

Exploring Employment for Persons with Disabilities in Japan: Ryohin-Keikaku's Approach

Reiko NISHIDA¹, Kiyoko NARUSAWA² and Satomi K. SHINDE³

Introduction

In this paper, we will introduce the employment system for people with disabilities (PWDs) in Japan and the efforts of a private employer, Ryohin-Keikaku, to employ PWDs.

Japan's employment policy for PWDs has been centered on the quota system. Since 1976, private- and public-sector employers have been obligated to fill a certain percentage of their employees with people with targeted disabilities (PWTDs)⁴ under the Act on Employment Promotion, etc. of Persons with Disabilities of 1960 (AEPPD)⁵. The quota system's objective is to ensure that PWTDs have the opportunity to work within the competitive labor market. Also, the Amendment Act of 2013 codified the anti-discrimination and the obligation to provide reasonable accommodation in the nationalization process of the Convention on the Rights of People with Disabilities (CRPD)⁶. Since then, employers have been required to hire a certain number of PWTDs under no-discrimination policies. The AEPPD does not prohibit different treatments as long as they are regarded as preferential treatments for PWDs. In this regard, we focus on Ryohin-Keikaku's "Heartful Project," which has realized the spatial integration of employees with and without disabilities working together and introduce the HR system to ensure that PWDs have equal opportunity for evaluation and promotion by using unique approaches for PWDs.

Overview of the Employment Quota

In Japan, the quota system aims to ensure that PWDs have opportunities to work in the competitive labor market. In 1960, Japan enacted the AEPPD and required public sectors to employ a certain number of people with physical disabilities. It was a social issue to ensure people with physical disabilities caused by the war, on-the-job accidents, and traffic accidents have financial independence by working in the labor market as people without disabilities have. In this chapter, we introduce Japan's current employment quota and conditions of PWDs employment. The quota system has alerted employers of their social responsibilities to meet the statutory rate. It has contributed to the quantitative improvements of PWDs employed in the general labor market.

1. Quota System

Japan's disability quota system requires employers to hire a certain number of PWTDs. Private companies are required to fill 2.3% of employee positions with PWTDs. National and regional public entities are required to fill 2.6% of posts with PWTDs and 2.5% for prefectural and local boards of education committees (*See Table 1*). The

1 Consultant in Labor and Employment at Coworking LLC. Ph.D. in Law.

2 Labor and Social Security Attorney at Ryohin-Keikaku Co., Ltd.

3 Professor at Teacher Education Department, University of Wisconsin River Falls. Ph.D. in Educational Psychology.

4 The target group covered by the quota system is defined in § 37.2 of the Act.

5 When Japan enacted the Act in 1960, it was the "Act of Employment Promotion, etc. of Persons with Physical Disabilities," which covered only people with physical disabilities. In 1987, the Act was amended to cover all the PWDs defined in § 2 (1).

6 Japan ratified the CRPD in 2014.

government shall review the rate every five years. It also changes due to the amendment of the quota system. Since those disabilities covered by the quota have expanded to include mental disability passbook holders in 2018, the statutory rate has been raised in 2018 and 2021. For a smooth transition, it has changed by two steps⁷. In 2023, the government reviewed and decided to raise the statutory rate by 0.4%. It will become 2.5% in FY 2024 and 2.7% in FY 2026⁸.

Table 1. Statutory rate

Entities	Statutory Rate (Quota) as of 2021	After April 2024	After April 2026
Private companies	2.3%	2.5%	2.7%
National and regional public entities	2.6%	2.8%	3.0%
Incorporated administrative institutes (incl. national universities)	2.6%	2.8%	3.0%
Prefectural and local boards of education	2.5%	2.7%	2.9%

a. Targeted Disabilities

§ 37.2 of AEPPD defines those covered by the quota, which includes those who meet the definitions in § 2(2)–(5) and those who have a mental disability passbook (“*Seishin-Shougaiisha Hoken Fukushi Techou*”)⁹. § 2 of AEPPD defines (1) a person with disabilities, (2) a person with physical disabilities, (3) a person with severe physical disabilities, (4) a person with intellectual disabilities, (5) a person with severe intellectual disabilities, and (6) a person with mental disabilities. However, as for those with mental disorders and developmental disabilities (DDs), the quota system only covers people issued a mental disability passbook¹⁰. The scope of non-discrimination and reasonable accommodations is those who fall within § 2(1). It means that PWDs not covered by the quota system are still entitled to anti-discrimination and reasonable accommodations.

The range of those covered by the quota has been expanded by the disability category. In 1976, it became mandatory to hire people with physical disabilities (76th revision); in 1999, this was broadened to include people with intellectual disabilities (97th revision), and in 2018, that category expanded to include those with mental disorders (13th revision).

b. Double/Half Counts

Under the quota system, when companies report the number of employed PWTDS, they can adjust it according to the severity and working hours of PWTDS (*See* Table 2). When companies employ people with severe physical disabilities (§ 2 (3)) and severe intellectual disabilities (§ 2 (5)), each can be counted as two persons.

