

Exploring the Reform of Japanese Labor Practices

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Abstract: In order to revitalize the Japanese economy, the second Abe Cabinet implemented an economic reform plan known as the "Three Arrows," with labor practice reform being an important component. To improve the relatively poor working conditions of employees, uphold their dignity and legal rights, and promote a positive cycle of economic and social development, Japan has undertaken labor practice reforms with legislative prioritization, government leadership, and cooperation between the public and private sectors. The core policies of these reforms focus on improving long working hours, reducing disparities between regular and non-regular workers to ensure fair employment, and achieving diverse and flexible labor practices. Through these reforms, Japan has enhanced its ability to cope with global economic competition, increased worker motivation and creativity, and partially achieved the integration of economic and social benefits. Some workers have experienced improved working environments, increased income, and the preservation of their dignity. However, challenges remain, such as the differential treatment of regular and non-regular workers and the need for optimization in the labor market structure. The experience of labor practice reform in Japan has certain reference significance for China's transition from relying on demographic dividends to talent dividends and achieving high-quality population development.

Keywords: Japanese employment system, labor practice reform, Shinzo Abe, new capitalism.

1. Introduction

To promote economic growth in Japan, the second Abe Cabinet implemented the comprehensive economic policy of the "Three Arrows." Based on the consideration of improving worker productivity, the Abe Cabinet proposed labor practice reforms and implemented them as a key component of the comprehensive economic policy. This article aims to review the transformation of the post-war employment system in Japan and systematically examine the labor practice reforms implemented by the Abe Cabinet. By analyzing the historical process of labor practice reforms in Japan, we will analyze the policy framework, specific contents, implementation methods, objectively evaluate the effects of the reforms, summarize the lessons learned, and provide constructive policy suggestions in light of China's national conditions.

2. Evolution and Challenges of Traditional Employment System in Post-WWII Japan

After the end of World War II, the Allied Forces led by the United States occupied Japan (GHQ) and implemented a series of demilitarization and democratization reforms. Labor reform was one of the key aspects, and Japan's post-war labor system was shaped during this process. Following a period of rapid and stable economic growth, Japan developed a post-war traditional employment system characterized by the "lifetime employment system" and the "seniority-based wage system." However, following the collapse of the economic bubble, Japan implemented neoliberal reforms to adapt to global competition, leading to the expansion of the application of a "new employment system" guided by "meritocracy" and "performance-based evaluation."

2.1. Formation, Evolution, and Challenges of Japan's Post-WWII Traditional Employment System

2.1.1. Formation of Japan's Post-WWII Traditional Employment System After the Meiji

Restoration, Japan embarked on the path of capitalist development. Under the strategy of catching up with European capitalism, Japan transformed from a feudal agricultural country to a late-developing capitalist nation with strong remnants of feudalism. Before the war, Japanese workers faced dual exploitation from capitalist production methods and feudal remnants, resulting in low labor rights for the working class. After the end of World War II, under the indirect occupation system and based on the principle of power balance, the United States regarded Japanese workers as an important force and sought to empower them to counterbalance the Japanese government. With this intention, the United States pushed the Japanese government to enact a series of laws and regulations in the labor field, granting workers the right to form unions, mandating basic labor conditions provided by companies, and establishing legal channels for labor-management dispute resolution.

Under the GHQ instructions, the Japanese government formulated the Labor Union Law, Labor Standards Law, and Labor Relations Adjustment Law (collectively known as the "Three Labor Laws"), granting workers the power to form unions, obligating companies to provide basic labor conditions, and providing a legal framework for resolving labor disputes. Subsequently, the Japanese government enacted supplementary laws such as the Worker Stabilization Law and the Unemployment Insurance Law to complement the "Three Labor Laws." These labor laws defined the rights and obligations of both labor and management, particularly empowering workers and to some extent limiting the exploitation and oppression by companies. The legal system, represented by the "Three Labor Laws," played a crucial role in promoting the development of labor unions and safeguarding the legitimate rights and interests of workers.

