

Analysis Of The Labour Economy 2022

—Challenges in Promoting Labour Mobility through Support
for Workers' Proactive Career Development—

[O v e r v i e w]

Ministry of Health, Labour and Welfare, Japan

September 2022

Main point of the 2022 Analysis of the Labour Economy (1)

【Labour economy in 2021: Trend and Characteristics】

- Japan's employment situation worsened between January and September in 2021, when the state of emergency and other restrictions on people's activities were imposed. However, the labour market began recovering in October. (⇒Page 3)
- The number of female regular employees increased steadily. However, the recovery in the number of employees in personal services such as accommodations, eating and drinking services was slow. (⇒Page 3)
 - ※ Number of female regular employees : up 290,000 from the previous year (11.69 million in 2019, 12.04 million in 2020 → 12.33 million in 2021)
 - ※ Number of employees in the accommodations, eating and drinking service industry : down 210,000 from the previous year (3.65 million in 2019, 3.4 million in 2020 → 3.19 million in 2021)
- As many industries in Japan had already experienced a labour shortage before the pandemic, the country's labor market remained stagnant; for example, the number of people who changed jobs declined significantly in 2021 as it did in 2020. (⇒Page 4)
 - ※ Number of people who changed jobs : down 310,000 from the previous year (3.53 million in 2019, 3.21 million in 2020 → 2.9 million in 2021)
- The number of hours worked increased in 2021 from a year earlier after a huge drop in 2020 due to the impact of the COVID-19 pandemic. Meanwhile, real wages rose from the previous year for the first time in three years. (⇒Page 5)
 - ※ Monthly total actual hours worked: up 0.9 hours from the previous year (139.0 hours in 2019, 135.1 hours in 2020 → 136.0 hours in 2021)
 - ※ Total cash earnings (real terms): up 0.6 % from the previous year (down 0.9 % in 2019 → down 1.2 % in 2020)

【Outlook for Supply and Demand of Labour and Trends in Labour Mobility in Japan】

- Japan's labour market is expected to face supply constraints due to the shrinking working age population and the declining number of new graduates. However, demand for labour is projected to increase in sectors such as nursing care, welfare and information technology. Therefore, it is becoming increasingly important to balance demand and supply of labour by promoting labour mobility on external labour markets. (⇒Page 6)
- The percentage of newly employed persons who changed jobs in the past year out of the total number of employees in regular employment has remained unchanged for full-time workers in recent years, and labour mobility from an industry to the information and communication, health care and welfare sectors has not increased. (⇒Page 7)
 - ※ Percentage of newly employed persons who changed jobs in the past year out of the total number of employed persons (full-time workers): 8.9% in 1991 → 8.4% in 2019
- Increased labour mobility may improve total factor productivity (TFP) and labour productivity, leading to economic growth and higher wages. (⇒Page 8)

Main point of the 2022 Analysis of the Labour Economy (2)

【Important Factors for Promoting Workers' Proactive Job and Career Changes】

- Among those seeking to change jobs, regular employees and workers on middle management positions tend to be less likely to start job hunting or find new employment. However, among workers considering switching jobs, those who have a clear career vision or have engaged in personal development are more likely to start a job search. In addition, it is easier for regular employees and those in division director-level positions to find new jobs if they have a clear career vision. (⇒Page 9, 10)
- Workers changing careers for positive reasons such as pursuing satisfaction with job assignment, making the best use of their skills or higher pay tend to experience higher levels of satisfaction in their new jobs. (⇒ Page 11) Workers who have engaged in personal development or have a clear career vision are likely to receive a pay increase after changing careers as they make the best of their skills on their new jobs and gain greater satisfaction. (⇒Page 12)

【Challenges in Achieving Proactive Career Development】

< Promote career counseling services and personal development >

※ Raising workers' awareness of proactive career development through career counseling and personal development can boost productivity of companies and the whole society. It can also help workers carry out daily tasks with a sense of purpose whether or not they changed jobs.

- People who have received career counseling tend to be highly motivated to plan their career path. They are also more likely to have built careers in a wider range of fields. (⇒Page 13)
- Many workers cite issues such as busy work schedule and high **cost of** personal development as challenges they face when it comes to personal development. Companies that provide financial support or give consideration to working hours have a high proportion of workers who engage in personal development. (⇒Page 14)

<Effects and challenges of public vocational training programs>

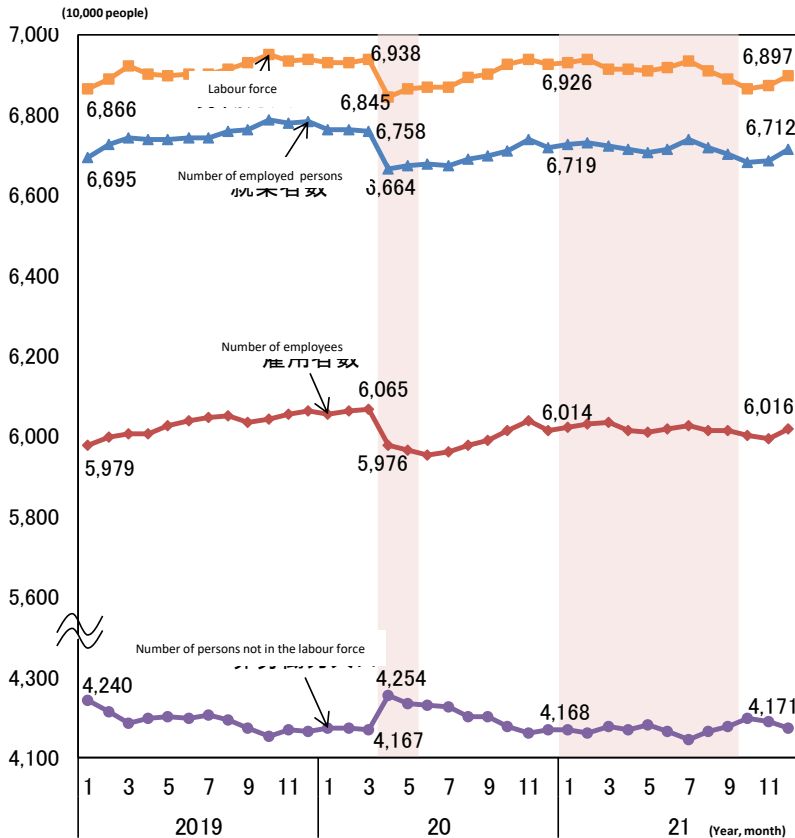
- Attending public vocational training programs makes it easier for job seekers to find new employment. It can be suggested that participation in training courses in the fields of nursing and health care and welfare can help promote the mobility of labour to those sectors from other fields. (⇒Page 15)
- It can be effective to recruit participants from a wide range of backgrounds including those whose previous jobs have little in common with nursing care and welfare for training in the fields of nursing care and welfare. (⇒Page 16) Female participants in vocational training programs in the field of information and technology are more likely to take clerical jobs and less likely to be hired as engineers. To further promote employment of female IT engineers, it is necessary to stimulate females' interest in building career in IT engineering. (⇒Page 17)

Labour Economy : Trends and Characteristics

—Employment and Unemployment Trends (1)—

- Japan's employment situation worsened between January and September in 2021, when the state of emergency and other restrictions on people's activities were imposed. However, the labour market began recovering in October as economic and social activities resumed.
- While the recovery in the number of nonregular employees –both males and females – was slow in 2021, the number of female regular employees increased steadily. Although the number of employees in many industries started increasing again, the recovery in the number of employees in the accommodations, eating and drinking services industry and the living-related and personal services and amusement services industry was in particular slow.

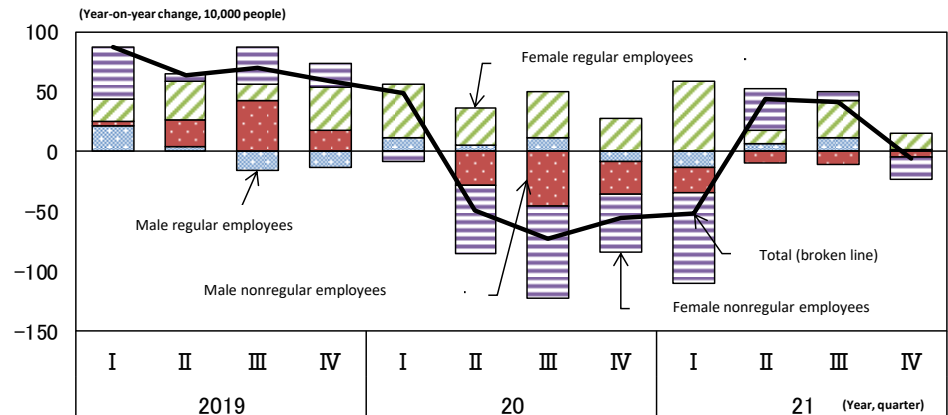
(1) Employment situation during the pandemic



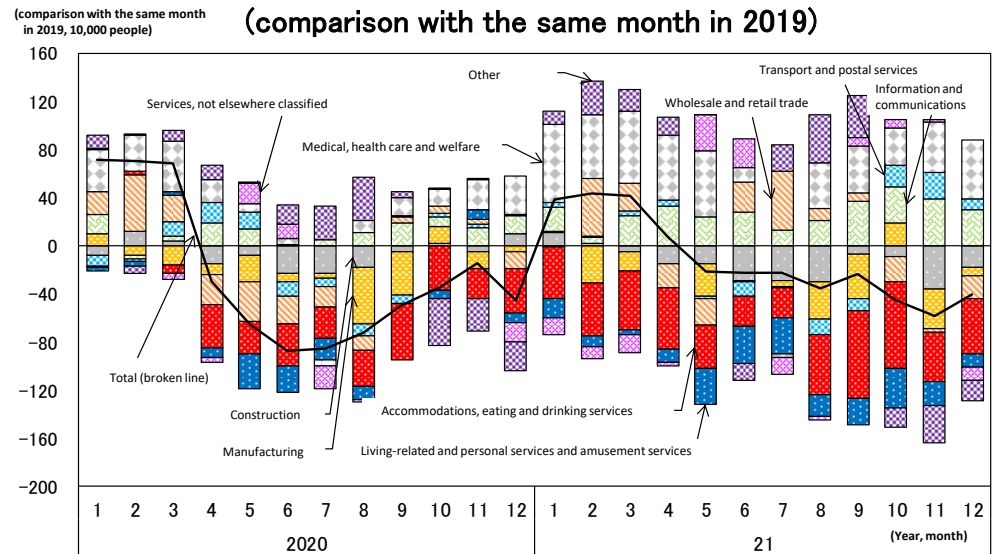
※The shaded areas represent the periods when the state of emergency was imposed in at least one prefecture.

