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Current State and Challenges of Youth Employment in Japan

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Objective

Discuss the current state and challenges of youth employment in Japan, along with related labour policies, focusing on how the school-to-work transition interacts with the structure of the labour market.

* The term “youth” refers to the 15-34 age group as defined under Japanese labour policy.

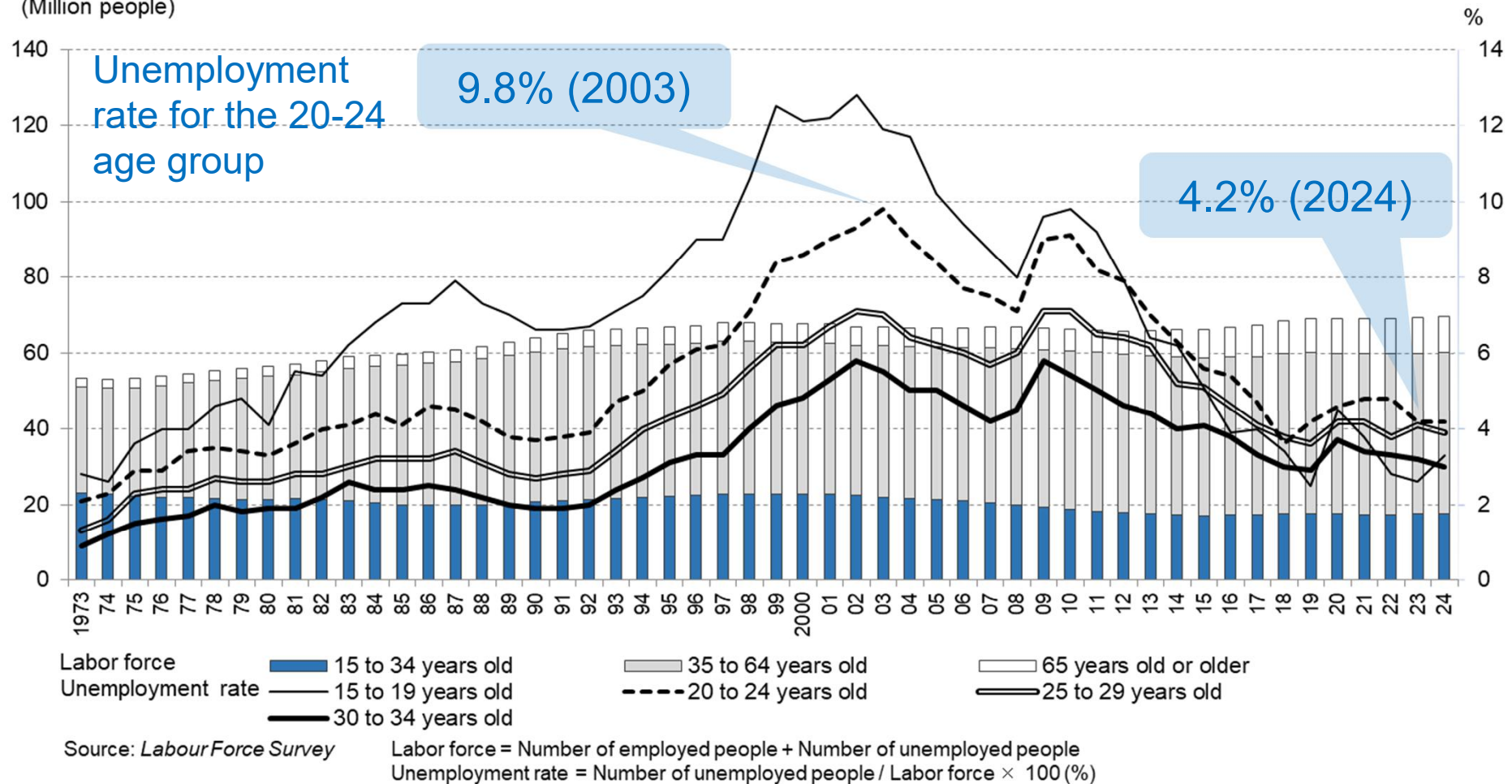
Composition

- 1. Quantitative improvement in youth employment against the backdrop of the declining youth population**
- 2. Challenge 1: Drawbacks of the simultaneous recruitment system for new graduates**
- 3. Challenge 2: Jobs that are less likely to lead to career development**
- 4. Challenge 3: Young people who face barriers to working**
- 5. Initiatives to solve the challenges**
- 6. Conclusion**

* A list of references is provided at the end of the paper.

1. Quantitative Improvements in Youth Employment Amid a Shrinking Youth Population

Figure 1. Labour force population by age group and youth unemployment rates (Million people)



○ Japan's population decreased by 5 million (2004→2024)

(Source: Ministry of Internal Affairs and Communications, *Population Estimates*)

○ Labour force: 69.57 million (2024, the largest in the past 50 years).
 the share of aged 15–34: over 40% in the 1970s→ 25.3% in 2024

1. Quantitative Improvements in Youth Employment Amid a Shrinking Youth Population

Youth employment has improved in **quantity**...



Structural challenges remain from
a **qualitative** perspective

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

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

Challenge 3: Young people who face barriers to working

2. Challenge 1: Drawbacks of the Simultaneous Recruitment System for New Graduates

Japan's simultaneous recruitment system for new graduates

- HR departments plan staffing and recruit, train and assign new employees based on company-wide human resource planning.
- Hiring new graduates as regular employees at graduation, usually full-time with open-ended contracts and no fixed job description.
- Recruitment focuses on young people's trainability rather than job-specific skills.
- Developing young employees through long-term employment, seniority-based treatment, in-house training and job rotation.
- Schools and public employment security offices mediate between companies and new school graduates, especially high school graduates.

Advantage:

Smooth transition from school to work

→ Low youth unemployment rate

2. Challenge 1: Drawbacks of the Simultaneous Recruitment System for New Graduates

- Opportunities for good jobs are concentrated at graduation.
- Firms reduce new graduate hiring in downturns.
- Those who graduated in previous years and started their careers as non-regular employees are disadvantaged in both the new-graduate job market and the mid-career market.

