

Key topic

Raising the Importance of Developing “Career Ladders” for Jobs Supporting Social Infrastructure in Areas such as Medical and Welfare, Transportation, and Hospitality: MHLW’s White Paper on the Labor Economy 2025

The White Paper on the Labor Economy 2025, published by the Ministry of Health, Labour and Welfare (MHLW) in September 2025, featured the theme “Toward Sustainable Economic Growth under Labor Supply Constraints.” The white paper pointed out that in order to realize sustainable economic growth amid constraints on labor supply, the most important thing is to promote labor productivity. In addition, mentioning the low wage levels and the failure to sufficiently reflect the accumulation of skills and experiences in wages for jobs supporting social infrastructure in areas such as medical and welfare, transportation, and hospitality compared with other jobs, the white paper also raised the importance of developing career ladders for those jobs. We will describe the key points of the white paper, focusing particularly on Part II which reports on the analysis results.

I. Challenges for sustainable economic growth

1. Trend in the GDP (Gross Domestic Product) growth rate and labor supply

(1) Japan is at the bottom of major countries in terms of the real GDP growth rate in the past 40 years

At the beginning, the white paper looked at the real GDP growth rates of six countries—Japan, the United States, the United Kingdom, Germany, France, and Italy (hereinafter the “major countries”)—over the past 40 years or so since 1980. Japan’s growth rate is lower than that of the United States and the United Kingdom but is similar to the growth rates of France and Germany.

As for the decade-by-decade trend in the real GDP growth rate, Japan’s growth rate in the 1980s came to 4.5%, the highest of the major countries, against the backdrop of robust consumption demand, vigorous capital investment, and export expansion. However, in the 1990s and 2000s, Japan’s growth rate was the lowest of the major countries, as it was affected by the collapse of the economic bubble. Since the 2010s, there has been no significant difference between Japan’s growth rate and that of Germany and France.

(2) The working age population is projected to decline despite the increasing female labor supply

Regarding the trend in labor supply in Japan, the supply continued to decrease moderately in the 1990s and later, but since 2021, it has stayed almost flat. By gender, male labor supply has remained on a downtrend since the 1990s, while female labor supply has been trending upward since the 2010s. Referring to this trend, the white paper mentioned that “labor participation by women supported by the promotion of working style reforms and the spread of diverse working styles has had positive effects on labor supply.”

As for future projections of the working age population over the period until 2040, an uptrend is expected for the United States and the United Kingdom, while a downtrend is forecast for Japan, Germany, France, and Italy.

(3) Toward achieving sustainable economic growth by promoting labor productivity improvement

Given that the constraints on labor supply are

expected to continue, the white paper pointed out the need to pay attention to factors other than labor supply in order to achieve sustainable economic growth.

Change in the GDP growth rate can be explained by change in labor supply and change in real labor productivity. Therefore, the white paper broke down the GDP growth rate into these two factors and identified their contributions to change in the real GDP growth rate.

In the 1980s, an increase in labor supply contributed to a rise in the real GDP growth rate, but an increase in real labor productivity was larger than the increase in labor supply and contributed more to the real GDP growth rate. However, in the 1990s and later, the contribution of real labor productivity declined, resulting in a slowdown in the real GDP growth rate.

In light of the above analysis, the white paper argued that on the premise of maintaining labor supply to the maximum possible extent, “the most important thing in achieving sustainable economic growth is to promote labor productivity improvement.”

2. Challenges and measures for improving labor productivity

(1) The contribution of ICT investment in Japan is lower than in the United States but it is on par with that of the United Kingdom and Germany

The white paper broke down the rate of increase in nominal labor productivity into the following factors and made international comparisons of factor-by-factor contribution: “the composition ratios of workers,” which refers to the shares of workers classified by skill; “intangible asset investments,” including research and development expenditure, human resource investment, and software investment; “ICT investments,” mainly investments in PC and other hardware; “non-ICT investments,” including investments in buildings, machinery, and ancillary equipment; and “others,” including investments for technological innovation and social structure reforms.

