

Current State and Challenges of Youth Employment in Japan

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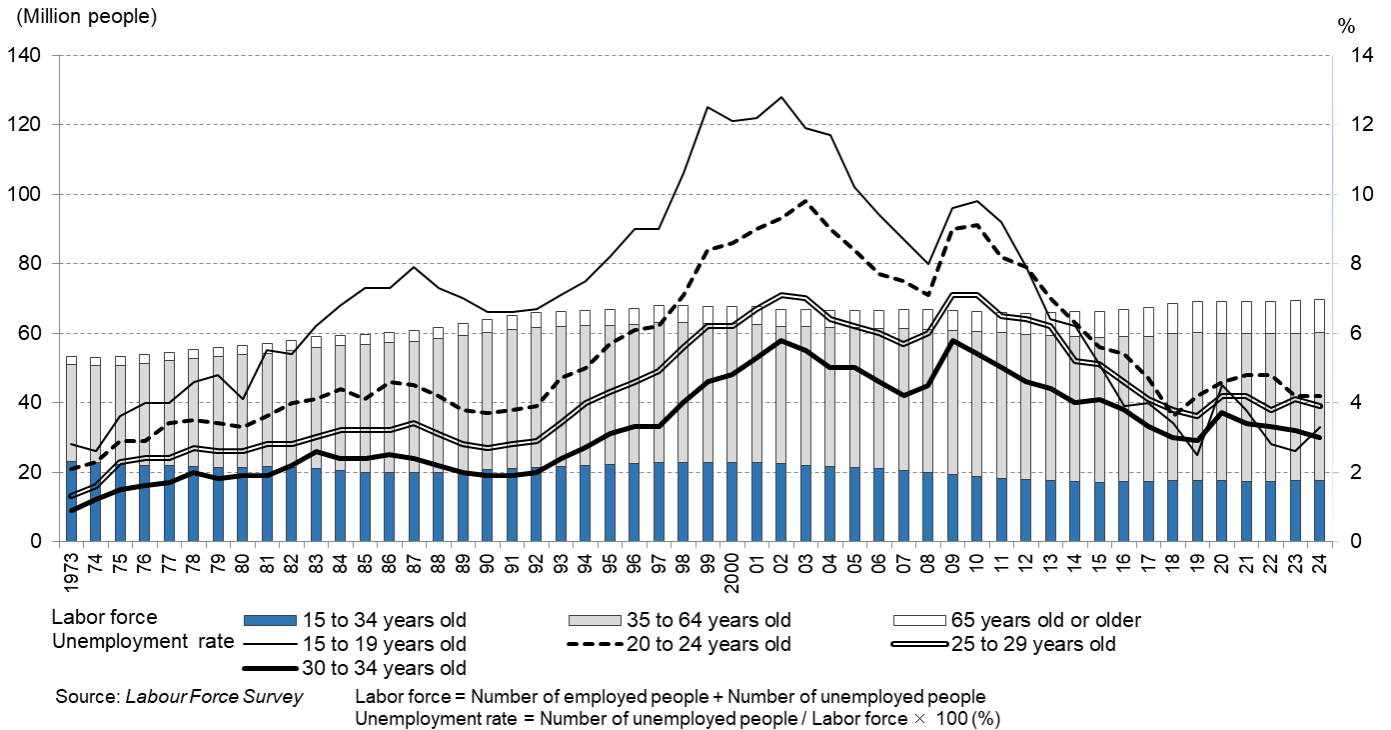
Introduction

This article reviews the current state and challenges of youth employment in Japan (the term “youth” used herein refers to the 15-34 age group as defined under Japanese labour policy), and the labour policies related to them, focusing on the relationship between school-to-work transition and the structure of the labour market.

1. Quantitative improvements in youth employment amid a shrinking youth population

First, this section outlines the current state of youth employment in Japan using macro statistics. In Japan, the collapse of the bubble economy in the early 1990s destabilized young people’s careers, and the growing number of young people who became non-regular employees or without jobs came to be recognized as a *social problem*. However, in recent years, against the backdrop of a shortage of young workers due to the declining birthrate and aging population, the employment situation for young people has improved in *quantitative* terms.

Figure 1. Labour force population by age group and youth unemployment rates



Japan's population entered a decline phase around 2010, decreasing by 5 million over the past 20 years.¹ As labour

¹ From 128 million in 2004 to 123 million in 2024 (Source: Population Estimates).

force participation among older adults and women increased, the total labour force reached 69.57 million in 2024—the highest level in the past 50 years—but the labour force has also aged considerably. Figure 1 shows the trends in the labour force by age group and the youth unemployment rate, based on the Labour Force Survey. The share of those aged 15-34 in the labour force remained above 40% throughout the early 1970s, when the postwar baby boomer generation (born 1947-1949) were young adults. However, by around 2000, when their children became young adults, this share had fallen to about 30% and declined further to 25.3% in 2024.

Thus, young workers became scarcer in the labour market, and this trend coincided with other factors, such as the retirement of the baby boomer generation and the economic recovery driven by monetary easing. As a result, the youth unemployment rate began to decline rapidly from the mid-2000s. The unemployment rate for those aged 20 to 24, the age group including many new graduates, peaked at 9.8% in 2003 but stood at just 4.2% in 2024. While the global financial crisis in 2009 and the COVID-19 pandemic beginning in 2020 temporarily pushed the unemployment rate higher, the impact of these events did not last.

The employment situation for new graduates also remains favorable. According to the Ministry of Health, Labour and Welfare (MHLW) (2025a), which tabulated job openings and applications data collected by public employment security offices, the job openings-to-applicants ratio for students graduating from high school in March 2025 was 3.98. Furthermore, 99.2% of new high school graduates seeking employment found jobs by the end of the month of graduation. Regarding university graduates, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and MHLW (2025b) conducted a sample survey of higher education institutions and reported that 98.0% of job seekers who graduated from university in March 2025 had secured employment by the end of their graduation month.

However, these findings are merely superficial, as they focus solely on the *quantitative* aspect of youth employment. Examining the employment situation of young people from a *qualitative* perspective reveals that various structural challenges remain. Below, three of these challenges are discussed: the drawbacks of the simultaneous recruitment system for new graduates; jobs that are less likely to lead to career development; and young people with difficulties in working.

