

Abstracts

The Generating Mechanism and Consequences of Long-term Unemployment: A Theoretical Consideration

Naoki Mitani (Okayama Shoka University)

This article surveys mainly theoretical literature on the generating mechanism and consequences of long-term unemployment. The main factors contributing to the increase in long-term unemployment are two: those inducing the decline in the overall exit rate from unemployment and those strengthening the negative duration dependence of the exit rate. The mechanisms behind the latter are as follows. First, given the heterogeneities of job seekers, the firm may use the duration of unemployment as a signal of the skill level of the workers, leading to the lower exit rate of the long-term unemployed. Second, even if there are no heterogeneities of job seekers, the firm may choose the job applicant with the shortest period of unemployment, when it has multiple job applicants for one vacancy, leading to the lower exit rate of the long-term unemployed. Third, the loss of skills or search intensity of the worker during unemployment generates naturally the negative duration dependency of exit rate from unemployment. The loss of skills during unemployment is large when the economy is under structural changes, leading to the increase in long-term unemployment. The consequences of long-term unemployment are increases in wages, persistent unemployment, increases in income equality, and the sharp decline in the happiness of the long-term unemployed.

Long-term Unemployed in Japan after the Global Financial Crisis

Takehisa Shinozaki (Waseda University)

This paper examines trends in long-term unemployed (unemployed for over 6 months) in Japan, using Labor Force Survey (LFS) and Employment Status Survey (ESS) data, and illustrates some factors that change the number of long-term unemployed from decomposition analysis, considering the impacts of the Global Financial Crisis on labor market. The rise of long-term unemployed may lead to increases in social security payments, through the growing number of public assistance recipients, so this paper mainly looks at the quantitative side of long-term unemployment, instead of long-term unemployment rates. The number of long-term unemployed and the share of long-term unemployed in total unemployed have continued to rise over the last 30 years with cyclical changes. From the mid-2000s, there was a large increase in very long-term unemployed (unemployed for over 2 years), accounting for more than a quarter of the total unemployed in male workers in mid-2010s. The decomposition analysis shows that the decline of the labor force has a negative effect on the increasing number of long-term unemployed in male workers, and the changes in the number of long-term unemployed are controlled to a large degree by the changes in the unemployment rate. The majority of long-term unemployed consists of male workers, youth workers and graduates of high school or lower. The long-term unemployed with college or university degrees, however, have increased due to a rise in educational levels of the labor force. The long-term unemployed are concentrated in the metropolitan area, while the degree of concentration of long-term unemployed has declined in the 1900s and the 2000s. The degree of concentration rose again after the Global Financial Crisis.

The U.S. Labor Market in the Great Recession: The Rise in Long-term Unemployment and Labor Market Policies

Hiroaki Miyamoto (The University of Tokyo)

This study documents the adjustment of the U.S. labor market during the 2007–2009 recession. It also reviews existing studies that examine the effects of labor market policies conducted during the recession. The U.S. labor market conditions deteriorated substantially during the recession. The unemployment rate rose by 5.4 percentage points from 4.6 percent in 2006–2007 to 10 percent in October 2009. At the same time, the average duration of unemployment rose and the proportion of long-term

unemployment increased substantially. In response to weak labor market conditions, the U.S. government expanded the entitlement period of unemployment insurance (UI) benefits and also implemented the job creation tax credit. Theoretically, the extending UI benefits may lengthen the unemployment spells and thus increase the unemployment rate. However, existing studies find that the effect on the labor market outcome of extending UI benefits during the recession is small. While the effect of job creation tax credit is given attention in policy circles, relatively little is known about it in the research community, showing a need for more research on this issue.

Long-Term Unemployment: Trends and Measures in Europe

Kazufumi Yugami (Kobe University), **Yoshiyuki Tanaka** (Kobe University)

This paper examines the trends and characteristics of long-term unemployment (LTU) in Europe, based on aggregate data on the European labour markets and the literature of program evaluation. Furthermore, we investigate the policies tackling structural unemployment and their evaluation literature to consider the factors causing different responses of the countries' labour markets to the Great Recession. The main findings are summarized as follows. Firstly, the proportion of LTU to total unemployed in each country has been relatively stable across them since the latter half of the 1990's. A similar feature can be observed in the change of the outflow rate from unemployment before and after the Great Recession, suggesting the heterogeneity of the labour markets in Western Europe. Secondary, there is a similarity in the characteristics of the long-term unemployed among these countries, and we point out that a specific program seems to be more effective regardless of the institutional settings and macroeconomic environment of the countries, e.g. monitoring and activation, and incentive measures including employment subsidies for the private sector. Finally, the experiences of labor market reform of Denmark, Germany and Spain suggest the importance of "functional" labour market flexibility and activation measures especially for countries with generous insurance schemes or strict employment protection legislation.

Inheriting Jobs: The Effects of Long-term Unemployment and Networks of Personal Contacts

Atsushi Sannabe (Waseda University)

In this paper, in order to elucidate the background of the increase of isolated long-term unemployed persons, we examined empirically the impact of jobs being inherited from father to son. From the SSM data, it was found that after World War II, the occupational hereditary rate has been reduced consecutively. From JGSS data, it was found that the job inheritors are unlikely to become non-regular workers or have long-term unemployment. In addition, the job inheritors tend to have close relations and to be satisfied with their friends. For men, the frequency of dinner with friends does not increase the level of happiness. On the other hand, for women, the frequency of dinner with friends increases the degree of happiness significantly.

The Idea of Employment Policy and the Measures against Long-term Unemployment

Yasuyuki Konishi (Meiji University)

In the future economy and society of Japan, it is expected that globalization and innovation will progress at very high speed. The drastic social metamorphosis has a big influence on the situation of labor supply and demand; while a serious labor shortage comes to be seen in the field of some industries with decreases of the working population, work force demand decreases in the field of other industries, and thereby serious structural unemployment and long-term unemployment will occur. This article analyzes the idea of employment policy and the measures against long-term unemployment in Japan, focusing on human resources. This article examines the following points: (1) in past employment policies, the protection of "social status" was based on human resources cultivated in the past and formed in the static labor market, but in the future when labor markets will become more dynamic the formation of future-oriented "employability" will be important, (2) the "employability" which will be

needed is not only practical abilities but also the basic ability to adapt to circumstances in the labor market and the ability to have a picture of the labor market in regards to which ability would be necessary in the future labor market.

Communication Competence Required by Bridge Resources in Global IT Companies;
Based on a Survey on Indian and Sri Lankan Bridge Resources and Colleagues
Azusa Ebisuya (Osaka University)

In recent times, Japanese enterprises have been globalizing operations at an increased pace, resulting in increased need for human resources to mediate between Japanese and foreigners within a company or between a Japanese company and a foreign company. This paper identifies and names such human resources as "Bridge Resources (BRs)" and conducted surveys at two IT companies: a Japanese company that employs Indian IT engineers and Indian BRs, and the other, a European IT company's subsidiary which is located in Sri Lanka and employs Sri Lankan BRs for communication and collaboration with Japanese companies. Based on the survey results, this paper revealed that communication-related problems arise during projects and that the problems are fundamentally caused by the differences of the project models adopted by each of the Japanese, Indian or Sri Lankan companies. To solve these problems, BRs are to understand the differences in practices between the two sides, and manage the gap by observing the teams comprehensively and facilitating communication among the team members and among teams. BRs are required to cultivate the abilities of identifying problems and managing them through communication and optimization.

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Business Labor Trend

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7月号「グローバル人材の確保・育成」
8月号「企業の雇用ポートフォリオの変容」

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