The contribution of non-ICT investments in

Japan is higher than that of the United States, the United Kingdom, and Germany. The contribution of the composition ratios of workers in Japan is lower than in the United Kingdom but is comparable to that of the United States and Germany. The contribution of ICT investments in Japan is lower than in the United States but is on par with that of the United Kingdom and Germany.

In light of the above, the white paper cited a view presuming that companies’ utilization of ICT assets has remained inefficient in Japan for reasons such as that they have continued to use proprietary IT equipment in order to avoid reorganization and additional costs associated with employee training related to ICT skills.

(2) Behind the low contribution of intangible asset investments are delays in software investment

On the other hand, the contribution of intangible asset investments in Japan is low compared with that of the United States, the United Kingdom, and Germany and was almost zero in the 2010s.

In order to identify the trend concerning intangible assets in more detail, the white paper classified intangible assets as follows: “information technology assets,” such as software investment and databases; “innovative assets,” including research and development, copyrights, and design; and “economic competitiveness,” such as brands, company-specific human resources, and reorganization cost.

An analysis based on this classification shows that the ratios of innovative assets and information technology assets to GDP in Japan are comparable to that of in the United States, the United Kingdom, and Germany. However, with respect to software-related capital stocks, which make up a large portion of information technology assets, the growth rate in the non-manufacturing sector in Japan is sluggish compared with the United States, the United Kingdom, and Germany, so the white paper pointed out that “the challenge is the delay in software investment, which constitutes the core of AI investment in the non-manufacturing industry.”

II. Toward securing workers engaging in jobs supporting social infrastructure

1. Current state of labor shortages facing jobs that support social infrastructure

(1) Social infrastructure-related jobs account for 35% of all workers

The white paper assumed the presence of the following three categories of jobs supporting social infrastructure, which face labor shortages and which require stable retention of workers: “jobs critical to human life,” “jobs related to logistics and infrastructure,” and “jobs related to everyday life.” Those jobs were classified into the “medical, health care, and welfare group,” the “security, transportation, and construction group,” and the “hospitality, sales, and food service group” (hereinafter the “three groups”). Defining those jobs as social infrastructure-related jobs, the white paper confirmed the current status and characteristics of the jobs.

Of all workers in Japan, social infrastructure-related jobs accounted for around 35%, representing the total sum of the shares of around 11% for the medical, healthcare, and welfare group, around 12% for the security, transportation, and construction group, and around 12% for the hospitality, sales, and food service group.

Between 2015 and 2024, while the number of workers engaging in non-social infrastructure-related jobs increased by 3.22 million people, the number of workers engaging in social infrastructure-related jobs rose by only 580,000 people. In view of that trend, the white paper observed as follows: “While the overall number of workers has been increasing, the increase in the number of workers engaging in social infrastructure-related jobs has been moderate, indicating that it has been more difficult to secure workers for such jobs compared with non-social infrastructure-related jobs.”

(2) Female participation in social infrastructure-related jobs is relatively lagging

By gender, regarding non-social infrastructure-related jobs, the numbers of both male and female workers are trending upward, with the increase in

female workers particularly pronounced. With respect to social infrastructure jobs, although the number of female workers is increasing, the number of male workers is decreasing moderately. However, the increase in female workers is not so pronounced as in the case of non-social infrastructure jobs. The white paper pointed out the effects of this trend on the sluggish growth in the number of social infrastructure-related jobs as follows: “While the number of female workers is increasing on the whole, female participation in social infrastructure-related jobs is relatively lagging.”

2. Characteristics of jobs supporting social infrastructure

(1) Both wages and bonuses are lower than those of non-social infrastructure-related jobs

The average salary paid regularly in the form of cash is around 320,000 yen for social infrastructure-related jobs, lower than the average of around 360,000 yen for non-social infrastructure-related jobs. On a group-by-group basis, the average is around 330,000 yen for each of the medical, health care, and welfare group and the security, transportation, and construction group and around 270,000 yen for the hospitality, sales, and food service group.