Source: "Labour Force Survey (Basic Tabulation)," Statistics Bureau of the Ministry of Internal Affairs and Communications (MIC) for Figure (1) and Figure (3); "Labour Force Survey (Detailed Tabulation)," MIC for Figure (2)

(2) Number of employees by gender and type of employment



(3) Number of employees by industry
(comparison with the same month in 2019)



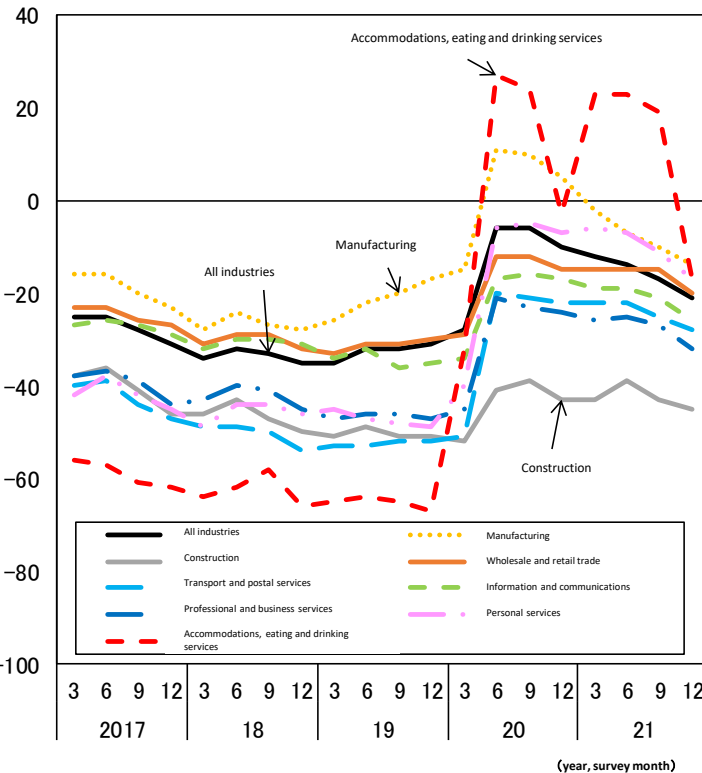
Labour Economy : Trends and Characteristics

—Employment and Unemployment Trends (2)—

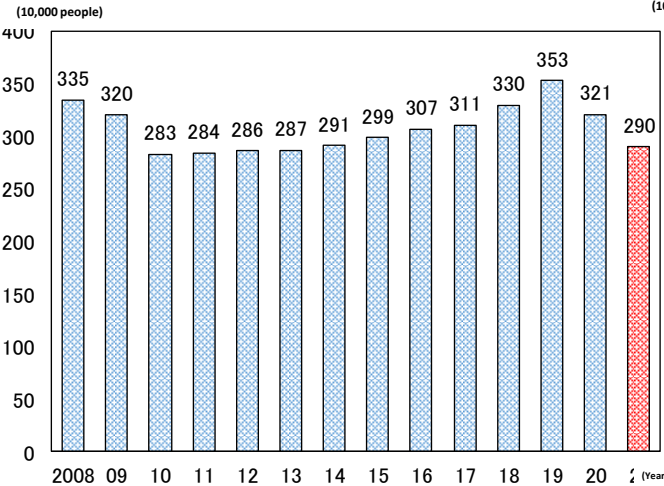
- The diffusion indexes (DI) for employment conditions show that Japan's labour market faced shortages again in 2021 as many industries had already experienced a labour shortage before the pandemic. By industry, a surplus of labour in the accommodations, eating and drinking services industry turned into a shortage in a survey conducted in December.
- Meanwhile, the number of people who changed jobs significantly declined in 2021 as it did in 2020 and the numbers of long-term unemployed persons and elderly people not in the labour force increased. This suggests that labour market recovery remained stagnant

(1) Diffusion indexes (DI) for employment conditions

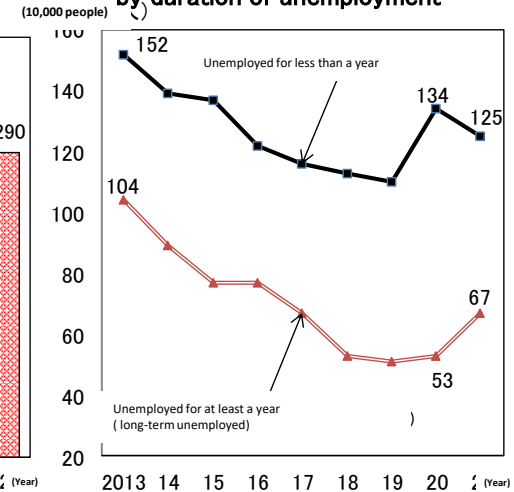
("excess" - "shortage" percentage point)



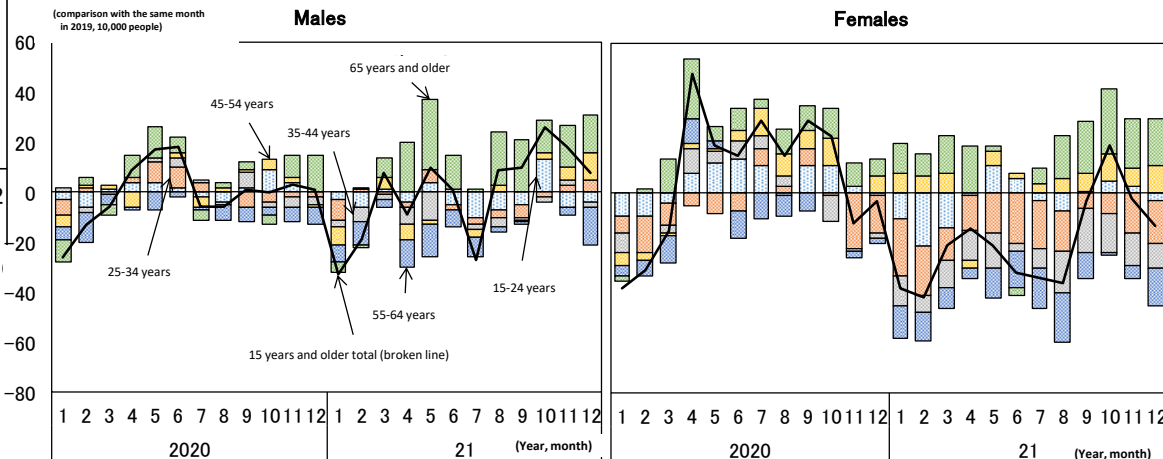
(2) Number of people who changed jobs



(3) Number of unemployed persons by duration of unemployment



(4) Number of persons not in the labour force (comparison with the same month in 2019)



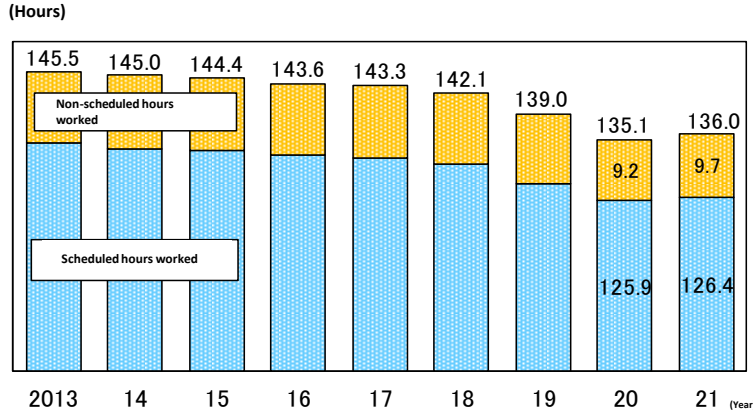
Source: "Short-term Economic Survey of Principal Enterprise in Japan," Bank of Japan for Figure (1); "Labour Force Survey (Detailed Tabulation)," Statistics Bureau of MIC for Figure (2) and Figure (3); "Labour Force Survey (Basic Tabulation)," Statistics Bureau of MIC for Figure (4)

Labour Economy : Trends and Characteristics

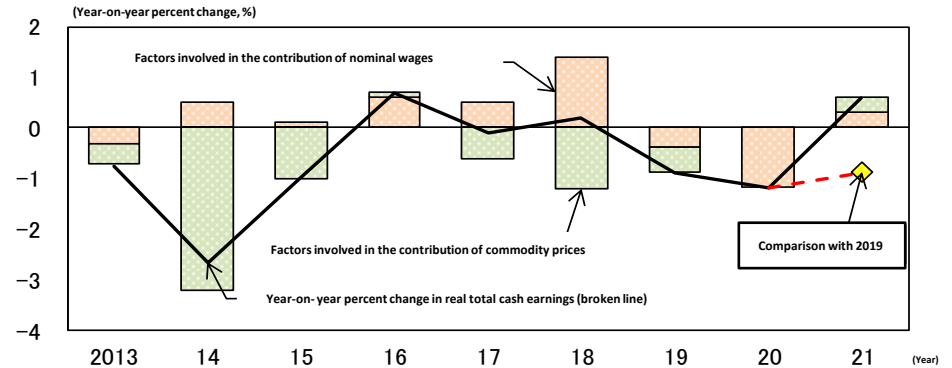
—Hours Worked, Wages, etc.—

- The number of hours worked increased in 2021 after a huge drop in 2020 due to the impact of the COVID-19 pandemic. Meanwhile, real wages rose from a year earlier for the first time in three years.
- The acquisition rate of paid leave rose in 2021 mainly in small- and middle-sized companies due to progress in work-style reform measures. And special cash earnings of part-timers started increasing in 2020 as an equal pay for equal work system was introduced in the same year.

(1) Monthly total actual hours worked

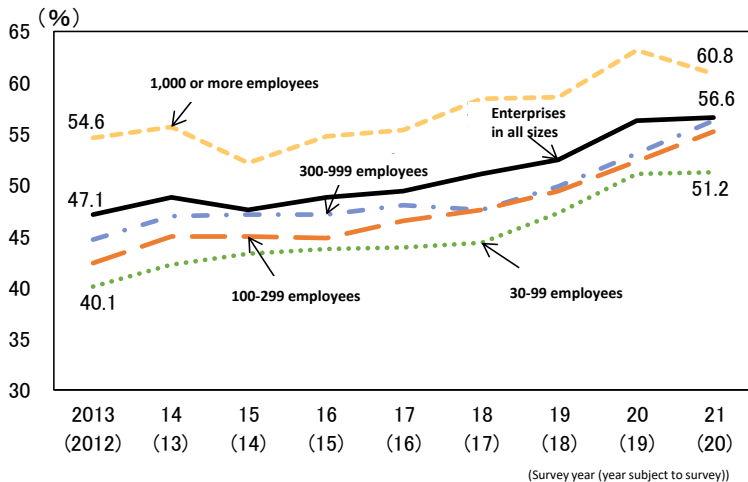


(2) Real total cash earnings

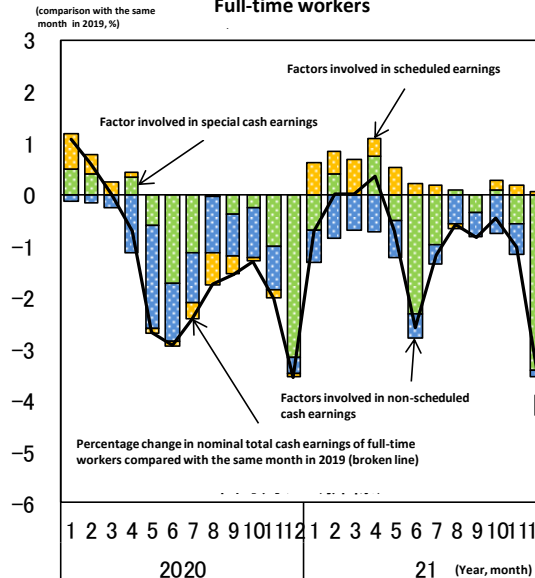


(4) Nominal total cash earnings by type of employment (comparison with the same month in 2019)

