

# The Future of the Japanese Long-Term Employment Society: The Consequences of Post-Industrialization and Increase of Unmarried Workers

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This paper aims at revealing whether or not the long-term employment practice, which developed as a pillar of Japanese employment system under the economic growth after World War II, will sustain in the future under the expanding service economy and with increasing unmarried people. The results of data analysis of nationwide survey, which focus on regular employees, i.e., typical long-term employees, show that (1) even among large non-manufacturing enterprises, “finance and insurance; real estate and goods rental and leasing” and “transport and postal activities; information and communications” show a tendency toward long-term continued service that is similar to that of secondary industries such as manufacturing, etc. although there is great job mobility in the service industry, (2) unmarried women have more employment mobility, while women in the younger generation are gradually continuing to work for first-time companies, (3) it is true that the gap between the fluid employment type and the long-term employment type is not large in terms of anxiety of job loss, but the job changers have lower wage levels than the long-term employees even in the fluid employment sectors, and (4) when “tasks,” which constitute a work unit smaller than “job” and “duty,” are similar, it is possible to change jobs without suffering disadvantages in terms of wages. Consequently, it is hard to say that fluid employment becomes an alternative model to Japanese employment practice if expanding service economy and increasing unmarried people accelerate job mobility. Japan is still the long-term employment society in which there is great advantage of long-term employment even in the fluid employment sectors. Employment security is a crucial safety net even for unmarried workers at middle-age or older. It is, therefore, important to develop transferrable skills based on tasks in order to construct better fluid labor market with less disadvantage of job turn over.

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## I. Introduction

The practice of long-term employment is one of the most important and strongest pillars of the Japanese-style employment practice which was once seen to provide the source of high economic growth in Japan until the 1980s, compared to the Western Countries.<sup>1</sup>

However, the negative aspects of the Japanese employment system have become more conspicuous since the 1990s, when Japanese society was in the midst of a long-term economic downturn. Discussions toward reforming the system have been undertaken repeatedly and continue to this day (Kumazawa 1997, Hamaguchi 2009, Tsuru ed. 2019, Kambayashi and Hirano 2019). The Japan Institute for Labour Policy and Training (JILPT) is conducting a research project under its 3rd Mid-Term Plan Project (2014-2019), to examine the Japanese employment system's changes and continuation. The project has revealed that (1) as a matter of fact, the long-term employment practice for regular employees generally continues in large manufacturing companies, which are the "heart" of the Japanese employment system, even in the face of myriad changes—including the shrinking scope of long-term employment, the retreat of seniority-based treatment, the rise of selective training, and the transformation of workplace groups. The project has also pointed out (2) the declining performance of long-term employment and the widening differences in treatment among regular employees as practical issues. Further, it has identified (3) the clarification of realities in the employment system of large non-manufacturing companies, realities in the three-tiered employment system, and realities in the selection and development of so-called "global human resources" as issues worthy of research.<sup>2</sup>

We just mentioned that the long-term employment practice of regular employees generally continues as a matter of fact. Can we then say that long-term employment will continue to survive into the future? If, on the other hand, the long-term employment practice were to collapse and employment were to become more fluid, where and under what conditions would this occur? Conversely, if the practice were to survive, where and under what conditions would this be possible?

From FY2017 to FY2021, we have conducted "Research on Employment Systems that Adapt to Changes in the Industrial and Demographic Structure (Individual Survey Team)." We undertook this five-year project with a mind to ascertaining these conditions within the context of major social change—namely, change in the industrial structure on the labor demand side and change in the population structure on the labor supply side. This paper summarizes the key points of the project's interim report.<sup>3</sup>

Here, "change in the industrial structure" refers to the shift from an industrial structure built mainly around manufacturing to a non-manufacturing-based industrial structure (i.e., post-industrialization). On the other hand, "change in the population structure" refers to Japan's declining birthrate and aging population. This paper focuses particularly on the increase in unmarried people, which is at the center of the declining birthrate problem. We chose "The Future of the Japanese Long-Term Employment Society" rather than "The Future of the Japanese Long-Term Employment" as our title precisely because we intend to explore the relationship between such a major social change and long-term employment.<sup>4</sup>

## II. The challenges facing the Japanese long-term employment society

### 1. Two aspects of long-term employment: human resources utilization and safety net

It goes without saying that companies hire people because they need labor for their economic activities. The nature of those economic activities differs from industry to industry.

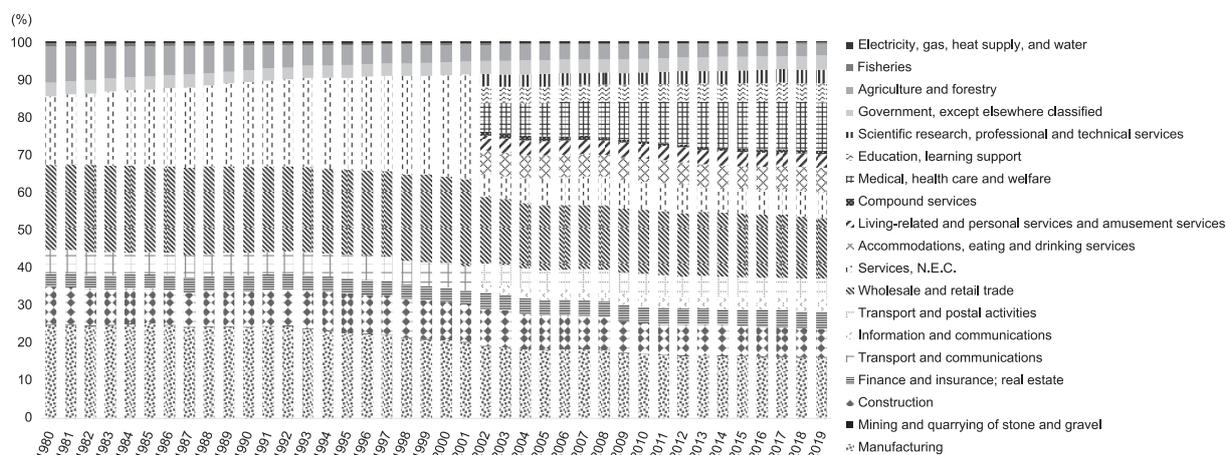
In years past, when the Japanese employment system received high marks for its international competitiveness, it was manufacturing that drove the economy, even among large enterprises. In some respects, the long-term development and utilization of human resources through long-term employment was justified by its compatibility with the business of manufacturing (Koike 1999). Today, however, the number of workers in manufacturing is decreasing, while the number of workers in non-manufacturing industries (i.e., the tertiary

sector) is increasing (Figure 1).

The number of people employed in hospitality and sales-related service industries, such as “wholesale and retail trade” and “accommodations, eating and drinking services,” has always been large. In addition, a conspicuous increase in workers has been seen in the “medical, health care and welfare” and “information and communications” sectors since the year 2000. The reasons for this are easy to see if one considers the increasing demand for nursing care labor associated with the growing elderly population and the increasing demand for information technology (IT) engineers arising from the shift to IT. Though slight, upward trends are also apparent in the “education, learning support” and “scientific research, professional and technical services” industries. When viewed in the contexts of people, things, money, and information, these industries differ in nature from the secondary sector of industries which produce “things,” in that they involve “people” and “information.” The “finance and insurance” and “real estate” industries involve businesses that deal with money. Although the number of workers in these industries is small overall, the finance sector’s impact on society is growing.

These industries differ from manufacturing in the way they produce the goods that are the output of their production activities. Thus, it is not surprising that production management and human resources management approaches that are modeled on manufacturing do not fit well with these industries. P. Cappelli (1999) identifies a shift in American companies from the “Old Deal,” which was driven by manufacturing, to a “New Deal” driven by Silicon Valley’s IT industry. Sugeno (2004) asks, with reference to Cappelli, whether a shift from the Old Deal to New Deal—in other words, the dismantling of the Japanese employment system—will also occur in Japan. Will the expansion of non-manufacturing industries lead to a new employment system deserving the appellation “Japanese New Deal”?

It is important to note that long-term employment is not being sustained solely by the management decisions of individual companies. One must also look at the aspects of long-term employment that have provided the foundation for daily living in postwar Japan (Hazama 1996). For example, long-term employment has a bearing on long-term prospects in life planning; namely, getting married and having and raising children. However, if we look at this from the other side, we see that increasing destabilization of youth employment since the 1990s has led people to remain unmarried and resulted in falling birth rates (Nagase 2002). In other words, if long-term employment is necessary for providing people with livelihood security, then we cannot deny that long-term employment functions as a social system, regardless of what company management does.



Source: Ministry of Internal Affairs and Communications, “Labour Force Survey.”

