Getting Skills Right

Creating Responsive Adult Learning Opportunities in Japan

OECD

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Foreword

The world of work is changing. Digitalisation, globalisation, and population ageing are having a profound impact on the type and quality of jobs that are available and the skills required to perform them. The extent to which individuals, firms and economies can reap the benefits of these changes will depend critically on the readiness of adult learning systems to help people develop and maintain relevant skills over their working careers.

To explore this issue, the OECD Directorate for Employment, Labour and Social Affairs has undertaken an ambitious programme of work on the functioning, effectiveness and resilience of adult learning systems across countries. This includes the creation of the Priorities for Adult Learning (PAL) dashboard for comparing the readiness of each country's adult learning system to address future skills challenges, as well as a cross-country report, "Getting Skills Right: Future-Ready Adult Learning Systems," which showcases relevant policy examples from OECD and emerging countries. The Directorate is also carrying out a series of in-depth country reviews of adult learning systems to offer a comprehensive analysis of the key areas where policy action is required.

This report reviews Japan's existing adult learning system, and provides policy recommendations to expand access to training, make adult learning more inclusive, improve the responsiveness of adult learning to changing labour market needs, and support career progression and transitions through career guidance. Chapter 1 looks at key labour market developments in Japan, and discusses how structural changes have altered the demand for and supply of skills in recent decades. Chapter 2 discusses how recent challenges to traditional Japanese labour market practices impact adult training provision. Chapter 3 assesses the future-readiness of the Japanese adult learning system, with a specific focus on the availability of training opportunities in Japan and the coverage of the adult learning market. Chapter 4 examines the barriers adults face with regards to training participation, as well as the policies to address them. Chapter 5 examines inequalities in access to adult learning opportunities and carefully examines the training participation of disadvantaged groups, such as non-regular workers, older workers and workers in SMEs. Chapter 6 looks at the responsiveness of adult learning policies to changing labour market needs, while Chapter 7 discusses the importance for workers of receiving career guidance and support from both employers and external providers.

This report was prepared by Michele Tuccio and Nozomi Ohno from the Skills and Employability Division of the Directorate for Employment, Labour and Social Affairs, and Marieke Vandeweyer from the Centre for Skills under the supervision of Glenda Quintini (Skills team manager) and Mark Keese (Head of the Skills and Employability Division). The report benefitted also from the useful feedback of Stefano Scarpetta (Director). The OECD Secretariat would like to thank the Japanese Ministry of Health, Labour, and Welfare, the Japanese Institute for Labour Policy and Training, and the Panel Data Research Center at Keio University for their support in carrying out this project.

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Acronyms and abbreviations

AI	Artificial intelligence
AUD	Australian Dollars
BP	Brush Up Program for Professionals
DKK	Danish Krone
ECEC	Early childhood education and care
EUR	Euro
EUWIN	European Workplace Innovation Network
HPWP	High performance work practices
ICT	Information and communication technology
IFR	International Federation of Robotics
IOT	Internet of Things
JAMOTE	Japan Association for Management of Training and Education
JEED	Japan Organisation for Employment of the Elderly, Persons with Disabilities and Job Seekers
JILPT	Japanese Institute for Labour Policy and Training
JMOOC	Japan Massive Open Online Education Promotion Council
JPY	Japanese Yen
KSQA	Korean Skills Quality Authority
KRW	Korean Won
M2M	Machine-to-machine communication
MEXT	Japanese Ministry of Education, Culture, Sports, Science, and Technology
MHLW	Japanese Ministry of Health, Labour and Welfare
OECD	Organisation for Economic Cooperation and Development
OFF-JT	Off-the-job training
OJT	On-the-job training
PES	Public employment services
PIAAC	OECD's Programme for the International Assessment of Adult Competencies (Survey of Adult Skills)
PISA	OECD Programme for International Student Assessment
RFID	Radio-frequency identification technology
RPL	Recognition of prior learning
SAA	Skills assessment and anticipation
SAP	Structural adjustment packages
SME	Small and medium-sized enterprises
STEP	Korean Smart Training Education Platform
VET	Vocational education and training

Executive summary

Japan must boost efforts to improve its adult learning system in order to keep pace with a rapidly evolving world of work. While the Japanese labour market has been characterised by relatively low unemployment rates, even in the midst of the COVID-19 pandemic, structural changes – such as technological progress and population ageing – are transforming the supply of and demand for skills. OECD estimates show that 15% of jobs in Japan are at high risk of being automated in the next 15 years and another 39% could face significant changes due to automation. The Japanese industrial structure and skills supply are also rapidly evolving, and the country is experiencing a significant change in the composition of its workforce, with a rise in women's and elderly's employment and non-regular labour. These changes have resulted in important skills imbalances in the Japanese labour market and heightened the need for upskilling and reskilling opportunities.

An increasing share of Japanese workers are not covered by traditional employment practices, requiring a reform of the current training system. Structural changes in the Japanese economy and society at large have eroded the importance of traditional employment practices, such as lifetime employment, seniority wage schemes, and regular graduate recruitment rounds. The adult learning system is considerably impacted by these changes in traditional employment practices. In fact, while under the lifetime employment system adult learning was primarily provided by firms, a whole new segment of the population will need learning opportunities outside the company.

There is a growing need for policy makers to expand the Japanese adult training market and provide more and better learning opportunities. Participation in training in Japan is low from an international perspective and training is mostly organised by employers. Relatively few adults engage in structured training activities at their own initiative. The Japanese authorities have made significant efforts to promote formal training, but with limited success. Public action should therefore prioritize off-the-job training and self-development for workers, particularly for the growing share of people in the workforce who are not eligible for company-led training. Also greater efforts are needed to ensure a high and more even quality of the training offered across the sector.

Access to adult learning opportunities in Japan is highly unequal, with participation in training particularly low for certain groups of adults. Non-regular workers (e.g. part-time, dispatched or contract workers) are around 50% less likely to benefit from employer-supported training. At the same time, older full time permanent workers are over 30% less likely to participate in formal or non-formal training than their younger colleagues, even when employed as regular workers, and workers in small and medium-sized enterprises (SMEs) are almost 50% less likely to participate in training than workers in larger firms. Targeted measures that take the specific barriers for these workers and their employers into account are needed to increase the inclusiveness of the Japanese adult learning system.

Training provision and its content need to be more extensively aligned with the needs of employers and the labour market. While the provision of public vocational training in Japan is built on a strong system of skills assessment and anticipation to ensure that the training provided is relevant to labour market needs, this type of information should be used more extensively and transparently in the design of adult learning policies. Moreover, to make the adult learning system better aligned with the needs of the

labour market, it is important that adults at risk of skills obsolescence have access to targeted upskilling and reskilling opportunities. More efforts should be made to support Japanese workers who are likely to be impacted most strongly by structural changes by facilitating essential skills development and smoothing transitions to other tasks or jobs.

In an era of rapidly changing skill needs, Japanese adults need better access to career guidance to make informed choices about their career and relevant skills development opportunities. In Japan, the need for this type of services is growing as jobs are changing and workers are less likely than in the past to work for one single employer for their entire career. Relatively few employers provide regular and systematic career guidance to their workers, in spite of efforts by the Japanese Government to promote and support the provision of these services. Limited opportunities for career guidance outside of the firm are available for workers wanting to change jobs. Employers and workers struggle to identify skill gaps, which, in turn, limits career progression opportunities. Greater efforts are needed to bring available career guidance and skills assessment tools together to make them easier to use for employers and workers.

To foster the development of responsive and more widespread adult learning opportunities in Japan, the OECD recommends to:

- **Reduce barriers to training**: for example by providing more generous subsidies for paid education and training leave for learning programmes that develop in-demand skills; supporting SMEs to hire replacement workers for employees who are on long-term education and training leave; and ensuring that government-provided training is organised in a modular way and allows for distance or flexible learning when appropriate.
- **Make adult learning more accessible for non-regular and older workers**: for example by relaxing the conditions to access training grants and subsidies for education and training leave so that non-regular workers can also benefit from them; and making the Human Resource Support Grant more generous for employers who train older workers.
- **Expand the adult learning market**: for example by: monitoring more systematically participation in adult learning programmes and identifying gap areas; providing greater financial support to formal education institutions for the provision of adult learning; and developing further quality assurance mechanisms in the non-formal, private training sector.
- **Target workers at risk of being impacted by structural changes**: for example by providing basic digital skills development programmes to adults who lack the digital skills needed in the labour market.
- **Assess skill needs and align training with labour market needs**: for example by facilitating the take-up of the *Internal Occupational Skills Development Plan*; and promoting comprehensive cooperation agreements between companies and higher education institutions to align training to the actual needs of the labour market.
- **Support internal career progression**: for example by raising awareness about the possibility to make use of qualified external career guidance counsellors, especially among workers in SMEs; and promoting the use of job cards among employers while, at the same time, facilitating the integration of the job card approach into existing HR systems.
- **Support external career transitions and career guidance for jobseekers**: for example by developing an interactive, easy-to-use online career guidance portal that brings together the information on occupations and training from different sources; and providing targeted information and guidance to jobseekers who were previously in non-regular employment.

1 Changing skill needs in the Japanese labour market

This chapter looks at key labour market developments in Japan, and discusses how structural changes have altered the demand for and supply of skills in recent decades. Particular attention is paid to technological progress, population ageing and rising educational attainment. This chapter also looks the current state of skills imbalances in the Japanese labour market, including skill shortages, surpluses and mismatch.

In Brief

Skills needs are evolving in Japan

The Japanese labour market is characterised by low unemployment and high employment rates, resulting in a labour market performance above the OECD average. However, structural changes – such as technological progress and population ageing – are transforming the supply of and demand for skills. This is likely to make it increasingly difficult for employers to find workers with the right skills and for adults to find jobs that match their skills. Unless education and training systems respond to ensure that adults can develop and adapt their competences to respond to changing skills needs, this is likely to have a detrimental impact on the Japanese labour market, both in terms of job quantity and inclusiveness as well as on productivity and growth.

A large share of jobs in Japan are at risk of significant change due to automation. This automation risk is higher in Japan than on average across OECD countries in high-skill occupations, clerical occupations and sales and service jobs. Japan's population is ageing rapidly and this is already leading to a declining labour supply and strong demand for certain old-age-related goods and services. At the same time, the supply of highly educated labour has risen markedly over the recent decades, with Japan now having the second largest share of tertiary educated adults among OECD countries. Japanese adults also have above-average digital problem-solving skills, but inequalities in the distribution of this type of skills are large, thereby leading to further polarization if proper adult training is not provided as technology advances.

These structural changes have resulted in significant skills imbalances. As the tightness of the Japanese labour market was increasing prior to the COVID-19 crisis, many employers faced difficulties finding workers with the right skills and hiring mismatch was growing. Evidence from the OECD Skills for Jobs database show that shortages can be found in a large variety of occupations, and health-service-related competencies are facing the largest shortage pressure in Japan. The COVID-19 crisis is expected only to increase such imbalances.

1.1. Megatrends are changing the supply and demand of skills

Global megatrends, such as technological progress, globalisation, and population ageing, have altered the structure of labour markets in many OECD countries. These tendencies have resulted in changing demands for skills, both because the content of existing jobs is evolving and because of diverging skill requirements in new jobs versus jobs that have been lost. At the same time, the supply of skills has been shifting due to factors such as rising educational attainment, international migration and population ageing. These changes in the demand for and supply of skills have resulted in skills imbalances in many OECD countries.

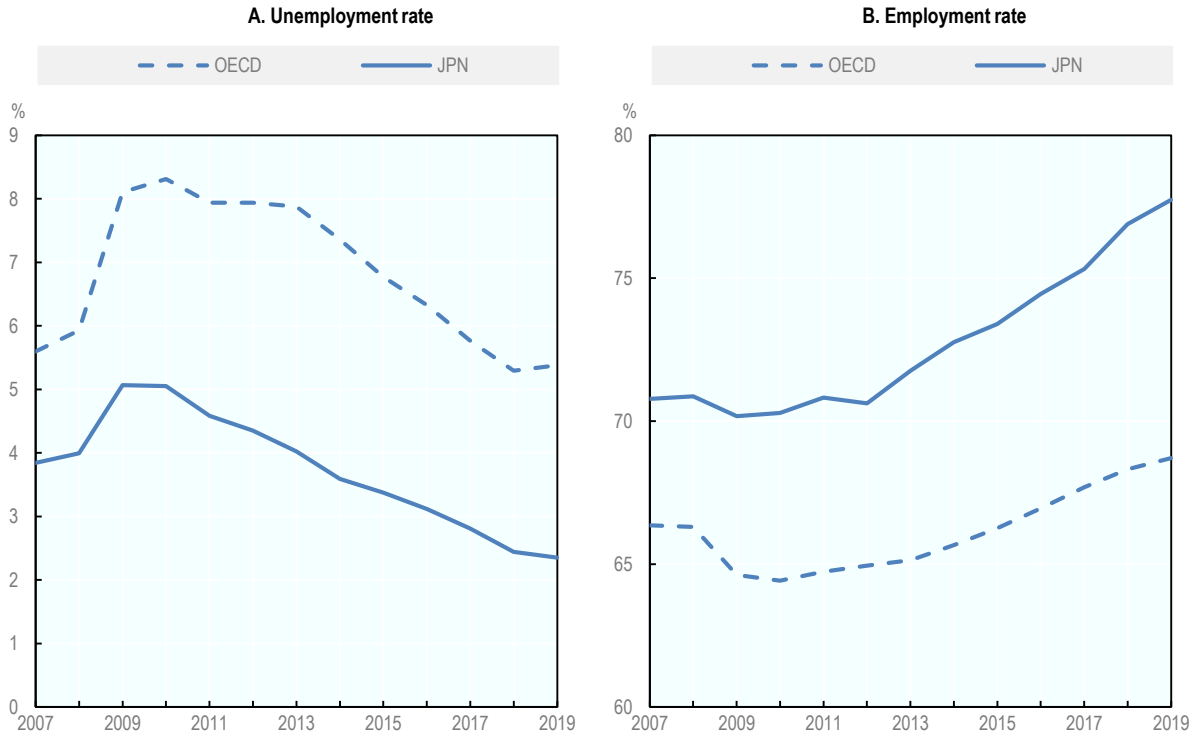
1.1.1. The composition of the Japanese labour market is changing

The labour market situation in Japan had been steadily improving over recent years. The average unemployment rate between 2007 and 2019 remained relatively low compared to the OECD average, including during the global financial crisis (Panel A of Figure 1.1). In 2019, Japan's unemployment rate stood in the 2% range, the lowest level in about 26 years, while it is projected to increase to above 3.5%

in 2020 due to the COVID-19 crisis. In parallel, the employment rate has remained at higher levels than the OECD average, with a steady upward trend since 2012 (Panel B of Figure 1.1). In 2019, the employment rate was the highest on record since 1968, reaching as high as 78%, although it is projected to decline by 2 percentage points in 2020 due to the COVID-19 crisis (OECD, 2020[1]).

Figure 1.1. The employment situation in Japan has been steadily improving

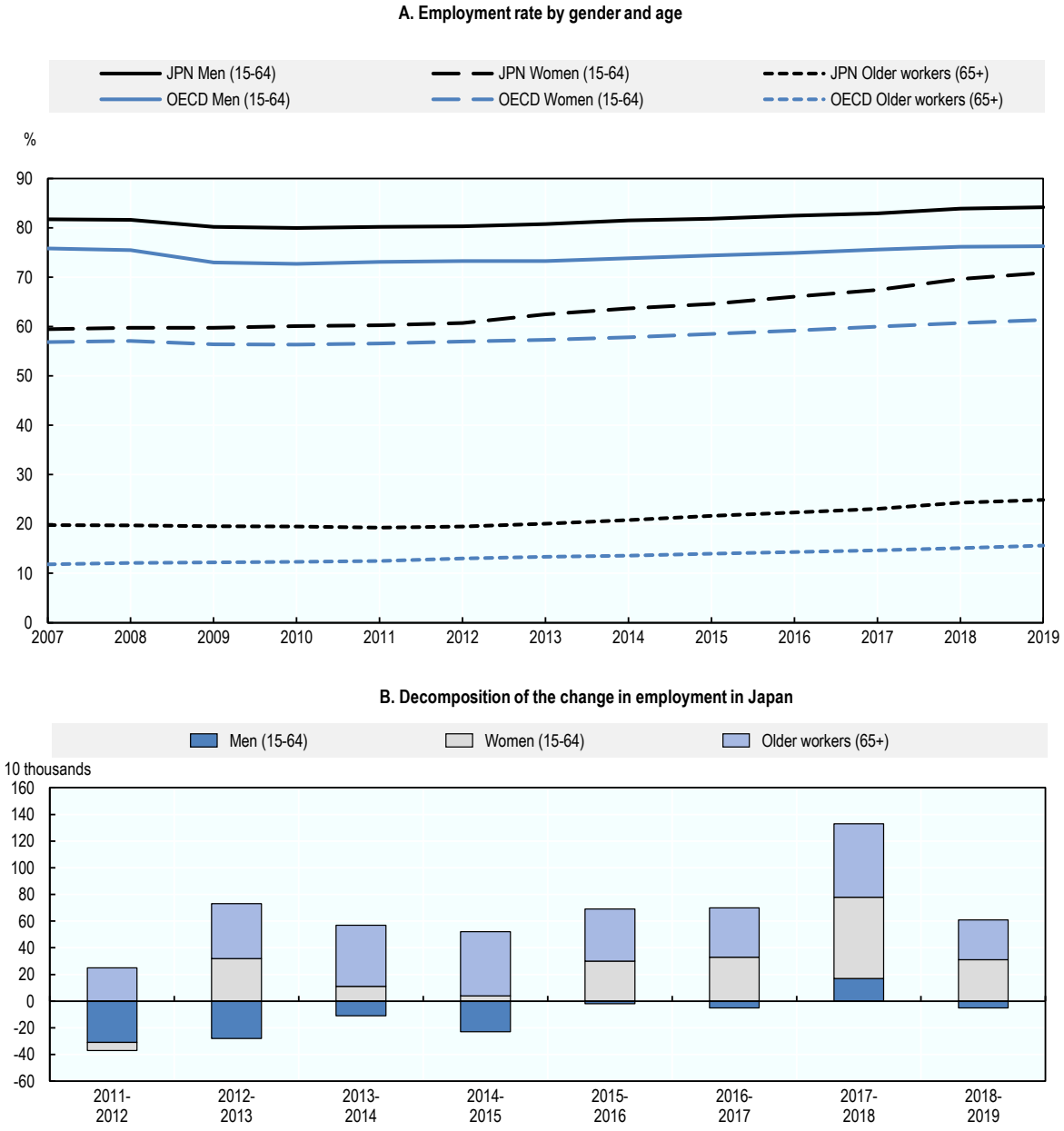
Unemployment and employment rates in Japan and the OECD



Note: Harmonised unemployment rate as percentage of the labour force; Employment rate as percentage of population aged 15-64, seasonally adjusted.
Source: OECD Labour Market Statistics.

Even though Japan's working-age population has been declining since 1995 of low birth rates and an ageing population, the number of people in employment has been increasing in recent years, mostly due to a rise in women's and older people's employment (Figure 1.2). On the other hand, while longevity and the development of better childcare support measures have boosted the labour force for, respectively, the elderly (65+) and women (15-64), the male (15-64) workforce has not increased likewise. Combined with the general increase in the number of disabled people and foreign-born entering the labour market, the work participation of a wide variety of people is increasing. As a result, adult learning policies will need to change in response to these changes in the composition of the labour force.

Figure 1.2. The increase in employment of women and the elderly has contributed to the recent improvements of the Japanese labour market



Source: OECD Labour Market Statistics, Japanese Labour Force Survey.

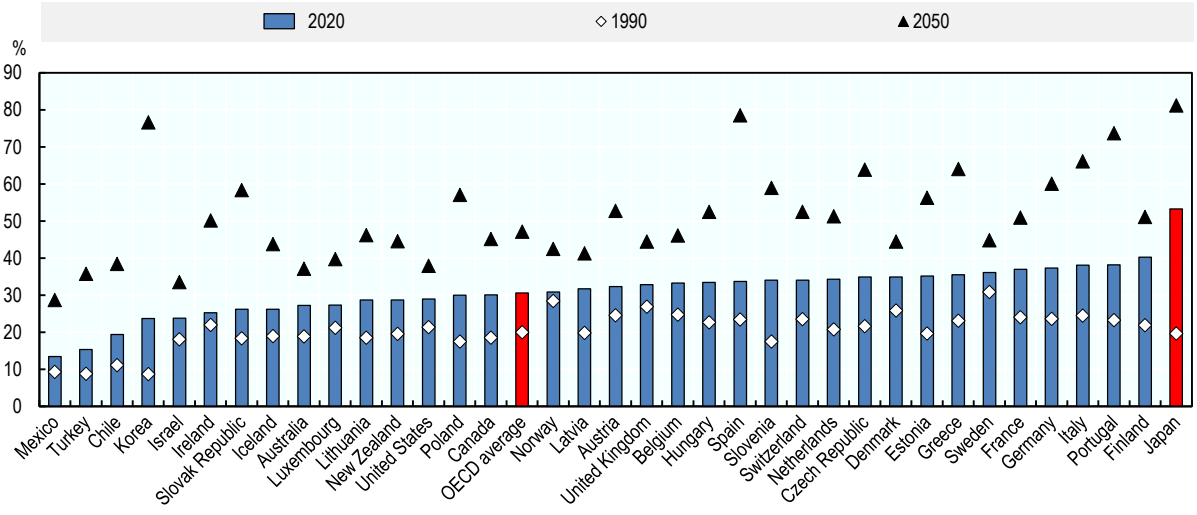
Population ageing, in particular, has the potential of substantially altering skill needs in Japan. In fact, while declining only slightly during 2000-18, Japan's working age population is expected to experience more substantial reductions in the coming decades (OECD, 2019[2]). Japan already has the highest old-age dependency ratio among all OECD countries, and this proportion has increased dramatically from 20% in 1990 to 53% in 2020, and is projected to reach as high as 81% by 2050 (Figure 1.3). By contrast, countries such as Korea and Australia currently have an old-age dependency ratio of about 25%, and the OECD average is 31%.

The consequences of such dramatic change in the composition of the Japanese population on both the demand and supply of skills are multiple. First, as life expectancy rises and working lives get longer, more investment in training might be needed to ensure that workers' skills remain relevant during their entire working lives. A change of training culture may also be required. At present, in all OECD countries, older adults participate less in job-related training than prime-age adults. One reason might be that employers are less interested in providing training to older workers as they have a shorter time to recoup the costs of the investment when workers are closer to retirement. Similar reasons may reduce older workers' motivation to train.

Moreover, a shrinking working population may bring about substantial labour shortages. An ageing society also demands certain goods and services, often related to personal care and health care, which increases the demand for particular skills. OECD (2017[3]) shows that OECD countries with rapidly ageing populations are more likely to face strong shortages of health professionals. Shortages of nursing care workers are already acute today in Japan, and the Japanese Ministry of Health, Labour and Welfare estimates that there will be a shortage of 380 000 nursing care workers by 2025 (MHLW, 2015[4]). To alleviate these shortages, the Japanese Government has been easing immigration restrictions and improving working conditions, but has also turned towards care robots. The COVID-19 crisis is already showing the looming consequences of such labour shortages: according to the Japanese Nursing Association, to properly fight against the coronavirus, four times as many nurses as in regular periods are needed. As Japan lacks this health workforce, an urgent plea for retired nurses to return to work was issued in April 2020.

Figure 1.3. Japan's population is ageing rapidly

Old-age dependency ratio, 1990-2050



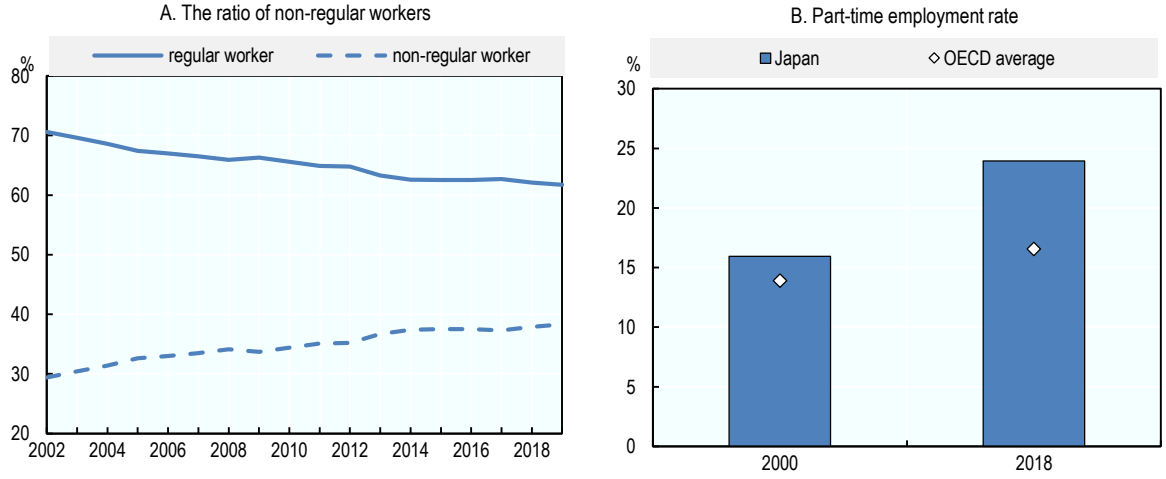
Note: The old-age dependency ratio is defined as the number of people aged 65 and over per 100 people of working-age (20-64). 2050 estimates based on the medium-variant projection.
Source: OECD Population Statistics.

Japan's labour market expansion has also been coupled with a gradual change in its composition in terms of the types of jobs created. In particular, the percentage of non-regular workers (e.g. part-time, dispatched or contract workers) is on the rise in Japan, as it is across most of the OECD area (OECD, 2015[5]).[1] Indeed, the proportion of non-regular workers has increased by about 9 percentage points since 2002,

reaching 38% in 2019 (Panel A of Figure 1.4). The number of part-time workers, especially, is well above the OECD average, and the gap has widened largely in the last two decades (Panel B of Figure 1.4).

Figure 1.4. The rate of non-regular workers is increasing over time

Trends in the ratio of non-regular workers (Panel A) and part-time workers (Panel B)



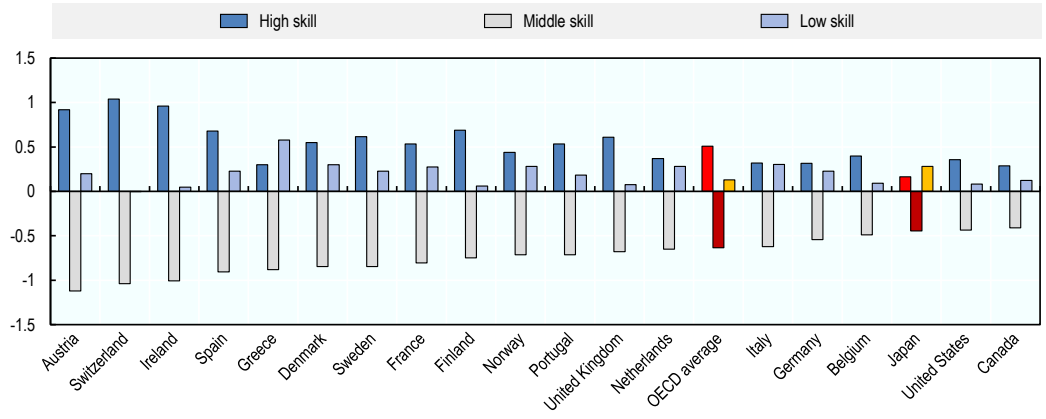
Note: In the Japanese Labour Force Survey, non-regular employment includes all workers under the categories: "part-time workers", "temporary workers", "dispatched workers at worker dispatch offices", "contract workers", "commissioned workers" and "other workers". Part-time employment is defined as people in employment (whether employees or self-employed) who usually work less than 30 hours per week in their main job.
Source: Japanese Labour Force Survey, OECD Labour Market Statistics.

1.1.2. Labour markets are polarising

In recent decades, technological progress and globalisation have led to considerable automation and outsourcing of jobs with a high-routine content, resulting in relatively low employment growth in such routine-intensive jobs. These routine-intensive jobs are mostly found in the middle of the skills and wage distribution. Therefore, employment growth has been concentrated at the top and the bottom of the wage and skills distribution, i.e. a process generally referred to as wage/job polarisation. Figure 1.5 shows that in almost all OECD countries the importance of middle-skill jobs in total employment declined in the past decades, relative to high- and low-skill jobs. This is also the case in Japan, although the changes were less marked than in many other countries.[2] Whereas in the majority of OECD countries employment growth was concentrated in high-skill jobs, the relative growth of low-skill employment was stronger in Japan.

Figure 1.5. The Japanese labour market has been polarising

Average annual percentage point change in the employment shares of high-, middle- and low-skill occupations, 1995-2015

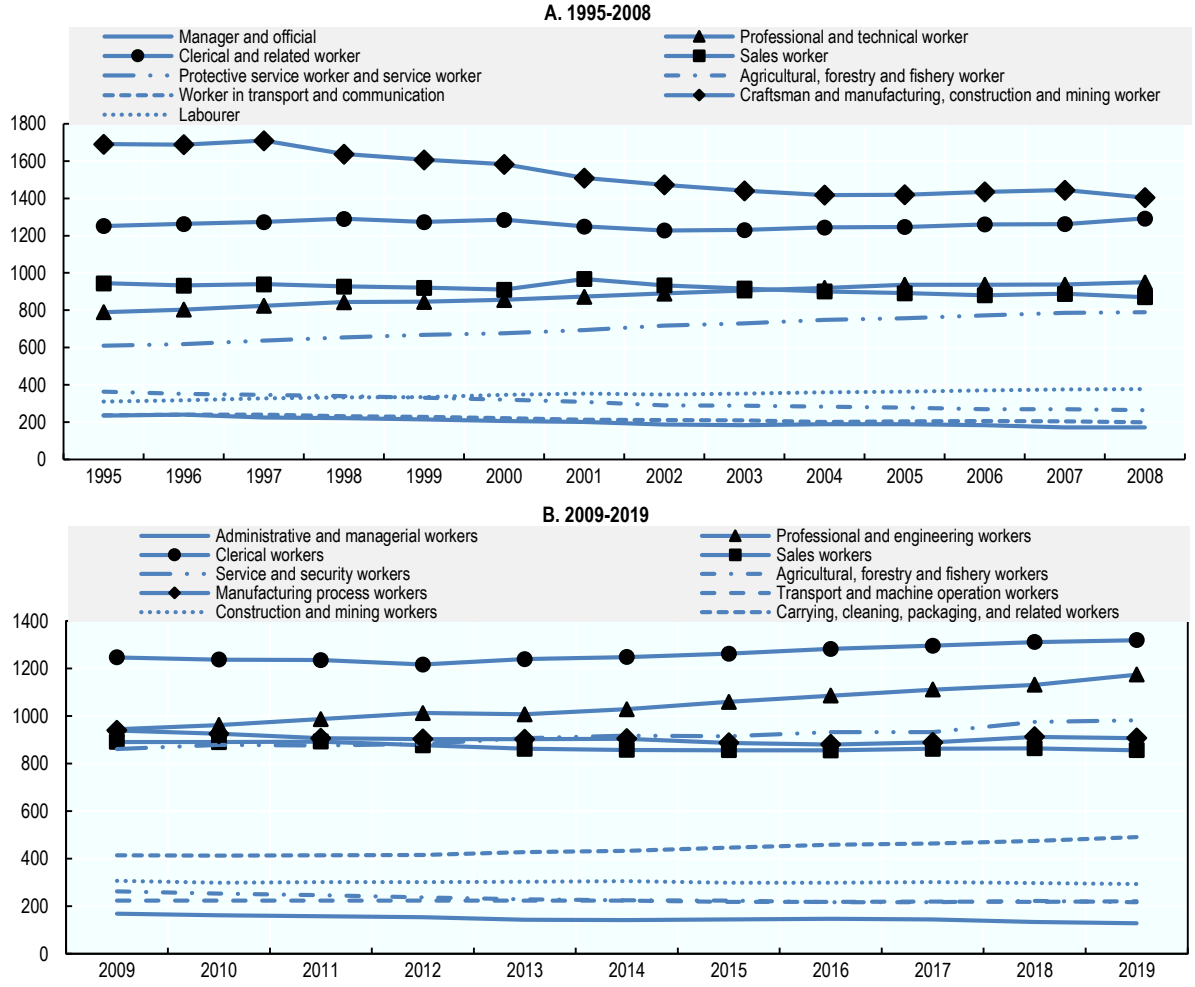


Note: High-skilled occupations include jobs classified under the ISCO-88 major groups 1, 2, and 3, that is, legislators, senior officials, and managers (group 1), professionals (group 2), and technicians and associate professionals (group 3). Middle-skilled occupations include jobs classified under the ISCO-88 major groups 4, 7, and 8, that is, clerks (group 4), craft and related trades workers (group 7), and plant and machine operators and assemblers (group 8). Low-skilled occupations include jobs classified under the ISCO-88 major groups 5 and 9, that is, service workers and shop and market sales workers (group 5), and elementary occupations (group 9). Data for Japan are for 1995 to 2010 and are based on the Japanese classification of occupations (High skilled: Professional and Technical workers, Managers and Officials; Middle-skill: Clerical and related workers, Workers in Transport and Communication, Mining Workers, Craftsmen and Manufacturing and Construction workers; Low-skill: Sales Workers, Protective and Other Services Workers, Labourers). Employment in the following sectors is excluded: Agriculture, hunting, forestry and fishing, Mining and quarrying, and Community, social and personal services.
Source: Adapted from OECD (2019[6]), *OECD Employment Outlook 2019: The Future of Work*, https://dx.doi.org/10.1787/9ee00155-en.

Looking at this trend in more detail, Figure 1.6 shows that the occupations experiencing the strongest employment growth in recent decades in Japan are professional and service occupations. The group of elementary workers, i.e. labourers or carrying, cleaning, packaging and related workers, has also experienced stronger than average employment growth in the overall 1995-2019 period. By contrast, employment in manufacturing, construction and mining occupations has been on the decline. This decline was particularly strong in the early 1990s, and roughly stabilised from the mid-2000s onward. Employment levels in clerical occupations, i.e. a middle-skill occupation that has seen its share in total employment decline in many OECD countries, moved in accordance with the trend in overall employment, implying that its employment share remained roughly stable in this period. This could explain why the polarisation pattern is less pronounced in Japan than in many other OECD countries.

Figure 1.6. Employment in professional and service occupations is on the rise in Japan

Number of employed persons (in 10 000 persons)



Note: Pre- and post-2009 occupations groups are not fully comparable, because of a change in the occupational classification.
Source: Japanese Labour Force Survey.

1.1.3. Many jobs are likely to be exposed to automation in the near future

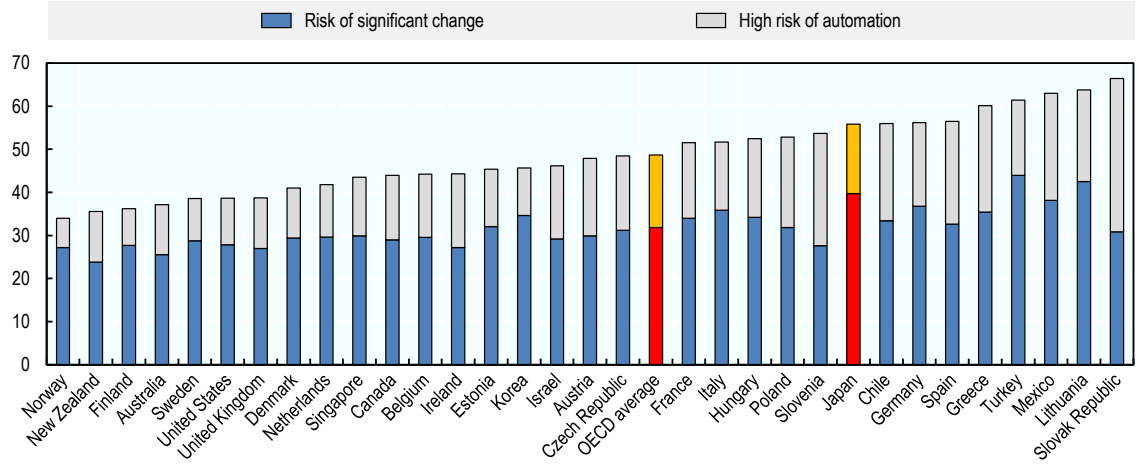
As firms increasingly adopt technology and new technologies are being developed, one could expect more and more tasks to be automated. Since the adoption of technology in non-manufacturing jobs in Japan has been relatively slow compared to other OECD countries, there is still potential for a more extensive technology use that could automate certain tasks. Using experts' view on the automation potential of technology for certain tasks, Nedelkoska and Quintini (2018[7]) estimate that 15% of jobs in OECD countries have a high risk of automation, meaning that these might entirely be restructured or downsized. An additional 32% of jobs face a medium risk of automation, meaning that a substantial share of the tasks in these jobs could be automated if cutting-edge technology is adopted (Figure 1.7). Hence, these jobs will see significant changes in their content, but they will not disappear altogether.

Estimates for Japan show that 16% of jobs have a high risk of automation, in line with the OECD average, and another 40% of jobs could face significant changes due to automation.[3] Hence, overall Japan is more

exposed to changes due to technology adoption in the workplace than the average OECD country. In addition, it is worth noting that the COVID-19 crisis is only expected to exacerbate this trend. In fact, the current health pandemic has directly or indirectly created various incentives to boost automation. As the global response to managing the health situation has been enforcing social distancing strategies and reducing human contact, both businesses' and consumers' preferences are gradually changing to favour automation and artificial intelligence (AI) (Coombs, 2020[8]). Yet, automation does not necessarily lead to job destruction, as it often implies that jobs change rather than disappear. Data from the 2018 Japan Household Panel Survey shows that only 4% of respondents who state that their firm introduced IT system, AI, robotics and accompanying organisational changes report that their jobs or tasks were at least partially lost.

Figure 1.7. A large share of jobs in Japan face are at risk of change because of automation

Share of jobs which are at a high risk of automation or a risk of significant change



Note: Jobs are at high risk of automation if the likelihood of their job being automated is at least 70%. Jobs at risk of significant change are those with the likelihood of their job being automated estimated at between 50 and 70%. Data for Belgium correspond to Flanders and data for the United Kingdom to England and Northern Ireland.
Source: Nedelkoska and Quintini (2018[7]) "Automation, skills use and training", https://dx.doi.org/10.1787/2e2f4eea-en.

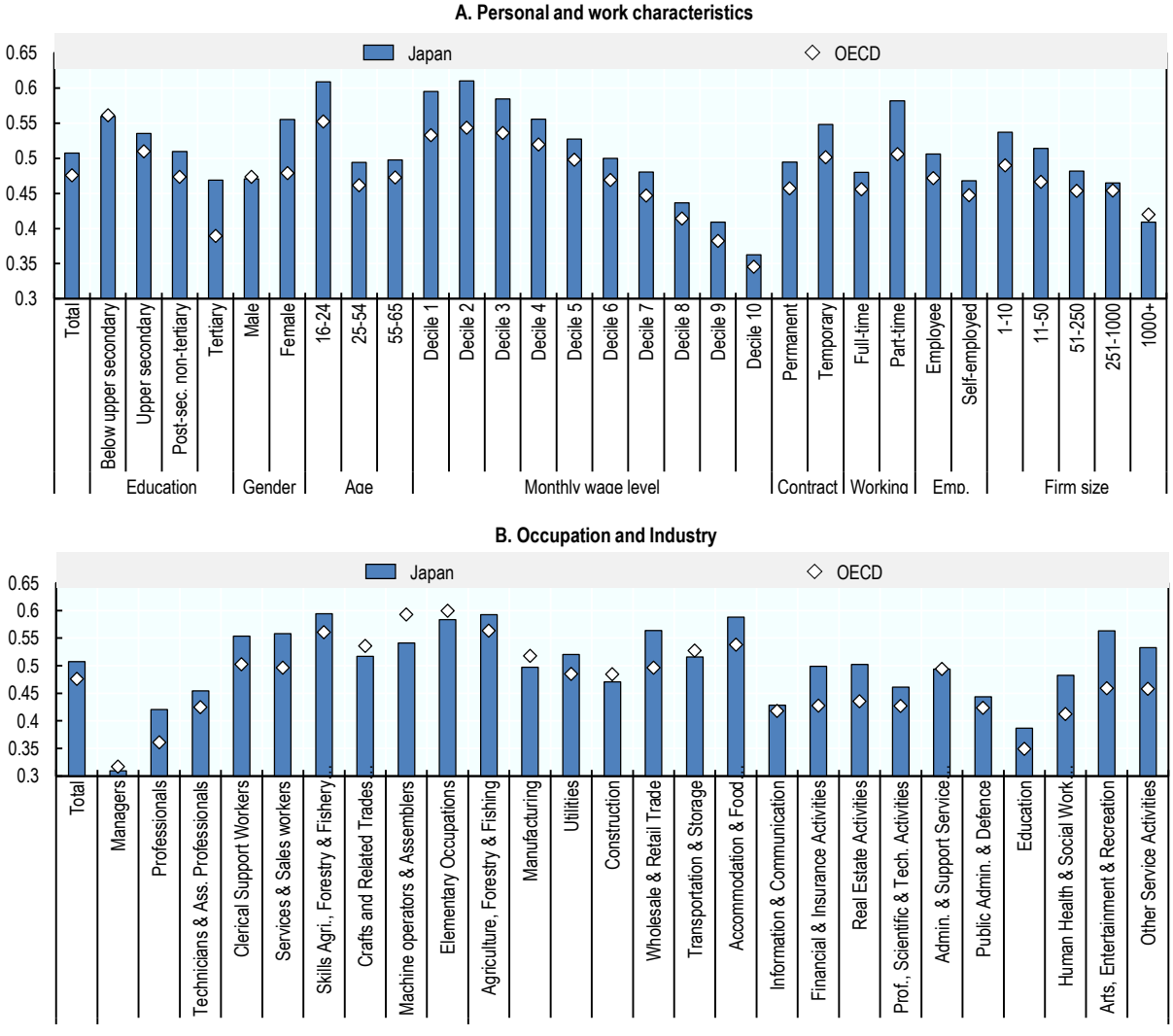
The probability of automation decreases with education level (Panel A of Figure 1.8). However, this declining education-automation profile is less steep in Japan than it is on average across OECD countries. Similarly, the risk of automation declines with monthly wage level, with Japanese workers in the second decile of the wage distribution having an automation risk that is almost 70% higher than among workers in the highest wage decile. The risk also declines as firm size increases, and this negative relationship is steeper in Japan than in OECD countries. In line with the OECD average, dependent employment jobs in Japan have a higher risk of automation than self-employed jobs, and jobs of temporary employees a higher risk than those held by workers on permanent contracts. The risk of automation is higher in part-time jobs than it is for full-time jobs, and the gap between these two groups is larger in Japan than it is on average across OECD countries. Workers aged 16 to 34 hold jobs at substantially higher risk of automation than older workers, both in Japan and on average in OECD countries. Finally, whereas gender differences in the risk of automation are small on average, the risk in jobs held by female workers in Japan is 18% higher than that in jobs held by male workers.

At the occupational level, managers, professionals, and technicians and associate professionals are the occupations with the lowest risk of automation, whereas the highest risk is observed among skilled agricultural jobs and jobs in elementary occupations (Panel B of Figure 1.8). While the automation risk in

Japan is below the OECD average in most manually intensive occupations, it is higher in non-manual and service occupations. The industries with the lowest risk of automation in Japan are the education sector and the information and communication sector. The highest risk of automation is observed in the agricultural sector and in the accommodation and food service sector. The picture in Japan looks broadly similar to the OECD average, particularly for manually intensive sectors in Japan have automation where the probabilities are close to the OECD average (e.g. manufacturing, construction, transport and storage). On the other hand, the risk of automation in cognitive skill- and social skill-intensive sectors (e.g. arts, entertainment and recreation, financial and insurance activities, wholesale and retail trade) is higher than the OECD average. These findings are consistent with the relatively slow adoption of technology in non-manufacturing jobs in Japan (as discussed above), which suggests significant room for automation of certain tasks in those jobs.

Figure 1.8. The risk of automation is highest for low-educated and low-wage workers

Average risk of automation (0-1)



Note: Automation risk is calculated as in Nedelkoska and Quintini (2018[7]).
Source: Authors' calculations using the Survey of Adults Skills (PIAAC).

1.1.4. Technology adoption changes skill demands

Differences between countries in terms of automation risk partly reflect the degree to which technology has already been adopted to automate certain tasks: countries that have on average a low risk of automation are likely to have already automated more tasks than in countries that are estimated to face a high risk of automation. Moreover, automation probabilities only reflect the potential of technology, and will only materialise if firms actually adopt technology. Technology adoption depends on many factors, including the relative cost of technology and attitudes towards technology. For example, a survey among Japanese adults shows that there is a strong preference for personal services, such as childcare, health care and education, to be provided by human workers rather than technology (Morikawa, 2017[9]).

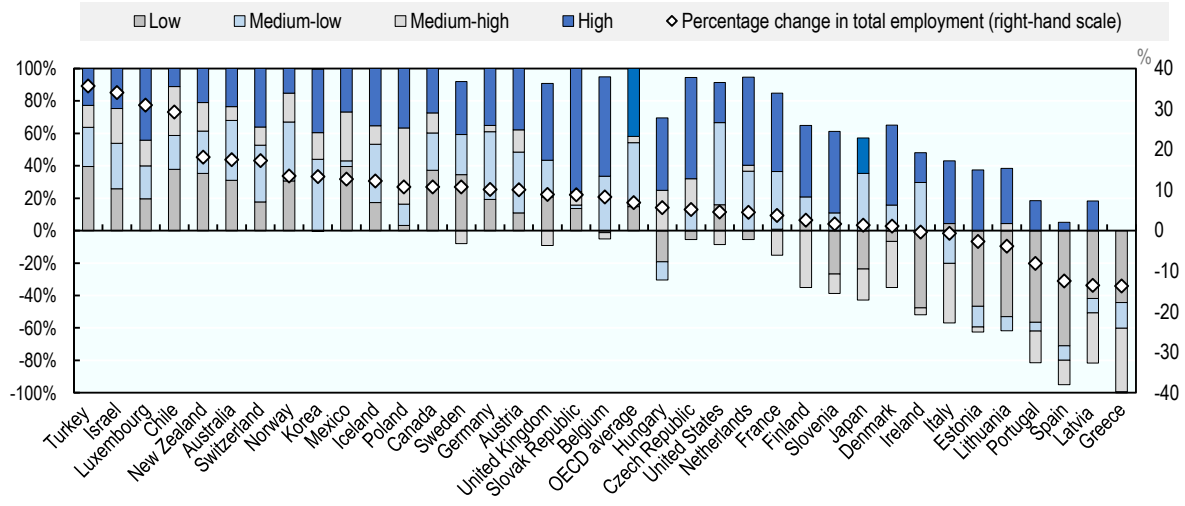
A recent survey among youth aged 18 to 24 showed that youth in Japan are less optimistic that technological change will provide job opportunities in the future than their peers in other countries. Among the 19 countries participating in the survey, the share of young individuals who agreed with the statement that technological change would provide job opportunities in the future was smallest in Japan. A survey among Japanese adults shows that 30% of adults feared that they would lose their job because of technology, and this fear was larger among young, low-educated and non-regular workers (Morikawa, 2017[9]). Another survey finds that 89% of Japanese adults think that it is likely that in the next 50 years robots and computers will do much of the work currently done by humans (Pew Research Center, 2018[10]). Moreover, 74% of Japanese think that people will have a hard time finding jobs if robots and computers indeed manage to carry out those tasks. This share is lower in Japan than in the other eight countries participating in the survey, and a relatively large share of Japanese adults think that technology can also lead to the creation of new better-paying jobs (35%) and to a more efficient economy (83%).

