

## Article

# The Current State of the Japanese-style Employment System for High School Graduates: Based on Case Studies of 1997, 2007, and 2017

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## I. Introduction

This paper elucidates how the “Japanese-style” employment (work-entry) system for high school graduates has changed over twenty years since the 1990s, based on the results of the “Interview Survey on Employment (work-entry) for High School Graduates,” a series of case studies conducted in 1997, 2007, and 2017.

The Japan Institute for Labour Policy and Training (JILPT)—and its predecessor, the Japan Institute of Labour (JIL)—has carried out numerous research projects regarding the employment of high school graduates. In such research, the transition from high school to work in Japan was described as the “Japanese-style employment system for high school graduates,” namely, the unique way in which students secure employment in the context of stable and long-standing relationships between high schools and employers, expressed as “semiformal contracts” (*jisseki kankei*, literally, “relationship based on past results”). The system relies on approaches such as the “preferential school system” by which employers send job openings information only to specific schools and those schools conduct the internal selections of candidates to recommend, and the “one-student-for-one-employer system” where a student can apply to only one employer at a time with the school’s nomination. This interpretation was the commonly adopted framework among research studies in that period. The research survey of high schools posited that focusing on “autonomy” commanded by high schools and providing meritocratic selections (based on academic

achievement at school) for job placement process within high schools enabled schools to send highly-capable graduates into the workplace, and also both schools and employers to maintain the ongoing trust (Kariya 1991). In the 1980s, the institutional framework in Japan supporting the transition from high school to work was internationally acclaimed for the fact that it ensured Japanese high school graduates a smooth transition into the labor market.

However, as the economic environment deteriorated in the 1990s, the employment for high school graduates in Japan went to an unprecedentedly critical state for the system, since the system had first been established during Japan’s postwar period of rapid economic growth. The negative impact on the employment of high school graduates was particularly pronounced. A survey promptly conducted by JIL in 1997 noted that with the sharp shrinking in the labor market for high school graduates, alongside the increasing incidences of work that had previously been assigned to high school graduates being given to those with higher educational backgrounds, and non-regular employees. The survey result pointed out that the employment guidance provided by high schools was unable to adapt to the rapid changes in the labor market for high school graduates and therefore no longer able to function effectively.

In response to this process, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of Health, Labour and Welfare (MHLW) compiled the “Final Report on ‘Research on the Entry of High School Graduates into Vocational Life’” in 2002 as a step toward a

review of the typical employment practices for high school graduates.

Meanwhile, an economic upturn particularly in the manufacturing industry from the mid-2000s contributed to the considerable improvement of employment of high school graduates. Along with it, the number of high school graduates entering employment increased gradually and that of unemployed high school graduates dropped significantly. A 2007 survey by JILPT which addressed developments in light of the economic turnaround showed a “recovering trend”—namely, a recovering demand for high school graduates for work that had once been taken away from them to assign those with higher academic backgrounds (JILPT 2008).

While the continuity of relationships between high schools and employers was becoming weakened and the use of selections within schools was decreasing, the one-student-for-one-employer system continued to be operated in practice. The financial crisis of 2008 dampened the labor market for high school graduates once again, while the economic upturn in recent years has boosted companies’ enthusiasm for hiring high school graduates to a level that currently exceeds that prior to Japan’s bubble economy. Amid these ups and downs over time, JILPT (and JIL) conducted the case study repeatedly at three points—1997, 2007, and 2017—to observe the developments. This paper draws on the results to shed light on the current state of employment of high school graduates.

Let us now look at the design of the case studies conducted for the “Interview Survey on Employment

for High School Graduates.” As shown in Table 1, regions surveyed were categorized into following three types according to the state of the labor market for high school graduates covering relocation outside of the prefecture, labor supply and demand, and job vacancy fields (industries in which job openings were available). “Workforce-inflow type” refers to regions where more job openings are available to all resident graduates, “Good balance of workforce type” refers to regions where the labor market demand is met with supply of graduates from within the same regions, and “Workforce-outflow type” refers to regions with a shortage of job openings and high percentage of high school graduates who relocate outside of the regions for employment.