As PWTDS who work on a full-time basis are counted as one person, those who work less than thirty hours per week but no less than twenty hours become half a person. The quota system basically covers those who can work more than twenty hours per week. However, the Amendment of 2022 made an interim exemption for those with

7 The statutory rate is calculated as follows. (The number of people with physical, intellectual, or mental disabilities who have official disability passbooks in regular employment + those unemployed) shall be divided by (the number of total regular employees + the number of total unemployed). The calculated rate was to be adopted by the subsequent amendment but the change to become mandatory to hire people with mental disabilities was huge, so it was not adopted sooner.

8 The material No. 1-1 of 123rd *Roudou Seisaku Shingikai, Shougaiisha Koyou Bunkakai* ([hereinafter subcommittee on employment of PWDs of the labor policy council]) as of January 18, 2023, 1, <https://www.mhlw.go.jp/content/11704000/001039344.pdf>, accessed on January 18, 2023.

9 A “disability passbook” is a certificate that people have a disability. Prefectural governors or mayors of designated cities are responsible for the issue of a disability passbook. There are three types of passbooks: the physical disability, the intellectual disability, and the mental disability passbook. Although each of the three passbooks is based on different laws and regulations, the holders are eligible for any benefit, such as discounts on transportation, tax exemptions, and other welfare services. The quota system uses this disability passbook system so that employers may easily find out if he/she has a covered disability.

10 There are only three types of passbooks in Japan (*See id*), people with DDs are also issued a mental disability passbook.

severe physical disabilities (§ 2 (3)), severe intellectual disabilities (§ 2 (5)) and issued a mental disability passbook who work more than ten hours per week so that they can be counted as half a person¹¹. It will be effective in April 2024.

Table 2. Actual counting methods

	More than 30 hrs./week	20-30 hrs./week	10-20 hrs./week (Will be effective in FY 2024)
Physical Disability § 2 (2)	1	0.5	n/a
Severe Physical Disability § 2 (3)	2	1	0.5
Intellectual Disability § 2 (4)	1	0.5	n/a
Severe Intellectual Disability § 2 (5)	2	1	0.5
Mental Disability (incl. Developmental Disability) with disability passbook	1	1* (0.5)	0.5

*As an interim measure, employees issued a mental disability passbook can be counted as one person only within three years from being newly hired or from being issued a disability passbook, even when they work less than thirty hours per week since it became mandatory to hire people with mental disabilities in 2018. It was supposed to be a three-year interim but was extended for another three years to the end of March 2023. It will be extended for some period¹².

c. Exemption Rate

The quota system has exemptions for industries generally recognized as being challenging work environments for PWDs since some jobs are thought not suitable for a flat statutory rate. When employers calculate the number of PWDs required to hire, they can exclude a designated percentage as an exemption rate from the actual number of total regular employees. The exemption rate for each industry or service is different. (e.g., the exemption rate for the construction industry is 20%, and the one for college and university is 30%.)

From the perspective of normalization, it was decided to abolish the exemption system in 2002. However, as a transitional measure, the rate for each industry has been gradually lowered and is expected to be eliminated eventually. The exemption, however, still exists. The Amendment of 2022 lowered each exemption rate by ten percent. It will be effective in April 2025¹³.

2. Special Subsidiary Company System/Special Exception for Corporate Group Calculation

In Japan, private companies can establish a special subsidiary company (SSC) designed to hire PWDs collectively and treat them as being under unique management. In 1987, the SSC system was regulated in the Act¹⁴, ten years before it became an obligation to hire people with intellectual disabilities.

When an employer establishes an SSC, the parent company or group companies can include the SSC employees with disabilities to calculate the employment ratio. The Ministry of Health, Labour, and Welfare (MHLW) set the requirements for establishing an SSC. (e.g., an employer shall hire at least five PWDs. The proportion of PWDs

11 Recommendations by the subcommittee on employment of PWDs of the labor policy council as of June 17, 2022, 6-7, <https://www.mhlw.go.jp/content/11704000/000952801.pdf>, accessed on December 9, 2022 [hereinafter *Ikensho (2022)*]. Based on *Ikensho (2022)*, the Act is to be amended.

12 This interim measure will be revised to become permanent in some ways. Also, it will remove the limitation of “within three years from being newly hired or from when they are issued a disability passbook.” *Ikensho (2022)*, *id.* at 9-10.

13 123rd subcommittee on employment of PWDs of the labor policy council, *supra* note 8, at 1. Each exemption rate will be lowered by ten percent in FY 2025 to avoid the year in which the statutory rate increases.

14 The SSC scheme was prescribed in the notice from the director general in 1976, then officially regulated in the Amendment of 1987.

among all the employees shall be over 20%. The ratio of employees with severe physical disabilities, intellectual disabilities, and mental disabilities among all the employees with disabilities shall be more than 30%.)

Moreover, in 2009, a special exception for corporate group calculation was developed. Corporate groups that meet the requirements MHLW set can also aggregate the actual employment ratio for the entire corporate group without SSC.

