

Forum Report: “The Future of Work” Labour Policy Forum

Tokyo, 12 May 2017

Background and Summary

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 was intended to present an opportunity to discuss how companies, workers and all actors related to the world of work in Japan can brace for and adapt to the changes in work styles in the future. The discussions focused on key factors including technological innovations such as Artificial Intelligence (AI) and Japan’s demographic traits such as aging population with declining birthrate, which are expected to bring significant and rapid changes to industrial and employment structures as well as socioeconomic systems. Over 250 participants attended the event representing the government, companies, trade unions, employers’ organizations, academia, media, labor and social security attorneys, lawyers, and civil society groups. Mr. Guy Ryder, Director-General of the ILO, made a keynote speech on ILO’s Future of Work Initiative, an initiative to mark ILO’s centenary in 2019. This was followed by panel discussions by speakers from the academia, employers’ organization, workers’ organization, and leading research institutions who were deeply knowledgeable on the issue, and asked and answered many complex and layered questions relating to the future of the world of work.

Key messages of the forum:

- ILO’s Future of Work Initiative was launched to guide ILO’s work for social justice into its second centenary. Future of work must be guided by considerations for humanity and social justice as well as peace and tackling poverty and inequality.
- Future is not predetermined and we have the ability to shape the future. Thus, it is important to focus on how to apply and adopt technological innovations to the policy framework rather than how they will affect the society.
- Creating an enabling environment for more elders and women to participate in labour market, as well as the application of AI, can help address the issues arising out of aging population with declining birthrate.
- The speed and scale of today’s technological advances increase the importance of continuous education and training throughout one’s career.
- If new work styles, such as new types of self-employment and freelance work, expand, it becomes critical to review the concept of labour law as well as the framework for social protection and collective mechanisms to represent workers’ voices.

Opening Remarks

Mr. Kazuo Sugeno, President, JILPT delivered opening remarks. He honored the critical roles that the ILO has played over the past century in establishing and popularizing international labour standards. He introduced ILO's Future of Work Initiative, and its relevance to the discussions taking place in Japan in the context of the changing socioeconomic system due to aging population with declining birthrate and the progress in technological innovation. He greatly appreciated the occasion to discuss on this very important topic in Japan with the participation of Mr. Guy Ryder, Director-General of the ILO.

Keynote Speech

Mr. Guy Ryder, Director-General, ILO made a keynote speech on ILO's Future of Work Initiative and its relevance in Japan including transformative factors affecting the world of work and key questions that need to be answered. Central to the Initiative is exploring effective ways for the ILO to continue to promote social justice in these radically changed times. ILO was founded in 1919 with the belief that lasting peace in the world depended on establishing social justice, which in turn depended upon the creation of the world of work which was equitable, fair and capable of providing decent standard of living to people in all occupations in all countries.



Keynote Speech: Guy Ryder (Photo credit: JILPT)

Emphasizing that the future is not predetermined and it is what we wish to make, Mr. Ryder illustrated four major factors or mega-drivers in the world of work. On the factor of technological innovation, while in Japan there is less tendency to see technology as a threat, the feeling of fear in the face of technology is wide spread in other countries. This technological revolution, often referred to as the Fourth Industrial Revolution, is different qualitatively from previous revolutions as it has shown the ability to transform the manner in which work is done such as through facilitating platform economy, gig economy and shared economy. Other mega-drivers are demography, climate change and globalization. As we consider these elements, it is vital that the processes and discussions of the Future of Work Initiative stimulate policy debate and lead to societal choices and

political decisions. He thanked everybody in Japan that contributed to the national dialogue here, particularly in producing the important document of “Future of Work: 2035.”¹

Mr. Ryder then told the audience about four important ideas² that structure the Future of Work Initiative. On the organization of work, pointing to the shift from the established, standard employment relationship to a sometimes bewildering diversification of work forms, he emphasized that if we are seeing the weakening of the classic employment relationship into a commercial relationship, then we have to fundamentally rethink institutions and mechanisms that govern the world of work. For example, we have to think very carefully about whether or how traditional institutions such as international labour standards, and trade unions and employer representation will serve us well in the transformed circumstances in the new world of work. He concluded by stressing that the need to organize the world of work for social justice as a guarantee of peace is as relevant today as it was 100 years ago, and it is a matter of the most fundamental importance on the future of our society. He wished that through the dialogue that took place this day, as well as through the initiative, in the coming two to three years we can contribute to creating a peaceful future with prosperity for all.

