

JAPAN

Country Report for APFHRM

13 May, 2024

<https://www.jshrm.org/>

jshrm

日本人材マネジメント協会
Japan Society for
Human Resource Management

Executive Summary

jshrm has redesigned our Country Report to make the Japanese labor market more intuitive and understandable to HR professionals from other countries.

The main themes are the same as before: 1) Current Economic & Political Situation, 2) HR Challenges in Japan, and 3) JSHRM Activities.

In particular, HR Challenges focuses on the characteristics of Japan's labor market and the following hot topics:

- Diversity
- Globalization and Foreign Employees
- Human Capital Disclosure & Corporate Governance
- HR Related Qualification
 - “Sharoushi” (Labor and Social Security Attorney)
 - “Career Consultant”

In addition, jshrm has developed a body of knowledge that human resources professionals should acquire, and has continued to serialize it in human resources specialized magazines.

Current Economic & Political Situation

Summary of key statics

- Wage increase 5.24% (2024, reported by Japanese Trade Union Confederation)
Highest ratio in these 33 years.
- Inflation rate 2.2% (2024, estimated by IMF)

- GDP(constant prices) +0.855% (2024, estimated by IMF)
- GDP per capita 33,138 USD (2024, estimated by IMF)

- Unemployment rate 2.5% (2024, estimated by IMF)
- Jobs to applicants ratio 1.31 (2023, by MHLW)

Japanese Labor Market

- High new-grads jobs to applicants ratio 1.75 (for 2025 new grads) (by RECRUIT Works Institute)
- Emerging of mid-career hiring
Job change ratio of “Regular employee”(=typical regular permanent full-time employee), was increasing 0.3 percentage points to 2.6% in 2023. This was higher than 2.5% in 2006, 2007. This was highest ratio from 2002 to 2023.
- Largest bank, Mitsubishi-UFJ Financial Group, the typical traditional Japanese company, planned mid-career hiring more than new-grads recruiting, in 2024, for the first time. (by Nikkei)

Labor law and Regulation

■ Promotion of employment for elder workforce

- Currently, mandatory retirement for regular employees can be at age 60, however government guideline enforces employment up to age 65 (mandatory at April 2025) and up to age 70 (duty of effort).
- The extension of employment period can be in an alternative way other than mandatory retirement age extension : re-employment after retirement, opportunity provision to work at subsidiaries, etc.

■ “Equal pay for equal work”

- After a series of Supreme Court decisions in 2020, this is one of the biggest concerns in HR area, especially I these two aspects :
 - ⇒ Ø Pay gap between regular full-time (no definite employment period) vs. fixed-term
 - ⇒ Ø Pay gap before/after mandatory retirement
- The latter earns more focus under government direction to extend employment period mentioned above.

■ Anti-harassment movement

- On top to existing labor related laws (i.e. Labor Standard Law, Equal Employment Act, etc.) “Anti workplace-harassment Law” enacted in 2022. This comes from increased occasions of death from overwork (KA ROU SHI) or mental disease caused by workplace environment.

- Various harassments at workplace is one of the focused topics : Power-harassment, Gender-harassment, etc.

HR Challenges in Japan

Diversity

Figure1:Percentage of foreign workers, by country (2021)

