

## School-to-Work Transition and Employment of Youth in Tokyo

-- For Comprehensive Support to Transition --

### Summary

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#### Study Period

Between April 2005 and October 2006

#### Objectives of Study

The objective of this study report is to grasp young people’s transition

comprehensively based on the data derived from the “Second Survey on the Working Style of Young People” conducted in February 2006 in addition to the first survey. This study report also intends to find the supporting measures for young people.

The situation of young people in Japan has changed drastically since the second half of the 1990s. The unemployment ratio of the young generation, which was lower than other countries in the world, has increased. Among the young generation, there is an increase in the number of so-called *freeters* who are part-timers and temporary workers and so-called NEET who are not in employment nor training.

The Japan Institute of Labour, which was the predecessor of the Japan Institute for Labour Policy and Training, immediately started its studies on the above-mentioned phenomena, and proceeded with its research and analyses. The results of studies conducted by the Institute were compiled in the reports of “*Freeters and Their Reality*” (2000b) and “Job-Seeking Activities of Young People in Tokyo” (2001). Both studies pointed out that the “transition of young people from school to work” had changed.

Since change of the transition of young people from school to work had appeared, and a variety of policies to support young people to find jobs had been implemented in Europe, we widened the scope of our study to include other countries’ policies. Having researched the policies and the status of young people in countries such as the United Kingdom, Sweden, Germany and the United States, we have learned that the policy for the “comprehensive support to transition” was implemented in these countries on the basis of acknowledgment that the changes of the transition of young people occurred not only in their job-finding activities but also in various fields.

To be a grown-up accompanies various changes inevitably. Japanese society thus far could have successfully solved the difficulties accompanied with these changes. Transition from school to work meant to the young people that they were employed as regular employees of companies. They could dwell at company dormitories or corporate housing, and thus they could become independent from their family with whom they had grown up, and could earn such income that they could form their own families. Pensions and health insurances operated by the companies could have avoided the problems of social securities. Education and training provided by the companies and the long-term employment assured by the companies provided individual people with the solution for career development. Thus, the solutions to many of the problems were secured by the companies. Professor Yoshinori Hiroi, who made the international comparison of the social security benefits paid in the early part of human life based on the materials provided by the OECD, pointed out that Japan is one of the countries in which the lowest payments of social security benefits were made for young people

(“Sustainable Welfare Society” in 2006). These poor public supports were supplemented by the companies and families. Professor Michiko Miyamoto recognized that the welfare to be provided by the government was substituted and provided by the welfare of the working places (the companies’ welfare), families, public work projects, social protections and regulatory controls in Japan (“Welfare States in Transition” written by Ms. Miyamoto and others in 2003). Professor Nozomu Shibuya, in addition, directly expressed that ““human rights” are substantially assured in Japan by his position in the labor market, i.e. his position in the corporate community, but not by his citizenship under the law” (“Soulful Work” in 2004).

When we talk about various problems accompanied with the process “to be a grown-up,” it had been sufficient in Japan thus far to consider the framework focusing on the transition from school to work. However, we have noticed, because of the increase of young people who are in an unstable employment status, such as *freeters*, that the problems Japanese society is facing are not merely the transition from school to work, but involve many other issues derived from the problems in such transition. In this situation, what research frameworks to address these issues are required, and what supports for young people are necessary?

The problems related to being a grown-up involve a wide range of issues, such as an increase of unmarried people, homeless youths<sup>1</sup> (which has not become apparent yet in Japan), pension and health insurance. This study report intends to grasp the various issues as cross-sectional problems including not only the issues mentioned above but also such issues as the forming of families and housings.

It is important that the support to transition should cover all young people. The supports provided by various organizations to young people who left school have been crucially limited. Job-cafes and the Japanese version of dual system established by the government in accordance with its “Independence and Challenge Plan for Young People” in 2003 have played a significant role. However, the current systems of supporting young people tend to be utilized merely by those with high educational background and do not encompass all young people as they lack the functions to proactively approach all young people. It is not true that regular employees have less problems than so-called *freeters*, as they suffer from long working hours and their attrition rate has become higher, and therefore it is pointed out that the issues of regular employees and those of *freeters* should be treated as “contiguous issues” which are linked with each other (Mr.

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<sup>1</sup> According to the daily newspaper “Asahi Shimbun” issued on July 11, 2005, businesses have been growing to offer temporary contracting jobs with daily payment and dormitories to young people who do not have residences but move around for their accommodation from their friends’ houses to comic cafes.

Makoto Kumazawa “When Young People Work – neither being disposed of nor being exhausted” in 2006). The supporting systems should not be considered only to cover the *freeters*, but should cover the full range of transition problems.