Under the influence of the occupation forces, Japanese workers gradually obtained legal safeguards for their basic labor rights and status, laying the foundation for the formation of the post-war traditional employment system. Around 1955, Japan entered a period of rapid economic growth, with exports, consumption, and investments rapidly increasing. As companies expanded their production scale, there was a surge in demand for labor. After the population dividend from rural-to-urban migration was exhausted, a situation of labor supply shortage emerged. To ensure a stable and sufficient labor supply, Japanese companies began hiring a large number of graduates on a regular basis. Companies determined employees' salary and benefits based on age and education level, provided various corporate welfare benefits, and cultivated employee loyalty, aiming for long-term employment. A sense of common interest formed between companies and employees, and companies tend to employ employees for the long term. Serving one company throughout one's career became a virtue, gradually establishing the lifetime employment system in Japan's labor market.

In 1972, the OECD's "Labor Report on Japan" referred to the "lifetime employment system," the "seniority-based wage system," and "enterprise unions" as the three major tools of Japanese business management. The "lifetime employment system" referred to graduates receiving training after joining a company and working for the company for life without any disciplinary action. The "seniority-based wage system" was a wage management system that complemented the "lifetime employment system" and generally determined salary and benefits based on employees' length of service. "Enterprise unions" referred to unions organized by companies, promoting close relationships between companies and employees. During the period of rapid and stable economic growth, characterized by the "lifetime employment system," "seniority-based wage system," and "enterprise unions," Japan's traditional employment system was largely formed.

2.1.2. Evolution and Challenges of the Traditional Employment System

In the 1970s, influenced by the oil crisis triggered by the Middle East war, Japanese companies briefly faced difficulties in operations. Business operators began seeking rationalization measures, including personnel adjustments aimed at reducing labor costs. Personnel adjustments involved reassigning workers to different positions or "loaning" them to other companies for a period of time. Within the group of personnel-adjusted workers, the principles of "meritocracy" and "performance-based evaluation" were implemented, resulting in partially affected wage systems. However, overall, employees' salary and benefits still increased with length of service, and the personnel adjustments primarily targeted non-regular employees. Therefore, the traditional employment system was not fundamentally shaken. In this context, Japanese companies established a new dual structure employment system, recruiting fresh graduates as regular employees and determining their salary and benefits based on age and education level; meanwhile, temporary workers were hired from the external labor market and paid wages based on market rates. This dual structure employment system ensured the implementation of the lifetime employment system.

In the 1990s, influenced by economic globalization and financial crises, the Japanese economy experienced changes in its development trajectory and industrial structure.

Companies faced significant operational pressures, leading to further adjustments in the labor employment field. On one hand, large corporations continued to reduce formal employees through methods such as "dispatching," early retirement, and layoffs to lower labor costs. On the other hand, the number of non-regular employees, mainly consisting of temporary workers, dispatched workers, and contract workers, continued to rise, challenging the traditional lifetime employment system. Large corporations, representing the typical Japanese management style and the backbone of the lifelong employment system, directly impacted the survival of the traditional employment system through massive layoff actions.

Furthermore, the 1990s marked an era of economic globalization and information revolution sweeping the world. Factors of production accelerated global mobility, global division of labor deepened, and new technologies evolved rapidly. Japanese companies found it difficult to achieve global competitiveness in terms of costs, research and development, and technology. The collapse of the bubble economy resulted in increased unemployment and a growing mobile class. Unemployment and job hunting difficulties became social problems, and there even emerged a phenomenon known as the "employment ice age." The operational difficulties faced by large corporations led to numerous challenges for maintaining the traditional Japanese system of lifetime employment and seniority-based promotion. The structural changes in the labor market made it difficult for large corporations to adapt by relying on a dual employment system to sustain the lifetime employment system.

2.2. Reforms of the Japanese Employment System and Exploration of the "New Employment System"

In the 1990s, the Japanese labor market underwent changes. On one hand, the number of non-regular employees, such as temporary workers, dispatched workers, and contract workers, continued to rise. On the other hand, Japan's domestic unemployment rate sharply increased, job vacancy rates continuously declined, and for the first time, a situation of downsizing in employment scale occurred. The main reason behind this was that large corporations employed a significant number of non-regular employees to reduce labor costs, forcing previously permanent employees to leave their existing positions.

