

# Labor Demand for New Graduates in Japan: Will Recruitment of High-School Graduates Recover?

## Summary

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### Research Period

April 2004 to March 2005

### Objective of Survey and Research

This survey and research was conducted at the request of Ministry of Health, Labour and Welfare, Employment Security Bureau, Employment Policy Division in fiscal 2004.

The objective of this survey and research is to find which types of firms are employing high-school graduates, elucidate which types of firms may expand or revive the practice of employing high-school graduates in the future, and contribute to the policies related to future employment of high-school graduates.

[Objective of research]

Since the burst of the bubble economy, the conditions surrounding the employment of high-school graduates have been difficult. The job offer ratio for new high-school graduates, which peaked at 3.08 for those graduating in March 1992, declined sharply after that to 0.50 in 2003 (Ministry of Health, Labour and Welfare, Employment Security Bureau; as of July in each year). Although there has been a gradual recovery after 2003, it is impossible to say whether the situation will improve in the future.<sup>1</sup> A decline in the demand for high-school graduates has been attributed to the prolonged economic recession, a shift to college graduates and others with more years of schooling in recruitment of new graduates, and an expansion in the employment of atypical labor such as part-time and dispatched workers. Even though it is predicted that Japan will enter in 2007 an era where “all college applicants will find a place in one college or another” as the number of applicants will equal the admission capacity, there is a need to provide policy support for employment of high-school graduates as long as there are high-school graduates who voluntarily wish to work after graduating from a high school or who choose to work because of particular circumstances in their homes.

Under these circumstances, we conducted the “Survey on the State of Recruitment and Employment Management of Youth” (hereafter called the “Youth Recruitment Survey”) with the objective of finding which types of firms were employing high-school graduates, elucidating which types of firms might increase the number of high-school graduates they employ or revive the practice of employing high-school graduates in the future, and contributing to the policies related to future employment of high-school graduates. Alongside the “Youth Recruitment Survey,” we also conducted an interview survey on firms. The results of the analysis of the surveys make up this report.

[Composition of the body of the report]

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<sup>1</sup> There are some signs of hope as the percentage of high-school students who have been informally promised employment, as of November 2004, after they graduate in March 2005 was 67.7 percent, up 6.3 percent on the year (Ministry of Health, Labour and Welfare website at <http://www.mhlw.go.jp/houdou/2005/01/h0112-1.html>; last accessed January 21, 2005).

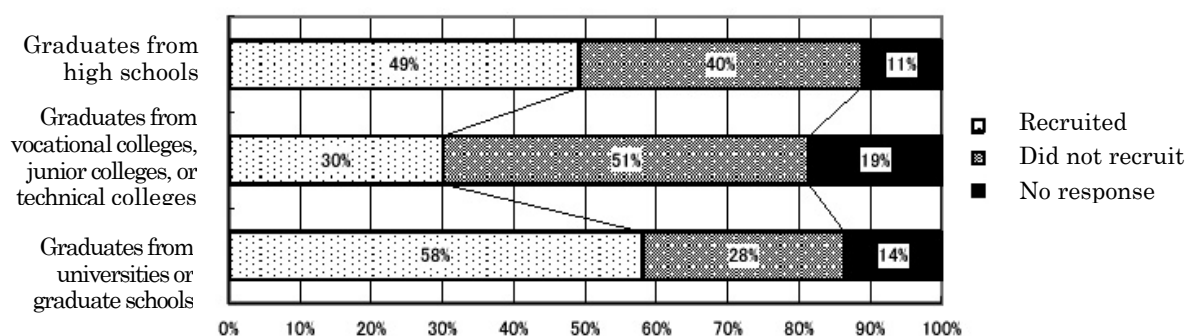
The composition of the body of this report is as follows. In Part I. General Discussion, we made an overview of the results of the surveys and analysis and based on the overview, discussed what measures could be adopted for future employment of high-school graduates. In Part II. Analysis, we reported on the results of the analysis of the “Youth Recruitment Survey.” In Part III. Presentation, we attached an outline of the interview survey on firms for reference, and in Part IV. Reference, we attached the basic cross table of the “Youth Recruitment Survey,” also for reference.

## 1. Labor market for high-school graduates in recent years

### 1.1 Current state of the labor market for high-school graduates

The percentage of firms that recruited new graduates from high schools; vocational colleges, junior colleges, or technical colleges; or universities or graduate schools in fiscal 2004 was 70.6 percent; while 21.1 percent of firms did not recruit new graduates from the abovementioned schools (8.4 percent gave no response). Figure 1 shows the percentages by education level. The highest percentage of firms recruited graduates from universities and graduate schools, followed by graduates from high schools and graduates from vocational colleges, junior colleges, and technical colleges.

