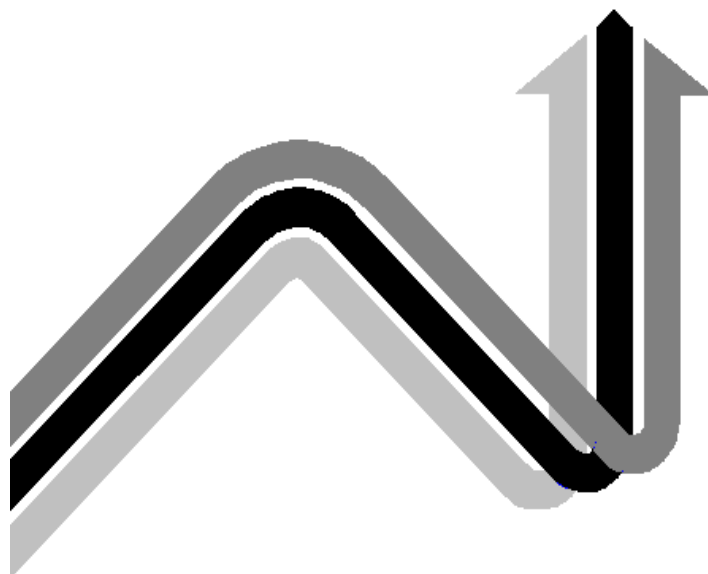


THEMATIC REVIEW OF THE TRANSITION FROM INITIAL EDUCATION TO WORKING LIFE



JAPAN

COUNTRY NOTE

MARCH 2000

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1. INTRODUCTION

Purposes of the OECD Thematic Review

This Country Note for Japan forms part of the OECD's *Thematic Review of the Transition from Initial Education to Working Life*, a project launched by the Education Committee in November 1996. The review is a cross-national study designed to identify major aspects of change in the transition from initial education to working life occurring in OECD countries and, on this basis, to evaluate the contribution of different policy approaches to facilitating transition. Young people's expectations are changing, as are the labour markets in which they are seeking work, and all societies face major challenges in improving transition structures and processes. A detailed description of the review's objectives, analytical framework and methodology is provided in OECD (1996a).

Two key concepts shape the design of the OECD's cross-national review. The first is that transition issues concern the whole span of young people. Difficulties in making the transition to work are not confined to those who leave school with low levels of skills and qualifications. In Japan, as in many other countries, increasing numbers of young people are staying longer in formal education, partly because of problems in the labour market, with the consequence that transition issues can arise across a wide range of educational backgrounds. The OECD review has adopted a broad perspective that comprises the whole span of school-leavers, including those who enter the labour market directly from secondary school or apprenticeship-type schemes, those who go onto further education or training before seeking work, and those who combine education and work in various ways.

The second key concept underpinning the review is that the initial transition to work needs to be seen in a lifelong learning perspective (OECD, 1996b). The pace of economic and social change is so rapid that individuals need to acquire new skills and knowledge throughout their adult lives to maintain their employability. This implies that a successful transition to work depends on having a sound foundation for future learning, as well as skills that the labour market requires now. From this perspective, improving the transition to work means more than getting young people into work -- it also requires helping them to become effective learners throughout their adult lives so that they can remain productive and active citizens.

The thematic review process is intended to help countries learn more about each other, as well as providing them with insights on their own experiences and policy frameworks. In contrast with OECD reviews that focus on policy issues in a single country, a thematic review is intended to draw out key findings and directions of comparative interest. The other distinctive feature of the thematic review process is that the work involves extensive collaboration among country authorities, the OECD Education Committee and Secretariat, and expert reviewers from around the world. The collaborative methodology is seen as an integral part of the joint learning process and the wide dissemination of the review's findings.

Japan is one of 14 countries participating in the OECD transition review. Six of those countries were reviewed in 1997 (Australia, Austria, Canada, the Czech Republic, Portugal and Norway) and an interim comparative report on their experiences has been prepared (OECD, 1998). Round 2 has involved a further eight countries being reviewed in 1998 and early 1999: Denmark, Finland, Hungary, Japan, Sweden, Switzerland, the United Kingdom and the United States. During 1999 the experiences of these eight countries have been progressively incorporated with the material produced from the six Round 1 countries to produce an extended comparative review document.

Fourteen countries -- about half the OECD's membership -- have been reviewed through the project. Improving young people's transition to work is clearly a high priority for OECD Member countries. The

thematic review represents probably the largest and most diverse group of countries to have participated in a comparative review of education-to-work transition.

This Country Note for Japan has been prepared by an OECD review team to fulfil three purposes: (a) to provide feedback to the Japanese authorities about policy initiatives affecting young people's transition to work; (b) to provide input to the OECD's comparative report; and (c) to act as a stand-alone document for people from other countries interested in transition issues in Japan.

Japan has long been considered to offer a distinctive, and successful, approach to organising young people's integration into working life. That approach has come under considerable pressure during the 1990s as Japan has experienced its most severe economic recession in decades. Japan's recent experiences, and the policy measures it is now putting into place, are of considerable interest to OECD countries as a whole.

Japan's Participation in the Review

Japan's participation in the review was organised by the Ministry of Education, Science, Sports and Culture (Monbusho), with assistance from the Ministry of Labour (see Appendix 1). The OECD is very appreciative of the assistance provided by the Japanese authorities, including the organisation of a comprehensive visit by a review team from 28 September to 7 October 1998.

The review team comprised four invited experts from other Member countries (see Appendix 2). During the 10 day visit, discussions were held with a wide range of policy makers from Monbusho and the Ministry of Labour, educational and training institutions, employers, trade unions, and groups of young people. Site visits were made to a junior high school, four senior secondary schools of different kinds, a private tertiary institution, a public university, a small construction company that provides secondary students with internships, and a large utility company that recruits young people from all levels of the education system.

Around two-thirds of the meetings and site visits were held in Tokyo, and the others were in the Hyogo Region, which is centred on Kobe. Hyogo is considered one of the more innovative Japanese regions in terms of education and labour market interactions, which some observers partly attribute to the need to respond to the economic devastation and social dislocation caused by the earthquake which struck Kobe in 1995.

The discussions held by the review team centred on four main issues:

- the ways in which young people's transition to work in Japan is changing;
- the main problems and priorities for action, including the identification of at-risk youth;
- the transition process and its outcomes, including the particular roles that education and training institutions, employers and other key agents should play; and
- policies and programmes that are particularly effective, the reasons for their success, and constraints that may limit their wider implementation.

During the meetings and site visits, the point was frequently made that the late 1990s is a very significant period of transition in transition processes in Japan. The prolonged economic recession has led to reduced recruitment by enterprises, a weakening in employment tenure, and decreased resources for on-the-job training. In recent years new graduates from the education system have moved from a favoured position in

the job market to one in which many are struggling to find work. For the first time in more than 30 years, there are fewer job offers made to senior high school graduates than there are applicants. Young people who leave their first job find it particularly difficult to secure stable employment.

The economic difficulties have further increased the already high level of demand for university education in Japan. Many of the people we spoke to expressed concern about this in terms of the costs involved, the strong impact of university entrance requirements on school curricula and pedagogy, and the limited opportunities available in upper secondary and tertiary education for contact with workplaces. A number of policy responses are being attempted, and these are discussed in the paper that follows. Nevertheless, the Japanese approach to transition still has many strengths, not least the strong commitment to social inclusiveness and finding a place for all. One of the key themes identified by the review team is the emerging tension between an emphasis on greater individualisation and flexibility within the education system, and the wider objective of social cohesion.

Prior to the visit the reviewers had the benefit of a comprehensive, 100 page Background Report commissioned by Monbusho from four leading Japanese researchers (Yoshimoto *et al.* 1998; see Appendix 1). The Background Report, which was based on the guidelines and key questions detailed in OECD (1996a), is a further important output from the thematic review process. The review team also benefited from extensive discussions with the authors of the report while in Japan.

The Background Report drew on a wide range of statistical and policy material produced by various agencies in Japan. Unless otherwise indicated, data included in this paper is taken from the national Background Report and other information supplied by Monbusho and the Ministry of Labour. Where data involving international comparisons are used, the paper draws on OECD publications.

Needless to say, however, this Country Note is the responsibility of the four reviewers listed in Appendix 2. Although we have benefited greatly from the background materials and discussions that were provided before, during and after the visit, any errors and misinterpretations are our own.

Structure of the Country Note

The remainder of the Country Note is organised around six main sections. Section 2 outlines the key features of the institutional context and process of transition to work in Japan. There are many distinctive characteristics of Japanese culture, society and economy that shape the opportunities open to young people, and the policy framework within which public policy operates. This section is intended to draw out the main ways in which the transition process differs in Japan from other OECD countries. It also raises the question of the extent to which the distinctive features of the Japanese society and economy limits generalisability of Japanese policies and programmes to other countries – or to adapt in Japan approaches which work well elsewhere. Section 3 attempts to provide an assessment of the main strengths and weaknesses of the Japanese approach to transition. Implicit in this discussion is the question of the extent to which it is possible to remedy weak points without jeopardising the considerable inherent strengths of the system. Section 4 provides an extensive discussion of the main factors that are driving the extensive debate on transition policy in Japan – demographic change, economic restructuring, changes in employment practices, the increasing demand for higher education, and changing attitudes among the young. It concludes by identifying two possible scenarios for the future: one in which the transition becomes more flexible and differentiated but with higher dropout from the institutionalised channels, and one in which existing hierarchies and rigidities are reinforced.