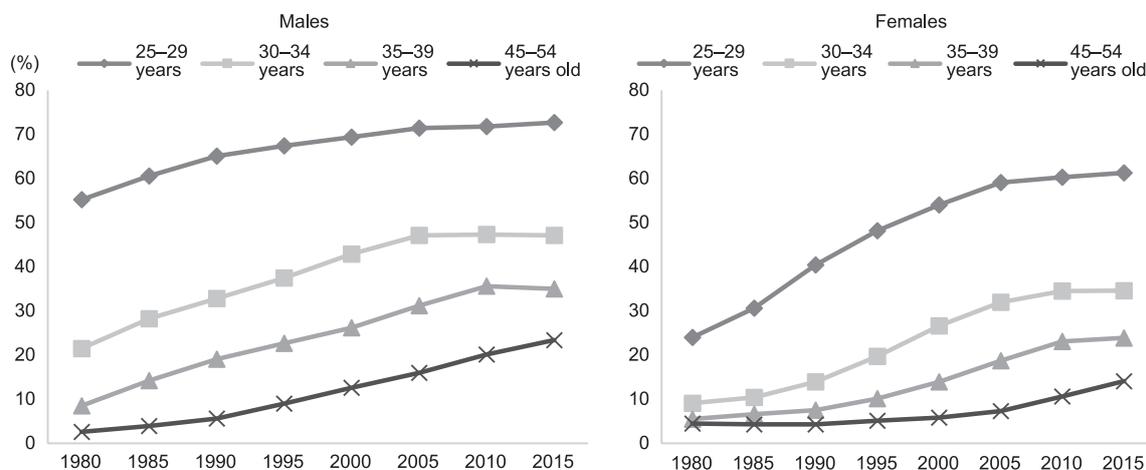
Note: “Wholesale and retail trade” up to 2001 includes “eating and drinking establishments,” and “finance and insurance; real estate” includes “goods rental and leasing” from 2002.

Figure 1. Changes in number of employed persons by industry

Thus, long-term employment has two aspects: it ensures the long-term utilization of human resources in economic activities and provides the foundation for stable living. We can categorize the former as long-term employment for human resources management and the latter as long-term employment that provides a safety net in the sense that it is part of the livelihood security system. In the latter half of the 20th century, Japan was a society in which employees with long years of continued service were given preferential treatment in terms of both economic activities and safety nets. In this sense, Japan could be described as a long-term employment society.

When we look at long-term employment as a safety net, we see there are likely instances where long-term employment is sustained for the sake of livelihood security even when it is not advantageous to companies' economic activities. A problem that has been identified from this perspective is long-term employment's relationship with Japan's declining birth rate and aging population. Companies' support for combining work and family life was originally intended as a policy for achieving gender equality. However, as society's concern over the declining birthrate and aging population grows, it is increasingly taking on aspects relating to employment security as a form of social security. The Childcare Leave Act, which was enacted in 1991, requires companies to provide childcare leave. It arose from a growing sense of crisis within the government over the demographic changes brought by the nation's declining birth rate. In 1995, the Childcare and Family Care Leave Act was enacted, adding provisions for nursing care to the Childcare Leave Act. Behind this new law was another change in the demographic structure—an increase in the elderly population. It provides protections to workers to ensure that they do not lose jobs due to such family responsibilities as childcare and nursing care. The employment that is thereby protected is “employment as a safety net,” rather than the continuation of a business relationship within production activities.

When viewed in terms of family responsibilities, it is unlikely that the policy of continuing the employment relationship as a safety net will change significantly. However, there is a growing problem that cannot be addressed with the concept of combining work and childcare/nursing care on the premise of a family founded on marriage. That problem is an increase in the number of unmarried people (Figure 2). Tendency toward remaining unmarried has aspects that are compatible with fluid employment. It is well known that fluid employment owing to company convenience—in other words, employment instability—is a cause behind people's decision to remain unmarried (Nagase 2002). Besides, being unmarried undoubtedly has compatibility with fluid employment even when workers' convenience is taken into account. This is because workers can change jobs without considering the circumstances of spouses or children in the way that married people do.



Source: Ministry of Internal Affairs and Communications, “Population Census.”

Figure 2. Trends in the percentage of unmarried people by sex and age group

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It is said that Japan used to be a “marriage-oriented society” in which everyone gets married. But if we were to simplify matters, we may find that it is possible to arrange the relationship between work and life in terms of “a marriage-oriented society means long-term employment; an increasingly unmarried society means fluid employment.” However, this does not mean that unmarried people do not have family responsibilities. People can face the problem of caring for elderly parents even if they are not married. In other words, even if people do not have the responsibility of a “family of procreation” (i.e., a family through getting married and having and raising children), they do have the responsibility of their “family of orientation” (i.e., the family in which they were born and raised). Here, there is room to consider whether it is desirable to encourage unmarried people to stay in the same company in the way that married people do, or whether it is better to raise employment fluidity by encouraging people to change jobs and go to companies that make it easier to combine work and family life. Allowing people to choose a workplace that permits them to combine work and family life by changing jobs, rather than staying within the same company, must certainly be conceivable.

Bearing the points described above in mind, we would like to focus on the non-manufacturing sector’s expansion within the industrial structure (post-industrialization) as well as the growing unmarried population in the demographic structure.

## **2. Two types of fluid employment: spiral and circulating**

Even in the past, the long-term employment practice was not seen everywhere in Japanese society. If the “long term” of long-term employment practice is typified as beginning with hiring as a new graduate and ending with retirement, then it must be noted that many small- and medium-sized enterprises (SMEs) do not hire new graduates and do not set a mandatory retirement age. In these companies, mid-career hiring and mid-career separation are common. Accordingly, the question of long-term employment’s viability tends to be asked with respect to large enterprises rather than the other company sizes.

Additionally, questions concerning long-term employment’s viability do not arise with respect to part-time workers, temporary workers, contract workers, dispatched workers, and other non-regular employees. In reality, some non-regular employees continue working for the same company for decades. However, ending up working for a long time is a different issue from being hired with the intention of working for a long time from the very beginning. The fact that non-regular employees work for one company for a long time can be seen as a derivative phenomenon of the long-term employment practice. However, it is a derivative phenomenon, not a core phenomenon. It is the long-term employment of regular employees that deserves attention here.

Furthermore, even among regular employees, it is the trend surrounding male regular employees that is the first point of focus. In traditional Japanese employment society, long-term employment was an employment practice exclusively applied to men. Women were not expected to continue working long-term in the same way as men, even when they were also regular employees (Imada 1996; Inagami 2005). More than 30 years have passed since the enactment of the Equal Employment Opportunity Act between Men and Women, and during that time the gap between men and women in terms of years of continued service has narrowed. However, while it is necessary to consider that the gap with men is narrowing as the continued service years of women (who typically had shorter service years) increase, it is also necessary to consider the possibility that the gap with women is narrowing because the continued service years of men (who typically worked for many years) are becoming fewer. The latter viewpoint has more importance when it comes to the question of whether long-term employment, which is at the heart of the Japanese employment system, is collapsing.

Finally, there is one more thing to keep in mind, and that is long-term employment’s quality as a desirable form of employment. Regular employees of large enterprises, where long-term employment is commonplace, have stable employment and high wages. On the other hand, employees of SMEs and non-regular employees have unstable employment and low wages. In other words, when it comes to disparities in worker treatment (i.e., working conditions, pay, etc.), large enterprises and regular employees with long-term employment and SMEs and non-regular employees with fluid employment are not on equal footing, and a hierarchy exists in

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which large enterprises and regular employees have “primary” status and SMEs and non-regular employees are “secondary.” Accordingly, we cannot conclude that the long-term employment practice has collapsed if mid-career hires and mid-career separations increase simply as a matter of number of workers and enterprises. If mid-career hires and mid-career separations increase in a labor market with lower levels of employee treatment, the conclusion would be that this is simply the result of an expansion in the secondary labor market. It must be asked whether a fluid labor market can expand as an alternative to the labor market that both labor and management see as the desired form of employment.

In short, a task of this study is to clarify whether fluid employment is occurring in a “high quality” manner among the regular employees of large enterprises.

When the problem is arranged in this way, even if active job changes are observed in statistical data, those changes cannot immediately be evaluated as representing an alternative to the long-term employment practice. Therefore, we examine labor markets with fluid employment by classifying them into at least two types.

When viewed in terms of movement of human resources and better employee treatment, human resources in the internal labor market in the Japanese employment system have developed their skills by being circulated within the company (i.e., “job rotation”) and made upward movement through promotions. We call this “spiral” labor movement in the sense that human resources move upward while moving around and around within the company like a spiral. The ability-based grade system and seniority-based wage system can be described as human resource management systems that assume a spiral-like movement of labor within the company.

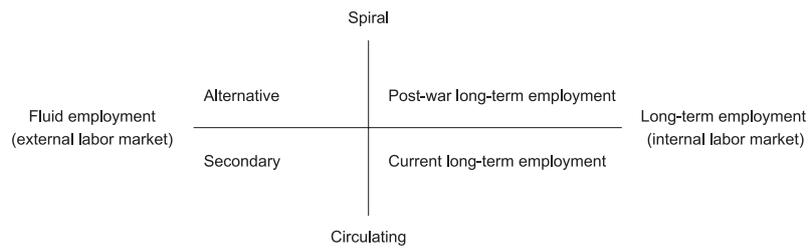
When this kind of upwardly mobile career is considered to be the starting point, a labor market with fluid employment must permit spiral-like labor movement through job changes if it is to be as good as or better than long-term employment. The New Deal ideal presented by Cappelli (1999), in which employment is made fluid to improve corporate performance, is similar to this spiral-like movement. Through active job changes, new personnel bring new knowledge and skills to the company, and the company prospers by creating new services. This is similar to what happens in Silicon Valley. Looking at the labor market as a whole, the New Deal and its good corporate performance are replacing the Old Deal and its poor performance. This can be described as fluid employment through which companies earn higher profits by hiring immediately effective mid-career workers rather than hiring and training new graduates, and individuals earn a higher income by changing jobs rather than staying with the same company for a long time.