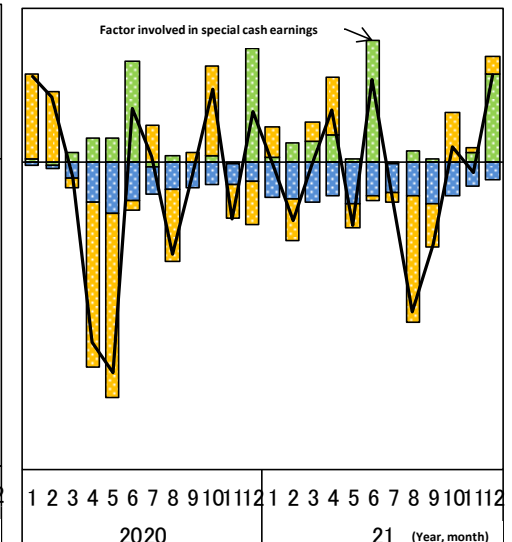
(3) Acquisition rate of paid leave by size of enterprises



Full-time workers



Part-time workers



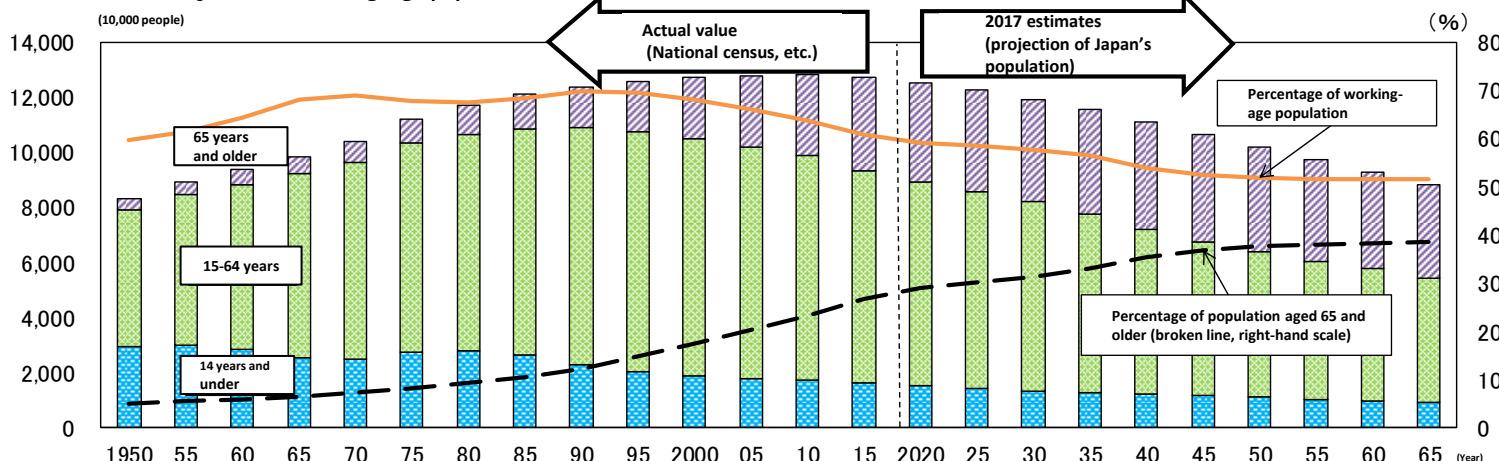
Source: "Monthly Labour Survey," Ministry of Health, Labour and Welfare (MHLW) for Figure (1);
 "Monthly Labour Survey," MHLW and "Consumer Price Index," Statistics Bureau of MIC for Figure (2);
 "General Survey on Working Conditions," MHLW for Figure (3)

II. Challenges in Promoting Labour Mobility through Support for Workers' Proactive Career Development

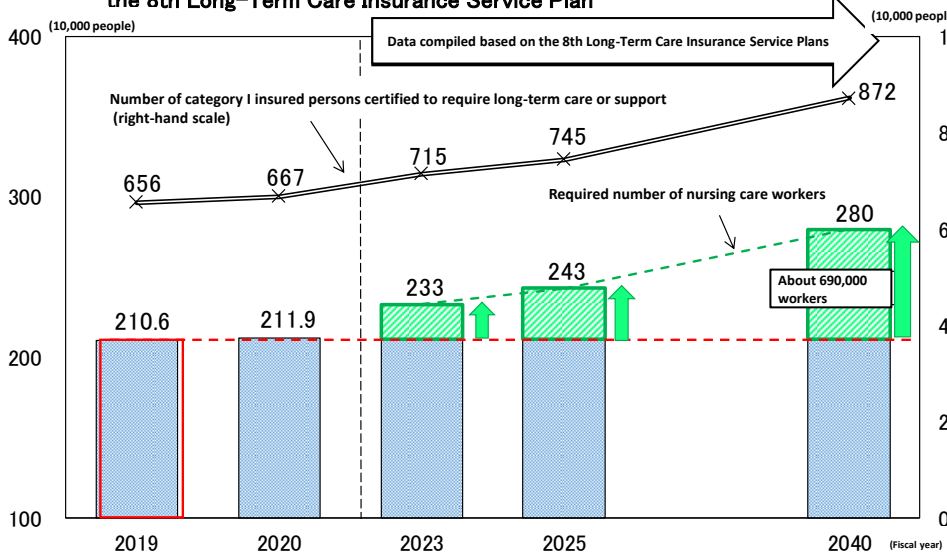
Outlook for Supply and Demand of Labour and Trends in Labour Mobility in Japan (1)

- Although Japan's working age population is forecast to shrink, demand for labour is expected to increase in sectors such as nursing care, welfare and information technology. Thus, it is becoming increasingly important to balance labour demand and supply by promoting labour mobility on external labour markets.

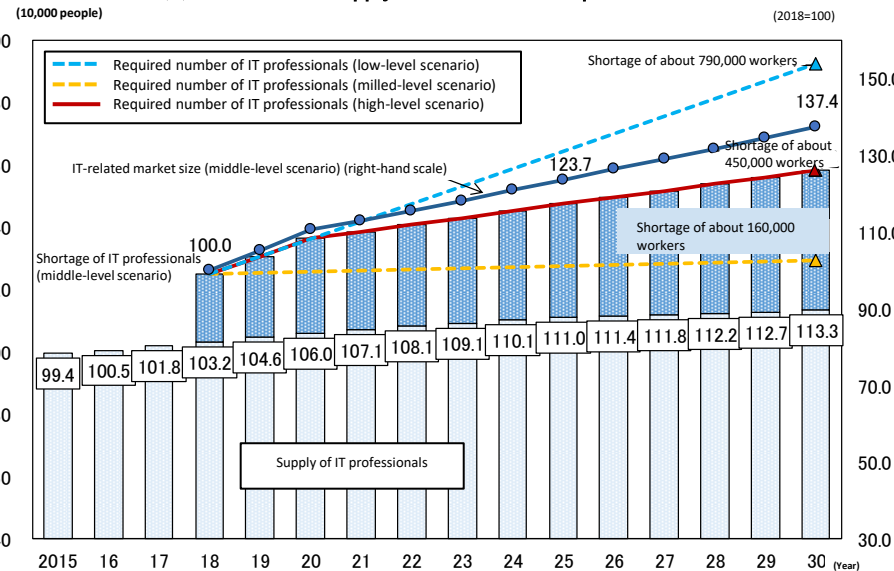
(1) Projection of working-age population



(2) Estimates of necessary number of nursing care workers calculated based on the 8th Long-Term Care Insurance Service Plan



(3) Estimates of supply and demand of IT professionals

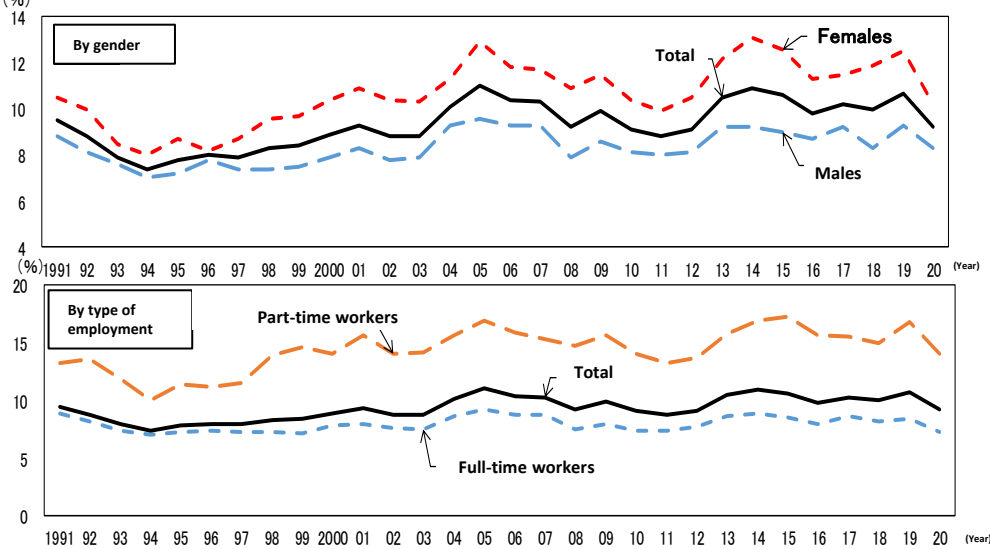


Source: "Annual Health, Labour and Welfare Report 2021(Reference)," MHLW for Figure (1); "Survey of Institutions and Establishments for Long-term Care" and "Report on Long-Term Care Insurance Services," etc., MHLW for Figure (2); "Survey on Demand and Supply of Information Technology Workforce," Mizuho Research & Technologies, Ltd.(formerly Mizuho Information & Research Institute) for Figure (3)

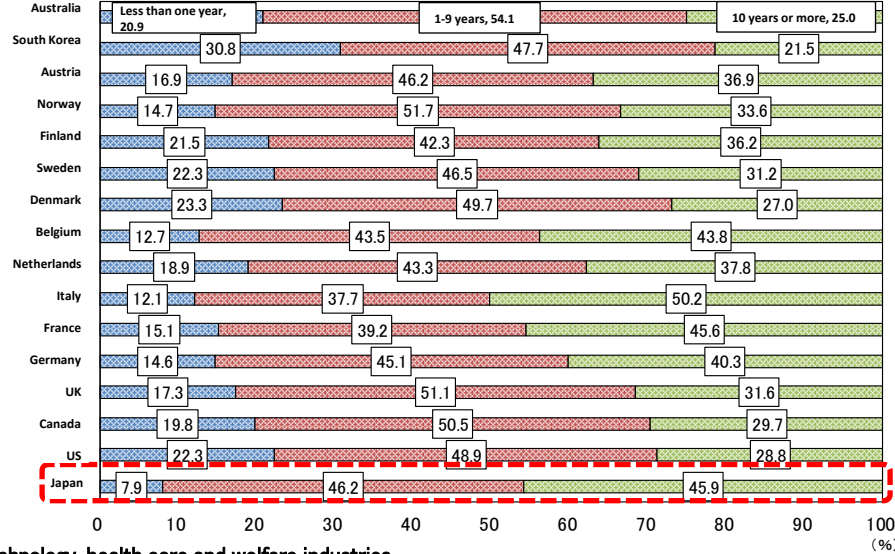
II Outlook for Supply and Demand of Labour and Trends in Labour Mobility in Japan (2)

- Although the percentage of newly employed persons who changed jobs in the past year out of the total number of employees in regular employment has been rising for females and part-time workers. It is almost flat for males and the entire workforce including full-time workers. On the other hand, workers in Japan tend to stay in one job for a longer time than those in the UK, the US and north European countries.
- Although demand for labour in the information technology, health care and welfare sectors has been growing, a significant increase in the number of workers moving to such sectors has not been observed in recent years.

