

## **The Ideology of Lifetime Employment and Its Influence on Contemporary Japanese Society**

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*Abstract.* The article discusses the main directions of influence of the system of lifetime employment on contemporary Japanese society. This system evolved over several decades and became a major form of labor management in large Japanese companies in the late 1960s. However, the real scope of its impact was much broader, as not only middle, but also small companies tried to use to a certain extent its basic elements in order to increase the work motivation of their employees. Due to the fact that the system of lifetime employment was based on the fundamental characteristics of the nation's culture and psychology, it is not only perceived by workers as reasonable, fair, and corresponding to their ideas of what a company is and how it should be managed, but it also became the foundation on which and around which the system of values and the way of life of several post-war generations of the Japanese were formed. In the early 1990s, the economy and society began to change, calling into question the very existence of the lifetime employment system. However, it has proved to be quite flexible and, thanks to a series of measures taken by Japanese companies, has been able to adapt to the changes that have taken place in the economy and society over the past quarter of a century. These measures include the reduction of employment of regular workers, a change in the wage system designed to make it more adequate to the new conditions, relaxation of the rigid conditions of lifetime employment by introducing a "restricted regular employee" status and a number of others. However, the norms and stereotypes generated by the system are much less mobile and flexible, and it became the cause of a number of painful phenomena in Japanese society. These include the "second-rate" position of non-regular workers (in terms of remuneration, the scope of social security, access to the system of in-house training, and social status), the preservation of gender inequality in employment and in family, the polarization of the Japanese youth by income levels and lifestyle, the fall in the marriage and

birth rates, etc. Since shifts in public opinion occur rather slowly, Japan is likely to take quite a long time to resolve the contradictions between the entrenched stereotypes and the requirements of the time.

*Keywords:* lifetime employment, society, norms and stereotypes, regular and non-regular employees, social status, education, family, youth.

The management system of Japanese companies, widely known as lifetime employment, was evolving over several decades (starting probably from the Meiji period), through trial and error, in the course of sometimes quite tough confrontation between employees and management, and in the late 1960s it became the main form of labor management in Japanese companies.

This system was based on the use of the basic elements of national culture and psychology (such as paternalism, groupism, egalitarian consciousness, striving for consensus and *wa* (harmony), preference for long-term relationships, the principle of seniority, etc.). Thanks to this, it was not only perceived by employees as reasonable, fair, and corresponding to their ideas of what a company is and how it should be managed, but also provided the foundation on which and around which the system of values and the way of life for several post-war generations of the Japanese were formed.

This suggests that lifetime employment is not only the system of labor management in Japanese companies, but also a kind of ideology based on the society's traditional values.

In a concise form this system can be characterized as follows.

1. Lifetime employment actually means that employees are hired for a long term, namely until *teinen*, the age limit for staying in a company (in the first post-war decades it was 55 years old, and in 1998 it was legislatively set at 60). Along with long-term employment, workers were guaranteed access to the system of in-house training and skill improvement and, consequently, career progress and an increase in wages with increasing work experience (as part of the so-called age-specific wages).

2. Until the adoption of the Equal Employment Opportunity Law in 1985, lifetime employment was applied almost exclusively to male workers. Also, the companies preferred to hire only "fresh" (not "spoiled" by experience of work in another company) graduates of schools and universities. In the course of in-house training and periodic rotations they acquired the skills necessary for a given company, and their lifetime employment served as a guarantee that the training costs would be fully compensated.

3. Giving workers long-term employment guarantees implied that in return they agreed to work long hours and overtime, to participate in

various rationalization groups during off-hours and pro bono, to have shorter vacations, to be transferred to another city in the course of rotation, etc.

4. In its fullest form the lifetime employment system was applied in large private companies and state-owned institutions, but, in fact, its influence spread far beyond that. Even small enterprises, not to mention medium-sized firms, used some of its elements to retain the necessary workers and to increase their motivation [Matrusova 1996; Matrusova 2008].

We can point out at least five ways in which this system influenced the value orientations of Japanese society.

1. Since the lifetime employment system was for a long time applied almost exclusively to male workers, it helped to secure their role of breadwinners of the family, and, consequently, strengthen their dominant position in the family and society.

2. Since the guarantees of lifetime employment given to workers implied, in return, their willingness to subjugate their lives to the interests of the company, the lifetime employment system contributed to the gender-based division of roles in the family (according to the principle “the husband is at work and the wife is at home raising children and keeping the house”).

3. The lifetime employment system prompted a substantial rise in the prestige of education in Japanese society. The more prestigious an educational institution, the higher the chances for its graduate to be employed by a large well-known company or in a state-owned institution where this system was used in its fullest form.

