

# Characteristics and issues of Japan's human resource development and career formation: from an international comparative perspective

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## 1. Introduction

The basic aim of this paper is to consider Japan's ability development and career formation, including the education system, and to explore Japan's current situation and characteristics through international comparison and consider policy issues. When considering policy issues along this theme, it is useful to keep in mind the "movement of labor to growth areas through reskilling" announced in the 11th Human Resources Development Plan (hereinafter "11th Plan") and "New Capitalism" (Cabinet Secretariat) (here, reskilling is defined as "acquiring the skills necessary to adapt to new occupations or major changes in skills in the current occupation").

First, the "11th Plan" consists of the following: 1) Promotion of vocational ability development in light of changes in the industrial structure and social environment, 2) Promotion of autonomous and independent career formation of workers, 3) Strengthening of labor market infrastructure, and 4) Promotion of vocational ability development toward the realization of a society in which

everyone participates.

On the other hand, the "new capitalism" emphasizes the following: 1) an environment in which people can choose their own jobs through "relearning" and facilitating labor mobility through skill improvement, 2) acquiring knowledge and skills required for in-demand occupations and growth fields in response to changes in the times and social environment, 3) expanding skill improvement and human resource development through public-private collaboration on a national scale, and 4) establishing a career consulting system for job changes and career advancement that makes it easier to move between companies (Cabinet Secretariat 2022). Furthermore, based on the "Grand Design and Implementation Plan for New Capitalism" decided by the Cabinet in June 2022, specific policies for the new capitalism have been presented in May 2023, such as the formulation of the "Trinity of Labor Market Reform Guidelines" consisting of reskilling, the introduction of job-based pay, and facilitating labor mobility (Cabinet Secretariat 2023).

Although there are some differences in the way they are expressed in the "11th Plan" and

"new capitalism," the key point of the policy issue is to guide the way in which skills development and career formation are carried out in a way that enables society and individuals (workers) to cooperate to promote autonomous career formation in order to respond to changes in the social environment. In terms of "new capitalism," it can be said that the focus is on creating an environment in which individuals with autonomous career awareness can acquire knowledge and skills as needed and facilitate labor mobility between companies through career advancement.

Based on the above, this paper will consider in the following order.

In Section 2, we will clarify Japan's position in terms of labor mobility through reskilling and the types of VET (Vocational Education or Training) systems.

In Section 3, we will consider the systems of collectivist countries (Sweden and Denmark) within the VET system.

In Section 4, we will consider Japan's systems for skills development and in-company career formation from a comparative perspective of Japan, the UK, and Germany.

In section 5, we will consider corporate efforts to develop skills and create an environment for career development that emphasizes individual initiative and autonomous career awareness, and in section 6, we will conclude by summarizing what has been done so far and examining issues that need to be addressed.

## **2. Types of labor mobility through reskilling, types of VET systems, and Japan's position**

### **(1) Types of labor mobility through reskilling**

The ongoing rapid technological innovation is promoting changes in the industrial structure, so workers' skills also need to be adapted to the digital age, which requires relearning skills that support the promotion of labor mobility to growth fields. Labor mobility through reskilling involves relearning and, if possible, moving to growth industries and occupational fields, while keeping in mind the impact of changes in the social environment, especially technological innovation represented by DX. Reskilling-related concepts include lifelong learning and recurrent education.

Recurrent means circulation, and refers to a lifelong learning system that supports "schooling  $\Rightarrow$  work  $\Rightarrow$  schooling..." (Sato 2022). If DX-related skills are acquired during schooling between recurrent education and the next job, it corresponds to reskilling in terms of policy issues. In that sense, reskilling is part of recurrent education. If we define reskilling as acquiring the professional abilities(=skills; hereafter, when we say skills, we mean professional abilities) required to perform new work, it is different from upskilling, which improves the skills required for previous jobs. Smooth labor movement to growth areas requires some kind of "relearning." Therefore, by organizing the relationship between labor mobility and reskilling, the following classification is possible (Sato 2023).

