

## IMPACT OF FEMALE LABOR PARTICIPATION ON ECONOMY, SOCIETY AND DEMOGRAPHY OF JAPAN

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### ABSTRACT

The participation of female in the workforce has profound impact on the economy, society and demography of Japan. Women are most underutilized resources of Japan. Sustainable economic growth is only possible when women join the labor force and their skill and talent are fully used. But, it also adversely affects the demographic structure of Japan. The rate of marriage has declined to 5.1 percent in 2015 from 10.0 percent in 1970; Fertility rate also declined from 3.65 percent in 1950 to 1.46 percent in 2015. Now divorce rate in Japan also gradually increasing so, all these causing shrinkage in the total population size of Japan. Thus, female participation in the work force has both positive and negative impact in Japan.

**KEYWORDS:** Female Labour, Economic Development, GDP, Fertility Rate, Population Pyramid

### INTRODUCTION

Generally, it is thought that men do all the hard work and comprise the workforce of a country. But, this is not the real case. Women equally contribute to the economy and society of a country. A women is called 'working women' only when she works out side of home and earn money. But what they do at home for their family is never acknowledged. Their everyday duty of cooking, cleaning, washing and taking care of the whole family is not generally counted as work. But time has changed; nowadays, women participate in every field of work with men. Without keeping women on equal footing, the all-round development of economy and society is not possible.

According to official measurements, 41 per cent of the world's women aged fifteen and over are economically active. Between 1970 and 1990, women's share in the labor force increased in many but not in all regions. The increase was the greatest in North America and high in the other OECD countries. There are two factors behind rise of women's participation in the labor force: 1) they want to work i.e. their choice and 2) pressure on them to ensure the survival of their families. Many women have gained a sense of worth and self-confidence through their work. However, the reasons for work vary from industrialized to developing countries and between classes, ethnic and age groups.

Women work in a relatively narrow range of occupations at the lower level of pay and responsibility in health, education, and social services; banking and insurance; hotel and catering; the retail trade; and personal services such as hairdressing and domestic work. Women typically make up the majority of sales staff, cleaners, kitchen assistants, nursing auxiliaries, secretaries and school teachers.

In most industrialized countries, opportunities for women in general were restricted until the Second World War and the two decades of rapid economic growth that followed. Women's own possibilities were increased and their

expectations were raised as a result of higher education levels, greater control over fertility, convenience foods and changing social attitudes. Women make up about half of all service sector workers in more developed regions. In manufacturing sector women are concentrated in light industries, particularly foods, garments and textiles and shoes, plus the newer micro-electronics assembly. Fewer than 5 per cent of women work in the agricultural sector of most European countries and of the United States.

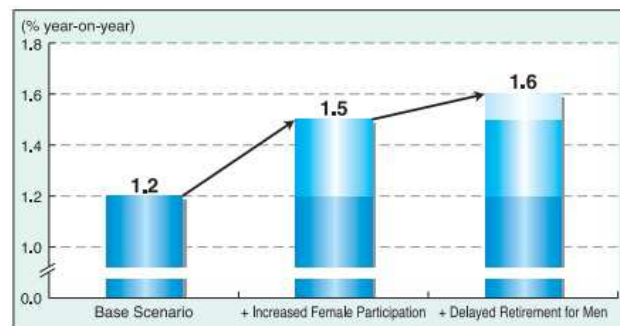
In developing countries, industrialization tends to coexist with agriculture, rather than displacing it. So family business – from farms to small enterprises have been important employers for women. Women's work in developing countries involves subsistence farming or other unpaid activity laboring or informal income generation. A working life has always been longer for most women in developing countries. Fewer women are employed in industry in developing countries.

### WOMEN AS ECONOMIC DRIVERS

Women are most underutilized resources for many countries. They have the potentiality to improve and even accelerate any country's economic prosperity. Sustainable economic growth is only possible when women join the labor force and their skill and talent are fully used. Participation of more and more women in the workforce can offset problems arising from aging population and declining fertility rates etc.

It has been seen that the economic growth in OECD countries has progressed because of employing more women in workforce. Since 1995, the annual economic growth and employment rate of European countries have increased due to minimizing the gap between male and female. Economists assumed that the gross domestic product of countries, especially in Japan would grow substantially if the employment rate of male and female becomes equal (CSR, 2007).