4. The lifetime employment system had major impact on the formation of value orientations of Japanese young people, offering them the career of a *sararīman* (*salaryman*), a regular employee in a large company or in a state-owned institution, as a model of success in life. To become a *sararīman*, one had to graduate from a prestigious university and before that – to successfully pass through the “hell” of entrance exams, showing perseverance and diligence. The reward for this was entering a special world, a world of sustainable employment and a predictable life for many years to come.

5. The lifetime employment system played an important part in the formation of the “middle class society” in Japan. Its elements, such as giving high status to ordinary employees, the striving of management to smooth out the differences in the position of white and blue collar workers, emphasis on determining career growth by assessing the personal qualities of an employee (diligence, discipline, allegiance to the company, willingness to work in a team, etc.), helped erase the horizontal social partitions. And the rapid increase of workers’ incomes during the period of high growth rates (1955 to 1972) and their stable growth in the second half of the 1970s and the 1980s provided the material basis for the emergence of the “middle-class society” [Lebedeva 2014].

As known, the past 25 years have brought about dramatic changes in the economy and society. More than two decades of depression which hit the Japanese economy in the early 1990s caused a sharp decline in economic growth rates and, consequently, a reduction in the financial ability of companies to maintain the seniority-oriented wage system without compromising their competitiveness. Moreover, the progressive aging of the population resulted in an absolute decrease in the number of young people, including high school and university graduates, i.e. the “clean slates” that Japanese companies annually and simultaneously (by April 1) hire as regular employees. Thus, between 1990 and 2017, the number of 18-year-old Japanese (i.e., those who graduated from high school and either went to work as blue collar workers or continued their studies at universities and colleges to get white-collar jobs after three or four years) shrank from 2 million 10 thousand to 1 million 200 thousand. [Komikawa 2017, p. 43]. This means that the workforce is aging, which, in the context of seniority-oriented wages, is fraught with an increase in production costs.

In addition, over the years, there has been a substantial diversification of life styles and life preferences of the Japanese, and today by no means all of them can be said to “live to work” as before. And although work and employment are still an undoubted value for the vast majority of the country’s population, the attitude towards work and some components of the concept of “work” is gradually changing, particularly among young people. Thus, unlike the previous generations that gave preference to their company’s interests and collective values, today’s Japanese young people, who grew up in a flourishing and wealthy society, are more focused on their personal interests when choosing a job – the opportunity to have a high and steady income, to fulfil one’s potential in a profession, to be promoted to a high position, to combine work and leisure, etc. [Tanabiki 2017].

It would seem that all these changes would have weakened the position of the lifetime employment system and its impact on Japanese society, but the real situation is different.

First of all, it should be noted that, contrary to all sorts of forecasts, the lifetime employment system as a whole has survived and continues to be the main form of employment in state-owned institutions and large companies and also “the example to follow” for smaller firms. This happened thanks to a great number of measures taken by Japanese companies which allowed them, without changing the basic principles of the system, to make it more flexible and more adequate to the new economic and social conditions.

First, in order to hold back rising labor costs, Japanese companies substantially enlarged employment of non-regular workers, replacing regular workers with them where possible. Thus, in the total workforce, the proportion of non-regular employees, which in 1990 was 20.2 per cent, increased to 37.2 per cent in 2017, and, in absolute terms, their number increased from 8 million 819 thousand to 20 million 360 thousand, i.e., more than doubled. The number of regular employees began to decline after 1997 and over the next ten years it dropped from 38 million 135 thousand to 34 million 320 thousand, or by 10 per cent, while their proportion decreased from 79.8 per cent in 1990 to 62.8 per cent in 2017 [Labor Situation in Japan... 2015/2016, p. 44; Labor Force Survey... 2018].

The economic gains of companies from replacing permanent personnel with temporary workers result from, first, the significant difference in wages between these two categories of employees and, second, from a reduced burden of payments to the social insurance system.

Although, back in 2007, Japan adopted a law obliging employers to pay equal wages for equal work irrespective of the form of employment, in practice there is still a substantial difference in wage levels for regular and non-regular employees. Thus, according to the 2016 data, non-permanent employees (working less than 35 hours a week) received on average about 65 per cent of the wages of permanent workers [Monthly Labor Survey 2016].

What helps employers to circumvent the requirements of the law is the fact that in Japan, when assessing work, not only and not so much specific results of work are taken into consideration, but the work process as such, including such components as the employee's discipline, his willingness to cooperate, initiative, etc. According to a survey conducted in 2016 by the Ministry of Labour and Welfare, the companies mentioned the following main reasons for lower hourly wages of non-regular employees: the opportunity for them to determine their worktime, a low degree of their participation in overtime work, a lower rotation frequency, less experience compared to regular employees and low expectations regarding their contribution to the company's growth [Chingin jijō 2017, p. 31].

