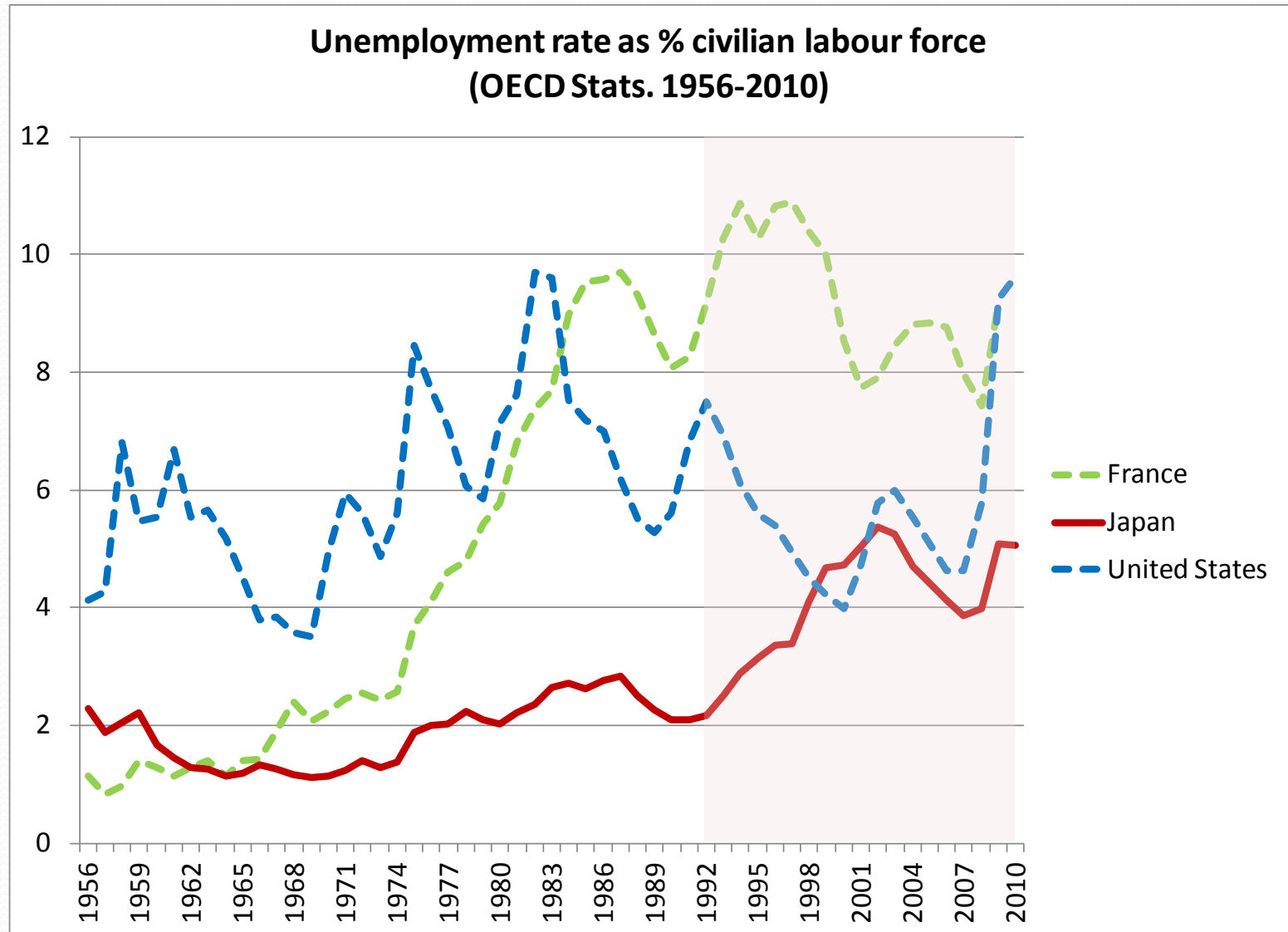


# Long-term Employment and Job Security over the Last Twenty-Five Years: A Comparative Study of Japan and the U.S.

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# 0. Labor Market Transition in Japan?



