

## Chapter 12

### Labor



A scene from the railroad extension work for the Kyushu Shinkansen (in Fukuoka Prefecture). Construction of a Shinkansen line begins with civil engineering work to build viaducts, tunnels, etc., followed by track construction to lay rails, with electrical system installation work culminating in the final stage of the whole process. The complete Kyushu Shinkansen line (Kagoshima Route) opened for operation in March 2011.

## 1. Labor Force

Japan's labor force was on a continuous decline after recording a historical high of 67.93 million people in 1998. It showed growth from 2005 due to the increased labor force participation rate of, mainly, the elderly. In 2008, however, the figure started declining again because of the employment climate worsening as a result of the economic downturn. The labor force is expected to shrink in the long run as the falling birthrate and the aging population change the population composition.

The labor force, defined as the sum of the employed and unemployed, numbered 65.90 million people in Japan in 2010, down 270,000 (0.4 percent) from the previous year and was the third consecutive year of decrease.

**Table 12.1**  
**Population by Labor Force Status**

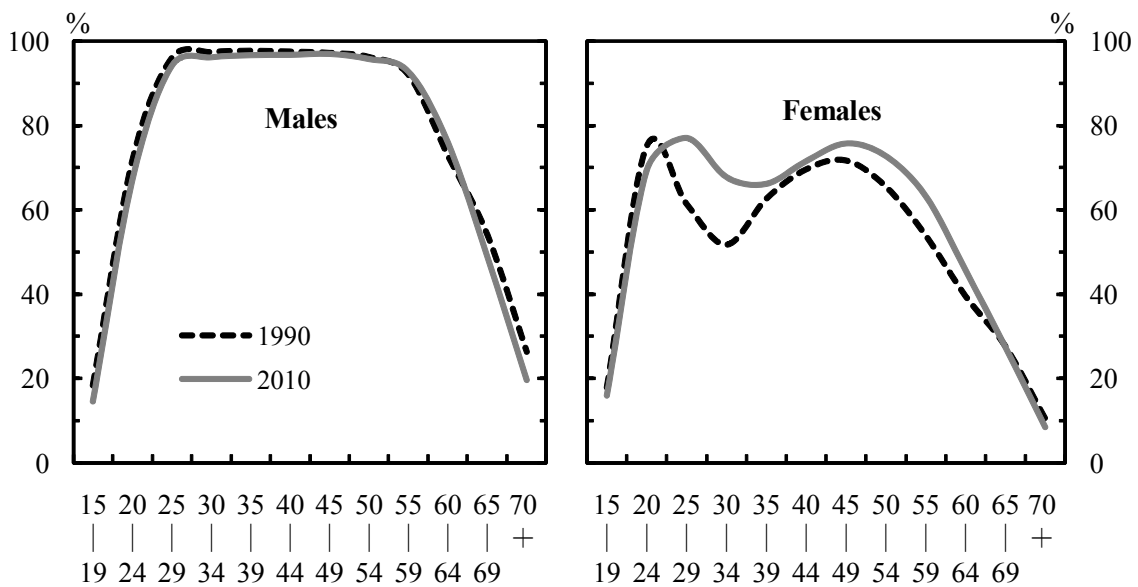
Year	Population aged 15 years and over	Labor force			Not in labor force	Unemploy- ment rate (%)
		Total	Employed	Unemployed		
<b>Total</b>						
1995	105,100	66,660	64,570	2,100	38,360	3.2
2000	108,360	67,660	64,460	3,200	40,570	4.7
2005	110,070	66,500	63,560	2,940	43,460	4.4
2007	110,430	66,690	64,120	2,570	43,670	3.9
2008	110,500	66,500	63,850	2,650	43,950	4.0
2009	110,500	66,170	62,820	3,360	44,300	5.1
2010	110,490	65,900	62,560	3,340	44,530	5.1
<b>Males</b>						
1995	51,080	39,660	38,430	1,230	11,390	3.1
2000	52,530	40,140	38,170	1,960	12,330	4.9
2005	53,230	39,010	37,230	1,780	14,160	4.6
2007	53,420	39,060	37,530	1,540	14,320	3.9
2008	53,440	38,880	37,290	1,590	14,530	4.1
2009	53,420	38,470	36,440	2,030	14,930	5.3
2010	53,370	38,220	36,150	2,070	15,120	5.4
<b>Females</b>						
1995	54,020	27,010	26,140	870	26,980	3.2
2000	55,830	27,530	26,290	1,230	28,240	4.5
2005	56,840	27,500	26,330	1,160	29,290	4.2
2007	57,010	27,630	26,590	1,030	29,350	3.7
2008	57,060	27,620	26,560	1,060	29,420	3.8
2009	57,090	27,710	26,380	1,330	29,360	4.8
2010	57,120	27,680	26,410	1,270	29,410	4.6

Source: Statistics Bureau, MIC.

The 2010 labor force participation rate (rate of the labor force to the population aged 15 years and over) was 59.6 percent (down 0.3 percentage point from the previous year). Observed by gender, the rate was 71.6 percent for men (down 0.4 percentage point) and 48.5 percent for women (unchanged).