Savings in labor costs by means of expanding the use of non-regular employees through social security payments are also quite noticeable. By law, contributions to the pension and social security systems at private enterprises are paid in equal shares by employees and employers. For example, according to the 2011 data, the expenses of the largest enterprises (employing more than 1 thousand people) on monthly payments to the medical insurance and social security system (per employee) amounted to 49.1 thousand yen, and 31.5 thousand yen to the pension system; at enterprises employing 30 to

999 people the expenses were 44 thousand yen and 22 thousand yen, and in companies with 100 to 299 employees, 43.3 thousand yen and 14.5 thousand yen respectively [Conrad 2016a, p. 187].

However, the coverage of non-regular employees with these systems is significantly narrower than that of regular workers. Thus, according to the 2014 data of the Ministry of Health, Labour and Welfare, unemployment insurance, pension insurance, and health insurance covered practically 100 per cent of regular workers, whereas for non-regular employees the figures were 67.7 per cent, 54.7 per cent, and 52.0 per cent respectively. It should be added that 80.6 per cent of regular workers receive severance benefits and 86.1 per cent of them get bonuses, while the percentage for non-regular workers was 9.6 per cent and 31 per cent respectively [Kanai 2016, p. 90; Labor Situation in Japan... 2015/2016, p. 94].

Although the wages of regular employees are substantially higher than those of non-regular workers, in the past two decades Japanese companies have taken a number of measures to hold back their growth. According to statistics, these measures have been very effective. After a slight rise in the late 1990s, the average monthly pay of regular workers entered a period of stagnation and even decreased in certain periods, and only in the last few years it began to rise slightly. However, reaching 412 thousand yen in 2016, it was below the 2001 figure (419 thousand yen) [Analysis of the Labour Economy 2017, p. 3, 9].

The meaning of the measures taken by Japanese companies was to ease the pressure put on labor costs by the progressive aging of the workforce, while at the same time preserving the seniority-oriented wage system, and to make the system more flexible, so that its seniority-oriented nature does not demotivate young employees. To this end, many companies introduced such an element as appraisal of labor results (*seisekikyū*), which are usually a combination of individual employee performance and team performance. Let us recall that they do not mean quantitative results, but the labor process (*purosesu jūshigata seikashugi*). And today in most Japanese companies the basic pay of an employee is determined on the basis of three elements: the position or qualification (*shokunōkyū*), age, which is closely related to the former (*nenreikyū*), and performance (*seisekikyū*). At the same time, when assessing qualification, companies increasingly take into consideration its “usefulness” for performing a specific job, rather than just the scope of knowledge and skills accumulated by an employee in the course of in-house training, since rapid technological advances may make them obsolete [Conrad 2016b, p. 177–180].

As a result, the “steepness” of the pay increase scale depending on the length of employment declined substantially compared to the 1990s. Thus,

in 1990, the salary of a 50-year-old worker in the category of “regular employees with higher education” was five times higher than the salary of a 22-year-old novice, whereas in 2015, it was just 2.4 times higher. In the category of “regular employees with secondary education”, the difference in the salary of a 50-year-old worker and that of an 18-year-old novice was 4.9 times in 1990, but by 2015 it shrank to 2.5 times [Tōkei de miru Nihon 2008, p.194–195; Basic Survey on Wage Structure 2015].

Finally, in order to make the lifetime employment system more adequate to the current needs of society and to ease the rigid conditions it imposes on workers, in recent years, a new category of regular employees has been introduced – restricted regular employees (*gentei seishain*). There are three types of restrictions: on the place of work, on the character of work, and on the time of work. In the first instance, an employee cannot be transferred to another city in the course of rotation. In the second instance, restrictions are specified in regard to the character of employment duties (for example, rotation can take place only within the framework of certain specialties). The third type of restrictions means that an employee is released from performing any work or other activities during off-hours, which is particularly attractive to women.

It is important to note that restricted regular employees have the same perpetual contracts and the same social guarantees as ordinary permanent employees. They are subject to the same rules of in-house training, promotion, and remuneration. However, since restrictions on their service conditions are specified at the time of hiring (or at the moment of changing status), it is obvious that it cannot but affect the management’s approaches to planning their career and all its components [Toda 2016, p. 72]. In recent years, approximately 50 per cent of the companies with more than 300 workers have introduced the status of “restricted regular employee”.

Thanks to these measures, the lifetime employment system has not only survived as a labor management system, but has also retained its attractiveness to the workers. This is shown by data on the degree of its support by employees of different age groups. According to the annual surveys of the Institute for Labor Policy, by the early 2000s, under the impact of the difficult economic situation, the degree of support for the “lifetime employment with a prospect of work in the same company until reaching the age limit” declined in all the age groups, and in 2001 it was 76.1 per cent on the average and 64 per cent in the youth group. However, in subsequent years it began to increase again to amount to 88.9 per cent in 2015; in the youth cohort, too, it increased practically to the same level [Yamashita 2017, p. 10–11].

