

**Youth in Japan's labor market: quantitative and
qualitative indicators in the 21st century**

A Research Proposal Presented to
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by

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Abstract

The challenge of a rapidly shrinking and ageing population has become even more evident for Japan in recent years and it is a matter of time until the Japanese companies face the lack of personnel. It is, therefore, crucial to ensure higher employment and labor productivity and involving young population is one of the most important steps in achieving this goal. The proposed research aims to analyze youth labor market in Japan, provide a comprehensive overview on trends in its development throughout 21st century and evaluate the current conditions of this segment. Although Japan's labor market has been an object of study for years and has been analyzed by many researchers (Chuma, 1998; Hamaaki, 2012), we still observe the lack of literature focused on the young population. In order to conduct a more detailed research and fill the literature gap we will apply quantitative analysis of the statistics and qualitative methods where needed based on Fine's theory of labor market (2002). We hope this study will contribute to the existing knowledge on youth labor market in Japan, its peculiarities and current conditions.

Keywords: Japan's economy, labor market, youth employment

Introduction

The challenge of a rapidly shrinking and ageing population as a result of low fertility level, greater longevity and strict immigration policy has become even more evident for Japan in recent years. A brief glance at the statistics: negative natural population growth since 2015 and population aged 65 years and over accounted for more than 25% (The Japan Institute for Labour Policy and Training, 2016) highlight the need for a more active measures aimed at increasing labor force participation and productivity. This particularly concerns the young population cohort of the Japanese labor market since they have to become a driving force in the foreseeable future.

The Japanese labor market attracted the attention of many researchers who originally concentrated on changes in the lifetime employment system (Chuma, 1998; Hamaaki, 2012) mainly after the asset price bubble's collapse in 1991. Since Japan entered stagnation period called 'The lost decade' there has been numerous studies to investigate the overall situation and trends in the labor market carried out by The Japan Institute for Labour Policy and Training (2017), OECD (2017) and other scholars such as Kambayashi & Kato (2009), Aoyagi & Ganelli (2013) and Kawaguchi (2017). However, all studies mentioned above did not include detailed description of the youth segment of the Japanese labor market.

One of the first authors to notice the significance of new research aimed specifically at the young population unemployment issues was Yuji Genda (2000, 2005, 2007), whose ideas were then developed by Yoshimoto (2002). More recent and comprehensive studies were carried out by Lebedeva (2016) and OECD 'Investing in youth' project (2017). Both studies, though, seem to cover either limited number of labor market indicators or pay little attention to the analysis of tendencies throughout the 21st century with due regard for different economic conditions.

The present study aims to provide a broader overview on the Japanese youth labor market, which includes:

1. Analysis of the market trends since the year of 2000 until nowadays.
2. Comprehensive description and evaluation of the current state of the market and its contemporary challenges.

We hope to achieve this purpose by the means of quantitative secondary data collection from the Ministry of Health, Labour and Welfare of Japan (2017) and Statistics Bureau of Japan (2017), its further systematization and inductive and comparative analysis with other segments of the labor market by year. In order to evaluate current conditions such as flexibility, wages balance and labor power of the market we plan to adopt the labor market theory offered by Fine (2002). Consequently, this study might contribute to a more thorough description of Japan's youth labor market in the 21st century, its peculiarities in terms of reaction to different economic conditions and hence provide a more detailed picture for the researchers, political analysts and companies seeking for new labor force in Japan.

Literature review

Japanese labor market, being one of the problems of the utmost importance for Japanese economy, has been discussed by a great number of authors since the asset price bubble's collapse in the late 1991. A considerable body of literature analyzes the overall state of labor market in Japan, its tendencies and important challenges that have to be addressed. However, previous studies have mainly focused on the general issues relevant to the whole labor market without paying attention specifically to the young segment. Although some of the works did notice the significance of more thorough research on trends and issues of youth employment, the research in this sphere still remains limited.

Labor market analysis

As mentioned above, the majority of prior research concentrated on the description and analysis of overall trends, peculiarities and issues of labor market in Japan.

Originally, the surge of academic interest to the labor market was connected with the changes in the lifetime employment system and the increasing numbers of non-regular employees which was described by Chuma (1998), who was one of the first scholars to notice this trend, and by Hamaaki (2012), who expanded the research in this field with the up-to-date statistics and clearly indicated the transformation of the Japanese lifetime employment.

At the same time, since Japanese economy entered a stagnation period which calls to more thorough research and more active policies, we observe a wide range of studies dedicated to the quantitative and qualitative analysis of labor market indicators such as employment/unemployment trends, wage systems, regional employment tendencies, employment figures by gender, employment by industry etc. Such studies were mainly conducted by The Japan Institute for Labour Policy and Training (2003-2017), OECD Employment Outlook (2010-2017) and some scholars including Kambayashi & Kato (2009), Aoyagi & Ganelli (2013) and Kawaguchi (2017). Despite the fact that all studies mentioned

above present a thorough and up-to-date analysis of labor market in Japan, the authors seem to either not focus their research on the young population or present very limited findings such as only unemployment rate or wage structure.