**Figure 1.** Percentage of Firms Recruiting or not Recruiting New Graduates, by Education Level (fiscal 2004)



Note: Total number of firms 2,332

Table 1 shows the average number of new graduates employed by firms, broken down into education levels. Not only did the total number of new graduates recruited by firms decline from 1992 to 2004, but it also declined in all education levels. By education level, the rate of decline was the smallest for recruitment of graduates from universities and graduate schools (most of them were university graduates). On the other hand, recruitment of graduates from high schools decreased by as much as about

two thirds and recruitment of graduates from vocational colleges, junior colleges, and technical colleges also decreased substantially by about three quarters.

**Table 1.** Average Number of New Graduates Recruited per Firm, by Education Level

	1992	2004	Decreasing Rate
Graduates from high schools	11.2	3.4	-0.70
Graduates from vocational colleges, junior colleges, and technical colleges	6.1	1.5	-0.76
Graduates from universities and graduate schools	9.3	6.4	-0.31
Total new graduates	26.6	11.3	-0.57

From the above, it can be confirmed that the entire labor market for new graduates shrank in terms of quantity. A comparison of recruitment of high-school graduates and university graduates indicates, however, that the contracting trend is more notable for high-school graduates. Moreover, while the overall recruitment of new graduates declines, the percentage of firms that recruit graduates from universities and graduate schools is increasing.

### **1.2 Is there a decline in the quality of high-school graduates who can be recruited today?**

There are discussions that because the quality of high-school graduates has decreased, firms are forgoing recruitment of high-school graduates. Do firms really think that the quality of high-school graduates has declined? Let us examine this question. We look at the overall distribution of responses to the question, “Compared with the early half of the 1990s, what do you think is the quality of high-school graduates who can be recruited today?” It should be noted that the responses were collected only from firms that recruited high-school graduates in the last five years. In other words, it is very likely that firms that feel that the quality of high-school graduates has declined to such extent that they no longer meet the firm’s recruitment qualifications have already stopped recruiting high-school graduates. Therefore, those firms did not respond to this question. Among the respondents, the highest percentage of firms, at 43.7 percent, answered that the quality has “not changed.” On the other hand, the percentage of firms that considered that the quality has “declined” was 28.7 percent, which was more than twice as many as firms that replied that the quality has “improved,” at 13.0 percent. This shows that not a few firms recognize that the quality of high-school graduate who can be recruited has decreased.

### 1.3 Is there difference in occupational skills of high-school graduates and university graduates?

In the “Youth Recruitment Survey,” a question was asked to draw a comparison of the competence of employees who have worked for a firm for seven years after graduating from a high school and the occupational skills of employees who have worked for a firm for three years after graduating from a university. Because both groups of employees should be around 25 years of age, the purpose was to compare the degree of improvement in occupational skills derived from school education and work experience of university graduates and high-school graduates. If the occupational skills of employees with high-school education plus seven years of work experience did not differ from the occupational skills of employees with university education plus three years of work experience, firms could, if the costs of training were not taken into consideration, recruit employees from either level of education and have the same occupational skills.

The results are shown on Figure 2. A survey was made on nine areas of occupational skills.<sup>2</sup> It shows that in each field of occupational skills, a high percentage of firms considered that there was “not much difference” between employees with seven years of service after graduating from a high school and employees with three years of service after graduating from a university. In other words, a graduate of a high school can, through seven years of work experience acquire virtually the same level of occupational skills as that of employees with three years of experience after graduating from a university.

Naturally, there are differences between the two groups. With respect to the “ability to perform routine work,” a higher percentage of firms think that “high-school graduates with seven years of work experience can do better.” On the other hand, in eight other areas of occupational skills, a higher percentage of firms regard that “university graduates with three years of work experience can do better.” In particular, the difference is significant with regard to the “ability to work out differences of opinions,” “potential for long-term development of occupational skills,” and “flexibility in one’s thinking.”

