

## Japanese “Employment Environment” continue to improve

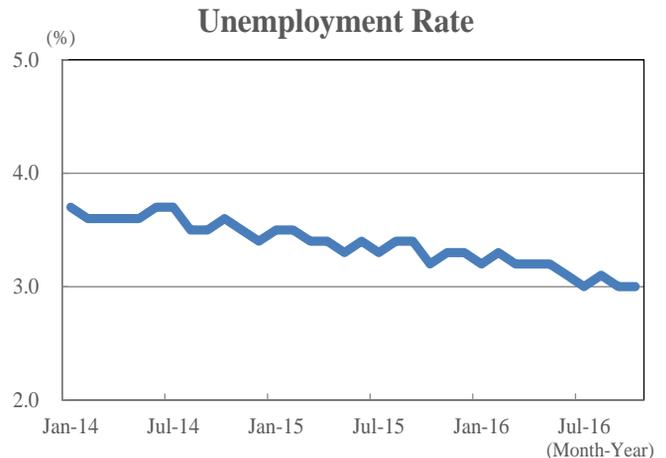
“Employment Environment” can be captured by Labor Force Survey released by Ministry of Internal Affairs and Communication and Employment Referrals for General Workers announced by Ministry of Health, Labour and Welfare, both on a monthly basis. Among which Unemployment rate (ratio of unemployed person out of total labor force) released in Labor Force Survey and Active job openings-to-applicants ratio (ratio of number of job openings against one applicant at public employment security office) announced by Employment Referrals for General Workers are ratios market focuses on. “Employment Environment” is in good shape like it was in bubble economy period.

### Point 1

#### “Employment Environment” is favorable

Unemployment rate was 3.0% and Active job openings-to-applicants ratio was 1.40 times

- According to Labor Force Survey released on 29<sup>th</sup> November 2016, October Unemployment rate (seasonally adjusted) was 3.0% (unchanged from the previous month) maintaining low level since August 1995. Number of Unemployed people (seasonally adjusted) decreased by 50,000 MoM to 1.97 million which was below 2 million for the first time since 1.98 million recorded in February 1995.
- According to Employment Referrals for General Workers announced on 29<sup>th</sup> November 2016, October active job openings-to-applicants ratio rose +0.02 points MoM to 1.40 times, the highest level since August 1991, almost reaching 1.46 times recorded during bubble economy period. Also, new job openings-to-applicants ratio (seasonally adjusted), which is the leading indicator of labor market, rose +0.02 points MoM to 2.11 times.



(Note) Data period is from January 2014 to October 2016.

(Source) SMAM, based on Ministry of Internal Affairs and Communication.

### Point 2

#### Permanent employee number and ratio have increased

However, Active job openings-to-applicants ratio of permanent employees was below 1 time

- If you take a look at breakdown of Labor Force Survey by employment style (before seasonally adjusted), number of both permanent and part-time employee rose +2.2% and +1.6% both YoY, respectively. Number of permanent employee and its ratio have increased, as reflected to the rise in permanent employee ratio over total employee (excluding executives) by +0.2 points YoY to 62.7%.
- On the other hand, according to breakdown of Active job openings-to-applicants ratio by employment style (before seasonally adjusted), that of permanent employees was still below 1 time (0.92 times), while that of part-time workers was 1.48 times.

# Utilize labor force more effectively by accepting different types of employment

- As overall “Employment Environment” is continuously favorable, discussion over employment style such as work-style reforms is progressing. Job openings-to-applicants ratio of part-time employee is much more larger than that of permanent employees due to great demand for part-time workers. However, part-time employee tends not to proactively consume as their life is unstable due to their opaque future outlook because of significant difference in labor conditions compared to permanent employee in many cases. Effective utilization of labor force and increase in consumption is expected to be led by proper evaluation of job assignment and performance of employees, while accepting different types of employment.

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