

**Employment Behavior and School-to-Work Transition  
of Provincial Youth  
Summary**

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**Research Period**

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**Research Objective**

This report presents the second-year results of the “Research on the Current State and Support for People at Disadvantages in Career Development,” which is a subtheme of a five-year research project of the Japan Institute for Labour Policy and Training (JILPT) entitled “Research on Human Resource Development and Career Formation Support in the New Economic Society.” The “Research on the Current State and Support for People at Disadvantages in Career Development” is being conducted from the perspective of people who are at a disadvantage (or may have a disadvantage) in developing their careers, what issues exist, and what kind of support is needed, particularly focusing on young people.

OECD Employment Outlook (2008) concludes that although the employment situation for youth in OECD countries has generally improved since the mid-1990s, employment conditions still tend to differentiate depending on the individual's educational background and initial experience in the labor market as well as regional labor market conditions. The past research results of JILPT also suggest that an individual's academic background, first job, and region of residence are important parameters that affect the smooth transition from school to work (JILPT 2005). These research results indicate that not all youth came to have difficulty in developing their careers, but that a specific group of young people are likely to have difficulties. Therefore, it is important for research and analysis on the career development of youth to pay attention to the social background and factors that may limit their career development.

Based on an awareness of these issues, in fiscal year 2007, we conducted research and analysis of the current situation and support for those who did not proceed to higher education (referring to high school graduates who went directly into work), who are thought to face difficulties in developing their careers in this growing knowledge-based society, and summarized the results in JILPT Research Report No. 97 "Changes in Japanese-Style Employment System for High School Graduates and Grope for Possible New Ways." Among various other findings, the above report pointed out that the state of transition from high school to work significantly differs depending on the regional employment situation, number of job applicants who have graduated from high school, and the size of companies in the area and that we should take particular note of differences by region. The same tendencies are observed in the above-mentioned OECD report, indicating the importance of focusing on regional differences in school-to-work transition patterns of youth.

Then, in this fiscal year, research and analysis was performed with a focus on regional labor markets for youth—in Hokkaido (Sapporo and Kushiro) and Nagano (Nagano City and Suwa Area [Suwa City, Chino City, and Okaya City]). JILPT has twice conducted the "Survey on Working Style of Young People," covering young people in Tokyo. Therefore, taking advantage of past results, we used for the survey in the above regions the same questionnaire that was used for the survey in Tokyo.

Hokkaido and Nagano were selected as examples for the reason described below, which pays attention to the social background that affect the school-to-work transition of young people.

Table 1 Outline of Survey

Period	Region	People Surveyed	Extraction Method	Number of People Surveyed
February-March 2006	Tokyo	Age 18-29	Area sampling	2,000
February-March 2008	Hokkaido (Sapporo)	Age 20-34	Area sampling	600
	Hokkaido (Kushiro)	Age 20-34	Random sampling	113 responded out of 240 who were asked to answer the questionnaire (collection rate: 47.1%)
February-March 2008	Nagano (Nagano City)	Age 20-34	Area sampling	500
	Nagano (Suwa, Chino and Okaya)	Age 20-34	Area sampling	500

According to the “Survey on Working Style of Young People” that was conducted twice in Tokyo, differences in employment situations between those whose educational level is high school or lower and those with higher educational levels that existed when they left school have tended to remain unchanged, and it has been proved that high school graduates in Tokyo are likely to suffer setbacks in their career formation. However, as is shown by the prior research on the percentage of high school graduates unable to find jobs, the percentage of non-workers among high school graduates is not necessarily high in all regions but differs significantly by region. In some regions, even those with high school or lower educational levels can start a smooth transition to a career, while in other regions they have difficulties in doing so. Therefore, it would be effective to pay attention to the transition of high school graduates when studying the employment behavior and school-to-work transition process of youth. The answer to the question as to which people are likely to suffer setbacks in career development may differ depending on the state of the school-to-work transition of high school graduates.

In this research, we focused on the social factors influencing the school-to-career transition of high school graduates, who are considered “people at a disadvantage in career formation,” using the results of the previous fiscal year’s survey on employment of high school graduates. As stated above, the factors that strongly influence the

transition of high school graduates include the (1) regional employment situation, (2) framework of support for finding employment, mainly career guidance provided by high schools (particularly the number of job applicants), and (3) size of companies that employ them. These factors correlate with each other, with the regional employment situation exerting a particularly strong influence. As it is impossible to survey the school-to-career transition process of young people in all regions, we focused on the structure of the labor market for high school graduates in each region for the research conducted in fiscal year 2008 and analyzed the transition process by the type of labor market in each region.