2. Challenge 1: Drawbacks of the simultaneous recruitment system for new graduates

2.1 Overview and advantage of the simultaneous recruitment system for new graduates

The first challenge concerns the drawbacks of the simultaneous recruitment system for new graduates. Compared with Western countries, Japan industrialized relatively late, and a highly fluid occupation-based labour market did not develop. As a result, a system of employment management that relies on an internal labour market has become widely established as a norm, mainly in manufacturing industries and among large firms, since the period of rapid economic growth from the mid-1950s to the mid-1970s. Under this system of employment management, employers provide seniority-based wages and slow promotions in order to motivate employees to develop a long-term commitment to their jobs, while responding to changes in labour supply and demand through in-house training and flexible personnel transfers. Accordingly, firms hire young people—regarded as highly trainable—as regular employees (full-time workers with permanent labour contracts) upon graduation, without a pre-defined job description. In other words, the simultaneous recruitment system for new graduates constitutes the entry point to this employment management practice. Meanwhile, in Japan, a unique institutional system was developed from the period of postwar reconstruction through the period of rapid economic growth to help adjust labour supply and demand and to prevent the exploitation of young people by firms.

Within this system, organizations such as schools and public employment security offices still act as intermediaries between firms and new graduates. As the simultaneous recruitment system for new graduates and the institutional linkage with schools and administrative authorities worked effectively in enabling most young people to find stable jobs smoothly upon graduation, the youth unemployment rate in Japan remained low compared with those in other developed countries for many years since the period of rapid economic growth. For firms, this system was a low-cost, efficient employment management method. It allowed for planned annual recruitment and training, and when combined with the mandatory retirement system, enabled stable mid-to-long-term personnel management.

2.2 A social structure making it difficult to start over

However, since the mid-1990s, it became clear that the simultaneous recruitment system for new graduates is one factor contributing to a social structure in which it is difficult for young people to *start over* once they deviate from the *typical* life course.

Japanese firms tend to adjust employment by reducing the recruitment of new graduates during economic downturns. Consequently, young people's early careers are strongly influenced by the economic climate at the time of their graduation. Young people who failed to secure regular employment smoothly upon graduation often continue their job search after graduation or work as non-regular employees while either applying in subsequent years as previous-year graduates for positions in the simultaneous recruitment system for new graduates, or applying for mid-career positions that arise locally to fill vacancies or to meet specific labour demand. However, under the former, new graduates of the relevant year are given precedence, while under the latter, sufficient work experience and readily applicable skills are emphasized. As a result, young people who are not new graduates nor experienced workers are placed at a disadvantage in both hiring frameworks.²

In Japan, which is characterized by an internal labour market, opportunities for developing occupational abilities are concentrated in company-based training, and those who receive such training tend to be regular employees, who are regarded as legitimate members of the firms.³ Since public vocational training programs are not widely available, and the duties assigned to non-regular employees are often simple, young people in non-regular employment or without jobs have limited opportunities to develop occupational abilities. Even when the economy recovers, increases in regular employee job openings often target new graduates and skilled mid-career workers. As a result, even when these young people are fortunate enough to obtain regular employment, they tend to enter low-skill occupations—such as sales, services, and manual jobs—in small and medium-sized enterprises (SMEs) or labour-intensive industries, where the *quality of employment* is often poor (Iwawaki 2023).

This applies not only to young people who failed to secure employment smoothly upon graduation but also to those who deviated from the *typical* life course, such as school dropouts or young people who left regular employment early before gaining sufficient experience valued in the career change market. In summary, the simultaneous recruitment

² As a result, the unemployment rate declined more gradually in the 2010s among those aged 25–29 and 30–34 than among those aged 15–19 and 20–24, which include many new graduates (Figure 1).

³ Based on the Employment Status Survey, the Japan Institute for Labour Policy and Training (JILPT) (2025c) estimated the status of skills development among those aged 15–34 and found that, in response to the question, "Did you engage in training or self-development useful for your work during the past year?," the share of respondents who answered, "I participated in programs provided by my employer" was 43.9% among regular employees, 33.4% among contract employees/entrusted employees, and 15.0% among part-time workers/temporary workers.

system for new graduates has the following structural flaws: young people's early careers are heavily influenced by the economic situation at the time of graduation—essentially *luck*—and it is difficult for them to start over. In fact, these negative features of the system caused the greatest damage to people who graduated from school between 1993 and 2004 (those born between 1975 and 1985 in the case of high school graduates and between 1970 and 1980 in the case of university graduates), because this was a period in which the school-to-work transition was particularly difficult. These people, the so-called "employment ice age generation," are now in their 40s or 50s, but continue to find it difficult to build stable careers compared with other generations. To prevent the emergence of another generation facing similar challenges, it is necessary to ease the rigidity of this recruitment system so that high-quality employment opportunities for young people do not become excessively concentrated at the time of graduation. In addition, support should be strengthened both to provide incentives to firms to train and hire young people who are no longer new graduates and to expand skills development opportunities for young people in non-regular employment or without jobs.

2.3 Too early start of the recruitment process and the neglect of academic studies

Furthermore, the structure of the simultaneous recruitment system for new graduates—where firms recruit students graduating in the same year *en masse*—creates an incentive to start recruitment publicity and selection activities earlier in an attempt to secure promising students ahead of competitors. As a result, job-hunting activities start earlier and continue for a longer period, interfering with academic studies, which has become a significant concern.

In firms adopting this simultaneous recruitment system for new graduates, it is common for the human resources department, rather than the heads of individual business divisions, to identify labour needs on a company-wide basis and to be responsible for recruitment, training, and job assignment. Generally, the human resource department recruits soon-to-be graduates in broad job categories— typically clerical and technical positions. After being hired upon graduation, new recruits are first given basic training and then assigned to individual divisions in accordance with their aptitudes and the divisions' labour demand. They then receive on-the-job training under the supervision of the heads of their respective divisions. Since Japanese firms have relied on this internal labour market model, they tend to prioritize general skills associated with trainability, rather than skills directly linked to specific duties, during the recruitment and selection process.⁴

Given this corporate reality, Japanese school education has primarily focused on developing foundational academic skills and "trainability", and curricula have centered on general education rooted in broad knowledge and universal disciplines. The emphasis on technical and vocational education within schools has remained low, with the acquisition of specific occupational knowledge and skills entrusted to in-company training. This division of roles between schools and companies has persisted. If companies place little importance on evaluating students' academic achievements, they are able to lock in students early in their school years. For universities, providing support focused on job-hunting techniques is more likely to lead to successful employment outcomes than enhancing the relevance between specialized education and work.

Thus, Japan's unique employment management practice, which starts with the simultaneous recruitment system for

⁴ The above describes typical employment management practices among companies that use the simultaneous recruitment system for new graduates. In Japan, there are also companies that hire few young people, or do not use this new-graduate recruitment system at all. Furthermore, even among companies that do use it, when hiring for highly specialized occupations may place greater emphasis on the skills required for specific duties.

new graduates, is premised on the low vocational relevance of school education and reproduces it, thereby serving as an institutional environment that leads to the early start of the recruitment process and the neglect of academic studies. In order to maintain international competitiveness amid the progress of the knowledge-based society, it is an urgent task to strengthen the relevance between education and work and to create an environment where young people can concentrate on their studies while being aware of the connection between their career paths and what they learn in school.

