in terms of changing working conditions. Looking at the Miyagi Prefectural Police, an institution supposed to be at the forefront of law enforcement, the Asahi Shinbun reports[57] the action plan concerning male employees established in 2004 after the law enactment: to get a minimum of 10% rate of child care leave acquisition; to make them acquire at least 5 days of vacation after a child's birth; and to reach an average of 12 days of annual paid vacation. But the newspaper observes that in 2016, the child care leave acquisition is still 0%, an average of 1,8 days has been taken after child's birth and the annual paid vacation mean at 7,8 days is still far for the initial goal.

As there were **no penalty provisions** provided in the law, even if companies propose ambitious action plan, nothing insures results will be there. One can also question the **homogeneity of working conditions** from one firm to another when the content of the objectives is entirely left to companies' discretion. Finally, the law only applies to companies with more than one hundred (regular) employees, which represents only 1% of Japanese companies for 24% of the employment (restricted to regular employees)[58].

The revision in 2014 extended the law application from April 1st, 2015 to March 31st, 2025. Submitted by the Cabinet, it was discussed and passed along with the revision of the Act on Improvement of Employment Management of Short Time Workers. The chairperson, Mr. Shigeyuki Goto from MHLW[59], insisted on the fact that business owners must commit to their obligation to formulate and notify an effective action plan. This remark shows how the first law did not have the expected effects in terms of efficiency. The fact that some companies, as we have seen above, have known cases of *karōshi* besides receiving the Kurumin mark indicates the **voluntary aspect** of the plans does **not** allow to take **sufficient** measures to support workers' well-being.

57. https://www.asahi.com/articles/ASKCZ3T9XKCZUNHB00C.html?iref=pc_ss_date
58. 2004 Japanese Census
59. http://www.shugiin.go.jp/internet/itdb_kaigirokua.nsf/html/kaigirokua/000118620140327011.htm

The Act on Next Generation **extension** focuses on measures taken with regard to **non-regular workers** and gives some salient points that should be added to the Guidelines for Action Plan Development. Those points are about to encourage male workers to take childcare leave, to reduce overtime work and to encourage workers to take annual paid leave. Passing these two laws together shows that the government has taken stock of the differences in working conditions between regular and non-regular workers. However, the freedom granted in the formulation of actions plan may constitute an obstacle on the overall improvement of workers' conditions, whatever their employment status is.

B. Act on Promotion of Measure for *Karōshi*

Karōshi is not a pure medical term but a socio-medical term that refers to fatalities or associated work disability due to cardiovascular attacks (such as brain strokes, myocardial infarction or acute cardiac failure) aggravated by a heavy workload and long working hours. The phenomenon was first identified in Japan in the 1970s, and the word is now adopted internationally[60]. *Karōshi* has become an important social problem.

Karôjisatsu (suicide from overwork and stressful working conditions) has also become a social issue since the latter half of the 1980s. Long work hours, heavy workloads, lack of job control, routine and repetitive tasks, interpersonal conflicts, inadequate rewards, employment insecurity, and organizational problems could become psychosocial hazards at work.

Since the end of the 1980s public authorities have tackled the work to establish a more appropriate compensation system first for *karōshi*, then for *karôjisatsu* and various preventive measures for overwork related health problems[61]. The challenge is to associate two priorities. First, deal with the long working hours to better care for the health of employees. Second, increase work-life balance to secure productivity.

Recently the ongoing labor market structural reforms are currently reinforced with more emphasis on highly salient topics such as **work-time efficiency** and optimized **organizational structures**. Recent surveys showing that shorter working hours increase **labor productivity**[62] support the Japanese government's measures to encourage firms to introduce several managerial transformations: *human resource performance and time management system* focusing on individualized evaluation. Moreover, advanced automation with Artificial Intelligence is expected to continue changing the way of employment[63].

We will summarize the circumstances about long working hours and what the government has achieved so far, to understand the current debate about the labor reforms both at policy making level and company social dialogue level.

60. http://www.ilo.org/safework/info/publications/WCMS_211571/lang--en/index.htm
61. The number of employees working 49 h or more per week (the sum of employees working 49– 59 and 60 or more hours per week) is 15 million (28%); the proportion of which is predominantly male, Japan Statistics Bureau, Annual Report on the Labor Force Survey 2004.
62. Ministry of Labor, Health, and Welfare report, « Analysis of the Labour Economy — Challenges for Promoting Innovations and Realizing Work-Life Balance », 2017
63. Impacts of the introduction of AI on workplaces in "Survey on Status of Responding to Innovations" (2017), and "Survey on Working Style for Responding to Innovations" (2017), The Japan Institute for Labour Policy and Training

1. Emergence of *Karōshi* and *Karôjisatsu*

Since the end of the 1970s the spread of job-related physical troubles and depression has become a serious problem for many workers in industrialized countries but also for corporations[64]**.** Indeed, researches demonstrate that stress from overwork obstructs family formation and reproduction[65], leading in worse cases to depression and suicide (Gershuny, 2000). Although EU nations have policies to improve work–life balance, they are also facing major social issues related to working conditions. For instance, in France, between 2006 and 2010, more than 60 employees of France Telecom committed suicide due to work-related stress and decisions made by the management of the company. In London in 2013 the death of an employee of Bank of America Merril Lynch after working for 72 hours non-stop has been highly covered by medias[66].

Karōshi is also a growing public issue in East Asia. In China, since 2010, 18 Foxconn workers attempted suicide to protest low wages and long hours[67]. In 2012, workers at the factory again threatened mass suicide, for the same reasons[68]. In South Korea, since 2000, the average number of hours worked annually has steadily declined, but in 2008, *karōshi* was still a problem.

International comparison of the measures implemented by public authorities in different country to prevent *karōshi* or *burn out,* highlight differences in workers well-being's deterioration factors. For instance, in France, suicides at France Telecom are mainly caused by a management-by-fear, moral harassment and a high pressure to achieve over challenging objectives (Lerouge, 2017). In comparison with Japan, long working hours, in France, is less a relevant factor to address mental health troubles.

In Japan, due to public concern and government policies, many companies have now the objectives to reduce working time, but few achieve positive results. A recent MHLW survey[69]

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64. The National Defense Counsel for Victims of Karōshi published a book (National Defense Counsel, 1992) and created its home page in English. Retrieved on November 1, 2010 from http://karōshi.jp/english/index.html. According to the Institute of Labor Administration (2010), 63.5% of the interviewed enterprises had at least one employee absent from work due to mental disorders for a month or more in 2010.

65. Yoshida (2009) conducted more widespread analysis regarding the time allocation of household and child-rearing duties between husbands and wives, based on the collective model that takes into account the bargaining power of husbands and wives in household decision-making. The results of empirical analysis using micro data from the International Comparative Survey on Marriage and the Family, conducted by the Committee for Japanese Generations and Gender Survey, showed that both the wage rates of husbands and wives and their working hours are factors in their relative housework frequency. The results suggest that in Japan, rather than the hours spent by both husbands and wives on housework and child-rearing hours being simultaneously determined by working hours, husbands' working hours have become time constraints for households.

66. https://www.straitstimes.com/world/dead-for-dough-death-by-overwork-around-the-world

67. Zichu Yang, B. Yang, J. Li; Perspectives on compensation and legislation of death due to work overload—karōshi, QJM: An International Journal of Medicine, Volume 108, Issue 4, 1 April 2015, Pages 349–350, https://doi.org/10.1093/qjmed/hcu207

68. A representative for Human Rights Watch, a New York-based nonprofit, told the Washington Times in 2010 that the problem in China isn't an absence of laws protecting workers from unreasonable hours. It's that the laws don't get enforced. Other critics argue that the single most effective step the government could take to combat guolasi would be to allow all workers to form unions and negotiate for more humane schedules. China does allow employees of foreign companies to unionize, but the unions are state supervised and formed in a way that gives them very little bargaining power. https://www.huffingtonpost.com/2013/07/30/worker-burnout-worldwide-governments_n_3678460.html?guccounter=1

69 Ministry of Labor, Health, and Welfare report, « Analysis of the Labour Economy — Challenges for Promoting Innovations and Realizing Work-Life Balance », 2017.

confirms poor improvement of work-life balance. Japanese companies still fail to place higher value on performing work in shorter hours and to review organizational structures. By relegating human needs for care and leisure to the realm of individual concerns, Japanese companies failed to tackle workers well-being thus endangering their workforce productivity.

In the next part we analyze the socioeconomic context in which *karōshi* and *karôjisatsu* expanded. Then we will look more particularly at the several legislative and judiciary changes implemented since the end of the 1980s by highlighting forces of changes.

1.1. Evolution of the Socioeconomic Context of Karōshi and Karōjisatsu: The Decline of Caring in Japanese Style Management and Labor Market Deregulation

After the sudden yen appreciation caused by the 1971 Nixon Shock, and the 1973 Oil Crisis, growth slowed and production costs rose. Firms were forced to seek cost reductions through increased labor intensity and restructuring. Enterprise labor unions sought primarily to protect regular workers' employment security. They did not make major issues of long working hours or worker well-being (Cole, 1992). Thus, overwork became an inevitable outcome of corporate management strategies for growth.

The Bubble Economy (1986–1991) and its collapse brought more changes to employment relations. The organization-centered orientation described by scholars in the 1970s (Dore, 1973) began an inexorable shift toward a market-centered orientation in which *benevolent care* was less likely. By the late 1980s, this shift was well underway, particularly in the smaller firms employing the bulk of the labor force, corporate welfare was greatly diminished. In the early 1990s, Japan's export big companies began offshoring to reduce costs. Their political influence won labor deregulation, which aided rapid expansion of non-regular employment from 15 percent in the 1980s to about 40 percent of the labor force today (Tsuru, 2015). Japanese firms were adopting American "lean and mean" practices to create more competition among workers, gradually indexing portion of salaries on performance, while still maintaining the facade of corporate familism (Imai, 2011).

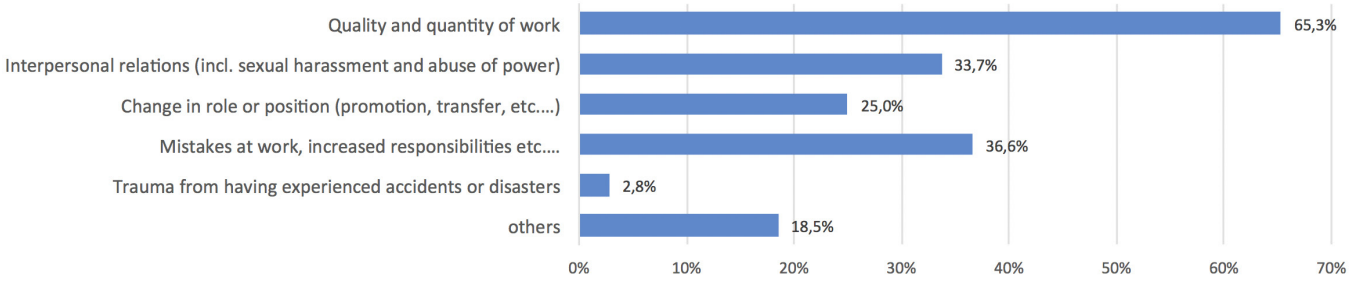
The tighter job market for regular workers after 1992 raised the costs of job loss, and in-house status competitions spurred regular workers to put in long, frequently unpaid hours. Increased use of non-regular workers, who, in principle, do not work overtime, increased workloads for regulars. Their career paths also became less certain due to cost-cutting reductions in middle-management posts (North & Morioka, 2016). Because working hours were the most objective evaluation criteria, workers overworked without pay to please their superiors, win promotions, or support co-workers (Imai 2011). Such responsible workers comprise the majority of *karōshi* victims (Kawahito, 2014).

Although average hours of work for all workers recently declined to about 1 800 hours per year, average weekly work hours for regular workers remained at over 53 hours per week, higher than in the 1980s (Mouer & Kawanishi, 2005). The apparent overall decline is due to the shorter hours of the rapidly growing non-regular workforce (Morioka, 2013). As non-members, these part-time and contract employees are not obligated to show total devotion through unpaid overtime as we have developed in the first part of this report.

Since the 1990s workers well-being deteriorated for both regular and non-regular workers, but factors differ between those two categories. Due to status inequalities, wages and

security are more strongly correlated with the non-regular workers well-being, whereas regular workers' well-being can improve with shorter working hours and a better work-life balance. We also observe that quality of work (content, interest, utility, etc.) is strongly related to workers stress.

Figure 13: Reasons for Strong Unease, Worry, and Stress in Employees' Jobs and Working Life (up to three responses)



Source: Health, Labor and Safety Survey, 2013 (MHLW)

1.2. Legal and Medical Mobilizations to Reform the Worker's Compensation System from the 1970s to the 1980s

In the wake of changes in employment practices since the mid-1970s, citizens' groups and labor lawyers creatively combined advances in medicine and legal knowledge to seek compensation for injuries caused by overwork. The social movement against *karōshi* first sought **workers' compensation system reforms**.

