



GÖTEBORGS UNIVERSITET  
HANDELSHÖGSKOLAN

Inriktning mot Management  
Termin VT 2009

# Here to stay?

An investigative look at the state of the lifetime  
employment system in Japan

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## Abstract

This thesis deals with a phenomenon known as the *lifetime employment system*, which is present in Japan. The system means that Japanese workers (mainly male university graduates) remain in the same company from when they are newly graduated until they retire. The workers are given a feeling of job security and the companies, in turn, can reap the rewards of having a stable, loyal workforce. The system has traditionally had a very strong support in Japan but this thesis aims to create an idea of how the support has changed due to recent financial difficulties related to a recession in Japan, the global financial crisis etc. Does the lifetime employment system still have a strong approval, despite the fact that the idea of long-term employment could be considered to be a lot more problematic in today's more turbulent economic climate? Furthermore, by getting an idea of how the system exists today, it is also possible to attain some impression of what the future holds for the system.

In order to achieve the goal of the thesis, empirical data has been collected, both primary and secondary. The primary data is a questionnaire study, conducted in Osaka during the summer of 2009, as well as interviews with two students who will soon graduate from university. The secondary data is two questionnaire studies conducted by outside parties.

When analyzing this data, two theoretical frameworks were used. The first one is the theory about the Social construction of reality, as described by Berger and Luckman in their book *The Social Construction of Reality. A Treatise in the Sociology of Knowledge*. The second theory is the Anglo-Saxon/Japanese model, defined by Ronald Dore, in his book *Stock Market capitalism: welfare Capitalism: Japan and Germany versus the Anglo-Saxons*. Dore's model defines two opposite management cultures, the Japanese and the Anglo-Saxon. At the time the book was written, Dore stated that Japan was slowly but steadily shifting over to the Anglo-Saxon way of thinking. In looking at the empirical data, it is possible to determine whether Japan remains on the Japanese side. For example, if there is presently not evident support for lifetime employment, then that would allude to the fact that there has been a shift. Also, the Berger and Luckman theory can be used to determine possible underlying factors that have caused the present Japanese management culture.

By analyzing the empirical data, we found that there still appears to be strong support for the system in Japan. This points to the fact that Japan has not experienced a shift over to the Anglo-Saxon point of view, at least not yet. In fact, the data seems to imply that the system's support has in fact increased over the last years. This could mean that the recent financial woes have not caused people to abandon the troubled system, but instead embrace it even more.

## Foreword

This study has been made as a Master's thesis at the Management department of the Gothenburg University of Economics. The research was conducted in Osaka, Japan while I was there as an exchange student at the Osaka University of Economics. While the process has been layered with a few obstacles, it has been a rewarding experience and has made me achieve a greater knowledge of Japan and its unique culture, as well as the field of management and ideas and theories attached to it.

I would like to take the opportunity to thank a few key people who have contributed to the making of this thesis. Firstly, I thank my tutor at the Gothenburg University of Economics, Svante Leijon for his insightful advice. Secondly, I thank my tutor at the Osaka University of Economics, Hirohito Itou, for guiding me through all the difficulties that come with writing a thesis as a foreigner in Japan. Last but not least, I would like to thank all the people who have encouraged and helped me on the way, as well as the people who have contributed to this thesis by taking part in the questionnaire or the interviews.

Enjoy!

Gustav Mannergren

Gothenburg 2009-09-20

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# Introduction

## *Issue at hand*

*Lifetime employment* or *permanent employment*, as it is also known as, is basically a sort of exchange between an employee and his company. It relies on popular notions in Japan, such as loyalty, devotion and tradition. The gist is that an employee devotes himself very deeply to his company, working hard and refraining from changing jobs. In return, the company repays him with a successful career and job security etc<sup>1</sup>

The lifetime employment system can be seen as one of the defining pillars of the Japanese business sector. It reflects deeply rooted cultural virtues in Japan, such as loyalty, commitment etc. Some also claim that the national values behind the system can be traced back all the way to feudal times where the samurai obeyed their masters completely and without any concern for their own well-being.<sup>2</sup>