3. Challenge 2: Jobs that are less likely to lead to career development

The second challenge is the growing number of young people spending their formative years in jobs that are less likely to lead to career development. Below, this topic is discussed in two categories: "non-regular employment" and "regular employment with problematic working conditions or workplace environments."

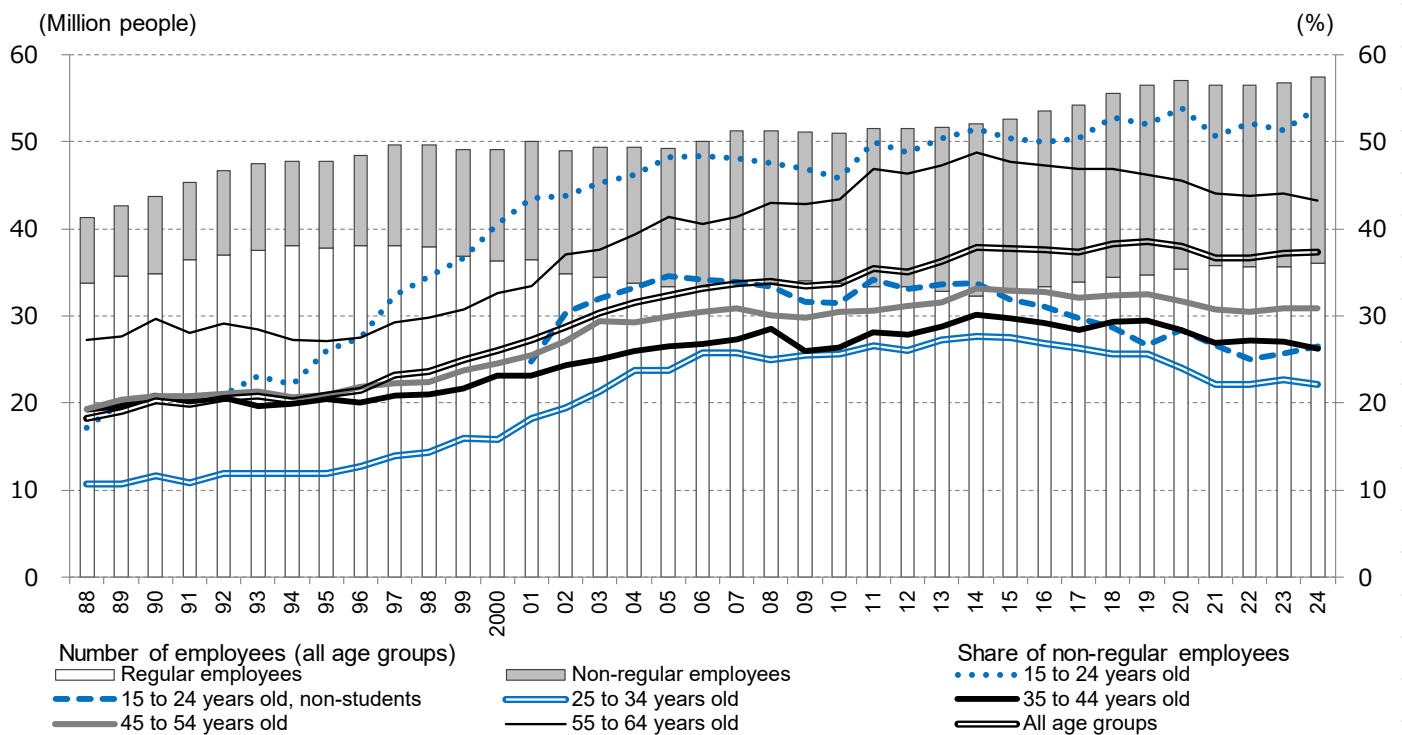
3.1 Establishment of a social structure premised on the existence of non-regular employees

Figure 2 shows the trends in the number of employed people across all age groups (including students, but excluding executives), based on the Labour Force Survey, as well as the share of non-regular employees among all employed people, broken down by age group.⁵ The total number of employed people in Japan has shown a long-term upward trend, but a breakdown reveals that the increase has primarily come from non-regular employees. The number of non-regular employees, which was around nine million in the early 1990s, continued to grow and has remained stable at around 21 million since around 2018 to the present. In contrast, the number of regular employees in 2024 was 36 million, roughly the same level as in the early 1990s. The share of non-regular employees among all employed people across all age groups shifted from an upward trend to a plateau around 2014 and has since remained at a high level in the high 30% range. Against the backdrop of globalization and the shift toward a post-industrial society, firms have continuously pursued greater employment flexibility. As a result, today, Japan has become a society that cannot function without the labour of non-regular employees.

Non-regular jobs were once held mainly by married women and students, and most young people were able to move into regular employment upon graduation. However, since the 1990s, as more companies reduced new graduate recruitment, the number of young people who continued their job search after graduation or entered non-regular employment increased. Figure 2 shows that the share of non-regular employees among those aged 15 to 24 and 25 to 34 rose steeply from the mid-1990s to the mid-2000s compared with that for all age groups. From the 2010s, demand for young labour increased as the young population declined, and the share of non-regular employees among young people began to fall. However, among those aged 25 to 34, the share of non-regular employees in 2024 (22.1%) remains high compared with its 1990 level (11.7%).

Figure 2. The number of employees by employment type and the share of non-regular employees among all employees by age group

⁵ The Labour Force Survey distinguishes between "regular employees" and "non-regular employees" according to how employees are referred to at their workplaces. In this article, "regular employees" refers to those classified as "regular employees", and "non-regular employees" refers to all others.



Source: *Labour Force Survey*. Data until 2001 are drawn from the February waves of the Special Survey of the Labour Force Survey. Data from 2002 onward are the January–March average from the Detailed Tabulation of the Labour Force Survey. The number of employees includes students and excludes executives. Share of non-regular employees = Number of non-regular employees / (Number of regular employees + Number of non-regular employees).

As mentioned earlier, the youth unemployment rate has declined significantly from the mid-2000s to the present. However, the *quantitative* improvement in youth employment during this period resulted from increased demand for both regular and non-regular employment. It did not signify a return to a society in which most young people worked as regular employees. In Japan, disparities exist between "regular employees"—legitimate members of an organization—and those in other types of employment, not only in job stability and working hours but also in wage levels⁶ and opportunities for skills development. Working as a non-regular employee during youth not only increases vulnerability to poverty but also negatively affects the accumulation of human capital. It is necessary to correct the unreasonable disparities in treatment between regular and non-regular employees and to support the transition of non-regular employees to regular employment.