While the estimated probabilities of automation focus on potential job destruction, technological progress also leads to job creation. There is evidence to suggest that the number of jobs created due to technological progress has been larger than job displacement due to automation in European countries and the United States in recent decades (Autor and Salomons, 2018[11]). Analysing the impact of AI adoption in Japan in the last five years on workers in jobs that are deemed to have a large potential for automation, Kitahara and Shinozaki (2019[12]) find that introduction of AI leads to a reduction in working hours. A similar analysis for employment levels across all occupations (irrespective of their automation probability) finds that there is no impact of AI adoption on total employment and a positive impact on employment of regular employees.

The fact that technological progress has not led to massive employment losses can also be seen from trends in employment rates, which have been on an upward trajectory in recent decades in the majority of OECD countries (including Japan). Employment in Japan grew mainly in industries with high digital intensity, while it experienced an important decline in low digital-intensive occupations (Figure 1.9). In contrast, on average across OECD countries employment grew in industries at all levels of digital intensity. This, together with the substantial impact that automation can have on the task content within jobs, implies that skills needs are changing and an increasing share of adults might need access to upskilling or reskilling opportunities.

Figure 1.9. Employment levels in Japan are rising modestly, mostly in sectors with high or medium-low digital intensity

Change in total employment (2006-16) and contribution of sectors by digital-intensity



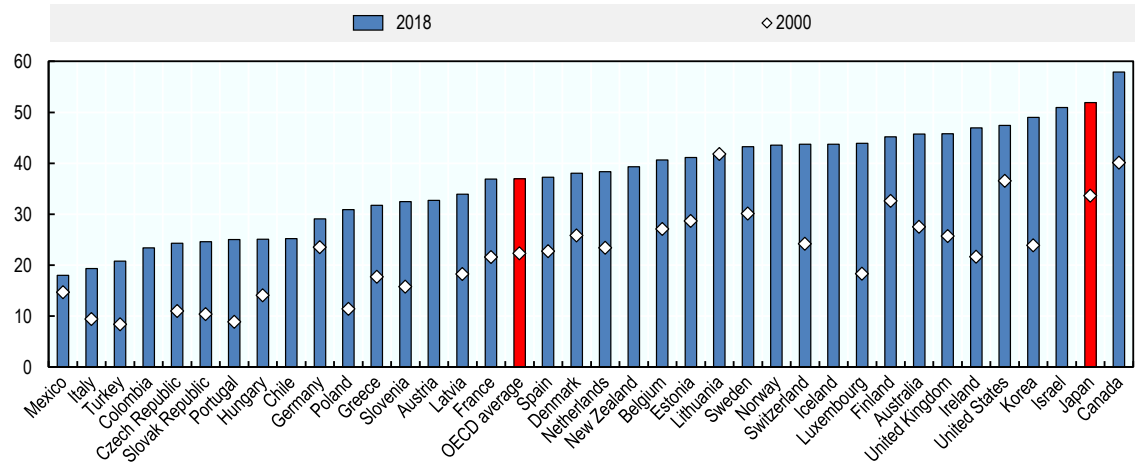
Note: Digital intensity is defined according to the taxonomy described in Calvino et al. (2018[13]).
Source: OECD (2019[14]), *Measuring the Digital Transformation: A Roadmap for the Future,* https://dx.doi.org/10.1787/9789264311992-en.

1.1.5. Although education and skill levels of the population are on the rise, inequalities in digital problem-solving skills remain high

All these megatrends are happening against a background of rapidly rising educational attainment (Figure 1.10). In Japan, the share of adults with a tertiary education qualification rose from 34% in 2000 to 52% in 2018, and is now the second highest among OECD countries. Japan's high tertiary attainment rate is driven by short-cycle tertiary education programmes. Over one-third of first-time entrants into tertiary education in 2017 enrolled at this level, 18 percentage points higher than the OECD average of 17% (OECD, 2019[15]). The quality of education is also high, with Japan's upper secondary education students ranking among the top performers in reading, mathematics and science in the OECD's Programme for International Student Assessment (PISA).

Figure 1.10. Educational attainment in Japan is on the rise

Share of population aged 25-64 with a tertiary education qualification

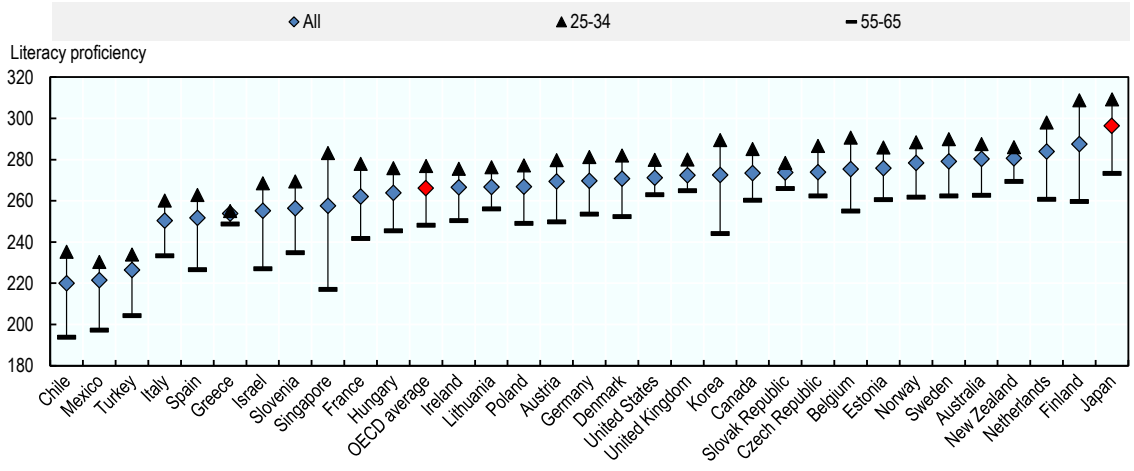


Note: 2017 instead of 2018 for Israel and Chile. In Japan, data for short cycle tertiary education and total tertiary education include post-secondary non-tertiary programmes (less than 5% of the adults are under this group).
Source: OECD Education at a Glance.

These high educational attainment levels and the high-quality education system translate into high skill levels of the adult population, with Japanese adults having on average the highest literacy and numeracy proficiency among OECD countries (see Figure 1.11 for literacy skills). Skill levels of young adults in Japan are substantially higher than those of adults aged 55-65, reflecting the rapid rise in educational attainment in recent decades. While such a gap exists in all OECD countries, it is bigger than average in Japan. The gap between older and young adults in Japan becomes smaller when controlling for gender, education, immigrant and language background and parental education, but the difference remains substantial (23 score points versus 36 points without controls) and larger than on average in OECD countries (OECD, 2019[16]). This means that older adults have lower literacy skills than young adults even when they have the same education level and socio-economic background. The remaining difference could be linked to several factors, including improvements in the quality of education over time and adults facing skills depreciation during working life.

Figure 1.11. Skill levels of adults in Japan are high

Average literacy proficiency (0-500 scale)



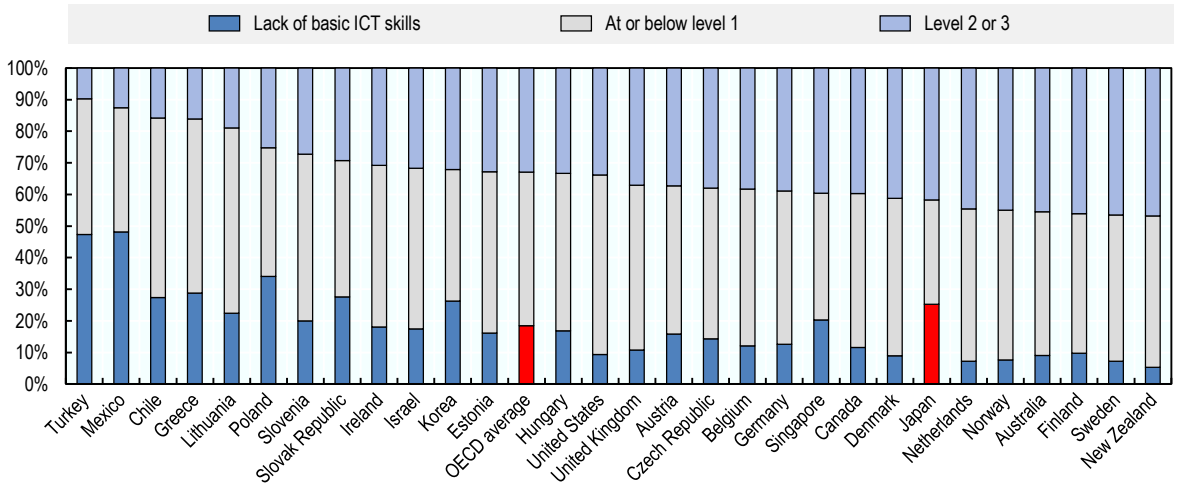
Note: Data for Belgium refer to Flanders only, data for the United Kingdom to England and Northern Ireland only.
Source: Survey of Adult Skills (PIAAC).

The picture looks slightly less positive when looking at digital problem-solving skills of Japanese adults, see Figure 1.12. While Japan has an above average share of adults with strong digital problem-solving skills (42% versus 32%), it also has a higher fraction of adults who lack basic ICT skills (25% vs. 19%). This contrasts with countries like Australia, Denmark, Finland, the Netherlands, New Zealand, Norway and Sweden, which also have large shares of adults with high digital problem-solving skills, but less than 10% of adults who lack basic ICT skills. Digital skills are particularly low among older adults in Japan, with 41% of 55-65 year-olds lacking basic ICT skills (versus 34% in the OECD on average), and among those without an upper-secondary education degree (54.5% lacking basic digital skills, versus 42% in the OECD on average) (OECD, 2019[16]). Interestingly, low levels of digital skills are also more common among young adults and adults with tertiary education in Japan than on average across the OECD: 10% of young adults (aged 25-34) and 11.5% of adults with tertiary education lack basic digital skills, versus 8% and 4% on average in OECD countries, respectively.

Looking at some specific applications of digital skills, many adults in Japan report to have limited digital skills for data processing (Figure 1.13). Just over 40% of adults say that they can (without trouble or to some extent) carry out basic data processing using spreadsheet software. This share drops to 22% for data processing skills using macro functions and 8% using programming languages. Self-reported computer skills are lower among older adults, with 63% of adults in their thirties having basic data processing skills using spreadsheet software compared to only 34% of adults in their sixties. The gap between men and women is also substantial, with 53% of men claiming to have basic data processing skills using spreadsheet software, compared to only 29% of women.

Figure 1.12. Inequalities in digital problem-solving skills in Japan are high

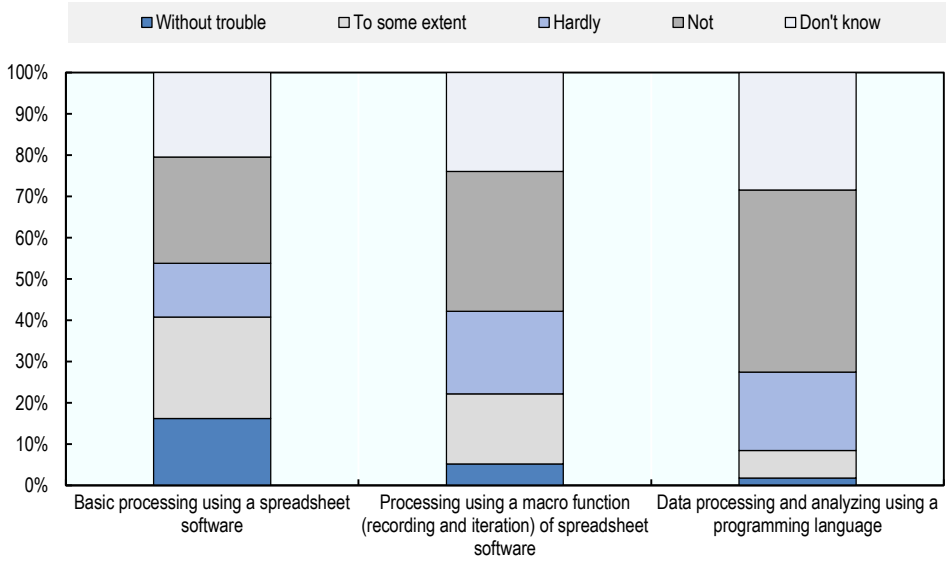
Percentage of adults with low, medium and high-level problem-solving skills in technology-rich environments



Note: Individuals with missing scores and those who opted out of the computer-based assessment are excluded. Data for Belgium refer to Flanders only, data for the United Kingdom to England and Northern Ireland only.
Source: Survey of Adult Skills (PIAAC).

Figure 1.13. Many adults have limited computer skills for data processing

Share of adults



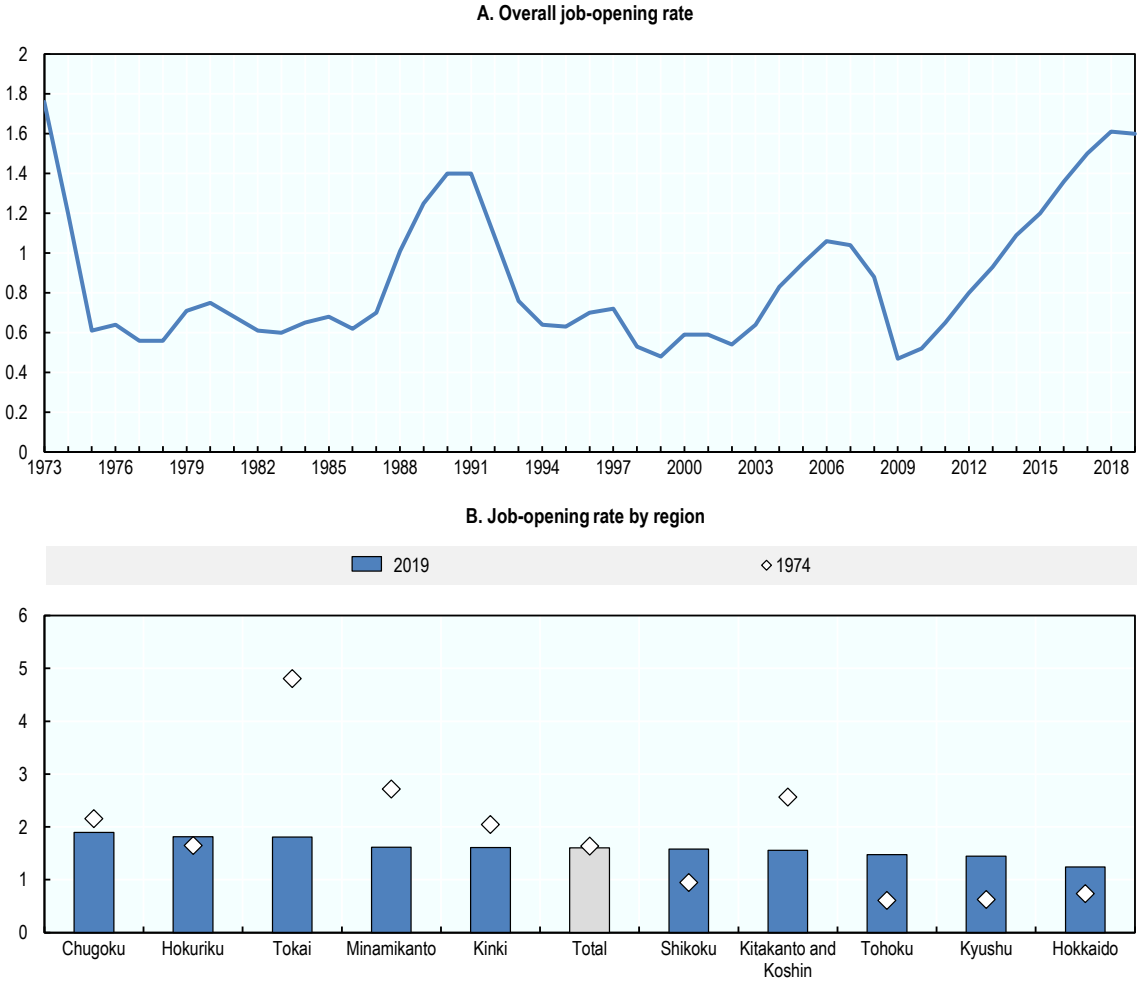
Source: Japan Household Panel Survey (2019).

1.2. Skills imbalances have emerged

1.2.1. In parallel to a rise in labour demand, hiring mismatch is growing

Prior to the COVID-19 crisis, an improving labour market situation and gradual economic recovery, led to increasing labour shortages. The effective job-opening ratio, an indicator of how many jobs are available out of the total number of job seekers registered at the public employment service (Hello Work), hit a 45-year high of 1.6 in 2019 (Panel A of Figure 1.14). This is due to the continued economic recovery, which has increased the willingness of companies to hire, as well as a significant drop in the number of unemployed people and fewer people looking for jobs. Although there are still regional differences in the status of labour shortages, the differences between regions are smaller than in the past, for example in 1974 when the effective job-opening ratio was at the exact same level (Panel B of Figure 1.14).

Figure 1.14. The effective job-opening ratio is at its highest level in 45 years and there are fewer regional differences than in the past

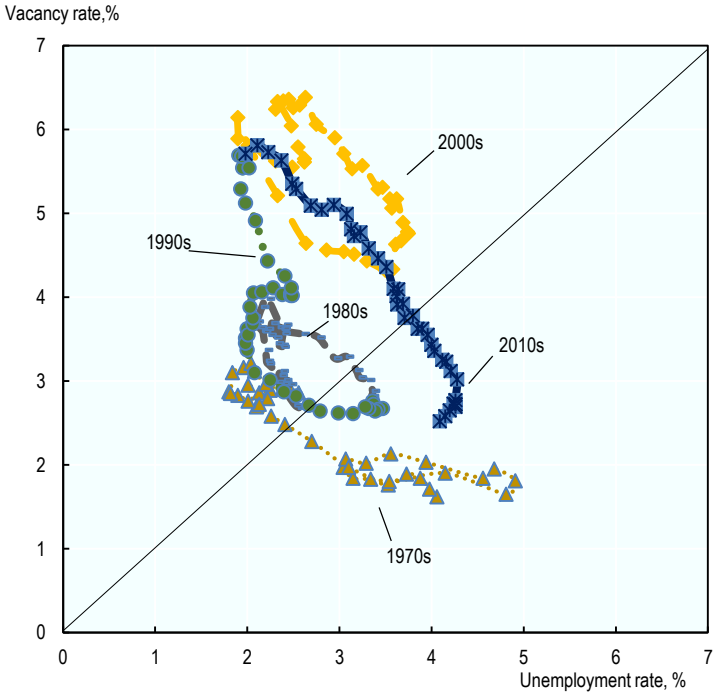


Note: The job-opening rate is defined as the ratio between the number of job openings and the number of job seekers registered at Hello Work.
Source: Report on Employment Service by the Ministry of Health, Labour and Welfare.

While the job-opening rate was greater in 2019 than in the past, the mismatch between vacancies and job seekers was also widening. The Beveridge curve – i.e. the relationship between the unemployment rate and the vacancy rate – has been shifting to the right since 2000 indicating that the same vacancy rate now coexists with higher rates of unemployment. The shift signals a worsening of the matching process between job vacancies and job seekers. (Figure 1.15).

Figure 1.15. The hiring mismatch is growing

Beveridge curve



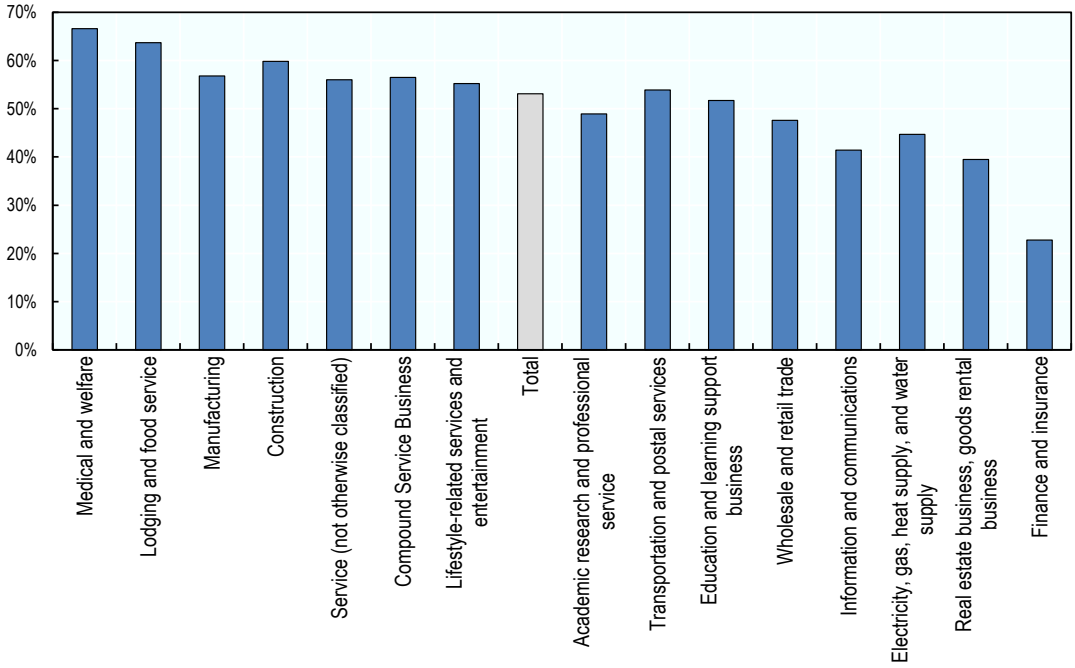
Note: The Beveridge curve graphically represents the relationship between unemployment rate and the job vacancy rate.
Source: The Japan Institute for Labour Policy and Training (2020), "Youthful Labor Statistics Follow-up".

Companies are facing difficulties in recruiting workers with the right vocational skills. According to the Basic Survey on Human Resource Development, 53% of firms face important challenges in transferring vocational skills within firms through seniors' mentoring due to difficulties in recruiting motivated young and mid-career workers. In particular, difficulties in finding new hires with the right vocational skills are frequent in the food and hotel industry and in health care, while the problem is less pervasive in industries such as finance and insurance (Figure 1.16).

An international employer survey finds that 88% of surveyed employers in Japan are facing talent shortages (ManpowerGroup, 2020[17]). This is higher than in any of the other OECD countries covered by the survey, with the OECD average equal to 53%. Medium-sized and large employers in Japan are more likely to report talent shortages than small firms. The jobs that Japanese employers find hardest to fill are engineering, sales and marketing, and IT jobs. The Ministry of Economy, Trade and Industry also estimates that there will be a shortage of 450 000 ICT related workers in Japan by 2030 (The Ministry of Economy, 2019[18]).

Figure 1.16. The majority of firms find it difficult to pass on their skills

Percentage of companies that have difficulties with skill transfer due to difficulties in hiring motivated young and mid-career workers, 2018



Source: Basic Survey of Human Resource Development.

1.2.2. Shortages are found in a large variety of occupations

International data on skills imbalances are usually limited to employer surveys on hiring difficulties, which are often subjective in nature and might therefore give a biased picture of the real situation (OECD, 2017[3]). Moreover, usually these indicators are not very detailed and provide limited information on the type of skills that are deemed difficult to find by employers. In an effort to provide internationally comparable objective data on skills imbalances, the OECD Skills for Jobs database uses labour market data from labour force surveys and other similar datasets to calculate shortage and surplus intensities for occupations, sectors and skills. Box 1.1 describes how the Skills for Jobs indicators have been calculated for Japan.

Box 1.1. The OECD Skills for Jobs indicators for Japan

The OECD Skills for Jobs database contains indicators on skills imbalances for OECD and selected non-OECD countries. To calculate shortages and surpluses of occupations and skills, the OECD Skills for Jobs database uses data from national labour force surveys (or other household surveys) to construct relevant labour market indicators. For Japan, data from the Japanese Labour Force Survey were used, complemented with information from the Basic Survey on Wage Structure and the Japan Household Panel Survey.

The survey data are used to construct a set of four indicators for 32 occupation groups.[1] The indicators are: i) employment growth, ii) average hours worked growth, iii) median wage growth, and

iv) unemployment rate.[2,3,4] All indicators are calculated relative to the country average. The final occupational shortage index is calculated as the weighted average of the four indicators. More details on the construction of the indicators are described in OECD (2017[3]).

Using information on skills requirements by occupation from the O*NET database, the occupational skills shortage index is mapped into skill needs indicators.[5] These indicators show the shortage or surplus intensity for a large group of skills, abilities and knowledge types.

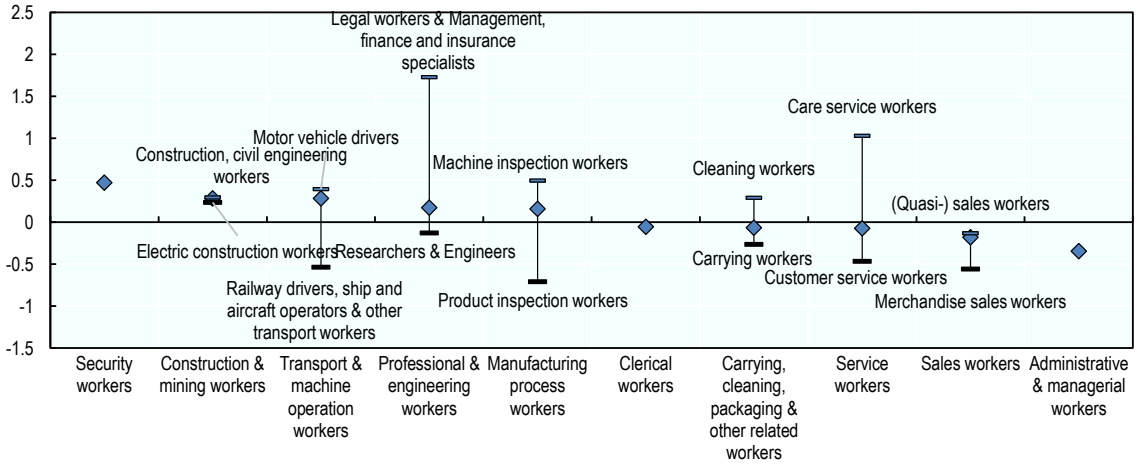
Finally, the occupational shortage index is also used to calculate the shortage or surplus intensity within sectors. For this, a weighted average of the occupational shortage is calculated, using as weights employment of each occupation within the sector. As such, differences in the shortage intensity of sectors will reflect differences in the extent to which sectors use occupations in shortage.

1. The 32 occupations covered in the Skills for Jobs data are based on the Japanese Standard Occupation Classification (JSCO, at the 2-digit level). Some 2-digit occupations have been merged to increase sample sizes. The occupation group of agriculture, forestry and fishery workers has been excluded from the analysis due to a lack of reliable data.
2. The OECD Skills for Jobs methodology includes the change in the share of under-qualified workers as a fifth indicator for the calculation of the occupational shortage index. However, the education level information in the Japanese Labour Force Survey is not suitable to calculate this indicator.
3. The data are smoothed using an HP filter before calculating the indicators. This is done to avoid short-term fluctuations (e.g. due to data issues) to have an impact on the results. The use of smoothed data allows the Skills for Jobs indicators to focus on the underlying trend.
4. The OECD Skills for Jobs methodology gives equal weight to all five components except employment growth, which gets half the weight the other components get. For Japan, the choice was made to also give the unemployment rate only half the weight since there is only limited variation in the unemployment rate between occupations in Japan (hence, employment growth and unemployment rate get the same weight, which is half the size of the weights given to hours worked growth and wage growth).
5. The O*NET database is a product from the United States' Labor Bureau and therefore refers to skills requirements of occupations in the United States. Earlier research has shown that similar skill requirements apply for occupations in other developed countries, and therefore the O*NET database can easily be used in those countries (Handel, 2012[19]). However, since the O*NET data are coded in the occupational classification used in the United States (Standard Occupational Classification, SOC), the occupational classifications used in other datasets need to be made consistent with the ONET occupations. For the Japanese data, the SOC occupations from O*NET were first mapped into ISCO (using an internationally agreed crosswalk), and then these ISCO occupations were mapped into JSCO.

Figure 1.17 summarises the OECD Skills for Jobs indicators at the occupation level, and shows that shortages are on average most intensive in security occupations, construction and mining occupations, and transport and machine operation occupations. Surpluses, on the other hand, are strongest on average in administrative and management occupations and in sales occupations. These average by broad occupation group mask large difference between the occupations within each group. As Figure 1.17 shows, some occupation groups contain occupations with strong shortages and strong surpluses. This is the case, for example, for service occupations, which are on average almost in balance, but the average balance is the result of shortages in care service occupations and surpluses in customer service occupations which cancel out. At this more detailed occupation level, the largest shortages are found for i) Legal workers and Management, finance and insurance specialists, ii) Social welfare specialists, and iii) Care service workers. By contrast, the largest surpluses are found for i) Product inspection workers, ii) Merchandise sales workers, and iii) Railway drivers, ship and aircraft operators and other transport workers. While not shown in this chart for reason of limited comparability of occupational classifications, shortages in the average OECD countries are more strongly concentrated in high-skill occupations (i.e. managers, professionals, technicians and associate professionals) than in Japan.

Figure 1.17. Shortages can be found in a large variety of occupations in Japan

Occupational shortage (+) / surplus (-) index, average and highest/lowest values by occupation group, 2018

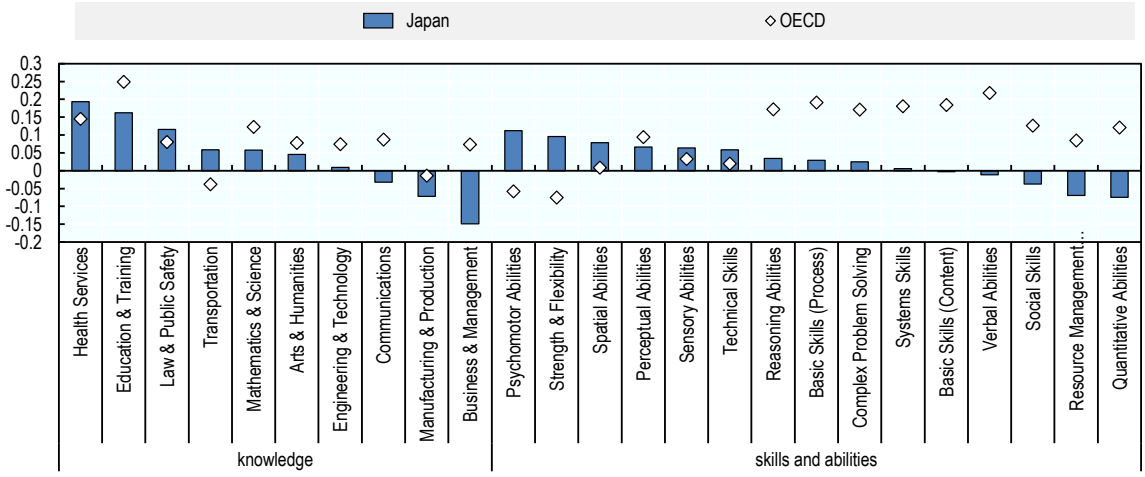


Note: The occupational shortage index is a composite indicator combining indicators of employment growth, median wage growth, hours worked growth and unemployment rate. The index can range between -2.5 (maximum surplus) and 2.5 (maximum shortage). The diamond represents the weighted average of the occupational shortage index of detailed occupations within the occupation group. The other data points show the largest and smallest values of the occupational shortage index within the occupation group. The occupation groups of security workers, clerical workers and administrative and managerial workers are not disaggregated into finer occupations.
Source: OECD Skills for Jobs Database.

Using information on skills requirements by occupation, the occupational shortage index can be used to calculate the extent to which certain skills, abilities and knowledge types are in shortage. Skills, abilities and knowledge are the different aspects of competence used in the O*NET database. Knowledge is the understanding of a given field; it is mental or theoretical, rather than practical. Abilities are natural or inbuilt whilst skills are learned behaviours. As shown in Figure 1.18, the largest shortages of knowledge are found in Japan for health services and education and training knowledge, in line with the OECD average. For skills and abilities, the largest shortages are found in Japan for psychomotor abilities, strength and flexibility, and spatial abilities. This is fairly different from the OECD average, where these skills are in surplus, and the largest shortages are found in the areas of verbal abilities and basic skills. These differences between Japan and the OECD average can to a large extent be explained by the fact that shortages in the average OECD country are much more concentrated in high-skill occupations than in Japan, and these occupations make more extensive use of verbal abilities and basic skills and less use of psychomotor and spatial abilities and strength and flexibility. It is important to note that the skill group averages shown in Figure 1.18 could hide substantial differences in shortage or surplus intensity between the more detailed skills within those groups. This is, for example, the case for the social skills category, which is in surplus on average in Japan, but groups some skills that are in surplus (e.g. negotiation, persuasion) and some shortage skills (e.g. instructing, social perceptiveness). Moreover, a surplus of a certain skill does not mean that this skill is not needed in the labour market, but only that the supply exceeds the demand.

Figure 1.18. Health and education-related knowledge is facing the largest shortage pressure in Japan

Shortage (+) or surplus (-) intensity, 2018



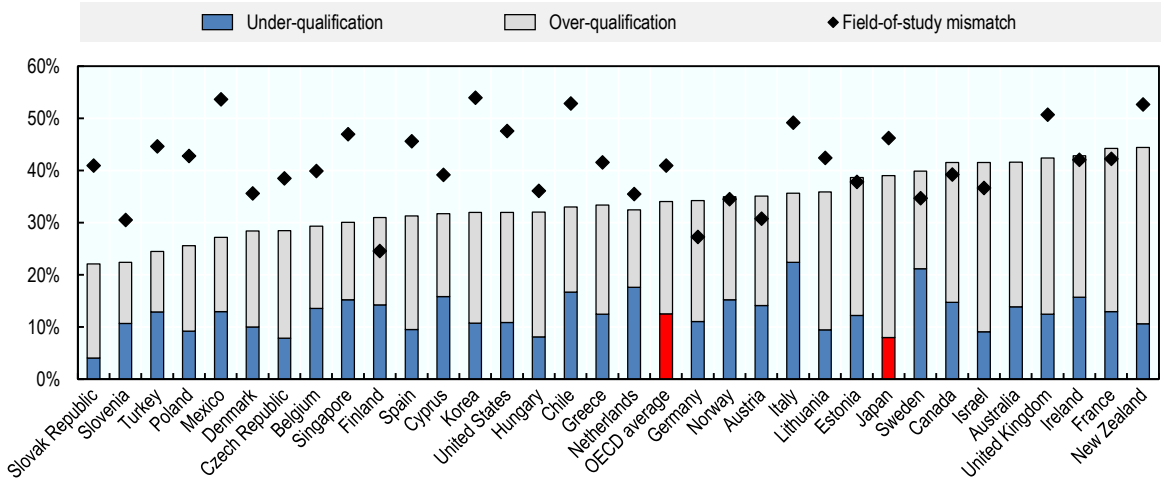
Note: The skills indicator is calculated as the employment weighted average of the product of the occupational shortage index and the skill requirement values. The skills indicator is rescaled to have the maximum observed shortage across OECD countries equal one.
Source: OECD Skills for Jobs Database.

1.2.3. Many adults work in jobs that do not match their education level or field of study

A substantial share of workers in Japan are employed in occupations that do not match their education level or field (Figure 1.19). For 31% of workers in Japan, their highest qualification level is greater than the level someone would need when applying for that person's job today. This is higher than on average across OECD countries (21%), and only in France, Israel and New Zealand an even larger share of workers are over-qualified for their job. By contrast, only 8% of workers in Japan are under-qualified for their job, compared to 12.5% on average across OECD countries. Workers cannot only be mismatched in their job in terms of education level, but also in terms of their field of study. In Japan, 46% of workers are employed in an occupation that does not match the field of their highest obtained qualification. This is higher than the OECD average (41%), but still below what is observed in Chile, Korea, Mexico, New Zealand and the United Kingdom where more than 50% of workers are mismatched by field of study.

Figure 1.19. A large share of workers in Japan are mismatched by qualification level and/or field

Share of workers



Note: Qualification mismatch is calculated by comparing an individual's highest qualification level to the one he/she reports as usually required to get his/her type of job if applying today. Field-of-study mismatch is calculated by comparing the field-of-study of an individual's highest qualification level to the occupation he/she is current employed in, following the classification developed by Montt (2015[20]). Individuals with generic qualifications are not included in the field-of-study numbers. No field of study information available for individuals with educational attainment at or below ISCED level 2. Data for Belgium refer to Flanders only, data for the United Kingdom to England and Northern Ireland only.

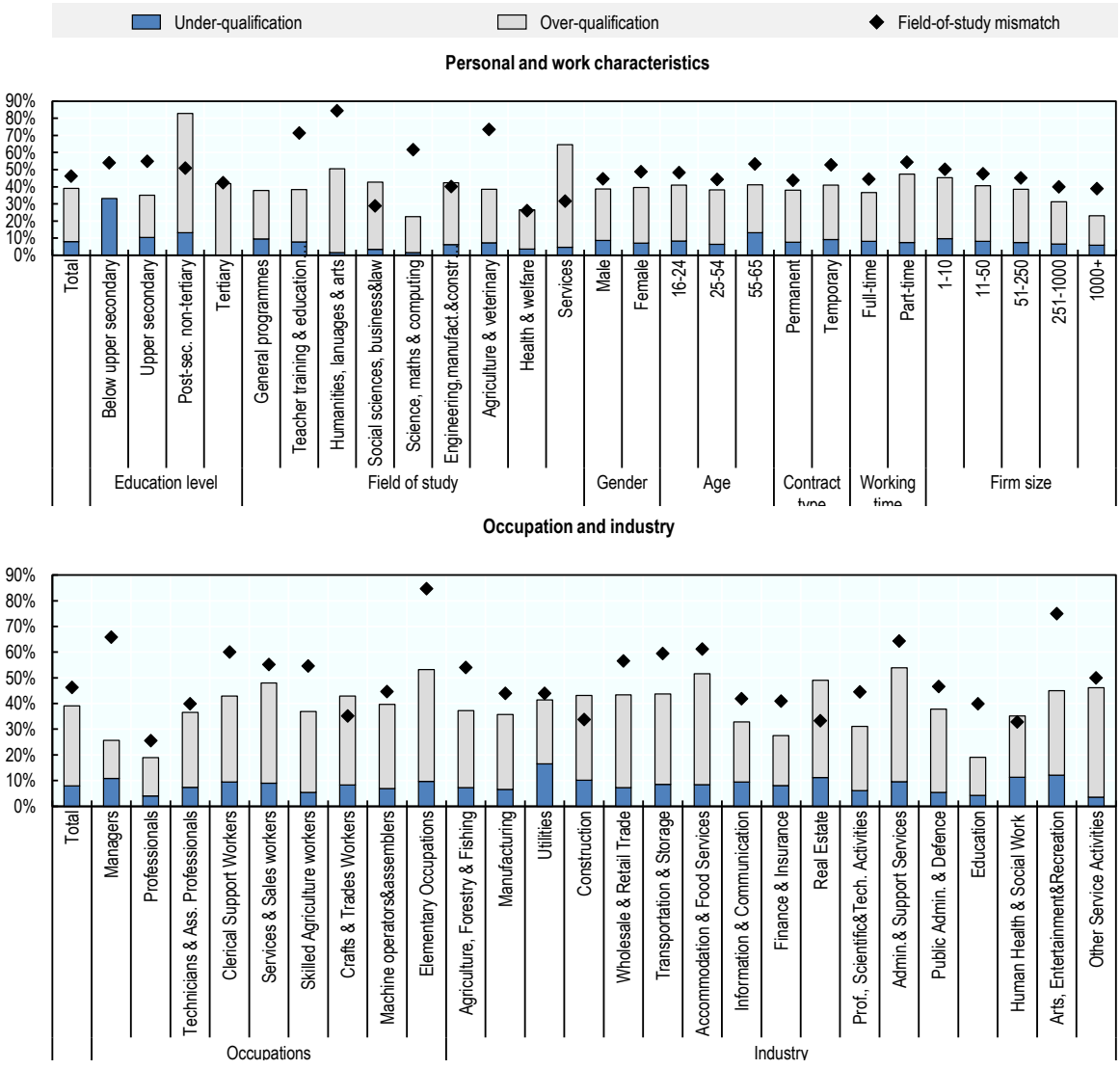
Source: Authors' calculations using the Survey of Adult Skills (PIAAC).

Qualification mismatch is most common in Japan among workers with a post-secondary non tertiary-degree and among workers whose field of study is services. By contrast, qualification mismatch is particularly low among workers with a qualification that is focused on science, mathematics and computing. Qualification mismatch levels are similar for men and women, for workers in different age groups, and for permanent and temporary workers. Part-time workers have a higher incidence of qualification mismatch than full-time workers (mostly because they are more likely to be overqualified), and the probability of being mismatched by qualification level declines with firm size. Field-of-study mismatch is most often observed among workers with an education specialisation in humanities, languages and arts, but also those specialised in agriculture and veterinary and teacher-related fields. This type of mismatch is more common among non-regular workers than among regular workers, and among workers in smaller firms.

Qualification mismatch is lowest among managers and professionals. While the latter also have relatively low incidence of field-of-study mismatch, this is not the case for the former. Mismatch is highest among elementary workers, both in terms of education level and field, but these workers are least likely to report training needs. When looking at sectors, the education and finance and insurance sectors are found to face the lowest incidence of qualification mismatch, while field-of-study mismatch is lowest in the health and social work sector, real estate sector and construction sector. The administration sector and the accommodation and food services sector have both high qualification and field-of-study mismatch.

Figure 1.20. Qualification and field-of-study mismatches differ strongly between occupations and industries in Japan

Share of workers



Note: Qualification mismatch is calculated by comparing an individual's highest qualification level to the one he/she reports as usually required to get his/her type of job if applying today. Field-of-study mismatch is calculated by comparing the field-of-study of an individual's highest qualification level to the occupation he/she is currently employed in, following the classification developed by Montt (2015[20]). Individuals with generic qualifications are not included in the field-of-study numbers. No field of study information available for individuals with educational attainment at or below ISCED level 2.

Source: Authors' calculations using the Survey of Adult Skills (PIAAC).

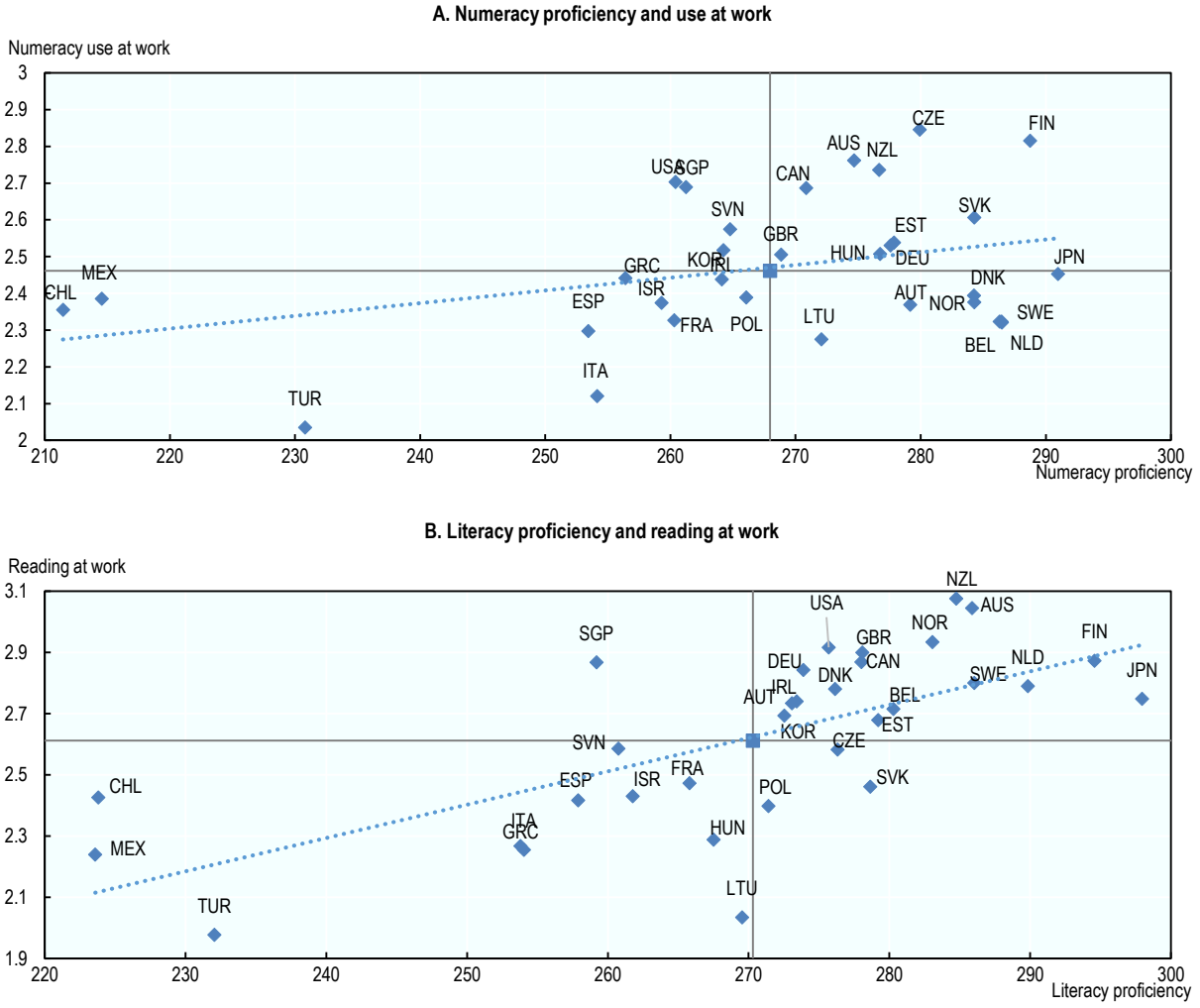
1.2.4. The skills of workers are not always put to full use at work

Another way to look at mismatch is to analyse the extent to which workers use their skills at work. Data from the Survey of Adult Skills show that while employed adults in Japan have very high literacy and numeracy proficiency, the intensity of use of these skills is lower than in many other OECD countries (Figure 1.21). Numeracy use at work in Japan is close to the OECD average. Workers in Japan are more

frequently engaged in reading at work, with an average intensity that is above the OECD average. However, workers in countries like Australia, New Zealand, Norway, the United Kingdom and the United States more frequently engage in reading-related tasks at work, although on average they have lower literacy proficiency than Japanese workers.

Figure 1.21. Skills are not put to full use in Japan

Literacy and numeracy use and proficiency



Note: The horizontal and vertical lines represent the OECD average. Belgium refers to Flanders only, the United Kingdom to England and Northern Ireland. Numeracy use is a combination of the frequency of calculating prices, costs or budgets; use of fractions, decimals or percentages; use of calculators; preparing graphs or tables; algebra or formulas; use of advanced math or statistics (calculus, trigonometry, regressions). Reading at work is a combination of the frequency of reading different types of documents (directions, instructions, letters, memos, e-mails, articles, books, manuals, diagrams, maps). See OECD (2016[21]) for more details on the calculation of the skill use indicators.
Source: Survey of Adult Skills (PIAAC).

Looking at skill use by type of worker shows that the gender gap in skill use at work is larger in Japan than on average across OECD countries, with women in Japan having 17% lower reading use and 20% lower numeracy use at work than men. Part-time workers also have much lower skill use than full-time workers, and this difference is larger in Japan than across OECD countries. Prime age workers have higher skill

use than young workers and older workers, and the difference between these age groups is slightly larger in Japan than the OECD average. The gender gap and the gap between full-time and part-time workers remains when comparing individuals with similar skill proficiency, personal and work characteristics and employed in similar occupations and industries, both in Japan and on average across OECD countries (with the gaps being larger in Japan). Older workers are found to have lower numeracy skill use at work than young and prime age workers when controlling for these characteristics, and the difference remains larger in Japan than on average. By contrast, reading at work is found to be the same for older workers and prime age workers, but lower for young workers (both in Japan and the OECD average, with a larger difference between young and prime age workers in Japan).

Overall, while technology adoption is changing skill demands, women and older adults, who have contributed significantly to the growth of Japan's workforce in recent years, have more difficulties working with information technology, as discussed in previous sections. In addition, many differences – including a gender gap and a gap between full-time and part-time workers' use of skills at work – are higher in Japan than on average across OECD countries, which could inhibit opportunities for women, older workers and part-time workers to develop their skills in the workplace. This could lead to further polarization and a delay in corporate ICT adoption, if proper adult learning is not provided.