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- Post-Bubble Era (since 1992)
  - Increasing unemployment rate\ turnover\ non-regular workers
  - Many evidences suggest a transition of labor markets in Japan.
  - SBTC and polarization (Ikenaga and Kambayshi, 2010)/ Globalization/ De-regulation (OECD, IMF, ...)
  - We have several background mechanisms to explain the transition of labor markets.
- However, ...

# 0. Labor Market Transition in Japan?

- Stability of Labor Market in Japan?
  - Stable wage inequality
    - the effect of SBTC has been weakened by
      - increased supply of university graduates (Kawaguchi and Mori, 2009)
      - slow but long process of innovation (Ikenaga and Kambayashi, 2010)
    - Very few nominal wage rigidity (Kambayashi, 2011)
  - Adjustment mechanism, relying on wage and hour reduction.



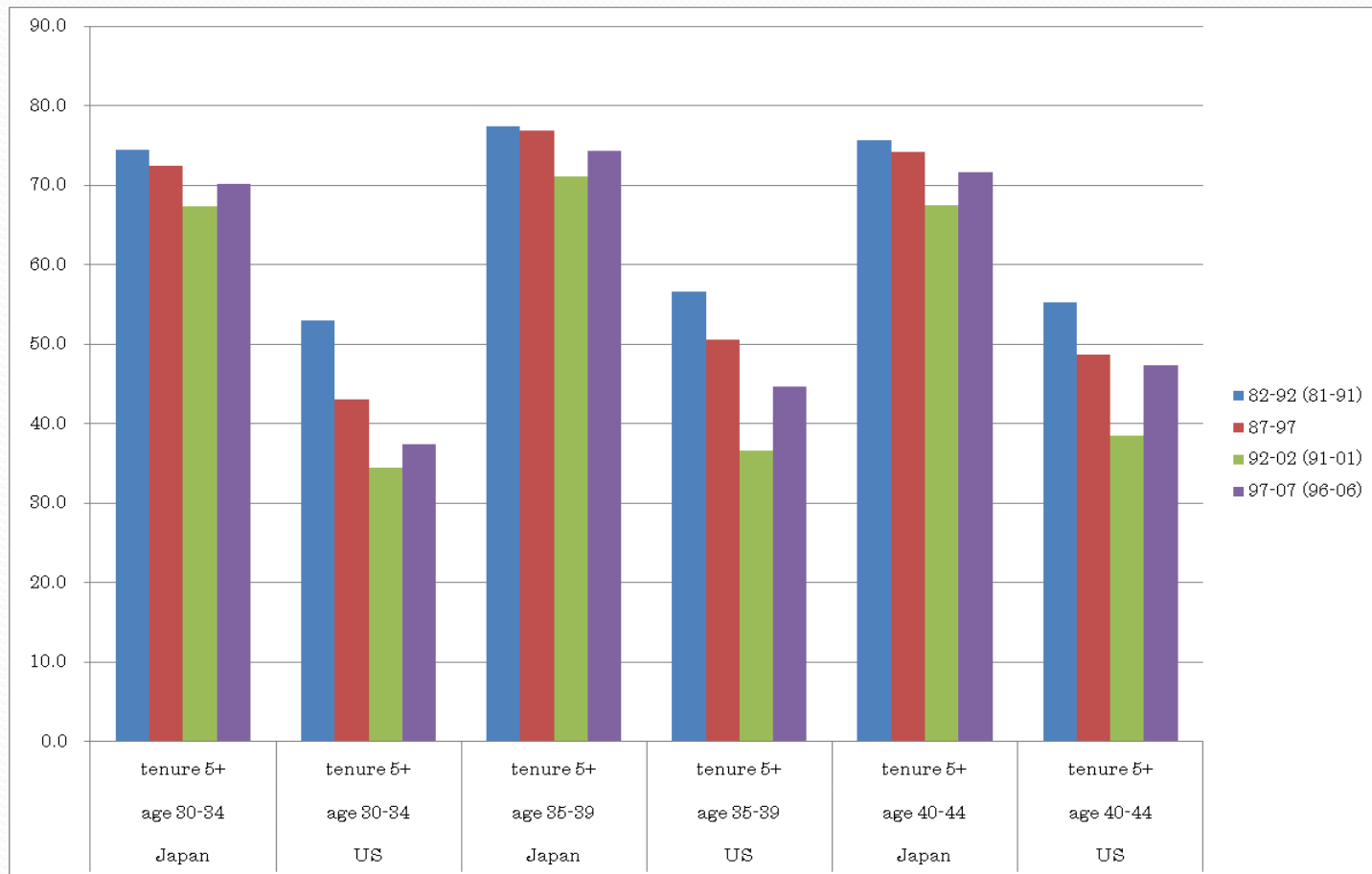
# 0. Labor Market Transition in Japan?

