

The Japanese economy: topic of the month

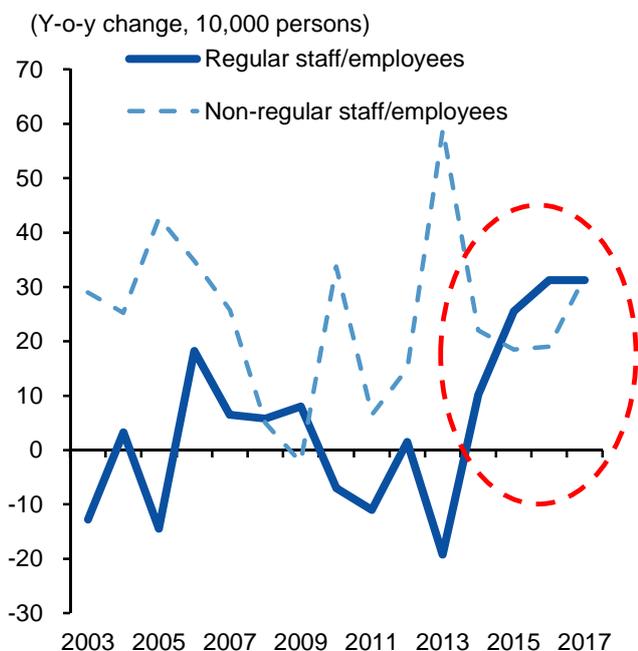
Will female employees' shift to regular employee status lead to the rise of wage levels in Japan?

Takayuki Miyajima, Senior Economist, Economic Research Department

According to the *Labour Force Survey (Detailed Tabulation)*, the number of employed persons in FY2017 reached a historical high of 65.57 million. In particular, there has been a dramatic increase of female employees from FY2013 onward when *Abenomics* was started. The change between FY2012 and FY2017 reveals a large gap between the increase of female employees (2.15 million) and male employees (0.63 million).

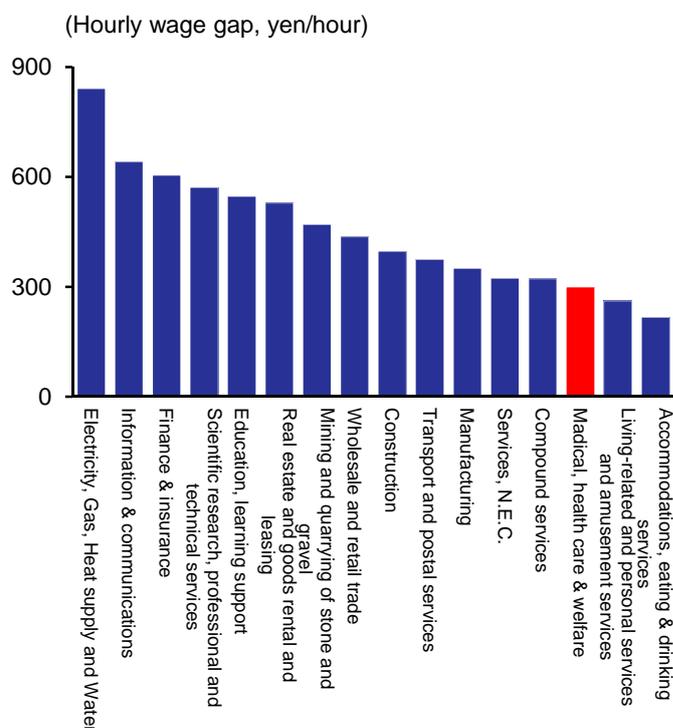
Although often believed that more women are working on a part-time or non-regular basis along with the increase of dual-income households, a breakdown indicates that regular employees have started to increase from FY2014, and is about to surpass the pace of increase in non-regular employees (**Chart 1**). Reflecting the labor

[Chart 1: Breakdown of female employees]



Source: Made by MHRI based upon Ministry of Internal Affairs and Communications, *Labour Force Survey*

[Chart 2: Wage gap between general and part-time female workers]



Note: Gap in hourly wages between general and part-time workers (2015-2017 average)

Source: Made by MHRI based upon Ministry of Health, Labour and Welfare, *Basic Survey on Wage Structure*

shortage felt among corporate enterprises due to the decrease of the working age population and recovery of economic conditions, working conditions are being upgraded in a bid to secure employees. Thus, it appears that the shift of labor toward regular employees will continue for the time being.

As in the case of the male employees, the shift of female employees to regular employee status serves to push up the average wage per worker. However, it should be noted that the sector in which female regular employees increased the most since FY2015 is the medical, healthcare & welfare sector, and that its wage gap between general(regular) and part-time(non-regular) employees is small in comparison to other sectors (**Chart 2**). The increase of regular employees in the medical, healthcare & welfare sector alone would only have limited effect in lifting wages in the short run.

Even so, considering that the shift toward regular employees is starting to progress in sectors with large wage gaps such as the information & communications and finance & insurance sectors, and that the wage curve of regular employees is also steeper than that of non-regular employees in the medical, healthcare & welfare sector, the shift of female employees to regular employee status will serve to push up wage levels in the medium-term.

Mizuho Research Institute Ltd.

This publication is compiled solely for the purpose of providing readers with information on a free-of-charge basis and is in no way meant to solicit transactions. Although this publication is compiled on the basis of sources which we believe to be reliable and correct, Mizuho Research Institute does not warrant its accuracy and certainty. Readers are requested to exercise their own judgment in the use of this publication. Please also note that the contents of this publication may be subject to change without prior notice. In the event readers do not wish to receive information free of charge from Mizuho Research Institute, readers are requested to notify their wish to suspend subscription.