

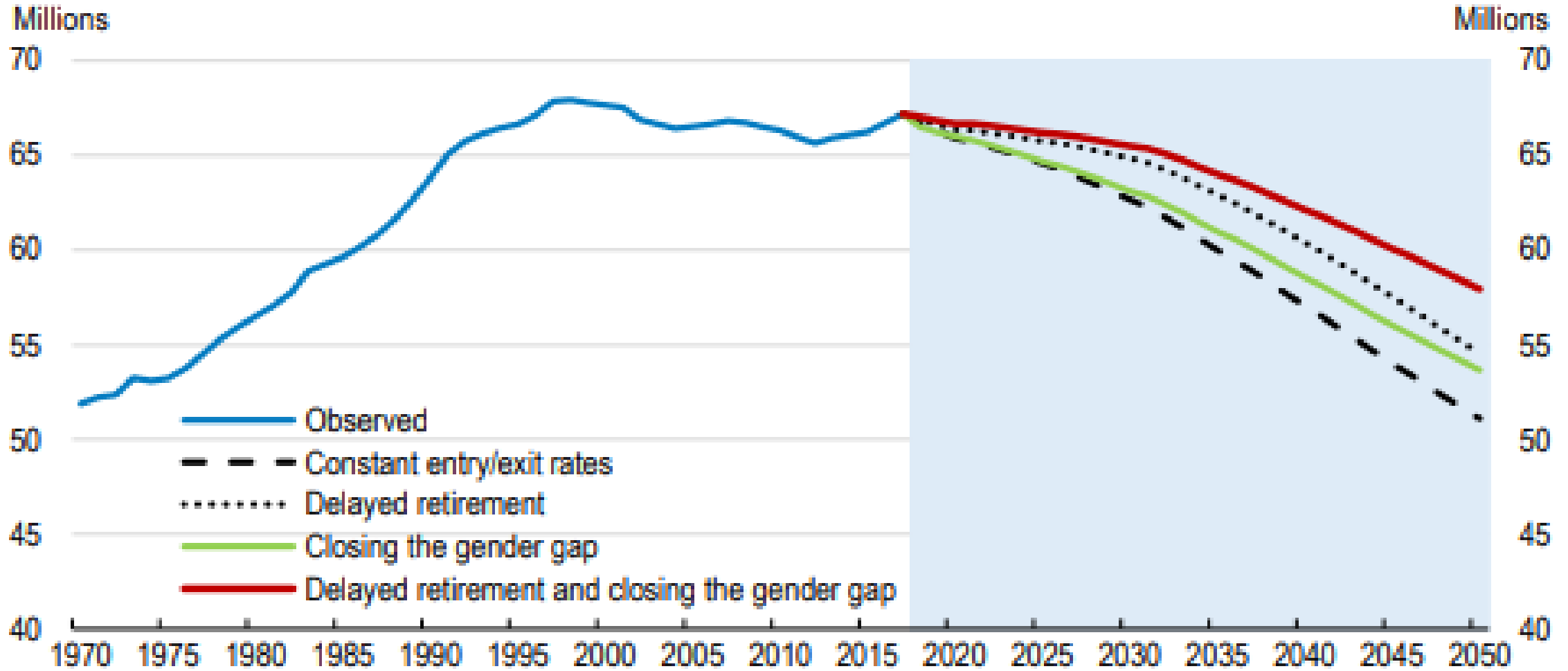
To meet
labour market challenges
in a rapidly changing society