To overcome their operational difficulties, various business organizations in Japan began attempting to construct new institutional mechanisms in the field of employment. In 1995, the Japan Business Federation proposed achieving employment flexibility through the introduction of various forms of employment, such as dispatched employees and hourly workers. In 1997, the Chairman of the Employment Issues Committee, Hiroshi Hayasaki, expressed the need to develop flexible employment policies. For example, promoting employment diversification and implementing "ability-based" and "performance-based" evaluation systems, expanding the application of discretionary labor systems to transactional occupations. In 1999, the Japan Business Federation emphasized the importance of harnessing individual capabilities of workers, with companies focusing on cultivating diverse talents and providing opportunities for employee education and training. With the encouragement from Japanese business organizations, large corporations

began introducing talent evaluation systems based on "ability-based" and "performance-based" criteria, exploring the construction of a "new employment system" based on "ability-based" principles.

3. Development Process of Abe Cabinet's Labor Reform Policies

At the end of the 20th century, due to the economic downturn in Japan, domestic companies increasingly adopted non-regular employment arrangements. In the new century, Junichiro Koizumi implemented neoliberal reforms, leading to a widening income gap and evident social inequality between non-regular and regular employees. Shinzo Abe, during his second term as prime minister, implemented the comprehensive economic policy known as the "Three Arrows," with a focus on labor reforms termed the "Japanese-style labor reform."

3.1. Background and Motivation of Shinzo Abe's Cabinet Labor Reform

Since the 1990s, the Japanese economy has been in a slump. To reduce production costs, Japanese companies have continuously shifted their production bases overseas, leading to further hollowing out of domestic industries. In 2001, Junichiro Koizumi formed a cabinet and implemented neoliberal policies. In the field of labor employment, the Koizumi cabinet reformed the employment system by introducing a contract-based employment scheme. This scheme, to some extent, lowered the wages of certain non-regular employees and increased income inequality. Concurrently, as the traditional "lifetime employment" and "seniority-based promotion" systems faced challenges, companies reduced investment in training non-regular employees, resulting in decreased loyalty from these employees, low productivity, reduced economic efficiency, and a vicious cycle of economic downturn.

In 2015, Shinzo Abe's cabinet proposed "Abenomics" as a means to revitalize the Japanese economy. Under the "new three arrows" of Abenomics, in the field of social policy, the cabinet advocated achieving the goal of creating an "active society with 100 million people" through prioritizing economic development, supporting childcare, and improving social security. Labor reform was one of the important initiatives to promote economic growth in Japan. This reform aimed to increase employment opportunities, enhance workers' productivity and motivation, promote sustainable business development, and create a positive cycle of personal economic growth and income distribution. In other words, Abe's cabinet intended to build upon the neoliberal reforms of the Koizumi cabinet by stimulating workers' productivity and establishing a flexible and elastic labor-management relationship, thereby further promoting economic growth through increased labor productivity.

3.2. Development of Shinzo Abe's Cabinet Labor Reform Policy System

The decision-making model of the Japanese government usually involves collaboration between the bureaucracy and public opinion, with legislation preceding policy implementation. The government leads the formation of a policy committee consisting of knowledgeable individuals from the government and private sector to establish consensus on a specific issue. The government then drafts legislation,

which is reviewed and passed by the parliament. The policy system for labor reform under Shinzo Abe's cabinet gradually took shape following this decision-making model.

In October 2015, the Japanese government, led by Prime Minister Shinzo Abe, convened the "Council for Realizing an Active Society with 100 Million People." In June 2016, the "Plan for Realizing an Active Society with 100 Million People" was initiated, with labor reform being an important component of the plan.

By March 2017, the Japanese government had held ten "Implementation Conferences for Labor Reform," attended by the Prime Minister, Cabinet Ministers, representatives from labor and business sectors, and scholars, who participated in discussions. In September 2017, the Ministry of Health, Labour, and Welfare continued to refine the draft legislation on labor reform through the "Labor Policy Deliberative Council." To ensure the continuous progress of labor reform, the Japanese government further amended various labor laws, including the Employment Measures Law, the Labor Standards Act, and the Industrial Safety and Health Act. On June 29, 2018, the House of Councillors of the 196th Diet session passed the "Related Laws for Labor Reform," which was officially implemented on July 6. In October, the government established the "Follow-up Committee for Labor Reform" to monitor the progress and changes in policies outlined in the "Plan for Realizing an Active Society with 100 Million People." In December, the Cabinet decided on the "Basic Policy on Labor Measures" through which it supplemented the basic and important matters related to labor measures, focusing on the "Plan for Realizing an Active Society with 100 Million People." With these developments, the policy system for labor reform in Japan was essentially established.