(1) Percentage of newly employed persons who changed jobs in the past year among full-time workers

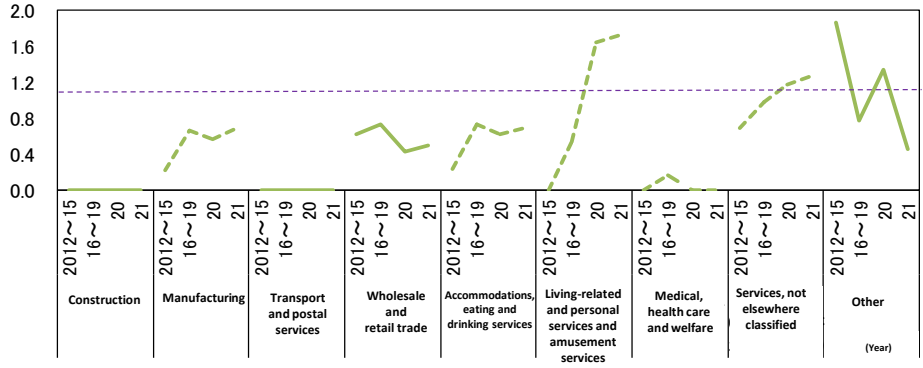


(2) Percentage of employees by length of time an employee stays in one job (international comparison)

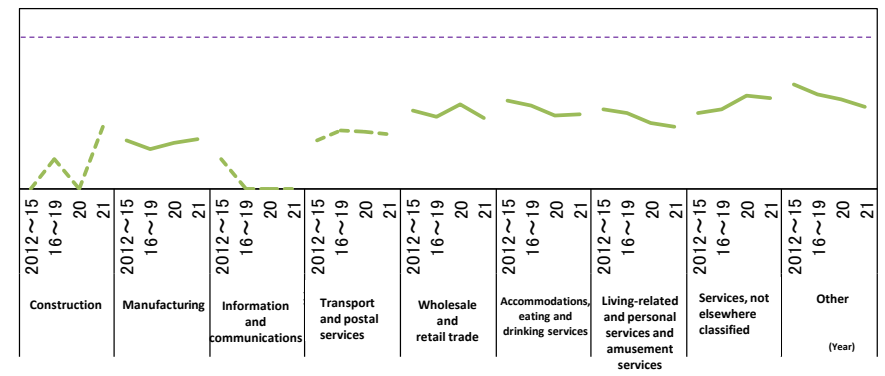


(3) Labour mobility from each industry to information technology, health care and welfare industries

Trends in labour mobility from each industry to the information technology industry



Trends in labour mobility from each industry to the health care and welfare industry

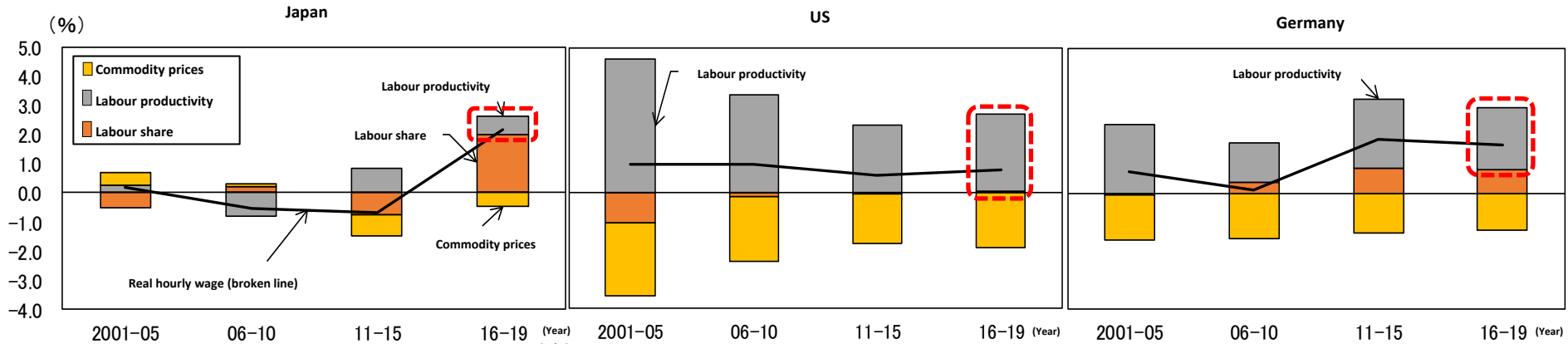


Source: "Survey on Employment Trends," MHLW for Figure (1); "JILPT Databook of International Labour Statistics," Japan Institute for Labour Policy and Training (JILPT) for Figure (2); "Labour Force Survey (Detailed Tabulation)," Statistics Bureau of MIC for Figure (3)
 (Note) Trends in labour mobility in Figure (3) is an indicator for the ease with which workers can leave an industry for another. It is relatively easy to switch industries if a value exceeds one. Broken lines show periods of time when there were few people who changed jobs during the survey

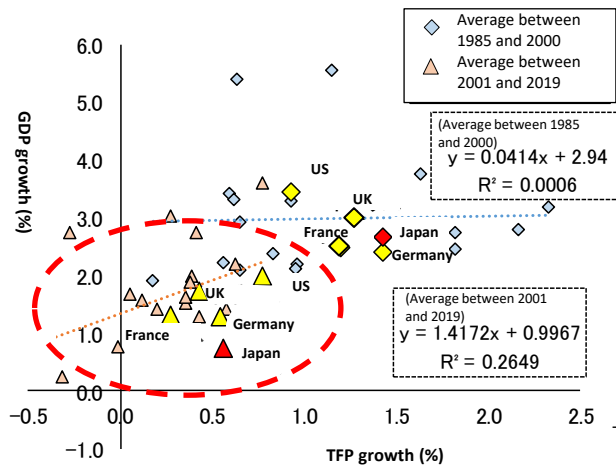
II Outlook for Supply and Demand of Labour and Trends in Labour Mobility in Japan (3)

- Data on factors affecting trends in real wages show that compared with the US and Europe, contribution of labour productivity is small in Japan while contribution of labour share is relatively large. This indicates that it is crucial to boost labour productivity for a further increase in real wages in Japan.
- There are positive correlations between GDP growth and total factor productivity (TFP) growth and between TFP growth and labour productivity growth. There is also a positive correlation between TFP growth and the unemployment inflow and outflow rates. This suggests that labour mobility can be the key factor to improve labour productivity in the country.

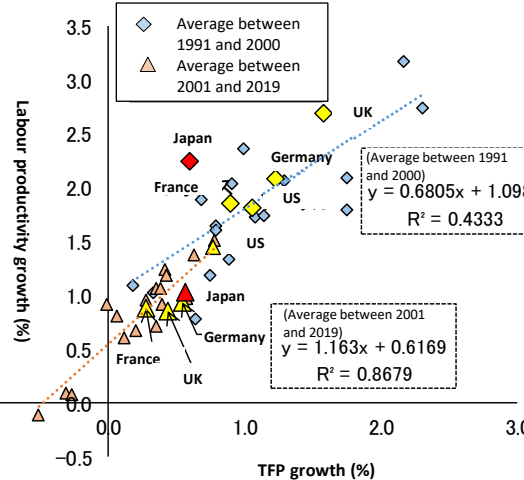
(1) Analysis of factors affecting trends in real wages by country



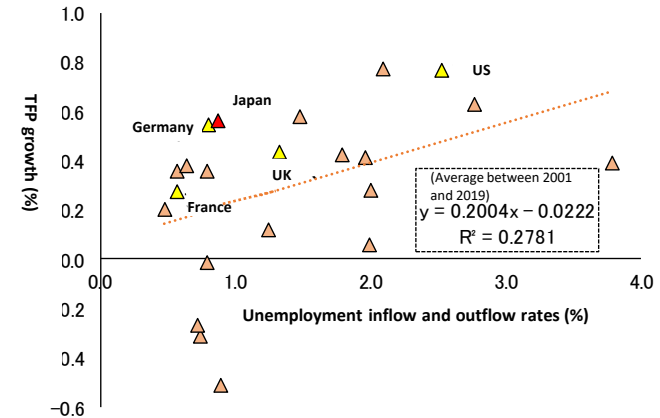
(2) TFP growth and GDP growth



(3) TFP growth and labour productivity growth



(4) Unemployment inflow and outflow rates and TFP growth



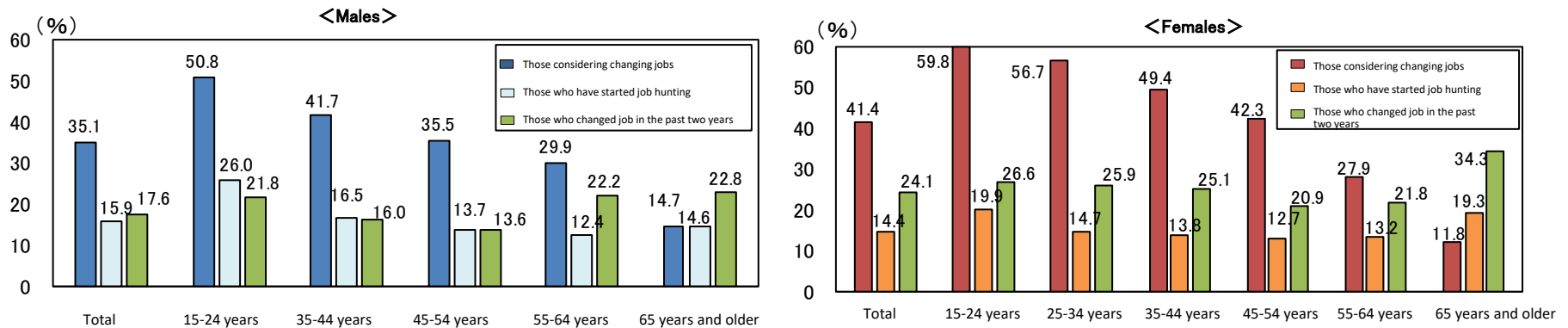
Source: OECD, Stat

(Note) Labour productivity in Figure (1) is measured based on man hours.

