

Part I Trends and Features of the Labour Economy in 2004

Chapter 1 Employment and Unemployment Trends

Looking back on the 2004 labour market, overall, the employment situation showed some signs of improvement while remaining severe. The ratio of active job openings to active job applicants increased, the unemployment rate was high but declining, and the number of employees was basically unchanged.

- (1) The ratio of active job openings to active job applicants was on an upward trend, increasing to an annual average of 0.83.
- (2) While the number of male employees continued to decrease, the number of female employees continued to rise, resulting in an increase in the total number of employees for the second consecutive year.
- (3) The unemployment rate was on a declining trend, although it remained high at an average annual rate of 4.7%.
- (4) Unemployed heads of household and long-term unemployment both decreased.

After entering 2005, the unemployment rate was high but declining, and the number of employees was on an upward trend, so the employment situation improved although it remained severe.

(Trends in Job Openings and Job Seekers)

New job openings have been increasing since the beginning of 2002, led by the manufacturing and service industries and others. New job openings in the construction industry had been weak, but the rate of decline gradually slowed, with the figures finally turning in a positive direction in the middle of 2003 and continuing to improve since then (Figure 1).

New job seekers have fluctuated since the fourth quarter of 2002, but with an overall declining trend. Among those seeking new full-time employment, those who left their previous employment involuntarily have contributed to the decline since the fourth quarter of 2002, indicating an easing of the movement to cut jobs. The corporate sense of excess employment is on a declining trend, dropping during the first quarter of 2005. In addition, the percentage of corporations implementing employment adjustments had been on a declining trend since early 2002, but has been generally unchanged since mid-2004.

(Trends in the Job Openings Ratio)

The ratio of active job openings to applicants remained on a rising trend, averaging 0.83 in 2004, up 0.19 points from the previous year (0.64). The rate of new job openings to applicants also gradually increased, with a 2004 average of 1.29, up 0.22 points from the previous year (1.07) (Figure 2). In addition, the ratio by employment patterns (first quarter of 2005, seasonally adjusted) was 0.75 for ordinary workers and 1.32 for part-time employees.

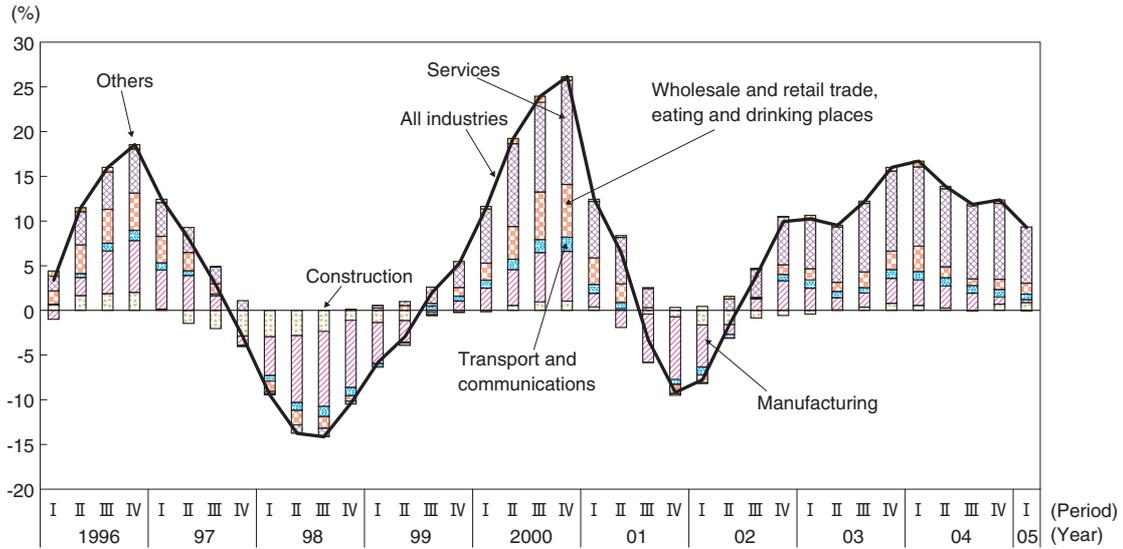
(Trends in Employed Persons and Employees)

The average number of employed persons in 2004 was 63.29 million (up 130,000 from the previous year), the first increase in seven years. The average number of employees in 2004 was 53.55 million (up 200,000 from the previous year), the second consecutive annual increase.

Trends in the number of employees during 2004 can be summarized as follows.

