Column

Accommodation and Food Services Workers amid the COVID-19 Crisis in Japan

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I. Background and objectives

Japan's "accommodations, eating and drinking services" (hereafter, "accommodation and food services")[1] industry has been struck particularly hard by the coronavirus disease (COVID-19) pandemic. Dining in large groups has been avoided as part of efforts to prevent droplet transmission, and non-essential and non-urgent long-distance travel (recreational travel and business trips, etc.) has also been restricted due to the risk of the movement of people leading to the spread of infection.

A questionnaire survey on enterprises by the Japan Institute for Labour Policy and Training (JILPT Enterprise Survey)[2] provides a comparison of figures for enterprises' production, sales, etc., personnel expenses, and numbers of workers in September 2020 with the same month of the previous year. It reveals that the percentage of enterprises that saw a decrease in production, sales, etc., the percentage of enterprises that saw a decrease in personnel expenses, and the percentage of enterprises that saw a decrease in number of workers were all highest in the accommodation and food services industry. According to the *Labour Force Survey* by the Ministry of Internal Affairs and Communications, the number of employed persons in the accommodation and food services division declined by 250,000 people from 2019 (average) to 2020 (average), the greatest extent of decrease among the divisions covered in the survey.

Amid this trend of decline, what is working life like for accommodation and food services workers?

While some aspects may be self-evident, this paper will utilize data from a JILPT questionnaire survey of individuals to outline the state of the careers, monthly income, and job satisfaction levels of such workers.

The data are drawn from the May 2020 Survey (first survey), August 2020 Survey (second survey), and December 2020 Survey (third survey) of the JILPT panel study "Survey on the Impact that Spreading COVID-19 Infection Has on Work and Daily Life."[3] The tabulation and analysis cover those respondents who were working as employees of private enterprises as of April 1, 2020, and who responded to all three surveys.[4]

Table 1 provides, for reference, a profile of accommodation and food services workers. This demonstrates that large proportions of accommodation and food services workers are women, young people, non-university graduates, people not responsible for earning a livelihood ("non-breadwinners"), and non-regular employees. The high percentages of women, young people, non-university graduates and non-regular employees in the accommodation and food services industry has likewise been observed in the Ministry of Internal Affairs and Communications' *Employment Status Survey* (2017).

II. Careers

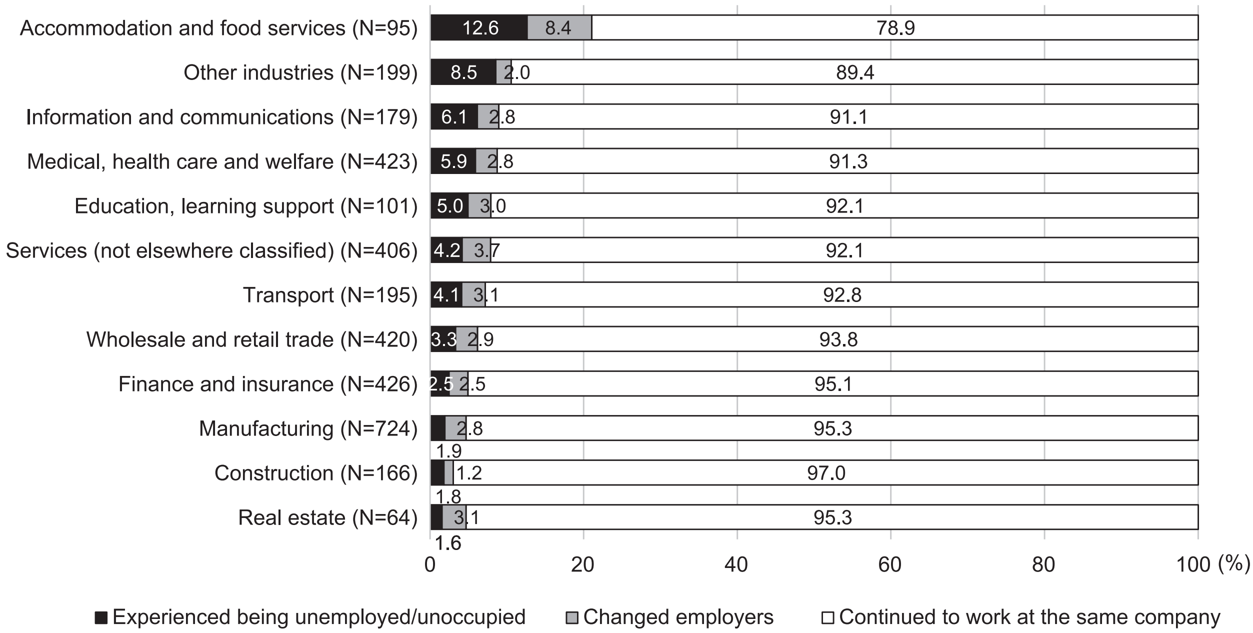
High displacement rates among accommodation and food services workers have become an issue in countries around the world amid the COVID-19 crisis. For instance, Adams-Prassl et al. (2020) have