The female labor force participation rate by age group shows an M-shaped curve. This curve indicates that women leave the labor force when they get married or give birth to a child and then rejoin the labor force after their child has grown and the burden of child-rearing is reduced. A comparison with the data from twenty years ago (1990) shows that, in 2010, the 35-39 age group replaced the 30-34 age group to form the bottom of the M-shaped curve. The participation rate rose by 16.1 percentage points in the 30-34 age group and by 3.6 percentage points in the 35-39 age group, resulting in a noticeable change in the bottom of the curve: it has become flatter and more gradual.

**Figure 12.1**  
**Labor Force Participation Rate by Gender**



Source: Statistics Bureau, MIC.

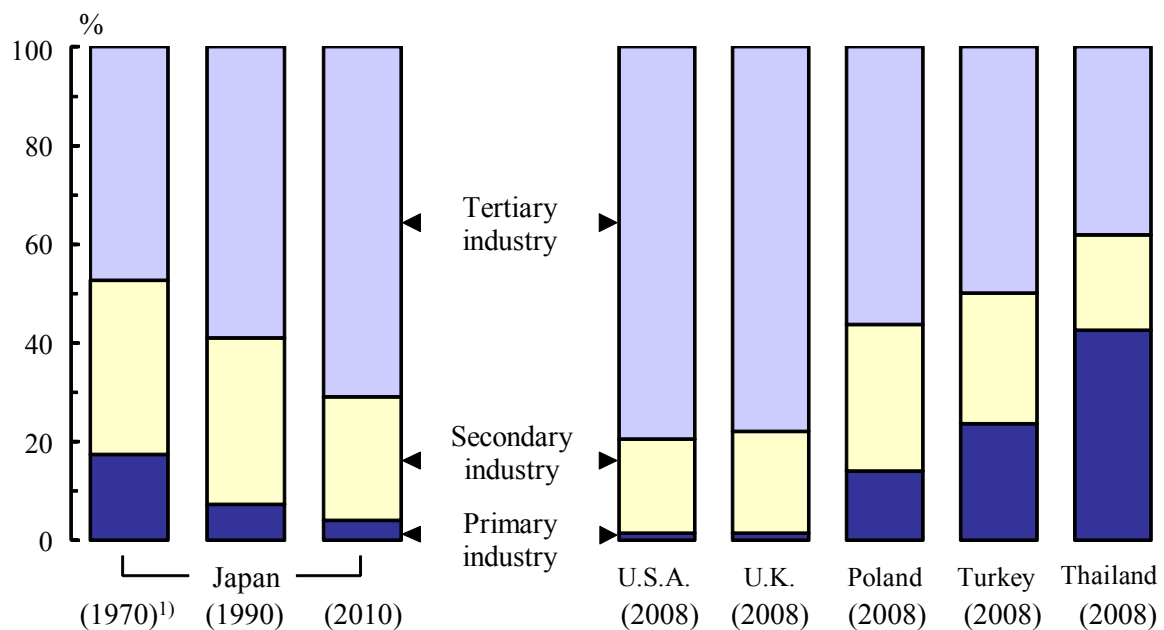
## 2. Employment

The number of employed persons in Japan had declined continuously since 1998, but it began to rise in 2004 and continued rising for four years in a row. However, a downward trend set in once again in 2008, which led to a decrease of 260,000 in 2010, from 62.82 million (56.9 percent of the population aged 15 years and over) in the previous year to 62.56 million (56.6 percent).

### (1) Employment by Industry

In 2010, the primary industry accounted for 4.1 percent of employment; the secondary industry, 25.0 percent; and the tertiary industry, 70.9 percent.

**Figure 12.2**  
**Structure of Employment by Country**



1) Excluding Okinawa Prefecture.

Source: Statistics Bureau, MIC; International Labour Organization.

