

2 The policy response of the Japanese Government during the pandemic

Japan's response to the pandemic has been prompt and wide-ranging. This chapter provides an overview of policies in three main areas related to the labour market: employment subsidies, online career guidance and teleworking. The chapter summarises the main challenges and responses and provides international comparisons and best-practice. The chapter also explores how digitalisation of public services and increase in remote work modes have improved flexibilities for some while increasing inequalities for others. Finally, the chapter provides direction on how to further tailor and improve these policies to build a resilient and sustainable labour market.

In Brief

Japan needs to strengthen skills policies and foster digitalisation in order to respond to future challenges

In the early stages of the COVID-19 outbreak, the Japanese Government placed particular emphasis on individual job retention schemes, with a widening of economic support for individuals who were no longer able to work or had their working hours reduced. The interventions were largely successful in preventing a substantial increase in unemployment; however, they were costly. In addition to job retention schemes, the Japanese Government accelerated the digital delivery of public services, including the digitalisation of career guidance. Existing career guidance services were moved online, so that they could be accessed during times of confinement and social distancing. On the positive side, the digitalisation of services has addressed pre-existing obstacles to training participation such as time constraints, by increasing the flexibility in access and usage. However, survey data shows that the uptake of digital career guidance remains low for some groups, and it is vital that Japan ensures sufficient digital infrastructure and digital skills for those who risk falling behind in the digital transformation.

Moreover, public authorities have also encouraged the modernisation of work practices through the promotion of telework. The uptake of teleworking practices has been considerable in Japan during the COVID-19 pandemic. This has contributed to changing attitudes towards teleworking, with the practice being more favourably viewed by both employers and workers who have experienced teleworking. However, employers who put emphasis on overtime work and working during holidays have been more conservative in adopting teleworking practices. There is also a growing gap in teleworking practices between the “traditional” employees and those with less favourable labour market conditions, further exacerbating disparities.

As the level of economic activity returns to normal, the cornerstone of employment measures will need to shift from maintaining employment (which has been costly) to supporting the skills development of a heterogeneous labour force to better exploit their abilities. In this context, fostering the digitalisation of career guidance services and promoting teleworking practices will be key. It will also be important to ensure that support measures are inclusive of workers who have been strongly affected by COVID-19, such as low-skilled workers and non-regular workers.

2.1. Measures implemented to support employment retention in response to COVID-19

As discussed in the previous chapter, the negative employment impact of the COVID-19 pandemic was most severe for non-regular workers and women as well as in specific sectors. Under these circumstances, conventional employment support measures – such as employment insurance or regular public vocational training – were not sufficient to support those most in need, and the Japanese Government created and expanded various programmes, including employment adjustment subsidies and a new payment scheme for workers in SMEs and workers whose working days are not set in advance and who were forced to take leave from work by employers because of the COVID-19 situation and not able to receive leave allowances. In the fiscal year 2020, the scale of Japan’s mitigation and recovery measures in response to the COVID-19 pandemic was about 54% of GDP, higher than in the United States (31%), United Kingdom (32%), and France (28%) (Cabinet Office, 2022^[1]).¹

Part of Japan’s training measures were also implemented through the employment subsidies, as Japan was one of the few countries where some level of training subsidies has traditionally been integrated into its job retention scheme. By reskilling workers while employees were out of work, firms could receive a supplementary payment in addition to the regular employment adjustment subsidy. This system can be viewed as a way of having companies provide training to respond to the shift in Japan’s overall industrial structure as part of the firms’ internal employment retention system, instead of the government providing the training. As such, this system is in line with the specific features of the Japanese labour market, where it is common for workers to be assigned to various jobs within the same company at the request of their employers. As will be discussed below, this system of education and training as a job retention scheme was expanded after the outbreak of the COVID-19 pandemic.

2.1.1. Employment adjustment subsidies played a key role in supporting job retention

The Ministry of Labour has been offering employment adjustment subsidies (*Koyo Chosei Joseikin*) since 1975. These are a special type of subsidies aimed at maintaining worker’s employment when firms are forced to reduce their business activities. Prior to the outbreak of COVID-19, this subsidy was available to employers whose sales dropped by 10% or more in the last three months compared with the previous year, and had to send at least one worker on leave (in accordance with a specific labour-management agreement) (Table 2.1). The amount of the subsidies was capped at JPY 8 370 per day, and the subsidy rate was two-thirds of the worker’s wages for SMEs and one-half for large companies. Workers eligible for the subsidy were limited to those covered by employment insurance, and the maximum number of days of payment was set at 100 days per year.

Immediately after the outbreak of the COVID-19 pandemic, the Japanese Government eased the requirements for accessing the employment adjustment subsidy, increased the subsidy rate, and raised the maximum subsidy payment. The government also expanded the programme to provide benefits to part-time workers and other groups that were not eligible for employment insurance and therefore were previously not eligible for the subsidy. A system was established to provide benefits directly to workers in small and medium-sized enterprises (SMEs) and workers whose working days are not set in advance and who were forced to take leave from work by employers because of the COVID-19 situation and not able to receive leave allowances during its period. Compared to the approach taken by the Japanese authorities during the 2008 financial crisis, the COVID-19 measures innovatively focused on vulnerable groups such as non-regular workers and workers in SMEs.

The government also doubled the subsidy rate covering education and training leave (from the original amount of JPY 1 200 per day to JPY 2 400 for SMEs and JPY 1 800 for other companies). These amounts were paid in addition to the subsidies for absence from work. While workers were previously not allowed to work on the day of the training in order to receive this subsidy, after COVID-19 the revised system allows them to work part-time, as long as the training was at least three hours per day. Moreover, the programme has been expanded to those adults undertaking their training online at home or undertaking training for non-vocational skills such as business etiquette training and mental health training. Firms were able to receive this additional subsidy by submitting documents describing the content of the education and training, training plan, and documents certifying that the worker has completed the training.

Table 2.1. Employment and training subsidies were greatly expanded in response to COVID-19

	Before COVID-19	After COVID-19
Requirements	Sales decreased by 10% or more in the last 3 months from the same period of the previous year. At least one worker is sent on paid leave (in accordance with a specific labour-management agreement).	Sales decreased by 5% or more in the last one month from the same period of the previous year. At least one worker is sent on paid leave (in accordance with a specific labour-management agreement).
Subsidy rate for absence allowance	2/3 (SMEs), 1/2 (Others).	4/5 (SMEs), 2/3 (Others). In the case of companies that have not laid off workers: 9/10 for SMEs, 3/4 for others.
Maximum amount to be paid	JPY 8 370 (2019).	JPY 15 000. (Differentiation between companies whose sales, for instance, have decreased by 30% or more on average in the last three months compared to the same period of the previous year, or companies that supported the request for reduced business hours by prefectural governors in areas where a state of emergency has been declared, and other companies)..
Procedure	Needs to submit absence/training plan in advance.	Eliminate requirement for prior submission of leave of absence/training.
Eligible recipients	Only those insured by employment insurance.	Workers who are not insured by employment insurance are also covered.
Subsidies for education and training	2/3 (SMEs), 1/2 (others). Additional amount JPY 1 200/day.	4/5 (SMEs), 2/3 (others). Additional amount JPY 2 400 (SMEs), JPY 1 800 (others) /day. Expanded the scope of education and training, including online training conducted at home as eligible for payment.
Others	–	Established a programme for workers in SMEs and workers whose working days are not set in advance and who were forced to take leave from work by employers because of the COVID-19 situation and not able to receive leave allowances.

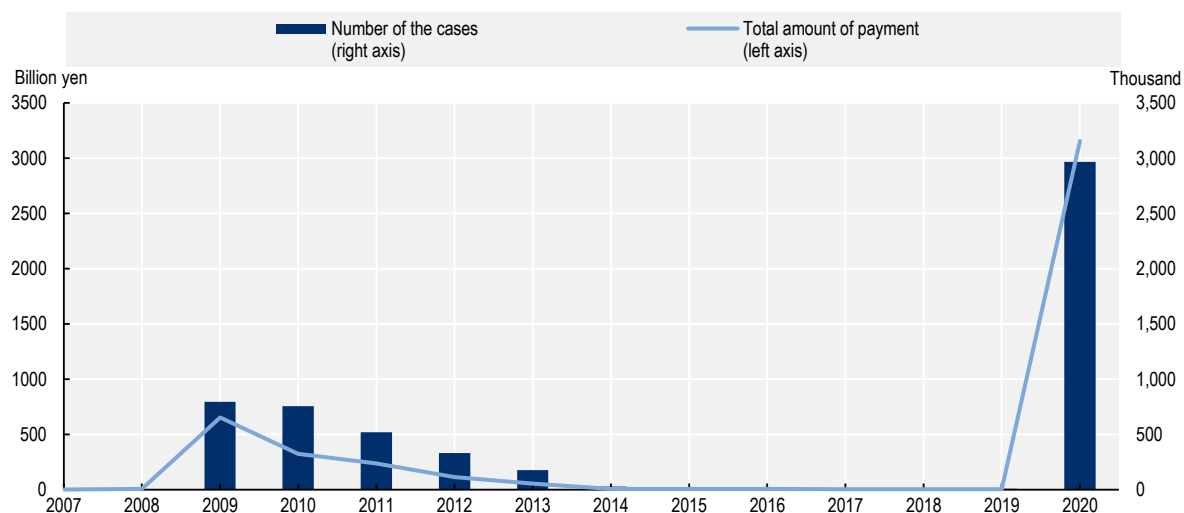
Source: OECD Secretariat based on https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyou/kyufukin/pageL07.html.

Due to these expansions, employment adjustment subsidies in Japan were paid out on an unprecedented scale. In 2020, the amount paid out exceeded JPY 3 trillion (about 0.6% of nominal GDP in 2020) and the number of cases paid out totalled about 3 million. These are approximately four to five times larger than in 2009, when employment adjustment subsidies were greatly expanded due to the financial crisis. The peak was reached seven months after the COVID-19 outbreak in August 2020, when around JPY 570 billion in payment decisions were made (Ministry of Health, Labour and Welfare, 2021^[2]). The payment rate followed very closely the increase in cases of the virus, as the government was able to quickly react to the increases in short-term unemployment and business closures. This short processing time enabled many companies and workers to

receive payments in a timely manner, mitigating some of the negative employment and income effects of the pandemic.

Figure 2.1. Employment adjustment subsidies were paid on an unprecedented scale during the COVID-19 pandemic

Number of cases and amount of payment of employment adjustment subsidy



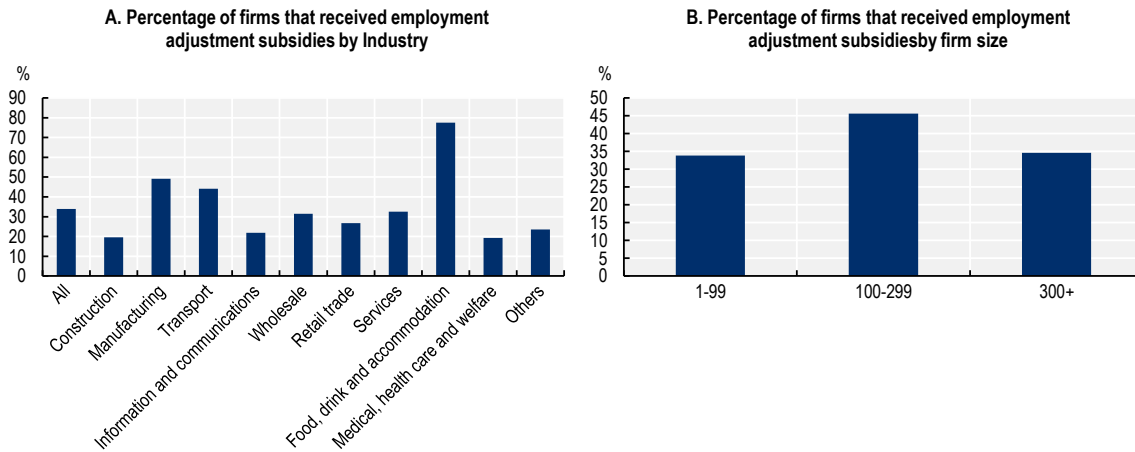
Note: Figures are in fiscal years; 2020 means from April 2020 to March 2021. Figures include payments related to education and training.
Source: The Ministry of Health, Labour and Welfare.

