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# Wages are rising!

## Yamanashi Prefecture's Approach to Sustainably Raising Wage Levels

How would you feel if your home, Yamanashi, lost its vitality and went into decline?

Yet this could become reality. If the younger generation loses confidence that "hard work will make life better," the region will shrink.

How can we overcome such a crisis? The answer is "a sustainable rise in wage levels." This issue features the background behind it.

### Three Pillars for Achieving a Steady Rise in Residents' Income

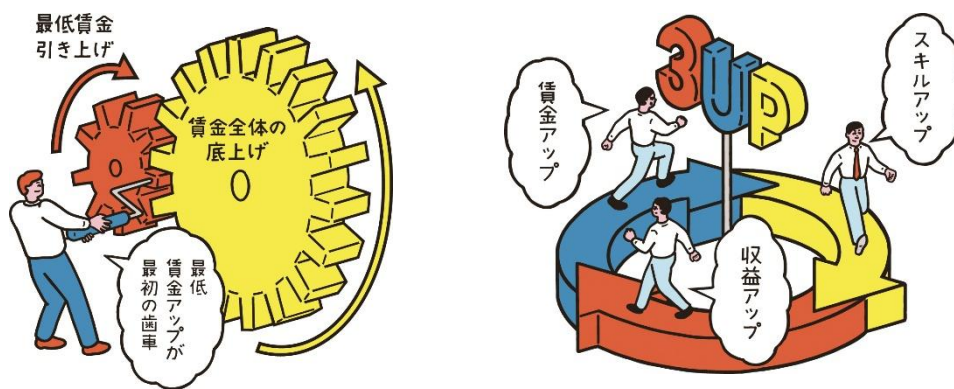
- 1 Raising wage levels
- 2 Improving productivity
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### QUESTION: Why Raise Wage Levels Now?

A sustainable rise in wages supports residents' prosperous lives and forms the foundation of a society where "hard work is rewarded." Raising the minimum wage ripples out to lift wages across the board. In other words, it is the "first gear" that drives wage levels upward.

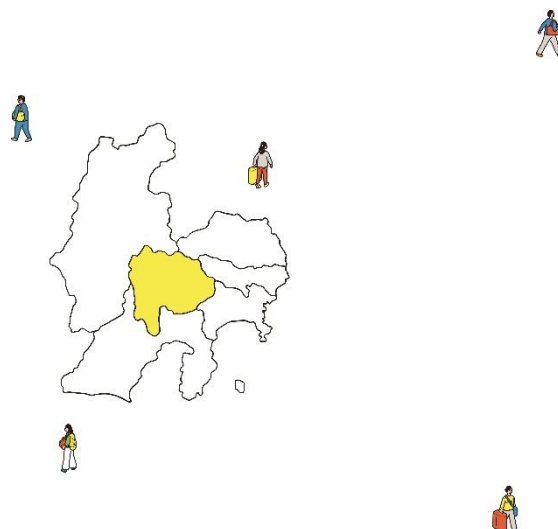
Toward raising the minimum wage, the prefecture is preparing data to serve as the basis for scientific, objective discussion, through its own survey of the actual conditions of businesses.

Moreover, achieving a sustainable rise in wages requires strengthening companies' earning power and embedding in society as a whole a mechanism by which those gains are distributed as wages. To that end, the prefecture is promoting an integrated effort for a virtuous cycle of "three-up" — namely skill-up, profit-up and wage-up.



### If Wages Don't Rise... The Crisis of Talent Outflow

Labor shortages accompanying the outflow of young people and child-rearing generations / Declining consumption due to reduced purchasing power



### [Challenge] Closing the Gap with Neighboring Prefectures Is Key A Difference of About 350,000 Yen in Annual Income

In fiscal 2025, Yamanashi's minimum wage was raised by 64 yen to 1,052 yen. Yet it is lower than that of every neighboring prefecture, with a gap of more than 170 yen against

Tokyo (1,226 yen) and Kanagawa (1,225 yen) in particular. For someone working full-time, this works out to a difference of about 350,000 yen in annual income. This clear wage gap is one cause of young people flowing out of the prefecture.

Amid soaring prices, although the minimum wage has been raised, it remains at a level with little real improvement — directly hitting workers' living foundations and potentially darkening the future outlook for all residents. Across Japan as a whole, too, wage levels have barely grown over the past 30 years, and the gap with Western nations only widens. By the international standard set by the EU, Yamanashi's minimum wage is said to be at a level where "poverty cannot be avoided."

As momentum for wage increases rises nationwide, if Yamanashi alone is left behind, the region will decline and workers' livelihoods could be shaken. As things stand, young people and child-rearing generations will leave Yamanashi, and if there is no one left to buy goods, the entire regional economy risks stagnation.

What is urgent amid these soaring prices is to raise the minimum wage and close the gap with neighboring prefectures.

If we can achieve a wage level that lets people hold hope for the future, it will help stem the outflow of talent.

