

The Particular Features Of The Employment System In Japan

One of the unique and well known features of the Japanese employment system is permanent employment for workers. Japanese corporations responses to recessionary periods provide an opportunity to sort out the myths from the realities of the Japanese permanent employment system.

During recessions Japanese companies forced to reduce their costs achieve reductions in several ways. First, they reduce the number of women and temporary workers they employ. During the recession that followed the 1973 oil shocks female employment dropped by eleven percent; more than five times the drop in male employment. It was easy to reduce female employment because women even if they hold permanent positions are thought of as transitory workers who will leave the workforce when they get married. Female and temporary workers are a safety valve for Japanese companies that allow them to reduce costs in the short-term without firing permanent male workers. The second way Japanese companies reduce costs is by giving early retirement to senior workers at the company. Many of these workers forced into early retirement then take up farming as is the custom in Japan for retirees. Getting rid of senior workers is one the most effective tools companies have of reducing costs because these workers have more seniority and thus make more money than the average worker. Japanese companies also are able to cut costs during recessions by reducing or eliminating bonuses paid to workers, cutting down on hiring of new workers, eliminating the farming out of work to subcontractors, transferring workers internally within the company to subsidiaries, and reducing profit margins to levels that many American companies would find intolerable.

Japanese companies response to recessions shows the benefits and disadvantages of their employment system. Some of the benefits are that loyalty and labor relations are very good. This is due to the fact that for non-temporary male workers not yet near retirement age companies make a great effort to continue the permanent employment system even during recessions. Most young male workers once entering a company stay with it for their entire life and for them Japan's permanent employment system serves them well. These workers come to view their company as almost a benevolent parent; the company leads them through fitness drills, training camps, and retreats. A worker's identity is shaped not by their individual title but by the company they belong to. But, female, temporary, and senior workers wind up paying the price of this permanent employment system. Women who want to work in a long-term position for a company lose their jobs when recession hits. And because many women who lose their jobs become housewives and don't apply for unemployment insurance they become the invisible unemployed, uncounted by labor department statistics. The "permanent" employment system in Japan is only a permanent employment for non-temporary male workers not near retirement age, during recessions when companies are forced to cut costs mostly female, temporary, and elderly workers wind up losing their jobs.