The “ability to perform routine work” is a type of occupational skills that develops as one performs more work. Therefore, it is conceivable that more firms consider that

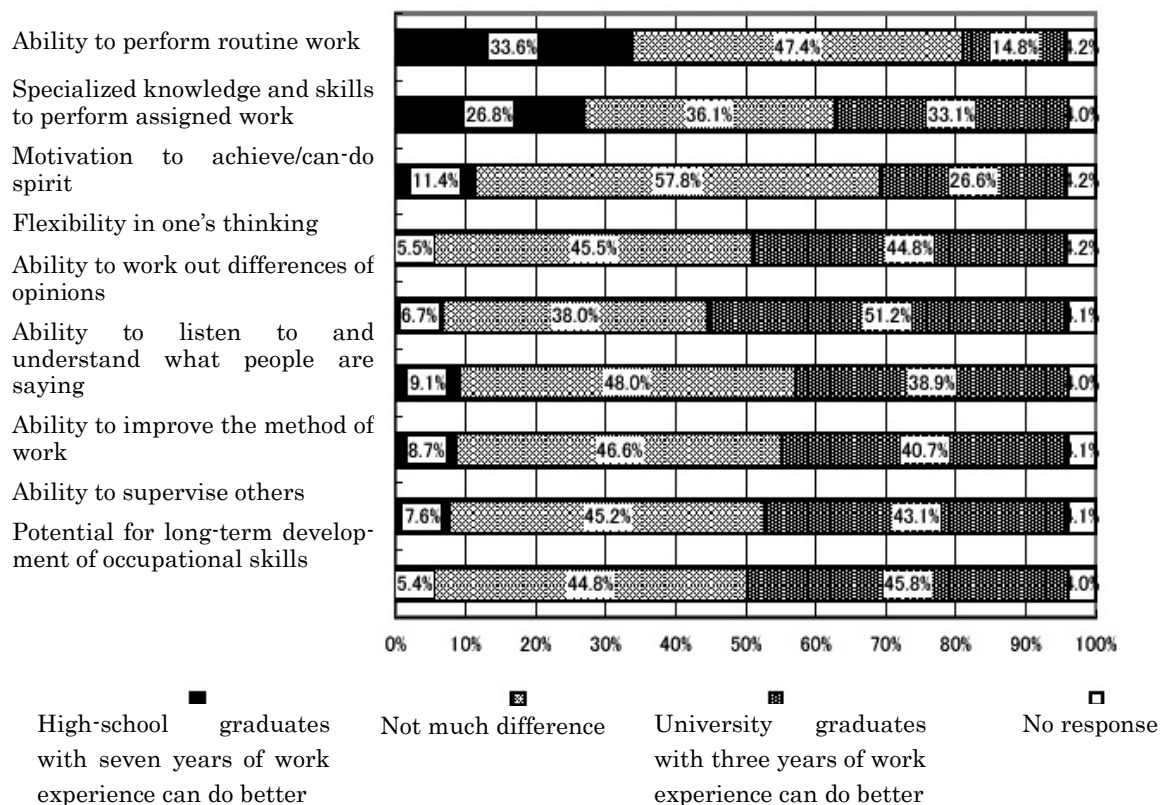
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<sup>2</sup> These are ability to perform routine work, specialized knowledge and skills to perform assigned work, motivation to achieve/can-do spirit, flexibility in one’s thinking, ability to work out differences of opinions, ability to listen to and understand what people are saying, ability to improve the method of work, ability to supervise others, and the potential for long-term development of occupational skills.

high-school graduates with seven years of work experience can do better, because of the longer work experience. On the other hand, a higher percentage of firms believe university graduates with three years of work experience are better with regard to “potential for long-term development of occupational skills,” “flexibility in one’s thinking,” and “ability to work out differences of opinions,” because these are possibly developed through university education and time spent as a university student.

The above results suggest the possibility that firms recognize that the potential for occupational skills development differs between high-school graduates and university graduates and firms assign them to different posts depending on the required occupational skills. In other words, to posts that require “potential for long-term development of occupational skills,” “flexibility in one’s thinking,” or “ability to work out differences of opinions,” university graduates, and not high-school graduates, are assigned and utilized. To secure or increase job opportunities for high-school graduates, the key will be to secure or develop jobs in which the advantages of high-school graduates’ occupational skills can be fully utilized.

**Figure 2.** Comparison of Occupational skills of High-School Graduates with Seven Years of Work Experience and University Graduates with Three Years of Work Experience



#### **1.4 Characteristics of firms that are recruiting high-school graduates**

It was confirmed that the labor market for new graduates is contracting in terms of quantity and that this trend was particularly notable in the labor market for high-school graduates. What then were the reasons for firms that did not recruit high-school graduates not to do so? And what were the reasons for firms that did recruit high-school graduates to do so? Let us attempt to identify the characteristics of firms that did and that did not recruit high-school graduates in fiscal 2004.