# 1. Issues and Methodology

- One of the core characteristics of Japanese labor markets is “long-term employment”.
- How the long-term employment has evolved since 1980s?
- Is it major in the U.S., too?
  - Two kinds of index
    - 10-year -retention rate
    - Job loss probability
  - Comparison by using micro data
    - Core workers vs. peripheral workers
    - the U.S. vs. Japan

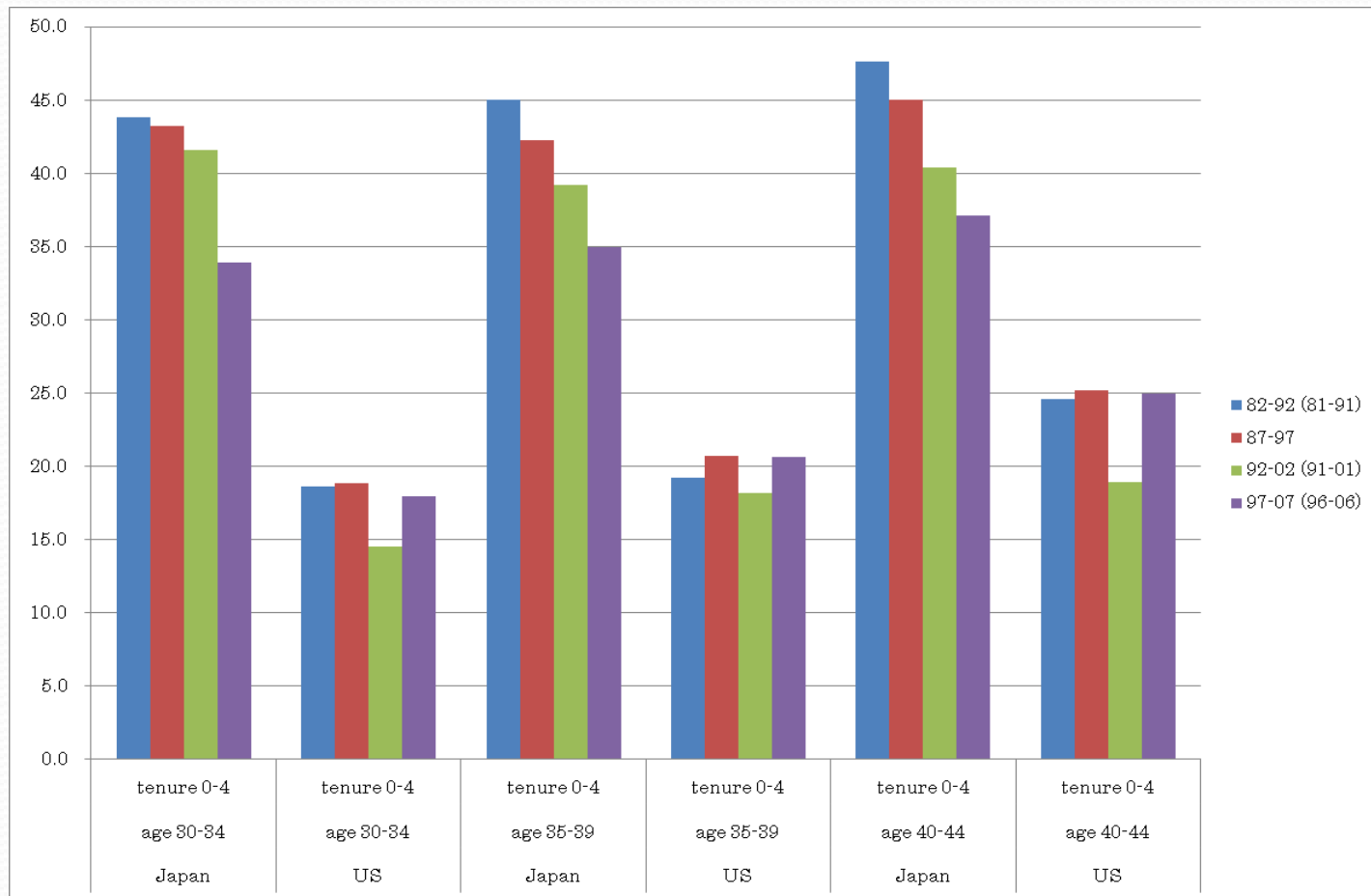
# 2. Result (1): 10-year-retention

- Figure 1 : All Core Employees



# 2. Result (1): 10-year-retention

- Figure 4 : All Mid-Career Hires





# 3. Result (2): Job loss prob.

- Difficulty
  - Wording of surveys
  - ESS (separation due to)
    - ‘Downsizing,’ ‘Bankruptcy of employer,’ ‘bad business,’ and ‘unstable job’
  - DWS (separation due to)
    - ‘company and plant closing and moving,’ ‘insufficient work’ ‘position or shift abolished in the U.S.’

# 3. Result (2): Job loss prob.

- Table 8 Probit Estimates of the Determinants of Job Losses in Japan and the U.S.

	JPN											
	1997 ESS						2007ESS					
	Coeff.	s.e.		M.E.	s.e.		Coeff.	s.e.		M.E.	s.e.	
ten5to9	-0.464	0.014	***	-0.025	0.001	***	-0.383	0.017	***	-0.022	0.001	***
ten10to14	-0.653	0.021	***	-0.028	0.001	***	-0.513	0.022	***	-0.025	0.001	***
ten15+	-0.968	0.021	***	-0.048	0.001	***	-0.862	0.022	***	-0.047	0.001	***