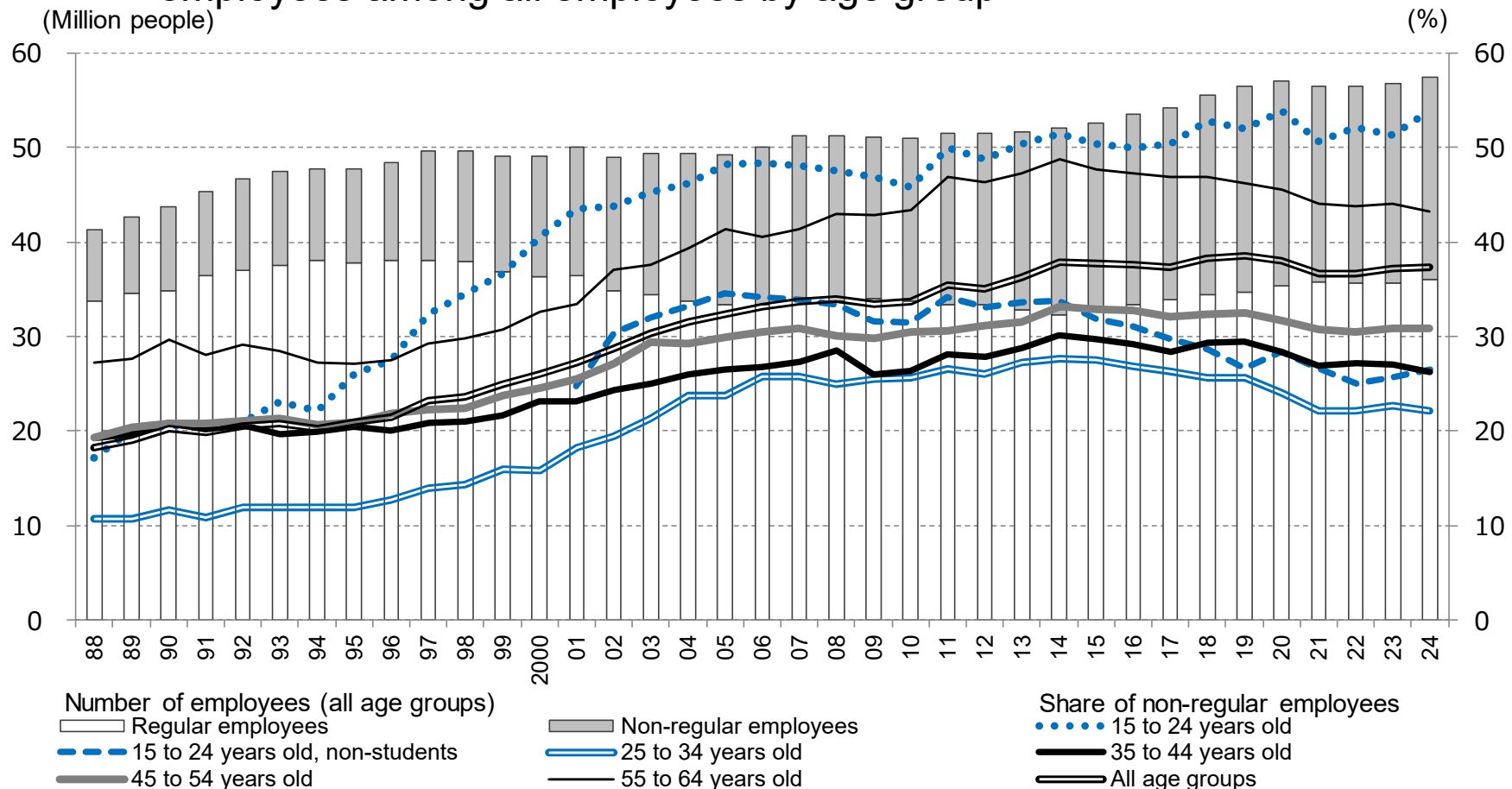
⇒ **Drawback 1:** early career depends on the economic climate at the time of graduation (almost “luck”), and the opportunities to start over are limited.

- Firms hire new graduates without a fixed job description, so they emphasize trainability rather than academic performance.
- Students may shift effort from study to job-hunting strategies
- Simultaneous & massive recruitment → Intensifying competition for talent

⇒ **Drawback 2:** Too early start of the recruitment process and the neglect of academic studies