3. Levy-Grant System (for private companies)

The AEPPD imposes a levy on those private employers with a hundred or more regular employees who do not meet the statutory rate. Using the funds from the levy, the government provides an adjustment subsidy or an allowance for those who employ more PWTDS than the requirement. This system is intended to create a financial balance between the companies that meet the quota and those that do not. Also, this structure provides a grant to support companies that improve the devices or redesign the work environment for PWDs to perform their jobs using the funds from the levy.

When a private company fails to meet the statutory rate, each company shall pay 50,000 JPY per month for each person under the statutory rate. Companies with fewer than a hundred employees are required to hire PWTDS but need not pay the levy even when they fail to fulfill the requirement.

When the actual employment rate exceeds the statutory rate, a private company with a hundred and more regular employees can receive an adjustment subsidy per month for each person over the quota. Even companies with fewer than a hundred regular employees can also receive an allowance.

The Amendment of 2022 reviewed the amount of adjustment subsidy. For private enterprises with a hundred or more employees, the adjustment subsidy is 27,000 JPY (that will become 29,000 JPY in April 2023) per month for each person over the statutory rate. For private enterprises with fewer than a hundred employees, the allowance is 21,000 JPY per month for each person over 4%. The Amendment of 2022 sets the upper limit of both the adjustment subsidy and the allowance from FY 2024. If the number of PWTDS over the quota exceeds ten persons, the amount of the subsidy will be reduced to 23,000 JPY from the eleventh PWTDS. As for the allowance, if the number of PWTDS over 4% exceeds thirty-five persons, the amount of allowance will thereafter be reduced to 16,000 JPY¹⁵.

4. Current Situation

Employers must report the employment status of people with physical, intellectual, and mental disabilities under the quota system as of June 1 each year. The MHLW publishes the employment situation of PWTDS in the general labor market annually. According to the survey, the number of employed PWTDS has been increasing. The number of PWTDS who work more than twenty hours per week for private companies is 516,447 (in 2022). The number after double- and half-count adjustment becomes 613,958. As for national agencies, the number is 8,325 (the adjusted number is 9,703); for prefectural agencies, it is 8,135 (the adjusted is 10,409); and for city-level local agencies, it is 26,923 (the adjusted is 34,535.5)¹⁶. About 26% of PWTDS employed in private companies are employees with intellectual disabilities (IDs), and about 20% have severe IDs among employees with IDs¹⁷.

The recent trends are an increase in employees with IDs at SSCs and a rapid increase in employees with mental disorders in the public sector.

Many large businesses and enterprises have been using the SSC scheme. This system has allowed many large-

15 The material No. 3 of 124th subcommittee on employment of PWDs of the labor policy council as of February 2, 2023, 1-2, <https://www.mhlw.go.jp/content/11704000/001049747.pdf>, accessed on February 3, 2023.

16 MHLW, *Reiwa 4 nen Shougaiisha Koyou Joukyou no Shuukei Kekka* (2022 annual survey results on the employment situation of PWDs) as of December 23, 2022, 4-5, <https://www.mhlw.go.jp/content/11704000/001027391.pdf>, accessed on January 10, 2023.

17 *Id.* at 11. The total number of employees with IDs working for private companies is 135,667 and the number of those with severe IDs is 26,671 (19.7%).

scale companies and holdings to employ PWDs collectively, which has contributed to the employment of people with severe IDs. Most SSCs are popular among the students at special needs education schools. Since it is a subsidiary of a large company, employment is stable, salaries are reasonable, and benefits and internal training are secured. More and more large companies adopt SSC schemes to secure PWTs' jobs to fulfill the mandate. Therefore, the number of SSCs has been increasing annually. According to the growth, the number and proportion of PWDs working at SSCs have been increasing¹⁸.

As for people with mental disorders, the number of people with mental disorders who wish to work has been increasing rapidly, but the job placements have not grown so fast. National and local governments have been increasing the hiring of PWTs to fulfill their responsibilities after it was uncovered that they falsified the number of employed PWDs for years. They also employ people with mental disorders, but many quit for a short period.

5. Current Issues

The following issues regarding the quota system were raised for future amendments by the subcommittee on employment of PWDs of the labor policy council¹⁹.

a. Whom should the quota system target?

As mentioned above, the Amendment of 2022 sets an interim exemption to include those who work less than twenty hours but more than ten hours per week (from FY 2024). Still, regarding the range of covered disabilities, the quota system depends on the disability passbook system. Since it does not cover those PWDs without a disability passbook, people with mental disorders, DDs, or chronic disorders without issued disability passbooks tend to be excluded from the labor market. Moreover, most of them apply for jobs without disclosing their disabilities because they fear not being hired when employers know they have health problems. Those covered by the quota shall be based on the difficulties of getting a job more than medical conditions. Therefore, research on how to identify those covered disabilities other than the disability passbook and on how to measure the difficulties that an individual would face in employment is required²⁰.

b. Development of professional supporters and enhancement of their skills

The development of specialists such as job coaches is an issue that involves the entire work and employment system for PWDs in Japan. To improve the assessment of the abilities of PWDs to be employed, the staff of Public Employment Security Offices (Hello-Work²¹) need to enhance their skills as PWD employment specialists, and of course, the development of assessment approaches is necessary²².

c. Sustainable operation of the levy system

Companies that employ no more than one hundred regular employees are exempted from paying the levy even if they have not fulfilled the quota requirement. Currently, it is being discussed if the range of the levy should expand to companies with fifty and more employees, as the adjustment subsidy might become an incentive to hire PWDs²³.

