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# What is Behind Sluggish Wages for University Graduates?

*Decrease in wages and share of non-managerial employees in their 40s pushed down overall wages significantly*

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## Summary

- Sluggish wage growth is a long-standing challenge for the Japanese economy. Looking at regular wages of general workers by educational background, the wages of university graduates and those with graduate degrees are particularly sluggish, and the trend becomes particularly obvious when these employees are in their 40s. The main factors behind the decline were a decline in non-managerial wages, and an increase in the percentage of non-managers, although there are many other factors also behind the decline.
- By industry, wages have declined in a wide range of industries, including medical and welfare, manufacturing, and information & communications, suggesting the influence of the *Employment Ice Age* (the period after Japan's economic bubble burst when finding employment was especially difficult). In the manufacturing and financial sectors in particular, a decline in the share of managers, such as department managers and section managers, has contributed to a decline in wages.
- Unless firms expand earnings, which are the source of wages, they cannot raise overall wages sustainably. If we prioritize the recruitment of young workers without increasing earnings, the downward pressure on wages for the middle-aged and older age groups, which have a relatively large number of workers, will increase further. In the medical and welfare sector, where wages have been greatly reduced for workers in their 40s, the government review of public prices currently underway by the Kishida administration will help raise wages.

## Attention

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