3. Challenge 2: Jobs That are Less Likely to Lead to Career Development: Increase in Non-regular Employment

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

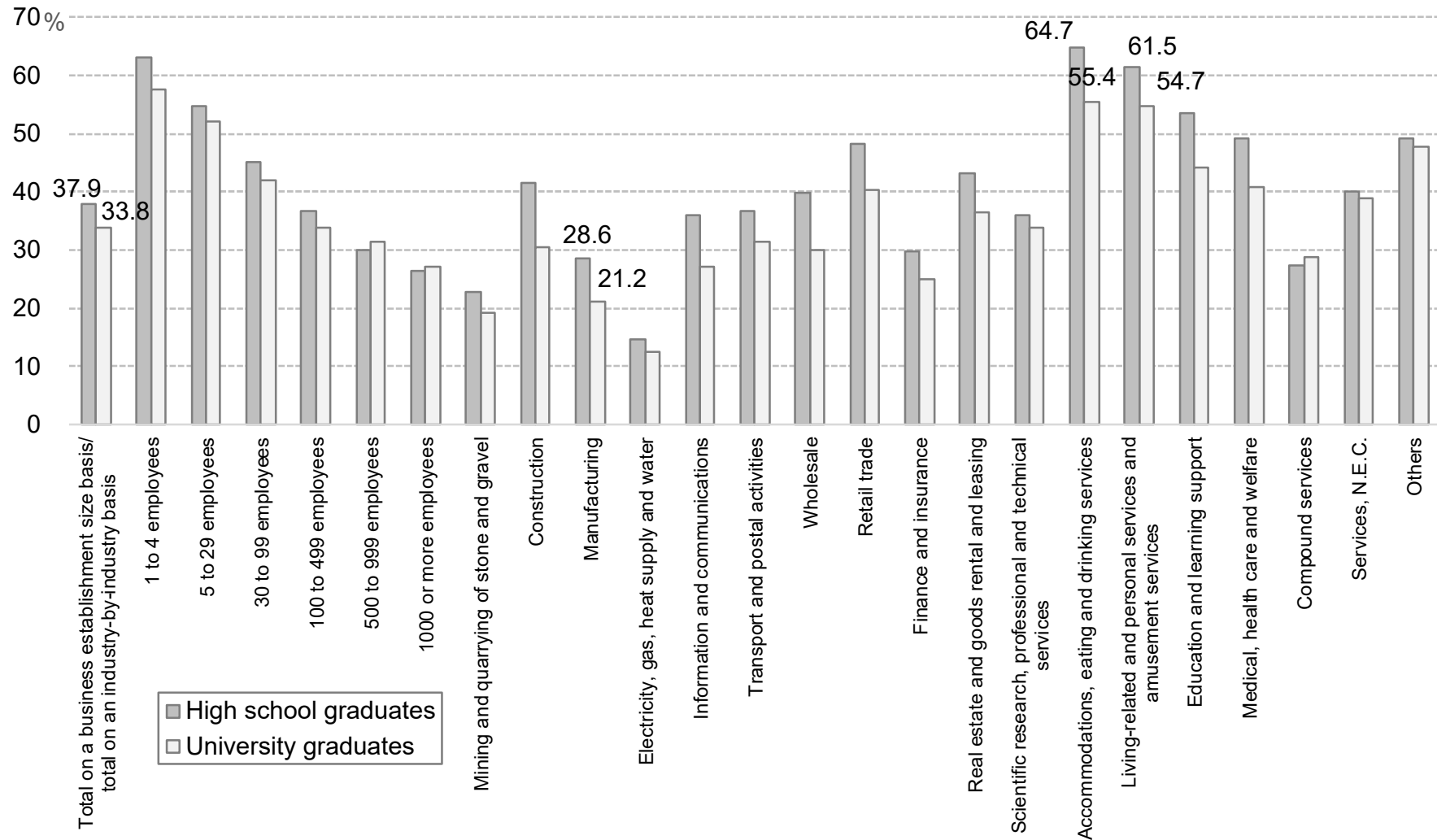


Source: *Labour Force Survey*. Data until 2001 are drawn from the February waves of the Special Survey of the Labour Force Survey. Data from 2002 onward are the January–March average from the Detailed Tabulation of the Labour Force Survey. The number of employees includes students and excludes executives.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

- The share of non-regular employees (aged 25–34): 11.7% (1990) ⇒ 22.1% (2024)
- The growth in employment has been driven largely by non-regular employment