This study report adopts its research framework which takes a broader perspective involving different transitional processes, such as the forming of family, welfare, housing, social networks, etc., while putting the transition from school to work as a central issue. The definition of “comprehensive support to transition” is also adopted in this study report that provides total support to all young people.

It is considered that the application of the framework of comprehensive support to transition may contribute to the following points:

First of all, it can be clarified through the recognition of the transition problems comprehensively that the transition problems of young people from school to work do not stay as a job-finding issue but spread into and have an impact on other areas. A typical example is the strong link between employment, forming of family and housing. Although employment is the most important parameter in the transition, its influence is not in one way, but may be interoperated with other factors. The actions from factors outside of employment (e.g. the social network) may result in finding a job.

Secondly, it is possible to provide support to young people who have problems in other areas than employment. This has not been recognized well. For example, it is not possible for homeless people to enter employment as they do not have any fixed address, and therefore the housing issue should at first be solved before obtaining employment. By this approach it is possible to shed light on people who have problems to be solved before solving the employment issue.

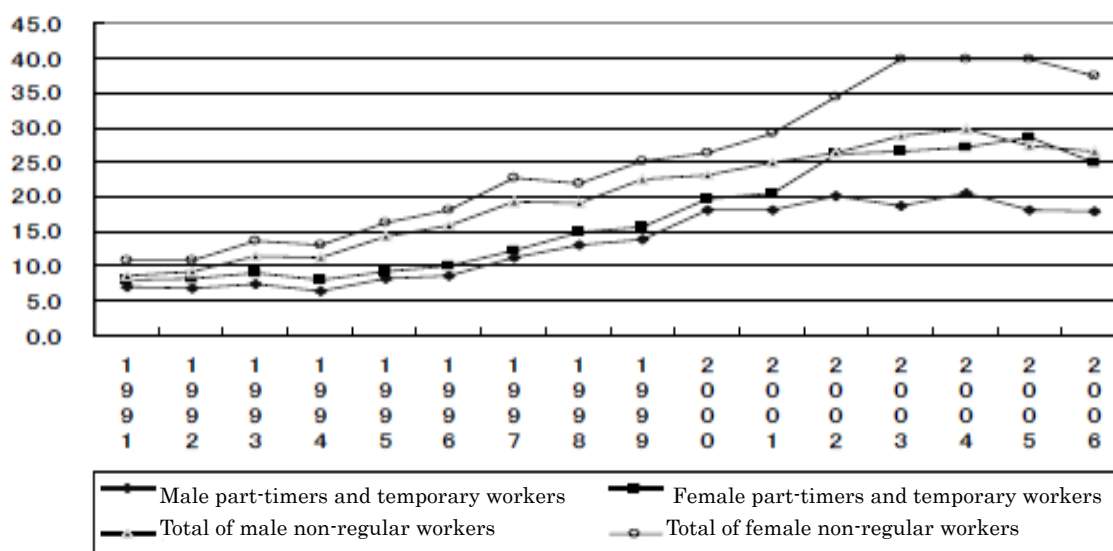
Thirdly, by covering all young people, it is possible to eye people who experience different employment status in the process of transition, such as regular employee, unemployment and *freeter*, as well as people who are employed as regular employees but have other problems than employment status. As analyzed later in this study report, there are many different young people, such as those who experience a not-straight-forward transition or those who suffer from long working hours.

It is not easy to recognize the transition comprehensively, and it cannot be accomplished only by this study report. As the first step, this study report compares the transition of young people from school to work at two different points of time, and also studies the relationship between employment and other factors. The reason why we adopt the comparison of the data at two different points of time is that data at one point of time do not always give us a clear picture.

Before presenting the summary of this study in the next chapter, it would be worth

showing the changes in the employment status of people between 15 and 24 years of age by using the data of “Labour Force Survey” conducted by the Ministry of Internal Affairs and Communications (Figure 1). With this data, we can know the changes of employment of non-regular workers. Employment of non-regular workers, such as part-time and temporary workers, increased till 2002. While the increase of those workers in recent years slowed down, the number of other types of non-regular workers, such as temporary workers dispatched by agencies and limited-term contracting workers, increased. In 2006, however, the increasing ratio of the employment of non-regular workers grew stagnant. Thus, the economic recovery can be recognized from the data of employment.

Figure 1: Employment of people between 15 and 24 years of age  
(ratio against all employees except board members)



Source: “Special Survey of the Labour Force Survey” conducted in February each year by the Ministry of Internal Affairs and Communications. After 2002, “Detailed Tabulation of Labour Force Survey” conducted between January and March by the same Ministry.

Note: The number of employees of non-agricultural industries (except executives of company or corporation) is counted as 100.

### Summary of Study

In this study report, the issues are analyzed through comparison of the results of two surveys.

