

Data Reveal Changes in Labor and Employment Patterns

By Iwase Takashi

Unemployment rate staying on plateau

The unemployment rate in Japan, which was only 1.0%—plus until the first half of the 1970s when the Japanese economy was growing at a high rate, gradually rose after the two oil crises until the recession in the mid-1980s that was caused by the yen's steep appreciation. But it was still less than 3%, though above 2.5%. The myth that Japan is a country of full employment still remained untarnished. The unemployment rate, however, which once declined during the bubble economy, rose suddenly as a result of its collapse,

topped the 3% mark in 1995 and has been staying high for more than two years.

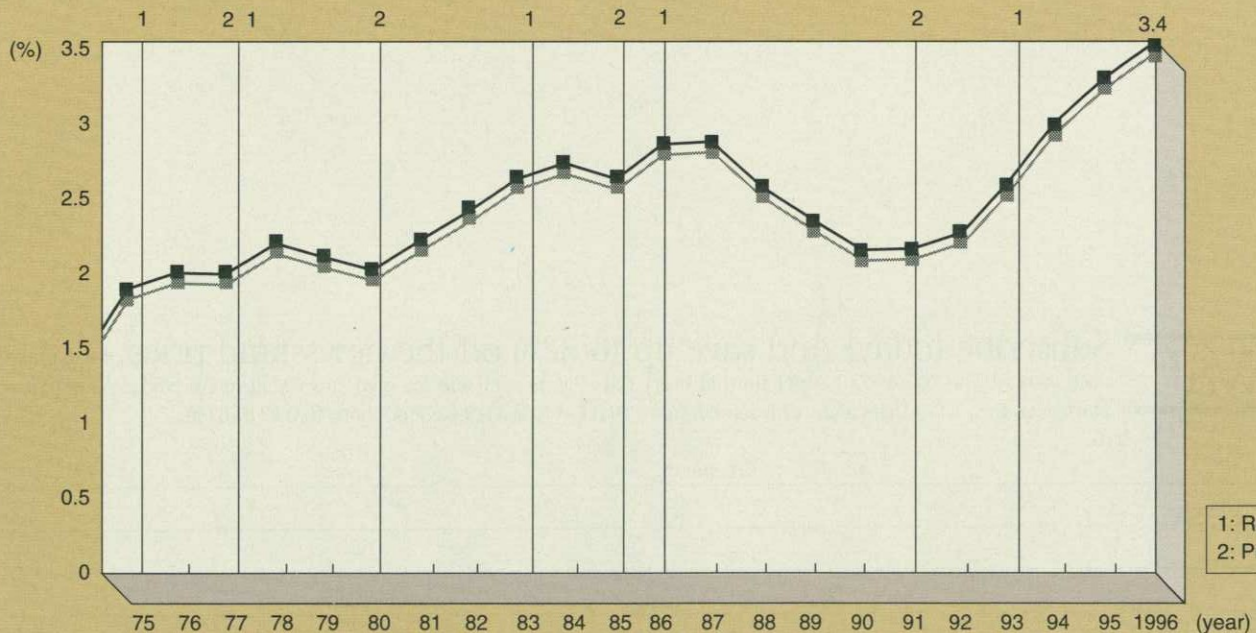
The shortage of demand due to the slow growth of the economy is accountable for about one percentage point out of the unemployment rate of 3%—plus, and the mismatch between manpower supply and demand in terms of vocational skills, age and region due to the structural change in industry is responsible for the remaining 2.5%—plus. The government estimates that the unemployment rate will rise to 3.75% by 2000 if little progress is made in the structural reform of the economy and the present slow growth continues. (Figure 1)

Employment structure diversifying

Accompanying structural changes in industry in which services have been replacing manufacturing are the diversifying structure and modes of employment.

Regular workers are decreasing, while non-regular workers increase. Non-regular workers include part-timers, temporary workers, day laborers, contract or registered temporary workers and employees on loan. By industry, these workers are found in large numbers in wholesale and retail, restaurants, and service industries. By sex, there are

Figure 1. Changes in the unemployment rate in Japan



Sources: The Report on Employment Security Service by the Ministry of Labor and the Labor Force Survey by the Management and Coordination Agency

Table 1. Breakdown of workers by status and mode of employment (%)

Classification	Total	Regular employees	Non-regular employees	Mode of employment of non-regular employees					
				Employees on loan	Dispatched workers	Part-timers workers	Temporary workers on daily wage basis	Contract/registered workers	Others
Industry total	100.0	77.2	22.8	1.4	0.7	13.7	4.4	1.7	1.0
Mining	100.0	90.8	9.2	2.0	0.2	1.5	3.0	1.7	0.7
Construction	100.0	77.5	22.5	1.1	0.4	1.3	16.3	2.0	1.4
Manufacturing	100.0	84.1	15.9	1.1	0.5	10.8	2.3	0.5	0.7
Electricity, gas, heat supply, water service	100.0	90.8	9.2	1.5	0.2	1.4	1.2	3.1	1.8
Transportation, telecommunications	100.0	90.0	10.0	1.5	0.5	3.2	2.6	1.4	0.7
Wholesale/retail, restaurants	100.0	64.3	35.7	1.1	0.6	28.5	2.6	1.8	1.2
Banking, insurance	100.0	87.7	12.3	0.8	3.6	3.4	0.6	3.2	0.7
Real estate	100.0	81.8	18.2	4.7	0.6	8.8	1.1	1.3	1.7
Services	100.0	74.1	25.9	2.0	0.8	13.6	5.4	2.8	1.3
Sex									
Male	100.0	86.9	13.1	1.9	0.4	4.4	3.9	1.4	1.0
Female	100.0	61.4	38.6	0.5	1.2	28.6	5.1	2.2	1.0