2019.10.2

Rintaro Tamaki

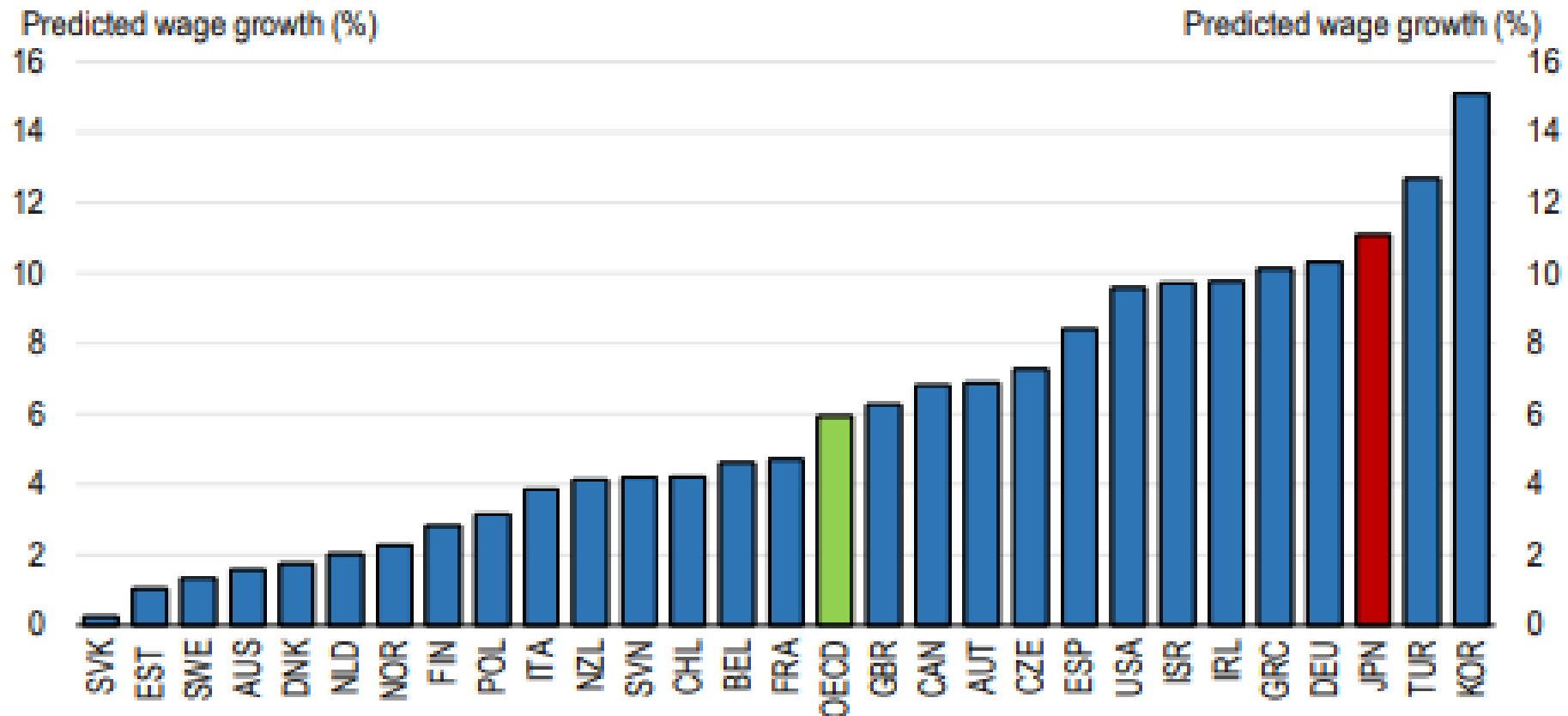
- ✓ Fundamental reform of traditional Japanese labour market practice (lifetime employment, seniority-based wages, mandatory retirement at 60, ...)
- ✓ Increase in the pension eligibility age above 65
- ✓ Improving life-long learning
- ✓ Reducing obstacles to the employment of women
- ✓ Greater use of foreign workers
- ✓ Breaking down labour market dualism
- ✓ Prepare for the future of work
- ✓ Entrepreneurship accelerates technology diffusion