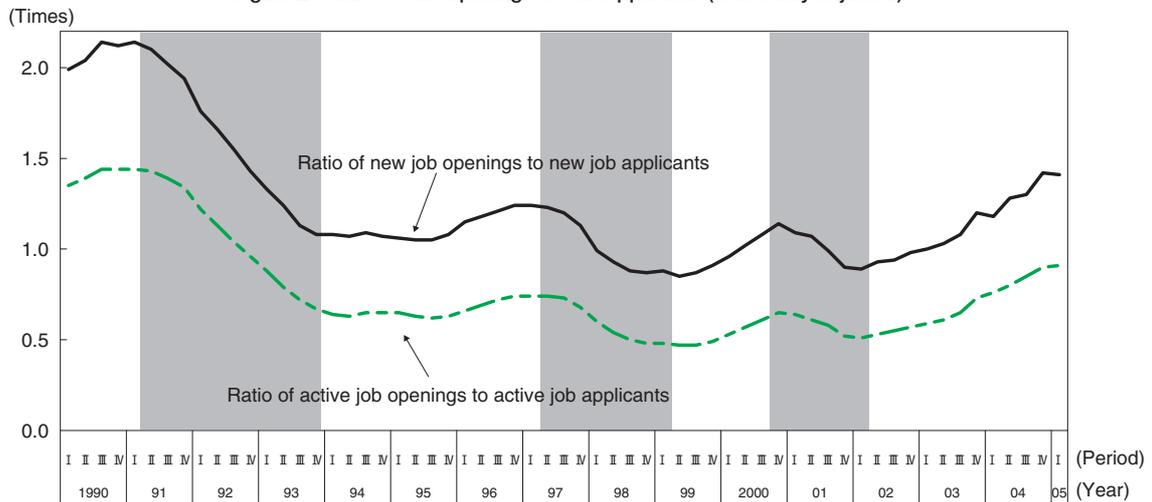
- (1) The number of regular female employees began increasing in mid-2003, while the number of male employees has continued to decline. The overall number of regular employees has been experiencing a rising trend since the middle of 2003. Temporary and daily employment had been on a rising trend as well, but it has been declining since the last quarter of 2004 (Figure 3).
- (2) Looking at seasonally-adjusted figures by sex, the numbers for women continued to increase, while those for men fluctuated after a slight recovery in the second quarter of 2004.

Figure 1 Trends in Contribution of Variation by Industry in New Job Openings (percentage changes from previous year)



Source: Ministry of Health, Labour and Welfare (MHLW), "Report on Employment Service"

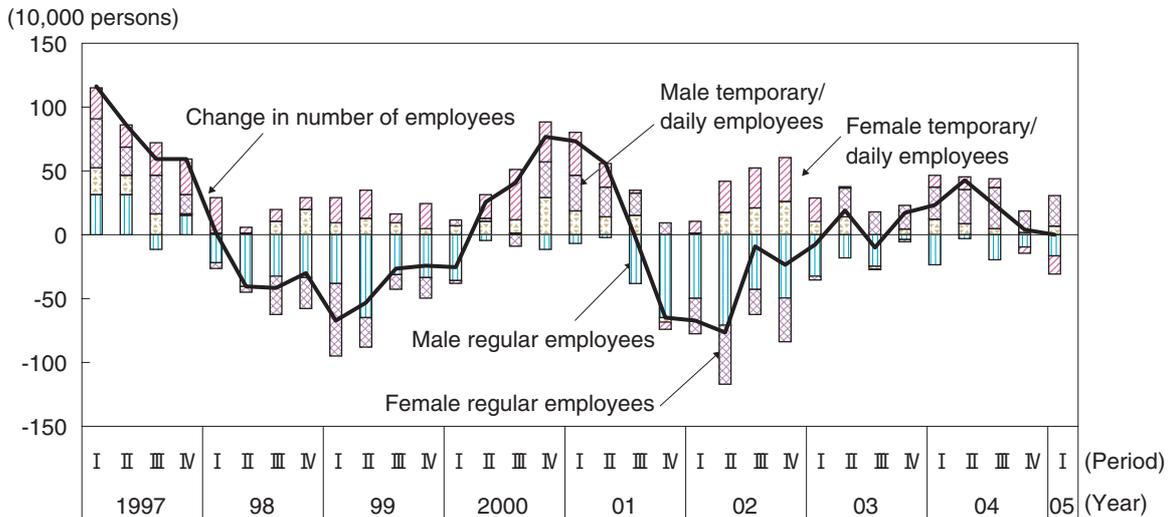
Figure 2 Ratio of Job Openings to Job Applicants (seasonally adjusted)



Source: MHLW, "Report on Employment Service"

