

## Current Problems of the Integration of Graduates in Germany and Japan

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### ABSTRACT

The continuing economic crisis in most of the developed countries makes it necessary to discuss the reasons for the very high unemployment rates in many countries, especially the current problems of the integration of graduates in Germany and Japan. In the case of Japan, the hiring situation of graduates for 1994 and 1995 promised to be the most dire in memory and therefore Japan's labour market problems are comparable to that of Germany.

The governments and the labour market administrations in Germany and Japan have to strengthen their efforts to integrate most of their young graduates, and the universities on their part, have to qualify their students in a professionally-oriented way. Those companies which cease hiring graduates are bound to lose in a mid-term view.

### INTRODUCTION

Of late, the situation of university graduates in Germany compared to that in Japan, is not as different as one might expect it to be; most are taking a longer time than they would have a few years earlier, to look for a job commensurate with the level of education attained. In Germany, for example, economists very often take six months or longer for a suitable job and in Japan, there is no longer an automatic "vocational-equivalent integration" for its graduates.

The main reason, of course, is the current deep recession in both industrial countries; but there is also another reason—the new organizational structure of many enterprises, which manifests *lean management*.

One question which arises in this context is: what can the labour administrations of Germany and Japan do to offset this negative situation for graduates? Another question would be: what about the future of enterprises in industrial countries, if they stopped hiring graduates? These are interesting questions for all: the enterprises, the governments of industrial countries, especially Germany and Japan, the labour administrations of these countries and last but not least, the students and the young graduates.

The labour market situation requires an analysis of the education systems and the current labour market policies in both countries, in order to gain information on the struggle against the problems of the integration of graduates.

And, of course, Germany and Japan will need more flexibility in the case of their labour market policies and education systems and indeed they must be significantly more efficient.

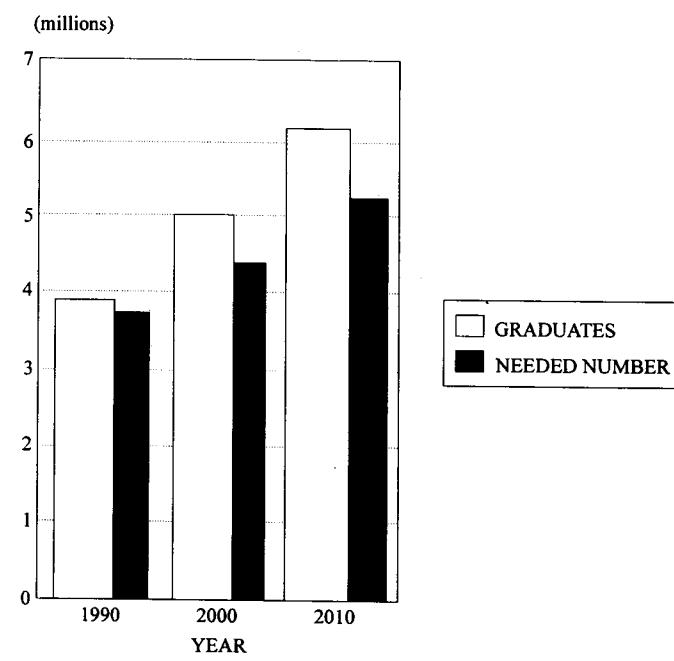
### CURRENT LABOUR MARKET PROBLEMS OF GRADUATES IN GERMANY

Generally, the situation of graduates in the future, in Germany, is to be seen in a very negative light (see Figure 1).

In 1990, a total of 200,000 surplus graduates was registered in Germany, but the projection for 2010 is a surplus increase of 900,000 graduates. In 2010, the projected need in Germany is for 5.3 million graduates (1990: 3.7 millions), but the projected number of graduates will be about 6.2 million (1990: 3.9 millions).

Table 1 illustrates the situation of the German graduates: In June 1993, a total of 14 graduates applied for one vacancy. In the perspective of the average of the total West-German economy, this is only an excess of

FIGURE 1. Number of Graduates and Needed Number of Graduates in Germany from 1990 to 2010



Source : *Der Spiegel*, 1993: 97

TABLE 1. Vacancies for Graduates and Applicants in West-Germany (06/1993)

	Vacancies	Applicants	Applicant Per Vacancy
Engineers	4134	40923	10
Natural Scientists	381	20169	53
Physicians/Pharmacists	1916	9858	5
Business People/Officials	2506	29252	12
Social Scientists	317	13698	43
Social Workers/Nursing Staff	1175	11286	10
Publicists/Journalists	157	3884	25
Teachers/Artists	669	26226	40
Designers	164	3750	23
Agriculturalists/Foresters	146	3731	26
Graduates (total)	11565	162777	14
West-German Economy (total)	272543	2981082	11

Source: *Informationsdienst des Instituts der deutschen Wirtschaft*, 1994:2

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TABLE 2. Unemployment Level and Job Offers to Applications Ratio  
in Japan from 1990 to October 1993 (in per cent)

YEAR/MONTH	UNEMPLOYMENT LEVEL	JOB OFFERS TO APPLICATIONS RATIO
1990	2.1	1.43
1991	2.1	1.34
1992	2.2	1.0
1993/January	...	0.93
1993/February	...	0.91
1993/March	...	0.88
1993/April	...	0.84
1993/May	...	0.81
1993/June	...	0.79
1993/July	...	0.72
1993/August	...	0.70
1993/September	...	0.69
1993/October	2.7	0.67

Note: Monthly figures seasonally adjusted.