Japan's labour force faces a significant decline



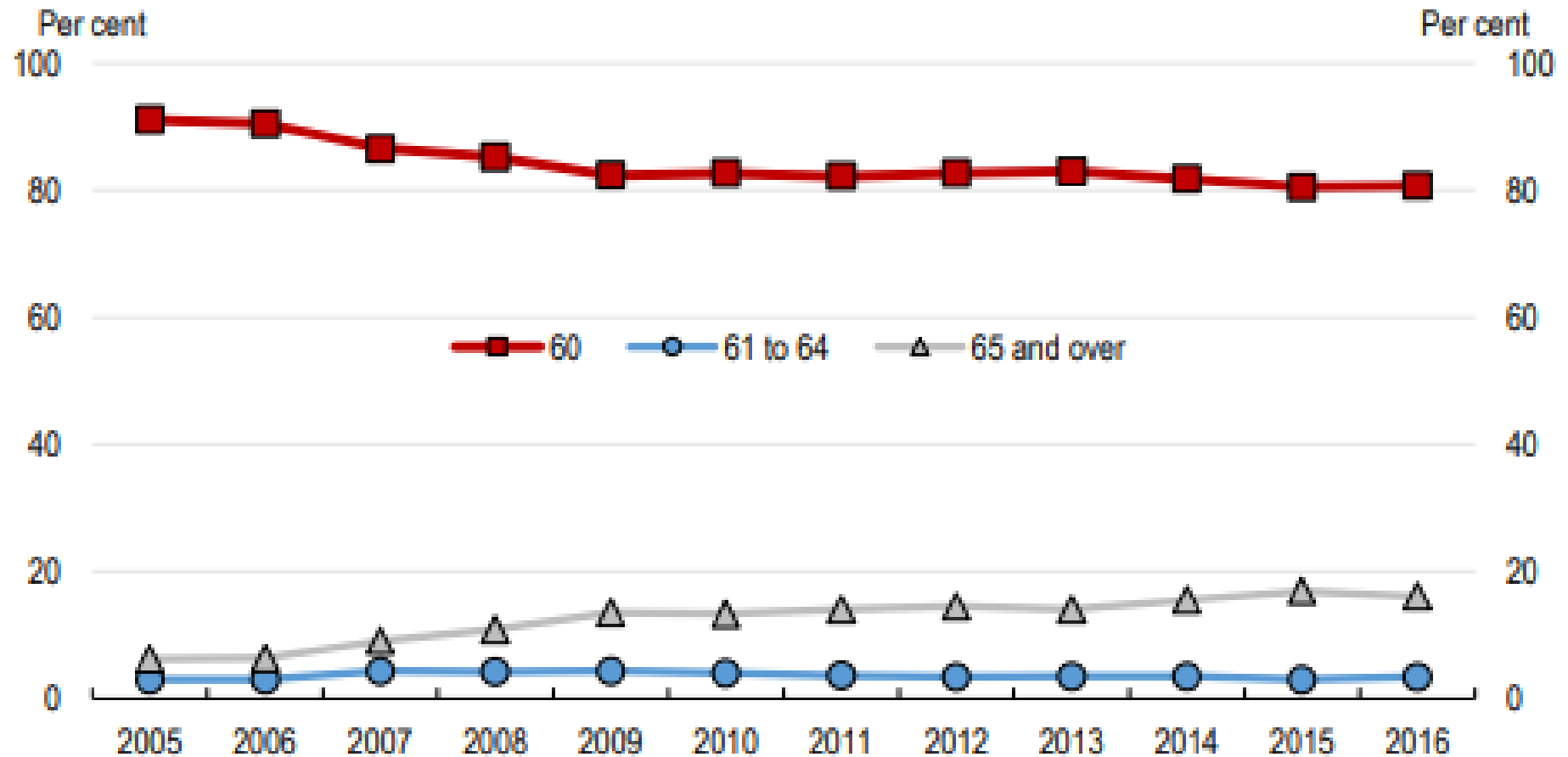
The seniority component of wages is large in Japan (and Germany)

Predicted wage growth (in percent) moving from 10 to 20 years of tenure, for persons aged 50-60, 2013