There are also differences in annual bonuses and other extraordinary compensation. The average for social infrastructure-related jobs is only around 570,000 yen, much lower than the average of around 1.07 million yen for non-social infrastructure-related jobs.

As for annual income, there is a gap of more than 1 million yen, with the average at around 5.41 million yen for non-social infrastructure-related jobs and at around 4.36 million yen for social infrastructure-related jobs.

(2) The distribution of wages for social infrastructure-related jobs is not extending to the high income group

Moreover, given the possibility that on an average basis, the wage level may be pushed up by some high-income workers, the white paper paid attention to the distribution of wages. Regarding administrative

jobs, for which the labor shortage is relatively not acute, the wage distribution extends further into the high-income group than in the case of social infrastructure-related jobs. As factors behind that trend, the white paper cited “administrative jobs encompass a wide range of job tasks and operate under a system whereby wages rise with the accumulation of skills and experiences.”

The white paper went on to mention the following points: “the distribution of monthly wages for administrative jobs is disproportionately skewed toward the high-income side because of the presence of a certain number of people who earn high income depending on experience and other factors, but on the other hand, the distribution for social infrastructure-related jobs does not extend to the high-income group”; and “this difference may reflect the effects of the presence or absence of ‘career ladders’ that gradually improve worker treatment in accordance with the accumulation of skills and experiences and differences in the management thereof.”

Among other characteristics of social infrastructure-related jobs cited by the white paper are long working hours, lagging use of telework, and the tendency among workers to feel satisfaction from the job-related values such as “public service and social contribution,” “good interpersonal relationships,” “sense of achievement,” and “autonomy.”

3. Toward securing workers for jobs supporting social infrastructure

(1) Wage growth for social infrastructure-related jobs is limited relative to the accumulation of experience

Next, the white paper conducted a study on the development of a system for long-term career support. A comparison of wage curves between “social-infrastructure-related jobs” and “non-social-infrastructure-related jobs” shows that wage curve rises from young adulthood through ages from 55 to 59 years old and forms a mountain-like shape for non-social infrastructure-related jobs. Regarding this trend, the white paper asserted as follows: “If age is regarded as a proxy variable for skills and experiences,

the (wage) structure is such that the accumulation of skills and experiences associated with the advance of age leads to labor productivity improvement, which in turn results in higher wages.”

On the other hand, regarding social infrastructure-related jobs, although the wage level tends to rise with the advance of age, the slope of the wage curve is moderate, which means that the wage growth is limited relative to the accumulation of experiences. On a group-by-group basis, wage growth associated with the advance of age is observed to some degree for the medical, health care, and welfare group, but such wage growth is relatively small for the security, transportation, and construction group and the hospitality, sales, and food service group.

Further analysis of wage curves by educational attainment shows that the wage curve tends to form a so-called mountain-shape curve for administrative jobs with university graduates or higher, with wages rising with the advance of age. However, for social infrastructure-related jobs with university degrees or higher, wage growth is moderate compared with administrative jobs, meaning that wage growth associated with the advance of age is limited.

As for high school graduates, on the whole, the wage level remains lower for jobs in the medical, health care, and welfare group and hospitality, sales, and food service group than for administrative jobs. For jobs in the security, transportation, and construction group, the wage level is higher than for administrative jobs in the period of younger ages, but the wage growth becomes moderate in the period of age from the latter 40s upward, with the wage level falling below the level for administrative jobs in the period of age from the early 50s upward.