## II. Macro-level analysis of changes in the high school graduate labor market

This section will provide an overview of a macro level data analysis on the changes in the labor market for high school graduates. At present the availability of job openings for high school graduates is extremely good. The current increase in job openings for high school graduates can be attributed to the increase in demand for workers in the construction and long-term care industries. There has been only a small rise in job openings in the manufacturing industry, the main destination for high school graduates entering employment. Approximately 40% of high school graduates entering employment are graduates from the general education course (*futsū-ka*), namely, those who have studied a comprehensive academic curriculum. With the restructuring of vocational curricula (*senmon gakka*) into combined

Table 1. Types of high school graduate labor market

Type	Region (Prefecture)	Relocation outside of the prefecture	Labor supply and demand	Job vacancy field
Workforce-inflow type	Tokyo, Saitama	Inflow	Good	Service, sales
Good balance of workforce type	Nagano	Equilibrium	Good	Manufacturing
Workforce-outflow type	Akita, Shimane Aomori, Kochi	Outflow Outflow	Shortage of job openings Shortage of job openings	Manufacturing Service, sales

vocational and academic curricula (*sōgō gakka*) due to the declining birth rate, there has been a particular decline in the number of graduates of the commercial course (*shōgyō-ka*) whose curriculum focuses on business and other subjects related to commerce. Looking at the types of jobs that male graduates enter, almost all male graduates from the technical course (*kōgyō-ka*) whose curriculum focuses on industry and manufacturing find employment in production line work, while half of those from the general course find employment in production line work. In the case of female graduates, nearly half of the graduates from the commercial course choose clerical jobs, while graduates of the general course choose jobs in service and production line work.

Though in the past economic turnaround from recession prompted an increase in high school graduates finding employment outside of their home prefecture, the 2017 survey indicated a growing tendency for high school graduates to remain in their home areas. This contrasts with the trend in the period of economic prosperity prior to the 2008 global financial crisis. While in the period prior to 2008, industry generating greater numbers of job openings for high school graduates was the export-oriented manufacturing, in 2017 it was the construction and long-term care industries. Also, there was a difference in labor market demand, that is, a fewer job openings beyond the regions. In Addition, some efforts appeared to have an effect to facilitate employment in the regions with a workforce outflow, such as encouraging local companies to announce their job openings earlier as their announcements have been later than those in the regions with a workforce inflow.

All of the seven regions (see Table 1) surveyed in 2017 had a labor shortage. In the regions with a workforce-outflow, the ratio of job openings to applicants had risen due to the increase in job openings combined with the decrease in high school graduates seeking jobs. Even in regions with a workforce-inflow, there has been a rise in the number of job openings in the construction and long-term care industries, and a relative decline in the proportion of job openings in the manufacturing.