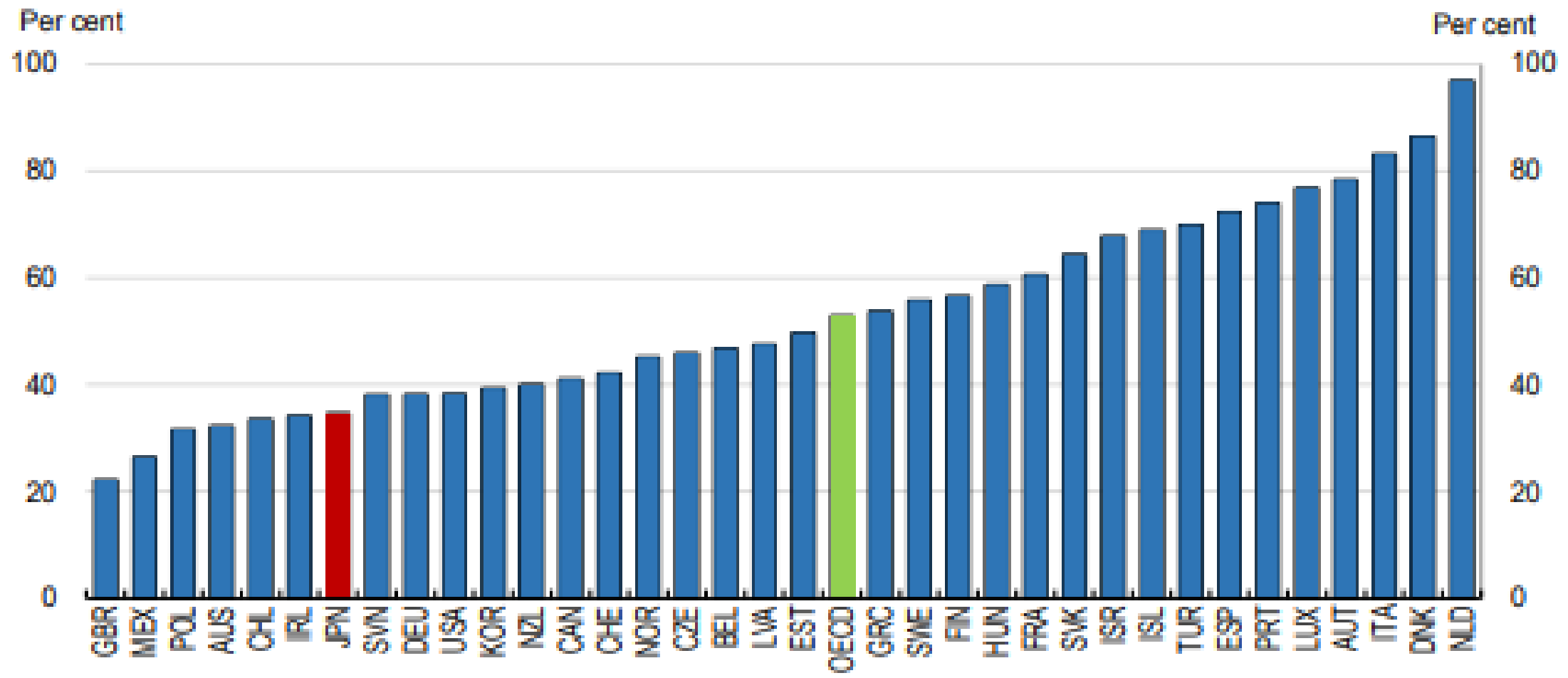


Most firms still keep mandatory retirement age at 60

Trends in mandatory retirement age adopted by companies

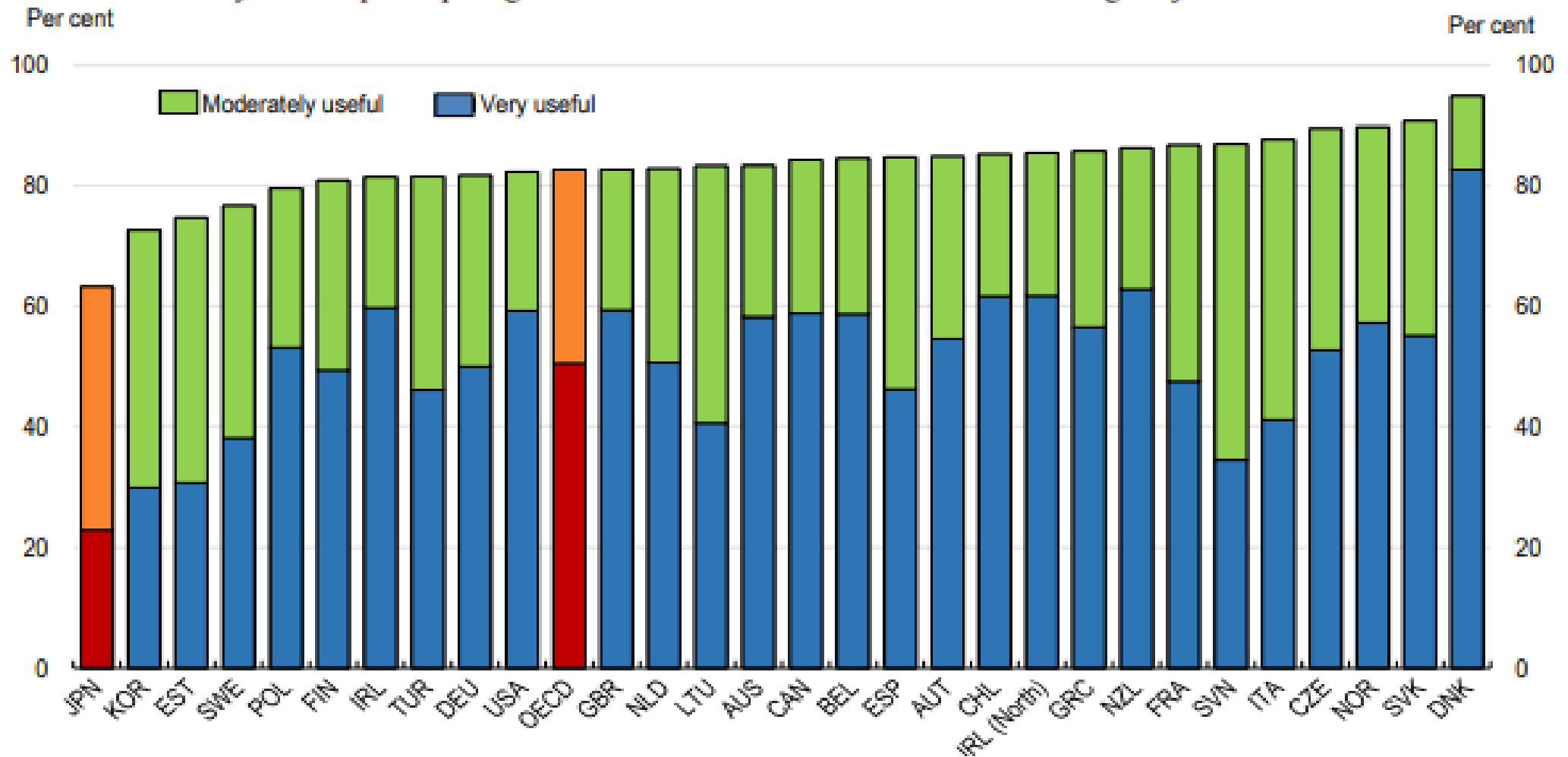


The projected replacement rate of public pension