In other words, the lifetime employment system, with its guarantee of steady long-term employment, with the prospect of career advancement

and gradually growing remuneration, and with all other privileges given by companies to their regular workers (from cheap housing to various additional payments), is still perceived by the Japanese society as an undoubted value. It should be added that, along with the guarantees of material well-being, it is associated with a decent social status, which is ensured by smoothing out differences in the position of blue- and white-collar workers and by a respectful and attentive attitude of managers towards ordinary workers.

As shown above, the lifetime employment system has proved to be flexible enough and, in general, capable of adapting to the changes that have occurred in Japan's economy and society over the past 25 years. Amazing vitality is demonstrated by the norms and perceptions formed under its impact. However, unlike the lifetime employment system, these norms and perceptions have appeared to be much less flexible and mobile, and the Japanese society pays a very high price for adherence to them in the form of the emergence or aggravation of various social problems.

For a long time, the Japanese society was considered nearly a model middle-class society, where the vast majority of families had approximately the same income level, the same lifestyle and the same system of values. Indeed, the democratization of the education system which provided broader access to good education for children from different social backgrounds, the removal of horizontal partitions, the socio-economic policy of the state – all this contributed to the formation of a "middle-class society".

Of course, today Japanese society is still like that and seems to be quite prosperous. However, the early 1990s, when the Japanese economy sank into a deep depression, saw the beginning of social stratification in the country. And its main line is the division of wage workers (about 55 million people) into regular and non-regular employees.

Growing irregular employment is typical for all highly developed countries. This is due to the increasing servicization of their economies (in particular, to the rapidly growing market of individual services), which objectively expands the need for various flexible forms of employment. Other factors include the appearance in different sectors of types of work which do not require high skills and can be performed just by following the instructions (for which temporary workers are quite suitable), more attention from governments and the public in industrialized countries to securing a balance of interests between work and family responsibilities of both men and women, etc. In Japan, as mentioned above, the depression also contributed to the growth of irregular employment.

Although growing irregular employment is typical for all highly advanced countries, in Japan, the situation in this area has particular characteristics. Firstly, the proportion of non-regular workers in the total number of employees in Japan is significantly higher than in other coun-

tries. Thus, in Japan it exceeds 37 per cent, whereas in most European countries the figure is 15 to 20 per cent. Secondly, in no other country there is such a deep split between the position of regular and non-regular workers as in Japan. This applies to remuneration, to the scope of social guarantees, and to opportunities for advanced training and, consequently, for career advancement, and to the social status of an employee in general. Evidently, these differences are a direct consequence of the lifetime employment system's impact.

Since the differences in remuneration and the amount of social guarantees were discussed above, we will dwell briefly on the issues of access to the career development system.

As is known, the amount of skills and knowledge that an employee acquires through in-house training determines the speed of his career advancement and the steepness of the growing wage scale. However, non-regular workers have limited access to this system because of their position in a company – unstable and temporary. Companies include them into this system only to the extent necessary for performing current work. Regular workers who have access to on-the-job and off-the-job training constitute 62.2 per cent and 74.2 per cent of the permanent workforce, while among non-regular employees the figures are only 31.1 per cent and 34 per cent [Labor Situation in Japan ... 2015/2016, p. 94].

However, the most painful watershed line between regular and non-regular workers in Japan is the difference in their social status. Thanks to the lifetime employment system, the status of a regular employee, with its guarantees of long-term employment, promotion, and wage raises, has acquired a particular value. Associated with it are perceptions of a prosperous, predictable life for employees and their families. On the contrary, the status of a non-regular employee, with unstable employment and low wages, is perceived as evidence of a lower, second-rate position of a person in the social hierarchy. Let us recall that currently over 20 million people in Japan work as temporary employees.

From the perspective of social consequences, of fundamental importance is not only and not so much the steep rise in the number of non-regular workers, but the qualitative change in the composition of this category. Previously, among non-regular workers were mostly high school seniors, university students and housewives, i.e., individuals for whom this kind of work was neither the main occupation, nor the main source of livelihood. But since the early 1990s, the composition of this category has been

gradually changing, and today its backbone is made up of young people who have completed their studies but have not found a permanent job, women who have brought up their children and want to go back to full-time work, individual businessmen and workers of family-owned firms that went bankrupt during the sustained depression, and laid-off older workers [Gordon 2017]. It should be added that, for many of these people, their work is the main occupation and the main source of income.

Japanese society is primarily alarmed by the position of the youth. According to the data from March 2018, among 15 to 34-year-olds, more than one-third (34.6 per cent), or 5 million 410 thousand people do not have permanent jobs. To make the picture more objective, it is necessary to exclude from this number those who combine work and study, i.e., university students and high school seniors working part-time as *arubaito* (temporary employees) in cafes, bars, shops, etc. They number about 1 million 750 thousand people, while the other 3.7 million are mostly young people who have completed their study and entered the labor market [Labour Force Survey. January-March 2018].