**Table 12.2**  
**Employment by Industry**

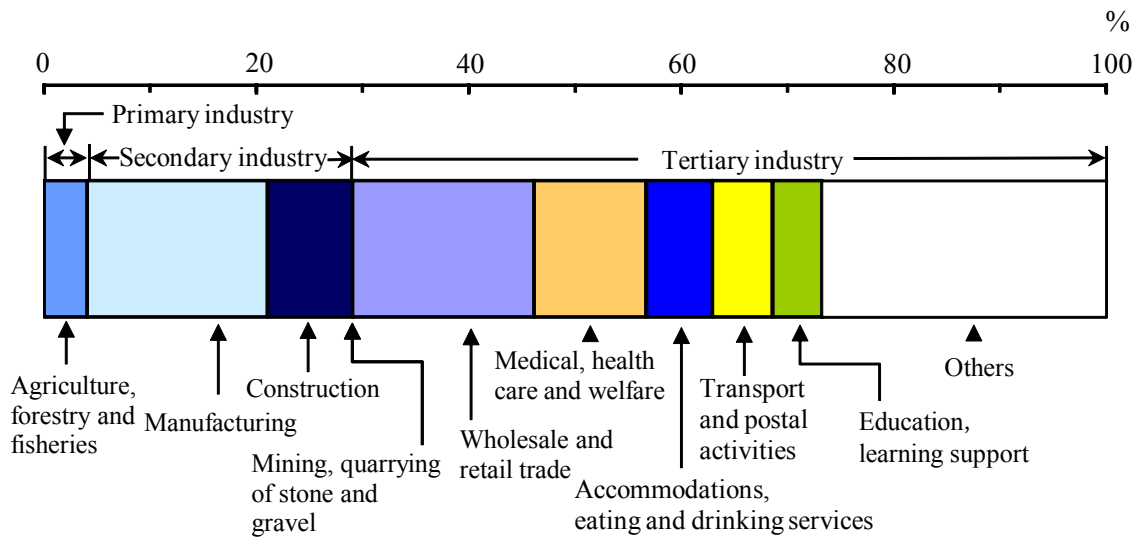
Industries	2008	2009	2010	(Thousands)	
				Percentage	
				Males	Females
Total <sup>1)</sup> .....	63,850	62,820	62,560	57.8	42.2
<b>Primary industry</b> .....	<b>2,680</b>	<b>2,620</b>	<b>2,520</b>	<b>59.5</b>	<b>40.5</b>
Agriculture and forestry .....	2,450	2,420	2,340	58.5	41.5
Fisheries .....	230	200	180	72.2	27.8
<b>Secondary industry</b> .....	<b>16,840</b>	<b>15,930</b>	<b>15,490</b>	<b>75.2</b>	<b>24.8</b>
Mining and quarrying of stone and gravel .....	30	30	30	75.0	25.0
Construction .....	5,370	5,170	4,980	86.1	13.9
Manufacturing .....	11,440	10,730	10,480	70.0	30.0
<b>Tertiary industry</b> .....	<b>43,590</b>	<b>43,660</b>	<b>43,950</b>	<b>51.6</b>	<b>48.4</b>
Electricity, gas, heat supply and water .....	320	340	340	88.2	11.8
Information and communications .....	1,890	1,930	1,960	75.0	25.0
Transport and postal activities.....	3,420	3,480	3,500	81.1	18.9
Wholesale and retail trade .....	10,670	10,550	10,570	50.0	50.0
Finance and insurance .....	1,640	1,650	1,630	47.9	52.1
Real estate and goods rental and leasing.....	1,110	1,100	1,100	63.6	36.4
Scientific research, professional and technical services .....	2,000	1,950	1,980	66.7	33.3
Accommodations, eating and drinking services .....	3,730	3,800	3,870	39.5	60.5
Living-related and personal services and amusement services.....	2,360	2,410	2,390	40.6	59.4
Education, learning support .....	2,830	2,870	2,880	44.9	55.1
Medical, health care and welfare .....	5,980	6,210	6,530	24.2	75.8
Compound services .....	560	520	450	56.5	43.5
Services, n.e.c. ....	4,850	4,630	4,550	58.6	41.4
Government, except elsewhere classified .....	2,230	2,220	2,200	76.4	23.6

1) Including "Industries unable to classify."

Source: Statistics Bureau, MIC.

As the Japan Standard Industrial Classification (JSIC) was revised in 2007, a strict comparison cannot be made between the figures for 2007 and later and those for 2006 and before. Nevertheless, there was an obvious decline in the number of employed persons in the secondary industry, particularly in manufacturing. The decline continued for thirteen consecutive years from 1993 to 2005. The figure turned upward in 2006, but has been declining again since 2008.

**Figure 12.3**  
**Distribution of Employment by Industry (2010)**



Source: Statistics Bureau, MIC.

In the tertiary industry, employment increased from the previous year by 320,000 in the "medical, health care and welfare" sector and by 70,000 in the sector of "accommodations, eating and drinking services." Meanwhile, employment in "services, not elsewhere classified" and "compound services" decreased by 80,000 and 70,000, respectively.

Depending on the industrial sector, a difference was seen in the employment tendency between men and women. The percentage of female employment was highest in "medical, health care and welfare" (75.8 percent), followed by "accommodations, eating and drinking services" (60.5 percent) and "living-related and personal services and amusement services" (59.4 percent).

## (2) Employment by Occupation

In terms of occupation, employment in the "craftsmen and manufacturing and construction workers" category declined for seven consecutive years since 1998, due to the overseas relocation of production sites and increased imports of manufactured goods. The figure once reversed to rise in 2005, but then began to fall again in 2008, marking a drop of 280,000 from the previous year in 2010. In contrast, the trend toward a service-oriented economy, the aging population, and improvements to the welfare services have contributed to a steady rise in the number of "protective service and other service workers" such as home-care workers. At the same time, the expansion of the information industry gave a steady boost to the number of "professional and technical workers."