Section 5 discusses and analyses four main directions of current education, training and employment policies, which it characterises as: maintaining inclusiveness; broadening links between education and the labour market; strengthening vocational education; and promoting flexibility and individualisation. It reviews their appropriateness in the light of the different scenarios for future change. Section 6 comments

briefly on existing data sources to support policy-making and reviews their adequacy in the light of changing needs and circumstances. Finally, Section 7 summarises the review team's conclusions. The team endorses the broad objectives the government is trying to achieve. The analysis suggests, however, that there are major areas that will need continuing policy attention, including the nature of the general education programmes in which the majority of young Japanese are enrolled, social and gender inequalities, the provision of second chances in education, the complementarity of initial education and company-based training, and the research and information base that underpins policy development. We trust that the international perspectives provided by this review can contribute, in a modest way, to the debate about educational reform that is so clearly evident in Japan.

2. THE INSTITUTIONAL CONTEXT AND PROCESS OF TRANSITION

Brief Outline of the Role of Government

The Ministry of Education, Science, Sports and Culture (Monbusho) has general responsibility for all education, from kindergartens to universities. It implements the Government's education policy and supervises the activities of the education system. Monbusho co-ordinates the development of education at all levels and in all fields. It co-operates with regional and local authorities, providing advice and issuing guidelines and regulations for educational development according to need. Responsibility for education below the university level is shared by Monbusho, prefectures and municipalities. A number of universities, junior colleges and colleges of technology are directly subordinate to the Ministry. Monbusho also approves the establishment of local public or private institutions of higher education.

The role of the Ministry of Labour (MOL) in education is to promote the matching of labour supply and demand. Subordinate to it are the regional public employment agencies, which provide advice and other services for graduates to help their placement. Rising unemployment rates have underlined their importance. MOL also has regional human resource development centres, which provide part-time or correspondence vocational and professional education, thus supplementing the provision of the education system and promoting employment. These centres also develop methods for evaluating vocational abilities. MOL also supports education-industry co-operation by promoting students' internships.

For regional administration, Japan is divided into 47 prefectures and further into municipalities. Every prefecture has a board of education, which acts as the regional education authority and is responsible for developing public education in the area. Every municipality also has a board of education, which executes the same duties at the local level. With the exception of national institutions, the financing of education is shared by the national, prefecture and municipal levels, in some cases being bound to the accumulation of income and consumption tax. The share of national funding usually varies between 30 per cent and 50 per cent, depending on the nature of educational provision. Private schools get discretionary aid from the state. With the exception of compulsory education, educational institutions generally charge a tuition fee.

The governance in Japan has traditionally been fairly centralised; however, the prefecture boards of education in particular appear to have a strong role in educational administration at the regional level. The Government has decentralised decision-power in curriculum design to some extent. Monbusho ensures a degree of national uniformity by issuing a Course of Study, which is a national core curriculum, and approving textbooks. The Course of Study determines the national qualitative and quantitative standards for each subject and each educational level, but within this national framework, schools can design their curricula according to local needs. At the lower secondary level, for instance, these elective subjects amount to from 10 to 30 per cent of all annual classroom hours.

In Japan advisory councils play an important role in the design of education policy. The major education policy partners are represented on the councils. In the 1990s the Central Council for Education has taken

the initiative for a reform of secondary education, for changes in student selection to offer wider opportunities, for the development of co-operation between schools homes and the community, for a reform of entrance examinations, and for many other reforms. The Curriculum Council in turn has proposed a reform of curriculum standards. In 1998 the Council of Science Education and Industry Education published a report *The Future Model for Education at Specialised Upper Secondary Schools* with the aim of developing industrial education. The most important policy lines adopted by Monbusho in recent years have been based on the proposals of these councils. There are similar advisory councils at the regional level; they may not have the same political significance as their national counterparts, but they play an important role in promoting co-operation and a dialogue between partners at the local level.

Structure of Education and Training Institutions

Japan has one of the highest rates of education participation in the world. Although compulsory education spans the 9 years from age 6 to 15, more than 90 per cent of the population enrolls for at least 14 years of education, which is the second highest level of participation among OECD countries (OECD, 1998). The compulsory school years (six years of primary education and three years of lower secondary education) provide an essentially uniform curriculum and institutional framework at each level, and almost 100 per cent of students are enrolled in public schools. However, as students move into upper secondary education, and onto tertiary studies, there is an increasing diversity of institutions and programs, and the share of students in private institutions rises markedly.

Entrance to the three years of upper secondary education (ages 15-18 years) is not automatic. Students need to pass competitive entrance examinations to gain a place in either a general (academic) or specialised (vocational) senior high school in either the public or private sectors. However, despite this, the transfer rate from lower secondary to upper secondary education is very high -- about 95 per cent. Within each of these two broad categories of school a hierarchy of institutions is perceived to operate, with the competition being fiercest for the most prestigious schools. Although entry to general upper secondary schools is the most competitive, entry to the most highly regarded specialised schools is also quite competitive. The majority of students enrol in the general senior high schools. In 1997 some 72 per cent of upper secondary students were enrolled in general schools, which was well above the OECD country average of 46 per cent (OECD, 1998a). Of the 28 per cent of upper secondary students classified as enrolled in vocational and technical schools in Japan, virtually all were in school-based programs.

Table 1 records the major types of upper secondary schools in terms of the distribution of enrolments and the destinations of students after graduation. As can be seen there are marked differences in the post-school destinations of graduates from the different institutions. Some 80 per cent of the graduates from general senior high schools -- which is by far the largest sector of upper secondary education -- enter university or special training colleges. This proportion who continue onto tertiary education has been rising over time, which means that the majority of young Japanese -- around 70 per cent -- now enter the labour market from tertiary education. The direct route from school to employment is now largely confined to graduates from vocational schools, and such schools have been attracting a lower proportion of the age cohort.

Table 1 Distribution of enrolments, and destinations of graduating students, by type of upper secondary school, 1997

Type of school	Total enrolments ('000s)	Destinations of graduates (% of graduating class)			
		University	Special training colleges	Employment	Other
General	3217	49	31	13	8
Vocational	1024	8	24	61	7
Other	97	60	24	8	8

specialised					
Integrated	27	30	32	28	10
Total	4365	40	29	24	7

Source: Yoshimoto et al (1998).

Higher education includes universities, junior colleges and technical colleges. Both universities and junior colleges require entering students to have an academic level equivalent to at least upper secondary education; first degree university courses typically last four years, while those in junior colleges last two or three years, and qualify graduates for university enrolment. Entry to technical colleges is possible before completing upper secondary education; the courses last five years and are oriented towards preparing engineers. Universities dominate post-school educational provision, enrolling over 70 per cent of all commencing students. The university sector, though, is highly diverse. Around 70 per cent of universities are in the private sector, and vary greatly in size, course specialisations and academic reputation. Private institutions are also highly common in the junior college sector, comprising 90 per cent of colleges. Such institutions tend to be highly specialised and concentrate on serving niche parts of the labour market.

Outside the formal education system are a number of vocational training institutions operated by Ministries other than Monbusho. These concentrate on preparation for occupations such as the police, agriculture and the diplomatic service. Only around 1 per cent of senior high school graduates enrolled in tertiary education are in such institutions.

The Labour Market

The Japanese economy has produced one of the highest living standards in the world. Japanese manufactured products are widely renowned for their high quality and are available in markets around the world. Yet, despite the common perception of Japan as a strongly export-oriented country, exports comprise only around 10 per cent of GDP, which is well below the proportion in most other OECD countries (OECD 1997b). The main driver of the Japanese economy is the very large domestic market, and it is the flatness of domestic demand that is largely responsible for the recession of the 1990s. A key strategic challenges for Japan is how to increase its share of world trade in new growth areas such as financial services, biotechnology, telecommunications, electronic media and tourism. One of the concerns frequently expressed to the review team was that the profile of skills and knowledge being generated through the education and training system was failing to keep pace with the demands of an increasingly competitive and open world economy.

Compared to countries with similar income levels, the broad sectoral distribution of employment in Japan has more people working in industry (34 per cent) and fewer in services (60 per cent). Part of this could be due to the fact that the public sector in Japan is not as large as in many other countries. Employment in the public sector, though, is generally highly prized and is especially popular among university graduates. As is the case now with most OECD countries, only a small (6 per cent) and ageing part of the workforce is in agriculture.

The export sector of the Japanese economy is dominated by large manufacturing firms. Yet most Japanese workers are employed in medium and small enterprises. The smaller firms are often suppliers of parts and services to the large manufacturing enterprises, and are especially important in the domestic economy. This is likely to become even more the case as new technologies and a more flexible labour market enable small enterprises to start-up with relatively low costs to meet niche demands for customised goods and services. As is documented below, job openings for high school and university graduates in large firms have declined in recent years. There is evidence that small enterprises have stepped in and increased their hiring of young workers during the recession, which has partially offset the decline in youth recruitment by large

firms (Mitani, 1999). However, the diversity and fluidity of small enterprises causes difficulty for educational institutions used to interacting mainly with a small number of large employers.

