

(Box 2) Labor Force Participation of Women and Seniors

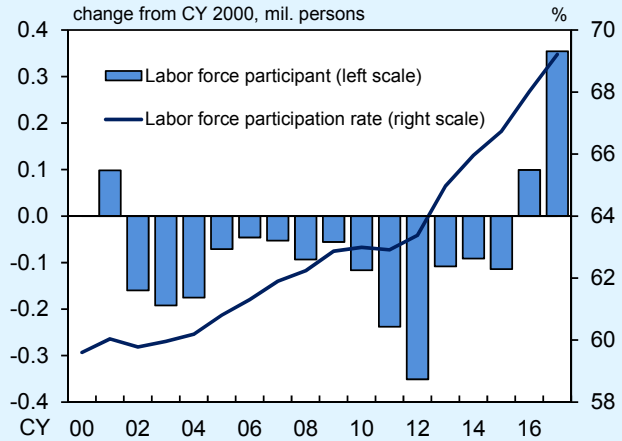
In recent years, the number of employed women and seniors has been rising due in part to efforts by the government and firms, and the number of participants in the labor market (the labor force participants) also has been growing for women and seniors.³⁴ Box 2 examines the current state of labor force participation, mainly of women.

An overview of the labor force participants shows that, between 2000 and 2017, the number of women aged 15 to 64 and of seniors aged 65 and over has increased by around 0.35 million and by around 3.25 million, respectively (Charts B2-1 and B2-2). Taking into account that the number of male labor force participants aged 15 to 64 has declined by around 4.1 million over the same period, mainly due to the declining male population in that age group, it is evident that the labor force participation of women and seniors has played a significant role in underpinning Japan's labor market.

Although, demographically, downward pressure has been exerted on the population of women aged 15 to 64 by as much as on that of men in the

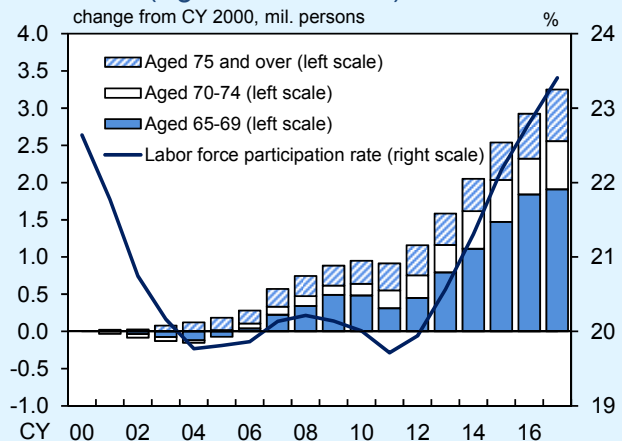
³⁴ For firms' efforts to promote the empowerment of women and seniors, see the annex paper to the *Regional Economic Report*, "Kaku chiiki ni okeru jyosei no katsuyaku suishin ni muketa kigyō tō no torikumi" [Firms' initiatives toward promoting women's empowerment in each region] released in June 2017 (available only in Japanese). The following report analyzes the factors behind the increase in the number of employed women, particularly since 2012, including the government's efforts to improve the environment for labor force participation of women: "The Recent Increase in Dual-Income Households and Its Impact on Consumption Expenditure," Bank of Japan Review Series, forthcoming.

Chart B2-1: Labor Force Participants among Women (Aged 15-64)



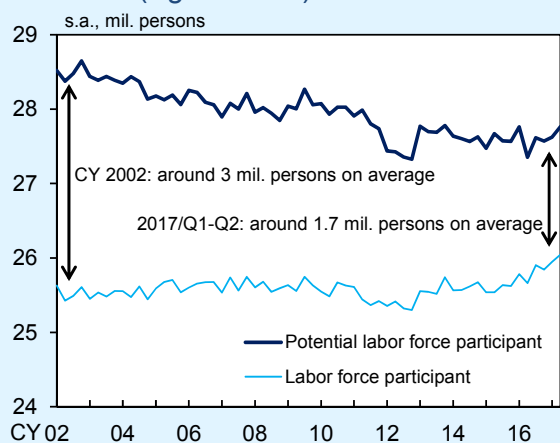
Source: Ministry of Internal Affairs and Communications.
Note: Figures for 2017 are January-August averages on a seasonally adjusted basis.

Chart B2-2: Labor Force Participants among Seniors (Aged 65 and over)



Source: Ministry of Internal Affairs and Communications.
Note: Figures for 2017 are January-August averages on a seasonally adjusted basis.

Chart B2-3: Potential Labor Force of Women (Aged 15-64)



Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare.
Note: Potential labor force participant = employed + unemployed (excluding structural unemployed) + not seeking a job despite wishing to work. The structural unemployed is based on staff estimations.

