

AOTS Labor Situation Symposium

**Labor Situation and Post-Covid Human
Resources Strategy in Japan**

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Today's topics

- **Overview of current labor market situation and labor policies in Japan**
- **Overview of the introduction of teleworking in Japan during the Covid-19 pandemic**
- **Discussion on how the development of teleworking will affect the way in which people work**

Characteristics and Challenges of Labor Economy in Japan

Declining birthrate, aging population, and a natural decrease in population

(Estimates by National Institute of Population and Social Security Research)

	2015	2065
Population	127.09 million	88.08 million
Percentage aged 65 and over	26.6	38.4

(Note) According to this estimate, Japan's population will decrease by 790,000 people each year.

Covid-19 and the labor market and labor policies

Changes in the unemployment rate and its characteristics

2.2% (Dec. 2019)

3.1% (Oct. 2020) 14.7% (USA)

2.7% (Dec. 2021)

2.6% (Jun. 2022) 3.6% (USA)

cf. Stable at a low level compared to fluctuations in US levels

Covid-19 and the labor market and labor policies

- The reason why Japan's unemployment rate remained low and stable: This was largely due to efforts by corporates to maintain employment and due to labor policies (especially **employment adjustment subsidies**).
- The Employment Adjustment Subsidy Scheme supplements work leave allowances for companies that ask their employees to take paid leave.
- As a special measure during Covid-19, SMEs can receive payments of 90% of their wage bill (100% in special cases), and large companies 75% (100% in special cases).
- Due to the effects of Covid-19, the determined amount of employment adjustment subsidies has exceeded 4 trillion yen (government statistics as of July 2021).

Teleworking implementation status

(Large companies N = 335 people, SMEs N = 418 people, status for the past year)

- Workers who teleworked **from home**: 38% (large companies: 47.8%, SMEs: 22.4%)
- Workers who teleworked from **satellite offices**: (large companies: 5.7%, SMEs: 2.9%)
- Workers who have never teleworked: (large companies: 49.0%, SMEs: 72.5%)
- Of those who have teleworked (38%), **those wish to continue teleworking**: (Total: 66.4%, large companies: 68.4%, SMEs: 63.5%)

Source: Ministry of Internal Affairs and Communications (2021) “Survey and research on the actual state of digital utilization and changes in user awareness during Covid-19”

Telework implementation rate growth

Observed using different data (nationwide average, surveying full-time employees)