3.2 Disparities in the quality of employment among regular employees

Now that the youth population has decreased significantly, becoming a regular employee is no longer as difficult for new generations as it was for older generations. One emerging challenge today is the *quality of employment* as regular employees. The *quality of employment* has come to be recognized as a challenge for the following reasons: the presence of firms that treat young people as disposable labour under harsh working conditions, which has become a social problem since the early 2000s; and the gradual increase in the number of young people who obtain regular employment at

⁶ A comparison of monthly scheduled cash earnings between regular and non-regular employees among full-time employees aged 20-24 with university degrees shows a gap of 36,000 yen for men and 41,000 yen for women, with regular employees earning more in both cases. This gap between employment types widens with age (based on the Basic Survey on Wage Structure; all industries, private establishments with 10 or more employees, scheduled cash earnings for ordinary workers).

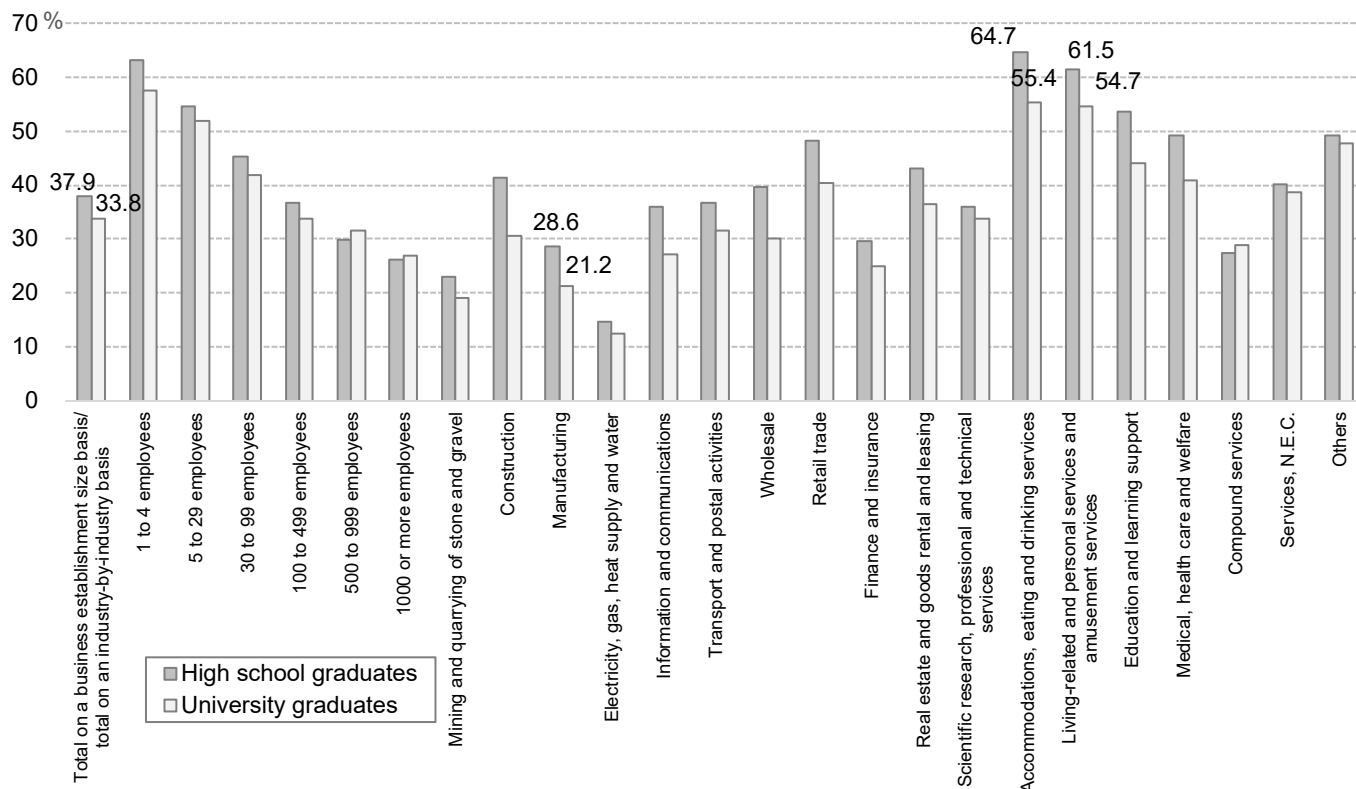
graduation but leave their jobs early. The Japan Institute for Labour Policy and Training (JILPT) (2025a) analyzed data from its online survey and revealed that the reasons young people leave their first regular jobs include long working hours, low wages, insufficient training and communication in the workplace, and interpersonal problems such as harassment. It also showed that young people with shorter tenure before leaving their jobs are more likely to cite these reasons. The quality of employment is closely linked to young people's retention in the workplace and is a crucial factor determining whether they can build their careers in a stable environment.

According to MHLW's statistics based on employment insurance data, the rate of new graduates who leave their first jobs within three years (the "early job separation rate")⁷ remained high during the prolonged economic downturn from the mid-1990s to the mid-2000s: approximately 50% for high school graduates, about 40% for graduates of junior colleges and similar institutions, and around 35% for university graduates. In recent years, as the economy has remained strong, the rate has leveled off at a somewhat lower level in some educational categories. For those who graduated in March 2022, the most recent data available in this source, the rate was 37.9% for high school graduates, 44.5% for graduates of junior college and similar institutions, and 33.8% for university graduates. Nevertheless, the fact that 30% to 50% of new graduates leave their jobs early has persisted for a long period. This early job separation rate tends to be higher in smaller business establishments and in industries such as accommodations and eating and drinking services, living-related and personal services and amusement services, retail trade, medical, health care and welfare, and education and learning support. Conversely, it tends to be lower in larger business establishments and in industries such as manufacturing, infrastructure sectors, and finance and insurance (Figure 3). This trend is observed consistently every year, regardless of economic conditions, because these employers tend to implement employment management practices that encourage young workers to leave, as pointed out in previous studies.

First, SMEs often struggle to allocate sufficient resources to training young workers or improving their working conditions due to chronic labour shortages and financial constraints. Labour-intensive personal service industries face similar challenges. According to a secondary analysis of data from the MHLW Survey on Employment of Young People, conducted by Iwawaki (2022), young regular employees hired as new graduates working in service industries related to household tasks and leisure—such as accommodations and eating and drinking services, and living-related and personal services and amusement services—work longer hours and receive lower wages compared to other industries. Furthermore, these industries tend not to expect such young regular employees to remain in their jobs for a long period and tend to expect them to engage in self-development, rather than providing training from a long-term perspective. Additionally, in care-related service industries, such as education and medical, health care and welfare, young regular employees hired as new graduates tend to work longer hours and to receive only short-term training programs. In these labour-intensive industries, working hours are likely to be longer in order to compensate for low labour productivity. Low levels of required skills and low barriers to entry, coupled with limits on what households—the main customers—can afford to pay for services, contribute to low wages. Amid the shift to a post-industrial society, the aging population, and the rise of dual-income households, demand for care, household, and leisure services is increasing. While more and more young people are entering these industries, chronic labour shortages limit the capacity of workplaces to train young workers. Poor working conditions and environments in these industries drive young employees to leave their jobs, and high job separation rates discourage companies from investing in training young employees, creating a vicious cycle.

