



JAPAN

Changes to the Japan's Labour Regulations

A highly developed free-market economy, Japan is the third largest economy in the world by nominal GDP.

As the largest electronics goods industry, it is often ranked among the world's most innovative countries and is held in high regard for producing some of the most popular electronic products and hi-tech gadgets in the world.

Overview

A recent survey found that only 52.4% of Japanese employees took paid annual leave that they were entitled to in 2018.

The Japanese Government has recently implemented measures to help end the practice of long working hours, allow for flexible and diverse work styles and ensure that all workers receive fair treatment regardless of their employment type. Employees, whether full-time, part-time or fixed-term employment should be entitled to the same legal protection and employee benefits as their full-time, permanent counterparts.

The issue of Japan's working culture has resulted in the Government's new Work Style Reform Bill, which was passed by Japan's national legislature in 2018, and went into effect in April 2019.

Outline of the "Act on the Arrangement of Related Acts to Promote Work Style Reform"(Act No. 71 of 2018)

1. Review regulations on working hours (Labor Standards Act, Industrial Safety and Health Act)

Old Regulation	Revised (New) Regulation
Overtime limit at 45 hours a month or 360 hours a year in principle	Capped at 720 hours a year or less than 100 hours a month (including work on holidays) and an average 80 hours a month for a continuous period of several months (including work on holidays) in the event of special circumstances.

Capital
Tokyo

Population
126.5 million
as at 1 Apr 2020 est

Japan

Currency
Japanese Yen (JPY)

GDP Per Capita
USD45,546
PPP, 2019 est

Exceptions on this legal cap on overtime, applies to :

Automobile drivers	The general regulations on overtime will apply to automobile drivers 5 years after the revised law comes into effect. An additional clause stipulates that the upper limit of overtime allowed for automobile drivers is set at 960 hours per year and that the government will continue discussing whether automobile drivers shall be covered by general regulations on overtime.
Construction workers	The general regulations on overtime will apply to construction workers 5 years after the revised law comes into effect. (However, the regulations limiting overtime work to less than 100 hours per month and an average 80 hours per month for continuous period of several months may not apply if workers are engaged in restoration/reconstruction from disasters. the government will continue discussing whether construction workers shall be covered by the general regulations on overtime even in the event of disaster.)
Doctors	The general regulations on overtime will apply to doctors 5 years after the revised law comes into effect. Specific overtime caps will be stipulated in the ministerial ordinance after representatives from the medical community and government offices discuss regulations on overtime hours and policy efforts to reduce doctors' overtime to reach an agreement.
Sugar producer in Kagoshima and Okinawa	Sugar producers in Kagoshima and Okinawa prefectures will be exempt from the requirements to limit overtime work to less than 100 hours per month and an average 80 hours per month for continuous period of several months for 5 years after the revised law comes into effect. (The general regulations will apply to those producers 5 years after the revised law comes into effect.)
R&D for new technologies/products	No ceiling on overtime hours will be applied to those engaged in R&D while employers are required to introduce health measures for their workers such as ensuring that workers have an interview with a doctor and substituting overtime pay with time off. Employer are required to ensure that workers have an interview with a doctor if the said workers' overtime hours exceed a certain threshold. (Revision of the Industrial Safety and Health Act)

1.1 Changes to the pay rate for overtime work exceeding 60 hours a month on SMEs

The impact on businesses is that it lifts a moratorium for SMEs on the extra pay rate (greater than 50% of regular pay) for overtime exceeding 60 hours a month

1.2 Employers shall designate 5 days of the total paid leave each year and ensure that workers who are entitled to take 10 days or more of annual paid leave take the compulsory 5 days within the designated period. Note: if paid leave is taken by workers' request or in accordance with a planned paid leave scheme, employers do not need to designate the period for those paid leave days.)

1.3 Employers shall (in principle), keep track of employee's time directly or use objective methods to check how much time an employee spent at a job site.

1.4 Revision of the flexi-time system from one month to three months.

1.5 Introduction of a system to exempt highly skilled professionals from work-hour regulations and reward workers based on performance (i.e. highly professional work system).

The system allows employers to exclude those earning at least JPY10 million per year and engaged in certain jobs requiring specialized skills and knowledge from regulations on working hours, holidays and extra pay for night work if they satisfy the following requirements: taking measures to maintain workers' health including securing at least 104 days off a year for workers and obtaining a consent from workers when employers intend to apply the system to the said workers. The labor-management committee is also required to make a decision on whether the system is applicable.

As revised by the House of Representatives :

The introduction of a provision that allows workers to refuse their consent to their status as the highly skilled professionals even though they once accepted it.

