
Employment of New Graduates

Mitsuko Uenishi

Hosei University

I. Career Options of Upper Secondary School Graduates and Their Advancement to Higher Education Institutions

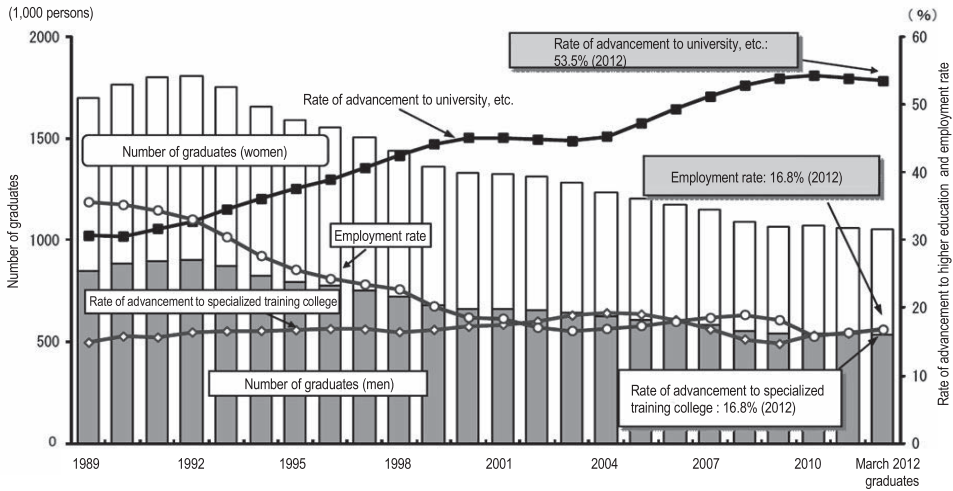
The primary purpose of this paper is to present statistics concerning employment by new graduates of higher education institutions. The following provides a backdrop by examining the career options of upper secondary school graduates and the circumstances of their enrollment in higher education institutions.

Figure 1 shows long-term trends that start with March 1989 graduates. Amid a decline in the number of upper secondary school graduates following a peak in March 1992, the percentage of graduates advancing to universities and junior colleges has risen while the employment rate has fallen. During this time, the rate of advancement to specialized training colleges, which are full-time training institutions, has remained largely unchanged.

Looking at upper secondary school graduates of March 2012, who represent the latest available data set, 53.5% went on to a university or junior college (47.6% went to a university), 16.8% went on to a specialized training college, 6.1% entered a miscellaneous school (university preparatory school, etc.), 0.6% entered a public vocational training institution (public human resources development facility, etc.), 16.7% sought full-time employment, 1.3% were in temporary work, and 4.9% neither entered an institution of higher education nor full-time employment.

Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT) defines an "enrolled student of a higher education institution" as a person enrolled in a university, in a junior college, in the fourth year of a college of technology, or in a specialized training college. In the following discussion, the author wishes to present statistics illuminating the post-graduation employment circumstances of people who advanced to a university or specialized training college, which are the leading options taken by upper secondary school graduates.

It is worth noting that, according to Table C.1.5. of the OECD's *Education at a Glance 2012*, the percentage of full-time students in tertiary-type A education (which represents baccalaureate degree programs) and advanced research programs in Japan is 90.8%, which is considerably higher than the OECD average of 79.6%. Likewise, the percentage of full-time students in tertiary-type B education (which refers to higher education other than university baccalaureate degree programs) in Japan is 97.0%, which is significantly higher than the OECD average of 71.4%. In Japan, the pattern of "school-to-work transition"—whereby people with no experience with full-time employment study at universities and other types of higher education institution and then take on full-time work after



Source: Ministry of Education, Culture, Sports, Science and Technology, *School Basic Survey*.

Figure 1. Career Paths of Upper Secondary School Graduates

graduation—remains the norm. For this reason alone, post-graduation employment rate serves as an important indicator in grasping youth employment issues.

II. Employment Circumstances of Specialized Training College Graduates

MEXT’s School Basic Survey does not present numerical values concerning the employment of specialized training college graduates. The School Basic Survey presents tables that individually show how graduates of lower secondary schools, upper secondary schools, colleges of technology, junior colleges, universities, and graduate schools move forward with their careers, but lacks tables concerning the employment of graduates of specialized training colleges.