4. Policy Framework for Labor Reform in the Cabinet of Shinzo Abe

The Japanese government, based on the amendments to the Labor Standards Act, further revised various laws such as the Employment Measures Act, Labor Standards Act, Industrial Safety and Health Act, Pneumoconiosis Act, Worker Dispatch Law, Labor Time Setting Improvement Act, Temporary Worker Labor Law, and Labor Contract Act. These regulations specify the working hours and work conditions of employees, ensuring a favorable working environment, employment conditions, and safety and health standards. In the comprehensive promotion of labor reform, the Japanese government has developed a policy framework centered around improving long working hours, reducing disparities between regular and non-regular employees, and achieving diverse and flexible working arrangements.

4.1. Policies to Improve Long Working Hours

To prevent damage to the physical and mental health of workers due to excessive working hours and promote work-life balance, the Japanese government has prioritized labor time reforms. Amendments have been made to relevant laws such as the Labor Standards Act and the Industrial Safety and Health Act to address the issue of long working hours. The key revisions are as follows:

Setting limits on working hours for employees: The law establishes a maximum limit for overtime work at 45 hours per month and 360 hours per year as a general rule. In special circumstances, based on agreements between employers and

employees, the law allows a maximum of 100 hours of overtime per month and 720 hours per year, including overtime on rest days. Additionally, the maximum annual overtime limit, including rest days, is set at 960 hours. The average overtime within the second to sixth months must be controlled within 80 hours, and the number of months with overtime exceeding 45 hours should not exceed six times in a year. Enterprises violating these regulations may face penalties, including fines up to 300,000 yen or imprisonment for up to six months. Abolishing measures in small and medium-sized enterprises (SMEs) that delay the increase of overtime pay rates for employees working more than 60 hours per month. Specifically targeting SMEs, the overtime pay rate for employees working over 60 hours per month is increased to 50% or higher. Introducing paid vacation rights for employees who have worked continuously for six months and maintained an attendance rate of 80% or above since the date of employment. Such employees are entitled to five days of self-selected vacation time each year. Implementing a rest period during working hours to ensure that employees have a minimum of 11 hours of rest time between the end of one day's work and the start of the next day's work.

The Japanese government primarily regulates enterprises through legislative means to address the issue of excessively long working hours by enforcing mandatory measures. By introducing a rest period during working hours, they aim to ensure employees have adequate rest time and reduce the risk of "karoshi" (death from overwork).

4.2. Policies to Ensure Fair Treatment for Different Employment Forms

Within the same company, there is a significant disparity in treatment between regular and non-regular employees. To address this issue of unfair treatment, the Japanese government has proposed improvements in worker treatment under laws such as the Temporary Workers Act, Labor Contracts Act, and Act on Dispatched Workers.

Firstly, regulations are implemented to narrow the gap in treatment between different employment forms. The law states that employment status should not be used as a criterion for determining treatment, aiming to ensure that all workers receive fair and equal treatment and eliminate unfair disparities among them. This includes provisions for equal pay for equal work, where the law mandates that companies treat regular and non-regular employees equally in terms of basic wages, bonuses, benefits, and training opportunities. Secondly, companies have an obligation to provide reasonable explanations regarding the differences in treatment between short-term workers, fixed-term employees, dispatched workers, and regular employees. Adequate explanations should be given to clarify the disparities and reasons behind them. Thirdly, to enforce policy implementation and resolve labor disputes, administrative and judicial measures need to be improved. Dispute resolution mechanisms such as mediation, settlement, and arbitration should be established to address labor-management conflicts.

4.3. Policies to Achieve Diversified and Flexible Forms of Employment

To adapt to changing economic conditions and meet the employment needs of workers, the Japanese government encourages diverse employment forms and relaxes labor time restrictions for certain highly specialized positions.

Companies also enhance their own efficiency by promoting different working methods among employees.