1.6 To ensure effective implementation of measures to maintain workers' health, the Act requires an employer to keep track of employees' working hours and other conditions by the method provided for in the Ordinance of the Ministry of Health, Labour and Welfare. (Industrial Safety and Health Act)

As revised by the House of Representatives :

Introduce and promote the work-interval system (Act on Special Measures to Improve Working Hours Arrangements)

2. Introduction and promotion of the work-interval system (Act on Special Measures to Improve Working Hours Arrangements)

- Employers shall provide employees a certain rest period between the end of one workday and the start of the next.
- Increase efforts by labour and management to improve working hours arrangements Resolutions made by an enterprise committee in charge of improvement of working hours arrangements are deemed a labour–management agreement on planned paid leaves. The purpose is to promote efforts for improving working hours arrangements by labour and management in each company.

As revised by the House of Representatives :

Set up a provision that requires companies to make efforts to avoid asking clients to meet a short notice delivery deadline or frequently changing the orders they have placed.

3. Expand the duties of industrial physicians and strengthen the function of occupational health services (Industrial Safety and Health Act, etc.)

- To help strengthen the role of the industrial physician and the function of occupational health services, employers shall provide industrial physicians with information
- Employers shall report details on recommendations that industrial physicians have given them to manage workers’ health (Businesses with 50 or more employees are obliged to appoint an industrial physician)
- Employers shall provide necessary information for an industrial physician to fulfil his/her tasks. (Businesses with 50 or more employees are obliged to appoint an industrial physician)

Outline of the Revision of the Part-time Employment Act, Labour Contract Act and the Worker Dispatching Act), which went into effect on April 1, 2020

1. Revised Labour Contract and Part-Time Employment Act

- “Equal pay for equal work”, which is based on the principle that rejects any unreasonable differences in the treatment of full-time employees and fixed-time / part-time / temporary employees, such as wages, allowances, benefits and education
- Commuting allowance, overtime allowance and special leave for weddings and funerals, use of the company’s cafeteria and lounge should be available on an equal basis to everyone working for the company.
- Base salaries, bonus, and pay increases are determined equally based on an employee’s skills and performance instead of the status of their employment

2. Revised Worker Dispatching Act

To ensure “Equal pay for equal work” for temporary employees, agencies that hire such employees may choose either of these options :

Option 1 A system for equality and equitability enforced by the client company	Option 2 A system according to the staff agency’s labour-management agreement
<p>A temporary agency worker receives the same treatment as the client company’s employees, who perform the same job.</p> <p>The client company needs to provide information about such treatment as it will be made compulsory by law</p>	<p>The treatment may be determined if the Agency’s labour-management agreement meets these 3 requirements :</p> <ol style="list-style-type: none"> 1. Wage level is equal to, or higher than that of other employees performing the same job. 2. A temporary agency worker’s skills and abilities are properly evaluated and reflected in his / her wages to help with his / her career development. 3. The treatment that a temporary agency worker receives, other than wages, is not unreasonable compared to that given to the agency’s permanent employees

2. Measures in Place

(a) Establish rules and regulations

- **Fixed term workers**
Employers are obliged to provide equal treatment with regular employees if (a) their duty and (b) the scope of shift in duties and personnel positioning is equal to that of regular employees

- **Dispatched workers**
Business operators must provide such workers with either (a) equal and/or balanced treatment with employees in dispatch destinations or (b) treatment based on a labor-management agreement that fulfil certain requirements such as ensuring a wage equal to or greater than the average pay for comp

- Legal basis for guidelines on such matters be put in place

(b) Full accountability by employers on working conditions

Employers are obliged to explain to part-time, fixed-term and dispatched workers if there are gaps in the treatment of such employees, how and on what grounds are such working conditions different from those of regular employees.

(c) Introduction of administrative measures

These ensure enforcement and Alternative Dispute Resolution (ADR) by the Government to address conflicts over balanced treatment and accountability about how and on what grounds the treatment is different

In summary :

Role of the Government	Employers Responsibilities
<p>In addition to the current employment-related measures, the Government will also</p> <ul style="list-style-type: none"> • Introduce a basic policy (Cabinet decision) • Help reduce working hours and improve other working conditions • Ensure balanced treatment for workers having different employment status or those choosing different types of employment • Introduce a wide variety of work patterns • Achieve work-life balance (parenting, nursing care, medical treatment) 	<p>Employers are required to take steps to provide employees with a better working environment that allow them to choose a working style from various options, according to the employees' willingness and abilities while balancing work and life.</p> <ul style="list-style-type: none"> • Possible efforts include reducing working hours and improving other working conditions • Full accountability by employers deemed mandatory by law • Legislation that employers will need to abide by

Source:

[Economy of Japan](#) | [Japan Staffing Services Association](#) | [BBC](#)

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