Table 1. Profile of accommodation and food services workers

(%)

	Total for all industries	Accommodation and food services
N	3,134	95
Male	55.0	31.6
Female	45.0	68.4
Aged 20–34	22.5	36.8
Aged 35–49	43.6	38.9
Aged 50 or over	33.9	24.2
Non-university graduate	54.4	75.8
University graduate or higher	45.6	24.2
Non-breadwinner	35.8	51.6
Breadwinner	64.2	48.4
Regular employee	66.8	31.6
Non-regular employee	33.2	68.4

Note: Industry refers to the industry of respondents' places of employment as of April 1, 2020. The same applies to the following tables and figures.



Note: Industries for which there were less than 50 samples—"electricity, gas, heat supply and water," "postal services/ cooperative associations," and "do not know"—were incorporated into the category "other industries." The same applies to the following tables and figures.

Figure 1. Careers after April 1, 2020 (by industry of employer as of April 1, 2020)

noted that the UK, the US, and Germany all recorded a high rate of jobs lost in the accommodation and food service activities industry. Has a similar trend arisen in Japan?

Looking exclusively at respondents who were employees of private enterprises as of April 1, 2020, Figure 1 categorizes those respondents' careers for the period from April to December into three—

Table 2. Determinants of job separation on or after April 1, 2020 (binomial logistic regression analysis)

Explained variable = Job separation	Marginal effects	S.E.	
Female	0.020	0.011	†
Age	-0.001	0.000	**
University graduate or higher	0.001	0.010	
Breadwinner	-0.002	0.011	
Non-regular employee	0.057	0.011	**
Construction (ref. finance and insurance)	-0.019	0.038	
Manufacturing	0.006	0.026	
Information and communications	0.054	0.029	†
Transport	0.043	0.030	
Wholesale and retail trade	0.002	0.027	
Real estate	0.005	0.045	
Accommodation and food services	0.076	0.029	**
Medical, health care and welfare	0.035	0.026	
Education, learning support	0.008	0.034	
Services (not elsewhere classified)	0.023	0.026	
Other industries	0.042	0.028	
N		3,134	
Chi-squared		93.33	**
Pseudo R-squared		0.0578	

