

Concept Notes

Japan's Labour and Social Security Attorney (*Sharoushi*) System -Legal specialist on Labour and Social security –

I. What is a "*Sharoushi*" (Labour and Social Security Attorney)?

A "*Sharoushi*" (Labour and Social Security Attorney) is a legal specialist based on the *Act Concerning Labour and Social Security Attorneys (Sharoushi Act) of 1968*. The mission of *Sharoushi* is stated in the said law as "A *Sharoushi* shall contribute to the smooth implementation of labour and social security related laws as well as to the welfare of employees and the sound growth of industries." The major services provided by "*Sharoushi*" are as follows;

i. Preparation and submission of Documents designated by law

Employers are required to make various documents to apply, notify and report to the administrative agencies under the Ministry of Health, Labour and Welfare (MHLW) by law. A *Sharoushi* may take the role of proxy for clients' legal administration.

ii. Bookkeeping designated by law

Bookkeeping for calculating social insurance premiums and proving labour conditions is legally mandatory for employers. *Sharoushi* can conduct bookkeeping on behalf of employers.

iii. HR Consultation/ Advisory Services

A *Sharoushi* provides legal consultation on personnel management and labour and social security relations for clients.

iv. Payroll Calculation

Bookkeeping on payroll is legally mandatory for employers. A *Sharoushi* can conduct payroll calculation and bookkeeping on behalf of Employers.

v. ADR (Alternative Dispute Resolution)

A *Sharoushi* can act as a proxy on mediation for either party and also take the role of mediator at the resolution of individual labour dispute procedures. A *Sharoushi* is entitled to make a statement in court, by handling cases jointly with the attorney-at-law, within the scope of the services of a *Sharoushi* as listed above.

At present, the total number of *Sharoushi* is approximately 40,000. There are two types of *Sharoushi*, one is the "Independent-type *Sharoushi*" who runs his/her own *Sharoushi* office and practices services for his/her clients, and the other is the "In-house *Sharoushi*" who is employed by a company as an internal practitioner. The examination for *Sharoushi* is conducted by the Minister of Health, Labour and Welfare. This examination is one of the most difficult certificate examinations in Japan.

II. The Role of the "*Sharoushi*"

After World War II, in the period of rapid economic growth, Japan introduced and developed labour laws and the social security system. Along with the improvement of those laws and systems, it was important to address the pressing issues of the appropriate enforcement of the laws, as well as proper operation and stabilization of the systems. In addition, modernisation of personnel management in businesses became a major concern to society. In order to meet such social needs, the *Sharoushi Act* was enacted in 1968.

Since its introduction in 1968, *Sharoushi* have been playing a significant role in Japanese society as follows;

a. Complementary role to the Government

A *Sharoushi* is committed to raise awareness among employers, companies and workers concerning labour laws and social insurance laws, for example, through education of employers about new laws and regulations, and provision of guidance for the expansion of social insurance. A *Sharoushi* works in close cooperation with the administrative agencies of the MHLW; such as labour inspection offices, public employment security offices, pension offices and health insurance offices. A *Sharoushi* plays an important, complementary role as it is difficult for government agencies to enforce laws and implement the systems due to the insufficient number of government staff.

b. Advisory function to SMEs

A *Sharoushi* provides legal advisory services to businesses, especially small and medium size enterprises (SMEs) as a retained legal consultant. Labour and social insurance laws demand a wide range of obligations of employers, but employers, especially of SMEs, usually don't have enough knowledge concerning such obligations. Therefore, they often hire an *independent-type Sharoushi* as a legal consultant. A *Sharoushi* makes the employers aware of the legal requirements of labour standards and procedures, and helps them understand the importance of legal compliance.

c. Contribution to the stability of Industrial Relations

In Japan, the trade union membership ratio peaked in 1973 and has fallen since. In contrast to the decreasing number of collective labour disputes, the number of individual labour related disputes has greatly increased. Under these circumstances, since 2001, *Sharoushi* (specially authorized *Sharoushi*) are entitled to act as proxy in the Alternative Dispute Resolution procedures and to serve as a mediator.

d. Fostering decent working conditions

The *Sharoushi's* daily practice fosters decent working environments through proactive and preventive approaches. A *Sharoushi's* activities help with implementing decent labour conditions and valid enrolment in social security, leading to protecting employees' rights, preventing labour disputes, and accordingly, improving productivity at businesses. Also, there is increasing demand for Labour Audits performed by *Sharoushi*.

A *Sharoushi* creates a good working environment which sustains the employees' rights, while also benefitting the government by sustaining the social security system and maintaining compliance at workplaces.

III. Prospective High Potential of Sharoushi Worldwide

In many emerging economies, labour laws and social insurance systems are being improved. Along with the introduction of laws and creation of new systems, it is very important to address the pressing issues of the appropriate enforcement of laws, proper operation and stabilization of the systems. Modernisation of personnel management in businesses is also necessary. To cope with such situations, the *Sharoushi's* experiences in Japan could be applicable to those countries.

Outside of Japan, South Korea has applied the Japanese *Sharoushi* system. In Indonesia, where the universal social security coverage system is being launched, the Government is currently considering setting up an Indonesian *Sharoushi* system.