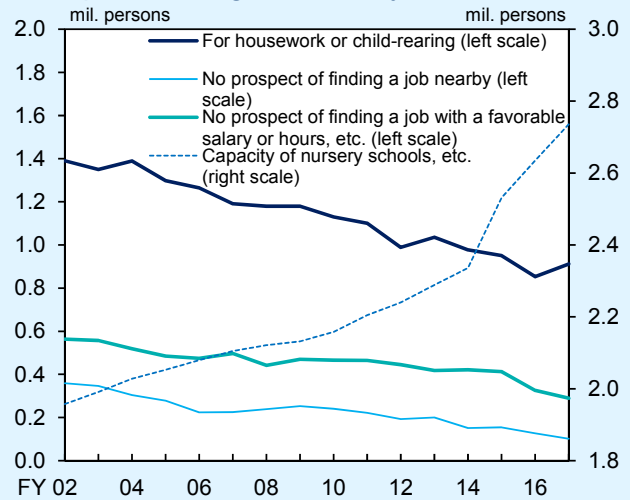
same age group, the number of female labor force participants has actually increased due to expanded labor force participation of women. This is reflected in a rise of nearly 10 percentage points in the female labor force participation rate (calculated as the number of labor force participants divided by the population of those in the corresponding age group). Meanwhile, the pace of increase in the number of labor force participants among seniors has accelerated since around 2012, when baby boomers reached the age of 65-69, accompanied by a rise in the labor force participation rate.

As for the outlook, in the case of seniors, the pace of increase in the labor force participants is projected to slow because moves to leave the labor market are expected to progress to a certain extent as baby boomers reach the age of 70 and over.

On the other hand, the number of female labor force participants is expected to continue growing to some degree. The number of potential female labor force participants is still estimated to exceed that of actual female labor force participants by around 1.7 million people, taking into account those currently not seeking a job but actually wishing to work (Chart B2-3). Although this gap has narrowed, it suggests that there remains substantial room for women to participate in the labor market.

Looking at the number of women who are not seeking a job despite wishing to work by reason, the number of those citing "no prospect of finding

Chart B2-4: Women Not Seeking a Job despite Wishing to Work, by Reason

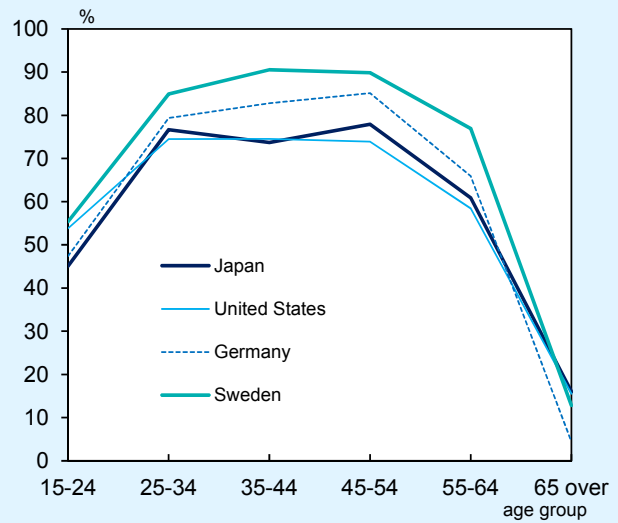


Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare.

Notes: 1. Figures for those not seeking a job despite wishing to work for fiscal 2017 are for 2017/Q2 on a seasonally adjusted basis. Due to the revision of the survey, figures for "for housework or child-rearing" from 2013/Q1 onward are those for "for childbirth or child-rearing."
 2. Figures for "capacity of nursery schools, etc." are as of April 1 of each year, based on the report on the status related to day-care centers, etc. released by the Ministry of Health, Labour and Welfare (available only in Japanese).

a job nearby" has declined significantly, suggesting that room for labor force participation by such respondents is becoming limited (Chart B2-4). The number of women citing "no prospect of finding a job with a favorable salary or hours, etc." also has been decreasing at a faster pace since fiscal 2015. Meanwhile, the number of women citing "for housework or child-rearing" has remained high, albeit continuing to be on a downtrend. Their labor force participation is therefore expected to be enhanced further, due in part to a future increase in the capacity of nursery schools.

Chart B2-5: International Comparison of Labor Force Participation Rate (Women)



Sources: Ministry of Internal Affairs and Communications; OECD.
 Note: Figures are as of 2016.

Looking at Japan's labor force participation rate of women by age group, a so-called M-shaped curve -- which reflects a low labor force participation rate of women in their child-bearing and child-rearing phases -- can still be observed (Chart B2-5). Nonetheless, the M-shaped curve is expected to change its shape gradually with further progress in the labor force participation of women who has given up seeking a job due to housework or child-rearing. An international comparison shows that Japan's labor force participation rate of women in their child-bearing and child-rearing phases is lower than that of Sweden and Germany, but is at a level quite likely to surpass that of the United States in the near future.