(2) The tendency to fail to reflect the accumulation of skills and experiences in wages is more pronounced when looked at by educational attainment

In view of the above statistics, the white paper pointed out that with respect to social infrastructure-related jobs, the wage structure is such that the accumulation of skills and experiences is not sufficiently reflected in wages and that this tendency becomes more pronounced if the wage curve is

looked at by educational attainment. In order to ensure that workers can work in the long term with a sense of security, the white paper stated, promoting the development of a system whereby wages gradually rise in accordance with the accumulation of skills and experiences, that is, a career ladder, with respect to social infrastructure-related jobs as well, is important for securing and training workers in the long-term.

III. Employment management adapted to changes in the relationship between companies and workers and in workers' attitudes

1. Change in the relationship between companies and workers

(1) The mid-career job market has expanded, with the number of workers who have obtained a job there surpassing 80 million people

The white paper conducted an analysis regarding three factors—(i) change in the relationship between companies and workers, (ii) change in workers' attitudes, and (iii) employment management that encourages continued employment—in order to consider how employment management should be adapted to changes in the relationship between companies and workers and in workers' attitudes.

Regarding change in the relationship between companies and workers, the white paper focused attention on the trends in the labor market, mainly the mid-career job market. Looking at recruitment trends, the number of new job openings offered at *Hello Work* public employment support offices have been on an uptrend on the whole despite being affected by economic cycles. As the number of private employment agencies has risen since the 1990s, the white paper pointed out that “the mid-career job market has expanded.” In line with the expansion of the mid-career job market, the number of workers who have obtained a job there has been trending upward, increasing from around 60 million people in 1991 to more than 80 million people in 2023.

The white paper also conducted an analysis

focusing on seniority-based wages. The wage curve for workers who continued to work for the same company after graduation, defined as *haenuki* employees shows that such employees are subject to a seniority-based wage system, which means that their wages rise with the advance of age and an increase in the number of years of service. Even so, over the long term, the wage curve has become flatter since 1993.

Although the share of *haenuki* employees in the workforce increased in the age group between 25 and 34 years old, it showed a long-term downward trend in the age groups between 35 and 44 years old and between 45 and 54 years old.

2. Change in workers' attitudes

(1) Values changed, leaning toward placing emphasis on the work-leisure balance

The white paper examined the relationship between work and leisure based on the Survey of Japanese Value Orientations, conducted by the NHK Broadcasting Culture Research Institute, and found that the share of people who “enjoy leisure sometimes but are oriented more towards work” declined from 36% in 1973 to 21% in 1993 and to 19% in 2018. On the other hand, the share of people who “are oriented equally to leisure and work” rose from 21% in 1973 to 38% in 2018.

In light of those changes, the white paper pointed out that “as the relative importance of leisure has grown, values are changing, leaning more toward placing emphasis on the work-leisure balance” and went on to assert as follows: “Those changes in workers' attitudes reflect the diversification of values associated with the variety of life events, so in accordance with changes in their attitudes, it is necessary to conduct employment management so as to enable employees to work in ways adapted to their respective life events.”

(2) The percentage of workers who consider it to be desirable to develop a career through job changes is high among those who are in their 20s and 30s

The white paper also conducted an analysis regarding differences in workers' attitudes across

generations based on a questionnaire survey conducted by the Japan Institute for Labour Policy and Training (JILPT) in 2025.

Concerning wishes as to whether to continue working for the current employer, in all age groups, more respondents chose the reply, “It is desirable to continue working for the current employer for a long period of time,” than the reply, “It is desirable to develop a career through job changes.” However, among respondents who are in their 20s and 30s, the percentage of those who chose the reply, “It is desirable to develop a career through job changes,” was higher among those who belong to other age groups.

Regarding work values, interest in worker treatment is higher among younger workers, with the tendency to place emphasis on the wage level pronounced among those who are in their 20s and 30s. As for working styles, the tendency to place emphasis on “time performance” which refers to time efficiency, was observed among those who are in their 30s.

(3) Well-developed training programs and diverse opportunities for experience at the current employer are among the reasons cited by younger age groups for deciding against job changes

An examination of the reasons for continuing employment with one’s current employer shows that, among younger age groups, relatively high proportions cite factors such as “Can improve skills because of well-developed education and training programs,” “Can accumulate experience because of job rotations,” “Can engage in autonomous career building because of a program to allow workers to apply for preferred positions.”