The first type is labor mobility within a company. This is the type in which new skills are acquired within the company and transferred to a new department where they can be utilized. For example, this would be the case where a person who has acquired DX-related skills as part of in-company training is transferred to a department that uses DX to

Table1 International comparison of recurrent education, labor-management relations, labor productivity-related indicators, etc. by VET system

Related Indicators Concrete indicator	Specific indicators	Collectivism (statist model)		Collectivism (corporatist model)		Liberal (short-term adaptive model)		Intra-corporate discipline (segmentalist)
		Sweden	Finland	Denmark	Germany	the UK	the US	Japan
axis of type	Proportion of active labor market expenditures in national finances <sup>1)</sup>	1.1	0.94	1.89	0.69	—	0.1	0.15
Proportion of vocational education in school education	Vocational Program Ratio <sup>2)</sup>	38	71	42	47	40	—	23
Recurrent education	Percentage of students aged 25 or older entering bachelor's degree programs <sup>3)</sup>	25.8	19.4	27.6	14.8	14.6	—	2.5
Labor-management relations <sup>4)</sup>	Union density	68.9	70	68.5	18.6	27.1	11.4	18.4
Labor market <sup>5)</sup>	coverage of collective bargaining	91	90	85	61	31	13	16
	level of collective bargaining	industry	industry	industry	industry	company	company	company
	rate of unemployment (2020)	8.3	7.8	5.6	3.8	4.6	8.1	2.8
	Employee tenure (percentage of employees 10 years or more, 2022)	31.8	36.2	25.9	39.7	31.6	28.9	44.5
	Percentage of long-term unemployed (one year or more) (2020)	11.7	15.9	16.7	38.2	20.1	5.6	28

Note 1) OECD (2021) Employment Outlook. The figures are for 2018.

2) See OECD (2017) Education at a Glance

3) See OECD (2017) Education at a Glance

4) See Thelen (2014; 35)

5) See the Japan Institute for Labor Policy and Training, Databook on International Labor Comparisons Source: Sato Atsushi (2023)

conduct business.

The second type is labor mobility between companies. There are also two types of labor mobility between companies: (i) a case in which a fired worker finds new employment through some institution, and (ii) a case in which a worker voluntarily changes jobs. The former is a response in which a fired worker acquires new skills and uses them to move to a new place of employment. One example would be a skilled worker at an automobile factory who is laid off and learns IT-related programming skills through some kind of forum (such as a government-labor-management cooperative organization) and is then re-employed as a programmer at an IT-related company. The latter type of labor mobility would be one in which a job seeker voluntarily acquires new skills and is re-employed.

## (2) Types of VET systems

In (1), we attempted to make a conceptual distinction between labor mobility through reskilling. Below, we will look at the field of reskilling broadly and examine its relationship with labor market mobility indicators, while

relying on international comparison types of VET systems to position Japan's characteristics.

Please refer to Table 1, which attempts an international comparison of recurrent education-related indicators, labor-management relations indicators, labor market-related indicators, and labor productivity by VET system.

VET systems are types that combine ① the level of active labor market policy spending as a percentage of GDP and ② the level of corporate involvement in IVET (Initial Vocational Education or Training). There are four types: collectivism with high ① and low ② (statist model, Sweden and Finland), collectivism with high ① and high ② (corporatist model, Denmark, Germany, etc.), liberal model with low ① and high ② (short-term adaptationist model, UK and US, etc.), and in-company training with low ① and high ② (segmentalist model, Japan). Based on the type of VET system, if we focus on recurrent education-related indicators that indicate opportunities for "relearning," as well as the employees tenure and the proportion of long-

term unemployed people, which indicate the fluidity of the labor market, we can point out the following characteristics of Japan compared to other countries, especially collectivist countries.

First, Japan has a low share of active labor market policy expenditures in GDP and is a segmentalist with high corporate involvement in VET (referred to as in-company training by Sato 2022). The share of vocational education programs and recurrent education-related indicators are also low. In labor market-related indicators, the proportion of people with 10 years or more of service, which indicates long-term employment, is extremely high. Although the unemployment rate is low, the proportion of long-term unemployed people with a period of unemployment of one year or more is high, suggesting that although there are few unemployed people, once they become unemployed, it is difficult to find a new job. Furthermore, Japan's characteristics can also be seen in labor-management relations-related indicators. Although the unionization rate is higher than the United States, it is lower than in collectivist countries, and the coverage rate of collective bargaining is low, with collective bargaining mainly at the company level.

Second, in contrast, in collectivist countries, the proportion of vocational education programs in schools and the proportion of recurrent education-related indicators are significantly higher than in Japan, in relation to the high proportion of active labor market expenditures, including VET, in GDP. In addition, looking at labor market-related indicators, both countries have a lower percentage of long-term employees than Japan, and although the unemployment rate is high, the long-term unemployment rate is low. It is

suggested that the VET system provides opportunities for re-education even if one loses one's job, encouraging people to return to work.