18 MHLW, *supra* note 16, at 20.

19 *Ikensho (2022)*, *supra* note 11.

20 *Ikensho (2022)*, *supra* note 11, at 7–9.

21 "Hello-Work" is a public organization that provides job placement services and handles unemployment insurance benefits. To support PWDs' job searches, staff and counselors with expertise in disabilities are assigned to provide information on jobs, consultation on employment, and support. By registering as applicants with Hello-Work, job seekers with disabilities can receive job counseling and job referrals. In addition, Hello-Work is the first contact for those discriminated against based on disability or for whom reasonable accommodation has not been provided. Hello-Work also oversees the provision of guidance to employers who are not fulfilling their obligations to hire PWDs and provides consultation to employers regarding the hiring of PWDs.

22 *Ikensho (2022)*, *supra* note 11, at 4–5.

23 *Ikensho (2022)*, *supra* note 11, at 12–13.

However, while many mid-to-small-sized companies cannot fulfill the quota mandate, large companies that own SSCs or sheltered workshops Type A employ PWTs over the quota. The sheltered workshops that enter an employment contract with PWTs can receive an adjustment subsidy or allowance, although they are a work-related welfare service provider that provides training and work opportunities for PWTs with government funds. This situation leads to the imbalance that mid-to-small-sized companies pay levies, and large companies and sheltered workshops receive adjustment subsidies or allowances.

d. When and how is the exemption rate system completely abolished?

It was decided to abolish the exemption rate system twenty years ago. However, the exemption rate has never changed since 2010. The rates set for all the industries will be lowered in 2025, but more important is to show the schedule toward the elimination because the companies of high exemption rates industries need more time to prepare for hiring PWTs. With reasonable accommodation provided, employees with disabilities may be able to work in the industries and services where used to be thought difficult to employ PWTs. With the liaison with the support organizations such as Hello-Work, the government plans to make model companies by each high exemption industry in employment for PWTs²⁴.

e. Ensure higher quality of employment

The number of employed PWTs has been increasing every year. Most Japanese companies are aware of their responsibilities to hire PWTs. However, the quota system focuses on the quantities of employed PWTs. Therefore, companies' first goal is to hire a certain number of PWTs, instead of providing equal opportunities.

Many employees with disabilities at the SSCs benefit from a range of accommodations and find meaningful employment as valued laborers. Those SSCs provide PWTs with simple tasks and allow them to work together in a group with a coach without disabilities. The types of employment, accommodations, and management have been well considered for special needs for PWTs, as these SSCs are developed for mainly employing people with severe intellectual disabilities.

However, SSCs tend to remain separated in many ways from the workplace for people without disabilities. Even though some SSCs intend social inclusion for their employees with disabilities by having them work in the same environment with lower wages often, which is considered an inclusive work environment, their tasks may be exclusive to those without disabilities.

Anti-Discrimination

In 2013, Japan enacted the amended AEPPD, which prohibited discrimination against PWTs and obligated employers to provide reasonable accommodations. The Amendment came into force in April 2016.

Its § 34 regulates anti-discrimination in recruitment and hiring, stating, "employers shall provide equal opportunity to PWTs for recruitment and hiring as well as those who are not PWTs."

§ 35, an anti-discrimination in employment clause, provides:

Concerning the determination of wages, the provision of education and training, the use of welfare facilities, and other treatment, employers shall not treat employees with disabilities compared to those without disabilities in an unfair and discriminatory manner on the basis that they are PWTs.

These provisions prohibit discrimination against PWTs due to their current disabilities. Those who had disabilities in the past or those who have family or relatives with disabilities may be discriminated against based on their past disabilities or the relation with disabilities. But the AEPPD does not cover such discrimination because

²⁴ *Ikensho (2022)*, *supra* note 11, at 15-16.

they are not discriminated based on “being a person with disabilities.”

Reasonable Accommodation clauses can also be separated into recruiting and hiring process (§ 36-2) clauses and employment (§ 36-3) clauses.

§ 36-2 states:

To improve the circumstances that hinder the securing of equal opportunity between PWDs and those without disabilities in recruitment and hiring, employers shall take necessary measures in consideration of the characteristics of the disabilities of such PWDs at their request; however, this shall not apply when such measures cause undue hardship on employers.

§ 36-3 reads:

To ensure equal treatment between employees with disabilities and workers without disabilities or to improve the circumstances that hinder employees with disabilities from effectively exercising their abilities, employers shall take necessary measures, such as the development of required facilities for the smooth performance of duties that take into consideration the characteristics of the disabilities of the employees with disabilities and the placement of personal assistants; however, this shall not apply when such measures cause undue hardship to employers.

The major differences between Sections 36-2 and 36-3 are as follows: (1) PWDs need to request reasonable accommodation upon recruitment and hiring, and (2) after hiring, reasonable accommodations take equal opportunity measures into consideration but also include measures to effectively improve the performance of employees with disabilities.