Some firms did and others did not recruit high-school graduates. What are the reasons respectively? In the “Youth Recruitment Survey,” a question was asked to firms that did not offer employment to high-school students who were expected to graduate in March 2004 on the reasons for not doing so. To more clearly understand the characteristics of firms that did not offer employment to high-school students, we took up the responses of firms that consciously or intentionally did not recruit them. More specifically, we excluded firms that replied that they “suspended recruitment of all new graduates,” and collected the answers only from firms that did not offer employment to high-school graduates but recruited graduates from universities or graduate schools (hereafter called the “firms recruiting university graduates only”) (Table 2). In other words, we analyze the reasons why these firms expressly selected university graduates over high-school graduates.

Firstly, an overwhelmingly high percentage of firms replied, “recruitment of university graduates is enough to fill all required personnel” (61.3 percent). This indicates that for some firms, they can secure sufficient number of employees through recruitment of university graduates and there is no need to offer employment to high-school graduates. This was followed by firms that replied, “We cannot afford the time to train high-school graduates” (29.4 percent). It appears that these firms have needs for university graduates whose training period can probably be shorter than that of high-school graduates. The percentage of firms that selected “the job cannot be performed by high-school graduates” was also high (21.2 percent). At these firms, it is probable that as a result of sophistication of jobs, many jobs require the assignment or utilization of university graduates.

**Table 2.** Reasons for not Offering Employment to High-School Graduates <multiple answers, firms recruiting university graduates only>

The job cannot be performed by high-school graduates	21.2%
Long-term development of occupational skills cannot be expected	8.6%
We cannot afford the time to train high-school graduates	29.4%
High-school graduates quit easily even when they are employed	7.7%
High schools impose many limitations so that firms cannot select graduates freely	11.0%
Recruitment of university graduates is enough to fill all required personnel	61.3%
There is no need to add to existing employees	16.9%
Part-time workers, dispatched workers, and subcontractors are used	27.3%
Others	13.2%

The percentage of firms responding, “part-time and temporary workers, dispatched workers, and subcontractors are used,” was also high (27.3 percent). This suggests the possibility that firms recruiting university graduates only are recruiting university graduates to assign them to core jobs within an organization, while making a shift from employment of high-school-graduated regular employees to employment of atypical workers such as part-time employees and dispatched employees to perform other jobs.

On the other hand, there are still a large percentage of firms that are recruiting high-school graduates in recent years (hereafter called the “firms recruiting high-school graduates”). Why then are those firms recruiting high-school graduates? We look at the responses given by firms recruiting high-school graduates on the reasons for the recruitment and clarify the characteristics of such firms.

Figure 3 shows the reasons given by firms recruiting high-school graduates in fiscal 2004. The percentage of firms that responded, “The job can be performed adequately by high-school graduates” was particularly high (61.7 percent). This was followed by firms replying, “The job requires that workers be trained from younger age” (40.8 percent). The percentage of firms that selected both of the above answers was low at 20.8 percent.<sup>3</sup> It is conceivable, therefore, that there are, broadly speaking, two major groups of firms employing high-school graduates. One is the group of firms that employ high-school graduates for jobs that they can adequately perform. The other group employ high-school graduates for jobs that require longer training from younger age. In other words, among the firms recruiting high-school graduates, there are firms that expect high-school graduates to perform routine work that does not require long-term

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<sup>3</sup> The percentage of firms that selected either one of “The job can be performed adequately by high-school graduates” or “The job requires that workers are trained from younger age” was around 62 percent. The percentage of firms that chose neither of these answers was around 20 percent.



vocational development on one hand, and firms that will start training of high-school graduates in their late teens within the firm and expect them to maintain the specialized skills for the future on the other.

A very high percentage of firms also replied, “Our relation with particular high schools allows us to secure competent employees from those schools” (36.1 percent). It is probable that firms that have continuously recruited high-school graduates have maintained close cooperation with high schools, and as a result, they have been able to secure high-school graduates who are of higher quality than high-school graduates recruited by other firms.

**Table 3.** Reasons for Recruiting New High-School Graduates <multiple answers, firms recruiting high-school graduates>

Our relation with particular high schools allows us to secure competent employees from those schools	36.1%
We have an established method of training high-school graduates	21.0%
The job requires that workers be trained from younger age	40.8%
The job can be performed adequately enough by high-school graduates	61.7%
Wages are low	19.3%
The required number of personnel cannot be filled only by university graduates	7.0%
It is not a preferred job among university graduates	10.1%
High-school graduates tend to more easily take of the corporate style	7.9%
Others	5.5%

From the above, it is conceivable that firms that do not recruit high-school graduates consider the disadvantages of employing them, such as a lack of ability of such employees to respond to sophisticated jobs and the need for a long period of training required for such employees. Firms that are increasing the number of university graduates they recruit because of sophistication of jobs and firms that cannot invest in new graduates by providing long periods of training because of their management strategy for rapid development of their businesses are probably forgoing recruitment of high-school graduates. Moreover, it is also possible that such firms see advantages in employing atypical workers such as part-time employees and dispatched employees rather than employing high-school graduates.