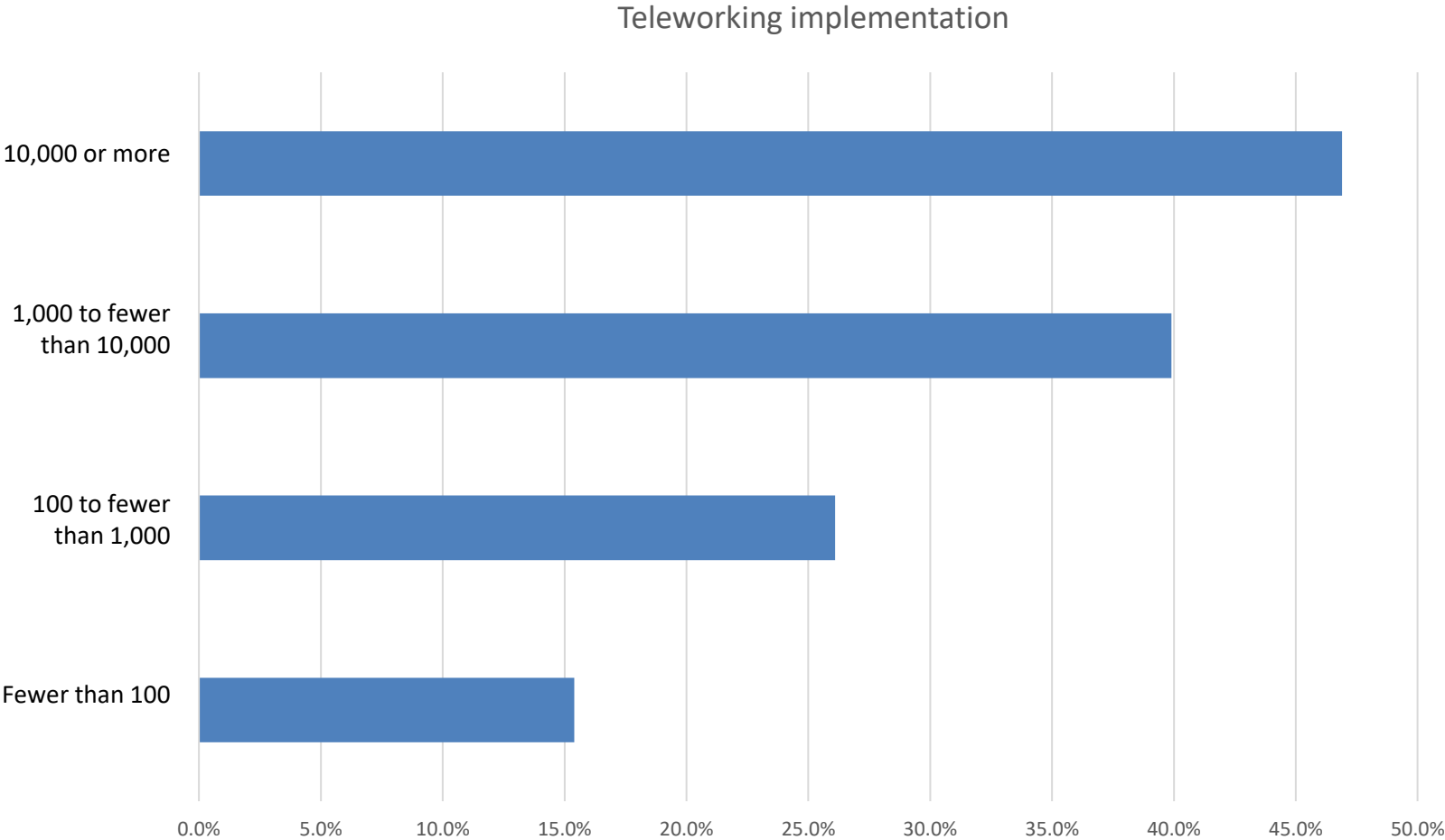
- March 2020 13.2%
- April 2020 27.9%
- July and August 2021 27.5%
- February 2022 28.5%

Source: Persol Research and Consulting Co., Ltd. (March 1, 2022)

Teleworking implementation rates (as of February 2022)

(By corporate size, full-time employees N = 20,490 people)

Source: Persol Research and Consulting Co., Ltd. (March 1, 2022)



Disparities in teleworking implementation rates among industries and occupations (as of February 2022)