Following the speech, Mr. Ryder responded to few questions from the floor. On the question of how to prepare a framework for a broader society to adjust to the realities of the Fourth Industrial Revolution, Mr. Ryder pointed out the need for efforts to create an enabling environment for elders and women to participate in labour market, as well as organize care economy. Asked what advice he would give to the Tokyo Organising Committee of the Olympic and Paralympic Games (Tokyo 2020), he referred to the ongoing relationship between the ILO and Tokyo 2020 aimed at encouraging enterprises to promote socially responsible labour practices and share good practices. On the issue of potential effect of technological innovation as well as telework to widen gender gap, Mr. Ryder referred to the other important ILO centenary initiative, Women at Work Initiative. He responded that in the case of telework, it is critical to have judicial balance between teleworking and traditional ways of working in order not to unintentionally increase pressure on women to reconcile work and family life. More generally, this will require participation of women in the design of satisfactory response.

Keynote Report

Mr. Keiichiro Hamaguchi, Research Director General, JILPT delivered a keynote report, “From Japanese work style flexibility to digital flexibility.” Japanese style employment has been characterized by flexibility of regular workers in terms of job description, work hours and work locations. In return, regular workers were guaranteed long-term or lifetime employment. Conditions for non-regular workers, many of whom were housewives or students, were unstable employment with low pay and little benefits. Over the last 20 years, there has been an increasing pressure as the number of regular workers with care and family responsibilities, as well as non-regular workers with financial responsibility for household, increased. 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

¹ In January 2016, the Ministry of Health, Labour and Welfare (MHLW) established the “Future of Work 2035: For Everyone to Shine” Panel consisting of experts and advisors from various sectors including the workers’ organization (RENGO) and the employers’ organization (KEIDANREN). Following a series of consultations and activities, a national report was published in August 2016

² Four conversations of the Future of Work Initiatives are: 1) Work and society, 2) decent jobs for all, 3) the organization of work and production, and 4) the governance of 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.

The action plan for Work Style Reform 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. These are made possible by digitalization of the economy and the Fourth Industrial Revolution. In a way, the new work forms characterized by telework mean different kinds of flexibility that allows people, including those with care responsibilities, to work from home, satellite offices, or coffee shops either during the work hours, at night or weekend. Additionally, crowdsourcing through the platform and sharing economy has created a new world of self-employment to which traditional labour law and social security system may not apply. Self-employment has its benefits, such as having freedom to decide how to work without reporting line. However, the reality is that the new type of self-employment is under the strong control using the technology (e.g. client reputation/scoring, and account closure due to refusal of a task).

In order to prevent the expansion of unstable and low income work styles for self-employed workers compared to traditional workers, it is a global common agenda to review the concept of labour law and social security. Finally, while strictly legally speaking, there is no employer-employee relationship for the self-employed, there are similar social relationships between the users and the providers of labour (workers). Thus, establishing rules for this new relationship, and whether collective “employer-employee” relationship can be applied in the implementation of the rules will be key challenges to address. One idea for solution can be using cooperative frameworks. For example, Japanese Small and Medium-Sized Enterprise Cooperatives Act includes the right of cooperatives to negotiate and sign collective agreements on behalf of their members.

Panel Discussions



Panel discussions (Photo credit: JILPT)

Discussants

Mr. Hiroshi Tokumaru, Chairman of Sub-Committee on International Labour, Committee on Employment Policy, Japan Business Federation (KEIDANREN) spoke about companies' past and future human resources management with the example of Mitsui Chemicals where he is a Councillor. It is an example from one company, but shares common features with Japanese companies in all industries. Describing the relationship between the company and individual employee, Mr. Tokumaru explained that the company and individual both have purposes, and work is where they overlap. From the company's perspective, this overlapped area involves human resources management, and from the individual's perspective, this involves issues such as work style, benefits, employment and pay. Mentioning that this is the first time that the issue of work style reform is becoming such a widely discussed topic in 40 years since he started working in the field of human resources, Mr. Tokumaru described that both the company and individual change their shapes in the amoeba-like manner as a result of external changes. As both amoebas change the ways they interact, the norms of work also change.