Many OECD countries introduced or expanded job retention schemes during the pandemic (Box 2.1), and the use of the employment adjustment subsidies was particularly important in the sectors most affected by the confinement and social distancing measures. In several countries, more than 50% of jobs in hotels and restaurants were supported by job retention schemes in the second quarter of 2020 (OECD, 2021^[3]). In Japan, employment adjustment subsidies were also widely used in the food, drink and accommodation industries. According to a company survey conducted by the Japan Institute for Labour Policy and Training, 78% of firms in the food, drink and accommodation industries and 49% of firms in the manufacturing industry reported having received subsidies by September 2021 (Panel A of Figure 2.2).

While the use of subsidies in Japan was closely related to the sector of firms, firm size had little influence on take up rates (Panel B of Figure 2.2). Indeed, although 46% of middle-sized firms with 100 to 299 employees received the subsidies during the pandemic, more than one-third of firms with 1 to 99 employees and firms with 300 or more employees also received the subsidy, indicating that retention schemes reached firms regardless of their size.

The Japanese Government estimates that Japan's employment adjustment subsidies had the effect of curbing the rise in the unemployment rate by about 2-3 percentage points during 2020 (Ministry of Health, Labour and Welfare, 2021^[2]; Cabinet Office, 2021^[4]). Given Japan's low unemployment rate to date, this reduction is significant, even though these estimates do not take into account deadweight effects (i.e. the risk of supporting jobs that do not need support), or the possibility that support is going to jobs that have become permanently unviable.

Figure 2.2. Those industries most affected by the COVID-19 crisis benefitted the most from job retention schemes



Note: The percentage of firms reporting that they had applied for and received employment adjustment subsidies refers to September 2021.
 Source: Japan Institute for Labour Policy and Training (2021), "Fifth Survey on the Impact of the New Type of Coronavirus Infection on Business Management", <https://www.jil.go.jp/press/documents/20211224.pdf>.

Box 2.1. Introduction and expansion of job retention schemes in other OECD countries

Japan was not the only OECD country expanding job retention schemes during the pandemic. When the COVID-19 crisis hit in the spring of 2020, nearly all OECD countries used employment retention systems to provide timely and extensive assistance to firms and workers affected by social distancing. While 16 OECD countries already had job retention schemes in place prior to COVID-19, 20 additional countries – including the United Kingdom and Australia – introduced new schemes throughout the health crisis. Preliminary estimates suggest that job retention schemes may have saved up to 21 million jobs across the OECD in the initial period of the COVID-19 crisis (OECD, 2021^[3]).

Some OECD countries operating job retention schemes during the pandemic differentiated the support offered according to firm size, profitability, sector or region, with the aim of targeting those employers that were most affected by social-distancing requirements (Table 2.2). For instance, in mid-2020, Portugal adapted its scheme to provide more generous benefits for companies with greater turnover losses. Similarly, from mid-2021 in Austria, only firms in certain industries or those that suffered a drop in turnover of at least 50% between autumn 2019 and autumn 2020 received full job retention amounts. Korea also restricted its programme to firms in financial difficulties and designated 14 sectors (including transportation and tourism) as requiring special employment support due to the particularly negative impacts of the COVID-19 and seven regions as employment crisis areas. Yet, the vast majority of OECD countries (including Belgium, Chile, the Czech Republic, Denmark, Finland, Germany, Greece, Norway, the Slovak Republic, Sweden, Switzerland, and the United States) did not differentiate their support (OECD, 2022^[5]).

Table 2.2. OECD countries that targeted job retention scheme to firms and workers most affected by COVID-19 restrictions

Situation as of November 2021

	By firm size	By firm profitability	By sector	By region
Japan	•			•
Austria	•		•	
Colombia	•			
France		•	•	•
Italy	•		•	
Korea	•	•	•	•
Luxembourg			•	
Netherlands		•		
Portugal		•		
Spain	•			

Note: OECD countries that had a job retention scheme in place in November 2021 but did not differentiate support by firm size, firm profitability, sector or region: Belgium, Chile, the Czech Republic, Denmark, Finland, Germany, Greece, Norway, the Slovak Republic, Sweden, Switzerland, and the United States.

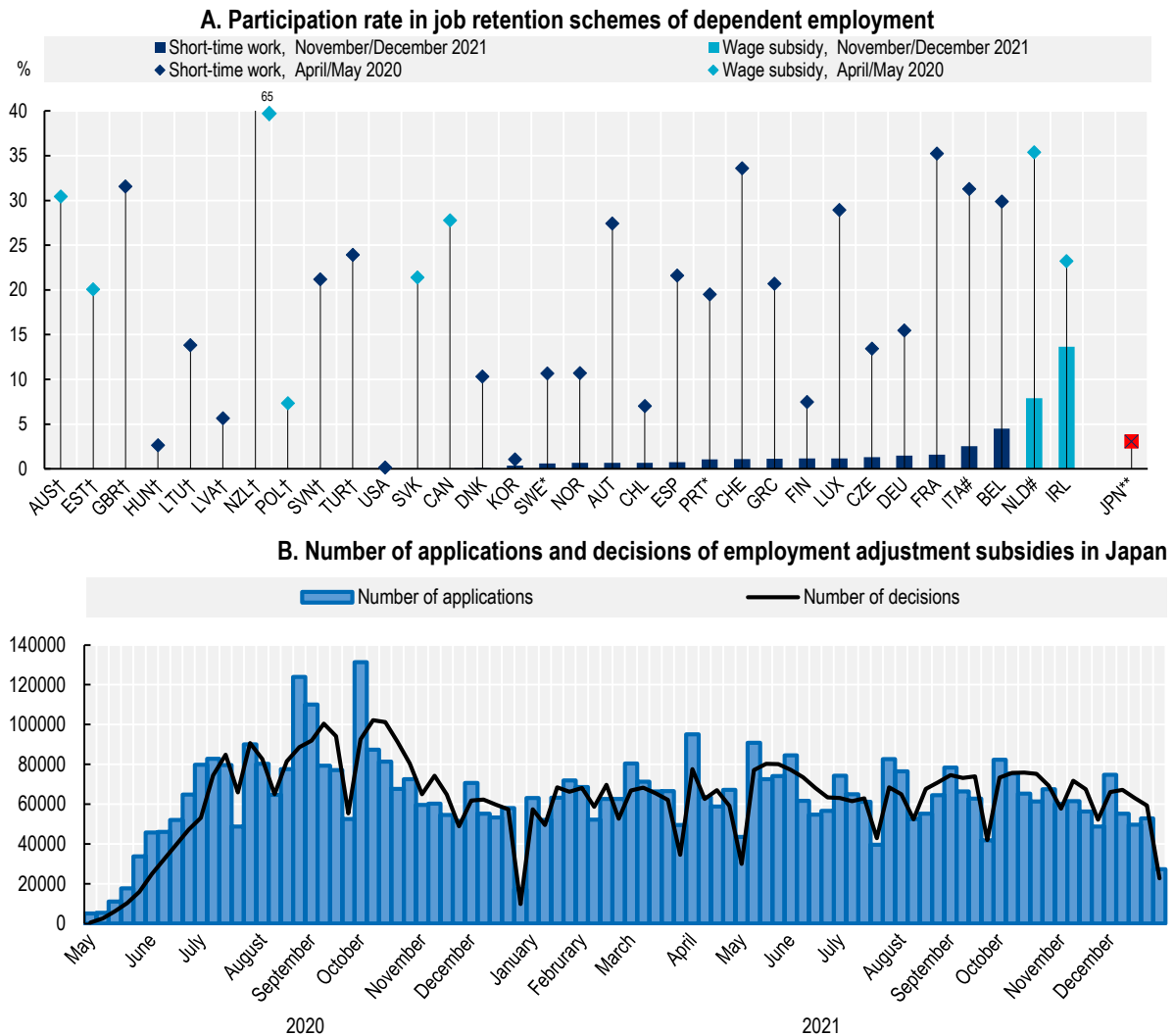
Source: OECD Questionnaire on Policy Responses to the COVID-19 Crisis.

2.1.2. A shift from employment retention to upskilling and reskilling policies is required

During 2021, many countries scaled back their employment retention schemes, and by November 2021 13 of the 20 OECD countries that had implemented special COVID-19 retention schemes had terminated these schemes (Panel A of Figure 2.3). At their peak use in April/May 2020, job retention schemes were used by an average of 20% of employed people in selected OECD countries (where data on take-up rate are available), but the use had declined to 1% by November/December 2021 (OECD, 2022^[6]). The substantial decline in utilisation reflects to some extent both the resumption of economic activity due to an easing in social-distancing requirements and widespread vaccination, and the accompanying phasing out of job retention schemes.

Since the number of workers who received the employment adjustment subsidy is not publicly available in Japan, it is difficult to compare the use of such subsidies with other countries. However, OECD estimates based on a 2020 sample survey by the Ministry of Health, Labour and Welfare on companies receiving employment adjustment subsidies suggest that about 3% of workers used the scheme from April to October. This proportion is small compared to other OECD countries. In comparison, 65% of workers in New Zealand received subsidies in 2020. On the other hand, unlike in other OECD countries, Japan's use of employment adjustment subsidies did not slow down in 2021 and has remained relatively stable since the beginning of the crisis. Indeed, the number of applications for the subsidies in Japan increased sharply after May 2020, peaking in August to October, and continued to remain high even as the number of infected persons declined in 2021, with an average of about 64 000 applications per week (Figure 2.3). This may be partly due to the relatively long duration of emergency and confinement measures compared with other countries, with their implementation throughout 2021.

