

# Employee relations- japan

[Business](#), [Management](#)



EMPLOYEE RELATIONS-JAPAN By Employee Relations in Japan Employee relations are an important aspect for the growth and success of the nation's economy. Therefore, it is important to ensure that employee relations are streamlined and independent from negative influence of power. With the increasing need to improve productivity there has been change in the employment sector, some that may be considered to promote and improve employee relations while some act in contrary to the advantage of employees. For instance, in Japan there has been several emerging issues in relation to employee relations. These issues include labour market deregulation, changes in nature of employment such as employment duration and permanence, wealth distribution inequality, changes in firm governance, and performance-related pay.

Labour market deregulation involves measures by the government and policy makers to simplify and reduce restrictions on already existing labour regulations. The main focus of labour deregulation is to improve productivity and easing employee work. Additionally, labour deregulation seeks to achieve lower prices yet maintaining maximum efficiency and productivity. For example, in Japan there has been laws that facilitate adoption of agency workers who are in most cases women and migrants hence incur less costs in terms of wages. However, this has been met by opposition terming the government as inefficient since this policies are arguably in contrast with the 1985 amendments to the LSL seeking to reduce working hours for women (Kato & Kodama 2014, p. 11).

In the past, large firms in Japan had adopted a culture of recruiting young people, either fresh from universities or the final year, without necessarily

seeking job experience. These young people normally remained in the firms as their career develop within the firm by gaining promotions (Firkola 2011, p. 2). As a result, this system has given employees a sense of belonging in the respective firms bringing hence feeling as part of the firm and consequently increasing production levels. However, with recent policies has forced a drop on the number of recruitments by the large firms and long term employments have also dropped significantly.

Atypical employment refers to employment that is not permanent such as employments on the basis of a fixed term. This implies that after the agreed duration the contract can be either terminated or renewed. One of the emerging issues in Japan in the modern day is adoption of atypical employment. This can be attributed to the increased need to reduce production costs yet maintaining high productivity. For example, the Basic Survey of Wage Structure in 2007 showed that wage levels of atypical employment were 61% of permanent employments (Futagami 2010, p. 16). This implies that atypical employment is relatively cheaper.

Economic inequality is marked by the widening gap in the society in terms of economic advancement. There have been concerns in regard to Japan's economic inequality since high levels of economic inequality are harmful the society's development and cause strains to the economy (Piketty 2012, p. 3). However, economic inequality in Japan is not evenly distributed across all ages since it is more prevalent among the ageing population. This can be attributed to increased atypical employment among the younger population. Additionally, with regulated policies especially in relation to legal requirements, company reconstruction has become easier. As a result, many

firms have reconstructed either through mergers or acquisitions. For example, amendments of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, have strengthened mergers (Mori & Tomotsune 2010, p. 2). This has impacted employee relations since some of the firms have adopted new management types such the US-type corporate governance system.

Moreover, there has been adoption of performance related pay system by relatively many firms in Japan. In a performance related pay system, wages and salaries of employees are determined by employee performance hence boosting output (Shen, Ogawa & Takahashi 2014, p. 1). This implies that pay levels may differ within the organization since different employees have different input levels in relation to productivity and benefit of the firm. There has been mixed reactions with regard to this system with some people opposing it while others are in its support.

Conclusively, there has been a noticeable change in employee relations in Japan, which can mainly be attributed to increased need to increase productivity. Some of these changes include labour market deregulation, changes in employment such as employment duration and permanence of employment, wealth distribution inequality, changes in firm governance, and performance-related pay among others. However, some of these changes have aided in increasing productivity and have been welcomed while others have met increased opposition thereby reducing productivity levels.

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