system is low in Japan (and Germany)



The lack of relevance (not useful) of lifelong learning in Japan

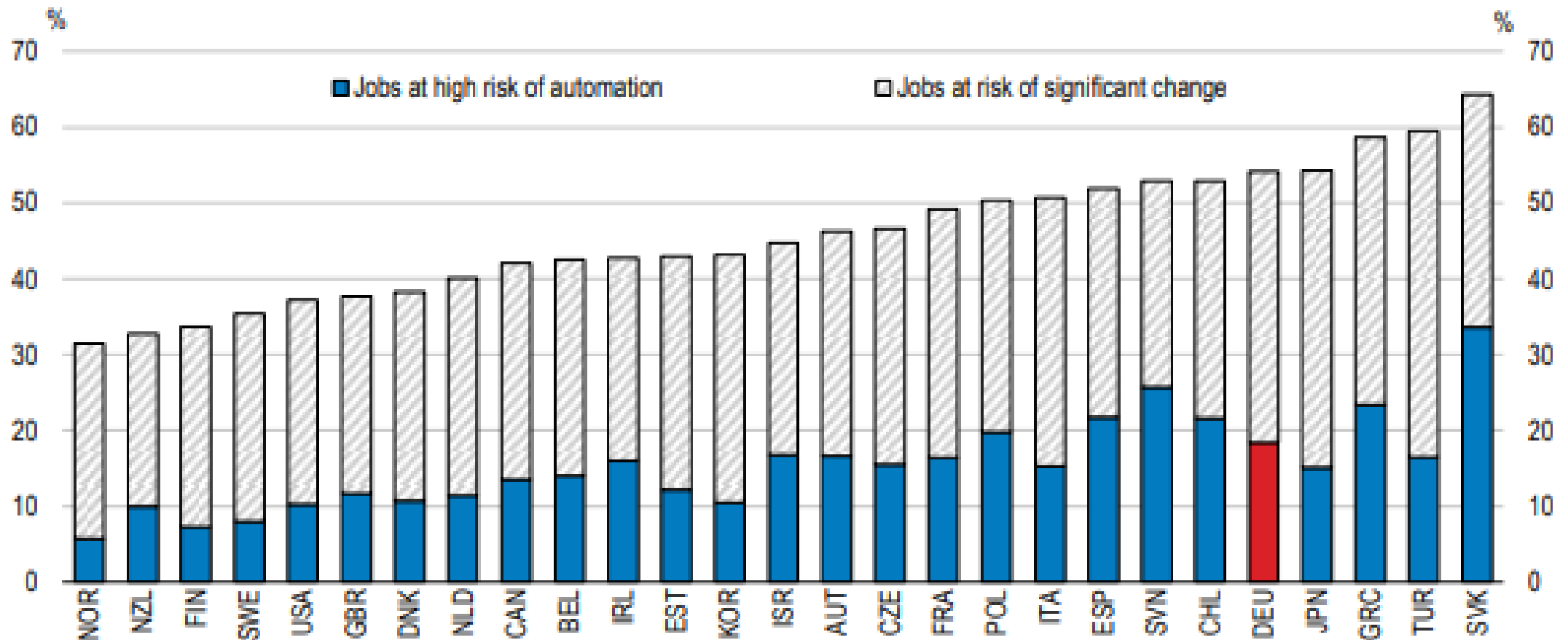
25-65 year-olds participating in formal or non-formal education and training for job-related reasons