According to Kathy Matsui, the increased participation of some 2.7 million women to the workforce of Japan would raise the nation's trend of GDP growth rate from present scenario of 1.2% to 1.5%. In addition, retirement age of men also influence GDP growth.



**Figure 1: Higher Female Participation could Raise Japan's Trend Growth Rate (2005-25 Estimates)**

Labor force participation not only means full-time work, it also includes part-time work. Women prefer more to do part-time job because of flexible working hours. About three among four part-time jobs in the OECD countries are occupied by women. The contribution of women in the economy of any country gets lowered due to their reduced working schedules. Although females work long hours like men, they get less payment due to because of persistent gender wage gaps.

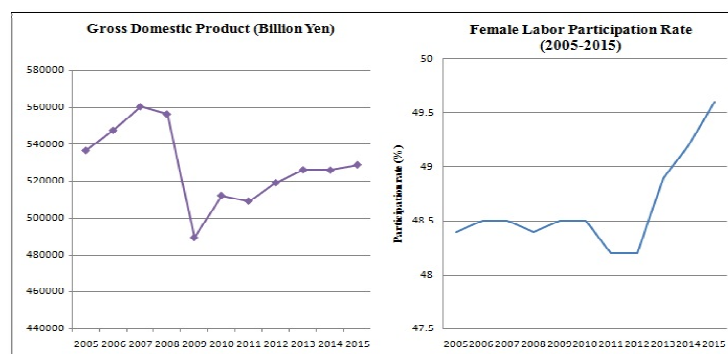
Women's work in the home is also not valued. They perform huge household responsibilities without any pay. According to an estimate, if women would get payment for household work and childcare, they would constitute a large portion of national GDP. These are not displayed officially and thus underestimating the role of women to the economic growth of countries.

## FEMALE LABOR PARTICIPATION AND ECONOMIC GROWTH IN JAPAN

Females constitute half of the population of the World. Women do about 66% of the work; they make 80% of the consumer spending decisions. But women own 30% of business and receive 10% of the world's income. In the race for global prosperity, women struggle to keep up cultural, financial and legal barriers. According to estimates, 71 countries prevent women from working in some industries, 16 countries don't let married women get job without their husband's permission and 44 countries don't let women work at night. Integrating more women into any country's workforce can yield a broad range of economic gains. During past few decades, increased participation of women in developed countries has added appreciable amount of economic growth. The only way to full economic growth is through the full empowerment of women and girls.

It is evident from the World Gender Gap Report that countries and economies are more prosperous where the gender gap is smaller. Women's economic participation has strong positive stimulus effect on economic growth. Women's income also increases spending. Women have tendency to spend more and more money on clothes, make up products, food, home improvement, health care, and education etc. This increased spending helps to fuel additional economic growth. Their income in addition to men combindly increases GDP.

The participation of female in the labor force affects macro economics of Japan. Day by day, economically active population of Japan is decreasing. Employing females in the workforce is only solution to this problem. Council for Gender Equality mentioned that if 3.42 million unemployed women are brought to the workforce, it would compensate a total of seven trillion yen which is equivalent to 1.5 percent of GDP. In 2007, Goldman Sachs reported that if the gap between male and female labor is minimized, it could boost Japan's GDP by 16%.



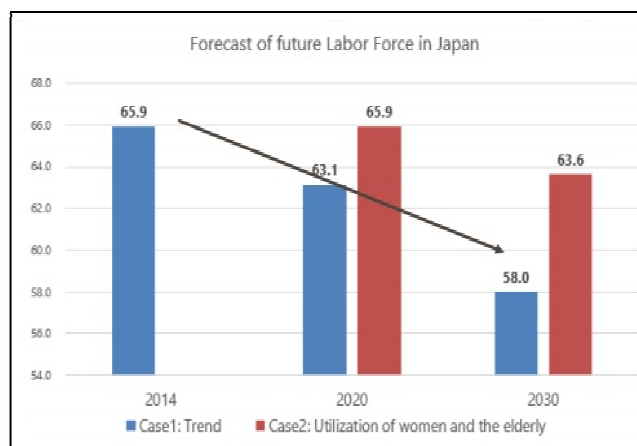
**Figure 2: Relation between Female Labor Participation Rate and GDP Growth**

The nature of relationship between female labor participation rate and GDP growth can be obtained by examining the historical pattern of growth and labor force participation rate. Japan is going through a difficult phase of aging population and very low fertility rate. As a result the working age population is gradually shrinking and this affecting the country's economic growth. Under such circumstances, women are Japan's only hope. Only females can rescue Japan from

this critical condition. Japan's female labor participation and GDP growth rate from 2005 to 2015 has been shown with the help of line graph. It is obvious that female labor participation rate and GDP growth are positively correlated.

