

ILO Office for Japan “The Future of Work” Interview Series #2

“Opportunities and Challenges for Flexible Work Styles in Digital Economy”



(Photo credit: JILPT)

Interview with Mr. Keiichiro Hamaguchi, Research Director General, Japan Institute for Labour Policy and Training (JILPT)

National dialogue on the Future of Work took place on 12 May 2017 in Tokyo co-hosted by the Japan Institute for Labour Policy and Training (JILPT) and the ILO. The forum discussions focused on key factors including technological innovations and aging population with declining birthrate, which are expected to bring significant changes in the world of work. Following the forum, ILO Office for Japan had an in-depth interview with Mr. Keiichiro Hamaguchi, Research Director General, JILPT, who delivered a keynote report and was one of the panelists at the forum, on opportunities and challenges as Japanese workers and companies are expected to experience a shift “from Japanese work style flexibility to digital flexibility.”

1. “From Japanese work style flexibility to digital flexibility”

Rules should be developed ensuring that workers benefit

ILO Office for Japan (ILO): Is that really the case that flexible work styles made possible by digitalization will be beneficial for workers in Japan, and what are pressing issues to ensure that workers can enjoy this new flexibility?

Mr. Keiichiro Hamaguchi (KH): In the Japanese context, employers have been able to exercise certain degree of flexibility with regard to workers' job description, work hours and work locations. In return, regular workers were guaranteed lifetime employment, or "membership-based" employment¹. This unique Japanese work style flexibility is in the process of becoming a more limited work style in terms of time and place in the context of the ongoing Work Style Reform² and the increased considerations for work-life balance.

In addition, there are different dimensions of flexibility at play, which is a more international phenomenon. New work forms such as telework made possible by digitalization of the economy allow different kinds of flexibility for workers to work anywhere, anytime. How this will develop and whether it is the employers or the workers that will benefit remains to be seen, but certainly, it is good news for those that did not have opportunities to work or only worked in very limited form due to the lack of options for flexible forms of work. At the same time, work styles physically made possible by information and communication technology (ICT) can pose increased risks for workers to be pressed to work anywhere, anytime. In this sense, it is critical to create rules safeguarding workers from risks and exploitation due to flexible work arrangements while also ensuring that workers and employers can take advantage of these work styles.

Balancing pros and cons of new work flexibility is a major challenge not only in Japan but worldwide. This is all the more reason that in Europe, agreement on telework³ was signed and initiatives are ongoing in many countries. The rules should be created as per the discussions among both workers and employers based on their positions. For people working with non-employed type telework, such as self-employed and freelance workers, there needs to be a separate discussion on how the voices of these people can be collected and rules developed.

2. Collective representation of interests for self-employed workers

Review the current rules based on clear-cut distinction between employment and self-employment

ILO: It can be pointed out that while strictly speaking, there is no employer-employee relationship for self-employed workers, there is similar relationship between the users and the providers of labour (workers). What rules and institutions are required in order to collectively represent the interests of self-employed workers?

KH: As far as the process of establishing rules, it needs to derive from discussions among parties concerned based on the needs on the ground. Agreeable rules by concerned parties would be mindful of the need for collective mechanisms because an individual, whether employed or non-employed, does not have strong bargaining power. If collective mechanisms do not exist, they need to be proactively created.

¹ "Membership-based" employment is a term labelled by Mr. Hamaguchi to capture the features of traditional Japanese employment style in which workers are not employed to engage in specific jobs but rather are expected to provide a broad range of contributions for the company throughout long-term employment.

² Today's Work Style Reform in Japan is chiefly aimed at breaking away from the practices of Japanese work style flexibility towards a more limited work style in terms of job description, work hours and work location, particularly addressing long work hours, as well as reducing the disparity between regular and non-regular workers. Its work plan suggests forms of work such as telework (employed type and non-employed type) and having side jobs as ways of creating an environment to promote flexible work styles.

³ European Framework Agreement on Telework

Especially in self-employment, the challenge for the self-employed is that they are often not able to engage in collective bargaining due to the issues of economic law and competition law. A hundred years ago in Europe and the U.S., workers became exempt from the ban on organizing, and collective labour law has since been developed. Today, with sometimes blurry distinctions between workers and the self-employed, it needs to be closely examined whether the self-employed, particularly those with similar working conditions as workers, should be allowed to organize for bargaining, just like workers who already enjoy the right to organize. This is a global challenge, and there needs to be discussions on the review of the legal framework across different areas including not only labour law but also competition law and economic law. In order to resolve this in a way that bring out the benefits of flexible work styles made possible by self-employment, there is a need to revisit the design of the current institutional arrangements based on clear-cut distinction between employment and self-employment.

Looking back over the last one or two hundred years of labour history, when there were turmoil and disturbances, rulemaking through collective framework has been the best method to resolve them. Thus, building collective mechanisms, whether this can be called collective employer-employee relationships or not, should be placed at the center in resolving today's issues. Up to today, discussions on collective industrial relations have focused on protecting and promoting workers' organizations that organized voluntarily.

However, left on their own, even employed workers do not proactively organize, and many tend to rely on individual conflict resolution mechanisms to resolve conflicts. Given this, the idea on the need for top-down organization or more rigorous legal framework for employee representation system have gained some attention recently. For self-employed workers, it will be even more challenging to organize themselves. Rather than something that is purely voluntary, there may be a need for a somewhat top-down or outside support to help them towards collective rulemaking.