age	0.092	0.006	***	0.006	0.000	***	0.102	0.007	***	0.007	0.000	***
age <sup>2</sup> /100	-0.124	0.008	***	-0.008	0.001	***	-0.122	0.010	***	-0.008	0.001	***
female	0.137	0.014	***	0.009	0.001	***	0.040	0.017	**	0.003	0.001	***
juniorcollege	-0.117	0.016	***	-0.007	0.001	***	-0.045	0.024	*	-0.003	0.001	*
university	-0.280	0.019	***	-0.016	0.001	***	-0.208	0.019	***	-0.013	0.001	***
sample size	185325						129066					
obs. prob. of job loss	0.042						0.037					

# 3. Result (2): job loss prob.

- Table 8 Probit Estimates of the Determinants of Job Losses in Japan and the U.S.

	the U.S.											
	1996 CPS Jan.						2006 CPS Feb.					
	Coeff.	s.e.		M.E.	s.e.		Coeff.	s.e.		M.E.	s.e.	
ten5to9	-0.332	0.037	***	-0.031	0.003	***	-0.231	0.040	***	-0.013	0.002	***
ten10to14	-0.468	0.059	***	-0.037	0.003	***	-0.404	0.064	***	-0.019	0.002	***
ten15+	-0.464	0.057	***	-0.037	0.003	***	-0.525	0.058	***	-0.024	0.002	***
age	-0.041	0.015	***	-0.004	0.002	***	-0.035	0.015	**	-0.002	0.001	**
age <sup>2</sup> /100	0.055	0.021	***	0.006	0.002	***	0.056	0.021	***	0.004	0.001	***
female	0.016	0.032		0.002	0.003		-0.045	0.035		-0.003	0.002	
juniorcollege	-0.050	0.049		-0.005	0.005		-0.025	0.050		-0.002	0.003	
university	-0.072	0.040	*	-0.007	0.004	*	-0.057	0.041		-0.004	0.003	
sample size	22337						28186					
obs. prob. of job loss	0.059						0.034					

