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Country Comparative Guides

Legal Landscape | Employment and Labour Law

Japan- Employment and Labour Law

Contributor



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Japan- Employment and Labour Law

1 What is the current legal landscape for your practice area in your jurisdiction?

The Japanese employment law system has traditionally been highly protective of workers, characterised in particular by strict regulations on dismissals under the 'doctrine of abuse of the right to dismiss'.

In recent years, the government has been promoting 'Work Style Reform', making the correction of long working hours and the elimination of unreasonable disparities in treatment between regular and non-regular employees under the principle of 'equal pay for equal work' key priorities.

Additionally, legislative movements regarding harassment have become active, and employers are obligated to implement measures to prevent workplace harassment (including power harassment, sexual harassment, maternity harassment, and customer harassment).

Coupled with a growing awareness of rights among workers and society as a whole, there is an increasing number of cases where employment issues directly result in labour-management disputes and corporate reputational risks (such as backlash on social media). Consequently, companies are required to handle these matters with careful consideration.

2 What three essential pieces of advice would you give to clients involved in your practice area matters?

1. **Understanding strict dismissal regulations in Japan:** In Japan, unilateral dismissal by a company presents a very high legal hurdle. Therefore, in many cases, employers should prioritise an approach that first involves encouraging the employee to resign and making a certain financial payment (such as adding to their severance pay) to have them resign voluntarily; in other words, aiming for a mutual agreement on resignation.
2. **Appropriately modifying work rules and wage regulations:** In Japan, even if an individual agreement is reached with a worker, any agreement on working conditions that is less favourable to the worker than those stipulated in the work rules or wage regulations is legally invalid. Therefore, the contents of work rules and wage regulations are extremely important. Modifying work rules and wage regulations to the disadvantage of workers requires meeting certain strict legal requirements, which therefore demands careful consideration.
3. **Early consultation before taking action:** When taking actions that carry labour risks—such as terminating an employee, taking disciplinary action, or making disadvantageous changes to working conditions—it is crucial to consult early with a lawyer well-versed in Japanese labour law beforehand. If consultation occurs only after an action has been taken and a dispute has arisen, the methods and means available to resolve the dispute often become limited.

3 What are the greatest threats and opportunities in your practice area law in the next 12 months?

Threats: The threat in the next 12 months is the expansion of corporate obligations due to amendments to

labour-related laws. Specifically, from October 2026, companies will be newly obligated to implement measures to prevent severe nuisance behaviour from customers and others (customer harassment) and sexual harassment against job-hunting students. Furthermore, from April 2026, the obligation to disclose the gender wage gap will be expanded to companies with 101 or more employees.

Opportunities: On the other hand, in the Japanese market, which faces severe labour shortages and an ageing population, swiftly adapting to these legislative changes and establishing advanced and flexible personnel systems (such as teleworking, lifting bans on side jobs, and introducing restricted regular employee systems) in compliance with the law presents a significant opportunity to attract and retain top talent. Furthermore, it is also possible to optimise the organisation (restructuring) while maintaining compliance by appropriately utilising methods suited to Japanese practice, such as mutual agreement on resignation.

4 How do you ensure high client satisfaction levels are maintained by your practice?

We maintain high client satisfaction levels by fully utilising our know-how in litigation and dispute resolution matters, where our firm has an extensive track record, to represent clients in various procedures such as labour litigation, labour tribunals, and mediation.

Drawing on our wealth of experience in labour dispute cases, we provide the best practical advice, always keeping potential dispute risks in mind. This applies not only when responding to issues that carry a risk of developing into a dispute, but also during day-to-day consultations on non-contentious matters, such as personnel system reforms.

Furthermore, by mobilising our firm's deep expertise in practice areas such as intellectual property law, corporate restructuring, and M&A, we respond to cross-disciplinary matters expertly and efficiently, providing comprehensive support for our clients' businesses.

5 What technological advancements are reshaping your practice area law and how can clients benefit from them?

Strictly speaking, the law of employment itself has not yet been fundamentally rewritten by technology at this time.

However, by appropriately considering the risks under existing legal regulations, the introduction of AI and HR tech (human resources management systems) offers the benefits of significantly streamlining HR operations and enabling objective, data-driven decision-making. Specifically, the use of AI for recruitment screening and personnel evaluations is becoming widespread. These raise new legal risks, such as unconscious algorithmic bias (the risk of discrimination) and issues related to regulations concerning personal information.

Furthermore, if a situation arises where employment or tasks are replaced by AI, questions may emerge as to whether the company can reassign the replaced workers, or whether it can dismiss them if reassignment fails to absorb the surplus personnel. While these issues require careful consideration—particularly regarding dismissal—proceeding in consultation with lawyers well-versed in Japanese employment law presents the possibility of achieving organisational optimisation using AI.

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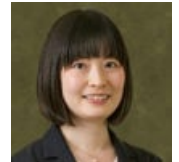
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