However, when a reporter affiliated with the Sankei Shimbun Co., Ltd., inquired with MEXT about this situation, he found that it is possible to calculate the employment rate of graduates by accessing “specialized training colleges” of the School Basic Survey’s “school survey and correspondence education survey (upper secondary schools)” via the government’s statistical portal e-Stat and then using the number of graduates of the table for “specialist courses” of “number of graduates by subject” (Table 191 [4-3] in fiscal 2012) as the denominator and “number of people who obtained employment of the total” as the numerator. Calculation conducted in this manner produces an employment rate for graduates during fiscal 2011 of 77.4%.

Nonetheless, the School Basic Survey’s lack of an easily comprehensible table on the employment circumstances of specialized training colleges is puzzling. Even if it is true that

ascertaining conditions in specialized training colleges is difficult due to their different program periods and other factors, the availability of data for calculating employment rate should make it possible to present easy-to-understand representations of these data.

III. Two Different Indicators Showing the Employment Circumstances of University Graduates

1. Employment Rate Calculated Using Graduates as the Denominator, and Employment Rate Calculated Using Job Seekers as the Denominator

Let us now turn our attention to employment by university graduates. Each year, two different types of university graduate employment rate are presented in government statistics. According to the results of the fiscal 2012 School Basic Survey, which was issued by MEXT on December 21, 2012, the employment rate of people graduating from university in March 2012 was 63.9%. On the other hand, according to the Survey on the Number of New Graduates Entering Employment that was issued jointly by the Ministry of Health, Labour and Welfare (MHLW) and MEXT on May 15, 2012, the employment rate of people graduating from university in March 2012 was 93.6%. Why is it that these differing values are both given the same name of “employment rate”?

The School Basic Survey’s employment rate is calculated using graduates as the denominator. However, the employment rate presented by MHLW and MEXT’s joint Survey on the Number of New Graduates Entering Employment is calculated using job seekers as the denominator. Consequently, the employment rates presented in these two surveys vary greatly.

Because both of these values are presented as “employment rate” and can even appear in newspaper reports without detailed interpretation, they give people an incorrect picture of Japan’s employment rate among graduates. Indeed, it is not uncommon to find cases in which people mistakenly think that more than 90% of graduates have found employment.

The following provides a more detailed interpretation of the statistics used in measuring these two employment rates.

2. The Dominator Used in Calculating the Employment Rate in the School Basic Survey: Graduates

The employment rate for university graduates that appears in the School Basic Survey is calculated using graduates as the denominator. Thus, looking at the case of graduates in March 2012, the percentage of those that found employment is 63.9%.

Figure 2 provides a breakdown of the post-graduation courses taken by university graduates. Specifically, 11.8% of graduates went on to graduate school or other forms of higher education, 63.9% found full-time employment, 2.0% went on to a specialized training college or overseas school, 3.5% were in temporary work, 15.5% were neither entering an institution of higher education nor full-time employment, 1.6% were residents, and 1.8%



Source: Ministry of Education, Culture, Sports, Science and Technology, *School Basic Survey (fiscal 2012)*.

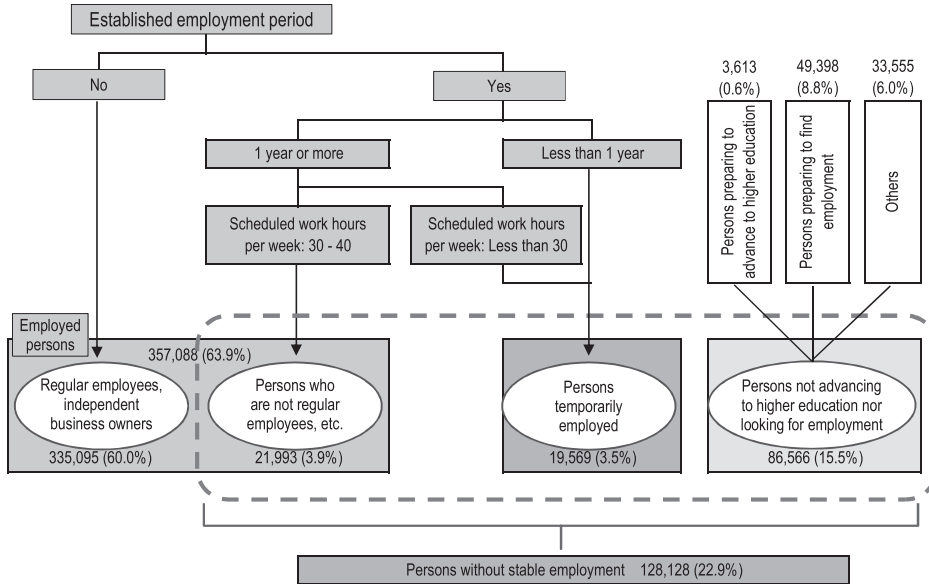
Figure 2. Career Paths of University Graduates

were deceased or of unknown status.