Workers' compensation is included in the Labor Standards Law (LSL- *rōdō kijunhō*). The initial 1961 compensation standards emphasized "heavy burdens" associated with physical labor. Compensation required some sort of "catastrophe" *(saigai),* but on occasion, the Ministry of Labor had compensated other sorts of cases. Uehata Testunojo, a labor doctor, made a chart listing 13 cardiovascular disease cases granted compensation by the Worker's Compensation Insurance Board between 1956 and 1968 (Uehata, 1978). The period of labor taken into consideration at these compensation hearings was generally only up to one week prior to the onset of symptoms. The doctors' understanding of the emerging science of cardiovascular disease emphasized extended stress. To gain compensation for *karōshi* deaths, it was necessary to convince the Ministry of Labor to expand the categories of disease eligible for compensation.

In the 1980s **medical knowledge of cardiovascular disease** progressed in parallel with economically driven changes in Japanese labor management that exacerbated *karōshi* diseases. Experts of the Ministry of Labor met several times between 1982 and 1987 to reconsider the compensation requirements set out in *tsūtatsu 116* of the Labor Standards Law, a guiding ministerial statute for decisions about workers' compensation. Citing the need to consider vascular diseases from the perspective of recent advances in medicine, the experts' final report led to a revision of the *tsūtatsu,* **expanding the range of medical problems eligible for compensation** (North & Morioka 2016).

Aided by this subtle change in orientation by the Ministry of Labor, in April 1988, members of the Labor Lawyers Association of Japan, as well as academics and doctors, inaugurated the *Stress Disease Labor Disaster Research Association (*Kawahito, 1990*)*. The major goal of this association was to demonstrate cause and effect relationship between work and death in

particular cases. Association's members aimed to convince the Ministry of Labor to establish *karōshi* as a statistical category, and then enforce regulations on overwork based on statistical trends. To this end, they needed to redefine overwork to include white-collar workers' excessive hours as well as physical burdens of blue-collar workers. A wave of successful litigations would be necessary to convince the bureaucracy, which required finding cases in which overwork fatigue clearly led to heart disease or stroke (North & Morioka, 2016). Litigation is then used as a twofold strategy. First, cases accumulation allowed lawyers to build a statistical database to measure the reality of *karōshi*, which then allowed them to construct *karōshi* into a public problem. Second, lawyers used judiciary cases to reform the workers' compensation system.

To support the survivors, the *karōshi Hotline*, a nonprofit organization, was set up in 1988 by several lawyers, which has been offering consultations on workers' compensation resulting from *karōshi*[70]. Several victims' families sued the Labor Inspection Office following their compensation claims rejection (Kasagi, 2017). Although lawyers have estimated the number of death at 10 000 per year, at that time, government recognized and compensated cases of *karōshi* were a fraction of the toll (less than 5)[71] (Kawahito, 2014). The number of compensation cases particularly increased since 2001.

1.3. Successful Litigations and Legislative Improvement from 1990s to 2010s

By describing the Japanese workplace human relations and *employer benevolence* in Japan's social order, North and Morioka (2016) highlight the role of the postwar judicial activism in establishing the reciprocal duties and obligations of employers and workers. The reciprocal obligations of labor and capital were symbolized by **company-provided welfare programs and facilities**, including labor unions and culture groups, company housing, transportation to and from work, recreation facilities, health clinics, and child-care centers (Tsujimura, 1983). From the 1950s, Japanese courts legislated from the bench, handing down rulings severely restricting employers' right to dismiss workers; although Japanese Labor Contract Law clearly gives them that right (Foote, 1996). The courts argued, in essence, that for the sake of social stability, modern employment relations should be bound by earlier social relationship norms (Foote, 1996). Consequently, employers' right to dismiss workers can only be acceptably exercised by meeting all four restrictive conditions set by the courts or dismissals are overturned as "abuse of right" (Yamakawa, 2011). There is a judicial support for this ideal of ***benevolent employers.*** Employers provided corporate welfare, which, despite uneven quality, symbolized employer care and benevolence (Tsujimura, 1983).

Although workers enjoy **strong protection against dismissal**, the courts have also ruled that the employment relationship obliges workers to accept nearly unlimited employer authority

70. A group of labor lawyers established the National Defense Counsel for Victims of Karōshi and started the "Karōshi Hotline" to provide consulting services and draw attention to the problem. They received some 2,500 calls in the first three years, including calls from victims' relatives, and helped them to file claims for compensation with the Labor Standards Inspection Offices (Shibata 2012)

71. *Since this was legally recognized as a cause of death in the 1980s, the number of cases submitted to the government for the designation has soared; so has the number of court cases that result when the government refuses an application. In 1988 only about 4% of applications were successful. By 2005 that share had risen to 40%. If a death is judged* karōshi*, surviving family members may receive compensation of around $20,000 a year from the government and sometimes up to $1m from the company in damages. For deaths not designated* karōshi *the family gets next to nothing* (https://www.economist.com/node/10329261)

with regard to the day-to-day operations of the firm. This includes orders pertaining to duties, work hours, transfers, and the like (Upham, 2011). For example, working hour regulations in the Labor Standards Law (LSL) maintained an 8 hours workday and a 48 hours workweek system until a large-scale revision in 1987. The 1987 LSL revision introduced a 40 hours workweek and 8 hours workday system. LSL allows overtime and rest-day work in the event of labor-management agreements called "Art.36 agreement". However, the LSL had **no limitation** on the amount of overtime work except for the two-hours per day limitation for underground mine work and other hazardous work specified by an ordinance of the MHLW until 1998.

For workers to bring complaints the claim must be based on the clear evidence of employer failures to fulfill **the social responsibility** incumbent upon them **to care for subordinates' well-being.** The causes of particular cases are complex and contested, but long, usually **illegal work** hours are the common thread. From the labor doctors and lawyers' point of view, **adequate time for sleep and meals** is all that it takes to prevent *karōshi*. Not meeting those minimum conditions indicates seriously degraded employment relations: if subordinates cannot count on their superiors to meet **care obligations,** *karōshi* may occur as a direct consequence of employer negligence.

Since the late 1990s, labor lawyers and activists have also drawn attention to *karōjisatsu* syndrome (suicide caused by overwork), which was also officially recognized as a workplace injury (Kawahito, 2014). Taken up in the media, several cases symbolized the possibility of using the law to gain redress and helped recruit other cases (Morioka 2008; North 1999). Most significant was the **2000 Supreme Court decision** proclaiming employer duty to care for individual worker health (Dentsu case)[72]. This landmark decision was the first time Japan's highest court recognized a company's legal responsibility for a suicide caused by *karōshi* (Kojima, 2015)[73].

Members of the Anti-*Karōshi* Movement saw the Dentsu case decision as confirming broad employer "duty to care" for both individual and social factors affecting workers' physical and mental health (*kenkō hairyo gimu*) (North & Morioka 2016). Under the medico-legal precedent created in the Dentsu case and the following revised guidelines, the number of cases increased significantly: 26 cases in 2000 (19 suicides), 100 cases in 2002 (43 suicides), 269 cases in 2008 (66 suicides), and 475 cases in 2012 (93 suicides) (Kitanaka, 2012; MHLW, 2013).

Nevertheless, litigated cases are reckoned to be the visible tip of the *karōshi* iceberg. Indeed, The Prime Minister's Suicide Countermeasures Office and the National Police Agency found 2,323 suicides to be work-related in 2013; and it is not unreasonable to think that work stress was a factor in some of the 13,680 "health-related" suicides (Naikakufu Jisatsu Taisaku Suishinshitsu, 2014). The wave of litigation expanded the concept of *karōshi* and *karōjisatsu*;

72. http://www.courts.go.jp/app/files/hanrei_jp/222/052222_hanrei.pdf

A watershed Supreme Court decision in 2000 affirmed employer responsibility to care for worker health. The case involved a young employee of advertising giant Dentsu. Pressured by his employer to meet very difficult targets, the 24-year-old man worked 17 months without a day off before taking his own life in 1991 (Kitanaka 2012; Morioka 2008). When the case was finally heard in the Supreme Court, the 168 million yen in compensation it ordered was the largest-ever settlement to date. Moreover, the victorious plaintiffs argued that the Court's decision affirmed the traditional obligation of superiors to care for those in their charge.

73. Despite the ruling, yet another young employee at the same agency fell ill and died in 2013 due to karōshi.

and brought it into public view widening the criteria for compensation to include **accumulated fatigue and mental stress-related afflictions.**

2. Administrative and Legislative Changes: Improvement and Limits

Following the Supreme Court decision in the Dentsu case, as well as a contemporaneous report by the Ministry of Labor Committee on *Standards for Recognizing Brain and Heart Disease,* revised standards for awarding *karōshi* compensation were established in December 2001 (MHLW, 2001). Prior to the 2001 revisions, only "overburden" in the week before the "catastrophe" was considered. Thereafter, accumulated fatigue was linked with overburden. Moreover, in addition to overburden in the week before death, a roughly six-month period of accumulated fatigue is now considered in compensation decisions.

In 2001, the MHLW set the standards for clearly recognizing *karōshi* in association with the amount of overtime working hours. The standards of overtime working hours for the judgment of recognizing *karōshi* has been set clearly in a quantitative manner: 100 overtime hours or more for the past one month or 80 overtime hours or more per month for the past 2 to 6 months before the onset of the diseases. Overwork is evaluated "rationally." That is, all work hours (not just overtime) are considered.

However, the conditions of the work, such as whether hours were irregular, whether required presence in the workplace was long, whether many business trips were necessary, whether there was shift work or night work, whether conditions in the workplace were bad (noise, time-zone differences, heat, etc.), and whether there was emotional or psychological stress were not included in the Supreme Court's decision (North & Morioka, 2016).

In 2002, the MHLW launched a "Comprehensive program for the prevention of health impairment due to overwork". This program involves three major focus areas, which are:

1) Reducing overtime work to 45 hours or less per month

2) Fully implementing medical examination for workers

3) Health guidance for overworked workers by a doctor through an interview

In 2005 health guidance for overworked workers by a doctor has been enacted in a revised Industrial Safety and Health Law. It stipulates that employers must make arrangements for workers to receive health guidance by a doctor through an interview if they have worked overtime exceeding a certain limit of hours (100 overtime hours or more per month).

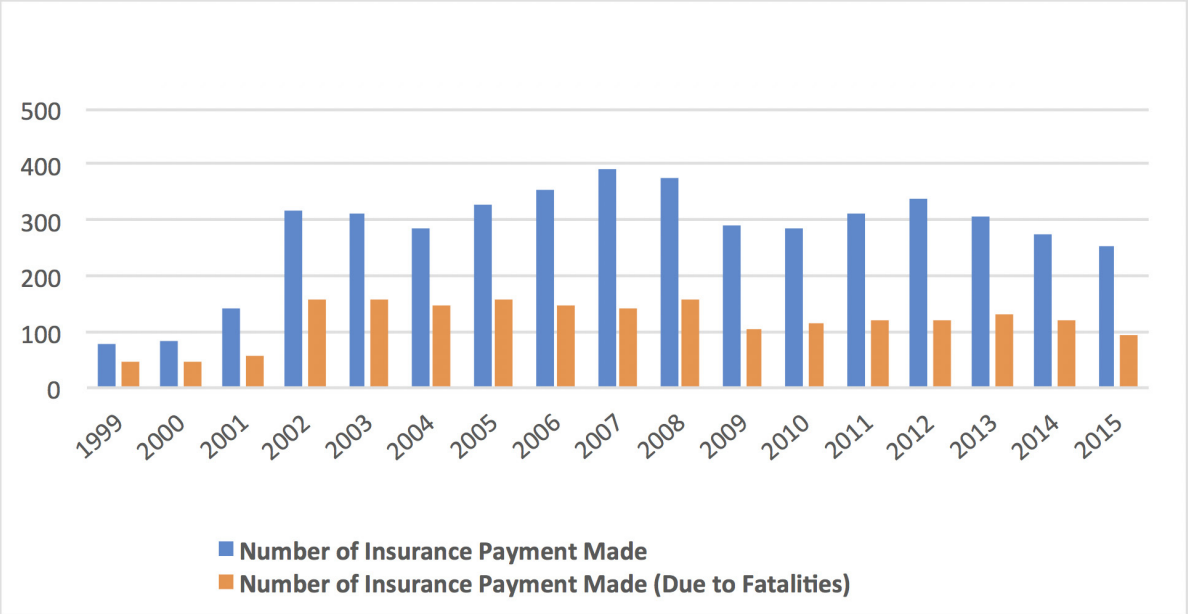
The revised law also stipulates that employers must make an effort to make the same or similar arrangements for other workers if they fulfill conditions (A) and (B) specified by the Ordinance and require health care. The condition (A) is to be fatigued or to feel anxious for health due to overtime work. In the case of the condition (A), the health guidance by a doctor will be given at the request of workers. The condition (B) is the work history criteria originally set by each workplace such as overtime work more than 45 hours per month.

Although the new criteria for recognition did not include all possible causes, the categorical determination of 80 hours average overtime as the "*karōshi* line" boosted recognized *karōshi* cases from several tens of cases per year to an average of 300 cases per year between 2008 and 2012 (MHLW, 2013).

