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Increasing Number of Job Changes in Japan: Towards the Effective Use of Human Resources

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ABSTRACT

Since the collapse of Lehman Brothers, low interest rates and a weakening of the yen have continued in Japan, leading to improved corporate earnings, particularly in the export industry. As a result, one-third of listed companies in Japan will have record their highest profits in FY2024. Meanwhile, a look at employment trends is characterised by a sharp increase in the number of workers changing jobs. Until now, Japanese companies have basically adopted the 'lifetime employment system', which guarantees employment until retirement, and the 'seniority wage system', which recognises the value of the accumulation of knowledge and skills through years of experience, but these systems are in danger of losing their raison d'être due to the increasing number of people changing jobs. One factor behind this may be the labour shortage caused by the current strong performance of Japanese companies. The urgent need to recruit talented personnel by offering higher salaries to those with high specialisation in AI, DX, etc., regardless of age, makes the seniority-based wage system difficult, particularly for technical positions. In addition, as a result of the acceleration of teleworking triggered by the global (COVID-19) pandemic, it has become difficult to understand the nature of work done at home, and performance is evaluated by adopting a system of evaluation for each individual job description in order to clarify the evaluation. As a result, the factor of years of experience within a company becomes less of a factor in the value of work, and employees try to step up by changing jobs to other companies rather than transferring to other departments within the company. Employees themselves will also need to acquire knowledge to improve their skills (reskilling). The increase of job changers is forcing Japanese companies to improve their old systems, and there are also problems to be pointed out, such as how to deal with unquantifiable personnel evaluations, but it is likely that positive job transfers for career advancement will become more popular than ever before. For companies, the key human resource strategy will be to gain a competitive advantage by making effective use of such human resources.

Keywords: Human resource management; Job changing, Seniority wage system; Lifetime employment system; Japanese style management