Furthermore, in collectivist countries, the unionization rate and coverage rate of collective bargaining are high, and the level of collective bargaining is at the industry level, not the company level. The high unionization rate raises the level of collective bargaining with employers' organizations, and the scope of application of labor agreements expands beyond the company level to the industry level, making it possible to form industry- and occupation-specific wage rates that cross companies. This, combined with the spread of VET, creates the possibility of forming occupation-specific wage rates and occupation-specific labor markets, and creates an environment in which workers can move beyond companies (simply change jobs) based on this. In other words, it can be said that the labor mobility of individual workers is supported in a cooperative manner between the government, labor, and management based on the generous provision of VET by the government and the formation of cross-company wage rates. In that sense, Sweden, a country with a high level of national commitment to VET, Denmark and Germany, which place importance on corporatist skill formation between government, labor and management, can be considered examples of labor mobility (a). It should not be overlooked that the Swedish Employment Security Council and Denmark's flexicurity policy, which will be discussed in Section 3 below, are based on this strong VET system.

Thirdly, in contrast, the United States and the United Kingdom are considered to be

liberal models, with active labor market policy expenditures as a percentage of GDP and corporate involvement in VET weak. Recurrent education-related indicators are also higher than Japan, but lower than collectivist countries. In addition, labor market-related indicators are higher than Japan, the unemployment rate is higher, and the proportion of long-term employees is lower than Japan, but the proportion of long-term unemployed is lower than Japan. Furthermore, in labor-management relations-related indicators, the labor unionization rate and collective bargaining coverage rate are lower than collectivist countries, and the level of collective bargaining is also at the corporate level. For these reasons, while the foundation for VET is weaker than in collectivist countries, labor market fluidity is higher than in Japan. Also, although the figures differ between the UK and the US, the unionization rate in the US is lower than in collectivist countries, and collective bargaining coverage rates are also low in both the UK and the US. As a result, type (b) is likely to be more prevalent in terms of labour mobility through reskilling. However, this is not to deny that the US also has advanced efforts at reskilling within companies.

In this way, the proportion of VET in the overall education system varies from country to country. In contrast, Japan is positioned as an in-company training-based, segmentalist model, and VET, and especially CVET, are exclusively dependent on in-company training. To achieve the policy goal of labour mobility through reskilling at the national level, an issue to consider will be whether it is possible to respond with the same in-company training-based approach as before.

### 3 Examples of initiatives in Sweden and Denmark

In order to consider the policy issue presented in 1, namely, that individuals with autonomous career consciousness acquire knowledge and skills as needed, and that labor mobility through career advancement, including between companies, it is effective to take a broad view of the VET system and position the mechanism for capacity development and career formation within society as a whole, rather than closing it off to individual companies. The systems of collectivist countries are useful in considering a shift to a system in which society and individuals work together to develop capabilities and form careers, rather than being company-led. Therefore, let us consider examples of collectivism (nationalist model and corporatism) below.

#### (1) Employment Security Councils and Thick CVET as a mechanism that directly supports labor mobility without unemployment in Sweden

In Sweden, there are employment security councils (Trygghetsraden) as a mechanism in which labor unions and employers' organizations support labor mobility without unemployment (Fukushima 2019; Nishimura 2019). This was established through a labor agreement between labor and management against the backdrop of the recession of the 1960s and the worsening employment situation in the 1970s (the first was TRS (for workers in theater, performance, cultural and sports organizations) in 1972. As of 2015, 15 Employment Security Councils have been established. The major ones are TRR (for white-collar and blue-collar workers with

950,000 members), TSn (for white-collar workers in the public sector with 250,000 members), TSL (for white-collar workers in the private sector with 900,000 members, and four other organizations). Workers are required to give notice of dismissal six months before they lose their job, and those who receive this notice can receive re-employment support services (counseling, advice on skills development, etc.) from the council for two years. It has been reported that more than 80% of workers who receive re-employment support services are able to find new employment within one year. The background to the establishment of the councils was the lack of re-employment support for white-collar workers in the early 1970s. Public Employment Security Offices are a system that allows workers to work in a disadvantageous position in the labor market, and are able to provide support for workers who have lost their jobs. Priority is given to providing services to workers in the field (those who were not covered by the council services, those who were unable to find new employment within the period, immigrants, people with disabilities, long-term unemployed, etc.).

We have looked at the Employment Security Council, which supports labor mobility without unemployment, but in the case of Sweden, what cannot be overlooked is the foundation of VET, such as recurrent education (lifelong learning has become common recently) (Sato 2021). Lifelong learning has a long history in Sweden, which includes the field of reskilling. The government, employers, and labor unions participate in the forum for deliberating the vocational education programs that make up VET, and they are also involved in practical training at schools (especially apprenticeship

training in upper secondary education). In addition, higher vocational education (based on the Act on Higher Vocational Education) has been established as an educational institution for adult re-learning, and full-time education that combines theory and practice is provided, providing advanced VET to those who have completed secondary education.