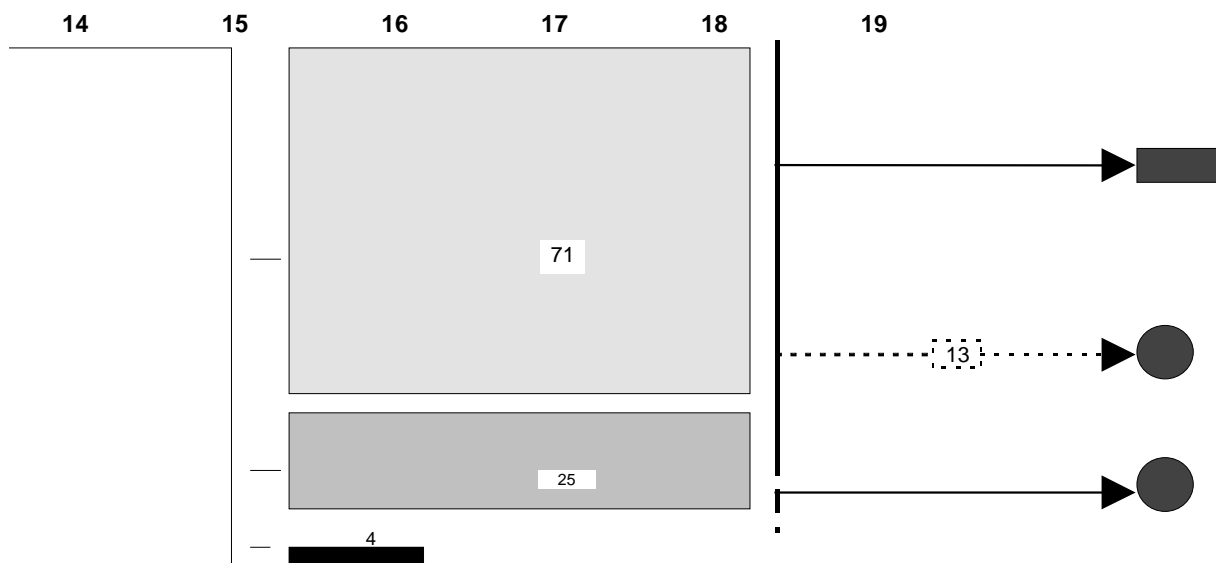
The Japanese labour market has traditionally been much more open to young people than have labour markets in many other OECD countries. Despite the severe economic recession in recent years, employers have continued to hire young workers, while similar economic conditions in other countries have entrenched the position of established workers at the expense of the young. The key explanatory factors seem to be the very strong linkages between Japanese employers and schools, the confidence employers have in the quality of the graduates from Japanese education, and the relatively low costs of taking on new workers. Although the system of lifetime employment is weakening in Japan, the young are prepared to accept comparatively low starting wages because of the opportunities for on-the-job training and relatively steep age-earnings profiles.

New school-leavers are generally employed as full-time workers at the base of distinct career ladders, and job turnover is low (although rising among some groups, and those who leave jobs can have trouble finding employment). The key employment criterion remains long-term trainability, as evidenced by academic achievement. Secondary schools play a key role in job placement, with on-going support from public employment offices for new workers. Long-established links between individual employers and schools mean that employers have confidence in school assessments of young people's suitability for their enterprise. Students have a strong incentive to work hard because of the direct link between school assessments and job prospects. As is detailed below, however, these well-established patterns are starting to fray as young people's attitudes towards work and careers change, and economic restructuring is increasing the pressure on firms to broaden selection criteria and to recruit from a wider age range and from among people in mid-career.

Flows through the Education System

The structure and segmentation of the pathways through upper secondary education in Japan is expressed in schematic form in Figure 1. It shows the proportion of the age cohort located in different activities: in general education; in vocational education; or not in education or training. As was evident from Table 1, the principal post-school destination of graduates from general senior high schools is tertiary education, while the labour market is the main destination of those from vocational schools. There is comparatively little of the diversity of post-school destinations (either to tertiary education or to employment) from the one school type that is seen in a number of other OECD countries. As the diagram shows, only 13 per cent of general high school graduates entered employment direct from school in 1997.

Figure 1 Main Pathways through and from Upper Secondary Education



KEY TO THE PATHWAYS

- Compulsory education
- General education
- School-based vocational education
- Apprenticeship-type programs
- Not in education or training
- Estimated percentage of the cohort in pathway at typical entry point
- Principal exit point
- Work
- Tertiary education
- Tertiary education or work
- Estimated proportion of final year general education students directly entering the labour market

Figure 1 indicates that the vocational programs in upper secondary education are almost all school-based. There is almost no apprenticeship-type provision in Japan, and students within vocational programs spend little time involved in structured learning within workplaces as part of their courses. Although, as discussed later in the paper, there is considerable policy interest in promoting internships for students such programs do not enrol many young people at the present time. Although in principle it is possible for students to start in a general senior high school and to later transfer to a vocational school, and vice versa, it seems that few students follow that path. Accordingly, the diagram does not show horizontal linkages between general and vocational upper secondary education. It does show, though, a considerable strength of the Japanese system: the very low proportion of the cohort (just 4 per cent of 15-18 year-olds) who are not in education or training.

The economic recession has increased the already high level of demand for university education in Japan. Most young people now enter the labour market after tertiary education and not direct from school. There is some concern that the industry-education linkages are much weaker in tertiary education than in secondary education, despite the existence of a large private tertiary sector.

Characteristic Features of Transition in Japan

A number of the structures and processes by which young people move from initial education to working life in Japan have much in common with other countries. However, the way that these features are configured and linked together gives a distinctive character to the Japanese system. The list that follows is expressed in stylistic form. The features do not apply uniformly, and some of them are being reshaped and weakened by changing economic and social circumstances. However, they provide a means of expressing what is different about transition processes in Japan.

- There is a division of skill acquisition functions between the education sector (focused on general education and identifying ‘trainability’) and enterprises (which develop specific skills and knowledge).
- There is a clear hierarchy of education sectors, institutions and programmes based largely on how difficult it is to enter (based on academic criteria), and on the destinations of graduates (especially the proportion entering university).
- There is a strong culture of expectations and aspirations for high educational achievement; families and young people invest substantial money and time in education.
- The relatively fixed and enduring status hierarchy of educational institutions creates two kinds of educational market: at the ‘top’ end students compete to enter institutions, and at the low status end institutions compete for students.
- Variation in program offerings and student performance tends to be between educational institutions rather than within them.
- Young people need to make fairly early decisions about where they are going at the next transition point; the point of entry to upper secondary school at around age 15 is particularly important in shaping long-term prospects.
- The transition to work tends to be institutionally based and shaped by the pattern of relationships formed over time between individual educational institutions and employers.
- There are separate labour markets for graduates and for other job-seekers, with different selection criteria (trainability and experience, respectively) applying to each.
- There is a strong relationship between educational qualifications, starting salary and career progression.
- Career development tends to be shaped by labour markets within enterprises more so than by labour markets external to the firm.

These contextual and process features raise two challenges for any analysis of transition in Japan. The first is the extent to which they limit the generalisability of Japanese policies and programmes to other countries. The second challenge is more of an internal one: are these features so deeply embedded in

Japanese culture and society that they restrict the capacity of the system to change? Or are they in fact somewhat transitory in nature and shaped by a distinct phase in the nation's history that is itself now under challenge?

3. INDICATORS OF THE PERFORMANCE OF THE TRANSITION SYSTEM

The pathways connecting education and work in Japan tend to be institutionally based. Gaining access to the right sort of educational institution, especially at upper secondary level, plays a significant role in shaping the opportunities and constraints that young people face? However, what is interesting about the Japanese approach is that the connections between educational institutions and workplaces are not made through employers playing a strong role in establishing curricula and assessing educational performance, but rather by a more informal set of relationships that connect the spheres of education and work – spheres that in most other ways are largely separate from one another. This form of arrangement gives rise to a particular pattern of strengths and weaknesses.

The Japanese approach to transition offers considerable strengths. It is a highly inclusive system: relatively few 15-18 year-olds are not enrolled in education or training. Young people have strong incentives to work hard in education, and educational progression is largely meritocratic. There is very high participation in education which in turn provides a basis for social cohesion and a solid foundation for on-the-job training. Enterprises are strongly oriented to developing workforce skills. Young people have considerable advantages over other potential applicants in gaining access to jobs. Relatively low starting wages combined with well-educated entrants provide employers with an incentive to recruit and train the young. The careers guidance system appears to be well-resourced and effective, combining both classroom activities and counselling, and is based on on-going collaboration between educational institutions and public employment offices. Secondary schools typically have a Career Guidance Department staffed by up to 5 teachers in lower secondary schools and 6 to 10 teachers in upper secondary schools. These Departments organise school-wide projects aimed at improving students' knowledge of educational and employment opportunities, and seek to maintain effective relationships with local employers and the public employment office (some of the duties of the employment office are entrusted to upper secondary schools under legislation). Home room teachers have the main responsibility for individual student guidance and support in regard to career choices. Educational institutions have a strong interest in mapping the destinations of their graduates. Overall, the Japanese system provides relatively clearly defined and predictable pathways from school into work.

The strongly institutionalised basis of transition in Japan does, however, give rise to a number of weaknesses and tensions. The educational system is segmented both vertically (through a hierarchy of institutions) and horizontally (it can be hard for students to move between general and vocational schools or between programs within institutions). Vocational education has a low status, especially at upper secondary school level. The system is heavily age-dependent: it is based on all young people moving at the same pace. It is strongly dependent on getting each allocation of students to educational institutions and to the first job 'right'. There are limited second-chance and re-entry opportunities for those who do not get it right the first time. Despite some improvements the career paths for women are typically much shorter than for men. There appears to be relatively little individuality or autonomy in young people's decision making, which is dominated by the assessment of academic learning rather than individual preferences. The links between education and the labour market, although strong, are narrow in that they are focused on the recruitment point. There seems to be little articulation of initial education and training within enterprises. Overall, the system has been characterised as providing young people with prolonged education but little development of workplace or career awareness (Yoshimoto et al, 1998).