However, there is another type of fluid employment that does not have a positive impact on production. In some cases, companies may hire mid-career workers simply because they have a shortage of manpower in terms of quantity rather than to create new services. Also, individuals may change jobs simply because they have some reason to quit their original job, without considering their career advancement.

If employment is thought of as a safety net, it becomes easy to understand changing jobs simply to avoid unemployment. However, when it comes to the human resources management, hiring to fill manpower shortages does not always occur in growth fields. There are jobs that, although suffering from low productivity and having no prospects for growth, are labor-intensive and thus have chronic manpower shortages. The image here is of people simply moving—only circulating—between the companies without upward movement. We call this “circulating” fluid employment. If you think of a fan that circulates the air in a room (i.e., an air circulator), the image of air circulating up, down, left, and right fits precisely with the concept of circulating fluid employment. It is not always the case that the human resources sent out by a company will move toward higher wages. Sometimes their wages will fall. In fact, the New Deal presented by Cappelli (1999) also contains a conceptual image similar to circulating fluidity.

In dividing fluid employment into two categories in this way, the question of whether fluidity is “secondary” or “alternative” can be replaced by the question of whether spiral-type employment fluidity can be verified.

Of course, in reality, both the internal labor market and the external labor market could be simply circulating, providing few opportunities for upward movement. Not all personnel rotations within a company



Source: JILPT (2021): 8.

Figure 3. Classifications of labor movement types inside/outside companies

can be said to promote the growth of the company and the individual. Some reassignments are simply for the purpose of adjusting labor supply and demand within the company and alleviating manpower shortages. Even when viewed from the worker’s standpoint, a transfer for a worker who is willing to be promoted is an opportunity for growth—or in other words, it represents spiral movement. However, a transfer is of the circulating-type for a worker who has no eye on promotion and just wants to quietly go about his or her daily work. In some cases, a person who desired upward movement at a young age experience lessening desire with age. There are also cases where illness or injury may cause a person to experience circulating movement instead of spiral movement.

In short, both long-term employment and fluid employment can be thought of as being spiral and circulating. Figure 3 arranges this into types demarcated by two axes and four quadrants. Japan’s postwar employment society flourished as a spiral-type long-term employment society. However, from the findings on the employment system of JILPT’s 3rd Mid-Term Plan Project, the benefits of long-term continued service have declined following the collapse of Japan’s “bubble economy” in the 1990s, and it could be said that modern long-term employment is becoming more circulating in nature. The question is whether spiral-type employment fluidity is occurring as an alternative to this. However, if Japan’s long-term low growth since the 1990s and aging working population are taken into account, one can speculate that it is unlikely that a spiral-type labor market is undergoing new expansion. Even if employment fluidity is occurring, it may be that the only labor market that is expanding is the low-productivity secondary market. With consideration for this and other possibilities, we intend to form a picture of the current state of Japan’s long-term employment society by grasping the realities of long-term continued service and job change behavior with a dispassionate eye. By doing so, our study will seek to clarify issues that will become the premises for examining future employment policies.

### III. Survey outline

We planned the following nationwide questionnaire survey titled “Survey on Occupation and Working Life” to clarify the actual situation of individuals’ retention of employment in the same company and leaving/changing employment in their employment behavior. The survey targeted 12,000 men and women aged 25 to 64 throughout Japan. We used stratified two-stage sampling as the sampling method and conducted the survey through visiting and leaving method via surveyors. The survey was conducted in November and December 2019, which was before the outbreak of the COVID-19 pandemic. The number of valid responses totaled 5,977 (response rate of 49.8%). We outsourced the work of conducting the survey to Nippon Research Center, Ltd.

The main survey items included movement history with respect to the respondent’s first job, previous job, and current job; family life (i.e., marriage, childbirth, child-rearing, nursing care, etc.); social networks; connection with the community; overseas interactions (i.e., experience of living overseas, overseas dealings in work, etc.); health; and attitude toward long-term employment. However, in the following analysis, it is the

respondent's employment status in his/her first job and his/her experience of changing jobs that are the important variables. The workers who continue to work without leaving their first place of employment can be regarded as the "long-term employment group." Conversely, the workers who have experienced changing jobs can be regarded as the "fluid employment group." This paper focuses on the regular employees as core labor forces of long-term employment practice.

As Imada (2000) showed, in today's Japanese society, there are both people who support the Japanese employment system and people who support its reform. These two groups have different values not only in terms of employment but also in terms of their lifestyles. In the context of this study, one could say that the long-term employment group and the fluid employment group live in different worlds. The survey was designed to shed light on where the boundary between these two social worlds lies. We conducted our analysis based on the hypothesis that industry on the labor demand side and the presence or absence of family responsibility on the labor supply side may be the factors that draw that social boundary.

## IV. Analysis results

### 1. Aspects of fluid employment

#### (1) Post-industrialization and fluid employment<sup>5</sup>

First, we looked at those respondents whose first job after graduating from school (their "first job") was regular employment and examined the industries of their first job employers by sex and birth cohort. For the industrial classifications, we used seven classifications that are based on the Japan Standard Industrial Classification (Table 1).

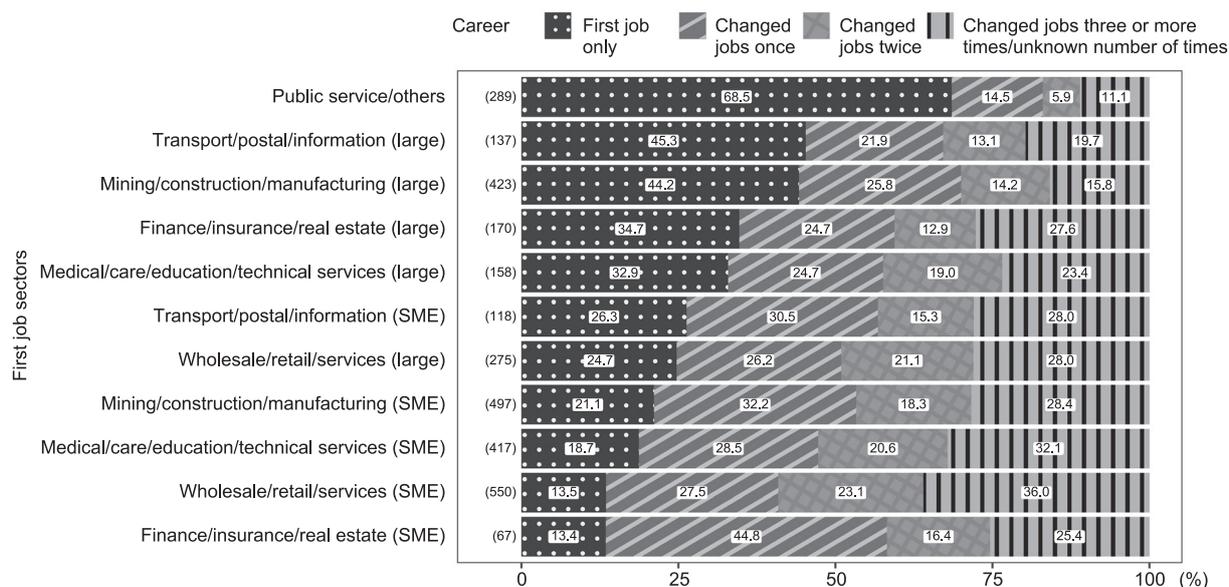
A look at the main characteristics shows that, first of all, the percentages of "mining and quarrying of stones and gravel; construction; manufacturing," which can be considered to be at the center of the long-term employment practice, show little change in any of the cohorts of males, remaining in the upper 30% range. When looking at males alone, this is the industrial category with the highest percentages among all of the cohorts. For females, on the other hand, the percentage decreases as the cohorts get younger. As a result, the differences in the percentages of males and females in "mining and quarrying of stones and gravel; construction; manufacturing" are larger in Cohorts III and IV. This suggests that these are industries in which

Table 1. Industries of employers of first-job regular employees by sex and birth cohort

		First job/industry						
		Mining and quarrying of stones and gravel; construction; manufacturing	Finance and insurance; real estate and goods rental and leasing	Transport and postal activities; information and communications	Wholesale and retail trade; accommodations, eating and drinking services; amusement services; services, N.E.C.	Medical, health care and welfare; education, learning support; professional and technical services	Public service	Others
Males	I 1955-64 (603)	38.1%	5.8%	9.0%	25.2%	9.8%	8.1%	3.0%
	II 1965-74 (685)	39.6%	6.0%	10.1%	26.3%	10.2%	4.8%	1.8%
	III 1975-84 (485)	39.2%	2.9%	13.6%	22.5%	13.8%	5.6%	1.4%
	IV 1985-94 (298)	36.9%	5.4%	10.7%	19.8%	15.8%	8.1%	2.0%
	Total (2,071)	38.7%	5.1%	10.7%	24.1%	11.7%	6.4%	2.1%
Females	I 1955-64 (731)	20.5%	14.2%	3.4%	32.1%	24.4%	1.4%	1.8%
	II 1965-74 (765)	21.2%	10.6%	5.6%	31.0%	26.3%	2.2%	1.6%
	III 1975-84 (541)	16.6%	8.5%	4.1%	30.9%	35.9%	2.4%	0.9%
	IV 1985-94 (320)	13.8%	8.1%	5.6%	28.8%	36.3%	5.0%	1.6%
	Total (2,357)	18.9%	10.9%	4.6%	31.0%	29.2%	2.4%	1.5%

Source: JILPT (2021): 25.

