

# **Employment of People with Disabilities**

## **Employment Quota System in Japan**

*Shusaku Yasui*

*Deputy Director*

*National Vocational Rehabilitation Center for the Disabled*

The spread and acceptance of the concept of normalization as the foundation for policies dealing with persons with disabilities has increased the importance of integrating disabled persons into the open labor market. The basic policy concerning persons with disabilities introduced by the Government of Japan is to provide as many disabled persons as possible with ordinary employment. The most important of the various measures devised to achieve this goal are the Employment Quota System prescribed in the Law for Employment Promotion etc. of the Disabled, and the Levy and Grant System enacted to provide economic support for the former system. The following pages present a discussion on these systems and related trends.

### **1. Summary of the Employment Quota System**

The present Employment Quota System stipulates that employers shall employ physically disabled persons at or above the percentages indicated below.

(1) Private enterprises.

a. Ordinary private enterprises 1.6%

b. Stipulated special corporations 1.9%

(2) National and regional public organizations

a. Clerical operations 2.0%

b. Non-clerical operations 1.9%

The legally stipulated employment quotas are established to provide the physically disabled with the same opportunities for full-time employment enjoyed by non-disabled workers, and shall be revised at least once every five years. Employers who have not yet achieved the legally required employment quota must draft a plan for the employment of disabled workers, and if such an employer does not appropriately implement this plan regardless of a series of administrative guidance, this fact shall be made public. While employers are not legally required to employ persons with mentally retardation, employed workers with mentally retardation are treated the same way as persons with physical disabilities in the calculation of the employment quota. The following special measure has been enacted because it is difficult to employ persons with severe disabilities.

(1) When one person with a severe physical disability or one person with severe mental retardation is employed, this person is counted as two persons.

(2) The short-time employment of a person with a severe physical disability is counted in the quota.

(3) In a case where prescribed conditions have been satisfied, persons working at home shall be counted in the employment quota.

A study of conditions in ordinary companies that employ 63 or more full-time employees, and which were legally required to employ persons with disabilities as of June 1, 1995 reveals that at 54,500 companies in this category, 247,000 persons with disabilities were employed, and that the actual employment rate was 1.45%. About half of the companies had not achieved the employment quota. A study of the relationship of company size with compliance reveals that the larger a company, the more likely it is to have not achieved its quota.

## **2. Present Status of the Levy and Grant System**

When persons with disabilities are employed, because of the need to modify facilities and equipment and provide special vocational guidance, employers hiring them are in some cases required to bear an extra financial cost. This creates an economic unbalance between employers who fulfill their obligation to employ persons with disabilities and those who do not, and this unbalance will cause employers to hesitate to employ disabled workers. Under the provisions of the Levy and Grant System which has been enacted to resolve this problem, levies are collected from all companies with more than 300 full-time employees which have failed to comply with the employment quota, and the money collected in this

way is used to finance the following programs.

(1) **Payment of Adjustment Grants:** Employers with more than 300 full-time employees which employ more persons with disabilities than legally required under the employment quota system are paid a fixed amount for each person with a physical disability they employ over the quota.

(2) **Payment of Rewards:** Employers with 300 or less full-time employees which employ more persons with disabilities than legally required number are paid a fixed amount for each disabled person they employ over the above mentioned number.

(3) **Payment of Grants:** To provide employers with an incentive to employ persons with disabilities, grants are paid to cover the cost of the installation or improvement of facilities and equipment, encourage work place adaptation measures, promote proper employment management, to establish work places employing large numbers of persons with disabilities, and to encourage training to develop their skills.

In these ways, the grants contribute to the development of programs to encourage the employment of persons with disabilities, adaptation promotion programs, and improvement of accommodations, and are a valuable method of integrating disabled persons into the society through the provision of work places.

### **3. Employment Quota System Trends**

The Employment Quota System has changed considerably since it was first introduced in Japan in 1960, but this system has played an important role in the promotion of the employment of disabled persons. As a system which, backed up by the Levy and Grant System, presents employers with both a "carrot and a stick," it has brought about a sweeping change in the attitudes and the actions of employers regarding the employment of persons with disabilities and has opened the door to the employment of disabled workers in ordinary companies.

While the Employment Quota System has functioned fairly well, many companies have still failed to achieve their employment quota. Japan is not alone in this regard; the same problem can be pointed out in the operation of the Employment Quota System in Germany, which became a model of the Japanese system. We must also point out that there are pros and cons concerning Employment Quota

Systems in other countries that have introduced such systems. The following problems with Employment Quota Systems are pointed out in "Employment Policies for People with Disabilities" (OECD, 1992).