Such understanding of graduates’ post-graduation career paths comes from a yearly compilation by MEXT of results reported by all universities. They report the paths of their students as of May 1, which is after graduation. However, because they are allowed to report the career paths of their students at time of graduation when they cannot obtain this information as of May 1, it is thought that many universities survey each student on this topic at the time of their graduation and then report those results.

Looking at trends in career paths appearing in Figure 2, it is apparent that the number of graduates going on to graduate school, etc., does not fluctuate greatly, while the share of graduates finding full-time employment varies depending on the economic circumstances of the time. In years with low percentages of graduates finding employment, the percentage of “those neither entering institutions of higher education nor full-time employment” rises. Thus, it is apparent that the general employment practice for university graduates—namely, the system of hiring new graduates—comes with a degree of fortune or misfortune that depends on the economic circumstances existing when young people first enter the workforce.

Here, however, it must be noted that Figure 2 focuses entirely on graduates. Although in reality there are people who drop out of university as well as holdovers who repeat a year, the existence of these people is not reflected in Figure 2. The percentage of graduates of four-year courses who actually graduated in four years is provided in the 2012 School Basic



Source: Ministry of Education, Culture, Sports, Science and Technology, *School Basic Survey (fiscal 2012)*.

Note: Figures are number of university undergraduates; figures in parentheses are percentages among all graduates.

Figure 3. Career Path Items That Were Newly Incorporated into the School Basic Survey

Survey. It can be seen that between March 2009 and March 2010, a time when the employment rate fell rapidly, the percentage of people who graduated in four years also fell from 80.5% to 76.7%. From this, it can be assumed that, when economic circumstances mean a tough employment situation, a significant percentage of students choose to remain in school for one more year and look for employment as a new graduate in the following year, rather than look for employment after their actually scheduled graduation. The existence of such “holdovers for employment purposes” reflects the current situation in Japan, where graduating from university without securing employment as a full-time employee means a difficult road in securing good employment opportunities.

Given the above, the following should be added to discussion of the School Basic Survey’s study of university graduates’ career paths. Two survey design changes are made beginning with the fiscal 2012 survey.

One is the establishment of a “number of limited-term employees” category within the breakdown of people who have obtained employment. This category applies to people working on the equivalent of a full-time basis with an employment contract period of at least one year. Despite the fact that more and more people are finding employment under limited-term employment contracts even as new graduates, it has been impossible to grasp

the percentage of such people from School Basic Surveys conducted heretofore. This change makes it possible to classify people who have found jobs after graduation as “regular full-time employees,” “limited-term full-time employees,” and “people in temporary employment.” As is shown in Figure 3, in the case of people graduating in March 2012, these percentages are 60.0%, 3.9%, and 3.5%, respectively.

And the other change is the classification of the category “those neither entering institutions of higher education nor full-time employment” into “those preparing to advance to higher education,” “those preparing to find employment,” and “others.” This appears to be designed to identify reasons why people who have not yet determined their career paths are undecided. These results are also shown in Figure 3. However, it must be noted that “others” includes people who are preparing to acquire a certification or qualification and people who came to study at a Japanese university and then returned home. Consequently, seeing “others” as a problematic classification of people who have no desire to advance to higher education or find employment should be avoided.

3. The Dominator Used in Calculating the Employment Rate in the MHLW and MEXT Survey: Job Seekers

The employment rate in MHLW and MEXT’s joint Survey on the Number of New Graduates Entering Employment shows the percentage of people who have obtained employment by using job seekers as the denominator. According to this method, the employment rate among people who graduated from university in March 2012 is 93.6%.

As opposed to the School Basic Survey, which seeks to ascertain graduates’ career paths, this joint survey is for the purpose of illuminating the employment circumstances of job seekers. Targeting students in their final year of study, the joint survey is conducted four times each year; specifically, on October 1, December 1, February 1, and April 1 (after graduation). It does not target the entire number of students, but is instead a sampling survey. It tracks the same samples at four time points up to their graduation (a total of 5,690 people that include university students, junior college students, and college of technology students). The surveys conducted in October, December, and February are called Surveys of Formal Appointments for Persons Scheduled to Graduate from Universities, etc. Survey results obtained at the four time points are announced separately by MHLW and MEXT.