Note: The percentages of "no response" are not shown but are included in aggregation.



Source: JILPT (2021): 34.

Note: Industrial sectors and size of enterprise in Figures 4, 5, 6 and 10 are classified as follows:

Sector	Industry
Mining/construction/manufacturing	Mining and quarrying of stone and gravel; construction; manufacturing
Finance/insurance/real estate	Finance and insurance; real estate and goods rental and leasing
Transport/postal/information	Transport and postal services; information and communications
Wholesale/retail/services	Wholesale and retail trade; accommodations, eating and drinking services; amusement services; services, N.E.C.
Medical/care/education/technical services	Medical, health care and welfare; education, learning support; professional and technical services
Public service/others	Public service or government office/public office; agriculture, forestry; fisheries; electricity, gas, heat supply, and water

Size of enterprise	Number of employees
Large (large enterprises)	300 or more employees
SME (small-and-medium sized enterprises)	Fewer than 300 employees or unknown

Source: JILPT (2021) Figure 2-1-1. Industrial sector classifications: 33.

Figure 4. Number of job changes by industry/size of enterprise of first-job regular employees (born between 1960 and 1989)

men easily find employment but women do not find (or have difficulty finding) employment.

Secondly “medical, health care and welfare; education, learning support; professional and technical services,” which can be considered to be industries symbolic of post-industrialization and the advancement of the service economy, increase in percentage with younger cohorts for both men and women. The percentages are particularly high for women in this category, surpassing “wholesale and retail trade; accommodations, eating and drinking services; amusement services, services, N.E.C.” to take the top spot with about 36% of the total in Cohorts III and IV. Likewise, for men, the percentage is about 16% in Cohort IV, meaning that “first job” accounts for a higher percentage of “medical, health care and welfare; education, learning support; professional and technical services.”

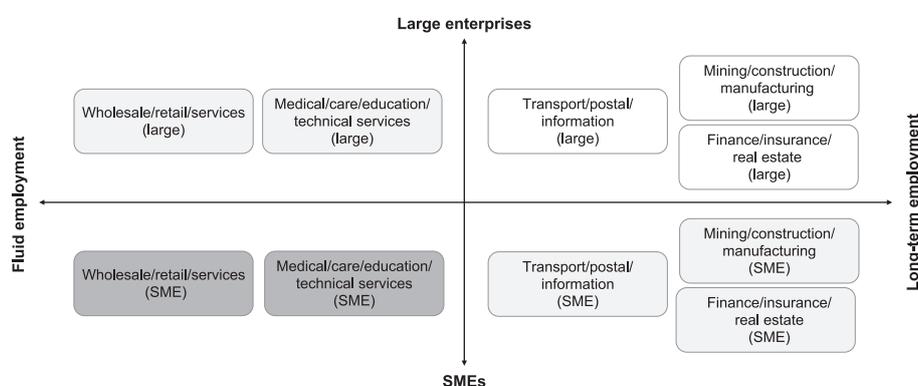
Next, we examine whether there are differences in the careers of workers depending on the industry and size of their employers in their first jobs. Based on the number of job changes since the first job, we consider,

for example, the phenomenon whereby workers in “mining and quarrying of stones and gravel; construction; manufacturing,” which are at the heart of the long-term employment practice, have more long-term employment careers, while workers in “medical, health care and welfare; education, learning support; professional and technical services,” which are symbolic industries of post-industrialization and the advancement of the service economy, have more fluid careers. Specifically, we look at the number of job changes to date by industry and size sector of first job—in other words, the distribution of career types by industry and size sector of first job.<sup>6</sup>

A look at Figure 4 shows that the percentages of “first job only” are relatively high in the “large enterprise” sector of “mining and quarrying of stones and gravel; construction; manufacturing,” “finance and insurance; real estate and goods rental and leasing,” and “transport and postal activities; information and communications” as well as the “public sector.” In the three sectors other than the “public sector,” about 35–45% of all respondents are continuing in their first job. These can be described as the “long-term employment sectors.” In contrast, the percentages of “first job only” are relatively low in the broadly defined service sector and “SME” sector. These sectors are characterized by fluid employment.

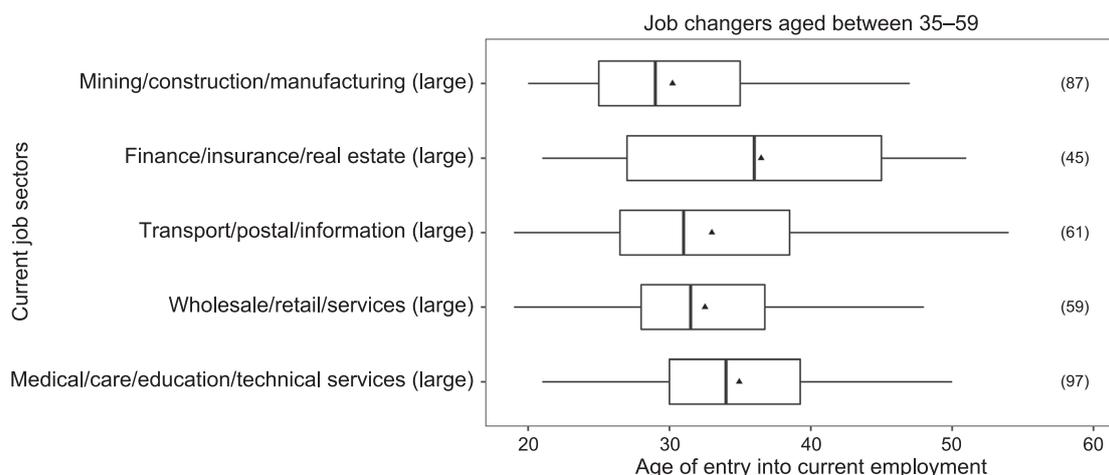
In addition, in none of the sectors is the weight of “changed jobs twice” within careers having job changes large. Such careers tend to be polarized into “changed jobs once” or “changed jobs three or more times/unknown number of times.” In particular, the “SME” sectors of “medical, health care and welfare; education, learning support; professional and technical services” and “wholesale and retail trade; accommodations, eating and drinking services; amusement services; services, N.E.C.” have the highest percentages of “changed jobs three or more times/unknown number of times” among the careers. These sectors are typical fluid employment sectors. On the other hand, in the case of “finance and insurance; real estate and goods rental and leasing,” the same SME sector has the highest percentage of “changed jobs once” and a low degree of fluid employment. In the SME sectors of “mining and quarrying of stones and gravel; construction; manufacturing,” “finance and insurance; real estate and goods rental and leasing,” and “transport and postal activities; information and communications” as well as the “large enterprise sector” of the broadly defined service industry, the total of “first job only” and “changed jobs once” exceeds the majority. If the condition for long-term employment is relaxed to “changed jobs once,” it could be said that these sectors are of the long-term employment type.

Figure 5 summarizes the results of the above analysis and charts the first job sectors with long-term/fluid employment on the X-axis and the size of the enterprise (large or SME) on the Y-axis. The upper right (first quadrant) and lower left (third quadrant) of the figure indicate the typical long-term employment type and fluid employment type, respectively. The upper left (second quadrant) and lower right (fourth quadrant) are in the intermediate positions of the sectors as a whole. However, these sectors have fluid employment-like



Source: JILPT (2021): 42.

Figure 5. Employment system types by industry



Source: JILPT (2021): 70.

Notes: 1. The triangles in the figure indicate the average value, the left side of the box indicates the first quartile, the right side indicates the third quartile, and the thick line in the center indicates the second quartile (median). The whiskers on the sides indicate the first quartile from the smallest value and the third quartile from the largest value, respectively.  
2. The numbers in parentheses on the right-hand side indicate the number of samples (N).

Figure 6. Ages of entry into current employment of job changers by industry

characteristics when compared within the context of large enterprises. While, overall, a two-tiered structure exists between the enterprise sizes, employment systems differ from industry to industry, even within large enterprises.

Next, we examine whether, in the fluid employment sector, workers of that sector continue having fluid employment throughout their lives, without any long-term employment tendencies whatsoever, or whether they develop a long-term employment tendency by becoming fixed at some point as they age. Figure 6 shows ages of entry into current employment for current regular employees aged 35–59 in a box plot by industry. By limiting the sample to respondents who have experienced changing jobs (hereinafter “job changers”), it becomes possible to understand the age of entry into current employment here as the “job change age that is (can be considered to be) permissible in the sector.”<sup>7</sup>

Figure 6 shows that, with the exception of “finance and insurance; real estate and goods rental and leasing,” the third quartile of age of entry into current employment is under 40 years. In each of the sectors except “finance and insurance; real estate and goods rental and leasing,” fewer than 25% of the respondents entered their new jobs after the age of 40.

Similarly, the median age of entry into current employment is 35 or younger, with the exception of “finance and insurance; real estate and goods rental and leasing.” Thus, in each sector except “finance and insurance; real estate and goods rental and leasing,” half of job changers entered their current job at the age of 35 or younger. Because the sample is limited to respondents between the ages of 35 and 59, it is also apparent that half of new job entrants have stayed at their current job for at least a few years after changing jobs.

Except for “finance and insurance; real estate and goods rental and leasing,” there is no tendency for the interquartile range to widen significantly, and the variation in ages of entry into current employment of job changers is not large. Regardless of whether the employment type is long-term or fluid, job changes are occurring in people's late 20s and early 30s.