Japanese experts are particularly concerned about the fact that recent years have seen a steep rise in the proportion of non-regular workers among 20 to 24-year-olds. According to the 2017 data, among young men, the proportion is about 40 per cent (39.5 per cent), and among girls, 44 per cent. But these are young people who have graduated from high schools, colleges, or universities. They are the “clean slates” that Japanese companies have always preferred to hire as regular employees so as to, in the course of in-house training, make them the needed workers. Some 10 or 12 years ago the situation was different: for instance, in 2006, among young men aged 20 to 24, non-regular workers constituted 22.2 per cent, and among girls, 16.5 per cent. Although, for men, the situation improves with age: in the age cohort of 25–34 about 85 per cent of them have permanent jobs. But for women the situation is only getting worse: at that age less than 40 per cent of them are regular employees [Annual Report on the Labour Force Survey 2018; Employment Status Survey 2017].

If we add to the 3.7 million young people who do not have permanent jobs (they are called *freeters* in Japan) about 600 thousand *NEETs* (those who neither work, nor study, nor retrain) and also about 260 thousand *hikikomori* (recluses who live in a virtual world and have practically no connections with the real world), it turns out that beyond the bounds of permanent employment, which is associated with a decent social status and a peaceful, prosperous life, there are over 4.5 million young Japanese [White Paper on Children and Young People 2012, figure 8; Genda 2013, p. 38].

It is often said that many young Japanese people deliberately choose irregular employment aiming not to burden their lives with all the limitations that a permanent job in Japan is associated with. But, as pointed out by the famous Japanese sociologist Yamada Masahiro, this motive was prevailing among *freeters* in the 1980s. Then, they were called “dreamers”, as many of them dreamt of fulfilling themselves in art, theatre, cinema, etc. But “dreams” do not fill one’s belly, and they earned their living by physical work as *arubaito* [Yamada 2016, p. 137]. Certainly, even today there are such “dreamers” among *freeters*, but many of them are those who wanted to have a permanent job but could not get it. Thus, according to the 2016 data, such *freeters* accounted for about 35 per cent of men aged 25–34 years [Goka 2017, p. 29]. One of the most recent surveys conducted by the Ministry of Health, Labour and Welfare has also shown that about two-thirds of the Japanese aged 25 to 39 who do not have a permanent job would like to be regular workers in the future [Gordon 2017].

The changes that have occurred in the position of the Japanese youth in the labour market have directly entailed an increase in singlehood, a decline in the birth-rate, raising the age of marriage and the birth of the first child by Japanese women. These are highly undesirable phenomena, since the Japanese population is not only aging, but also declining.

Since the career of a *sararīman* is still considered the perfect career for a young man, it is obvious that the absolute and relative reduction in the number of young Japanese men who have permanent jobs leads to a decline in the number of those who can be called eligible bachelors. Neither the social status, nor the financial position of these young men corresponds to the public’s idea of a good match, particularly as today in Japan it is still the man who is the head of the family and the main breadwinner. For instance, according to Yamada Masahiro, nearly 3/4 of single Japanese women aged 20 to 39 believe that it is the husband who must be responsible for the financial well-being of the family. Most of them would like to have a husband with an income of at least 4 million yen per year, but only 25 per cent of the single young Japanese men earn so much, while about 40 per cent have an income of less than 2 million yen and another 36 per cent earn 2 to 4 million yen [Yamada 2015, p. 28, 30]. It is not surprising then that among regular workers the proportion of single men aged 25 to 39 is 42.5 per cent, whereas among non-regular workers it is 75.9 per cent [Morioka 2015, p. 197].

On the other hand, the education level of Japanese women is rising, as well as their desire to fulfill themselves and make a career as a permanent worker. This presents them with a difficult choice: either marriage and children, or

a career. The compromise option is delayed marriage and either deciding not to have children or deferring these events to as late a date as possible.

These two trends overlap, and despite the fact that, according to surveys, nearly 90 per cent of the Japanese of both sexes would like to get married, the singlehood level in the country has reached critically high rates, as shown by the data below.

**Table 1.**  
**The proportion of unmarried Japanese men and women**  
(2015, per cent)

	<b>25 to 29-year-olds</b>	<b>30 to 34-year-olds</b>	<b>50-year-olds</b>
Men	71.8	47.1	23.4
Women	60.3	34.5	14.1

Source: [Yamada 2017, p. 122–123].

The mean age of Japanese women at first marriage had increased to 29.4 years by 2016, while the age at the time of birth of their first child – to 30.7 years. The 2000s and 2010s saw a continued decline in the fertility rate, which had begun even earlier, and in 2016 it was just 1.44, i.e. one of the lowest in the group of highly developed countries [Shōshika shakai taisaku... 2017, p. 6, 13]. At the same time, there are two completely different lifestyles of married women. Those who do not work still have two or three children, and the mean fertility rate in this group is 2.2. But in the group of working women the rate is only 0.6 (i.e. one child per two women), and it is this group that is “responsible” for the decline in the country’s overall fertility rate [Goodman R., Imoto Yu., Toivonen T. (ed.) 2012, p. 162–163].