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Notes

[1] While there is no explicit definition of regular and non-regular workers in the Japanese legislation, the term regular worker is commonly used to identify "an employee who is hired directly by his/her employer without a predetermined period of employment, and works for scheduled hours. In other words, it can be summarised as open-ended, full-time, direct employment" (Asao, 2011[22]) By contrast, a non-regular worker is defined is an employee who does not meet one of the three conditions (open-ended, full-time, and direct employment) for regular employment. In particular, in the Japanese Labour Force Survey, non-regular employment includes all workers under the categories: "part-time workers", "temporary workers", "dispatched workers at worker dispatch offices", "contract workers", "commissioned workers" and "other workers".

Non-regular workers is defined as any group that falls into a category other than "regular workers".

[2] Differences between Japan and other countries included in Figure 1.5 could partially reflect the fact that the Japanese occupational data underlying this figure use a very different occupational classification than the International Standard Classification of Occupations (ISCO), making the correspondence with ISCO rather loose. The Japanese occupation group of *Transport and Communication Workers*, for example, is classified as middle-skill, while it combines jobs that would fall under ISCO group 3 (i.e. technicians and associate professionals, high-skill) and 7 (i.e. plant and machine operators and assemblers, middle-skill).

[3] Differences in automation probability between countries are due to differences in the composition of occupational structure and differences in the job content (i.e. whether workers carry out less automatable task, such as planning other workers' activities, influencing people and solving problems, even within the same occupation). Japan employs more workers in occupations that have a relatively high risk of automation than in many other OECD countries. This is consistent with the less pronounced pattern of job polarisation in Japan, which shows that the decline in routine-intensive employment has been relatively modest.

2 Implications for the Japanese employment system

Japan's unique employment practices explain to a great extent the existing public policies on adult learning and the general attitudes towards workers' skills development. Therefore, this chapter presents the distinctive Japanese employment system, with a specific focus on lifetime employment, seniority wage schemes, and regular graduate recruitment rounds. It also discusses the challenges that the system faces due to the structural changes in the labour market, and shows how the system has already been changing in recent years.

In Brief

Global megatrends are changing traditional Japanese employment practices

The Japanese employment system is characterised by distinctive features that until recently, were widely accepted by both employers and workers. One of the most rooted practices is lifetime employment, which even if it did not cover all workers is a system implicitly guaranteeing many employees, especially those in larger firms, stable work within the same company until retirement. This was linked to seniority wage schemes, whereby workers' salaries rise with years of service rather than with productivity. Alongside this is the Japanese unique practice of firms' yearly mass recruitment of new graduates, which relegates mid-career hiring to a secondary role of serving to meet unexpected labour shortages.

Overall, these traditional employment practices have functioned relatively well during Japan's high economic growth past, when companies took the lead in supporting their workers' training needs. While still having positive effects on labour market outcomes – such as maintaining youth unemployment rates low – the Japanese labour market is changing, and, with it, the industrial structure and skill needs are also shifting. Both the public authorities and the business sector are gradually embracing shifts in Japan's traditional employment practices, and several initiatives have been recently put in place to, for example, increase mid-career recruitment or link salaries more tightly to productivity rather than seniority. Even though the core of such traditional practices is likely to remain in place in Japan's near future, the proportion of full-time male employees in total employment, which has been the backbone of the Japanese workforce to date, is likely to continue to decline. In contrast, the employment of non-regular workers, who are often not covered by employers' training provision, as well as women and older individuals, who typically participate less to training, will grow. These changes point to the urgency of improving the Japanese adult learning system, especially because in the future it will be more and more difficult to provide adult learning opportunities only through on-the-job training.

2.1. Japanese traditional employment practices

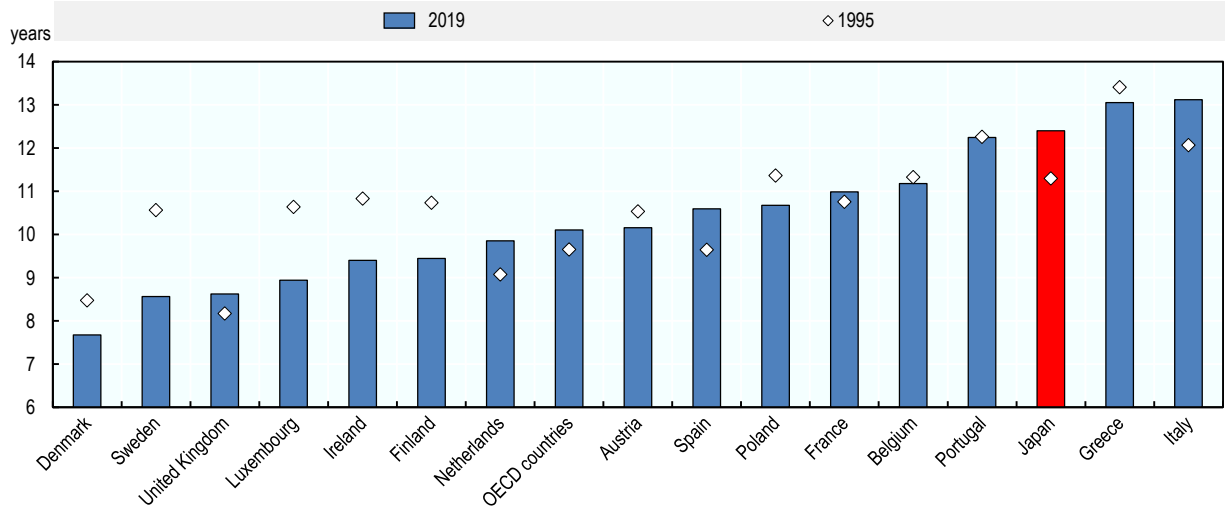
The adult learning policy framework of a country depends on its employment norms and practices. For instance, in countries with a strong degree of job protection and low income security in the event of unemployment, both employers, workers and the government might prefer firm-specific training that would help employees remain longer in the same workplace (Estevez-Abe et al., 1999[1]). In contrast, countries with greater job mobility may opt for training alternatives that help workers take greater responsibility for their own training, including in more general training, and thus improve their employability across different companies. Since the period of rapid economic growth that occurred in Japan after the World War II, it has been pointed out that Japan's employment practices have been characterised by distinctive features such as lifetime employment, seniority wage schemes and periodic mass recruitment of new graduates (Abegglen, 1958[2]; OECD, 1972[3]). As these practices have greatly shaped Japan's adult learning system, it is important to carefully review them and understand how they have been gradually changing since recent years due to the global megatrends discussed in Chapter 1.

2.1.1. Lifetime employment

One of the most typical features of the Japanese employment system is the so-called lifetime employment. Under this framework, companies hire new college graduates and implicitly guarantee them stable employment until they reach the retirement age. The consequence of this system is that the average length of service in Japan is among the longest across all OECD countries: 12.4 years in Japan versus an OECD average of 10.1 years in 2019 (Figure 2.1). Against the general OECD trend, figures for Japan have remarkably been increasing in the past years, from 11.3 years of average length of service in 1995, also due to a large increase in the labour force participation of elderly workers. Academic research confirms that both the average length of service and the 10-year retention rate of college graduates with more than 5 years of service have remained high in Japan since 1980 (Kambayashi and Kato, 2016[4]). Such practice of continuously working for one firm has remained strong in the Japanese labour market.

Figure 2.1. Japanese workers often stay for long periods with the same employer

Average length of service

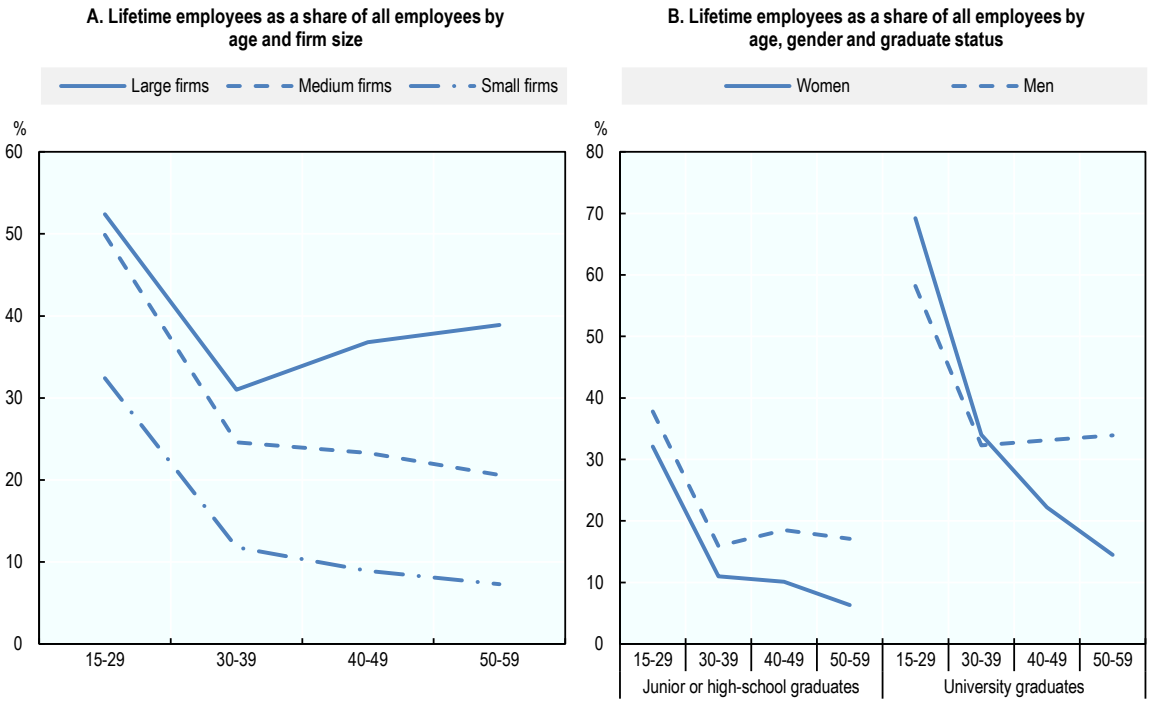


Note: Average length of service is defined as the average length of time workers have been in their current or main job or with their current employer.
Source: OECD Database on employment by job tenure intervals, Japanese Basic Survey on Wage Structure.

Long-term employment practices are particularly common in large firms. Indeed, around 40% of workers aged 50-59 in large firms have never changed workplace, compared to only 7% in small business (Panel A of Figure 2.2). Similarly, lifetime employment is most prevalent among tertiary educated men. The percentage of tertiary educated women who continue to work for the same firm is about the same as that of men until they reach their 30s. High school graduates have a lower percentage of lifetime employment compared to university graduates in all generations (Panel B of Figure 2.2).

Figure 2.2. Lifetime employment is more prevalent among men in large companies

Lifetime employees as a share of all employees by age, firm size, gender, and graduate status (%), 2016



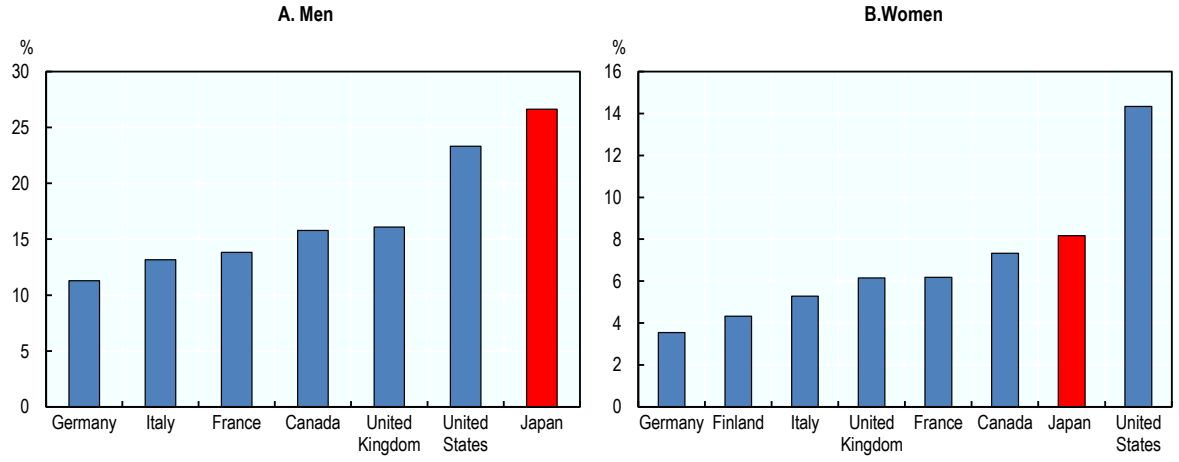
Note: Lifetime employees are all employees who were continuously employed by enterprises directly after graduating from school or university. Large firms: more than 1 000 employees; medium firms: between 100 and 999; small firms: between 10 and 99.
Source: OECD (2018[5]).

In a labour market based on lifetime employment, workers generally move between various departments and occupations within a company. To allow for broad and flexible placement of workers in the company's roles, job descriptions are typically not defined in details. However, such vagueness in the contents and responsibilities of a position implies that employees may have to carry out tasks that are not directly related to their primary occupation. As a result, workers tend to be mostly generalists, hence being able to perform a wide range of tasks, rather than specialists in a particular occupation (Ono, 2016[6]). In this situation, worker's adult learning is more likely to occur informally through on-the-job training, and the content of the training are firm-specific.

Another feature of the Japanese employment system is that workers generally have long working hours, and the fact that job descriptions of regular workers are typically left vague should also be considered at the core of this culture of long working hours (Ono, 2018[7]). Indeed, as shown in Figure 2.3, the percentage of workers working more than 48 hours per week in Japan is among the highest in G7 countries, especially for men. Such long working hours do not allow much time for off-the-job training, thereby being a major obstacle to training participation, as discussed in Chapter 4.

Figure 2.3. The number of workers working long hours is among the highest in G7 countries

The percentage of workers working more than 48 hours per week (2019)



Note: Workers include both full-time and part time workers.
Source: ILOSTAT Database, Basic Survey on Wage Structure Japan.

Under the lifetime employment system, adult learning has been primarily provided by firms. In particular, full-time male workers had little need for training outside the company, as promotions within companies were typically offered by acquiring skills through firm-specific training. In addition, the practice of long working hours have further reduced the incentive to participate in training outside the firm (see Chapter 3 for a discussion on the coverage of the adult learning system in Japan).

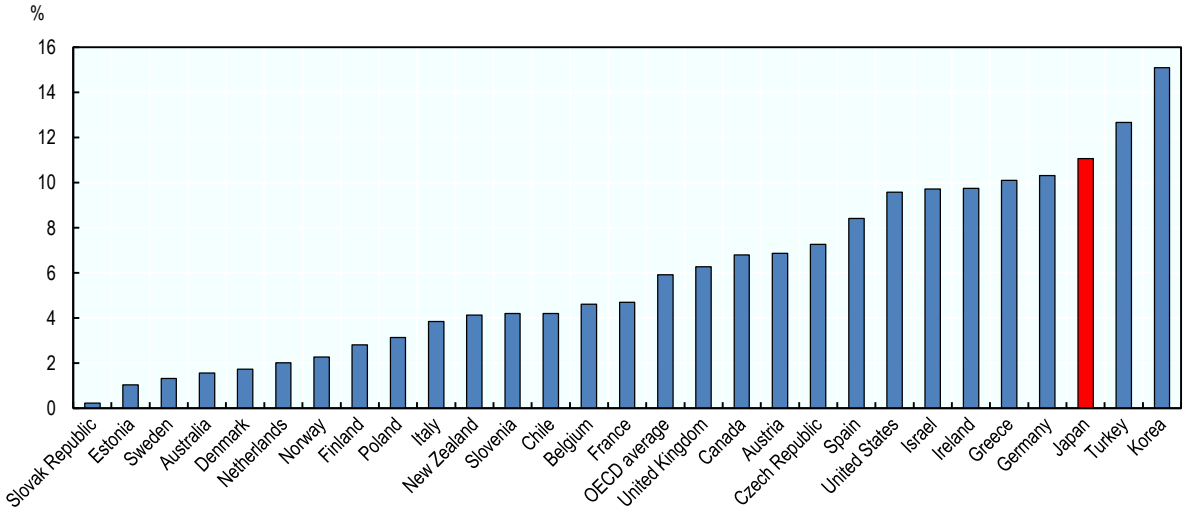
2.1.2. Seniority wage structure

Closely related to lifetime employment, the seniority system is a pay structure in which a worker's wage rises with years of service. In general, wages are paid below the worker's productivity in younger years and above the worker's productivity later in their career. By taking a long-term view of human resource development, Japanese companies aim at fostering a sense of organisational unity as well as the efficient formation and accumulation of business-specific skills. As a result, the seniority system attempts to discourage workers to leave the company while ensuring that their productivity is commensurate with their overall productivity on average across their working lives (MHLW, 2013[8]). From the workers' perspective, instead, the system has the advantage to provide job security and income stability, which in turn alleviate social anxiety.

Figure 2.4 shows that the wage premium of working continuously in the same company in Japan is large in comparison to other countries. When a worker's length of service increases from 10 to 20 years, wages increase by 11%, controlling for skills and other characteristics. This wage growth is the third highest after Korea and Turkey. While, as discussed below, the prevalence of the seniority-based wage system from a macro perspective is gradually declining nowadays, it will most likely remain a feature of the Japanese labour market for many years to come.

Figure 2.4. The wage premium of working continuously in the same company in Japan is among the largest across the OECD area

Predicted wage growth moving from 10 to 20 years of tenure, for individuals aged 50s, 2013



Note: Predicted wage growth estimates were obtained from a cross-sectional regression of tenure, squared tenure and controls for: gender, experience, years of education, literacy and numeracy skills, occupation, skill use at work, and educational status of the parents.
Source: OECD (2018[5]), *Working Better with Age: Japan*, https://dx.doi.org/10.1787/9789264201996-en.

Mandatory retirement at relatively young age has also been a feature of Japan's long-term employment practices. This has risen over the years and currently mandatory retirement is not permitted before the age of 60 years old, i.e. after the age of 60 years old, there is no guarantee that workers in lifetime employment schemes can continue in the same type of employment status as before. However, in response to the rising longevity of the Japanese people, since 2006, companies have been required to ensure that workers remain employed at least until the age of 65. Since 2013, Employers need to choose one the following options to secure the employment of older workers: (1) raise the retirement age to 65 years old in their labour contracts, thereby applying to all employees; (2) re-hire specific all workers at the age of 60 until 65 under a new contractual form (including non-regular employment) if a worker requires, which may also involve a substantial cut in pay; (3) abolish the retirement age. Currently, many older people change their employment status from full-time to part-time after reaching retirement age, thereby facing significant wage cuts and more precarious jobs (OECD, 2018[5]).

In response to an ageing population, the Japanese Government has recently amended the Act on Stabilization of Employment of Elderly Persons to promote the employment of workers beyond the age of 65. The new legislation passed in 2020 and going into effect in 2021 will require companies to take active measures to secure the employment of elderly workers between the age of 65 and 70 through a variety of options, including outsourcing contracts for older workers between companies. In the midst of these changes, offering learning opportunities at later stages of one's lifetime is key to ensure that elderly workers can remain employable.

2.1.3. Periodic mass recruitment of new graduates

Another feature of the Japanese employment system which is linked to the practice of lifetime employment is the regular mass hiring of new graduates. Under this system, many large organisations recruit students who are about to graduate in batches each year, while hiring mid-career workers remains only a supplementary measure to meet the firm's needs when it is unable to recruit new graduates or when more

workers leave than expected. This is a unique Japanese practice of recruitment, which establishes a job market for new graduates that is separate from the mainstream labour market. Indeed, according to the 2013 Global Career Survey of college graduates between the ages of 20 and 39 conducted by Recruit Works Research Institute, 81% of college graduates in Japan found their first job after graduation while still in school, compared to 46% in the United States, 58% in Germany, and 42% in Korea. Although this system makes it possible for companies to streamline recruitment, selection, and training, it can also distort the job market, as it allows new graduates to find a job immediately upon graduation, even if they lack the required skills. Moreover, those young individuals who are left out from the system (including those not attending university) tend to find it difficult to obtain stable employment.

2.2. Limitation of traditional employment practices in an era of changing skill needs and labour shortages

In times of economic stability and labour force growth, Japan's distinctive employment practices have had several benefits, such as low youth unemployment rates, stable livelihoods for workers, and a substantial sense of organisational unity. As shown by a survey undertaken in 2016 by JILPT among 8 000 individuals, Japanese workers themselves confirm their preference for such long-term employment practices, with 60% of employees preferring to work for one company throughout their entire career (JILPT, 2016[9]).

However, there are also several limitations of these typical Japanese employment practices. First, it is worth noting that they do not apply to all workers, thereby creating internal disparities. As only full-time workers in larger firms benefit from lifelong employment, there is a large wage gap between regular workers and non-regular workers. Typically, since companies' priority is to protect the jobs of regular workers with long-term employment practices, non-regular workers have often served as a buffer for employment adjustments when firm growth has stalled (Asano, Ito and Kawaguchi, 2011[10]). The slowdown in economic growth since the 1990s has made companies more cautious about hiring full-time workers, leading to a surge in non-regular employment. As a result of such increase, the disparity in treatment between regular and non-regular employment has become apparent, with job conditions and treatment (including training) being more generous for full-time employees who benefit from lifetime employment than for part-time employees.

Moreover, as Japanese companies have wide authority over human resources, permanent employees are often considered to be obligated to accept a change in work location or duties and overtime work, and they generally think that they cannot refuse a transfer or overtime request (Tsuru, 2019[11]). For this reason, women in their 30s and 40s, who are in the age of child-rearing, are more likely to exit the labour market (see Panel B of Figure 2.2).

In addition, while companies' practice of hiring in bulk upon graduation has contributed to low unemployment rates among youth, if young individuals are unable to enter full-time employment immediately after graduating from school, it becomes difficult for them to get the job they want in the labour market. The situation is so widespread that Japan also coined a new term – "employment ice age generation" (*Shushoku Hyogaki Sedai*) – to identify those young people who graduated from school during 1993-2005 and who had more difficulty finding a job than other generations. In particular, the share of full-time employment at age 30s among the "ice age generation" men is about 10% lower than the one of older cohorts (Cabinet Office, 2020[12]), which implies that fewer adults can now access learning opportunities through companies' training than older generations.

Finally, when career opportunities within the company are plentiful and the employer is committed to job security, the external labour market gets smaller and workers prefer to take advantage of career opportunities within the company by investing in company-specific skills, as it has indeed been the case in Japan in the past (Aoki, 1988[13]). However, the current and forthcoming changing skill needs make it difficult to acquire competences easily in such a situation where labour mobility is low and in-house training

is the norm. According to a 2010 study by Talent Strategies, while training internal staff to fill key positions is nowadays a major part of firms' talent-management strategy for 78% of respondents in Japan, only 24% of firms expect this to be the case in five years' time. This is indicative of the fact that, in the current changing industrial structure, it is becoming more difficult to recruit talent only within companies (Economist Intelligence, 2010[14]).

2.3. Structural changes are already affecting these practices

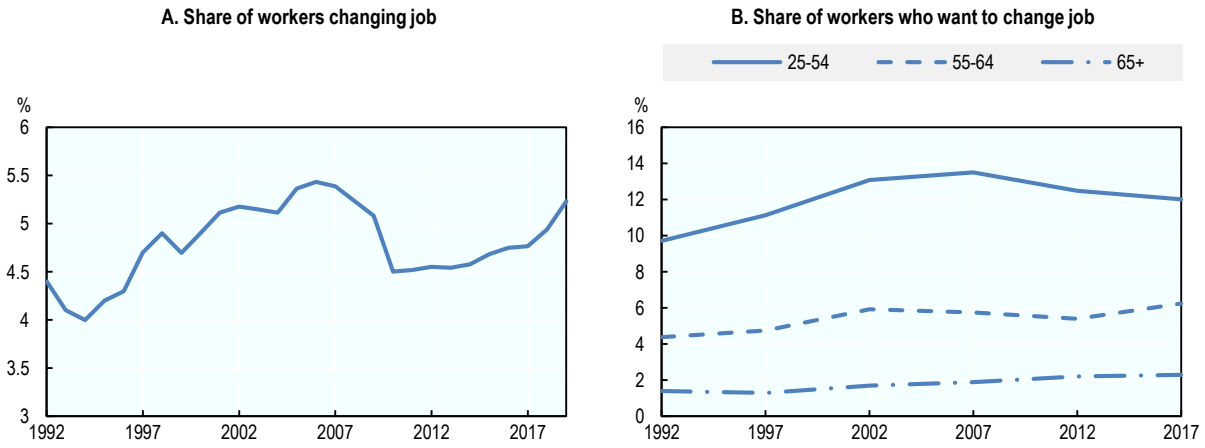
These Japanese traditional employment practices have been developed over a long period and both employers and workers in Japan commonly accept them. However, in recent years the government has made efforts to remove the negative effects resulting from these employment practices, leading to changes in workers' and employers' behaviour. First, in 2018, Japan enacted a new employment reform aiming at reducing long working hours and narrowing the gap in work conditions between regular and non-regular workers. This is the first time in Japan's history that overtime regulations with penalties have been introduced, capping overtime at 45 hours per month and 360 hours per year. In addition, in order to ensure fair working conditions regardless of employment status, unreasonable treatments (in, among others, basic salary and bonuses) between regular workers and non-regular workers within the same company have been banned.

From the perspective of promoting mid-career hiring, in 2018 the government also formulated the "Guidelines for Promoting Job Change and Reemployment regardless of Age", aiming at creating flexible labour markets where workers are more likely to change jobs regardless of their age. The document includes basic principles that companies should consider in order to promote the hiring of people changing jobs (re-employees). In addition, a revision of the labour law made in 2020 now requires large companies to announce quotas of mid-career hires. This aims to promote job matching by revising Japan's employment practices, which are especially deeply rooted among large companies, and encourage companies to provide information on mid-career hiring to those who wish to change jobs to improve their careers.

In the past years, the share of people changing job has been increasing, apart from a decline during the global financial crisis, reaching as high as 5.2% (3.51 million) in 2019 (Panel A of Figure 2.5).[1] Such growth suggests that the recent improvement in Japan's economy and labour market has led to an increase in the number of people looking for better jobs.[2] In addition, there has been a trend rise in the share of workers in the core working age group 25-54 who want to change job, despite some decline linked to the financial crisis. This trend rise was more pronounced for those in the older age groups of 55-64 and 65+ (Panel B of Figure 2.5). This further corroborates the importance of increasing skills development opportunities as a result of increased job change activity, especially for older workers as discussed in Chapter 5.

Figure 2.5. The number of people changing job has been on the rise

Share of workers changing job and share of workers who want to change job



Note: Figures for 2011 of Panel A are estimated (persons: 2015-census base, rates: 2005-census base). For the Panel A, the Japanese Labour Force Surveys before 2001 use different methodologies.
Source: Japanese Labour Force Survey and Japanese Employment Status Survey.

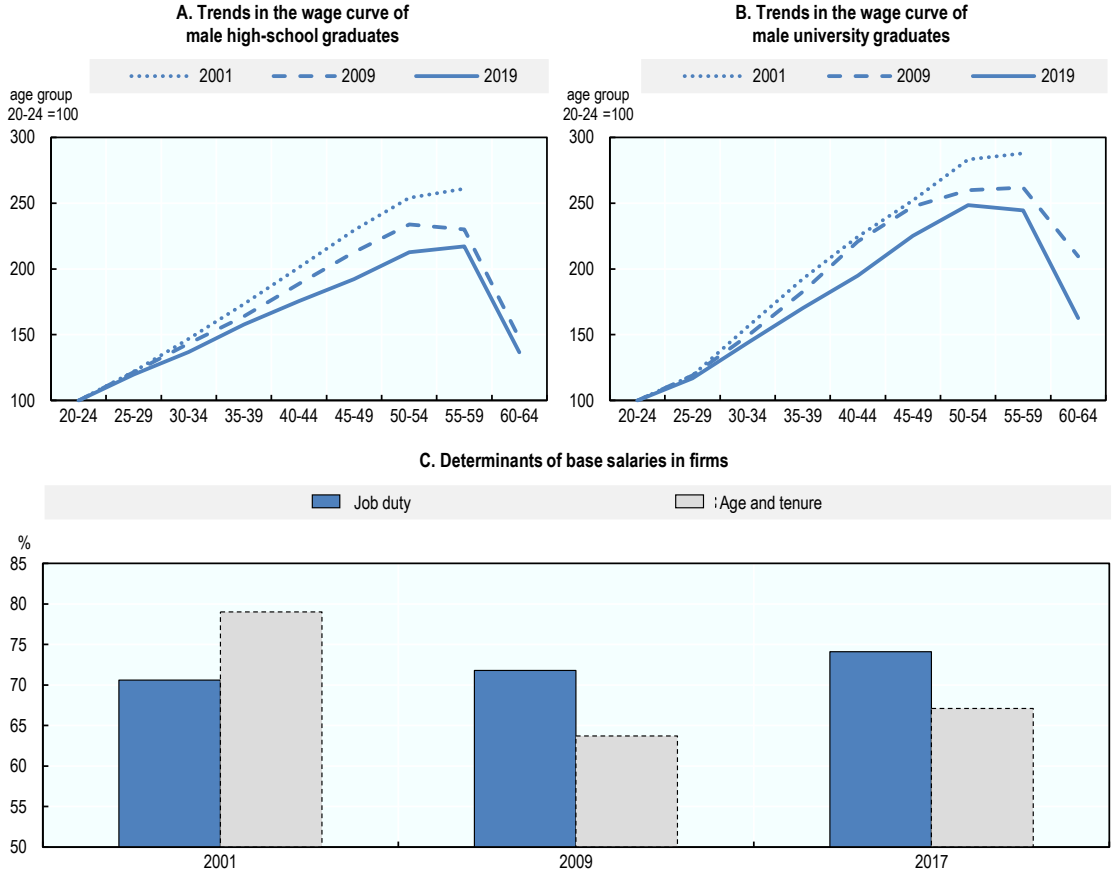
There is also evidence that the importance of Japan's seniority-based wage system has declined over time. The increase in wages growth with age for both high-school and university graduates is currently smaller than in the past (Panels A and B of Figure 2.6). This may be partly a result of the implementation of the 2006 Senior Employment Security Act – which mandated firms to secure employment possibilities of workers until the age of 65 and might have therefore caused them to reduce the profile of wage increases with tenure to pay for these extra years. In any case, such trends indicate that the Japanese employment practice of increasing wages with age has weakened at a macroeconomic level.

In addition, with respect to the factors that fix salaries, the percentage of companies that consider job duties to determine wages has remained relatively stable, while the percentage of companies that base their decisions on age and years of service has declined compared to 2001 (Panel C of Figure 2.6) (OECD, 2018[5]). This is confirmed by recent data by the Japan Productivity Center, which conducts an annual survey of listed companies to determine the status of their wage systems. According to this survey, the share of companies that have introduced a wage system linked to job duties for managers is as high as 79% in 2018, an increase of 29 percentage points from 2001. The proportion of companies introducing such system for non-management-level employees has also increased by 25 percentage points between 2001 and 2018.

Indeed, employers themselves are slowly accepting changes in Japan's traditional employment practices. Keidanren, an employer association consisting mainly of large Japanese firms, announced in its 2020 report that existing hiring methods should be diversified, combining more actively the conventional hiring of new graduates in batches with mid-career recruitment. Keidanren also suggested a shift from company-led training to workers' autonomous career development, as well as a change in the wage system from automatic salary increases based on age and years of service to wages that reflect the evaluation of performance (Japan Business Federation, 2020[15]).

Figure 2.6. The seniority-based wage system is slowly fading

Wage profile of standard male employees and the determinants of salaries in enterprises



Note: In Panels A and B, standard employees denote those regular workers who are employed by enterprises immediately after graduating schools and have been working for the same firms. Wage denote fixed salary, and no data is available for 60-64 years old in 2001. The survey of Panel C covers enterprises that employ 30 or more workers.
Source: Japanese Basic Survey on Wage Structure, Japanese General Survey on Working Conditions.

While reform to employment practices that have been shaped over a long period of time requires careful action from the perspective of worker stability, the intensifying competition for talent, changes in skill needs, and prolongation of working life, require a change in mind-set. As a result, in 2018 the Japanese Government launched a new initiative which provides subsidies to companies establishing a pay scheme based on workers' competences rather than on seniority. In order to receive a subsidy, employers are required to establish their personnel evaluation system and submit it to the local labour bureau for approval. The plan must focus on workers' vocational ability, competencies, and outcomes. Employers can receive an additional subsidy if they achieve a reduction in turnover (1% for firms with 301 employees or more), an increase in total wage costs of at least 2%, and a productivity increase of at least 6% after three years. Supporting the proper application of this new subsidy and the circulation of good practices is therefore key to weaken the rigid relationship between wages and age in Japan's labour market.

All in all, against Japan's traditional employment practices, the employment of non-regular workers, who are often not covered by employers' training provision, as well as women and older individuals, who typically participate less to training, are growing. As a result, it becomes a priority for the government to increase access to adult learning opportunities and make adult learning more inclusive, especially because in the future it will be more and more difficult to provide adult learning opportunities only through on-the-job training.

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Notes

[1] Although the Japanese Labour Force Surveys before 2001 use different method, thereby requiring caution in using them for time trends, the 2019 figure of number of job changes remains the highest even as far back as 1984.

[2] According to the Japanese Labour Force Survey, the number or respondents claiming to change jobs "to find a better job" has been on the rise since 2013, with 1.27 million in 2019, the highest number on record since 2002.

3 Japan's need for more and better adult learning opportunities

Skill needs are changing under the impulse of global megatrends, and this increases the need for sufficient and relevant upskilling and reskilling opportunities for adults. This chapter assesses the future-readiness of the Japanese adult learning system. It specifically examines the availability of training opportunities in Japan and the coverage of the adult learning market. To the best extent possible, the chapter's analysis goes beyond the training offered by employers and carefully measures the size of the market controlled by public and private training providers.

In Brief

Adult training opportunities remain scarce in Japan

To ensure that adults can adapt to changing skill needs, sufficient opportunities for upskilling and reskilling need to be available. Participation in training in Japan is low from an international perspective, and is commonly organised by employers. Indeed, firm-specific training – especially on-the-job training – has become over time the most widely adopted approach to adult skills development in Japan, encouraged by traditional Japanese employment practices, such as lifetime employment and long working hours. This has led to relatively few adults engaging in structured training activities at their own initiative. In this context, the role of external training providers remains negligible in Japan. Some private providers deliver off-the-job training, but public institutions have only a marginal role in the Japanese adult learning environment.

As technological progress and changing employment practices in Japan imply that workers might change employers more frequently, responsibility over one's own skills development becomes increasingly important. Moreover, some fast-growing segments of the labour force, such as older workers, women and non-regular workers, are currently less likely to engage in employers' training activities, and should therefore be offered more learning opportunities outside the workplace.

3.1. The need for more adult learning opportunities

In a changing world of work, adults need access to high-quality adult learning opportunities that correspond to the skill requirements of employers. As the type of jobs available and their content change due to mega-trends such as technological progress and globalisation, adults need to invest in their skills to ensure they can cope with the changing tasks in their job or can move to different occupations. A declining share of workers who benefit from the traditional lifetime employment system further increases the need to invest in skills to be able to be mobile in the labour market. Adults can engage in different forms of training, ranging from training in education institutions that lead to formal qualifications, to participation in workshops and seminars or learning by doing. Box 3.1 describes the different forms of training and learning that are discussed in this report.

The increasing importance of training in a changing world of work is recognised widely. According to an international survey among individuals aged 18 to 24, 43% of young people in Japan think that technological developments will mean that they will have to retrain many times during their career, which is close to the average of the 19 participating countries (WorldSkills and OECD, 2019[1]). However, only 18% of them feel confident that they have what it takes to retrain when they are older if their job was automated. This share is lower than in the other participating countries. One of the key changes that will require adults to up-skill or re-skill is the introduction of new technologies, both at work and in daily life. Data from the 2019 Japanese Household Panel survey show that less than a quarter of adults acquire knowledge and skills related to new technologies, and most of them do this informally (e.g. through reading or watching television programmes and news). Only 9% of adults acquire skills and knowledge related to new technologies through training, with women and older individuals even less likely to do so.

Box 3.1. Definitions of different forms of training

Training in the Survey of Adult Skills

The Survey of Adult Skills (PIAAC) contains information on formal and non-formal training, as well as informal learning at work. Information on formal and non-formal training refers to training activities in the 12 months before the survey.

- Formal training: Formal education and training is provided in schools, colleges, universities or other formal educational institutions and leads to a certification that is taken up in the National Educational Classification.
- Non-formal training: Non-formal training refers to other organised learning activities – such as seminars or workshops, courses and private lessons, open or distance education courses, and organised sessions for on-the-job training or training by superiors or co-workers – that do not lead to a recognised certification in the National Educational Classification.

Formal and non-formal training can be job-related or not. Job-related in the Survey of Adults Skills does not necessarily refer to one specific job, but could also refer to improving employment chances in general.

- Informal learning at work: Following Fialho, Quintini and Vandeweyer (2019[2]), informal learning is defined as learning by doing, learning from others, and keeping up to date with new products and services. Participation in informal learning at work is defined as engaging in one or more of these activities for one's job at least once a week.

Training in Japanese surveys

Japanese surveys generally refer to employer-initiated training, which can be on-the-job training and off-the-job training, and to self-development activities.

- On-the-job training (OJT): Education and training that is carried out in the course of daily work, in which superiors directly instruct employees on work procedures. One specific component of on-the-job training is planned on-the-job training. This only includes training for which a written plan for education and training is prepared, defining the persons responsible for training, the recipients of the training, the period, content and so on, and that is carried out gradually and continuously. This includes, for example, a line leader being responsible for education and training, and instructing his or her subordinates on work procedures based on the education and training plan.
- Off-the-job training (OFF-JT): Education and training that involves temporary departure from normal work. This includes training that takes place within the company and training provided outside the company.
- Self-development activities: Skill development activities carried out autonomously by individuals (at their own initiative) towards their career continuation or progression. This includes, for example, participation in courses provided by formal education or training institutions (e.g. universities, colleges, specialised training schools), internal or external study groups, seminars, distance learning and self-study (using radio, TV, technical books, internet, etc.).

Off-the-job training and planned on-the-job training largely correspond to formal and non-formal training combined. On-the-job training that is unplanned would rather correspond to informal training. Self-development activities cover all types of training, including informal learning (in a broader way than defined in the Survey of Adults Skills). The entirety of training for adults, i.e. self-development and employer-initiated training, is often referred to as recurrent education in Japan.

Source: Fialho, Quintini and Vandeweyer (2019[2]), "Returns to different forms of job related training: Factoring in informal learning", https://doi.org/10.1787/b21807e9-en; Basic Survey of Human Resource Development.

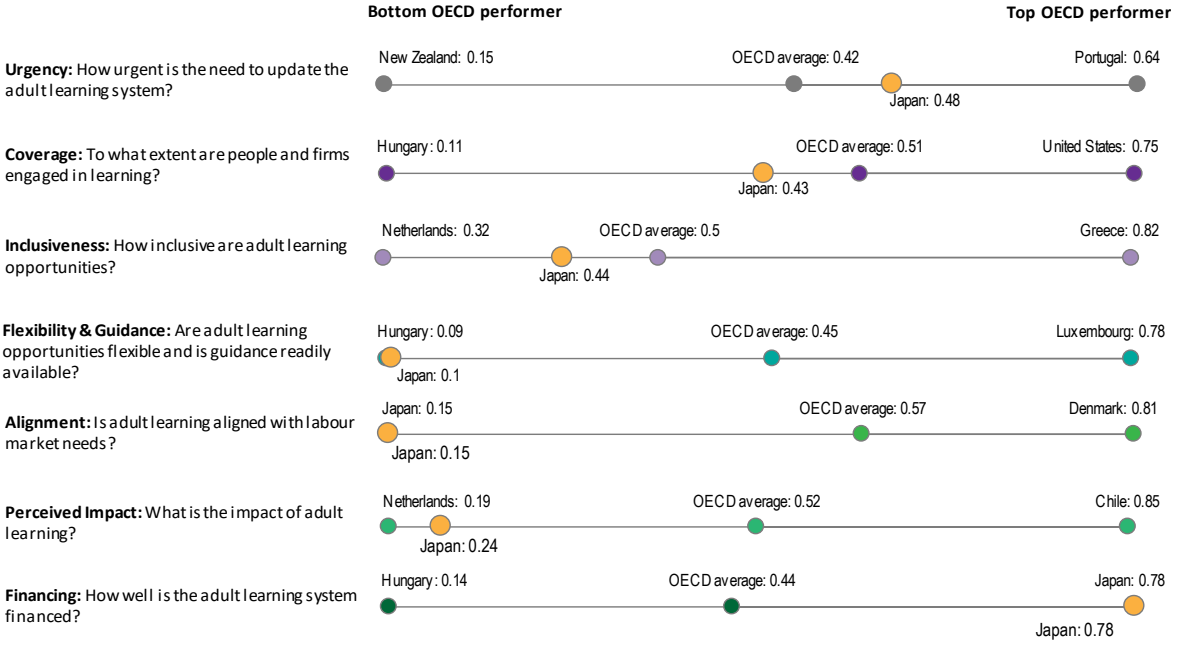
3.2. The future-readiness of the Japanese adult learning system

The OECD Priorities for Adult Learning dashboard (OECD, 2019[3]) compares the performance of OECD countries in seven dimensions of adult learning: i) urgency, ii) coverage, iii) inclusiveness, iv) flexibility and guidance, v) alignment with skill needs, vi) perceived training impact, and vii) financing. Japan scores poorly relative to other OECD countries in several areas (Figure 3.1). It is among the bottom ten performers in terms of adult learning coverage, flexibility, inclusiveness, alignment with labour market needs, perceived impact of training participation, and guidance. Its performance is particularly weak in the alignment dimension, where Japan ranks last, and the perceived impact and flexibility and guidance dimensions (ranking second last).[1]

The next sections will discuss in detail the shortcomings of the Japanese adult learning system identified by the OECD Priorities for Adult Learning dashboard. In particular, the reminder of this chapter will focus on the policies to increase Japan's performance in terms of adult learning coverage and flexibility, while inclusiveness, alignment and guidance will be discussed in the following chapters.

Figure 3.1. Priorities for Adult Learning dashboard for Japan

Index (0-1)



Note: The seven dimensions of the Priorities for Adult Learning Dashboard aggregate multiple indicators. Indicators scores are normalised (min-max) for the aggregation and the aggregate scores are therefore the relative performance of countries. See OECD (2019[3]) for details on the methodology.
Source: OECD (2019[4]) "How future-ready is Japan's adult learning system?",.https://www.oecd.org/japan/Future-ready-adult-learning-2019-Japan.pdf.

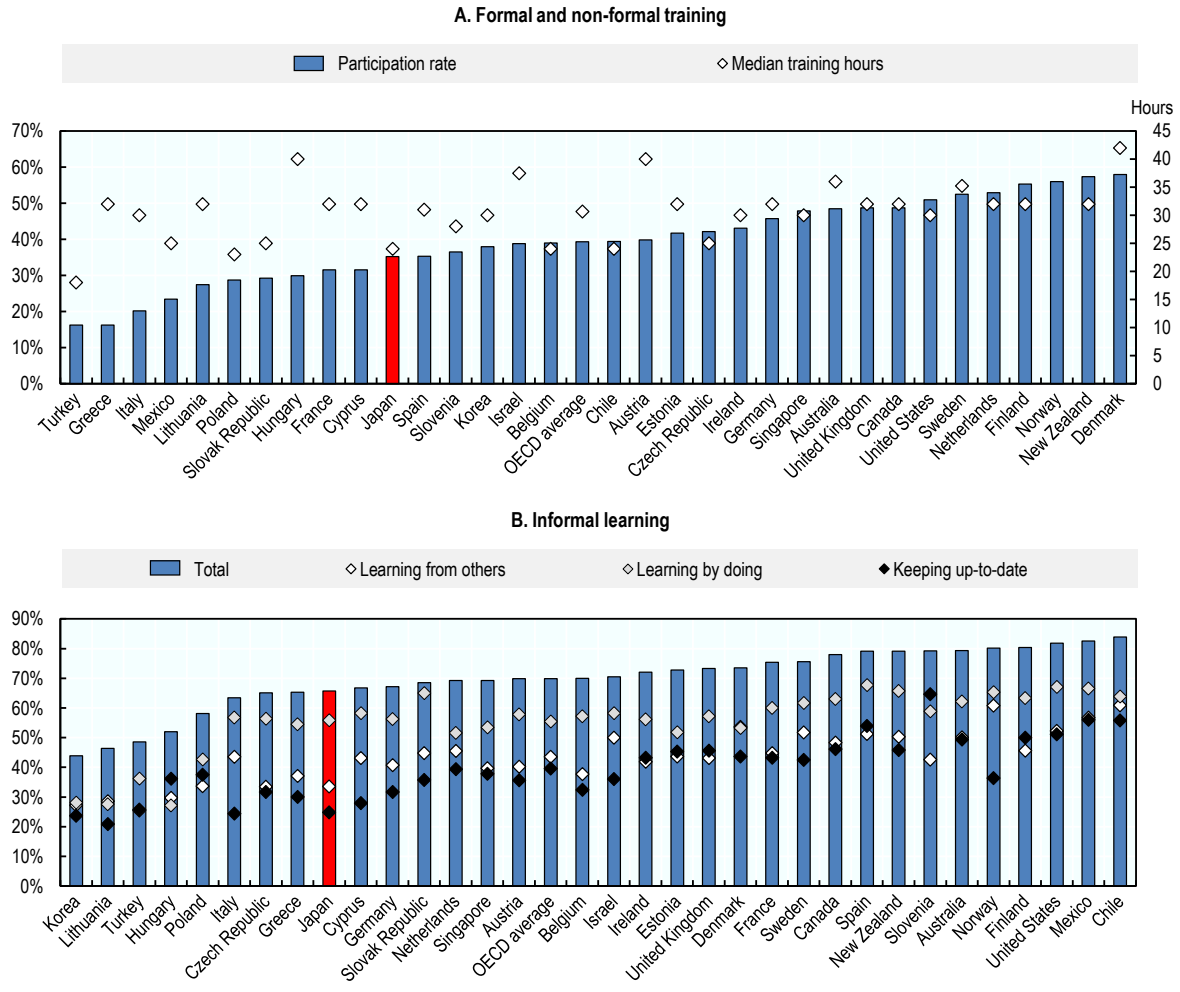
3.3. The coverage of the adult training market in Japan

The Survey of Adult Skills shows that 35% of adults in Japan participate in formal or non-formal job-related training activities in a given year (Figure 3.2). This is slightly lower than the OECD average of 39%, and substantially below the participation rates observed in countries such as Denmark, Finland, New Zealand

and Norway, where more than 55% of adults participate in training. Moreover, when adults participate in non-formal training, they do so only on average for 24 hours per year in Japan, compared to an average of 31 hours across OECD countries. When looking at informal learning at work, 66% of employed adults in Japan regularly learn from others, learn by doing or keep up-to-date with new products or services, which is slightly lower than the OECD average of 70%. Less participation in formal or non-formal training in Japan than some other OECD is not made up for by greater participation in informal learning. It is much less common in Japan (66%) than in Chile (84%), Mexico (83%), the United States (82%), Finland (80%) and Norway (80%). Japanese workers engage as frequently as workers in other OECD countries in learning by doing, but less frequently in learning from others and keeping up-to-date with new products and services.