**Table 12.3**  
**Employment by Occupation**

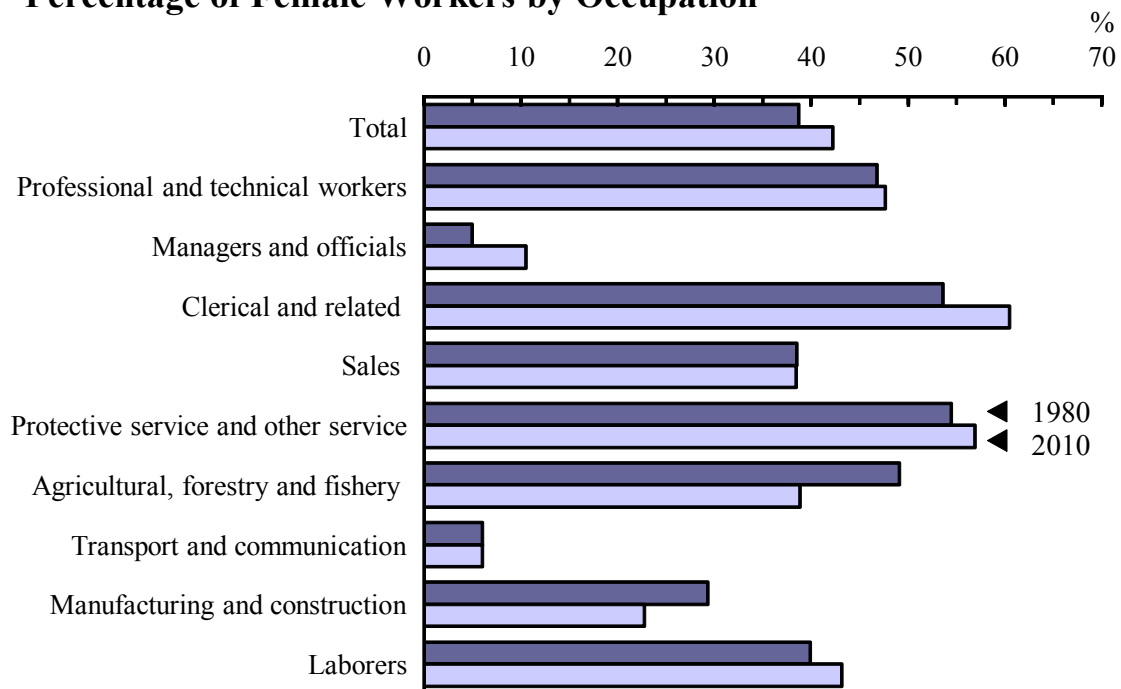
Occupation	1995	2000	2005	2009	2010	(Thousands)	
						Percentage	
						Males	Females
Total <sup>1)</sup> .....	64,570	64,460	63,560	62,820	62,560	57.8	42.2
Professional and technical workers .....	7,900	8,560	9,370	9,680	9,860	52.3	47.7
Managers and officials .....	2,360	2,060	1,890	1,680	1,610	89.4	10.6
Clerical and related workers .....	12,520	12,850	12,470	12,950	12,840	39.5	60.5
Sales workers .....	9,450	9,110	8,920	8,570	8,560	61.6	38.4
Protective service and other service workers .....	6,100	6,770	7,570	8,040	8,170	43.1	56.9
Agricultural, forestry and fishery workers .....	3,630	3,210	2,790	2,570	2,470	61.1	38.9
Workers in transport and communication .....	2,370	2,210	2,040	1,980	1,990	94.0	6.0
Craftsmen and manufacturing and construction workers .....	16,870	15,800	14,160	13,050	12,770	77.2	22.8
Laborers .....	3,100	3,470	3,630	3,710	3,710	56.9	43.1

1) Including "Labor force status not reported."

Source: Statistics Bureau, MIC.

In 2010, women were particularly prominent among "clerical and related workers" (60.5 percent) and "protective service and other service workers" (56.9 percent). On the other hand, the percentage of women was particularly low among "workers in transport and communication" and "managers and officials."