Figure 2.3. The use of job retention schemes has declined sharply in many OECD countries but has remained nearly the same level in Japan



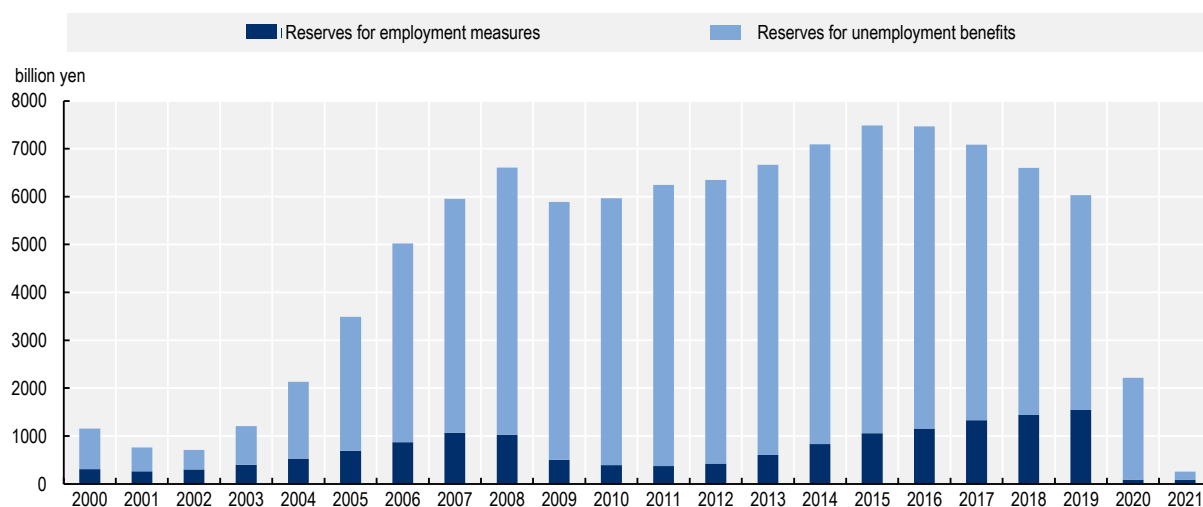
Note: A. Take-up rates are calculated as a percentage of all dependent employees in Q1 2020. † Australia, Estonia, Hungary, Latvia, Lithuania, New Zealand, Poland, Slovenia, United Kingdom and Turkey: Scheme no longer operational or not widely available. *Latest data refer to October 2021 (Czech Republic and Luxembourg), August 2021 (Portugal) and September 2021 (Sweden). #The Netherlands: Estimates based on the total use during the reference period and the assumption that support is provided for no more than three months during this period. #Italy: Data estimated based on the number of authorised hours. The United States: Data refer to short-time compensation benefits. No information on take-up available for Colombia, Iceland and Israel. No scheme present in Costa Rica and Mexico. B. Numbers are weekly counts. **Japan: Average monthly number of employees who received employment adjustment subsidies including Emergency Employment Stabilization Subsidy from April to October 2020, which is estimated using the information about the amount of employment adjustment subsidies and actual payments in the sample survey conducted by the Ministry of Health, Labour and Welfare, divided by the average number of employees during the same period.

Source: National sources; OECD (2022^[5]), *OECD Employment Outlook 2022: Building Back More Inclusive Labour Markets*, <https://doi.org/10.1787/1bb305a6-en>; Ministry of Health, Labour and Welfare (2021^[2]), 2021 Labour Economics Analysis, <https://www.mhlw.go.jp/wp/hakusyo/roudou/20/dl/20-2.pdf>; Japanese Labour Force Survey; OECD calculation based on payments of employment adjustment subsidies published by the Ministry of Health, Labour and Welfare (https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyou/kyufukin/pagel07.html).

Maintaining a stable employment rate during the pandemic has been a policy concern of the Japanese Government, but it has come at a cost. As of the end of March 2022, the government had approved over 6 million applications (the cumulative total number of firms making applications) for employment adjustment subsidies (Ministry of Health, Labour and Welfare, 2022^[7]). These have helped mitigate several of the negative labour market consequences experienced in other OECD countries during the pandemic, and helped maintain a stable employment rate. However, the unprecedented expenditure on employment adjustment subsidies has also had significant financial implications. Various employment measures, including employment adjustment subsidies, are traditionally financed by employment insurance. Due to the increase in the provision of employment adjustment subsidies, etc. because of COVID-19, the cost could not be covered by insurance premium revenues and the government responded by drawing on its reserve fund for employment measures, which was over JPY 1.5 trillion in 2019, and which dropped to zero in 2020 (Figure 2.4). In order to maintain the provision of employment adjustment subsidies, etc., the government drew on the reserve fund for unemployment benefits and the financial situation of employment insurance has deteriorated. The insurance premium rate was lowered from 2017, but it became necessary to raise the insurance premium rate due to the deterioration of the insurance finances. However, considering that the economic situation was in the process of recovery and that it was necessary to implement the measure to reduce the insurance premium burden, the premium rate did not return to the rate originally stipulated by the law (1.55%) and the law was amended to raise the premium rate for employment insurance to 0.95% (from April 2022) and to 1.35% (from October 2022). Considering the stable unemployment rate in Japan, it would be worth considering phasing out special measures for employment adjustment subsidies gradually, taking into account the situation in the sectors most affected by the COVID-19 pandemic, and shift the focus towards policies to support labour mobility, such as upskilling and reskilling workers, and subsidising labour mobility from downsized firms to growing industries.

Figure 2.4. In response to COVID-19, the government consumed a large portion of the unemployment insurance reserve

Change in reserve for employment insurance



Source: OECD analysis based on Ministry of Health, Labour and Welfare data.

Fears that employment subsidies may have undesirable consequences on the hiring of graduates seem unfounded for the time being. In the 1990s and early 2000s, efforts to maintain high employment levels despite prolonged economic contractions resulted in what became known as the “Employment ice age”, which had a negative effect on the hiring of new graduates in Japan (Ohta, S., Y. Genda and A. Kondo, 2008^[8]). During the period, many new graduates faced challenges in obtaining stable employment and those cohorts are still facing less stable employment than older and younger generations. It remains to be seen if such trends resurface after the COVID-19 pandemic (OECD, 2021^[9]). According to the “Survey of Employment Situation of University Graduates in March 2022” conducted by the Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Health, Labour and Welfare, the employment rate for those who graduated from university in March 2022 is 96%. While this is slightly lower than the most recent peak of 98% in 2018, it is still 5 percentage points higher than the one experienced by graduates during the employment ice age and the global financial crisis (around 91%).

A priority going forward is to learn from the experience of the COVID-19 crisis and assess the effectiveness of job retention scheme in saving jobs and supporting job creation. In addition to the particular concern about the deadweight effect that job retention schemes can have in supporting jobs that do not require subsidy support (OECD, 2020^[10]), potential concerns have arisen about the displacement effect, i.e. the potential for the support to go toward jobs that have become permanently unviable. Keeping workers in non-viable jobs not only increases the financial costs of job retention scheme, but may also impede recovery by delaying reallocation from low to high productivity firms. Further, employers can get stuck in working for companies that do not have the capacity to invest in their workforce, and their skills can become obsolete much faster. Key to such an assessment should be an analysis of the effectiveness of employment retention systems in protecting different types of workers from the risk of unemployment and in supporting longer-term career paths. For instance, the OECD has so far conducted such a country evaluation for Switzerland, and several countries, including France and Sweden, have already evaluated their programmes or are planning to do so over 2022-24 (OECD, 2022^[5]).

As mentioned above, Japan’s employment adjustment subsidies also cover the cost of education and training and this can be seen as an investment: training during absences can improve workers’ current job-related skills and re-employment prospects. For this reason, education and training will continue to be an important component of job retention schemes, even after the pandemic. However, it is difficult to analyse the effectiveness of these subsidies in Japan, because of limited data collection. When looking at other countries that introduced financial incentives to promote participation in training while on reduced working time, participation in training during short-time work was about 20% in France and close to 30% in Spain (OECD, 2022^[6]). In order to evaluate the effectiveness of each subsidy programme, it would be important to establish a mechanism to collect disaggregated data, such as data on the characteristics of workers who received subsidies by subsidies type.

2.2. Digitalisation of career guidance services during the pandemic

2.2.1. *Despite policy attention on career guidance services, its use remains low in Japan*

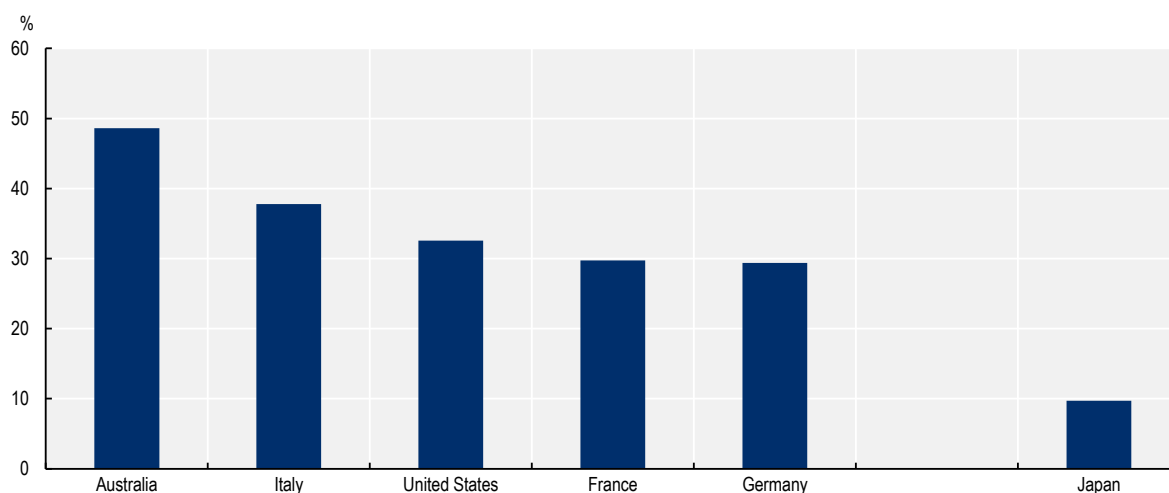
With the COVID-19 pandemic, career guidance has become more prominent on the policy agenda of several OECD countries. Career guidance can be used as a policy lever to facilitate employment transitions and identify appropriate up-skilling and re-skilling opportunities. Throughout the pandemic, many adults had to transition to different occupations and sectors, and therefore had an increasing need for assistance in identifying sustainable employment and relevant training. As social distancing measures prompted the rapid digitalisation of career guidance services, governments have quickly realised that digitalisation allows for more flexibility in how and when career guidance is delivered, which helps to overcome a lack of time as a key barrier to accessing career guidance (OECD, 2021^[11]). The digitalisation

of career guidance made the service more accessible to jobseekers and workers during lockdown periods, although it required large-scale advertisement to raise awareness of the services.

Similarly to other OECD countries, Japanese authorities have encouraged the expansion of career guidance in recent years, and have promoted existing services such as the “Self-Career Dock system” (OECD, 2021^[12]). In 2020, the government established several support centres for career development and set up a system to provide free online or in-person career counselling sessions. Yet, the participation rate of career guidance among Japanese workers remains low compared with other countries. According to the 2020 Basic Survey on Human Resource Development, while 38% of Japanese companies offer career guidance services, the percentage of workers who used career guidance over the 12 months between April 2019 and May 2020 was less than 10% (Figure 2.5). According to the OECD 2020 Survey of Career Guidance for Adults (SCGA), usage rates were much higher in other countries – for instance in Germany (29%), France (30%), and Australia (49%).