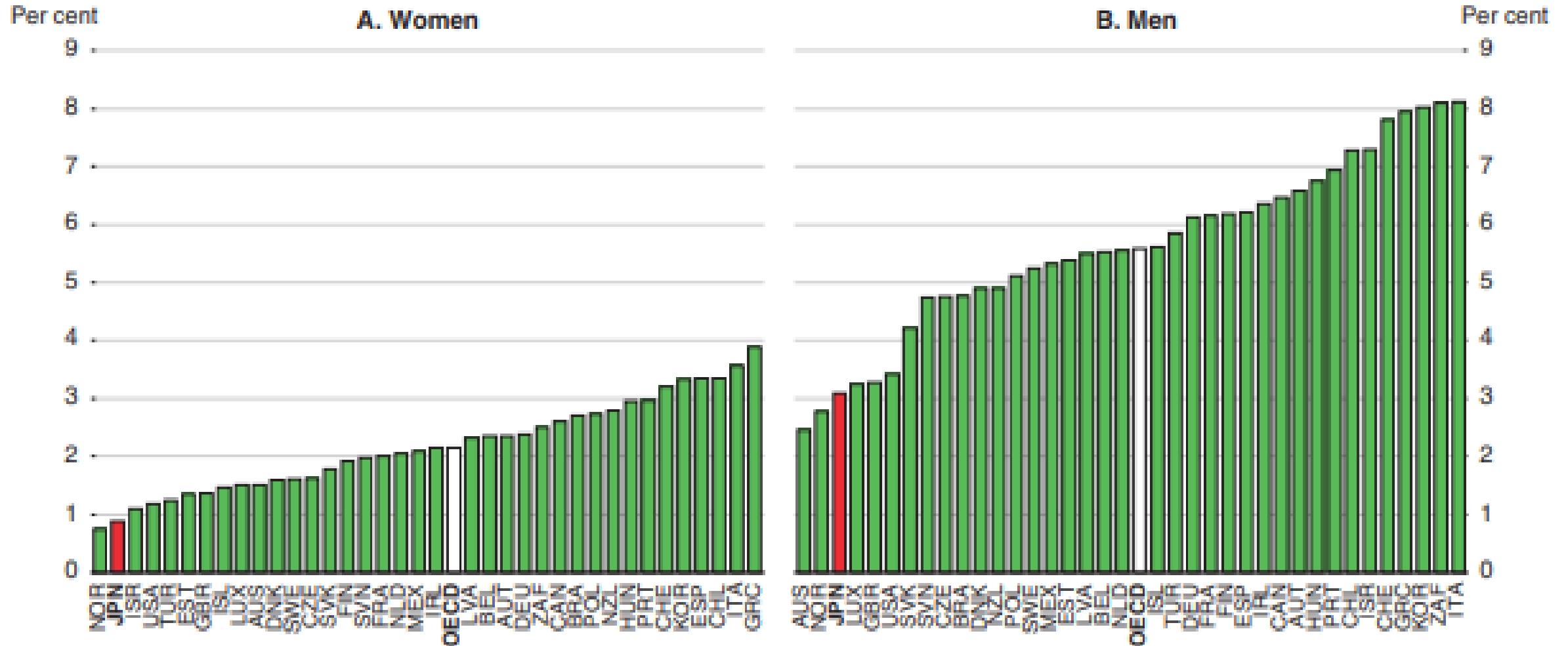
Many jobs are at risks of automation and significant change

(at high risk is likelihood of automation is above 70%, at risk is 50% to 70%)