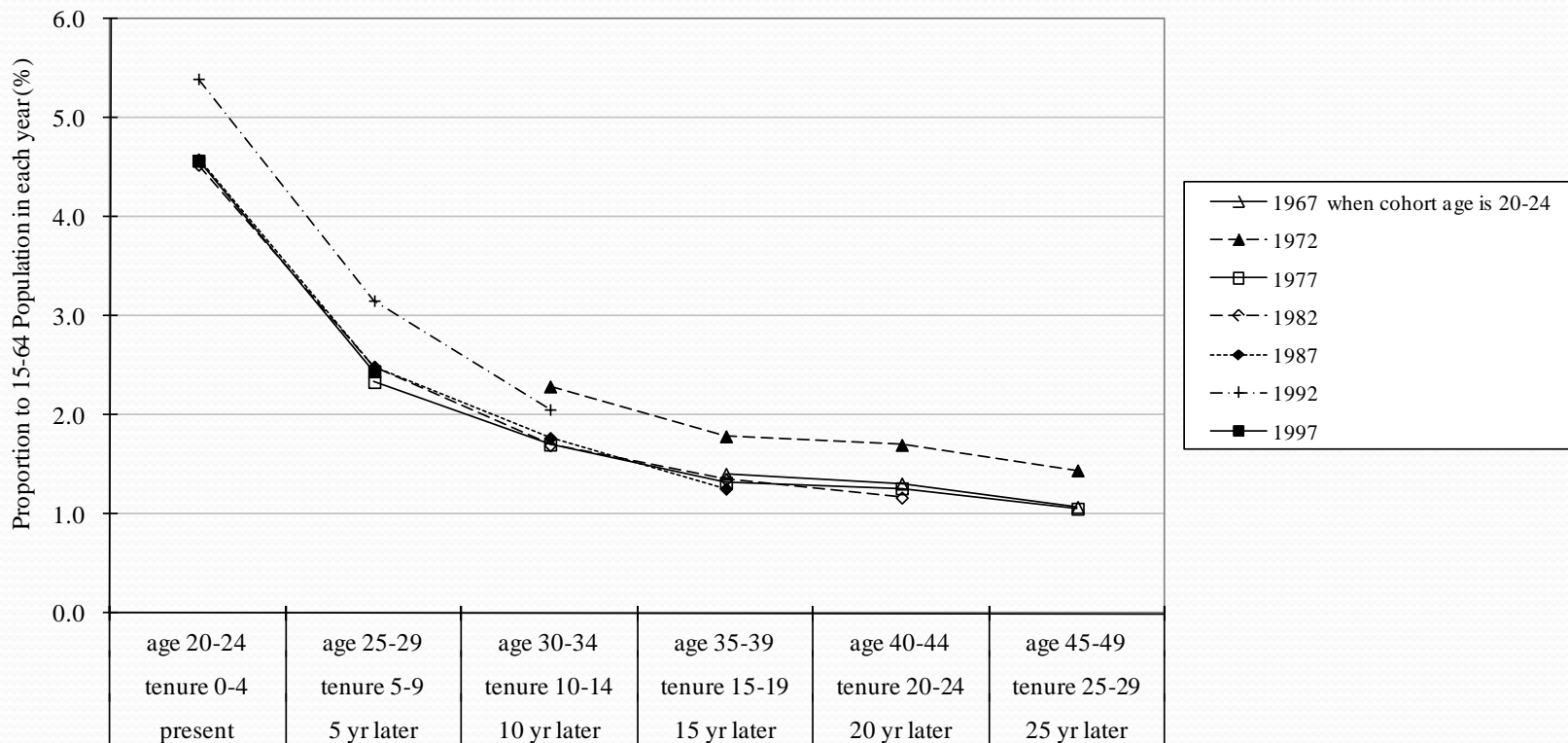
## 4. Remarks

- In spite of the prolonged economic stagnation, the ten-year job retention rates of core employees in Japan were stable. In contrast, in spite of the longest economic expansion, the comparable job retention rates for core employees actually fell in the U.S.
- The probit estimates of job losses equations in the two nations also point to the resilience of job security of such core employees in Japan, whereas showing a significant loss of job security of such core employees in the U.S.