While the 2013 Amendment has advanced the legal framework for the employment of PWDs, progress has not been made as envisioned because the measures to ensure the effectiveness of the prohibition against discrimination and reasonable accommodations focus on administrative guidance, rather than on judicial solutions. In Japan, few people file lawsuits against employers for not being hired, so the issue persists. The concept of anti-discrimination does not function effectively in recruiting and hiring because it is challenging to prove that not being hired is attributed to their disabilities rather than their qualifications.

Ryohin-Keikaku's Employment for PWDs

Ryohin-Keikaku is a design, development, and retail company in Japan and a leading employer of people with mental illness and disorders. The company employs many store staff with mental disabilities in “MUJI,” a chain of lifestyle stores. Although most of the staff in the stores are temporary employees, there is a program for promotion and conversion to permanent employment, further ensuring that employees with mental disabilities can take a step up as well.

1. Company Overview

Ryohin-Keikaku was established in 1989. It is a manufacturing and retailing company that operates the MUJI brand, from planning and development to product procurement, distribution, and sales. With 7,500 products, the company has 525 stores in Japan (including Café & Meal, IDEE, and licensed stores) and 593 stores overseas (as of January 2023).

In 2000, Ryohin-Keikaku was instructed by Hello-Work, a Public Employment Security Office, to begin hiring PWDs. Ryohin-Keikaku started employing PWDs because of social obligation. At that time, the places where PWDs worked were limited primarily to the HR Department, the distribution centers, and the Musashino Center (which handles accounting work). The duties assigned to PWDs were also limited to specific tasks, such as data entry and warehouse work.

In 2009, Ryohin-Keikaku launched the Heartful Project, which aims to promote the employment of PWDs. With the launch of this project, the company shifted from hiring PWDs, as it was obligatory to do so, to a focus on

realizing the “Ryohin Vision” (corporate philosophy) of “happiness,” “work,” “goals,” and “culture.” The first major challenge was to expand in-store job opportunities for PWDs. Under the banner of “working together,” the company sought to promote in-store employment under the Heartful Project as well as based on the “Ryohin Vision,” in which all employees were to work and grow together for the lasting happiness of their colleagues.

As a result of efforts to promote the project, both the number of employees with disabilities and the number of stores employing PWDs have increased. The Heartful Project is ongoing, and the percentage of employees with disabilities is 3.41%, a total of 310 people, most of whom work in MUJI stores (as of August 2021). Ryohin-Keikaku is known for the large percentage of employees with mental disabilities, 81.3%, among all employees with disabilities. The company has never established an SSC.

2. Hiring Practice for PWTDs

Ryohin-Keikaku’s unique hiring practice under the Heartful Project targets those eligible for the quota system. As a basic rule, the system is available to disability passbook holders who can work at least twenty hours a week²⁵.

To be hired, the person must be willing to work, capable of working with colleagues, and understand and accept their disability better than anyone else. The focus is on the applicant’s current situation, not their past. Rather than a mild degree of disability or an ability to perform work duties consistently, what is required is an individual who has the desire to improve their current self and become more skilled. Even if the family, a support organization, or others encourage the person to work, if that person is not willing to work, they will not continue with the job for long. People who understand and can accept their disabilities are usually able to proactively communicate when they have trouble.

The company also expects the person to be hired to like the MUJI brand so that they are likely to strive for progress. Progress, in this case, does not only refer to advancement within the company: employees are encouraged to use their experience working in the store to achieve their subsequent goals, even outside the workplace.

At its stores, Ryohin-Keikaku offers systems for part-time employees (up to 19.5 hours per week) and partner employees (27.5, 30, or 37.5 hours per week). All employees hired in the disability (Heartful) category are employed as partner employees. Even if the employee finds it difficult to work more than twenty hours a week after joining the company, the partner employee system can still be applied instead of the part-time one, allowing the employee to receive the available benefits²⁶.

3. Evaluation/Pay Raise System

All Ryohin-Keikaku employees, from part-time staff to permanent members, receive evaluations twice a year. The results of the evaluations are reflected in the salary and used for promotion. In both the disability and general categories, partner employees start at Level 1. At the same level, the salary is the same for both categories. Employees can be promoted to higher levels, skipping (a) level(s).

Evaluation domains are differentiated for employees with disabilities, which have two pathways, general and disability categories (*See Table 3*). The evaluation for employees with disabilities includes: (1) basic skills (greetings, attendance, etc.), (2) accomplishment level of work, (3) goal setting, and (4) attitudes to work. Item (1), (3), and (4) are the same, and item (2) is differentiated. In general, employees are expected to perform all kinds of tasks in the store and are therefore evaluated based on “whether being able to perform any task” and “able to teach.” The areas

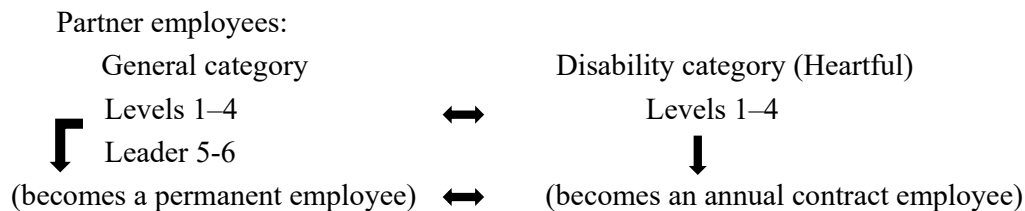
25 However, even if a person is hired and later finds it impossible to work more than twenty hours a week, that person is not required to leave the job provided that he or she is willing to work at Ryohin-Keikaku. In fact, many PWDs work fewer than twenty hours per week.

