



# **Pay System Reform in Japan since 1991**

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## Job-based pay

Popular for every employee over the world, majority of pay systems

Simple job-based pay

Range-rate job-based pay employing a job evaluation scheme  
(= so called “Merit pay” in the US)

Performance-related pay

And so on .....

## Person-based pay

Popular only for regular employees in Japan, minority of pay systems

*Nenko* pay or Seniority-based pay (until the 1960s)

*Shokuno* pay or Ability-based pay (since the 1970s)

Approaching to **the state of range-rate job-based pay employing a job evaluation scheme**, leaving from *shokuno* pay;

- a) ***Yakuwari* pay** implemented for regular white-collar employees
- b) **Range-rate job-based pay employing a job valuation scheme** recommended for regular blue-collar employees
- c) My view: Approaching to **the state of range-rate job-based pay employing a job evaluation scheme** for non-regular employees

**Insisted by pay consultants, journalists, and researchers in the 1990s.**

***Seikashugi pay* means literally performance-related pay.**

**But, it was undefined and unclear what it was.**

**Some companies began to say it did not function well in the first decade of 21<sup>st</sup> century.**

**Supposed for regular white-collar employees  
Recommendation by the Keidanren or Japan Business  
Federation since 2002.**

**Not a few companies implement it.**

**EX. *Yakuwari* pay of Canon Co.**

**Paying not only for job and but also for “duties”  
(=some degree of similarity to job-based pay)**

**Illustrated examples of “duties” in Canon Co.**

- a) Worker’s devotion to the company (Canon Co.)**
- b) More experienced workers teaching new and less experienced workers their jobs in the workplace  
(=Japanese OJT)**



**Range-rate job-based pay  
employing a job evaluation scheme  
for regular blue-collar employees**

**In contrast to the general view that  
employers continue to use *shokuno*  
pay for them**

**Unanimous answer at a basic level:  
Job-based pay**

**My answer at an in-depth level:  
Approaching to the **state of range-  
rate job-based pay employing a job  
evaluation scheme****



## Partial implementation of a job evaluation scheme. EX. Job analysis and difficulty levels of each task at the fish dept. in supermarket stores of ECOS Co.

	No.	品名 No.	品名	3枚 下	2枚 下	天 ぷ ら 開 き	巻 り 用	切 身	串 打 ち (皮 む き)	さ く 取 り	初 級	中 級	上 級	特 級	一 次 評 価	一 次 評 価 者 コ メ ン ト	一 次 評 価	二 次 評 価 者 コ メ ン ト
3 枚 下	1	9	さんま	○		○					○	○	○	○				
	2	1	鰻	○		○	○					○	○	○				
	3	2	鰻	○		○						○	○	○				
	4	8	さば	○	○			○				○	○	○				
	5	13	たかべ	○								○	○	○				
	6	15	とびうお	○								○	○	○				
	7	21	ほら(とど、いな)	○	○			○				○	○	○				
	8	22	むつ	○	○			○				○	○	○				
	9	25	わかし	○	○		○	○				○	○	○				
	10	32	さごち	○	○			○				○	○	○				
	11	4	いなだ	○	○		○	○					○	○				
	12	6	皮はぎ、本はぎ	○			○						○	○				
	13	10	さより	○			○						○	○				
	14	12	せいご、すずき	○									○	○				
	15	14	真鰻	○			○	○					○	○				
	16	19	方々				○						○	○				
	81	47	カラスカレイ					○					○					