Source: *Nihon Keizai Shimbun*, Inc., 1994:45

three applicants. But these are the consequences of the deep recession in Germany, and as a result, economists are currently diagnosing a labour market crisis.

#### CURRENT LABOUR MARKET PROBLEMS OF GRADUATES IN JAPAN

Nowhere in the world except in Japan does an education system exist which actually determines the chances of the graduates to start a career and to become integrated into the labour market system. Here, not only does the level of education but also the status of the institution, i.e., where the Japanese graduates have been educated, is decisive for their later career chances and their chances on the labour market in general (*HIS Hochschul-Information-System GmbH*, 1989:18). Knowledge of this difference in the situation as compared with that of German graduates (and of course of most western countries) is a precondition for western scientists wishing to analyze the labour market problems of Japan's graduates.

The job offers to applications ratio was decreasing from 1.43 per cent (fiscal year 1990) to 0.67 per cent (October 1993). In the same period, unemployment level was increasing from 2.1 per cent to 2.7 per cent (registered unemployed persons → Table 2).

Currently, the situation for Japanese women is bad: recently, there were less jobs offered to female graduates than to male graduates and their chances to become a lifetime employee are not comparable to the chances of male graduates (*JAPAN-Magazin*, 1994: 5-6).

However, for Japan's new graduates, the hiring situation for 1994 and 1995 promised to be the most dire in memory (*Nihon Keizai Shimbun*, Inc., 1994: 44).

#### MEASURES OF THE LABOUR ADMINISTRATIONS IN GERMANY AND JAPAN AGAINST UNEMPLOYMENT, ESPECIALLY UNEMPLOYMENT OF GRADUATES

In Germany a special placement service exists for very highly qualified workers (*Fachvermittlung fur besonders qualifizierte Fach- und Fuhrungskräfte*), who are either seeking their first job or a new job. This special placement service is located at 38 employment offices. It works on a computerized system, which can search and pick up the data on job orders speedily (*Bundesanstalt fur Arbeit, Die Arbeitsvermittlung und Arbeitsberatung stellt sich vor*, 1992: 7-9).

Generally, in 1993, the placement services of the German labour administration were able to effect about 1.4 million placements (*Bundesanstalt fur Arbeit, ANBA*, 1994: 31). In addition, since 1 August 1994, private placement institutions were licensed to get more flexibility on the labour market.

German employment offices also offer special courses and vocational training, even for graduates, to improve their placement chances. In 1993, about 350,000 persons participated in such courses to qualify themselves (*Bundesanstalt fur Arbeit, ANBA*, 1994: 31).

In Japan, employment exchange service systems are generally provided at public employment security offices: 479 locations throughout the country (the Ministry of Labour, 1992: 28). The placement of university graduates, however, is the obligation of the universities and their placement offices (*HIS Hochschul-Information-System GmbH*, 1989: 19).

The *training programme* in Japan is divided into the following categories:

#### *(1) Development Training*

Development training is offered mainly for young people and new graduates and allows them to acquire the basic skills and knowledge required for a job.

#### *(2) Upgrading Training*

This kind of training is provided for persons who have completed development training and for those already possessing a specific degree or the skills needed in the occupation.

#### *(3) Re-development Training*

Re-development training is offered for people who will be changing jobs and it teaches the essential techniques and knowledge for the new job.

#### *(4) Promotion of the Self-Enlightenment of Workers*

When the climate of the economic society is radically changing, individual workers must always be conscious of the need to develop their professional abilities to enhance capabilities and stabilize occupational life. For such development to be possible, the environmental conditions must be conducive. Therefore, the following state aid plans are in effect:

##### *\* grant for self-enlightenment:*

to cover part of the expenses and wages during the paid education and training period at a training centre outside of the enterprise. This grant covers situations where the employer has provided some assistance at the request of an employee.

##### *\* aged workers' attendance bounty:*

when aged workers (over 45 years) willingly receive training or education through professional schools, part of the expenses is supported by the state treasury.

In Japan, public vocational training plays an important role in promoting human resources development throughout the worker's careers, especially during the present deep recession (Ministry of Labour, 1992: 39-41).

## CONCLUSION

What will young graduates in Japan and Germany look for to be integrated into the labour market systems of their countries? A very short answer: They will look for (and need) appropriate jobs! That means that the *governments* and the *labour administrations* of both countries have to strengthen their efforts to integrate most of their young graduates. Will this kind of support process involve more expenditure? Yes, but the alternative is that they must finance unemployment, which in turn, is untenable.

The *universities* must qualify their students in a professionally-oriented way. Only thus, will they be able to support the process of the

integration of their graduates. The education systems in all developed countries need a higher level of flexibility. In this way, they will be able to react on labour market problems quickly. Generally, the allocation processes on the labour market must be optimized.

And what about the *companies*, which actually decide to stop hiring young graduates because of the recession and/or the reconstruction of their companies to be competitive in the future? It is not right of them, or for them. They are losing their image as a reliable enterprise, and if they are planning, at least in a mid-term view, on the development of their staff, they would lose out on competition.

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