The introduction of AI is expected to bring significant changes. This may be limited to changes in work styles. In other cases, this could lead to re-education and transfer to other fields of specialization, as well as relocation. Individuals could lose his or her job or field of specialization, and those who cannot adapt to changes may seek jobs in another company. Companies adapt to external changes through management and human resource policies such as recruitment, education and re-education, and deployment. Major changes would require structural changes in organizational, benefit and evaluation structures. The ways that the external changes affect individual employees also depend on their capacity to adapt, as well as their aspirations. In sum, as Mr. Ryder mentioned, since the future is not pre-determined, future of work is response by companies and individuals to adapt to changes, particularly based on business strategy for companies and aspirations and wills for individuals.

Mr. Takao Yasunaga, Assistant General Secretary, Japanese Trade Union Confederation (RENGO) shared RENGO's idea for diverse work styles, which is based on attention to the people. RENGO works towards a "secure society based on work," which places a prime importance on work, and everyone supports one another to achieve social and economic independence. In the course of life, one might fall sick or suffer from accident, or lose a job as a result of changes in industrial structure, and thus the vision of this society has thorough safety net to allow people to transition to next stages of life. This society consists of five islands. In the middle of the society is the Employment Island, and other islands are Education, Family, Retirement, and Unemployment islands. Connecting these five islands are bridges that allow movement back and forth among the islands based on individual intentions.

Employment Island in this society will allow options for diverse work styles, in which people can choose to switch from non-regular work to regular work, or working part-time or full-time based on different life cycle needs such as childcare and elder-care. While until today, workers have been separated by regular workers who work full-time until retirement and non-regular workers with part time or terminable contracts, this society does not separate by people, but allows for diverse work styles based on life stage needs of each individual. Employer-employee communication will be important, and the discussions need to be mindful of the context of each company and workplace, as well as equal and balanced treatment, consent of individuals, and securing transparency.

Ms. Reiko Kanda, Executive Vice President, Nippon Institute for Research Advancement (NIRA) introduced research conducted on the future of employment in the age of AI. On the definition of

what AI means, on the one hand, there is narrow AI, or weak AI, which is being commonly used already, that applies AI in one partial specific skill such as automated driving or AlphaGo. On the other hand, there is artificial general intelligence that is able to think and act as humans. Currently, artificial general intelligence is considered to be difficult and it is not known when it might be possible. Thus, the research focused on narrow AI. In terms of desired skills in the age of AI, discussing the limitations of AI will reveal the strength of humans. As for whether AI will replace or create employment, it depends on whether attention is at the task or occupation level, and there are different arguments for its dimension and scale. Machines thus far have replaced manual labour by humans, but the AI in the future is expected to replace intelligence, and its effect will be felt not only by blue-collar work but also wide range of fields such as white-collar and sales jobs.

In the immediate future, narrow AI is expected to streamline the work that humans have done with lots of manpower and hours. As its effect really depends on business strategies of managers or training to re-educate people to be more competitive than AI, it is more important to discuss how to use and adapt AI to the society rather than how it will affect the society. Additionally, employment is expected to be more job-based, calling for higher professionalism, which in turn will require an enabling environment within companies for professionals to learn through self-education. Finally, while the current labour law is mainly for employees to offer them protection, the future legal framework calls for covering the self-employed focusing on promoting their self-help.

Coordinator

Prof. Shinya Ouchi, Professor of Law at Kobe University Graduate School of Law thanked the discussants and recapped key points to be focused during panel discussions. Mentioning that the reasons that the future of work is such a hotly debated topic is because many people do not believe that the current work styles can continue, he noted that while there can be positive and negative effects of technological innovation and demographic changes, his impression in Japan is that people are generally optimistic. This is because the past technological innovations resulted in overall increase in employment after a while, and because of the decreasing labour force population. However, one point to be discussed is the unprecedented speed and scale of today's technological innovation which can require individuals and companies to continuously reskill and restructure themselves to adapt to fast changes.

Also, information and communication technology (ICT) is expected to increase self-employment and ways to work without being employed. Labour law was developed for workers working dependently under mass production in factories after the first industrial revolution. It needs to be examined how labour law, as well as employment policy, can address the expansion of the self-employed workers. In addition, working as a self-employed can be beneficial in many ways including choosing the time and location of work, but it is also risky. Thus, it will be critical to explore ways that interests of the people engaged in these new work styles are collectively reflected. Regarding employment in Japan, traditional Japanese employment system offered employment security in return for flexibility within companies for utilization of human resources. However, a more job-based employment is susceptible to external changes, and it will be more difficult to protect employment. It will be critical to discuss new protection system for such times.

