

Recent developments in Japanese workers' employment – from the perspective of diversity and inclusion



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Current status of workers' employment in Japan

In Japan, the large disparity between male and female employees in employment conditions has traditionally been seen as a problem, and to date the disparity has not been corrected.

As of April 2023, the total number of employees excluding executives in Japan is about 57 million with 30 million male employees and 27 million female employees, and participation in the workforce is close to equal for women and men. However, while 78% of male employees in the workforce are regular employees (full-time workers with stable positions), only 47% of female employees in the workforce are regular employees, and more than half of female employees work as non-regular employees with unstable positions¹.

Also, as of 2022, the percentage of women in management positions was 12.9%, which is very low compared to other countries².

In addition to gender disparities, there are also several issues regarding the inclusion of employees who are trying to balance work with childcare and nursing care, and the inclusion of LGBTQ, or sexual minority employees.

Recent developments in workers' employment

Several laws/regulations/rules have recently been amended and enacted to improve the current situation described in 1.

1. Establishing paternity leave for male employees

From October 2022, paternity leave was established, and a male employee became able to take four weeks of paternity leave within two months of the birth of his child³. Until then, only female employees could take both maternity leave

and childcare leave, although male employees could take childcare leave.

Only 14% of male employees working in the private sector took childcare leave in 2021, and the establishment of paternity leave is expected to boost the percentage of male employees taking such leave.

2. Mandatory disclosure of information on wage gap between male employees and female employees

From 2023, companies with a workforce of 301 or more employees are obliged to disclose their gender wage gap⁴. The average wage for employees in Japan is ¥3.07m yen, with male employees earning ¥3.37m yen and female employees earning ¥2.53m yen. Therefore, the average wage for female employees is about 75% of the average wage for male employees⁵.

If a company has a large gender wage gap, it may be at a disadvantage in recruitment compared to companies that do not, and companies may voluntarily provide an explanation or background of such gender wage gap.

3. Increasing the percentage of women on the boards of prime market companies to at least 30%

On 5 June 2023, the Japanese government announced Priority Policy for Women's Engagement and Gender Equality 2023⁶. For the prime market-listed companies, the policy sets numerical targets of (i) appointing at least one female board member by 2025 and (ii) achieving a female board member ratio of 30% or more by 2030.

The number of female board members in Japanese companies has been improving in recent years. As of 2017, 62% of prime market firms had no female board members and this figure is down to 18.7% as of 2022⁷. However, average female board member ratio in Japan, which was 15.5% in

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2022, is still quite lower than the average in OECD countries, which is 29.6%.

By announcing the above policy, the Japanese government aims to catch up with the current OECD average ratio by 2030.

4. Enacting a new act promoting LGBTQ understanding

On 23 June 2023, Act on Promotion of Public Understanding of Diversity of Sexual Orientation and Gender Identity came into effect. The bill took a long time to pass both the House of Representatives and the House of Councillors, due to a series of amendments to the wording by various political parties.

The Act states the principle that all citizens, regardless of sexual orientation or gender identity, should be respected equally as individuals who enjoy basic human rights, and that unjust discrimination is not tolerated. No obligation is imposed on individuals or companies. It is unfortunate that enacting a law that sets forth a very basic principle has taken so long.

5. LGBTQ employees' work environment

Regarding LGBTQ employees' work environment, there are two recent court decisions. One is a case where a transgender woman working for the Ministry of Economy, Trade and Industry (METI) (who has not yet undergone sex reassignment surgery) filed a claim for state compensation against the government for partial restrictions on her use of the women's restroom. Although the High Court concluded that METI's actions in restricting the use of some women's restrooms were not illegal, on 11 July 2023, the Supreme

Court ruled that METI's actions were illegal because such actions unfairly infringe on the transgender woman's interest in using the women's restroom as a woman given that (i) it was unlikely that any trouble would arise and (ii) there were no other female employees who had specific concerns regarding the transgender woman's use of the women's restroom.

In the other case, a company refused to allow a transgender female cab driver who wore makeup to work by arguing that she violated the company's grooming policy. The court concluded that it is a natural desire for a person with gender identity disorder to keep her appearance as close as possible to that of a woman, and that it is necessary to

allow the transgender driver to wear makeup the same as other female cab drivers.

As noted above, while enactment of laws regarding LGBTQ work environments has been slow, there are several listed companies that have taken progressive steps, such as establishing consultation desks, establishing LGBTQ guidelines treating same-sex partners the same as legal spouses in relation to companies' social benefit plan (this treatment is aided by many cities and prefectures issuing symbolic same-sex partnership certificates), and installing gender-shared restrooms. ■



Notes

- 1) Statistics Bureau of Japan, labour force survey, monthly results – April 2023 – (<https://www.stat.go.jp/english/data/roudou/results/month/index.html>)
- 2) Gender Equality Bureau Cabinet Office, The White Paper on Gender Equality 2023, Chart 1-15
- 3) Article 9-2 of Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act no. 76 of 1991)
- 4) Article 19 of Ordinance on Act on the Promotion of Women's Active Engagement in Professional Life (Act no. 64 of 2015)
- 5) Ministry of Health, Labour and Welfare, basic survey on wage structure in 2021 (<https://www.mhlw.go.jp/english/database/db-l/wage-structure.html>)
- 6) Gender Equality Bureau Cabinet Office, priority policy for women's engagement and gender equality 2023
- 7) Gender Equality Bureau Cabinet Office, current status and issues of women's engagement and gender equality as of June 2023