- (1) Since it is necessary to clearly define persons with disabilities in order to operate the system correctly, those who are covered by the system tend to be strictly restricted.
- (2) The implementation of an Employment Quota System does not necessarily contribute to good relations between employers and disabled workers.
- (3) The Employment Quota System does not always give an affirmative image of persons with disabilities who are hired under the system.
- (4) Little attention is paid to the social barriers that disabled persons face; rather there is a tendency for attention to focus on disabled persons' impairment and disabilities.

The report also points out that the Employment Quota System can be positioned as a temporary measure suited to a specified stage of vocational rehabilitation.

The functioning and the effectiveness of an Employment Quota System are influenced by many factors, including the situation of the labor market, vocational rehabilitation services and the income maintenance system, the attitudes of employers towards the employment of workers with disabilities, and the attitudes and aspirations of persons with disabilities themselves. This means that lessons learned from operating such a system in one country are not necessarily applicable to another.

But we believe that while keeping these limitations in mind, it is extremely important to learn from the experiences of those countries which introduced the system at an earlier time, to increase our understanding of measures to reduce the severity of problems which hamper the operation of an Employment Quota System, and to contribute to its effective operation, and of ways to utilize levies collected from employers.

In conclusion, may I state that I hope this report will stimulate further discussions of Employment Quota Systems.

Table 1 Disabled Persons and Employment Rates at Ordinary

Private Enterprises (1977 to 1994) (June 1 of Each Year)

Year	Number of (Unit: persons)	Disabled Increase/ Decrease	Actual Employment Rate (Unit: %) Increase/ Decrease	
1977	128,424	-	1.09	-
1978	126,493	1,936	1.11	0.02
1979	128,493	2,000	1.12	0.01
1980	135,228	6,735	1.13	0.01
1981	144,713	9,485	1.18	0.05
1982	152,603	7,890	1.22	0.04
1983	155,515	2,912	1.23	0.01
1984	159,909	4,394	1.25	0.02
1985	168,279	8,367	1.26	0.01
1986	170,247	1,971	1.26	-
1987	171,880	1,633	1.25	0.01
1988	187,115(117,708)	15,235(5,828)	1.31(1.25)	0.06(0.00)
1989	195,276	8,161	1.32	0.01
1990	203,637	8,358	1.32	-
1991	214,814	11,180	1.32	-
1992	229,627	14,813	1.36	0.04
1993	240,985	11,358	1.41	0.05
	[237,612]	[7,994]	[1.39]	[0.03]
1994	245,348	4,363	1.44	0.03
1995	247,007	1,729	1.45	0.01

Notes:

1. Disabled Persons represent the total of the following persons.

Up to 1987: Physically disabled persons (Severely physically disabled persons are double counted)

1988 to 1992: Physically disabled persons (Severely physically disabled persons are double counted) and mentally retarded persons.

From 1993: Physically disabled persons (Severely physically disabled persons are double counted), mentally retarded persons (Severely physically disabled persons are double counted), mentally retarded persons (Severely mentally retarded persons are double counted), and short-time workers who severely physically disabled and/or severely mentally retarded.

2. Figures in ( ) and in [ ] represent figures calculated, using the same method that was used in the previous year prior to the respective revisions in the system.

Source: compiled by the Ministry of Labor, Employment Security Bureau.

Table 2 Employment of Disabled Persons in Ordinary Private Enterprises (June 1, 1995)

Catagory [1]	[2]	Disabled Persons	[3]	[4]
Enterprises	Full-time		Actual Employment Rate	Percentage of Enterprises Not Complying With the Employment Quota
	Workers		$c/[2] \times 100$	
		A.	B.	C.
		Severely Disabled Persons	Disabled Total	
		Other Persons	$Ax2 + B$	
		(Full-time)	Severely Disabled	

Ordinary	Enterprises	Persons	Persons	Persons (Full-time)	Persons	Persons	%	%
Private								
Enterprises								
	54,537	16,982,514	59,120	128,837	247,077		1.45	49.4
	(1.6%)	(54,414)	(17,076,807)		(245,348)		(1.44)	(49.6)

**Notes:**

1. Full-time workers is the number of workers used as the basis for the calculation of the legally required number of physically disabled workers, and is obtained by subtracting a number of employees equivalent to the exclusion ratio ( a number of employees obtained by multiplying the total number of employees by the exclusion ratio, which is a ratio stipulated for industries in which a substantial proportion of work categories and recognized as those which would be difficult for physically disabled persons to perform) from the total number of full-time employees.

2. Severely Disabled Persons (Full-time) in Column A does not include short-time workers. Disabled Persons Other than Severely Disabled Persons (Full-time ) in Column B does include short-time workers who are severely disabled.

3. The number of Disabled Persons is the total of physically disabled and mentally retarded persons. In the case of Severely Disabled Persons in Column A (severely physically disabled persons and severely mentally retarded persons), under the law, one persons is considered equal to two persons, so a double count is performed for each of those persons.