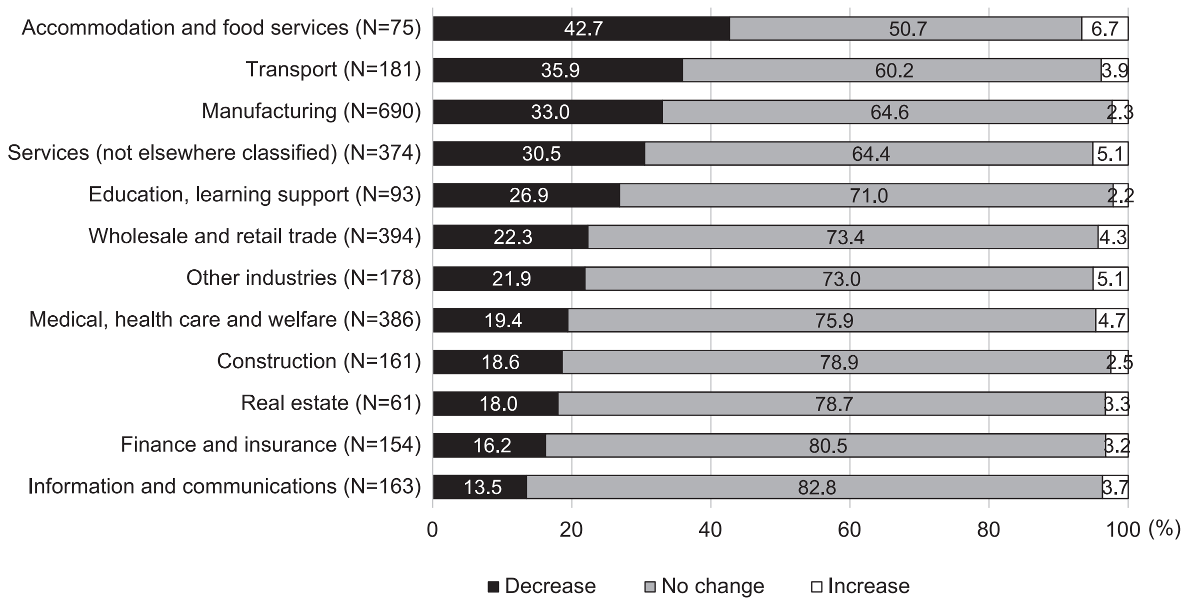
Notes: 1. ** p<0.01; * p<0.05; † p<0.1.
2. (ref.) denotes the reference group.

"continued to work at the same company," "changed employers (without experiencing being unemployed/unoccupied for one month or more)," or "experienced being unemployed/unoccupied for one month or more"—and shows the distribution of those categories by the industry of the respondents' employers as of April 1. This shows that in the accommodation and food services industry, those who "experienced being unemployed/unoccupied" accounted for 12.6%, a remarkably higher percentage than those of other industries. The situation in Japan therefore appears to resemble that in other countries. On the other hand, the percentage who "changed employers" is also high, at 8.4%. It seems that there is also a considerable number of people who choose to leave their employment of their own accord, possibly influenced by the increasingly difficult business conditions in the COVID-19 crisis.

At the same time, it should also be noted that the large numbers of workers who changed employers or experienced being unemployed/unoccupied may also be related to the characteristics of workers in the accommodation and food services industry—namely, the large proportions of women, young people, non-university graduates, non-breadwinners, and non-regular employees. Table 2 therefore presents analysis of the effect of industry on job separation (change of employers and experience being unemployed/unoccupied), where those worker characteristics were controlled for.[5] This shows that, even taking into account the tendencies of women, young people, and non-regular employees toward job separation, the accommodation and food services industry dummy is positive and significant at the 0.01 level. This, as expected, indicates a high job separation rate in the accommodation and food services industry.

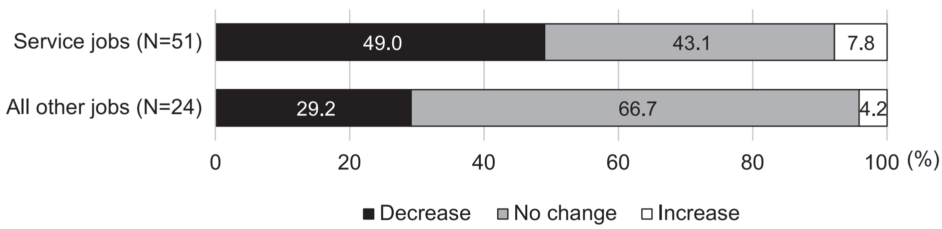
III. Monthly income

As expected, given the decline in employment, the job separation rate in the accommodation and food services industry is particularly high. Let us now focus on those workers who have continued to work at the same company and consider how their work and attitudes toward it may have been affected. Figure 2 shows the state of monthly income closest



Note: Subjects of tabulation were limited to those respondents who continued to work at the same company on or after April 1, 2020.