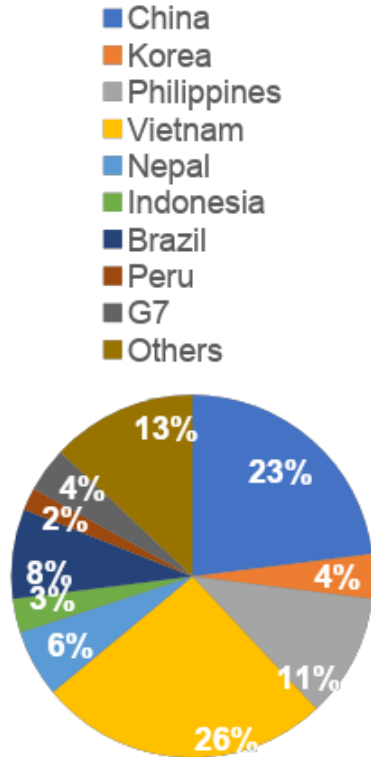
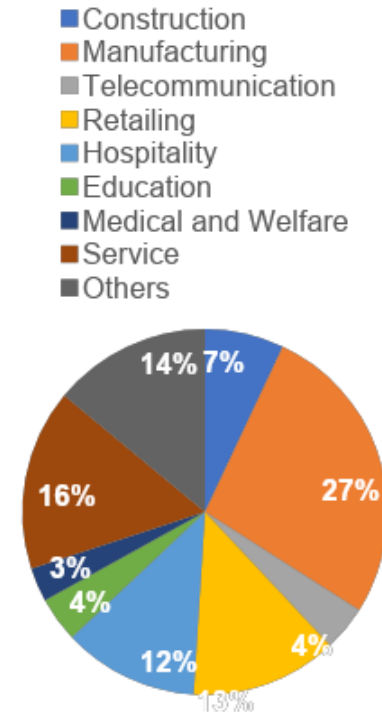


Figure2:Percentage of foreign workers, by industry (2021)



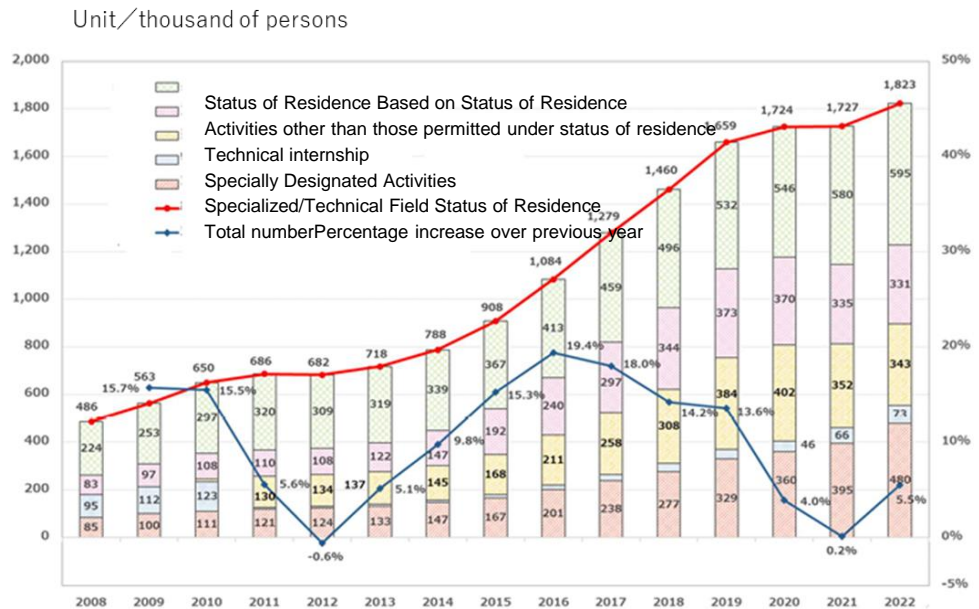
As of 2021, there are 1.74 million foreign workers in Japan. Workers of Vietnamese nationality are the most numerous, followed by workers of Chinese nationality. The high number of Vietnamese nationals in the workforce is influenced by the technical intern trainees. By Industry, manufacturing has the highest percentage. [We need to create a good working environment for all nationalities.](#)

Globalization and Foreign Employees

Foreign Employment Situation in Japan (2022)

The number of foreign workers is approximately 1.82 million. The number reached a record high.

- The number of foreign workers is 1,822,725.
- The number of business establishments employing foreign nationals in Japan is 298,790, with the capital, Tokyo, having the largest number, followed by Aichi Prefecture and Osaka Prefecture.
- By industry, "wholesale and retail" accounted for 18.6% of all establishments. "Manufacturing" accounted for 26.6% of the total number of workers.



- Business establishments with "less than 30 workers" accepted the largest number of foreign workers, accounting for 61.4% of the total number of establishments and 35.8% of the total number of foreign workers.
- By nationality, Vietnam accounted for the largest number of foreign workers at 462,384 (25.4% of the total number of foreign workers), followed by China at 385,848 (21.2%), and the Philippines at 206,050 (11.3%).