4. Figures in ( ) are figures valid on June 1, 1994.

Source: Compiled by the Ministry of Labor, Employment Security Bureau.

Table 3 Employment of Disabled Persons in Ordinary Private Enterprises by Size of Enterprise (As of June 1, 1995)

Category [1]	[2]		Disabled Persons [3]			[4]	
	Enterprises	Full-time Employees	A. Severely Disabled Persons (Full-time)	B. disabled Other than Severely Disabled Persons (Full-time)	C. Total A x 2 + B	Actual Employment Rate C/ [2] x 100	Percentage of Enterprises Not Complying With the Employment Quota
	Persons	Persons				%	%
63-99	16,125 (16,167)	11,265,428 (1,268,919)	5,690	13,767	25,147 (26,296)	1.99 (2.07)	45.3 (44.4)
100-299	27,323 (27,159)	4,088,873 (4,080,825)	12,908	34,745	60,561 (61,062)	1.48 (1.50)	46.5 (46.6)
300-499	5,047 (4,997)	1,715,992 (1,702,051)	5,320	12,644	23,284 (22,625)	1.36 (1.33)	56.9 (58.6)
500-999	3,471 (3,537)	2,145,477 (2,187,751)	6,887	14,954	28,728 (28,542)	1.34 (1.30)	64.0 (65.3)
1,000 persons or more	2,571 (2,554)	7,766,744 (7,837,261)	28,315	52,727	109,357 (106,823)	1.41 (1.36)	72.1 (74.9)
Total	54,537 (54,414)	16,982,514 (17,076,807)	59,120	128,837	247,077 (245,348)	1.45 (1.44)	49.4 (49.6)



Notes: Same as Table 2.

Source: Compiled by the Ministry of Labor, Employment Security Bureau.

Table 4 Employment of Disabled Persons in Ordinary Private Enterprises by Industry (As of June 1, 1995)

Category	[1]	[2]	Disabled Persons		[3]	[4]	
	Enterprises Fulltime Employees	A. Severely Disabled Persons (Full-time)	B. Disabled Persons Other than Severly Disabled Persons (Full-time)	C. Total A x 2 + B	Actual Employment of Rate c/[2] x 100	Percentage Enterprises Not Complying With the Quota	
	Enterprise	Persons				%	%
Argicultural, Forestry, and Firshries	101	17,623	46	166	258	1.46	41.6
					(274)	(1.54)	(43.4)
Mining	53	11,525	43	113	119	1.73	32.1
					(213)	(1.74)	(32.2)
Constraction	2,115	675,483	2,006	4,489	8,501	1.26	47.5
					(8,376)	(1.25)	(49.0)
Manufacturing	20,671	7,058,898	29,401	61,608	120,410	1.71	35.1

					(121,408)	(1.70)	(35.0)
Food and Tobacco Products	2,649	716,664	2,476	6,964	11,916	1.66	36.7
	2,233	418,667	2,088	5,297	9,473	2.26	26.2
Textiles and Clothing	673	118,577	698	1,796	3,192	2.69	22.3
	1,969	471,210	1,948	4,174	8,070	1.71	37.4
Wood and Furniture	1,835	825,721	2,522	6,024	11,068	1.34	47.7
Pulp, Paper, and Publishing	810	197,730	816	2,414	4,046	2.05	29.5
	307	195,084	646	2,085	3,377	1.73	21.5
Chemicals	310	132,070	420	1,110	1,950	1.48	34.2
Ceramics	1,566	314,880	1,465	3,738	6,668	2.12	28.7
Steel	3,362	1,721,992	8,205	11,455	27,865	1.62	39.1
Non-Ferrous Metals	3,944	1,654,331	6,927	13,725	27,579	1.67	35.4
Metal Products	1,013	291,966	1,190	2,826	5,206	1.78	37.0
Electrical Equipment							
Other Machinery							
Others							
Electricity, Gas, Heat Supply,	135	195,658	706	1,658	3,070	1.57	47.4
					(2,942)	(1.51)	(55.1)
Water Supply							
	3,032	1,098,076	3,423	10,179	17,025	1.55	41.0
Transportation and Communication	12,057	3,282,665	7,618	17,020	(17,082)	(1.53)	(40.8)
					32,256	0.98	67.8
Wholesale, Retail,	2,150	1,518,660	4,522	10,087	(31,677)	(0.95)	(68.5)

Restrants					19,131	1.26	71.2
	14,223	3,123,926	11,355	23,517	(18,741)	(1.22)	(72.7)
Finance, Insurance, and Real Estate					46,227	1.48	53.6
					(44,635)	(1.48)	(53.5)
Service Industries							
Total	54,537	16,082,514	50,120	128,837	247,077	1.45	49.4
					(245,348)	(1.44)	(49.0)

Notes: Same as Table 2.

Source: Compiled by the Ministry of Labor, Employment Security Bureau.