Figure 2.5. The use of career guidance services by Japanese workers remains low

Percentage of workers who used career guidance in the past 12 months, 2020



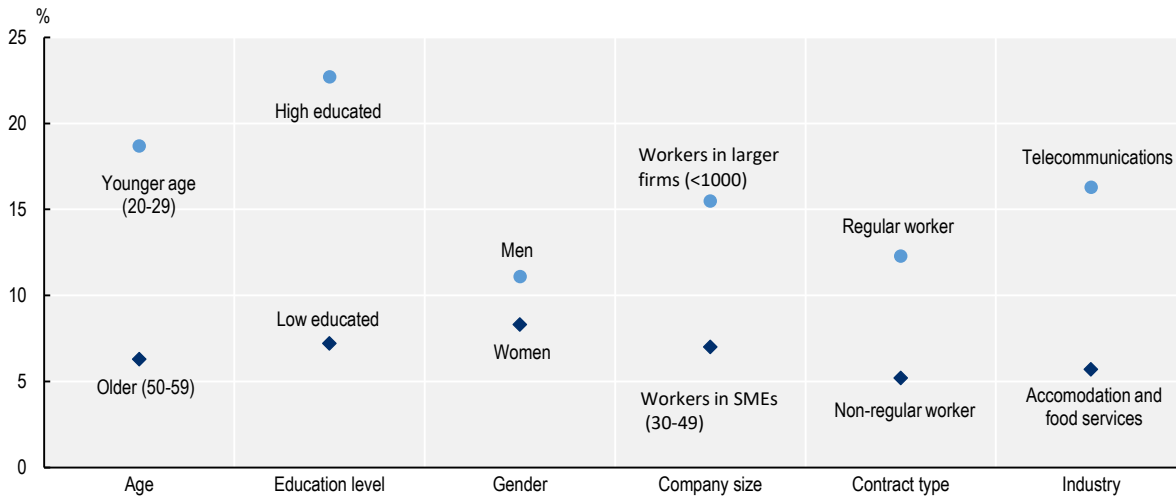
Note: In Japan, the target population is workers in companies with 30 or more employees; in Australia, France, Germany, Italy, and the United States, the target population is workers in companies with 10 or more employees. The percentage of respondents in Japan refers to those who received career advising during fiscal year 2019; for the other countries, the percentage of respondent's refers to those who spoke with a career guidance advisor in the past 12 months at the time of the survey, i.e. 2020 for Italy, United States, France and Germany, and 2021 for Australia.

Source: OECD 2020 Survey of Career Guidance for Adults (SCGA); Japanese Basic Survey of Human Resource Development (2020).

Like in other countries, there are large differences in the use of career guidance services in Japan depending on the workers' socio-economic characteristics (Figure 2.6). For example, while almost one in every five workers aged 20-29 receive career guidance, this proportion drops to 6% for those aged 50-59. The likelihood of using career guidance services also increases with firm size, and for full-time employees relative to part-time employees. Further, there are significant differences by industry, with relatively high participation rates in industries with larger shares of high-skilled workers, such as the information and communication sector and the financial and professional/technical services industries, and significantly lower rates in industries that employ more low-skilled workers such as wholesale/retail and accommodation/restaurant services. Inequality in the use of career guidance is of concern, as it indicates that the services are not reaching groups that could benefit from it the most, namely workers in SMEs and non-regular workers.

Figure 2.6. Percentage of career consulting services received varies by socio-economic characteristics

Percentage of adult who used career consulting service in the past 12 months by socio-economic characteristics, 2020



Notes: The low educated group includes adults with less than a bachelor's degree. High educated indicates only bachelor's degree with liberal arts.

Source: Japanese Basic Survey of Human Resource Development (2020).

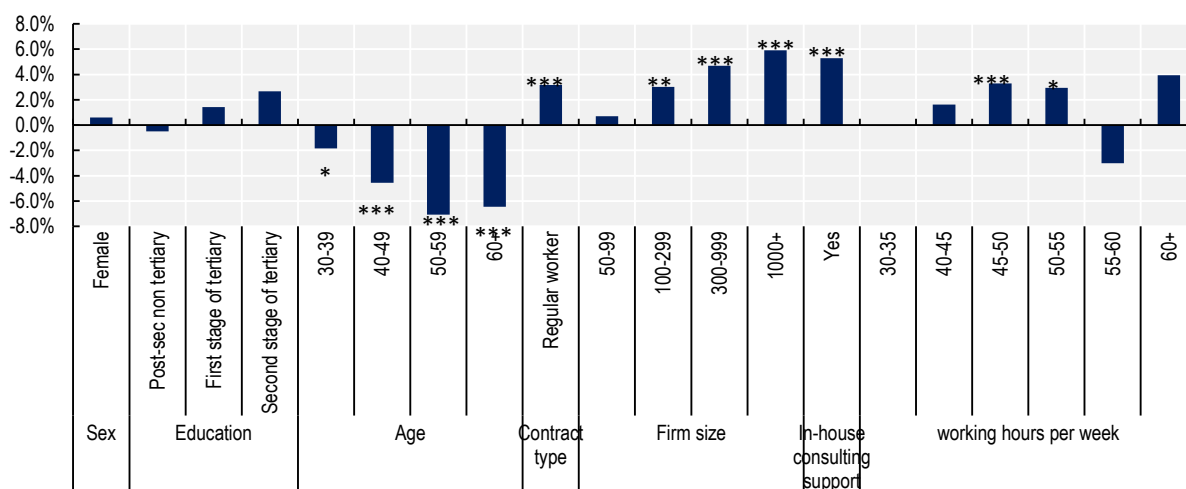
Econometric analysis helps corroborate these findings by taking into account workers' characteristics such as age, contract type and working hours. Probit regression results show that, everything else being equal, the probability of receiving career guidance is 7% lower for those aged 50-59 compared to those aged 20-29, while the probability of receiving career guidance for employees of small and medium-sized firms is 6% lower than for those in firms with over 1 000 employees (Figure 2.7). Japan is also characterised by significant differences between regular and non-regular workers. While econometric analysis for Chile, France, Germany, Italy, New Zealand, and the United States does not identify any significant effect of workers' contract type on the use of career guidance (OECD, 2021^[11]), in Japan the probability of using of career guidance for non-regular workers is 3% lower than that for regular workers. This may reflect the greater difference in attitudes toward careers between regular and non-regular workers in Japan compared with other OECD countries.

Figure 2.7 also shows no significant difference in the probability of receiving career counselling by education level or working hours. This suggests that education and lack of time due to long working hours are not the biggest barriers to career guidance. An important caveat is that the regression analysis does not capture lack of time due to personal responsibilities – e.g. child caring – and there tends to be a positive correlation between personal responsibilities and working part-time.

In addition, the probability of receiving career guidance was 5% higher for workers in firms that had an internal career counselling system than for workers in firms that did not. This underscores the need for government support to increase the number of companies that actively provide career-related consultations, including the Self-Career Dock system.

Figure 2.7. Effects of career guidance services by socio-economic and demographic characteristics

Average marginal effects from a probit regression



Note: ***, statistically significant at the 1% level, **, statistically significant at the 5% level and *, statistically significant at the 10% level. The figure shows estimates of the average marginal impact of selected variables on receiving career guidance services. The benchmark group has the following characteristics: male (sex), upper secondary education or below (education), aged 20-29 (age), non-regular worker (contract type), 30-49 (firm size), firms that do not provide in-house career consulting support, 35-40 hours (working hours per week). These effects are estimated with controls for industry, occupation, job title, turnover rate, and the share of non-regular workers in a firm.

Source: OECD analysis based on Japanese Basic Survey of Human Resource Development (2020) supported by the Ministry of Health, Labour and Welfare.

2.2.2. The COVID-19 pandemic has fostered the digitisation of career guidance

The restrictions on interpersonal contacts caused by the pandemic have reiterated the importance of an efficient digitalisation of administrative systems. One of the major impacts of the COVID-19 crisis was indeed to prompt changes in the way public services are delivered, accelerating the digitisation and organisational reforms currently underway in Japan. On the employment side in particular, there has been a shift toward providing online services to obtain employment adjustment subsidies and career assistance in the public employment services (PES) (Table 2.3).

Box 2.2. Timeline of digitalisation of career guidance services in Japan

- August 2020: the government released a website to submit online applications for employment adjustment subsidies, allowing employers to apply for the subsidies at any time from a computer at work, home, or elsewhere.
- September 2020: the government launched a pilot virtual job counselling service using videoconferencing software such as Zoom, etc. This virtual job counselling service targets registered jobseekers who live in remote areas or who have difficulty coming to the PES for consultations. The online consultation services include advice on how to write CVs, interview preparation and job referrals. They will be extended to major PES offices across Japan in 2022.
- September 2021: Job placement services provided online. Jobseekers can now log into the PES website and apply for vacancies online. They can also view their history of job applications and the results of acceptance or rejection. Such direct application to vacancies is beneficial for both employers and workers: in fact, it has the advantage that jobseekers can now apply for jobs directly without having to go through the PES, while companies receive more applications.

Table 2.3. The PES in Japan has facilitated online service in a variety of areas

Policy Contents	Start of the scheme	Short description	Results
Online application for employment adjustment subsidies	August 2020	Possibility to apply for employment adjustment subsidies online without the need to go to the Public Employment Security Office	About 5% of all applications for employment adjustment subsidies have been sent online
Online career guidance consultations	September 2020	Launched a pilot virtual job counselling service through videoconferencing without having to visit the Public Employment Security Office	Number of PES providing online job consultation: 261 nationwide, 48% of the total PES (as of the end of December 2021) Number of online job consultations: 8 678 (from April 2021 to December 2021)
Online job placement	September 2021	Jobseekers can make online job applications and get online job placement through the website of the Public Employment Security Office	Number of online registrations: 4 911 (number of new job applications in December 2021) Number of cases in which online job placement resulted in employment: 51 (December 2021)

Source: OECD Questionnaire on Policy Responses to the COVID-19 crisis.

Since their establishment in April 2020, the Career Development Support centres have offered online services to jobseekers and other interested adults, and the COVID-19 pandemic has accelerated the diffusion of remote career guidance throughout Japan.² A survey conducted by the Japan Institute for Labour Policy and Training in November 2020 (hereinafter referred to as Japanese Online Career Guidance Survey) found that around one-third of those who had received career guidance in the past had experienced online consultation, and of those, about half experienced online career guidance after the COVID-19 outbreak, suggesting that the efforts by the Japanese Government in facilitating online services have had an effect (The Japan Institute for Labor Policy Training, 2022^[13]). The move to online career guidance has not been limited to public institutions and the progression in online provision has continued. According to a nation-wide survey of career counsellors, including those in the private sector, the percentage of career consultants who provide online career guidance increased from 53% in 2020 to 65% in 2021, showing that the trend towards more digital services since the COVID-19 outbreak has continued (Japan Manpower, 2021^[14]). Overall, the move towards online guidance services in Japan is parallel to what happened in other OECD countries during the crisis (see Box 2.3 for more information about other OECD experiences).

Box 2.3. The move towards online guidance services across the OECD

During the pandemic, the need for social distancing made it impossible to carry out on-site services and career guidance providers had to shift delivery towards fully remote alternatives. The percentage of respondents to the 2020 Inter-Agency Working Group on Work-Based Learning (IAG-WBL)'s Career Guidance Survey who report providing fully remote career guidance services jumped from 6% in the pre-pandemic period to almost 80% during the pandemic (OECD, 2022^[15]).

In particular, several OECD countries have improved access to career guidance by creating online portals. For example, adults in Greece can now have a real time conversation with a career guidance advisor through the EOPPEP Internet Portal for Adults. In Canada, a COVID-19 resource page was launched on the Job Bank website in mid-April 2020. In the United States, information on how to file for unemployment and on other benefits available for recently unemployed workers had been made available through the *CareerOneStop* portal (OECD, 2021^[11]). In Belgium, the Flemish public employment service launched the online platform *Mijn loopbaan* (My career), where visitors can view their work experience, how much they earned and how much pension they have built up. Users can create a fully personalised online portfolio (keeping track of competences and qualifications), create a CV and upload it to an online platform used by employers (Cedefop, European Commission, ETF, ILO, OECD, UNESCO, 2021^[16]).