In other words, the “fluidity” of the fluid employment sector is “a weak tendency to continue the first job for a long period of time, and a tendency to become fixed in employment after several job changes in youth and middle age.” In this sense, it is not possible to say that the fluid employment sector is so “fluid” as to be able to be perfectly in contraposition to the long-term employment sector.

In summary, the industries of men's first-job employers are not undergoing as much post-industrialization and service economy advancement as those for women. Moreover, "mining and quarrying of stones and gravel; construction; manufacturing," which are at the center of the Japanese-style employment practice, make up more than one-third of the labor market.

Looking at careers by industry and size sector of first job, even among large non-manufacturing enterprises, "finance and insurance; real estate and goods rental and leasing," "transport and postal activities; information and communications" show tendencies toward long-term continued service that are similar to those of manufacturing and other secondary industries. However, in the service sector, the "first job continuity rate" is low and a tendency toward employment fluidity is apparent. Put another way, these findings suggest that two kinds of labor markets coexist—a long-term employment-type market and a fluid employment-type market. However, our analysis of the ages of entry into current employment of job changers shows that, even in the fluid employment sector, few people change jobs after the age of 40. Even as the employment of people in their 20s and 30s becomes more fluid, people in their 40s and beyond tend to remain with their companies.

## (2) The increase in unmarried workers and fluid employment<sup>8</sup>

In this section, we focus on unmarried workers, whose number is increasing. In order to consider whether unmarried workers (whose life courses differ from those of standard household) desire long-term continued service, we examine the job continuation status of first-job regular employees and the job-continuation intentions (inclination to stay) of current regular employees, based on a comparison with married men and women. To begin, let us look at the continuation status of first job in regular employment of unmarried respondents at the points of three, five, and ten years after entering their first job in comparison with those of married respondents (Table 2).

The percentages of unmarried males who continue to hold their first regular-employment jobs for "10 years" are about 5 percentage points higher overall than those of married males. However, they are in the upper 50% to lower 60% range, confirming the trend toward long-term first-job employment. For females, the

Table 2. First-job continuation status and difference of unmarried and married respondents by sex and birth cohort (Limited to respondents who were regular employees in their first job and current job)

		Males						Females					
		Unmarried at all time points											
		3 years		5 years		10 years		3 years		5 years		10 years	
		Continuing	Valid N	Continuing	Valid N	Continuing	Valid N	Continuing	Valid N	Continuing	Valid N	Continuing	Valid N
I	1955–64	82.4%	(227)	73.4%	(188)	65.3%	(95)	77.1%	(83)	62.9%	(62)	39.3%	(28)
II	1965–74	81.2%	(373)	74.8%	(314)	68.2%	(176)	74.5%	(184)	58.6%	(145)	46.3%	(82)
III	1975–84	81.6%	(316)	69.0%	(268)	52.6%	(137)	74.2%	(163)	59.5%	(131)	30.9%	(68)
IV	1985–94	83.8%	(204)	73.5%	(132)	78.1%	(32)	78.2%	(142)	64.3%	(98)	44.0%	(25)
Total		82.1%	(1,120)	72.6%	(902)	63.4%	(440)	75.7%	(572)	60.8%	(436)	39.9%	(203)
		Married at all time points											
I	1955–64	83.3%	(36)	71.6%	(74)	55.8%	(163)	75.7%	(37)	53.4%	(58)	33.7%	(92)
II	1965–74	81.8%	(66)	70.2%	(124)	61.2%	(260)	58.8%	(34)	51.4%	(72)	43.6%	(133)
III	1975–84	85.1%	(47)	76.9%	(91)	56.6%	(212)	61.5%	(26)	50.0%	(58)	47.1%	(119)
IV	1985–94	93.1%	(29)	75.4%	(65)	59.3%	(54)	78.6%	(14)	62.1%	(29)	50.0%	(28)
Total		84.8%	(178)	73.2%	(354)	58.3%	(689)	67.6%	(111)	53.0%	(217)	42.7%	(372)
		Difference of unmarried and married respondents (difference of unmarried % - married %)											
I	1955–64	-1.0		1.8		9.4		1.4		9.5		5.6	
II	1965–74	-0.6		4.7		7.0		15.6		7.2		2.7	
III	1975–84	-3.5		-7.9		-4.0		12.7		9.5		-16.2	
IV	1985–94	-9.3		-1.9		18.9		-0.4		2.2		-6.0	
Total		-2.8		-0.5		5.1		8.1		7.8		-2.8	

Source: JILPT (2021): 109.

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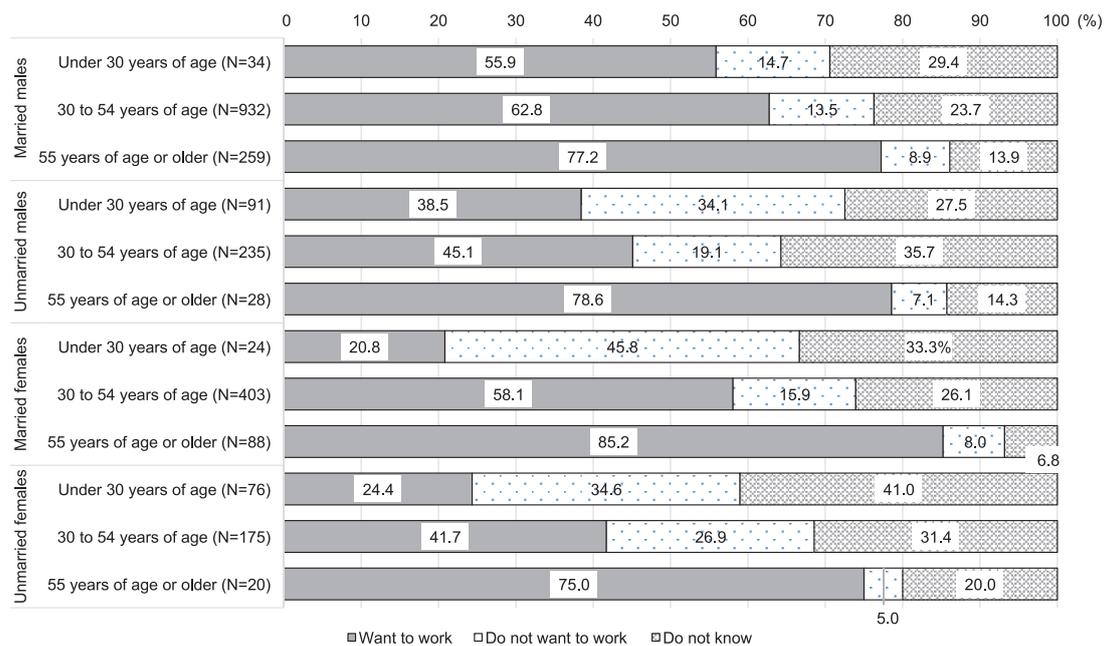
percentages of unmarried persons continuing in their first job are higher than those of married persons. However, looking at those who have continued their first job for “10 years,” married persons in the 1975–84 birth group (35–44 years old at the time of the survey) tend to have longer continued service in their first job than unmarried persons. The 1975–84 birth group is a generation falling under the amended Equal Employment Opportunity Act of 1997 (the second generation under the act). Thus, the above result may be the effect of policies that encourage married women to continue in long-term employment, such as the revised Equal Employment Opportunity Act, the revised Child Care and Family Care Leave Act, and the Act on Advancement of Measures to Support Raising Next-Generation Children. A tendency to long-term continued service among females becomes much more pronounced with younger generations. However, a tendency is seen whereby married women stay with their companies while unmarried women have more employment fluidity.

Additionally, looking at unmarried persons, the percentages of men who continue in their first job are consistently higher than those of women. Unmarried women tend to change jobs rather than stay in their first job, and there are signs that the gender gap is widening in the younger generation. Even among married people, the percentages of men who continue to work at their first job are consistently higher than those of women. However, the difference between men and women who continue to work at their first job for “10 years” narrows to the 9 percentage point level. This indicates that married women are increasingly continuing to work at their first job.

In other words, it can be said that female workers fall into two trends (changes): that of married people who become more established in their first job through long-term employment, and that of unmarried people who do not become established in their first job and whose employment becomes fluid. By being linked to family formation within the “life course” of school graduation → employment → marriage → birth of first child, the long-term employment practice has formed a system of gender-specific employment management whereby men have long-term employment while women retire early and then subsequently attain fluidity through non-regular employment and other forms of short-term employment when they seek re-employment. On the other hand, measures to support women’s continued employment, such as the Equal Employment Opportunity Act and the Child Care and Family Care Leave Act, have aimed to correct disparities existing between men and women in terms of continued employment. An increase in the first job continuation rate of married women was confirmed to have taken place as a result of these measures; however, unmarried women tended to be more fluid than their unmarried male counterparts. It could be said that work-life balance support measures implemented as policies to keep women from leaving employment due to marriage or childbirth were effective for married women. However, it is highly probable that those policy protections have not been extended to unmarried women in terms of continuing their first regular-employment jobs. Although work-life balance support measures have penetrated throughout society to some extent, the fact that equal opportunity policy remains inadequate may be behind women’s changing jobs before those measures are applied.

Next, we put a focus on respondents’ long-term employment intentions and inclination to stay in their jobs as they look to the future: i.e., whether they want to work until they reach mandatory retirement age (or as long as possible) at their current employer (current job).