#### [Minimum Wages of Neighboring Prefectures]

Tokyo: 1,226 yen / Kanagawa: 1,225 yen / Saitama: 1,141 yen / Shizuoka: 1,097 yen / Nagano: 1,061 yen

Yamanashi: 1,052 yen [minimum wage] The lowest compared with neighbors...

Converting the minimum wages of three prefectures into annual income... Tokyo 1,226 yen = 2.452 million yen / Kanagawa 1,225 yen = 2.45 million yen / Yamanashi 1,052 yen = 2.104 million yen

U-turn employment rate of those from this prefecture: 2016: 24.7% / 2017: 28.1% / 2018: 26.5% / 2019: 26.0% / 2020: 27.3% / 2021: 27.1% / 2022: 26.7% / 2023: 27.7% / 2024: 26.6% / 2025: 21.8%

## **When Wages Rise, "People" Shine. That Power Moves Communities and Businesses!**

### **The hourly wage is 200 yen higher. That's why I work part-time in Hachioji.**

Nagira Nishiyama (first-year student, Teikyo University of Science)

"Compared side by side, the hourly wage differs by about 200 yen. You can earn money faster in Hachioji."

Nagira Nishiyama, a first-year student at Teikyo University of Science, lives alone in Uenohara City, where the university is located. After moving there, she felt that "having a car makes life in Yamanashi convenient." Deciding to get a license and buy a motorcycle, she began working part-time.

When she actually looked at job listings, the city was "all places hard to reach on foot — every listing said things like '7 minutes by car from the station.'" So she widened her search to neighboring Hachioji City and was astonished at the number of openings: "There are tons!" What struck her even more was the difference in hourly pay. Just crossing the prefectural border raised the amount by 200 yen. On top of that, a round-trip commuting allowance of 880 yen is provided. So she felt, "Even if it's a bit far, it's better to take the 25-minute train — it's empty and I can sit," and commuting into the metropolis was no burden.

Now, aiming to save her target of 400,000 yen by summer, she works at a restaurant and a karaoke parlor in Hachioji, even taking night shifts. Several of her friends and seniors also work part-time in Tokyo, in Hachioji and other places with good conditions.

Nishiyama and her friends also enjoy shopping in Tokyo while they are there to work. The "difference in hourly wages" is shaping even the buying behavior of the younger generation.

Nishiyama's dream is to become a zoo keeper. To make it happen, she entered Teikyo University of Science, which has an Animal Science department — rare even nationwide.

For Nishiyama, who is from a residential area in Chiba Prefecture, the environment around the university makes a good impression: "There's a river, and nature is abundant." Yet she says, "I don't go in the opposite direction (where Kofu and such are)." For a student living in Uenohara City, almost the entire prefecture is "the opposite side." That is likely her honest sense of things.

Young people gather from outside the prefecture to attend the city's universities. And yet, both their places to earn and their places to play — their gaze turns outside the prefecture. If things stay this way, it may be hard to get them to find a job within the prefecture.



Photo captions: Nagira Nishiyama, who says "Once I get my license, I'd like to tour around Yamanashi by motorcycle, too."

Photo captions: Talent is flowing to Hachioji, where hourly wages are high and job openings are plentiful.

### **Raising wages leads to employee growth and the securing of talent.**

Yasufumi Nemoto (Representative Director and President, Yamaju Sangyo Co., Ltd.)

To a manager, raising wages may look like a painful decision. In reality, however, it can also be a trigger that creates a virtuous cycle throughout the company.

Since its founding in 1965, Yamaju Sangyo Co., Ltd. has expanded its business from a base in crushed-stone production into areas such as the design and manufacture of conveyor transport equipment. Last year the company undertook a major organizational reform to realize wage increases. Yasufumi Nemoto, then executive director and now representative director and president, looks back: "Now, while business is growing, is exactly the time to act for the next generation."

The foundation for the wage increase was a shift from a seniority-based system to a "competency-based system that evaluates motivation, skill and responsibility." The company newly introduced manager positions and position allowances, and promoted young employees with a desire to grow into responsible posts. Of its 22 employees, four managers and five leaders emerged last April.

"At that time, we raised wages considerably. In return, we asked people to take on responsibility, and changed to a flow that firmly evaluates raising results by improving performance. If you don't evaluate people who are working hard, a sense of unfairness arises," says Nemoto.

From employees who received position allowances came forward-looking voices: "I'm glad, and I want to keep studying and grow even more from now on."

The company also added contrast to how people work. By concentrating tasks on working days, it increased days off while keeping weekly working hours unchanged. From the front lines came praise such as "I have time to spend with my family" and "I can refresh and work," and this spring an employee from a child-rearing generation, drawn to the company's way of working, even changed jobs to join it.

What supported these reforms were capital investment and cost reductions that made use of prefectural subsidies. The company as a whole also actively participates in the skill-up courses the prefecture provides.