2.1. Limited Impact of Compensation System Reforms and Legislative Progress

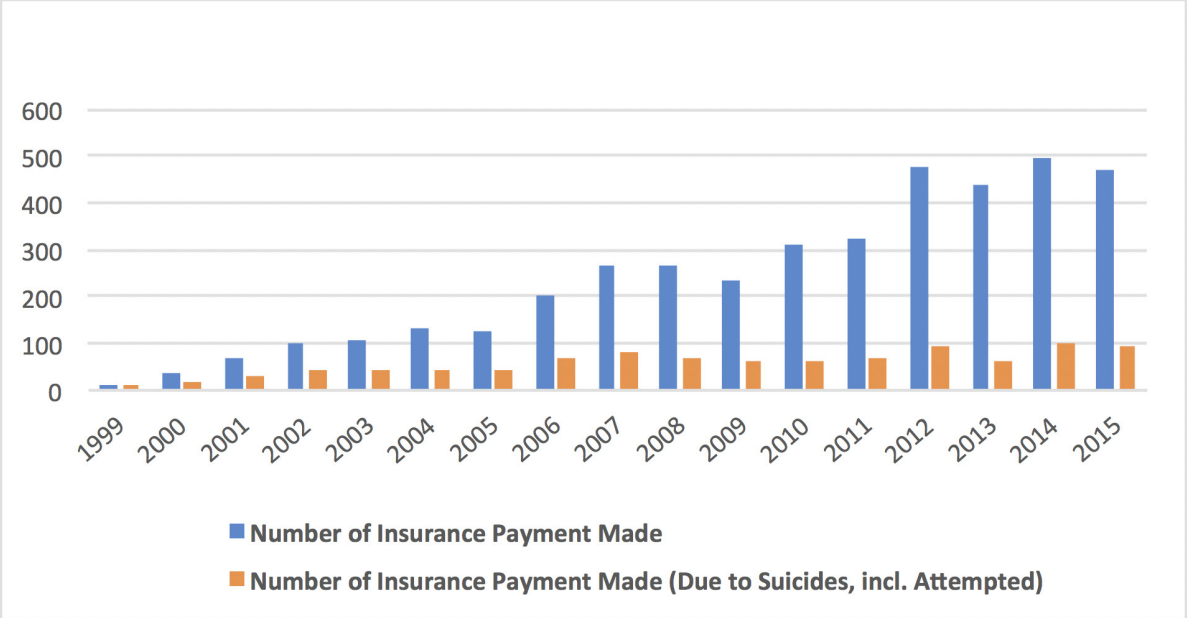
Each change to the guidelines for recognition and compensation brings more claims. Between 1988 and 2013, there were 29 598 total applications for workers' compensation due to overwork. The majority of claims, numbering 19 994, were filed after 2002; nearly all victims were men (MHLW, 2013). These standards for overtime limitation have been used as **standards for labor-management overtime agreements**.

Figure 14: Labor Accident Insurance Payment for Health and Brain Failure



Source: MHLW 2016

Figure 15: Labor Accident Insurance Payment Mental Illness



Source: MHLW 2016

Since 2010 Anti-*Karōshi* Movement (labor doctors, lawyers, victims' families) broadened their activism from litigation in courts to lobbying legislators. They sent a delegation to Geneva, which gained UN backing for **their legislative proposal**. More than 550,000 people signed

petitions in support. Buoyed by several successes, Anti-*Karōshi* Movement reached new heights with the June 2014 passage of the *Karōshi* Prevention Countermeasures Promotion Law (*Karōshi to bôshi taisaku suishin-hô*) with the unanimous support of all major parties.

Karōshi is now recognized as a **social problem** for which the Government is responsible. The law requires the government (i) to investigate and publicize its findings about the cause and effect relationship between work and illness; (ii) to draw up prevention plans and educate the people of Japan about them (November is established as "*Karōshi* Awareness Month"); (iii) to support citizens' groups involved with *karōshi*; (iv) to provide counseling and advice for workers and families troubled by overwork; (v) to establish an advisory committee consisting of health experts and representatives of labor, business, and bereaved families; and (vi), as necessary, to enact and fund measures to prevent *karōshi* based on research findings and advisory committee advice.

Karōshi compensation victories, administrative rule changes, and legislative reforms raised **public awareness of overwork and exploitative management practices**. Japan has a set of regulations and laws to protect the working people's health and well-being, addressing specifically the growing problem of work-related psychosocial stress. Nevertheless, the *karōshi* legislation is weak and remediation only addresses the worst cases. There is nothing in the law that could be construed as a constraint or burden on employers: no penalties for noncompliance are imposed. It remains to see to what extent these regulations are observed in practice.

2.2. Japanese Firms Abusive Practices and the Struggle to Expand Corporate Care Obligations

When members of the Anti-*Karōshi* Movement requested the MHLW to make public the names of companies where *karōshi* occurred, the Ministry responded with lists in which company names were blacked out. Members of the Anti-*Karōshi* Movement thus dubbed these firms "black corporations" (North & Morioka, 2016). "Black" soon became symbolic shorthand for a range of abusive practices, including long hours, unpaid overtime, and management by fear or harassment, pitting new workers against each other tournament-style to force weaker ones to quit. Many, if not most, of Japan's top firms have adopted black practices to control labor costs and boost output. The three main types are:

1. Separation Type. Creating a hostile environment that leads people to resign for personal reasons

2. Throw-away Type. Treating workers as disposable and forcing them to work long hours at low or no wages.

3. Disorder/Chaos Type. Constantly harassing workers throughout the enterprise (Inoue, 2014; North & Morioka, 2016).

A *Tokyo Shinbun* (2012) survey of 100 of Japan's largest firms showed that 70 of them had negotiated overtime agreements with workers, **allowing overtime above the 80-hour-per-month *karōshi* line**. The average for the 100 firms was 92 hours per month and some very famous firms permitted 200 hours, figures that mocked the MHLW overtime guidelines[74].

74. As recounted in the *Tokyo Shinbun* (2013), Teranishi Emiko, representing the National Association of Families Concerned about Karōshi, filed suit in Osaka District Court in 2009, demanding that the Osaka Labor Standards Bureau compile and release as public documents the names of companies where karōshi was recognized. Her suit called for "social supervision" of Japanese corporations by higher

Although some corporations refused to accept Ministry decisions or even judicial decrees (Weathers & North, 2009), **the struggle to expand corporate care obligations through the courts continued**[75].

Conclusion

If many observers maintained a cultural approach to explain the *karōshi* and *karōjisatsu* problems by linking it to values of self-sacrifice putting benefit of the group above that of the individual or by highlighting that hard-work is respected as a cornerstone of Japan's economic miracle, we showed in this report that *karōshi* and *karōjisatsu* factors are rationally linked to the social contract that used to warrant employment security for regular workers in exchange of a full commitment to the firm. Several laws (Labor Standards' Law, Contract Law, etc.) normalized Japanese working management practices such as unpaid overtime, heavy workload, etc. Besides, several international organizations reports on work-related health troubles show that the terms *karōshi* and *karōjisatsu* are internationally used to describe similar problem in many Western and Asian countries revealing that the cultural approach is limited to explain broader institutional and rational factors of work-related physical and mental health troubles.

The Anti-*Karōshi* Movement is a notable Japanese civil society success, but like Japan's Basic Law for a Gender Equal Society and its Equal Employment Opportunity Law, the *Karōshi* Prevention Countermeasures Promotion Law is an attempt to govern private sector practices through **moral suasion** (North & Morioka 2016). Those other two laws provide a façade of equality behind which customary inequalities persist. Like the new *Karōshi* law, no serious penalties are imposed for violations. If adequate sleep and time for meals is all it takes to prevent *karōshi*, then imposing EU-style intervals between periods of work would be effective means to those ends, as would higher overtime wage premiums (North & Morioka, 2016).

authorities and sought to compel the firms to "reflect upon their conduct" (*hansei*) in terms of morality and with an eye toward self-reform. In ruling for the families, the District Court decision stated, "there is no proof that there would be any immediate loss of trust with customers or an effect on hiring, even if the names of corporations were made public." The government appealed, arguing that the designation Black Corporation could cause "damaging rumors" (*Tokyo Shinbun*, 2013). The Osaka High Court agreed. In reversing the District Court decision in 2012, it also citied MHLW concerns that the release of names would have negative effects on corporate cooperation with Ministry data collection efforts, with subsequent consequences for the quality of Japanese labor statistics and labor administration. Ms. Teranishi appealed to the Supreme Court, but in September 2013, it declined to hear the case, thus confirming the Osaka High Court decision in North & Morioka, 2016.

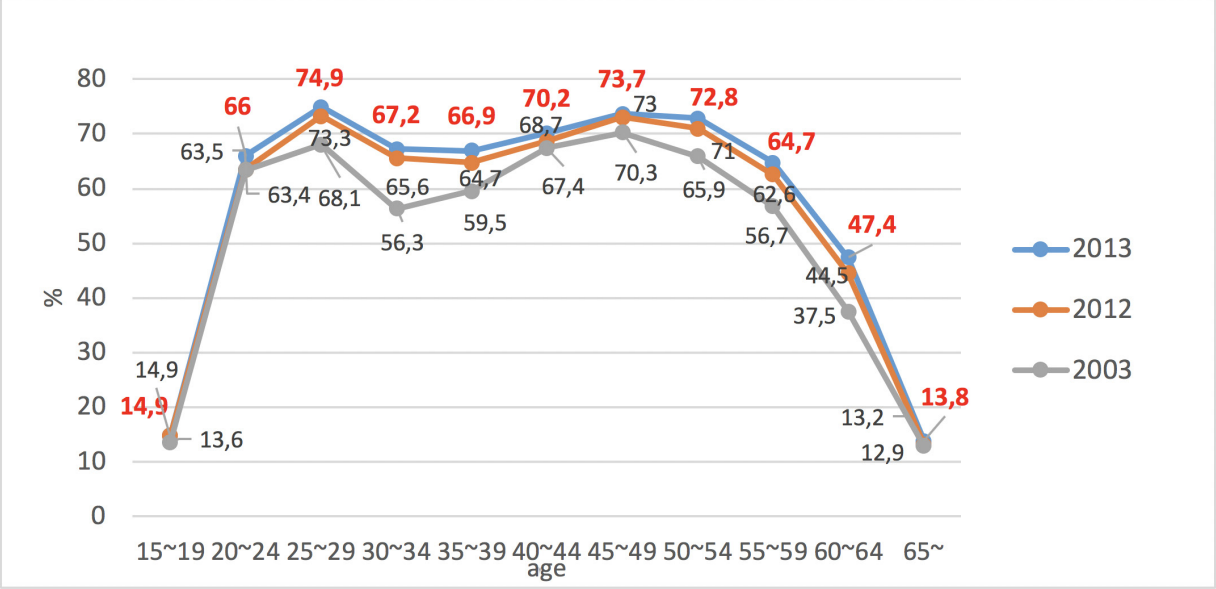
75. In a recent case, a 35-year- old accountant for a lighting company died of cerebral hemorrhage. The Labor Standards Office and Labor Standards Bureau both denied compensation. The family then filed an administrative suit to have the denial lifted. In the six months prior to death, the worker's overtime ranged between 25 and 74 hours, under the 80-hour karōshi line, but the judge ruled that continuously stressful work to establish a new accounting system, which included long-distance night driving on business trips, was the cause of death (Kyodo Tsushin, 2013). The case introduced the concept that compensation could be based on "quality" of overtime and burden of the work.

C. 2015 Act on Promotion of Women's Participation and Advancement in the Workplace[76]

1. Background Situation of Women's Participation in the Workplace and Relation to Female Employees' Well-being

As we have seen in Chapter 1, there are 28 million female employees in Japan and they account for 42.6% of employees. More than half of the female employees work as non-regular employees[77]. **The age-specific rate of female employment is represented as a M-shaped curve** shown in Figure 16. The dip around the age interval of 30~39 is explained by the tendency of women to leave their work for childcare. This M-shaped curve has flattened compared with ten years ago (left graph) but the dip is still more pronounced than that for other OECD countries, e.g., the United States, Sweden, France, Germany and the United Kingdom (Figure 17).

Figure 16: Evolution of active women rate per age



Source: MIAC's Labor Force Survey.