26 In Japan, the employees of a company with more than five hundred and more regular employees are eligible for social insurance when they work more than twenty hours per week. They are covered by unemployment insurance, health insurance, and pension, with the employer paying half of the costs. Ryohin-Keikaku’s partner employees can receive those benefits.

differentiated in the evaluation are reduced to specific tasks. Employees evaluated achieve levels determined by the total score of the evaluation.

Everyone is motivated and challenged by their work. The evaluation system is essential for increasing this motivation and helps employees recognize their challenges, which they can overcome by striving toward goals. No opportunities are denied due to the nature of a person's disability. Employees make progress as they carry out their daily work. It is important to evaluate employees appropriately, recognizing small steps of progress.

Table 3. Evaluation and Pay Raise



4. Career Advancement/Change System

Ryohin-Keikaku has a system for converting partner employees into permanent employees. Regardless of their current levels, those who want to become permanent employees can take the permanent employee examination; some even pass it and become store managers. However, since there is no disability category for this permanent employee examination, all employees are required to meet the same requirements. The path is not closed, but it is no easy to become a permanent employee. Therefore, in 2018, Ryohin-Keikaku established the annual contract employee system as a “next step” for partner employees with disabilities working in stores, allowing them to set their own goals and progress to advanced responsibilities.

a. Advancement to Annual Contract Employee

Stores promote their staff from partner employees (disability category) to annual salary contract employees. Employees who meet the criteria can choose whether to become contract employees. They can apply and become a contract employee by passing the examination. As contract employees, they can further improve their strengths and work toward their goals. They can also receive raises in their salary, paid leaves, and other benefits.

The company does not clearly indicate the level of work required of annual contract employees, but rather encourages them to find their own way forward. By becoming a contract employee, employees can make their job more attractive through their own efforts and can fulfill themselves through their work. They find their jobs socially valuable. The purpose of the system is to enable employees to develop their own jobs based on their goals. For instance, one contract employee with a disability works as a consultant to help employees with disabilities work in stores in the same area.

This system was initially available to partner employees who had worked continuously for more than two years, but since some employees reached Level 4 within a short period, the company has now loosened the requirement for continuous service. The company aims to create workplaces encouraging long-term employment to enhance employee job satisfaction and build their future careers. In 2021, the company revised the salary structure for annual contract employees in response to requests from contract employees with disabilities. Even under the same salary scheme, there were significant differences in treatment between permanent and contract employees. During a roundtable discussion attended by employees with disabilities, a request was made to improve the treatment of contract employees. The President and General Manager of the Store Sales Division responded to this request by adjusting the system so that instead of raising the basic salary uniformly, employees are evaluated based on the results of their achievement.

As of September 2021, Ryohin-Keikaku is undergoing a major transformation in its “second foundation stage.” Each store across Japan strives for store-based management and locally-rooted operations. The Heartful Project is helping to develop “employees who think and act independently” and “activities led by individual stores.” According to these actions, the company has revised the career advancement system. In the general category, all the annual contract employees are promoted to permanent employees. Still, the annual contract employee system for PWDs continues. Currently, the company announces that those contract employees with disabilities who are willing to become permanent employees are given a chance to take the examination.

b. Conversion to General Category and Disability Category

Since some employees had joined the company in the disability category pathway but wanted to give up their disability passbooks and transition to general employment, Ryohin-Keikaku decided to support their shift in 2017. Several years later, a small number of employees switched over to general employment.

Conversely, some employees, who had not been self-identified, transitioned to the disability category. They were not in good physical condition, and they revealed their own mental disabilities and opted for a workstyle suited to their current condition. Allowing individual employees to choose their workstyles has increased the diversity in the company.

Employees hired in the general category and disclosed their disability or become a PWD after being hired can choose which evaluation, general or disability, as stated above to use. Some may use the general evaluation while receiving reasonable accommodation as a PWD. Also, some may choose to become annual contract employees in the disability category. In some cases, employees who become a PWD after being hired may choose the “balanced (eight hours a day, four days a week, with flexible hours)²⁷” workstyle and continue their duties while remaining a permanent employee.

5. Key Points Concerning Employment Retention

Ryohin-Keikaku focuses on the following four points to promote employment retention among employees with mental disabilities: (1) Allowing employees with disabilities to ease into their job slowly to reduce anxiety (known as “a slow start”); (2) working together to create comfortable shifts that suit each person’s physical condition, with flexible hours; (3) working together to create specialized duties that do not overburden employees with disabilities; and (4) assessing the skills of employees with disabilities in an objective manner.