Firstly, there is an extension of flexible working hours under the flex-time system. This system applies to workers who work five days a week and extends the calculation period from one month to three months. Within this three-month period, workers can arrange their daily working hours according to their individual circumstances. Secondly, a decoupling of wages from working hours is implemented, primarily targeting highly specialized positions. Instead of basing salary solely on working hours, it is determined mainly by work outcomes. The "Highly Specialized Personnel System" is introduced for senior professional positions with an annual income above 10.75 million yen. This includes occupations such as design and development, corporate market analysis, and foreign exchange trading. Companies can exempt these employees from the regulations regarding working hours and overtime as stated in the Labor Standards Act. Additionally, companies are not obligated to pay overtime allowances or holiday work supplements. Thirdly, remote work is promoted, and employees are allowed to engage in side jobs and part-time work. Remote work refers to utilizing information and communication technologies to work from home, improving worker productivity. Furthermore, companies allow employees to pursue side jobs and part-time work to enhance their autonomy and attract talented individuals.

4.4. Policies on Protecting the Safety and Health of Workers

To alleviate the work pressure on employees, the Labor Standards Act has been amended to improve the functionality of "industrial physicians and industrial health services." Industrial physicians are professionals who conduct health examinations, interview guidance, and health consultations for workers in companies, aiming to create a healthy and comfortable working environment for employees. According to the Labor Standards Act, companies with 50 or more employees are required to establish an in-house medical facility to manage the health of their workers. The "Labor Style Reform Related Law" emphasizes the need to strengthen the functionality of industrial physicians and industrial health services, stating that industrial physicians should provide interview guidance to workers engaged in long working hours. Furthermore, company management must report to the hygiene committee the health management recommendations proposed by industrial physicians to workers.

In summary, the Japanese government prioritized reducing the working hours of employees through labor reform. Compared to previous relatively lenient measures, the government strengthened supervision over companies and imposed administrative penalties on those breaching regulations. To address the issue of significant disparities in worker treatment, the law stipulates the basic wages, bonuses, benefits, and training for employees, aiming to narrow the gap in worker treatment through equal pay for equal work. Finally, to protect the safety and health of workers, companies appoint industrial physicians to manage the health of employees and provide interview guidance.

5. Implementation and Evaluation of the Abe Cabinet's Labor Style Reform

5.1. Implementation of the Policy System for Labor Style Reform by the Abe Cabinet

During the implementation of the policy, the labor reform was mainly promoted through government leadership and collaboration between the government and private sector. Firstly, the Japanese government, as the main body, formulated a ten-year implementation plan for labor reform, discussing the current situation of labor reform and setting future directions, specific measures, and policy implementation timeline. Secondly, labor organizations such as the Japanese Trade Union Confederation (JTUC) and the National Confederation of Trade Unions (Zenroren) participated in promoting labor style reform. Lastly, the business sector, represented by the "Japanese Economic Three Organizations" (Japan Business Federation, commonly known as Keidanren; Japan Chamber of Commerce and Industry, known as Nippon Keidanren; and Japan Association of Corporate Executives, known as Keizai Doyukai), cooperated in implementing the reforms.

5.1.1. Government's Planned Implementation of Labor Style Reform

In March 2017, the Japanese government formulated the "Implementation Plan for Labor Style Reform." This plan discussed the current state of labor style reform and established a ten-year implementation plan, including future directions, specific measures, and policy implementation timelines. Firstly, regarding equal pay for equal work, the government aimed to improve the legal framework and guidelines to ensure its effectiveness and promote the conversion of non-regular employees to regular employees. The law would be revised in 2022 based on its implementation. Secondly, in addressing long working hours, the government proposed an amendment to the Labor Standards Act in 2017, which set limits on working hours and improved the system for rest intervals during work. The government would consider revisions to this amendment based on its implementation by 2023. Thirdly, in promoting flexible and diverse work styles, the government provided guidelines for implementing remote work in 2017 and started its implementation in 2018. A new plan would be formulated in 2021 based on the policy's implementation. Additionally, guidelines for promoting side jobs and part-time work were established in 2017, followed by their widespread implementation in 2018. This law would be revised based on its widespread adoption by 2022. Fourthly, in promoting work-life balance for childcare and nursing, as well as employment for people with disabilities, the government established the Extended Childcare Leave Act in 2017. In 2020, further visualization of male childcare leave was initiated. For promoting employment opportunities for people with disabilities, the government built a telecommuting model from 2017 to 2019 and provided consistent support for disabled individuals during their school years, fostering a collaborative support network between universities, administrative bodies, and businesses. Lastly, to protect the safety and health of workers, the government strengthened the role of industrial physicians, implementing this measure in phases from 2019.