**Figure 12.4**  
**Percentage of Female Workers by Occupation**

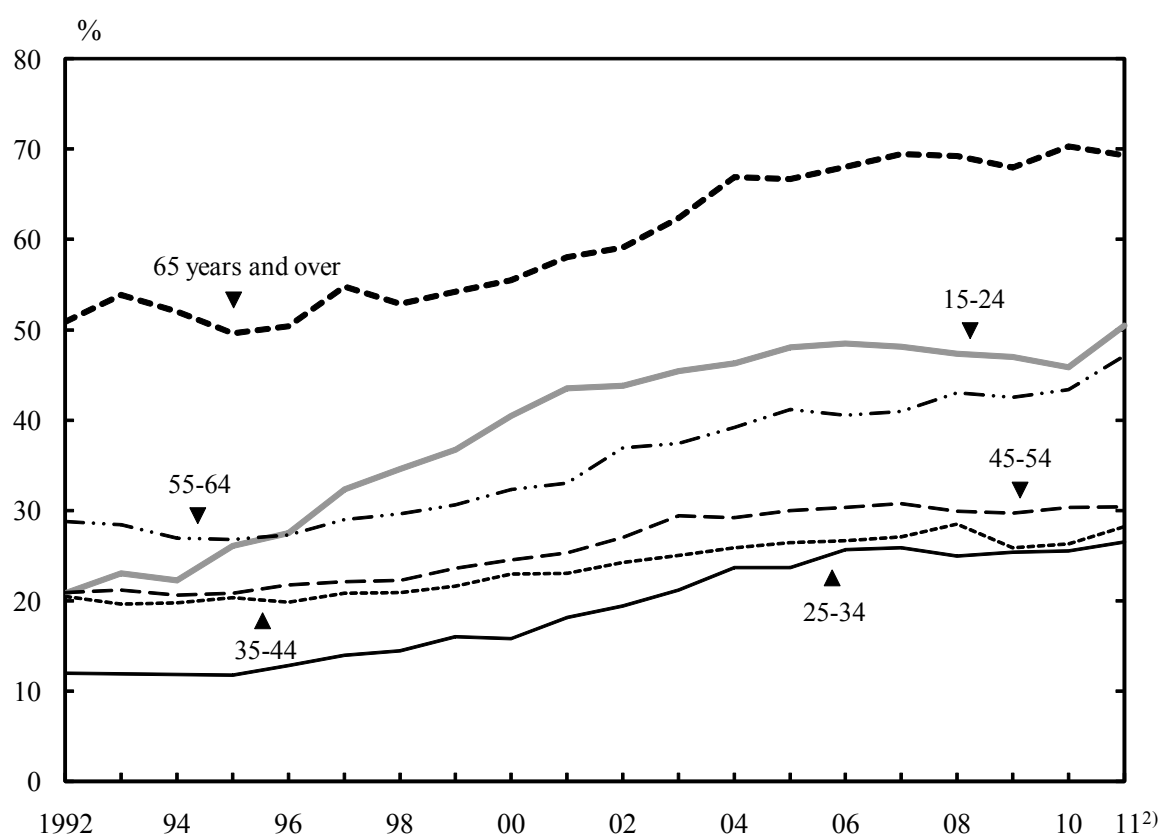


Source: Statistics Bureau, MIC.

### (3) Employment by Employment Pattern

An observation of employment patterns in Japan shows that the ratio of regular staff members has been on a declining trend since the 1980s, while that of non-regular staff members, including part-time workers and agency-dispatched workers, has increased. The latter figure soared in younger age groups from the mid-1990s to the beginning of the 2000s. Although it went down in 2009 due to the deteriorating economy, it started going up again in 2010.

**Figure 12.5**  
Percentage of Non-Regular Staff Members by Age Group <sup>1)</sup>



1) February figures for the respective years are used for data prior to 2002. The average of January-March figures are used for data from 2002 onward. 2) Excluding Iwate, Miyagi and Fukushima prefectures.

Source: Statistics Bureau, MIC.

In 2010, there were 51.11 million employees (excluding company executives), of whom 17.55 million, or 34.3 percent, were non-regular staff members. The ratio of non-regular staff members among all male employees was 18.9 percent, while the corresponding ratio for females was 53.8 percent, revealing a large difference between the genders.

A breakdown of non-regular staff members by age group shows that among men, many young and elderly men are employed as non-regular staff members relative to other age groups. Among women, the older the age group is, the greater the non-regular staff ratio is.

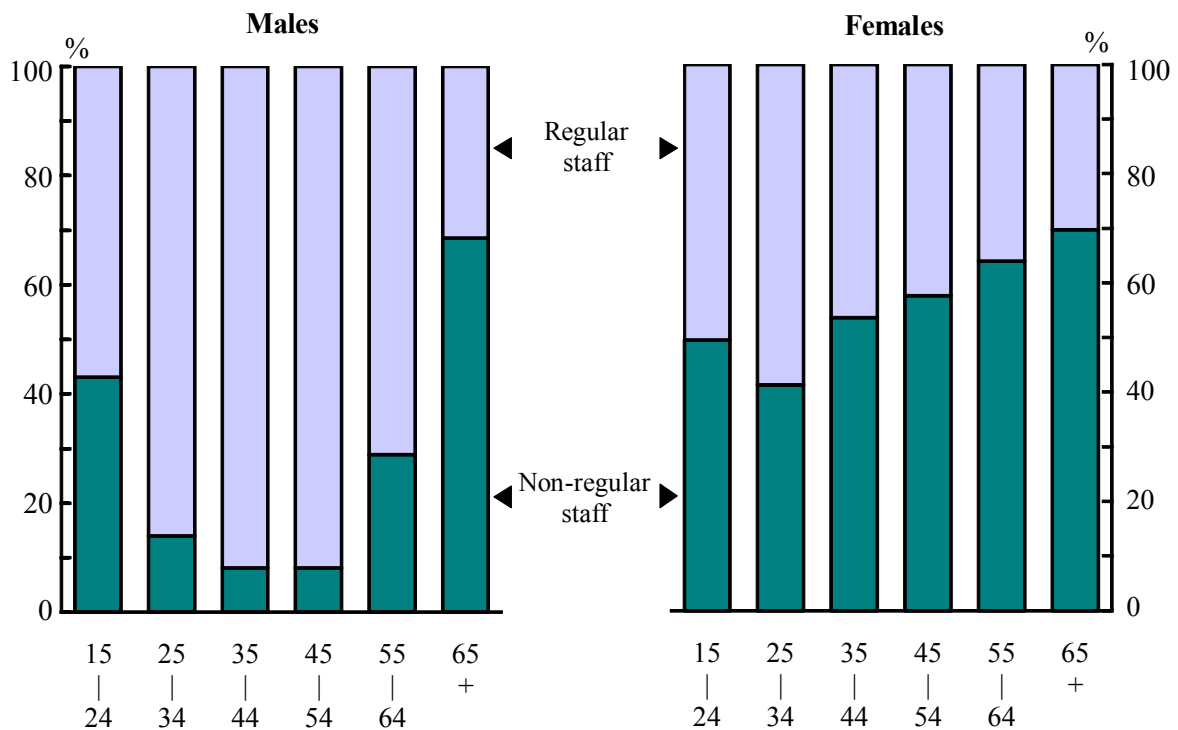
**Table 12.4**  
**Employment by Employment Pattern (2010)**

	Employees <sup>1)</sup>		(Thousands)	
	Regular staff	Percentage	Non-regular staff	Percentage
Total	51,110	65.7	17,550	34.3
Males	28,480	81.1	5,390	18.9
Females	22,630	46.2	12,180	53.8

1) Excluding company executives.