Figure 3.2. Relatively few adults participate in learning activities in Japan

Participation in job-related formal, non-formal and informal learning

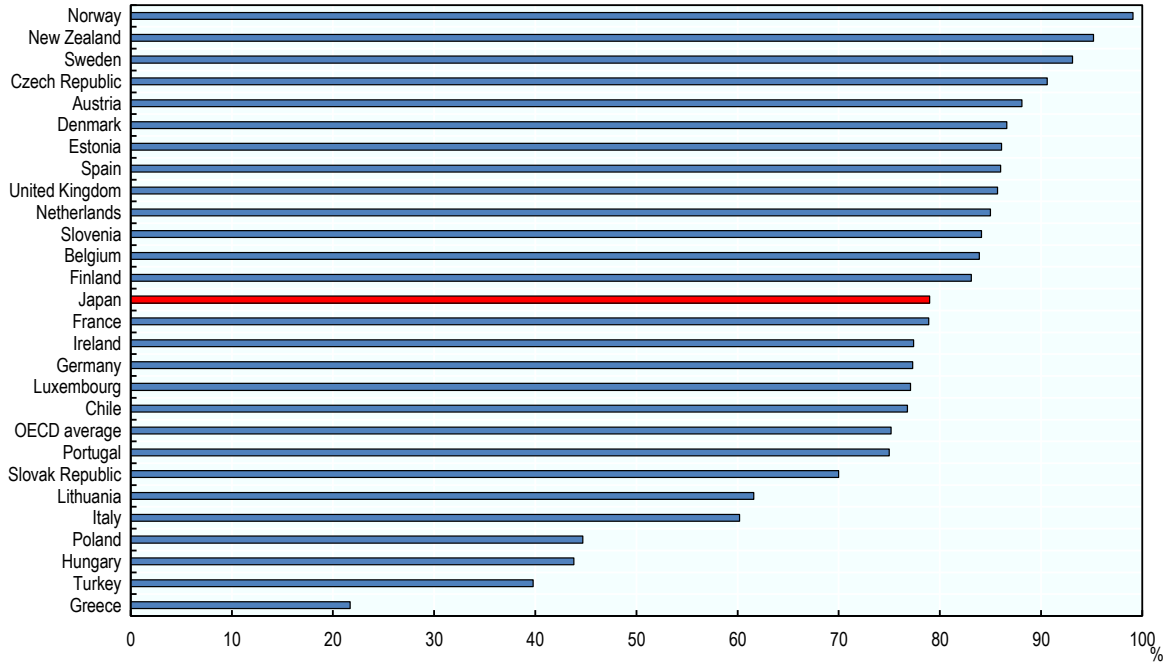


Note: Formal and non-formal learning refers to all adults, informal learning to employed adults only. Training hours refers to non-formal training only. Participation in formal and non-formal training refers to the 12-month period before the interview. Informal learning is defined as engaging at least once a week in one or more of the following activities: learning from others, learning by doing, keeping up-to-date with new products and services. Data for Belgium refer to Flanders only, data for the United Kingdom to England and Northern Ireland only.
Source: Survey of Adult Skills (PIAAC), 2012 and 2015.

When looking at training provision by employers, Figure 3.3 shows that 79% of firms in Japan with at least 30 employees provide training to their workers. This is slightly higher than the OECD average of 75%, but substantially lower than in Norway, New Zealand, Sweden and the Czech Republic where more than 90% of firms report to provide training. However, it should be noted that the numbers for other countries also include firms with between 10 and 20 employees, and the numbers would probably be higher if those workers were excluded (as training provision generally increases with firm size). While these data on training provision show that employers are indeed providing training, they do not tell us anything about the share of works covered by this training. Data for European OECD countries show that only 40% of firms that provide training provide it to more than half of their workers.

Figure 3.3. Eight out of ten firms in Japan provide training to their workers

Share of firms providing training to their workers (2015-16)



Note: Excludes firms with less than ten employees, except in New Zealand where only firms with less than six employee are excluded and Japan where all firms with less than 30 employees are excluded.
Source: OECD Priorities for Adult Learning dashboard, using the European Continuing Vocational Education Survey (2015), the New Zealand Business Operations Survey (2016) and the Japanese Basic Survey of Human Resource Development (2016).

Ideally, to fully understand the training market coverage in Japan one would like to have data on the number of jobseekers and workers participating in training both in the workplace and at public and private providers. Unfortunately, data on participations of adults in training by provider type are scarce, thereby limiting the possibility of drawing a clear snapshot of the current adult learning situation.

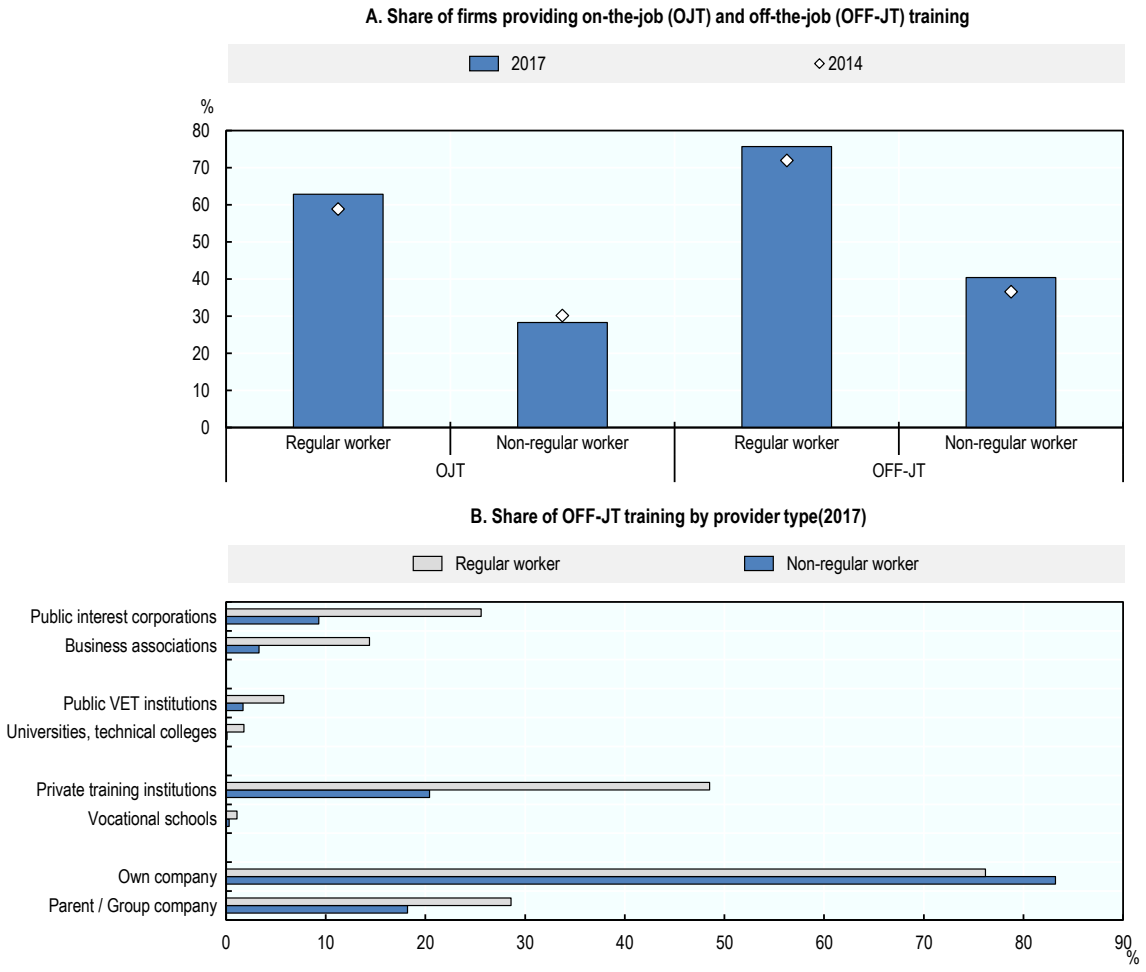
Training patterns for workers are particularly difficult to grasp. The Basic Survey of Human Resource Development is a rare source of information, providing statistics on the proportion of firms with at least 30 employees offering on-the-job training (OJT, i.e. training that is carried out in the course of daily work, in which superiors directly instruct their subordinates on work procedures) and off-the-job training (OFF-JT, i.e. training that is carried out either in a group setting within the company or outside the company). Off-the-job training is typically organised for training new hires (mostly for junior new hires, but also for new

mid-career and management hires), and for the development of management skill and basic business values and attitudes. Similarly, new employees are more likely to benefit from on-the-job training than other workers.

Overall, between 2014 and 2017 there has been a slight increase in the share of companies offering training to their workers (Panel A of Figure 3.4). As expected, there are fewer opportunities for non-regular workers to develop their skills than for regular workers: in 2017, only 28% and 40% of surveyed firms provided on-the-job and off-the-job training, respectively, to non-regular workers, compared to 63% and 76% of firms offering OJT and OFF-JT to regular workers. These figures also suggest that off-the-job training is more common than training carried out during daily work. It is worth to note, however, that off-the-job training cannot be considered entirely training in external (private or public) providers, since it also includes training within the company (e.g. with a number of workers gathered together in one place).

To investigate further the reliance on external providers in Japan, Panel B of Figure 3.4 distinguishes off-the-job training according the type of organisation providing training to regular and non-regular workers in 2017. As the Basic Survey of Human Resource Development allows multiple responses, it is not possible to clearly estimate patterns of the Japanese training market, but these data are a good starting point. For instance, it turns out that more than 3 in 4 firms offering off-the-job training actually provide it within the company, and a significant share (29% for regular workers and 18% for non-regular workers) provide it in a parent company belonging to the same group. In this sense, off-the-job training still belongs to a large extent to the category of learning opportunities offered in the workplace. For what concerns external providers of adult learning, public bodies are used relatively seldom: less than 2% and 6% of firms send their regular workers to attend training in universities and public vocational institutions, respectively. Numbers are even lower for non-regular workers. In contrast, almost one in two (one in five) companies rely on private providers for their regular (non-regular) workers. There is also a relatively important proportion of firms offering OFF-JT in public interest corporations – such as the Professional Development Association or the Labour Standards Association – and in business associations – such as the chamber of commerce or cooperatives.

Figure 3.4. Most training is undertaken within the workplace, although the share of training at external providers is significant

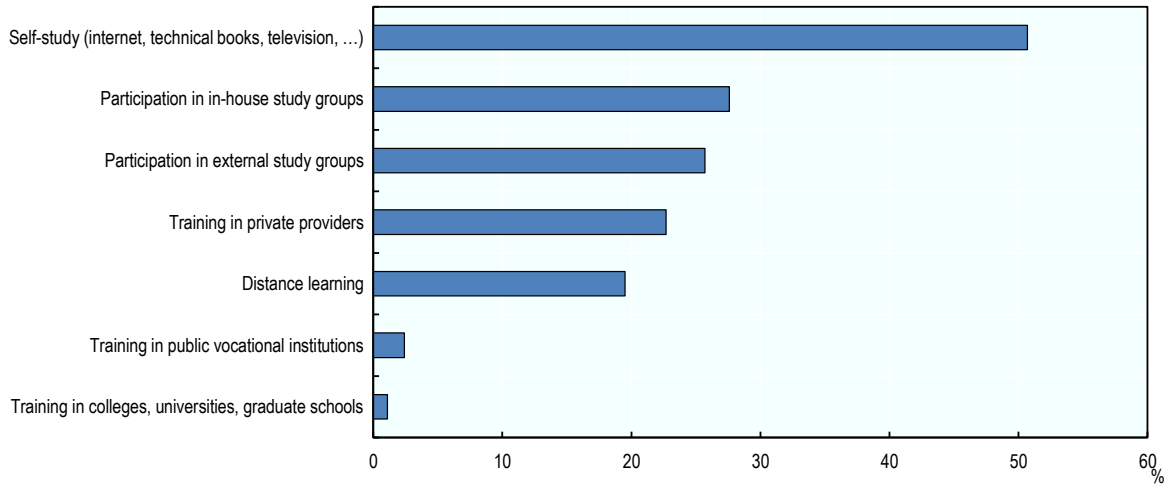


Note: Only firms with 30+ employee are included in the Survey. Multiple answers allowed.
Source: Basic Survey of Human Resource Development, 2018.

This information should not be considered representative of the training patterns of all workers, since it does not take into consideration learning activities that workers may engage in on their own initiative. According to the Basic Survey of Human Resource Development, figures of self-development (i.e. activities that workers voluntarily perform to continue their professional life and improve their vocational abilities) are quite high: on average, 35% of workers (45% and 19% of regular and non-regular workers, respectively) engaged in some sort of self-development activities in 2017, and these shares have been stable in the last ten years.[2] Analysing how workers engage in self-development activities shows that for half of them this involves some sort of informal self-study through internet, television and books (Figure 3.5). Almost a third of them also participate in study groups voluntarily established within their workplaces. What is even more interesting, however, is the information on participation to external training. Like in OFF-JT in Figure 3.4, the share of workers attending training in public providers is extremely low: less than 2% of self-development activities take place in either universities or public vocational organisations. The use of private providers, instead, is again more common and it is undertaken by almost one in four workers who engage in self-development.

While self-development activities are carried out at the initiative of the worker, some receive support from their employer: 82% of employers say they support regular workers who undertake self-development, but only 55% do so for non-regular workers. The most common support measures include financial assistance, provision of information, opportunities to organize in-house study sessions and flexibility in working hours. Data from the Recruit Work Survey show that there is a large overlap between the workers who engage in job-related self-development activities and those who participate in employer-initiated training and learning opportunities: 77% of workers engaging in self-development had also benefited from employer-initiated learning activities. This suggests that those who do not receive employer-supported training or learning opportunities do not compensate for this lack of skill development opportunities by engaging in learning on their own initiative, with only 19% of workers who did not benefit from employer-initiated training, engaged in self-development activities.

Figure 3.5. How do workers conduct self-development activities?



Note: Only firms with 30+ employee are included in the Survey. Multiple answers allowed.
Source: Basic Survey of Human Resource Development, 2018.

Some caution in interpreting these results is required since it is hard to verify these estimates with other sources, due to a lack of comparable data. For example, the 2019 National Employment Practices Panel Survey by the Recruit Works Institute asked roughly 31 000 workers a question on the availability of on-the-job training in their workplaces. In this survey, only 8% of the surveyed workers report receiving guidance from senior staff based on a proper training programme. Even if a broader definition of OJT is adopted (including, for instance, those not on a fixed training programme, but still receiving guidance from senior staff as needed), the resulting OJT estimate of 25% is still far from the one from the Basic Survey of Human Resource Development (63% and 28% for regular and non-regular workers, respectively). This difference is probably due to the fact that the Basic Survey of Human Resources Development interviews only establishments with 30 or more employees and smaller firms may be less likely to implement on-the-job training.

Surveys like the Basic Survey of Human Resources Development can only provide us with relative shares of workers taking up learning activities, but not with absolute numbers due to the exclusion of firms with less than 30 employees. On the other hand, the Basic Survey of Employment Structure by the Ministry of Internal Affairs and Communications can be used to provide some estimates of the absolute number of workers involved in adult learning. In 2017 approximately 24 400 000 workers undertook training activities to get help with their work. The vast majority of them got training through their employers, and – while most

of it was carried out in the workplace (14 200 700) – an important share of workers benefitted also from training in external providers (Table 3.1). In particular, among workers being offered training by their employers, approximately 777 000 attended courses in universities or public vocational facilities, while as high as 11 737 000 had learning experiences with private providers.[3] A similar picture emerges when looking at the 14.8 million participants who voluntarily engaged in self-development activities. Among them, over 1 million relied on training by public providers, while 10 594 000 enrolled in some kind of learning in private providers. Almost 9 million workers also engaged in informal self-study through books, internet, etc.

Information about the training patterns of jobseekers is easier to access, at least for those programmes subsidised by the government, since it is meticulously collected by the Counsellor's Office for Human Resources Development of the Ministry of Health, Labour and Welfare. In 2018, 295 000 unemployed adults – representing approximately 18% of the unemployed – received publicly funded training (Table 3.1). Of them, 53% (157 000) accessed training in public providers, while the remaining 47% (138 000) relied on private providers contracted directly by the state or under the so-called "Support System for Job Seekers".[4] This scheme is intended to ensure training opportunities for those jobseekers who are not covered by unemployment insurance. It provides JPY 100 000 per month to unemployed individuals undertaking vocational training with certified private providers, under strict requirements for appropriate training, attendance, and visits to Hello Work.[5]

Table 3.1. Both workers and jobseekers are much more likely to train in private than public providers

Number of training participants by provider type, 2017-18

	Public training providers	Private training providers	Overall
Workers – Within workplace	-	-	14 200 700
Workers – External providers – Offered by the employer1	776 900	11 737 100	12 514 000
Workers – External providers – Voluntarily[1]	1 076 100	10 594 000	14 848 400
Jobseekers[2]	156 823	137 689	294 512

1. Respondents were allowed multiple answers; hence, the overall value is not the perfect sum of the columns.
2. Data on jobseekers include also information on disabled individuals. Private training providers refer only to those contracted by the state to provide training to jobseekers, and it therefore does not include training that individuals may have independently decided to take, outside the scope of the "Support System for Job Seekers".
Source: Ministry of Internal Affairs and Communications (2017), Basic Survey of Employment Structure. Ministry of Health, Labour and Welfare (2019), available at: https://www.mhlw.go.jp/content/11801000/000587052.pdf.

In spite of their differences, taken altogether, data from various sources all point at the same two messages. First, participation in adult learning is low, by international standards. According to the Survey of Adult Skills (PIAAC) the share of adults participating in job-related training in Japan is 4 percentage points lower than the OECD average of 39%. Second, the vast majority of training activities offered by Japanese firms still takes place within the company (either in an OJT or OFF-JT setting). This should come as no surprise, given Japan's traditional employment practices of lifetime employment and long working hours, which limit workers' need and time for external training. Private providers are used by a significant share of firms to provide off-the-job training, while public institutions have so far only a marginal role in the Japanese adult learning environment. Such reliance on in-house training by employers hinders the future-readiness of the adult learning system, since employer-provided or sponsored training mainly focuses on

job-specific skills and does not ease the kind of adjustments that the Japanese economy in undergoing, namely the emergence of new jobs and sectors and a more fragmented work-life with more frequent transitions between jobs. The next section will therefore examine the barriers to adult training in Japan and how to remove them, while Section 4.2 in Chapter 4 will focus on how to expand the adult learning market beyond training by employers.

Box 3.2. The importance of monitoring participation in adult learning programmes for effective policy-making

Monitoring participation in adult learning programmes constitutes a fundamental element of any initiative aimed at engaging more individuals in adult learning. It is a necessary first step to evaluate the reach of existing programmes, both in terms of overall coverage and in terms of targeting, and to adapt them consequently. Participation figures can constitute an important tool for all the stakeholders involved in the education sector, including training centres themselves, to learn and reflect on their practices, and potentially improve outreach activities.

The process of monitoring adult learning participation does not stop at data collection. The value of data lies in its use and potential to inform policy-making. As such, several OECD countries have made available – often to the wide public – data on adult participation to training activities. For instance, in Slovenia, results from the survey of adult education *ŠOL-NAD* are published in several outlets of the Slovenian Statistical Office. This database is used for policy-making to follow key education goals and objectives, allocate public funds and for research. Scandinavian countries have also a long tradition of collecting and publishing data on publicly regulated education. In Sweden, national statistics as well as figures by school are presented on the National Agency for Education website. Denmark publishes the main adult education figures online, but further statistics, as well as micro-data for research purposes, can be requested to the Statistical Office. In Norway, the Norwegian Agency for Lifelong Learning (*Kompetanse Norge*) publishes the most important statistics in an annual report, and additional figures can be found online in the Skills Norway Statistics Bank.

References

Fialho, P., G. Quintini and M. Vandeweyer (2019), “Returns to different forms of job related training: Factoring in informal learning”, *OECD Social, Employment and Migration Working Papers* 231, http://dx.doi.org/10.1787/b21807e9-en. [2]

OECD (2019), *Getting Skills Right: Future-Ready Adult Learning Systems*, Getting Skills Right, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264311756-en. [3]

OECD (2019), *How future-ready is Japan’s adult learning system?*, OECD, Paris, https://www.oecd.org/japan/Future-ready-adult-learning-2019-Japan.pdf (accessed on 28 July 2020). [4]

WorldSkills and OECD (2019), *Youth Voice for the Future of Work*. [1]

Notes

[1] It needs to be noted that some sub-indicators for those dimensions are missing in the case of Japan, which potentially biases the overall ranking. However, when re-calculating the indicators for each country using only the sub-indicators for which Japan has data, the conclusions remain the same: Japan is ranked last for flexibility and guidance and for alignment, and is in the bottom three for perceived impact.

[2] Similar results are found in the Recruit Work Survey, according to which 33% of works (including in firms with less than 30 employees) engaged in self-development activities to improve their job-related knowledge or skills in 2017.

[3] Note that numbers do not add up, given that respondents were allowed multiple answers.

[4] It is therefore not known the share of jobseekers spontaneously taking training courses outside the scope of the “Support System for Job Seekers” scheme.

[5] https://www.mhlw.go.jp/english/dl/Overview_eng_02.pdf.

4 Increasing access to adult learning opportunities

This chapter examines the barriers adults face with regards to training participation, as well as the policies to address them. The performance of Japan in these areas is compared with other OECD countries, and relevant adult learning policies to expand the training market are discussed. The chapter also provides recommendations for further improvement based on good practice examples from other OECD countries.

In Brief

Increasing access to training opportunities is key for Japan

Increasing the general access to training opportunities requires particular attention to the barriers that adults face to participate in training. In Japan, the main reason for adults not to participate in training is a lack of time, both due to work and family responsibilities. Workers in Japan usually have long working hours, which makes it difficult for them to find time for training. The existing education and training leave system needs to be revised to make it easier to use, more flexible and more inclusive. In addition, flexibility in the provision of training is crucial to allow adults to combine training more easily with other responsibilities.

Expanding the Japanese adult learning market beyond employers' initiatives is also critical. Both formal and non-formal training opportunities through public and private providers should be encouraged. Over several years, public authorities have put significant efforts in promoting formal training, but with limited success. In fact, if anything, time barriers faced by prospective adult learners are even larger in the case of formal training, which generally has a long duration and focuses on full-time students. Therefore greater flexibility needs to be built into formal programmes. To make them more appealing to an older and professional group, the content of such training should also be better targeted to the needs of adults.

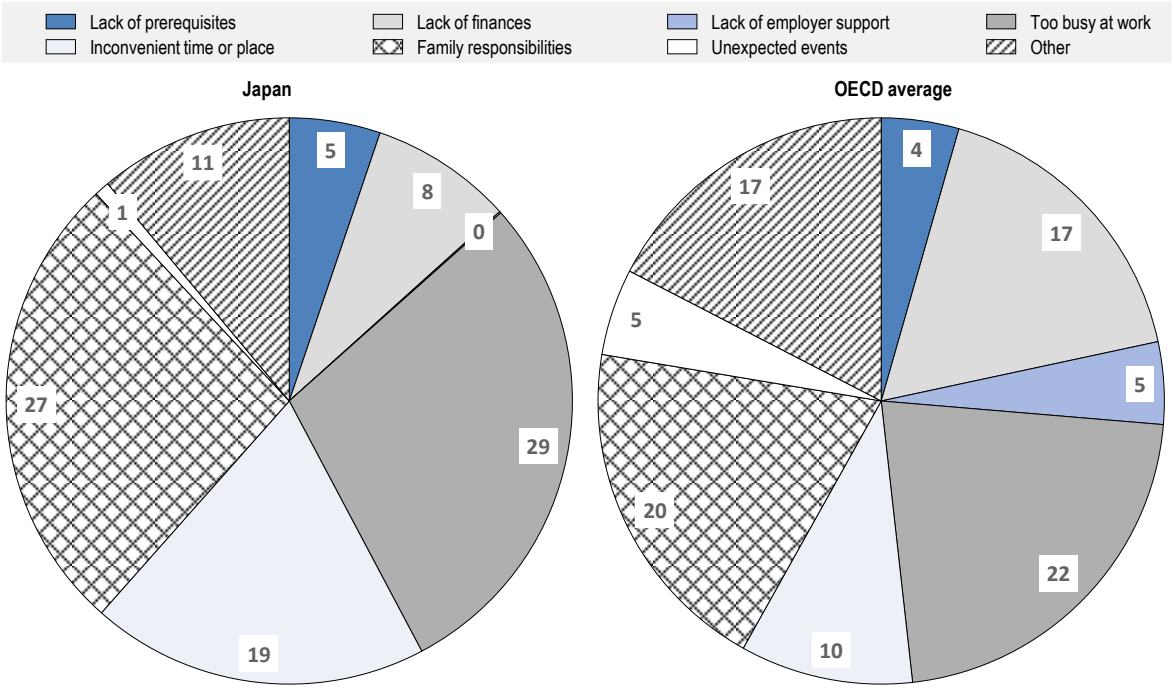
In contrast, to expand the role of non-formal learning providers, particular attention should be directed towards ensuring a high and more even quality of the training offered, especially by private providers that are harder to monitor. The quality guidelines issued in 2011 by the Ministry of Health, Labour and Welfare are a good starting point, but greater effort should be paid to increase providers' incentive to comply with them.

4.1. Reducing barriers to training

Only 12% of adults in Japan who did not participate in formal or non-formal job-related training report that there were learning activities that they wanted to participate in but did not. This compares with 18% in the OECD on average. Lack of time and scheduling constraints play a bigger role in Japan than in the OECD on average. Among non-participants who would have liked to attend training, the main reasons for not participating are a lack of time due to work responsibilities (29% in Japan compared with 22% in the OECD on average), a lack of time due to child care or family responsibilities (27% in Japan compared with 20% in the OECD on average), and the training taking place at an inconvenient time or place (19% in Japan compared with 10% in the OECD on average) (Figure 4.1). The long working hours typical of the Japanese employment system contribute to the perceived lack of time for training activities (see Chapter 2 for a full discussion about the practice of long working hours in Japan). By contrast, a lack of financial resources is a much less common barrier in Japan than it is on average across OECD countries (8% versus 17%).

Figure 4.1. A lack of time is the main reason not to train for adults in Japan who wanted to participate in training

Percentage of adults who did not participate in training despite reporting that there were learning activities that they wanted to participate in



Note: Includes only adults who did not participate in training and did not identify any training that they had wanted to participate in.
Source: Survey of adult Skills (PIAAC).

A regression analysis of the link between personal characteristics and barriers to training shows that women are more likely than men to report family responsibilities as the main reason for not participating in (more) training despite wanting to[1] (see Annex Table 4.A.1). By contrast, men are more likely to report being too busy at work. Among employed adults, men are also more likely than women to report inconvenient time or place as reason for not participating in (more) training. Since these regression control for labour market status (in the case of all adults) and employment type (in the case of employed adults), this means that women and men who are in similar employment situations still report different barriers on average. Unsurprisingly, for adults with children, family responsibilities are a more important barrier than for adults without children. Older adults are less likely to report family responsibilities as their reason for not participating, but more likely to report being too busy at work or training taking place at an inconvenient time or place. Part-time workers are less likely than full-time workers to report being too busy at work, and more likely to be too busy due to family responsibilities and training being organised at an inconvenient time or place.

4.1.1. Education and training leave

In order to facilitate access to training for workers, a system of paid education and training leave is stipulated in the Human Resources Development Promotion Act (1969). The act states that "[…] an employer shall promote the voluntary development and improvement of the vocational abilities of his/her employed workers in line with their vocational life planning, by extending the following necessary assistance, as needed": i) paid leave for educational training, ii) long-term leave for educational training, and iii) leave for preparation for re-employment. The leave can be granted to workers who receive training to improve their professional qualifications or for other vocational purposes, but it is not a worker's right, since the law stipulates that employers may provide leave as needed at their own discretion.

Employers who implement education and training leave can receive various forms of government subsidies, regardless of their size or the occupational type of their workers. Employers that provide at least 5 days of paid education and training leave per year to at least one employee (or at least five in the case of firms with more than 100 employees) receive JPY 300 000. Firms that provide long-term education and training leave of at least 120 days per year (60 of them consecutive) have alternatively the choice to get a JPY 200 000 subsidy from the government, as well as JPY 6 000 per day per person if the company continues to pay regular wages while the worker is on leave.[2] The subsidies can only be used for the financing of education and training leave of workers who contribute to the employment insurance system, are employed on a permanent contract and work full-time.[3]

Although employers are encouraged to provide education and training leave by law, only 9% of employers provided this type of leave in 2017 according to the Basic Survey of Human Resource Development. An additional 13% of employers claimed that they were planning to implement the leave system. Outside of the education and training leave system, 7% of Japanese employers report to be offering shorter working hours to their employees who are taking training. Among the employers that did not provide education and training leave or short working time arrangements, the main reasons for not doing so are the difficulty to find replacement staff (52%), lack of awareness about the system (43%) and lack of requests from workers (33%). Hence, the main issues for the Japanese education and training system seem to be related to a lack of awareness and a difficulty for employers to cope with the absence of workers.

A system of education and training leave exists in many OECD countries, but the characteristics of the systems differ widely (OECD, 2019[1]). While this type of leave is regulated by law in some countries, in others it is part of collective agreements. In many countries employees receive compensation during their education and training leave, and in a few countries employers receive financial support for granting this type of leave to their employees. In the majority of countries, a maximum duration of the paid leave is stipulated in the regulation, and this varies strongly between countries. In Lithuania, for example, the leave can last between 2 and 30 days, whereas in Austria leave can last up to one year, and in Norway even up to three years. Some countries limit eligibility for education and training leave to workers with a minimal tenure with their employer. Box 4.1 describes the paid education and training leave system in Korea, France and Flanders (Belgium).

Box 4.1. Paid education and training leave in Korea, Belgium and France

Subsidies for paid training leave in Korea

Korea provides financial compensation for employers that grant paid education and training leave to their workers and meet certain eligibility requirements. The subsidies cover not only direct training costs, but also indirect costs (i.e. workers' and eventual replacements' wages). Small and medium-sized enterprises (SMEs) typically benefit from more flexible eligibility criteria and more generous subsidies compared to large firms. More specifically, SMEs eligible for preferential support need to provide training for at least 20 hours and give their employees at least 5 days of paid leave. The subsidy covers the wage of participants, which is subsidised at 150% of the minimum wage. Since 2011, additional support is given to SMEs to partially subsidise the wage of replacement workers. This additional subsidy is granted when three conditions are met. The employers need to: continuously provide training for at least 120 hours; give employees at least 30 days of paid leave; and hire replacement workers. The eligibility criteria for large firms are more stringent than for SMEs, and the subsidy is also less generous.

The take-up of paid training leave is on the rise in recent years, and KRW 19.3 billion (about EUR 15.1 million) were provided for 19 676 workers at 5 285 workplaces in 2018. The number of beneficiaries nearly doubled over the 2015-18 period, and the participation of small firms with less than 50 employees increased even more significantly from 4 916 in 2015 to 12 419 in 2018.

Paid education and training leave for short- to medium-term professional training in Flanders (Belgium)

In the Flanders region of Belgium, workers in the private sector have access to paid education and training leave (*Vlaams Opleidingsverlof*) to participate in professional training of at least 32 hours and at most 125 hours per year. The maximum duration depends on the worker's working time. The leave can be taken for training that is part of the Flemish training registry or that has been recommended as part of officially recognised career counselling, as well as for participating in exams for second-chance secondary education and exams related to recognition of prior learning. Workers receive their normal salary during training hours, although employers are allowed to cap wages at a level determined by the government (EUR 2 928). Employers receive a government payment per hour of paid education and training leave of their employees (EUR 21.3). Employers cannot deny a worker's request for education and training leave, except when the worker delivers the enrolment certificate to the employer after the deadline and the employer uses collective planning of work schedules.

In 2017, just under 51 000 workers benefitted from paid education leave in Flanders.[1] On average, training leave covered 61 training hours per worker.

Paid education and training leave to foster reskilling in France

The French system of education and training leave (*projet de transition professionnelle*) is available to all workers who have at least two years of work experience, of which one year with their current employer.[2] The purpose of this training is to help workers change occupations, and hence the training does not need to be related to the current job. Workers who are on education are training leave receive between 90% and 100% of their salary.[3] When a worker submits a request for education and training leave, the employer has 30 days to respond to the request. An employer cannot deny a request for education and training leave, but he can ask for a nine-month postponement if he can show that the worker's absence would have considerable consequence for the enterprise's operations or if too many workers are on leave at the same time. Workers need to request approval for their education and training leave with an inter-professional joint committee. If the request is approved, this committee will cover the wage costs faced by the employer during the education and training leave of his employee. Other costs that are covered by the committee are transport, food and accommodation costs. The

workers who are granted education and training leave use existing financial incentives to cover (part of) the training costs, which can be complemented with additional financing though the inter-professional joint committee. Since the inter-professional joint committees are mostly financed through the training levy paid by employers, employers indirectly finance the overall education and training leave system.

In 2017, just over 55 000 request for education and training leave were submitted, 60% of which were accepted. Consistent with the purpose of reskilling individuals, training duration is generally fairly long: 53% of training lasted longer than 800 hours and an additional 18% between 500 and 800 hours. 57% of beneficiaries work in SMEs (less than 200 employees). An additional 13 400 temporary workers submitted an education and training leave request, which was accepted in 82% of cases and the training duration averaged 768 hours.

1 These statistics refer to the old system of education and training leave, before the reforms introduced in 2019. However, the main characteristics have not changed, with the exception that training is now restricted to professional or career-oriented training.
2 Different work experience eligibility rules apply to workers on temporary contracts and employed through temporary work agencies.
3 The reference salary is calculated based on the salaries received in the preceding 12 months. Workers whose reference salary exceeds twice the national minimum wage and take education and training leave for more than one year, receive 90% of their reference salary during the first 1 200 hours of training and 60% during later hours (with a minimum of twice the national minimum wage).
Source: OECD (2020[2]), *Enhancing Training Opportunities in SMEs in Korea,* https://dx.doi.org/10.1787/7aa1c1db-en; République Française (2020[3]), *CPF de transition*, https://www.service-public.fr/particuliers/vosdroits/F14018; République Française (2019[4]), *Annexe au projet de loi de finance pour 2019 – Formation Professionnelle*; Vlaamse Overheid (2019[5]), Vlaams opleidingsverlof, https://www.vlaanderen.be/vlaams-opleidingsverlof; Vlaamse Overheid (2019[6]), Statistieken BEV: volledige cijfers schooljaar 2013-14, 2014-15, 2015-16 en 2016-17 en status cijfers schooljaar 2017-18 op 21 November 2019, https://dam.vlaanderen.be/m/6c366377116a8ec0/original/WSE-BEV-Statistiek-VG-op-20191121-2016-2017-volledig-2017-2018-tussentijds.pdf.

When workers are away from work for extended periods of training, employers are likely to need to replace them. This is certainly the case in smaller firms, where the impact of missing one employee could be felt more strongly. The cost of hiring a replacement worker could be one of the reasons why employers are reluctant to provide (long) education and training leave. Moreover, it could be difficult for employers to find someone to temporarily fill the job, especially for jobs that require certain job-specific skills. The difficulty of finding replacement workers is the main reason for Japanese employers not to provide time off for training. Some countries have implemented job rotation schemes, in which workers on training are replaced by unemployed workers, thereby helping employers while their employees are in training and creating work experience opportunities for job seekers. Box 4.2 describes the job rotation system in Denmark. In France, a system of financial support for SMEs to hire a worker to replace their employee(s) away for training existed until a few years ago.

When training is organised in a flexible way, the employer can avoid having to hire a replacement worker. This is especially true in the case of short or medium-term training programmes. Training that is not organised as a full-time activity, allows workers to combine work and training, meaning they would only be away from work during a limited amount of time per day or per week. Moreover, distance learning opportunities could allow workers to optimally fit their time off for training into their work programme. Education and training leave regulations need to be flexible enough to allow for participation in these types of training programmes.

To increase awareness and take-up of the education and training leave, the regulations regarding this type of leave and the associated government support measures should be clarified and made more precise. Workers need to be able to understand the different types of education and training leave that are available to them, including the extent to which they continue to receive pay during their leave, and need to have clear information about the steps needed to request education and training leave. Clear rules regarding obligations for employers to actively provide this type of information to their workers and regarding the

possibility to deny requests for education and training leave should be set (either by law or in collective bargaining agreements). To foster the use of paid education and training leave among employers, government subsidies related to paid leave should be granted by hour of paid leave provided (rather than on a lump sum basis) and conditional on the worker receiving his or her full wage or a decent replacement wage. If government support is provided by hour of paid leave, minimum and maximum hours of training should be set. Clear rules regarding the types of training programmes that are eligible for government-supported paid education and training leave can help bring transparency to the system.

Box 4.2. Job rotation scheme in Denmark

In Denmark, employers receive government subsidies when they hire an unemployed worker to temporarily replace one of their permanent staff members who is receiving further education and training (while maintaining his or her salary). Only permanent workers without a higher level vocational degree or those who have not used their vocational skills for at least five years can participate in the rotation scheme. The subsidy is paid by hour of training. The replacement worker needs to be hired for at least ten hours per week and needs to be paid the usual salary. The programme is managed by the local job centres, which also promote the programme among employers. Social partners play an important role in promoting the programme and also support the temporary workers through education and training.

The scheme was introduced in the early 1990s and had around 80 000 participants at its peak. Participation declined with the fall in unemployment levels, and in 2012 only 3 097 new participants started the programme. A reform of the programme in 2015 reduced the maximum duration of the temporary position to six months and targeted the scheme towards the long-term unemployed (at least six months unemployed).

Source: Lykke Sørensen and Nielsen Arendt (2014[7]), *Effekter af ansættelse som jobrotationsvikar,* www.kora.dk; Madsen (2015[8]), "Upskilling unemployed adults.The organisation, profiling and targeting of training provision – Denmark"; Styrelsen for Arbejdsmarked og Rekruttering (2019[9]), *Vejledning om jobrotation*, https://www.retsinformation.dk/Forms/R0710.aspx?id=211263.

4.1.2. Flexible training provision

To help adults combine training participation with their professional and personal responsibilities, and overcome barriers related to training taking place at inconvenient times or places, training should be organised in a flexible way. Employed adults might prefer training to take place in the evening or at weekends, whereas adults with childcare responsibilities might prefer to participate in training during school hours. Hence, flexibility in training hours is very important. Moreover, it might be difficult for adults to commit to lengthy training programmes. Breaking down long training programmes into different modules can help adults in completing training at their own pace. Systems of recognition of prior learning also increase the flexibility of education and training programmes, as they allow adults to get exemptions from certain programme modules for which they have already obtained the skills non-formally or informally (e.g. through work experience). Therefore, recognition of prior learning can substantially shorten the time needed to obtain a qualification by focussing only on the skills that the learner does not yet possess. Box 4.3 describes how Finland made its VET programmes more flexible, including through the use of recognition of prior learning.

As discussed above, the share of adults reporting that training was organised at an inconvenient time or place as the main reason for not participating in training is larger in Japan than it is on average across OECD countries. This might point to a lack of flexibility in training provision. For only 14% of adults in Japan who participated in non-formal job-related training this was organised as open or distance education. This

is below the OECD average of 19%. Participation in distance learning is particularly low in Japan among the low educated (10% among training participants without an upper secondary education degree, compared to 15% among the tertiary educated), older adults (10% among 55-65 year-olds compared to 17% among 25 to 34-year-olds). Similarly, the Basic Survey of Human Resource Development shows that in 2017 for only 20% of regular workers who participated in training that was not initiated by their employer (and 10% of non-regular workers), this training was organised as distance learning, and this share has stayed roughly the same in the last 10 years. Face-to-face non-formal learning, such as participation in study groups or seminars, is a much more common type of worker-initiated training.

Digital tools provide new opportunities to offer distance adult learning, particularly online. This has proved especially important in difficult times such as the recent COVID-19 health crisis, when suddenly much of the training that was originally planned in person had to be transferred online. The growing prominence of online learning is linked to the rapid increase in broadband penetration across OECD countries, including Japan. In 2019, 32 out of 100 individuals living in Japan had a fixed broadband subscription, while there were 179 mobile broadband subscriptions per 100 inhabitants. As such, many people could potentially access online learning opportunities. Providing high-quality online training programmes could be a way to bring more flexibility in the training offer in Japan. However, as noted in Chapter 1, a substantial share of adults in Japan lack basic digital problem-solving skills, and might therefore have limited access to online learning. Hence, when promoting online learning, special attention needs to be paid to adults with weak digital skills and those without a broadband subscription. This can be done, for example, by providing accompanying face-to-face basic digital skills training programmes. Another challenge regarding online training is to have quality assurance systems in place guaranteeing that the training that adults are taking is of verifiable quality and the acquired skills can be certified. Finally, online courses are currently mostly restricted to while-collar jobs although virtual reality promises to broaden access to hands-on learning. See OECD (2020[10]) for a detailed discussion on the lessons learned from the COVID-19 crisis on the potential of online learning for adults.

A survey among training providers in Japan in 2014 showed that 10% of providers delivered e-learning programmes (The Japan Institute for Labour Policy and Training, 2019[11]). The providers that are most strongly engaged in e-learning provision are vocational schools (16%), employers (14%) and non-profit organisations (13%). According to the Yano Research Institute (2019[12]), the e-learning market in Japan grew by 38% in the period 2015-19, with growth being strongest in the market for non-business consumers. The Japanese Government is promoting the use of e-learning in a variety of education and training programs as it seeks to increase participation in adult learning. The Human Resource Development Support Subsidy that employers can receive when they train their workers was expanded in 2019 to also cover distance learning, including e-learning. Similarly, the training benefit system that provides subsidies to adults engaging in training also covers e-learning programmes since 2014.

Box 4.3. Flexible vocational education and training in Finland

One of the aims of the Finnish vocational education and training (VET) system is to provide continuous skills development opportunities, alongside its role of providing initial education. More than half of Finnish VET student are adults (aged 20 to 64). To accommodate these different types of learners, the system is competence-based and customer-oriented, and therefore highly flexible. Prospective participants can start their studies flexibly throughout the year. The system allows students to flexibly utilise units of the qualifications and smaller parts corresponding to their own needs. Assessed units of learning outcomes can be accumulated towards a qualification. As long as the individual's competences meet the national qualification requirements, they can be acquired in different learning environments and ways, at different times. Students demonstrate their skills in competence demonstrations at practical work.

A personal competence development plan is drawn up by a teacher or a guidance counsellor, together with the students, at the start of their studies. The plan outlines what kind of competences the student needs and how they will be acquired in different learning environments. Participants are assessed and credited for previously acquired competence at the start of their studies, and training focusses only on the missing or underdeveloped skills. The personal competence development plan charts and recognises the skills previously acquired by the student. Students may have obtained relevant skills from working life, another school, international study, work placement periods, family and leisure activities or through the media. Informal and non-formal prior learning is assessed according to the assessment criteria set in the national qualification requirements, and the criteria used are exactly the same as those for formal learning.

Source: ECVET (2019[13]), "Flexible vocational learning pathways: the Finnish VET Reform", https://www.oph.fi/reformintuki/koulutuksen_jarjestaminen/henkilokohtaistaminen/ehoks; Ministry of Education and Culture (2019[14]) "Education in Finland – Finnish VET in a Nutshell".

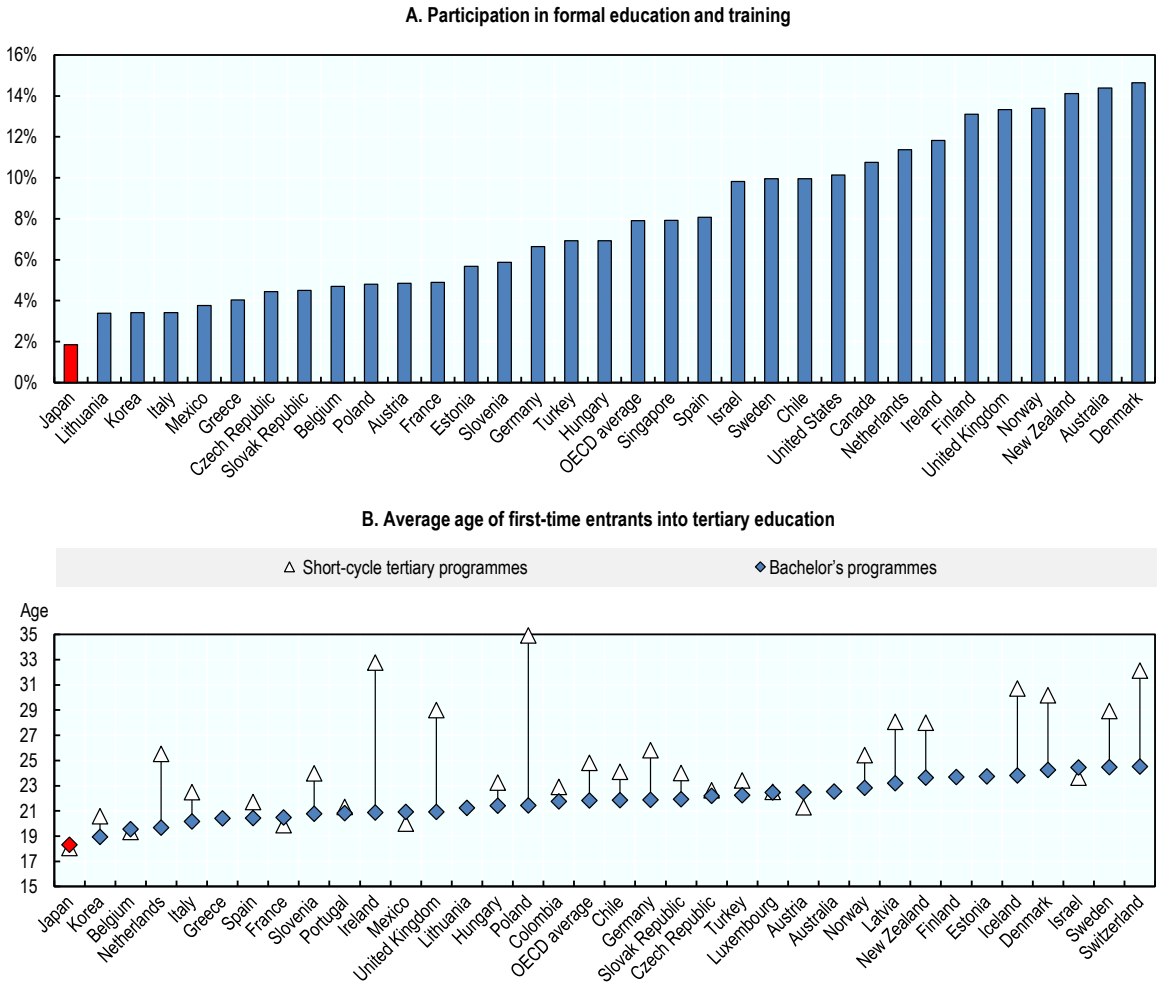
4.2. Expanding the Japanese adult learning market

As shown before, traditionally a large share of training activities in Japan have been organised by employers, as part of their efforts to develop the job-specific skills of their workers. This is especially the case for workers in the lifetime employment system. However, as the number of women and older workers not covered by traditional employment practices is on the rise and a large and growing share of workers are employed on non-regular contracts, many adults no longer have access to employer-provided training. For those workers, but also for adults who are not in employment, alternative training providers need to be accessible. Moreover, in the future it will be challenging for firms to train employees alone, since employment patterns are expected to become more diverse and multilinear. For this reason, since recent years Japan has been trying to promote adult education and training other than that provided by companies. To ensure that adults have sufficient access to training opportunities outside of their employer, public and private providers need to have an adequate offer of relevant and high-quality training programmes that are adapted to the specific needs of adults. These programmes need to be both formal and non-formal to respond to the changing needs of the Japanese society.

4.2.1. Expanding the role of formal training providers

The Survey of Adult Skills (PIAAC) shows that less than 2% of Japanese adults participated in formal education and training in the 12 months before the survey was conducted (Panel A of Figure 4.2). This is below the OECD average of 8% and lower than in any of the OECD countries included in the survey. This low participation rate of adults in formal education and training is also confirmed when looking at the average age of first-time entrants into tertiary education, which is lower in Japan than in other OECD countries (Panel B of Figure 4.2). While first-time entrants into short-cycle tertiary programmes are aged 25 on average across OECD countries, they are aged 18 in Japan. Similarly, first-time entrants in bachelor programmes are aged 18 on average in Japan, compared to 22 across OECD countries. These numbers show that tertiary education is mostly pursued immediately after secondary education in Japan and very few adults return to education.

