Abstracts

Empirical Facts on Worker Flows in Japan: Key Features of Flows by Worker Characteristics and the Recent Situation regarding Regular and Non-regular Employment

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Discussions on the labor market generally focus on stock variables such as the number of employed and the unemployment rate. To understand why stock variables of interest are at given levels, however, it is useful to analyze how workers flow among such labor market statuses as employment, unemployment, and inactivity. In this paper, we first briefly describe the data and method of analysis used in such worker flow analysis. We then draw on existing studies to explain the key characteristics of age profiles of worker flows in Japan. Subsequently, we discuss worker flows between regular and non-regular employment in Japan based on Esteban-Pretel and Fujimoto (2020), who use recent data to analyze age profiles of labor market flows for workers disaggregated by gender, education level, and marital status. The analysis shows that the opportunity for moving from non-regular employment to regular employment is not limited to young ages, and that the flows of never-married regular employees do not differ much across gender. Furthermore, while married women are less likely to flow into or stay in regular employment than never-married women, the opposite pattern is observed for men. The difference across marital statuses for Japanese men, which has not drawn much attention, suggests a bi-directional relationship between men's acquisition of secure jobs and family formation.

Employment under COVID-19 in Japan in 2020: An Examination of the Heterogeneity of the Effects on Workers Using the Labor Force Survey

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In this paper, we present the results of Fukai, Ichimura, and Kawata (2021a), which analyzed the impact of COVID-19 on employment in the first half of 2020 by using individual data from the Labor Force Survey and applying machine learning methods. In addition, we updated the analysis for 2020 to the entire year by extending the data period to December 2020. The data-driven analysis, which applied machine learning techniques to capture the impact on employment under COVID-19 using year-on-year differences in employment rates, showed that about 20% of workers were particularly negatively affected in the first half of 2020. Heterogeneity, with some workers experiencing large impacts, is still observed in the second half of 2020, and the affected demographics do not change significantly. On the other hand, by extending the data period to the second half of 2020, we find that the impact on leaves of absence was significant in the first half of the year, but in the second half of the year, the impact changed to unemployment rather than leaves of absence. As for the attributes of those affected, many of them worked part-time or were self-employed, and, as pointed out in previous studies, the impact was also observed in the service industry, which involves interpersonal contact. Based on the results of the exploration of heterogeneity, the analysis also showed that the economic impact on households was not negligible, with the median share of household income earned by strongly affected part-time workers being around 10%. In addition, in the second half of the year, we observed that people who had been absent from work became unemployed or dropped out of the labor force. In addition, there was a tendency for job seekers to be hesitant to take a job immediately, even if one was offered.

Recruitment Services by Regional Financial Institutions

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In 2018, the Financial Services Agency revised its supervisory guidelines to lift the ban on recruitment services by financial institutions, and in May 2021, the Banking Law was amended to allow registered personnel dispatch services as well. Many financial institutions are entering the recruitment business. Small and medium-sized enterprises

(SMEs) face a variety of business challenges. Although the COVID-19 pandemic has raised the importance of funding issues, financial support alone is insufficient, and support in the area of human resources is strongly desired. Regional financial institutions, which have a good understanding of the strengths and weaknesses of these companies, can grasp the actual human resource needs of their clients and introduce them to suitable personnel. If the appropriate people are introduced, the client company will grow, and new demand for funds will arise. Furthermore, regional financial institutions have an overwhelming advantage in follow-up, as they can continue to be involved even after the person they have introduced has been hired. However, companies are not likely to expect much from a financial institution without a solid relationship. To support companies with recruitment services, financial institutions need to improve their ability to assess business potential, which is the basis of their business.

The Macroeconomics of Job-to-Job Transitions

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This paper introduces some recent studies on the macroeconomic implications of job-to-job transitions. First, I describe the recent time series of the job-to-job transition rate using two datasets in the US: the Current Population Survey (CPS) and the Longitudinal Employer-Household Dynamics (LEHD). The job-to-job transition rate, constructed by dividing the number of job-to-job transitions by the number of employed workers, exhibits a procyclical pattern. This pattern implies that the cyclical movement of job-to-job transitions is mainly determined by the demand-side factors of the labor market. Next, I set up a simple job-ladder model to examine the mechanism of job-to-job transitions during the business cycle. During booms, the increase in the probability of job offers while employed not only mechanically increases the number of job-to-job transitions, but also influences workers' job acceptance decisions and changes the distribution of match quality in the entire economy. A recent study shows that a simple extension of the basic job-ladder model can explain the types of jobs created during different phases of the business cycle. Another study shows that fluctuations in the match quality distribution, induced by changes in the possibility of job-to-job transitions, also influence aggregate productivity dynamics.

US Labor Market Adjustments during the COVID-19 Pandemic

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The US labor market has traditionally followed a similar adjustment pattern over the business cycle. At the onset of a recession, the job loss rate spikes, while the job finding rate drops sharply. The job loss rate then falls gradually, but the job finding rate remains low over an extended period of time, which embodies the time-consuming nature of labor reallocation. The previous economic downturns also coincided with the periods of accelerated job polarization (or equivalently, the erosion of the middle class). This article shows that the labor market responses to the COVID-19 pandemic have been different from those in the past: The dramatic increase in the job loss rate in the spring of 2020 was not the result of heightened pressure of labor reallocation but was rather the result of a temporary suspension of economic activities; the job finding rate has stayed relatively high throughout the pandemic; and the employer-to-employer transition rate has recovered quickly. As of the fall of 2021, the employer-to-employer transition rate is at its highest level in the last two decades. These patterns imply that labor reallocation has transpired relatively smoothly during the COVID-19 pandemic. The fact that the impact of the pandemic was concentrated in low-wage service industries is likely to have played an important role for this smoother labor reallocation.