Such concerns were widely expressed by the groups and individuals we met in Japan. The system, though, is not standing still. There are considerable pressures for and sources of change.

4. PRESSURES FOR, AND SOURCES OF, CHANGE

The transition process is itself in a process of transition. There is a widely shared view that Japan is now at a turning point, although there is uncertainty about the direction in which it is turning. Several factors are creating pressures for change.

Demographic Trends

The population of Japan was 125 million in 1995. It is expected to reach a peak soon after 2000 and to decline throughout most of the 21st century. The trend is mainly the result of fluctuations in the birth rate, which reached peaks in the late 1940s and early 1970s and has declined since then. The number of people aged 18 years exceeded 2.0 million in 1990; it is expected to have fallen to 1.2 million in 2010. Over the same period the number of people aged 60 or over will have risen substantially, as the post-war baby-boomers reach their 60s.

The social support systems and the economy of Japan have been predicated on the assumption of population growth. A rapidly ageing society will put great pressure on both formal and informal sources of social support, and impose a greater financial burden on the working population with a possible decrease in net incomes. Young entrants to the labour force have been an important source of dynamism and innovation in the post-war economy, and the decline in their numbers may have far-reaching consequences for systems of career development and for the lifetime employment system itself. The decline in new entrants to the workforce may mitigate the effects of recession and economic restructuring, described below, although the main impact will not be felt for several years.

The changing demographic outlook is illustrated by the decline in the group aged from 5 to 14 years. Between 1990 and 1996 this group declined by 18 per cent, and it is projected to decline by a further 8 per cent by 2006 (OECD, 1998). The decline in the cohort will change the balance of supply and demand for education, and increase the institutional competition for students. This may encourage further growth in participation rates. The existing number of places in higher education would be sufficient to support universal participation among the projected youth cohort of 2010. We found little evidence that institutions were planning to respond to the shortfall in young applicants by increasing recruitment among older age groups. The shortfall will most affect those institutions which have lowest status and least pulling power in the hierarchical education system: specialist high schools, junior colleges and special training colleges. It may encourage these institutions to innovate in order to retain their students. In the institutions we visited which had introduced curricular reforms, a decline in enrolments or the prospect of a decline had often been a stimulus to reform. On the other hand the increased competition for students may provoke a defensive response in higher-status institutions, and reinforce the academic bias which is perceived to be the source of their status and consequently of their high student demand. The demographic trend may have a further conservative influence by reducing the influx of new blood into the teaching profession; as described below, the qualifications and attitudes of teachers are perceived to be a significant barrier to reform by a number of people we spoke to.

Economic Restructuring

The so-called ‘bubble economy’ burst in 1993, and the Japanese economy has since been in a relatively depressed state, at least by comparison with the previous decades. Unemployment rates have risen, particularly among females, with the youngest and oldest age groups most affected (Table 2). The rate of structural change has accelerated. The government introduced a programme to deregulate the economy in 1995 (Nikkeiren 1997, p.1). The structure of employment is shifting towards the tertiary sector; manufacturing employment reached a peak in 1992 and has since been in decline. Jobs are becoming increasingly specialised (Nikkeiren 1997, pp.13-14). There are early signs, for example in the electronics industry, of a trend towards linking pay more to productivity rather than just to qualifications and age. Pressures for competitiveness are encouraging firms to shed labour and to cut back on recruitment, especially at lower educational levels. For example, the utility company which we visited aims to reduce its number of employees from 12,500 to 10,000 in order to reduce costs and to take advantage of new technology. It has reduced its graduate recruitment from 396 in 1993 to 120 in 1998, with junior college and high school graduates most affected, and a sharper reduction among females than males. The company plans to focus its workforce on a core of ‘conceptual analysts’ and to sub-contract more routine tasks. It aims to increase the proportion of university graduates in its workforce from a recent figure of 10 per cent to 40 per cent in 2010, and it has introduced a new professional career system for university graduates entering the company. The company still bases its human resource approach on lifetime employment. However elsewhere the lifetime employment system is under threat from current economic pressures. Half the companies in a recent survey expect to put less emphasis on lifetime employment in their future policies (Nikkeiren 1997, p.28). There is concern about the continued commitment and ability of firms to maintain high levels of investment in skills; many companies want to move more of these costs to the government, to the education system and to individuals.

Table 2 Unemployment rates by age and sex

	Male 15-29	Male 30-54	Female 15-29	Female 30-54
1970	1.7	0.9	1.8	0.7
1975	2.7	1.4	2.6	1.5
1980	2.9	1.4	3.3	1.7
1985	3.6	1.8	4.7	2.3
1990	3.3	1.2	4.0	1.8
1991	3.4	1.2	4.1	1.7
1992	3.5	1.3	3.9	1.9
1993	3.9	1.6	5.0	2.1
1994	4.4	1.8	5.3	2.4
1995	5.0	1.9	5.7	2.6
1996	5.4	2.1	6.2	2.7
1997	5.4	2.2	6.3	2.6

Source: Yoshimoto et al. (1998), Table A11.

These economic and labour-market trends have at least three implications for the transition process. First, they affect the level and nature of recruitment. The graduate labour market is no longer a sellers’ market: in 1998, for the first time, the number of senior high school students seeking employment exceeded the

number of places notified by companies. In an economy dominated by strong internal labour markets we would expect changes in the overall demand for labour to have a disproportionate impact on the employment of new entrants. This has been the case in Japan, although in many respects the surprising feature is that the increase in youth unemployment has hitherto been modest, at least in comparison with other OECD countries with strong internal labour markets. The flexibility of youth wages and the strength of the lifetime employment system may have prevented a steeper rise in youth unemployment. The demand for higher education graduates, especially males from the top universities, is still relatively strong: in 1998 vacancies exceeded new university graduates by a ratio of 1.68 to 1. But the quantity of employment may have been maintained at the expense of quality; even for university graduates the available jobs are less 'attractive' than before. Fewer jobs are with large employers: among university graduates entering employment the proportion in firms with more than 1000 employees fell from 53 per cent in 1991 to 29 per cent in 1997. Given the limited opportunities to change jobs this may have a scarring effect on the careers of those currently entering the labour market, reducing their training opportunities and their expected lifetime earnings (Mitani 1999).

Second, there are implications for the recruitment process itself, which has hitherto depended upon stable links between educational institutions and a relatively small number of employers, with former graduates as well as the institution's staff playing an active role in maintaining the links. As new companies come and go, and each company recruits fewer graduates, institutions must work even harder to maintain these links. Companies are allegedly recruiting higher education graduates from a broader range of institutions, and are selecting less on the basis of institutional reputation, although several people doubted whether the actual change in behaviour was very large. Before 1997 recruitment from universities was regulated by a 'gentleman's agreement' which restricted competition among employers for new graduates and confined the recruitment process to a given period. This agreement was abolished in 1997. It had become increasingly difficult to uphold, due to the strength of competition for the best graduates, the growing diversity of employer demand, the need for more flexible recruitment patterns, and technological changes which enabled students to contact companies directly through the internet.

Third, there may be implications for the kinds of skills and qualities which companies demand in their graduate recruits, and for the division of functions between initial education and company-based training. In 1996 the Central Council for Education argued that future society would be characterised by uncertainty, and that citizens would require 'competence for a positive life'. This included 'the ability to find out their own assignments, to learn how to learn, to think by themselves, to judge and act independently, and to solve specific problems properly; and rich human qualities enabling them to control themselves and collaborate with others, to be considerate for others, and to be sensitive to valuable and precious things; health and physical strength...' (Monbusho 1996, p.66). This suggests that initial education should focus on providing broader and less specialist skills. However several commentators believe that current trends in the labour market, and especially the growing reluctance of enterprises to invest in the skills of their workforce, are creating an increased demand for specialist skills among higher education graduates, if not among those from senior high school. Opinions are divided on whether which economic changes are increasing or reducing the demand for specialist skills from initial education; we return to this issue in Section 5 below.

Rising Aspirations

The strong demand for higher education appears to have intensified even further as a result of economic change and uncertainty. Higher education and especially university are perceived as a means to minimise the risks of transition. However we were told that many young people demand higher education without particularly desiring it. That is, they either submit to pressure from their parents or teachers to enter higher education, or they accept higher education as an instrumental necessity even if they have no intrinsic desire for it. Employers told us that relatively few 'good' students now entered the labour market directly from high school; young people appear to recognise the logic of credentialism and demand higher education.

Changing Attitudes of Young People

A growing proportion of young people are poorly motivated and have negative attitudes to education and work. There has been an increase in problem behaviours such as school bullying and truancy, described by the 1996 report of the Central Council on Education as 'crucial problems to be dealt with' (Monbusho 1996, p.66). This particularly applies to the lowest attaining students whose effective choice of institution is limited, or who are pressured into attending by parents. Many entrants to specialised high schools are 'unwilling enrolments' who have tried and failed to enter a general school. However higher education is also affected, as it no longer recruits only the most motivated minority of students. At the special training college which we visited, we were told that despite the college's international reputation in its field it attracted three types of students: a third were highly motivated, another third were 'so-so' and the remaining third attended only because their parents wanted them to.