Returning employees' efforts in the concrete form of wage increases — that, too, leads to the company's growth.



Photo caption: President Yasufumi Nemoto of Yamaju Sangyo (center) and the young employees who support the company.

**[To the Residents]**

**Interview with Governor Nagasaki**

**Fundamentally Rebuilding the Very Mechanism by Which Wages Rise From Skill-Up to Profit-Up!**

Yamanashi Governor Kotaro Nagasaki

Governor Kotaro Nagasaki dares to step into wage increases — a theme that easily draws pushback from managers. He says the key to solving the prefecture's challenges lies in rebuilding "a society where hard work is rewarded." We asked about his conviction and his concrete initiatives.



— Please share your thoughts on tackling "raising wage levels" so actively.

"I was prepared for pushback and criticism from managers within the prefecture if I aimed at wage increases. But what I strongly felt through repeated frank dialogue was that many managers genuinely 'want to raise wages.'

Managers, too, by no means see as someone else's problem the reality that young employees feel anxious about the future and sense that 'no matter how hard they work, life doesn't improve.' Rather, they share with us a sense of crisis that, as things stand, people won't grow, talent will flow out, and neither companies nor the region will be able to continue.

On the other hand, soaring raw material costs and an uncertain outlook mean that, even if they want to raise wages, the reality is they cannot easily take that step. Government must not run from this difficult role of coordinator. It is not for government to one-sidedly press managers, nor for workers alone to endure. Government, workers and managers — we aim to take on the challenge together, each from their own position, of how wages can be raised without strain."

Raising the minimum wage is the first gear

— You have put considerable effort into raising the "minimum wage" in particular, such as making an extraordinary request to the Labor Bureau.

"I position raising the minimum wage as the 'first gear' that connects to lifting wage levels overall.

Raising the minimum wage sets the 'gear' turning, and the overall level of wages rises. Accordingly, companies and workers pursue higher productivity and higher earnings, creating a structure in which residents' income improves.

The minimum wage is decided by a council established by the Labor Bureau, but the council's discussions should be conducted strictly on the basis of rational, well-grounded data. If discussion proceeds on nothing but vague impressions such as 'raising wages will increase unemployment and bankruptcies,' the essence will be lost. If we carefully build logical discussion based on data, it should lead to decisions that both managers and workers

can accept."

Rebuilding a society structure where "hard work is rewarded"

— For the younger generation, what meaning does raising wages hold?

"Not only in Yamanashi but across Japan, I believe the fundamental cause of the continuing decline in the birthrate is that the younger generation has lost confidence that 'hard work will make life better.' No matter how much we put in place systems to support child-rearing and daily life, if there is no hope in work itself, young people cannot envision a future. As things stand, the region will shrink, young people will leave, and Yamanashi — and by extension all of Japan — will become unsustainable. Right now, I keenly feel we face exactly such a crisis. We need to rebuild, once more, a society structure where 'hard work is rewarded.'

The crucial key to that is 'raising wages.' Not a stopgap symptomatic treatment, but a fundamental remaking of the very mechanism by which wages rise. We must build a structure that raises productivity, generates added value, and firmly shares those gains with workers as wages. To realize this, government is seriously committed to a policy called 'Prosperity Co-creation Three-Up,' which connects workers' 'skill-up' to companies' 'profit-up,' and further returns that to workers as 'wage-up.'"

(3up serial vol.3 / 3up serial vol.4)



## TOPICS Riding Out the Age of Wage Increases From Skill-Up to Profit-Up!

So that wage increases for all workers can be realized, the prefecture provides skill-up support. "Yamanashi Career Up University (CUU)," opened in 2024, offers practical courses for working people. Here are recommended courses for this summer.

1 [For management] Know the management structure that looks ahead to the next era! New Management Thinking Course

Seizing environmental changes such as recent AI use and DX as opportunities, understand how a manager should act.

2 [For middle management] Change your work, starting from familiar tasks! Digital × Business Improvement Practice Course

Learn how to advance business improvement with the goal of "first, reduce one task."

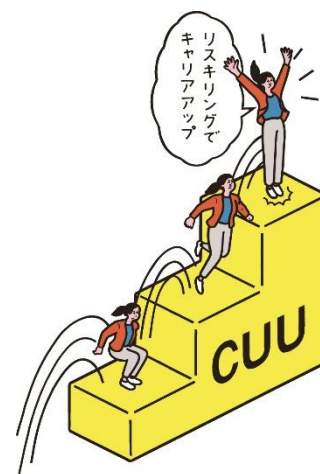
3 [For all levels] "Practice it right away" on site! Living Communication Course

Acquire basic communication skills that energize and improve interpersonal relationships.

4 [For all levels] Realize the introduction of DX into operations! AI Tools × Practical Skills Course

Based on "examples actually used in operations" at companies within Yamanashi, aim for practice at your own company.

There are plenty of other attractive courses too. For details, see the QR code.



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