

# Executive summary

At a time when the global COVID-19 pandemic has profoundly altered the type and content of jobs, investing in skills is more important than ever to build resilient and inclusive labour markets. Ongoing policy efforts to make the Japanese labour market more inclusive were disrupted by the pandemic as the government's focus quickly shifted to dealing with the state of emergency and countering the negative consequences of a global lockdown. The policy responses have been largely successful, with the Japanese labour market experiencing limited increases in unemployment compared to other OECD countries. Yet, the pandemic has altered the labour market in ways that are only starting to become evident and that will provide new challenges for policy makers in the years to come. Now, more than ever, Japan's policy makers must strengthen the adult learning system to make individuals and enterprises more responsive to change and foster stronger growth and well-being.

Initial policy responses to the pandemic-induced disruptions were swift and efficient. Existing employment support measures were expanded and new ones introduced, which avoided mass dismissals. Unemployment rose only slightly to 3.1% (seasonally adjusted) in October 2020, and has since decreased, though by June 2022 it had not yet returned to its pre-pandemic level of 2.2% in December 2019. However, employees were affected in other ways, such as by a reduction in earnings and working hours. The adoption of teleworking practices and the digitalisation of key services such as employment support, career guidance and training also helped keep unemployment low. While Japan still lags behind other OECD countries in implementing these practices, the pandemic provided a momentum that should be leveraged to foster more flexible adult learning provision and address many of the barriers that adults face when upskilling and reskilling, such as time constraints and lack of easy access to information.

Women, non-regular workers and low-skilled workers, whose labour market outcomes were already below average, bore the brunt of the pandemic negative effects, experiencing more unemployment and inactivity than other socio-economic groups. Further, those who worked in companies focusing more on hours worked over delivery of final outputs were less likely to teleworking.

In addition to its impact on employment and unemployment, the pandemic has changed the demand for skills in Japan. An innovative analysis using individual-level data shows that social and analytical skills have become more prominent in the Japanese labour market in the initial post-pandemic period, compared with previous years. Further, the pre-pandemic increase in the importance of manual skills seems to be inverting, suggesting that social-distancing and digitalisation may be raising the demand for interpersonal and problem-solving skills while reducing manual handling. The analysis, which also features an overview of skill composition in Japan, shows that women are less likely than men to be employed in positions that require leadership or technical skills, while non-regular employees are more concentrated in occupations making lower use of most skills than regular workers. The new data underlying the analysis has the potential to provide valuable evidence for policy makers to develop effective upskilling and reskilling programmes and make the labour market more resilient.

## Key recommendations

To foster the development of the skills needed for a strong recovery, the OECD recommends that Japan:

### ***Take stock of the lessons learnt during the pandemic:***

- Improve the monitoring of employment adjustment subsidies to gather better take-up data.
- Assess the effectiveness of job retention schemes in protecting different types of workers from the risk of unemployment and in supporting longer-term career paths.
- Continue to promote the digitalisation of administrative services.
- Provide basic digital skills programmes to promote a broader take-up of online career guidance, online learning and teleworking opportunities.

### ***Support the digitalisation of career guidance services:***

- Promote career guidance services through more online provision.
- Accompany online career guidance with in-person counselling in order to provide comprehensive support to those most removed from the labour market.

### ***Foster the adoption of teleworking practices:***

- Strengthen support for the introduction of teleworking particularly for small and medium-sized enterprises.
- Support the expansion of more diverse work styles.
- Collect and disseminate good practice examples about teleworking, including on how to improve communication among employees and how to ensure effective labour management.
- Improve work flexibility by further expanding the flextime system (flexible working arrangement) while paying attention to ensuring workers' health and actively introduce ICT equipment in public workplaces.

### ***Support the expansion of online training:***

- Support both private and public providers who want to implement distance learning, through technical assistance and certification of full online training for public providers.
- Consider additional subsidies for training providers who want to trial delivery of real-time online learning and on-demand recorded training courses.

### ***Support the scaling up of modular provision and micro-credentials in training:***

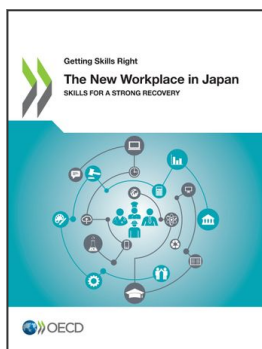
- Introduce skills profiling and personalised learning pathways to tailor adults learning courses to their skills and experience.
- Promote and recognise training programmes where shorter modules are rewarded with partial credits, and can be stacked to attain a fully-credited training programme that is recognised by the government.

***Increase training participation of groups with lower labour market outcomes:***

- Exploit skills composition analysis to understand the best upskilling and reskilling opportunities for women and non-regular workers to ensure they are not 'left behind' in the post-pandemic recovery.
- Leverage career guidance and upskilling opportunities to increase hiring of women in positions where they are underrepresented.

***Leverage existing data to assess and anticipate skills needs:***

- Perform an extensive mapping of existing data sources on employment and skills and key indicators that can be tracked to analyse changes in skills supply and demand. Create an overview of the data.
- Set up a labour market information system (LMIS), potentially exploiting real-time big-data, and involve all key stakeholders. Evaluate which public institution or department is best equipped to manage the programme.
- Create a structured dissemination plan for the LMIS to feed into employment, training and migration programmes.



**From:**  
**The New Workplace in Japan**  
Skills for a Strong Recovery

**Access the complete publication at:**  
<https://doi.org/10.1787/7c897f52-en>

**Please cite this chapter as:**

OECD (2022), "Executive summary", in *The New Workplace in Japan: Skills for a Strong Recovery*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/c4f457d7-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.