Figure 4.2. Very few adults participate in formal education in Japan



Note: In Panel A, Belgium refers to Flanders only and the United Kingdom to England and Northern Ireland only. In Panel B, short-cycle tertiary programmes represent programmes at ISCED level 5, i.e. programmes designed to provide participants with the professional knowledge, skills and competencies necessary to enter directly the labour market (in Japan, a typical programme of this category of higher education is the *senmon gakko*, Professional Training College), while bachelor's programmes are those at ISCED level 6, i.e. programmes designed to provide participants with intermediate academic and/or professional knowledge, skills and competencies, leading to a first degree or equivalent qualification.
Source: Survey of Adult Skills (PIAAC) (Panel A) and OECD Education at a Glance database (Panel B).

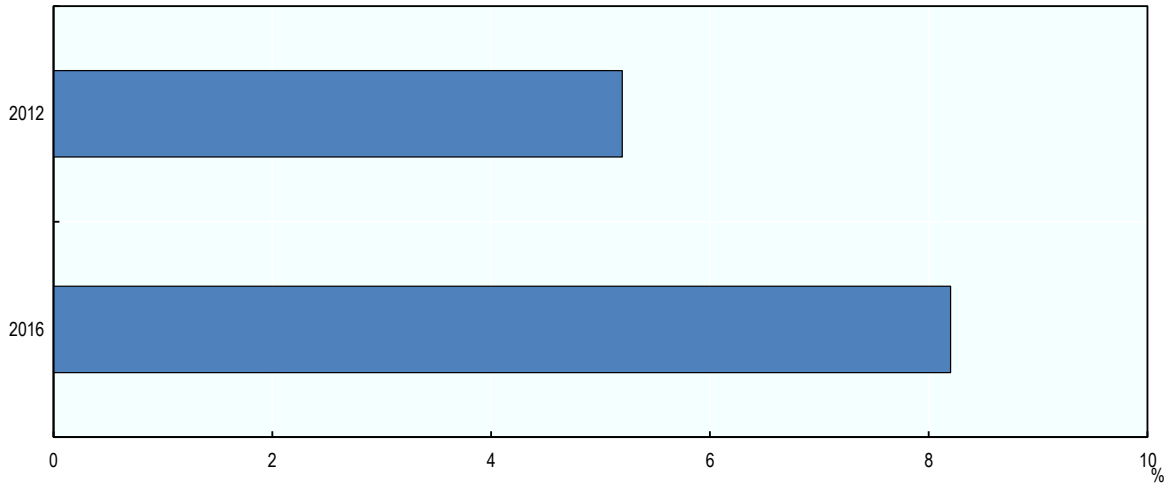
While Japanese authorities do not supply general data on adult learning participation in formal and non-formal programmes, information on public providers only is available. This remains very relevant because, as in the rest of the OECD area, the large majority of formal training in Japan is offered by public education institutions. Estimates in Figure 4.3 confirms previous findings: overall, in 2016 less than one in ten public providers offered courses explicitly designed for adults within their formal training offers.[4] Yet, despite being relatively low, this proportion has increased remarkably since 2012 (+3.3%). This evolution reflects the Japanese Government's efforts to boost the role of universities and other public higher education institutions in providing training opportunities for adults.

With its "Basic Policy on Economic and Fiscal Management and Reform" of June 2019, the government further engaged in strengthening collaborations with industrial groups at universities and graduate schools, implementing strategic public relations and communication, and doubling the number of recipients of the

Training Benefits within three years. The government also aims to promote the utilisation of Early Graduation[5] and Long-term Study System[6] so that adult learners can flexibly choose a study duration and contents. Similarly, specific measures are planned to allow graduate schools to award degrees based on the accumulated credits earned from previous university or work experiences, the so-called Credit Accumulation System.[7] Furthermore, in order to promote the development of competences highly sought by the society – such as digital skills – the government is seeking to strengthen collaboration among the relevant ministries and agencies to boost the diffusion of e-learning and online training.

Figure 4.3. Although increasing in the past years, the share of public providers offering adult formal training remains relatively low

Percentage of universities and public institutions offering formal courses designed for the purpose of adult education



Source: Ministry of Education, Culture, Sports, Science and Technology, 2016 University Education Reform Survey.

Yet, in spite of these efforts by the Japanese authorities, the number of formal education institutions offering adult learning programmes remains low. One of the reasons for this is linked to the fact that the governmental action has so far overlooked financial issues faced by providers themselves. A 2016 survey administered to universities, junior colleges and technical colleges by the Japanese Ministry of Education, Culture, Sports, Science, and Technology found financial strain to be one of the main causes of the lack of adult learning provision by formal education providers.[8] In particular, 45% of respondents considered specific financial support from the government a necessary condition for the establishment of adult learning programmes. While university tuition fees in Japan are higher than the OECD average, public expenditure on tertiary education as a percentage of GDP in 2017 is 0.6% (the OECD average is 1.2%), making it one of the lowest among OECD countries (OECD, 2020[15]). In addition, in private universities, the promotion of adult learning may not be financially attractive because currently adult learning programmes that do not qualify as regular courses are not eligible for public subsidies. These financial aspects should therefore be taken more into consideration by the public authorities if the role of formal education institutions in the Japanese adult training market wants to be boosted.

In parallel to the low number of adult formal learning programmes, the number of participants remains disappointingly low. As discussed in the previous sections, adults face many barriers when it comes to training participation, many of them related to a lack of time or scheduling difficulties. These issues might even be larger in the case of formal training, which generally has a long duration and focuses on full-time students. Therefore, for adults to be able to participate in formal training, more flexibility needs to be built

into these training programmes. Modularisation of programmes and flexible delivery (part-time, evening courses, distance learning) are crucial for making training more flexible. Moreover, recognition and validation of prior learning can help adults focus on the skills that they do not already have, thereby shortening the duration of the programme. The Finnish VET system described in Box 4.3 has taken such a flexible approach to facilitate access to VET programmes for adults. Similarly, tertiary education in Ireland combines flexible deliver and options for recognition of prior learning to make formal education more accessible for adults (Box 4.4).

Box 4.4. Flexibility in higher education in Ireland

Promoting part-time/flexible programmes in higher education

One of main goals of the Irish National Plan for Equity of Access to Higher Education 2008-13 was to progress the lifelong learning agenda in Ireland through the expansion of part-time/flexible courses. In 2008, when the National Access Plan was published, just 7% of all undergraduates (full-time and part-time) in higher education institutions were participating in part-time courses and a target was set to increase this to 12.5% by 2010. Data gathered for the mid-term review of the National Access Plan showed that participation in part-time higher education reached 14% in 2009-10. A new national plan was introduced for the period 2015-19, renewing its commitment for increasing part-time/flexible course delivery in higher education. A target was set to increase further the share of students in part-time/flexible courses to reach 22% in 2019. The mid-term review published at the end of 2018 noted an increase to 20% in 2017. Actions taken by the government to progress on the target also include an extension of financial support, such as the Student Assistance Fund, to part-time students. In addition, in December 2017, EUR 2 million in funding was allocated to lifelong and flexible learning initiatives in higher education.

Recognition of prior learning for access to and course exemption in higher education

In Ireland, recognition of prior learning (RPL) allows for access, transfer and progression within higher education to take account of any current and relevant knowledge and skills students can demonstrate. This type of recognition can generally be used in four circumstances:

- Access: Prior learning can be recognised to allow access to a higher education programme for students who have not completed the standard required qualification
- Exemption: Prior learning can be recognised to grant exemption from one or more modules in cases where the student can demonstrate having already achieved the learning outcomes for the given module(s).
- Advanced entry: Prior learning can be recognised to allow students advanced entry to a programme of study in cases where the student can demonstrate having already achieved the learning outcomes for all modules of the year(s) for which they are seeking an exemption.
- Full award: Prior learning can be recognised to grant students the award of a degree in cases where the student can demonstrate having already achieved the learning outcomes for the entire programme of study.

There is no set national process for recognising prior learning. Each institution will have its own way of facilitating students who wish to have their prior learning recognised. A national framework for RPL, to be recognised by all higher education institutions, has been set out as an objective in the National Strategy for Higher Education to 2030.

To foster the use of RPL and its further policy development, a RPL Practitioner Network Ireland was set up. This network brings together practitioners working and interested in the area of RPL, and aims to: i) provide a coherent practitioner voice to shape and inform policy development; ii) support the

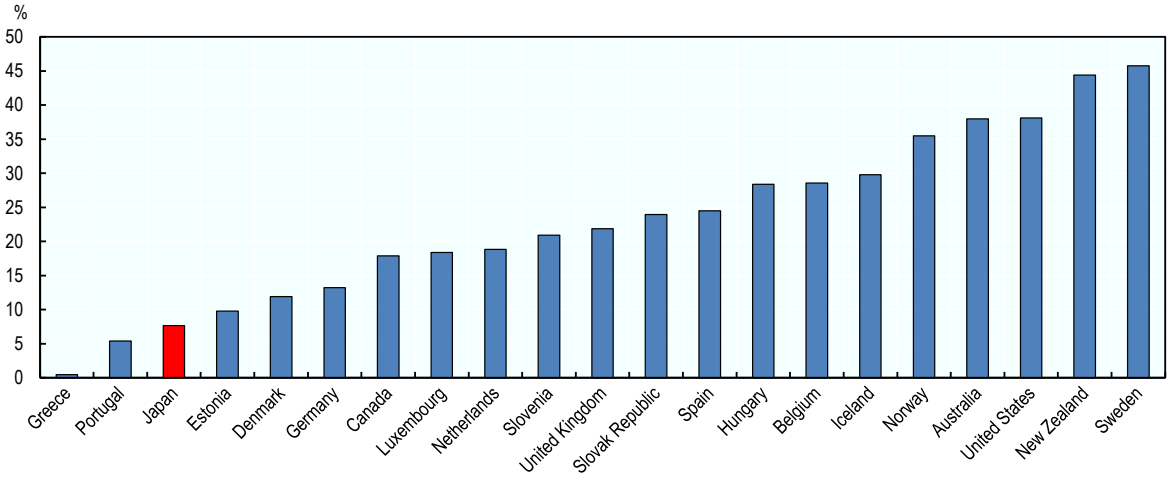
development of a community of practice, providing opportunities to share learning face-to-face, online and through practical sharing of toolkits and resources; and iii) promote good practice, informed by national and international practitioner and policy perspectives.

Source: Higher Education Authority (2019[16]), "Progress Review of the National Access Plan and Priorities to 2021"; Higher Education Authority (2012[17]), "Part-time and flexible higher education in Ireland: Policy, practice and recommendations for the future"; T&L (2017[18]) "Recognition of Prior Learning in Irish Higher Education", https://doi.org/10.6084/m9.figshare.4906709.

In Japan, instead, part-time education remains underutilised. In 2017, less than 8% of students (both young and adult) are enrolled part-time in tertiary education in Japan, in contrast to 38% in countries such as the United States or as high as 46% in Sweden (Figure 4.4).[9] This relatively small proportion is due to the fact that possibilities for part-time training are rather limited in Japan. Universities generally accept part-time enrolment, allowing students to earn credits for courses they have completed. Also public vocational training institutions established by national or prefectural governments, such as polytechnic schools, offer the possibility of part-time study, but mainly to those students who already hold a degree.

Figure 4.4. Part-time education remains underdeveloped in Japan

Share of part-time students in total tertiary education (ISCED2011 levels 5 to 8), 2017

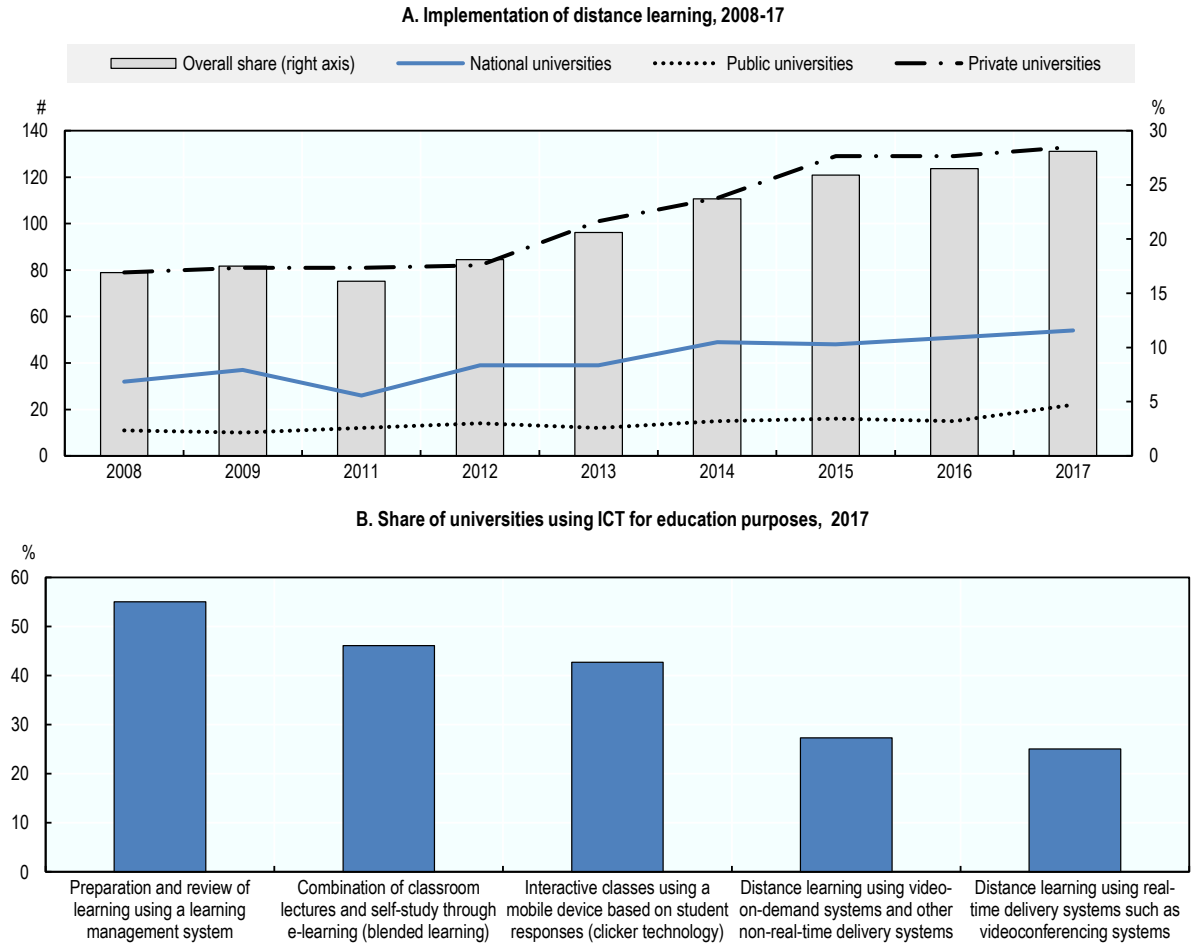


Note: A part-time student is one who is enrolled in an education programme whose intended study load is less than 75% of the normal full-time annual study load.
Source: OECD (2020[19]), "Education at a glance: Enrolment by gender, programme orientation and mode of study", *OECD Education Statistics* (database), https://doi.org/10.1787/1e72e8c8-en.

To reduce training length and facilitate the upskilling of adults, Japan introduced some measures of recognition of prior (formal) learning (for a discussion on the recognition of prior non-formal and informal learning in Japan see Chapter 7, Box 7.2). For instance, universities and public institutions allow former graduates with credits earned at other educational institutions to replace part of course modules with those credits deemed comparable, thereby finishing the programme in a shorter period. "Professional and vocational universities" and "Professional and vocational junior colleges" are also allowed to grant credits to those who have acquired relevant practical skills through working experiences before being admitted to the school. In addition, "professional and vocational universities" and "professional and vocational junior colleges" can even replace a certain period of the academic year with the previous working experience of an individual.

Another way in which Japanese higher education institutions have been offering flexibility is through distance courses. In 2017, 28% of all universities in Japan offered some distance education courses (Panel A of Figure 4.5). This proportion has risen remarkably by 11 percentage points in the past decade only. The type of information and communication technology (ICT) Japanese universities use for educational purposes is shown in Panel B of Figure 4.5. Distance learning using real time delivery systems (such as videoconferencing) is adopted by a fourth of all Japanese universities. Slightly larger (27%) is the proportion of universities offering non-real time delivery systems, most notably videos-on-demand. So-called blended learning – a combination of classroom lectures and self-study or group works through e-learning – is very common, with more than 45% of universities adopting this teaching method. Finally, 55% of surveyed universities prepare and review learning activities using a learning management system, i.e. a software application for the administration, tracking, reporting, and delivery of educational and training courses.

Figure 4.5. Distance learning practices are on the rise in Japan



Note: Due to the Great East Japan Earthquake, the survey was discontinued in 2011 and it therefore does not include information for the fiscal year 2010.
Source: MEXT (2020): https://www.mext.go.jp/content/20200428-mxt_daigakuc03-000006853_1.pdf.

Japan also has one longstanding distance education university, which offers all its courses (fully or partially) online or through other distance delivery channels. The Open University of Japan (OUJ) is an accredited educational institution which aims to provide a wide range of people with higher education opportunities as well as to provide high school graduates with flexible and mobile opportunities to continue their education into universities. On top of that, as a higher education institution taking advantage of the benefits of the academic network, OUJ enhances coordination and cooperation with the existing universities aiming to foster the spread of the latest research outcomes and teaching methods. Programmes are made up of broadcast courses which are delivered through radio, television or the internet, face-to-face courses held at the Study Centres throughout Japan, and online courses (The Open University of Japan, 2019[20]). In 2020, just under 83 000 students attended the Open University of Japan, 69% of them being regular students (i.e. enrolled for graduation with an academic degree) and around 25% being students in non-degree programmes (i.e. students enrolled for only one semester or one year) (The Open University of Japan, 2020[21]). While these initiatives are promising, distance learning courses often suffer from stigma and are less valued by employers. Quality assurance systems are crucial to improve the recognition of qualifications obtained through distance learning and ensuring that distance learners are equipped with the right competences and knowledge required by the labour market. Several OECD countries are putting into place specific quality assurance mechanisms for online training courses and Korea provides a relevant example (see Box 4.5).

Box 4.5. Quality of distance learning in Korea

Korea has a well-developed distance learning system. Today a variety of distance education courses are offered by the Korea National Open University, cyber universities, traditional universities as well as private training providers. The Korean Government has also encouraged the use of its virtual training platform – Smart Training Education Platform (STEP). The STEP platform provides comprehensive information on e-learning programmes and supports the infrastructure to facilitate the operation of training programmes that integrate on/offline courses. Such plethora of available e-learning options explains the wide use of distance learning among adults in Korea, which is also facilitated by other factors such as high internet penetration and a modular learning system that allows individuals to obtain full degrees through online courses.

The spread of distance learning in Korea is also linked to its overall high quality, which is guaranteed by a two-stage quality assurance mechanism comprising both the evaluation of the training provider and a screening of training programmes. The Korean Skills Quality Authority (KSQA) – established in 2015 as the national body dedicated to quality assurance in adult learning – conducts comprehensive evaluation of training providers on their financial soundness, capability to provide training programmes and training performance, and provides accreditation to training providers. The validity of such accreditation is 1, 3 or 5 years, depending on overall performance. Accredited training providers can apply for approval of training courses for jobseekers or employees to receive financial support from the government. KSQA conducts screening of each distance training course in consideration of the direct relevance to workers' job competency, suitability as a distance training course, and adequacy of training contents and methods. The results of the evaluations are summarised in a final grade (A, B, C) that reflects the quality of the e-learning training provider. Better grades give training providers access to more generous government subsidies. Around 20 000 distance training courses are assessed every year by the Korean Skills Quality Authority.

Source: OECD (2020[2]), *Enhancing Training Opportunities in SMEs in Korea*, https://dx.doi.org/10.1787/7aa1c1db-en.

Formal education programmes do not only need to be easily accessible for adults, they also need to be relevant for them. Japan's education system has traditionally focused on equipping students with general skills, while more firm-specific skills are acquired after leaving school through in-company training systems (OECD, 2016[22]). In a recent survey, Japanese employers presented very low satisfaction with graduates' skills, with an average overall score that is 40% lower than the global average (QS, 2019[23]). Japanese employers have particularly low satisfaction with soft skills, such as leadership, creativity and problem-solving. Therefore, the content of the vocational programmes and courses offered by education institutions does not seem to be suited to the needs of adults, as they are generally looking to develop more technical or specific soft skills. In order for programmes to be relevant, they should ideally be developed in close cooperation with social partners to ensure that their content is in line with labour market needs.

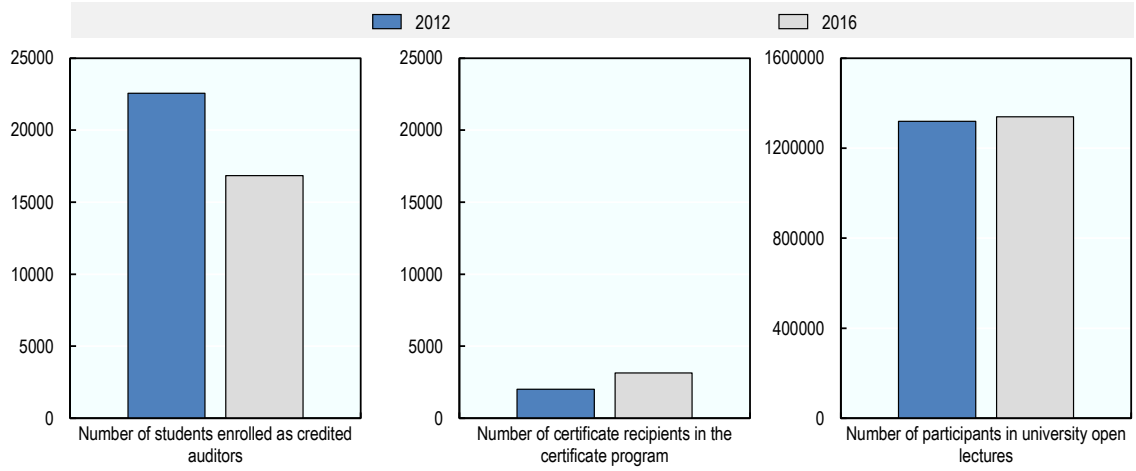
4.2.2. Expanding the role of non-formal training providers

As adults are mostly looking for training opportunities that help them develop skills that are in demand by employers and are delivered in a relatively short time and with sufficient flexibility, formal programmes often do not satisfy their needs. In Japan, as in all other OECD countries, adult predominantly participate in non-formal training. According to the Survey of Adult Skills, organised sessions of on-the-job training, seminars and workshops are the most important forms of non-formal training in Japan. These non-formal training programmes could be delivered by a variety of providers, including employers, private non-formal training providers and public education institutions. European data show that employers and private organisations are the main providers of non-formal training, and only 10% of participants in non-formal training report that this training was provided by a public institution. While similar data are not available for Japan, the Basic Survey of Human Resource Development shows that very few firms use public education institutions to deliver their off-the-job training and very few workers go to formal institutions for their self-development activities.[10] Yet, given the diversification of recruitment and employment patterns in Japan, the increasing mobility of human resources, and the changing nature of training within companies, the role of non-formal programmes in the Japanese adult training market is likely to increase further in the near future.

Non-formal training by formal education institutions

While typically catered towards provision of formal education, Japanese universities and formal education institutions also offer some forms of non-formal training courses. These are non-degree programmes, which can however still lead to a somewhat recognised certification and take three forms in Japan: (1) *Credited Auditors* is a system allowing students to take part-time courses and earn regular credits for only a required portion of regular university programmes; (2) *Certification System for Extension Program* allows universities and vocational training colleges to organize relatively short, systematic educational courses for working adults, and to issue certificates of completion to those who finish them; (3) *Public Lectures* are university lectures open to the public leading to no degree or certificate of completion. Although data on the share of adult learners in each of these programmes are not available, Figure 4.6 shows the overall (young and adult) number of students for every non-formal training provided by formal education institutions. Open lectures are by far the largest category in terms of participants: in 2016 over 1.3 million Japanese attended open lectures in universities, and numbers have remained quite stable since 2012. The credited auditors system saw less than 17 000 enrolled students in 2016, decreasing from 22 500 in 2012. Finally, just over 3 000 individuals received a certificate through the Certification System for Extension Program in 2016.

Figure 4.6. Participation in the non-formal training courses provided by higher education institutions remains limited



Note: Numbers include both young and adult learners.
Source: Ministry of Education, Culture, Sports, Science and Technology "2016 University Education Reform Survey". Ministry of Education, Culture, Sports, Science and Technology "Survey and research on university development that was held in 2017".

In spite of the current somewhat low numbers of participants, formal education institutions would be well placed to organise non-formal training, as they might already have the knowledge and resources to develop and deliver such programmes. This is already the case in several OECD countries (see Box 4.6 for a discussion of the non-formal learning by the public educational system in Singapore and Denmark). As these institutions generally have a well-developed quality assurance system in place, this could be leveraged to ensure that the provided training is of high quality.[11] For example, one of the requirements that higher education institutions need to meet in Japan in order to be accredited for the Certification System for Extension Programs is to have a quality assurance system in place to ensure the high quality of the training provided. Moreover, as the size of the youth population is on the decline in Japan, formal education institutions might see a decline in student numbers and therefore have unused capacity.

Box 4.6. Non-formal adult learning offered by the formal education system in Singapore and Denmark

The NUS Lifelong Learners programme in Singapore

In 2018, the National University of Singapore (NUS) introduced a new lifelong learning initiative, the NUS Lifelong Learners (L^3) programme, to address ever changing skills needs and the rising importance of lifelong learning. The L^3 programme extends the validity of student enrolment to 20 years (starting from undergraduate admission), during which students are automatically eligible for NUS' Continuing Education and Training (CET) courses. The aim of the initiative is to ensure that NUS graduates have ready-access to skills-based, industry-relevant courses necessary to upskill or reskill and to remain competitive in the job market. These courses are guided by the Singapore Government's Industry Transformation Maps, with a focus on emerging skills areas, such as data analytics and cybersecurity. Students may also stack up selected courses into qualifications, such as Graduate Diplomas, or even Bachelor's or Master's Degrees. Modular courses are typically up to 18 weeks in length and intakes are twice a year, while short courses, which are offered all-year round, range from 1 to 5 days, with lessons

conducted either during the day and/or evenings. Course content is largely delivered through blended-learning pedagogies, combining traditional teacher-led classroom instruction with independent student learning outside the classroom (with an intense use of online material).

University Extension courses in Denmark

According to data from the 2016 Adult Education Survey, almost a fifth of all non-formal adult learning in Denmark is provided by the formal, public educational system – one of largest proportion among European countries. In such landscape, an important role is played by *University Extension courses*. The goal of these courses is to disseminate the results of the research produced by higher education institutions to the wider community in the forms of lectures and seminars. Topics cover a wide range, including social sciences and health and natural sciences. The government gives specific grants to cover some of the costs involved in providing the service (such as for lecturers' salaries, travel allowances, and administration). The size of the grant – distributed by the Council for the University Extramural Department (*Folkeuniversitetet*) – is laid down in the annual Appropriations Act and in 2010 was DKK 14.5 million. The University Extramural Department is nationwide with a regional structure consisting of four divisions in the university cities of Copenhagen, Aarhus, Odense and Aalborg, but with over 100 additional university extramural committees scattered throughout the country. Each branch designs its own programmes, and also offers courses relevant to their region. In 2009 there were approximately 95 000 participants in extramural courses.

Source: Danish Ministry of Education (2018[24]), "Non-formal Adult Education", https://eng.uvm.dk/adult-education-and-continuing-training/non-formal-adult-education; National University of Singapore, https://scale.nus.edu.sg/programmes/lifelong-learning (accessed on 10 September 2020).

In the Japanese landscape of non-formal adult learning provided by higher education institutions, a central role is played by polytechnic centres.[12] Established in all prefectures of Japan, this type of institutions offers a standard training of about six month that does not lead to a degree. Typically, the centres provide advanced training in the field of manufacturing (such as metalwork, electrical systems and technology). By law, polytechnic centres can be set up not only by the national government, but also by prefectures and employers, although currently all 46 facilities are set up by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED) on behalf of the national government, and can therefore be considered public educational institutions. A key advantage of this type of public, non-formal learning is that it can respond very quickly to training demands. For example, immediately after the 2011 Great East Japan Earthquake, the national government dispatched instructors from all over the country to the polytechnic centres in the five affected prefectures to carry out additional training.

In an effort to expand the provision of good-quality, online learning opportunities and make them available to a wider audience, a group of Japanese universities set up the Japan Massive Open Online Education Promotion Council (JMOOC) in 2014. The platform brings together 140 free online courses in a wide variety of fields. All programmes that are available on the platform have gone through an initial quality screening by JMOOC. The programmes offer an entire learning process, including viewing lecture videos, getting graded for tests and assignments, and receiving certificates of completion. The platform distinguishes between three categories of courses: i) university-level courses provided by universities; ii) courses provided by technical colleges and vocational schools and courses provided by public research institutions; and iii) courses provided by companies and enterprises. The platform has reached 500 000 enrolments, with most students being highly educated.

To help adults navigate public non-formal education programmes that are relevant for the labour market and adapted to their needs, in 2015 the Ministry of Education, Culture, Sports, Science, and Technology (MEXT) introduced the "Brush Up Program for Professionals" (BP, *Shokugyo Jissenryoku Ikusei Program*). This initiative aims at certifying certain programmes offered by universities or other higher education

institutions, that are recognised by the Japanese Government as well suited to improve the knowledge, abilities, and practical skills of working people in Japan. In particular, in order for courses to be accredited by the BP programme, 8 criteria need to be met:

1. The programme must be a regular course or Certification System for Extension Program of a university, graduate school, junior college or college of technology.
2. The programme must clearly define and publicize the types of jobs covered and the abilities that can be acquired through the course.
3. The curriculum must be suitable to acquire knowledge, technology and skills necessary for the target profession.
4. Classes using two or more of the following pedagogical methods must account for at least a certain number of hours (50% or more as a guide) of total class time:
    a. Classes given by practicing teachers or practitioners (generally 5 years or more of practical experience in the major);
    b. Interactive or multi-directional discussions (issue discovery and solution-oriented learning, workshops, etc.);
    c. Hands-on activities (internship, study abroad, field study, etc.);
    d. Classes in collaboration with companies (fieldwork with companies, etc.).
5. Students' grades must be evaluated.
6. Self-assessments and evaluations must be performed, and their results (in terms of employment status of graduates, skills acquired, etc.) published.
7. The programme must have a system to systematically incorporate the opinions of companies in related fields in the formulation of the course.
8. The programme must develop ways to make it easier for working people to take courses (weekend/evening courses, intensive courses, IT utilisation, etc.).

As of May 2020, 282 courses were offered under the BP programme. Some accredited courses may also be eligible for Training benefit, depending on the university's application: in 2019, over a third of the courses under the BP programme were eligible for benefits.

The importance of quality assurance of non-formal training by private providers

Private providers of non-formal adult learning are more flexible and can more easily adapt to the learners' needs in terms of organisation and content of the training than public and formal education institutions. For example, given their non-degree nature, non-formal training courses by private providers can be more easily split in smaller, less intensive modules depending on the expertise of the learners, which can then be offered at times more practical for working adults to attend, such as at evening or weekends. Compared to universities and other large public educational institutions, private providers can also deploy services more quickly where demand for training emerges. For instance, it might be more cost-effective for private training centres to serve rural and less densely populated areas where public higher education institutions are not present. Non-formal, short training programmes have also proved fundamental during the COVID-19 crisis to address immediate demand pressures. Indeed, in the aftermath of the crisis, many OECD countries – such as France and the United States – quickly developed short training programmes to upskill health and medical professionals in knowledge related to pandemic response or to equip displaced workers with the basic skills required to temporarily fill roles in essential services (OECD, 2020[25]).

However, for training to be effective, it must be of good quality, and authorities often find it harder to ensure high quality levels of non-formal training in the private sector. In fact, while by its own definition all formal, public adult education is subject to quality controls by the national government, quality assurance

mechanisms for non-formal, private providers are very scarce. As stressed by OECD (2021[26]), numerous reasons lie behind the difficulty of policy makers to ensure quality of non-formal adult training. First, quality assurance mechanisms usually require important financial and human capital investments that private providers may not be able to undertake. Second, contrary to public education institutions, private organisations often tend to shy away from bureaucracy. Third, the non-formal private market is commonly formed by numerous, small providers which are very diverse between themselves, making the assurance of a harmonised level of quality for the whole sector difficult.

In spite of these challenges, in the past few years the demand for accountability in the education sector has gradually increased and OECD countries are multiplying efforts towards the establishment of quality assurance mechanisms for non-formal adult learning. In the plethora of quality assurance mechanisms used throughout the OECD area, it is possible to identify two prevailing tools (OECD, 2021[26]). On the one hand, many countries – such as Austria, France and Switzerland – adopted quality certificates and labels. By imposing minimum requirements that training providers need to fulfil in order to be certified, quality certificates and labels guarantee a standard, homogenous level of quality of services. On the other hand, evaluations – done either by providers themselves or by external bodies – are also common, as in Norway and Slovenia. Their aim is to assess the current quality of training against the ultimate goal of setting up a plan to improve it in the near future.

The Japanese experience lies in-between the two approaches. At the end of 2011, the Japanese Ministry of Health, Labor and Welfare issued a series of non-mandatory guidelines to ensure and improve the quality of services and management of private, non-formal training providers. The guidelines have been developed in accordance with the international standard ISO 29990, and are divided into two parts: (1) the first part deals with vocational training services and describes the identification of training needs, service design, implementation, monitoring and evaluation of service; and (2) the second part concerns the management of private education and training institutions, and it describes the establishment of management systems, business strategy and planning, financial management and human resources management. The guidelines also include examples of service quality improvement practices and self-assessment tables to help private providers improve the quality of their own services.[13]

Since 2018, private education and training institutions that are actively following the Ministry's guidelines can also apply for a certification, which guarantees that providers meet the guidelines' requirements and henceforth ensures the good quality of their vocational training services.[14] The benefits of obtaining the quality certification for providers include the possibility to be awarded extra points when applying to tenders for publicly-funded training opportunities in certain prefectures, as well as the right to use the quality label on communication materials (signboards, leaflets, business cards and websites) as a proof of the training quality. As it is typical the case for all quality labels in the OECD area, the certification does not guarantee the permanent conformity to the guidelines, but it remains valid only for three years.

The organisation entrusted with managing the quality certification is the Japan Association for Management of Training and Education (JAMOTE). The application process is composed by different phases:

1. *Application*: Private training providers meeting the quality guidelines and satisfying ten additional organisational requirements submit their application package to a certifying body.[15] Providers can choose their preferred certifying body among a list of organisations accredited by the Ministry of Health, Labor and Welfare, each of which has its own characteristics, although the examination contents and procedures remain the same for all.
2. *Examination*: The certifying body performs a desk check of the application documents, and conducts an on-site inspection in the provider's premises. Through these examinations, it is determined whether the provider meets the quality guidelines or not.
3. *Report*: The certifying body reports the results of the examination (conformity/nonconformity) to the Certification Committee.

4. *Certification*: The Certification Committee communicates the examination results, and, in case of conformity, gives the official certificate to the provider.

Since its inception, 20 private providers have been certified in 2018, and additional 14 providers have been approved in 2019.[16] Although the total number of private providers of adult training in Japan is not known, it is reasonable to consider the proportion of providers receiving the national quality certification to be very low. Increasing the number of private providers with the quality certification should be a priority for public authorities. In fact, quality certificates have numerous advantages benefitting everybody involved in adult learning: they ensure that the investments the government and the learners themselves make in training provide good value for money; they build trust in the adult training system and create a virtuous quality culture; they are a tangible marker of prestige and credibility for providers, helping them stand out in a crowed training market.

To increase the take-up rate of the quality certification, a possibility would be to make the certificate mandatory to access public funds or to operate public training. This type of approach – commonly called "regulatory approach to quality assurance" – is widely used in many European countries, such as Austria (with the *Ö-Cert* label) and Switzerland (with the *eduQua* certification), and has recently been adopted by Korea (see Box 4.7). Acknowledging the direct benefits of certificates on the overall quality of adult training provision, some OECD countries which did not initially have a compulsory quality assurance systems are now gradually moving towards a regulatory approach. For instance, France's quality certificate for adult training providers *Qualiopi* will become mandatory to access public funds in 2022. Similarly, in spite of being voluntary for almost two decades, Slovenia's quality assurance system became mandatory for all adult learning providers in 2018.

Since the creation of the quality assurance guidelines in 2011, the Japanese Government has also realised the importance of linking the guidelines to some kind of incentives, announcing that from 2021 private providers will be required to have participated in informative sessions to learn about the guidelines within five years of being assigned training programmes sponsored by prefectural governments. While being a step forward, the guidelines (and their certificate) *per se* will still not have any enforcement power, given that the obligation would involve only participating to informative sessions and not hold the quality certificate itself. As such, in the next few years the Japanese Government may want to increase the incentives for training providers to apply for the quality certification and make the certificate mandatory to access public funds.

Another reason behind the disappointing number of quality certificates issued in Japan may lie in its cost. In fact, the examination and certification fee for the Japanese quality certificate is approximately JPY 400-500 000 (excluding tax), or around EUR 4 000. In addition, variable travel expenses for on-site examinations are also charged to providers. Overall, this turns out to be quite expensive compared to quality labels for adult learning in other OECD countries. For example, the *Qualiopi* label in France costs about EUR 1 500, the *NRTO* quality label in the Netherlands is EUR 900, while the Austrian *Ö-Cert* label is as cheap as EUR 100. Japanese providers themselves are not sure about the usefulness of the JAMOTE certification given its cost: in a recent survey, only 11% of certified providers stated that the advantages of acquiring the label were worth the cost.[17] Prices of quality certificates are important for the take-up rate of the tool, especially for small training providers that do not have considerable financial resources.

Publicising information about training

Another key obstacle limiting the expansion of the non-formal private training sector in Japan is that prospective adult learners lack information about available courses and their quality. This would be especially problematic in rural areas which are outside the reach of providers' marketing campaigns, and may harm particularly smaller providers, which are less visible. In particular, information about the quality of the training is hard to disseminate, and some adults may be discouraged to participate in training exactly because they cannot easily grasp which providers are worthy of their time and money.

To tackle asymmetries of information, many OECD countries have created specific online platforms with details on existing training programmes in order to help individuals, employers and institutions make informed adult learning decisions. For example, Australia's national directory of vocational education and training providers and courses, *MySkills* (www.myskills.gov.au), allows users to search VET qualifications by industry and access information about average course fees, course duration, available subsidies and average employment outcomes. In France, the list of good-quality training providers is available in the *DataDock* online database (https://www.data-dock.fr). In Korea, information on all subsidised training programmes and their quality is published in the *HRD-net* portal (http://www.hrd.go.kr) – see Box 4.7 for more details.

In 2018, the Japanese Ministry of Education, Culture, Sports, Science and Technology also launched a portal site – *Manapass* (https://manapass.jp) – aimed at encouraging participation in adult learning. As of February 2020, 4 352 courses were registered in *Manapass*. However, the platform focuses mostly on programmes provided by public higher education institutions (with few exceptions). By contrast, the Ministry of Health, Labour and Welfare hosts a separate website which lists all courses that are eligible for Training benefits, thereby partially including also some non-formal private training opportunities.[18] Additional career guidance portals – such as the Hello Work website, the Job Card website, and the newly launched Occupational Information website – exist, each providing information on a subset of training programmes (these career guidance websites are carefully detailed in Chapter 7).

It would therefore be important for the Japanese authorities to create a unique, one-stop shop online platform that prospective adult learners can easily access to have an overview of all adult training possibilities, including both formal and non-formal courses. Information on the quality of the providers should also be disseminated to encourage the expansion of the Japanese training market towards more effective adult learning practices.

Box 4.7. Quality assurance in the Korean adult training market

The Korean Skills Quality Authority (KSQA), established in April 2015 under the responsibility of the Ministry of Employment and Labor, is the national body dedicated to quality assurance in the adult learning sector (excluding firms' in-house training). Its main role is to deliver accreditations to training providers, assess their effectiveness and quality, and detect fraudulent practices. After a thorough assessment of a provider's training outcomes (such as completion rates, satisfaction surveys) and of the adequacy of on-site operations and facilities (such as trainers, facilities and equipment), KSQA provides a score (up to 100 points) that reflects the organisation's overall performance. If the training provider receives a score above 60, accreditation is granted. The KSQA accreditation is valid for a period of 1, 3 or 5 years, depending on overall performance. In 2018, 26% of training providers were not given/renewed accreditation because they did not meet minimum quality criteria; 1-year accreditation was granted to 63% of the training providers assessed, 3-year accreditation was given to 10%, and 5-year accreditation was given to less than 1%.

Training providers that do not successfully obtain accreditation are not entitled to receive any government financial support. The results of KSQA assessments and evaluations are also publicly available on *HRD-net*, a website administered by the Ministry containing a wealth of information on all subsidised training programmes. As of today, for each training provider/training course, HRD-net includes information on completion rates, satisfaction of participants, and acquisition of units of competences based on the National Competency Standards. By allowing individuals and employers to have access to relevant and up-to-date information on the quality of different training providers, the KSQA helps users to make informed choices about which training to invest in. Indirectly, this also creates a virtuous circle of competition among training providers that drives quality up.

Source: OECD (2020[2]), *Enhancing Training Opportunities in SMEs in Korea*, https://dx.doi.org/10.1787/7aa1c1db-en.

Policy recommendations

Reducing barriers to training

Challenge: Very few employers grant education and training leave to their employees.

- Express the minimum training duration requirements for government subsidies for paid education and training leave in terms of hours to increase flexibility, and provide subsidies by hour of paid training leave.
- Provide more generous subsidies for paid education and training leave for training that develops in-demand skills. This is especially important for long-term leave that can help workers re-skill to prepare for structural changes.
- Support SMEs to hire replacement workers for employees who are on long-term education and training leave. This can be done by providing subsidies to hire jobseekers through Hello Work, or by facilitating job rotation between SMEs and large firms within the same industry.
- Clarify the difference between the three types of education and training leaves under the Human Resources Development Promotion Act, as well as the associated responsibilities for employers and workers. Provide clear information to employers about the relevant available government subsidies and the conditions under which they can be used.
- Raise awareness about the options for paid and unpaid education and training leave among workers. This can be done in cooperation with the social partners.
- Encourage social partners to include provisions for education and training leave in their collective agreements, since offering education and training leaves is not mandatory for employers. These provisions should be precisely defined to make it easier for employers to adopt them and should be communicated actively among workers.

Challenge: Training is often too long or takes place at inconvenient times or places.

- Ensure that government-provided training is organised in a modular way, allows for distance learning when appropriate, and can also take place on evenings and weekends.
- Encourage private providers to increase flexibility in operating hours and provide distance learning options. For public vocational training delivered by private providers, the financial incentives allocated by the government to the providers can be made conditional on the availability of flexible training options.
- Provide basic digital skills programme to support adults who struggle with the use of digital tools.
- Develop a fully-fledged system of recognition of prior learning that allows adults to obtain qualifications or part-qualifications based on the skills that they have acquired through non-formal and informal learning.

Expanding the Japanese adult learning market

Challenge: Very few adults participate in training programmes offered by external (public or private) providers.

- Monitor more systematically participation in adult learning programmes to fully understand the training market coverage. So far, data on the absolute and relative numbers of participants by training provider are scarce and scattered, limiting the possibility to draw more targeted policy formulations.

- Provide financial support to formal education institutions in order to establish or expand their adult learning offering, as financial strain is currently seen by providers themselves as one of the main causes of the lack of provision of adult training programmes.
- Ensure that the content of formal vocational courses meet the needs of adults. In order for programme contents to be relevant to labour market needs, close cooperation with the social partners should be fostered.
- Sustain the expansion of quality assurance mechanisms in the non-formal, private training sector to ensure that investments in training provide value for money.
- Increase private providers' incentives to comply with the quality guidelines issued by the Ministry of Health, Labour and Welfare in 2011. This could be achieved by requiring all providers wanting to access public funds to have the national quality certification by JAMOTE. Lowering the cost of the certification may also increase take-up rates.
- Create a one-stop shop online platform with information on all available adult training courses (both formal and non-formal) and their quality to help prospective learners navigate training options.

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Annex 4.A. Additional tables and figures

Annex Table 4.A.1. The link between personal and work characteristics and training barriers

Marginal effects after multinomial logistic regression (dependent variable: Reason for not participating in (more) training, despite having interest in doing so)

	Lack of pre-requisites	Lack of finances	Lack of employer support	Too busy at work	Inconvenient time/place	Family responsibilities	Unexpected events	Other
Panel A: All adults								
Training participation (reference group: Did not participate in training)								
Trained	-0.008	-0.005	0.007*	0.057*	0.048	-0.060**	0.010	-0.049**
Gender (reference group: male)								
Female	-0.028	0.027	-0.008	-0.153***	-0.033	0.186***	0.005	0.004
Age (reference group: 16-34)								
35-54	-0.001	-0.012	-0.017	0.070*	0.052	-0.101***	0.000	0.009
55-65	0.004	-0.054**	-0.014	0.145***	0.091**	-0.236***	-0.001	0.065**
Education (Reference group: at most upper-secondary or post-secondary non-tertiary)								
Tertiary	-0.043**	-0.022	-0.002	-0.009	0.044	0.074***	-0.010	-0.031*
Labour market status (reference group: Employed)								
Not employed	0.060*	-0.006	-0.007**	-0.360***	0.111**	0.143***	0.009	0.050*
Children (reference group: None)								
One or more	-0.008	-0.068***	0.005	-0.120***	-0.045	0.279***	-0.009	-0.035
Health status (reference group: Good, very good or excellent)								
Fair or poor	-0.011	0.020	-0.001	0.005	-0.015	-0.035	-0.006	0.043**
Panel B: Employed adults								
	Lack of pre-requisites	Lack of finances	Lack of employer support	Too busy at work	Inconvenient time or place	Family responsibilities	Unexpected events	Other
Training participation (reference group: Did not participate in training)								
Trained	-0.017	-0.013	0.009*	0.029	0.044	-0.021	0.012*	-0.043**
Gender (reference group: male)								
Female	-0.035*	0.026	-0.009	-0.078**	-0.059*	0.153***	-0.001	0.002
Age (reference group: 16-34)								
35-54	-0.003	-0.038	-0.020	0.085**	0.060	-0.078**	0.003	-0.008
55-65	-0.016	-0.071**	-0.016	0.214***	0.059	-0.189***	-0.004	0.024
Education (Reference group: at most upper-secondary or post-secondary non-tertiary)								
Tertiary	-0.044**	-0.010	-0.003	-0.050	0.055*	0.059***	-0.007	-0.001
Contract type (reference group: permanent)								
Temporary	0.016	0.048*	-0.001	-0.042	0.016	-0.024	0.005	-0.020
Working time (reference group: full-time)								
Part-time	0.018	0.030	-0.003	-0.262***	0.117**	0.069**	0.005	0.025
Children (reference group: None)								
One or more	-0.007	-0.053**	0.006	-0.132***	-0.032	0.221***	-0.011	0.008
Health status (reference group: Good, very good or excellent)								
Fair or poor	-0.005	0.033	-0.001	-0.001	-0.038	-0.032	0.001	0.043**

Note: The regression in Panel A is based on 923 observations, the regression in Panel B on 785 observations. Only includes adults who say that there were (more) learning activities they wanted to participate in but did. Temporary also includes workers without a contract and apprentices. *** Significant at the 1% level, ** 5% level, * 10% level. The share of the sample reporting each of the reasons is shown in the headings of the table.

Source: Authors' calculations using the Survey of Adult Skills (PIAAC).

Notes

[1] This includes those who participated in training but report that there is a learning activity that they wanted to participate in and were unable to participate in.

[2] The wage subsidy can be granted for at most 150 days per year, and is limited to one employee per firm in firms with less than 100 employees and two employees in larger firms.

[3] Only part-time workers who are covered by employment insurance, have a permanent contract and have the same working conditions as regular employee (e.g. hourly basic salary, bonus payment, retirement benefits) can benefit from the education and training leave subsidies.

[4] Formal training provision in Japan leads to a degree or recognised qualification that is taken up in the National Educational classification (a typical example is the Master of Business Administration).