Young people retain a strong ethic of work as a social duty, but they have become more questioning about aspects of employment, including the 'workaholic' values attributed to the older generation and the system of lifetime employment. Only a minority of graduates in a recent survey felt that they wanted to work only for the same company (Yoshimoto and Kosugi 1997, p.7). Many expressed a preference for non-regular work or self-employment. Graduates' commitment to lifetime employment grew weaker after they left school; the authors speculate that 'workers were readjusting their expectations for work in order to bring them into line with the realities they were actually experiencing at work'. The proportion of 1994 graduates who left their first job within three years was 28 per cent among four-year university graduates, 38 per cent among graduates from other higher education institutions, 43 per cent among senior high school graduates and 68 per cent among the relatively small number of junior school graduates who entered employment (Yoshimoto *et al.* Table A30). We were also told that a growing number of high school graduates do not participate in institutionalised recruitment process and often accept temporary or part-time jobs; and that many affluent students, especially young women, are content not to work if they cannot find their first choice of job.

A growing number of young people are demanding more choices within the transition process, or want a more genuine choice process which respects their preferences rather than channels them on the basis of school results. They want the opportunity to choose a course or job that reflects their individual interests and abilities, and not just their academic test score. There is a general feeling, not only among young people themselves, that the education system needs to provide more opportunities for student choice and more scope for students to develop their individuality (Monbusho 1996).

The Direction of Change: Two Scenarios

Opinions within Japan are divided on the way in which the transition process will change as a result of the pressures described above. At the risk of over-simplification we can represent the views that were offered to us in terms of two possible scenarios for the future: the development of a more flexible transition process that recognises and rewards a wider range of individual qualities and skills, or the reinforcement of existing rigidities and hierarchies.

In the first scenario the transition process will become more flexible and traditional educational hierarchies will begin to erode. Graduate recruitment will become less dependent on institutionalised or semi-institutionalised processes. Employers will recruit from a broader range of institutions, and higher education institutions will recruit from a broader range of senior high schools. Selection to higher education and to employment will increasingly be based on specific skills, characteristics and interests - on finding the 'right person' -- rather than on test scores. Students will be provided with more individualised information and counselling to help them identify their interests and aptitudes, and to provide them with the skills to navigate a greater number of educational and employment pathways. Institutions will be judged less on their academic status, based on average test scores, and will be encouraged to innovate in

order to maintain the level of enrolments, for example by making the curriculum more relevant to employment and by developing specific skills which will be increasingly demanded by the labour market as companies reduce their own investment in such skills. Mobility within the labour market and between the labour market and education will increase; the transition process will become longer, and less focused on the immediate transition on leaving education. The distinction between graduate and mid-career labour markets will become less sharp. The transition process will become less inclusive - fewer young people will make a successful transition at the first attempt - but there will be more opportunities to re-include the excluded.

In the second scenario current trends will reinforce existing rigidities and hierarchies. Institutions competing for students, and students competing for jobs, will react defensively to the increased pressure of competition: that is, they will maintain their position in the status hierarchy by emphasising their academic credentials. The resulting academic drift will push vocational education even further towards the bottom of the hierarchy. Institutions will invest even more effort into maintaining links with the employers and the other educational institutions who will recruit their graduates, in order to maintain the relatively secure pathways which attract their students in the first place. The period immediately before and after leaving education will continue to be the main focus the transition process. In an uncertain environment students and institutions will value security and predictability more than flexibility and opportunity.

5. CURRENT POLICY DIRECTIONS

In this section we discuss four main thrusts of current policy which attempt to correct the weaknesses or respond to the pressures of change described above. These are, respectively: to maintain the inclusiveness of the system; to broaden the links between education and the labour market; to strengthen vocational education, especially at secondary level; and to promote individualisation and flexibility. These four 'thrusts' of policy are of course neither exclusive (most specific policy measures can be associated with more than one of the four) nor exhaustive.

Maintaining Inclusiveness

One of the strengths of the Japanese transition system has been its inclusiveness: considerable effort is devoted to provide a smooth transition for all young people and to minimise dropout at each transition point. However this inclusiveness may be under threat. The proportions of young people who respectively drop out from education, become unemployed on leaving education, seek employment through non-formal channels, or leave their first jobs are all small by comparison most other OECD countries; nevertheless, the proportions are growing and they are the subject of current policy attention. A related concern is with inequalities in the transition process, for example in respect to gender, social background and rural areas.

Current measures to maintain the inclusiveness of the system include:

- *special guidance and information*: efforts are being made to improve information and guidance for graduates, through strengthened collaboration between public employment security offices and educational institutions (seminars and meetings with teachers, joint interviewing, aptitude testing, etc). Because of the important role that home room teachers play in providing career counselling and advice, efforts are being made to increase teachers' awareness of new career developments and changing work requirements. Public employment security offices operate a high school dropout programme, again in collaboration with schools. Special staff provide consultations, advice and a placement service for unemployed graduates and for those who leave jobs;

- *training programmes for the unemployed*: the country's 223 Human Resources Development Centres, and some other institutions, provide vocational training for unemployed young people;
- *recruitment subsidies*: the Ministry of Labour subsidises the first three or six months' salary costs for companies who recruit unemployed university graduates;
- *equal employment legislation*: since 1985 companies have been required to treat males and females equally. The equal opportunities law has since been revised, partly in reaction to the deteriorating position of women in the current economic downturn, and from 1999 a new law will promote fairer opportunities. A Female Bureau in each Prefectural Department of Labour monitors the operation of the law;
- *educational reforms*: in addition, measures to increase the vocational relevance of education and to enhance vocational education, described in the following sub-sections, aim to maintain the inclusiveness of the transition system by improving the motivation of students in education and encouraging more positive attitudes to study and to work. These measures include internships for students in senior high school and higher education.

It is difficult to judge the effectiveness of these measures, or their adequacy to deal with the current problems, partly because of the data limitations discussed in Section 6 below. Our impression, which was confirmed by many of those with whom we discussed the issue, is that the Japanese system continues to be more effective at the prevention of exclusion than at its cure. Of the measures described above, those which focus on students still in the education system and attempt to keep them within the system, for example through counselling or curricular reform, appear to be going with the grain of the Japanese system more than the measures which try to help young people after they have dropped out or become unemployed. We were unable to find data on the impact of special training for unemployed youth, but we were told by several people that such courses had low status and were not well attended. The corollary of Japan's success in maintaining a high level of inclusiveness may be that the small minority of young people who fall between the gaps in the system - and the measures that attempt to help them - are consequently more stigmatised.

However, current trends may make it more difficult to sustain Japan's high level of inclusiveness, especially if they lead Japan towards the first of the two scenarios outlined in Section 4, that is towards a more flexible transition process. Japanese policy-makers should continue to give priority to the prevention of failure (and the experience of most OECD countries is that measures aimed at the prevention of exclusion are more successful than measures aimed at cure); but it may be necessary to give more attention than in the past to those for whom these efforts have failed, and to shift the emphasis of policy, if only marginally, from prevention to cure. Efforts should continue to be made to prevent young people falling through the gaps in the system: but more efforts may also be required to pick up those who do, and to offer them second chances in education or other forms of support in the labour market. This in turn will have a number of further implications. One implication is that there may need to be a clearer allocation of responsibilities for dealing with excluded and 'at risk' youth, and for re-including them. Another implication, to which we return in Section 6, is that existing data systems will need to be improved and extended.

A third implication is that Japan may need to develop further policies for social and gender inequality, which appear to have low priority in current reforms. This low priority is reflected in the failure of regular data sources to collect information on social inequalities. This is understandable in a system which has been both meritocratic and inclusive, and which has been notable for providing institutionalised support for all young people making the transition and not merely *ad hoc* programmes for the minority at risk. Nevertheless, if aggregate levels of failure and exclusion rise there is a danger that they will be

disproportionately concentrated among disadvantaged social groups, with harmful social and personal consequences. To the extent that more targeted programmes will be needed to tackle failure and exclusion, policy-makers will need to know more about the groups to be targeted. For practical reasons as well as for reasons of social justice, therefore, issues of social equality should have higher priority in policy-making and data-collection.

Academic research confirms that the transition process in Japan is strongly meritocratic but the outcomes of transition are nevertheless influenced by family background (Kariya 1998); it is even more strongly influenced by gender (Ishida 1998). The differences in the educational experiences of males and females have narrowed over recent decades but they are still large. For example the proportion of young women entering university has risen sharply during the 1990s, from 15 per cent in 1990 to 26.0 per cent in 1997, but it still lags behind the male proportion of 35 per cent (Yoshimoto *et al.* 1998, Table A17). The labour market for female graduates is substantially less favourable than for male graduates, and female unemployment rates are significantly higher. Those with whom we discussed these inequalities attributed them to the persistence of traditional attitudes about the role of women, and to the reluctance of companies with a lifetime employment policy to invest in the careers of women who are expected to leave work on the birth of their first child. Women are further disadvantaged by the relative lack of 'second chance' educational opportunities for those returning to work.

The existing policies relating to gender equality appear to be limited in two respects. First, the legislation providing for equal and fair opportunities appears to be not always observed in practice; we were unable to explore this issue but several people pointed out that there are no penalties for the companies which violate the law. Second, current policies, at least within education, reflect a passive concept of equality which focuses on the removal of discrimination and of visible barriers to equality rather than the active promotion of equality. We found no evidence of policies or practices in education which actively promote equality or encouraged young people to question current gender roles and the practices and values that underpin them.

Broadening Links between Education and the Labour Market

The second main direction of current policy is to broaden the links between education and the labour market. These links are currently strong but narrow, focused on the recruitment point (see Section 3 above). Young people remain in education for an increasing period of time during which many of them have few opportunities to develop an awareness of the world of work and of career possibilities, or to develop many of the skills and attitudes that may be required in the workplace. Career guidance and information seem to be more thorough for students in vocational courses than for those in general courses. Broader links with the labour market are also seen as a means of responding to the decline in motivation, increase in problem behaviours and changing attitudes of many students.