### **(3) The mechanism of Denmark's flexicurity policy**

Denmark is famous for its flexicurity policy, which is supported by the so-called golden triangle of relaxing employment regulations, shortening unemployment benefits, and supporting vocational training (improving skills-upgrading programs for the unemployed). In that sense, Denmark's flexicurity policy can be seen as a mechanism to support "labor mobility without unemployment."

CVET in Denmark has a long history, and its operation is a public responsibility. It has been mainly carried out by the Labor Market Center (AMU), which was established in the 1960s. In Denmark, the industrial structure changed significantly in the 1960s and 1970s, and vocational education and training was needed to accompany the labor movement from agriculture to industry, and the Labor Market Training Center has become an important pillar of the country's labor market policy (Sato 2018). AMU was reformed with the amendment of the Labor Market Training Act in 1995, and its objectives were (1) to provide participants with vocational skills that meet the needs of companies and the labor market, (2) to solve the problem of adapting to the labor market in the short term, and (3) to contribute to upgrading the qualifications required in the labor market in the long term

(CEDEHOP 2011: 25-6). Here we can find a resonance with Japan's recent policy of "no unemployment" labor mobility through reskilling and relearning. The main actors supporting EUD (=VET) are the Ministry of Education (Undervisningsministeriet), the Council (Rådet for grundlæggende erhvervsrettede uddannelser), and the Vocational Commission (Faglige Udvalg), and each of these entities is responsible for the operation of EUD in cooperation with each other. The Ministry of Education is responsible for the law, financial resources, school accreditation, quality assurance and monitoring of training, and the overall goals of the program. The members of the council include the Ministry of Education, employers of major industries, labor unions, local governments, vocational school principals, teacher unions, and student organizations. In this sense, labor and management are extensively involved in the management of the VET system. This is where we can see the foundations of Denmark's government-labor-management cooperation in the management of skill formation (= corporatism) as a training regime.

#### **4 The reality of in-company training in Japan and the mechanism for in-company career development**

On the other hand, what is in-company training in Japan, which corresponds to segmentalists in the VET system and has a high proportion of in-company mobility in the labor mobility type by reskilling? Below, let's take a look at the reality of in-company training and the mechanism and characteristics of in-company career development.

##### **(1) The reality of in-company training**

Table 2 summarizes the trends in the implementation status of education and training from 2015 to 2021 in the Ministry of Health, Labor and Welfare's "Basic Survey on Human Resource Development" regarding the method of in-company training in Japan.

The figures for each item have changed slightly, but are generally stable. The percentage of companies that spend money on off-the-job training and self-development has remained at just over 50%. As for the approach to skills development, we can see that just over 70% emphasize OJT, around 60% implement planned OJT, about 70% implement Off-JT, the percentage of workers who take courses range from just over 40% to just under 40%, and the percentage of workers who implement self-development ranges from just over 40% to just under 40%.

Furthermore, 75% of companies responded that they have problems with human resource development, and just under 80% say that the responsibility for skills development lies with the company. Here, OJT refers to "education and training conducted in the course of daily work," but planned OJT in Figure 2 is defined as "education and training that is carried out in a step-by-step and continuous manner, with the educator, target person, period, content, etc. specified by creating an education and training plan, for example, including line managers instructing subordinates on work methods, etc. as education and training personnel based on the education and training plan." In addition, Off-JT here means "educational training (study) temporarily away from normal work based on work orders," and self-development means "activities that workers undertake to voluntarily develop and

Table 2 the trends in the implementation status of education and training (percentage)

	2015	2016	2017	2018	2019	2020	2021
Percentage of companies that spend on education and training (Off-JT and self-development)				56.1	57.5	50	50.5
Philosophy of ability development (emphasis on OJT; emphasis on Off-JT)	75.0;25.2	74.6;24.1	71.2;27.5	73.6;23.5			
Percentage of companies that implement planned OJT	60.2	60.2	60.6	62.9	64.5	56.9	59.1
Percentage of companies that implement Off-JT	72.8	73.8	75.4	75.7	75.1	70.5	70.4
Percentage of workers that have taken Off-JT (full-time employees)	44.1	46.3	46.3	45.1	43.8	37.6	38.2
Percentage of workers that implement self-development (full-time employees)	42.7	45.8	42.9	44.6	39.2	41.4	44.6
Percentage of companies that have problems with ability development	73.5	73.3	75.4	76.2	76.1	75	76.4
Responsible party for ability development (full-time employees; company-based)	76.6	76.1	77.1	77.4			

Source: Ministry of Health, Labor and Welfare, Basic Survey on Human Resources Development (various years)