When hiring PWDs, the company uses the support of job coaches. Store managers and staff at stores employing a PWD for the first time, learn how to provide guidance through a job coach. Moreover, many PWDs hired by Ryohin-Keikaku have had jobs before. When working for the first time as “a PWD,” the job coach is asked to provide support for work duties as well as follow-up with mental health.

Ryohin-Keikaku does not assign special tasks to employees with disabilities but selects those based on their abilities. In-store duties include being a cashier, stocking, folding, product maintenance, packing, customer inquiries online and in-store, checking expiration dates, deliveries, attending workshops, and working as a tasting advisor.

27 All permanent employees, not just those with disabilities or family responsibilities, can think for themselves and make their own choices about how they want to work from the following three workstyles.

(1) Standard

Two days off per week. As a retailer, work continues through the New Year holidays. Thus, in addition to annual paid leave, employees receive 13 days of refreshment leave per year.

(2) Balanced

Three days off per week. Eight hours a day, four days a week. Employees under this system also receive 13 days of refreshment leave per year.

(3) Challenged

Two days off per week. Employees under this system do not receive 13 days of refreshment leave per year. Employees challenge themselves to things they want to achieve, such as deepening their connections with the community.

Employees with disabilities are first asked to choose an area of interest in one of the three departments: clothing, lifestyle, or food because it provides a sense of familiarity with the work.

People with mental disabilities may experience severe fluctuations in their physical condition, leaving them prone to missing work. They may be absent from work for long periods. In addition to reviewing their duties and working hours, stores may refer to doctors and put employees on leave to help them recover as soon as possible²⁸. Stores work to find a solution to these issues by determining if they will recover quickly.

Furthermore, mental disorders may lead to persistent errors at work, loss of concentration, and increased frustration, leading to relationship problems with colleagues. When a work-related problem emerges, managers arrange opportunities for discussions involving the employee in question, his or her supervisor, staff from an external support organization, and Head Office personnel. If there are distinct differences in the way of thinking, the situation is continuously monitored, and differences in perceptions between the two parties are discussed, which is why communication is crucial. Afterwards, steps are taken to develop and implement a plan to solve the problem.

A small number of people recover enough to give up their disability passbook and transition to general employment, while others increase severity, leaving them to resign. People with mental disorders may not have stable conditions. Some of them may have worked steadily for ten years and have experienced sudden changes leaving them to stop working. Dealing with such cases requires collaboration with external support organizations, community health nurses, medical institutions, and others.

Employees with disabilities are often asked to stay in touch with external support organizations, not only at the time of hiring but also on an ongoing basis thereafter. At Ryohin-Keikaku, stores are working in tandem with the Head Office, as well as external support organizations, to hire employees with disabilities and develop a system of collaboration that enables employees with disabilities to make full use of their skills.

Also, Ryohin-Keikaku has established a 24-hour consultation center to help employees with mental disorders ease their anxiety. Employees with disabilities are often extremely nervous and anxious when they begin their first job. To help them manage anxiety, the 24-hour consultation center is staffed by mental health workers and clinical psychologists who are available by phone and email.

6. Effects of Disability Employment

At Ryohin-Keikaku, just like permanent employees can be relocated nationwide every two years on average, their experience and knowledge in working with PWDs can follow. Store managers with an experience of working together with PWDs like to hire staff with disabilities in the stores to which they are relocated. This has led to a natural expansion of in-store employment of PWDs.

Through disability employment, the "Ryohin Vision" has spread through the company. Working, experiencing, and learning alongside PWDs makes for great changes and achievements all around. By working together, unity is strengthened. Consideration for PWDs can foster a greater sense of concern for others and better customer service. As employees reconsider their basic duties to teach them in an easy-to-understand manner, stereotypes can be reduced, as awareness and discovery increase, and work efficiency is enhanced. The range of communication methods can be expanded, leading to more effective training for leaders.

As more people experience working with PWDs, awareness of diversity and inclusion is also increasing. Currently, stores are asked to prepare their own personnel plans. They are now thinking about their personnel plans in terms of whether the store is achieving diversity, including PWDs, seniors, non-Japanese staff, and other people who may be experiencing difficulties with work, instead of focusing only on the cost of labor. Stores have identified

28 The company has a system for temporary leave due to personal illness or injury; however, treatment differs for permanent employees, contract employees, and partner employees. Personal sick leave for in-store partner employees is granted for a maximum period of three months. Leave can be taken twice during a one-year contract period. Moreover, if recovery is expected, the period of leave may be extended depending on the circumstances. This decision is made on a case-by-case basis.

issues that need to be addressed to create a culture where PWDs can be employed, not specifically because they have a disability but as ordinary team members. Store managers themselves are becoming more aware of the degree to which diversity and inclusion are achieved, and they are working daily to manage their stores to accommodate a diverse workforce. Under the system of store-based management, individual stores are aiming to diversify their staffing structures by incorporating PWDs into their staffing plans in the hiring process. The Heartful Project targets disability passbook holders who are subject to the employment quota system, but some store managers are willing to go beyond this system and hire people without disability passbooks and people experiencing other employment difficulties²⁹.