Should such sacrifices be made for the sake of a career as a permanent worker? Much has changed in Japan, but the gender division of functions in the workplace is still quite distinct. Even at the hiring stage, gender disparities are formed both in status and career. Young men are hired mainly for what is called *sōgōshoku* (complex work), which provides for career advancement, rotation and higher pay, whereas young women are employed to do *ippanshoku* (ordinary work), i.e. all sorts of office work which is paid for less and does not provide for any marked career development. Earlier, this used to be a general rule, but even now about 80 per cent of the women employed as permanent workers are engaged in *ippanshoku* [Kanai 2016, p. 103].

The problems that young Japanese women face both in the labor market and in the workplace have brought about another unexpected phe-

nomenon – a growing proportion of those who hold traditional views on the role of women and support the traditional family model (the husband works and the wife looks after the house).

**Table 2.**  
**The proportion of women supporting the traditional model of the Japanese family (per cent)**

	20 to 29-year-olds	30 to 39-year-olds	40 to 49-year-olds	50 to 59-year-olds	60 to 69-year-olds	70 to 79-year-olds
2002	33.2	32.9	37.5	40.6	50.8	63.8
2012	43.7	41.6	41.0	40.4	52.3	62.2

Source: [Yamada 2015, p. 58].

Of course, the lifetime employment ideology affects not only the position of young Japanese women. Being a *senryōshufu* (professional housewife) either all life or during at least several years is the predestination of a large number of Japanese women, including those who were hired for regular jobs. Thus, although the practice of dismissing Japanese women right after they get married is a thing of the past, most of them leave work after the birth of their first child, since it is believed that it is the mother who must look after the children. And for many of them, going back to work after the children have grown up is possible only in the status of a non-regular employee. This is confirmed by Japanese statistical data. The vast majority of Japanese men (85 to 90 per cent) remain regular workers until they reach *teinen*, i.e. 60 years, whereas the proportion of regular workers among women, after reaching 60 per cent in the group of 25–29-year-olds, begins to steadily decline to less than 25 per cent in the age cohort of 55–59 years [Employment Status Survey 2017].

The deep-rooted perceptions about the role of women in the family and at work planted in public consciousness by lifetime employment are evidenced by the characteristics of the average Japanese family. According to the 2016 data, it consists of 3.17 people and has a monthly income of 543 thousand yen, the lion's share of which is the husband's earnings (460 thousand yen), and the wife's income is just an addition to the family budget [Nihon tōkei nenkan 2017, table 22–7].

This situation is perpetuated by the social security system. Being formed in a period of high growth rates, it was originally designed for a family model with a working husband and dependent wife.

Firstly, the head of the family pays contributions to the pension and health insurance system for his non-working wife. Secondly, he is entitled to

a deduction from the tax base if his wife works but earns less than 1 million 30 thousand yen a year (if the husband's income is less than 10 million yen, this bar is raised to 1 million 400 thousand yen). And, finally, if the wife's annual income is over 1 million 300 thousand yen, she is obliged to pay contributions to the pension and health insurance system herself [Yamada 2016, p. 54–55]. Japanese women call these norms “a wall of 1 million yen”, since it is obvious that the norms doom them to irregular employment. Professor Yamada mentions cases where women at certain enterprises had to return bonuses, because the financial losses of their families due to exceeding the established income limit outweighed the size of the bonuses.

The norms and perceptions that were formed under the impact of the ideology of lifetime employment continue to influence the general atmosphere prevailing in Japanese companies, especially in large ones. Their employees still come to work before the beginning of a working day, submissively stay for overtime work, use only a part of the vacation they are entitled to, move to another city in the course of rotation, etc. Since one of the main behavioral attitudes of the Japanese is *hitonami* (to be like everyone else), even young people, who are more self-oriented and far from the idea of self-sacrifice for the sake of their company, have to follow the general rules. Therefore, despite the eight-hour working day and the forty-hour working week established by the Labour Standards Act, a significant proportion of the employees in Japanese companies work much longer hours beyond these limits. For instance, according to a survey by RENGO (The Japanese Trade Union Confederation), the average duration of the working week of male regular workers is 50 hours, including 40 hours of regular time and 10 hours of overtime; 40 per cent of male employees work overtime on a constant basis. And about 10 per cent of male regular employees work 60 hours a week [North 2014, p. 9]. It is noteworthy that in the Japan Revitalization Strategy (2015) Prime Minister Abe Shinzō sets, among others, the following targets: by 2020, reduce the proportion of those working more than 60 hours a week to 5 per cent of the total number of regular employees and increase the degree of use of paid leave from the current 50–60 to 70 per cent [Labor Situation in Japan... 2015/2016, p. 18, 100].