**My answer:**

**Japan's 1960's system  
reaches a dead end**

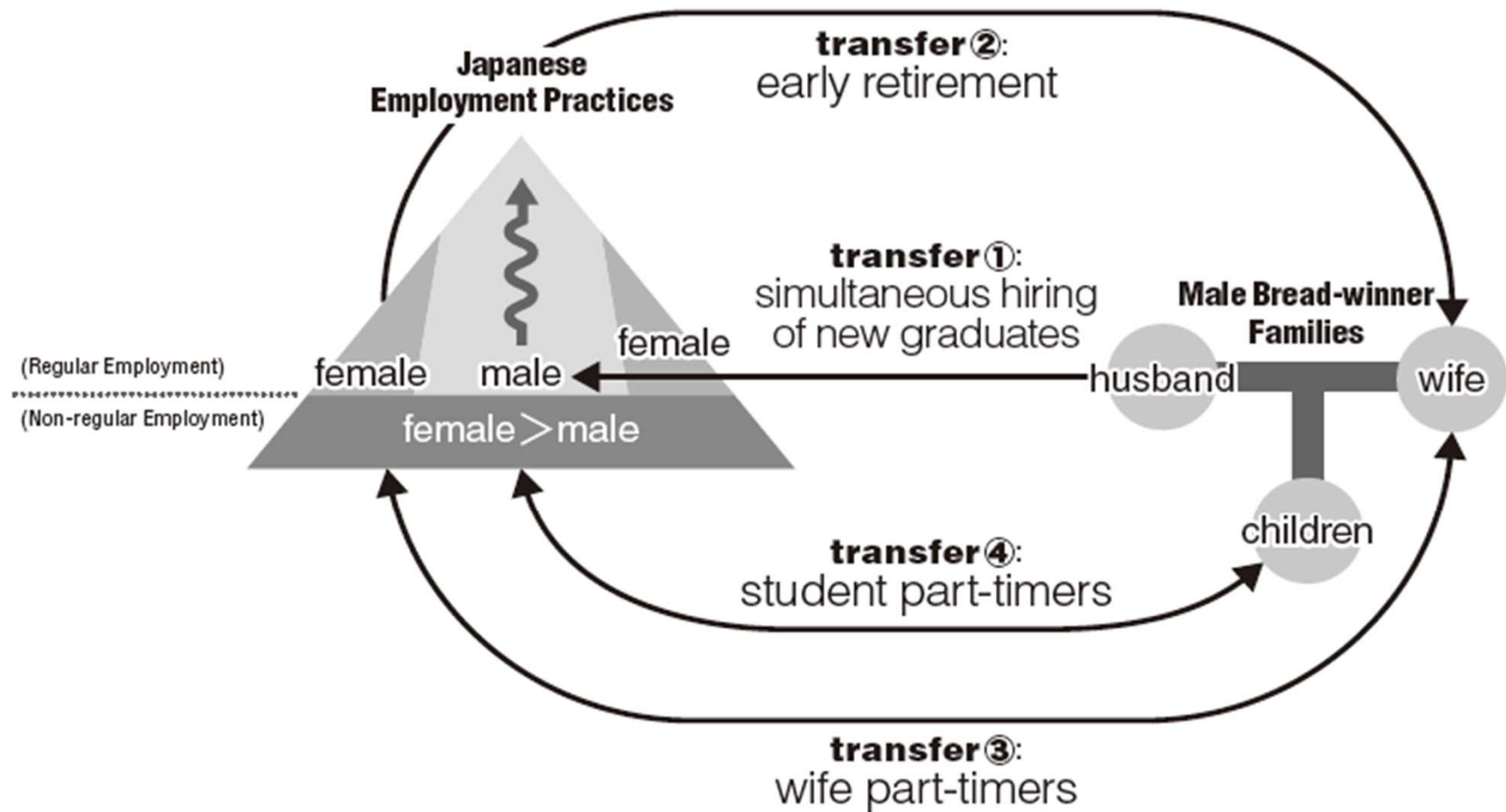
**What is Japan's 1960's  
system?**



# Chart 1 Japan's 1960's system

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**Chart** — Model of Japan's 1960's System





## **Now, Japan's 1960's system reaches a dead end**

### **Reasons:**

- 1) It became difficult to maintain the long-term employment of numerous employees;**
  - 2) Long-term employment no longer benefited employers;**
  - 3) It became increasingly detrimental to fail to take advantage of the job abilities of women and non-Japanese employees;**
  - 4) Japan's 1960's system, which involved discrimination against women and non-regular employees, was unsustainable;**
- and,**
- 5) The male breadwinner family could no longer serve as the standard model in the face of further diversification of family structures in the future.**