Human Capital Disclosure & Corporate Governance

September 2020 Ito Report for Human Capital Management

(Final Report of the Study Group on Sustainable Corporate Value Enhancement and Human Capital, Ministry of Economy, Trade and Industry)

The report explains it is essential that business models, management strategies, and human resource strategies be linked to achieve sustainable corporate value enhancement, as the primary source of a company's competitiveness is its human resources.

June 2021 Revision of Corporate Governance Code

(Guideline for listed companies jointly compiled by the Financial Services Agency and the Tokyo Stock Exchange).

From the perspective of human capital management, companies are required to ensure diversity in their core human resources, develop human resources development policies to ensure diversity, and disclose their internal environment development policies and implementation status.

May 2022 Version 2.0 of Ito Report for Human Capital Management

(Report by the Study Group on Long-Term Investment for Sustainable Growth (ESG and Intangible Assets Investment), Ministry of Economy, Trade and Industry)

The report presents actions to be taken, their importance, and effective measures to be taken to implement them in human capital management.

August 2022 Guidelines for Human Capital Visualization (Cabinet Secretariat)

Focusing on how information on human capital should be disclosed to the capital markets, the guidance comprehensively outlines the direction of action, including how to utilize existing standards and guidelines.

March 2023 Mandatory disclosure of information in securities reports

Expanded and mandatory disclosure of human capital and diversity-related information. Disclosure of "strategies" and "indicators and targets" regarding human capital diversity, talent and organizational development policies, and the content of indicators become mandatory. Specifically, "the ratio of female managers," "the rate of male employees taking childcare leave," and "the wage gap between men and women" based on the Law for the Promotion of Female Success, etc. are now required.

HR Related Qualification_1

I . “Sharoushi” (Labor and Social Security Attorney)

“Sharoushi” (Labor and Social Security Attorney) is a legal specialist based on the Act Concerning Labor and Social Security Attorneys (Sharoushi Act) of 1968.

” The major services provided by “Sharoushi” are as follows;

- a.Preparation and submission of Documents designated by law
- b.Bookkeeping designated by law
- c.HR Consultation/ Advisory Services
- d.Payroll Calculation
- e.ADR (Alternative Dispute Resolution)



For more detailed information, please refer to the English version available on YouTube by the Japan Federation of Labor and Social Security Attorney’s Associations.

■Sharoushi, labor and social security attorney, system in Japa

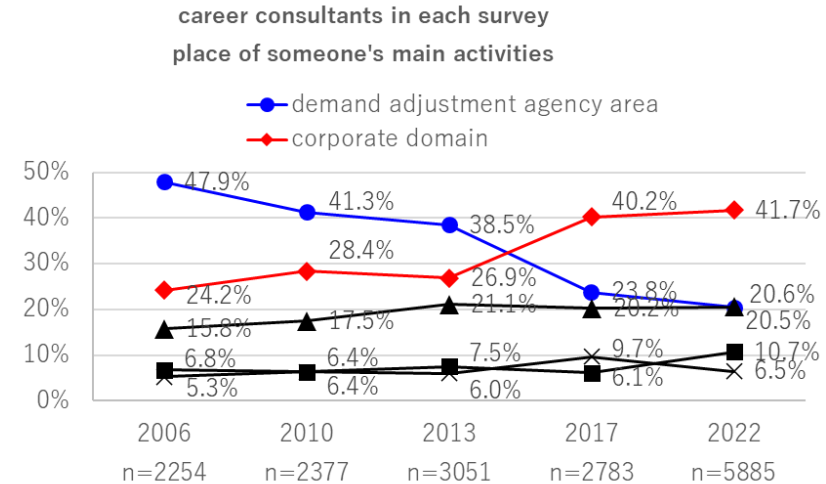
<https://www.youtube.com/watch?v=SN3-DQEPBuo>

HR Related Qualification_2

II. ““Career Consultant””

Definition of Laws and Regulations

- * Related Laws: Human Resources Development Promotion Act
- Career consulting: Providing consultation, advice and guidance to workers concerning their choice of occupation, vocational life planning or development and improvement of their vocational abilities.
- Career Consultant: A person who engages in the business of providing career consulting services under the name of Career Consultant.