Another element of the lifetime employment system that continues to exist and influence the state of affairs is *teinen*, the age limit for a worker to stay with the company (60 years). It is clear that with lifetime employment and seniority-oriented pay the age limit is in fact the only means for companies to hold back growing labor costs and to ensure career develop-

ment for employees in younger age groups. However, the problem is that, in all Japanese pension systems, pensions begin to be paid starting from the age of 65. Therefore, back in 2012, the government made it incumbent for the companies to choose one of three measures to resolve the problem: either to raise the age limit, or to abolish it, or to develop schemes for extending the employment of older workers.

As shown by statistics, the vast majority of Japanese companies of all sizes continue to use *teinen*. According to the 2015 data, such companies accounted for 93.3 per cent of the firms with over 1 thousand employees, 95.3 per cent of the companies with 300–999 employees, 97.4 per cent of the firms with 100–299 employees, and 98.7 per cent of the firms with 30–99 employees. At the same time, only a small part of the companies raised *teinen* to 65 years and above (6.0, 7.5, 10.6, 20.2 per cent respectively), while the vast majority of them keeps it at 60 years (91.1, 89.9, 86.1, 77.5 per cent respectively).

This means that companies found that the most appropriate measure was to extend the employment of older workers after reaching *teinen*. This measure takes two forms: about 80 per cent of the companies use the previously existing scheme with dismissal and re-employment, and 20 per cent extend employment without dismissal. From the economic point of view, this is quite a reasonable choice. Firstly, employment extension does not guarantee the same pay. Thus, according to the 2015 data, 42 per cent of the companies that use employment extension schemes (without dismissal) pay the workers the same wages, and another 20 per cent pay them 80 to 100 per cent of their previous wages. As for the companies that use reemployment of dismissed workers, only 13 per cent of them pay the same wages, and another 17 per cent pay 80 to 100 per cent of the previous wages. At the same time, 53 per cent of the companies employ workers for wages of 50 to 80 per cent of the previous level and 10 per cent – for 30 to 50 per cent [Japanese Working Life Profile 2016/2017, p. 28–32]. Secondly, with the current shortage of workforce, companies can use the labor of loyal and skilled workers at lower costs.

However, for most of the older workers, *teinen* is a kind of a psychological borderline beyond which another life begins. And it is not only financial losses that matter, but the change in the social status, since re-employment involves a transition from regular workers to non-regular ones. Thus, according to the data of March 2018, only 23 per cent of the working older people had the status of permanent employees [Labour Force Survey. January-March 2018]. What makes this issue particularly important is that, in recent years,

the older workers' cohort has been joined by millions of people born during the second post-war baby boom, who are well-educated, experienced, and highly skilled and, in addition, are in good physical condition.

In conclusion, we would like to point out one more “trace” of the lifetime employment ideology – its impact on the education and employment of the youth.

As mentioned above, the lifetime employment system prompted a substantial rise in the prestige of education in Japanese society. The more prestigious an educational institution was, the higher the chances for its graduates to get a job in a reputable company or in a state-owned institution were. In fact, the connection between the form of employment and the level of education still exists today, as shown by the data in Table 3; however it is no longer as evident as before. This is a result of the mismatch of the structure of demand for school and university graduates with the structure of their supply.

First of all, it should be noted that the situation for high school graduates is generally developing quite well: the ratio of effective job offers (i.e. the ratio of the number of vacancies to the number of applicants for them) is about 1 in this group. Of course, if we recall that, in the 1990s, it was over 3, it is obvious that the problem of employment for this category of graduates has noticeably grown worse. Also, recent years have brought about the following paradoxical phenomenon: it often happens that the most successful students get a job right after they leave school, while less successful students go to university. Professor of the Hōsei University Komikawa Kōichirō explains this in the following way. Successful students are more likely to get a permanent job in a reputable company than their less successful classmates. And, since a job in a large company on a lifetime basis is still the top priority for the vast majority of young people, this option is deemed more preferable than going to university with obscure prospects [Komikawa 2017, p. 42–43].

Demand for university graduates varies substantially by enterprise and by industry. Thus, in the largest companies (with over 1 thousand employees), where most of the graduates want to get a job, the ratio of effective job offers has invariably been below 1 over the past two decades, whereas at smaller enterprises, it has lately been within the range of 2–2.5, reaching 3–4 in some years. As for sectoral imbalances, in 2015, for example, in the sphere of distribution, demand exceeded supply more than fivefold, in construction and manufacturing – twofold, while in services, the financial, and information sectors, on the contrary, it was substantially lower than supply [Kobayashi 2015, p. 4–5].

