

The Japanese economy: topic of the month

The positive effect and challenges of Japan’s work style reform

Haruka Kazama, Senior Economist, Economic Research Department

The work style reform-related bills will come into force on April 1, 2019. Among the scheduled reforms are the review of the upper limit on working hours, ensured use of annual paid leave, and the establishment of a new category of employees referred to as “highly professional employees”. There are two facets to these reforms. One is to upgrade the quality of life and health conditions of workers through the diversification of work styles. The second facet, from the perspective of employers, aims to raise productivity while securing necessary manpower amid the aggravation of Japan’s labor shortage.

Corporate efforts regarding work style reform currently center around the reduction of working hours and promotion of annual paid leave (Chart 1). The results of a survey conducted toward employees reveal the decrease of working hours and the facilitation of paid leave as positive changes stemming from work style reform (Chart 2). On the other hand, in comparison with the two foregoing facets, there is scant sense of

[Chart 1: Efforts regarding work style reform (survey of business establishments)]

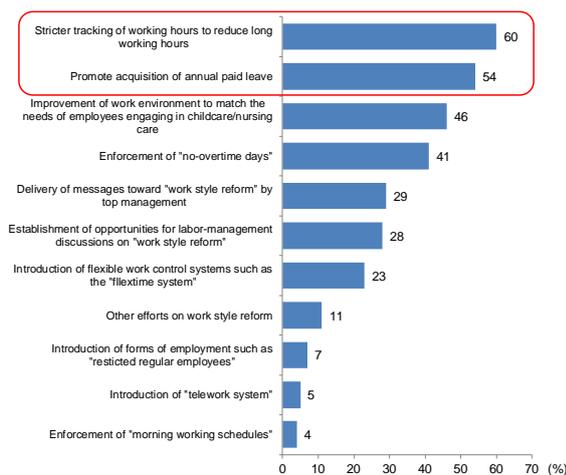
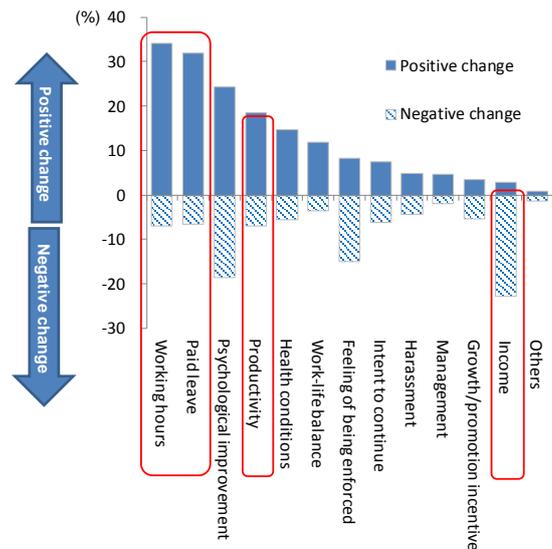


Chart 2: Changes due to work style reform (survey of employees)]



Source: Made by MHRI based upon Ministry of Health, Labour and Welfare, *Survey on Labour Economy Trend* (November 2017)

Note: Ratio of responses based upon multiple responses. The “negative change” is on a reverse scale.

Source: Made by MHRI based upon NTT Data Institute of Management Consulting, Inc., “*Hatarakikataikaku 2018 tekunoroji no katsuyo to roudojikan ni kansuru ishiki*” (Work style reform 2018 attitudes toward utilization of technology and working hours)

improvement regarding productivity. Furthermore, there are many employees who cite the fall of income (overtime payments) as a negative change. It appears that many corporations are taking steps to reduce working hours ahead of other efforts. Looking forward, it will be important to raise productivity through work style reform, and to devise ways to feed back its benefits toward employees.

Some of the necessary steps to raise productivity would be the promotion of operational efficiency through the review of business operations and utilization of IT tools, upgrade of workers' skills through recurrent education/training, and success in innovation through diversity.

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