⁷ MHLW, Job Separation among New Graduates (March 2022 graduates), press release, October 24, 2025.

Figure 3. Job separation rate within three years among March 2022 new graduates (by business establishment size, industry, and educational attainment)



Source: Created based on the MHLW "Job Separation among New Graduates (March 2022 graduates)," press release, October 24, 2025, by calculating the number of new employees who are estimated to be new graduates by educational attainment using the data on newly insured people whose applications for employment insurance were filed by their workplace with the public employment security offices (date of birth, date and reason for acquisition of eligibility), and then calculating the number and rate of those who left their job based on the date of job separation.

SMEs and labour-intensive personal service industries, where young workers exhibit high job separation rates, tend to hire young people who are less competitive in the labour market such as young women and those without a university degree (Iwawaki 2022). Furthermore, in a mid-career hiring market that values work experience, it is difficult for workers to move from SMEs and labour-intensive service industries to large corporations and knowledge-intensive industries (JILPT, 2025b). To stabilize young people's careers regardless of gender or educational attainment, it is necessary to call on employers to improve their employment management and also to provide support for job changes—such as job placement services and opportunities for skills development outside the workplace—for young people working in low-quality employment settings.

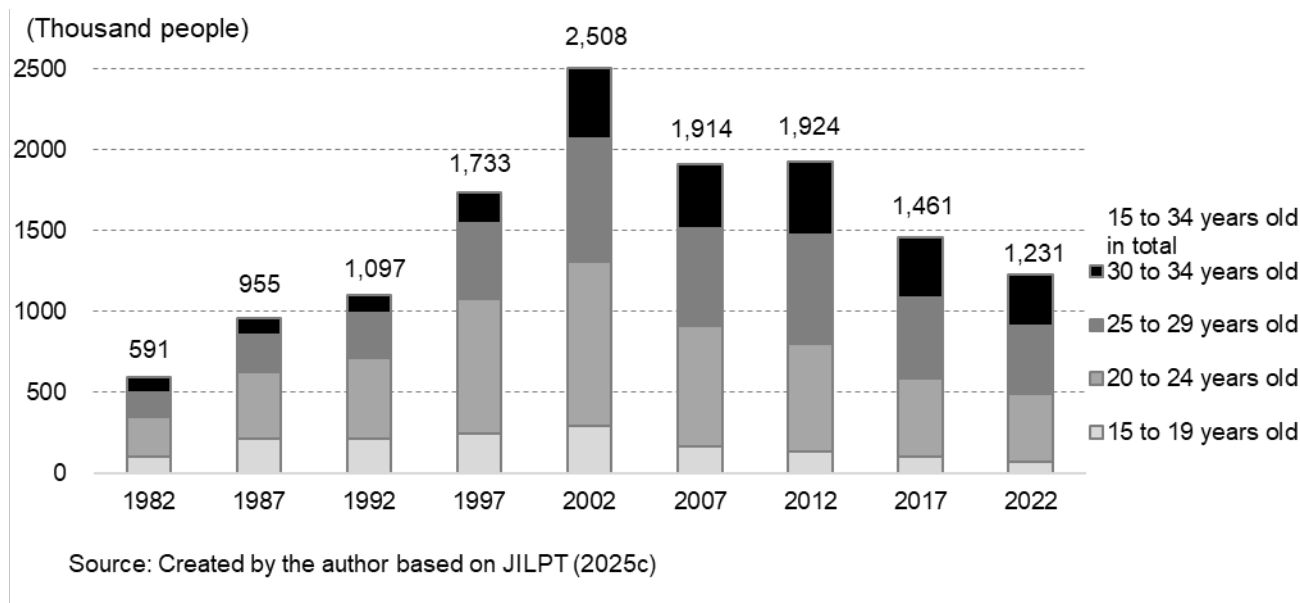
4. Challenge 3: Young people with difficulties in working

The third challenge concerns young people with difficulties in working. The following discussion is based on the results of a secondary analysis of the Employment Status Survey conducted by JILPT (2025c).⁸

⁸ In this article, following the definitions used by JILPT (2025c), the term "freeter" refers to people aged 15 to 34 who are not attending school (limited to unmarried women in the case of women) and who either work under the designation of "part-timer" or "arubaito" (both referring to part-time workers), or are unemployed, do not perform housework or attend school, and wish to work as a "part-timer" or "arubaito. The term "NEET" refers to people without jobs who are not seeking work, have graduated from school, are not attending school,

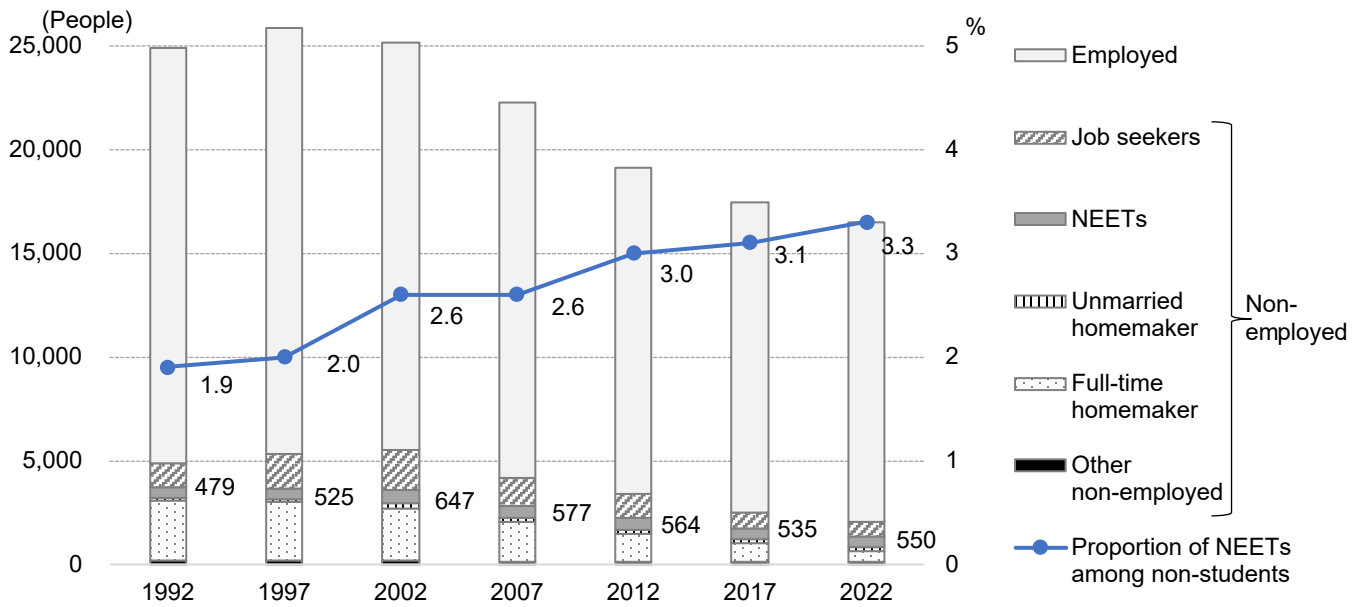
When youth employment began to be recognized as a *social problem* in the mid-1990s, young people labeled as "freeters" (out-of-school youth in part-time work) and "NEETs" (young people not in education, employment, or training) drew significant social attention. These groups have remained key target groups for employment support in Japan's labour policies to this day. However, the number of freeters (Figure 4) peaked at 2.51 million in 2002 and has since declined, dropping to 1.23 million in 2022. This significant decrease stems from improved employment conditions resulting from a shrinking young labour force and favorable economic conditions.