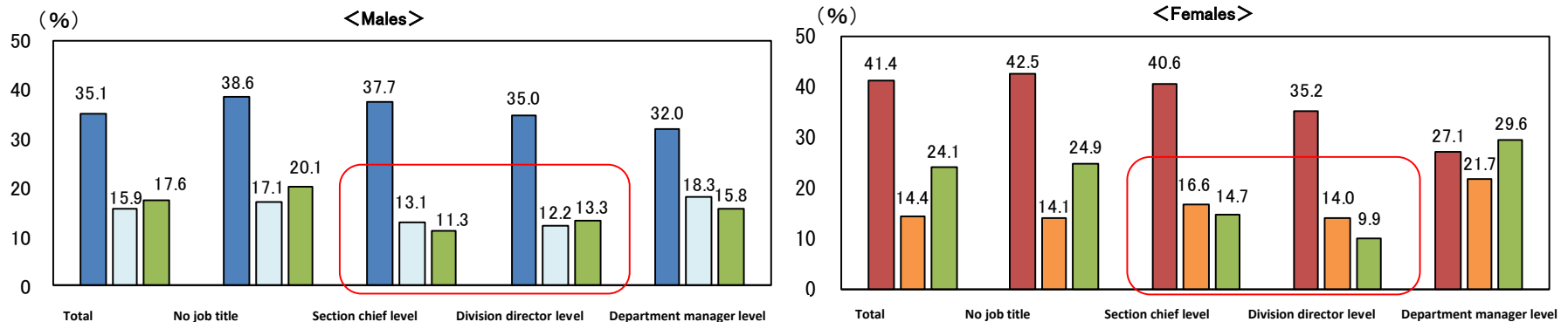
Unemployment inflow and outflow rates in Figure (4) are calculated by dividing the sum of the numbers of people moving into and out of the unemployment pool by working-age population. The numbers of people flowing into and out of the unemployment pool are estimated based on the number of short-term unemployed persons (those who have been unemployed for less than one month).

- The percentages of workers considering changing jobs and those who hoped to change jobs and subsequently changed their jobs tend to decline as workers get older. The proportion of such workers is higher among females than males.
- Males on middle management positions such as section chiefs and division directors who want to change jobs are less likely to start a job search or find new employment.

(1) Percentage of people considering changing jobs by gender and age group



(2) Percentage of people considering changing jobs by gender and job title



Source: "National Employment Situation Panel Survey 2019" and "National Employment Situation Panel Survey 2021," Recruit Works Institute

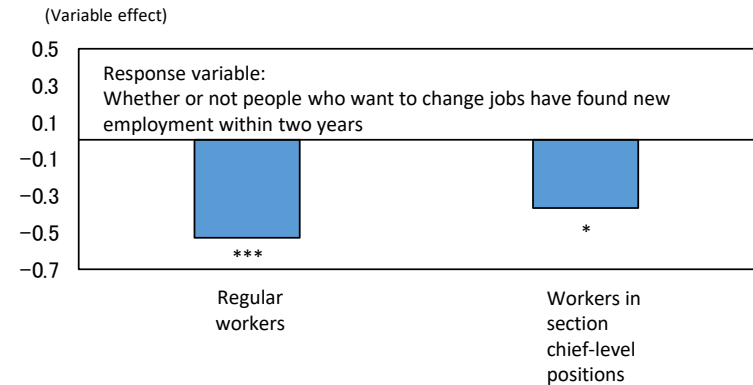
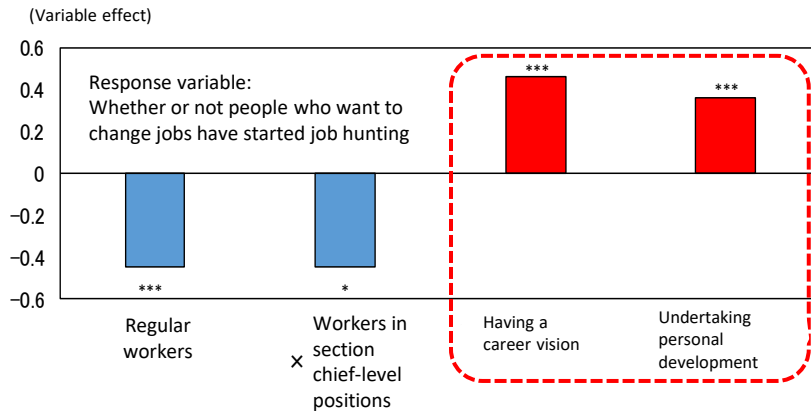
(Note) "Those considering changing jobs" refer to people who selected an option from the following list of answers when asked in a 2019 survey if they were considering changing jobs (switching companies or organizations) or finding employment: (1) "I'm considering changing my job or find employment and have started job search."; (2) "I'm considering changing my job or find employment, but have not taken action yet."; (3) "I want to change my job or find employment sooner or later." The percentage of "those considering changing jobs" represents the share of the respondents among employed persons. The percentage of "those who have started job hunting" represents the share of the respondents to the said question who selected (1) from the answer options among people considering changing jobs. The percentage of "those who have changed job in the past two years" represents the share of people who said in a 2021 survey (as of December 2020) that they changed jobs in the past one or two years among people who said in the 2019 survey they were considering changing jobs.

II Important Factors for Promoting Workers' Proactive Job and Career Changes (2)

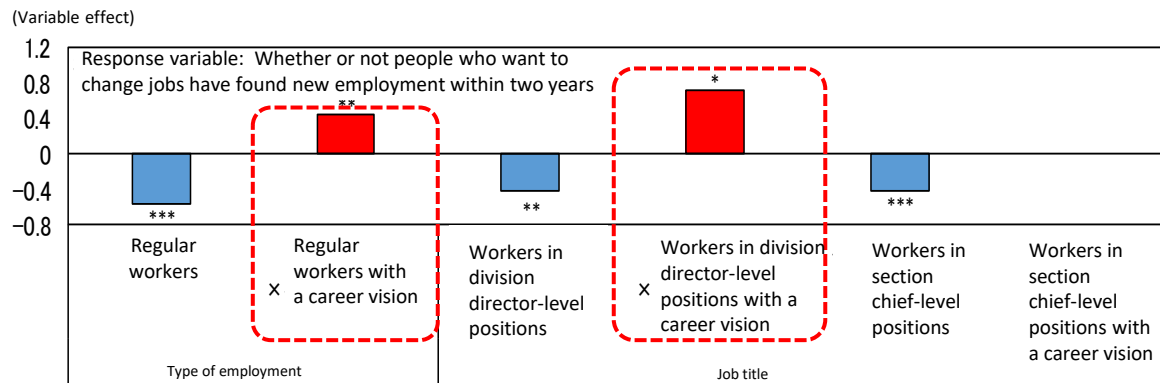
- Among those seeking to change jobs, regular employees and workers on middle management positions tend to be less likely to start job hunting or find new employment. However, among workers considering switching jobs, those who have a clear career vision or have engaged in personal development are more likely to start a job search. In addition, it is easier for regular employees and those in division director-level positions to find new jobs if they have a clear career vision.

(1) Impact of career visions and personal development efforts on job hunting process

(2) Impact of type of employment and job titles on job change



(3) Impact of career visions on job change by type of employment and job title



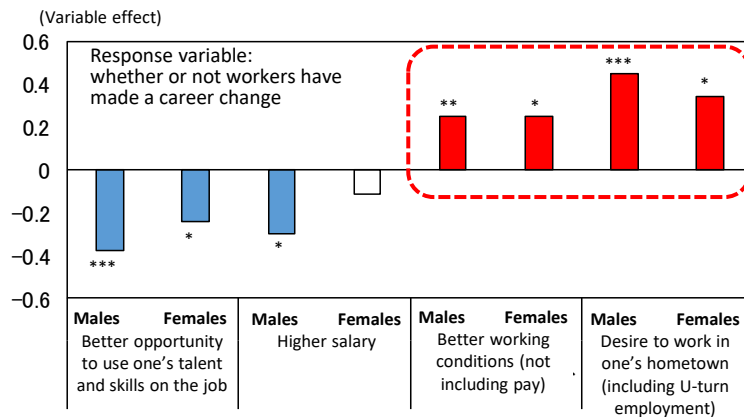
Source: "National Employment Situation Panel Survey 2019" and "National Employment Situation Panel Survey 2021," Recruit Works Institute

(Notes) 1) In Figures above, *** indicates that the level of significance is less than 0.1%, and ** shows that the level of significance is less than 1% while * represents the level of significance of less than 5%. The white part indicates the level of significance of 5% which is considered statistically insignificant.

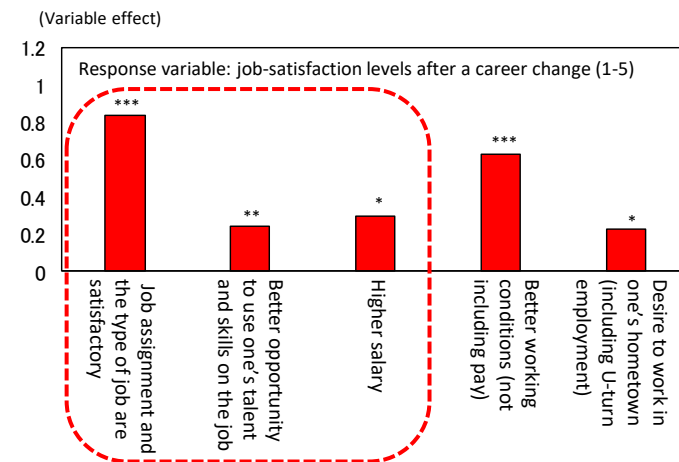
2) The response variable in Figure (1) is "whether or not those who said they wanted to change jobs in a 2019 survey have started job hunting." The response variable in Figure (2) and Figure (3) is "whether or not those who said they wanted to change jobs in the 2019 survey have found new employment within two years."

- Workers changing careers tend to cite work–life balance as a reason for a job change. If workers change careers for positive reasons such as better opportunities to demonstrate their skills, satisfaction with job assignment, or higher pay, their levels of job satisfaction after changing jobs tend to be high.
- It is easier for workers to change careers in order to pursue satisfaction with job assignment or to make the best use of their skills if they have received career counseling or engaged in personal development in preparation for a job change. Meanwhile, workers who had a career vision before switching jobs tend to be more satisfied with their new job.

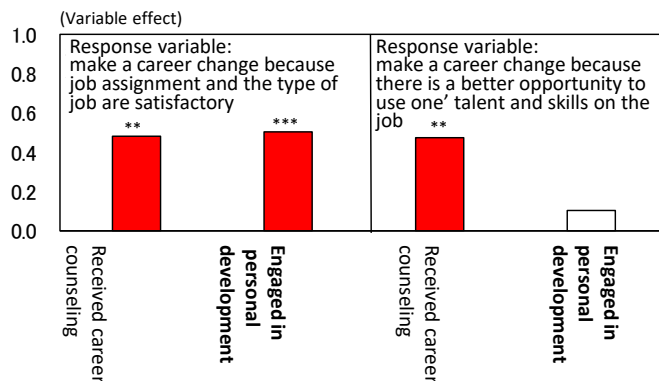
(1) Correlation between reasons for choosing a new job and career change



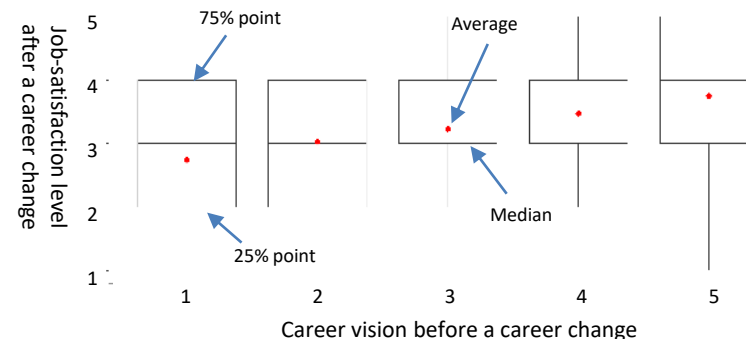
(2) Reasons for choosing a new job and job satisfaction after a career change