Note: Shaded areas indicate periods of recession

Figure 3 Change in Number of Employees from Previous Year (broken down into employment patterns)



Source; Statistics Bureau, Ministry of Internal Affairs and Communications (Statistics Bureau, MIC), "Labour Force Survey"

(3) Looking at the figures by industry, the medical, health care and welfare, and service industries show an increase over the previous year, while the construction and manufacturing industries are on a declining trend from the previous year. In addition, looking at the data by employment scale in non-agricultural industries, employment in large corporations with at least 1,000 employees began declining in the second half of 2004, while that in small enterprises with 1–29 employees continued to decline (Figure 4). Furthermore, figures for self-employed and family workers continued to decrease, although the rate of contraction from the previous year slowed.

(Trends in the Labour Force and Non-labour Force Populations)

The labour force participation rate is on a declining trend. This is largely due to the growing influence of changing demographics associated with an aging society with a declining birthrate. The reduction of the labour force participation rate in each age group is another element tending to affect the decline in the labour force. Among persons not in the labour force who wish to work, those who are not seeking employment because they have "no prospect of finding a suitable job" (those who wish to work but are not looking) declined to 1.72 million in the first quarter of 2005.

(Trends in the Unemployed)

The average number of unemployed persons during 2004 was 3.13 million, down 370,000 from the previous year, recording the second consecutive annual decline. Breaking down the figures by reason for seeking a job, those who left their previous jobs involuntarily, who had been at a high level, declined for the second straight year (Figure 5).

The average unemployment rate for males and females was 4.7%, the second consecutive annual decline, and this trend continued after entering 2005 (Figure 6). Looking at the figures by sex, the seasonally-adjusted number in the first quarter of 2005 for males was 4.8% while that for females was 4.2%. The figures were relatively favorable for females compared to males, as they have tended to be since about 1999.

Frequency of unemployment has declined for both males and females, the number of newly unemployed has declined, and duration of unemployment also showed signs of improvement. In addition, the long-term unemployment rate (the proportion of the unemployed who have been jobless for at least a year in the labour force) was 1.5% in the first quarter of 2005, showing a declining trend. The number of unemployed heads of households declined for the second consecutive year, to an average during 2004 of 800,000 (a decline of 150,000 from previous year).

(Graduate Labour Market Trends)

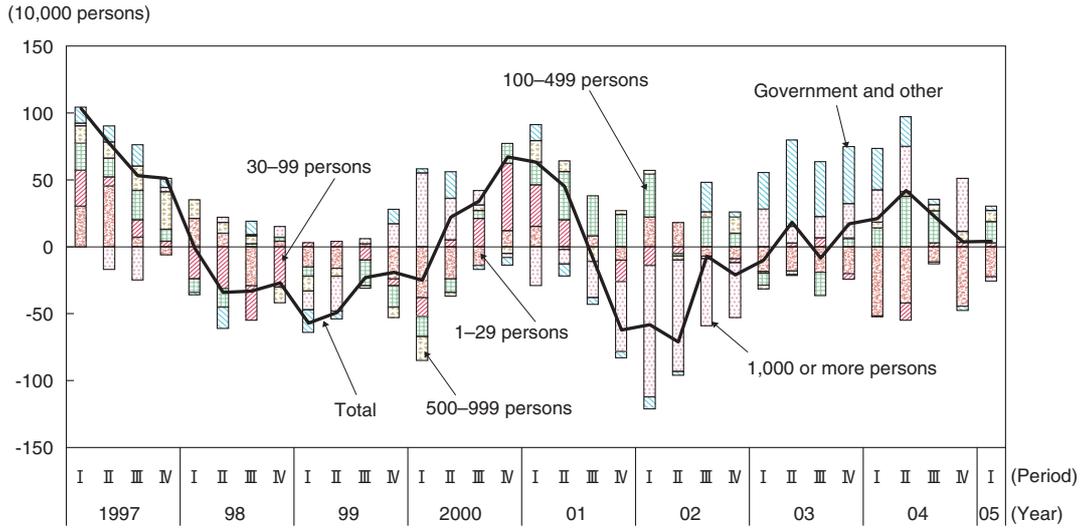
The placement recruitment rate of new graduates in March 2005 showed signs of improvement.

(Future Prospects for the Employment Situation)

Looking at trends in the regular employment index and the amount of non-scheduled hours during the current recovery (since the first quarter of 2002), the previous two recoveries (first quarter of 1999 and fourth quarter of 1993) were characterized by an increase in non-scheduled hours without a corresponding increase in the employment index. This recovery, however, is showing signs of such an increase, indicating that the employment situation is showing firm improvement during the current recovery.