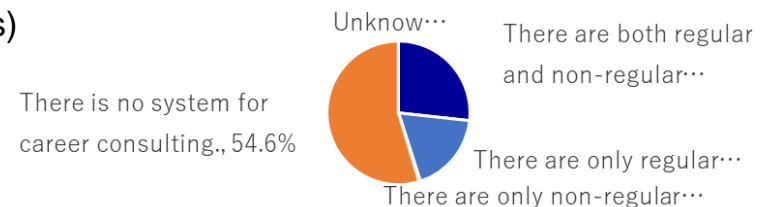


Source: Labor Policy Research Report No. 227 Survey on the activities of those registered as second career consultants
<https://www.jil.go.jp/institute/reports/2023/0227.html>

Point

- 1) Career Consultant became a national certification in 2016.
 - * It is a public qualification with a monopoly on the name.
 - * Qualification is granted upon completion of a training course (150 hours) approved by the Minister of Health, Labour and Welfare or three years of related work experience.
 - * There are two examinations: a written exam and a practical exam.
 - * The number of registered consultants is 72,534 (as of February 2024).

Implementation of Career Consulting



Source: FY 2022 Basic Survey on Capacity Development
https://www.mhlw.go.jp/stf/houdou/newpage_00127.html

- 2) Areas of activity of career consultants

- * In the past, the largest number of career consultants worked in the area of supply-demand adjustment organizations, but currently the largest number work in the area of companies.
- * The 11th Basic Plan for Human Resource Development (FY2021-FY2025) formulated by the MHLW outlines the direction of "promoting workers' autonomous and independent career development".

JSHRM Activities

Develop and publish of “HRM Knowledge System”

- ❑ jshrm developed the “HRM Knowledge System”, body of knowledge, to help Japanese HR professionals learn HR knowledge from a holistic and optimal perspective.
- ❑ We **published** a series of instructional articles in a specialized magazine for HR professionals over a period of 20 months.
- ❑ The **courses** conducted by jshrm are based on this “HRM Knowledge System”, and we are planning a project to grant **qualifications** in the future.