Figure 7 shows whether or not respondents “want to work at their current employer until they reach mandatory retirement age (or as long as possible).” Regardless of their marital status or sex, respondents’ intention to continue working at their current job increases with age. It is natural for people to want to continue working at their current company once they reach the age when their mandatory retirement is in sight. Looking at differences between unmarried and married men, the intention to continue working at their current jobs gradually increases with age for those who are married. However, for those who are unmarried, it increases sharply to 78.6% at age 55 or older. In the case of women, the intention to continue working at their current jobs increased significantly with higher ages for both unmarried and married respondents. Among respondents aged 30 and above, the intention to continue their employment is higher for married women than for unmarried



Source: JILPT (2021): 126.

Note: Although not shown in the graph, the relation between age group and intention to continue in current employment is  $\chi^2=135.1^{***}$ .

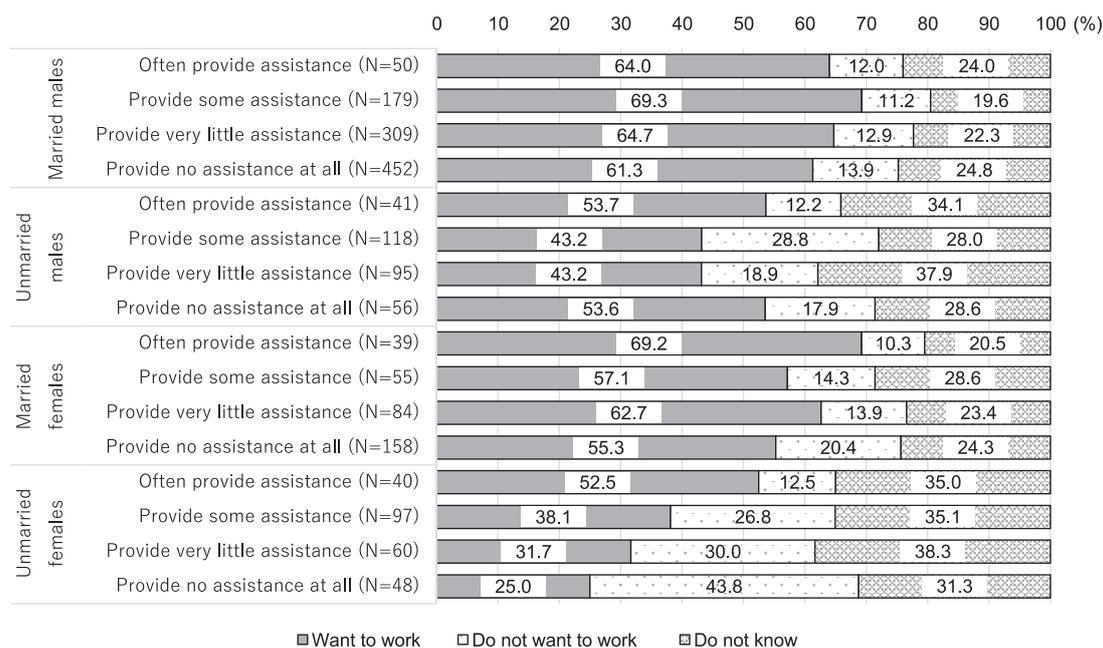
Figure 7. Job-continuation intentions of current regular employees by sex, marital status, and age group

women.

From the above, it can be surmised that married respondents desire stable employment in relation to their family responsibilities, such as their breadwinner role or family caring role. On the other hand, unmarried men “up to middle age” who have limited responsibilities and are highly regarded as human resources are free to think about changing jobs and advancing their careers, but then desire to stay in the internal market after a certain age. In the case of unmarried women, although they too have limited responsibilities, it is probably more difficult for them to secure an advantageous job change in the external labor market as they get older than for men, and therefore their intention to stay in the internal labor market rapidly increases with age. Combined with the aforementioned results concerning intention to continue working long term are taken into account, it is apparent that a relationship exists between family responsibilities and intention of long-term continued service, and that unmarried people are more likely to aspire to a more fluid work style but may encounter age constraints.

Next, let us look at the effects that taking care of parents and nursing care have on respondents’ desire for long-term continued service in their current jobs. Figure 8 shows the relationship between the level of assistance (care)<sup>9</sup> provided to a mother and intention to continue working at current job. Respondents’ intention to continue with their current jobs is higher when they often provide assistance. This relationship is more pronounced among unmarried women. Looking at instances in which a parent receives assistance in daily living or requires nursing care, if the mother is healthy, she is the primary caregiver for the father and the children will assist the mother. However, when it comes to caring for the mother, in many cases, it is an unmarried woman living in the household, rather than the father, that is expected to provide care. It is therefore thought that unmarried women’s intention to continue at their current jobs rises so that they can take advantage of the benefits of being a regular employee.

In summary, it can be said that even as women begin pursuing their own careers, the link between long-term employment and the marital relationship based on gender roles remains strong. On the other hand,



Source: JILPT (2021) :135.

Note: Although not shown in the graph, age group × intention to continue in current employment n.s. (no significant difference), unmarried males only (second group from the top in the graph)  $\chi^2=11.9^{**}$  and unmarried females only (bottom group in the graph)  $\chi^2=17.8^{***}$ .

Figure 8. Job-continuation intentions of current regular employees by sex, marital status, and nursing care role for mother

unmarried people who are not participants in such a relationship find that their lives do not mesh with long-term employment, and thus their employment is becoming more fluid. It could be argued that differentiation into the long-term employment group and the fluid employment group is occurring, not only in terms of industry but also of family life. In addition, the fluid employment of unmarried people can also be seen as a sign that those people are lagging in planning their lives, including supporting and caring for their elderly parents. Although unmarried people do not have families that were formed by marriage, it is important to help them combine work and family life, keeping in mind that they may have responsibilities to the families in which they were born and raised.

## 2. The quality of fluid employment

### (1) An expanding secondary labor market?<sup>10</sup>

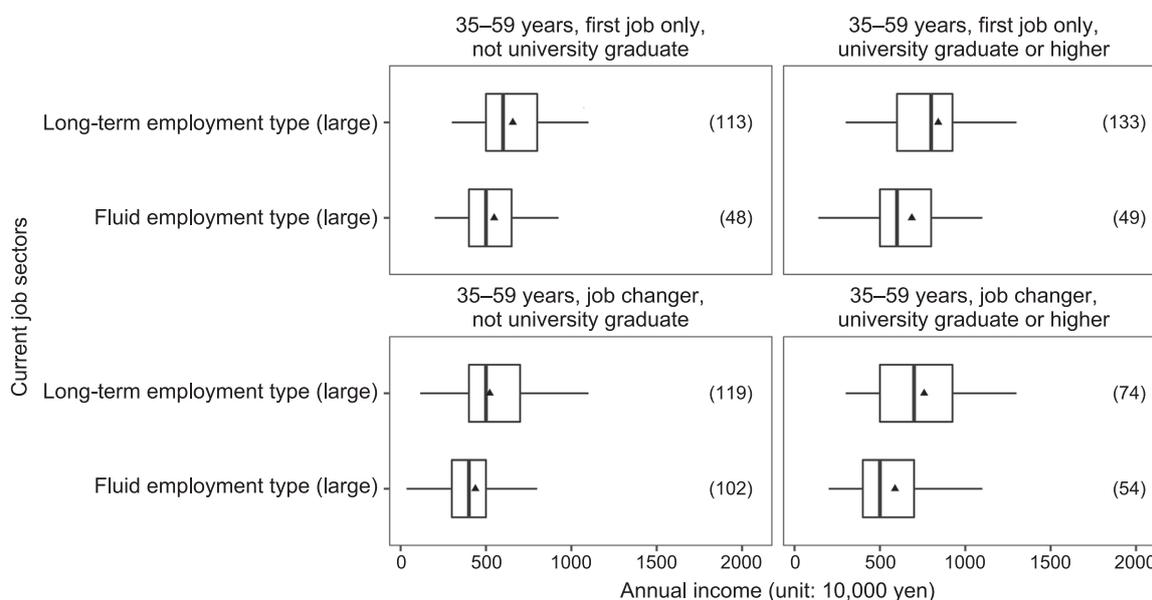
From former sections, which examined the labor market's employment system with focus on workers' career patterns, we learned that fluid employment is occurring in the service industry and among unmarried women and others against a backdrop of post-industrialization and increasing number of unmarried people. Here, we examine the question of whether this fluid employment can serve as an alternative to long-term employment.

In Japan's labor market, where post-industrialization and a tendency toward remaining unmarried are advancing, two employment system sectors—the long-term employment sector and the fluid employment sector—exist side by side. However, if the latter sector's employment and jobs are not of high quality compared to those in the former sector, then fluid employment is not something that can be accepted outright. In fact, a previous study pointed out that much of the broadly defined service industry, which is included in the fluid employment sector, tends to have poor "job quality," such as low wages (Nagamatsu 2016). On the other

hand, for example, even in the manufacturing industry, which is representative of the long-term employment sector, there has been a noted flattening of the seniority-based wage curve in recent years (Kawaguchi, ed. 2017) and the benefits of “deferred wages,” namely, higher wages paid later in career, which assume long-term continued service are also declining. Today, the relationship between remuneration and such factors as length of continued service and age is becoming relatively weaker. As it does, fluid employment in the form of changing jobs in search of internal fulfillment, such as job motivation and satisfaction, may be more desirable from the standpoint of career development. Therefore, when assessing the impact of fluid employment on Japan's employment society, which has been premised on long-term employment, it is important to examine the quality of jobs and the characteristics of how people work (i.e., ways of working) that come with such fluidity.