On the other hand, firms that need workers to perform routine jobs that can be adequately performed by high-school graduates are employing them. Not all firms that recruit high-school graduates, however, do so in the hope that they would perform routine work. There are a considerable percentage of firms that employ them as core employees for long-term employment and provide them with training from young age.

It is probable that firms that need to pass down their specialized skills are hiring high-school graduates and actively providing them with training.

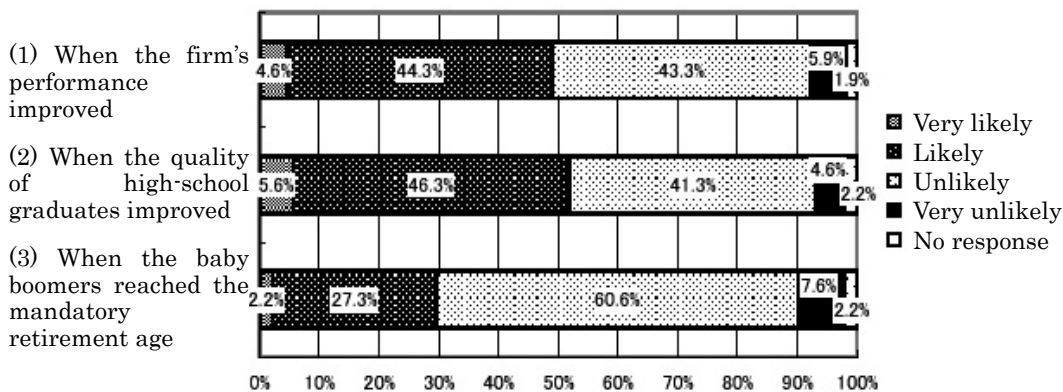
**2. Prospects in recruitment of high-school graduates**

**2.1 Will recruitment of high-school graduates increase or be revived?**

Is there any hope that recruitment of high-school graduates would increase or be revived in the future? Let us examine the possibility for an increase in or revival of their recruitment when three factors inhibiting their recruitment are resolved. These factors are (1) deterioration of firms’ performance, (2) decline in the quality and ability of high-school graduates, and (3) aging of the personnel.

In the “Youth Recruitment Survey,” we asked a question on whether firms would increase or revive recruitment of high-school graduates (1) when “the firm’s performance improved,” (2) when “the quality of high-school graduates improved,” and (3) when “the baby boomers reached the mandatory retirement age.” Figure 3 shows the response to this question. For (1) and (2), the percentage of firms that said either “very likely” or “likely” and the percentage of firms that said either “very unlikely” and “unlikely” were about the same.

**Figure 3.** Percentage of Companies Increasing or Reviving Recruitment of High-School Graduates

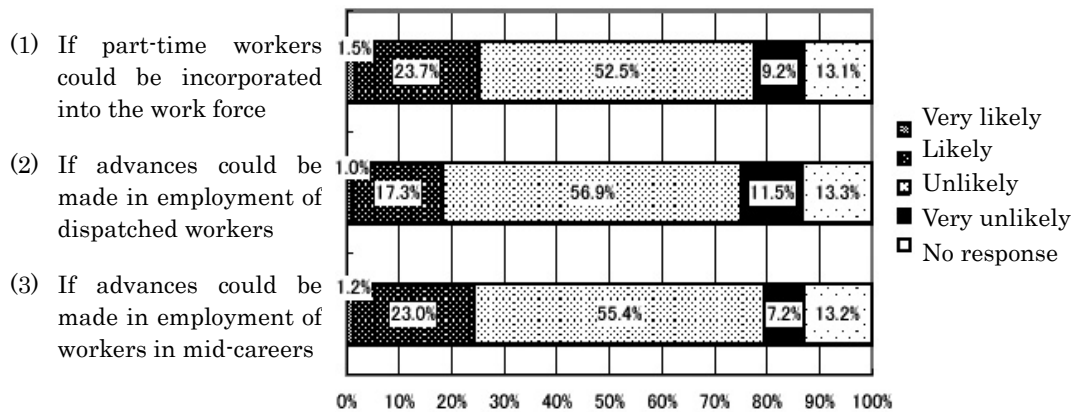


With respect to (3), however, the percentage of firms that said either “very likely” or “likely” was not very high at only 29.5 percent.