In addition to creating online portals for career guidance, during the crisis other OECD countries have provided specific support to help counsellors adapt their services to remote delivery. For example, France made particular efforts to ensure that all career guidance advisors could telework by equipping them with laptops and mobile phones (Cedefop, 2020^[17]). Ireland provided counsellors with training to share good practices on delivery of guidance online during COVID-19 (Department of Education and Skills, 2020^[18]).

Table 2.4. Changes to online career guidance portals during the COVID-19 pandemic

Country	Changes made or planned
Australia	<ul style="list-style-type: none"> Strong focus on connecting people with information about current labour market changes, government support during the pandemic and study options such as short courses that will equip individuals to re-enter the workforce as soon as possible.
Belgium	<ul style="list-style-type: none"> More online services
Canada	A COVID-19 resource page was launched in mid-April, on the Job Bank website (www.jobbank.gc.ca). It has become a popular destination for users to find information related to work during COVID-19.
Czech Republic	<ul style="list-style-type: none"> A chat bot has been launched on the <i>MoLSA</i> portal, which helps visitors answer basic questions.
Denmark	<ul style="list-style-type: none"> National response to strengthen career guidance for adults being unemployed due to COVID-19.
Estonia	<ul style="list-style-type: none"> Special subsection describing online career services was added to the online portal
France	<ul style="list-style-type: none"> Any change affecting the rights and/or the way in which they can be exercised will be indicated on the portal '<i>Mon conseil en évolution professionnelle</i>'.
Greece	<ul style="list-style-type: none"> The EOPPEP Internet Portal for Adults will provide to the visitor the opportunity for receiving distant counselling services, to have a real time direct conversation with a career guidance counsellor through a special form that will be filled by the visitor.
Ireland	<ul style="list-style-type: none"> <i>Careersportal</i> provided links to various national agencies and guidelines.
Korea	<ul style="list-style-type: none"> Process to strengthen mobile access is underway.
Spain	<ul style="list-style-type: none"> The portal www.sepe.es reinforced its virtual tools for career guidance.
Sweden	<ul style="list-style-type: none"> No specific career guidance services were developed specifically to meet the COVID-19 situation, but the intensification and prioritisation of digital career guidance are increasing.

Source: OECD 2020 Policy Questionnaire 'Career Guidance for Adults'.

2.2.3. Need to further promote the use of digital tools to benefit all

In Japan, those who have experienced online career guidance generally tend to rate it highly: about 60% of respondents to the Japanese online career guidance survey considered that online career guidance is useful, compared to only 50% of respondents who answered that in-person career guidance is useful (The Japan Institute for Labor Policy Training, 2022^[13]). Online career guidance has the advantage of not being tied to a specific time and place, and encourages users to be more candid. Indeed, many survey respondents argued that online career guidance was useful because they could receive it at a convenient time (57%), because it is easy to talk frankly with career consultants as the process seems less daunting (32%), and because respondents could consult at a convenient location, regardless of where they live (31%).

On the other hand, international experience shows that vulnerable groups facing poorer labour outcomes often had difficulty accessing digital devices and did not have the necessary skills to benefit from digital services (Cedefop, European Commission, ETF, ILO, OECD, UNESCO, 2021^[16]). The Survey of Adult Skills (PIAAC) shows that while Japan has a higher share of digital problem solvers (42%) than the OECD adult average (32%), it also has a higher proportion of adults without basic ICT skills (25% vs. 19%) (OECD, 2021^[12]). This suggests that, similarly to the situation observed in other countries, also in Japan certain vulnerable groups may not be receiving the necessary support.

Looking at the characteristics of people receiving online career guidance, 67% of those who live in large urban areas have taken online career guidance, compared to 45% of those who lived in rural and suburban areas. In addition, while 69% of those with online learning experience prior to the outbreak of COVID-19 had experienced online career guidance, only 39% of those who first experienced online learning after the onset of COVID-19 had online career guidance (The Japan Institute for Labor Policy Training, 2022^[13]). These results show that those who do not live in urban areas and those who are not familiar with online learning may be less likely to access online career guidance.

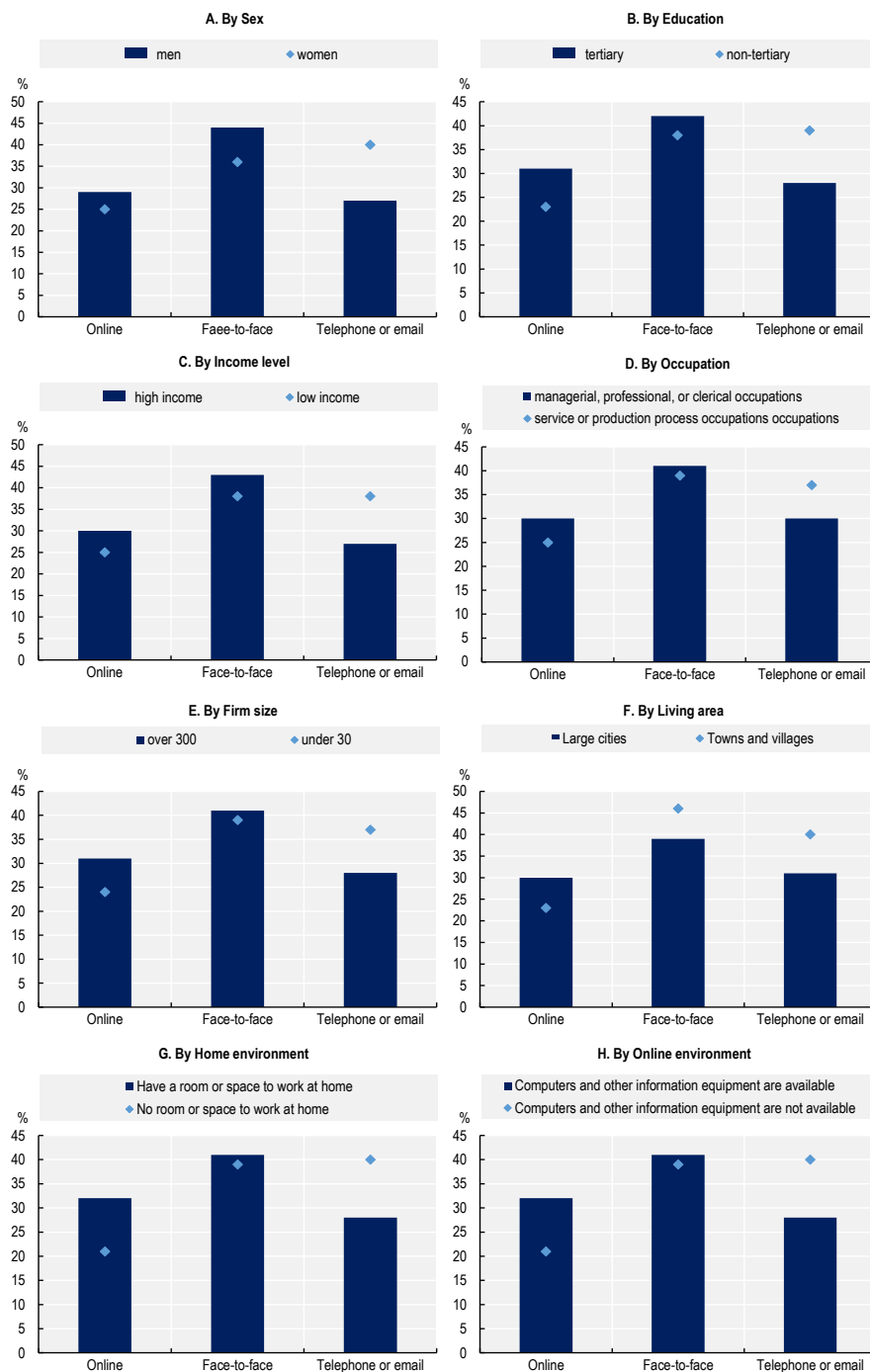
In addition, when looking at differences in preferences for consultation methods by demographic characteristics, people with high levels of education (university graduates), in managerial, professional, or clerical occupations, and working for large companies reported a relatively higher preference for online career guidance, while women, the low educated, those with lower incomes (annual income below JPY 4 million), those in sales, service, or production process occupations, and workers in small and medium-sized companies reported a greater preference for telephone or email (Figure 2.8). These results suggest that those in precarious occupations either do not have access to stable internet or a device at home that would allow for online consultation, and/or do not have enough digital skills. A third option is that, due to the generally low digitalisation of services in Japan, underrepresented adults are not as used to navigating digital services as their more privileged counterparts, and therefore do not have the culture or confidence in using digital services.

Taking ownership of own career development also affects preferences in delivery methods. In the Japanese online career guidance survey, those who answered “I want to plan my career by myself” 26% said that online career guidance at home was the preferred medium, and 30% said that telephone or e-mail was the preferred medium. For those who answered “I want the company to develop my career plan” only 14% said that online career guidance at home was the preferred medium, while 47% said that telephone or e-mail was the preferred medium (The Japan Institute for Labor Policy Training, 2022^[13]). This might reflect a correlation between education, career planning ownership and confidence. Those who are more educated and better equipped to make decisions and formulate plans about their career, are more confident to present and discuss them digitally “face-to-face”. On the other hand, those with less education may be happier to leave the career planning to their employer as they know less about their options, and therefore prefer phone delivery where it is easier to be less involved in the guidance session.

Remote career guidance services are likely to continue after the pandemic. The availability of digital devices and the development of digital skills are important to enable access, but well-designed outreach efforts are also needed to ensure equity of access. The government has continued to promote the use of digital tools and online provision of career guidance, while at the same time ensuring that demographic groups that already underutilise these services are not further alienated by the digital transition.

Figure 2.8. Only certain groups of adults opted for an online delivery of career guidance services

Career guidance preference by workers' characteristics



Note: Online includes both at home and outside of home.

Source: Japan Institute for Labour Policy and Training (2022), "Research on career-related qualifications and online career support in developed countries" <https://www.jil.go.jp/institute/siryo/2022/documents/0250.pdf>.

2.3. The implementation of new teleworking practices

2.3.1. *If implemented correctly, there can be a positive link between teleworking and productivity*

The COVID-19 crisis provided a large-scale natural experiment to assess how semi-compulsory teleworking practices served as an effective means for maintaining firms' productivity and enhancing workers' well-being. Previous studies have shown that telework can improve work-life balance and reduce commuting time, while at the same time improving corporate performance by increasing worker satisfaction and labour efficiency through more focused work and fewer distractions (Godart, O., H. Görg and A. Hanley, 2017^[19]; Beckmann, 2016^[20]; Beckmann, M., T. Cornelissen and M. Kräkel, 2017^[21]; Monteiro, 2019^[22]).

Telework can also improve firm performance by facilitating cost savings. Indeed, it can directly lower capital costs by reducing the amount of office space and equipment needed by firms (Bloom, N. et al., 2015^[23]). Labour costs can be reduced because teleworking expands the pool of workers from which firms can recruit, thereby increasing the supply of skills and improving the match between workers and vacancies by, for example, hiring highly skilled workers who are tied to a particular location for personal reasons (Clancy, 2020^[24]). In addition, employment costs may decrease if voluntary resignations and turnover decrease due to increased worker satisfaction.