(3) Effects of the use of career counseling services and engaged in personal development on reasons for changing careers



(4) Career vision before a career change and job satisfaction after a career change



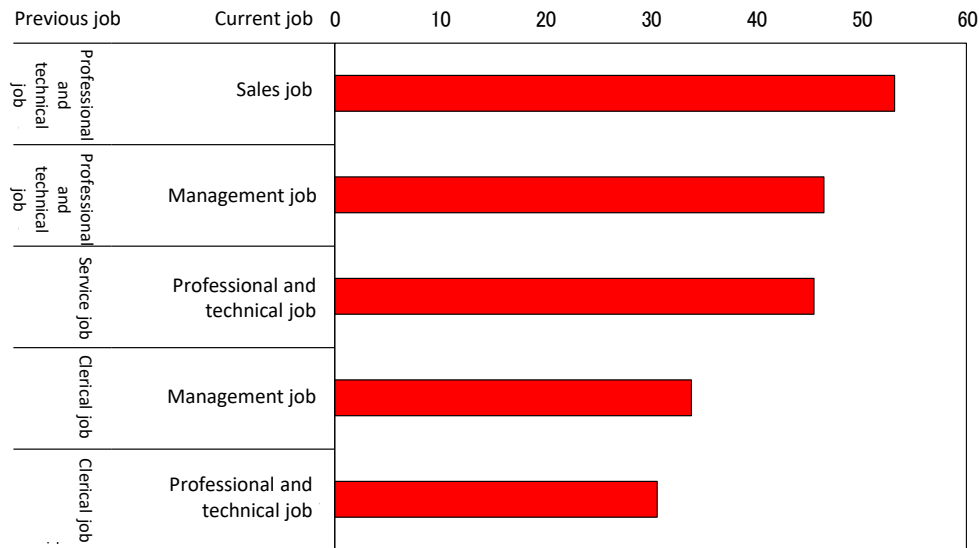
Source: "Survey on Workers who Changed Jobs 2020(individual survey)," MHLW for graph (1)-(3); "National Employment Situation Panel Survey (2017-2021)," Recruit Works Institute for graph (4)
 (Notes) 1) In Figures (1) to (3), *** indicates the level of significance is less than 0.1 %, and ** shows the level of significance is less than 1% while * represents the level of significance of less than 5%.
 The white part indicates the level of significance of 5% which is considered statistically insignificant.

2) Survey subjects are people who changed careers (between major industry classification groups) among those who changed jobs between 2017 and 2020.

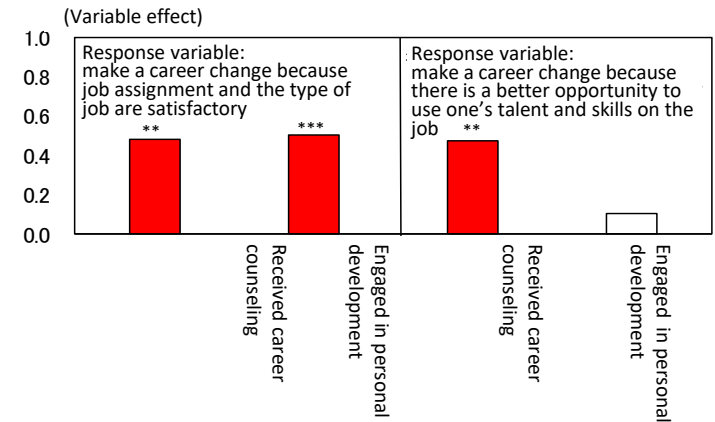
- Workers are more likely to experience an increase in earnings when making a career change by using expertise they accumulated in previous jobs, for instance, from professional and technical work to a sales or management job. Workers also tend to see wage gains when switching career fields to achieve career advancement, for example, from a service or clerical job to professional and technical work or management work.
- Workers tend to receive an increase in wages when changing careers in search of better opportunities to demonstrate their skills or satisfaction with job assignment. Those who engaged in personal development are also more likely to get a pay increase.

(1) Diffusion index (D.I.) of wages affected by career changes

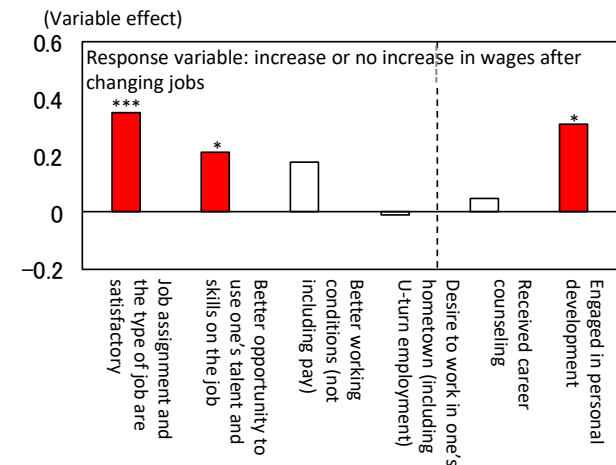
"Percentage of people experiencing wage increases" - "Percentage of people experiencing wage declines"



(2) Effects of use of career counseling services and implementation of personal development on reasons for changing careers



(3) Factors that affect a pay increase after changing jobs



Source: "Survey on Workers who changed jobs 2020 (individual survey)", MHLW

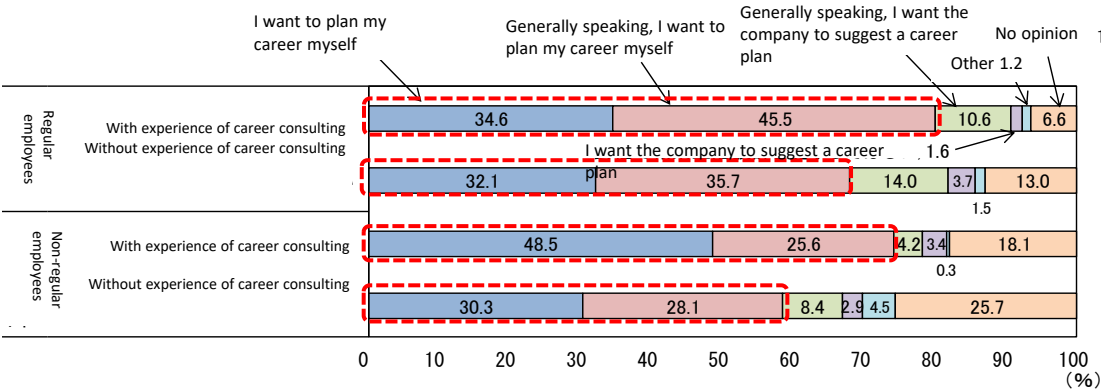
(Notes) 1) The figures in Figure (1) are calculated by subtracting the percentage of people whose wages decreased after changing jobs (the sum of "decreased by 30% or more", "decreased by 10% to 30%", and "decreased by less than 10%") from the percentage of people whose wages increased after changing jobs (the sum of "increased by 30% or more," "increased by 10% to 30%," and "increased by less than 10%"). Data are aggregated when the number of people changing jobs in each case in Figure (1) is 20 or more.

2) In Figure (2) and Figure (3), *** indicates the level of significance is less than 0.1%, and ** shows the level of significance is less than 1% while * represents the level of significance of less than 5%. The white part indicates the level of significance of 5% which is considered statistically insignificant.

Challenges in Achieving Proactive Career Development (Promote Career Counseling Services and Personal Development(1))

- People who have received career counseling tend to be highly motivated to plan their career path. They are also more likely to have built careers in a wider range of fields.
- Workers who have received external career counseling are more likely to think they are competent enough to work outside their company. They also tend to have greater awareness of personal development.

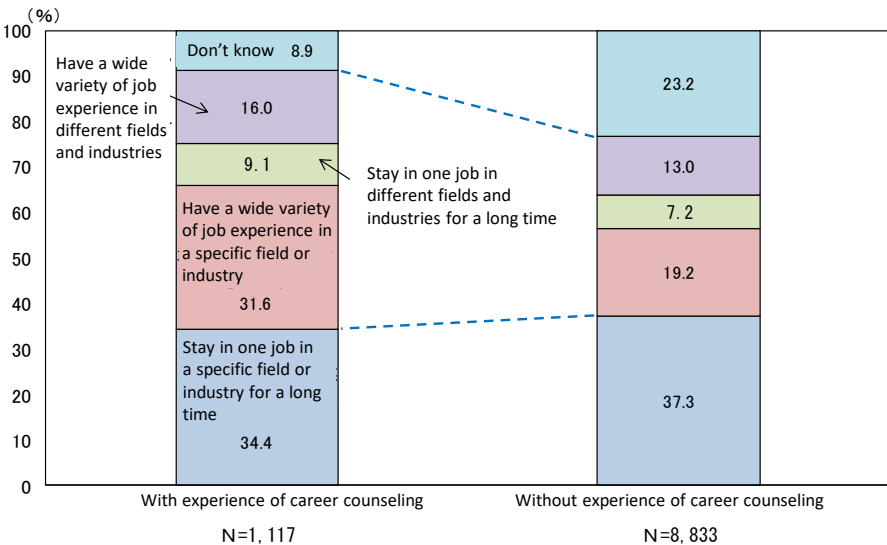
(1) Impact of experience of career consulting on workers' attitudes about career planning (Males)



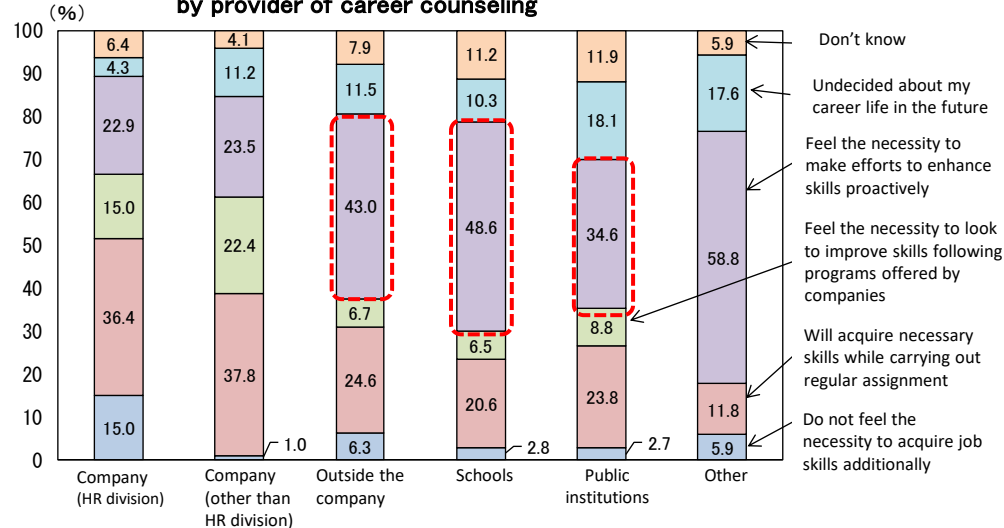
(3) Persons' attitudes about their job skills by provider of career counseling



(2) Work experience by experience of career counseling



(4) Persons' attitudes about the necessity of skill acquisition by provider of career counseling