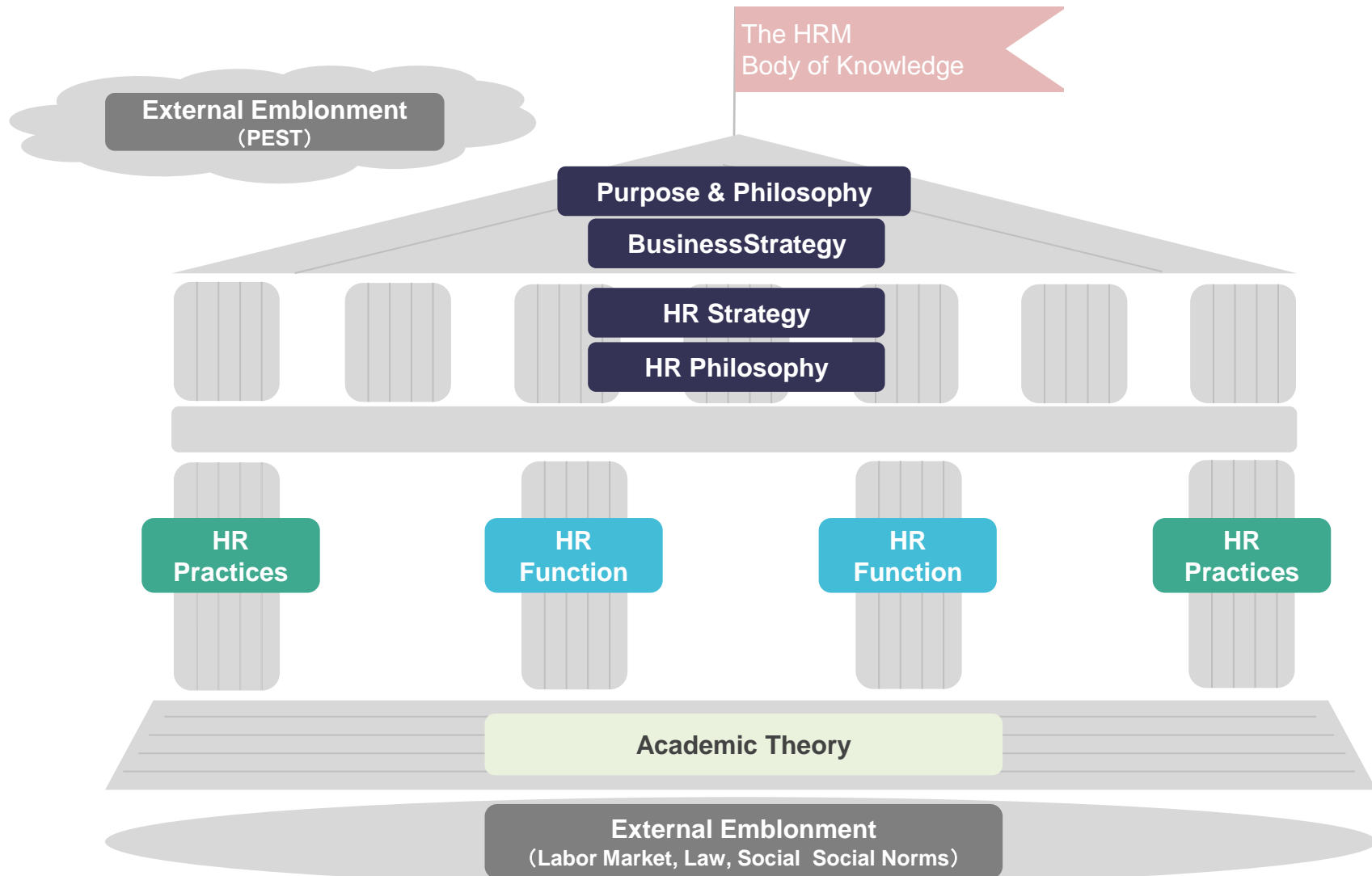
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0	2022 Oct.	Reskilling of HR Professional
1	Nov.	Role of HR Dept.
2	Dec.	Business Strategy & HR Strategy
3	2023 Jan.	Human and Labor Philosophy
4	Feb.	HR philosophy and employment
5	Mar.	Relationship between the four core HR functions
6	Apr.	Core Function:Employment Category
7	May.	Core Function:Grading System
8	Jun.	Core Function:Achievement Management
9	Jul.	Core Function:Total Reward
10	Aug.	Organizational Management: Workplace Planning & Job Design and Development
11	Sep.	Organizational Management : Organizational Development
12	Oct.	Talent Management : Recruitment & Assignment
13	Nov.	Talent Management : Talent Development
14	Dec.	Talent Management : Performance Appraisal
15	2024 Jan.	Talent Management : Compensation
16	Feb.	Talent Management : Exit Management
17	Mar.	Practice:Labor Policy
18	Apr.	Practice:M&A
19	May.	Practice:HR Tech,DX
20	Jun.	Overview