Figure 2. Monthly income closest to the December survey compared with a normal month prior to the pandemic by industry



Note: Subjects of tabulation were limited to those respondents who continued to work at the same company on or after April 1, 2020.

Figure 3. Monthly income closest to the December 2020 survey compared with a normal month prior to the pandemic (accommodation and food services industry)

to the December 2020 Survey in comparison with a normal month prior to the pandemic for those who continued to work at the same company on or after April 1, 2020. This shows that in the accommodation and food services industry, those who saw a decrease in income accounted for 42.7%, a higher percentage than those in other industries.

While it is necessary to be cautious in our interpretation given the small sample size, it is also interesting to note that if job types within the accommodation and food services industry are divided into roles that involve serving customers ("service jobs") and all other jobs, it can be seen that the percentage of workers whose monthly income decreased is especially high among workers in service jobs (Figure 3). This is surely a reflection of the fact that decline in the amount of work is being experienced particularly by workers in hands-on roles serving and interacting with customers in person.

Is the trend of decline in monthly income in the accommodation and food services industry still present if the worker characteristics are controlled for? Table 3 shows an analysis of the effect of

Table 3. Determinants of monthly income index closest to the December 2020 Survey (OLS)

Explained variable = Monthly income index	B	S.E.	
Female	0.800	0.658	
Age	0.067	0.025	**
University graduate or higher	0.864	0.570	
Breadwinner	-0.534	0.670	
Non-regular employee	-0.248	0.675	
Construction (ref. finance and insurance)	0.114	1.610	
Manufacturing	-2.935	1.278	*
Information and communications	1.391	1.607	
Transport	-2.873	1.588	†
Wholesale and retail trade	-0.389	1.360	
Real estate	0.165	2.153	
Accommodation and food services	-7.265	2.026	**
Medical, health care and welfare	0.317	1.359	
Education, learning support	-3.528	1.886	†
Services (not elsewhere classified)	-3.155	1.367	*
Other industries	-1.450	1.577	
Constant	92.924	1.755	**
N		2,910	
F-value		3.852	**
Adjusted R-squared		0.015	

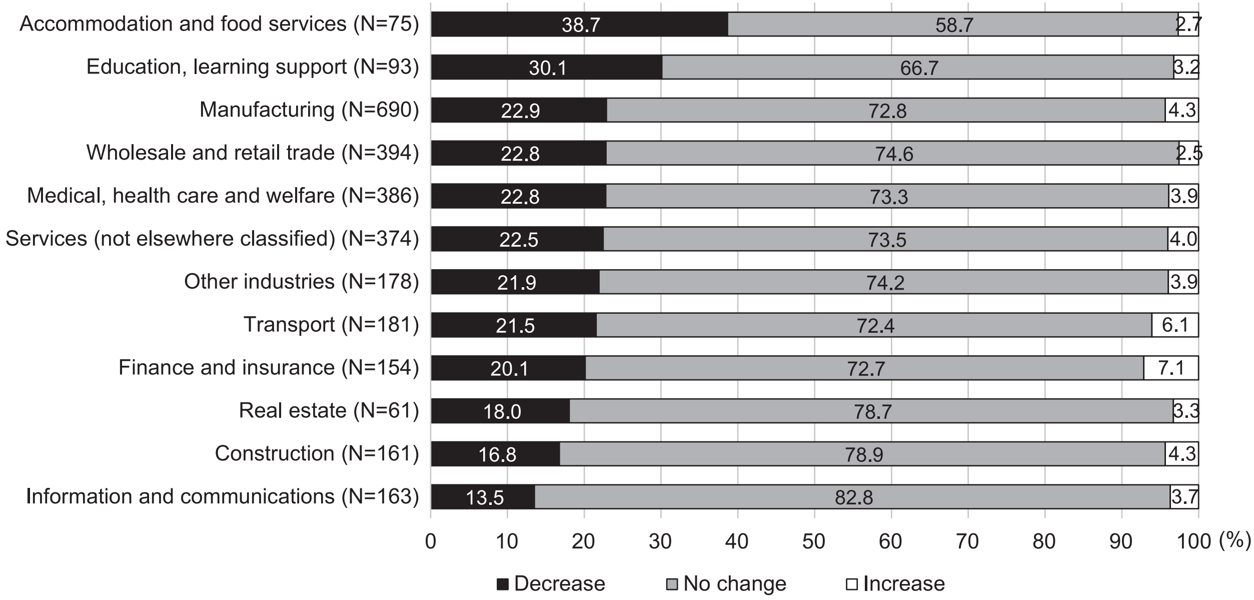
Notes: 1. ** p<0.01; * p<0.05; † p<0.1.
2. (ref.) denotes the reference group.
3. Subjects of analysis were limited to those respondents who continued to work at the same company on or after April 1, 2020.
4. Respondents were asked about their monthly income closest to the December 2020 Survey in terms of ranges in comparison with their monthly income in a normal month prior to the pandemic. Those ranges have been converted into class marks and adopted as the explained variable.