Panel Discussions

During the panel discussions, panelists (Mr. Tokumaru, Mr. Yasunaga, Ms. Kanda, and Mr. Hamaguchi) shared their thoughts on the changes currently taking place such as technological innovation, aging population with declining birthrate, and globalization. Panelists also actively

discussed the effect of these changes on workers' work styles, companies' human resources practices, as well as Japanese style employment system in the future. It was emphasized that it is important to acknowledge that there are no simple solutions for achieving both technological advancement and worker protection, which seem to work in opposite directions. Rather than rushing for a decision, solutions need to be derived from discussions based on evidence gathered carefully considering both opportunities and challenges.

Key issues discussed during the panel discussions include:

Need to adapt to rapid technological advances

- In the past, employment practices and industrial structures in Japan have mitigated the impact of technological unemployment by enabling fairly smooth transitions into new jobs within the company, among companies and among industries, once certain types of jobs are lost. However, the speed and scale of today's technological advancement may expose workers to higher risks of not being able to transition timely into new jobs.
- This is expected to require individuals to continuously adapt to technological changes through learning new skills, and companies to change business models frequently. Advances in ICT will also lead to increases in the self-employed workers. This presents opportunities for those with high degree of professionalism, who are engaged proactively with work, and that can gain required skills for new opportunities.
- As today's white-collar jobs include many routine tasks that are replaceable by technology, education will be the key. It is critical for scientists to research and inform areas that humans are not strong in and need to be developed through education so that humans can be competitive vis-à-vis AI.

Collective representation of interests for new forms of work styles

- In the face of the expansion of new types of self-employed workers including those created by the platform and sharing economy, it is beneficial to explore new mechanisms to represent workers' voices. For example, advances in ICT allows for a creation of loosely organized groups such as a network of the self-employed and independent contractors who can exchange and share information through internet platform.
- On the one hand, policy support for individual workers to gain higher professionalism and self-reliance is important. On the other hand, collective mechanisms to reflect workers' voices remain indispensable. The reality is that many workers have challenges to move from one job to another with better compensation as needed through re-skilling and re-education. Many, including in the IT sector, are unable to do so due to long work hours and lack of time for learning.

Labour law and social security in the age of new work styles

- In a way, a move by Japanese companies towards a more Job-based employment would mean accepting certain degree of vulnerability from technological advancement. At the same time, a move towards job-based employment does not always mean less protection from long term employment. For example, many companies in the West, including in Silicon Valley, pay great attention to staff development and satisfaction, and aim for alignment of self-actualization of individuals and realization of management vision.
- In developing safety net mechanisms, sequencing will be crucial. In order to avoid cases of unemployment, poverty or social exclusion, safety net measures such as skills training and re-education need to be in place first.

Addressing disparities and other challenges

- In promoting decent work for all, the key will be fairness. It will be critical to address expansion in disparities between large corporations and small and medium-sized enterprises (SMEs), as well as between regular and non-regular workers, between men and women, and among regions.
- It is critical for Japan to promote innovation, especially through supporting startup ventures and SMEs, which will enable them to have a level playing field with large corporations. Addressing this gap will also lead to increased competitive of Japanese industries as a whole.
- By addressing the issue of aging and declining population, through the realization of diverse work styles for example, Japan could be a model for other countries that will have similar issues. To counter reduction of workforce, key measures will be support to matching including the promotion of transparency on the part of the companies so that the potential workers can expect what it is to work for a company.

Closing Remarks

Ms. Akiko Taguchi, Director, ILO Office for Japan delivered closing remarks. Thanking the participants, particularly the JILPT, to the forum for fruitful discussions, she wished that discussions in various countries will contribute to a new ILO policy to be produced in International Labour Conference in 2019 for the ILO centenary. She referred to the experience of fourth Director-General of the ILO, Mr. Edward Phelan, who wanted to enlist in the military during the World War I but was declined because of his important work of the creation of data to determine the appropriate wage for workers in factories producing equipment for soldiers. Pointing out that the basis of this was social justice, she noted that reaffirming the commitment to social justice in any given circumstance is key for us to pass on decent future of work to the next generation.