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# Trend of Employment Style and Wage System for Persons with Disabilities in Japan

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# Trend of Employment Style and Wage System for Persons with Disabilities in Japan

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**Abstract:** A case study of a Japanese special subsidiary small company was illustrated in relation to the traditional employment style and wage systems. Results found that the employees with disabilities received much lower wages, showed lower productivity, had less work duties and fewer job positions.

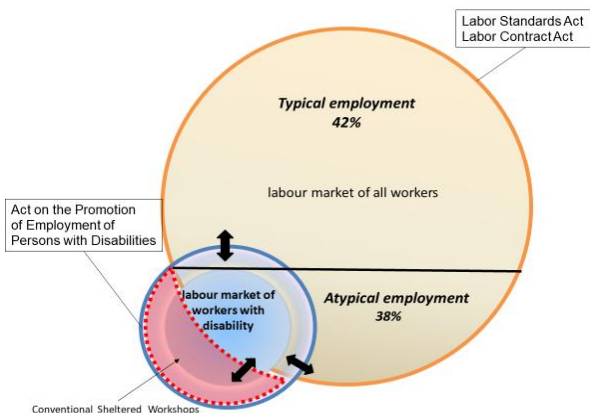
**Keywords:** Employment Style; Wage System; Workers with Disabilities

**Knowledge Focus:** Best Practices

**Topic Area:** Employment

## Introduction

Approximately 38% of all Japanese workers are ‘temporarily employees’ whose jobs are relatively not secured enough to maintain for a long time. They are not the traditional ‘lifetime employees,’ whose jobs are much secured (Mitani & Oshio, 2012). Although many of the large private companies now hire more and more workers with disabilities, under the employment quota system in Japan, a great number of the workers with disabilities fall into the category of ‘temporarily employees,’ see figure 1 (Yamada, 2015). Japanese traditional employment system also includes seniority-based wage system, that is, the longer they work, the better you get paid, which is not often the case for workers with disabilities (Baldwin & Johnson, 1994; Kidd et al., 2000; Malo & Pagán, 2012; Nagae, 2014).



**Figure 1.** SEQ Figure W\* ARABIC 1 —  
Labor Market in Japan

*Figure 1 Image Description: The figure 1 is a venn diagram with two big circles: The large circle shows “Typical employment, 42%, labour market of all workers” and “Atypical employment, 38%.” The small circle partially overlays the large circle representing the “labour market of workers with disability” as “atypical employment.”*

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Although Japanese employment quota system for workers with disabilities has shown to be effective for the increment of the number of competitive employees for the last 10 years consecutively, it does not necessarily mean that their employment status such as wages or positions also improves significantly (Nagano, 2014). Furthermore, providing reasonable accommodations at workplaces for workers with disabilities in Japan is now officially required by a new legislation as of 2018. However, reasonable accommodation itself would not solve the problem of their lower wages by limited working hours and job descriptions (Ishikawa, 2016; Yamamura, 2015).

Special subsidiary small companies (SSSC) system is one of the effective employment strategies for private companies to hire individuals with disabilities in Japan. The number of employees with disabilities at SSSC is counted as ‘hired’ by its mother company, so that the mother company can satisfy the required quota rate, which is 2.3% of all the employees. The workers with disabilities at SSSC earn far better than those at conventional sheltered workshops, despite their similarities in the type of jobs and the nature of work contents.

Little studies have compared the differences between SSSC and the conventional sheltered workshops in Japan, in terms of the type of jobs and the nature of work contents. The present study aimed at illustrating are some of the differences of employment styles and wage systems among workers with and without disabilities at a private company which has its own SSSC and comparing them with conventional sheltered workshops in Japan.

## **Methods**

A semi-structured interview was conducted with the chief executive officer (CEO) of a SSSC (Company A) in November 2019. The Company A was established in September 2010 and of the 17 employees, 10 employees have disabilities. The parent company of Company A runs a group home for the elderly. The interview guide included questions on the: 1) type of jobs, 2) job responsibilities, 3) employment style, 4) wage systems, 5) number of workers with disabilities and without disabilities, and 6) the types of disabilities. The length of interview-time was about 120 minutes. The contents of the interview were recorded with permission by the interviewees. The interview texts were analyzed by the present authors.

## **Results**

### **Type of Jobs and Job Responsibilities**

The Company A manages both its administration and the work support of the employees with disabilities. One of the major job responsibilities of workers with physical or psychiatric disabilities include general affairs, printing, and personal computer (PC) setup, while that of workers with intellectual disabilities includes sweeping the group home. However, a sweeping job is not so productive, so that job was shifted to working at a conventional sheltered workshop in Japan. The so-called “Type A of Continuous Employment Support Center” that has a certain employment contract.

## Employment Style

While the typical employees work 8-hours a day and the atypical employees work less than 8 hours, there are two employees with physical disabilities who are hired as typical employees. Results of the interview with the CEO of Company A derived five determining elements to hire individuals. They were the employee’s specialty, judgment ability, fungibility, basic understanding with the company, and job proficiency.

## Wage System

Wages of workers are decided based on the personnel evaluation. In the case of the typical employment, it is basically a monthly salary, and their salaries are stable regardless of the absence from work. Compared to that, in the case of atypical employment, their wage is based on hourly wages and their minimum wages may not improve significantly like other employees without disabilities. The employees with disabilities at the sheltered workshop under-management by Company A, have no bonus at all, while other workers without disabilities who PSW at Company A receive as high as \$4,330. The Table 1 below shows such comparisons.

**Table 1.** SEQ Table \\* ARABIC 1 — A Comparison of Job, Occupation, and Number of Workers Between SSSC and Conventional Sheltered Workshops in Japan

Type of Work	Job	Occupation	# of workers	Bouns
SSSC	General Affairs	<b>Workers without Disabilities</b>	<b>7</b>	NA \$4,330
		<i>Manager</i>	( 4)	
		<i>Psychiatric Social Worker</i>	( 3)	
		<b>Workers with Disabilities</b>	<b>10</b>	\$2,120
<i>physical disability</i>	( 4)			
		<i>psychiatric disability</i>	( 6)	
Conventional Sheltered Workshops	Sweeping	<b>Workers without Disabilities</b>	<b>11</b>	\$2,730
		<i>Job Coach</i>		
		<b>Workers with Disabilities</b>	<b>33</b>	\$0
		<i>intellectual disability</i>	( 32)	
		<i>psychiatric disability</i>	( 1)	

*Table 1 Image Description: Table 1 compares two groups: SSSC and Conventional Sheltered Workshops; and shows the type of job (general affairs and sweeping); occupation (works with/without disabilities and occupation types); number of workers (ranging between 1–33); and bonus (ranging between N/A, \$0–4,330).*

While workers without disabilities whose job is general affairs receive 4,330 USD, workers without disabilities whose job is sweeping at conventional sheltered workshops receive

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2,730 USD. In contrast, workers with disabilities at SSSC receive 2,120 USD, the workers with disabilities at conventional sheltered workshops receive no bonus, 0 USD.

### Discussion

Although Company A is one of the leading private companies in Japan that hire many people with disabilities, the traditional productivity-based employment system may not meet the needs of workers with disabilities. Typical Japanese may still have lower expectations towards employing individuals with disabilities.

New graduates without disabilities tend to be hired even if they do not satisfy the determining elements for employment, which were the employee's specialty, judgment ability, fungibility, basic understanding with the company, and job proficiency. Japanese private companies must provide more equal employment opportunities and provide decent work with people with disabilities. Workers with disabilities should be more proactive to exercise their rights to work.

### Authors



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