Table 3 Comparison of implementation rates of ability development methods (percentage)

		employee
<b>Note 1</b>	a) Receiving work-related guidance and advice from a superior	77.3
	b) Receiving work-related guidance and advice from a colleague	51.8
	c) Giving work-related guidance and advice to subordinates or colleagues	57.9
	d) Watching and learning how superiors and colleagues do their jobs	71.9
	e) Reading books or manuals to learn how to do a job	56.9
	f) Obtaining work-related information through internal meetings, etc.	60.8
	g) Obtaining work-related information from acquaintances outside the company	38.7
<b>Note 2</b>	Education and training as instructed by the company	56.7
<b>Note 3</b>	Self-development not instructed by the company	44.7

**Note 1:** After asking, "Have you received or done any of the following to improve your work skills and knowledge?", the number is the sum of "often" and "sometimes."

**Note 2:** Percentage of those who answered "yes" to the question, "Did you receive training at the direction of your company in the past year? (Training here refers to training or seminars that you attend away from your regular work.)"

**Note 3:** Percentage of those who answered "yes" to the question, "Did you engage in work-related self-development (= voluntary training not instructed by your company or workplace) in the past year?"

**Source:** Sato (2023). Re-aggregated data from the Japan Institute for Labor Policy and Training (2017).

improve their professional abilities in order to continue their professional life." As shown in Figure 2, OJT is the main method of ability development, but what is important is OJT that is not defined as planned OJT. Here, we will call this informal OJT, following Koike and

Inoki (2002: 18), Sato (2016: 100), Wakisaka (2019), and others. Planned OJT can be called formal OJT, and is a type of training given to new employees by OJT instructors who have learned how to train over a fixed period of several months or years. Therefore, although

it is important as introductory training, it is difficult to acquire advanced knowledge and skills for managerial classes through formal OJT alone, and it is thought that they are acquired through long work experience (= professional career) after that. This is where the significance of informal OJT lies.

Table 3 shows the results of an analysis of data from the Japan Institute for Labour Policy and Training (2017) to estimate the weight of OJT. The Japan Institute for Labour Policy and Training (2017) general employee survey includes questions on OJT as defined in the Basic Survey on Human Resource Development, particularly informal OJT. Off-JT can be understood from the question on the general employee questionnaire in the Japan Institute for Labor Policy and Training (2017) ("Training or seminars attended away from regular work during the past year"), while self-development can be understood from "Voluntary education and training not specified by the company or workplace during the past year."

In the "Basic Survey on Human Resource Development," OJT refers to "education and training conducted while working on daily tasks," and planned OJT is "OJT in which the education and training personnel, target persons, period, content, etc. are specifically determined by creating an education and training plan. The definition of OJT in the "Basic Survey on Human Resource Development" is broad, so in Note 1 of Table 3, a, b, c, d, and f can be included in OJT. Furthermore, self-development in Note 1 can be said to correspond to g. Off-JT can be said to correspond to Note 2 in Figure 3, and self-development to Note 2.

Of these, If we limit ourselves to Note 1 in

Table 3, OJT is the most common, followed by self-development, and g (= cross-border learning) in Note 1 in Table 3 is low.

If we consider planned OJT as defined in the Basic Survey on Human Resource Development as formal OJT, and the rest as informal OJT, then d and f in Note 1 in Table 3 can be considered informal OJT. These proportions are higher than self-development. In short, OJT seems to be the main method of human resource development in Japanese companies. Of these, informal OJT accounts for a significant proportion.

Koike and Inoki (2002) emphasized the significance of informal OJT, but they focused on the "expansion of practical experience as a career, not on individual jobs" (Koike and Inoki 2002: 18). Therefore, in the following (2), we will consider the reality of career formation within companies.

Table3 Effective ways to improve work skills and knowledge.

## (2) Comparison of in-company career development in Japan, the UK, and Germany -Japan's characteristics

Table4 shows the results of a comparison of in-company careers among white-collar workers in Japan, the UK, and Germany. It includes data on the in-company careers of white-collar workers in the three countries along with the ratio of those with no experience of changing jobs, the relevance of work to education, and several other items.