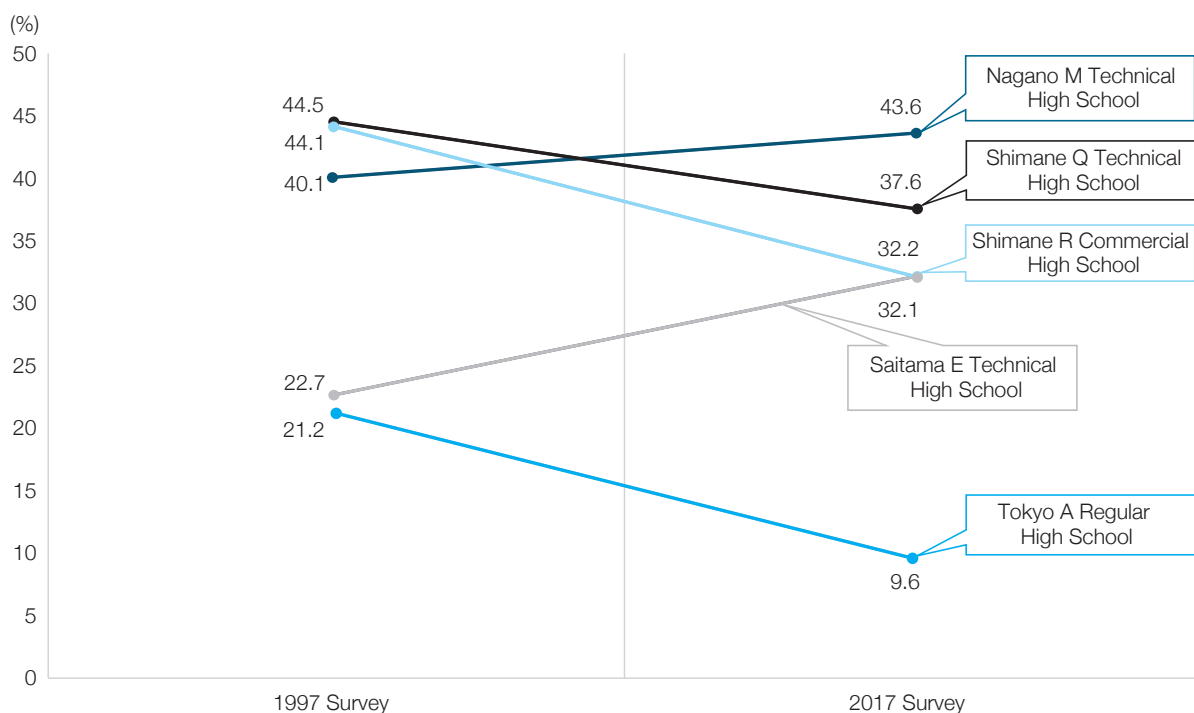
The rise in job openings in construction and long-term care is expected to increase employment opportunities for high school graduates remaining in their home regions.

### III. The one-student-for-one-employer system

Here we discuss the one-student-for-one-employer system as well as the important elements supporting the system, namely, the ongoing relationships between high schools and employers, and selections of candidates within schools.

Based on the aforementioned Final Report issued by MEXT and MHLW in 2002, regional meetings to discuss the issues faced in employment of high school graduates have been held by MHLW having attendants including officials from schools, employers' associations, and governments to have mutual understandings regarding approaches to the one-student-for-one employer system. Okinawa Prefecture and Akita Prefecture allow students to apply for multiple companies from the first day of selection, and other prefectures also allow applications to multiple companies at a certain point. However, essentially the fundamental principle at high schools is still that each student is allowed to apply for only one company until graduation, as found in the 2007 survey.

Let us now consider the continuous and stable relationship between high schools and employers. In Figure 1, a higher percentage of “non-one-off hiring companies” (companies that hired a student or students from the specific school on two or more occasions, among the total number of companies that hired students from the school during the observation period) equates to higher continuity in the relationships between the high schools and the employers. The results indicate that general high schools and commercial high schools have seen a decrease in the continuity of their relationships with employers, while technical high schools have seen a consistent level of continuity in such relationships. The school's curriculum is a significant factor in the continuity of its relationships with companies, regardless of the types of the high school graduate labor market. Decreasing in continuity appears to be



Source: JILPT, 2018.

Note: 1997 Survey: Graduates who entered employment from the late 1980s through the late 1990s. 2017 survey: Graduates who entered employment from the late 2000s through the late 2010s. Number of graduates entering employment and observation period of each high school in 2017 survey: Nagano M Technical High School (149 persons, 10 years), Saitama E Technical High School (121, 5), Shimane R Commercial High School (30, 8), Tokyo A General High School (22, 10), and Shimane Q Technical High School (54 persons, 10 years in 1997 survey; 6 years in 2017 survey).