Since the asset price bubble burst at the beginning of the 1990s, GDP has been moving slowly compared to other major world economics. There was an economic recession in 2008-2009 which caused a record low of -4.80 percent in the first quarter of 2009. A number of structural problems are hindering the economic growth. In 2012, Prime Minister Abe has come with a radical plan to revitalize the fortune of the economy which is popularly known as 'Abenomics'. It aims to boost domestic demand and gross domestic product (GDP) growth. The Abenomics have "three arrows" – 1) monetary policy, 2) fiscal policy, and 3) structural reform.

The first two arrows of abenomics are aggressive and short-term which temporarily boost the economy but structural reform is a long term goal. It is believed that structural reform will be able to reverse the two decades of underperformance of Japanese economy. One of the main components of structural reform is labor market reform. Prime Minister Abe focuses on increasing the number of female workers particularly mothers by improving availability of childcare. This is known as "womenomics" strategy. It aims to increase female employment rate from 68 percent to 73 percent by 2020.

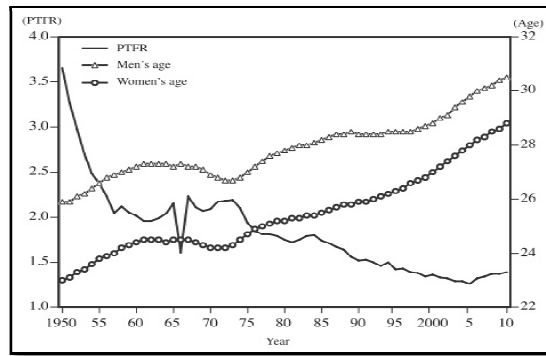


**Figure 3: Forecast of Future Labor Force in Japan**

## **FEMALE LABOR PARTICIPATION AND CHANGING ATTITUDE TOWARDS MARRIAGE**

Soon after World War II, there was exceptional economic growth in Japan. This sudden growth had its impact on the society and culture of Japan. It led to higher educational attainment and employment opportunities for both men and women. It had greater influence on the lives of women. It changed the socio-economic status of females. Higher educational attainment and better career opportunities created a feeling of self-empowerment among women. This shifting of value had influence on the marriage and fertility behavior in Japan.

Japan's traditional culture encouraged marriages. About 90 percent of men and women in Japan used to get married in the past. Because of its high marriage rate, Japan was called a 'marrying society'. But after the high economic growth period there is decline in the marriage rate. The rate of marriage was highest in 1970s accounting 10.0 (per 1,000 populations). During 1980s, it started declining and reached to 5.1 percent in 2015.



**Figure 4: Age at First Marriage**

At present, marriage behavior in Japan has changed dramatically. The age of getting married is gradually increasing. Now the career concerned men and women of Japan have less time to think about marriage and family planning. At the same time, the number of unmarried persons also increasing in Japan. These combined factors leading to decrease the birth rate in Japan.

**Table1: Age at First Marriage and First Child Birth**

Year	Mean Age of Groom at First Marriage	Mean Age of Bride at First Marriage	Mean Age Bearing First Child
1970	26.9	24.2	25.6
1975	27.0	25.7	25.7
1980	27.8	25.2	26.4
1985	28.2	25.5	26.7
1990	28.4	25.9	27.0
1995	28.5	26.3	27.5
2000	28.8	27.0	28.0
2005	29.8	28.0	29.1
2010	30.5	28.8	29.9
2015	31.1	29.4	30.7

**Source:** Ministry of Health, Labour and Welfare.

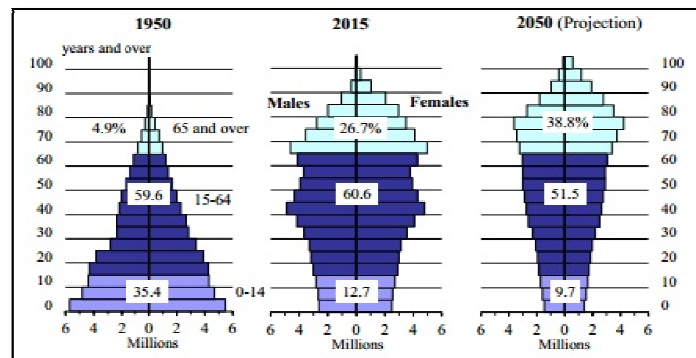
The mean age of marriage in Japan had not changed much from 1950s to 1970s. At that time, it was 26 years for men and 24 years for women. The mean age of first marriage in different periods for both male and female is presented in a table format. It is observed that there is gradual rise in the age of getting marriage for both male and female. In 2015, average age for marriage for male was 31.1 years and for female 29.4 years. So, it is much cleared that there is about five years delay in the time of marriage.