Table 4 shows that compared to the UK and Germany, Japanese white-collar workers have a higher percentage of people who have never changed jobs, and the connection between work and education is weak. In addition, new graduates are hired, transferred, and assigned

Table4 Charistaristics of white-collar worker's career formation in company in the UK, Germany and Japan (percentage)

	Ratio of people who have never changed jobs	Relationship between work and education <sup>2)</sup>	Focus on new graduate recruitment <sup>3)</sup>	Company-initiated placements and transfers <sup>3)</sup>	Range of work experience (percentage of people with experience in multiple departments) <sup>4)</sup>	Promotion selection period (career plateau emergence period) <sup>5)</sup>	Autonomous career consciousness (mean value of Protean factor) <sup>6)</sup>	Frequency of responding to changes <sup>7)</sup>
<b>UK</b>	<b>21. 9(30. 2)</b>	<b>48. 4(48. 4)</b>	<b>47. 6(55. 7)</b>	<b>51. 1(56. 3)</b>	<b>21. 1(21. 7)</b>	<b>5. 97(5. 52)</b>	<b>3. 43(3. 44)</b>	<b>4.51 (4.85)</b>
<b>Germany</b>	<b>30. 8(40. 2)</b>	<b>61. 6(52. 3)</b>	<b>44. 2(56. 9)</b>	<b>30. 8(50. 4)</b>	<b>35. 0(34. 6)</b>	<b>6. 03(5. 99)</b>	<b>3. 23(3. 16)</b>	<b>4.44 (4.55)</b>
<b>Japan</b>	<b>48. 9(53. 6)</b>	<b>36. 2(36. 2)</b>	<b>63. 6(71. 3)</b>	<b>67. 2(72. 6)</b>	<b>38. 5(42. 7)</b>	<b>13. 02(15. 64)</b>	<b>3. 05(3. 10)</b>	<b>4.20 (4.44)</b>

Note 1: The numbers in parentheses indicate large company managers (those at the section manager level or above at companies with 1,000 or more employees). The numbers in bold in parentheses indicate large companies (those with 1,000 or more employees).

Note 2: Percentage of people who answered "Completely true" or "Somewhat true" to the question, "In your country, obtaining public professional qualifications leads to career advancement"

Note 3: Percentage of respondents who answered "close" or "rather close"

Note 4: The total of those who answered "Experienced in several departments and experienced work closely related to their work" and "Experienced in several departments and experienced a variety of work" as work experience patterns

Note 5: Responses to the question, "After how many years of employment do employees of the same seniority have no chance of being promoted any further?" (unit: years)

Note 6: Of the factors obtained through factor analysis, the figures for the UK and Japan refer to the average value of the Protean factor, while the figure for Germany refers to the average value of the Self-Oriented factor.

Note 7: The average value of the factor analysis results (one factor was extracted) on the frequency of performing tasks that involve decisions that affect the department or organization (a seven-point scale with 1 "Never" to 4 "Can't say either way" to 7 "Always").

at the initiative of the company. They are then promoted "slowly" while gaining a wide range of experience. At the same time, they are characterized by a low level of independent career awareness. However, when we look at this in relation to the policy issue of "promoting labor mobility through independent career awareness and reskilling, and creating an environment for this," the following two points are important.

First, there is a high percentage of people who have never changed jobs, the connection between work and learning is weak, the range of work experience after joining the company is wide, and this is all company-led, which may complement each other. In other words, the knowledge and skills necessary for work are acquired not at schools or training institutions outside the company, but through company-led, wide-ranging work experience after

joining the company, i.e., OJT.

Secondly, this reflects the characteristics of in-company training, where many people have no experience of changing jobs, the connection between work and education is weak, and recruitment, placement, and transfers are company-led. It is thought to be difficult to maintain this characteristic while directing the policy issue of inter-company labor mobility through reskilling. Above all, the acquisition of knowledge and skills necessary for work depends heavily on on-the-job training after being hired by a company, and the place for acquiring skills and certification of skill levels are thought to be unclear. This is one of the reasons why standardization of skills has not progressed in Japan and the effect of obtaining professional qualifications is poor. In Japan, then, the basis for the direction of realizing policy issues will be intra-company labor

Table 5 Initiatives implemented to encourage employees to take the initiative in their career development (Employer survey, percentage,MA)

	Initiatives implemented to promote proactive career management	Initiatives to be implemented in the future to promote proactive career development
Regular interviews with supervisors (1-on-1 meetings)	66	33.3
Providing information on skills and knowledge required to perform duties	51.4	35.6
Support for self-development	46.7	34.2
Establishment of basic policies regarding human resource development	37	35.1
Communicating the importance of proactive career development from managers and executives	30	28.4
Consideration in personnel evaluation of workers' proactive efforts	26.4	23.3
Personnel placement that prioritizes the wishes of workers, such as an internal recruitment system	19.1	20.3
Implementation of off-the-job training that is individually optimized according to workers' wishes and issues	18.4	28.3
Introduction and implementation of an internal dual employment system	15.3	15.9
Promotion and acceptance of dual employment and side jobs	15.3	15.9
Implementation of career counseling	11.9	22.2
Survey of workers for PDCA regarding human resource development	9.5	17.7
Survey of workers for PDCA regarding human resource development	4.9	9.6

Source: Ministry of Health, Labor and Welfare "Basic Survey on Human Resources Development in FY2022"

mobility through reskilling. So, what kind of efforts are companies making toward proactive career development? In Section 5, we will look at examples of companies' efforts on this point.