Secondly, is there a possibility for new high-school graduates to be replaced by non-regular employees or workers employed in mid-career? We asked a question to firms that are recruiting high-school graduates if they would reduce or suspend their recruitment (4) if “they could make advances in incorporating part-time workers in their work force,” (5) if “they could make advances in the employment of dispatched

workers and subcontractors” and (6) if “they could make advances in the employment of workers in their mid-careers.” Figure 4 shows the answers to this question.

**Figure 4.** Percentage of Companies Reducing or Suspending Recruitment of High-School Graduates



The above results show that even if firms succeed in incorporating part-time workers in their work force or in employing dispatched workers and subcontractors, the percentage of firms that are considering reducing or suspending recruitment of high-school graduates is not high. The results suggest that firms will continue to have expectations on the unique role played by high-school graduates that cannot be replaced by atypical labor.

Similarly, even if firms make advances in employing workers in mid-careers, the percentage of firms that are contemplating reducing or suspending recruitment of high-school graduates is not high. It is conceivable that the need to employ high-school graduates as regular employees for long-term employment to train them in their young age within the firm and have them acquire specialized skills of the firm will not disappear in the future, as such role cannot be replaced by mid-career workers who are expected to be immediately effective after employment.

**2.2 Prospects in recruitment of high-school graduates**

Then what kinds of firms are expected to employ high-school graduates in the future? While detailed analysis is contained in the main body of the report, it can be said here that when each factor of (1) deterioration in firms’ performance, (2) decline in the quality and ability of high-school graduates, and (3) aging of the personnel is resolved, smaller firms are keener on increasing or reviving recruitment of high-school graduates. By industry, higher percentage of firms is considering increasing or reviving their

recruitment in the manufacturing industry, restaurants, and the lodging industry. Among the firms that currently recruit high-school graduates, the percentage of firms that would reduce or suspend their recruitment if advances were made in the employment of atypical labor and mid-career workers is not high.

The above results indicate that firms that are likely to increase or revive recruitment of high-school graduates in the future are small- and medium-sized firms and firms in the manufacturing industry, restaurants, and the lodging industry. In these industries, there will continue to be jobs, such as jobs in production skills and attendance of customers, that high-school graduate can adequately perform. On the other hand, not a few firms see high-school graduates as labor that cannot be replaced by atypical workers or mid-career workers. There are firms that have the need to employ high-school graduates as regular employees and train them at a young age in their late teens within the firm. These firms need to pass down the specialized skills of their firms to future generations, and it is conceivable that these firms will continue to recruit high-school graduates and work actively in providing them with training. High-school graduates will be able to find good job opportunities at these types of firms.

### **3. Outline of the results of analysis in the report**

#### **3.1 Characteristics of firms that continue to recruit new high-school graduates**

In Part II, we analyze, in Chapter 1, the characteristics of firms that are likely to continue recruiting high-school graduates by focusing on firms' policy on training new graduates.

We compared the jobs that newly recruited high-school graduates were assigned to ("jobs in production skills," "technical jobs," "clerical jobs," and "over-the-counter sale and attendance of customers") in the first half of the 1990s and today (after April 1, 2004). As a result, it was found that there were no significant differences between the first half of the 1990s and today. In the last ten years, however, "jobs in production skills" increased, while "technical jobs" decreased. A large percentage of firms adopt the policy of utilizing newly recruited high-school graduates while nurturing them at the same time by systematically providing long-term education and training and allowing them to continuously acquire skills as required in their jobs. Even at smaller firms, not a few are trying to nurture newly recruited high-school graduates for the long term.

The reasons for continuing to recruit high-school graduates that were common to both the first half of the 1990s and today included sufficiency of high-school graduates to perform jobs, the advantages to be had in terms of training (the need to train at young

age, established method for training high-school graduates), and the supply of quality graduates afforded by the firms' relation with high schools. Firms that had plans in the early half of the 1990s to systematically train newly recruited high-school graduates for the long term were more likely to continue employing high-school graduates.

On the other hand, the reasons that firms that had been recruiting high-school graduates in the early half of the 1990s but forgo or suspend such recruitment today included nonexistence of needs to recruit any new graduates and not just high-school graduates, employment of university graduates to fill all required personnel, employment of non-regular employees such as part-timers, subcontractors, and dispatched workers instead of high-school graduates, and the difficulty is securing time for training high-school graduates. Also, firms that did not have plans in the early half of the 1990s to systematically train newly recruited high-school graduates for the long term were more likely to stop employing them.