In July 2017, the Cabinet decided to reorganize the

organizational structure of the Ministry of Health, Labor, and Welfare to accommodate labor style reform. The new organizations established were the "Employment Environment and Equality Bureau," dedicated to improving treatment for non-regular employees and promoting the active participation of female workers, and the "Personnel Development General Officer," aimed at enhancing worker capabilities to facilitate youth employment. In September, the Cabinet continued to improve the draft proposals related to labor style reform during the "Labor Policy Deliberation Council" meetings. Discussions and deliberations took place in specialized subcommittees such as Labor Conditions, Safety and Health, Employment Stability, Employment Environment and Equality, Equal Pay for Equal Work, and Basic Policies for Labor Measures, responding to consultations from the Minister of Health, Labor, and Welfare on important matters related to labor style reform.

5.1.2. Involvement of Labor Organizations in Promoting Labor Style Reform

The labor union "Rengo" affirmed the provisions regarding "equal pay for equal work," stating that companies should ensure consistency in allowances, benefits, safety and health protections, education, and training for workers. They also supported the measure of imposing administrative penalties on companies that exceed the maximum working hour regulations. However, Rengo's President, Shintaro Shiokawa, opposed the expansion of discretionary labor systems, as he believed that decoupling wages from time would not effectively protect workers' health. Since the Labor Style Reform Related Laws entered the deliberation stage, Rengo has been engaged in activities such as street campaigns and monitoring sessions to promote labor reform. Another labor union, "Zenroren," objected to the provision allowing monthly overtime of up to 100 hours. In March 2017, when the Japanese government passed the Amendment to the Employment Measures Act, Zenroren pointed out that the legislation merely provided a false legalization of excessive workloads and urged the government to propose time-bound guidelines. Furthermore, regarding the expansion of discretionary labor systems, Zenroren pointed out that basing evaluations on work outcomes could increase both the intensity and duration of work for employees. As a result, Zenroren organized rallies to block the passage of this legislation.

5.1.3. Cooperation from the Business Sector in Implementing Labor Style Reform

In January 2018, Keidanren (Japan Business Federation) published the "2018 Special Committee Report on Management-Labor Policy." Chapter 2, titled "Issues in the Employment and Labor Field," addressed the following points: Firstly, Keidanren highlighted that the provision of administrative penalties for exceeding maximum working hours would significantly impact businesses' operations. Secondly, Keidanren expressed a positive attitude towards amendments in labor conditions, payment criteria, and the state of business in the provisions of the Part-Time and Fixed-Term Employment Act, Labor Contract Act, and Worker Dispatch Act. Thirdly, the President of Nippon Keidanren, Akio Mimura, expressed regret over the decision to remove the content regarding the expansion of discretionary labor systems. Finally, in March 2018, the representative of "Sōyūkai" (Association for a Beautiful Japan), commented on the deletion of the provision for expanding discretionary labor systems. Sōyūkai similarly supported the expansion of

discretionary labor systems and expected that decoupling wages from time would enhance labor productivity in companies within their respective professional fields.

5.2. Evaluation of the Abe Shinzo Cabinet's Labor Reform

5.2.1. Achievements of Japan's Labor Reform

Firstly, for the Japanese government, labor reform has adapted to the process of globalization, to some extent improving social issues and promoting economic recovery and development in Japan. In terms of employment improvement, taking the example of 2018, Japan's number of completely unemployed people decreased by 240,000 compared to the previous year, with an increase of 1.34 million employed individuals. As of June 1, 2018, the number of dispatched workers decreased by 14.4%, reaching 1.34 million. In addressing the challenges of an aging population and low birth rate, labor reform has improved work-life balance for workers, optimized employment conditions for young people, and increased employment rates for women and older individuals, thereby contributing to reducing the problem of a declining population and promoting reemployment for older workers.

Secondly, for businesses, labor reform has achieved a balance between economic and social benefits. Firstly, due to improved working conditions, businesses have attracted more workers, resolving the issue of labor shortages. Secondly, shorter working hours allow employees to focus more and improve productivity, reducing inefficient long working hours and fostering a positive cycle where motivated workers lead to better business performance. Lastly, businesses that improve working environments, employment conditions, and occupational health and safety receive higher social evaluations.