Based on the results of the survey on employment of high school graduates conducted the previous fiscal year, regional labor markets for high school graduates are classified into three types, as described below, according to the supply-demand situation, differences in the kinds of jobs offered, and direction of migration of the workforce.

[Type 1] There are many job openings and workforce inflow from other regions exists. It is also characterized by a high percentage of job openings in the service and sales industries. This type is found mainly in metropolitan areas.

[Type 2] A good balance of supply and demand has been secured and the regional labor market is self-contained. There are many job openings in the manufacturing industry.

[Type 3] There are only a small number of job openings in local companies and so it is difficult to find a job within the region. A large portion of the workforce flows out of these prefectures, except for Hokkaido. These regions are classified into those where demand for labor is high in the service and sales industries (Type 3-1) and those where demand from the manufacturing industry is high (Type 3-2)

These types of labor market are also closely related to the percentage of non-workers (who are not in education or employment after graduating from high school) (figures omitted). In a comparison among regions, the percentage of non-workers in Type 1 regions is higher than that in Type 2 regions in spite of the better job opportunities. Given that Type 1 regions are metropolitan areas, this result may reflect the attitude of young people in these regions. Even so, the structural factor in which most job offers are for service and sales jobs cannot be ignored. Among the Type 3 regions, the percentage of non-workers is lower in Shimane, Oita and Akita prefectures, where many job openings are in the manufacturing industry, than in Aomori, Kochi and Hokkaido prefectures. In other words, the percentage of non-workers tends to be low in the regions where there are many job openings in the manufacturing industry, which provides technical jobs that at present occupy the largest part of job offers for high

school graduates (Type 2 and Type 3-1 regions). These results indicate that job offers in the manufacturing industry are likely to contribute to a smooth school-to-work transition of high school graduates and constitute an important factor that influences that transition.

Based on an awareness of these issues, we decided to conduct a “Survey on Working Style of Young People” in Hokkaido and Nagano and analyze the results because we have accumulated the results of past research on these regions and have comprehended their unique situations.

Table 2 Types of Labor Markets for High School Graduates

	Workforce Migration	Supply-Demand Balance	Kind of Jobs Offered	Regions Covered by FY 2007 Survey
Type 1	Inflow	Moderate/Good demand	Service/Sales	Tokyo, Saitama, Osaka
Type 2	Balanced	Moderate/Good demand	Manufacturing	Nagano, Niigata
Type 3-1	Outflow/Balanced	Low demand	Service/Sales	Aomori, Kochi, Hokkaido
Type 3-2	Outflow	Low/Moderate demand	Manufacturing	Shimane, Oita, Akita

Source: The Japan Institute for Labour Policy and Training (2008)

### Analysis Findings and Policy Proposal

As each chapter is summarized at its end, here we summarize specific issues that are particularly related to policy proposals by touching upon some points in question.

It should be noted that each “Survey on Working Style of Young People” that we used for analysis of this report was conducted during times when the employment situation was relatively good and that situation is reflected in the findings presented in this report.

(1) In terms of stable careers, young people in a Type 2 region (Nagano) where there are many job openings in the manufacturing industry have the most stable careers, followed by those in a Type 1 region (Tokyo) and Type 3 region (Hokkaido). In a comparison of career types of males in their 20s, the percentage of “regular employees working at the same company” is 46.2% in Nagano, 32.6% in Tokyo, and 25.5% in Hokkaido, while the percentage of “constantly non-regular workers” is 33.3% in Hokkaido, 23.6% in Tokyo, and 14.1% in Nagano (see attached Table 4).

Hokkaido suffers from a chronic shortage of job openings, whereas in Nagano a certain demand for labor exists mainly in the manufacturing industry. These factors in the labor market are supposed to have a strong influence on the process of

school-to-work transition. However, even in Type 2 regions, a difficult situation can be expected when the manufacturing industry is stagnating like it is today.

(2) In every region most dropouts worked as part-time workers or did not work immediately after dropping out of school. Those who are left out of the employment system for new graduates are less likely to be employed as regular employees both in metropolitan areas and provincial areas.

(3) The effect of educational background on one's employment situation varies depending on the regional employment situations. The tendency that educational background determines one's career type, which was noticeable in the survey in Tokyo, is less evident in Hokkaido and Nagano (see attached Table 5). Looking at the percentage of "regular employees working at the same company" among Tokyo males in their 20s according to their educational backgrounds, the percentage is 22.5% for high school graduates but 63.9%, or nearly three times higher, for university and graduate school graduates. In Hokkaido, on the other hand, the percentage is 36.8% for university and graduate school graduates and 23.3% for high school graduates, and in Nagano it is 63.9% for university and graduate school graduates and 45.9% for high school graduates, indicating that differences by educational background are smaller in these areas than in Tokyo.