However, a few studies also pointed at certain negative externalities of teleworking practices for both workers and employers. For example, Morikawa (2021^[25]) shows that telework may reduce performance, noting that in the early stages of the pandemic, the productivity of teleworking employees in Japan declined by more than 30% (at the same time, however, the research concluded that the average teleworking productivity has improved by more than 10 percentage points in the year immediately following the start of the pandemic). Teleworking may also reduce labour efficiency by reducing face-to-face interactions and impairing communication, knowledge flow, and managerial oversight. Several previous studies support the notion that in-person meetings are more effective than remote communication such as email, chat, and phone calls (Bohns, 2017^[26]; Roghanizad, M. and V. Bohns, 2017^[27]; Battiston, D., J. Blanes and T. Kirchmaier, 2017^[28]; Bonet, R. and F. Salvadora, 2017^[29]). In addition to the impact on the company internally, infrequent personal communication can also have a negative impact on the company's relationships with key stakeholders, e.g. customers and suppliers, which can negatively affect the company's overall performance (Hovhannisyanyan, N. and W. Keller, 2019^[30]). Lack of interaction may also reduce the flow of knowledge among employees, thereby reducing opportunities to acquire collective knowledge and undermining long-term productivity gains.

Overall, for telework to increase firm-level productivity, it is crucial that workers' satisfaction increases enough to offset the potential negative effects that it may also entail. Workers' satisfaction and efficiency may increase when the frequency of remote work remains relatively moderate, but may suffer due to "excessive" telework, because of the sense of loneliness and a lack of separation between personal and professional life. In other words, there is an inverse U-shaped relationship between the amount of telework and workers' efficiency, although the relationship is expected to vary by industry and occupation (OECD, 2020^[31]). Teleworking also needs to be organised in a way that its potential negative effects on communication, knowledge flow, and managerial oversight are minimised.

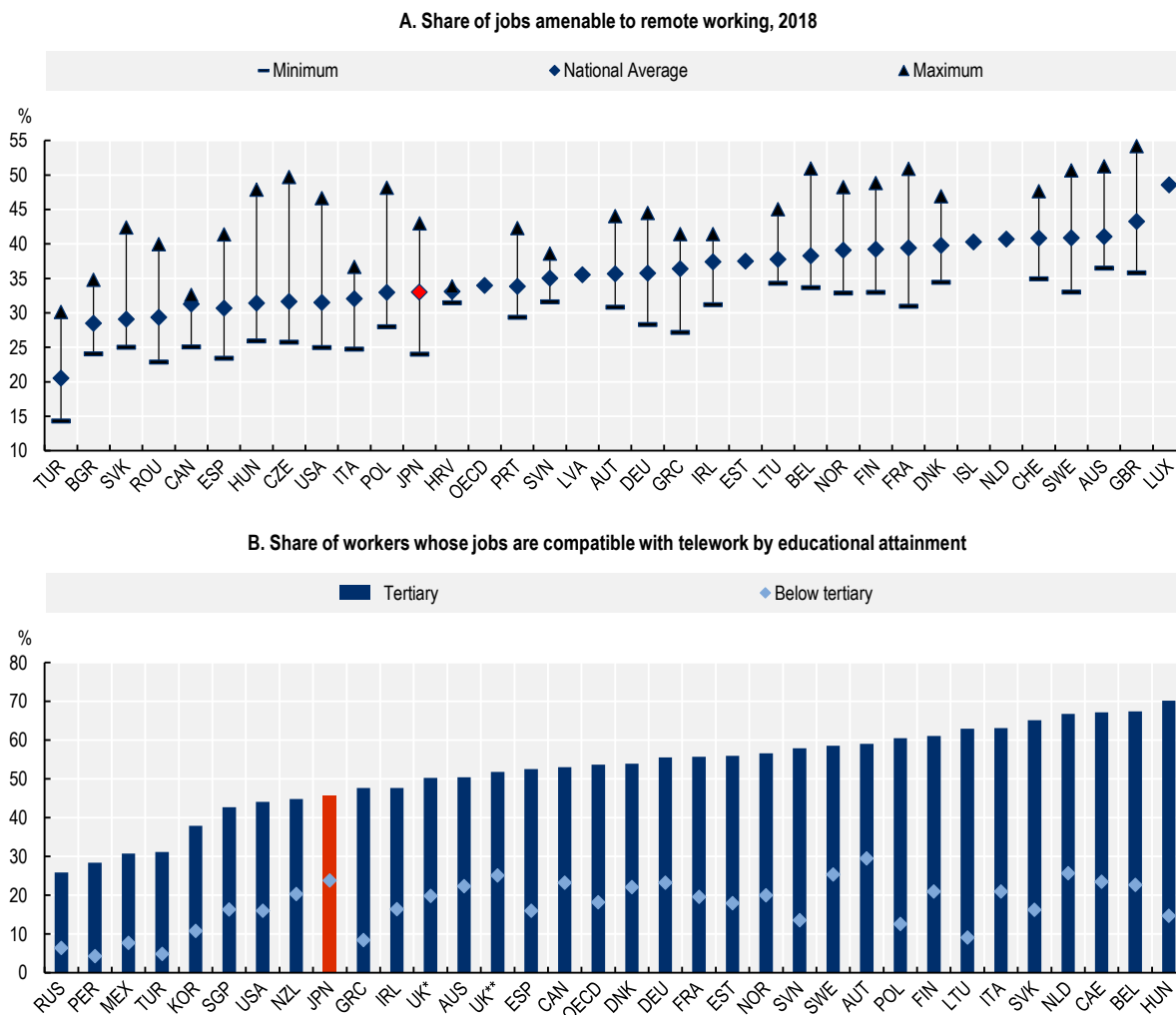
It is also important to note that teleworking was highly effective in controlling infections during the pandemic's spread. An online survey conducted in Japan in early June 2021 indicates that nearly 27% of COVID-19 positive people contracted the virus at work. When asked what measures they would take to prevent viral infections, more than half (52%) selected "remain in-house as much as possible" with women being especially likely to do so. Moreover, preliminary findings gathered during the pandemic in Japan indicate that 56% of managers perceived telework as better than expected, stressing how the public opinion around remote work practices is also changing (Ozimek, 2020^[32]).

2.3.2. *Japan's push towards teleworking during the pandemic*

The potential for telework in Japan is close to the OECD average. Based on studies conducted in the United States (Dingel, J. and B. Neiman, 2020^[33]) and Japan (Kotera, 2020^[34]), an international comparison of the feasibility of remote work by region shows that one-third of jobs in Japan are amenable to teleworking (with the maximum being 43% in Tokyo and the minimum being 24% in Aomori Prefecture) and this is comparable to the average across the OECD (Panel A of Figure 2.9). Despite this, Japan ranks relatively low in comparison

to most OECD countries in terms of share of tertiary educated workers whose jobs are compatible with teleworking. An analysis based on PIAAC shows that, while Japan has a smaller difference in teleworking feasibility by education level than other OECD countries, the teleworking feasibility of tertiary educated workers is around 8 percentage points lower than the OECD average (Panel B of Figure 2.9). This may reflect Japan’s occupational composition, where highly qualified individuals are more likely to work in jobs that are relatively difficult to perform through telework.

Figure 2.9. Japan’s potential for telework implementation is close to the OECD average



Note: A: Potential for remote working: The assessment of regions’ capacity to adapt to remote working is based on the diversity of tasks performed in different types of occupations. For further information: OECD (2020), *Capacity for remote working can affect shutdowns’ costs differently across places*, OECD Policy Note (<http://www.oecd.org/coronavirus/policy-responses/capacity-for-remote-working-can-affect-lockdown-costs-differently-across-places-0e85740e/>). Figures for Japan are based on Kotera (2020_[34]) and the OECD average does not include Japan’s data. From the perspective of estimating the upper limit of teleworking possibility of Japan, the figures are calculated by multiplying the score of whether or not teleworking is possible by the adjusted value (1-N÷3). (N is the number of items in each occupational category for which the criterion for making teleworking difficult applies in each occupational category.) B: UK* indicates Northern Ireland and UK** indicates England.

Source: OECD calculations based on American Community Survey (ACS), Australian Labour Force Survey, Canadian Labour Force Survey, European Labour Force Survey, Turkish Household Labour Force Survey, Turkish Statistical Institute and Occupational Information Network data. Data for Colombia is based on Colombian Household Survey estimated by Cardenas and Montana (2020_[35]); Kotera (2020_[34]), “How far will teleworking go?”; Espinoza and Reznikova (2020_[36]), “Who can log in? The importance of skills for the feasibility of teleworking arrangements across OECD countries”.

Even before the outbreak of the pandemic, the Japanese Government had been promoting telework in order to create an environment that facilitates flexible work styles. For instance, in a 2017 Cabinet decision, the government undertook to triple the number of companies with teleworking practices by 2020 (compared to the number of firms of 2012). An ambitious government goal has been also set to double the number of employees benefitting from teleworking opportunities in 2022 compared with the fiscal year 2016 level (Cabinet Office, 2017^[37]).

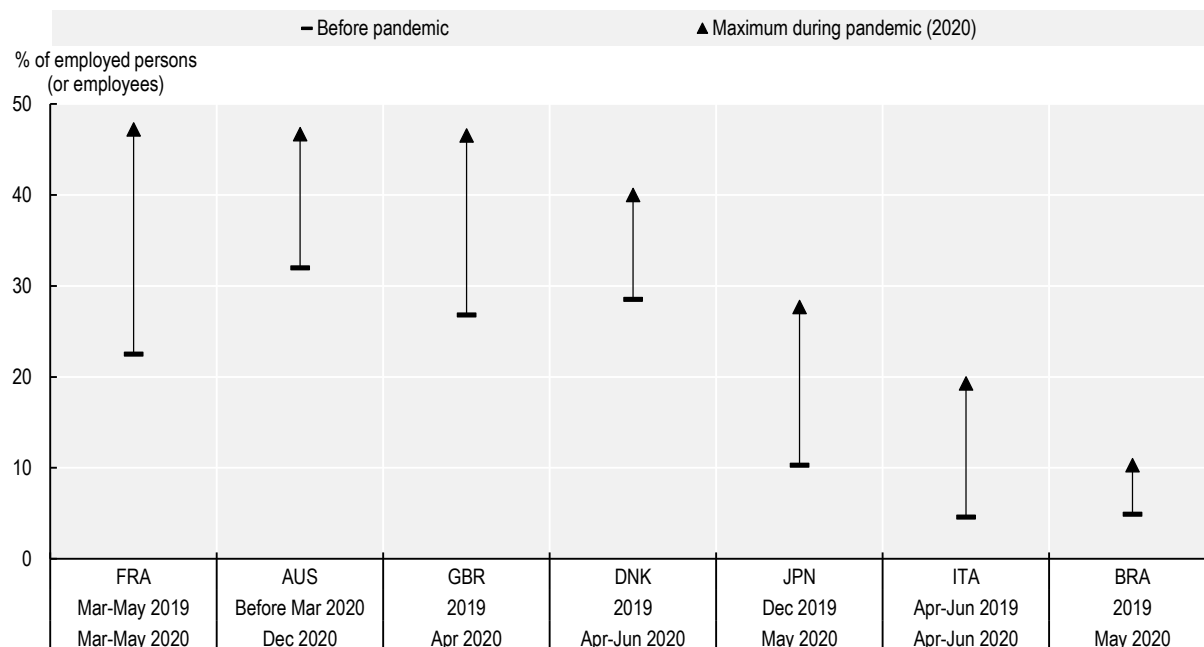
Efforts to promote flexible work practices were drastically hastened by the outbreak of the COVID-19 pandemic. In April 2020, the government encouraged companies to resort to telework in order to reduce attendance at office by at least 70%. In addition, in its “Emergency Economic Measures for New Coronavirus Infections” approved by the Cabinet in the same month, the government decided to expand support for the introduction of telework communication equipment in SMEs, as well as help the introduction of cybersecurity measures for SMEs. In particular, the Ministry of Health, Labour and Welfare (MHLW) implemented a subsidy scheme for SMEs covering 50% or up to JPY 1 million of the cost for purchasing ICT tools and operating a telework system. Use of the measure was substantial, with a total of more than 9 000 cases approved out of about 13 000 applications, and a total of JPY 3.52 billion has been paid as of October 2021 (averaging at JPY 380 000 per SME). The government also revised the “Guidelines for the Appropriate Introduction and Implementation of Teleworking Using Information and Communications Technology” on March 2021, in order to promote the successful implementation of teleworking systems and help employers and employees adjust to the new work styles of life during and after COVID-19.

