

## **Summary (Enhancement of the effects of employment policies)**

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### **I. Common measures for the promotion of employment**

- (1) Vocational capacity building through education and training
- (2) Tax systems and social security systems that contribute to the promotion of employment and are impartial regardless of the form of employment
- (3) Improvement in the function of the means of adjustment between the supply and demand in relation to the labor force
- (4) Increase in opportunities for employment through macro policies and industrial policies

### **II Individual measures**

#### **II-1 Young people**

- (1) Present situation of young people
  - Many casual employees wish to become regular employees. (Fig. 1)
  - There is a possibility that young people who start their careers as non-regular employees just after their graduation will remain in the same status. (Table 1)
- (2) Response by the government
  - Recent multifaceted policies → 225,000 regular employee positions were created in the year up to April 2006.
- (3) Enhancement of the effects
  - Early measures  
Use of information on the career choices for graduates available in their schools in order to support their employment
  - Measures to support habitual casual employees  
Provision of training by enterprises first through trial employment, and then the provision of any focused training required, based on an evaluation of their capacities elucidated in the preceding training
  - It is not wise to choose between either practical vocational training or basic capacity building.

#### **II-2 Elderly people**

- (1) Present situation of elderly people
  - Elderly men in Japan are highly motivated to work in comparison with elderly men in other countries.
  - Many of them are highly motivated to work due to their economic circumstances.

(Fig. 2)

(2) Response by the government

- The continuation of employment until age 65 has become obligatory in order to fill the gap between retirement (60 years old) and the start of the payment of pensions (gradual postponement until 65 years old).
- Basic benefit system for the continuous employment of elderly people in order to mitigate the reduction in remuneration for prolonged employment
- Increase in the number of “Enterprises where people can work until age 70” is one of the labor policies for FY2007.

(3) Enhancement of the effects

- Many enterprises recognize the vocational capacities of people aged 60 or over. (Table 2)
- In order to increase employment opportunities, the following were required: (a) shift from an age-based remuneration system to a results-based remuneration system, (b) improvements in the subsidy system to facilitate the employment of elderly people, and (c) flexibility in the working days and hours.
- It is necessary for enterprises to change their awareness of the vocational capacities of elderly people.

### III-3 Women

(1) Present situation of women

- Seventy percent of women who had an occupation one year before childbirth turned into women without an occupation half a year after childbirth. (Fig. 3)
- The predominant reason for the difficulty women have in achieving continuous employment is childcare. (Fig. 4)

(2) Response by the government

- Although many women take childcare leave, less than one percent of men take this leave.
- The government has increased the number of children who can be accepted at day nurseries by 400,000 over the past decade. However, not a few children are still having to wait for acceptance.
- The number of woman managers has been increasing, and the motivation of women to work has been enhanced since the establishment of the Equal Employment Opportunity Law for Men and Women. In actuality, many managers are men.

(3) Enhancement of the effects

- Childcare leave, support from family members or the participation of the husband in childcare cannot by themselves raise the employment rate for women after childbirth.
- In order to ensure continuous employment for women, it is necessary to combine these factors, for example, childcare leave and childcare services, and childcare leave and support from family members. → It is essential to increase the number of children who can be accepted by day nurseries.
- Measures need to be taken from the viewpoint of a work-life balance, taking into

consideration the achievement of a comfortable life, vocational training for women out of work, the introduction of a system of free choice in the form of work, the introduction of a system for part-time regular employees, and equal treatment as a presupposition for this introduction.

### **III. Impact of policy measures on the labor force**

- Comparison between two hypothetical cases  
Participation in the labor force is not promoted (Labor force participation rates by sex and by age remain at the same level as in 2004)  
Participation in the labor force is promoted (Estimation by substituting the target figure in a policy variable in a regression model)
- Since the impact of the reduction in the population is significant, a reduction in the labor force is unavoidable over the long term. However, it is estimated that the number of employees will increase by three million in 2015 and by 5.1 million in 2030 by implementing various policy measures. (Fig. 5)

### **IV. Factors associated with the demand for labor**

- Severe restriction on financial expenditures due to the huge government debt → Locally proposed projects for the creation of employment and the local development of employment with the presupposition of the selective distribution of subsidies are important as measures for the creation of labor demand.
- An increase in labor demand will have secondary effects, including voluntary choice of the form of work and the facilitation of institutional reforms towards a better work-life balance.