[5] Early Graduation is a system allowing students to graduate from higher education courses in a shorter time than what is typically the programme duration, conditional on excellent grades.

[6] The Long-Term Study System aims to expand the learning opportunities of people who want to study while engaging in work by allowing the systematic study of curricula for periods that exceed the standard enrolment terms. For an overview of the system, see: https://www.ues.tmu.ac.jp/2019_pdf/chokirishunitsuite_en.pdf.

[7] The Credit Accumulation System is a system in which credits acquired at multiple tertiary education institutions can be accumulated, and lead to a recognised degree (OECD, 2006[28]).

[8] https://www.mext.go.jp/a_menu/koutou/itaku/__icsFiles/afieldfile/2016/06/02/1371459_01.pdf.

[9] This is also confirmed when looking at the share of part-time students within tertiary education programmes, which is much lower in Japan than the OECD average. Only 3% of students in short-cycle tertiary programmes, 7% of students in master's programmes and 9% of students in bachelor's and doctoral programmes are enrolled on a part-time basis in Japan, while these shares range between 16% (bachelor's programmes) and 26% (short-cycle tertiary programmes) on average across OECD countries (OECD, 2019[27]).

[10] These data do not allow to distinguish between formal and non-formal training, but the low overall share of employers and workers using formal education institutions for training shows that both formal training and the use of formal education institutions for non-formal training is low.

[11] Under School Education Act and Private schools Act, higher education institutions, both public and private, have to meet the Standards for Establishment of Universities to operate. The Standards for Establishment of Universities stipulates standards for curricula, teacher organisation, facilities and financial status. In order to continuously ensure high standards of quality, all higher education institutions, both public and private, are now required to regularly go through quality assurance assessments conducted by an independent accreditation organisations that are certified by the Ministry of Education.

[12] Polytechnic centres should not be confused with polytechnic colleges. In fact, training in polytechnic colleges has a much longer duration, between 2 and 4 years. Moreover, courses attended in polytechnic colleges do not provide a degree as stipulated in the School Education Law of the Ministry of Education, but upon completion of the course students can be awarded the title of "Assistant Technician", which is

similar to a university degree. Therefore, unlike polytechnic centres, training in polytechnic colleges can be defined as a typology of formal education in a broad sense.

[13] The full text of the guidelines are available in Japanese at: https://www.mhlw.go.jp/content/11800000/000563676.pdf.

[14] It is however important to note that the certificate only ensures the good quality of the designated courses submitted at the time of the application, and it does not certify that all vocational training services offered by the provider meet the guidelines.

[15] The list of the 10 organisational requirements can be found at: https://www.minkan-guideline-tekigo.info/guide/index.html.

[16] The full list of certified training providers in Japan is available at: https://www.minkan-guideline-tekigo.info/certification/index.html. For simple comparative purposes, it interesting to note that 460 adult learning providers have the *Ö-Cert* label in Austria and 1 000 providers have the *eduQua* certification in Switzerland.

[17] https://www.mhlw.go.jp/content/11801000/000587056.pdf.

[18] https://www.kyufu.mhlw.go.jp/kensaku/SSR/SSR101Scr02S/SSR101Scr02SInit.form.

5 Making adult learning more inclusive

This chapter examines inequalities in access to adult learning opportunities in Japan. In particular, it focuses on the training participation of certain disadvantaged groups, such as non-regular workers, older workers and workers in SMEs. To address the shortcomings of the Japanese adult learning system in terms of inclusiveness, adult learning policies that targeted underrepresented groups are discussed, drawing from the experiences of numerous OECD countries.

In Brief

Adult learning must be more inclusive in Japan

Access to adult learning opportunities in Japan is highly unequal, with certain groups of adults having particularly low participation in training opportunities. Under the Japanese employment practice of lifetime employment, full-time employees are typically provided with skills development opportunities through on-the-job training within the firm. However, other groups receive less training opportunities.

For instance, non-regular workers are much less likely to benefit from employer-supported training, and they have limited access to many of the support measures provided by the government (e.g. subsidies). Older workers are less likely to participate in training than their younger colleagues, even when employed as regular workers, and workers in SMEs are less likely to participate in training than workers in larger firms. Targeted measures that take the specific barriers for these workers and their employers into account are needed to increase the inclusiveness of the Japanese adult learning system.

5.1. Making adult learning more inclusive

Participation in training differs substantially between various groups of adults. OECD (2019[1]) showed that in all OECD countries, low-skill adults participate less in formal or non-formal job-related training than higher-skilled adults, and older adults participate less than prime age adults. Unemployed adults also have lower access to adult learning opportunities than employed adults in many OECD countries, and among employed adults those who work in SMEs generally have lower access to training than those working in large firms. Moreover, non-standard workers, including self-employed, temporary employees and part-time workers, are found to have lower training participation than full-time permanent workers across OECD countries (OECD, 2019[2]).

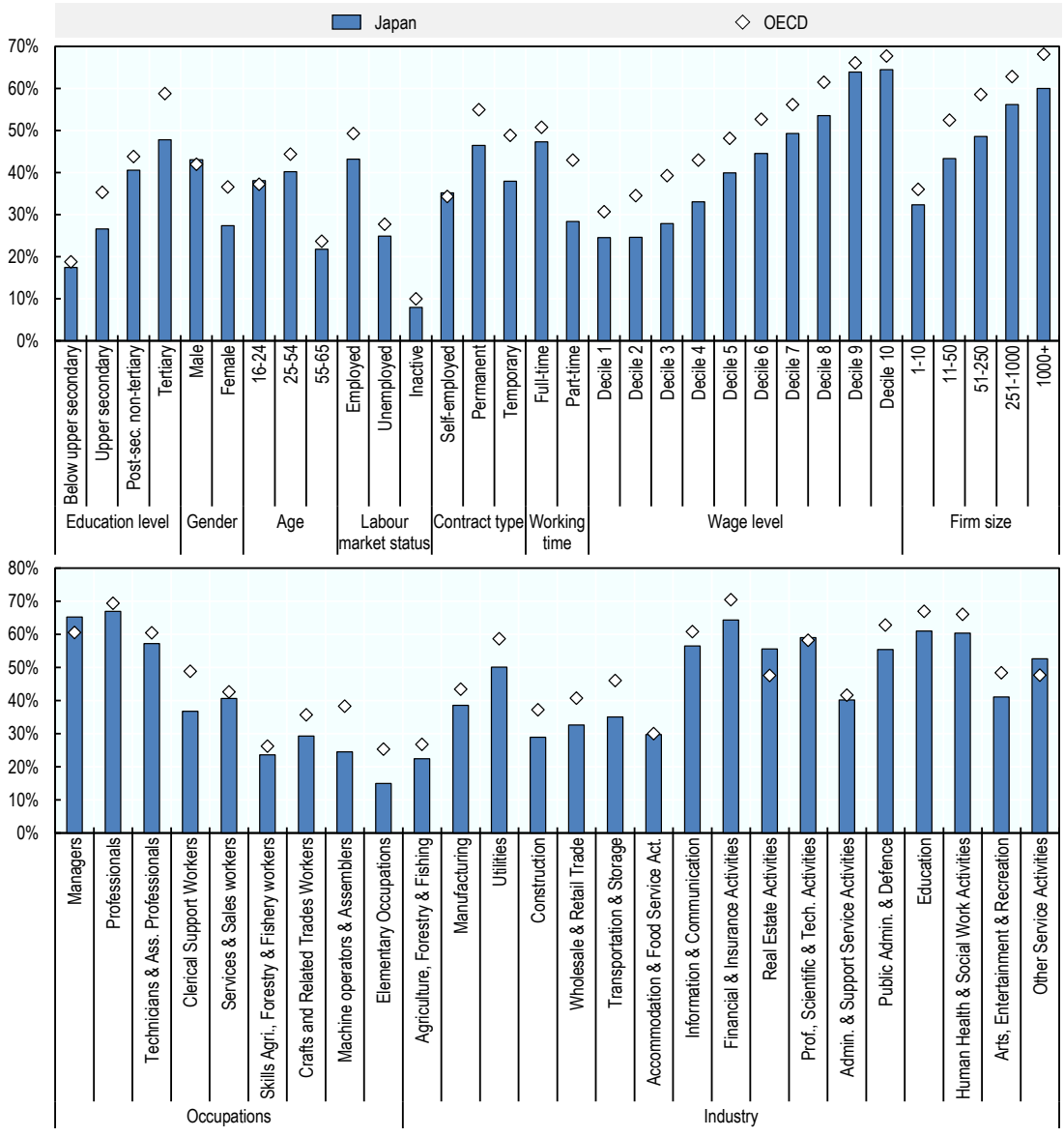
As shown in Figure 5.1, participation in adult learning increases with education level in Japan, with adults with tertiary education qualifications having a participation rate that is 30 percentage points higher than among adults without an upper-secondary education degree. Women are much less likely to participate in training than men, and this gap is larger in Japan than on average across OECD countries. Older adults participate less in training than prime age adults in Japan, and this is consistent with what is observed across OECD countries. Unemployed and inactive adults have much lower participation in training than employed adults, but there are also substantial inequalities in training access among employed adults. Permanent employees in Japan have higher participation rates in training than temporary employees and self-employed workers. The gap between permanent and temporary employees is larger in Japan than on average in OECD countries, but the gap between self-employed workers and permanent employees is smaller. Part-time workers are much less likely to train than full-time workers, and the gap is substantially larger in Japan than on average across OECD countries. Finally, training participation increases with wage level and with firm size, both in Japan and on average in OECD countries. The difference in training participation between micro-firms and small firms is smaller in Japan than on average across OECD countries.

Training participation is highest among managers and professionals and technicians and associate professionals in Japan. In these high-skill occupations, training rates in Japan are similar to the OECD average. Participation is lowest among elementary workers, agricultural workers, and plant and machine

operators and assemblers. The difference between Japan and the OECD average is largest for clerical support workers, elementary workers, and plant and machine operators and assemblers. At the industry level, the highest training participation rates are found in Japan in the finance and insurance sector, the education sector, and the human health and social work sector. Training is least common in the agricultural sector, construction sector and accommodation and food services sector. Japanese workers in the construction, transport and storage, and wholesale and retail sectors have substantially lower participation rates than the OECD average, while participation rates are above average in Japan in the real estate sector.

Figure 5.1. Access to training is highly unequal

Share of adults participating in formal or non-formal job-related training



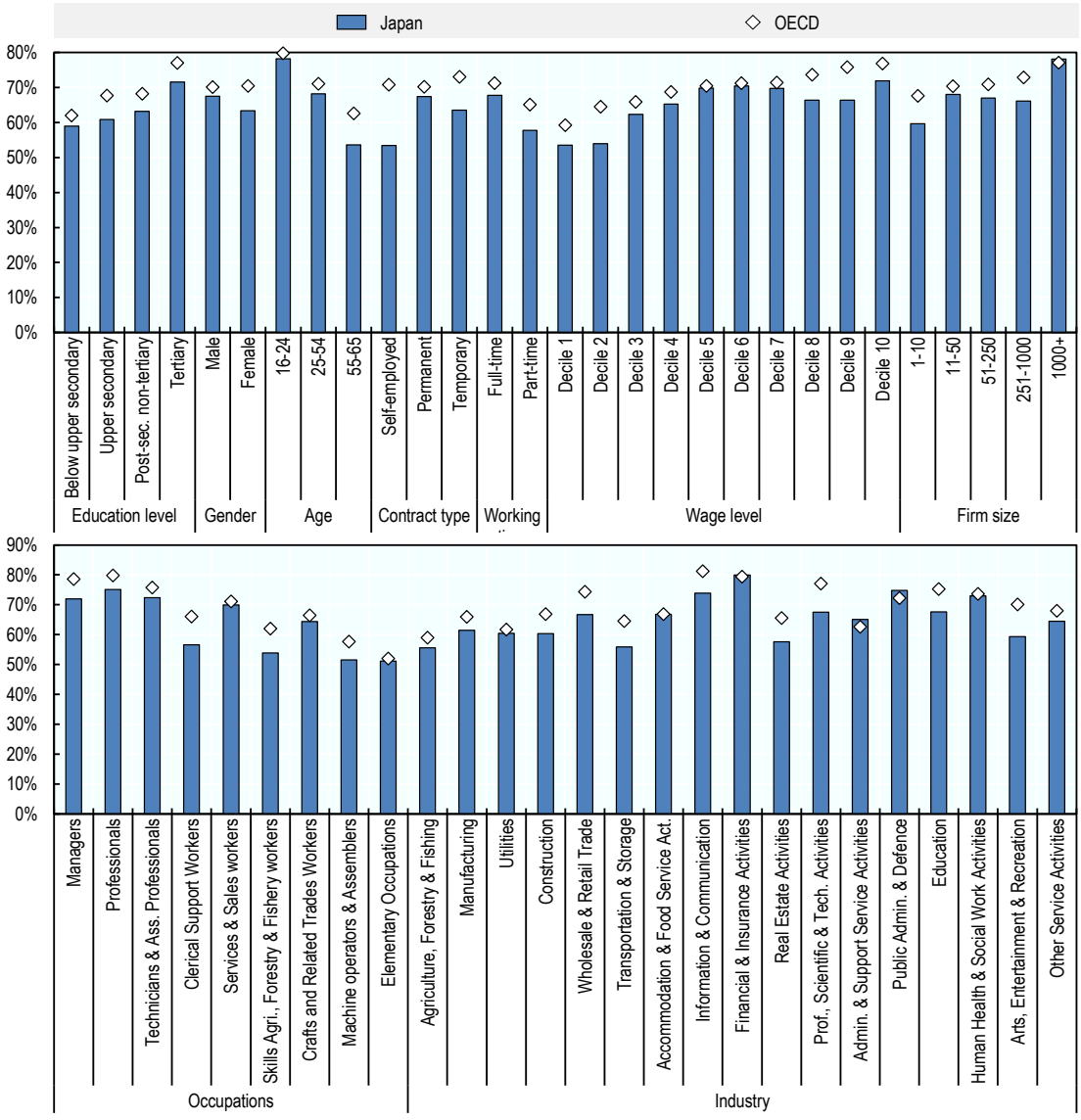
Note: Participation in formal and non-formal training refers to the 12-month period before the interview.
Source: Survey of Adult Skills (PIAAC).

Using econometric analysis to isolate the relationship between training participation and individual work and socio-demographic characteristics, shows that women are significantly less likely to train, and this effect is substantially larger in Japan than on average in OECD countries (see Annex Table 5.A.1). In addition, older adults are less likely to train than younger ones, and again this relationship between age and training participation is found to be stronger in Japan than on average across OECD countries. This shows that women and older adults have low access to training in Japan, even when compared to men and younger adults with similar employment status, skill and education levels, health status, willingness to learn and other socio-demographic factors. When looking at employed adults only and further controlling for work characteristics (including occupation and industry, see Annex Table 5.A.2), the difference between men and women disappears in Japan, while it remains significant on average across OECD countries. This shows that gender differences in training participation in Japan are fully due to women working in occupations and sectors that have lower access to training. In a similar vein, also lower educated individuals present lower rates of training participation, but controlling for their work characteristics removes the statistical significance of such gap, stressing again that industries and occupations play a key role in shaping participation rates. The gap between older and younger workers remains larger in Japan than the OECD average. Interestingly, temporary workers in Japan are found to have a higher probability to train than permanent workers when controlling for these other factors (while on average in OECD countries they are less likely to train). By contrast, part-time workers are found to participate less in training than full-time workers in similar jobs, and the difference is larger in Japan than on average in OECD countries. Finally, training participation in Japan increases with firm size.

Differences between the groups shown in Figure 5.1 are much smaller for informal learning, but similar patterns can be observed. Older workers in Japan are less engaged in informal learning at work than their younger colleagues, and self-employed workers are less engaged in these learning activities than employees. Informal learning is less common in smaller firms than in larger firms. The differences between groups observed in Japan are broadly similar to those found on average across OECD countries, with the exception of the difference between self-employed and employees (which have roughly the same informal learning rate on average). The differences between age groups and firm sizes remain significant when controlling for other personal and work characteristics.

Figure 5.2. Engagement in informal learning

Share of workers engaged in informal learning activities at least once a week



Note: Informal learning is defined as engaging at least once a week in one or more of the following activities: learning from others, learning by doing, keeping up-to-date with new products and services.
Source: Survey of Adult Skills (PIAAC).

5.2. Increasing the participation in training of non-regular workers

Training participation is substantially lower among non-regular workers in Japan than among regular workers. The gap is particularly large between full-time and part-time workers, and exists for both formal and non-formal training and for informal learning. This is in line with findings from OECD (2019[2]), that showed that atypical workers, and especially part-time and self-employed workers, are less likely to participate in training across OECD countries. As the group of non-regular workers is predominantly made up of women and older workers, this implies that there are substantial gender and age gaps in access to training.

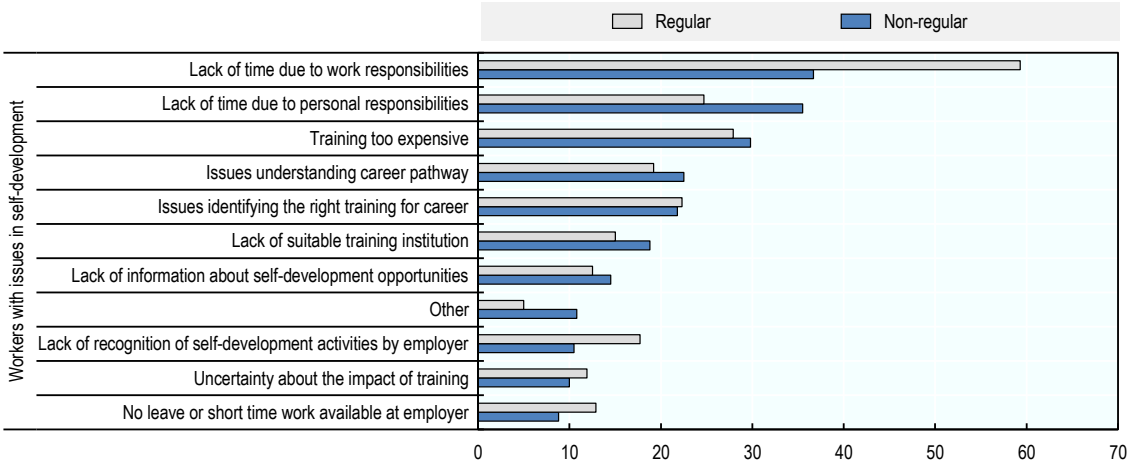
Employers provide fewer training opportunities to non-regular workers than to regular workers in Japan. According to the Basic Survey of Human Resource Development, 76% of firms provided off-the-job training to their regular workers, but only 40% of them provided this type of training to their non-regular workers. Similarly, while 63% of employers provide planned on-the-job training to their regular workers, only 28% do so for their non-regular workers. The evolution of participation in the last 10 years has been roughly the same for both groups of workers, with on-the-job training provision staying roughly stable and off-the-job training increasing slightly. The gap between regular and non-regular workers is larger in SMEs than in large firms. The difference is largest in the information and communication sector, and in the construction sector, and is smallest in the medical, health and welfare sector and in the sector that groups postal services and activities of cooperative associations. Among those workers who participate in off-the-job training, training hours are substantially shorter for non-regular than for regular workers. When asking employers whether the responsibility for skills development should lie with them or with the worker, 77% replied it should be fully or mainly the employer's responsibility in the case of regular workers, but only 66% in the case of non-regular workers. Hence, employers feel lower responsibility for the skills development of their non-regular workers than their regular workers.

In addition to having lower access to employer-provided training, non-regular workers are also less likely to engage in job-related self-development activities. In 2017, 45% of regular workers participated in self-development activities, while only 19% of non-regular workers did so. Regarding the type of self-development activities, non-regular workers who engaged in self-development are more likely than regular workers to report self-study activities (e.g. reading technical manuals, consulting the internet) (54% versus 51%), but they are substantially less likely to participate in more organised forms of training (e.g. internal and external study groups, seminars). By contrast, they are slightly more likely to participate in certain forms of formal training, i.e. participating in special training school, college, university and graduate courses, but the share of workers in this type of training remains very low (4.4% of non-regular workers who engaged in self-development participated in courses in special training schools, and 2.9% in college, university and graduate courses). Employers are less likely to support the self-development of their non-regular employees: only 55% of employers say they provide support for self-development to non-regular employees, compared to 83% to regular employees. Employers are especially less likely to provide financial support for self-development to non-regular workers.

Many workers report having issues related to engagement in self-development activities. This is the case for 80% of regular workers and 70.5% of non-regular workers. However, the issues faced by both types of workers are fairly different, see Figure 5.3. While the main issue identified by both groups of workers is a lack of time due to work responsibilities, this is reported much less frequently by non-regular worker than by regular workers. The second most important issue for non-regular workers is a lack of time due to family responsibilities, and they are more likely to report this issue than regular workers. Non-regular workers are also slightly more likely to report that training is too expensive, that they have issues in understanding their career pathway, that there is a lack of suitable training institutions, and that there is not enough information about self-development opportunities.

Figure 5.3. Non-regular works face different issues with regards to self-development than regular workers

Percentage of workers



Note: Excludes firms with less than 30 employees. Refers to financial year 2017.
Source: Basic Survey of Human Resource Development (2018).

Lower access to training for non-regular workers creates important inequalities in the labour market. Since this group of workers has been growing, a large and growing share of workers have limited opportunities for upskilling and reskilling. As such, these workers might have difficulties in adapting to changing skill needs and might face more difficulties in maintaining or finding employment. As a result, employers might also find it increasingly difficult to hire workers with the right skills.

Many OECD countries include non-discrimination rules in their legal frameworks, with a view to promote equal treatment, including training rights, between permanent workers and workers on fixed-term contracts, and/or between full-time and part-time workers (OECD, 2019[2]). This is also the case in Japan, where the Part-Time/Fixed-Term Workers Act revised by the legislation on work-style reforms bans unreasonable differences in working conditions of regular and non-regular employees (entering into force in 2020-21, depending on firm size). The act further details the fair treatment requirements and expands them to other types of non-regular workers. However, in practice in many countries, some adult learning policies explicitly exclude temporary or part-time workers, and others exclude them by design by, for example, basing eligibility on tenure or hours worked. As discussed in Chapter 4, the subsidies that Japanese employers can receive when providing education and training leave exclude the majority of non-regular workers.

Moreover, non-standard workers often lack representation, leaving little room to negotiate better training rights and more adequate training opportunities through collective bargaining. In Japan, collective agreements are legally binding for regular employees but often neglect the working conditions of non-regular employees (Eurofound, 2019[3]). Data from the Ministry of Health, Labour and Welfare show that in 2017, only 46% of unions have collective agreements for non-regular workers, and only 14% have agreements related to education and training for non-regular workers (Ministry of Health, Labor and Welfare, 2017[4]). It remains to be seen how the recent work-style reform will impact collective agreements. To secure equal and balanced treatment for non-regular workers, Equal Employment sections of Prefectural Labor Bureaus hold one-on-one counselling sessions for non-regular workers and provide advice and support for employers. As the data presented above show, the gap in access to training between regular and non-regular workers persists in spite of these equal treatment regulations.

Encouraging employers to provide more training to non-regular workers and supporting this group of work in their own training activities is therefore of crucial importance.

Japanese employers can receive financial support from the government when training their workers. Under the Human Resources Development Support Grant, employers receive subsidies to cover (part of) their training expenses and the wage costs of the employees on training. Approximately 57 000 subsidies were given in 2019. One of the subcomponents of this scheme is targeted specifically at training of non-regular workers. When employers provide certain types of training to their non-regular workers, they can receive subsidies to cover the expenses for off-the job training and wages subsidies of between JPY 475 and 760 per worker per training hour (depending on the type of training and the size of the firm).[1,2] These subsidies are more generous than the subsidies foreseen under the other sub-components of the scheme. However, employers who want to receive subsidies under this subcomponent of the scheme need to submit a plan that specifies the criteria and timing for converting non-regular employees to regular employment after completion of the training. Although this requirement encourages employers to consider converting their non-regular workers, it could also deter employers from using the subsidies. More details on the Human Resources Development Support Grant are provided in Annex 5.B.

Adults can also receive financial support from the government directly to cover their training costs. The training benefit system pays part of the tuition fee for workers and recent job seekers participating in training (see Annex 5.B for details). The share of the tuition fee covered ranges between 20% and 50% depending on the type of training,[3] with subsidies for general training being less generous than for specialised professional training. Only workers and recent job seekers who contributed to the employment insurance system for at least three years can receive these subsidies. In 2016, 111 800 adults received subsidies for general training and 21 000 for specialised professional training (OECD, 2018[5]). Among beneficiaries, 60% were in employment (almost all as regular workers) and the remaining 40% were unemployed. As non-regular workers often have relatively low wages and are less likely to benefit from financial support from their employer to undertake self-development activities, they could potentially have a strong need for financial support from the government. However, the eligibility requirements in terms of employment insurance contributions restrict access to the scheme for non-regular workers.[4]

Lower access to employment insurance also limits the participation of non-regular workers who become unemployed in government-financed public vocational training. Recognising the limited access to training opportunities for job seekers who are not eligible for employment insurance, the government introduced an additional Support System for Job Seekers in 2011. This system is available for job seekers who do not receive employment insurance, and gives access to training of between two and six months. This type of job seekers support training is delivered by private providers, and can take the form of basic skills courses and practical courses.

In light of the fact that many non-regular workers have difficulties combining training with their personal responsibilities, flexibility of training is of crucial importance to increase participation rates, see Chapter 4. As many non-regular workers have low wages, these costs could be difficult to bear. Therefore, non-regular workers, and especially those with the lowest incomes, might not only need access to financial support that covers tuition fees, but also to support measures to cover other costs that arise with training participation. Existing financial incentives for training could be expanded to also cover costs other than tuition fees. This is already the case in the Support System for Job Seekers, where certain low-income job seekers who do not receive employment insurance are eligible for an attendance benefit when they participate in training. In general, family policies that expand access to affordable early childhood education and care (ECEC) can free up time for parents to take up adult learning opportunities.

5.3. Increasing the participation in training of older workers

Older adults, aged 55 to 65, participate much less in training in Japan than prime age adults. As shown in Figure 5.1, only 22% of older adults participate in formal or non-formal training, compared to 40% of prime age adults. The lower training participation of older adults can be observed in all OECD countries, and the average gap in training participation is larger on average across OECD countries than in Japan (21 and 18 percentage points, respectively). However, when looking at employed older adults only, the OECD average gap declines substantially (to 10 percentage points), while it remains almost the same in Japan (17 percentage points). This age gap in training participation remains when controlling for personal and workplace characteristics (see Annex Table 5.A.2). Older workers in Japan are also less likely to participate in informal learning: 54% of older workers engage regularly in informal learning, compared to 68% of prime age workers. The gap in informal learning participation is larger in Japan than it is on average across OECD countries (15 and 8.5 percentage points, respectively).

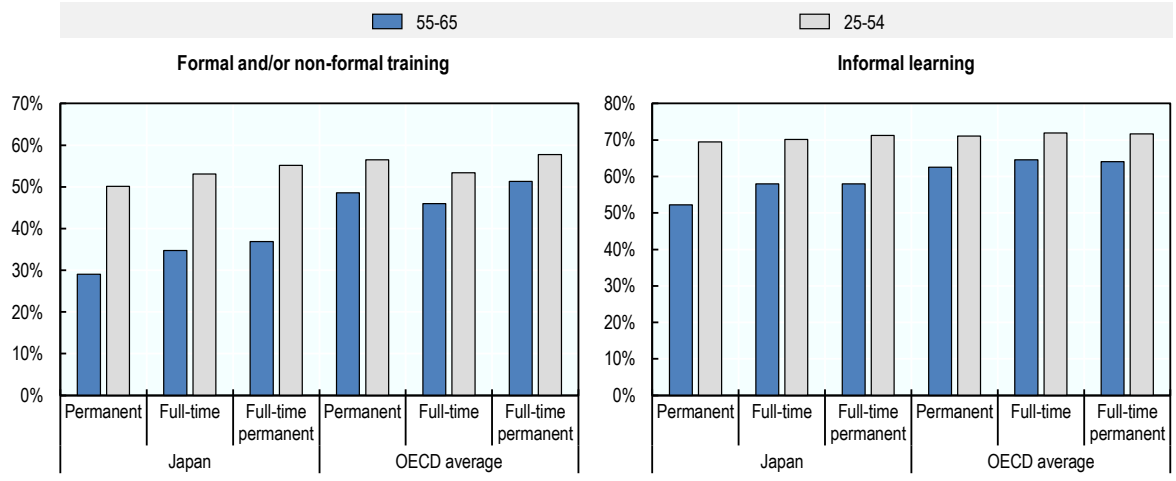
Part of the reason why older workers in Japan have lower access to training is that many of them are non-regular workers. As discussed in Chapter 2, older workers often shift to non-regular jobs after mandatory retirement and as a result their workload and wages generally decline. As non-regular workers have more limited access to training, many older workers risk have limited opportunities for upskilling and reskilling. Hence, ensuring that non-regular workers are covered by existing financial incentives for employers and for workers can increase the participation rate of older workers. Moreover, employers should be encouraged to keep their workers as regular employees after retirement. The Japan Organisation for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED) provides advice and guidance on how to implement elderly employment security measures. They also give grants to employers who take measures to raise the retirement age, remove the compulsory retirement age system, establish a continued employment system for employees who desire to continue working after 65, or convert the contract of fixed-term employees aged 50 or over to an open-ended contract (JEED, n.d.[6]). The OECD (2019[7]) recommends to abolish the right of firms to set a mandatory retirement age and reinforce legislation against age discrimination.

However, the lower probability of training for older workers is also found when controlling for contract type and working hours (as shown in Annex Table 5.A.2), meaning that irrespective of contract type or working hours older workers are less likely to participate in training than their younger colleagues. Indeed, only 37% of older full-time permanent workers participate in formal or non-formal training, compared to 55% of prime age adults. Similarly, only 58% of older workers in full-time permanent jobs engage in informal learning, while this share reaches 71% among prime age workers. These differences are substantially larger in Japan than in the OECD average.

Ensuring that older workers have access to training opportunities is particularly important in light of rapid population ageing. As working lives get longer, older adults need to make sure that their skills remain up to date. One of the main reasons that older workers participate less in training is that older adults and their employers are less inclined to invest in adult learning given the short pay-back time on this investment before retirement (Martin, 2018[8]). However, as the content of jobs is changing due to automation and other structural factors, and jobs increasingly require the use of technology, it is important for adults to have access to upskilling and reskilling opportunities throughout their working lives to make sure that they are not left behind in a changing labour market.

Figure 5.4. Older workers in regular jobs participate less in training than prime age workers

Percentage of workers participating in training



Note: Refers to employed adults only.
Source: Survey of Adult Skills (PIAAC).

JEED provides advice and guidance to employers who want to improve the working conditions of older workers, including their access to training opportunities (JEED, n.d.[6]). In some cases, JEED advisors visit companies to provide in-depth counselling, make proposals for practical improvements, and train managers and older workers to strengthen their motivation. JEED plans to visit 120 000 companies between 2018 and 2022 in this context. JEED also actively disseminates good practice examples of the implementation of elderly employment security measures among employers. As recommended by the OECD (2018[5]), JEED's role in providing firms with lifelong learning counselling combined with other age management tools should be strengthened in order to promote training activities for older workers.

To further encourage employers to invest in the skills of their older workers, targeted financial incentives could be provided to firms that train older workers or existing incentives can be made more generous for the training of older workers. Similarly, financial incentives that are available to workers directly, could be made more generous for older adults taking up training. This type of targeting is implemented in some OECD countries (see Box 5.1 for examples from Australia and Germany), but not in Japan. Older workers could also benefit from specialised career guidance services to better understand their career potential and training needs, and this will be discussed in Chapter 7.

According to 2018 data from the Ministry of Health, Labour and Welfare on the use of the Training Benefit, it is also important to improve the number of distance learning courses for older people (MHLW, 2019[9]). In fact, 60+ individuals appear to use distance learning substantially more than other age groups. For example, eight out of ten individuals aged 60+ receiving the Professional Practice component of the Training Benefit rely on distance learning, compared to only 10% of young people under the age of 25 and 61% of 25-59 individuals. Similarly, older people receiving Training Benefit are 22 percentage points more likely than the youth to use distance learning. Overall this evidence points at the importance of distance learning for older worker, and suggests that increasing the number of distance learning courses might be particularly beneficial for improving the training opportunities of older workers.

Box 5.1. Encouraging older workers' training participation through financial incentives

Australia's Skills and Training Incentive for older workers and job-seekers

In Australia, adults aged 45 to 70 who are employed or recently unemployed (within three months) can receive a subsidy (max. AUD 2 200) to jointly fund training to help build skills to remain in the workforce longer. The adults or his/her employer must match the government funding to ensure a joint investment in skills development. Only adults who have gone through an individually tailored assessment of their existing skills (i.e. the Skills Checkpoint Programme) can participate. The co-funded training needs to be identified in the assessment, and should be linked to the current job (e.g. upgrading skills), a future job opportunity, or an industry or skill in demand. Training can be accredited or non-accredited.

Germany's employer subsidy for training low-educated workers is more generous for older workers

In Germany, employers can benefit from tax and social security-funded subsidies to cover training and wage costs of workers during training. One of the aims of the funding is to enable employees who carry out occupational activities that can be replaced by technology or are otherwise affected by structural change to adapt and develop their professional skills in order to better meet the challenges mentioned. To be eligible training needs to have a duration of least three weeks (or 120 hours) and workers must generally have at least 3 years of work experience.

Training costs are subsidised to varying degrees (15-100%), depending on firm size, type of training and worker characteristics. Micro-enterprises with less than 10 employees have their training costs fully covered, while large companies with more than 2 500 employees can receive subsidies up to 20% of training costs. Training costs for older workers (45+) and people with disabilities in SMEs are fully covered, so are training costs for low qualified workers taking part in training leading to a qualification. Higher subsidies are granted when more than 20% of employees in an enterprise require re-training or when the enterprise has a collective agreement. The subsidy is currently provided in the form of training vouchers that can be used for certified qualification programmes.

In addition to training costs, the subsidy can also cover up to 100% of the wage costs, with the subsidy rate depending on firm size, type of training and the workers' qualification levels.

Source: Bundesrepublik Deutschland (2020[10]), *"§ 82 SGB III Förderung beschäftigter Arbeitnehmerinnen und Arbeitnehmer"*, https://www.buzer.de/gesetz/6003/a82895.htm; Department of Education, Skills and Employment (2019[11]) "Skills and Training Incentive", https://www.employment.gov.au/skills-and-training-incentive.

5.4. Increasing the participation in training of workers in small firms

As shown in Figure 5.1 and Figure 5.2, training participation in Japan increases with firm size. This is the case for formal and non-formal training, but also for informal learning. These differences persist when controlling for personal and work characteristics (see Annex 5.A). While the differences are less marked in Japan than in the OECD average for formal and non-formal training, they are bigger in Japan in the case of informal learning. According to the Basic Survey of Human Resources Development, 82% of firms with more than 1 000 employees provided on-the-job training to their workers in 2017, compared to only 47% of firms with between 30 and 49 employees.[5] Similar large differences are found for off-the-job training: 91% of firms with more than 1 000 employees provided off-the-job training to their workers, while only 59% of firms with between 30 and 49 employees did so.

Small firms might find it difficult to send employees away on training, as this could have a potentially large impact on the continuation of production and business processes. This is also the case – albeit potentially

to a lesser extent – for on-the-job training, which requires dedicated time for training from the worker and the supervisor or co-worker who is providing the training. PIAAC data for Japan indeed show that among the workers that report having participated in formal or non-formal training, workers in SMEs are substantially less likely to have carried out their training fully or mostly during working hours. Only 54% of workers in firms with at most 10 employees who participated in training report that this was entirely or partially during working hours, compared to around 70% among trained workers in firms with between 11 and 1 000 employees and 76% in firms with more than 1 000 employees. These differences between firms with at most 10 employees and larger firms persist when controlling for individual and work characteristics.[6] As discussed above, flexibly in training provision, such as modular training or distance learning, could help small firms provide training to their workers without them being away for extended periods of time. For longer training spells, job rotations schemes as the one discussed in Chapter 4, Box 4.2 could be a solution.

At the same time, small firms might face larger financial barriers to training provision than large firms. Small firms do not benefit from the same scale effect as large firms do when providing internal training, and are therefore more likely to need to rely on external providers. This could be particularly costly. To overcome this issue, several OECD countries have put in place specific targeted financial incentives for SMEs, or have made incentive that are available to all types of employers more generous for SMEs. This is also the case in Japan, where the subsidy employers can receive when training their workers (under the Human Resources Development Support Grant, see Annex 5.B) is larger for SMEs than in larger firms. Moreover, Japanese SMEs that establish certified training centres, either independently or jointly with other SMEs, can receive subsidies to cover part of the facility and equipment costs and the operational costs. A slightly different but related approach is taken in Korea, where large firms, employers' associations and universities establish joint training centres, which conduct projects to provide customised training for workers or participating SMEs (see Box 5.2). The Japanese Government should consider a similar approach to foster coordination between SMEs and large firms for training provision.

Box 5.2. Training consortia to support SME training in Korea

Under the National Human Resources Development Consortium programme (CHAMP), launched in 2001, large firms, employers' associations and universities are encouraged (through financial incentives) to set up consortia with SMEs to share their training facilities and equipment, as well as experience and knowhow in vocational training. As of August 2018, a total of 216 joint training centres had been set up to conduct consortium projects, and participating institutions were evenly distributed between large firms, employers' associations and universities.

On top of the subsidy for direct training costs (which is offered to all employer-provided training in order to cover costs such as instructors' salaries and materials), the Korean Government further subsidises infrastructure costs for joint training up to KRW 2 billion (about EUR 1.6 million) per year. Training facilities and equipment costs are covered within the limit of KRW 1.5 billion (about EUR 1.2 million) per year and operating cost are covered within the limit of KRW 400 million (about EUR 0.3 million) per year (80% of projected cost respectively). Programme development costs are also covered up to a maximum of KRW 100 million (about EUR 0.1 million) per year (100% of projected cost).

The National HRD Consortium has addressed many of the organisational and technical constraints faced by SMEs and made a significant contribution to increasing SME participation in vocational training. In 2018, 124 230 SMEs and 252 159 workers benefited from this programme. The programme accounted for 25% of total government spending on vocational training for incumbent workers.

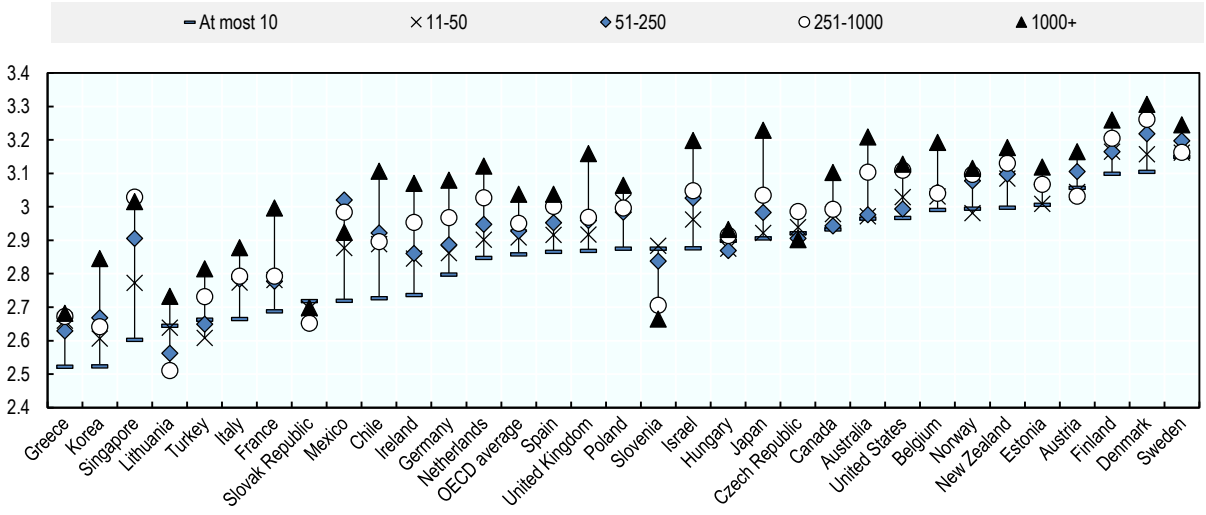
Source: OECD (2020[12]), *Enhancing Training Opportunities in SMEs in Korea*,.https://dx.doi.org/10.1787/7aa1c1db-en.

Informal learning can be a less disruptive and costly way for workers to develop their skills. Nonetheless, workers in firms with more than 1 000 employees engage much more in the different forms of informal learning, i.e. learning by doing, learning from other, keeping up to date with new products or services, than workers in smaller firms. Improving the learning culture in the workplace can serve as a means of fostering human capital development in firms. Workers who are exposed to high performance work practices (HPWP) are found to be more likely to engage in informal learning, and this effect is larger in Japan than on average across OECD countries. Moreover, according to Fialho, Quintini and Vandeweyer (2019[13]) these practices increase the wage returns to informal training, possibly through more opportunities to apply what has been learnt. This is in line with the economic literature on high-performance workplaces that suggests that delegating responsibility to autonomous problem-solving teams and creating jobs with a wide range of tasks and frequent job rotation can improve worker performance through informal learning and greater involvement in the firm.

High-performance work practices include both aspects of work organisation – team work, autonomy, task discretion, mentoring, job rotation, applying new learning – and management practices – employee participation, incentive pay and flexibility in working hours (OECD, 2016[14]).[7] As shown in Figure 5.5, in almost all OECD countries the use of HPWP increases with firm size. The use of HPWP in small firms is higher in Japan than the OECD average, but the gap between large firms (with more than 1 000 employees) and smaller ones is much larger in Japan than the OECD average. In fact, Japan is one of the countries with the highest HPWP score among large firms, with only Denmark, Finland and Sweden having higher scores.

Figure 5.5. Large firms make much more ample use of HPWP than smaller firms in Japan

Mean HPWP score



Note: Training practices are excluded from the HPWP scores. The HPWP index is a sum scale of all subcomponents: sequence of tasks; speed of work; how to do work; co-operating with co-workers; instructing, teaching and training others; sharing information with co-workers; organising own time; planning own activities; flexibility in working hours; annual bonus. Belgium refers to Flanders only, the United Kingdom to England and Northern Ireland.
Source: Survey of Adult Skills (PIAAC).

In OECD countries, most initiatives to foster a learning culture by encouraging innovative human resource management have focused on: i) raising awareness of the beneficial role that high performance work practices can play in fostering a learning culture and a better use of skills at work; ii) disseminating good practice and creating opportunities for knowledge transfer and for sharing expert advice; and iii) identifying

role models (Fialho, Quintini and Vandeweyer, 2019[13]). Given that large firms in Japan score very well in terms of HPWP adoption, knowledge transfer between large firms and smaller firms could help the latter adopt effective HPWP practices. At the same time, the governments could develop diagnostic tools to help companies identify bottlenecks and measures that would promote a better use of the skills of their workforce. Tax policy could also be leveraged to incentivise and support firms in adopting high performance work practices, especially considering that some firms may not have the incentive or financial capacity to promote workplace innovation. As smaller employers are less likely to implement these practices and may find it more difficult/costly to adopt them, it is important to target interventions on small and medium enterprises that are facing issues with skills development of their workers.

Policy recommendations

Making adult learning more inclusive

Challenge: Non-regular workers, older workers and workers in SMEs have limited access to training opportunities.

- Relax the employment insurance contribution requirements for eligibility to the training benefit system for non-regular workers.
- Integrate the subsidies for training of non-regular workers under the Human Resource Support Grant with the support available to regular employees (i.e. specific and general training course) to ensure that non-regular workers have access to the same training opportunities as regular workers. Maintain the higher subsidy rate for training of non-regular workers when integrating these components.
- Relax conditions to benefit from training grants and subsidies for education and training leave so that non-regular workers have better access to them.
- Provide a training allowance to low-income adults participating in training under the training benefit system to cover costs related to training participation (e.g. childcare costs).
- Monitor the adoption of the regulations around equal treatment for regular and non-regular workers. Encourage social partners to include provisions for the training of non-regular workers in their collective agreements.
- Make the Human Resource Support Grant more generous for employers who train older workers.
- Put in place targeted training programmes, linked to specialised guidance services, which are tailored to the needs of older workers who have limited access to employer-provided training.
- Develop strategies for encouraging cooperation between SMEs and large firms for the provision of training. This could be achieved through strategic, practical and/or financial support in creating training networks.
- Put in place a knowledge-sharing platform that allows employers to learn from the successful adoption of high-performance work practices to foster a learning culture. Encourage large firms to provide guidance and support to SMEs on how to adopt these practices.

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Annex 5.A. Additional tables

Annex Table 5.A.1. The link between personal characteristics and participation in job-related formal or non-formal training

Marginal effects after probit regression

	Japan		OECD	
Gender (reference group: male)				
Female	-0.062	***	-0.023	***
Age (reference group: 16-24)				
25-34	-0.032		-0.004	
35-44	-0.093	**	-0.015	**
45-54	-0.067	*	-0.016	**
55-65	-0.150	***	-0.085	***
Education (reference group: below upper secondary)				
Upper secondary	0.052	*	0.059	***
Post-sec. Non-tertiary	0.164	***	0.107	***
Tertiary	0.188	***	0.180	***
Numeracy proficiency	0.408	***	-0.060	***
Literacy proficiency	-0.179		0.242	***
Computer skills (reference group: Has basic computer skills)				
No computer skills	-0.062	***	-0.113	***
Labour market status (reference group: Employed)				
Unemployed	-0.112		-0.143	***
Inactive	-0.317	***	-0.289	***
Unknown	.		-0.142	**
Number of children (reference group: no children)				
1 child	0.027		-0.006	
2 or more	0.045	**	0.000	
Migrant status (reference group: born in country of residence)				
Born abroad	0.151		-0.014	***
Health status (Reference group: Excellent)				
Very good	-0.015		0.000	
Good	0.010		-0.006	
Fair	0.029		-0.031	***
Poor	0.047		-0.073	***
Interest in learning (reference group: Not at all)				
Very little	0.043		0.030	*
To some extent	0.145	***	0.081	***
To a high extent	0.182	***	0.129	***
To a very high extent	0.190	***	0.146	***
Observations	3 876		148 678	

Note: Includes all adults. Refers to formal and non-formal job-related training. *** Significant at the 1% level, ** 5% level, * 10% level.
Source: Authors' calculations using the Survey of Adult Skills (PIAAC).