In addition, the Ministry of Internal Affairs and Communications (MIC) expanded guidance on teleworking for managers. This programme was launched in 2016 to provide free advice on the introduction of teleworking practices by experts to companies and local government, and the experts have provided advice on ICT equipment for teleworking, information security, labour management, etc. In 2020, the number of consultants was increased from 21 to 109 in order to further promote the introduction of remote work practices during the COVID-19 crisis (Ministry of Internal Affairs and Communications, 2021^[38]). Similarly, the Ministry of Economy, Trade and Industry (METI) launched the “SME Digitalization Support Team Project” – a programme providing SMEs with support for teleworking through advice on the use of digital tools by IT specialists.

Helped by the different policy measures taken by the Japanese Government during the COVID-19 crisis, the rate of teleworking in Japan jumped from 10% in December 2019 to 28% in May 2020 (Figure 2.10). By international comparison, Japan experienced the highest rise in teleworking practices in the OECD. However, Japan’s teleworking rate was lower than that of Germany, Australia, France, and many other countries.

Figure 2.10. Japan’s telework implementation surged in the wake of the pandemic

Increase in teleworking, during the COVID-19 pandemic compared to before



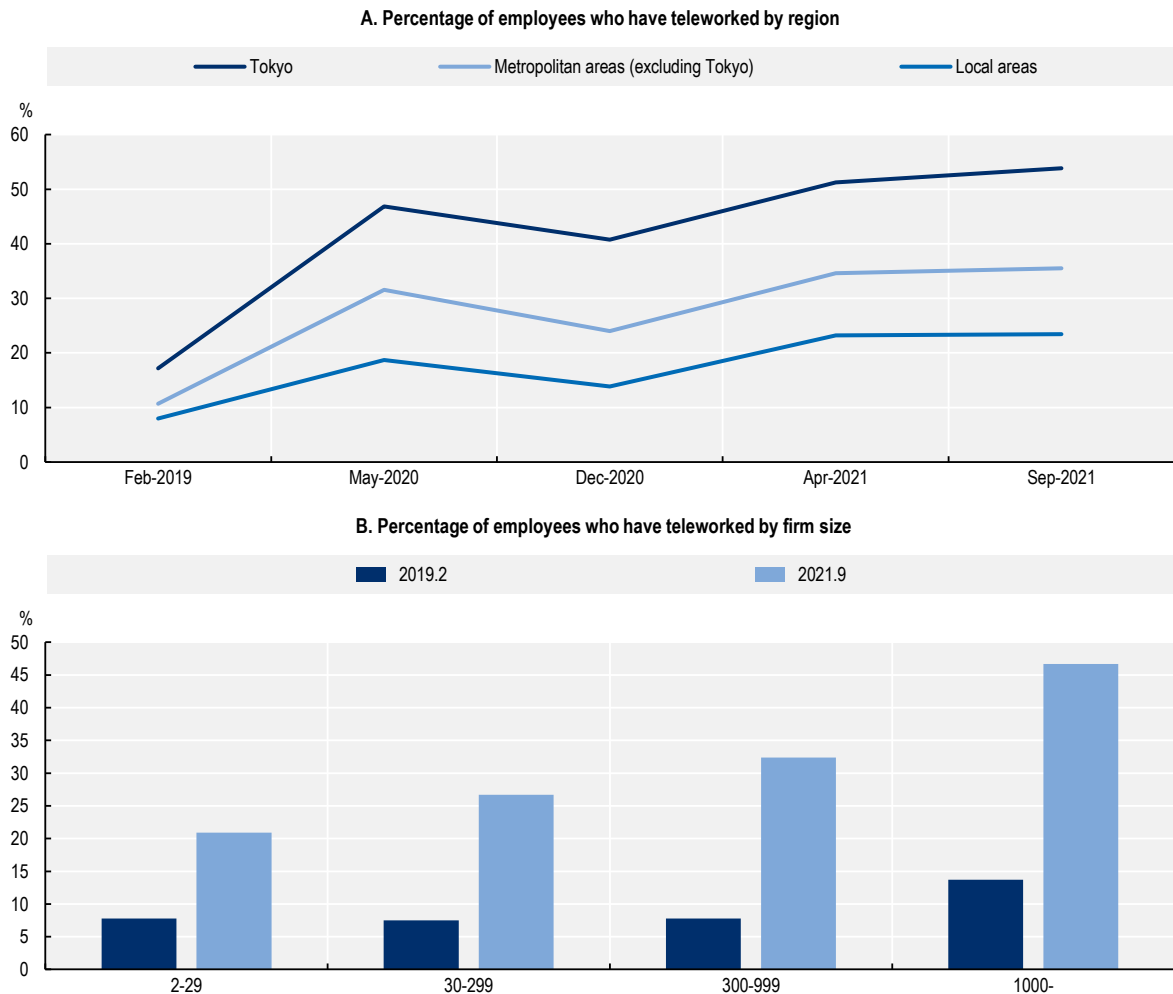
Note: AUS: share of employed persons working at home at least once in the last 4 weeks (self-reported). Before pandemic figure relates to “Before 1 March 2020”, as reported in December 2020. Data relate to persons aged 18 years and over and come from the “Household impacts of COVID-19 survey”. BRA: 2019 – percentage of (employed) people who usually worked from their homes. 2020 – percentage of (employed) people who worked from home in May 2020. It is important to mention that in the PNAD-COVID-19 questionnaire, the question that measures work at home explicitly asks about “teleworking” – whereas in the Continuous PNAD it is not. So, in part, the difference between the results can also be due to changes in the collection strategy. DNK: share of employed persons working at home at least once in the last 4 weeks (self-reported). Data relate to quarter 2 (March-June) and come from Labour Force Surveys. 2019 figure comes from the EU LFS dataset and relates to those teleworking “sometimes” or “usually”. FRA: share of employed persons working at home in the period (self-reported). Data from INSEE enquêtes Emploi (employment surveys). GBR: share of employed persons “who did any working from home in the reference week”. Estimated by the ONS using experimental Labour Market Survey datasets. ITA: share of employed persons working at home at least once in the last 4 weeks (self-reported). Data from the Labour Force Survey. JPN: Share of employed persons who answered “almost 100% teleworking”, “mainly teleworking (more than 50%)”, “mainly working at office (more than 50%) with occasional teleworking”, or “basically working at office but teleworking irregularly” to the question regarding their working style using an ad-hoc “survey on changes in life consciousness and behaviour”. Source: Criscuolo et al. (2021^[39]), “The role of telework for productivity during and post-COVID-19: Results from an OECD survey among managers and workers”, <https://doi.org/10.1787/7fe47de2-en>.

2.3.3. The COVID-19 pandemic widened the gap in telework implementation

While the implementation of teleworking expanded rapidly during the COVID-19 pandemic, significant disparities in telework practices have been observed among workers. For instance, Panel A of Figure 2.11 shows the percentage of workers who were teleworking at least partly at the time of the survey by region. While the gap between the telework implementation rate in Tokyo and in local rural areas was about 10 percentage points before the pandemic began, it expanded to about 30 percentage points during the crisis.

There are also large differences in telework implementation rates by firm size. As of 2019, the difference in implementation rates between large firms with more than 1 000 employees and small and medium-sized firms with less than 30 employees was 6 percentage points, but by 2021, the gap had widened to 26 percentage points (Panel B). This trend of increasing telework implementation rates with firm size is common in other OECD countries (Ker, Montagnier and Spiezia, 2021^[40]). Finally, the gap between full-time workers and contract workers has also widened during the pandemic (Mugiyama, R and K. Komatsu, 2022^[41]).

Figure 2.11. The implementation rate of teleworking has been increasing since COVID-19, but there is a large difference by region and firm size



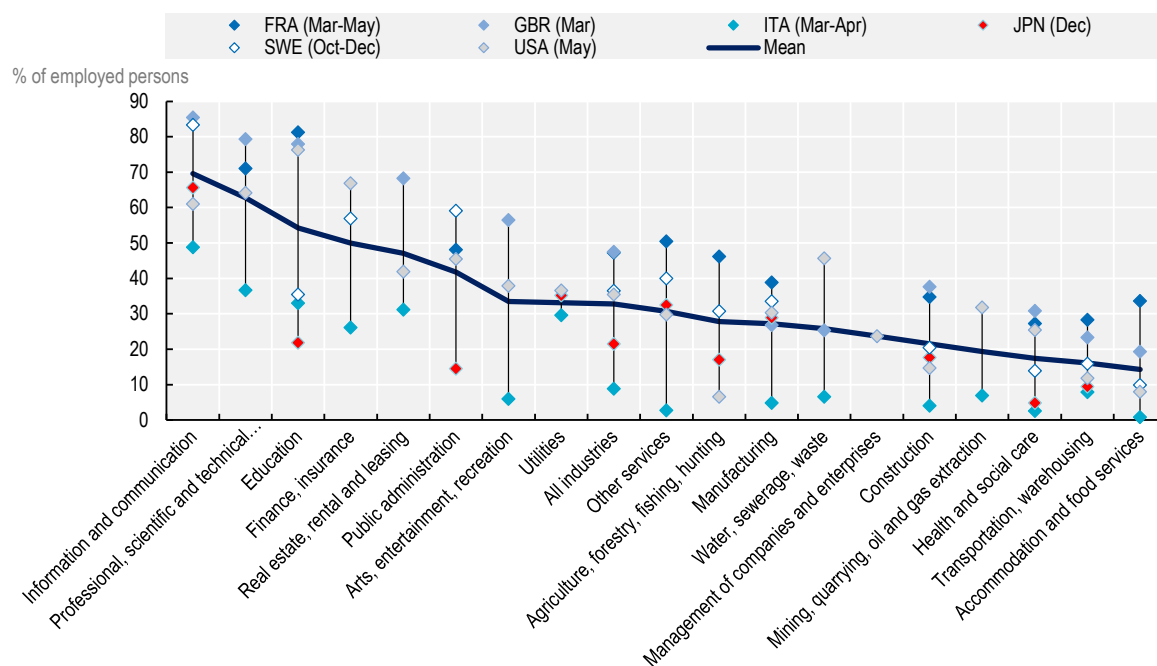
Note: Panel A. Metropolitan areas includes Saitama, Chiba, Kanagawa, Aichi, Gifu, Mie, Osaka, Kyoto, Hyogo, Shiga, Nara, and Wakayama Prefectures. Local areas are the 35 prefectures excluding Tokyo and Metropolitan areas.

