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# Impact of Self-Restraint on Employment in Personal Services Industry

*Unemployment rate increased by at least around 0.3%pt in three consumer-related industries*

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## Summary

- In order to prevent the spread of COVID-19, many people are refraining from non-essential, non-urgent outings, and business conditions in the retail industry, the accommodations and eating & drinking industries, and other personal services industries are deteriorating significantly. If the number of firms that make wage and employment adjustments increases rapidly, the recovery in personal consumption after the epidemic is brought under control will be moderate.
- As part-time workers account for a large proportion of employees in the personal services industry, there is plenty of room to curtail labor costs by reducing the working hours of part-time workers. On the other hand, the ratio of non-scheduled salaries and special cash earnings to total salaries of general workers is smaller than that of other industries, and employment adjustment is likely to be carried out in the event of a deterioration in the economy.
- During this time of crisis, if working hours and employment decline to the same extent as the worst time in 2008 and just after, it is estimated that working hours for the three consumption-related industries will decline by about 1 to 4 hours a month, and employment for general workers will decline by about 187,000. Although the unemployment rate is estimated to rise by about 0.3%pt in only three industries related to consumption, the current situation in which business conditions have deteriorated at an unprecedented pace suggests that more jobs may be reduced than the results of the estimate.
- Employment adjustment will be limited to some extent by the emergency economic measures adopted by the Cabinet Meeting on April 7. However, employment adjustment subsidies are expected to take several months to be paid after they are applied for, and there is a concern that companies will have to bear the burden of paying salaries and other fixed costs during that period. The effectiveness of interest-free financing and cash benefits for SMEs and sole proprietors will be attracting attention as a means of curbing the deterioration of financing.

Attention

This report is a summary translation. The official document is only in Japanese.