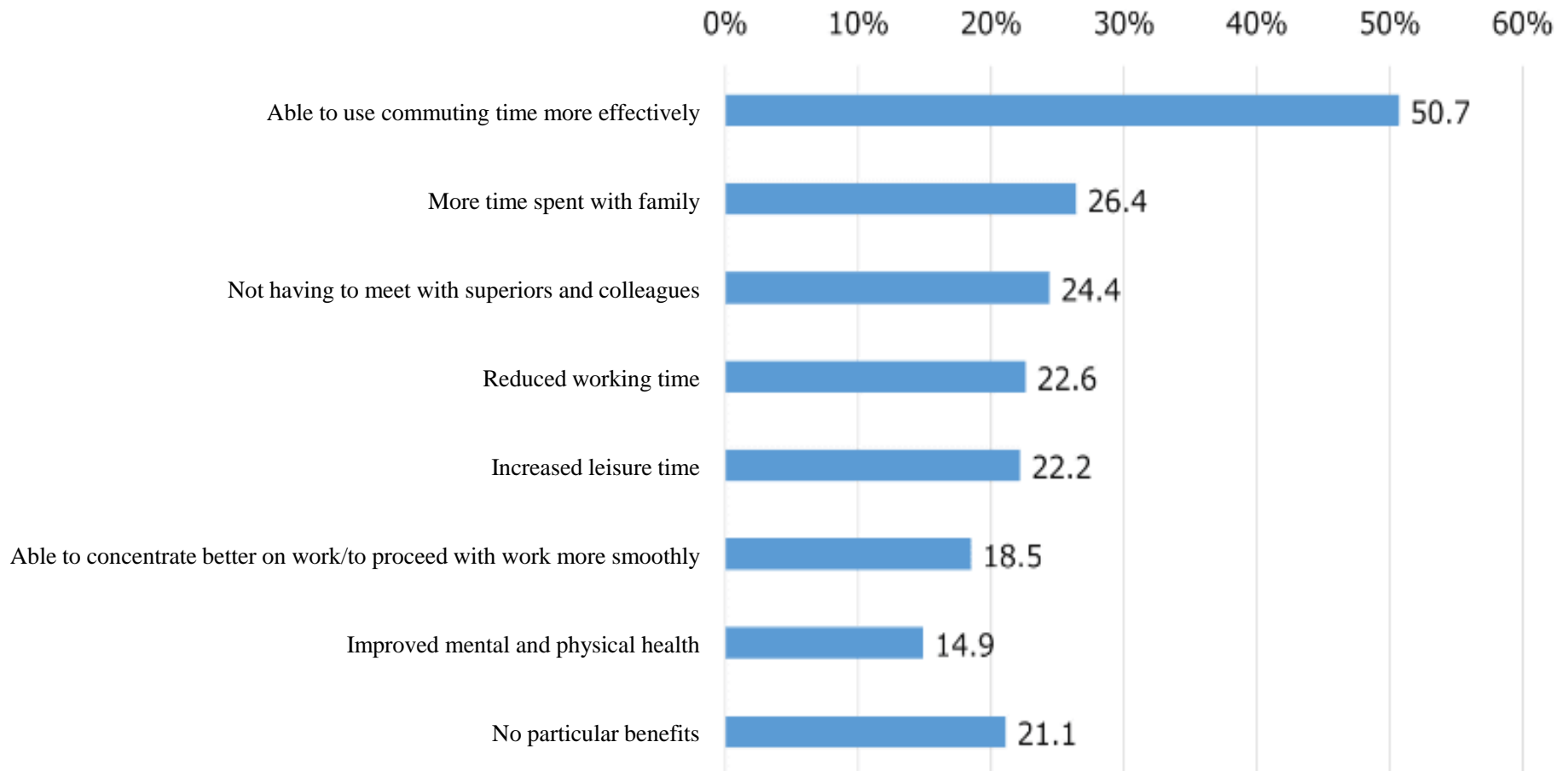
(By corporate size, full-time employees N = 20,490 people)

Source: Persol Research and Consulting Co., Ltd. (March 1, 2022)

- **By industry:** information and communications: 63.0%, specialist services 43.8%, financial and insurance 36.0%, ... accommodation and catering services 10.2%, medical, care and social welfare 7.0%
- **By occupation:** web-based and creative occupations 76.9%, IT technical 65.5%, planning and marketing 61.4%, ... manufacturing (assembly and processing) 4.5%, social welfare specialists 4.3%, beauticians 3.5%, drivers 2.7%, infant education and nursery 1.1%