On the relation between firms' policy on training of newly recruited high-school graduates as of today and their thinking on future recruitment of high-school graduates, firms that have a policy of utilizing newly recruited high-school graduates while providing them with training intend to continue to recruit them in the future even if it becomes easier to recruit university graduates or advances are made in the employment of mid-career workers, part-time workers, dispatched workers, or subcontractors. Moreover, firms that have adopted the abovementioned policy recognize, in the broad sense, the advantages of employing and training high-school graduates, as it allows them to train workers in young age, use established method of training high-school graduates, and secure competent workers.

On the other hand, among firms that are oriented less towards utilizing newly recruited high-school graduates and providing them with training, many recruit them for passive reasons such as that the job can be adequately performed by them and that wages can be lower. It is probable that these firms are more likely to reduce or stop recruitment of high-school graduates if it becomes easier to recruit university graduates and advances are made in the employment of mid-career workers who require less training and of part-timers, dispatched workers, and subcontractors who can be utilized with less cost.

### **3.2 Assessment of the quality of high-school graduates and trend of recruitment of new graduates**

In Part II, Chapters 2 and 3, we focus on how firms consider the abilities of high-school graduates and examine, through cross analysis in Chapter 2 and

quantitative analysis in Chapter 3, how it is related to the recruitment and utilization of high-school graduates.

In the cross analysis in Chapter 2, about one thirds of firms responding to the questionnaire considered that the quality of high-school graduates “had declined” compared to that of graduates in the early half of the 1990s, which is not a negligible sum. The decline in quality is felt not only among firms that have lower capabilities to recruit or train workers, but also among a wide range of firms. By industry, a particularly high percentage of firms in restaurants, lodging industry, transportation industry, and retail industry have made this assessment.

With respect to the utilization of high-school graduates, firms that consider the quality to have declined have pointed out that it takes more time before they can be appointed to jobs that require a high level of decision-making and to management positions and that the range of jobs they can be assigned to has narrowed, as these firms have found themselves in a vicious circle. On the other hand, firms that consider the quality to have improved say they are in a virtuous circle as it takes less time before they can be appointed to jobs that require a high level of decision-making and to management positions and that the range of jobs they can be assigned to has widened.

With regard to firms’ intention to recruit high-school graduates in the future, one thirds of firms, even among those that have not recruited high-school graduates in the last five years, say that they intend to revive their recruitment if their quality is improved. However, among firms that consider that the quality of high-school graduates has declined, intention to replace them, as required, with new university graduates, part-time workers, dispatched workers, subcontractors, and mid-career workers is relatively strong. In other words, there is still room for firms to increase or revive recruitment of high-school graduates if there is improvement in their quality.

In Chapter 3, we complement the analysis of Chapter 2 with quantitative analysis. Firms that are actively recruiting high-school graduates today are firms whose performance has recovered, firms of smaller size, and firms in the manufacturing industry, restaurants, and lodging industry. On the other hand, firms where middle-aged and senior employees make up the bulk of their personnel tend to reduce recruitment of new high-school graduates.

Firms that are very likely to increase or revive recruitment of high-school graduates in the future are small-sized firms with less than 50 employees and firms in the manufacturing industry, restaurants, and lodging industry. Among firms where a large percentage of their personnel are middle-aged and senior employees, there is a strong likelihood of an increase or revival of recruitment of high-school graduates when

baby boomers reach the mandatory retirement age. In other words, while aging of firms' personnel is a factor in suppressing recruitment of high-school graduates today, there is a strong possibility that the recruitment will expand once older employees begin to retire.

Furthermore, among firms that regard the quality of high-school graduates who can be recruited today as being low, it has been confirmed that they intend to increase recruitment if the quality is improved. If high-school graduates' abilities are improved and firms' trust in their capacity to perform their duties is restored, recruitment of new high-school graduates might increase. This finding is consistent with the results of the cross analysis.

#### **4. Conclusion**

- (1) A comparison of recruitment of new graduates in 1992, when recruitment of high-school graduates peaked, and 2004, shows that among firms that provided responses to surveys in both years, the number of new graduates recruited declined at all education levels on average. In particular, compared with a decline of 31 percent for recruitment of university graduates, the decline in the recruitment of high-school graduates is considerable (minus 76 percent.) In terms of the percentage of firms that recruited new graduates, the percentage of firms that recruited high-school graduates decreased (54.4 percent in 1992 to 49.2 percent in 2004), but the percentage of firms that recruited university graduates increased (38.0 percent in 1992 to 49.2 percent in 2004). These results show that the labor market for new graduates is contracting in quantity and the decline is particularly large for high-school graduates.
- (2) The reasons for the contraction in the recruitment of high-school graduates can be attributed not only to deterioration in firms' performance and aging of the baby-boom generation, but also to replacement by university graduates and others with long years of schooling to perform more sophisticated jobs, expansion in the employment of atypical labor such as part-time workers, subcontractors, and dispatched workers, and changes in firms' policy regarding training and utilization of new graduates. Obviously, the situation varies depending on the company size, industries, and jobs to which new graduates are assigned. In addition to sophistication of jobs, firms choose university graduates over high-school graduates when recruiting new graduates because the notion that the quality of high-school graduates may be declining is beginning to spread among firms. A question was asked, "Has the quality of high-school graduates that can be recruited today