The company has also improved its personnel system at the organizational level to accommodate diverse workstyles. As a result, an environment has been created where employees with disabilities can efficiently work at the company. Some employees at Ryohin-Keikaku experience mental health problems, and some recover after taking a leave of absence, while others go on to obtain disability passbooks. Whatever the situation may be, Ryohin-Keikaku provides each employee with options, enabling them to choose the workstyle best suited to them. For instance, some people continue to work as a permanent employee on the four-day-workweek “balanced” system, while others transition to the disability category and become contract employees. In addition, there are people who have a passbook without disclosing their disability. Such employees may, after observing the workstyle of employees with disabilities through the Heartful Project, opt to disclose their disability and work under the disability scheme. While some employees transition back and forth between the “closed” and “open” systems, it is important for employees to choose the way of working best suited to them. This method has been integrated at Ryohin-Keikaku, which is a result of progress made through disability employment.

Implications and Recommendations

Employment for PWDs in Japan has made significant progress over time with the government’s incentives for both private and public sector jobs and efforts by employers, families, etc. As stated above, the number of PWDs employed in Japan has been growing with the increased legislative measures. In this segment, we make two suggestions; (1) reviewing the current measures and policy for employment for PWDs, and (2) supporting the measures to increase employment of PWDs, for potentially even more future enhancement for inclusive employment for people with all abilities.

First, it may be beneficial to evaluate the current system of SSCs affiliated with large businesses and corporations, which initially started with the measure to support the parent companies to meet the statutory rate for PWDs. This system can be examined to assess inclusivity of PWDs. The SSC system led to segregation of employees with disabilities within their subsidiaries, regardless of the increased employment of PWDs. Despite the conventional intention of supporting the large companies’ meeting the required employment rate, some progressive businesses, such as Ryohin-Keikaku, have made remarkable efforts without developing an SSC to hire PWDs in multiple store locations where they can be included in the local communities. The approach by Ryohin-Keikaku has the potential to employ individuals with and without disabilities in an equal manner beyond the status of PWDs, which we want to address in a future paper to advance their perspective. Evaluating the current system will allow us to investigate inclusivity of employment for diverse opportunities beyond the numerical employment rate for PWDs.

Second, to achieve more inclusivity in employment for PWDs, more job coaches can be trained and placed in various areas in the community, supporting PWDs, especially those with IDs and DDs who can benefit from

29 The Tokyo Metropolitan Government enacted the “*Social Firm Jourei (Ordinance)*” as of December 25, 2019. The government recognizes entities where at least 20% of employees are people experiencing difficulties with work as a social firm and provides support. Although some MUJI stores are located outside Tokyo and therefore cannot access the system, there are store managers who want to develop their stores so that people experiencing various work difficulties can work there.

individual support. Other employees benefit from job coaches and learn to work with PWDs. We also recommend customized employment in an inclusive setting to develop job opportunities for PWDs. Companies can create positions that require specific tasks that they are in need of, which can be completed by PWDs. In Japan, large companies traditionally customize the work environment by developing jobs designed for employees with IDs (including severe IDs), which isolates PWDs from the work environment with the employees without disabilities although companies can be successful in meeting the quota. Customized employment within an existing workplace can be promising to increase employment opportunities and foster inclusive environment.

Ryohin-Keikaku does not assign PWDs to jobs specific to employees with disabilities but curves out some tasks from in-store duties based on their abilities. Ryohin-Keikaku has analyzed their business style and found a way where people with and without disabilities can work together based on their mission. Even though the pathways at the time of hiring (as stated above) are differentiated as the general and disability category, Ryohin-Keikaku ensures opportunities for employees, regardless of disabilities, to make their jobs more attractive and socially valuable.

We also suggest exploring customers'/consumers' perspectives in companies that employ PWDs in future. Extant research focuses on surveys and other forms of studies from employers' and PWDs' perspectives. It is additionally essential to investigate customers'/consumers' attitudes toward these progressive corporates to evaluate the strategies as their views determine the business's success. In the survey study for consumers (N = 803) in the United States, 83% of participants indicated that they would prefer to give business to companies that hire PWDs, which suggests that companies should employ PWDs as part of their business strategies as well as achieving the equity among employees with all abilities³⁰. We recommend a systematic survey study be conducted in Japan to learn customers'/consumers' attitudes, which can be used to further the concept of employment of PWDs for better business schemes.

The current paper focused on various aspects of employment for PWDs and introduced the efforts of Ryohin-Keikaku. The constitutional right to work applies to all people regardless of their abilities. We recommend ongoing evaluation of the existing system to increase the employment of PWDs and promote inclusivity. It is also essential for employers and local businesses in the community to develop, recognize, and share innovative ideas and efforts and increase collaborative opportunities.

30 Gary N. Sipersteina, Neil Romanob, Amanda Mohlera et al., A national survey of consumer attitudes towards companies that hire people with disabilities, *Journal of Vocational Rehabilitation* 24 (2006), 3-9.