It has also been known as one of the *three sacred treasures* that make up the pillars for Japanese Management. These three “treasures” (the other two are the seniority promotion system and the in-house trade unions-system) have received their fair share of attention as phenomena that define the way Japanese companies work.<sup>3</sup> However, having said that, people may find themselves wondering: to what extent does the lifetime employment system symbolize the way things actually work in present-day companies. In the definition of lifetime employment, it is made clear that it is mainly present in cases with white-collar male employees working in large companies. But even within those realms, how supported is the system really? These are unstable times with an economic crisis and a Japanese economy that, far from the marvelled at wonder it was during the 80’s and early 90’s, turned into a recession in 2008.<sup>4</sup> So, are Japanese companies really capable of promising job security for the better part of a half century to new employees? And can these new employees really trust that the employers will live up to their end of the deal? Keeping on a full staff of permanent employees can be a huge strain on any company during difficult times. As a

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<sup>1</sup> Koshiro  
<sup>2</sup> Sugimoto  
<sup>3</sup> Jackson, Tomioka  
<sup>4</sup> Japan Times

westerner unfamiliar with the Japanese management, the system might seem strange and unfavourable. For example will the lifetime employment not constrain innovation and effectiveness in the companies? If someone is guaranteed a promotion eventually, will he or she still try their best at work? And does the fact that people are tied to one company their whole careers mean that new ideas and innovations will have a harder time spreading? These questions seem to point to that lifetime employment is a problematic part of Japan's business-life. However, theorists on the subject point out both advantages and disadvantages. An advantage can be that people can feel safe and comfortable at work because of lifetime employment and this helps them think outside the box. That way, the system could actually help innovation. And job security can't be a bad thing, can it? Whether lifetime employment is a pro or a con, one could see it as being quite interesting to investigate how it exists today and how it is viewed by employees and employers.

## ***Purpose***

In these times of economic uncertainty it is logical to assume that one can learn from examples that are different from our own. By studying business systems in other countries, we can learn something about our own economy, whether they are good or bad. When it comes to lifetime employment I think it can be very helpful to study it through the eyes of a non-Japanese individual and by doing so, it can work, either as a cautionary example or as a good example for us.

While the basis of this thesis aims to investigate the state of the system today, that is, whether it still has support among people and organizations, or whether it exists at all, it is possible to use this knowledge and continue to reason whether it is a strength or a weakness.

The purpose of this thesis is to get an idea of how the lifetime employment system exists in Japan today. In order get an understanding of lifetime employment, I went to Japan to collect information that could help with this. By introducing both primary and secondary data, this thesis aims to highlight the state of lifetime employment in present day Japan.

## **Main questions of this thesis:**

The main question this thesis aims to answer is:

- To what extent does the lifetime Employment system exist today? Does it still have support in Japanese society?

This thesis will also seek to answer these following sub-questions:

- What expectations do employees have on their employment today? Do they count on remaining in the company for a long period of time or are they open to changing to another employer?
- What expectations do, soon-to-graduate students presently looking for job, have on their future employments? Are they more, or less open to inter-company change than their elders?
- How does the future look for lifetime employment, is it an aged concept, fading away or a pillar in Japan's business-life that will be around for a long time?

It is the goal of this thesis, not to answer these questions and present them as facts, but rather, to present information and by doing so create an idea of how reality looks. For example, it is impossible to answer exactly how common the lifetime employment system is, but we can get an idea about it, and thus speculate and draw conclusions.

## **Methodology**

### **Approach**

In order to achieve a deeper understanding of the state of lifetime employment in Japan, a theoretical framework has been chosen to review and analyze the material. The framework consists of two theoretical models, the first one being the social construction of reality model, created by Peter Berger and Thomas Luckman. The second one is the Japanese/Anglo-Saxon model and is developed by Ronald Dore. The idea is that these two models will complement each other. The first model, by Berger and Luckman is more abstract and conceptual. It deals with how people are brought up and “socialized” in reality, as they perceive it. These realities are different in different societies and can, therefore, be used to explain why the lifetime employment system exists in Japan and that it can be seen as rational there, even if it does not appear so in other cultures. Dore’s Japanese/Anglo-Saxon model deals with how Japanese management practices differ in Japan compared to Anglo-Saxon countries. It is a spectrum with Japan on one side and America etc on the other. Dore claims that Japan is slowly becoming more and more like the countries on the other part of the spectrum. If the lifetime employment is becoming absent in Japan, it can be seen as a big step towards the Anglo-Saxon end of the spectrum. More on these two is presented in the theoretical framework section below.

Before we get there, we will start by describing lifetime employment more thoroughly. Historical, economic, cultural and critical aspects will be reviewed. This is aimed at deepening the reader’s knowledge of the phenomenon before we delve into the empirical data that has been gathered.