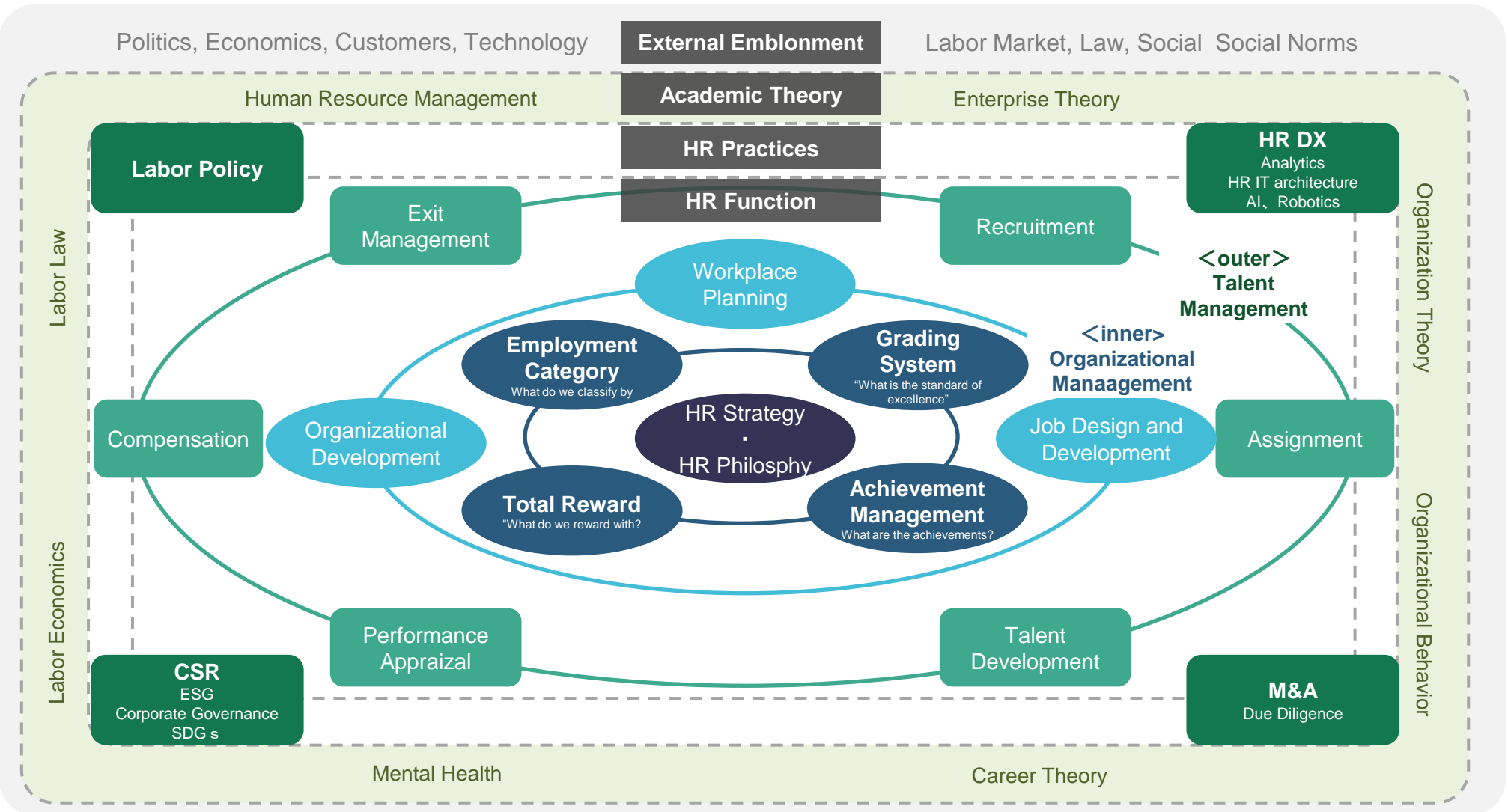
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https://www.jshrm.org/jshrm_book

jshrm HRM Knowledge System



HRM Knowledge Map

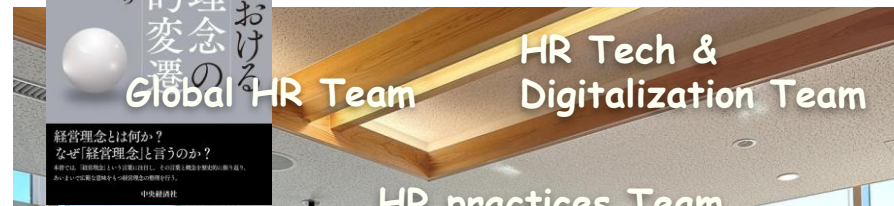


Voluntary Study Groups

One of the most significant features of jshrm is the variety of voluntary study groups that are quite active.

Any jshrm member is free to start up an independent study group.

Because of the wide range of areas covered by HRM, members are able to join any groups of their peers who share their interests.



Conference 2024

- JSHRM's annual event
- Planned on October 26th 2024
- Main theme : “Organizational Innovation”
- Key notes :
 - Prof. Funazu (Tokyo Univ.)
 - Mr. Soyama (CHRO of Cyber Agent)