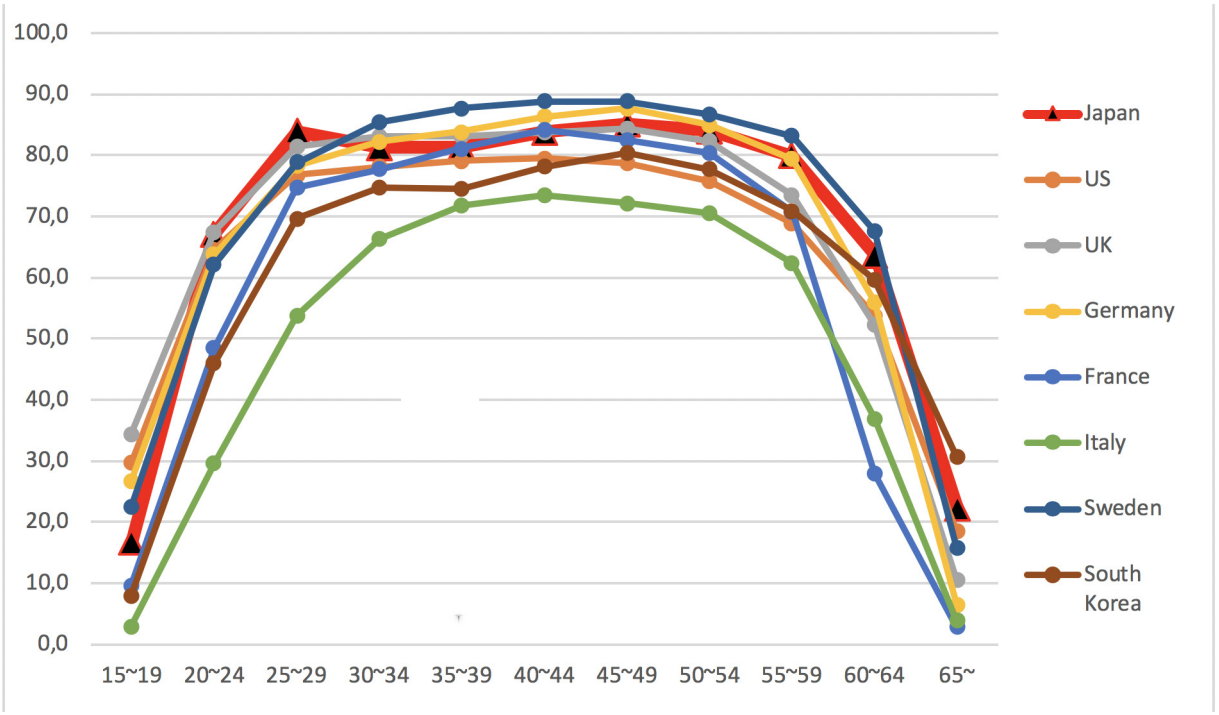
There are many structural problems linked to this situation that need to be considered. During the recruitment process, women have less chance of employment; **40% of companies employ only male university graduates**[78]. Once recruited, women face inequalities in job assignment and training opportunities. Furthermore, **60% of the female employees leave their job after their first child birth**[79].

A number of large companies have in place a system of childcare leave or short-time work that can be invoked for a period exceeding that required by law, but to create a work environment that allows women to continue working through childbirth and child rearing, **companies must proactively find concrete solutions to the issue of long working hours**. Flextime (flexible

76. *Josei no Syokugyou Seikatsu niokeru Katsuyaku no Suishin ni kansuru Houritsu*.
77. Ministry of Internal Affairs and Communications (Statistics Bureau), "Labor Force Survey (労働力調査)."
78. MHLW, Equal Employment Opportunity Survey (雇用均等基本調査), 2010.
79. National Institute of Population and Social Security Research, 14th Annual Population and Social Security Survey: National Fertility Survey (第14回出生動向基本調査).

working schedule) and teleworking (working from home or remotely) are frequently adopted arrangements. Moreover, it is important to create an atmosphere in the workplace that supports the continuation of a career taking into account giving birth and child rearing.

Figure 17: Women Employment Rate per Country in 2012



Source: JILPT International Comparison Data Book 2014.

These structural problems are **caused by long working hours and limited choices for working style**. According to a survey of 2008[80] which looked at the reasons why female workers retired due to pregnancy and childbirth, 26% female workers who quit their job wanted to keep working but did not because of the difficulty of balancing work and parenting. Concerning the specific reasons for the difficulty of achieving compatibility between work and parenting, around 50% of respondents said that the working hours did not match the lifestyle after childbirth, or that the company did not have the atmosphere of supporting the compatibility.

According to another survey in 2013, there is a large gap between men and women in their desire for promotion. Among the general employees, the percentage of workers who do not desire promotion is about 70% for female workers, whereas the proportion is about 30% for male workers. Regarding the reason for not wishing a promotion, **nearly 40% of women who do not desire to be promoted cite that it is difficult to balance work and family**.

As a consequence, in Japan, **choosing to raise a family or choosing to continue working and pursuing a career has been an either-or choice**. In fact, about 40% of female managers are unmarried, and about 60% have no children, which is much higher compared to male managers of whom only 10% are unmarried and 20% have no children[81].

An important finding is that, **whether female workers feel their work to be rewarding or not strongly influences their motivation to continue working and progress their**

80. Mitsubishi UFJ Research and Consulting Co., Ltd., Comprehensive research on various problems related to balancing support(両立支援に係る諸問題に関する総合的調査研究, 2008.
81. JILPT Survey results on career and compatibility support of male and female regular employees (男女正社員のキャリアと両立支援に関する調査結果),2013

career. Female workers who feel their work is rewarding are willing to continue their work after childbirth[82]. Also, female workers who feel that their work contributes to their company or that they have the opportunity to demonstrate their skills at work tend to have a motivation to career progression[83].

Promotion of women's participation and advancement in the workplace is related to the female workers' well-being, which in turn is strongly related to the necessity of reducing long working hours, expanding working style choices, and assigning rewarding jobs to female workers.

2. Related Debates on 2015 Act on Promotion of Women's Participation and Advancement in the Workplace

The cabinet of the Prime Minister Shinzo Abe set in 2013 an economic strategy named **"Japan Revitalization Strategy"**. It is revised annually, and many policies have emerged from its set of outlines. In 2014, to respond to the situation of female workers mentioned above, the cabinet included a new legal framework to promote active social participation of women. Aiming to maintain a sufficiently large and well-trained labor force despite the shrinking population, **"women", "elderly people" and "ambitious, capable youths" were targeted as "cultivating human resources"**:

> *Particularly, unleashing the "power of women", Japan's greatest potential, will lead Japan not only to secure human resources but also to bring various values and creativity to the company, the government and regional communities and to vitalize society while cherishing the values of families and regional communities.* [84]

Even before this strategy eventually took place, the government had developed several measures such as equalizing opportunities in employment for women and men and supporting child care. With this new strategy, the cabinet went further in **defining the attitude of companies toward female employees**.

> *…in order to change companies' mindsets, the revised strategy also decides to encourage them to proactively disclose the number of women in executive and management positions, the women recruitment policy and other relevant information. Under the revised strategy, the government will embark on a discussion to make tax and social security systems neutral with regard to how women choose to work and a preparation for submitting a bill that aims to promote women's social participation by stipulating the roles that national and local governments and companies should play in attaining "women's share of leading positions at 30% in 2020."* [85]

82. Cabinet Office, Individual / company survey report on work-life balance（ワーク・ライフ・バランスに関する個人・企業調査報告書）,2014
83. JILPT Survey results on career and compatibility support of male and female regular employees (男女正社員のキャリアと両立支援に関する調査結果), 2013.
84. Cabinet approval, "Japan Revitalization Strategy 2014."
85. Cabinet approval.

Responding to this strategy, the Labour Policy Council Equal Employment Opportunity Subcommittee under the MHLW discussed the framework of the law from August 7th until September 24th, 2014[86]. The Cabinet submitted the bill on February 22th and it was enacted on August 28th, 2015[87].

3. Content of the Law

The law defines "women's participation and advancement in the workplace" as an active participation of their own volition in which women who intend to do so become successful in and fully demonstrate their personality and capabilities[88].

To achieve this goal, **the Act demands three steps for private companies**: 1)grasp the reality of the women workers' working conditions and working environment ; 2)build up an action plan to improve the current situation and to notify the MHLW; 3) make public the actual performance concerning women's participation and advancement in the workplace. These measures are obligatory for companies with more than 300 regularly employed workers and smaller companies have an obligation to make efforts about this issue. Government and local governments are also obligated to make an action plan.

Based on this Act, companies with excellent implementation measures to promote women's advancement **can apply for an "*Eruboshi* mark"**, which is certificated by the MHLW. Certified companies are those who show excellent results for more than two consecutive years in terms of recruitment, continuing employment, working hours, managerial ratio or career courses. The companies can sport the "Eruboshi mark" for job recruitment purposes and on employee's business card for advertising themselves as supportive of female workers.

4. Effect of the Legislation on Company Initiatives

The formulation of the "Act on Promotion of Women's Participation and Advancement in the Workplace" **made a strong impact on private companies with the catchphrase: "30% of women in managerial position by 2020" described in the "Japan Revitalization Strategy 2014" .** Although this target was already laid out in the approval of the Headquarters for the Promotion of Gender Equality in 2003, the proportion only reached 11.2% in 2013. However, looking at several examples, we may conclude that the 2015 law has already had some impact on business behavior.

Shiseido, a major cosmetic manufacturer, set a target to make the ratio of female managers to 30% by the year 2016. Calbee, a leading food manufacturer, aimed to realize a similar target of 20% by the year 2020, and Suntory Group, a leading beverage maker, aimed to realize 20% by the year 2025. In practical terms, Calbee introduced career training for management candidates and Suntory aimed to raise awareness of executives through female leader training programs.

Another leading beverage maker, **Kirin Holdings**, gives managerial positions to female applicant after the fourth year of joining, exposing early career employees to a high-responsibility business experience. Another major cosmetic manufacturer, Kao, distributed booklets to

86. MHLW, "The Labour Policy Council Equal Employment Opportunity Subcommittee (労働政策審議会 (雇用環境・均等分科会(旧雇用均等分科会))."
87. The house of representatives, "Act on Promotion of Women's Participation and Advancement in the Workplace" Deliberation Process Report, 2015.
88. Japanese government, Act on Promotion of Women's Participation and Advancement in the Workplace.

managers to urge their male subordinates to take childcare leave. Currently about 40% of male employees acquire a child-care leave for on average about 10 days in this company[89].

For most companies, the goal of 30% by 2020 will likely be too difficult to achieve. The reason is that as of the year 2015 when the law was enacted, the companies have only 5 years remaining to achieve the goal, and at that time **there were not enough female workers to become intermediate managers.** For this reason, some companies considered filling management positions through mid-career hiring.

In **Lawson**, a convenience store management company, the proportion of women in mid-career recruitment for 2014 had increased to 30%, a significant increase from less than 14% in 2012. In Santen, a pharmaceutical company, women made up 20% to 40% of mid-career hires in 2014, most of which were marketing and management positions[90].

What has been the effect of Act on Promotion of Women's Participation and advancement in the workplace? There is evidence that the Act affected the way companies **formulated action plans and introduced a system for promoting women's participation**.

However, according to the MHLW, the proportion of women in managerial positions was only 12.1% in 2016[91]. This percentage was the highest since 2009 with comparable statistics, but it is still far from the government's goal of « 30% women in managerial position in 2020».

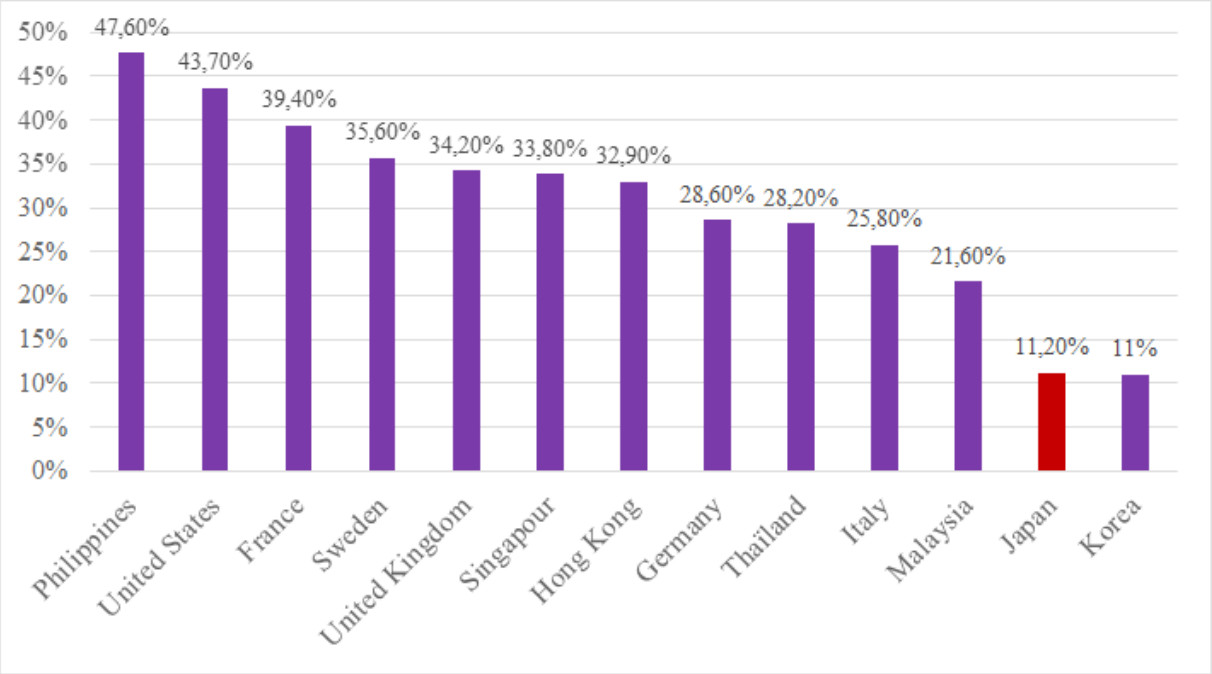
5. International Condition

The proportion of women in managerial position in Japan was 11.2% in 2013. This rate was higher than previous years but was **still lower than others European and Asian countries**[92]. Figure 18 shows the fraction of women in managerial positions by country in 2012'. In the following we describe the conditions surrounding women's participation in the workplace by country.