3. Cooperatives and the future of work

Increasing relevance of cooperatives in the platform economy

ILO: There is more attention paid to the role of cooperatives in new areas such as platform economy. What role would you think that cooperatives can play in the future of work in Japan?

KH: Originally, labour movement has developed side by side with cooperative movement in the UK. Today, many people engaged in the labour and industrial relations issues tend to regard cooperative movement as somewhat a separate movement. However, recently opinions are gaining ground that the concept of cooperatives is well-suited for sharing economy or platform economy made possible by new technologies. Cooperatives may be an effective and useful mechanism to manage a platform such as digital marketplaces for businesses and enterprises.

In Japan, there have not been active discussions regarding the role of cooperatives in sharing economy. This could be because companies in Japan has assumed the role of the community, social significance of cooperatives in Japan has not been very high compared to the West. Traditional Japanese work style flexibility has embraced many issues, and thus there has not been marked needs to actively discuss new themes including digital cooperatives.

4. Skills development and evaluation

From internal peer evaluation within a company to open, internet-based peer evaluation

ILO: What kinds of framework for skills development and evaluation, both within the company and outside by public institutions, are needed as work styles in Japan is expected to shift from “membership-based” employment to a more professional, job-based work style?

KH: Discussions on this issue in Japan have been focused on the need for a skills development and evaluation framework including visualization of skills, skill examination, occupational qualification system, and the creation of professional schools, which are common mechanisms in the West. However, despite active discussions, companies in Japan seemed to have their own unique ways to manage education and training, and deployment of staff. Rather than relying on public and rigid qualification schemes, companies have tended to evaluate and assign staff based on their own criteria or internal peer review. In a way, this flexible and efficient style was beneficial as the staff was able to develop skills on the job, which in turn could strengthen their qualification within the internal peer evaluation mechanism. At the same time, this also meant that it was difficult for people with education and qualification from outside to work and do well in a company that they want to work for.

Advances in ICT will provide workers with increased and diversified means to gain knowledge and skills, allowing them to learn anytime, anywhere. This can facilitate the development of self-reliant professionals. Progress in ICT and artificial intelligence (AI) can also work to make public skills examination or occupational qualification systems less relevant or obsolete, as the jobs and tasks in the future may be given based on peer review in the internet community among people connected by platforms such as Amazon Mechanical Turk. This would be a similar mechanism to internal peer evaluation within companies in Japan, but on a far larger scale. This could mean that the systems used in the West that Japanese government policies have aimed for such as visualization of skills through rigid qualification schemes and skills development by professional schools may no longer guarantee a job.

In Japan, the process to establish rules and guidelines for skills development and evaluation in the future needs to be mindful of these two separate sequences of events. On the one hand, there is a shift from “membership-based” employment to a more job-based employment. As there will be less people entering companies, and the companies will be less able to guarantee lifetime employment, the basis for internal peer evaluation mechanism within a company will be eroded. On the other hand, platform economy facilitated by advances in ICT and AI can lead to the prevalence of platforms such as internet crowdsourcing marketplace in which open, internet-based peer evaluation, and not official occupational qualifications, influence one’s access to jobs and tasks.

5. Future of work for those with limitations

Technology allows those with limitations to work to the fullest potential

ILO: Advances in ICT and medical science have enabled those with limitations (elders, those with care responsibilities, people with disabilities, and people needing continuous treatment) to work. How should the future of work be for people with limitations?

KH: This is very much related to what I mentioned at the beginning. Flexible work styles made possible by digitalization is good news because they will enable people with limitations to work to their fullest potential within the limitations that they have. In the past, they would have to be provided special provisions to be able to work, but now people with limitations can more generally

be qualified to work. This is seen worldwide, and it is the reason that technological innovation is good news for workers. Impact of technological advances on women is similar. Flexible work styles, such as telework, help to do away with social restrictions and barriers experienced by women including childcare responsibilities by allowing them to work anytime and anywhere.

6. ILO's role

Tripartism at historical crossroads

ILO: As the factors that affect the world of work evolve, what roles are expected of the ILO?

KH: With the expansion of new work styles as well as self-employed and freelance workers, representativeness of tripartism is called into question if its representation is limited to employed workers. Decisions might be made through tripartite consultations, but if they represent fewer and fewer people, they can only cover very limited areas in the society. It is a historical challenge for the ILO to examine how collective framework can be developed to represent people that are not represented under the current framework. The ILO is counted to adapt its tripartism to the new realities of the society towards a broader and more inclusive concept in which decisions for issues are made through consultation among representatives of stakeholders with various interests. This is a key issue for the ILO to address if the ILO were to remain relevant in the governance of work. One way of adapting this concept to the new realities of today's society is through creating a framework for representation of interests for self-employed workers who often do not enjoy the right to organize.

As for what the employers and workers can do, in order to retain their representative legitimacy, they will also be called to make their framework broader and more inclusive. This could mean that established institutions for representation of interests such as existing trade unions may need to collaborate with institutions such as NGOs that may be considered to have less legitimacy in terms of formal representation. This is difficult but an important challenge.

Interview conducted by ILO Office for Japan on 1 June 2017
Ryusuke Tanaka, Finance and Programme Officer
Yuichiro Sakai, Programme Officer

Interview article written by Yuichiro Sakai