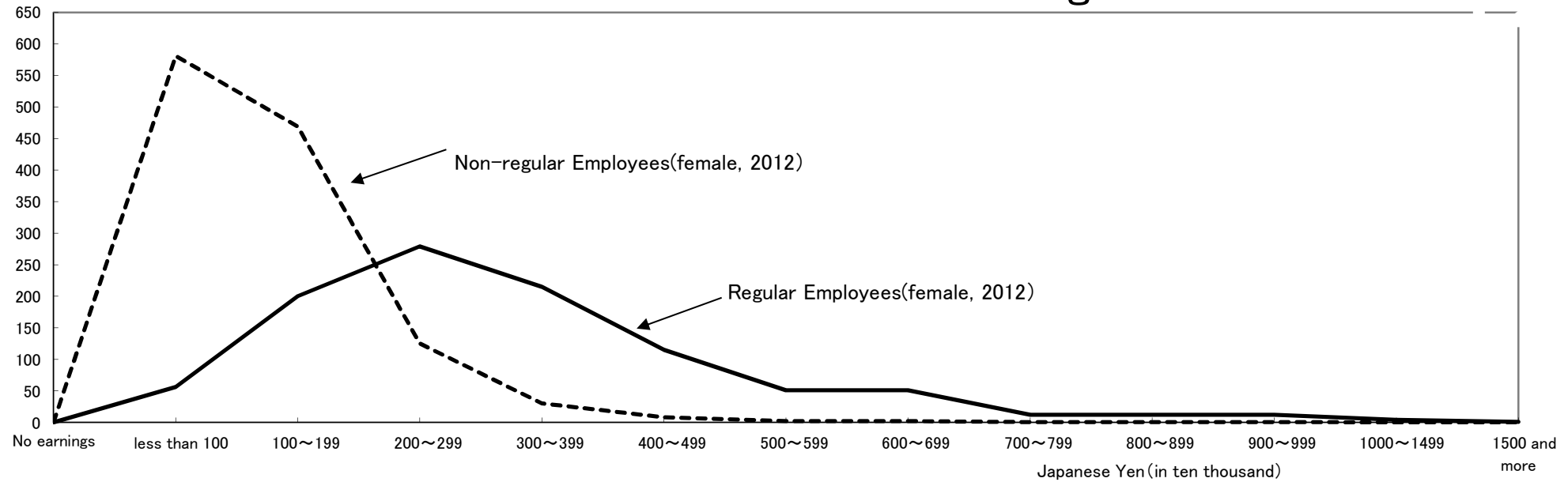
## **Substantial pay disparities**

**between male and female employees and  
between regular employees and non-  
regular employees**

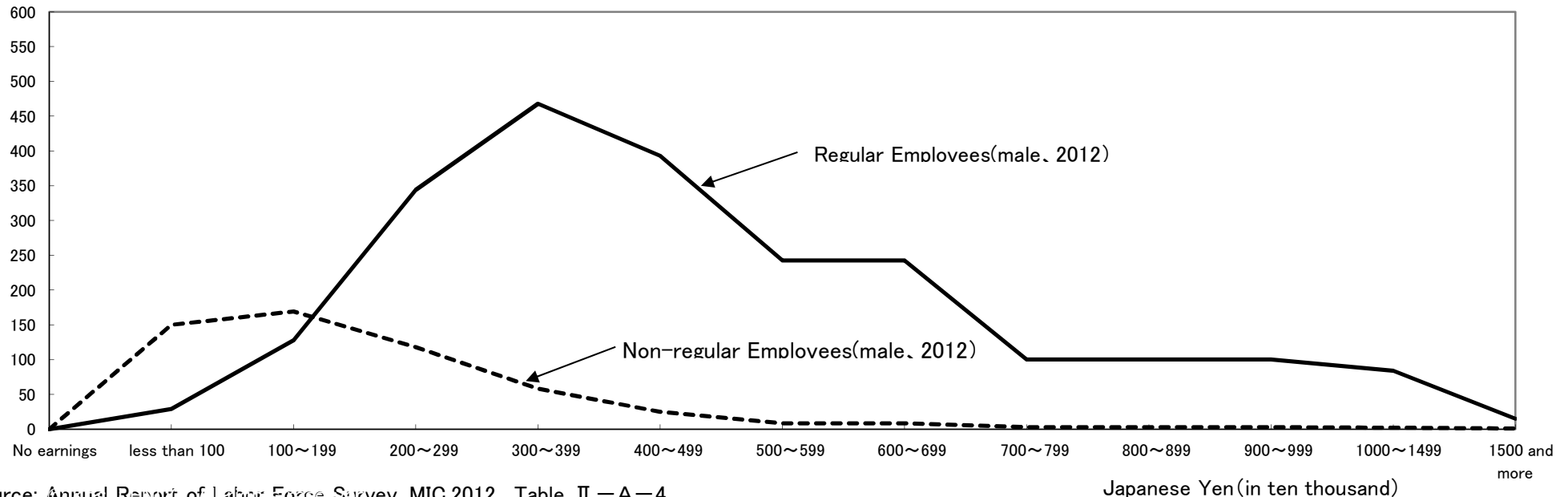
**( See Chart 2)**

# Chart 2 – Annual Earnings from Work

Number of Employees (in ten thousand)



Number of Employees (in ten thousand)



**An Answer of mine:**

**Introducing the concept of equal pay  
for work of equal value (EPWEV) to  
job evaluation scheme and  
achieving the principle of Equal Pay**

## A result of our pilot research, modeled on Britain's NJC JES

ファクター		ウエイト(%)	評価レベルと得点						
大ファクター	小ファクター	100.0	レベル 1	レベル 2	レベル 3	レベル 4	レベル 5	レベル 6	
労働環境		6.0							60
	労働環境	6.0	12	24	36	48	60	—	60
負担		30.0							300
	精神的負担	10.0	20	40	60	80	100	—	100
	身体的負担	10.0	20	40	60	80	100	—	100
	感情的負担	10.0	20	40	60	80	100	—	100
責任		28.0							280
	利用者に 対する責任	7.0	14	28	42	56	70	—	70
	職員の管理・ 監督・調整に 対する責任	7.0	14	28	42	56	70	—	70
	金銭的資源に 対する責任	7.0	14	28	42	56	70	—	70
	物的資源・ 情報・契約の 管理に対する 責任	7.0	18	35	53	70	—	—	70
知識・技能		36.0							360
	身体的技能	8.0	27	53	80	—	—	—	80
	判断力と 計画力	8.0	16	32	48	64	80	—	80
	コミュニケー ション技能	8.0	16	32	48	64	80	—	80
	知識資格	12.0	20	40	60	80	100	120	120
最低点			211						最高点 1,000

**The contemporary pay system in Japan is approaching the state of a **range-rate job-based pay system**.**

**This change offers a basic condition for achieving the principle of **Equal Pay** in Japan.**

**It will be able to reduce the substantial pay disparities.**