# 5. Additional Discussion

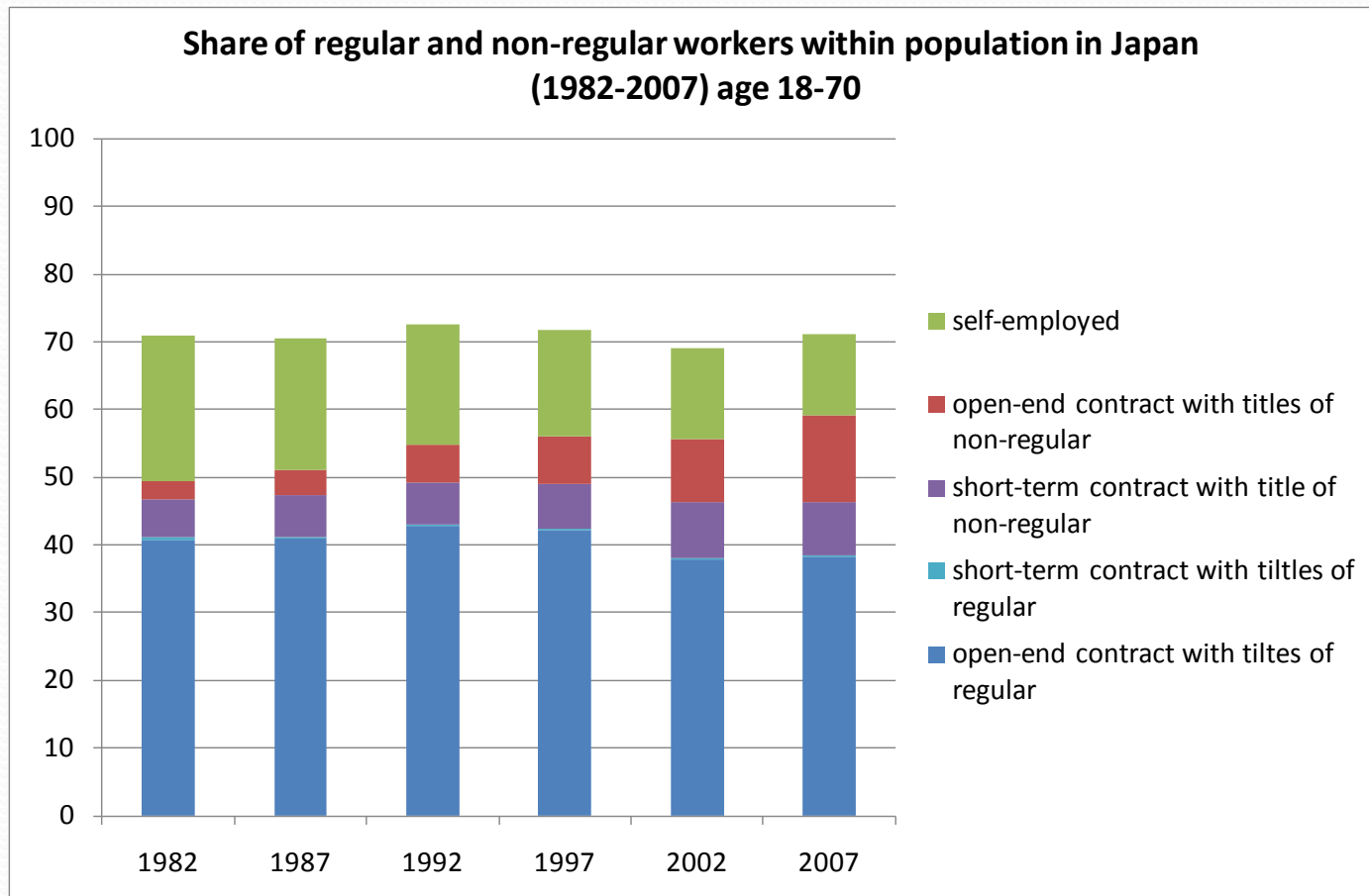
- Stable and changing aspects (Kato and Kambayashi, 2010)

Figure 6b: Transition of Share of Retained Regular Workers  
 ALL Regular Employee; by Cohort  
 "Standard" Career Workers who Started at age 20-24 and tenure 0-4



# 5. Additional Discussion

- Stable and changing aspects (Kato and Kambayashi, 2011b)



# 5. Additional Discussion

- Not the “core” of employment but the “periphery” of employment is changing?
- Need to expand the view to the whole of society (not within employees) to understand the recent change of Japanese labor markets.