Thirdly, for workers, labor reform has not only improved their wages but also protected their dignity. Firstly, the reform addresses the problems of long working hours and wage inequality. Secondly, it enhances the status of non-regular workers, reducing internal discrimination within companies and improving social perception. Additionally, it contributes to tackling social issues such as workplace harassment. Finally, by promoting self-innovation through reform, workers can realize their personal value and gradually enhance their sense of identity.

5.2.2. Shortcomings of Japan's Labor Reform

Firstly, certain aspects of labor reform require improvement. Regarding the "decoupling of wages from working hours" system, although its intention is to improve labor productivity, a performance-based assessment method can lead to continuous overtime work by employees to enhance their performance, consequently increasing their workload. Concerning the issue of "equal pay for equal work," despite legal provisions that allocate wages based on experience, performance, and length of service, a disparity still exists between regular and non-regular workers in terms of wage distribution, where non-regular workers are often paid according to the duration of their work rather than their ability and seniority, indicating a lack of a unified wage system.

Secondly, the problem of labor shortages and significant wealth disparity remains unresolved. According to the Ministry of Health, Labour and Welfare's survey on labor economic trends as of February 1, 2022, industries such as healthcare, social welfare, construction, and transportation

still face a shortage of labor among regular workers. The issue of inadequate manpower also persists in sectors such as accommodation and food services, which heavily rely on non-regular workers. Additionally, the unemployment rate among non-regular workers remains high, and income inequality continues to be a pressing concern. "The neoliberal reforms of the 1980s in Japan and state monopoly capitalism have led to increasing poverty among the working class." However, despite the labor reform efforts during the Abe Shinzo Cabinet, this issue remains unresolved.

Lastly, labor reform faced certain resistance during its implementation. For the government, there was significant financial pressure in promoting labor reform, requiring substantial financial assistance. For instance, in 2017, the government provided 400 million yen in financial aid to small and medium-sized enterprises voluntarily adopting the work-rest interval system. Some Japanese small and medium-sized enterprises expressed the need to postpone implementing reform due to factors such as internal restructuring taking time and incurring costs or a lack of talent to drive reforms. For workers, the culture of excessive overtime work is deeply ingrained in Japan. Despite various measures taken by the government and businesses to restrict working hours in recent years, the possibility of a significant short-term change in Japan's work atmosphere seems limited.

6. Prospects for Japan's Labor Reform

With the inauguration of the Fumio Kishida Cabinet, its emphasis on promoting "new capitalism" builds upon and develops some aspects of the Abe Shinzo Cabinet, aiming to improve the working environment for employees, ensure equal treatment, and increase investment in human capital to enhance worker productivity and address labor shortages.

6.1. Evolution of Japan's Economy and Society in the Era of Change and Labor Reform

Under the leadership of Fumio Kishida, the "new capitalism" policy has been proposed, with the fundamental idea of promoting sustainable economic development through a virtuous cycle of economic growth and income distribution. In the realm of labor and employment, the Kishida Cabinet emphasizes the crucial role of human capital in economic growth, primarily by reducing income and distribution gaps through increased investment in human capital.

The policies of the Kishida Cabinet inherit and develop certain aspects of the Abe Shinzo Cabinet. Firstly, in terms of improving the working environment for employees, the Kishida Cabinet continues to promote the policies initiated by the Abe Shinzo Cabinet. For example, the introduction of work-rest interval systems allows workers to have sufficient rest and encourages the expansion of side jobs and part-time work to increase career options for workers. Secondly, in terms of equal treatment for workers, the Kishida Cabinet places greater emphasis on fairness. For instance, it proposes providing opportunities for women and young people to enter corporate leadership positions and requires companies to disclose wage disparities between male and female employees as well as regular and non-regular workers. Additionally, the Japanese government encourages greater involvement of men in childcare responsibilities to promote gender equality. Thirdly, in terms of increasing investment in human capital, the Kishida Cabinet focuses on narrowing income and distribution gaps. For example, the government

adjusts pricing standards to increase wages for workers in fields such as healthcare and childcare, while providing subsidies and tax incentives to workers. Simultaneously, the government increases funding for talent development and supports the transition of non-regular workers through vocational and educational training.