“The First Survey on Working Style of Young People” was conducted in February 2001.

In total, 2,000 young people, between 18 and 29 years of age, consisting of 1,000 regular employees and 1,000 *freeters* (excluding students in regular course of schools and universities and housewives) living in Tokyo Prefecture (excluding islands) are surveyed.

The reason why the young people in Tokyo were chosen is that it is considered that the employment situation of young people in Tokyo in 2001 reflects the advanced phenomena, which may spread through the whole of Japan in coming years, and in this sense is considered to show the future status of young people in Japan.

In order to extract the objects to be surveyed, the area sampling is at first made by way of the sampling method of probability proportional to size, because the Basic Resident Register is not accessible. At first, each area is given the probability proportional to its population. In the areas selected randomly, a certain number of samples are extracted so that the ratio of such samples against the total population of the area could be the same as the ratio of the young people in question against the parent population. This means that samples of 100 areas are selected at random where there are young people at the age in question, all of whom are presumed to be given a serial number being registered in one name list.

In each of the selected 100 areas, the researcher visits one house in every three houses (no two or more samples are selected in one house) walking around in the area counterclockwise. The researcher visits the house and continues to do so till he finds a sample who will cooperate with the survey. The researcher should extract 20 samples in the area which are proportionate to the gender and the layers of age (in this report they are divided into the age of 18 and 19, the age of the early 20s and the age of the late 20s) to reflect the parent population. Therefore, the response rate is uncountable.

Analysis is made on “The First Survey on Working Style of Young People” putting the weight on the samples proportionate to the actual number of regular employees and *freeters* in gender and in layer of age which are derived from the employment status of the “Employment Status Survey” in 1997 and the “Population Census” in 1995.

“The Second Survey on Working Style of Young People” was conducted in February 2006. The objects of survey were 2,000 young people in total (excluding students in regular course of schools and universities and housewives) who are between 18 and 29 years of age and living in Tokyo Prefecture (excluding islands). Different from the first survey, weighting is not done in the second survey. The method of extraction of samples is the same as is done in the first survey.

Because of the ways of the surveys mentioned above, it is to a certain extent possible to compare each category of “regular employees” and “*freeters*” between the first and

second surveys. However, we have to note that when we make a comparison of the ratio of each category against all young people of the parent population, the ratio of regular employees in the first survey may be slightly higher due to the characteristics of the “Employment Status Survey” in 1997 and the “Population Census” in 1995 which are used as the basis of the weighting. Analysis mentioned below is made while paying attention to this difference in the method of each survey.

Comparing the samples of the two surveys dealt with by this study report, the advancement rate to university has risen from 2001 to 2006. However, the educational records of the samples of 2006 as a whole are lower than those of 2001. Especially the university advancement rate of the samples in the early 20s in 2006 is lower than in 2001. Therefore, making comparison of these two surveys, we should emphasize more the analysis on each gender and each layer of age than the analysis of the samples as a whole, due to the differences inherent to the samples.

### **Findings and Policy Proposals**

In this study report, we intend to grasp the transition of young people in its entirety although we understand that the central issue is employment. Of course, we could not really say that our analysis brought about perfect success in capturing a whole picture of the transition problems. However, we have obtained some important findings in this study.

First of all, employment status makes a significant impact on the entire life of young people. A status to be a regular employee, provides not only economic stability, which enables a worker to form an independent home, but also further influences in living life. This can be seen through the life consulting networks. To stay in unstable transitional status does not only have an impact on economic life but also narrows future perspectives and outlook. We have to be sensible to understand what consequences may be brought to society by leaving young people in unstable status. We know that this will cause economic issues, such as pensions and taxes, but do not know what further impacts it may have on any other areas.

Secondly, the meaning of non-regular employment, which indicated a temporary status, has changed, and the period of transition has become longer. In the past, the young people who became a *freeter* seemed to have a clear intention to choose a working style which is not available as a regular employee. However, in the situation where non-regular employment has become common in society and the transition period has become longer, young people feel it is natural to become *freeters* and feel little sense of crisis in staying as such even though they are in their late 20s. Any incentive to become

a regular employee from the *freeteer's* status does not function.

Thirdly, an opportunity to be employed as a regular employee is likely to be restricted by the educational background of the young people. The advancement to higher education, which is one of the criteria linked to such employment opportunity, largely relies on the financial ability of their parents in the present background of the decrease of the birth rate and the population under 18 years old. The transition has come to be greatly influenced by the family's financial background of young people since the occupational trainings publicly available to young people without financial burden are limited. At the moment, the government is increasing the child allowance, which provides financial support at an early age of human life. For young people at the age of 18 and older, whose educational costs become higher, financial support for them is relatively limited to scholarships, which are loans. Scholarships are effective for young people who have higher motivation to advance to higher education. However, it cannot be effective for young people, and they do not actually take it if they have different social background, e.g. they have to earn money for their living costs.