89. Nihon Keizai Shimbun, Digital Version "Women Participation, Quantifiable Targets for Companies, Promotion of Women at Work Act will be adopted during 2016 spring" (女性登用 企業に数値目標　活躍推進法が成立 16年春から).
90. Nihon Keizai Shimbun, Digital Version, "*Increase of Experienced Women Manager Recruitment, 20% at Lawson and Santen Pharmaceutical, Internal Training not completed in time* (女性管理職増へ中途採用広がる　ローソン・参天薬は２割強 社内育成、間に合わず).
91. *Nihon Keizai Shimbun*, Digital Version, "MHLW Quantifiable Targets, 12,1% of Women Manager in 2016" (厚労省　目標遠く、16年度の管理職の女性比率12.1％).
92. JILPT International Comparison Data Book 2013.

Figure 18: Proportion of Women in Managerial Position in 2012

(Figures are for 2012 at the exception of Japan: 2013)



Source: JILPT International Comparison Data Book 2013.

5.1. France

In France, the M-shaped curve is not found as of 2000, and the ratio of female managers is about 40% in 2012. Since 2000, legal working hours are 35 hours per week, so that the proportion of workers doing long hours is low for both males and females, and both men and women can perform housework and childcare. The fraction of workers who work over 50 hours a week in 2011 is: in Japan, 38,8% for men, 20.4% for women; in France, it is 12.4% for men, 5.4% for women.

From 2011, France introduced the executive quarter system which required large companies and state-owned enterprises to ensure that by 2014 the ratio of men to women and that of women to men in managerial positions was both at least 1:4. The target minimum for this ratio for 2017 was 2:3[93].

5.2. The Netherlands

In the Netherlands, the dip in women's employment rate for ages above the 25-29 interval has persisted until 1998. This trend was largely eliminated by 2007. Now the fraction of managerial positions of female employees is as high as 30%. The main reason is that there is a lot of flexibility in the choice of working hours[94].

Furthermore, in May 2008, the "Charter for women on the way to the top" which is a charter aimed at increasing the number of female executives was initiated as a joint effort by the government, employers and labor union.

93. Cabinet Office, the 2013 Annual Report on the State of the Formation of a Gender Equal Society and Policies to be Implemented to Promote the Formation of a Gender Equal Society (男女共同参画白書 平成25年版), 2013.

94. The Cabinet Office Gender Equality Bureau, Survey on the participation of women in policy and policy decision process in other countries (諸外国における政策・方針決定過程への女性の参画に関する調査), 2008.

Companies signing the charter are obliged to set targets for increasing female executives. In accordance with the target, companies are to make efforts to increase the number of female executives within 3 to 5 years, and to report the results. Measures are at the discretion of the companies[95].

5.3. Norway

In Norway, no decline in the female employment rate in the 30s and 40s was found by 1998. The fraction of female managers was as high as 30% in 2012.

Since 2004, state-owned enterprises have been required to ensure that the male to female and female to male composition ratios of the board be at least 2:3.

For private enterprises, it was agreed between the government and companies that such measures would not be implemented if a desirable male-female ratio is voluntarily achieved by 2005. However, this was not achieved in most companies. As a result, the measures were also implemented for private enterprises since 2006. The proportion of women in the board of directors of private listed companies was 25% in 2007[96].

Conclusion

The laws described in Part II show to what extent the Japanese government is willing to tackle various social issues regarding workplace and gender. Although the laws do not specifically mention the well-being of workers, they contribute to improving it. They address the political concerns prevalent at the time: a better working-management for parents, a reduction of *karōshi* cases and the improvement of women's positions in the labor market.

It should be noted that one of the key arguments made during the lawmaking process was the concern about Japanese demographic changes, that is, the aging of the population and the decrease of the birthrate. It is therefore understandable why the political impulse for change was primarily driven by economic considerations: a sustainable, large, and well-qualified labor force.

However, as has been demonstrated, improving the well-being of workers offers many benefits for individual businesses. In fact, some Japanese companies did not wait for new laws that might improve employees' well-being, and instead came up with various initiatives on their own. In the next Part, we therefore look into the initiatives that companies have taken that go beyond public policy.

95. The Cabinet Office Gender Equality Bureau, Survey on the participation of women in policy and policy decision process in other countries (諸外国における政策・方針決定過程への女性の参画に関する調査), 2008.
96. The Cabinet Office Gender Equality Bureau, Survey on the participation of women in policy and policy decision process in other countries (諸外国における政策・方針決定過程への女性の参画に関する調査), 2008.

Part III: Firm-driven Initiatives: Case Studies

A. Initiatives Related to Reducing Working Hours by Better Considering Well-being at Work

We present several cases of Japanese firms (**Mirai industry, Uniqlo, Itochu, E.C. Studio**) who have introduced original human resources management practices in reaction to overwork and stress due to working conditions. According to a MHLW report, 22% of Japanese work more than 49 hours a week, compared with 11% of US workers. Besides, the average office worker takes just 9 of their 18 days' annual leave, the lowest in comparison to OECD countries (except for South-Korea). In reaction to overwork, some Japanese companies have already banned late nights, as Itochu and Ricoh. We analyze more in details the Itochu case in the following part. Many firms have also introduced more flexibility in the working hours schedule, but in comparison with the US where the four-day workweek is on the rise[97], in Japan the most visible success stories in reducing working hours remain restricted to small companies with highly skilled labor.

For instance, **Mirai Industry** Co. is a manufacturer and distributor of installation equipment for electricity, water, and gas, with its head office located in Gifu Prefecture. This company does not promote overtime work. Employees who do not work overtime are regarded as good employees. The company returns the money saved from not working overtime to the employees as **a subsidy for lunch money**, so they make an effort to be efficient and avoid overtime work. With the company's stance to avoid seeing personnel expenses as a cost, every employee is hired as a regular employee, not as non-regular such as part-time or temporary staff. Retirement age is set at 70 years of age. The company's salaries are among of the top level in Gifu Prefecture. Mirai Industry continues making high profits under the company's philosophy of trusting employees and offering a pleasant and highly motivating work environment. The recurring profit margin in the last three years shows 10 percent growth year on year[98].

Recently, big company as **Fast Retailing** also showed managerial efforts to reduce overtime. For example in 2015 **Uniqlo** who has been under harsh critics about workers' conditions, started to offer 10,000 of its full-time employees an option to clock in just **four days a week** working **10-hour** shifts in exchange for the other three days off. The employees who accept the plan will have to work weekends and holidays. The company forecasts about 20% of its workforce will take them up on the offer. This could be the way to strike the coveted **work-life balance** so many workers seek, while retaining talented employees in the process. According to an interview with the chief executive of Fast Retailing, employees who produce higher results will be paid more, even if their working hours are shorter. This reveals a changing trend toward a merit-based system of wages, based on performance and productivity independently to working time.

Since 2013 the Japanese big trading company **Itochu** introduced several initiatives to reduce overtime. The company well-known *Morning-Focused Working System* has been

97. Treehouse, a Portland, Oregan-based company, made headlines earlier this summer for announcing plans to require its staff to only work 32 hours per week.
98. Added from JFS Newsletter No.184 (December 2017) https://www.japanfs.org/en/news/archives/news_id035984.html

covered by medias as an example of Japanese Corporate Social Responsibility's improvement. We present in the following part a description of these measures from the company's annual report[99].

1. Encouraging a Morning-Focused Working System

As an initiative to encourage a change of attitude towards the way we work, in 2014 -after introducing it on a trial basis- we began the full-scale introduction of a policy encouraging a morning-focused work. This morning-focused work system limits out-of-hours work (i.e. overtime) late at night or on holidays, and encourages employees to start work early the next morning where necessary. In this way, we aim to encourage lifestyles that are healthier and more fulfilling (both physically and mentally) for our employees, to increase concentration and efficiency with regard to work duties, and to further improve service quality and customer satisfaction.

2. Flexible Working Styles

The CTC Group introduced a working style one step beyond an early-bird working mode that enables employees to work efficiently and effectively with a sense of job satisfaction and their choice of working hours. The hourly paid leave allows employees to take paid leaves in units of one hour for three of their annual paid holidays (on a 24-hour basis), while the slide work system allows employees to advance or delay their starting time within the range of 7 a.m. to 10 a.m.

The CTC Group also adopted work systems with greater flexibility, such as working at home and mobile work, in which working in a prescribed office is regarded as the basic mode, but working outside the office is permitted in cases where jobs involve going out.

Moreover, the CTC Group has introduced the clocking-off time visualization card to facilitate communications essential to self-reliance and cooperation from the side of the working environment and to make new systems for changing working styles easier to use.

3. Encouraging Employees to Take Paid Holidays

By establishing set periods during the summer and winter in which we encourage employees to take consecutive paid holidays, and by encouraging employees to take their yearly paid holidays in a planned manner throughout the year, we aim to create a positive cycle in which employees can refresh their bodies and minds and link this to doing better, more productive work. We also encourage employees to take two or more paid holidays per year by setting days that the employee and/or their family, etc., should celebrate-such as birthdays or wedding anniversaries-as celebratory holidays.

Since these measures were implemented late nights fall from 30% to 7% and pre-8am starts jump to 14%[100]. Itochu also aims at luring recent graduates with **earlier starting and finishing times** but also promoting work-life balance by offering on site kinder-garden allowing parents to drop their children off in the morning and be home by 7pm for family time.

99. https://www.itochu.co.jp/en/csr/employee/safety/working_style/index.html
100. https://www.itochu.co.jp/en/csr/employee/safety/working_style/index.html

According to an interview of Itochu CEO[101], by asking employees to start their work earlier in the morning his goal is to answer customers' needs as earlier as possible in the day. Employees who used to start working at 10am, after long night working hours the day before, are not matching the customers demand for information that appears earlier in the morning.

By reorganizing work-time and **employee shift** as a result of their **social responsibility for employee care**, Itochu achieved three major business-related goals: 1/ increase business workforce readiness at peak-time hours; 2/ as a result increase work-force efficiency and 3/ advertise innovative work-life balance working conditions.

Finally, **EC Studio**, a Japanese IT consulting company, has been widely covered by media[102] as one of the best Japanese company to work for. Indeed, non-working days account for 140 days out of the year, including four vacations of at least 10 consecutive days. There is **no overtime** and the company pays for it employees to visit their hometown twice a year if it is more than 140 kilometers away. Once a month each employee is treated to lunch with the CEO and given a chance to talk about how things are going and what they would like to work on, just to name a few. This example also shows that working hour flexibility and ability to work from home enhance employees' job satisfaction.

Conclusion

Well-being multi-dimensions show that it is not enough to consider only better material conditions to improve workers' health and well-being as it used to be the case in the past. Workers quality of life is correlated to material conditions but also to multiple factors such as health, working-life balance, or education and skills. Several Japanese companies already integrated these dimensions to improve their management practices. The cases of Itochu and Fast Retailing are relevant by showing big company's initiatives to reduce night and late shift by making working time schedule more flexible. This evolution is significant as workers can manage their time in coordination with their family's commitment and personal life.

It is also noteworthy to highlight a growing trend toward more consideration for workers health. For example, the case of Mirai Industry Co. shows that employers recognize the importance of taking enough time for lunch to prevent health troubles. As we have seen earlier, overwork has a negative impact on workers' mental and physical health, which is also emphasized by a poor diet and a lack of sleep.

In a more general way, the trend to reduce lunchtime to less than 20 minutes is common among Japanese workers. Nevertheless, despite the fact that long working hours reduce lunchtime and diet quality, in comparison to other countries, the large majority of the Japanese workforce still has convenient access to a decent lunch. Most large companies have canteens and for workers with no access to a canteen, bentô are also available. C. Wanjek (2005) in his book "Food at work. Workplace solutions for malnutrition, obesity, and chronic diseases", compared several case studies from a large range of enterprises in 28 industrialized and developing countries to offer valuable practical food solutions that can be adapted to workplace. He sets out key points for designing a meal program, presenting a multitude of «food solutions» including canteens, meal or food vouchers, mess rooms and kitchenettes, and partnerships

101. https://asia.nikkei.com/Business/Cracking-down-on-overtime-can-boost-efficiency
102. http://travel.cnn.com/tokyo/life/happiest-company-japan-247780/

with local vendors. In the case of Japan, he points out that unlike workers in many parts of the world, as a result of the bentô tradition, most workers have access to nutritious foods during working hours. Wanjek also highlights the existence of many shops serving meal at lunch or in the early evening, serving the workforce who is working late. He also mentions shacks or trucks with few overheads, serving fast and inexpensive food, pointing out that food-borne illnesses from these types of establishments are a rarity. According to his conclusion, "the bottom line is that Japanese workers are somewhat privileged in comparison with workers elsewhere. Street food is common throughout the world, but in Japan it is safer and more nutritious. Lunch boxes are common from country to country, but in Japan they are balanced meals. It is rare for a Japanese worker not to have convenient access to healthy food during working hours, if he or she chooses. Considering the end result – high productivity and the longest life spans in the world – companies and countries might be wise to follow the Japanese model ... and Japan might be wise to maintain it."[103]

While long working time is still one the main factors impacting Japanese workers' health and well-being by deteriorating the quality of life, Japan is still the country where workers have the more convenient access to healthy food during working hours. Nevertheless for the lowest income workers lunchtime decision regarding type of meals might be dictated by cost avoidance necessity.