3. Challenge 2: Jobs That are Less Likely to Lead to Career Development: Quality of Employment of Regular Employees

Figure 3. Job separation rate within three years among March 2022 new graduates

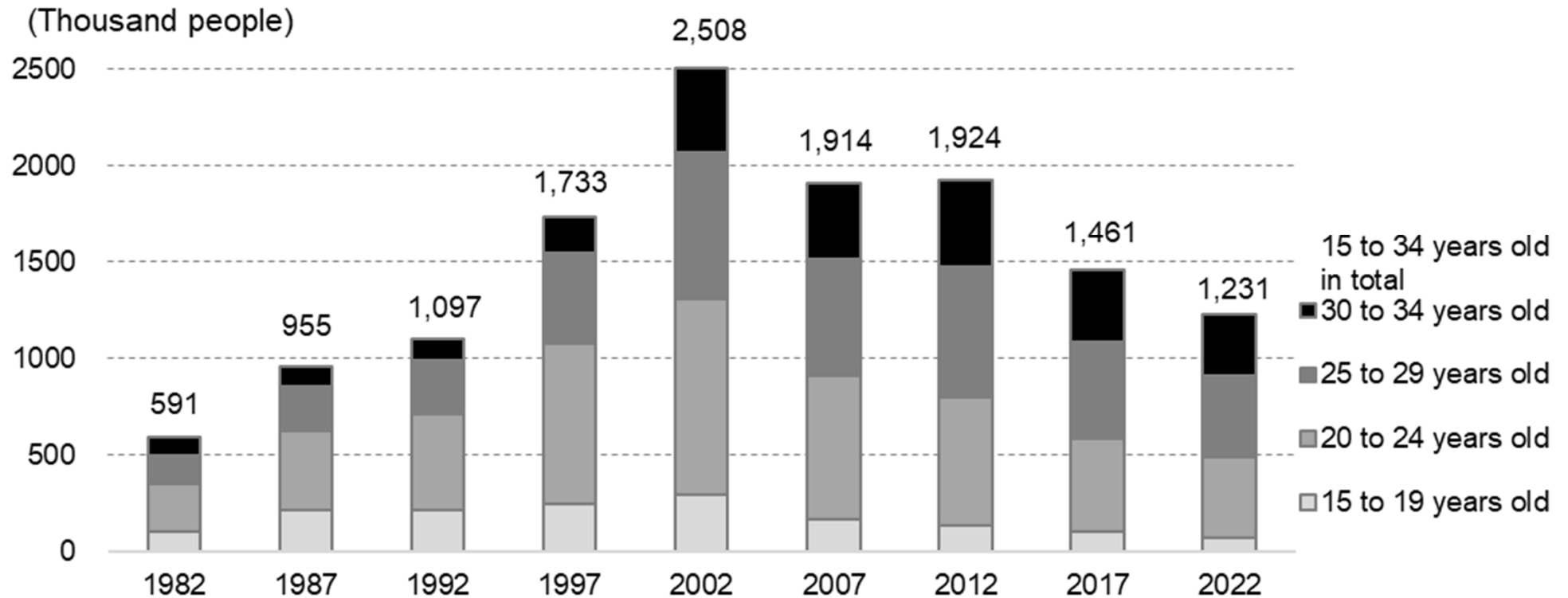


Source: Created based on the MHLW "Job Separation among New Graduates (March 2022 graduates)," press release, October 24, 2025

- High job separation rate in SMEs and labour-intensive service industries
- Main reasons for job separation: long working hours, low wages, insufficient training, and interpersonal problems (JILPT 2025b)

