

Analysis for Japanese Youth Employment

Yoko Nitta 08 July 2013

Japan Science and Technology Agency (JST)/Research Institute of Science and Technology for Society (RISTEX)
May 2013

*The analysis contained in this paper is personal to the author and does not reflect the views of the JST/RISTEX.

Currently the world is facing unfamiliar circumstances, including youth unemployment. In these uncertain times, traditionally standard principles are changing. For example, resilience is being discussed instead of strength, risks are being recognized instead of approaches normally viewed as "safe," and "system" is replacing a previously long list of objectives. People are becoming more disobedient instead of remaining compliant, with people paying more attention to practices rather than to theories. Simply put, a "platinum revolution" has completely changed our lifestyles over the past two decades.

In Japan, a simultaneous hiring system involving new graduates has been adopted following a period of high economic growth experienced during the 1960s. This demand required enough human resources to meet the scarcity at that time. This hiring system has a certain

advantage, with more than 90% of new graduates (upwards of 300,000) finding jobs every year. This comes as a result of the unique hiring system in Japan, and it has worked well. One of the hallmarks of Japanese culture is that for the sake of uniformity and stability, everyone behaves in the same orderly manner.

“Stable” is the key word for this system, and there is yet another labor market solely for new graduates. Although new graduates lack job skills, there is a proper on-the-job training system arranged after joining the company. There is no sorting between presumed “elite” and “non-elite,” and with no competition among graduates, horizontal promotion is promising for everyone.

However, Japan needs to seriously consider “re-regulation” due to the paradigm shift. The fundamental industries need to adapt “web3.0” after experiencing financial crises and globalization. Many Japanese corporations have started to explore overseas markets. This has caused a gap between companies and job seekers. Young job seekers who fail to land full-time positions as new graduates and instead move from job to job as part-timers or temporary workers often do not get the training they need to advance in the career world. This in turn leads to a serious situation for social security.

With more than 40% of Japanese in their early 20s toiling away as low-paid, irregular workers, major reform is needed to deal with this increasingly urgent social issue

we know as "social security."

As The Organisation for Economic Co-operation and Development (OECD) pointed out on their position paper in 2008, "Japan could do more to help young people find stable jobs." It added that "Young people are severely affected by the growing dualism in the Japanese labour market. In 2007, around one in three young workers aged 15-24, excluding students, were in so-called non-regular work, such as temporary or part-time jobs. These jobs provide low income and social insurance coverage and little potential for people to develop their skills and careers. It is also difficult to move from temporary into permanent work, leaving many young people trapped in precarious jobs."

In this regard, to help young people in temporary or part-time jobs, or those known as "freeters," the Japanese government has introduced a series of reforms. These include setting up a residential training camp for discouraged youth, job cafés, a one-stop service centre for young jobseekers, and the Job-Card system to promote vocational training and career development.

The Job-Card system was introduced in 2008 to verify the employment history and vocational skills of cardholders. But only 16,000 companies nationwide -- 0.6% of the total -- use the system. So far, 790,000 people hold Job-Cards in Japan, far short of the

government's target of 3 million by 2020. The system assesses the job skills of workers using a five-point rating scale for over 800 types of jobs. Combined with a job-training program, the system has helped young people find new jobs and build their careers. It is vital to establish a system to assess potential employees' job skills to make sure that the skills job-seekers acquire lead to gainful employment, promotions and pay increases.

The importance of such a system is apparent in the case of one 30-year-old college dropout. Since quitting school, this individual has hopped from one part-time job to another and is constantly worried about how he will pay his pension premiums. He has managed to keep up with the payments so far, often dipping into his savings to do so, but he has been unable to find stable employment.

Another new reform, "job supporters," has been producing positive outcomes. Employment rates for March 2013 high school and university graduates have improved significantly, thanks largely to some 2,300 consultants at public-run job-placement centers nationwide. A Labor Ministry report stated that the employment rate for college graduates has risen for the second straight year to 93.9 percent, while a separate report by a high school teachers' union put the rate for high school graduates at a record-high 93.8 percent. The brisk rise in employment is due to enhanced use of "job supporters" who have gained experience in human

resource management at private companies and are thus dispatched to public job placement agencies all over Japan. The government has increased the number of such job supporters since fiscal year 2010, following the 2008 Lehman Brothers collapse.

In addition, the Japanese government has launched a new initiative entitled "Encourage Engagement in Agriculture by Young People" in which Ministry has provided integral support. This support includes taking necessary measures to improve the technical and management skills of farmers. Encouraging those engaging in farming to acquire updated agricultural technologies and management methods will help to develop and secure the human resources necessary for efficient and stable farm management. Japan is currently facing aging issues, with the average age of farmers at approximately 66 years of age. At present the country's food self-sufficiency ratio is 40 percent, which means that Japan depends on imports for 60 percent of its food supply. In order to maintain sustainable and robust farmers to continue producing food, we need 20,000 young farmers working annually. The generously supported, integrated system provides incentives from the government, such as supplemental funding of up to \$1,500 a year for five years and appropriate training for two years, and has encouraged and helped avoid serious worry or anxiety among young people. They also find pleasure in agriculture which they have never before experienced, including a new way of life

that is meaningful and brings with it a welcome sense of security. The number of young applicants interested in taking up farming has recently been boosted to 10,000 applicants who will gladly become thoroughly entrenched in their new mission.

One last point: in Japan, master craftsmanship has incorporated modern technical challenges over the years. Young people have turned their eyes to this treasure of Japan and this has become the driving force of Japanese manufacturing. This is yet another good sign of the restoration of the Japanese economy.

Yoko Nitta is currently an Associate Fellow of Research Institute of Science and Technology for Society (RISTEX)/Japan Science and Technology Agency (JST).

She has global responsibility of shaping its agenda and broad responsibilities for developing global bridges through her mission. She has been involved in Science Diplomacy in Japan and is an official member of the Science and Technology Diplomatic Circle in Tokyo, building links in many international cooperative activities.

She now works in international security (cyber security) and is a senior principal researcher at Japan Society for Security and Crisis Management.

Ms. Nitta believes in building trust and putting heart into her mission.

References

Ministry of Health, Labour and Welfare

<http://www.mhlw.go.jp/english/>

OECD position paper, 2008. "Off to a Good Start? Jobs for Youth." <http://www.oecd.org/employment/emp/46717876.pdf>

Japan Times News "Grad hiring successes laid to job center consultants."

<http://www.japantimes.co.jp/news/2013/05/21/national/grad-hiring-successes-laid-to-job-center-consultants/#.UaVuEnfEJ8E>

The Nikkei. April 30, 2013. "OPINION: Problem of Job-Hopping Youth Needs Tackling."

<http://e.nikkei.com/e/fr/tnks/Nni20130430D30HH711.htm>

Ministry of Agriculture, Forestry and Fishery. Statistics of Agriculture, Forestry and Fisheries.

http://www.maff.go.jp/j/new_farmer/

http://www.maff.go.jp/j/tokei/kouhyou/sinki/pdf/sinki_syunou_11.pdf