Source: Statistics Bureau, MIC.

**Figure 12.6**  
**Employment Pattern by Gender and Age (2010)**



Source: Statistics Bureau, MIC.

Factors behind the rise in non-regular staff members include labor cost-cutting and the trend where seeking work-ready, pre-trained workers was preferred to developing human resources by hiring new graduates. As a result, there was a change in terms of employment patterns in that non-regular staff members increased, particularly among young people.

The employment rate of new graduates had been worsening as a result of the economic slowdown since 2008, but their employment picture improved slightly in 2011.

### **3. Unemployment**

In 2010 the unemployed numbered 3.34 million persons, recording the first decrease in three years. The unemployment rate was 5.1 percent, the same as from the previous year. The unemployment rate recorded for May 2011 was 4.5 percent (a seasonally adjusted figure; the data for Iwate, Miyagi and Fukushima prefectures were excluded).

The ratio of job offers to job seekers marked 1.08 in July 2006 when it peaked out in recent years. It has been on a falling trend since then, marking 0.61 in May 2011 (a seasonally adjusted figure).

**Figure 12.7**  
**Unemployment Rate and Ratio of Job Offers to Job Seekers**

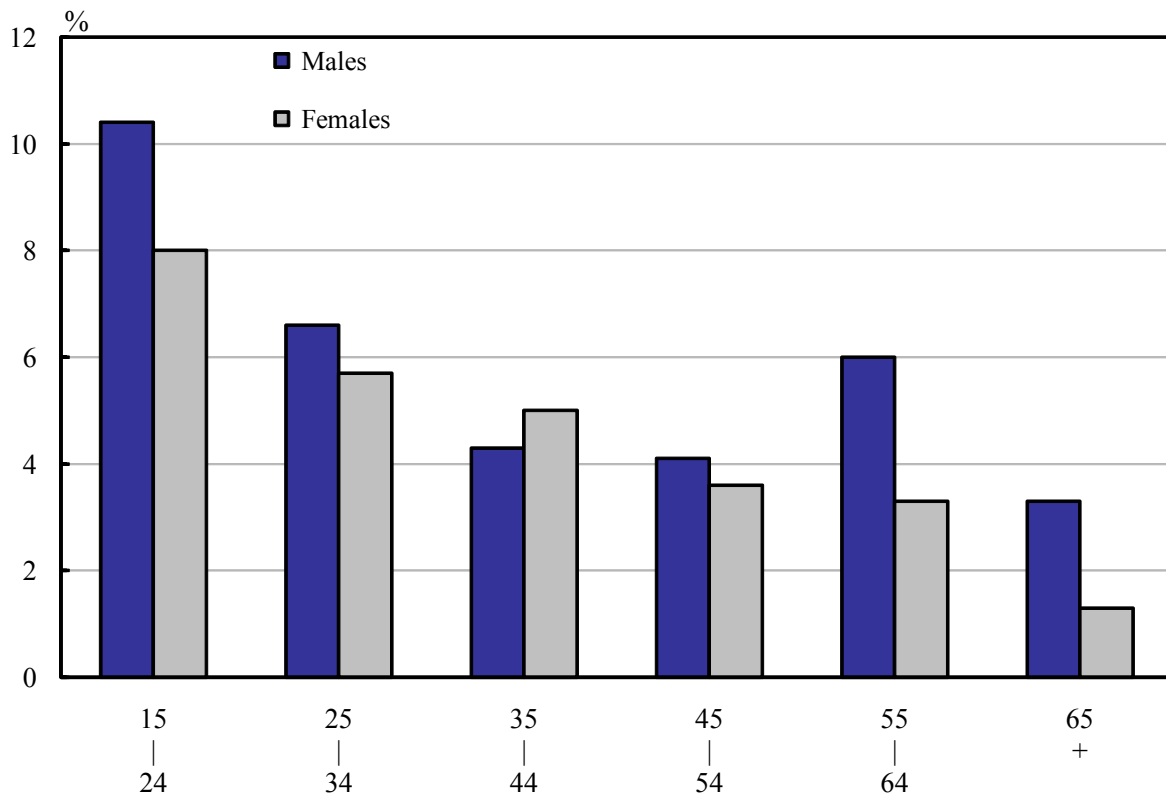


Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare.

A breakdown by gender shows that the unemployment rate in 2010 was 5.4 percent among men, and 4.6 percent among women. The unemployment rate has been higher among men for thirteen consecutive years since 1998.

The unemployment rate was seen as notably higher in younger age groups than in other age groups, in men and women alike.