4. Challenge 3: Young People Who Face Barriers to Working

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



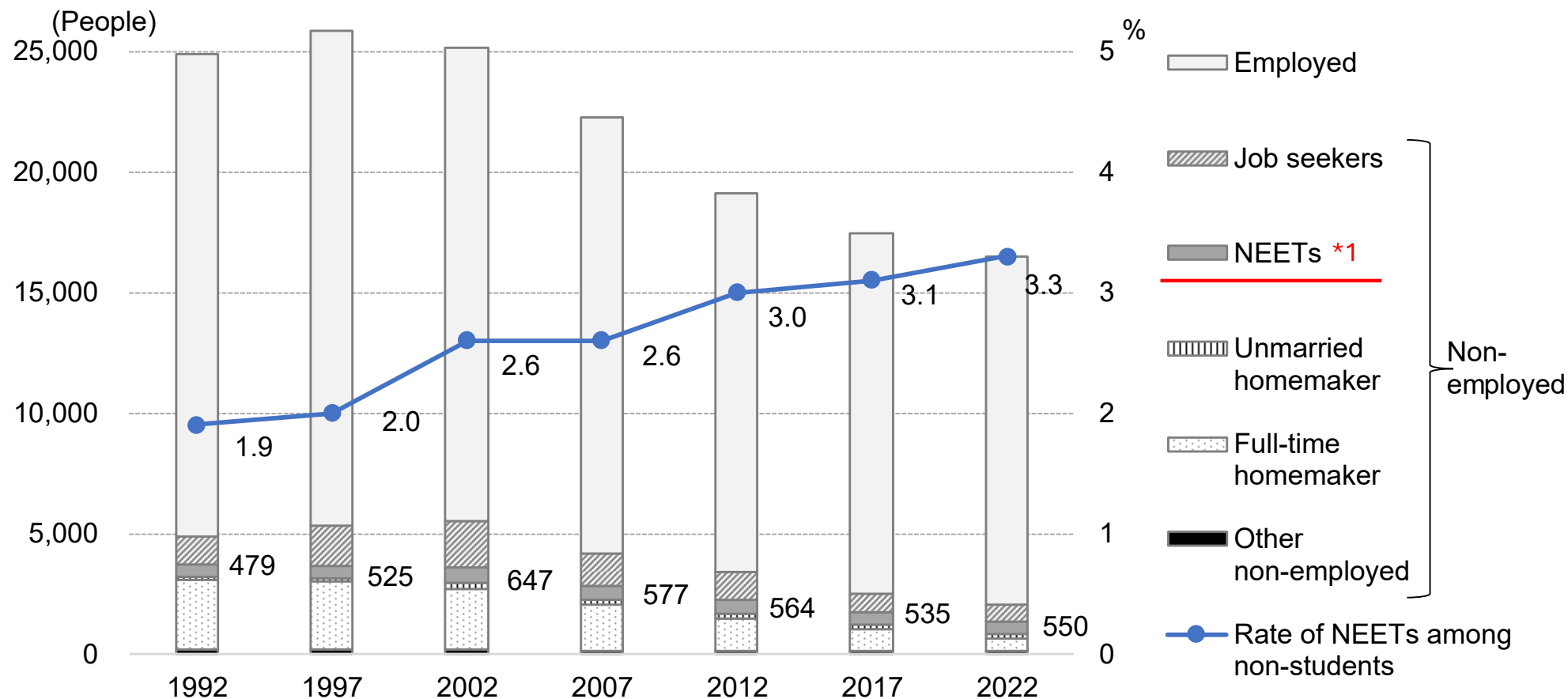
Source: Created by the author based on JILPT (2025c)

Shrinking young labour force & economic recovery reduced freeters.

Transition to stable work has become easier for young people *who are ready to work*.

4. Challenge 3: Young People Who Face Barriers to Working

Figure 5. The number of non-students aged 15–34 by labour force status and the share of **NEETs *1** among non-students aged 15–34