industry, with the closest monthly income to the December 2020 Survey where the normal month prior to the pandemic is set as 100 (monthly income index) as the explained variable, and worker characteristics as control variables. This indicates that in the accommodation and food services industry the monthly income index is significantly low at the 0.01 level (namely, that there is a decline in monthly income).

IV. Job satisfaction levels

In the December 2020 Survey, respondents were asked what levels of satisfaction they felt in their jobs at that time (December 2020) and prior to the COVID-19 crisis, with a choice of five levels in both cases. While responses may include considerable error due to the fact that the question involved answering retrospectively, it is possible to ascertain changes in job satisfaction by looking at the difference between the two sets of responses. Figure 4 is a tabulation of those results by industry. It shows that in the accommodation and food services industry the percentage of respondents that experienced a decrease in job satisfaction was 38.7%, the highest percentage among the industries.

The same result can be seen even when worker characteristics are controlled for (Table 4). Namely, there is a statistically significant decline in job satisfaction levels in the accommodation and food services industry (Model 1). More importantly, the negative effect of the accommodation and food services dummy does not change notably even when the monthly income index is controlled for in Model 2. This suggests that the decrease in job satisfaction among accommodation and food services workers is also due to factors other than the decline in monthly



Note: Subjects of tabulation were limited to those respondents who continued to work at the same company on or after April 1, 2020.

Figure 4. Change in job satisfaction level compared with level prior to the COVID-19 crisis

income.

V. Key insights

As the analysis has shown, accommodation and food services workers have seen a particularly high job separation rate in the COVID-19 crisis, and even those who have continued to work at the same enterprise have seen both a decline in monthly income and a decline in job satisfaction levels. Moreover, the extent of the decline in job satisfaction level is so great that it cannot simply be attributed to the extent of the decline in monthly income.

In Japan, the rising numbers of COVID-19 infections in spring 2020 led to the declaration of a national state of emergency from April to May, under which there were restraints on the business activities of establishments serving food and drink ("restaurants, etc.") and restrictions on long-distance travel. Subsequently, the government sought to address the significant blow to the accommodation and food services industry as a result of the pandemic by launching initiatives to bolster business which entailed issuing coupons to be used at restaurants, etc.[6] and providing subsidies for costs of domestic travel.[7] These initiatives were however suspended when COVID-19 spread once again. What is more, the accommodation and food services industry was dealt a second blow when a state of emergency was again declared in Tokyo and a number of regions from January to March, 2021. While the national and local governments are attempting to exercise their best judgment as issues arise, given the added difficulty of predicting how COVID-19 will spread, there is no question that the accommodation and food services industry and its business activities are virtually at the mercy of such developments.

It appears that, given such conditions, workers in the accommodation and food services industry lack clear prospects for the future, and are in turn experiencing a decline in job satisfaction to an extent that the decline in their monthly income alone is not sufficient explanation.

