A Search for Potential Female Labor Force in Japan’s Aging Society

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A kid
A kindergarten
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A Halloween party
Japanese population is expected to decline to less than half in 100 years.

Japan's population projections

- 2008: 127.7 million
- Data for 2009 onward are medium-variant estimates from IPSS

Population goes above 100mn in 1967
Population falls below 100mn in 2046
Population goes above 50mn in 1912
Population falls below 50mn in 2097

Source: Nomura, based on National Institute of Population and Social Security Research, Ministry of Internal Affairs and Communications
Low female labor force participation in Japan (1)

Japan's labor force ratios (2008)

Note: Labor force ratio = #labor force/#population
Source: Ministry of Internal Affairs and Communications
Low female labor force participation in Japan (2)

Female labor force ratios (2008)

Note: The survey for the US only includes people aged 16 and above. The survey for Sweden only includes people aged 72 and below.

Source: Nomura, based on Japan Ministry of Internal Affairs and Communications and International Labour Organization
More than three million in potential female labor force

Potential female labor force ratios in Japan (2008)

Note: Potential labor force ratio is calculated by adding the number of people who wish to work but are not seeking jobs to actual labor force. The survey for the US includes people aged 16 and above. The survey for Sweden includes people aged 72 and below.

Source: Nomura, based on Japan Ministry of Internal Affairs and Communications and International Labour Organization
## Value of unpaid household work (2006)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Male</th>
<th></th>
<th>Femal</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Working</td>
<td>Non-working</td>
<td></td>
<td>Working</td>
<td>Non-working</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>101.7</td>
<td>17.0</td>
<td>9.8</td>
<td>1.2</td>
<td>1.9</td>
<td>4.1</td>
<td>84.7</td>
<td>33.1</td>
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<tr>
<td>House chores</td>
<td>67.5</td>
<td>8.0</td>
<td>3.5</td>
<td>0.7</td>
<td>1.1</td>
<td>2.7</td>
<td>59.5</td>
<td>23.1</td>
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<tr>
<td>Cooking</td>
<td>35.4</td>
<td>3.0</td>
<td>1.3</td>
<td>0.2</td>
<td>0.4</td>
<td>1.1</td>
<td>32.4</td>
<td>12.8</td>
</tr>
<tr>
<td>Cleaning</td>
<td>16.8</td>
<td>2.9</td>
<td>1.2</td>
<td>0.3</td>
<td>0.4</td>
<td>1.0</td>
<td>13.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Laundry</td>
<td>12.1</td>
<td>0.9</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</td>
<td>0.3</td>
<td>11.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Sewing</td>
<td>0.6</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Others</td>
<td>2.6</td>
<td>1.1</td>
<td>0.5</td>
<td>0.1</td>
<td>0.2</td>
<td>0.4</td>
<td>1.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Shopping</td>
<td>19.6</td>
<td>6.1</td>
<td>4.0</td>
<td>0.3</td>
<td>0.7</td>
<td>1.1</td>
<td>13.6</td>
<td>5.8</td>
</tr>
<tr>
<td>Child care</td>
<td>12.8</td>
<td>2.5</td>
<td>2.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>10.3</td>
<td>3.7</td>
</tr>
<tr>
<td>Elderly care</td>
<td>1.7</td>
<td>0.4</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>1.3</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Source: Nomura, based on Ministry of Internal Affairs and Communications “Survey on Time Use and Leisure Activities” and Ministry of Health, Labor and Welfare “Basic Survey on Wage Structure”.
Rising female labor force participation

Labor force ratios in Japan: age 15-64

Source: Nomura, based on Ministry of Internal Affairs and Communications "Labor Force Survey"
Trend of later marriage

Average age of marriage in Japan

Source: Nomura, based on Ministry of Health, Labor and Welfare
Fertility within marriage is still above two

Fertility rates in Japan

Source: Nomura, based on Ministry of Health, Labor and Welfare, and National Institute of Population and Social Security Research
Tradeoff between marriage and work

Female labor force ratios by marital status (2008)

Note: Labor force ratio = #labor force/#population
Source: Nomura, based on the Ministry of Internal Affairs and Communications
### Want a job, but not in labor market

**Number of females not in labor force but wishing to work: by reason for not seeking a job**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>No prospect of finding a job</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>nearby</td>
<td>suitable for own</td>
<td>with favorable</td>
<td>because of</td>
<td>Others</td>
<td>Cannot keep</td>
<td>Health</td>
<td>Others</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>knowledge or</td>
<td>working hours</td>
<td>economic or</td>
<td></td>
<td>working due to</td>
<td>problem</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>skill</td>
<td>or salary</td>
<td>seasonal cycle</td>
<td></td>
<td>housekeeping or childcare</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>3.16</td>
<td>0.98</td>
<td>0.18</td>
<td>0.11</td>
<td>0.45</td>
<td>0.06</td>
<td>0.17</td>
<td>1.14</td>
<td>0.38</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-24</td>
<td>0.57</td>
<td>0.16</td>
<td>0.02</td>
<td>0.02</td>
<td>0.06</td>
<td>0</td>
<td>0.06</td>
<td>0.05</td>
<td>0.03</td>
</tr>
<tr>
<td>25-34</td>
<td>0.84</td>
<td>0.14</td>
<td>0.02</td>
<td>0.02</td>
<td>0.07</td>
<td>0.01</td>
<td>0.02</td>
<td>0.54</td>
<td>0.08</td>
</tr>
<tr>
<td>35-44</td>
<td>0.96</td>
<td>0.3</td>
<td>0.04</td>
<td>0.03</td>
<td>0.19</td>
<td>0.01</td>
<td>0.03</td>
<td>0.47</td>
<td>0.09</td>
</tr>
<tr>
<td>45-54</td>
<td>0.43</td>
<td>0.2</td>
<td>0.04</td>
<td>0.02</td>
<td>0.09</td>
<td>0.02</td>
<td>0.03</td>
<td>0.06</td>
<td>0.09</td>
</tr>
<tr>
<td>55-64</td>
<td>0.36</td>
<td>0.18</td>
<td>0.06</td>
<td>0.02</td>
<td>0.04</td>
<td>0.02</td>
<td>0.03</td>
<td>0.02</td>
<td>0.09</td>
</tr>
</tbody>
</table>

Source: Nomura, based on Ministry of Internal Affairs and Communications "Labor Force Survey"
We need more daycare centers

How much more daycare capacity do we need?

Declining child population

Number of children aged 0-5

Source: Nomura, based on Ministry of Internal Affairs and Communications
A surprise turn in daycare demand

Daycare centers in Japan

Source: Nomura, based on Ministry of Health, Labour and Welfare
Substitution between daycare and kindergarten services?

Number of children in kindergartens and daycare centers

Daycare demand increase is widespread in Japan

Change in the number of children in daycare centers between 2001-2009

Source: Nomura, based on Ministry of Health, Labour and Welfare
Labor participation of married females started rising again

Female labor force ratio for those aged 15-64

Source: Nomura, based on Ministry of Internal Affairs and Communications "Labor Force Survey"
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More and more young mothers are working?

Labor force ratio of married females by age

Source: Nomura, based on Ministry of Internal Affairs and Communications "Labor Force Survey"
Total fertility rate rose for three years in a row

**Total fertility rate in Japan**

Widespread increases in total fertility rates

Change in TFR from 2005 to 2008

Source: Nomura, based on Ministry of Health, Labour and Welfare