However, the mechanism that reduces the gap by educational background is different. In Hokkaido, a high educational background does not lead to better employment opportunities, while in Nagano even high school graduates are very likely to be employed as regular employees. In Tokyo, where the advancement rate to higher education is extremely high, a low educational background tends to work as a particular disadvantage in obtaining a job.

(4) "Regular employees working at the same company" mentioned their studies and qualifications obtained at school as the means through which they gained their own advantages in vocational ability.

Because of the items on the questionnaire, this analysis is only for Hokkaido and Nagano. Among "employees working at the same company" who have the most stable careers, the percentage of those who highly evaluate study and the qualifications obtained at school is high both in Hokkaido and Nagano. It is particularly high in Nagano, where the qualifications they obtained at school tend to be useful in the manufacturing industry. It can be interpreted that the regional industrial structure is reflected in the process of development and acquisition of vocational ability.

(5) In terms of the income gap between regular employees and non-regular workers by age, the income per unit time and working hours of non-regular workers increase for

males in their early 30s both in Hokkaido and Nagano, and the gap between regular employees and non-regular workers is narrower than for those in their late 20s.

We can guess that as people advance into their early 30s, their income per unit time increases because of the effect of their accumulated experience and careers, even for non-regular workers, or they supplement their low income per unit time by working longer hours (the survey in Tokyo does not cover people in their 30s). As for females, on the other hand, the income gap widens with the increase in income of regular employees, probably reflecting their life events, i.e. getting married, giving birth.

(6) In Tokyo, it is suggested that social networks are restricted by employment patterns and remaining as *freeters* (young people who enter non-regular employment such as part-time or temporary jobs) results in limiting their world. In Hokkaido and Nagano, however, the employment pattern does not affect social networks.

It seems that young regular employees in urban areas tend to work longer than those in provincial areas and consequently work occupies a large portion of their life. As a result, their social networks are strongly influenced by employment patterns.

Also, young people tend to choose jobs from those they know. Experiencing a variety of worlds from a young age would help not only expand their choice of occupation but also develop their potential. Approaching to social networks prior to starting work is also important.

(7) In the conversion from *freeteer* to regular employee, Hello Work (Public Employment Security Office) plays a larger role in provincial areas than in Tokyo. The analysis, based on an interview with the official in charge of policy in Nagano, indicates the inadequacy of accessible support system that young people can use easily during the stages prior to finding employment.

In provincial areas, the public sector (Hello Work, in particular) plays an important role, and it is expected to be difficult for the private sector to operate in regions with lack of labor demand. Also, under the present circumstances, only limited support is available for young people who have yet to look for a job.

### **Policy Proposals and Issues to Be Solved**

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

(1) Active investment in education and vocational development adaptable to change, taking into account the regional situation and demand structure in industry

In regions like Tokyo where the demand for labor and advancement rate to higher education are high, providing support for obtaining higher education may help secure

stable employment. However, the situation is quite different in Hokkaido, where a high educational background does not necessarily lead to a stable career. In Nagano, on the other hand, even people who did not advance to higher education are likely to have a stable career. These facts suggest that the influence of educational background on employment varies depending on the trends for higher education in the region.

At the same time, since the effective process of developing and acquiring vocational ability varies depending on the regional industrial structure, it must be important to provide support for the development and acquisition of vocational ability that is suited to the situation in the region. In regions with little labor demand, the redistribution of public investment toward education and welfare industry and away from conventional construction or other public-work projects may be worth considering.

Support must be provided based on full comprehension of the situation of each region, such as who is likely to suffer a setback in career development and what kind of support is effective.

(2) Support for “inter-regional migration” in addition to “regional employment”—toward comprehensive support for transition, including public housing support

The labor policy of Japan has long emphasized the importance of “regional employment,” and that importance has not diminished even today. However, if people in a certain region spend their young years without accumulating knowledge and experience due to the difficulty in finding effective opportunities to obtain education and training, it must be a great loss to themselves and the region. Particularly in regions where there is a lack of labor demand, sometimes it becomes difficult for young people to choose not only their job type but even their employment pattern, and they tend to get older without building up their experience.

For young people who wish to find a more stable job or a job they like through inter-regional migration, public support to facilitate smooth migration is necessary. The biggest issue in inter-regional migration concerns housing allowances. In the “Survey on Employment of High School Graduates” conducted last year, requests for public support were heard from small, medium-, and micro-sized enterprises in Higashi Osaka that said their inability to offer housing in company dormitories, makes it difficult to recruit high school graduates from other regions (JILPT Research Report No. 97).