Source: A Comprehensive Survey of the Diversification of Modes of Work by the Ministry of Labor (1994)

Table 2. A forecast of the number of employed workers in manufacturing industries in five years (the decrease from fiscal 1995)

	Forecast based on change in manpower at large companies	Forecast based on change in manpower at small and medium-size companies
If yen rises by ¥20	12,630,000 (-970,000)	12,150,000 (-1,450,000)
If yen rises by ¥10	12,790,000 (-810,000)	12,300,000 (-1,300,000)
Assumed yen-dollar rate (Average yen-dollar rate 5 years hence: ¥100.00)	12,840,000 (-760,000)	12,360,000 (-1,240,000)
If yen declines by ¥10	12,880,000 (-720,000)	12,390,000 (-1,210,000)
If yen declines by ¥20	12,920,000 (-680,000)	12,430,000 (-1,170,000)

Source: The Corporate Survey Report on Overseas Operating Strategy (1996) by the Ministry of International Trade and Industry

more women than men among such employees. (Table 1)

By company size, the smaller the manpower on payroll, the higher the

percentage of non-regular workers (28.3% in the case of business establishments with five to 29 employees, 26.1% in the case of 30 to 99 employees,

23.2% in the case of 100 to 299 employees, 18.8% in the case of 300 to 999 employees). By type of establishment, retail shops rank highest in the percentage of non-regular workers (48.9%), followed by factories (18.4%), business offices (17.7%) and sales offices (15.3%), in this order.

Hollowing-out of job picture

Here we have an estimate of the effect of overseas transfers of industry, centering on manufacturing, on the number of employed workers. The estimate is based on the assumption that the yen's appreciation accelerates overseas trans-

fers of production bases by manufacturing industries, resulting in a rapid decrease in the number of employed workers in Japan.

On the basis of data for 1995, it has been estimated that the number of employed workers at large corporations and small and medium-size companies covered by the survey will decrease by 1.24 million people if the average yen-dollar rate up to 2000 is ¥100 to the dollar, even if there are some fluctuations in the exchange rate by then. It has also been estimated that the number of employed workers will decrease by 1.45 million if the average exchange rate rises to about ¥80 to the dollar, but the decrease will be a moderate 1.17 million if the yen remains at the current rate of around ¥120. (Table 2)

Aging of the working population

The working population in Japan will decline after hitting a peak in 2000. By age, workers aged 55 and over will increase by 1.93 million while those under 55 will decrease by 120,000. During the 10 years from 2000, the number of aged workers will increase by 3.15 million, and the majority of these 3.15 million people will consist of baby-boomers born after World War II. Meanwhile, the number of workers under 55 will decrease by 4.16 million during the same 10 years, and 3.63 million out of them will be aged 15 to 29. (Table 3)

Diversification of attitudes toward work

People's attitudes toward work are gradually changing. Under the old employment system, it was considered praiseworthy in Japan for a person to

Table 3. Changes in the nation's work force, seen and foreseen

(Unit: 1,000 people)

age \ year	1980	1990	1995	2000	2010
15 and over	56,500 (4,970)	63,840 (7,340)	66,660 [1,800]	68,460 (4,620)	67,450 (-1,010)
15-29	13,610 (-3,910)	14,750 (1,140)	16,030 [-90]	15,940 (1,190)	12,310 (-3,630)
30-54	33,770 (7,300)	36,170 (2,400)	36,040 [-30]	36,010 (-160)	35,480 (-530)
55 and over	9,120 (1,560)	12,920 (3,800)	14,590 [1,930]	16,520 (3,600)	19,670 (3,150)

Source: The Labor Force Survey by the Management and Coordination Agency for 1980, 1990 and 1995. An estimate by the Ministry of Labor Study Meeting for Employment Policy for 2000 and 2010.

Notes: The figures in () are increases/decreases for the preceding 10 years. The figures in [] are the difference obtained by subtracting the number in 1995 from that forecast for 2000.

Table 4. View of changing one's job

	Number of workers concerned	It's good to work at the same company or the same job site as long as possible	One may change employment if by doing so one can better display ability or aptitude	Depends on circumstances	Don't know
Survey in July 1987	2,473	52.6%	42.3%	0.2%	4.9%
Survey in July 1992	2,380	50.2%	44.4%	0.5%	4.9%
Survey in October 1995	2,465	31.4%	63.4%	3.8%	1.3%

Source: A Survey of the People's Attitudes Toward Work by the Prime Minister's Office

work for the same company over his or her whole working life. But this mentality is gradually losing hold in society.