Figure 4. The number of “freeters (out-of-school youth in part-time work)” by age group



Meanwhile, the number of NEETs has remained around 550,000 since 2007, despite the decline in the youth population (Figure 5). The share of NEETs among non-students aged 15 to 34, which was about 2% in the 1990s, gradually expanded, reaching the 3% range in 2012 and remaining high, at 3.3% in 2022. The fact that the share of NEETs does not decrease even under favorable economic conditions suggests that they face difficulties in working itself rather than merely a shortage of job opportunities.

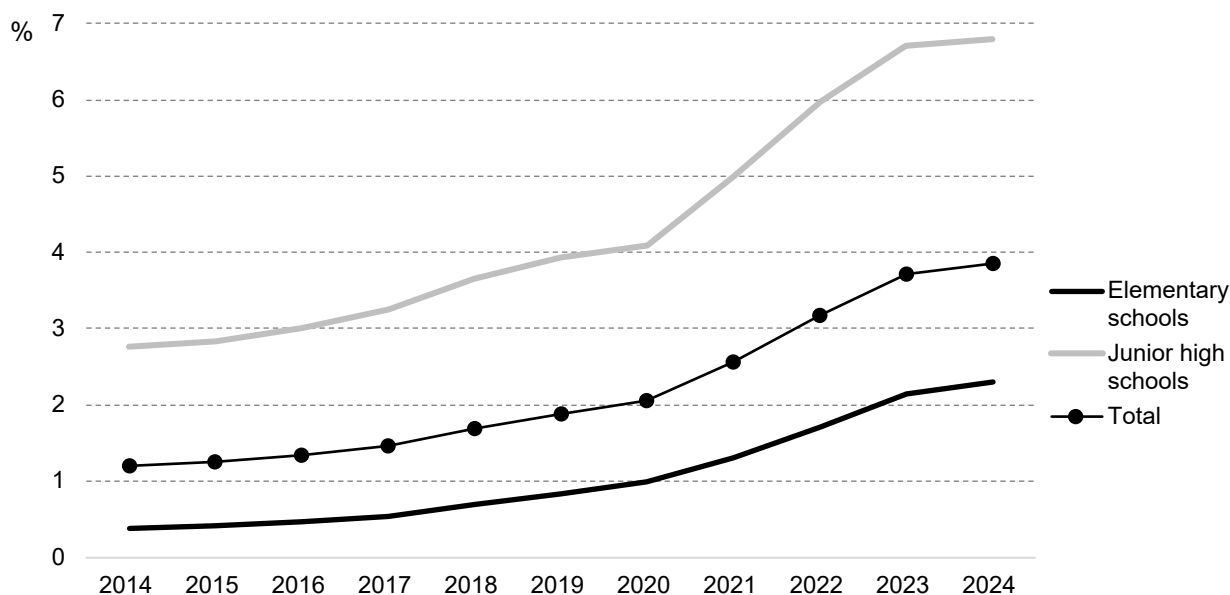
Figure 5. The number of non-students by labour force status and the share of NEETs among them (aged 15 to 34)



Source: Created by the author based on JILPT (2025c)

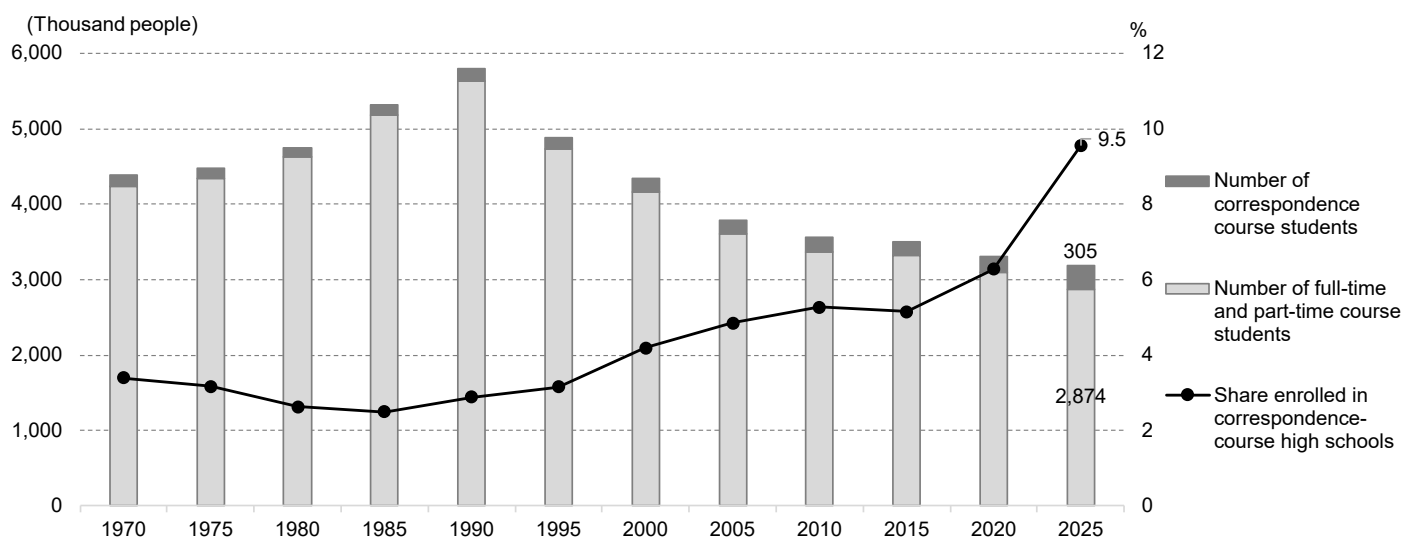
According to JILPT (2025c), the share of junior high school or high school graduates is significantly higher among NEETs than in the overall population of the same age. Among NEETs, junior high school and high school graduates are more likely than those with higher educational attainment to have no work experience or to have spent long periods out of employment. In other words, those who leave school education at an earlier stage face a higher risk of becoming a NEET and are more likely to experience prolonged difficulties in making the transition to employment. This analysis suggests a possible relationship between adaptation to school and becoming a NEET.