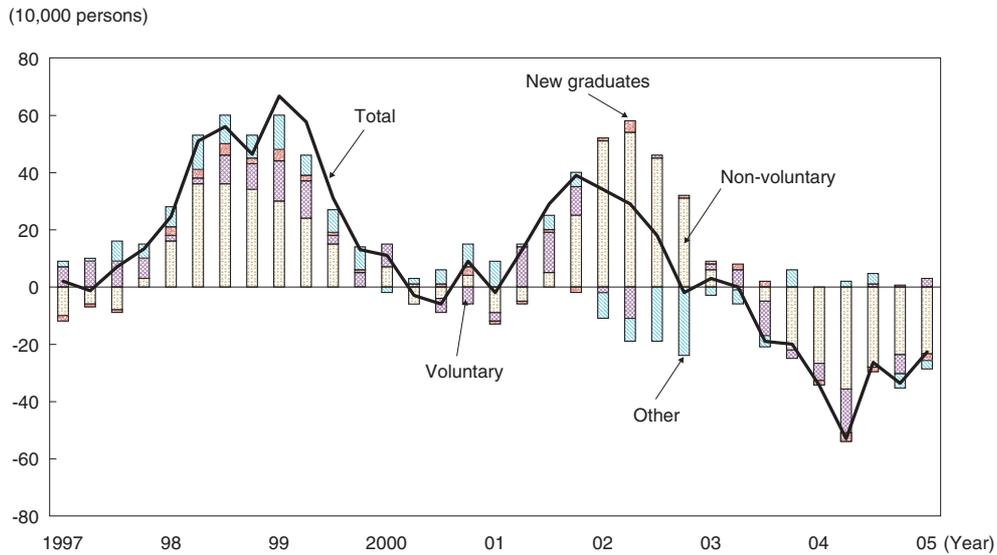
Looking at the employment situation by region, although some improvement can be observed in regions where the industries leading the economic recovery are clustered, other regions have lagged behind this trend, causing regional discrepancies. Moreover, small and medium enterprises are still experiencing difficult conditions. As the economic recovery continues, it is necessary from now on to increase employment opportunities and vitalize small and medium enterprises in order to spread its benefits.

Figure 4 Change in Number of Employees from Same Quarter in Previous Year (broken down by size of employment; non-agricultural, non-forestry sectors)



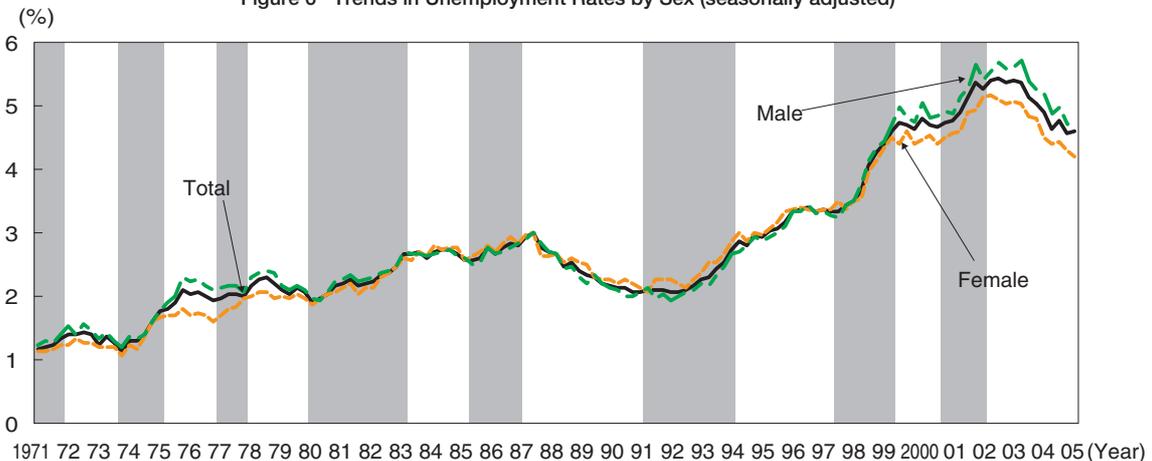
Source: Statistics Bureau, MIC, "Labour Force Survey"

Figure 5 Reasons for Job Seeking Among the Unemployed (males and females; change from previous year)



Source: Statistics Bureau, MIC, "Labour Force Survey"

Figure 6 Trends in Unemployment Rates by Sex (seasonally adjusted)



Source: Statistics Bureau, MIC, "Labour Force Survey"

Note: Data are seasonally adjusted and quarter. Shaded areas indicate periods of recession.