B. Initiatives Related to Childcare Facilities: The Case of Nissan

Nissan has currently three **daycare centers**, respectively located at the Nissan Global Information System Center, the Atsugi Technical Center (Kanagawa Prefecture) and the Yokohama Global Headquarters. Each of them provides a nursery for Nissan employees children aged from 0 to 2. These structures are opened from 8:00amp to 8:00pm.

The Nissan's child care policy divides into two main schemes. From the first weeks to the first years, **parental leave** grants a temporary suspension of employment. In Japan, Nissan achieves excellent results from this policy, with a return rate of 100% for male, and 98% for female employees[104]. These figures show that workers take advantage of this practice without fear of losing their position when they return. The childcare leave starts at childbirth and may last up to two years which is six-months longer than the legal length. Then, the childcare facilities such as daycare centers help to take care of the child rearing dilemma. The Japanese shortage of childcare centers has long been a major issue for workers, especially women willing to stay in position after their first child's birth. Employee's well-being is strongly linked to the extend to which tasks are compatible with one another, including family demands. Working with the confidence of having his/her child taking care of in a high-quality daycare lets employee free of mental burden and eventually lead to an increase in productivity. This possibility should be appreciated in the light of the most recent scientific results concerning employment and mental health. Among women, the prevalence of poor mental health has been correlated with the issue of dealing with the household work by themselves (Arias-de la Torre et al., 2018). Besides helping to generally improve work-life balance, childcare facilities are an **incentive for women**

103. C. Wanjek , *Food at work. Workplace solutions for malnutrition, obesity, and chronic diseases*, International Labour Organization, 2005 (p.311-312).
104. Figures are for the FY2015 from the 2016 Nissan Motor Corporation sustainability report available at: https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2016/SR16_E_EmployeeData.pdf

to stay within the workforce, going along with the Prime Minister Shinzo Abe's plan to get more women into Japan's shrinking workforce - also referred to as "womenomics".

Nevertheless, this success should be tempered by a few remarks. First of all, the figures show that it is still **women** who **mainly take parental leave**. Although the number of men workers of Nissan benefiting from this opportunity is constantly increasing, in 2015 only 23 males for 257 females took a parental leave – a 8% to 92% ratio. However, considering the European countries in 2015, the ratio is less than 10% in France and Spain, and between 10% and 20% in Italy and Ireland (with an EU average of 10%[105]). Secondly, Nissan's daycare center does not yet form a standard facility: only three buildings are provided with it, and these establishments only have white-collar employees, leaving factory workers with fewer resources to deal with the childcare issue by themselves. Finally, these centers are not designed to meet the need of most employees because they offer **limited capacity**. As an example, the Yokohama center can only receive nine children at once for some 2,800 employees.

These observations should not prevent us from seeing Nissan's policy for work-life balance as essential regarding its position as one of the major Japanese companies. Its behavior towards such social issue may be an incentive for the rest of corporate Japan. Taking into account this distinctive position let us more accurately understand the certifications systems we have presented in the second part of this report. Thus, it is noteworthy that Nissan has received many. In July 2008, the company participated in "Promoting work life balance model project" by MHLW, and it was granted **Platinum Kurumin** certification in 2015. In May 2017, Nissan also got a three-star **Eruboshi** certification for female active participation, the highest rank given by the MHLW.

C. Microsoft Japan and Teleworking Experiment

1. Teleworking and Well-being

As a significant initiative in order to improve workers' well-being, telework has been seen as an interesting solution since the 1980s. By teleworking, we mean the ability for workers to do their work without having to stay in their current working place. Several criteria may be given to define what teleworking is (Aguilera et al., 2016). The first is the employment relationship. We can talk of teleworking when worker is employed by a company based on a salaried status. It therefore excludes contractual workers and freelances. This criterion is applied in almost all the official definitions, including the European framework Agreement on Telework[106]. The second criterion is a geographical limitation. Teleworking is related to work which could have been directly performed at the office but is not for some reasons. It excludes occupation like taxi or lorry drivers and all the cases where work must be done outside the company by nature. The third criterion is the distinction between telework and long-distance cooperation. Telework is different from work situation where two workers who cooperate in the frame of a firm project are working in geographically separated offices and use ITC for talking. In the same way, telework doesn't include *off shore* work like overseas assignment. Last but not least, telework frequency

105. Van Belle, 2015

106. Teleworking Official definition: « a form of organizing and/or performing work, using information technology, in the context of an employment contract/relationship, where work, which could also be performed at the employer's premises, is carried out away from those premises on a regular basis "

is also an important criterion. It is possible to speak of telework when it is used regularly and for a half day-length at least.

Regarding relationship between telework and well-being, surveys show that telework may **improve employees' work-life-balance** by allowing more flexible hours, reducing commute and giving more autonomy (Laffitte & Trégouët, 2001). The effect on working hours seems to be the most important in terms of well-being (Maruyama et al., 2009). According to a large survey conducted by a research team from the University of Melbourne, a better work-life-balance inducted by teleworking engenders a positive attitude towards work as well as an increased productivity (Bosua et al., 2012).

2. Teleworking in Japan

While some surveys claim for a large development of this working style from now on until 2020 (Schadler, 2009), international comparison remain difficult to make because of the teleworking definition heterogeneity between countries and firms. Teleworking is viewed as advantageous in a country like Japan where commuting time is generally long but with well-established telecommunication infrastructure. However, it does not seem to be that much developed, with only 2,7% of workers who were teleworking at home on a regular basis in 2015 (Martine, 2017).

Akio Sato gives two factors to explain this low development in Japan (Sato, 2013). The first one is the ambiguity in the range of job duty that each employee has to perform during his career. Japanese firm career path is marked by a regular position mobility within the organization, without clear assignation to one kind of work. The second is related to the merit-based evaluation system, which have been largely adopted since the late 1990s. This evaluation system is not limited to individual employee job performance. It may also include personality and moral characteristics like disciplined attitude, sense of cooperation and responsibility (ibid, 2013:57). The fact evaluations include this point strengthens employees' obligations to be physically present in the workplace. Regardless those factors and the low use of telework by Japanese company of teleworking, some firms did the choice to adopt such measure for their employee. We will focus on one particular case.

3. A Look at Microsoft Japan's Initiative

The starting point of teleworking in Microsoft Japan Company back to 2007 with the introduction of a "home-working system" (*zaitaku kinmu seido*) for employee who have particular constraints related **to child-caring or elderly-caring**. At this point, the aim was to limit women's early retirement (日本経済新聞社・日経BP社, n.d.). From 2011, this initiative was reinforced by three circumstances. The first is the relocation of the company headquarter in a new office near Shinagawa. The direction decided to highly reduce the number of personal desk. Thus 60% of headquarter employees lost their individual offices as well as their fixed phone line. The second is the adoption in February 2011 of a new internal guideline of ITC using in everyday work. As a company specialized on work solutions and software development, the direction decided to increase the use of digital tools, in particular, the use of Skype for group meeting and crowd service devices for sharing information. The third circumstance is the **Great East Earthquake** in March 2011. The effect of transport system collapse and the impossibility for a lot of workers to reach their workplace had raised awareness of the need to take initiatives to limit the effect

of this kind of event on the company's performance.

As a result, the company has highly increased the place of telework for its employees. One first improvement is there is no obligation for employee to ask an official permission to their immediate superior for working at home. The only obligation is to be clear on their own schedule of presence at office. According to an interview from the review Nikkei Style, most employees are using telework one time a week, for two or three hours. Thus, despite the official statement claiming almost 100% of employees use telework, rhythm and condition seem to be far from criteria seen above.

Nevertheless, the increasing using of teleworking among Microsoft employees seems to have positive effects on both well-being feeling and productivity. According to an internal survey realized between 2010 and 2015, feeling of satisfaction at work regarding work-life-balance increased 40% in five years. It also led to a reduction of 40% of early retirement for women. During the same period, productivity per employee increased by 26% and the average of overtime work decreased by about 5%.

Conclusion

This case is a good example of an effective way of improving workers' well-being feelings. Teleworking leads to **better working time management** and the opportunity for some employed to deal with the difficulty question of private time. However, this relative success must be tempered by some points. First, disposable information is provided by the film itself, without clear corroboration from an independent survey. It is also important to recall the role played by Microsoft Japan particularity such as the mixed corporate culture and the fact that the firm main business is directly linked with ITC development. In addition, total proportion of workers using teleworking still particularly low and teleworking remains an exception. Recent public initiatives could help to ameliorate the situation. For instance, the MHLW has set up a call support center for companies willing to introduce teleworking. The same Ministry as well as the Ministry of Internal Affairs and Communications have created several awards and certifications regarded teleworking use (*Happi Terewâku Shô* (MIAC), *Kagayaku terewâku shô* (MHLW)).

D. The Diversity of Fringe Benefits within Japanese Firms

In Japan, fringe benefits are now considered to be **a key-element to improve employees' well-being, besides wages and special working conditions**. One reason is that it affects several barometers of employees' well-being, such as labor hours, compensation, status, and relation with work. Another reason is that these factors rank highly in the criteria and expectations that today's job-seekers have. From the companies' perspective, fringe benefits can improve brand image, and specific fringe benefits may attract human resources. Especially for small- and medium-sized businesses that do not have wide name recognition or cannot afford to pay high wages for their employees, fringe benefits may be a source of competitiveness. In this section, we explain how fringe benefits relate with well-being, and we introduce several companies' examples.

1. Definition and Background

There are two main classes of welfare benefits in Japan. The first is statutory welfare (*houteifukuri*), which is required of all companies by law: health insurance, employees' pension insurance, long-term care insurance, labor insurance, workers' accidents compensation insurance etc. The second is non-statutory welfare (*houteigaifukuri*), which is optional for companies and may include a diverse range of initiatives: housing subsidies, property accumulation, medical subsides, parenting support, etc. In this report, we define non-statutory welfare as "fringe benefits".

In Japan, the system of fringe benefits was set up in the 1870s (the early Meiji period) by the spinning and yarn-making industry, who hired a large number of female workers, and by the mining and manufacturing industry, who provided their workers lodgment and a place to purchase groceries and commodities because of the remote locations. After World War I, Japanese companies began providing non-statutory welfare to heighten the employees' loyalty toward the company. During this time, these welfare benefits occupied the role of social insurance or labor insurance, which had not yet been developed in Japan (Nishikubo, 2017).

2. How do Fringe Benefits Relate with Well-being of Employees?

2.1. Characteristics of Fringe Benefits

According to the results of the International Social Survey Program (ISSP)[107], the well-being of employees may be measured by various indicators, including labor hours, compensation, status, and relation with work. **Fringe benefits are closely related to compensation, status, and relation with work.**

Firstly, one of the characteristics of fringe benefits is to support employees' lives **in ways that compensation alone cannot provide**. For example, a company is situated in a remote location and builds lodgings and a supermarket as a fringe benefit (Nishikubo, 2007). Note, however, that **compensation and fringe benefits are complementary**. In Japan, many companies adopt an age-based remuneration system. As a result, young employees cannot afford their housing or raising their children with their salaries alone. Companies therefore provide benefits in the guise of fringe benefits to complement the low wages of young workers (Nishikubo, 1994).

Secondly, fringe benefits serve **as safety nets and mutual benefits** for employees. For example, housing subsidies and property accumulation supports individual asset building. Work injury insurance and a collective insurance for incapacity, for example due to work-related accidents, reinforces long-term life security for employees.

Thirdly, fringe benefits **promote relationships among employees.** In 2011, 34.6% of companies provided support for cultural, sport, and recreational activities (Ministry of Health, 2011). In addition, provision of fringe benefits increases employees' feelings of obligation to their companies. A survey shows that the more a worker makes use of fringe benefits, the more they think the company takes care of its employees and their families (Nishikubo, 2017).

107. International Social Survey Program is a cross-national collaboration program conducting annual surveys on diverse topics relevant to social sciences (http://www.issp.org/about-issp/).

2.2. Preference of Job Seekers

One of the leading talent advertisement companies, “Mynavi”, surveys preferences of new graduates every year. The 2018 survey asked new graduates to choose two important elements that define a good company and that influence their choice when they look for a company. The results show that 38.1% (first place) of new graduate prefer a company that can offer a job they want, 33.1% (second place) prefer stability, 15.4% (third place) prefer high wages, 13.7% (sixth place) prefer fringe benefits, 10.1% (eighth place) prefer holidays (Mynavi, 2018). Fringe benefits are, therefore, **a key factor to which job seekers attach importance when looking for a job.**

2.3. Differences of Fringe Benefits among Companies and Categories of Employees

According to the “General Survey on Working Conditions” statistics in 2016[108], there are strong disparities in fringe benefits **depending on the scale and the type of company and the category a given employee** falls into.

Firstly, a company’s expenditure on fringe benefits correlates positively with the scale of the company; companies employing over 1,000 workers pay 1.6 times as much in fringe benefits expenses as companies employing between 30 to 99 workers (MHLW, 2011).

Secondly, there are differences in the amount of fringe benefits according to the industry; the infrastructure industry, finance and insurance businesses, and the manufacturing industry tend to spend more compared to medical and welfare businesses, retailing and service businesses. For example, the infrastructure industry pays 16.3 times more than medical and welfare business (MHLW, 2011).