Figure 1. Percentage of “non-one-off-hiring companies” (Percentage of companies that hired a student or students from the school on two or more occasions during the observation period)

coming to an end, nevertheless, to ascertain this, it will be necessary to wait until the developments are reviewed in ten years’ time.

Let us go on to consider the changes in selections within schools which are highly connected with the preferential system and the one-student-for-one-employer system. Table 2 shows a comparison of the items concerning norms related to selections within schools from two surveys, conducted in 1983 and 2010 respectively. The percentage of schools that selected the response “recommend more students to companies than job openings available” rose from 24.9% in 1983 to 31.9% in 2010, and the percentage of schools that selected the response “there are no students who are unable to apply to their first choice of company due to their choice being the same as another student” increased from 39.2% to 59.4%. While it is necessary to take into account

the differences in the wording and subjects of the surveys, the rises for these two items seem to indicate that selections within schools that involve narrowing down candidates prior to allowing students to apply are decreasing in recent years.

Results of the “Interview Survey on Employment for High School Graduates” also indicated that selections within schools are limited. A significant number of high schools attach importance to their accountability to students’ guardians. Where there was no competition for recommendations among students, they allow students to apply for a company even if their grades or other factors did not meet the standard achieved in the previous years. The decline in the importance of grades in selections within schools is likely to continue, regardless of future economic developments.

High schools were making efforts to provide a

Table 2. Current state of selections within high schools

Survey	Response	Respondents (%)
High school survey 1983	Recommend more students to companies than job openings available (Percentage that responded “no” to “Do not recommend more students to companies than job openings available.”)	24.9
High school survey 2010	Recommend more students to companies than job openings available (Sum of the percentage that selected “Significantly applies” and “Applies a little” in response to the statement “There are companies for which we allow more students to apply than requested.”)	31.9
High school survey 1983	There are no students who are unable to apply to their first choice of company due to their choice being the same as another student (Percentage that responded “yes” to “There are no students who are unable to apply to their first choice of company due to the competition with another student.”)	39.2
High school survey 2010	There are no students who are unable to apply to their first choice of company due to their choice being the same as another student (Sum of the percentage that selected “Significantly applies” and “Applies a little” in response to the statement “There are almost no students who are unable to apply to their first choice of company due to the competition with another student or for other such reasons.”)	59.4

Source: Adapted from Hori, 2016.

Note: For the 1983 survey, conducted by the Sociology of Education Research course at the University of Tokyo, subjects were high schools with full-time programs (*zen'ichi sei*) from across Japan with 30 graduates or more entering employment and questions were multiple choice with two options. For the 2010 survey, conducted by JILPT, subjects were high schools with full-time programs from across Japan with 5 graduates or more entering employment and questions were multiple choice with four options.

wide range of information to students while they were selecting companies to apply to (through internships, company information sessions held in school, career connection sessions for students and industry representatives, other such events hosted by business organizations as well as career guidance and education). With the growing influence of the information such as advice from alumni and alumnae network of extracurricular activities via a social networking service or the instant messaging application “LINE” (with free text and free call features), or information available on the internet—there is an increasing tendency for students to take their own initiative in the process of selecting companies to apply.

#### IV. Conclusion

To conclude, the Japanese-style employment system for high school graduates, as revealed in the interview survey results, has undergone substantial changes. It is now updated to keep up with the

times, supported by *jisseki kankei*, preferential school system and the one-student-for-one-employer system. While approaches such as the preferential school system and the one-student-for-one-employer system are still generally adopted, the focus of the process of matching students with jobs that employers offer has shifted toward students’ satisfaction and thereby keeps high school graduates from giving up employment at an early stage due to the job being unsuited to them.

The Japanese-style employment system for high school graduates is a mechanism to protect high school students by regulations, and there are calls for liberalization. Given the fact that people aged 18, still in high school, will be legally recognized as adults from 2020 onward, these work-entry practices are set to be reviewed in 2019. Surveys on this topic in ten years’ time are likely to focus on the actual impacts of these possibly revised employment practices in Japan.

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