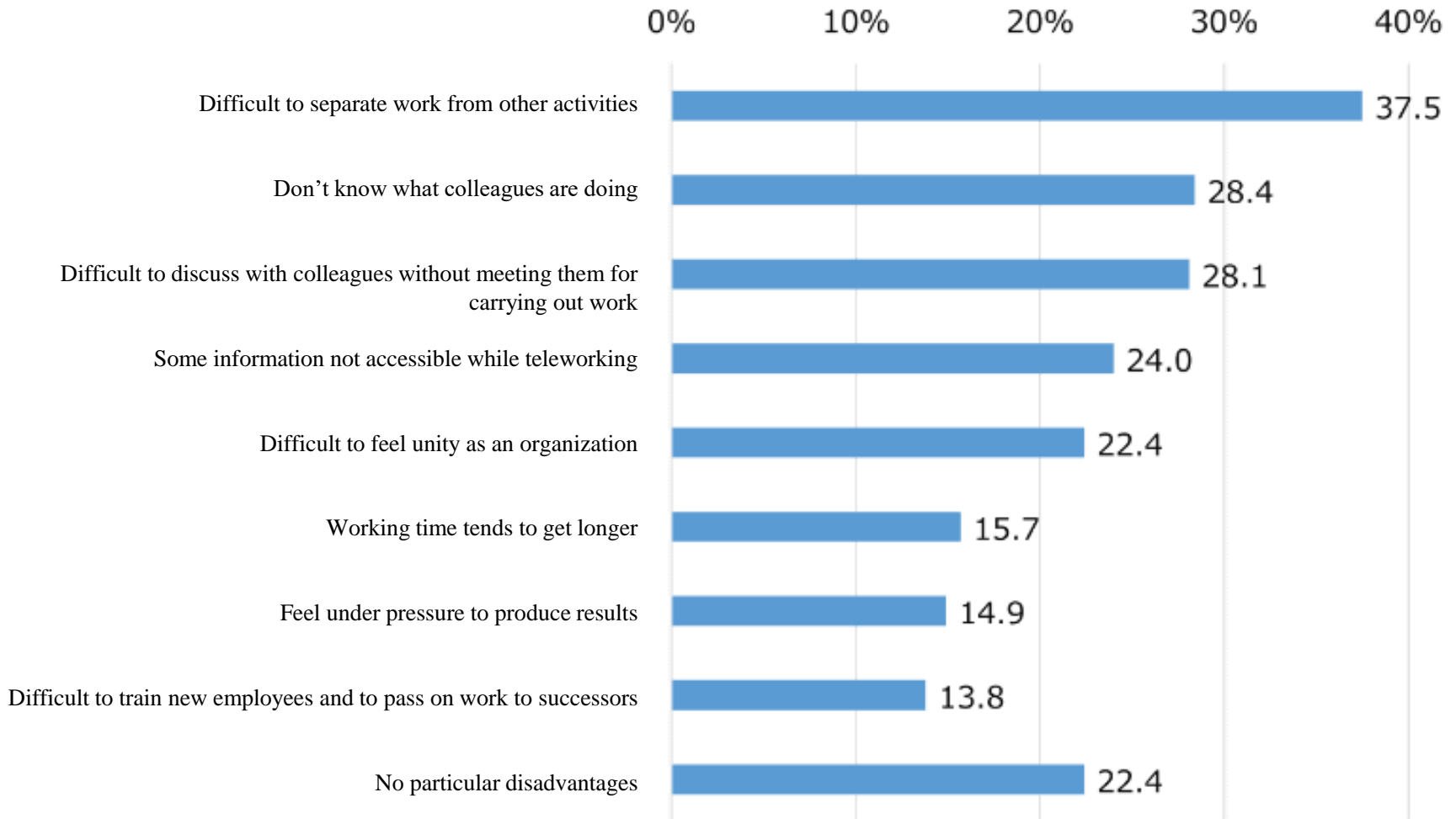
Benefits of teleworking

NTT Docomo “Mobile Society Research Institute Survey” (2022)
Surveying men and women aged 15 to 79, sample size 6,240 people



Disadvantages of teleworking

NTT Docomo “Mobile Society Research Institute Survey” (2022)



Types of work that progress more smoothly in the office or through remote work

(N = 3,000 people)

(%)

	Progresses more smoothly through remote work	No difference	Progresses more smoothly in the office	N/A
Individual work	41.1	32.5	23.3	3.2
Internal meetings	22.6	40.0	33.5	3.9
Meetings including external participants	20.2	41.1	28.9	9.7
Reporting to superiors or subordinates	18.6	43.8	35.4	2.3
Decision making	17.5	49.1	30.7	2.6
Informal discussion	15.4	35.7	46.9	2.1

Source: Okamura Corporation “Survey on changes in work styles and workplaces” (2021)

Changes in productivity due to teleworking in comparison with office working

- **According to the results of many surveys, the ratio of cases where teleworking increases/decreases work productivity is about half and half (In this case, “decrease” means that work done in the office progresses more smoothly).**
- **However, these results are related to the length of teleworking experience until now, and the current frequency of teleworking.**
- **People who teleworked before COVID-19 rated their teleworking performance more positively than those who started teleworking afterward.**
- **In addition, there has been increase in the number of people who say that, by continuing to telework and becoming accustomed to teleworking, their productivity increased ("work efficiency has increased"). (Japan Productivity Center survey)**

Factors causing work productivity to rise

- **There are significant differences in how people perceive “home as a workplace” (home as a working environment).**
- **Factors that improve productivity:**
 - => “Less likely to be interrupted at home, so concentration is better.”**
 - => “Home is relaxing and comfortable, so concentration is better.”**

Factors causing work productivity to fall

- **There are significant differences in how people perceive “home as a workplace” (home as a working environment).**
- **Factors that cause productivity to fall:**
 - => “Surrounded by family, so cannot concentrate.”**
 - => “Surrounded by distractions, so fail to get on with work.”**

In conclusion

- **Today, remote work implementation rates are falling.**
- **However, there is an increasing trend for companies that do not have a remote working option to find it difficult to attract talent.**
- **I would like to understand the situation in each of the participating countries, based on their keynote speeches.**