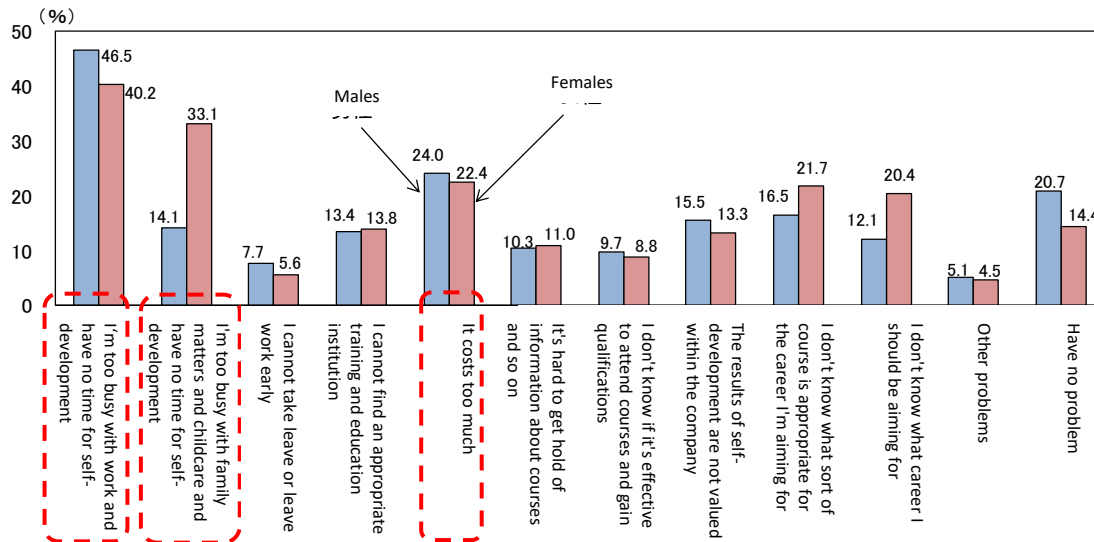


Source: "Fiscal 2020 Basic Survey of Human Resources Development (individual survey)", MHLW for Figure 1; "Current Status, Effects and Latent Needs of Career Counseling: From Survey Results including Responses from 1,117 Persons with Experience of Counseling," JILPT for Figure 2-4

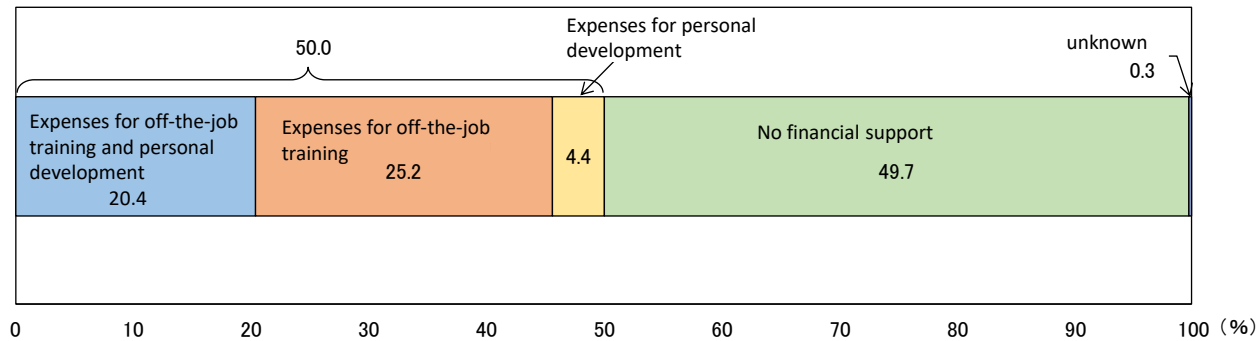
Challenges in Achieving Proactive Career Development (Promote Career Counseling Services and Personal Development (2))

Workers cite issues such as busy work schedule and the high cost of personal development as challenges they face when it comes to personal development. Among such workers, females in particular face difficulty in reserving time for undertaking personal development because they are busy doing housework and taking care of their children. About half of enterprises do not offer financial support for off-the-job training and personal development. Meanwhile, enterprises that provide financial support or give consideration to working hours have a high proportion of workers who engage in some kind of personal development.

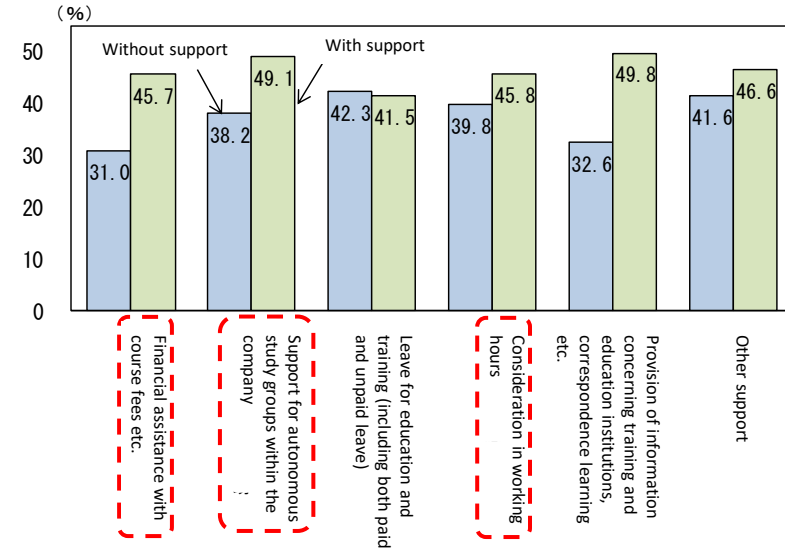
(1) Things workers think of as challenges in engaging in personal development (Regular employees)



(2) Expenses for off-the-job training and personal development incurred by enterprises



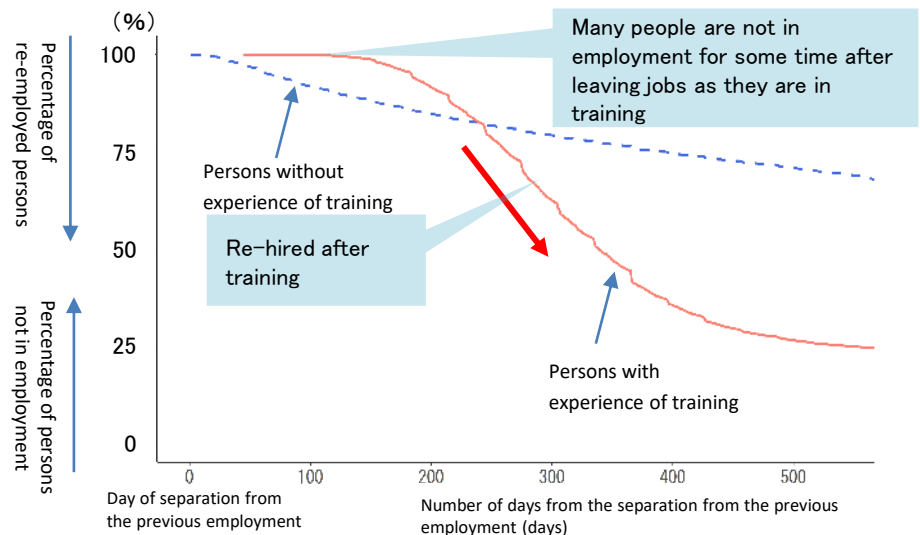
(3) Percentage of workers who have engaged in personal development by type of support from companies (Regular employees)



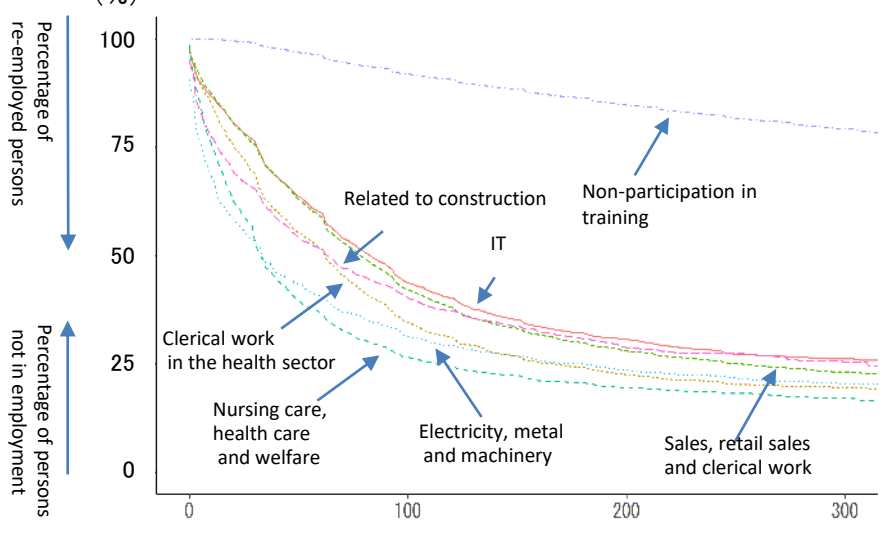
(Effects and Challenges of Public Vocational Training programs (1))

- The data below indicate that attending public vocational training programs makes it easier for job seekers to find new employment regardless of job fields of training programs they participated in.
- It can be suggested that participation in training courses in the fields of nursing and health care and welfare can help promote the mobility of labour to those sectors from other fields.

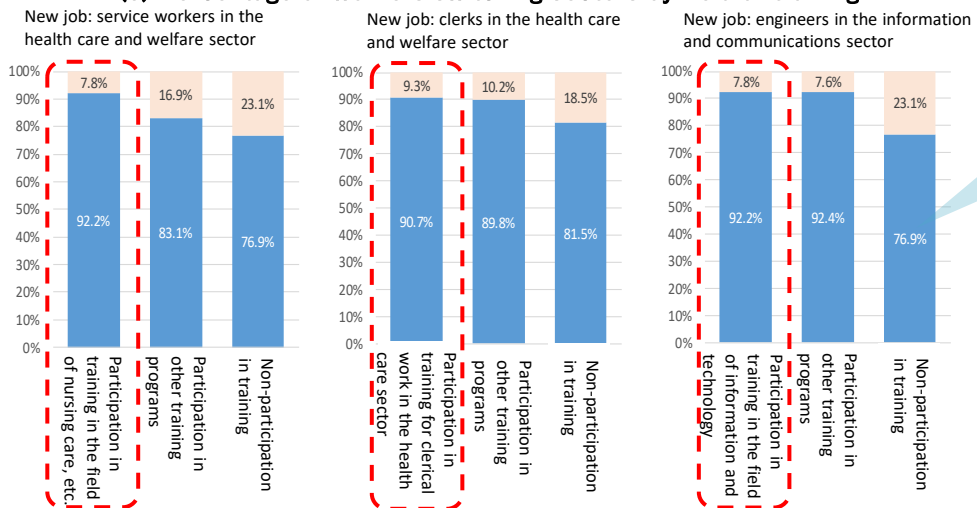
(1) Percentage of persons not in employment by experience of training



(2) Percentage of persons not in employment by field of training



(3) Percentage of workers switching sectors by field of training



The blue parts represent the percentage of people whose current industry or occupation is different from their previous industry or occupation.