**Figure 12.8**  
**Unemployment Rates by Gender and Age (2010)**

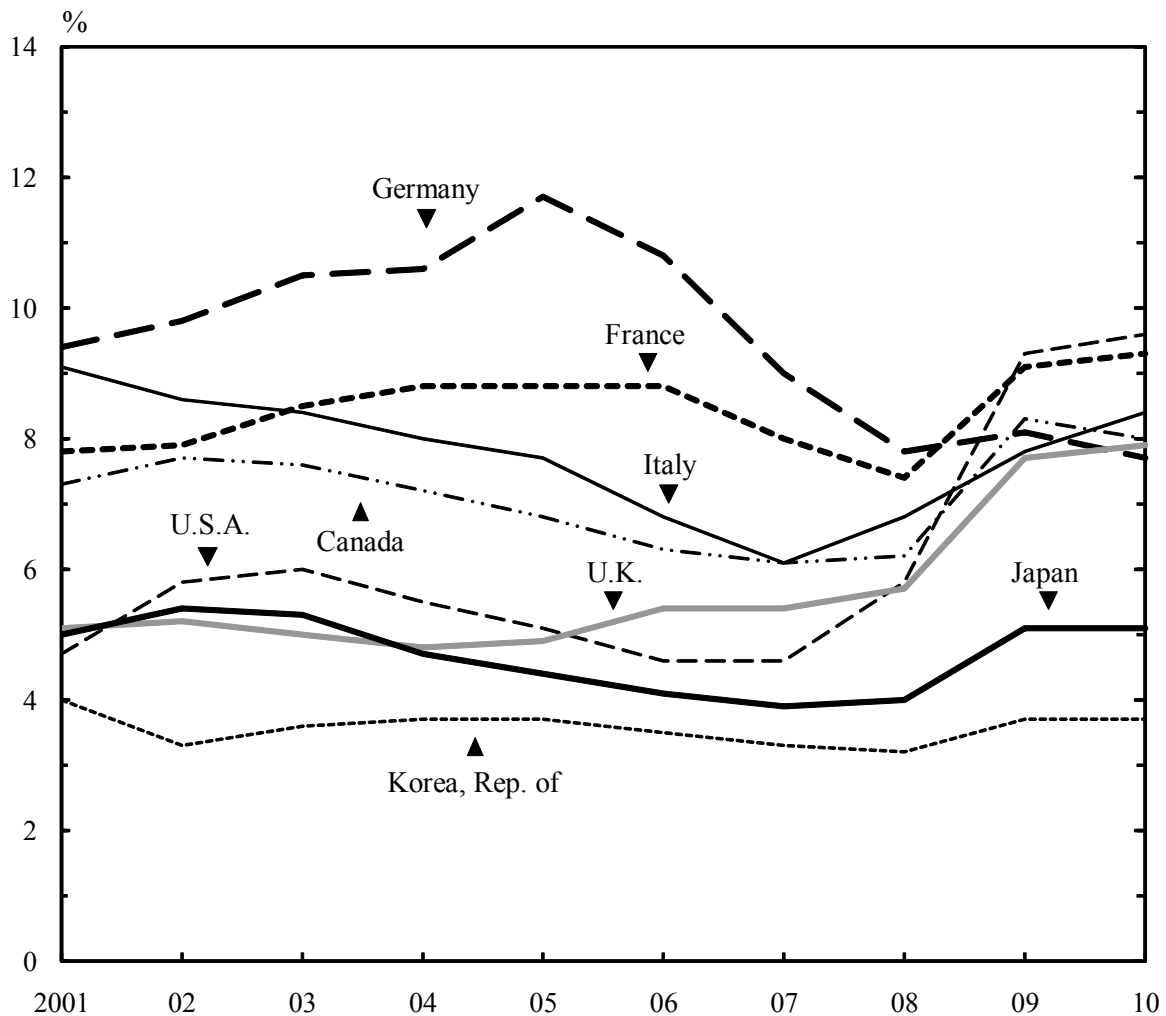


Source: Statistics Bureau, MIC.

Analyzing the total number of unemployed in 2010 (3.34 million people), by reasons for job-seeking, the major reasons were: (i) involuntarily dismissed due to corporate or business circumstances, or reaching retirement age limit, 1.37 million persons; (ii) voluntarily left their jobs for personal or family reasons, 1.04 million persons; (iii) new job seekers due to the necessity to earn income, 0.46 million; and (iv) new job seekers just graduated from schools, 0.16 million.

In terms of the duration of unemployment, most were unemployed for "1 year or more" (1.21 million persons), followed by "less than 3 months" (0.94 million persons). The younger a job seeker is, the shorter the job-seeking period tends to be; on the other hand, the older a person, the longer the job-seeking period tends to be.

**Figure 12.9**  
**Unemployment Rates by Country**



Source: Statistics Bureau, MIC; Cabinet Office.

#### 4. Hours of Work and Wages

In 2010, the monthly average of total hours worked was 146.2 per regular employee (in establishments with five or more regular employees), up 1.4 percent from the previous year, and the first increase in four years. Multiplied by 12, this amounts to an annual average of 1,754 hours.

Of the total monthly hours worked, 136.2 were scheduled working hours, representing an increase of 0.7 percent from the previous year. Non-scheduled work such as overtime work averaged 10.0 hours per month, representing an increase of 9.0 percent. Working days averaged 19.0 days per month in 2010.