changed from that of high-school graduates in the early half of 1990s?" While the highest percentage of firms replied that the quality has "not changed," the percentage of firms that replied that the "quality has declined," at 28.7 percent, was more than twice as large as the percentage of firms that said that the "quality has improved," at 13.0 percent.

- (3) On the other hand, a certain percentage of firms have continued to recruit new high-school graduates. The reasons that these firms have done so are that the jobs can be adequately performed by high-school graduates, that there are advantages in training high-school graduates over the long term as there is a need to train them in their young age for skills development and as firms have an established method of training them, and that firms recognize that their continuous relation with high schools allows them to secure high-quality employees from those schools. In other words, to increase job opportunities for high-school graduates, it is important to clarify the advantages of training high-school graduates for the long term as well as jobs that require long-term training and to spread the information to firms. For this, a precondition would be the need to work on improving the abilities of high-school graduates. In addition, to help start-up companies that are struggling to secure workers of the required quality because they do not have ongoing relation with high schools even though they have potential needs for recruitment of high-school graduates, there should be a review of the methods of application and recommendation used in high schools (designated school system, selection within the school, one student per firm system, etc.) so that such firms can contact high-school students who are expected to graduate and start work.
- (4) Incidentally, it was confirmed by quantitative analysis that there is a good likelihood of firms to increase recruitment of high-school graduates not only when there is recovery in firms' performance, but also when the baby-boom generation reaches the mandatory retirement age and when there is improvement in high-school graduates' abilities and firms realize the possibilities of utilizing high-school graduates.
- (5) It was pointed out that firms are concerned about the decline in the abilities of high-school graduates. On the other hand, it is also noteworthy that firms do recognize the possibility of training high-school graduates within the firm to the extent that they can develop abilities equal to those of university graduates. Incidentally, a comparison was made between employees who have worked for a firm for seven years after graduating from a high school and employees who have worked for a firm for three years after graduating from a university on nine areas of



occupational skills. These nine areas of occupational skills were ability to perform routine work, specialized knowledge and skills to perform assigned work, motivation to achieve/can-do spirit, flexibility in one's thinking, ability to work out differences of opinions, ability to listen to and understand what people are saying, ability to improve the method of work, ability to supervise others, and the potential for long-term development of occupational skills. The results showed that a high percentage of firms considered there was "not much difference" between the two groups of employees. In other words, there is no significant difference in the development of occupational skills between high-school graduates and university graduates, regardless of the abilities at the time of recruitment, as long as sufficient training is provided smoothly to high-school graduates after recruitment. Moreover, as many firms replied that the high-school graduates are better than the university graduates with respect to "ability to perform routine work," it is important that information about high-school graduates' potential for development of occupational skills and about advantages of their occupational skills are disseminated to firms and that jobs in which their occupational skills can be fully utilized are developed so as to secure and further increase job opportunities for high-school graduates. On the other hand, many firms answered that the university graduates were better than high-school graduates with respect to "ability to work out differences of opinions" and "flexibility in one's thinking." This indicates the need for reinforcing efforts in high-school education for enhancing such abilities of high-school students. Over the long term, these efforts should contribute to expanding recruitment of high-school graduates and widening the range of jobs that they can perform.

- (6) To increase job opportunities for high-school graduates and for firms to be able to secure highly competent labor at the time of recruitment, efforts should also be made to enhance the abilities of high-school students through the cooperation of high schools and recruiting firms. It is important to offer as many opportunities as possible for high-school students to discover their aptitude and right jobs that suit them through the active use of career education and internships so as to reduce mismatches in recruitment and employment and increase the credibility of high-school graduates in the minds of firms. This is essential in opening up employment opportunities for high-school graduates.

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### **Part IV. Reference**

- Survey on the State of Recruitment and Employment Management of Youth
- Outline of the “Survey on the State of Recruitment and Employment Management of Youth”
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- Basic cross tabulation