Researchers suggest that there is a cause and effect relationship between women's earning capacity and delaying or not getting married. There are many others reasons too for not getting married. Japanese National Institute of Population and Social Security Research conducted a survey in 2005 to examine the reasons behind delaying and unwillingness of people in getting married. The responses they got vary with gender and age group. About 70 percent of both gender responded that marriage is not so simple. Young people replied that their low wage and income is not enough to start a family. The wages of young people in Japan have traditionally been kept low under the seniority based wage system. So, they cannot raise the "funds of marriage" too soon.

Funds for marriage mainly refer to money to cover wedding, the honeymoon, and starting life as a married couple.

## FEMALE LABOR PARTICIPATION AND CHANGE IN FERTILITY AND DEMOGRAPHY

Demographic concerns have become more and more common social concern among industrialized nations. Since the end of World War II, a steady decline in fertility rate has become a notable feature in every industrialized country. Japan is not exception in this case. The demographic concerns have been rather very serious in Japan, holding low fertility rate and high percentage of the elderly people. The demographic structure of any country can be well explained with the help of population pyramid.



**Figure 5: Demographic Structure of Japan in Different Periods**

If the total number of male and female population is arranged according to different age groups, it forms a geometric structure like pyramid. It is called population pyramid. It helps to interpret any country's demographic condition such as working class population, dependency ratio, aged population etc. Population pyramid of Japan in three different periods has been presented here. In 1950, the base of the pyramid is broad and it narrows gradually upward which indicates that the number of population is decreasing with increasing age. It is a healthy situation because in that case young age or working population is greater than dependent population. Since 1950, there is decline in both birth and death rate. So the shape of the population pyramid has undergone changes. Now in 2015, the pyramid has a narrow base and wider top. It indicates that the demography of Japan is gradually getting distorted.

The numbers of elderly people are increasing day by day in Japan while the birth rate became stationary. In 1950, the percentage of population below 14 years of age was 35.4 and elderly population (65 and above) was only 4.9 percent. Now in 2015, the child age population (0-14 years) constitute only 12.7 percent and elderly population constitute 26.7 percent of the total population i.e. the elderly population has increased seven times compared to 1950 situation. Hence it is found that the dependent population in Japan is increasing. This economically inactive population is creating extra burden as government expenditure on healthcare and pension. At the same time the working age population is shrinking. These two factors are holding back the progress of Japan.

**Table 2: Live Birth and Fertility Rate**

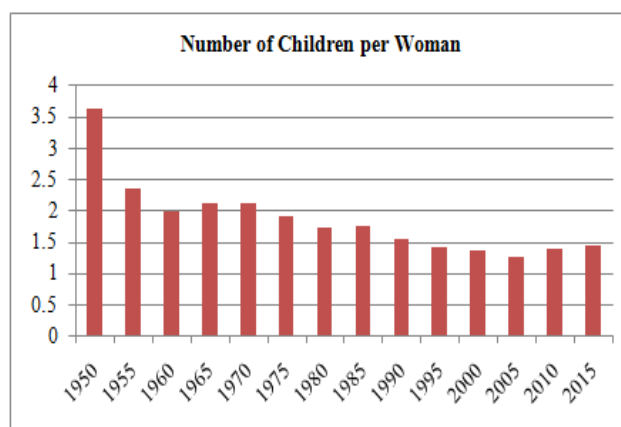
Year	Live Births per 1,000 Population	Total Fertility Rate
1950	28.1	3.65
1955	19.4	2.37
1960	17.2	2.00
1965	18.6	2.14
1970	18.8	2.13
1975	17.1	1.91
1980	13.6	1.75
1985	11.9	1.76
1990	10.0	1.54
1995	9.6	1.42
2000	9.5	1.36
2005	8.4	1.26
2010	8.5	1.39
2015	8.0	1.46

Source: Ministry of Health, Labour and Welfare.