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

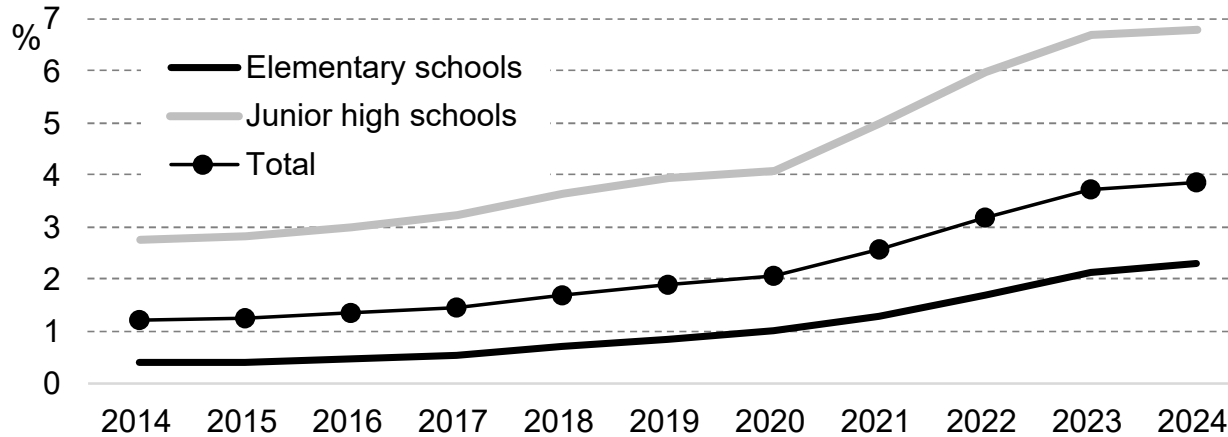
The share of NEETs remains high:

A significant number of young people [face barriers to working](#)

*1 The term "NEET" refers to "people without jobs who are not seeking work, have graduated from school, are not attending school, have no spouse, and do not perform housework."

4. Challenge 3: Young People Who Face Barriers to Working

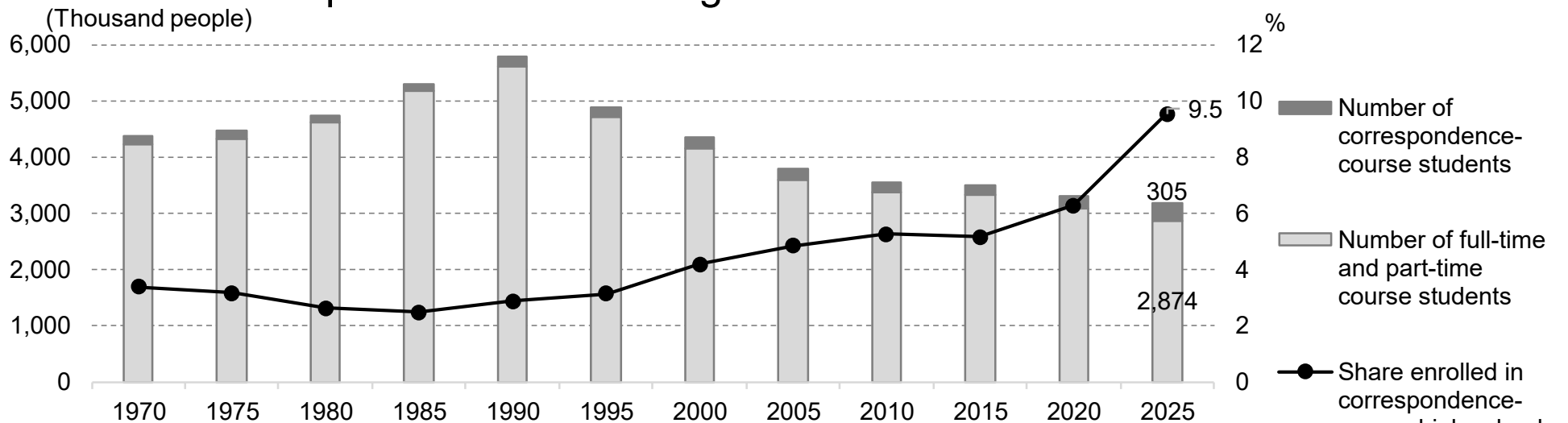
Figure 6. The share of elementary and junior high school students who are not attending school



NEET problem involves overlapping issues, such as maladaptation to school life, difficulties in transition to employment, and social withdrawal.

↓
Multifaceted support covering education, labour, healthcare, and welfare is essential.