Annex Table 5.A.2. The link between personal and work characteristics and participation of workers in job-related formal or non-formal training

Marginal effects after probit regression

	Japan		OECD			Japan		OECD	
Gender (reference group: male)									
Female	0.071	***	0.012	***		0.016		-0.014	***
Age (reference group: 16-24)									
25-34	-0.017		-0.025	***		-0.027		-0.029	***
35-44	-0.089	**	-0.044	***		-0.103	**	-0.049	***
45-54	-0.081	*	-0.055	***		-0.099	**	-0.062	***
55-65	-0.151	***	-0.089	***		-0.169	***	-0.101	***
Education (reference group: below upper secondary)									
Upper secondary	0.026		0.056	***		-0.003		0.042	***
Post-sec. Non-tertiary	0.129	*	0.098	***		0.084		0.076	***
Tertiary	0.148	***	0.125	***		0.059		0.078	***
Numeracy proficiency	0.330	*	-0.072	***		0.353	**	-0.059	**
Literacy proficiency	-0.207		0.205	***		-0.236		0.160	***
Computer skills (reference group: Has basic computer skills)									
No computer skills	-0.017		-0.088	***		-0.015		-0.074	***
Employment type (reference group: permanent employees)									
Temporary employee	0.049	*	-0.036	***		0.046	*	-0.032	***
Apprentice	..		0.291	***		..		0.288	***
Self-employed	-0.036		-0.063	***		-0.045		-0.070	***
Other	-0.077		0.004			-0.083		0.009	
Tenure with current employer (reference group: less than 2 years)									
2-10	-0.072	***	-0.021	***		-0.061	**	-0.022	***
11-20	-0.066	**	-0.021	***		-0.042		-0.020	***
More than 20	-0.080	**	-0.017	**		-0.053		-0.018	**
Working time (reference group: full-time)									
Part-time	-0.094	***	-0.025	***		-0.080	**	-0.033	***
Firm size (reference group: 1-10 employees)									
11-50	0.058	**	0.062	***		0.071	***	0.062	***
51-250	0.055	**	0.095	***		0.066	**	0.098	***
251-1000	0.074	**	0.115	***		0.095	***	0.118	***
1000+	0.015		0.132	***		0.029		0.133	***
Economic sector (reference group: private sector)									
Public sector	0.050	*	0.095	***		-0.044		0.034	***
Non-profit	0.070		0.124	***		-0.049		0.056	***
Automation risk	-0.241	***	-0.212	***		-0.180	***	-0.166	***
Exposure to HPWP (Reference group: low)									
High	0.101	***	0.034	***		0.094	***	0.036	***
Wage level (reference group: first decile)									
Decile 2	-0.043		-0.009			-0.032		-0.010	
Decile 3	-0.023		0.020	*		-0.031		0.015	
Decile 4	0.000		0.037	***		-0.016		0.029	***
Decile 5	0.031		0.055	***		0.026		0.045	***
Decile 6	0.050		0.076	***		0.043		0.066	***
Decile 7	0.111	**	0.088	***		0.098	*	0.075	***
Decile 8	0.123	**	0.117	***		0.110	**	0.103	***
Decile 9	0.228	***	0.136	***		0.207	***	0.116	***
Decile 10	0.199	***	0.141	***		0.177	***	0.120	***
Number of children (reference group: no children)									

	Japan		OECD			Japan		OECD	
1 child	0.021		0.003			0.012		0.003	
2 or more	0.033		0.020	***		0.028		0.020	***
Migrant status (reference group: born in country of residence)									
Born abroad	0.214	*	-0.027	***		0.248	**	-0.022	***
Health status (Reference group: Excellent)									
Very good	0.030		0.001			0.024		0.000	
Good	0.045		0.007			0.037		0.010	*
Fair	0.066	*	-0.004			0.052		0.000	
Poor	0.072		-0.017			0.045		-0.011	
Interest in learning (reference group: Not at all)									
Very little	0.026		0.044	**		0.014		0.041	**
To some extent	0.123	**	0.093	***		0.103	*	0.089	***
To a high extent	0.137	**	0.129	***		0.116	**	0.123	***
To a very high extent	0.139	**	0.136	***		0.117	**	0.128	***
Occupation controls	No		No			Yes		Yes	
Industry controls	No		No			Yes		Yes	
Number of observations	2 836		89 606			2 831		88 126	

Note: Includes all employed adults. Refers to formal and non-formal job-related training. *** Significant at the 1% level, ** 5% level, * 10% level.
Source: Authors' calculations using the Survey of Adult Skills (PIAAC).

Annex 5.B. Policy details

Human Resource Support Grant

The Human Resource Support Grant is available to employers that provide certain types of training to their workers to cover (part of) the training costs and wage costs. The scheme is divided into three subcomponents, with different subsidy rates applying to these subcomponent. SMEs benefit from more generous subsidies than large firms. Annex Table 5.B.1 describes the type of training that can benefit from the Human Resource Support Grant and the associated subsidy amounts (and caps on those amounts).

To be able to benefit from the Human Resource Support Grant, the workers need to be registered for employment insurance.[8] Moreover, in the case of specific and general training courses the employer needs to submit a training plan to benefit from the grant and the final training hours need to be at least 80% of the planned training hours. Grants for Special training courses for non-regular workers are limited to employers that aim to convert these non-regular workers to regular employment, and employers need to submit a conversion plan. To receive a grant for a combination of on-the-job and off-the-job training, workers need to be provided with career guidance and create a Job Card, and the workers cannot have more than three years of work experience (as a regular worker) in the field of the training.

Annex Table 5.B.1. Human Resource Development Grant eligibility and subsidy amounts

Grant subcomponent	Type of training eligible for the grant	Subsidy rate and maximum covered amount (with numbers in brackets referring to subsidies for large firms) / Number of payments (fiscal year 2019)
Specific training course	- Off-the-job training that is deemed by the Ministry of Health, Labour and Welfare to be highly effective (e.g. training directly linked to improvement of labour productivity, training for young workers) and lasts at least 10 hours - Specific practical training for employees, combining off-the-job training with on-the-job training at educational and training institutions lasting at least three months and at most two years.	Off-the-job training: Training cost subsidy: 45-60% (30-45%) Wage subsidy: JPY 760 (380) / hour / person On-the-job training: Implementation grant: JPY 665 (380) / hour / person Maximum amount (per person per year): JPY 150 000 (100 000) for 20 to 100 hours of training, JPY 300 000 (200 000) for 100 to 200 hours, and JPY 500 000 (300 000) for 200 hours or more. Number of payments (FY2019): 18 498
General training course	- Training other than training under the specific training course (fully organised as off-the-job training, lasting at least 20 hours)	Off-the-job training: Training cost support: 30% Wage subsidy: JPY 380 / hour / person Maximum amount (per person per year): JPY 70 000 for 20 to 100 hours of training, JPY 150 000 for 100 to 200 hours, and JPY 200 000 for 200 hours or more Number of payments (FY2019): 7 108
Special training course for non-regular workers	- General vocational training that lasts at least 20 hours (and at most one year) and is fully organised as off-the-job training provided by educational and training institutions - Two to six months of training through a combination of off-the-job training and on-the-job training - Training for workers of SMEs in the manufacturing or construction industry, designed by designated industry associations (combining on-the-job training and off-the-job training provided by industry associations)	Off-the-job training: Training cost subsidy: Actual expenses Wage subsidy: JPY 760 (475) / hour / person On-the-job training: Implementation grant: JPY 760 (665) / hour / person Maximum amount (per person per year): JPY 100 000 (70 000) for 20 to 100 hours, JPY 200 000 (150 000) for 100 to 200, and JPY 300 000 (200 000) for 200 hours or more Number of payments (FY2019): 8 299

Note: In the case of e-learning, only training cost subsidies apply. More generous subsidies are granted to employers that have high productivity growth. Specific practical training includes training certified by the Ministry of Health, Labor and Welfare for workers aged at most 45 years old (with training lasting for at least six months and at most two years, and a total training time of at least 850 hours per year), and training for workers aged older than 45 who have not been in regular employment for the past two years (with training lasting for at least three months and at most six months, and a total training time of at least 425 hours per six month period).

Training Benefit System

Under the Training Benefit System employed adults and recent jobseekers can receive subsidies to cover part of their training costs. The subsidies are limited to a list of training programmes approved by the Ministry of Health, Labour and Welfare, which is divided into three subcomponents: i) General education, ii) Specified General Education, and iii) Professional Practice. The subsidy amounts differ between the subcomponents, as do certain eligibility requirements, see Annex Table 5.B.2.

Annex Table 5.B.2. Training benefits system requirements and benefit amounts

Benefit subcomponent	Type of training	Eligible adults	Benefit amount / Number of Payments (fiscal year 2018)	Additional requirements
General Education	Various training programmes (11 514 programmes available in October 2019)	Currently employed or recently unemployed (max one year) adults who have contributed to the employment insurance system for at least three years. The employment insurance requirement is relaxed to one year (two years in the case of professional practice training) for adults who receive the training benefits for the first time	20% of tuition fee, up to JPY 100 000 per year Number of Payments (FY 2018): 92 571	
Specified General Education	Training programmes that are deemed to have a strong career improvement effect (e.g. IT skills, nursing) and evidence of strong labour market outcomes (150 programmes available in October 2019)		40% of tuition fee, up to JPY 200 000 per year	Adults who want to benefit from the Specified General Education Training Benefit or Professional Practice Training Benefit need to consult a career counsellor, prepare a job card, and confirm their eligibility at Hello Work at least one month before the start of the training
Professional Practice	Various types of training, usually more specialised and longer than the training under the General Education subcomponent (2 436 programmes available in October 2019)		50% of tuition fee (every six months), up to JPY 400 000 per year, with an extra 20% (up to JPY 160 000) if obtaining a job within one year after finishing the training or if training leads to a qualification Number of Payments (FY 2018): 23 032	

Note: Certain groups of adults who have been unemployed or inactive for longer periods can also be eligible for the training benefits (e.g. inactive due to childcare, illness, etc.).

Notes

[1] In the case of on-the-job training, the wage subsidy is referred to as implementation grant, as in this case workers are not absent from their work.

[2] The total amount of subsidies that an employer can receive is capped, with the cap depending on the number of hours of training provided and the type of training (and a higher cap applying to SMEs).

[3] The subsidy covers 20% of the tuition fee for general training, 40% for general training in certain priority fields and 50% for professional practice training. For the latter, 20% extra is covered if a qualification is obtained and the person finds a job within one year after completing the training. The subsidies for all types of training are capped at a maximum amount.

[4] Some non-regular workers are excluded from the employment insurance system. This is the case for short-hours workers (fewer than 20 regular weekly hours of work), workers whose jobs are not expected to last more than 31 days, workers who are employed seasonally with a temporary contract of up to four months or working hours not exceeding 30 hours per week, and day labourers. In 2014, the employment insurance coverage rate for non-regular workers was 67.7%. To be eligible for employment insurance payments, job seekers must have contributed for at least 12 months in the two years preceding the leaving date. This requirement is different for workers who lost their job because of the non-renewal of a temporary contract (and some other cases such as dismissal due to bankruptcy), in which case the requirement is set at six months in the previous 12-month period.

[5] No comparable data are available for firms with less than 30 employees.

[6] The same controls are included as in the analysis in 0.

[7] HPWP also includes training practices in the original framework. However, as this report looks at the link between HPWP and training participation, the training component is taken out of the HPWP index.

[8] In the case of special training courses for non-regular workers, the worker needs to be registered for employment insurance at the date of training completion or the date of grant application.

6 Improving the responsiveness of adult learning to changing labour market needs

This chapter looks at the responsiveness of adult learning policies to changing labour market needs. Adult learning policies to foster a better alignment between adult learning and labour market needs are discussed. Building on good practice examples from other OECD countries, recommendations are provided to improve the responsiveness of the Japanese adult learning system.

In Brief

Training opportunities needs to be aligned with labour market needs

For training to be able to assist workers in adapting to changing skill needs, it should be well aligned with the needs of the labour market. The provision of public vocational training in Japan is built on a strong system of skills assessment and anticipation to ensure that the training provided is relevant. This type of information on skill needs should be used more extensively and transparently in the design of adult learning policies. Employers also benefit from a sound analysis of their skill needs to plan their training activities, and existing tools should be promoted and integrated better.

An adult learning system that is well aligned with the needs of the labour market also ensures that adults at risk of skills obsolescence have access to targeted upskilling and reskilling opportunities. However, in Japan, workers who are in jobs with a high risk of automation participate much less in training than workers in jobs that have a low exposure to automation risk. Similarly, adults with low digital skills have lower access to training and could therefore be at risk of being left behind. More efforts should be made to support these workers by facilitating essential skills development and smoothing transitions to other tasks or jobs.

6.1. Assessing skill and training needs

To ensure that training reaches the goal of preparing adults for the structural changes discussed in Chapter 1, the provision of training and its content needs to be aligned with the needs of employers and the labour market more broadly. Moreover, workers who are likely to be impacted most strongly by structural changes should receive targeted support. The existence of substantial skills imbalances in Japan, with employers having difficulties finding workers with the right skills and many workers reporting that they need more training to cope with the duties in their job, points towards the need of investing in the right skills.

Responsive adult learning systems are crucially built on high-quality information about current and expected skill needs. OECD (2016[1]) shows that countries use a range of tools to assess and anticipate their skill needs. However, the output from these skills assessment and anticipation (SAA) exercises is not always fully exploited by stakeholders in the relevant policy areas, including education and training, employment and migration. Governments and social partners face several barriers when it comes to using more effectively the available information. In general, the identified barriers are twofold: i) involving and co-ordinating with stakeholders; and ii) bringing the skills assessment and anticipation exercises closer to the needs and requirements of policy-makers.

In Japan, skills assessment and anticipation (SAA) exercises are carried out at the national and the prefectural level. The exercises generally involve a range of stakeholders, including relevant ministries, the social partners and education and training providers. At the national level, the Ministry of Health, Labour and Welfare leads the work of a Central Training Council which assesses on an annual basis the priority areas and the scale of the public vocational training offer in order to contribute to the effective development of vocational training, based on the skills needs of industries. The Council's members include several ministries (MHLW; Ministry of Education, Culture, Sports, Science and Technology; Ministry of Agriculture, Forestry and Fisheries; Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure, Transport

and Tourism; Japan Tourism Agency), JEED, local governments, the social partners, education and training providers, and academics. To assess public vocational training needs, the council uses information such the employment rate by field of vocational training and data from the Public Employment Service on job openings and job seekers by industry and occupation. Additionally, on an ad hoc basis, more specific SAA exercises are carried out to better understand the skill needs in certain industries or occupations. For example, a council for the promotion of human resource development for the fourth industrial revolution was established in 2016 to discuss skill needs for the fourth industrial revolution and related measures to foster skills development, with a particular focus on IT skills. The council brought together relevant ministries, the social partners, education and training providers, and the academic sector. Several data sources were analysed by the council, including a survey on the actual needs of industry conducted by the Ministry of Economy, Trade and Industry. The discussion contributed to the Growth Strategy 2017 in the form of an Intensified Emergency Plan on Enhancement of IT Capacity.

At the prefectural level, prefectural labour bureaus[1] organise regional training councils, which bring together the social partners, education and training providers, academics, and local governments. The purpose of these regional training councils are very similar as that of the central training council, with a focus on the public vocational training needs in the respective Prefecture. In a similar vein as the central council, the regional councils analyse relevant data, such as trends in job vacancies and job seekers, the number of applications for training courses and the outcomes of training. Additionally, information from employers is collected through questionnaires, meetings organised by local industry groups, and discussions with employers engaging with Hello Work officials.

SAA exercises are important to understand skill needs at the aggregate level but it is also key that employers understand their own skill needs. European data show that 66% of firms in the European Union regularly assess their future skill needs.[2] Large firms more frequently engage in this type of assessment than SMEs. However, the data also show that even when firms assess their skill needs, the training they provide is often not well aligned with the skill they identify as priorities for the development of the firm (OECD, 2019[2]). While similar data are not available for Japan, it could be expected that Japanese firms, and especially the smaller ones, experience similar issues in carrying out skill needs assessment and using the information in developing their training strategies. To assist employers in their skill needs assessment, two tools have been developed. The first is the *Internal Occupational Skills Development Plan*, which can be developed by an employer to encourage the development and improvement of its employees' occupational abilities in a step-by-step and systematic manner. Employers detail in this plan their management policies, their policies regarding the allocation of employees, and the different jobs and tasks within the firm. While the establishment of such a plan is part of the Human Resources Development Promotion Law, it is not mandatory and no fixed format or content has been put in place. The use of *Internal Occupational Skills Development Plans* is not widespread among firms in Japan: only 24% of employers have created such a plan in at least one of its branches. In most cases, the plan was developed by the headquarters, and only 21% of firms say that all branches create their own plan.

The second tool is the *Employment Skill Evaluation Standards*, which describe the skills required by industry, occupation, and job type. These standards have been jointly developed by the government and industry associations. To help employers use these standards, the Ministry of Health, Labour and Welfare has developed Vocational Ability Evaluation sheets that serve as checklist against which employers can check the competency level of their workers. In addition to these standards, some employers and employer organisations have developed their own standards. In 2017, 57% of firms said that they use a type of standard to evaluate the skills of their workers.[3]

To support employers with their skill need assessment, JEED provides a *Counselling on Skills Development for Employees* programme to employers. Under this programme, employers receive support in identifying the skills needed for certain jobs or tasks, understanding the skills of their workers, setting training goals, and developing a training plan. Based on this training plan, JEED proposes relevant training activities from their own training catalogue.

6.2. Aligning training with labour market needs

Based on the information from SAA exercises, adult learning policies or initiatives can be implemented that specifically target the development of in-demand or shortage skills. Individuals and employers can be steered towards investment in more in-demand fields by: i) focusing on training programmes that are in line with skill needs; and ii) providing financial or non-financial incentives to invest in-certain in-demand skills. Career guidance can also be a tool to guide individuals' training choices towards in-demand fields, and this will be discussed in detail in the next chapter.

Using the information from SAA exercises, training providers, both public and private, can adapt their training offer and/or the content of training to the needs of the labour market. In Japan, the provision of public vocational training is guided by training plans developed by the central training council and the regional training councils. All providers of public vocational training, i.e. national government, prefectures, and private educational and training institutions, use these plans as a guideline to determine their public vocational training offer. At the national level, the central training council is in charge of maintaining and improving training standards for public vocational training.

Even when the training offer does not entirely correspond with identified skill needs, adults can be guided in their choice of training options by targeting certain financial or nonfinancial incentives to training programmes that address skill needs in the labour market. The availability of financial incentives for individuals, such as vouchers or grants, can be limited to certain training programmes that correspond with labour market needs (see Box 6.1 for an example of subsidies that employers and workers can receive when investing in training in in-demand fields in Estonia). Alternatively, incentives that have a wider coverage can be made more generous for those specific training programmes. The latter option has been taken in the Japanese Training Benefit system, which provides subsidies for adults who take up training. Adults can benefit from Specified General Education Training benefits for training courses that are deemed to have a strong career improvement effect as they develop in-demand skills and have a proven track record of strong labour market outcomes of training participants. These benefits are more generous than the general education training benefits (40% versus 20% of tuition fees, see Annex 5.B for details). Moreover, under the Professional Practice component of the Training Benefit system, in order to incentivise job-seekers to find a job, adults get an additional part of their training expenses covered if they find employment within one year after completing the training (20% on top of the already covered 50%). This benefit system therefore aims at providing an incentive for adults to enrol in training that corresponds with labour market needs as well as an incentive to look for jobs immediately upon end of the training – although the benefit is not conditional on finding a job linked to the content of the training. Also under the subsidy scheme for employers (i.e. the Human Resource Development Grant), higher subsidy rates apply to off-the-job training programmes that are deemed by the Ministry of Health, Labour and Welfare to be highly effective. However, this concept is interpreted relatively broadly, and does not only refer to training programmes that develop skills that are in demand by employers, but also to training for specific groups of workers (e.g. young workers).

Training providers can also be steered toward the delivery of training that corresponds with in-demand skills. Several OECD countries are including a performance-based component in the funding formula for training providers (OECD, 2017[3]; OECD, 2019[4]). This is also the case in Japan for private providers that deliver public vocational training, as the financial incentives these providers receive from the government depend on the employment rate of those who have completed the training.[4] The financial incentives for providers are therefore more generous for training that corresponds with labour market needs and is of high quality.

One particular area in which countries are actively developing adult learning programmes and encouraging participation is digital skills, both at the basic and the more specialised level. These skills are expected to become increasingly important over the next years, and several countries are already experiencing digital skill shortages (OECD, 2017[5]). In line with the Intensified Emergency Plan on Enhancement of IT

Capacity, the Japanese Ministry of Health, Labour and Welfare and other Ministries have been expanding opportunities for workers to develop IT skills. Moreover, training programmes related to certain specialised IT tools, such as artificial intelligence (AI), Internet of Things (IoT), cloud computing and data science, are now covered by the training benefit system, meaning that adults who take part in such training programmes receive subsidies to cover part of their tuition fees.

In addition, industry-university collaboration is also effective to align training with labour market needs. Traditionally, as Japanese fresh graduates were periodically hired in batches immediately after school (see Chapter 2 for more details on this practice), universities lack the incentive to align their programmes to the actual skill requirements of the labour market. Nowadays, however, due to a gradual decline of mass hiring practices, it is paramount for firms and universities to share a common vision and develop human capital through comprehensive cooperation not only in research but also in education. For instance, Shiga University's Faculty of Data Science has contracted comprehensive cooperation agreements with around 70 companies (Industry-University Council on Recruitment and the Future of University Education, 2020[6]). From the perspective of making effective use of the university's intellectual resources to solve problems faced by companies, students in Shiga University can participate in joint research and internships with companies and solve problems by utilising data provided by the companies, thereby improving the quality of education for students. Initiatives of this type are still scarce but should be expanded, as they facilitate the alignment of adult training to the needs of the labour market. It is also desirable for companies to work more closely with universities to establish a cycle in which collaborative research and internships are embedded in their daily practices and the results of these collaborations are further fed back into the university's educational curriculum.

Box 6.1. Employer and worker subsidies for training in shortage occupations in Estonia

In Estonia, registered jobseekers can access training opportunities through a system of training vouchers (*Koolituskaart*). These training vouchers have recently also been made available for certain groups of employees under specific conditions. In the case of low-wage older workers and low-skilled workers, the condition to use the training vouchers is that the training has to be related to ICT skills or prepare for occupations that are identified by the Estonian Qualifications Authority as growing or that have excess demand. Workers who are eligible for the training voucher need to develop a training plan with the public employment service. The training can last for at most one year. The vouchers compensate the training costs to the extent of EUR 2 500 over three years.

Estonian employers hiring jobseekers for certain occupations that are in shortage and of growing importance in the labour market can receive training grants (Recruitment Training Grant -*Koolitustoetus töötajate värbamiseks*) to partially compensate for the cost of training the new hires. A larger share of the costs (80% instead of 50%) are refunded in the case of low-educated workers, workers with limited Estonian language skills, older workers and workers with health problems. Training needs to last at least 80 hours and at most one year. Employer who recruit a job-seeker through the public employment service and those who hire someone in long-term unemployment (i.e. at least 12 months unemployed) can get fully compensated for the training costs (up to EUR 2 500).

Source: Eesti Töötukassa (2017[7]); "Labour market training with a training card", https://www.tootukassa.ee/eng/content/prevention-unemployment/labour-market-training-training-card: Eesti Töötukassa (2017[8]), "Recruitment training grant", https://www.tootukassa.ee/eng/content/prevention-unemployment/recruitment-training-grant.

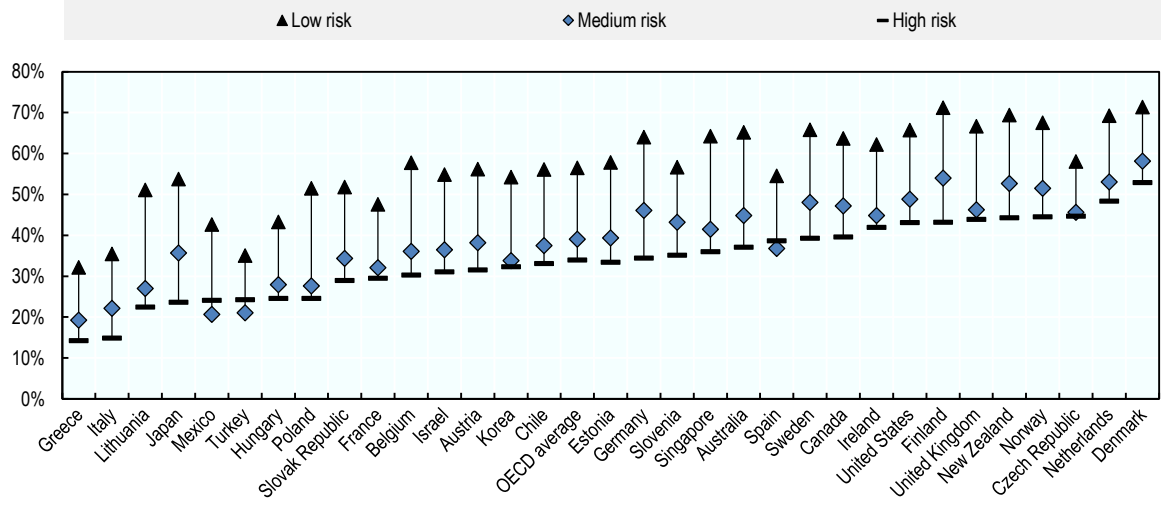
6.3. Targeting workers at risk

Responsive adult learning systems not only ensure that training provision and content corresponds with the needs of the labour market, but also that those adults who are at risk of having obsolete skills or skills gaps due to structural changes have access to training opportunities. To ensure that these workers can adapt to changes in their occupation or move into different occupations, targeted measures are needed.

One group of worker that is at particular risk of skills obsolescence are workers in jobs at significant risk of automation. As discussed in Chapter 1, 15% of jobs in Japan have a high risk of automation, in line with the OECD average, but another 39% of jobs could face significant changes due to automation (i.e. they are at medium risk of automation). Figure 6.1 shows that in all OECD countries workers in jobs at high or medium risk of automation participate less in formal and non-formal training than workers in low-risk jobs. The gap between workers in high-risk and low-risk jobs is particularly large in Japan: 54% of workers in jobs with a low risk of automation participate in training, while only 24% of workers in high-risk jobs do so. This gap observed in Japan is the largest among OECD countries, although it is only slightly larger than in Germany, Lithuania, Singapore, Australia and Finland. Notwithstanding, in those countries, except Lithuania, training participation among workers in the high-risk category remains substantially higher than in Japan. Even when controlling for personal and work characteristics, workers in high-risk jobs are found to have significantly lower training participation in Japan (see Chapter 5, Annex Table 5.A.2).

Figure 6.1. Japanese workers in jobs with a high probability of automation have limited access to training opportunities

Percentage of workers participating in formal or non-formal job-related training (by risk of automation)

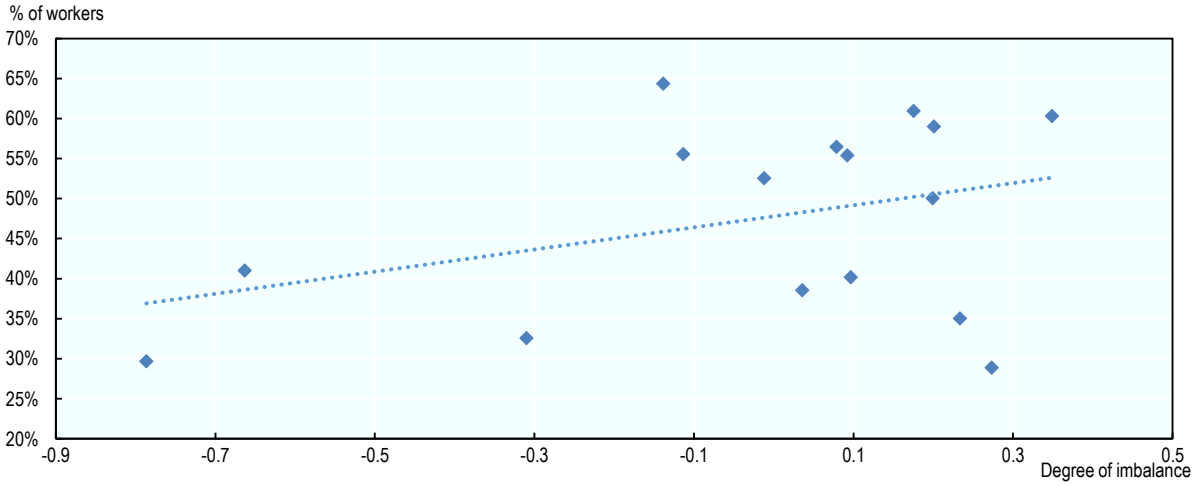


Note: High risk is defined as having an automation probability of at least 70%, medium-risk as a risk between 50 and 70%, and low-risk as below 50%.
Source: Survey of Adult Skills (PIAAC).

Similarly, OECD (2019[2]) showed that workers in surplus occupations, i.e. occupations for which supply exceeds demand, participate less in training than workers in shortage occupations. Since the demand for these workers is low (relative to supply), this might mean that they possess outdated skills and are therefore in need of upskilling or reskilling opportunities. The results of the Skills for Jobs analysis for Japan (see Chapter 1), show that workers in Japan employed in industries that are facing surpluses also have on average slightly lower participation in formal or non-formal training than workers in industries that face shortages (Figure 6.2).[5]

Figure 6.2. Workers in industries facing more surpluses do not have more training opportunities

Relationship between degree of imbalance (shortage (+) or surplus (-)) and formal or non-formal training participation/provision, 2012



Note: Every dot represents an industry (ISIC). See Chapter 1 for more details on the Skills for Jobs indicators.
Source: Survey of Adult Skills (PIAAC) (2011/12), Human Resource Development Survey (2018).

Another group of workers who are at risk of being left behind because of structural changes are those with no or weak digital skills. As discussed in Chapter 1, many jobs today require the use of digital tools, and this is expected to increase with technological progress and falling prices of digital technology. However, a substantial share of adults in Japan lack the necessary digital skills and might therefore find it increasingly difficult to remain employed or find a job. Only 21% of adults without basic computer skills participate in formal or non-formal training in Japan, compared to 49% of adults with relatively strong digital problem-solving skills. Also when controlling for other personal characteristics, including education level, adults without basic ICT skills are found to have a lower probability to train (see Chapter 5, Annex Table 5.A.1). Moreover, if training is increasingly delivered online, these adults risk having even more difficulty accessing training opportunities.

These findings suggest that workers who are most at risk of being impacted by structural changes in the labour market are not the ones benefiting the most from upskilling or reskilling opportunities. The Basic Survey of Human Resource Development shows that employers in Japan mostly focus their off-the-job training activities on training of their new employees and management training, suggesting that they are not actively identifying those workers who need upskilling or reskilling to prepare them for changing or new roles in light of structural changes.

Several OECD countries have put in place specific adult learning policies to support workers in sectors or regions that are undergoing structural changes. This often happens in cooperation with social partners. Box 6.2 describes how Australia, France and Austria are providing support to workers at risk of structural changes. Many OECD countries have also taken steps to address digital skills gaps. In Luxembourg, for example, a basic digital skills programme (*Internetführerschein*) has been set up for adults with very low literacy skills to develop their knowledge and skills on how to use ICT in a conscious and responsible way. In the United Kingdom, the Digital Skills Partnership brings together government and national and local employers and charities in an effort to address digital skill gaps in a more collaborative way. Since 2020 low-skilled adults in the United Kingdom have access to fully funded ICT skills programmes, in line with the already existing maths and English programmes.

Box 6.2. Skill development support for workers at risk

Australian Structural Adjustment Packages

In Australia, Structural Adjustment Packages (SAPs) are provided to assist employees in areas where expectations of future employment opportunities for workers in the industry are low or where large scale closures may impact on the local labour market. Targeted employment assistance under SAPs can involve skills and training components for adult learners. A Stronger Transitions Package was introduced to support individuals in five regions impacted by structural change to transition to new jobs and prepare for the jobs of the future in 2018. The package includes a Pre-retrenchment Skills and Training Support measure, which can provide targeted services such as comprehensive skills assessments; job search preparation; resilience training; language, literacy and numeracy support; digital literacy training; financial management information; exploring self-employment options; health and well-being support, and industry awareness experiences.

Development and Skills Commitment in France

The French Government can sign an agreement with employer organisations from one or more economic sectors to implement projects to help workers tackle issues related to projected structural changes and avoid disruptions in their career path. Trade unions can co-sign the agreements. The agreement builds on a thorough assessment of changing skill needs in the sector(s). The government can subsidise part of the costs related to the use of an external expert to carry out the assessment. The projects that are carried out as part of the agreement are meant to help workers avoid career disruptions, and usually include training, recognition of prior learning and career guidance. Workers who are directly at risk of difficulties in adapting to structural changes should be the main beneficiaries of the projects. The government provides subsidies to cover part of the costs related to the implementation and the management of the projects.

Austrian Outplacement Labour Foundation programmes

In Austria, Outplacement Labour Foundation (*Arbeitsstiftung*) programmes were introduced by social partners to support workers in the case of structural changes through appropriate labour market policies. These Foundations can be formed by one or multiple employers, but also at the sector and regional level when specific regions or sectors are affected by major staff cuts. The programmes are co-financed by local labour market actors, including the Public Employment Services (PES) and the affected employers. Funding is available to cover training costs, allowances for course-related additional costs, and active job-search assistance and career guidance costs.

Source: Ministère du Travail (2019[9]), Engagement développement et compétences – EDEC, https://travail-emploi.gouv.fr/emploi/accompagnement-des-mutations-economiques/appui-aux-mutations-economiques/edec; OECD (2019[2]) *Getting Skills Right: Future-Ready Adult Learning Systems*, https://dx.doi.org/10.1787/9789264311756-en.

Policy recommendations

Assessing skills and training needs

Challenge: Some adult learning stakeholders and employers have a limited understanding of skill needs.

- Disseminate the results from skills assessment and anticipation (SAA) exercises to all relevant stakeholders in the adult learning field, including different Ministries and government agencies, the social partners and public and private training providers. This will facilitate the alignment of adult learning policies, as well as training offers and training content, to skill needs.
- Facilitate the take-up of the *Internal Occupational Skills Development Plan* by developing a standardised format that employers can use the design their plan *(*on a voluntary basis). Link the plan to the *Employment Skill Evaluation Standards* to assist employers in their understanding of skill requirements.

Aligning training with labour market needs

Challenge: The use of SAA information in the design of adult learning policies is limited.

- Regularly review the training programmes eligible for subsidies under the Training Benefits system to ensure that they remain consistent with the skill needs identified in SAA exercises. Consider allowing for the list of eligible training programmes to vary by prefecture if there are large differences in skill needs.
- Provide more generous subsidies for paid education and training leave for training that develops in-demand skills. This is especially important for long-term leave that can help workers re-skill to prepare for structural changes.
- Make better use of SAA information in the selection of training programmes eligible for subsidies under the specific training course subcomponent of the Human Resource Development Grant.
- Promote comprehensive cooperation agreements between companies and higher education institutions to align training to the actual needs of the labour market.

Targeting works at risk of being impacted by structural change

Challenge: Training participation remains weak for workers who are most at risk of being affected by structural changes, such as workers in jobs with a high risk of automation and adults with low digital skills.

- Assist employers with the identification of workers at risk of structural change and encourage them to provide guidance and training. This can be done in cooperation with labour unions.
- Develop support packages that can be deployed in industries or regions that are expected to be strongly impacted by structural changes. These packages can be managed by Hello Work in cooperation with social partners.
- Provide basic digital skills development programmes to adults who lack the digital skills needed in the labour market.

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Notes

[1] Prefectural labour bureaus are labour-related branches of Ministry of Health, Labour and Welfare by prefecture.

[2] Data from the 2015 Continuing Vocational Training Survey. The data refer to enterprises with at least 10 employees.

[3] This information comes from the 2018 Basic Survey on Human Resource Development, and refers to any type of standards, including *Employment Skill Evaluation Standards,* standards developed by employers or employer organisations, and standards based on existing qualifications or certifications.

[4] The incentive amount depends on the employment rate only in the case of practical courses, where the amount can range between JPY 50 000 and 70 000 per student (per month). For general courses a flat-rate incentive is allocated based on the number of students (JYN 60 000 per student per month).

[5] A similar pattern is observed when looking at the link between imbalances and the share of workers engaged in self-development activities (from the Human Resource Development Survey).

7 Career guidance to support career progression and transitions

This chapter looks at career guidance provided by employers and external providers. It discusses the importance for workers of receiving guidance and support from their employer to facilitate career progression and the need for externally provided guidance services for workers who want to change jobs. Policies put in place in Japan to foster these types of guidance services are discussed, and international good practice examples are provided. The role of the Japanese public employment services in providing guidance to jobseekers is discussed briefly. The chapter provides policy recommendations on how to improve access to and the relevance of guidance services.

In Brief

Career guidance services need to be strengthened to support job mobility

In an era of changing skill needs, adults need access to career guidance to make informed choices about their career and relevant skills development opportunities. This is becoming increasingly important in Japan as jobs are changing and workers are less likely than in the past to work for one single employer for their entire career. In this context, career guidance is crucial for jobseekers and workers wanting to change employer as well as for workers who want to progress in their career while staying with their employer. Therefore, independent external guidance services and guidance services provided by employers have a crucial role to play in helping workers adapt to structural changes, improving skill use, promoting career progression, and increasing motivation and job satisfaction.

Relatively few employers in Japan provide regular and systematic career guidance to their workers, in spite of efforts by the Japanese Government to promote and support the provision of these services. Moreover, employers and workers struggle to identify skill gaps, which could limit career progression opportunities. Greater efforts are needed to bring available career guidance and skills assessment tools together to make them easier to use for employers and workers. Employers could also be supported in adopting better human resource management practices by facilitating knowledge exchange between employers and providing good practice examples.

To help jobseekers and workers who want to change employers in finding jobs and skills development opportunities, external career guidance services need to be readily available. Ideally, these provide personalised services adapted to the specific needs of the workers or jobseekers. This is especially important for adults who might struggle to find relevant opportunities, such as non-regular workers, older adults and workers in sectors undergoing structural change.

In Japan, the public employment service and independent qualified career guidance counsellors are delivering guidance services, but more efforts should be made to promote these services, make them more accessible and target them better at the needs of specific groups. As a complement to face-to-face guidance, easy-to-use online career guidance portals can support adults in their career transitions by providing high quality information about the labour market and relevant training opportunities. A large amount of information about careers and training is available on Japanese Government websites, but it is often difficult to navigate this information as it is scattered across websites that are poorly linked to each other.

7.1. The need for high-quality career guidance services

In a changing world of work, adults might be faced with changes in their job content or in their possible career pathways. Some adults might see that the skills that they have no longer correspond with the needs of the labour market. As discussed in Chapter 1, a substantial share of jobs in Japan are likely to change because of automation, and therefore many workers will need to prepare for these changes. Moreover, as non-standard forms of employment (such as part-time work, multiple jobs and non-regular employment) are on the rise in Japan, adults might need to change jobs more frequently. As a result, adults may increasingly be looking for new employment opportunities, for ways to advance in their career or change their career pathways, and for upskilling and reskilling opportunities. However, adults may face issues in identifying relevant employment or career progression opportunities and the associated training needs.

Career guidance, provided internally by employers and externally by qualified counsellors, can help adults navigate the many different options and guide their choices.

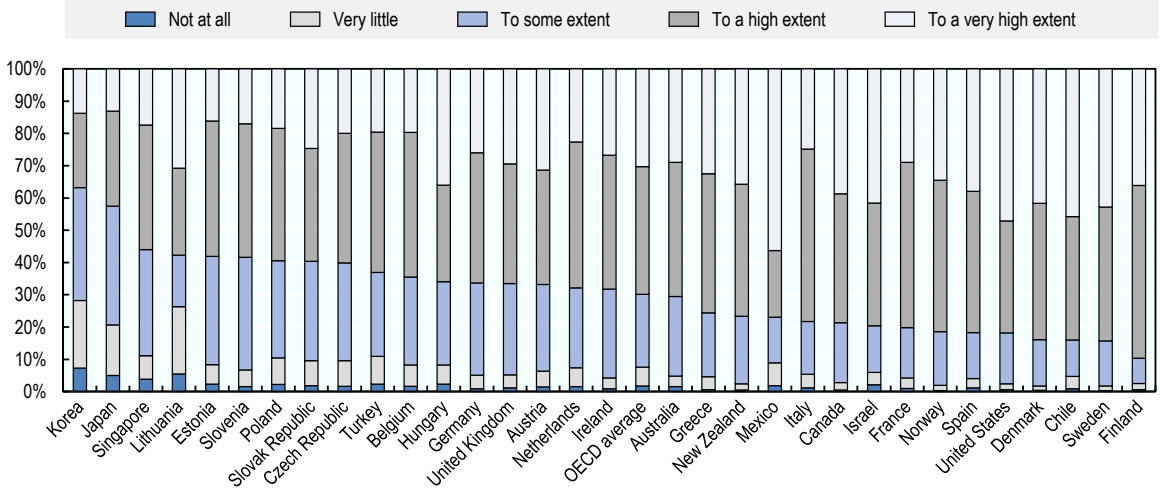
The Basic Survey of Human Resource Development shows that a substantial share of workers in Japan face issues related to self-development because they do not have a clear idea of what they want for their career. Among workers who report self-development issues, 19% of regular and 23% of non-regular workers report that they do not know what their career pathway looks like, while 22% of regular and non-regular workers say that they do not know which training programme is relevant for their career. This suggests that workers could benefit from more support in their career development.

Career guidance could also serve to increase interest in training by providing more information about the benefits of training, existing training programmes and available support measures (e.g. subsidies). Data from the Survey of Adult Skills (PIAAC) show that only 12% of adults in Japan who did not participate in formal or non-formal job-related training report that there were learning activities that they wanted to participate in but did not. This means that the remaining 88% of adults who did not participate in training were not interested or did not find any training that matched their interest. This share is higher than the OECD average (83%), and only seven OECD countries have a higher share of adults with no interest in training. It is highest in Japan among adults without a tertiary education degree, and is higher among men than among women and among young and older workers than among prime age workers. Moreover, employed and inactive adults are much more likely to have a low interest in training than unemployed adults.

Around 42% of adults in Japan say they like learning new things to a high or very high extent (see Figure 7.1). This is substantially lower than the OECD average of 70% and only in Korea is the proportion lower. All else equal, men in Japan are more likely than women to say they like learning new things to a high or very high extent.[1] This is also the case for adults with tertiary education attainment relative to lower educated adults, and for adults with stronger cognitive skills and those who possess basic ICT skills relative to, respectively, those with poor cognitive skills and those with poor ICT skills. Inactive adults are less likely to like learning new things than employed and unemployed adults. Finally, adults with health problems are less interested in learning new things than those who report to be in good health. There are no significant differences between age groups.

Figure 7.1. A relatively small share of adults in Japan like learning new things

Percentage of adults by extent to which they report “I like learning new things”



Note: Belgium refers to Flanders only, the United Kingdom to England and Northern Ireland.
Source: Survey of Adult Skills (PIAAC).

These results show that more could be done to engage with adults who have a limited perspective on their future career and low interest in training to help them understand of the importance of training, develop a career plan and identify the most suitable training options. Unfortunately, exposure to career guidance in Japan is limited. A survey among adults in Japan showed that 11% of adults had participated in career counselling activities at least once in the past (Shimomura, 2017[1]). The probability of having engaged in such activities is highest among younger age groups, highly educated workers employed for long periods in large firms, and adults with strong awareness of their own skills and career opportunities. Employees from large firms, regular workers, workers with long tenure, and workers with high earnings are more likely to engage in career counselling provided within the firm and less likely than other types of workers to participate in career guidance services delivered by public institutions. Adults who had an interest in independently planning their career and improving their skills, and those who were interested in changing jobs, participated mostly in counselling activities outside the firm. Most adults who participated in any type of counselling activity found it very useful, and many report that it helped them get a clearer view on their future, find a job, or change jobs. Similarly, data from the Human Resource Development Survey show that only 13% of workers employed in firms with at least 30 employees participated in some form of career guidance counselling (within or outside the firm) in 2017. Workers aged 20-30 years old are most likely to participate in such services, and the share of workers participating in career guidance is more than twice as high among regular than non-regular workers (16% vs. 7%).

Career guidance is not only of crucial importance throughout one's working life, but also when making education choices and starting one's career. This type of guidance can help students form more realistic expectations about their careers and understand their possible career pathways and lifelong learning needs. While career guidance for students is outside the scope of this report, Box 7.1 highlights that access to career guidance in Japanese schools is low from an international perspective. This could have detrimental effects later in life if workers have incorrect expectations about their career or limited understanding of what their career pathway can look like.

Box 7.1. School-mediated guidance activities: International evidence

A recent survey conducted by OECD and WorldSkills on the topic of the future of work among 18 to 24-year-olds in 19 countries, sheds light on youth voice around topics such as job confidence and the value of education. The survey also asked about school-mediated guidance activities to get an understanding of the impact of these activities.

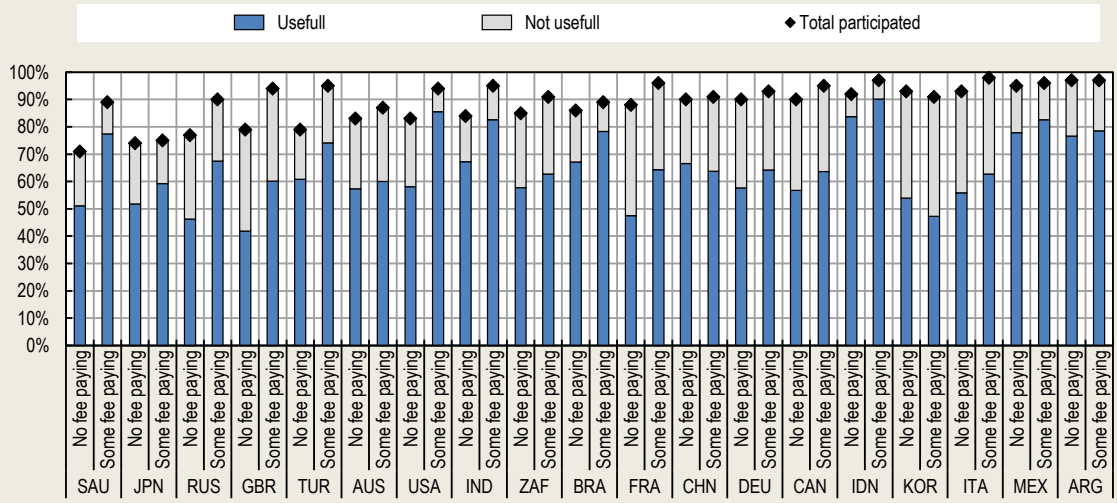
The survey shows that in Japan 74% of respondents say they participated in some form of career guidance in non-fee paying secondary school (75% for fee-paying schools). This is the highest share among OECD countries included in the survey. Between 70 and 79% of students who received some guidance at school in Japan say that it was useful, which is in line with the cross-country average.

Looking at some more specific career guidance activities, the survey shows that only between 24% and 32% of students in Japanese schools participated in career guidance counselling, which is the lowest among participating countries and substantially lower than the cross-country average of 40-58% (depending on the school type). Among the Japanese students who participated in such activities, between 81 and 85% found them useful, which is slightly higher than the cross-country average. Japan ranks at the bottom with respect to the number of school-mediated employer activities, with respondents in Japan recalling on average 0.8 of such activities, compared to between 1 and 1.3 on average across countries. These numbers show that there is room in Japan to increase the provision of career guidance activities, certainly given the fact that many students find them useful.

The survey shows that when schools mediate activities with employers or offer career guidance counselling, young people are more likely to be confident they can get the job they really want. Across all participating countries, 71% of respondents say that they would welcome more help in getting a job while in school.

Figure 7.2. Access to school-mediated guidance activities is relatively low in Japan

Percentage of respondents (aged 18-24)



Note: Useful and not useful refer to the share among participants.
Source: WorldSkills and OECD (2019[2]) "Youth Voice for the Future of Work".

7.2. Supporting workers with their career pathways

Workers can advance their careers by changing jobs while staying at the same employer, or by changing employer. The Japanese lifetime employment system, as discussed in Chapter 2, is based on workers staying with the same employer for their entire working lives. In such a system, it is important for workers to have internal career progression opportunities to ensure that they remain motivated and their skills are put to the best possible use. Moreover, as the content of jobs is changing, an effective internal career progression system can help with an optimal reallocation of workers and with supporting workers in adapting to new tasks or roles. However, as structural changes could imply that workers will change employers more frequently, support for making external career transitions also becomes increasingly important. Therefore, not only do workers need to be able to access career guidance services provided by their employer, but also independent services to support them when looking for jobs outside their current firm.