Fourthly, while the wage gap between a regular employee and a non-regular worker remains large, the gap of their income per hour has decreased since the regular employees are working longer. It is also true that the satisfaction of regular employees and non-regular workers with their current lives is not much different. Although the regular employees are relatively under better living conditions, their problems seem to have become bigger, such as extremely long working hours and relative degradation of their quality of life. Therefore, the problems of regular employees and those of non-regular workers should be discussed as one issue. Although this study report does not go into the details of such problems, it can be pointed out that support to young people should be comprehensive and addressed to all of them, and should not stay merely as support to *freeteers* and NEET.

Based on the above findings, we would like to make the following policy proposals:

- (1) Expansion of opportunity to obtain higher educational record and offer of opportunity to develop occupational skills

As pointed out by Professor Hiroi, "education is the biggest element of social security". Offering the opportunities of education and occupational training to young people at an earlier age leads to stable transition.

As the solution for a short term, it is considered useful to utilize the Japanese version of dual system for young people as a tool to provide the opportunity to develop occupational skills, which enables them to develop practical professional abilities while reducing their financial burden. The purpose of the Japanese version of dual system is



to provide young people with the opportunity of “learning while working,” combining classroom lessons with on-the-job training in companies. According to the “Future Policy for Development of Occupational Skills” proposed by the Advisory Committee of Labor Policy (<http://www.mhlw.go.jp/houdou/2005/12/dl/h1221-2a.pdf>), it is intended to disseminate and establish the “practical human resource cultivation system” as the “third alternative” after working and schooling. The system will be the advanced form of the Japanese version of dual system wherein the companies take initiative to provide the effectively-combined opportunity of “basic education in theory provided by the vocational training institute responding to the companies’ needs” and “on-the-job training provided by the companies hiring the trainees as their employees for a certain period of time.” If such system through which young people are able to obtain practical job skills while earning their living costs is disseminated, it will lessen the financial burden of young people in their transition. However, the possibility cannot be excluded in the “practical human resource cultivation system” that the individual trainees should bear the initial cost of education and training (Mr. Keiichiro Hamaguchi “Dual System and the Legal Policy for Human Resources Cultivation” in 2006).

For junior high school graduates and high school dropouts, it will be more effective to provide them with the support for education rather than vocational training in order to enable them to obtain stable employment.

For a long term, the policy should be considered, like the U.S. and European countries, to secure the rights of education and vocational training for young people after their compulsory education.

(2) Through review of ways of working of young people and treatment of non-regular workers

While the increase of non-regular workers has led to instability of the transition of young people, non-regular employment nowadays is coming to no longer be a temporary status restricted to youth. It is important to provide non-regular workers with more opportunities to develop occupational skills as well as improving social treatment, such as social insurance. It is also necessary to support regular workers to improve their ways of working, such as reduction of long working hours.

(3) Encouraging the companies to promote non-regular workers to regular employees and to appreciate the *freeter's* status as a business career

There are not a small number of young people who are working as non-regular workers in companies and who wish to be promoted to regular employees in the same

work place. However, only some 20% of such young people have been actually promoted to regular employees taking the opportunities of promotion provided by the companies. Non-regular workers who have been working for the same company for a certain period of time should be promoted by such company to regular employees. There are many companies that do not appreciate the young people's *freeter's* experience as a business career. Now that, however, so many young people have experienced working as *freeters*, there should not be such a small number of cases where the working experiences as *freeters* can be counted as meaningful careers. It is essential that the companies understand the situation mentioned above and are encouraged to employ or promote non-regular workers to regular employees.

(4) Providing opportunities to expand the social networks of young people

As illustrated in the analysis concerning social networks, *freeters* and non-workers have less opportunity to expand their social networks than regular workers. It is required to provide them with the social opportunities to meet a variety of other people (including young people in the same generation and other people). In addition, it is necessary to provide them with various opportunities during their school years, such as school events or affiliation with external institutions, which may open any channels for them leading to other social networks.

(5) Arranging systems which provide comprehensive supports to young people who have failed in other matters than finding jobs

Due to the architecture of the surveys, this study report does not cover the issues of young people who have serious problems to be solved before they find their jobs, such as young homeless who are mentioned in the Introductory Chapter of the Report. Since it is difficult to encourage them to find stable employment without the public supports, it is necessary to provide them with supports integrating the job-finding supports with the public supports. Comprehensive supports are necessary to address every problem that young people have in a variety of ways.

(Please refer to the Report for the reference literature.)