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COMPARISON OF THE JAPAN UNEMPLOYMENT TO THE REST OF THE WORLD

Abstract: this article outlines the trends of unemployment in Japan to the rest of the world. It analyses the economic, demographic and socio-economic factors which shows why Japan has one of the lowest unemployment among the rest of the world. In this article we will also study Japan's approach to employment which helps shape the future in a rapidly changing global economy,

Keyword: unemployment, labor market, Japan, global comparison, employment policies

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СРАВНЕНИЕ УРОВНЯ БЕЗРАБОТИЦЫ В ЯПОНИИ С ОСТАЛЬНЫМИ СТРАНАМИ МИРА

Аннотация: в этой статье описываются тенденции изменения уровня

безработицы в Японии по сравнению с остальным миром. В ней анализируются экономические, демографические и социально-экономические факторы, которые показывают, почему уровень безработицы в Японии один из самых низких в мире. В этой статье мы также рассмотрим подход Японии к трудоустройству, который помогает формировать будущее в условиях быстро меняющейся глобальной экономики.

Ключевые слова: безработица, рынок труда, Япония, глобальное сравнение, политика занятости

Japan's labor market has been well known for its stability, with very low unemployment rates. If we compare this to other developed and developing nations, Japan's unemployment rate is relatively low due to a range of economic, demographic and socio-economic factors. In this article, we would like to highlight Japan's unemployment rate with global patterns, highlighting the distinctive features of Japan's labor market and the challenges it faces [2].

In Japan, the unemployment rate typically falls below 3%, significantly lower than in most developed countries. The stability in Japan's job market can be attributed to the nation's lifelong employment practices, where companies maintain long-term employment relationships. Additionally, Japan's aging population naturally reduces the labor force, contributing to a consistently low unemployment rate. If we are to compare it on a global scale it can be said that unemployment rates vary due to differing economic conditions, labor policies, and cultural factors, for example; The U.S. experiences a flexible labor market, with unemployment rates ranging from 4% to 6% under normal economic conditions. The flexibility allows rapid adjustments but also leads to temporary unemployment spikes during economic downturns. Where in many EU nations report higher unemployment rates, usually between 6% and 10%. The implementation of Stringent labor laws and social safety nets protect workers but can also show signs of discouragement for rapid employment adjustments, resulting in higher unemployment. Meanwhile, emerging markets, such as India, tend to have higher unemployment rates, often exceeding

10%, due to rapidly growing populations and a need for more job opportunities to keep pace with labor supply [3].

Here we will be enumerating the several unique factors which contribute greatly to Japan's low unemployment rate. First would be the cultural norms, the concept of "lifetime employment" is prevalent in Japan, where workers are encouraged to stay with one employer throughout their careers [7]. This cultural expectation fosters job stability and reduces labor market turnover. Furthermore, there is also the government employment support where the Japanese government supports employment through job placement programs, vocational training, and subsidies, helping maintain low unemployment by absorbing labor market entrants. Other than that, there is also one very notable factor which has been highlighted frequently in these past few years which is the aging population in Japan. Japan's aging demographic, while presenting challenges, also means a lower proportion of working-age individuals. Consequently, the competition for available jobs is less intense, contributing to a low unemployment rate [1].

One of the notable reasons why Japan's unemployment rate is low compared to the rest of the world can be pinpointed to the unique approach of Japan to employment which differ quite significantly from other nations, especially regarding labor policies. Here we will compare the labor policies of other nations to Japan's. First off, the U.S. labor market's flexibility enables companies to hire and fire employees easily, which promotes rapid economic adaptation but also increases short-term unemployment. Unlike in Japan where lifelong employment is practiced. In European countries, extensive social programs are provided, which protect workers but often result in higher structural unemployment due to costly hiring and firing regulations. This is very different to Japanese government's support program which help to support employment especially targeting new graduates, older workers, and those facing layoffs. Other than that, the emerging economies, like in South Asia face high unemployment rates, especially among youth [6]. This is mostly due to these countries prioritizing job creation to address the demands of large, young populations entering the workplace. Here we can show the contrasting example in

Japan, which is notoriously known for its aging population. Japan's aging population has led the government to implement policies that encourage older adults to remain in the workforce. This includes raising the retirement age incrementally (currently set at 65) and offering incentives for companies that retain older employees. The government also encourages "re-employment" programs that help retirees find part-time or flexible work [8].

Despite having a low unemployment, it does of course face its own set of challenges and setbacks. One of the most notable would be the labor shortage, this is due to the growing aging population in Japan. An aging workforce creates labor shortages in key industries, especially those requiring physically demanding roles, like construction and healthcare. Another challenge would be underemployment and wage stagnation. While unemployment is low, some workers are underemployed in part-time or contract roles that lack benefits [12].

Wage stagnation is also a major concern; while wages for regular workers are expected to rise slowly due to increasing labor scarcity, they remain insufficient to drive significant economic growth. Additionally, part-time workers are seeing more rapid wage increases, but their overall employment conditions remain less favourable. The labor shortages are further exacerbated by Japan's stringent immigration policies. Although some reforms have been made, such as the introduction of new visa programs to attract foreign workers, societal resistance and limited opportunities for lower-skilled immigrants prevent a more substantial influx [9].

These factors put considerable pressure on Japan's social security system, as a shrinking working-age population must support an increasingly elderly population. The government faces the dual challenge of adjusting policies to ensure long-term sustainability of public pensions and healthcare [5]. To address these challenges, Japan needs comprehensive labor market reforms, including increased immigration, better work conditions, and more flexible employment opportunities. However, these changes require overcoming cultural and political resistance, which could delay progress. Japan's labor market must adapt to global trends, including technological advancements, automation, and remote work. Automation may help alleviate labor

shortages in some sectors, while policies encouraging foreign workers could ease demographic pressures. Japan may also benefit from gradually adopting global labor trends, such as more flexible work arrangements, to remain competitive in the global economy [11].

To conclude, Japan's low unemployment rate is the reflection of several unique combination of economic, demographic and socio-economic factors. This stability provides Japan a more significant advantage but should be aware of the impending challenges faced ahead with the growing aging population and economic shifts.

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