A point that must be borne in mind when reading the surveys’ results is that the number of job seekers gradually decreases at the four time points. Accordingly, an employment rate of 93.6% does not mean that 93.6% of the initial job seekers have found employment.

Let us look at this in more detail. Looking at the results of the fiscal 2011 sampling surveys of university students, the formal appointment rate rose from 59.9% to 71.9% and then to 80.5% in October, December, and February, respectively. And the employment rate of April reached 93.6%. When these results are taken at face value, there is a tendency to think that even though the share of job seekers receiving formal appointments was only 59.9% in October, ultimately 93.6% of job seekers found employment. However, in actuali-

ty, this is not the case.

According to figures announced by MHLW as estimates taken from the sampling survey, the number of university students who are job seekers showed a decline at the four time points of October, December, February, and April (425,000, 416,000, 406,000, and 381,000, respectively). A comparison of October and April shows a 44,000-person decline in the number of job seekers. It is highly likely that this number includes many people who have given up looking for employment. Moreover, this number of 44,000 people is larger than the 25,000 people who have not received formal appointments but remain job seekers (also an MHLW estimate) as of April.

In other words, the existence of people who have given up looking for employment is not reflected in the 93.6% employment rate of April. Nonetheless, the misunderstanding that more than 90% of job seekers find employment is widely shared throughout Japan.

In light of the above, it is the author's opinion that the *School Basic Survey*, which seeks to ascertain graduates' career paths, serves as a more appropriate reference when illuminating the employment situation of Japan's university students than the results of the joint survey by MHLW and MEXT.

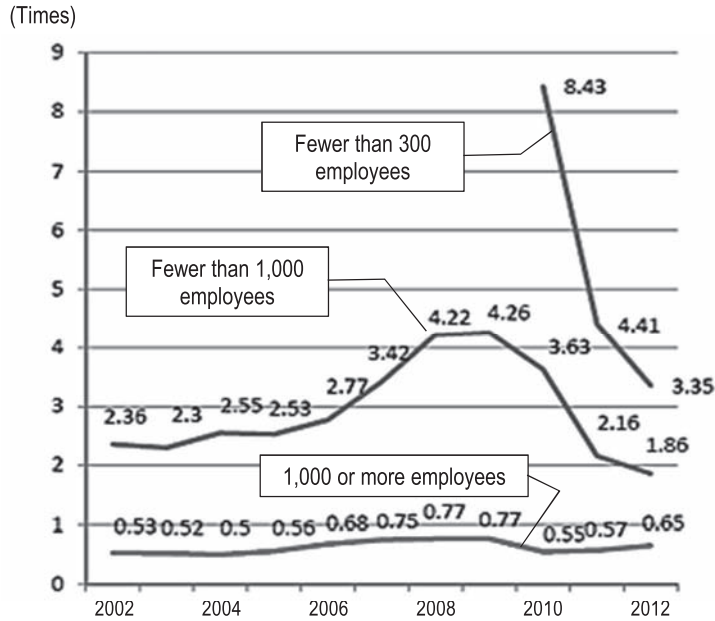
4. Necessity for Official Statistical Data for Ascertaining the Numbers of Job Openings for University Graduates and Job Seekers

Thus far, this paper has examined statistical data for ascertaining the actual labor circumstances of university graduates. However, efforts to improve the employment environment for university graduates require not only such results-based statistical data but also statistical data on the numbers of job openings and job seekers. The questions that must be answered here are: What are the sizes and industrial categories of enterprises that hire university graduates? How many graduates do such enterprises intend to hire? And how many university students are looking for employment?

However, in actuality, official statistical data concerning these points do not exist. In the case of employment among high school graduates, MHLW gathers data on the numbers of job openings and job seekers and then announces the job opening-to-application ratio. Information on job openings targeting high school students are sent to high schools through Public Employment Security Offices. Official statistical data are also obtained within this system. The result is a detailed understanding of openings for high school students by prefecture, industry, occupation, and establishment size.

On the other hand, the number of job openings for university students is not officially understood. The organization that surveys such job openings is a private-sector research body called Recruit Works Institute.

University students' job-hunting activities need not go through Public Employment Security Offices or their universities. Many companies provide information on job openings via employment-support websites that are operated by private enterprises, among them Recruit Career Co., Ltd. University students utilize these sites to apply for jobs.