Measures to broaden links with the labour market include:

- *national curriculum reforms*: a new curriculum standard, to be introduced in 2002, will update the curriculum to reflect social and economic trends. It will reduce the total hours of schooling, make the curriculum slightly easier and increase the emphasis on such subjects as foreign languages, computing and welfare. Together with internships, described below, and other curricular reforms such as the introduction of course-based structures in general high schools (see Box 1 Oizumi-Gakuen High School), these reforms attempt to promote the vocational relevance of the curriculum in all schools, and not only in specialised schools;
- *tertiary curriculum*: tertiary education institutions are using their greater autonomy to revise their curricula to improve the co-ordination of general and specialised education (OECD 1997a);
- *pedagogy*: the encouragement of integrated learning, and of applied and ‘hands-on’ learning, in secondary education (especially, but not only, in specialised schools);
- *workplace experience*: several current reforms aim to offer more direct contact with workplaces, through industry visits, guest speakers from industry and especially through internships, which will become compulsory for all senior high school students as part of the 2002 curriculum reform described above, but which are also encouraged in junior high schools and in higher education. The purposes, organisation and duration of internships vary. Two examples are given in Box 2 below;
- *teacher exchanges* with industry, and where appropriate the use of industry personnel in education; and
- *partnership*: partnerships between educational and labour-market bodies underpin many of the other measures. At national level, Monbusho, the Ministry of Labour and the Ministry of International Trade and Industry have increasingly co-operated, notably in the planning of internships. Similar partnerships are evident at prefectural and local level, both between administrative departments and between schools and the local community including industry. Representatives of industry and unions are involved in central and regional advisory councils.

It is too soon to judge the impact of many of these reforms. Where reforms such as internships have been introduced their effect has apparently been positive. For example, students who attended work placements for the ‘Three day Challenge’ at Nagata Junior High School were perceived to increase in confidence and develop more positive attitudes. Students who had participated in Tohban Technical High School’s internship programme told us that it had increased their confidence and knowledge of the world of work, and helped them to make sense of their classroom learning. They also said that such opportunities should be made available to more young people.

However, the progress of the reform has been uneven across the system. It has been faster in vocational schools and colleges, and in ‘lower status’ general schools and higher education institutions. Monbusho has still to persuade many of the key stakeholders that career relevance and links with employment are applicable in all types and stages of education. During our visits to education institutions, questions about links with the world of work often met with the reply that this was not a problem because most students would proceed to university or to postgraduate study at the end of the course; the implication was that such links were only relevant to students who were about to enter the labour market.

Box 1 Introduction of a course system: Oizumi-Gakuen High School, Tokyo

Oizumi-Gakuen is a general senior high school, whose students tend to come from lower-middle socio-economic backgrounds. Relatively few students go on to four-year universities. Like many schools Oizumi-Gakuen had suffered low motivation and disciplinary problems among some of students, and the dropout rate used to be relatively high for a Japanese senior high school (10 per cent in 1991). In 1993 it introduced a course system, in which all students followed one of three courses: International Culture; Welfare; and Design and Art. It is one of 16 schools in Tokyo operating a course system. The reform was the school's own decision, but it fell in with the Tokyo Board of Education's policy for diversity among schools, and the Board had a co-ordinating role. The programmes are based on courses designed by Monbusho, with modifications and additions by the school itself. The school is now oversubscribed, and the dropout rate had declined sharply to 3 per cent in 1998. Students choose their course before they enter the school, and the entrance examination is administered separately for each course. It is not normally possible to change course but there are a number of electives within each course. The programmes covers the main general school curriculum in addition to the subjects specific to the course: for example the Design and Art students can take between 14 and 28 credits (out of 90) in art and design subjects. The curriculum is designed to give students more practical experience and 'hands-on' learning opportunities than in a typical general school. More than four in ten graduates enter special training colleges, usually in subjects related to their course. The school has special links with some colleges

Box 2 Two models of internship for secondary school students

The "Three day Challenge" programme at Nagata Junior High School

The school serves an area of Kobe that was badly affected by the 1995 earthquake. This had had a traumatic effect on the confidence and motivation of school students, and combined with a perceived weakening of the educational power of the home had been a stimulus to reform. In 1998 the Hyogo Prefectural Board of Education started a new scheme, "*Try-yaru Week*" (a 5-day trial week) for all the 8th grade students in the prefecture. The students choose activities to do involving their local community assisted by people in the ward. Students' choice of activity is influenced by considerations of their future careers as well as their interests. The Three Day Challenge in Nagata Junior High School was introduced to complement the 5 day trial week. The Challenge allows students to explore vocational as well as educational options for their future careers. It offers 'learning from working experiences' to all 8th grade students who attend for three days at a workplace, with opportunities to participate in work and not simply to observe it. The school went to considerable efforts to assemble a 'bank' of more than 100 workplaces, with the help of parents, influential persons in the ward and the Parent Teachers Association. About 80 workplaces are involved each year, with two students attending each workplace. The workplaces are introduced to the aims of the scheme, but it is left to them to devise programmes for the students. At the end of each day the students returned to the school to report to their home-room teachers on the day's activities. The school has perceived positive effects on the motivation and attitudes of students, and considers it significant that no student has arrived late at the workplace. Nevertheless some parents do not perceive the programme to be relevant to children who will go on to senior high school, and the school is concerned that some companies' recruitment goals may obstruct the educational purpose of the placement.

Internship programme of Tohban Technical High School Architecture Course

The school is in Kakogawa city in Hyogo prefecture. Its internship programme arose out of a congruence of interests of the school and the construction industry. The school wished to enrich its curriculum and to 'make school come alive' for its students who increasingly enrolled because they lacked the grades to enter a general high school rather than through a positive preference for the school. The industry was concerned to maintain its image among young people, and to forestall possible recruitment difficulties arising from demographic changes and the growing demand for higher education. In 1990 the school became a model school for planning and implementing a job training programme. The programme has typically involved large construction sites. We visited a site where a six-storey apartment block was under construction; second-year students visited the site each Thursday afternoon and third-year students attended all day. The second-year students were there to observe, and the third-year students had 'hands-on' experience of different construction tasks. The students we spoke too clearly valued the experience and recommended that similar schemes be made widely available. Safety concerns were a principal factor inhibiting the extension of the programme, but the school was pleased to report that there had been no accidents so far.

Several factors impede progress. Schools and higher education institutions have considerable power to resist change, provided they are sufficiently high in the status hierarchy to be confident of their future enrolments. Indeed several people suggested that the desire to sustain the level of demand, and in particular the demands of parents, was an important barrier to change. However this is not an insuperable barrier; Oizumi-Gakuen High School in Tokyo introduced a course system with a vocational slant (see Box 1) after canvassing parents and students for their views; the reform had boosted enrolments at the school. The qualifications and attitudes of teachers are another possible barrier. The Japanese teaching force is ageing, with a relatively small inflow of new blood, and some teachers are resistant to change. Even if they are motivated to teach a more vocationally relevant curriculum they may lack the skills and experience to do so.

A policy to broaden links between education and the labour market requires co-operation from both sides: a further possible barrier to change is the inability or unwillingness of employers to co-operate. The policy for internships depends upon employers to provide a very large number of additional placements, and it is still uncertain whether enough placements will be available. Even in specialised high school courses, on-site training is only provided in a minority of courses because of 'the difficulty of finding enterprises willing to offer such opportunities for experience and the inadequacy of information on past examples on on-site practical training' (Scientific Education and Industrial Education Council 1998, p.34). The concept of internship is still relatively new to many employers: two thirds of employers in a recent survey by Nikkeiren, the employers' organisation, could not say whether they expected to offer places. Several people told us that the current economic climate would make it harder for employers to find sufficient places. The large utility company we visited was not yet sure whether its restructuring programme would enable it to offer internships. In industries such as construction, other factors such as safety concerns could restrict the supply of placements.

In the drive to find sufficient placements there is a concern to maintain the educational aims of internships. Employers might not share or understand these aims, and they might have conflicting motives for taking part, such as a concern to maintain future sources of recruitment. Parents may also have different expectations of internships; and parents of younger students may have other concerns, for example about the possible implications of students receiving a source of income beyond parental control.

The current drive to promote internships reflects the successful partnership of Monbusho, the Ministry of Labour and the Ministry of International Trade and Industry. We were impressed by the extent and apparent effectiveness of partnership at national, prefectural and local levels. However a planned reorganisation of government departments, to be implemented in the near future, will link Education with Science, and not with Labour. Care must be taken that this does not put necessary linkages at risk.

A recurring theme of our discussions in Japan was that initial education complemented the training provided by enterprises in the context of the lifetime employment system. Initial education provides a general foundation on which enterprise-based training builds by developing more specific skills. There is some disagreement about the precise division of functions, about the distinction between secondary and tertiary education in this regard, and about the direction of current changes, but there is universal agreement that the two sources of learning are complementary. We were therefore surprised to find that educational policy makers apparently treat company-based training as a 'black box', and do not attempt to plan initial education more specifically to complement it. This has not mattered while the system has been relatively stable; it has been possible to rectify any mismatches or lack of complementarity by incremental 'fine-tuning'. But if our first scenario is realised, with a decline of lifetime employment and enterprise training (see Section 4 above), Japanese educational policy may need to look more carefully at the changes taking place within the 'black box' of enterprise-based training and lifetime employment, and to develop educational policies that respond to these changes.