## IMPACT ON FERTILITY RATE

Fertility is the ratio of live births in an area to the population of that area usually expressed per 1000 population per year. The fertility rate in Japan has been declining since 1950. Fertility rate dropped replacement level in the middle of the 1970s. It is observed that there is a strong correlation between female participation in the work force and fertility decline. This decline occurred directly as a result of the rise in the proportion of never married, delayed marriage and increasing age at childbearing.. This decline fertility rate is assumed as a result of increasing mother's age at first birth. During 1970s, the mean age of females at their first marriage was 24.2 years and mean age at first childbirth 25.6 years. But now in 2015, the mean age at first marriage of women raised to 29.4 years and they give birth to their first child at 31 years. So there is reduction of reproductive period of about five years from 1970 to 2015. This shrinking of reproductive period has a great influence on fertility rate.

The National Institute of Population and Social Security Research of Japan conduct national fertility survey on regular basis. They show that the number of children per women fell from 3.65 in 1950 to 1.46 in 2015. The main cause of the falling number of children is delayed marriage and Japan's extreme work culture.



**Figure 6: Number of Children per Women**



## FEMALE LABOR PARTICIPATION AND INCREASING DIVORCE RATE

Divorce is a common phenomenon in industrialized countries. It is a natural outcome of economic prosperity and resultant change in the society. In developed countries, the value of marriage is gradually decreasing because of alternative arrangements to marriage and care facilities provided by the government. In the past, couples stayed together even if they had problem with their marriage. They hesitated to take the step of divorce because they were concerned about the children and their own reputation. But these days more and more people think it is better to leave the marriage than to suffer.

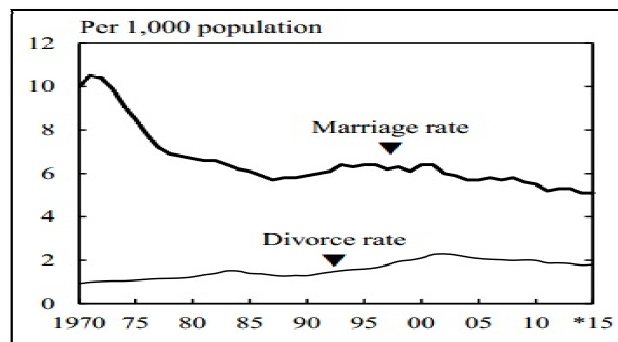


Figure 7: Marriage and Divorce Rate

At present about a third of marriages in Japan end in divorce. If we observe the trend, it is clear that the divorce rate is since the end of war. The divorce rate today is three to four times higher than it was in 1947. The highest divorce rate was seen in 2002 when about 290,000 couples got divorced. There is slight decline in the divorce rate later on. In 2015, the rate of divorce was 1.8 per thousand populations and total number of divorce filed was 217,000.

Table 3: Marital Status of Women (In Thousands of Person)

Year	Total	Never Married	Married	Divorced
1970	41,001	10,205	24,697	854
1975	43,561	9,376	27,751	905
1980	46,040	9,617	29,472	1,129
1985	48,843	10,586	30,547	1,446
1990	51,842	12,150	31,290	1,677
1995	54,186	13,028	32,039	1,987
2000	55,721	13,201	32,435	2,428
2005	56,679	13,147	32,323	2,957
2010	57,123	13,090	31,927	3,283
2015	56,703	12,728	31,457	3,391

Source: Ministry of Health, Labour and Welfare, Govt. of Japan.

## CONCLUSIONS

The participation of female in the workforce definitely has impact on the economy, society and demography of Japan. The total working population of Japan is shrinking because of low fertility and increasing number of elderly population. At this difficult phase, women are contributing to the labor force to maintain the economic growth of the country. It is predicted that if the females are fully utilized, Japan's growth rate would increase to 1.5 percent.

Female labor participation has some adverse impact too on the society and demography of Japan. Career concerned women are delaying their marriage. This delay in marriage is lowering fertility rate. The number of children



born per women is decreasing day by day. Another striking feature of Japan's socio-demographic change is the increasing number of divorce and unmarried people. Labor force participation of women increases their earning capacity. It makes women less dependent on their husbands.

The Japan government is trying to improve such problems by introducing some women friendly policies so that female labor participation and fertility both increase. Government is concentrating to minimize the gender pay gap and formulating law to strictly follow them. Reversing the birthrate decline has become a key policy objective in Japan.

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