Source: Cabinet Office, *Jakunen Koyo wo Torimaku Genjo to Mondai* [Current circumstances and issues surrounding youth employment]. Material No. 1 presented at the seventh meeting of the Cabinet Office’s “Employment Strategy Dialogue” (March 19, 2012).

Figure 4. Job Opening-to-Application Ratio for University Graduates by Enterprise Size

Within this system, Recruit Works Institute, which is a research organ of the Recruit Group, conducts surveys to track companies’ job openings and students’ job-hunting trends. Each year, it announces the results as the College Graduates Job Opening Survey. According to this survey, the number of people seeking jobs with private enterprises is gradually growing each year in line with a rising university advancement rate, while the total number of job openings varies greatly depending on the economic circumstances prevalent at the time. Consequently, the job opening-to-application ratio fluctuates considerably. To illustrate, the job opening-to-application ratio for March 1991 graduates was 2.86, while that for March 2012 graduates was 1.23.

The results of the Recruit Works Institute’s surveys are utilized as basic data by the government in its policy making. Figure 4 shows a portion of data that the Cabinet Office presented to a committee that it established in response to a demand by the Prime Minister. The figure shows the results of the Recruit Works Institute’s survey. Even if the overall job-opening-to-application ratio is established as 1.23 times, the ratio varies when looked at in terms of enterprise size. This result is interpreted as showing that even though small and medium-sized enterprises are keen to hire university students, university students are more

interested in joining large enterprises. Given this, the government is looking to find policies that will encourage students to give more of their attention to small and medium-sized enterprises.

However, the students' desires that are shown here are based on a questionnaire that was conducted in February 2011, and thus they reflect desires that existed at the earliest stage of job-hunting activity. In actuality, many students do indeed turn their attention to small and medium-sized enterprises when faced with the reality that they cannot get a formal appointment from a large enterprise, even if that is what they originally wanted. Moreover, students often change their desired business sector. This process is not reflected in the survey's results.

Furthermore, even more important than job opening-to-application ratio are data that reveal the degree to which enterprises have demand for university graduates, with focus on their sizes and business sectors. Despite this, details regarding job opening trends cannot be grasped from data published by the Recruit Works Institute. In terms of the staff sizes of recruiting enterprises, total job openings are presented in only two classifications: enterprises of fewer than 1,000 employees and enterprises with 1,000 or more employees. Additionally, the total number of job openings by business sector is broken down into only four categories: "manufacturing," "distribution," "finance," and "services and information." The author believes that there is a need for officially ascertained statistical data on numbers of job openings.

In October 2012, MHLW announced early job separation rates for new university graduates (three years following graduation) by place of establishment size (six categories) and industry. For job separation rates by industry, early job separation rates are announced in 18 categories, including "others," in accordance with the major industry categories established by the Statistics Bureau, Ministry of Internal Affairs and Communications (MIC), while for manufacturing, early job separation rates are announced in intermediate categories. Consequently, there are significant differences in early job separation rates among business sectors; for example, "accommodations, eating and drinking services" has a rate of 48.5%, while "manufacturing" has a rate of 15.6% (both figures are for March 2009 graduates).

What university graduates who seek jobs desire is not simply an employment, but rather decent work. Today, the problem of so-called "black companies"—i.e., companies that force employees to work long hours with only partial payment for overtime and that quickly use and discard young labor—has rapidly gained attention as a social issue.¹ Thus, university graduates must also consider the possibility that they could enter such a poor working environment.

If these circumstances are considered, it becomes apparent that the government and universities must not simply strive to have students find employment somewhere as regular full-time workers. Instead, they must support students so that they can find favorable em-

¹ Konno, Haruki, *Burakku Kigyo* [Black companies] (Tokyo: Bungei Shunjusha, 2012).

ployment opportunities. In order to do this, there is a need for the number of job openings to be ascertained by size of enterprise in line with the same major industry categories used for the job separation rate.

Today, half of all high school graduates decide to go on to university because of the difficult employment environment that they face, and job hunting as a university graduate is becoming the main route to employment among young people. Given this, the author believes that preparing effective youth employment measures will require official ascertainment of the number of available job openings for university graduates in a way that is matched to the Statistics Bureau's enterprise size and industry classifications. After doing this, it will also be necessary to reexamine how higher education meets the recruitment needs of specific industries and occupations.