**Table 3.**  
**Proportion of regular and non-regular employees among workers**  
**with different education levels (per cent, age cohort 25–30)**

Category of Workers		Regular	Non-regular
Men	Secondary school	78.0	22.0
	Vocational school, short-term university, college	80.0	20.0
	University, postgraduate study	90.3	9.7
Women	Secondary school	40.7	59.3
	Vocational school, short-term university, college	58.6	41.4
	University, postgraduate study	68.5	31.5

*Source:* [Iwakami 2016, p. 31].

The fact that these discrepancies have persisted for decades indicates the gaps between the real economy's needs for employees with higher education and the make-up of graduates from Japanese universities. There are several reasons for that, but we will focus only on the issues related to lifetime employment.

One of the principles of this system was companies' orientation not on the assessment of the academic knowledge of applicants for regular jobs, but on the rank of the university they graduated from. Firstly, it was believed that having passed through the "examination hell" entering a prestigious university, a person already proved that he has abilities and a strong character. Secondly, employees of the required specialization, which was often far from the specialty received at the university, were prepared by companies themselves in the course of in-house training and rotation. However, in recent years, in order to save on costs, Japanese companies have begun to reduce expenditure on in-house training. For instance, in 2007, expenses on off-the-job training per employee averaged 43.5 thousand yen, whereas in 2016, they dwindled to 37.2 thousand yen, i.e. by 14.5 per cent. In large companies, the reduction was even bigger – by 18.1 per cent (from 48 thousand yen to 39 thousand yen) [Chingin jijō 2017, p. 37]. At the same time, they started to pay more and more regard to the level of academic knowledge of graduates and their specialization, which, given the current state of affairs, makes the problem of their employment even more complicated. For example, according to survey data, during their job hunting, more than half of the students felt that they were studying a specialty that was difficult to associate with the job offered [Nakajima, Hori 2017, p. 67].

One of the manifestations of the influence of the lifetime employment ideology is the great importance attached to *shūshoku katsudō*, job hunting by students. Not so long ago Japanese students began their *shūshoku katsudō* from the second semester of the third year, i.e. eighteen months before graduation. However, since in recent years this activity began to take much more time and effort, and the damage that the existing practice inflicts on the educational process has become too obvious, some important changes were planned in this area. Namely, in 2013, the Japan Business Federation (Nippon Keidanren), which unites the leading companies and banks, revised the Charter of Corporate Ethics for Recruitment and Employment and adopted new employment rules (the earlier rules were agreed upon back in the 1960s). Starting from 2016, companies should begin hiring graduates on March 1 (at the very end of the third year of study), and the actual selection process (interviews, etc.) should not begin before August 1 (in the middle of the fourth year). Moreover, while earlier this process spread out for six months, now it should last two months at most and end by October 1 [Labor Situation in Japan... 2015/2016, p. 82].

It is clear that these changes will have a positive effect on the training process, but they will hardly make life easier for students, because now they have to do the increased amount of work on getting a job in a shorter time. The extent to which the intensity of *shūshoku katsudō* increased between 2005 and 2016 can be seen from the data in Table 4.

Of course, at the macro level, the situation in the area of hiring and employment of the Japanese youth seems to be quite satisfactory, especially in comparison with the problems that exist in other developed countries. The unemployment level among 20 to 34-year-olds is about 4 per cent; almost all graduates find jobs. Thus, according to the data as of 1 April 2017, jobs were found by 97.6 per cent of university graduates, 97 per cent of short-term university graduates, 100 per cent of graduates from specialized colleges and 98 per cent of high school graduates [Daigaku nado sotsugyōsha... 2017, p. 50–51]. But, at the same time, the proportion of those who leave their jobs during the first three years after being hired is very big. A survey of 2014 graduates held in the autumn of 2017 showed that during the first three years after graduation 32.2 per cent of university graduates, 41.3 per cent of short-term university graduates, 40.8 per cent of high school graduates and 67.7 per cent of secondary school graduates quit their jobs [Chingin jijō 2017, p. 45]. Obviously, behind these figures is a gap between the expectations of the Japanese youth with regard to the form of employment and working conditions and what they are offered in the labor market. In particular, in 2016, the most important reason for leaving one's job was "too long working hours, including overtime", a legacy of lifetime employment.

**Table 4**  
**Amount of Work on Job Search**  
*(per student at average, by area of specialization)*

Area of specialization	Number of informational meetings attended		Number of CVs sent		Number of job interviews	
	2005	2016	2005	2016	2005	2016
Humanities	18.7	34.2	17.4	20.4	9.3	13.1
Natural sciences	11.6	19.4	10.4	10.5	5.7	7.6

*Source:* [Nakajima, Hori 2017, p. 63–65].

Thus, the norms and stereotypes generated by the ideology of lifetime employment still influence diverse aspects of Japanese society's life. Meanwhile, as shown in this article, many of them are at variance with the changes that have taken place in the country's economy and society over the last 25 years, which is evidenced by the emergence of a number of sensitive issues. Since shifts in public consciousness occur rather slowly, Japan is likely to take quite a while to remove these contradictions.

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