Strengthening Vocational Education

Vocational education in Japan, especially at high school level, exhibits a universal problem but in an extreme form. It suffers from low status, from the ‘academic drift’ of students towards general education, and from low motivation among many students. There is also a large perceived gap between the vocational curriculum and the needs of the economy. These problems are shared by most OECD countries, but they are particularly severe in Japan where vocational education has been squeezed even more than elsewhere by the expansion of general high school education, and where there is an exceptionally high demand for higher education. The third main direction of current policy seeks to remedy or at least to contain these problems by strengthening specialised education.

Current policy measures include:

- *attempts to clarify the role and status of vocational high schools*: for example, the term ‘vocational’ was replaced by ‘specialised’ following a 1995 report;
- *improving access to higher education for students from vocational education*; and
- *reforms of curricula and organisation within specialised high schools*: the recommendations of the Scientific Education and Industrial Education Council are listed in Box 3.

Box 3 Recommendations of the Scientific Education and Industrial Education Council (1998)

1. Focus on basis and rudiments of specialised subjects, as foundation for lifelong learning, and reduce the total content of courses. The number of compulsory credits for specialised education is reduced from 30 to 25 credits (out of a total of 80 required for graduation).
2. Develop new curricula (e.g. information, welfare) and enrich existing curricula to respond to social change and industrial trends.
3. Develop and nurture each student’s individuality through widening the range of choices, and teaching methods that encourage more independent learning.
4. Establish partnerships with local communities and industry: make school facilities available to the local community, and make use of the local community and industry as resources for education.
5. Promote links with institutes of further education, to support progression routes.
6. Encourage innovation by individual schools.

The Council’s report was published in 1998 and it is too soon to comment on progress towards its objectives. The report drew attention to factors which might promote the success of these reforms, such as a strengthening of teacher training and the more effective use of credit transfer so that credits gained in specialised high schools could be used towards professional licenses. Several people told us that the attitudes of parents were also critical for the success of attempts to raise the status of specialised education.

The main reason for the strong preference for general rather than specialised high schools is that general schools offer a clearer route to university. Among direct entrants to the labour market specialised high school graduates have better employment prospects than general school graduates (Yoshimoto 1997), but as the proportions entering higher education continue to grow this is less influential as an incentive to enter specialised high school. The experience of other OECD countries is that one of the more effective ways to encourage participation in upper-secondary vocational education has been to develop pathways to higher education (OECD 1998b). In Japan Monbusho is encouraging universities to reserve a quota of places for students admitted by interview, or on the recommendation of schools, rather than on the basis of the national tests which favour students who have studied a general high school curriculum. A few universities have radically liberalised their admissions arrangements to open up progression routes for vocational students. For example, Nagaoka University of Technology recruits a substantial proportion of its students directly into third year from junior colleges, and allocates a sizeable proportion of first-year places to

technical high school graduates. Half of its enrolment is selected on the basis of school recommendations; the other half is selected on the basis of entrance examinations. However the majority of universities are more reluctant to change their admissions procedures. The Tokyo Institute of Technology admits 15 per cent of its students on the basis of interview rather than the 50 per cent sought by Monbusho, but the Institute is discussing the use of different kinds of tests which might favour specialised high school students. The Institute is cautious in its approach to reforming admissions procedures because students admitted through less traditional channels often find it difficult to keep up with the course.

Some commentators expect that the shortage of applicants in the coming demographic downturn will encourage more institutions to open up their admissions procedures. The senior high schools we visited felt that it was becoming easier for vocational students to enter higher education. However the pressure for change may not be felt by elite institutions such as the Tokyo Institute, where we were told that the basic problem was the shortage of places in the top institutions rather than the method of selecting students for these places.

The main emphasis of current policy is to put specialised high school students on an equal footing with general students with respect to higher education entrance. However, given existing inequalities in status this is unlikely to make specialised education more attractive than general education to a student planning to enter higher education. There may be more scope to construct progression routes *within* vocational education, between specialised high schools and higher education institutions, which would give specialised school students *better* opportunities than general school students, at least within certain sectors of higher education. The Scientific Education and Industrial Education Council noted that links existed between specialised high schools and special training colleges, but argued that colleges' curricula should be developed to articulate more effectively with the curricula of specialised schools. This approach to raising the status of vocational education, that is, by constructing progression routes linking secondary and tertiary courses within specialised education, appears currently to have low priority as a means of raising the status of vocational education.

However, this recommendation begs a more fundamental question. Our discussions with Japanese educators and industrialists revealed a lack of clarity, and consequently the absence of consensus, on the role of specialised upper-secondary education in Japan and on the labour market's demand for it. Despite a widespread perception that specialised schools are failing to meet the changing needs of industry, employers have expressed surprisingly little concern (especially in comparison with other OECD countries). Employers have not shown much interest in the content of vocational high school education, and have been more concerned with developments in higher education. The Scientific Education and Industrial Education Council's proposed reforms will further reduce the specialist content of the curriculum and emphasise its role in providing a basis for further learning; the curriculum of the specialised high school appears to be increasingly general, or at least prevocational. Its former functions have been pushed up to the next level, and have been taken over by vocational programmes within higher education. If so, this suggests that the main focus of reforms of specialised upper-secondary education may need to be on pedagogy and motivation and their effects on student motivation, rather than on vocational preparation.

Promoting Flexibility and Individualisation

It is widely recognised that the existing system requires many young people to make educational and occupational choices before they are well prepared to do so and provides too little opportunity for changes in direction. Young people increasingly demand a wider range of choices and a choice process that gives more weight to individual differences and preferences, and one that keeps options open for longer. The current system is also perceived to do too little to develop individuals' 'individuality' - their self-awareness, autonomy, capacity for decision-making and opportunities to realise individual ambitions. A

fourth direction of policy is to increase flexibility and promote individuality. These are core objectives of several current policy developments, including:

- *integrated high school courses*: integrated courses, which combine characteristics of both general and specialised high school courses, were first introduced in 1994 following a recommendation of the 1991 report of the Central Council on Education. They aim to develop self-awareness and individuality. They are based on credits but unlike specialised courses there is no required minimum of vocational credits. In addition to the common requirements for all senior high schools (Japanese, mathematics, and so on) all students on integrated courses must study ‘Human beings and industrial society’, ‘Information’ and a project. By 1998 there were 107 integrated courses, which catered for 43,427 students, and their numbers were still growing rapidly. The objective is that 10 per cent of senior high schools should offer integrated courses and that each of Japan’s 500 school districts should offer an integrated course. Of the existing courses, 27 were developed from general courses, 30 from specialised courses and 45 from a merger of general and specialised courses; the other five are newly established (see Box 4);
- *inter-school linkage system*: another recommendation of the 1991 report of the Central Council on Education, implemented from 1993, was that upper secondary schools should permit students to take courses at other schools and give credit for the courses taken. This was intended especially to allow vocational subjects to count towards graduation from general high school. By 1997 137 schools were taking part (more than double the 1996 figure of 64). In a typical school around ten students might be benefiting from the system, and the subjects most often taken are book-keeping and computing. In addition, there are arrangements for giving credit for other qualifications and experience;
- *other reforms to upper-secondary education*: Monbusho has promoted other changes within schools, including: selection procedures which recognise more diverse criteria for entrance; a wider range of electives in the curriculum; and methods of teaching and learning which promote individuality;
- *encouragement for diversity*: schools are being given more opportunity to develop their own approaches;
- *guidance*: current measures aim to strengthen guidance at all levels. Guidance in high schools has received increasing attention since the early 1990s in order to improve teachers’ training in providing career advice, and to give students a more active role in educational and occupational decision-making, to help them take responsibility for their choices, and to emphasise the range of possibilities rather than the highest-status option for which there is a good chance of admission; and
- *graduate recruitment*: as discussed in Section 4, the recruitment process for tertiary graduates is becoming somewhat less institutionalised, although not directly as a result of government policy.

Box 4 The integrated course at Tokyo Metropolitan Harumi Sogo Senior High School

The school was created in 1996 from the merger of a general and a specialised (commercial) high school, and occupies new and well-equipped premises in eastern Tokyo. The curriculum in the integrated course of Tokyo Metropolitan Harumi Sogo Senior High School is based on a credit system with six different subject divisions (Information Technology, International Business, Language and Communication, Art and Culture, Social Economic and Nature and Science). Students take three principal requirements (Human Beings and Industrial Society, Introduction to Computer Science and Project Study), a number of credits selected from specified subject areas such as Japanese and mathematics, and 22 credits chosen from 138 electives. The school prospectus emphasises individuality, choice and independent learning habits. The school attracts students with reasonably high grades, but not the highest. Like other schools, its students are drawn from a wide geographical area. Many are attracted by the flexible choice of subjects and the range of options offered by the school. Careers education includes both individual and group provision. The careers staff provide information about jobs but students make their own arrangements. The careers staff felt that their students were at some disadvantage in entrance to higher education as they had covered fewer of the general courses whose curriculum is assessed in standard entrance tests. It was taking time to develop links with employers and for them to assess graduates.