## 5 Examples of corporate initiatives aimed at proactive career development

### (1) Initiatives seen in the Basic Survey on Human Resource Development What does it actually mean to have initiatives aimed at proactive career development for workers?

Let us consider this point below. Table 5 shows the results of a survey on initiatives aimed at proactive career development for workers (Ministry of Health, Labor and Welfare, 2022: 26).

According to the survey, the most common initiative implemented to encourage workers to develop their careers independently was "regular interviews with supervisors (1-on-1 meetings)," followed by "provision of information on skills and knowledge necessary

for performing duties," "support for self-development," and "establishment of basic policies for human resource development." The initiatives that companies would like to implement in the future to encourage workers to develop their careers independently were in a similar order. Looking at the examples of initiatives implemented by companies that will be introduced next, the underlying idea behind these initiatives is that they match the needs of the company and the needs of the individual through work and roles, which can be summarized as optimizing the right person for the right job, and for this purpose they expect workers to be autonomous and proactive. This idea can also be found in examples of initiatives implemented by companies.

### (2) Examples of initiatives implemented by companies

The main points of examples of initiatives implemented to encourage workers to develop their careers independently and capabilities are introduced from employers' associations and major companies.

① The ideas of employers' associations (and Company A) Traditional lifetime employment has challenges in the career development of workers. Since developing a career only within the same company can be an obstacle to realizing the career one envisions, it is hoped that both workers and managers will change their awareness and behavior in the future. Expectations for workers' career development include proactive career thinking, including labor transfers outside the company, and efforts toward self-development and ability development. In terms of ability development, there are reskilling to acquire necessary skills and recurrent education.

On the other hand, expectations for managers include career interview opportunities, promotion of side jobs and concurrent jobs, introduction of internal recruitment systems and free agent systems, introduction of internal entrepreneurship systems, and secondment to start-up companies, etc., in terms of career development, and opportunities to apply the results of "learning" to work and opportunities to participate in reskilling platforms that go beyond the boundaries of the company, etc., in terms of ability development.

#### ② Company C's philosophy and efforts

The underlying idea behind Company C's efforts to develop workers' proactive careers is to promote the right people in the right positions within the group against the backdrop of rapid technological innovation. To support this, there is a system that allows employees to take on the challenge of jobs that interest them and that they want to do (open recruitment for intra-group transfers) and an "autonomous career formation scheme" as a mechanism for retraining creative personnel

and redeploying them to new and growing fields. The system that guarantees "autonomous" careers at Company C is internal recruitment, which includes career matching for those who are expected to be immediately effective and training-type career matching for those with no experience. The career matching system is an internal recruitment that makes use of previous careers, and matches people with positions in the following order: "Application  $\Rightarrow$  Career counseling  $\Rightarrow$  Screening and selection  $\Rightarrow$  Reassignment." Training-type career matching is open to those with no experience, and supports employees who want to try new jobs, and matches in the following order: "Application  $\Rightarrow$  Career counseling  $\Rightarrow$  Screening and selection  $\Rightarrow$  Relearn by acquiring expertise through 3-5 months of training  $\Rightarrow$  Career counseling  $\Rightarrow$  Reassignment." The background to the introduction of the training-type career matching system was the need for skill development for both companies and individuals to acquire the skills required for rapid technological innovation such as GX, and the fact that role-based pay, which makes it easier to match positions and people through roles, had already been introduced.

### (3) Summary

We have looked at the ideas that emphasize the independent career formation and ability development of workers and the mechanisms that encourage this, both on the employer and individual company levels. The essence of the cases is the basis for thoroughly matching work and people = putting the right person in the right place. To achieve this, organizations need to clarify positions and roles, and individuals need to acquire the skills required

for the position. The idea behind this is to complement the limitations of company-led ability development and career formation by introducing a mechanism that emphasizes individual initiative and autonomy (open recruitment is one example).

## 6 Conclusion and Japan's Challenges

Based on the above discussion, I would like to conclude by noting the important points in realizing the policy challenges mentioned in section 1.

(1) Based on the above discussion, the important thing is the difference between the VET system in segmentalist Japan and collectivist countries. In other words, collectivist countries had high recurrent education-related indicators, but at the same time, the unionization rate was high, labor-management relations were centralized, and negotiations with employers were conducted at a high level, resulting in the scope of negotiations being maintained at the industry (sector) level beyond individual companies.