Figure 6. The share of elementary and junior high school students with school non-attendance



Source: MEXT, Survey on Various Problems Related to Student Guidance, Including Problematic Behavior and School Non-Attendance

Figure 7. The number of high school students and the share enrolled in correspondence-course high schools



Source: School Basic Survey

* High school students = Correspondence course students + Full-time and part-time course students

According to a MEXT survey, the share of elementary and junior high school students with school non-attendance has been increasing for the past 10 years since 2014 (Figure 6). Furthermore, while the number of high school students has been declining continuously since 1990, the share of correspondence-course students among high school students has been on an upward trend, reaching 9.5% in 2025 (Figure 7). Children who struggled to adapt to *standard* school life—characterized by daily attendance and participation in group activities—from the compulsory education stage proceeded to the next level of education without resolving these difficulties. Correspondence-course high schools function as a safety net for these students. Furthermore, if adequate support is not provided by the time they graduate from high school, they may find it difficult to progress to higher education or transition into employment, increasing the likelihood that they

will remain socially withdrawn for extended periods as NEETs or *hikikomori*.⁹ Leaving this situation unaddressed risks contributing to the "8050 problem" (where parents in their 80s financially and practically support their children in their 50s), which symbolizes the risk of long-term intergenerational dependency and vulnerability of both aging parents and their children. The situation of NEETs involves overlapping issues, such as maladaptation to school life, difficulties in transition to employment, and social withdrawal. Multifaceted support covering education, welfare, and labour is therefore essential.

5. Initiatives to solve the challenges

This section introduces representative initiatives aimed at addressing the challenges in youth employment in Japan highlighted in this article.

5.1 Establishing the foundations to support youth employment

When youth employment issues first emerged in the mid-1990s, the prevailing narrative tended to blame individual youth for lacking aptitude or effort. However, since the "employment ice age" period (1993-2004), the understanding of social structural factors behind these issues has gradually become more widespread. The Plan to Encourage Youth's Independence and Challenges, formulated by the government in 2003, acknowledged for the first time that young people's difficulties in obtaining stable employment were a structural problem of society. According to that plan, career education was expanded, and based on a German model, a Japanese version of a dual system that integrates vocational training at schools with training in companies was introduced, along with live-in vocational training facilities that promote young people's independence (which have since been discontinued). Furthermore, Regional Youth Support Stations, commonly known as *Saposute*, were set up to provide assistance to NEETs, and Hello Work for Young People and Hello Work for New Graduates ("Hello Work" refers to Japan's public employment security offices) were also established. To support employers, the government implemented the Trial Employment Program for Young People, which provided subsidies to employers who hired freeters or new graduates without employment on a trial basis to encourage the transition to regular employment.

However, these were temporary measures, and there were always concerns that they might be discontinued. Therefore, in order to establish a legal framework for providing support for youth employment as a permanent system rather than a temporary economic stimulus measure, the Act on Promotion of Youth Employment (the Youth Employment Promotion Act) was enacted in 2015. Under this Act, the responsibilities of employers, designated local public entities, employment agencies, and other relevant parties were defined to ensure that young people can make appropriate career choices and obtain employment opportunities that match their abilities and aspirations. The Act also provided for collaboration and cooperation among these stakeholders. Specifically, in addition to establishing youth employment support agencies, the Act introduced the following measures.

- 1) Companies recruiting new graduates are required to provide prospective applicants with accurate information not only on working conditions such as wages and working hours, but also on recruitment and hiring status, education and

⁹ The term *hikikomori* refers to a state in which, as a result of various factors, a person avoids social participation, such as schooling, employment, or socializing, and remains primarily at home for generally six months or longer (including cases in which the person goes out without interacting with others) (MHLW 2010).

training, and employment management status (e.g., job separation rate, overtime hours, number of days of paid leave taken, status of childcare leave uptake).

- 2) A new system was introduced under which job openings for new graduates submitted by business establishments found to have violated certain labour-related laws and regulations will not be accepted by public employment security offices (Hello Work) for a certain period of time.
- 3) A system was established to certify SMEs that are actively hiring and training young people and have excellent youth employment management, as *Youth Yell Certified Companies* and to provide them with financial incentives, such as additional subsidies.

In addition, although it does not specifically target young people, the Japanese government has been advancing the Action Plan for the Realization of Work Style Reform since 2017. Against the backdrop of labour shortages caused by Japan's declining birthrate and aging population, this plan aims to improve workers' health and quality of life, raise productivity, and achieve sustainable economic growth. The plan presented nine topics for discussion and 19 specific measures, including "addressing long working hours," "ensuring fair treatment regardless of employment type," "creating environments conducive to flexible ways of working," and "promoting diversity (including creating environments where young people can play an active role)," on the basis of which various initiatives have been implemented. This plan is expected to contribute particularly to addressing the issue of jobs that are less likely to lead to career development, one of the challenges highlighted in this article.

5.2 Reviewing career education and hiring rules

This article has argued that the low vocational relevance of education creates an environment that leads to the early start of the recruitment process and the neglect of academic studies. Both labour policy and education policy have worked to address this issue.

First, in order to improve the connection between school education and vocational life, the expansion of career education began in the early 2000s. Following the establishment of the legal basis through amendments to the Basic Act on Education (2006) and the School Education Act (2007), the Central Council for Education, in its 2011 report, defined the term "career education" as "education that promotes career development by fostering the abilities and attitudes that form the foundation necessary for each individual to become socially and vocationally independent." As its basic policy, it also stated that: "career education should be systematically promoted from early childhood education to higher education. As its core, it should reliably cultivate basic and general abilities, while enriching practical and experiential activities with an emphasis on links with society and the world of work." In 2017 and 2018, the curriculum guidelines for junior high and high schools were revised, with guidance linking subject content to future social and vocational life, as well as workplace experience activities in collaboration with local businesses.