### **Collection of Data**

In order to research lifetime employment in present day Japan, both secondary and primary data will be used.

#### **Primary Data**

The primary data in this thesis consists of a questionnaire study conducted in Osaka, Japan, during July 2009. It was originally intended that interviews at companies would be used in order to get an inside look at how lifetime employment exists inside the corporate structure. However, there was some difficulty in being allowed to conduct interviews such as these. One reason was the extreme caution used by Japanese organizations in the midst of the swine-influenza outbreak that took



place in Osaka at the time of the research for this thesis. Due to health issues related to this disease, corporations were weary of allowing a foreigner to conduct interviews in the company. Also, employees, if asked questions about their views on their employment while in their work-role can be less reliable. It was believed that people are more honest and sincere when asked during their private time, outside the company. These two reasons were the basis for the decisions to conduct a questionnaire study instead. Also, by doing this, samples from a wider range of companies could be collected. The study was done by handing out questionnaires to people in Umeda, which is one of the main centres of Osaka. This area was chosen for efficiency reasons, because of the large number of people passing through there at any given time. The questionnaire consisted of six, shortly phrased yes/ no, or multiple choice questions (closed questions). People approached were all professional looking, wearing suits, suit-dresses etc. This was done in order to reach the core segment of white-collar employees, college graduates that are subject to lifetime employment. 32 respondents were used in this study. Both the communication with the people asked and the questionnaire itself was conducted in Japanese. Therefore, shortly phrased and easily understood questions were used, in order to help the collection of the data.

In addition to the questionnaire study, interviews were conducted with two fourth-year university students. The object of these interviews was to get an idea of what expectations students who are about to graduate have on their future careers, whether they want to become lifetime employees or not etc. This can be interesting because, in a way, these new students represent the future of the system, whether it means that it loses support or gains it. These interviews should not be used to generalize, but they can be an interesting view of how these people who are about to enter the work-sector can view it. The interviews were conducted one-on-one with an interviewer and an interviewee. The manner in which they were made was casual, with only a few short notes, brought by the interviewer. However, due to these two people's different experiences etc the notes were deviated from to a large extent. Both interviews lasted about 45 minutes to an hour. The interviewer wrote down interesting information that he got from the subject and rewrote it more thoroughly afterwards. The information deemed relevant is found in the empirical data. These interviews, as well as the questionnaire, were conducted in Japanese. The interviewees' names have been altered.

### Secondary data

The main secondary data that is used in this thesis are two questionnaire studies conducted by external organizations. One is conducted by Kirin Beer, the other by the Japanese Institute of Labour Policy and Training. These two were found and supplied by a teacher at the Osaka University of Economics. Since they are both written in Japanese, considerable translation had to be

done in order to be able to use the data presented. Also, a variety of books and articles were used when writing about the lifetime employment system, generally as well as the theoretical framework. These sources were found by searching in the libraries of the Gothenburg University of Economics and the Osaka University of Economics.

### **Problems with the Methodology**

There were a number of problems related to the methodology. First of all, there was some difficulty of settling on a theoretical framework that could be used smoothly with the issue at hand. Therefore, it took some time before choosing the two models that ended up being used. Also, as mentioned above, because of problems with being able to conduct interviews at companies and doubts about employees' reliability when asked while in their work-role, the decision was made to conduct a questionnaire study as well. Finally, there were also noticeable problems when answering the main question in this thesis, how common lifetime employment is presently. Therefore, the objective was not to achieve a generalized answer, but more to get an idea of what may be the case and use this idea as a basis for discussion.

## Background

### *The lifetime employment system*

Ever since Japan opened its doors to the west in 1853, the 'land of the rising sun' has fascinated the outside world. People have long felt a curiosity in how the culture there differs from their own. Even in this age of globalization and decreased distances between countries, one can still find amazement at how Japan differs in areas such as architecture, social manners etc. The economic area also has several traits that stand out on a global scale. Back when Japan was an economic wonder that other countries looked at in awe, these traits were copied and taken after all around the world. The lifetime employment system, however, is a trait that has basically remained limited to Japan.<sup>5</sup>