Youth labor market

Yuji Genda (2000, 2005, 2007) seems to be one of the first authors who indicated the importance of more detailed research on the youth employment issues. His findings suggest that while employment of middle-aged and older people was relatively safeguarded, opportunities for younger population reduced dramatically. Further detailed research on this topic was conducted by Yoshimoto (2002) who provided a thorough analysis of the existing tendencies of the young population segment, explored the issues and described the policies of the government aimed at the improvement of the employment opportunities for youth in Japan. However, given that these articles were published in 2000, 2002, and 2005, it becomes evident that a number of questions regarding youth employment until nowadays remained unaddressed.

The most recent studies on this topic were carried out by Lebedeva (2016), who explored the current state of the youth labor market in Japan and presented the analysis of employment/unemployment figures, employment by gender, types of employment and the evaluation of the current situation. However, this research seems to be quite limited in terms of other indicators which could reveal more information on the youth labor market and its current issues such as regional employment, wages, employment by industry etc. Another comprehensive work that has to be mentioned is 'Investing in Youth' by OECD (2017) which presents the most recent data on youth employment and provides in-depth analysis of the indicators mentioned above by the year of 2017. Yet, the scope of the analysis, as well as in Lebedeva's study (2016), does not include the description of the trends and the reaction of labor market to different economic conditions that Japan has overcome during the 21st century.

Thus, the purpose of this research is to provide a comprehensive overview of youth

labor market in Japan from the beginning of the 21st century until nowadays. In order to address the research gap we are planning to take the following steps:

1. Analyze the indicators of the Japanese labor market regarding its young segment and tendencies since the beginning of the 21st century.
2. Describe how this segment reacts to the changes in economic conditions.
3. Reveal the existing problems of the young population employment.

Provide an evaluation of the overall market indicators and trends, as well as possible forecasts for the near future.

Methods

The present study aims to analyze and describe the tendencies in youth segment of the Japanese labor market, its peculiarities in terms of reaction to changing economic conditions and to reveal the current issues of youth employment. Although the research will be mostly based on the quantitative data collection and analysis, qualitative methods will be applied as well where needed.

Data collection

We will base our study on the most reliable secondary data provided by 2 organizations: Ministry of Health, Labour and Welfare of Japan and Statistics Bureau of Japan. The quantitative data collection will include the following numerical indicators regarding young population in Japan aged 15-24 from 2000 to 2017:

- Employment/unemployment rates and active/inactive population
- Proportion of regular and non-regular employees
- Employment figures by industry
- Wages
- NEETs (Not in Employment, Education or Training)
- Employment figures by gender
- Regional employment

Since the organizations mentioned above provide nationwide statistics on youth employment, no sample design is needed.

Data analysis

The obtained data will be further organized and presented as charts and graphs through MS Excel and R programming with breakdown by year. After that the figures will be scrutinized with inductive analysis in order to describe the tendencies and transformations of youth labor market, taking into account economic conditions of each period. Comparative analysis will also be applied so as to determine whether the tendencies of this segment

coincide with the overall trends of the labor market or not.

The evaluation of the market and its current problems will be based on Fine's labor market theory (2002): we will assess the flexibility, labor power and wages balance of youth labor market and define the indicators as positive or negative.

Scope and limitations

The limitations of the present study are two-fold. First, although we intended to analyze the most recent statistics by the year of 2018, it is not available to public yet in the database of Statistics Bureau of Japan and, therefore, we will have to use the data as of December 2017. Second, taking into account the peculiarities of employment practices in Japan, such as seniority-based wage system, the evaluation of the market based on Fine's theory (2002) might not provide a full picture of wages balance of the Japanese youth labor market.

Expected outcomes

The purpose of the study is to provide a comprehensive overview of the recent trends in Japan's youth labor market, its current condition and significant issues. Since youth employment is considered to be an important topic for academic society and political analysts, as well as for HR departments of the enterprises searching for new labor force, the perceived outcomes of the research are three-fold.

Given that we expect this study to shed more light on the current indicators of youth labor market in Japan and provide more accurate overview of its development throughout the 21st century which was rather rich in various business and economic conditions, it might firstly serve as a basis for more specific and narrow studies dedicated to wage balances, regional employment, labor productivity indicators as well as for the possible forecasts for this segment. Second, it might be of use to political analysts and advisors on the labor market policy in Japan, providing them with the required data for preparing recommendations on key policies regarding the youth segment of Japan's labor market. Furthermore, the analysis of reaction and flexibility in terms of different economic conditions may contribute to ensuring timely and adequate responses to economic crises in the foreseeable future. Finally, it may enable HR departments of companies searching for the workforce among young professionals to build more effective strategies and forecasts while conducting labor market research.

Results of this study will be presented in the department of World Economy and International Affairs at the National Research University – Higher School of Economics and after that will be available to public. The findings might also stand for publication in academic journals such as Yearbook Japan, Japanese studies, Actual problems of modern Japan etc.

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