Thirdly, there is **disparity in the access of fringe benefits between regular workers and non-regular workers.** The reason is that fringe benefits are not a legal obligation and companies have the right to to change the content of the fringe benefit depending on the type of contract. According to the survey of the MHLW, companies tend to apply the same fringe benefits to both regular workers and non-regular workers with regard to aid for non-statutory medical examinations and utilization of welfare facilities such as canteens, resting rooms, etc. On the other hand, companies tend to not apply the rules to non-regular workers with regard to housing subsidies and property accumulation (MHLW, 2017).

3. Case Examples of Japanese Companies

3.1. Cybozu Co.,Ltd

Cybozu Co.,Ltd (414 employees in 2018) develop and offer groupware applications for companies and individuals. The president, Yoshihisa Aono, has practiced various unique methods to promote flexible ways of working.

A trigger to start these initiatives was the high percentage of employee turnover recorded in 2005. To tackle this situation, Cybozu introduced child and family care leave up to six years, 9 types of working style through which an employee can decide their work time and place and choose to telework. The initiatives introduced by Cybozu foreshadowed the proposals put forth by the Work Style Reform (*hatarakikata kaikaku*).

108. “General Survey on Working Conditions 2016”, MHLW, 2017.

Cybozu also offers fringe benefits. For example, employees under 35 years old can leave their work for up to 6 years to seek further education, including working for other companies. Cybozu also accept employees to have a second job. Furthermore, Cybozu offers various subsidies for sport/club activities and events: it provides 10,000 yen (about 80 euros) annually per person for club activities and provides a subsidy of 3,000 yen per person (about 25 euros) to organize a birthday party. There is official "wowing" division, where full-time staff are tasked to organizing events, training seminars, and thinking of ways to introduce a "wow-factor" to the day-to-day working life.

As a result of these initiatives, the turnover rate decreased from 28% in 2005 to 4 % in 2015, while the number of employees and the overall performance of employees has increased. President Aono states that the most significant achievement the initiatives that Cybozu introduced have led to is that the company did not have to pay to recruit and train new employees due to a low turnover rate anymore. The company is also successful in attracting talented persons who tend to prioritize the quality of the working environment (Cybozu, 2018).

3.2. CyberAgent, Inc.

CyberAgent, Inc. is a media, internet advertising and game company (1,509 employees in 2018). It is also known for having a unique regarding fringe benefits.

In Japan, rent subsidy is a common benefit. CyberAgent, Inc. pays 30,000 yen (about 230 euros) per month to its employees if they live within 2 stations from the company's nearest station. The company also pays 50,000 yen (about 390 euros) for full-time employees whose duration of employment has exceeded five years, irrespective of where they live.

The company also gives its full-time employees 5 days off per year for recuperation, and it covers comprehensive influenza vaccination and gynecological examination expenses. There is also a massage room in the company where employees can have a massage twice a month for free. Because CyberAgent, Inc. does not have a company cafeteria, the company prepares bento and subsidizes their price. The company purchases bento boxes from different shops in advance at an average price of 1,000 yen per box and offers these in the company for 500 yen per bento box, as well as 300 yen for salads and 200 yen for fruits. (CyberAgent, 2018).

4. Cross-national Situation of Fringe Benefit

Since fringe benefits generally are provided at the discretions of companies, cultural and historical differences have influenced the implementation of fringe benefits in countries in different ways. Hence, it is difficult to compare fringe benefits from an international perspective.

The JILPT report in 2006[109] pointed to differences between fringe benefits in Japan and those in the United States and Europe; Fringe benefits in **Japan cover a broad range** from housing subsidies to support for cultural, sport and recreation activities, with the aim of improving the workers' living standards. The philosophy characteristic of fringe benefits in **the United States and Europe is that they are meant to supplement social security**, provide support for retirement pay, company pension, medical insurance, etc.

109. "Verification: Social security cost borne by the company (検証：企業が負担する社会保障コスト)", JILPT, 2016.

Table 1 shows the average fraction of fringe benefits costs to total labor costs. The raw numbers shown in the table appear to indicate that Japanese companies spend less money on fringe benefits, but a direct comparison between countries is difficult because **each country post a different range of expenses as fringe benefits**. For example, many countries other than Japan post paid leave costs as a fringe benefit.

Table1: Average Fraction of Fringe Benefits Costs to Total Labor Costs of Different Countries

COUNTRY	FRACTION
US	31.4
UK	23.3
FRANCE	21.7
GERMAN	20.4
JAPAN	18.8

Source: JILPT report in 2003.

The fringe benefits in the United States supplement the limited coverage by public social welfare. Among many option of fringe benefits, it is noteworthy that American companies spend most in fringe benefits on medical insurance. This reflects the strong concerns American workers have about medical insurance.

Costs of fringe benefits in France are also higher than those in Japan. We can explain that the reason is unemployment compensation insurance and retirement pay. In France, unemployment compensation and retirement pay are decided by agreement between representatives of both employees and management. These costs are also posted as a fringe benefit. Another common fringe benefit in France is “Ticket Restaurant”, which is a type of dining allowance for employees. In France, 3.5 million employees use this system[110].

Conclusion

Fringe benefits have existed in Japan since the early Meiji period and have been recognized by employers as important initiatives to improve the well-being, lifestyle, life security, loyalty, and sense of obligation of employees. Nishikubo (1994; 2007; 2011; 2014) find that effective forms fringe benefits commonly include financial or logistic support for housing, child rearing, investment (e.g. property), insurance, and recreational activities. A survey by Mynavi (2018) found that fringe benefits were an important criterion for job-seekers when choosing an employer. Japanese companies, therefore, have a vested interest in offering attractive fringe benefits, and some, e.g. Cybozu Co.,Ltd or CyberAgent, Inc., have come up with innovative schemes to attract new employees and boost employees well-being. As in these two cases presented above, the initiatives were often conceived independently, predating the government’s Work Style Reform (hatarakikata kaikaku) packages. At present, the range and the value of fringe benefits offered by companies in Japan depend strongly on the size of the company, the industry, and the worker’s contract (MHLW, 2011; 2017). Internationally fringe benefits differ greatly between country, especially in terms of the range and types of fringe benefits offered, making direct comparisons of fringe benefits allocations and commitments between countries difficult.

110. Website of Edenred (https://www.ticketrestaurant.fr/)

Part IV: Current Challenges of the Work Style Reform (*Hatarakikata Kaikaku*)

A. Why is Work Style Reform Needed?

In September 2016, the third Abe Cabinet formed the Council for the Realization of the Work Style Reform to realize the "Work Style Reform (*hatarakikata kaikaku*)". The Cabinet describes the economic upturn as a result of the Abenomics and acknowledge the remaining issues such as the decrease in productive-age population caused by the declining birthrate and aging population, and the low productivity rate caused by lack of innovation as well as insufficient investment in the revolutionary technology.

To solve these bottlenecks and improve the Japanese economy, the Cabinet decided to implement special measures to improve the labor participation rate and to increase the value-added productivity. Prime Minister Abe declared "The greatest challenge toward the revitalization of Japan's economy is the Work Style Reform"[111].

B. Work Style Reform and Employees' Well being

This is how the Cabinet explains the Work Style Reform:

> *"How we work is a synonym for how we live. Work style reform is at the heart of Japan's corporate culture, and is rooted in the lifestyles of Japanese people and Japan's way of thinking in regard to work…We will strive to drastically reform our labor institution from the perspective of the working people and change our corporate culture and climate."*[115].

Among many challenges to realize the Work Style Reform, the Cabinet set three principal targets: irrational gaps in the treatment of two different work styles of "regular" workers and "non-regular" workers, the practice of long working hours and the single-track career path in Japan. Then, the Work Style Reform is aiming to revitalize the economy, but its approaches also relate to the well-being of employees as it should improve the working conditions and the work-life balance.

C. Contents of the Reform

After ten times of discussion, the Council for the Realization of the Work Style Reform concreated "The Action Plan for the Realization of the Work Style Reform" in March 2017. The actions for Work Style Reform could be divided into three levels; submitting bills on the Work Style Reform, the actions based on "The Action Plan for the Realization of the Work Style Reform" and firm-driven initiatives.

1. The Bill of the Work Style Reform

The bill of the Work Style Reform was submitted 6th April in 2018. These bills contain several amendments of laws related to the work. In this chapter, we will look at the details of principal contents of the bills.

111. The Council for the Realization of Work Style Reform, March 28, 2017.

1.1. Introduction of Upper Limit of Overtime Work (Labor Standards Act)

In Japan, the principal upper limit of overtime work is notified by the ministry as 45 hours per month and 360 hours per year. However, there is an exception; after concluding an overtime work agreement with special clauses between employees and the management, overtime work is therefore unlimited.

One of the targets of the Work Style Reform is to put a cap on this unlimited overtime work. The amendment law regulates the principal upper limit of 45 hours per month and 360 hours per year. The exception of this principal upper limit is also limited by the law; the exceptional overtime work is limited to 720 hours per year. Within this 720 hours, a company cannot exceed 100 hours per month and should control under 80 hours as an average of plural months. This exception cannot be adopted over 6 months (Ministry of Health, 2018a).

1.2. Promotion of Dissemination of Inter-duty Interval System (Working Time Arrangements Improvement Law)

Companies are obligated to make effort on «inter-duty interval system» which ensures a certain period of rest between the closing time of the day before and the starting time of the day (Ministry of Health, 2018a).

1.3. Equal Pay for Equal Work

(Act on Improvement, etc. of Employment Management for Part-Time Workers, Labor Contracts Act and Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers)

The Equal pay for equal work is aimed at elimination of unreasonable treatment differences between regular workers and non-regular workers (fixed-term employment workers, part-time workers and temporary workers) and is to secure equal and balanced treatment regardless of the status of employment. The equal treatment means will not experience different working conditions and wages when they have same position. The balanced treatment means that a company determine balanced treatment on the assumption of different ways of work depends on the employees. Under the current laws, regulation of equal treatment does not cover all temporary workers. Regarding dispatched workers, there is no regulation not only of equality treatment but also of balanced treatment. For this reason, law revision is required for equal and balanced treatment for temporary workers and dispatched workers (Ministry of Health, 2018a).

The submitted bills oblige companies to treat temporary workers equally as regular workers when temporary workers have the same job contents and the same scope of changes to their job contents and arrangements.

Regarding to dispatched workers, the submitted bills require companies to take one of the rules: (1) equal / balanced treatments with workers at the client company; (2) treatments following labor-management agreements which satisfy certain requirements such as wages equal to or more than average wages of general workers among the same type job.

The bills also clarify the way of judgment concerning the prohibition of unreasonable treatment between regular workers and temporary workers; the unreasonable treatment should be judged by each individual treatment, in consideration of conditions that are deemed appropriate according to the nature and the purpose of such treatment.

It is also ensured for temporary workers and dispatched workers that companies should explain the contents and the reasons of different treatment with regular workers by the law (Ministry of Health, 2018a).

At the same time, to ensure the equal and balanced treatments for the workers, the bills set a provision of guidelines which illustrate the examples of the unreasonable treatment between regular workers and temporary workers.

The government published the draft of the guideline in December 2016. The draft clearly states that, unreasonable treatment differences include not only wages but also fringe benefits, a career development, and capacity development. Particularly, expansion of capacity development opportunities is necessary for non-regular workers because development of skills leads to improvement of a productivity (Ministry of Health, 2016).

D. Context and Political Debate regarding the Adoption of the Bill

The 2018 Work Style Reform's analysis shows continuity with a series of already ongoing policies developed at various levels of Japanese society after the long economic recession started in the 1990s. Were particularly called into question Japanese employment relations, characterized by a 'lifelong' employment and 'seniority' wage system (Kikkawa, 2005). In this part we propose to analyze the roots of the current Work Style Reform.

It is during the 1980s and its political and economic context that the key labor market deregulation was progressively implemented. Two early major reforms and their impacts paved the way for the labor market transformations already analyzed in the first part of the report.

1/ Introduction of the seeds of **flexibility** within the existing institutional labor management practices rigidity with the Temporary Dispatching Work Law in 1986.

2/ From the revision of the Labor Standards Law in 1987 leading to the **working time** reforms between 1995-2004.

1. Flexibilization of the Labor Market with the Temporary Dispatching Work Law

Key deregulatory reforms of labor market were already undertaken from the mid-1980s in response to the technological changes and increasing internationalization. In the early 1980s efforts were aimed at making the external labor markets more flexible, liberalizing and deregulating temporary dispatching work and job placement and expanding limited-term contracts in the hope of stimulating the Japanese economy (Imai, 2011). In this objective, the Temporary Dispatching Work Law (*rōdōsha haken-hō*: TDW Law) was enacted in 1986 in order to legalize private temporary agency work (Takanashi, 2001). The new system was designed to create external labor motilities under strict regulations[112]. It established the TDW Law to institutionalize temporary dispatching as a legitimate employment relation.

Then, in the 1990s deregulation of the temporary agency work became the central agenda to strengthen the external labor mobility and facilitate the relocation of workers to new areas (MHLW 2001a)[113]. The revision of the TDW Law in 1994 reflects one of the major shifts of

112. The TDW Law approved only thirteen relatively high-skilled and specialized occupational areas (the positive list system: a series of revisions added 13 occupations until 1997) for a very limited-term (one year) of dispatch.