The share of jobs at high risk of automation and significant change

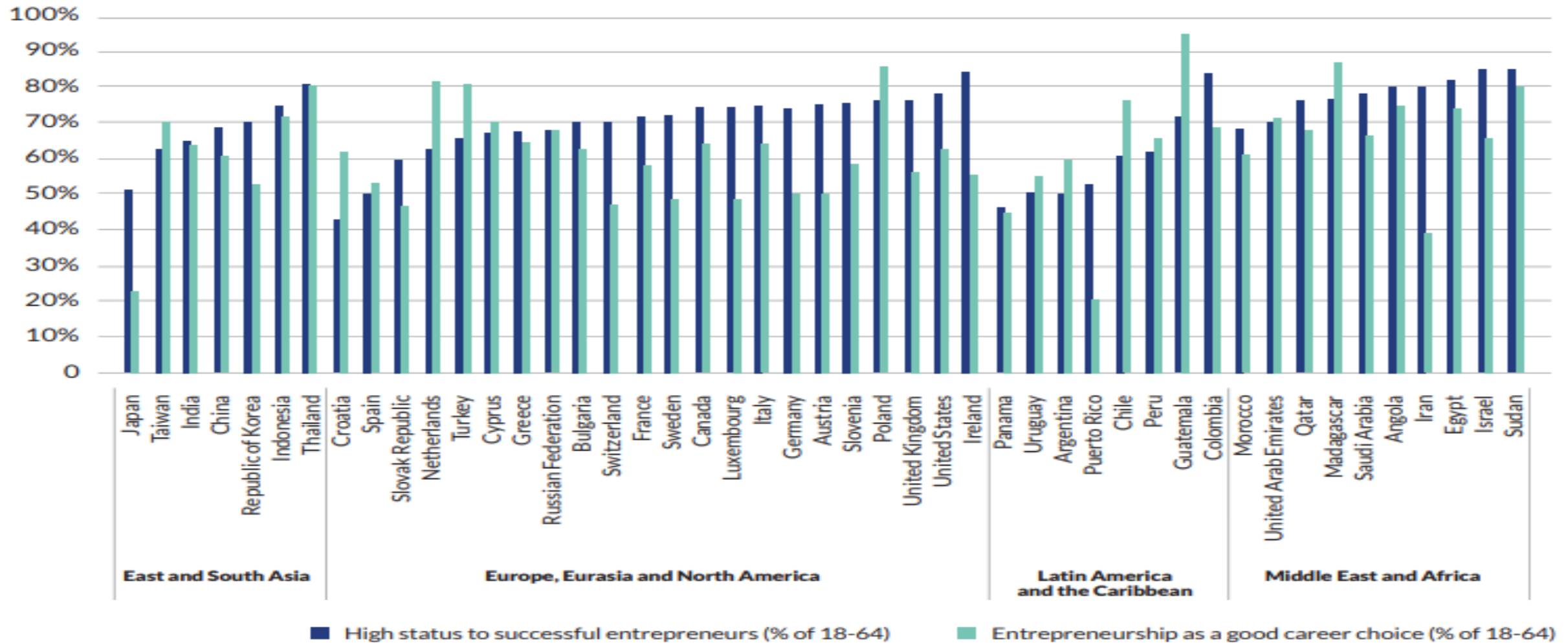


The share of entrepreneurs in Japan is low, particularly among women (2015)