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 or part-time course students

5. Initiatives to Solve the Challenges:

Establishing the Foundations to Support Youth Employment

2015: the Act on Promotion of Youth Employment (Youth Employment Promotion Act) defined the responsibilities of employers, specified local governments, and employment agencies, provided for collaboration and cooperation among them, and introduced:

- 1) Strengthened workplace information disclosure (ex: recruitment and hiring, education and training, and employment management)
- 2) Public employment security offices' non-acceptance of new-graduate vacancies from firms that seriously violated labour laws for a period
- 3) The *Youth Yell* Certification System for SMEs with excellent youth employment practices along with incentives

2017-: the Action Plan for the Realization of Work Style Reform

- Objectives: Improve workers' health and quality of life, raise productivity, and achieve sustainable economic growth.
- Measures: "correcting long working hours," "ensuring fair treatment regardless of employment type," "promoting diversity (including creating environments where **young people can play an active role**), and others."
- It may help address "Challenge 2: jobs that are less likely to lead to career development"

5. Initiatives to Solve the Challenges:

Transition from School to Work

○ Improvement for the relevance between school education and career

- Expansion of career education (since the early 2000s)
 - Ex) workplace experience programs (secondary education)
 - Ex) industry-academia collaboration, internship programs (higher education)

○ Help for transition from unemployment or non-regular employment to regular employment

- The Youth Employment Promotion Act introduced an obligation for employers to make efforts to allow recent graduates to apply to new-graduate openings for at least three years after graduation.
- One-stop job-hunting support centers
 - Ex) “Hello Work for New Graduates”, “Hello Work for Young People”
- Public vocational training available outside companies
 - Ex) Vocational training for job seekers (“Hello Training”), “Job Seeker Support System”
- Incentives for employers
 - Ex) “Trial Employment Subsidy”, “Career Advancement Subsidy (Career-up Subsidy)”

5. Initiatives to Solve the Challenges : Support for NEETs and *Hikikomori*

○Regional Youth Support Stations (“*Saposute*”)

Under a program commissioned by MHLW, targeting people aged 15 to 49

179 stations; about 495,000 service uses; 17,000 new registrants; employment-or-other-positive-outcome rate: 73.7% (in FY2024)



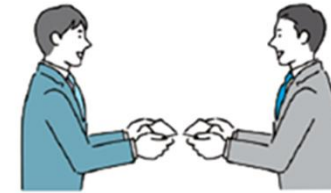
Communication workshop

Learn interpersonal skills and overcome reluctance toward conversation



Job training (work experience)

Observe and experience various jobs based on participants' preferences and circumstances



Business etiquette workshop

Learn the essential business etiquette required for working adults



Job hunting seminar

Learn job hunting know-how, including interview preparation and resume guidance



Computer skills workshop

Learn computer skills useful for job hunting and work



Intensive training program

Work on improving everyday life and obtaining qualifications through a training camp and other methods

○Community-based initiatives for *hikikomori* (long-term social withdrawal) support

Specialists identify individual needs and link them to medical, welfare, or administrative agencies.

FY2025 budget: ¥1.78 billion; consultation desks established in 303 municipalities, backed by prefectural governments

6. Conclusion

Shrinking youth population \Rightarrow Quantitative improvement in youth employment
 \Leftrightarrow Qualitative challenges remain:

1. Drawbacks of the simultaneous recruitment system for new graduates
Hard to start over once someone deviates from the typical life course.
Weak relevance between education and work, and early recruitment, which may interfere with academic study.
- 2 . Jobs that are less likely to lead to career development
Both non-regular jobs and regular jobs with poor working conditions or limited training
- 3 . Young people who face barriers to working
Issues of educational inclusion, transition to employment, and access to healthcare and welfare support are overlapped

Current policies have achieved some effects, but structural distortions remain.
Toward comprehensive support covering education, labour, welfare, and healthcare

Youth employment is crucial for Japan's sustainability.
We should create a society where young people can always find a second chance to learn, work, and grow.