Chapter 2: Diversification of Labor Market and the Challenges

- From the employees' perspective, establishment of an environment for diverse human resources can encourage active participation of women and elderly people with desire to work and meets the demand from the diversification of the set of values.
- A lot of companies make more use of diverse human resources such as women, elderly people, foreigners and the challenged. From the corporates' perspective, the diversity in the workplace are increasing, based on severe labor shortage and demand for employees with innovative ideas or professional knowledge. However, some companies are concerned that the diversity complicates labor management.
In order for companies to make active use of diverse human resources, it is especially important for them to achieve work style reform by introducing flexible work arrangements and promoting better work-life balance for their employees, revise Japanese employment practices such as long-term employment and promotion by seniority, and have their management level employees manage the workplace in an appropriate manner.

Many employees voice their opinion that it is necessary, when working with people from diverse groups, for companies to establish flexible work arrangements and clarify the scope of their work. It corresponds to measures companies considers is necessary.

For promoting diversity in the workplace, companies are also required to review their recruitment systems including introduction of year-round recruitment of new graduates.

(Chart 38) Measures Taken to Promote Diversity in Workplace (Companies)

(Chart 39) Correlation between Measures Taken and Diversity (The sign ○ indicates that there is statistically significant relationship)

(Chart 40) Japanese Employment Practices and Diversity (Index reflecting high diversity)

(Chart 41) Systems Necessary to Work Efficiently among Diverse Workers (Employees' perspective)

(Chart 42) Introduction of Year-round Recruitment of New Graduates

(Chart 43) Advantages and Disadvantages of Year-round Recruitment

(Note) Compiled based on Survey on Corporate Attitude toward Diverse Work Styles, Cabinet Office, Survey on Attitude of Working Period Elongation, Cabinet Office.
In order to help employees aged 65 or older stay active at work, it is essential that we review mandatory retirement age and the employment continuation system. In particular, a sharp decrease in wages and long working hours are highly likely to significantly reduce elderly people’s willingness to work.

Companies also want to hire people with a high level of expertise and healthy and motivated workers, even if they are 65 years old or older. In addition, many companies state that they need to introduce flexible work arrangements, clarify employee roles and responsibilities, re-establish career models, etc.

Chart 44: What Matters to Employees When Choosing to Work after Age 65

Chart 45: Desirable Mandatory Retirement Age (Employees' perspective)

Chart 46: Skills and Attributes Employers Look For When Hiring People Aged 65 or Older (Companies' perspective)

Chart 47: Measures Necessary to Promote Employment of People Aged 65 or Older (Companies' perspective)

(Note) Compiled based on Survey on Corporate Attitude toward Diverse Work Styles, Cabinet Office, Survey on Attitude of Working Period Elongation, Cabinet Office.
The increase in diverse human resources is expected to improve productivity and eliminate labor shortages. However, when hiring people from diverse groups, it is extremely important to simultaneously take measures to help them stay active at work. Companies which have diverse human resources but have not taken such measures are likely to become less productive than those without diverse human resources.

As for the increase in the number of elderly employees, younger workers welcome it saying that it mitigates labor shortage and that they can obtain advice from elderly employees. On the other hand, some express concern that it may affect their pay and promotion. Nevertheless, results of the analysis do not show that the increase in the number of elderly employees has any negative impact on younger workers' pay and employment.

While the number of employees increases in general, that of foreign workers also increases.

(Chart 48) The effect of increasing diversity on productivity.

(Chart 49) The effect of increasing diversity on vacancy ratio.

(Chart 50) Opinion about the increase in the number of workers aged 65 or older (by regular employees).

(Chart 51) Relationship between the ratio of employees aged 60 or older and average wage for employees aged 30.

(Chart 52) Relationship between the hiring rate and ratio of employees aged 60 or older.

(Chart 53) Employment of Japanese and foreigners.

(Note) Compiled based on Survey on Corporate Attitude toward Diverse Work Styles, Cabinet Office, Survey on Attitude of Working Period Elongation, Cabinet Office and CSR Survey, Toyo Keizai.