Source: OECD calculation based on the Survey on Changes in Attitudes and Behaviours under the COVID-19 (Cabinet Office).

Not surprisingly, there are also large disparities by industry. Activities related to physical production or interactions, such as health care and social assistance, construction, transportation and warehousing, and accommodation and food services, have relatively low proportions of teleworkers across OECD countries, including France and the United States (Figure 2.12). In contrast, industries that are already highly digitised, such as information and communication services, professional and scientific services, and financial services, have very high teleworking rates, reaching well beyond 50%. While these trends are generally similar in Japan, one major difference is that the telework rate in the public sector is lower than in other countries, hence limiting the “lead by example” effect on private companies.

Figure 2.12. Differences in teleworking arise by industry

Teleworking peaks during the COVID-19 pandemic, by industry, 2020



Note: The industry breakdown available varies and the alignment of industries across countries is approximate in some cases. Where some countries have more detail than others – for example, several countries separate retail trade and wholesale trade – the simple average is taken. FRA: share of employees teleworking or remote working in reporting week (firm-reported). GBR: share of employees working remotely instead of at their normal place of work in the last 2 weeks (firm-reported). ITA: share of employees remote or smart working in reporting period (firm-reported). JPN: data relate to “Telework” collected through an ad-hoc “survey on changes in life consciousness and behaviour”. SWE: share of employed persons (aged 15-74) working at home at least once in the last 4 weeks (self-reported). USA: share of employed persons who teleworked or worked from home in the last 4 weeks because of the coronavirus pandemic (self-reported).

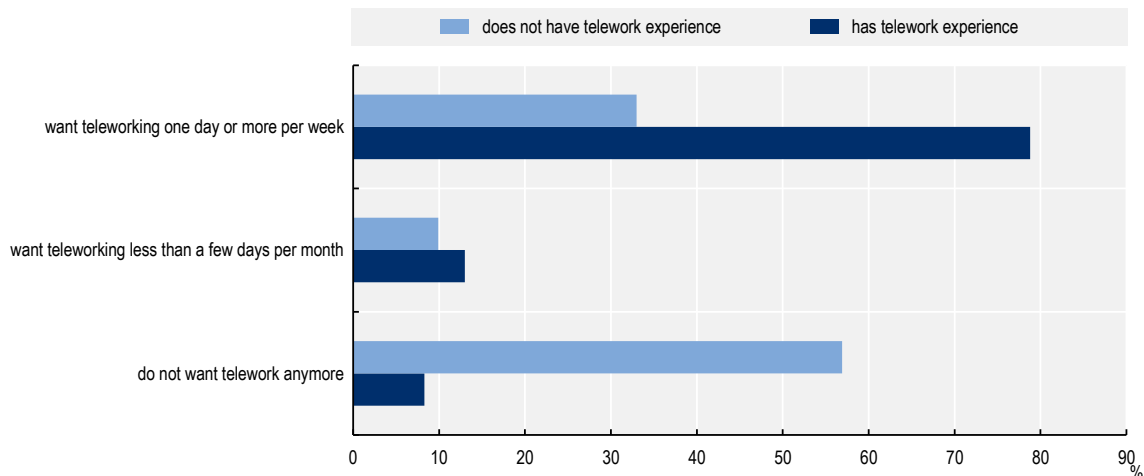
Source: Criscuolo et al. (2021^[39]), “The role of telework for productivity during and post-COVID-19: Results from an OECD survey among managers and workers”, <https://doi.org/10.1787/7fe47de2-en>.

The skills gap between different groups of workers, coupled with the fact that jobs requiring high skills already seem to be the most likely to have remote work practices, suggests that the prevalence of telework may exacerbate existing disparities in working conditions if not managed and mainstreamed properly. Indeed, a lack of targeted public policies ensuring the widespread application of flexible work arrangements (when possible) risks to further increase polarisation and inequality between older, higher-skilled workers with high incomes and typically employed by large firms, and younger workers with low incomes and low skills employed by small firms (Sostero, M. et al, 2020^[42]).

There is also a large difference in perception of teleworking practices between those who have previously teleworked and those who have not. While 79% of the former are willing to telework at least one day per week after the COVID-19 pandemic, this percentage drops to 33% for those who have never teleworked before (Figure 2.13). Although it is possible that many of the non-teleworkers are mainly engaged in face-to-face work, and thus would have difficulty implementing telework, the results suggest that those who have implemented telework generally are positive about continuing to do so in the future.

Figure 2.13. The desired frequency of telework in the future varies greatly depending on whether or not there is teleworking experience

Percentage of respondents about frequency of telework in the post COVID-19



Source: Persol Research Institute, "Urgent survey on the impact of COVID-19 on telework".

2.3.4. Skill development and work styles need to be reviewed in order to maximise the potential of telework promotion implementation

Companies' practices such as corporate culture and evaluation methods also make a difference in the implementation rate of telework. A survey designed to examine working conditions before and after the declaration of a state of emergency shows that workplaces where people working overtime or working while on holiday are highly valued had significantly higher rates of in-presence work practices (Ishii, K. M. Nakayama and I. Yamamoto, 2021^[43]). On the other hand, workplaces where the emphasis is on work performance and efficiency, or where there is a high degree of discretion such as "evaluations vary greatly according to performance" and "supervisors have a very flexible work style", have higher rates of teleworking. Encouraging the uptake of diverse working styles, while paying attention to limiting long working hours and improving work-life balance and health, would indirectly foster the diffusion of teleworking.

Looking at the relationship between skills and teleworking in the same survey, the higher the digital skills of employees, such as ability to work with spreadsheets and programming, the higher is the probability of teleworking. In addition, the higher the degree of adoption of new technology in the workplace, the more likely teleworking is to take root. This partly suggests that the degree of acceptance of new technology in the workplace and the improvement of IT skills of workers are important for the diffusion of telework. An international survey found that the perception that the quality of its ICT infrastructure hindered telework was most common in Japan among the OECD countries (Criscuolo et al., 2021^[39]), though the results should be interpreted with some caution due to the small sample size. The government should develop policies to increase teleworking capacity and ICT skills of low-skilled workers and women in SMEs. Policies also need to support businesses and workers in accessing fast, reliable, and secure ICT infrastructure, with particular attention to SMEs and rural areas.

On the other hand, the introduction of teleworking may also require firms to implement company-wide systems and change business processes, rather than simply converting operations online. According to the survey on the teleworking population in 2021, although 80% of firms that have not introduced telework answered “there are no jobs suitable for telework”, the other main reasons for not introducing teleworking included internal decision-making issues such as difficulties in progressing work (34%), corporate ICT issues such as cybersecurity risks (19%) digitalisation of documents (17%), difficulty of internal communication (10%) and the high cost involved (10%) (Ministry of Land, Infrastructure, Transport and Tourism, 2022^[44]). It would be effective for the government not only to encourage firms in adopting digital tools such as teleconferencing systems and business chat tools, but also to accumulate and disseminate good examples on how to improve communication among employees.

The government should also play an important role in ensuring that the benefits of telework are not enjoyed only by highly skilled workers and companies with a high affinity for telework. As discussed above, skills upgrading and training on both hard and soft skills should be supported to increase the capacity of workers and managers. In addition, given that the implementation of teleworking also depends on the workers’ degree of work discretion, it would be desirable for the government to provide support so that firms can smoothly review employees’ work styles to increase their flexibility and focus on results and efficiency. Other countries are increasingly directing policy interventions toward networks rather than individual firms in order to improve workplace organisation. For instance, Finland, a pioneer in workplace innovation efforts, funded a learning network project to support joint learning forums consisting of researchers and businesses (OECD, 2020^[45]). This initiative was based on the view that the most effective way of generating new innovative solutions for the working environment is a close co-operation and interaction between businesses, researchers, consultants, public authorities and social partners. A more recent programme, *Liideri* (Business, Productivity and Joy at Work Programme) focused in particular on developing management practices and forms of working that promote the active utilisation of the skills and competences of employees. A number of instruments are funded, including work organisation development projects, integrated R&D projects, funding for research, and widespread dissemination of the outcomes (OECD/ILO, 2017^[46]).

Policy recommendations

Support employment retention

- Phase out special measures for employment adjustment subsidies gradually, taking into account the situation in the sectors affected by COVID-19, and shift the focus to policies to support labour mobility, such as upskilling and reskilling workers, and subsidising labour mobility from businesses that have downsized to growing industries.
- Improve the method of compiling data on employment adjustment subsidies by reviewing data collection forms in order to obtain more disaggregated data, such as data on the number of users of the subsidies, the characteristics of workers who received subsidies and the breakdown information by subsidy type.
- Assess the effectiveness of job retention schemes for protecting different types of workers from the risk of unemployment and for supporting longer-term career paths.
- Continue to promote the digitalisation of administrative services such as the online subsidy application system by spreading awareness about the tool and improving the digital infrastructure.

Support the digitalisation of career guidance services

- Promote career guidance services with more online opportunities for workers and support companies in introducing Self-Career Dock system through the Career Development Support Centre, which promotes and facilitates career guidance services.
- Provide basic digital skills programme for people who are less likely to receive online career guidance and teleworking, such as older age groups, non-regular workers and those living in rural areas so that career guidance and digitalisation of work practices are effective for all.
- Ensure that career guidance is not limited to online consultations, but also makes available a variety of digital tools, including emails and mobile messenger applications, in order to provide comprehensive support to those most removed from the labour market.

Fostering the adoption of teleworking practices

- Strengthen support for the introduction of teleworking particularly for small and medium-sized enterprises, where teleworking has not progressed, through public policies such as subsidies and consultation assistance.
- Support the expansion of more diverse work styles, such as regular employment with limited duties and regular employment with strong discretion in one's own work, which will facilitate the expansion of teleworking and workers' independent skills development.
- Collect and disseminate good practice examples about teleworking, including on how to improve communication among employees and how to ensure effective labour management, such as health management and working time management during teleworking.
- Improve work flexibility by further expanding the flextime system (flexible working arrangement) while paying attention to ensuring workers' health through setting work interval system and actively introduce ICT equipment in public sector workplaces to establish a system that enables those civil servants who wish to do so to telework.

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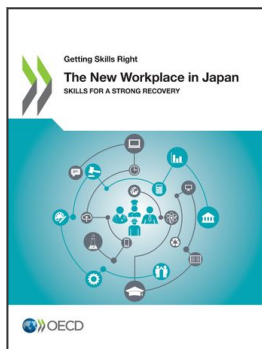
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Notes

¹ Based on information as of December 2021 except for Japan.

² The Career Development Support centres provide career consulting services to workers, support the introduction of the Self-Career Dock system, and provide assistance to companies that utilise the job card system (a form of CV that summarises a person’s professional experience, qualifications and certificates, as well as training and learning records and work performance evaluations). Through these efforts, their mission is to support the autonomous career development of workers and improve companies’ productivity. The centres were established in April 2020, reorganising and integrating the previously existing Job Card centres.



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