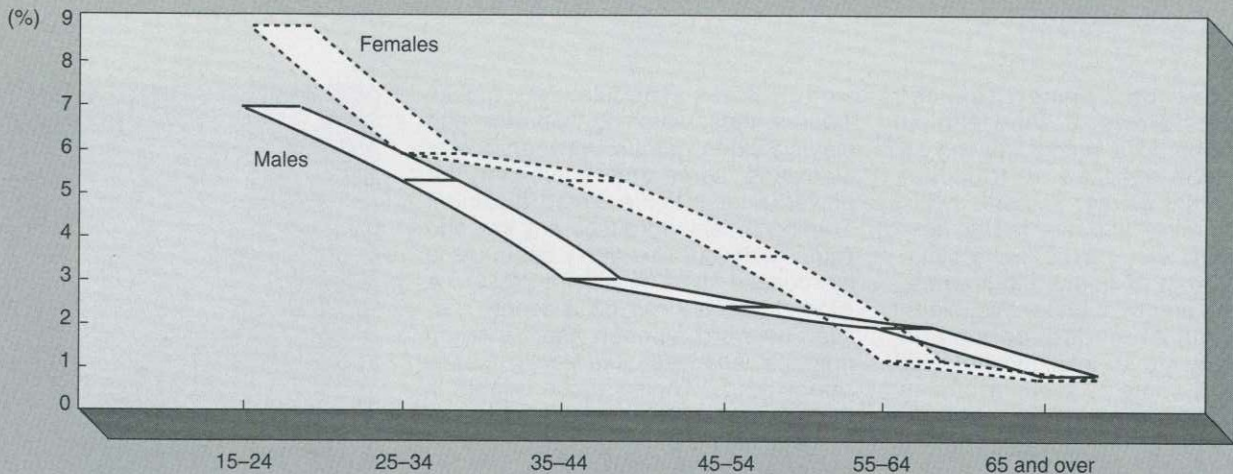
An opinion survey about the view of changing one's employment, which gives us a glimpse of people's attitudes toward work, has shown that only one-third of the respondents said it was good to work at the same company or the same work site as long as possible. This is a considerable decrease from 50% three years ago. Moreover, the younger the respondents, the smaller the percentage. Nearly two-thirds of the respondents said that it was good to change one's employment if, by doing so, one could better display one's ability or aptitude. This is a considerable increase from 40%—plus three years ago. Again, the younger the respondents, the higher the percentage.

(Table 4)

Increase in number of workers who want to change jobs

Out of 7.35 million workers who want to change employment, only 2.37 million are actually engaged in job-seeking activities. But this is an increase of 30,000 people or 1.3% over last year. By sex, the number of male job seekers has decreased, but the number of females has increased probably because many of them are in an unstable position, i.e., part-timers. By age, the percentage of job seekers is highest among young people aged 15 to 24 among both men and women, and the percentage declines with age. (Figure 2)

Figure 2. The percentages of people engaged in job-seeking activities to the total work force, by age and sex



Source: The Special Survey of the Labor Force Survey by the Management and Coordination Agency (1996)

Regarding the reasons for seeking a job change, the desire to increase one's income is the most common motivation. It represents 29.5%, followed by the desire to find a job that suits one's aptitude (24.1%), excessive working hours or too heavy a workload by one's present job (19.4%), and the desire to find a job that ensures job security (16.0%).

Trend to reexamine the labor and employment systems

The Japan Federation of Employers' Associations (Nikkeiren) says that in the process of forming new labor and employment systems in Japan, as a result of the diversification of employment practices emerging now, can be classified into three categories: 1) Long-term employment based on the accumulation of long-range job ability; both employers and employees expect long-term commitments on both sides in this case. 2) Group of employees whose professional speciality is valued for immediate use, but without expectation of long-term employment (e.g., specialists with fixed-term contract). 3) Group of employees with more flexible pattern of employment based on diversified personal needs and work consciousness

Figure 3. Breakdown of employed workers by type of employment on all-industry basis



Source: A Follow-up Survey of New Japanese-style Management Systems by the Japan Federation of Employers' Associations (Nikkeiren)

(e.g., part-timers). Nikkeiren surveyed its member companies about the present manpower composition by this classification and the future outlook (three to five years ahead).

The survey has revealed that the number of employees under the first category (the long-term employment group) will decrease from the present 80%-plus to about 70% while the number under the second category (the specialist group) and the third category (the flexible employment group) will increase by

several percentage points. These facts revealed in the responses by member companies indicate that companies are endeavoring to reduce to a minimum the number of employees who are under the long-term employment group, which means a costly lifetime employment system, and increase the number of employees under the expertise utilization system who are paid according to their performance, i.e., dispatched workers, and the number of part-timers paid by the hour. (Figure 3)