In contrast, Japan had low recurrent education-related indicators, but at the same time, the unionization rate was low, the coverage rate of collective bargaining was low, and the negotiation level was at the company level. This also has implications for labor mobility. In other words, when collective bargaining is conducted at the industry level, as in collectivism, workers' skills are also more likely to have industry-wide applicability beyond individual companies, and behind this is the deep involvement of employers' organizations and labor unions in VET, which makes it possible to provide standardized and portable certified skills. This implies that the

collectivist system has a mechanism for the joint development of skills between individuals and society (a policy issue), and the key to this is the importance of government, labor, and management involvement, especially the involvement of labor unions.

(2) On the other hand, the involvement of labor unions in Japan is generally low. The basic stance of labor union involvement in skills development and career development is to collectively negotiate and discuss the rules related to skills development and career development, monitor the rules decided there, and follow up on cases that are not covered by the rules. According to the Rengo Research Institute (2019), labor union efforts in skills development can be divided into I. efforts in collective labor-management relations and II. efforts in individual labor-management relations.

In section 2, the basis is to understand how matters related to careers and skills development are handled at the collective labor-management relations level, and in the case of a labor-management consultation system, the basis is to understand whether rules related to careers and skills development are set through consultation with the labor union.

In section 2, if some rules are established in the labor-management consultation, then the union will act based on them. For example, if the person is not satisfied or the individual's circumstances must be taken into consideration, the union will act as a consultation and complaint handling window, and will work with the headquarters as necessary to deal with individual cases that fall through the cracks of the rules.

However, labor unions are generally not

very involved in the development of skills and career development, and the federation has set a task of addressing this from two perspectives 1 "Efforts to reduce anxiety and dissatisfaction during career development" and 2 "Efforts to support career development." The former 1 specifically consists of three points: ① confirmation of the operation status of the personnel system, ② expansion of the personnel system according to life stages (childbirth, childcare, elderly care, etc.), and ③ strengthening follow-up for union members when they are transferred or reassigned, while the latter 2 mainly consists of creating opportunities for union members to think independently about their own career development. Labor unions are expected to be actively involved in the development of skills and career development of individual workers.

(3) Given the involvement of government, labor, and management in Japan's skills development and career formation as seen above, the government and administration are expanding investment in people while presenting a grand design as mentioned in the policy issues at the beginning, and employers are also trying to build an internal labor market based on placing the right person in the right place and strengthen career autonomy by leveraging internal recruitment and reskilling.

However, in light of an international comparison of intra-company careers, there is also little involvement in VET and labor union skills, which are the foundations for ensuring labor mobility as seen in collectivist countries, and it is highly likely that "labor mobility through reskilling" will remain within the scope of in-company training.

(4) On the other hand, what about the case

of (ii) of the second type promoting labor mobility through voluntary job changes, as distinguished in section 2 (1). Table 4 shows that, on the one hand, it would be necessary to strengthen the connection between education and work, while narrowing the scope of work experience by lowering the ratio of new graduate hires and the company-led placement and transfer policies, and on the other hand, enhancing individuals' autonomous career consciousness.

#### Note

- 1 Based on the presentation materials and report by the head of the Human Resources Development Department of the Human Resources Headquarters of Company C at the study group (April 2023).
- 2 The author participated in this research project as the chief investigator. The project members (who were all affiliated at the same time) were Umezaki Osamu (Hosei University), Shimanuki Tomoyuki (currently at Chuo University), Hasegawa Satoshi (Senshu University), Fujimoto Makoto (Japan Institute for Labour Policy and Training), and Suzuki Hiroyuki (Rengo General Labour Bureau).

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# **Characteristics and issues of Japan's human resource development and career formation: from an international comparative perspective**

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This paper examines skill development and career formation in Japan, taking into account the educational system, and further examines Japan's current situation and policy issues (mainly the 11th Vocational Skills Development Plan (by Ministry of Health Labor and Welfare) through international comparisons. The relationship between labor mobility and reskilling can be summarized as labor movement within a company and labor movement between companies (cases where a dismissed worker is reemployed through some kind of organization, and labor movement due to voluntary job change). The current situation and issues of each relationship were examined by making international comparisons. As a result of the examination, considering the current state of

involvement of the government, labor, and management in skill development and career formation in Japan, the involvement of vocational education and training (VET) and labor unions in skills, which are the foundation for securing labor mobility seen in collectivist countries, is also weak. Therefore, we conclude that labor movement due to reskilling is likely to remain within the scope of intra-company transfers. On the other hand, if the aim is to promote labor mobility through voluntary job changes, the scope of work experience should be narrowed by strengthening the relationship between education and work, while lowering the ratio of new graduate recruitment and the weight of company-led placement and transfer policies.