In 2010, the monthly average of total cash earnings for regular employees (in establishments with five or more regular employees) was 317,000 yen. This total amount includes 263,000 yen in "contractual cash earnings" (which include "scheduled cash earnings" plus "non-scheduled cash earnings" for working overtime, on holidays and late at night, as well as other allowances), and 54,000 yen in "special cash earnings" (which include summer and year-end bonuses, payments to celebrate employees' marriages, etc.).

**Table 12.5****Hours of Work and Wages**<sup>1)</sup> (Monthly average)

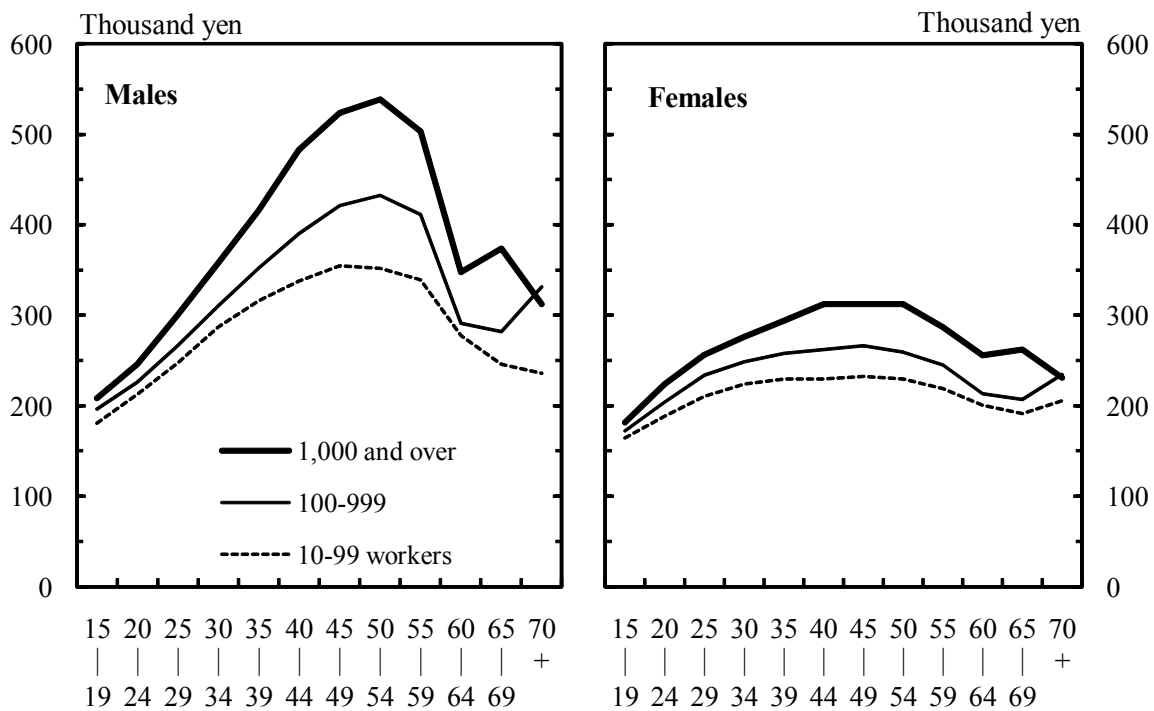
Year	Days worked	Hours of Work			Wages (1,000 yen)				
		Total	Scheduled	Non-scheduled	Total	Contractual	Scheduled	Non-scheduled	Special <sup>2)</sup>
1995	20.3	159.2	149.6	9.6	363	282	264	18	81
2000	20.0	154.4	144.6	9.8	355	284	265	19	72
2005	19.5	150.2	139.8	10.4	335	273	253	19	62
2008	19.3	149.3	138.6	10.7	331	271	251	19	61
2009	18.9	144.4	135.2	9.2	315	262	246	17	53
2010	19.0	146.2	136.2	10.0	317	263	245	18	54
Increase rates (%) <sup>3)</sup>									
1995	-	0.1	0.0	2.0	1.1	1.5	1.4	3.7	-0.4
2000	-	0.7	0.4	4.4	0.1	0.5	0.3	4.0	-1.5
2005	-	-0.6	-0.7	1.1	0.6	0.3	0.2	1.6	2.1
2008	-	-1.2	-1.1	-1.5	-0.3	-0.2	-0.1	-2.2	-0.4
2009	-	-2.9	-1.9	-15.2	-3.8	-2.1	-1.3	-13.5	-11.8
2010	-	1.4	0.7	9.0	0.6	0.3	-0.2	9.2	2.0

1) Establishments with 5 or more regular employees. 2) Bonuses and other special allowances. 3) Increase rates for "Hours of Work" and "Wages" are recalculated annually for sample adjustments.

Source: Ministry of Health, Labour and Welfare.

Generally, the average earnings (scheduled cash earnings) in Japan go up with age until roughly the 40s to mid-50s are reached and then declines. This reflects one characteristic of Japan's seniority employment system in which salaries are determined mainly on the basis of employment duration. Into the 1990s, an increasing number of enterprises reviewed their salary system, resulting in more widespread introduction of a merit-based pay system placing emphasis on performance. However, there has been a trend in recent years, particularly among large enterprises, to value the practice of long-term employment once again and attach importance to job execution skills.

**Figure 12.10**  
**Monthly Contractual Cash Earnings by Size of Enterprise (2010)**



Source: Ministry of Health, Labour and Welfare.