The desire to promote flexibility and individuality permeates many of the other policies discussed above. For example, internships enable individuals to learn more about themselves and their possible futures by exploring roles within adult settings. However, several current reforms aim to promote or enhance diversity within Japanese education without necessarily increasing flexibility or individualisation. In Tokyo we visited two senior high schools which exemplify contrasting approaches to curricular reform. Harumi Sogo is an integrated course school, formed from the recent merger of a general and specialised schools (see Box 4); Oizumi-Gakuen is a general school which recently introduced a course system (see Box 1 above). Each school attempts to integrate general and specialised education; in each school students have reacted positively to the change and the courses are oversubscribed; each reform increases the diversity of the Japanese education. But whereas the integrated course increases diversity through flexibility and individualisation, the course system increases diversity without an increase in flexibility or individualisation. In the integrated school students choose the school and subsequently have a wide choice of credits; in the course-based school students choose the programme before they enter the school. In the integrated school individual students construct an integrated curriculum through their choices; in the course-based school the school is responsible for its construction. In the integrated school the learning experience is individualised, with no permanent groupings of students, and students move to a different classroom for each subject; in the course-based school students take most subjects in the same room, as members of a stable group (the class of 40 students) with whom they share guidance and the wider socialising aspects of the educational experience.

The students whom we met at Harumi particularly valued the wider and more flexible choices offered by the integrated course. The integrated course clearly responds to the needs and wishes of many Japanese young people, but the school staff do not consider it a model for all schools in Japan: in their view there is a variety of students who require a diverse range of schools. There would also be practical difficulties in extending the model very widely. The school had found it difficult to recruit teachers with appropriate qualifications, and there were continuing difficulties in staffing the wide range of options on the integrated course.

Our judgement, and that of several others with whom we discussed these developments, is that integrated schools are a positive development and respond to a clear need but are likely to form another layer (or perhaps several layers) in the stratified system of upper secondary education, rather than a means of reducing this stratification. The Japanese system encourages diversity but not flexibility. It produces considerable diversity among schools (or courses) but tends to depend upon homogeneity and stability within each school. For example, links between schools and employers, and between education institutions at different levels, depend upon the employer or college being able to recognise and have confidence in the

output of each school. If students within each school become more diverse and individualised, and if their range of destinations becomes broader, it therefore becomes harder to maintain these links. At Harumi, the integrated course school, we were told that it was difficult to develop links with employers, partly because the school was too new for companies to form a judgement based on previous graduates, and partly because of the larger number of employers with whom graduates might potentially seek jobs. Oizumi, by contrast, has already developed close links with employers and colleges in its areas of specialisation.

It remains to be seen whether a large number of small incremental changes which promote flexibility in education and in entry to the labour market will add up to a more flexible system overall. Two factors may prove critical. The first is the labour market, and the extent to which current trends lead to an increased demand for specialist skills and a more open recruitment process which would then feed back to earlier stages of the transition. The second is the age-dependence of the system. If genuine flexibility and individualisation are to be achieved individuals must be able to experiment, to try out possibilities and to change direction without putting their careers at risk; this is difficult in the existing system because the time that is lost in experimentation cannot easily be made up. None of the current reforms is addressing the relative inflexibility of the system with respect to age.

However flexibility and individualisation also have their negative aspects. Changes which make the system more open and therefore less predictable, which weaken some of the social bases of guidance and support (such as the class group), which place more of the burden of choosing and finding employment on the individual student, and which weaken institutional linkages, may broaden opportunities for the average student but they may also increase the opportunity to get lost, or become excluded, in the transition process. The biggest challenge for the Japanese system may be to increase flexibility and individuality without undermining its inclusiveness.

6. RESEARCH AND INFORMATION FOR POLICY-MAKING

Japan has strong administrative and monitoring data, partly as a consequence of the stability of its structures and the relative centralisation and uniformity of the system. The Basic School Survey provides information on the first destinations of graduates entering the labour market with a regularity, consistency and level of detail which most OECD countries would envy. Employment insurance data are used as the basis for another statistical series, on the employment and separation of newly hired graduates after three years. Other surveys monitor the changing conditions of graduate employment in the context of wider labour-market trends.

Yet the Background Report identifies issues in the content and coverage of these data, and notes a number of limitations. We are aware of at least four features of the present data series which have restricted the information base for this report, and which may constrain the effectiveness of policy-making in Japan.

First, the Japanese data systems tend to be premised on stable and institutionalised transitions. This is a source of strength - because the institutionalised arrangements which support transition also provide consistent and reliable data - but it is also a weakness. The principal data series describe the main institutionalised transition points, but other transitions such as dropping-out of education, grade repetition, job separation and re-entry to education are less well covered. The data consequently provide good coverage of the destinations of those who find employment through conventional channels, but they provide little or no information on the destinations of dropouts, of those who find employment through non-formal channels, of the unemployed and of job-leavers.

Second, there is a general scarcity of longitudinal data, especially at national level. To the extent that official data are longitudinal they cover relatively brief phases and they are premised on stable and institutionalised transitions. There is a scarcity of data with which to investigate the increasing diversity of pathways, to track longer-term mobility within the labour market, or to monitor patterns of lifelong

learning. There is equally a scarcity of data to support academic research or the evaluation of education and manpower programmes and their effects on labour-market outcomes.

Third, few data sources contain information on social background, ethnicity or other characteristics which could be used to monitor inequalities and to identify disadvantaged groups who require particular policy attention.

Fourth, much of the information on the labour-market side of the transition is not collected in a way that might make it useful to educational policy-makers, for example by providing sufficient details of courses attended.

We recommend that measures are taken to fill these current gaps in the Japanese data sources. Our recommendation becomes all the more urgent, the more that Japan moves in the direction of the second scenario outlined in Section 4. In this scenario the transition process will become more flexible: more people will make transitions outside institutionalised channels, their careers will be less easily predicted from their early job destinations and there will be more unemployed young people and more dropouts. In other words the transition will be less adequately covered by existing data sources than in the past. In this scenario there will be an increased need for 'second chance' measures and a need for data to identify the problem, to monitor trends and to assess the effectiveness of different interventions. In contrast to institutionalised procedures, which are inclusive precisely because they are (nearly) universal in their coverage, 'second chance' measures require to be effectively targeted; there will therefore be more need for data on the social backgrounds of young people and on the individual characteristics and circumstances associated with educational and labour-market disadvantage. This scenario also calls for a new concept of transition, not as a one-off transition from education to lifetime employment, but as a much longer process covering several possible movements within the labour market and movements in both directions between education and employment. Longitudinal data are required to substantiate this concept.

Our first scenario also anticipates changes in the relation of education to employment and company-based training, including an enhanced role for specialised education at tertiary if not secondary level. This will also create new data requirements for policy-making. We commented earlier (in Section 5) that educational policy-makers have appeared to treat company-based training as a 'black box', despite their complementary functions, but this has not mattered while the system has been relatively stable. If education is required to complement a lifetime employment system and enterprise training that are undergoing radical changes, then educational policy-making will need to draw more than at present on information about changes in the labour market and the workplace.

7. CONCLUSIONS

The transition from initial education to work in Japan is at a turning point. We have identified different possible directions in which it might turn, and expressed them in terms of two main scenarios. In the first scenario the transition process will become more flexible and less institutionalised; careers will be more mobile and more differentiated and the transition process will take longer to complete; the education system will become less hierarchical and there will be a stronger demand for the vocational skills which company-based training in the lifetime employment system is no longer able to supply. In the second scenario the increased competition among students and among institutions will reinforce existing institutional hierarchies, reduce the status of vocational education even further, and encourage institutions to devote even more effort to maintaining the institutional links which support the transition process; the transition process will continue to centre on the first job acquired on leaving education.

The possibilities are more diverse and more complicated than this, but these two scenarios capture the uncertainties which underpin current policy-making. Until it is clear in which direction Japan is moving, it is difficult to plan a strategy for supporting the transition. Allowing for these uncertainties we would

endorse the four main thrusts of current policy outlined in Section 5: maintaining inclusiveness, broadening links between education and the labour market, strengthening vocational education and promoting flexibility and individualisation. These are all desirable and appropriate directions for policy whichever of our scenarios is realised, although specific policy measures will naturally need to be modified and fine-tuned in the light of changing circumstances. However while we endorse the main direction of current policies, we have identified areas where a change in emphasis may be appropriate. Five of the issues to which we have drawn attention are:

- that measures to broaden links with the labour market, and in particular to increase career awareness and develop students’ ability to take more responsibility for educational and employment decision making, and diversify the curriculum, should have as much priority within general education as within specialised schools;
- the need to address social inequalities and especially gender inequalities more directly;
- the need for more effective ‘second-chance’ opportunities for those for whom the first transition is unsuccessful;
- the need for educational policy-making to take account of changes in the labour market and the workplace, and in particular of changes in company-based training which have implications for the complementary role of education; and
- the need to adapt regular data-collection arrangements to more prolonged, less institutionalised and more differentiated patterns of transition.

These issues are important under either of our two scenarios, but they become particularly pressing if the first scenario is realised. Our recommendations are for changes of emphasis, not changes in general policy directions, and they go with the grain of current educational policy-making in Japan. The lifelong learning perspective which is increasingly important in Japanese policy is an excellent basis for promoting an earlier start to the preparation for transition in schools, for reducing the age-dependence of the Japanese system and developing more effective second chances, for addressing social and gender inequalities and for reappraising the relation of initial education to enterprise-based learning.

Our final and most important recommendation is that Japanese policy should continue to give a high priority to maintaining the strengths of the current system which make it the envy of many OECD countries: the smoothness of the transition process, its inclusiveness, and the high educational standards which it sustains. One of the main challenges for Japan is to maintain the strengths of the present system, and especially its inclusiveness, while responding to pressures for greater flexibility and differentiation. At the beginning of this report we raised the question, of the extent to which the Japanese experience could be generalised to other countries, and vice versa. We have no simple answer to this question; but if Japan succeeds in maintaining its existing strengths while meeting the new demands and pressures from current economic and social trends, other countries will be keen to learn the secrets of its success.

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