In higher education, educational activities through industry-academia collaboration and regional partnerships, along with work experience opportunities, such as internship programs, have expanded in recent years. The Japanese government initially positioned internship programs as "educational activities" rather than "recruitment/job-hunting activities," warning against the practice of early student recruitment being conducted under the guise of "internship." However, in response to strong demands from industry and the anticipated educational benefits, starting with graduates of March 2025, companies can use student information obtained through internship programs for their recruitment and

selection processes when they target university students and other higher education students, provided that certain conditions are met. These include conducting internship programs during periods least likely to interfere with academic studies and ensuring that the programs involve work experience of a certain duration or longer. The expansion of internship programs is expected to promote students' self-understanding and occupational understanding, thereby improving matching between students and jobs. On the other hand, it carries the risk of accelerating the start of recruitment activities and widening disparities among students in access to internship opportunities. Therefore, internship programs must be implemented carefully from the perspectives of fairness and transparency.

Furthermore, a long-standing tug-of-war between industry and academia over recruitment and selection schedules continues to this day. In Japan, the practice of recruiting and hiring new high school graduates through schools has long been maintained, and agreements on recruitment and selection dates have been made at the prefectural level among government, schools, and industry. By contrast, the recruitment and hiring of university students graduating in a given year have basically taken place in a free market, but from 1953 onward, universities and business organizations made agreements on recruitment and selection dates so as not to interfere with students' academic studies. However, because these agreements were not legally binding, many firms did not comply with them. As a result, they were repeatedly abandoned when labour demand increased and revived when it declined. After the Japan Business Federation (Keidanren), the most influential business organization in Japan, announced that it would no longer formulate guidelines on recruitment and selection, the government has set rules since 2021 on the recruitment and selection schedules for university students graduating in a given year.

5.3 Support for transition to regular employment

To address the issue that opportunities for inexperienced young people to obtain quality employment are overly concentrated at the time of graduation, the government has, under the Act on Promotion of Youth Employment, included among the measures to be taken by employers and others in the recruitment and hiring of young people a requirement that employers make efforts to allow graduates to apply for new-graduate positions for at least three years after leaving school when recruiting new graduates.

In addition, to provide opportunities for young people who have deviated from the *typical* life course to start over, specialized support offices have been established, such as Hello Work for New Graduates, targeting new school graduates and those who graduated within approximately three years, and Hello Work for Young People, broadly targeting young people aged under approximately 35 who aim to transition to regular employment. These agencies provide not only job listings and guidance on job-hunting but also tailored support, such as aptitude testing, career counseling, and referrals to vocational training programs to meet young people's needs.

Next, as opportunities for skills development outside the workplace, national and local governments offer various training programs at public vocational training institutions including vocational training for job seekers ("Hello Training"). Furthermore, in 2011, the Job Seeker Support System was established for people, including young people, who are in unstable employment over the long term. Under this system, those who meet the eligibility requirements can receive benefits while participating in training programs, enabling people who are unemployed or in non-regular employment to develop their skills while maintaining stable livelihoods and aim for a transition to regular employment.

Furthermore, various subsidy programs have also been introduced to expand employment opportunities, not limited to young people. Typical examples include the Trial Employment Subsidy, which provides grants to employers that hire

job seekers with insufficient work experience on a trial basis for a fixed period, and the Career Advancement Subsidy (Career-up Subsidy), which supports employers that convert non-regular employees (e.g., fixed-term or part-time workers) to regular employees.

5.4 Support for young people with difficulties in working

Support for young people with difficulties in working is provided through Regional Youth Support Stations, commonly known as “*Saposute*”, under a program commissioned by MHLW.¹⁰ These Support Stations offer comprehensive support to people aged 15 to 49 with concerns related to work, from being out of employment to finding a job and settling into the workplace. Services include the development of individual support plans with career consultants, communication training, workplace experience, support for re-learning, and outreach support. In FY2024, there were 179 Support Stations nationwide, with a total of 494,669 service uses and 17,000 newly registered users. They also provide follow-up consultations after finding employment, with an employment-or-other-positive-outcome rate of 73.7%.

The issue of *hikikomori* (social withdrawal) gained recognition in the late 1980s, with social support expanding in the 1990s. Today, as part of the government’s measures to address loneliness and isolation, community-based support for *hikikomori* is being enhanced so that individuals experiencing *hikikomori* and their families can access counseling and support locally.¹¹ The FY2025 budget for these initiatives amounts to 1.78 billion yen. This budget supports initiatives such as establishing consultation desks in 303 municipalities nationwide, backed by prefectural governments. There are also support agencies operated by NPOs and private companies. These agencies have social workers and other qualified specialists on staff who identify individual needs and connect people to appropriate medical, welfare, or administrative services.

6. Conclusion

This article examined the current state and challenges of youth employment in Japan in relation to demographic changes, the employment system, and education and welfare. Against the backdrop of a declining youth population, significant improvements have been observed in quantitative indicators, such as the unemployment rate and the employment rate of new graduates. However, significant qualitative challenges remain.

First, while the simultaneous recruitment system for new graduates has facilitated a smooth school-to-work transition for many young people, it has also created a social structure in which it is difficult for those who have deviated from the typical life course to start over. Furthermore, the employment management practice based on an internal labour market, which starts with this recruitment system, has weakened the connection between school education and work. This practice also serves as an institutional environment that leads to the early start of the recruitment process and the neglect of academic studies.

Next, a considerable number of young people continue to be employed in jobs that are less likely to lead to career development, such as non-regular employment and even regular employment with poor working conditions and

¹⁰ MHLW, “Regional Youth Support Stations (*Saposute*),” <https://saposute-net.mhlw.go.jp/> (last accessed on January 9, 2026).

¹¹ MHLW, “Initiatives for Hikikomori Support,” https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/hukushi_kaigo/seikatsuhogo/hikikomori/index.html (last accessed on January 9, 2026).

workplace environments. Particularly in SMEs and labour-intensive personal service industries, a vicious cycle has emerged in which long working hours, low wages, and insufficient education and training lead to early job separation among young workers. This contributes to disparities in career development opportunities by gender and educational background and cannot be overlooked.

Furthermore, the existence of young people with difficulties in working, such as NEETs and *hikikomori*, indicates that complex challenges—such as educational inclusion, transition to employment, and access to welfare and healthcare support—can persist from youth into middle age.

The various labour policies presented in this article have had some effect in addressing these challenges. However, to correct the structural distortions surrounding youth employment, it is essential not only to move beyond piecemeal and symptomatic support, but also to address the increasingly diverse and complex challenges faced by young people and to build a comprehensive support system that spans education, labour, welfare, and healthcare. Issues surrounding youth employment are critical challenges affecting the sustainability of Japanese society as its population declines. It is imperative to listen to the voices of young people as well as those who were once young, and to realize a society in which they can still have opportunities to try again and grow even after experiencing setbacks and detours.

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