7.2.1. Supporting internal career progression

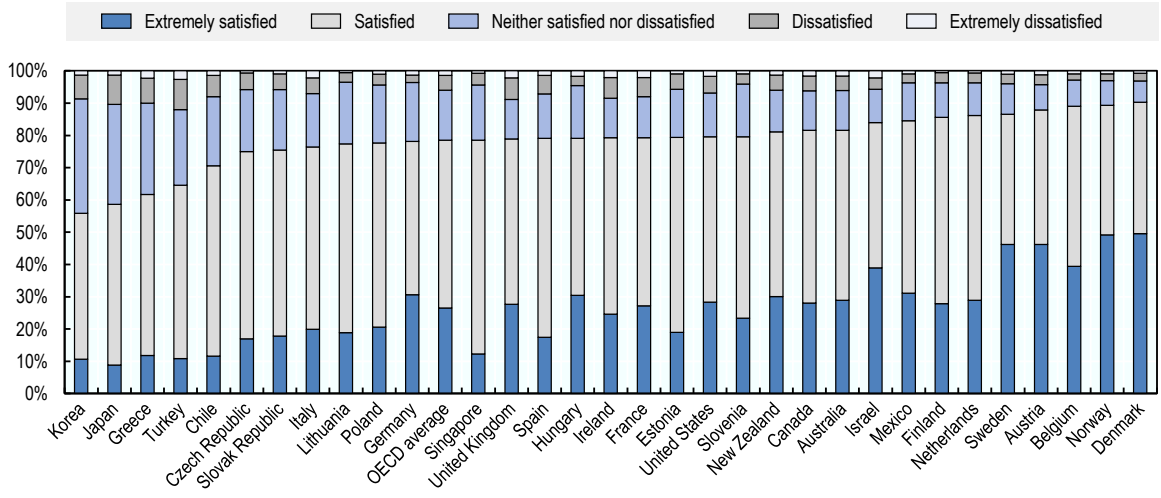
As discussed in Chapter 2, average tenure among Japanese workers is long from an international perspective. Having long tenure does not automatically mean that workers do the same job for a long time. Employers generally offer internal career progression opportunities to their employees, allowing them to move to new tasks or positions in line with their skills, interests and career aspirations. This raises productivity through the re-allocation of skills and through better skill use and increase motivation and satisfaction among workers.

When asking Japanese workers about how satisfied they are with their job, 9% say they are extremely satisfied and 50% that they are satisfied (see Figure 7.3). This is relatively low from an international perspective, with only Korea having a lower share of workers satisfied or extremely satisfied with their job.

On average across OECD countries, 26.5% of workers report to be extremely satisfied with their job and an additional 52% are satisfied.

Figure 7.3. Relatively few Japanese workers report to be extremely satisfied with their job

Percentage of workers



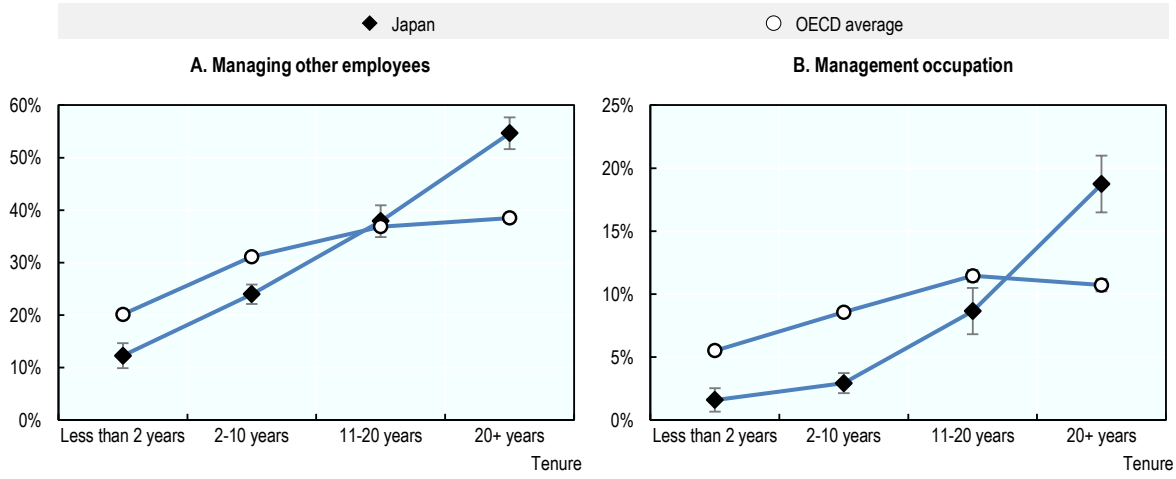
Note: Belgium refers to Flanders only, the United Kingdom to England and Northern Ireland.
Source: Survey of Adult Skills (PIAAC).

The mismatch analysis in Chapter 1 already highlighted the fact that the link between tenure and mismatch in Japan looks different than it does across OECD countries. While longer tenure is found to be associated with a lower probability of over-qualification and a higher probability of under-qualification in the OECD average (controlling for other personal and work characteristics), a similar relationship is not found in Japan. This result suggests that on average in OECD countries workers tend to move to jobs with increasing skill requirements while this is not the case in Japan. Possible reasons could be that Japanese workers are less likely to develop their skills throughout working life, or that employers place a lower value on skills and experience acquired outside the education system or have difficulties in evaluating workers' skills.

One way for workers to advance in their career is to obtain more management responsibilities. According to data from the Survey of Adult Skills (PIAAC), 30% of workers in Japan manage other employees in their job and 10% of workers are employed in management occupations. This is very similar to what is observed on average across OECD countries, where these shares equal 29% and 12%, respectively. However, as Figure 7.4 shows, there are substantial differences between Japan and the OECD average when looking at management responsibilities at different lengths of tenure. Japanese workers with tenure shorter than 10 years are less likely than in an average OECD country to manage other workers in their job. By contrast, Japanese workers with very long tenure (more than 20 years) are more likely to have this type of responsibility in their job than workers with very long tenure on average across OECD countries. Similarly, workers with tenure shorter than 20 years are less likely to be employed in management occupations in Japan than in the OECD average, while the opposite holds for workers with longer tenure. These data suggest that progression to management roles is slower in Japanese firms than it is on average across OECD countries. Earlier research has shown that managers in Japan are more likely to take seniority into account for the determination of promotion than managers in Germany and the United States (Pudelko, 2006[3]). These findings are consistent with the practice in Japan to reward workers based on seniority (see Chapter 2), and reforms to seniority-based HR practices could make it easier for workers to progress in their career.

Figure 7.4. It takes relatively long for Japanese workers to move into management roles

Percentage of workers employed in jobs where they manage other workers or in management occupations (adjusted)



Note: The shares are adjusted for gender, age, migrant background, number of children, health status, education level, literacy proficiency, numeracy proficiency, computer skills, firm size, economic activity, contract type, working hours, risk of automation, exposure to high performance work practices, industry composition (and occupation composition in the case of Panel A). The OECD average also controls for country fixed effects. The adjusted shares are calculated using a probit regression. Vertical lines represent 95% confidence intervals.
Source: Survey of Adult Skills (PIAAC).

Employer-provided guidance services

Employers can help their workers in understanding and achieving their possible career pathways by communicating clearly about the different career progression opportunities that exist within the firm, the requirements to advance in one's career and the available skill development opportunities offered or supported by the employer. Such career guidance services need to be personalised, based on the workers' career aspirations and skills.

An increasing share of employers in Japan are providing career-counselling services to their workers:[2] 44.5% of firms reported having a system to provide such services in 2017, compared to only 24% in 2012 (Basic Survey of Human Resource Development). Large firms are more likely than small ones to provide guidance: 65% of firms with more than 1 000 employees have a system for career counselling, compared to less than 40% among firms with at most 300 employees. While there considerable differences in guidance practices among firms, career-counselling services are mostly provided by Japanese employers when they are believed to affect the most workers' motivation, such as during the annual performance evaluation round, in the event of a promotion, before and after childcare leave, etc.

Among firms not providing career counselling, the main reason for not doing so is a lack of demand for these services from workers (46% of firms that do not offer career counselling). Difficulties also arise in terms of finding workers to deliver these services: one in three firms report that it is difficult to train workers to act as career counsellors, and a quarter of firms have difficulties in allocating workers to provide counselling. The cost of hiring an external career counsellor is also an obstacle for around 25% of firms that do not provide counselling services. Finally, around a quarter of firms say that their workers do not have time for participating in career counselling activities.

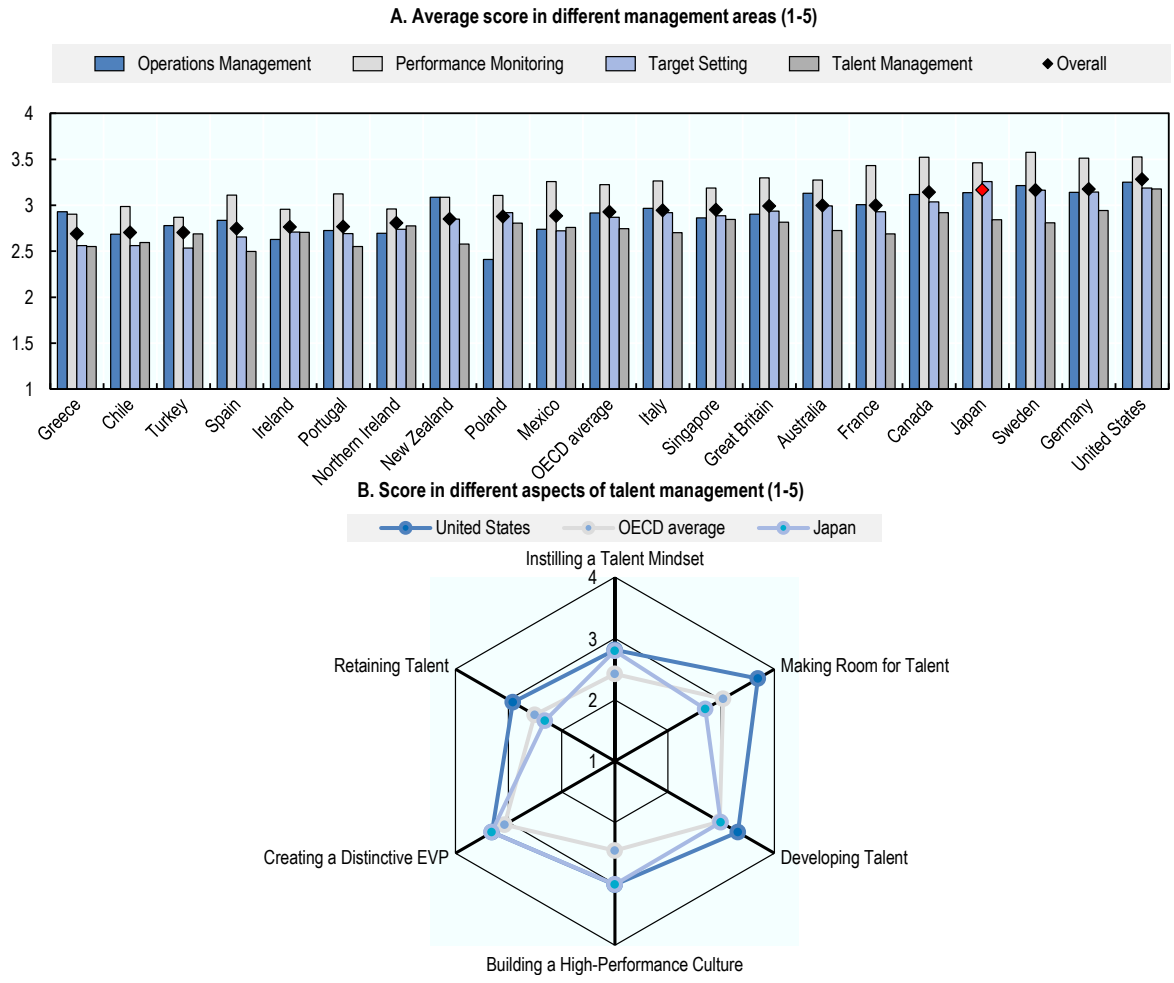
To promote high-quality career counselling, the Japanese Government introduced a national qualification in the area of career counselling in 2016. Individuals who obtain this qualification need to renew it every

five years. The most common way to obtain this qualification is to pass the exam after taking a 150-hour training course that covers topics such as the importance of career consulting, counselling techniques, general job and labour market knowledge, and collaboration with other career counselling networks.[3] By mid-2019, around 44 000 individuals were registered as qualified career counsellor, and the goal is to increase this to 100 000 by 2024. Trained counsellors mostly work with companies to provide advice to workers (40% of career counsellors' activities), with job coordination organisation like Hello Work (24%) and with education institutions to help students with their education and career choices (20%). Only 11% of training career counsellors work as a freelance, self-employed or volunteer counsellor. The majority of trained counsellors work as employees (68%), suggesting that firms either hire a dedicated counsellor or appoint one of their workers to deliver (potentially on a part-time basis) counselling services. Trained counsellors differ strongly in the intensity with which they carry out counselling activities: 32% of training counsellors say to provide their services on a daily basis and 20% at least once a week but not every day, while 28% say they work irregularly and 20% are not active as counsellor. Reasons for inactivity include that counsellors work in a department unrelated to career consulting or there is a lack of demand for counselling services.

In spite of these efforts, only 9% of the firms that provide some form of counselling to their workers make use of a qualified career counsellor (internal or external), and this share has remained stable in the last five years. More needs to be done to promote the services of external career counsellors or to make firms aware of the benefits of having one or more workers qualify as a career counsellor to deliver high-quality counselling services in-house.

Qualified career counsellors could not only be mobilised to directly provide guidance to workers, but also to train managers on how to support their team members' career progression and skills development (Fujimoto et al., 2017[4]). A recent survey among workers in Japanese firms showed that only 53% of workers are satisfied with the guidance and support they receive from their manager. However, among workers who are satisfied overall, their satisfaction mainly relates to the current job (e.g. advice on how to do current job, providing knowledge to do current job, counselling on current job). Only 37% of those who are satisfied overall and 10% of those not satisfied report to be happy with the guidance given by their manager on their potential next job or role. Only 12% of satisfied staff say that they are happy with how their manager shows targets for their career path and 11% are happy with the counselling provided by the manager with regards to their future career (2.2% and 3% respectively, for workers who are not satisfied overall). International evidence from the World Management Survey shows that management practices in the Japanese manufacturing sector are stronger than on average across OECD countries, with only managers in the United States, Germany and Sweden having a higher overall score (see Figure 7.5). However, the survey also finds that Japanese managers have scope to improve their talent management practices, as this is the only area where their score is only slightly higher than the OECD average. Zooming in on the different dimensions of talent management shows that Japan scores below the OECD average with regards to making room for talent and retaining talent, and does a poorer job than the top performing country (i.e. the United States) in terms of talent development.

Figure 7.5. Management practices in Japanese manufacturing firms are strong, but there is scope for improvement in certain dimensions of talent management



Note: Manufacturing firms only. Firms with less than 50 employees are excluded.
Source: World Management Survey (2004-14).

The Japanese Government has been taking steps to support employers in their human resource strategies by promoting regular and systematic provision of career guidance to workers. The government has been actively encouraging and supporting employers to adopt such a system of career guidance, referred to as a "self-career dock system", which can include both individual counselling but also group counselling in career seminars. Interested employers can receive guidance and support, and trained career counsellors can be sent to the employers to assist with the implementation of a guidance system. Moreover, training and supervision can be provided to internal guidance counsellors working in firms that adopt the system. Finally, training can be made available for workers in firms that introduce the self-career dock system in order to raise awareness around the benefits of career guidance. Until 2018, employers who introduced the self-career dock system could receive a government subsidy.

Understanding skill gaps

For workers to be able to progress in their career, they need to understand the skills that they have and identify skill gaps with respect to their career aspirations. A survey among workers in nine countries showed

that workers evaluate the difference between the skills that they have and the skills they need to achieve their career goals mostly through company performance assessments (44%), own research (38%) and feedback from colleagues (25%) (Adecco and BCG, 2018[5]). The use of company performance evaluations for identifying skill gaps is much less common among Japanese workers: only 27% of Japanese workers use this tool, compared to around 50% in India, Switzerland, China and France. Japanese workers mostly rely on their own research, with 41% saying that this is how they assess their skill gap. Only 10% of Japanese workers say that they use their colleagues' feedback as input when assessing their skill gap, which is much lower than in other countries. Moreover, 30% of workers in Japan say that they do not evaluate their skill gap, which is almost twice as high as on average across the nine analysed countries. These data suggest that many Japanese workers are not evaluating their skills and the skills they need to progress in their career, and when they do, they mostly rely on their own assessment.

A first step in the identification of skills gaps is for workers to understand the skills that they have. Moreover, it will help workers to advance in their careers if they can clearly demonstrate to their employer which skills they possess, as this makes it easier for employers to assess their workers and implement performance-based career progression opportunities. Having such as visualisation of their workers' skills will also help employers more broadly with the assessment of their skill needs (e.g. using the *Internal Occupational Skills Development Plan*). This is particularly important in a context where workers acquire skills through non-formal and – especially – informal learning. In Japan, a system of recognition of prior learning exists to certify the skills that adults possess, but it applies only to a subset of occupations and can only be used to acquire certain specialised certifications, see Box 7.2 for details.

Box 7.2. Recognition of prior learning in Japan

Skill test

The Skills Test System is a national test system that tests and certifies the skills possessed by adults. The system was first implemented in 1959. Skills tests are mostly made available for occupations that have a relatively large employment share and are common across companies and/or industries, and, generally, the creation of a new Skills Test responds to a specific requests from a group of firms. Overall, skills tests are available for around 130 occupations, the majority of which in manufacturing and construction related fields. Skills are objectively evaluated against nationally agreed standards through practical skill tests and subject tests. The tests are administered by Prefectural and Vocational Ability Development Associations and – for a small number of occupations – by certain private organisations (e.g. trade unions, employer organisations, NGOs) designated by the Ministry of Health, Labour and Welfare. Every year, the content of the tests is reviewed and, if necessary, tests can be cancelled or consolidated with other skill tests covering similar areas. In financial year 2018, about 807 000 people applied for the skill test, and around 324 000 passed it. The field of financial planning received the highest number of applicants (452 000), followed by machine maintenance (37 000) and machining (24 000).

In-house certification system

For certain more specialised occupations (not covered by the skills test), a similar skill certification system at the company level was introduced in 1984. In this in-house certification system, specific companies assess the skills possessed by their workers against certain standards developed by the employer and approved by the Ministry of Health, Labor and Welfare. The skills are certified by the Ministry. The in-house certification system is available for 131 occupations in 49 companies. The list of companies and occupations is made available on the Ministry's website. Skills are objectively evaluated by the companies or employer organisations through practical skill tests and subject tests.

As a more informal way to visualise workers' skills, the Job card system was introduced in Japan in 2008. The job card is a form of CV that summarises a person's professional experience, qualifications and certificates, as well as training and learning records (including evaluations of training outcomes, if available) and work performance evaluations. It is each adult's responsibility to create and update their job card. The Japanese Government had been actively promoting the use of job cards, by disseminating leaflets and brochures to a wide range of adults (including workers, jobseekers, students and business owners) and by broadcasting videos that explain the use of the job card and show best practices. Moreover, a dedicated website provides information on how to create a job card, possible formats and examples, skill assessment tools, and personalised consultations through email. Dedicated software has been developed to help individuals create and fill out their job card. Job Card centres have been set up throughout the country, with the aim to support the adoption of job cards and to collect good practice examples by industry and job type.

A target of 3 million job card holders by 2020 was set, and by the end of the 2018 financial year almost 2.2 million adults had created a job card. Awareness and use of the job card system by employers remains limited: only 3% of employers reported using the system in 2017, and an additional 23% know what it is but do not use it (Basic Survey of Human Resource Development). Data on the characteristics of job card holders in the period 2005-16 shows that only 17% were in employment, suggesting that the job card is mostly used for people who are looking for a job. Moreover, more than three-quarters of job card holders had been enrolled in public vocational training, for which the creation of a job card is often recommended. These numbers suggest that relatively few workers create a job card at their own initiative and without additional support, which might point to limited awareness of the tool or its perceived low relevance for internal career mobility opportunities.

The government is currently analysing how non-formally or informally acquired skills can be more easily incorporated in the job card framework, which could potentially make the tool more useful for workers. Moreover, the Labour Policy Council and other relevant bodies are tasked to provide assessments of the Job Card programme in order to better align it with the changes in the society and with the government's policy objectives.

A second step in the identification of skill gaps is for workers to compare their current skills with the ones required for the next step in their career, possibly with the help of the job card or skill certificates. For this, it is crucial that workers have a good understanding of what skills are needed for the different roles in their firm. Therefore, employers need to provide transparency on the content and skill requirements of the different jobs in the organisation. The *Employment Skill Evaluation Standards,* discussed in Chapter 6, can help employers describe the skill requirements of different jobs. Based on these standards, the Ministry of Health, Labour and Welfare, has developed career maps for a range of fields and industries, showing different possible career pathways. Additionally, the recently introduced Occupation Information website (https://shigoto.mhlw.go.jp) provides detailed information of job tasks and skill requirement, see next section. Employers with solid information systems can also leverage the information they have on their workers career history and their skills, training activities and qualification or certifications to better understand typical career pathways within the firm, the skills associated to each role and the training usually required to go from one role to another. If employers do not already have this information, the information from workers' job cards could be leveraged. Ready-to-use solutions of this type are available on the market for companies to adopt.

One way for workers to identify the different roles in firms and the associated career pathways is through mentorship programmes. In such programmes, workers are paired with colleagues (usually higher up in the hierarchy) to learn from them and get advice and support for their career. An international employer survey showed that the top benefits for participants in mentorship programmes are professional development, a better understanding of organisation culture, and the development of new perspectives (ATD Research, 2017[6]). Mentorship programmes are not only beneficial for the workers receiving mentoring, but also for the mentors. The survey shows that the top benefits for mentors are developing

new perspectives, developing leadership skills, and gaining insights into the organisation. The most-cited benefits of mentorship programmes for the firm in general are higher employee engagement and retention, supporting growth of high-potential employees, stimulating the creation of intra-organisational relationships and collaboration, and knowledge management and transfer. While the implementation of mentorship programmes and other forms of high performance work practices (see Chapter 5) is ultimately the choice of employers, governments can support employers by providing guidance and disseminating good practice examples. At the European level, the EUWIN Knowledge Bank brings together resources in workplace innovation, including guides and good practice examples, from across EU countries, see Box 7.3.

Box 7.3. Knowledge sharing on workplace innovation in Europe

The European Workplace Innovation Network (EUWIN) was created in 2013 at the request of the European Commission. Its goal was to develop and promote the idea of Workplace Innovation at the European level through knowledge-sharing. The network does this in several ways, for example by organising various international workshops and Europe-wide meetings involving public and private organisations, social partners, policy makers and researchers. Moreover, an online EUWIN Knowledge Bank was created, providing rich resources for practitioners and researchers, including articles, case studies and practical guides.

According to EUWIN workplace innovation is built on four elements: i) empowering jobs and self-managed teams, ii) Flexible organisational structures, people-centred management practices and streamlined systems and procedures based on trust, iii) Systematic opportunities for employee-driven improvement and innovation, and iv) co-created and distributed leadership combined with 'employee voice' in strategic decision-making. These four elements come together to form a system of mutually reinforcing practices and create synergies. The fifth element represents the enterprising behaviour, the culture of innovation, the high levels of employee engagement, and the organisational and individual resilience, which flourish only when the other four combine to shape experience and practice across the whole organisation.

Building on the success of EUWIN, the European Commission launched new and more targeted projects in the area of workplace innovation. One of those is the INNovaSouth project, which supports SMEs in Southern Europe to **enhance their workplace innovation** by increasing the employees' motivation and productivity. Within this project, an **Online Manual of Good Practices on Workplace Innovation was developed, providing** practical advice to SMEs on possible innovation actions to implement within their companies to improve their organisational processes and increase their competitiveness. It includes inspiring case studies to give an idea to SMEs owners and employees on possible concrete actions to undertake. Additionally, a call for proposals was launched under this project in 2020 that will grant vouchers to spend on workplace innovation to selected Greek and Italian SMEs. The selected SMEs will also receive access to an online training programme where managers and employees, will improve their learning capabilities and diffusion of knowledge, which are important for keeping workers' skills up-to-date.

Source: EUWIN (2016[7]), *Your Guide to Workplace Innovation*; NNovaSouth (2020[8]), "Project Methodology", https://www.innovasouthproject.eu/methodology/.

7.2.2. Supporting external career transitions

Employers are well placed to provide career guidance to workers who want to advance their career internally. However, workers who would like to transition to new opportunities with a different employer will prefer to seek guidance externally. Therefore, independent career guidance providers should be

accessible to these workers. As non-standard forms of employment (such as part-time work, multiple jobs and non-regular employment) are on the rise in Japan, workers might switch between firms more frequently and therefore have stronger demand for external guidance services.

According to the Japan Household Survey, 11% of workers wanted to change to another job in 2018. Workers mostly want to change jobs for job quality reasons, i.e. better working hours and less psychological burden (32%) and better wages (19%). For 9% of workers the main reason for wanting to change jobs is related to declining business and anxiety about the future, and for another 8.5% it is linked to the temporary nature of the job. The interest in changing jobs declines with age, and is larger in medium-sized firms (30-500 employees) than in large or small firms. Career guidance services could support those workers wanting to change jobs, by providing high-quality information about labour market opportunities, helping workers better understand their interests, skills and aspirations, and, if needed, guide workers towards relevant training opportunities. These services can not only help workers find jobs that suit their interests and skills, but also guide them towards occupations or sectors that have good labour market prospects.

As discussed above, Japan has introduced a national qualification in the area of career counselling, which has implied that growing numbers of certified guidance counsellors are offering their services. While many of these counsellors end up offering their services within firms, some are providing independent guidance services, either as self-employer or freelance counsellor or as part of the public employment service (Hello Work). These independent guidance counsellors are well placed to help workers who are looking for new opportunities. Moreover, as certification of guidance counsellors needs to be renewed every five years, these counsellors have opportunities to keep their skills and knowledge on labour market needs up to date and are therefore able to provide relevant counselling services.[4]

To support workers who are unlikely to benefit from career guidance services, including through the self-career dock system, the Japanese Government established several support centres for career development in 2020, and also set up a system to allow for online or in-person career counselling sessions for free. Workers can register online or by phone for these sessions, which are provided by career guidance counsellors selected through a call for tenders. These guidance sessions are mostly targeted at young workers, older workers, and workers in SMEs, but anyone can register.[5] In addition, a portal site to search qualified career consultants – *Cari-con Search* – is available for those who wish to find a career consultant on their own. To ensure that these underrepresented groups of workers have access to career guidance opportunities, these distance services need to be promoted among the target audience and adapted to the specific needs of these workers. Moreover, dedicated external career guidance services for older workers and non-regular workers could be set up. Also the Japanese Government should consider, for example, providing financial incentives to SMEs to make use of external qualified career consultants.

The Japanese public employment service, Hello Work, provides career counselling and job matching services to anyone registered within the Hello Work system. Hence, Hello Work's services are also available to workers looking to change jobs. However, relatively few employed adults are registered with Hello Work: in 2018, only a third of all registered adults were employed. The system is therefore mostly geared towards unemployed adults (see next section for a discussion on career guidance for job seekers). More efforts can be made to promote Hello Work's services among workers and to make the services more accessible to them (e.g. in terms of operating hours), provided that Hello Work has the resources to deal with more requests from employed adults. Moreover, Hello Work's counsellors need to be trained on how to provide advice and guidance to workers, who might have different needs and preferences than unemployed jobseekers.

As an alternative to Hello Work, workers can consult with self-employed guidance counsellors. However, these services are free only for the first 60-minute session (or, in some cases depending on the worker's situation, for the first three sessions). Hence, certain workers might find too expensive to pay further guidance sessions. To reduce the financial barriers to access these guidance services, the

Japanese Government should consider introducing financial incentives for workers to consult qualified counsellors. Such financial incentives could be made available to all or restricted to those workers who have the strongest need for guidance and/or the largest financial constraints, like for example non-regular workers and older workers. When the incentive is available to all, it can be made more generous for those who need it most. In Belgium, for example, all workers can request vouchers to partially cover the costs of a consultation with a career guidance professional, while in France all employed and unemployed adults can get free personalised career guidance delivered by authorised providers (see Box 7.4). In light of the fact that older workers could face particular challenges in understanding their career pathways, the governments of Australia and the Netherlands are subsidising specialised career guidance services for these workers (see Box 7.5). In addition to financial barriers, workers in Japan might not be aware of the existence of these private counselling service providers or might have difficulties understanding the services they offer. Therefore, information on qualified providers needs to be readily available, possibly integrated into existing guidance websites (see below). The *Cari-con Search* portal site to search qualified career consultants is already a step in the right direction.

Box 7.4. Subsidised career guidance for all workers in Belgium and France

Career guidance vouchers for adults in Belgium

In the Flanders and Brussels region of Belgium, employed adults have access to career guidance vouchers (*loopbaancheques*) to consult accredited career counsellors. Every six years, adults can request vouchers for seven hours of counselling (one voucher of 4 hours and one of three hours). The second voucher can only be used if the first four hours of guidance have been completed, and can be used with the same or a different provider. Only adults who are employed (employees and self-employed) at the time of the request and have at least seven years of work experience can access the vouchers. The full voucher amount (expressed in hours) needs to be used within a period of 12 months. The vouchers are managed by the public employment service. In 2018, 24 741 adults used a career guidance voucher.

Adults pay EUR 40 per voucher (i.e. EUR 40 for the first four hours and EUR 40 for the last three hours). Since the vouchers have a value of EUR 169 per hour, this means that the government subsidises a large share of the costs.

Before adults decide which accredited guidance counsellor to use, they can get a free introduction session with the counsellor. This can help the individual make informed choices about which provider to choose. Once the adult has selected his or her counsellor, the counselling consists of i) an assessment of strengths, weaknesses, interest and aspirations, ii) analysis of career objectives, iii) development of a personalised career plan, and ii) advice and guidance on how to implement the career plan. The participants can get a free follow-up session with their counsellor up until 12 months after the end of their counselling sessions.

Free professional development guidance in France

In France, all workers and job seekers have access to free professional development guidance services (*Conseil en évolution professionnelle*). These personalised services were introduced in 2014. In a first session, participants analyse their current professional situation. Following this analysis, a professional development plan is created and the guidance counsellor provides advice on how to implement this plan, including information on existing policies that help the participant access training. Employers have to inform their workers about the existence of these guidance services in the compulsory biennial discussion they have with each worker on career development.

For the unemployed, the guidance services are mostly delivered by the public employment service. Until 2019, two social partner organisations were in charge of guidance services for workers. However, this responsibility was transferred to private providers in 2020, following a call for tender issued in 2019. The aim of this reform was to make the services more accessible to workers.

In 2018, just under 1.9 million adults participated in the professional development guidance services, the large majority of which were job seekers (83% of participants in the 2015-18 period).

Source: République Francaise (2020[9]), "Annexeau projet de loi de finances pour 2020 – Formation Professionnelle"; VDAB (2019[10]), Jaarverslag 2018; Vlaamse Overheid (2020[11]) "Loopbaanbegeleiding", https://www.vlaanderen.be/loopbaanbegeleiding.

As discussed above, workers who want to progress in their career can benefit from visualising their skills so that they can easily identify their skills gaps and demonstrate the skills they have to their employer. Being able to visualise one's skills is even more important for workers who want to change company, as their prospective employers have a very limited understanding of the skills development opportunities the worker benefitted from in his or her previous job. Tools like the Job Card can help workers give an overview of their work experience and training activities, to provide valuable information to prospective employers. However, it might still be difficult for employers to evaluate individuals' skills based on an overview of their work experience and non-formal or informal learning activities. More formalised skills recognition tools, such as the skills test (as discussed in Box 7.2), are useful in this respect. The Japanese Government should consider expanding these tools, so that they can be exploited to assess and validate a wider range of skills and contribute to a full or partial formal qualification. In particular, implementing skills tests – possibly while also exploring the use of virtual reality – in sectors where the identification of job tasks and competences is challenging but feasible, such as for interpersonal services (e.g. sales, food and hotel industry, etc.) – could prove very fruitful.

Specific attention should also be given to those sectors where competences are very challenging to identify and hence skills tests cannot be easily produced. This is particularly the case of white-collar jobs, such as clerical, administrative or managerial occupations. In 2019, the Ministry of Health, Labour and Welfare has initiated a survey and study for the development of vocational ability assessment tools for white-collar occupations, which is still ongoing. In the future, even more efforts should be made to evaluate the gap between the skills sought by companies and the skills actually possessed by job seekers. A promising avenue for research is the exploitation of big data in cooperation with recruitment agencies, or the use of artificial intelligence, such as deep learning. To this end, job cards are also useful, as they contain valuable information about individuals' work history, qualifications, educational and training backgrounds, as well as other achievements.

Box 7.5. Career guidance for older workers in Australia and the Netherlands

Australia's Skills Checkpoint for Older Workers Program

The Australian Government introduced the Skills Checkpoint for Older Workers Programme in 2018, with the aim to provide older workers with free advice and guidance on transitioning into new roles within their current industry or pathways to a new career, including referral to relevant education and training options. All adults aged 45 to 70 who are employed and at risk of entering the income support system, or recently unemployed (within three months), can participate in the programme. The aim of the programme is to support 20 000 older workers over a four year period.

Participants in the programme take individually tailored assessments of their skill levels. Skills Checkpoint providers then develop a Career Plan to assist participants to identify: i) gaps in their skills if they want to transition to a new career or undertake a new role in their current occupation, or ii) skills

they could develop or enhance to increase their capacity to perform in their current role. Where relevant, the Career Plan may also provide advice on potential new industries or roles where there may be job opportunities, and recommendations and information on appropriate training.

The programme is delivered by two private career-counselling providers, and is directly linked to the Skills and Training Incentive discussed in Chapter 5, Box 5.1.

Development advice for older workers in the Netherlands

In the Netherlands, workers aged 45 and above who work at least 12 hours per week have access to free personalised career guidance (*Ontwikkeladvies*). The goal of the guidance is to help older workers assess their personal strengths, needs, questions, concerns and opportunities. This should help them get a better view on the future and a better understanding of what they want, can do and the opportunities available to ensure that they can stay in employment until the retirement age.

To participate in the subsidised guidance programme, workers only need to find a suitable guidance counsellor. The selected counsellor is in charge of requesting the subsidy (EUR 600) from the government. The sessions are confidential, and the employer is not informed of the worker's participation in the programme. The counsellor develops a personalised development plan for the participant, based on his or her interests, skills, needs and aspirations. Guidance can be provided by private career counselling providers or by trade unions.

The programme was developed as a temporary measure, starting from December 2017 until July 2020 (requests open until January 2020). 25 800 requests for subsidies were submitted within that period.

Source: Department of Education (2020[12]), "Skills Checkpoint for Older Workers Program", https://www.employment.gov.au/skillscheckpointprogram; Ministerie van Sociale Zaken en Werkgelegenheid (2020[13]), "Persoonlijk Ontwikkeladvies", https://www.hoewerktnederland.nl/persoonlijk-ontwikkeladvies; Ministerie van Sociale Zaken en Werkgelegenheid (2020[14]) "Regeling van de Minister van Sociale Zaken en Werkgelegenheid van 10 maart 2020, 2019-0000159962, tot wijziging van de Tijdelijke subsidieregeling ontwikkeladvies vijfenveertigplussers in verband met aanpassing van het subsidieplafond".

In addition to face-to-face career guidance services, workers might also look for information on possible careers and associated training opportunities on the internet. Ideally, online guidance portals are easy to use and bring together information on the labour market, including the content, working conditions and labour market prospects for occupations, and on training. With regards to training, it is important that individuals understand the training needed for a certain job, the quality and outcomes of training, as well as the costs and available government support measures (e.g. subsidies). Moreover, direct links to relevant training providers make it easier for users to take action immediately. Finally, online career guidance portals can allow for personal career and training advice based on the preferences and skills of the user.

In Japan, several publicly managed career guidance portals exist, the main ones being the Hello Work website, the dedicated Job Card website, and the newly launched Occupational Information website (see Chapter 4 for a description of other websites listing adult learning courses). Table 7.1 gives an overview of the main information related to occupations and training available on these websites. The Hello Work website mostly provides information about training (public vocational training only), but does not contain information on occupations. The Job Card website allows users to take a (basic) assessment of their skills and interests, and provides links to other relevant websites (e.g. Hello Work vacancy search page, a repository of career consultants). The Occupational Information website mostly focuses on occupations, and allows users to find occupations that match their skills (see Box 7.6 for details). Hence, while these three websites provide interesting information, they fail in bringing together and linking all relevant materials. No single website exists that directly links information about occupations and training opportunities.

Table 7.1. The information on occupations and training is scattered across different career guidance portals

Features of the three main career guidance portals in Japan

	Hello Work Internet Service	Job Card System General Website	Occupational information website
Target audience	Job seekers	Workers and job seekers	All adults and employers
Description of content of occupations			x
Description of working conditions of occupations			x
Description of labour market prospects of occupations			x
Link to vacancies		x	x
Description of education or training requirements of occupations			x
Link to training providers	x	x	
Information about training cost and duration	x		
Information about training outcomes and quality			
Information about financial incentives for training (e.g. subsidies)	x	x	
Skills assessment (test or self-reported)		x	x
Personalised advise on occupations or training (based on the profile of the user)			x
Link to qualified career counsellors		x	

Box 7.6. The new Japanese occupational information website

Following the example of the O*NET database in the United States, the Japanese Ministry of Health, Labour and Welfare launched an occupation information website (http://shigoto.mhlw.go.jp) in March 2020. The website provides detailed information about the skill requirements, task content and working conditions for around 500 occupations. For each occupation, a skills profile describes the skills and knowledge requirements. These requirements are expressed on a scale that indicates the level or relevance of the skills for the selected occupation. The profile also includes information on work context, work values and interests. This information is based on a survey conducted among the workers employed in the respective occupations.

Information about work content of occupations includes an overview of the main tasks in each occupation and the importance of those tasks (from O*NET). It also provides data on the education background of workers in the occupation, the usual training period before and after starting working in the occupation and the required work experience before starting. This information comes from an online and paper-based survey conducted among workers. With regards to working conditions, information on the number of workers, average wages, working time and age of workers in the occupation is provided. The working conditions section also includes a short description of structural changes in the occupation.

Users of the website can simply browse the occupations, and can also find occupations based on skills or qualifications/licences. Moreover, occupations are also grouped by theme and by industry. For each selected occupation a list of similar occupations is provided. Finally, a career analysis tool allows users to find an occupation that fits their skills and professional experience, and compares their skills to the skill requirements of an occupation of interest.

To improve the usefulness and effectiveness of career guidance websites, the Japanese Government should consider bringing together the existing information from the three abovementioned websites, as well as information from other sources and tools, such as the career maps under the *Employment Skill Evaluation Standards framework.* Moreover, the existing information should be linked better and in an interactive way. For example, when the user consults information about certain occupations, information about relevant training opportunities and associated providers and a link to vacancies for those specific occupations should be provided. It is also of crucial importance that users find information on the outlook of occupations and the quality of training. Box 7.7 provides good practice examples of well-designed and comprehensive career guidance portals in Scotland, New Zealand and Australia.

Box 7.7. International good practice in online career guidance portals

Scotland: My World of Work

The Scottish *My World of Work* website (www.myworldofwork.co.uk) brings together information on careers, education and training programmes and job vacancies. The careers section of the website allows users to browse different occupations, but also to discover occupations that best match their profile and interests. The occupation pages contain a wealth of information, including labour market data. Data is provided on average wages, total employment and projected employment in the next five years. The website also describes the types of tasks usually done in each occupation, the working conditions, entry requirements and skill requirements. The website has information to help individuals assess their own skills. The website also allows to design qualification routes for all the occupations. Within these routes, users can directly access information about the qualifications and associated training providers. Moreover, information about funding options for training is provided.

New Zealand: Occupation Outlook

The Ministry of Business, Innovation and Employment in New Zealand provides detailed information about labour supply and demand on its *Occupation Outlook* website and mobile app (http://occupationoutlook.mbie.govt.nz). The list of occupations provides an attractive and easy-to-understand synthesis of the labour market and training information, showing an indication of wages in the occupation, training fees and job prospects. For each occupation, the website shows information about past, current and prospective employment levels, average wages and the evolution of the number of vacancies. The website also provides information on qualification requirements of the occupation, where to study for these qualifications and the associated costs. The outcomes of graduates for the qualification associated to the occupation are also provided, showing the share of graduates that are in employment, in further study, receiving benefits or are oversees (three years after completion).

Australia: Job Outlook

The Australian Job Outlook website (http://joboutlook.gov.au) provides for each occupation information about their content and data on weekly pay, employment levels, average hours worked, unemployment rates and expected employment growth in the next five years. The age, gender, education and industry composition of employment is also provided. Moreover, using information from the O*NET database, the website describes the skills and knowledge requirements in the occupations, as well as demands, values and interests. Finally, information on training pathways are provided, with an overview of training programmes by state or territory.

7.3. Career guidance for job seekers

Career guidance is of crucial importance to help unemployed adults back into work. It helps jobseekers in their job search, by supporting the identification of relevant job opportunities and available training in case of skill gaps. Moreover, these guidance services can reorient unemployed adults who worked in declining sectors or occupations towards fields that are in demand. Effective career counselling can help reduce the risk of long-term unemployment and improve the matching process.

As discussed above, the unemployed can receive job-search support from Hello Work, the Japanese Public Employment Service. Hello Work, which provides services in 544 locations nationwide, offers vocational counselling, job search guidance, referrals to active labour market programmes, including participation in vocational guidance, and placement services. Jobseekers need to register with Hello Work to be able to receive unemployment benefits, but jobseekers who are not eligible for these benefits can also register and receive job search support and have access to training opportunities under Support System For Job Seekers Registration needs to be done in one of the Hello Work offices.

Hello Work offices have separate counters for jobseekers who require guidance on vocational training or general upgrading of skills (Duell et al., 2010[15]). Vocational guidance and career counselling services are mainly targeted towards first-time jobseekers or recent graduates and the long-term unemployed. Career-counselling services include training in interview skills and CV preparation. Career counsellors also assess the skills and qualifications of jobseekers in relation to a particular job vacancy that interests them, and schedule an interview if the jobseekers have the skills required. They can provide letters of recommendation to applicants confirming their ability to perform the job. The main Hello Work offices tend to prioritise placement services for jobseekers, and spend less time on individual counselling, due to the large number of people seeking their assistance (Sano, 2004[16]).

Hello Work has advanced significantly in terms of self-service facilities, so that individual jobseekers have the main responsibility for their own job search. While self-service approaches are widely used in OECD countries, it is generally recognised that they have limitations (Duell et al., 2010[15]). Disadvantaged jobseekers may not have ready access to the internet or may not have the skills to use the services effectively. Personal counselling may identify job-search issues such as the limitation of job-search efforts to particular types of vacancies or weaknesses in the client's CV or interview presentation. Thus, even where vacancy listings are readily accessible, the PES should also offer personal counselling. Some specialised Hello Works offices or specialised corners within the main Hello Work offices have been set up to for specific target groups that would benefit from more targeted services adapted to their situation and work or job search barriers. This is the case, for example for older workers and mothers.

Main Hello Work offices in prefectures have a special corner for older jobseekers aged 55 and above and special corners for those aged 65 and above (OECD, 2018[17]). At these corners older jobseekers can make appointments with the advantage that they avoid waiting, are followed-up by a caseworker and the caseworker can prepare counselling in advance. Also at these corners, age-adapted computer screens are available for job-search though not all older jobseeker are using the special desk. Overall, older jobseekers are more likely to come to the Hello Work offices than younger jobseekers, as they more often lack digital skills and devices to search for jobs online.

For mothers who are bringing up children and seeking employment or who wish to change jobs, specialised centres and corners are have been put in place (Duell et al., 2010[15]). Compared with the main Hello Work offices, these centres offer more tailored services such as information on childcare (in collaboration with local government), more intensive job-search assistance and career counselling, special seminars and some training (e.g. IT). They make special efforts to acquire vacancies from companies which offer conditions suitable for mothers e.g. in terms of work-life balance.

While personalised face-to-face counselling is important, especially for jobseekers who face particular difficulties in their job search, jobseekers also need access to relevant information and user-friendly tools

to support their autonomous job search. As discussed above, several government websites, including the Hello Work website, provide useful information about career options and training opportunities, but the information is scattered. Creating a user-friendly guidance portal that is well integrated with the Hello Work online services can support unemployed adults in their job search.

Policy recommendations

Supporting internal career progression

Challenge: Relatively few employers provide guidance services to their workers.

- Clarify the purpose of the self-career dock system and link it better with other existing guidance and skill assessment tools (e.g. job card, skills evaluation standards). Develop self-career dock materials and tools that can be adopted by employers in their provision of career guidance.
- Examine the satisfaction of employers with guidance provided by qualified external providers in order to be able to adapt the training of counsellors to the needs of employers.

Challenge: Workers have a limited understanding of the career options open to them and the skills needed to advance in their career, and employers have a limited understanding of the skills their workers possess beyond those required directly in their job.

- Encourage employers to be transparent about possible career pathways and skill requirements of different jobs. Disseminate good practice examples of how employers are doing this, possibly through the knowledge platform created for encouraging the adoption of high-performance work practices (as recommended in Chapter 5). Develop guides on how to use the skills evaluation standards and the Occupation Information website in this context.
- Promote the use of job cards among employers and facilitate the integration of the job card into existing HR systems. Ensure that self-development activities can easily be included in the Job Card.
- Develop a fully-fledged system of recognition of prior learning that allows adults to obtain qualifications or part-qualifications based on their skills. Integrate the use of the Job Card into this system.

Supporting external career transitions

Challenge: Workers need access to guidance provided outside of the firm if they want to make career transitions.

- Raise awareness about the possibility to make use of qualified external career guidance counsellors, especially among SMEs. Provide easy-to-access information about how to contact these counsellors and the services they deliver.
- Disseminate information about independent qualified career counsellors among workers. Consider introducing a subsidy that helps workers to use these services. This subsidy could be targeted at adults with specific guidance needs (e.g. older workers, non-regular workers) or low-income adults.

Challenge: Online information on careers and training is scattered.

- Develop an attractive, interactive and easy-to-use online career guidance portal that brings together the information on occupations and training from different sources. Ensure that the information on occupations is well linked with the information on training. Include information on labour market prospects of occupations and quality of training.

Career guidance for jobseekers

Challenge: Some groups of jobseekers need targeted career guidance.

- Ensure that jobseekers who might face particular challenges in finding jobs can benefit from personalised, targeted face-to-face career guidance services from Hello Work. Particular attention needs to be paid to jobseekers who previously worked in sectors undergoing structural changes or have skills that are obsolete due to structural changes.
- Provide targeted information and guidance to jobseekers who were previously in non-regular employment, as these adults might have had limited access to skills development opportunities and a weak understanding of possible career pathways.

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Notes

[1] A regression analysis was carried out to identify the association between specific individual characteristics and the likelihood of liking to learn new things to a high or very high extent.

[2] The definition of career counselling in the Human Resource Development Survey refers to the provision of advice and guidance to workers on the topics of job selection, vocational life design, and the development and improvement of vocational skills. Advice and guidance under this definition does not necessarily have to be delivered by dedicated counsellors.

[3] Other groups that can take the exam for obtaining the career counsellor qualification are those who have extensive work experience as a career counsellor. Adults who have obtained career consultant qualifications through Skills Tests (as well as adults deemed to have the skills needed to pass this Skills Test, like for example adults who completed a training course that qualified them to take the "Career Consultant Competency Assessment Examination" that was being conducted until March 2016) are exempted from the exam.

[4] For their certification to be renewed, guidance counsellors need to participate in at least 30 hours of training to develop skills in counselling techniques, instructional methods for preparing resumes, techniques for helping people understand their job, techniques for helping people develop themselves, and/or techniques for helping people adjust to their new job. Additionally, they need to participate in at least eight hours of training to improve their knowledge in one or more of the following areas: vocational development, human resource management, labour markets, labour-related laws and regulations, social security system, education system, and/or mental health. The Ministry of Health, Labour and Welfare determines which training programmes are eligible.

[5] The only requirement to register for these distance guidance counselling services is to hold a Job Card.

Getting Skills Right

Creating Responsive Adult Learning Opportunities in Japan

The COVID-19 crisis has reiterated the importance of adult learning and career guidance services as many adults have lost their jobs and now require upskilling and reskilling opportunities in order to keep pace with the rapidly evolving world of work. To foster the development of responsive and more widespread adult learning opportunities in Japan, this report analyses several policy options to expand access to training, remove the barriers to training participation, and ensure that the training provided is aligned with Japan's labour market needs. It also discusses the importance for Japanese workers of receiving guidance and support from their employer to facilitate career progression and the need for externally provided guidance services for workers who want to change jobs. Based on this analysis, this report provides actionable policy recommendations as well as good practice examples from OECD countries.

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