Here, we use the above discussion as the basis for examining the quality of jobs and characteristics of ways of working in the long-term employment sector and the fluid employment sector. We focus on income as a measure of job quality and on anxiety of job loss and job satisfaction as characteristics for ways of working.

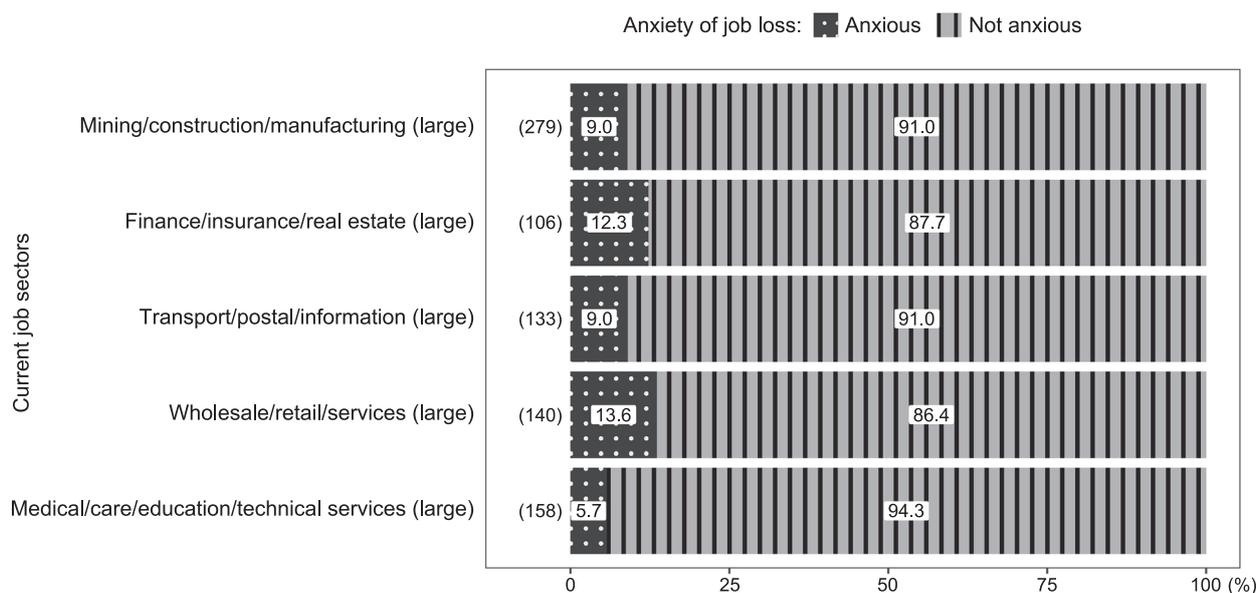
First, we provide a comparison of annual personal income by industrial sector in Figure 9. It can be seen that annual income is higher in the long-term employment sector and, as is pointed out in previous studies, lower in the fluid employment sector. This trend is not dependent on whether the worker's career is a continuation of his or her first job or whether the worker has changed jobs, as income is consistently higher in the long-term employment type. On the surface, one might assume that a career that is a continuation of a first job would have an advantage in the long-term employment type, while a career with job changes would have an advantage in the fluid employment type. In actuality, however, the long-term employment type has an advantage in terms of income regardless of the employment sector type. In light of this result, we must deem the advancement of fluid employment to be an expansion of the secondary (subordinate) labor market, rather than an alternative to long-term employment, in the sense that it leads to more low-income employment and jobs.



Source: JILPT (2021): 71.

Note: The triangles in the figure indicate the average value, the left side of the box indicates the first quartile, the right side indicates the third quartile, and the thick line in the center indicates the second quartile (median). The whiskers on the sides indicate the first quartile from the smallest value and the third quartile from the largest value, respectively.

Figure 9. Individual annual income by career/academic background and by sector



Source: JILPT (2021): 61.

Figure 10. Anxiety of job loss by industry

If the employment and jobs available in the fluid employment sector are not of good quality, then naturally some aspects of the ways of working in that sector will also be lacking in quality. Low income, in particular, may lead to employment instability and a lower sense of personal fulfillment. Surprisingly, however, Figure 10 shows that workers in the fluid employment sector are not necessarily experiencing poorer ways of working. To be sure, only a small number of people (about 10%) feel anxiety of job loss overall, and the level of such anxiety is the highest in the “wholesale and retail trade; accommodations, eating and drinking services; amusement services; services, N.E.C.” sector at about 13%. However, this differs by only about one percentage point from the value for anxiety of job loss in the “finance and insurance; real estate and goods rental and leasing” sector, which is included in the long-term employment sector. In fact, anxiety of job loss is lowest in “medical, health care and welfare; education, learning support; professional and technical services,” and there is no apparent connection in the sense that simply being in the fluid employment sector leads to higher anxiety of job loss.

To conclude, although we can say that the fluid employment sector is an alternative for workers in a subjective sense, in reality, it is a circulating-type secondary labor market. In particular, it is important to note that careers involving job changes in the fluid employment sector do not lead to increases in income. This indicates that the employment fluidity (i.e., job changes) that is currently being observed is not a spiral type of upward mobility, but rather a circulating type whereby people move around within similar economic positions.

## (2) Job changes and wages<sup>11</sup>

In the previous section, we saw that opportunities to increase wages by changing jobs are not very abundant. This is true not only in the long-term employment sector but also in the fluid employment sector. Indeed, previous studies have pointed out that, in many cases, wages decrease due to job changes. Particularly in Japan, where the labor market within companies is well-developed, stress is placed on the formation of firm-specific human capital, primarily through on-the-job training, under long-term employment contracts. Consequently, once a person changes his or her job, the skills he or she accumulated in the past tend to become obsolete or “sunk cost” and job changes are unlikely to lead to higher wages. This is a reason why changes in

Table 3. Determinants of task distance

Main independent variables	Dependent variable: Task distance					
	Males only		Females only		Regular employees only	
Years of experience at time of job entry	<b>-0.003</b>	(0.001) **	-0.001	(0.001)	<b>-0.003</b>	(0.001) **
Years of experience at time of job entry squared	0.000	(0.000) †	0.000	(0.000)	<b>0.000</b>	(0.000) +
Current job (reference: Professional and technical works)						
Management	0.016	(0.011)	<b>0.016</b>	(0.010) †	<b>0.016</b>	(0.010) †
Clerical work	<b>0.044</b>	(0.012) **	<b>0.012</b>	(0.007) †	<b>0.019</b>	(0.007) **
Sales work	0.012	(0.013)	<b>0.022</b>	(0.009) *	<b>0.027</b>	(0.010) **
Service work	<b>0.032</b>	(0.019) †	<b>0.030</b>	(0.008) **	<b>0.030</b>	(0.010) **
Security work	<b>0.036</b>	(0.021) †	<b>0.109</b>	(0.026) **	<b>0.054</b>	(0.023) *
Agriculture, forestry, fishery work	-0.004	(0.030)	-0.053	(0.018)	0.016	(0.024)
Manufacturing process work	<b>0.025</b>	(0.014) †	<b>0.051</b>	(0.012) **	<b>0.039</b>	(0.012) **
Transport and machine operation work	<b>0.039</b>	(0.015) **	0.022	(0.052)	<b>0.048</b>	(0.015) **
Construction and mining work	0.021	(0.016)	<b>0.033</b>	(0.017) †	<b>0.025</b>	(0.015) †
Carrying and cleaning work	<b>0.027</b>	(0.017) †	<b>0.044</b>	(0.012) **	<b>0.050</b>	(0.014) **

Source: Main results are extracted from the Models (5) to (7) in Figure 4-3-5 of JILPT (2021): 89.

Note: The figures in parentheses are robust standard errors. Years of continued service in previous job, female dummy, academic background dummy, previous and current employment type dummy, and year of current job entry dummy are controlled. \*\*<0.01, \*<0.05, †<0.1

employment are typically disadvantageous.

On the other hand, if a worker's skills are transferred through a job change in an appropriate manner, then the change does not necessarily lead to a disadvantage in terms of lower wages. For example, it has been pointed out that even in job changes that occur between companies, the efficiency of skill transfer is relatively high among professional and technical workers and the cost of changing employment is small (Higuchi 2001). Furthermore, previous studies have noted the possibility that occupation-specific labor markets are formed based on the premise that there are skills unique to each individual occupation and that workers' skills are unlikely to become obsolete in job changes within the same occupation.

As observed above, studies conducted thus far have represented the transferability of workers' skills in job changes as the degree of similarity between a worker's occupation before the job change and that after the job change. However, some workers' skills may be transferable even when moving to different occupations. To precisely examine the advantages and disadvantages that are associated with job changes, it is necessary to grasp the cases of job changes in which the worker skills are transferable by applying a concept of finer detail than "occupation."