The issue of young homeless people has been a social issue in other countries (JILPT Research Report No. 72), and this has now been revealed to be a problem in Japan in



the form of “Internet Café Refugees” and dispatch workers losing their jobs and accommodations at the same time. Housing support for young people essentially needs to be considered as an important support policy for youth to secure the minimum requirements for life. In other words, development of a comprehensive transition policy covering not only employment but also housing and social security is needed.

(3) Feedback from young regular employees to students regarding the fact that the knowledge, qualifications and experiences they acquired at school form the basis for advantages in vocational ability, and raising awareness of students while in school. Information provision by companies to schools and young people concerning the ability and qualifications they require

It is hard to make students understand that what they learn and the qualifications they acquire at school get high marks and are effective in enhancing their vocational ability. If they can recognize the connection between what they learn now and their future first hand, they would be more willing to learn. On the company side, it goes without saying that making clear what ability and qualifications they require and sending such information to students and schools is important in recruiting capable people. As stated in JILPT Research Report No.97 (2008), a curriculum-level approach in the student stage is important from the perspective of long-term human resource development.

(4) Support for opportunities of career counseling and ability development for older non-regular workers

Even among non-regular workers, males tend to earn more money per unit time or will not mind to work long hours when they reach their early 30s. This tendency seems to reflect their accumulated experience and career as well as their high motivation. In order to help them make good use of their experience, career and motivation, opportunities for skills development and career counseling need to be provided by the public sector. In this regard, the use of a “Job Card” system would be indispensable.

Given their age, older non-regular workers are already playing an important role in economic terms, so it would be effective to provide vocational training support combined with an allowance to be paid during the training period. As announced in the February 2009 press release entitled “Regarding Expansion of the Life Security Benefit System During Training Period (Skilled Workers Training Fund System),” the Ministry of Health, Labour and Welfare has just improved the system by increasing the amount of loans provided to trainees under the Skilled Workers Training Fund System and

expanding the system to cover dispatch workers, etc. who lost their jobs under the “Measures to Support People’s Daily Lives” and “Immediate Policy Package to Safeguard People’s Daily Lives.” Further expansion of these programs is expected.

<<http://www.mhlw.go.jp/houdou/2009/02/h0220-5.html>>

(5) Further public support to youth in addition to services provided by Hello Work and utilization of school

Unlike in metropolitan areas, public support by Hello Work, etc. plays a large role in provincial regions. However, considering that lives of not a few number of young *freeters* and non-workers come to a standstill because they are worried or unable to make decisions about their careers before seeking employment, providing them with a place where they can “search for career choices” prior to using the job placement service of Hello Work may facilitate a smooth transition. The Youth Support Station is also expected to assume that function.

When establishing such public facilities, public relations activities to encourage young people to use them are essential. Given the difficulty in school-to-work transition for high school dropouts, it is expected to be effective to appeal to students through school from the junior high school level. As a prerequisite for doing so, efforts should be made to inform teachers adequately of various types of support available to young people.

(6) Enhancement of public support in provincial areas and cooperation among public agencies (networking)

For those provincial youth who failed in making a smooth transition from school to work at the time of graduation, public agencies and schools are only limited facilities to rely on. Public employment support is strongly needed in provincial areas in particular. When providing support, a major role will be played by the agencies that coordinate public support and promote networking in order to make effective use of limited social resources. Job Cafés and regional Youth Support Stations are expected to actively take the initiative in this regard.

In this research, we tried to compare the findings in different regions concerning the employment behavior and school-to-work transition of young people, which have been so far studied mainly in metropolitan areas. Through the research and analysis presented in this report, it is clearly suggested that, with regard to the career formation situation of young people and the effect of educational background on career,

factors that restrict social networks, and effective support for conversion from *freeters* to regular workers, we must be careful not to dilute that observations characteristic to metropolitan areas are the general trend of young people in Japanese society as a whole. Also, by focusing on young people in provincial areas, the research has revealed that social background restricts stable school-to-work transition and their careers.

On the other hand, there are many issues remaining to be solved in this research.

First, as already mentioned, this research is characterized by and also limited by the fact that it was conducted during times when the employment situation was good. A fixed-point observation needs to be conducted in order to examine whether the same tendencies can be observed even after the employment situation deteriorated.

Second, although various youth support programs have already been launched, the whole picture is not clear enough at present to know about which services are overlapping or lacking. A policy review is therefore necessary in order to identify which services overlap and which necessary services have not been provided.

Third, as a long-term issue, the model for achieving independence as a regular employee should be reconsidered for regions where labor demand is low. In the regions where it is difficult to become independent as a regular employee, a social model that allows alternative lifestyles should be sought so that people can make a living without becoming regular employees. Even though it may be beyond the scope of labor policy, this is an important issue to be tackled along with the promotion of industrial policy.