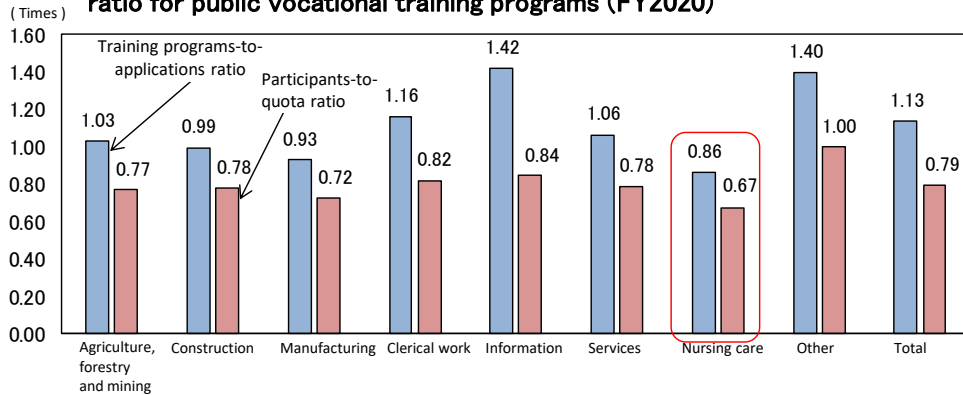
Source: "Administrative Record Information (employment insurance, job placement and vocational training)," MHLW

- (Notes) 1) The Kaplan-Meier method is used in Figure (1) and (2).
 2) Data for persons with and without experience of training in Figure (1) show the trend from the day of separation from the previous employment. Data for persons who participated in training in Figure (2) show the trend from the last day of training.
 3) Training programs in other fields in Figure (3) refers to those unrelated to new job fields.

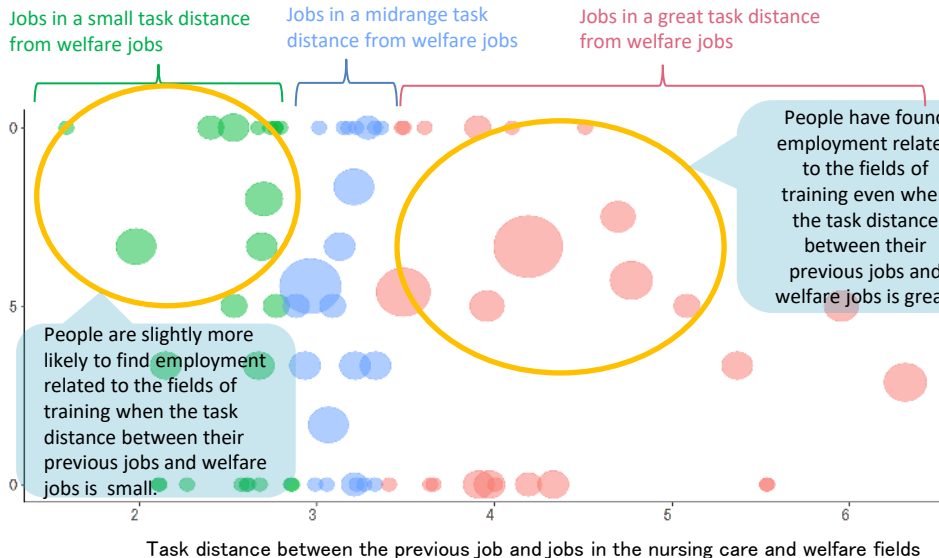
Challenges in Achieving Proactive Career Development (Effects and Challenges of Public Vocational Training (2))

➤ The issue for vocational training programs in the fields of nursing care and welfare is that the application-to-enrollment limit ratio and the participant-to-enrollment limit ratio are low. Even people whose previous jobs have little in common with nursing care and welfare have found employment in the nursing care and welfare fields after receiving training. This suggests that people with a wide range of job experience can be candidates for the jobs in those fields.

(1) Application-to-enrollment limit ratio and participant-to-enrollment limit ratio for public vocational training programs (FY2020)



(3) Correlation between similarities (task distance) between previous jobs and jobs in the fields of nursing care and welfare and employment in those fields



(2) Type of previous jobs taken by people who are most likely to receive training in the fields of nursing care and welfare

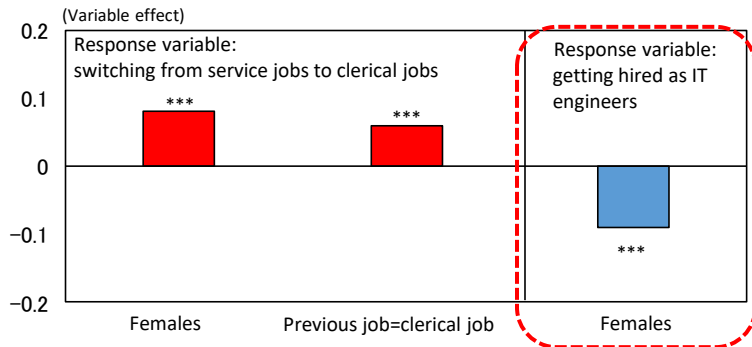
Minor classification of previous jobs	Number of vocational training participants	Percentage in all training participants	Task distance from welfare jobs
1 Care assistants	13	0.066	3.488
2 Building cleaning workers	7	0.048	6.313
3 Welfare facility guidance professionals	6	0.021	1.983
4 Service workers, not classified elsewhere	5	0.018	2.703
5 Nursing care worker of facilities	16	0.016	1.323
6 Childcare workers	6	0.009	1.227
7 Clerical workers in the nursing and health care sectors	7	0.008	4.771
8 Shop assistants	18	0.008	2.965
9 Comprehensive clerical workers	24	0.008	4.190
10 Cooks	6	0.008	3.209
11 Sales clerks	6	0.006	3.066

Source: MHLW data for Figure 1; "Administrative Record Information (employment insurance, job placement and vocational training)," MHLW for Figure 2-3
(Note) In Figure (3), the task distance is plotted on the horizontal axis, while the percentage of people who have found employment in the fields related to nursing care, health care or welfare among participants of training in those fields is plotted on the vertical axis. The size of ellipse represents the number of participants in training. The task distance is measured based on the Euclidian distance, using scores for 41 items of job assignment by type of job.

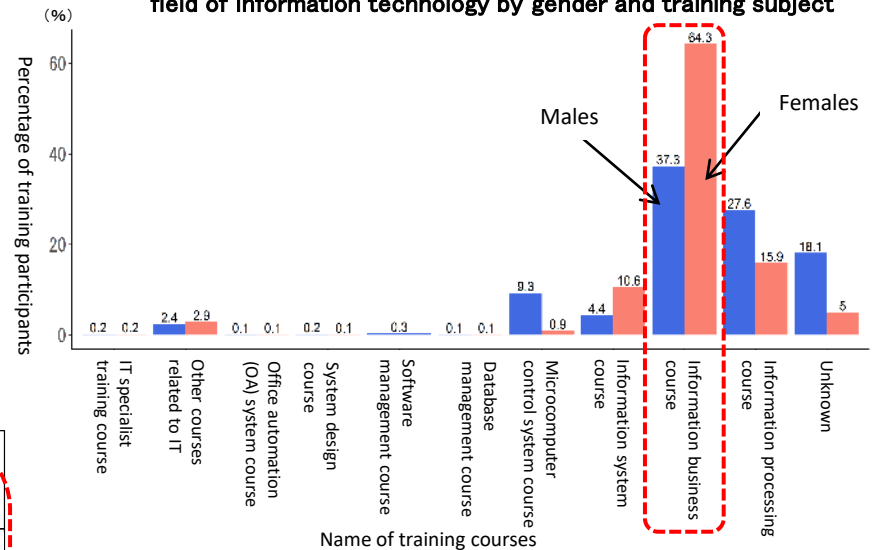
Challenges in Achieving Proactive Career Development (Effects and Challenges of Public Vocational Training (3))

- Among participants of vocational training programs in the field of information technology (IT), female participants are more likely to take clerical jobs and less likely to be hired as information technology engineers. Many of those female participants take information business courses that teach trainees basic IT skills. Even those who have completed specialized training in IT and learned professional skills tend to work as office clerks.
- Meanwhile, people who have received training specialized in IT have a higher chance of being hired as IT engineers regardless of gender. To further promote employment of female IT engineers, it is necessary to stimulate females' interest in building career in IT engineering.

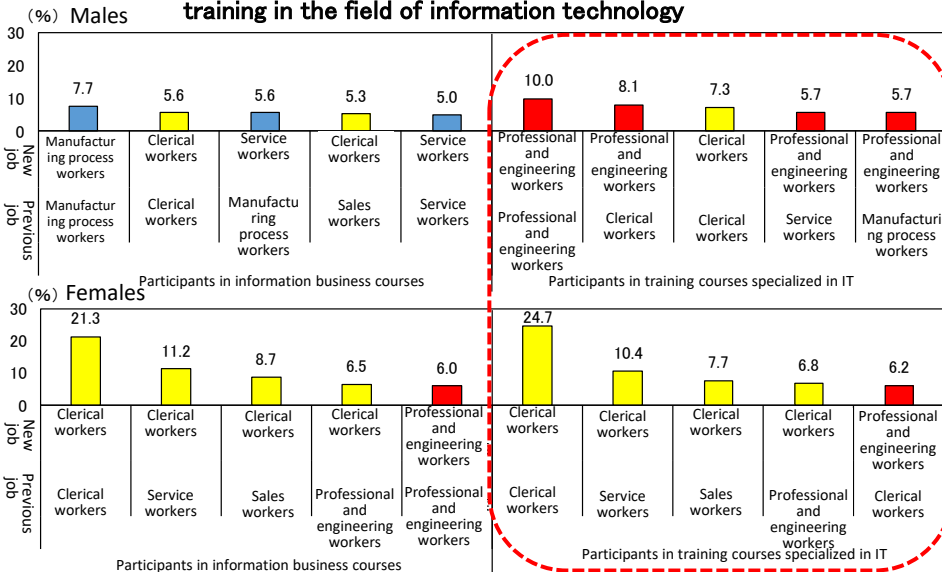
(1) Correlation between characteristics of participants in vocational training in the field of information technology and jobs they have taken



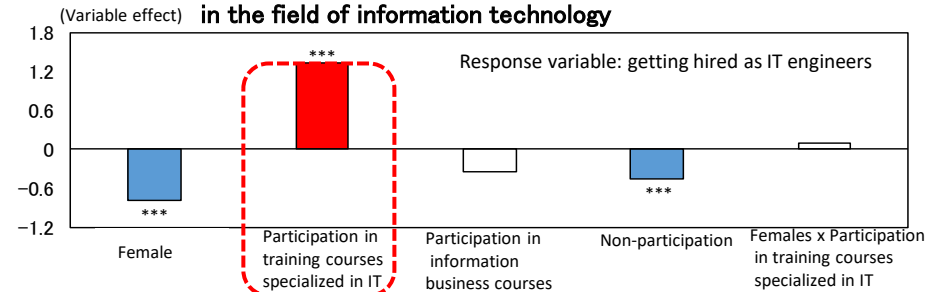
(2) Percentage of participants in vocational training in the field of information technology by gender and training subject



(3) Previous and current jobs of participants in vocational training in the field of information technology



(4) Effects of participation in vocational training in the field of information technology



Source: MHLW data for Figure 1; "Administrative Record Information (employment insurance, job placement and vocational training)," MHLW for Figure 2-3

(Note) In Figure (1) and Figure (4), *** indicates the level of significance is less than 0.1%, and ** shows the level of significance is less than 1% while * represents the level of significance of less than 5%. The white part indicates the level of significance of 5% which is considered statistically insignificant.