We therefore quantitatively ascertain changes in job content before and after a job change using the concept of "task" and then examine the impacts that these changes have on changes in wages. Here, "task" is a basic unit of labor activity that generates production and services. Production is realized only when the skills workers possess are applied to tasks. (Acemoglu and Autor 2011). The survey quantified respondents' normal work content with respect to their current and previous jobs by using 23 task items. By comparing the task groups of job changers' current and previous jobs, it becomes possible to quantify the change in job content (i.e., the "task distance") in each job change. Naturally, in job changes where the change in job content is small (i.e., the task distance is narrow), worker skill transferability is considered to be high, and therefore wage decreases should also be suppressed.

We found as a result of a descriptive analysis that, first, there are many job changes with a narrow task distance. Secondly, we found that there are also job changes between occupations with a narrow task distance (figures and tables are omitted). Most of the actually observed job changes have a narrow task distance, as it can naturally be assumed that workers' job change behavior is more likely to materialize when the change in

Table 4. Relationship between task distance and wage change

Dependent variable: Current job wage rate — previous job wage rate (both transformed to natural logarithm)

Key independent variables	Model 1	Model 2	Model 3	Model 4
Task distance	<b>-0.474</b> (0.236) *			-0.435 (0.280)
Job change in same occupation dummy		0.048 (0.040)		0.014 (0.047)
Job change in same industry dummy			0.037 (0.039)	0.001 (0.044)

Source: Main results are extracted from the Models (2) to (4) and (6) in Figure 4-3-8 of JILPT (2021): 91.

Note: Figures in parentheses are robust standard errors. Female dummy, academic background dummy, current job occupational classification dummy, years of continuous service in previous job and current job, previous and current employment type dummy, and year of current job entry dummy are controlled as other explanatory variables. \*p<0.05

job content is small. Additionally, in general, even if a job change is between occupations, the task distance tends to be narrower if the change is within the same broad occupational classification. Thus, changing to a different occupation does not in itself necessarily bring about a large change in job content.

Next, we analyzed the determinants of task distance at the time of job change. Here, we found that the more experienced a person is (i.e., the more years of experience he/she has), and the more professional or technical the job is, the narrower the task distance tends to be at the time of job change (Table 3). The coefficients for the number of years of experience at the time of job entry are curved in a “U” shape with the bottom at about 30 years. The task distance is narrowest for job changes when the employee has about 30 years of experience at the time of job entry. Most of the coefficients for the occupational categories are significantly positive, and the task distance tends to be wider for other occupations than for “professional and technical works.” These results suggest the possibility that occupational labor markets exist. They also suggest that, when people have more years of job experience, they are more likely to engage in job changes with narrower task distances so as to suppress obsolescence of their skills due to the job change.

Lastly, we analyzed the relationship between task distance and wage change at the time of job change. We found that while wages tend to decrease with job changes having wider task distances, the fact that a job change is within the same occupation or the same industry does not have a major impact on wage change (Table 4). The coefficient of task distance in Model 1 is significantly negative, and the difference between the wages of the current job and previous job decreases as the task distance at the time of job change widens (i.e., it takes a larger absolute value in the negative direction). Although the task distance coefficient is no longer significant in Model 4, its absolute value does not change considerably and has a larger effect than the other variables. In other words, it is not the similarity of the occupation or industry before and after a job change in itself that is important. Rather, the fact is that wage decrease at the time of a job change is more suppressed when the change in job content is smaller in terms of tasks.

From the above results, we can say fluidity in the form of job change is not disadvantageous in itself. The reason why job changes do not lead to wage increases—not only in the long-term employment sector but also in the fluid employment sector—is that job changes which currently take place do not sufficiently transfer workers’ skills in terms of task continuity. Nevertheless, at first glance, the findings in this section—specifically, that task distance is narrow in many of the observed job changes and that wage decreases are suppressed when task distance is narrow—seem to contradict the previous chapter. However, what is important to remember with respect to this section is that the narrowness of task distance suppresses wage decreases at the time of job change, not that it increases wages. After all, it is undeniable that changing employment results in loss under the Japanese employment practice. However, even so, the loss resulting from job change tends to be suppressed if the distance between tasks is narrow and thus the change in job content is small. In a labor market expected to see greater job fluidity in the years ahead, it is important to develop opportunities’ settings for the formation of skills that can be transferred across the boundaries of companies and occupations (i.e., “transferable skills”).

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## V. Summary and conclusions

We examined where long-term employment is being maintained and where it is collapsing within contemporary Japanese society, in which the non-manufacturing sector is expanding and the number of unmarried people is growing. We also studied whether the fluid employment that is emerging as a result will lead to the expansion of high-quality employment opportunities for people in regular employment. The key points of our analysis's findings are as follows.

- (1) Even among large non-manufacturing enterprises, “finance and insurance; real estate and goods rental and leasing,” “transport and postal activities; information and communications” show a tendency toward long-term continued service that is similar to that of secondary industries such as manufacturing, etc. However, in the service industry, the first job continuity rate is low and there is great job mobility. Job changes between the “long-term employment sector” and “fluid employment sector” are few, suggesting that two kinds of labor markets coexist.
- (2) Women were not eligible for long-term employment, but the younger generation is gradually continuing to work for first-time companies. However, a tendency is seen whereby married women stay with their companies while unmarried women have more employment mobility. Nevertheless, the inclination to stay with their companies also rises among unmarried women when they begin assisting elderly parents.
- (3) The gap between the fluid employment type and the long-term employment type is not large in terms of anxiety of job loss. However, the fluid employment type has lower wage levels than the long-term employment sector and does not appear to have good opportunities to earn higher wages through job changes.
- (4) When “tasks,” which constitute a work unit smaller than “job” and “duty,” are similar, it is possible to change jobs without suffering disadvantages in terms of wages.

These results suggest the following implications for future labor policy: (a) Long-term employment is being maintained as a safety net even in the non-manufacturing sector; (b) However, fluid employment type is also growing as fewer people get married and the economy becomes more service-oriented (post-industrialization); and (c) The development of transferrable skills based on tasks (i.e., skills that can be carried across companies) is effective in helping people find good employment opportunities and change jobs.

The fluid employment identified in this study has a strong circulating-type character, as there are few opportunities for upward mobility through job changes and human resources simply circulate in the labor market. Even in the service sector, where fluid employment is conspicuous, it is relatively more advantageous to be a long-term employee than to change jobs. However, the long-term employment seen there strongly connotes a sense of “safety net,” and long-term employment as an economic activity within the industrial structure is on the decline. To create an economically vital employment society, it will be important to link long-term employment that serves as a safety net to economic activity in the form of diversity management, and also to build a spiral-type market for job changes in which fluid employment leads to upward mobility.

This paper is based on “*Choki koyo shakai no yukue: Datsukogyoka to mikonka no kiketsu*” [The Future of the Japanese Long-Term Employment Society: The Consequences of Post-Industrialization and Increase of Unmarried Workers], JILPT Research Report no. 210 (March 2021, in Japanese).

### Notes

1. OECD (1972) considered the Japanese employment system and long-term employment practice to be the driving force behind Japan's rapid economic growth. Vogel (1979) likewise considered these attributes to be the main pillars supporting “Japan as Number One.” It should be noted that the term “long-term employment” does not refer to the years of continued service as a continuous variable. Instead, it refers to the length of time a person continues to work for the same company from the time of his or her hiring as a new graduate until retirement—in other words, for his or her entire professional life. Other elements of the Japanese employment system

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include a seniority-based wage system and labor unions organized on a company-by-company basis. It has been said that a strong sense of unity between a company and its employees, which arises from the generous livelihood security that the system provides mainly to male workers, forms a “corporate community” (Hazama 1996, Inagami 2005, JILPT 2017).

2. See Takahashi, Koji (2017) “The Future of the Japanese-style Employment System—Continued Long-term Employment and the Challenges It Faces,” JILPT Research Eye no.25 for a summary of this paper. <https://www.jil.go.jp/english/researcheye/bn/RE025.html>.

3. Sections I, II, III, and V of this paper were written by Ikeda, section IV–1 was written by Sakai, and section IV–2 was written by Tagami. JILPT (2021), upon which the paper is based, was written by Kazufumi Yugami (Professor, Kobe University), Kaoru Ookaze (Associate Professor, Kyoto Notre Dame University), and Tomohiro Takami (Vice Senior Researcher, JILPT) in addition to the authors of this paper.

4. Sugeno (1996) and Inagami (2005) are among prior studies that discuss employment issues in a way that questions the nature of the employment society, not just the personnel and labor management of individual companies.

5. This section is based on Chapter 1 (written by Kazufumi Sakai) and Chapters 2 and 3 (written by Kota Tagami) of JILPT (2021).

6. For people who became regular employees in their first job, we focused on those who were born between 1960 and 1989 and are working at the time of the survey (November 2019) in order to exclude those who entered employment immediately after graduation and just began their careers and those who changed jobs after reaching the age of mandatory retirement.

7. Note that the analysis here is based on a survey of individuals and does not strictly look at mid-career hiring by enterprises.

8. This section is based on Chapter 5 (written by Kazufumi Sakai) and Chapter 7 (written by Kaoru Okaze) of JILPT (2021).

9. As a general trend, the percentages of respondents who assist (care for) their mothers rise with higher age groups in all categories.

10. This section is based on Chapter 3 (written by Kota Tagami) of JILPT (2021).

11. This section is based on Chapter 4 (written by Kazufumi Yugami) of JILPT (2021).

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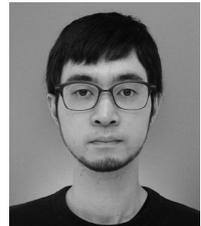
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