The JILPT Enterprise Survey revealed that just under 20% of enterprises across all industries and over 40% of enterprises in the accommodation and food services industry responded that difficulty in

Table 4. Determinants of change in job satisfaction level compared with level prior to the COVID-19 crisis (OLS)

Explained variable = Job satisfaction level change score	Model 1 B	Model 1 S.E.		Model 2 B	Model 2 S.E.	
Female	-0.030	0.034		-0.039	0.033	
Age	-0.002	0.001		-0.002	0.001	†
University graduate or higher	0.018	0.029		0.009	0.028	
Breadwinner	0.014	0.034		0.020	0.033	
Non-regular employee	-0.032	0.035		-0.029	0.034	
Construction (ref. finance and insurance)	0.032	0.082		0.031	0.080	
Manufacturing	-0.111	0.065	†	-0.078	0.064	
Information and communications	0.032	0.082		0.017	0.080	
Transport	-0.053	0.081		-0.021	0.079	
Wholesale and retail trade	-0.082	0.070		-0.078	0.068	
Real estate	-0.004	0.110		-0.006	0.108	
Accommodation and food services	-0.387	0.104	**	-0.306	0.101	**
Medical, health care and welfare	-0.105	0.070		-0.109	0.068	
Education, learning support	-0.198	0.097	*	-0.158	0.094	†
Services (not elsewhere classified)	-0.061	0.070		-0.026	0.068	
Other industries	-0.028	0.081		-0.012	0.079	
Monthly income index				0.011	0.001	**
Constant	-0.105	0.090		-1.147	0.123	**
N		2,910			2,910	
F value		2.500	**		11.033	**
Adjusted R-squared		0.008			0.055	

Notes: 1. ** p<0.01; * p<0.05; † p<0.1.
2. (ref.) denotes the reference group.
3. Subjects were limited to those respondents who continued to work at the same company on or after April 1, 2020.
4. The explained variable is a nine-level score based on the difference between satisfaction level (5 levels) at the time of the survey (December 2020) and satisfaction level (5 levels) prior to the COVID-19 pandemic.

maintaining existing levels of employment would arise within six months if the business conditions as of September 2020 should continue.[8] At the same time, given the nature of the decline in job satisfaction among accommodation and food services industry workers, it would be conceivable that the industry will shrink due to a considerable number of workers leaving their employment voluntarily, before enterprises encounter difficulty in maintaining employment.

Nevertheless, there is little point in ensuring that workers remain in their existing employment when business conditions are in such a state of flux. There are therefore issues that cannot be resolved merely with the concept of Employment Adjustment Subsidy (Koyō Chōsei Joseikin) that seek to stabilize employment by supplementing allowances for workers sent on leave due to business suspension. If we consider the circumstances faced by accommodation and food services workers in the COVID-19 crisis—in which decline in job satisfaction is so great that the decline in monthly income cannot be the only cause—it appears that it is instead necessary to adopt measures focused on assisting people who seek to change employers, such as guaranteeing income through unemployment benefits, and providing employment referral services and support for skills development.

1. Here, “accommodation and food services” refers to the industry division described in the Japan Standard Industrial Classification and the JILPT surveys as “accommodations, eating and drinking services.”
2. See JILPT (2020) for details.
3. See JILPT (2021) for details of the survey method.

4. This is, however, limited to respondents whose career from April to December falls into one of the following categories: “continued to work at the same company,” “changed employers (without experiencing being unemployed/unoccupied for one month or more),” or “experienced being unemployed/unoccupied for one month or more.” “Unoccupied” is used here to refer to those not in work and not looking for work. See Takahashi (2021) regarding these three career categories.
5. The reference group is the finance and insurance industry division which, according to results from the *Labor Force Survey*, saw little rise or fall in the number of employed persons in the period from 2019 to 2020.
6. The “Go To Eat” campaign has been implemented by the Ministry of Agriculture, Forestry and Fisheries. This is a national government initiative subsidizing 25% of the costs of meals at restaurants, etc. where COVID-19 infection prevention measures are taken.
7. The “Go To Travel” campaign has been implemented by the Japan Tourism Agency. Under this initiative, the national government covers the equivalent of 50% of the total costs of a domestic trip.
8. See JILPT (2020).

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