Looking at the status of voluntary skill development by age group, the percentage of workers who chose the reply, “Not engaging in skill development,” is lower in younger age groups. The percentage of workers who are engaged in acquiring, “Work-related expert knowledge (excluding AI and IT-related knowledge),” or “Knowledge necessary for obtaining work-related qualifications,” is higher among those who belong to younger age groups.

Based on the above results, the white paper mentioned the following points: “It has become clear that in younger age groups, the wish to continue working for the same employer is relatively low, there is a tendency to place greater emphasis on the wage level than on the specifics of the job, and interest in self-growth is high,” and “Among those who are in their 30s, there is a preference for working styles that place emphasis on efficiency.”

On this basis, regarding companies’ measures to encourage continued employment of young and middle-aged employees over the long term, the white paper noted that “in addition to improving treatment, it is necessary to develop a system to enhance work efficiency and promote appropriate skill development.”

3. Employment management that encourages continued employment

(1) A comfortable workplace environment encourages continued employment among workers

Based on the questionnaire survey by the JILPT, the white paper conducted an analysis to examine the specific image of employment management that enables employees to work in ways adapted to change in workers’ attitudes and to life events amid labor shortages.

According to the analysis, regarding workers’ perceptions of their workplace environment, around 28% chose the reply, “Comfortable to work in,” around 56% selected “More or less comfortable to work in,” and around 16% opted for “Uncomfortable to work in.”

Based on their perception of the workplace, workers were divided into three groups—the “comfortable to work in” group, the “more or less comfortable to work in” group, and the “uncomfortable to work in” group—and the percentage of workers who consider it to be desirable to work for the current employer for a long period of time in each of the three groups was calculated. The percentage came to around 88% in the “comfortable to work in” group, around 72% in the “more or less comfortable to work in” group, and around 39% in the “uncomfortable to work in” group. The white

paper pointed out: “A comfortable workplace environment is necessary in order to encourage employees to stay at the company.”

(2) Among the factors that make the workplace uncomfortable to work in are a chronic labor shortage and a lack of coworkers with whom to consult

Regarding the factors that make the workplace comfortable to work in, around 61% of workers in “the comfortable to work in” group and “more or less comfortable to work in” group cited, “The small amount of overtime hours,” while around 50% cited, “A flexible paid leave system introduced and promoted.”

As for the factors that make the workplace uncomfortable to work in (multiple choices allowed), around 68% of workers in the “uncomfortable to work in” group chose “Chronic labor shortage,” and the white paper pointed out that the finding “suggests the need to promote countermeasures against labor shortages and the development of a comfortable workplace in parallel.”

In addition, the white paper argued that management problems, such as “A lack of co-workers with whom to consult on work issues,” “A lack of

information from management on matters related to work style reforms,” and “A lack of thorough efforts to provide guidance and advice related to long working hours,” are also factors that make the workplace uncomfortable.

From the above analysis, the white paper concluded that “it is important to develop a comfortable workplace environment in order to strengthen the wish to keep working.” It also pointed out as follows: “While the small amount of overtime work and the presence of a flexible paid leave system make workers feel comfortable to work, they feel that an environment where there is a labor shortage or where there is no coworker to consult with on work issues is uncomfortable to work in.”

References

- JILPT (Japan Institute for Labour Policy and Training). 2025. Survey on Human Resource Strategies for Improving Work Quality in Response to Changing Work Attitudes and New Technologies (Regular Employee Survey). Tokyo: JILPT. <https://www.jil.go.jp/press/documents/20250916.pdf> [in Japanese].
- NHK Broadcasting Culture Research Institute “Survey of ‘Japanese Public Opinion.’” <https://www.nhk.or.jp/bunken/d/en/research/yoron/page/1/>.