113. The White Paper on Labor in 1994 points to the necessity of the arrangement that achieves "smooth

labor market regulation. Indeed, the complete deregulation of the temporary agency work lifted occupational limitations for workers above sixty years. This measure was expected to expand employment opportunities for elderly workers, especially after retirement, relocating those who are still capable of work (Takanashi, 2001). The deregulatory reforms created and expanded the non-regular employment status, segmented by specific skills, generation and gender. Japanese firms started to use non-regular employment forms to utilize necessary flexibilities, taking advantage of deregulatory reforms under the current circumstances of globalization and industrial structural change.

In the mid-1980s, the initial stage of the reform was negotiated at the Tripartite Advisory Council set by labor ministry associating state, firms and labor. However, in the 1990s, labor was excluded from deregulatory reforms' process. From the mid-1990s, the decision making on employment and labor market issues gradually shifted out of the advisory council into cabinet deregulation committees, in which labor representation was weak or nonexistent. This resulted in the radical deregulatory reforms (Imai, 2011). In response, new employment forms expanded rapidly especially in the younger generations, medium and large firms, skilled workers in traditional occupations such as clerical and manufacturing and expanding ones such as sales and service. As we analyzed in the first part of the report, the non-regular workers expanded significantly during the last two decades (from 18.4 percent to almost 40 percent of total employment in 2018). The gap between regular and non-regular employment statuses increased constantly. These two broad categories of employment differ greatly in terms of wages, status, and accessibility to various measures of corporate welfare, especially fringe benefits.

Now, one of the main objectives of the Work Style Reform is to address these issues by reducing the gap between regular and non-regular workers.

2. The Working Time Deregulation Reforms

In the late 1980s, the Labor Standards Law underwent a major revision to reduce working-time for the first time since its enactment in 1947. It redefined the concept of work time particularly for high-end professional and white-collar jobs. With the establishment of the **Discretionary Work System** in the Labor Standards Law, work time is no longer documented; therefore no overtime premium is paid for the expanding group of **white-collar workers.** The radical reforms were made in the 1990s in an attempt to expand the coverage to a broader domain of white-collar workers (Imai, 2011). As we analyzed in the second part of the report the emergence of *karōshi* put pressure on the labor ministry to limit overtime and better regulate workers overall working time. Despite the willingness of the administration to avoid high cost public problem such as *karōshi*, the 2018 Work Style Reform supported by the Prime Minister Abe Shinzô and the political majorities propose to further liberalize work time regulation

3. The Political Debate

The birth of work-time reform bill is directly linked with some of the main issues that Japan is dealing with since several decades. Above all, the government aim is clearly to find a solution to limit the effects of declining population on labor market and economy and

transfer of workers outside the firm and firm network" (MOL 1994a: 28, 207) especially for middle-aged and elderly workers in addition to the traditional Japanese employment practices.

enhancing productivity. According to a survey conducted by the National Institute of Population and Social Security Research, the total labor force reached its higher level in 1995 and has been continuously decreasing since that date. The total number in 2013 of workers was around 80 million. According to the estimations, this number might fall to 40 million in 2060 if total population doesn't increase[114].

In the same time the adoption happened in a context of strong critics from civil society regarding the lack of regulation on working hours and the unresolved problem of *Karōshi*. As we saw above, several scandals like Dentsu young employee suicide have had considerable impact on public opinion. Another suicide case in the company Nomura Real Estate has been discovered in March and revived critics. Discussions about the legitimacy of the bill has been also controversial because of several revelations regarding the lack of preparation of evidence support of the policy. It notably led to remove the expansion of the "discretionary labor system" (*sairyôrôdôsei*), which was actually one of the key components of the reform. Thus, it is in a particular context that this new bill has been adopted.

Japanese government itself has been the most active promotor of the bill project. Not surprisingly, majority parties structured around the PLD and the Kômeitô have played an important role of promotion of the new law. The main argument is to improve Japanese workers' productivity in the context we described above.

The business community has been calling for a kind of "white color exemption" for more than ten years. The first Abe Shinzô administration was planning to adopt a similar new regulation in 2006-2007 but ultimately gave up the project because of strong critics about links between a deregulation of working hours and concerns on a potential degradation of working conditions. Another attempt has failed in 2015 for similar reasons. The key moment has been the organization in March 2017 of a meeting among the Prime minister Abe and the top of two major organizations regarding labor issues, the Keidanren and the Rengo as major representatives of both business world and worker union. The result of this meeting has been the publication of a roadmap for the creation a global law where a large variety of issues like deregulation of working hours or new rules for improving the situation of non-regular workers will be incorporated. By the adoption of a very broad law, the aim of Abe government was to satisfy all the parties. This fact explains why the same bill provides in the same time a regulation of working hours for one part of workers and new rules like Highly professional system.

Among groups opposed to the new regulation, there are several organizations from political world and civil society. Opposition parties composed of the Constitutional Democratic Party (*Rikken Minshutô*), the Democratic Party for the People (*Kokumin Minshutô*) and the Japanese Communist Party was basically against the bill, and more specifically, against the « Highly Profession » work system. A way of distinguishing the position of each party regarding the bill is to focus on the name used to call it. The parties opposed to the bill used to call it the "the zero overtime payment bill" (*Zangyôdai Zero*) while majority parties simply called it « Highly Profession » work system.

Debate at the Parliament concretely started on 6 April 2018 after the bill project has been approved by the Government Council. The discussion focused more specifically on four topics related to the HP work system. Until the end of the debate, opposition asked the abolition of

114. http://www.ipss.go.jp/syoushika/tohkei/newest04/con2h.html

the amendment. It is possible to summarize critics as follows: First, opposition criticized the right for government to choose which profession will be covered by the suppression of working-hour limitation by using executive decree without consulting the Parliament. The answer from the government was that a reform of the law will be necessary in case of extension of workers' category.

Second, another concern for opposition is related to the wage of workers concerned by the bill. The suppression of working hour regulation is now limited to wages above 10,75 million yen. Opposition parties claimed that there was no guaranty that this limit won't be revised downward in the future.

Third, the law requires the companies to guaranty at least 104 days off per year for targeted workers. The opposition denounced the lack of regulation regarding working hours during a shorter period and the fact that concretely nothing prevents the accumulation of long working hours until 100 hours of overtime a month. The government responded that workers will keep the right to decide themselves their working time.

Fourth, for being applicated an agreement between the worker targeted by HP work system and his company has to be signed by both part before the application of the new working rules. The opposition highlighted that some companies could apply pressure on workers for making them choose to work under this system. To this critic, the government acknowledged that it was necessary to think about a way of control the agreement but without adding indication.

After around two mouth of debate and a first acceptation at the Lower House the 25th of May, the bill has been eventually adopted the 29th of June 2018, thanks to the coalition between LDP-Kômeitô and the Association for Japan Restoration (*Nihon Ishin no kai*) at the Upper House.

E. Some Reactions in the Press

Work-style reform bill has been largely discussed by the major newspapers all around the country. If a large majority of commentators share the view of a necessary reform, positions diverge on certain points of the legislation. Some of them may be seen positively while others are strongly criticized. Major newspapers' comments reflect the increasing polarization of the debate among civil society. Most of the critics focus specifically on the deregulation of working hours for specialized and managerial positions related to the « Highly Profession » work system (HP work system).

The Nihon Keizai Shimbun welcomed positively a large majority of initiatives included in the Work Style Reform bill. In an editorial published the 28 May 2018[115], as the major economic newspaper, the Nikkei brings to the fore the new means provided by the legislation. According to the newspaper, it will allow to improve national productivity. The HP work system is conceived "as a way to get out from the hourly wage system" and is a "way for Japanese companies to deal with issues like the digitalization and the globalization of the economy".

Traditionally closed to the government regarding public policy, the Yomiuri Shimbun globally applauded the initiative provided by the work-style reform bill. In an editorial published June 1st 2018[116], the biggest newspaper in the world declared that one of the legislation main

115. https://www.nikkei.com/article/DGXKZO31026510X20C18A5PE8000/
116. http://www.yomiuri.co.jp/editorial/20180531-OYT1T50141.html

merit is “to enhances working conditions for non-regular workers” and “must be enacted”. On the other hand, the newspaper is particularly harsh to opposition who fought for removing the HP work system from the legislation. It also criticized the mistakes committed by MHLW officials during the preliminary rapport on which the bill has been prepared.

While recognizing the necessity of a new regulation on working hours, the Mainichi Shimbun shows is skepticism by spotlighting the internal contradictions of the bill. In an editorial published the 23 May 2018[117], the newspaper says « there is a risk that managers use HP work system to compensate the increase of salary cost generated by the « Equal work, Equal pay » principle and the better protection of non-regular workers.

Among the national newspaper, Asahi Shimbun takes the most critical stance by looking on each legislation defects. In an editorial published the 6 June 2018, the newspaper declares that « nobody knows for who the legislation is beneficial to[118] ». When a large majority of newspapers welcome the « Equal work, Equal pay » principle, the Asahi claims discussions in the lower chamber on this topic are not enough. It also criticizes the decision of Prime Minister Abe to refuse a meeting with the mother of Takahashi Matsuri, the young employee of Dentsu who suicided in December 2015.

A large majority of main regional newspapers adopted a position generally critical of the bill, especially regarding to the « HP » work system and the fact that government positions remains unclear on the definition of the so-called « high-professional ».

117. https://mainichi.jp/articles/20180523/ddm/005/070/171000c
118. https://digital.asahi.com/articles/DA3S13524957.html

Conclusion

This report highlighted that if wages and job security remain important issues for Japanese workers, regular workers' well-being is strongly correlated with working time, whereas non-regular workers' well-being at work is more strongly correlated with "**job status"**. In fact, working time is an important factor of stress for regular workers as it is correlated to well-being indicators such as overwork, physical and mental health troubles, stress. As Japanese employees working longer hours fail to achieve a sustainable **work-life balance**, **the number of working hours** remains a key factor impacting the perceived equilibrium between expected and actual work-life balance.

In the case of non-regular workers, as they do not benefit from the same advantages as regular-workers (income, fringe benefits, carrier path, access to formation and job security) labor market inequalities based on status expanded with the increase of non-regular workers and represent a factor of well-being deterioration.

As we have analyzed in the first part, labor market transformations resulted in higher contingent workforce utilization and a higher turnover that generated an increase in the associated regular workers' workload. Thus, more than two decades of labor market deregulation policies have not contributed to improve workers' well-being nor for regular workers either for non-regular workers.

In parallel of labor market structural reforms, the Japanese government implemented several public policies to address different social issues such as child rearing, work-related physical and mental health troubles and equal work opportunity for women. In the second part of the report we analyzed three laws in details (the 2003 Act on Advancement of Measures to Support Raising Next-Generation Children, the 2014 Act on Prevention of *Karōshi* and the 2015 Act on Promotion of Women's Participation and Advancement in the Workplace). If these laws address the political concerns prevailing at the time: a better working-management for parents, a reduction of *karōshi* cases and the improvement of women's positions in the labor market, the demographic issue was one of the key factors behind the political impulse for change. Thus, economic considerations drove these legislative changes and it explains why their impact on workers well-being's improvement was lower than expected.

However, recent surveys, showing that shorter working hours increase **labor productivity,** provide new insights for business. The third part of the report shows that some Japanese companies did not wait for new laws that might improve employees' well-being, and instead came up with various initiatives on their own that go beyond public policy.

To summarize, workers' well-being may be improved depending on the nature of coordination between the state, firms and workers. Implementation of reliable and effective measures for well-being is a long and complex process as it involves acting structurally on the employment conditions. That is why, despite a 2010 decade rich of auspicious laws, the effects still seem to be delayed. Moreover, as well-being is a multi-factorial phenomenon, it will not improve the same way in every company. This explains the diversity of the initiatives we have presented: working hours management (a 4 days-week with Uniqlo, the famous "Morning-Focused working system" at Itochu or the 9 styles of work at Cybozu), special care leave (for children or elderly and even to return to his/her family town), teleworking ... Which shows to what extent time and

schedule management are a central issue for workers. But stress also plays a crucial part. For instance, overtime appears to be much more bearable for parents who benefit from a child-care facility, knowing that couples with two regular workers are the most subject to stress.

As it happens, our analysis should not forget a third actor and the most concerned: the workers. It can be assumed workers will always prefer a company that cares about their well-being. Regarding all the measures we went through along this report, workers actually tend to express some preferences toward one of them: the fringe benefits, which cover many areas. All in all it makes sense. Although we had to depict the reality of working conditions in Japan, the reader should not consider that gloomy picture to be those of the many. As others industrialized countries, Japan owns a majority of workers that enjoy good working conditions and are happy to go to work on a daily basis. Those whom probably rely on a good relationship with their direct manager and coworkers, allowing to easily and informally manage their schedule according to family obligations. For these workers, the legal process we went through might not have many impacts on their working style. Nevertheless, they may have expectations, even not yet worded as such. Thus, the fringe benefits come to fill ancillary needs - which may seem secondary - but with very effective impacts on well-being enhancement. Above all, fringe benefits can adapt to each employee, to his/her status, needs, moment of the career... This adaptability is well understood by companies who adopt this additional remuneration mode. So that fringe benefits will quickly become an essential element of Japanese employees' life.

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