Compared to the Abe Shinzo Cabinet's economic policy that prioritized businesses and growth, the Kishida Cabinet prioritizes the interests of citizens and emphasizes fairness. It aims to safeguard the dignity of workers by reforming labor systems and profit distribution structures to increase worker incomes, expand the middle class, and reduce social wealth disparities. Measures such as raising the income tax threshold and providing tax subsidies to businesses that raise wages are implemented to increase the income of workers and small and medium-sized enterprises, shifting the focus in income distribution from favoring capital to favoring labor. Additionally, the Kishida Cabinet places greater emphasis on the development of the digital economy and increases investment in nurturing digital talents, which is a significant measure in realizing new capitalism.

6.2. Balancing Government, Capital, Workers, and Labor Reform

In the post-pandemic era, the Japanese economy has experienced significant disruptions, impacting both businesses and workers. To restore economic growth, the Fumio Kishida Cabinet has implemented the "new capitalism" policy, aiming to promote economic development and fair distribution through coordination between the government, businesses, and workers.

Firstly, in terms of promoting fair distribution, the Japanese government should strike a balance between the interests of businesses and workers. In the process of secondary distribution, the government supports the development of Japanese enterprises through measures such as tax reforms. Simultaneously, it improves distribution systems and increases investment in human capital to reduce income disparities and promote social equity. Secondly, businesses need to collaborate with the government during labor reform to ensure economic growth while motivating and inspiring workers. By investing in talent development and technological advancements, businesses can enhance the professional skills and overall qualities of workers, thereby improving labor productivity and creating new wealth for the companies. At the same time, businesses should provide a favorable work environment, safeguarding the legitimate rights and interests of vulnerable groups such as female and non-regular workers. This will contribute to a higher societal reputation for businesses and achieve a balance between economic and social benefits. Thirdly, labor reform in Japan not only protects the legitimate rights and interests of workers but also creates a healthy working environment for them. In the future, workers should utilize laws, regulations, and labor unions to protect their own rights and reduce labor disputes. Additionally, workers should improve their skills and qualifications to make greater contributions to the nation and businesses.

Overall, the Kishida Cabinet will continue to adopt the main policies of labor reform from the Abe Shinzo Cabinet within the framework of new capitalism. By leveraging the functions of the government and the nation, it aims to coordinate the interests of businesses and workers to create a society where everyone can prosper and thrive.

7. Conclusion

In order to revitalize the Japanese economy, Shinzo Abe implemented comprehensive economic policies known as the "Three Arrows," with labor reform being a crucial component during his second term in office. The Japanese government aimed to adapt to the development of economic globalization through reform, promoting increased labor productivity. Businesses aimed to improve worker motivation and creativity, leading to enhanced economic benefits. Workers hoped that reform would result in higher incomes and the protection of their dignity. Thus, it is evident that labor reform aligns with the common interests of the government, businesses, and workers, requiring collaboration between these three parties.

Japanese labor reform focused on three core policies: "improving long working hours," "reducing the gap between regular and non-regular employees to ensure fair employment," and "realizing diverse and flexible work styles." These policies aimed to address fundamental issues such as excessive working hours, low work efficiency, and wage inequality among workers. The effects of the reform are notable, as Japan improved its ability to compete in the global economy, increased labor productivity, and made positive strides in addressing employment and aging population challenges. Businesses saw improved workforce engagement and creativity, leading to increased economic benefits and garnering greater social recognition, achieving a balance between economic and social outcomes. Workers experienced improvements in their working environments, wages, and occupational safety and health, thereby upholding their dignity. However, there are still areas where Japanese labor reform falls short. The specific policies of labor reform require further refinement, the issue of labor shortage needs urgent attention, and there remain obstacles in the process of advancing labor reform.

The "new capitalism" advocated by the Fumio Kishida Cabinet inherits some aspects of labor reform from the Shinzo Abe Cabinet, particularly in terms of increasing household income and investment in human capital. In comparison to the Abe administration's focus on prioritizing businesses and economic growth, the Kishida Cabinet places greater emphasis on upholding the dignity of workers and aims to create a society where every citizen can prosper and thrive. The future advancement of labor reform in Japan and its ability to address existing labor issues require further in-depth research.

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