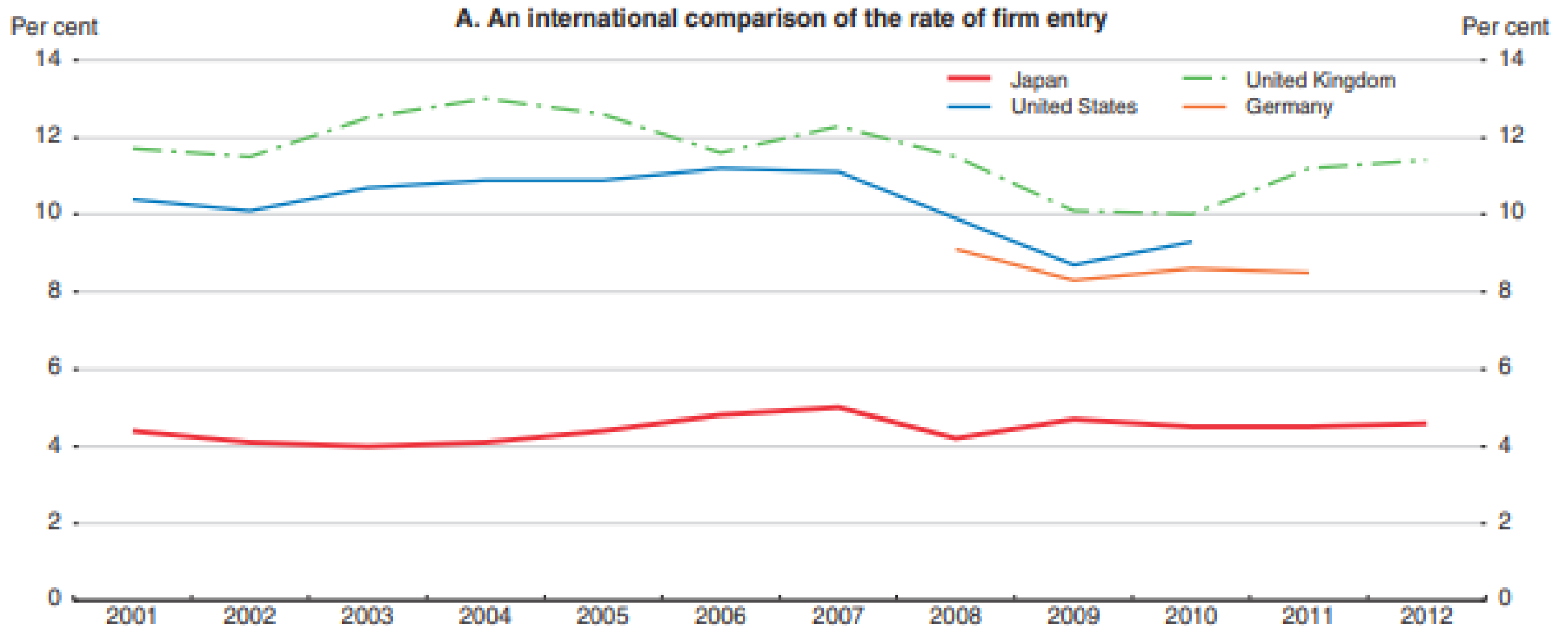


Entrepreneurship as a good career choice? No!

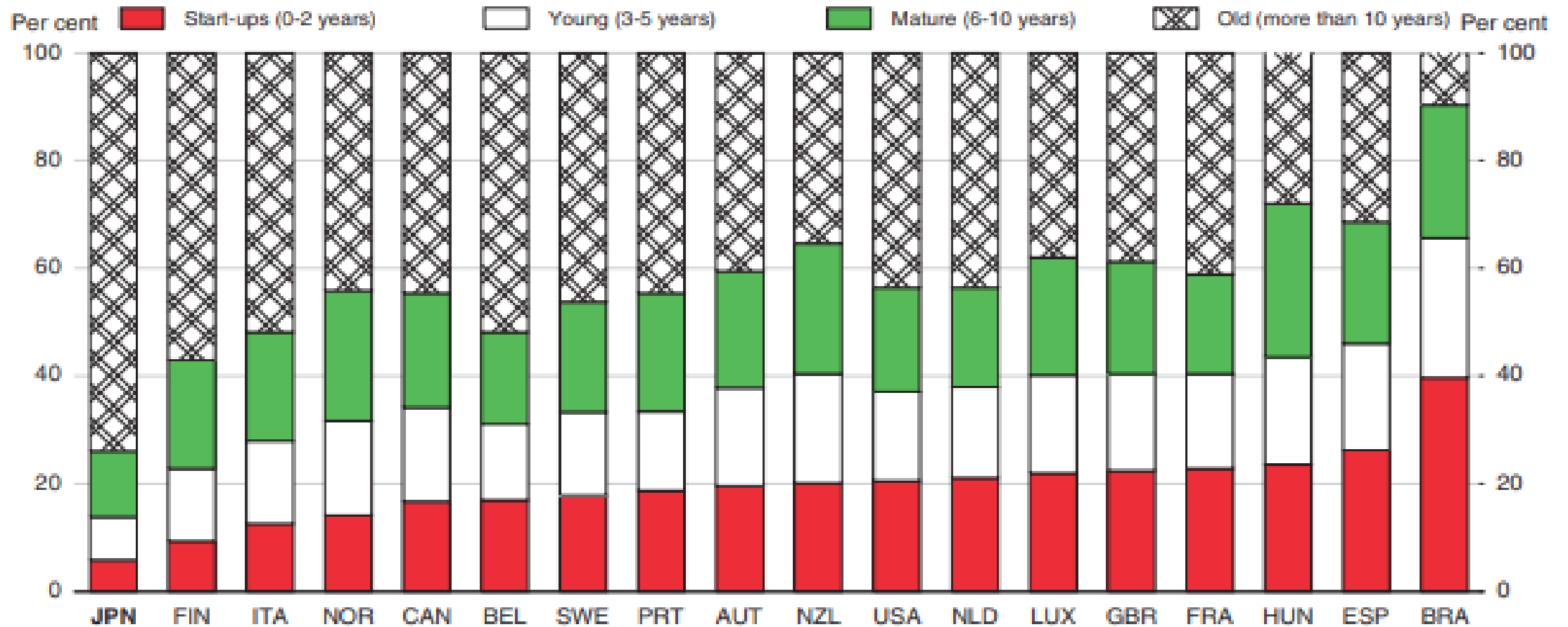
(Global Entrepreneurship Monitor, 2018)



Japan's firm entry rate is lower than other advanced economies



Japan's small firms are relatively old (firms with less than 50 workers)



Government credit guarantees for SMEs are exceptionally high in Japan (2016)