### Definition

As mentioned in the introduction, the phenomenon of lifetime employment is a system that occurs in Japan where an employee is recruited into a company soon before, or soon after he graduates from his university/college, and will then remain there for the bulk of his career. This system is mainly present amidst white-collar male workers employed in large corporations.<sup>6</sup> Lifetime employment can be called a 'deal' between the worker and his company. This 'deal' is not a legal contract but typically rather an unspoken agreement where the worker is expected to remain loyal to his company by submitting himself to the will of his company and remaining in the company permanently (hence the alternative name of the system: *permanent employment*). In return, he counts on being able to enjoy job-security throughout his career as well as a successive rise in the hierarchy within the company.<sup>7</sup> The lifetime employment system is closely connected with the seniority promotion system which is defined by the tendency to promote people based on their time within the company rather than their performance. This means that if a person follows the lifetime employment 'deal' between himself and his company, he is basically guaranteed a successful career.<sup>8</sup>

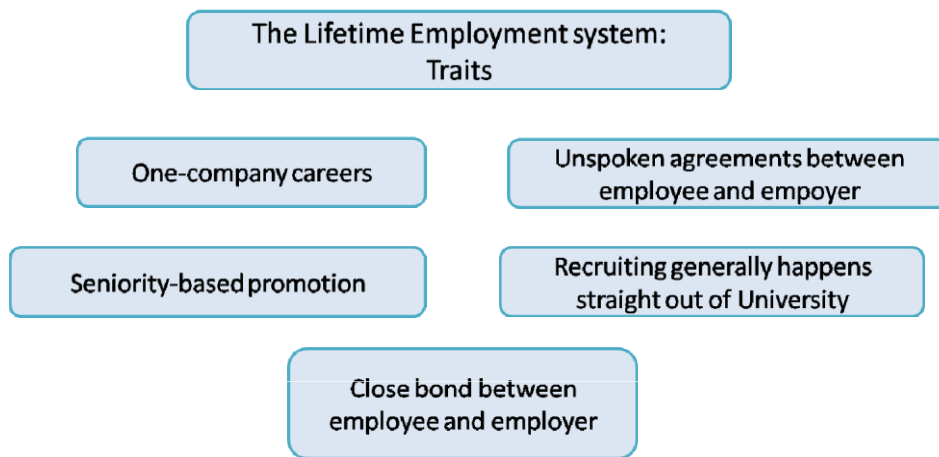
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<sup>5</sup> Reischauer

<sup>6</sup> Jackson, Tomioka

<sup>7</sup> Koshiro

<sup>8</sup> Jackson, Tomioka



## History

There is some discrepancy between scholars when it comes to how long lifetime employment has been around. For example, Yoshio Sugimoto claims that lifetime employment dates as far back as feudal times where the *samurai* were perfectly obedient and gave up their own sense of individualism in the service of their masters. Sugimoto claims that this is the historical and cultural source of today's manifestation of lifetime employment and the values that make up the foundation for the system.<sup>9</sup> Keith Jackson and Miyuki Tomioka also support this idea that the lifetime employment system can be traced back to ancient times.<sup>10</sup> I will elaborate on these possible historical and cultural sources for lifetime employment in the next section of this part of the thesis. Two scholars who go against the norm are Toyohiro Kono and Stewart Clegg. They argue that the lifetime employment system that exists today cannot be considered linked to historical phenomena such as the samurai etc. Nor is it said to have come out of cultural values dating far back in the past. Instead Kono and Clegg argue that the lifetime employment system only has been around since after World War II. The reason for its creation is claimed to have been the will to secure a stable workforce to help companies rebuild war-torn Japan. They also point out that before the war, employees were treated with indifference and lay-offs were conducted casually, even when there were no valid reasons.<sup>11</sup>

So, as we can see, there is some complexity in tracing the lifetime employment system back further than WWII.

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<sup>9</sup> Sugimoto  
<sup>10</sup> Jackson, Tomioka  
<sup>11</sup> Kono, Clegg

## Cultural aspects behind the system

Whether one sees the lifetime employment system as something that has been around for centuries or merely decades, there is no denying that some scholars explain the lifetime employment system by pointing to cultural and historical aspects. As was mentioned before, one of these historical sources is said to be the samurai in feudal times.<sup>12</sup>

Jackson and Tomioka explain lifetime employment by pointing to the notion of '*ie*', which is a central theme in Japanese socialization. The word *ie* has a wide range of facets, all associated with notions, such as *family*, *household* and *home*. In Japanese culture *ie* evokes a strong sense of belonging and loyalty, and it has done so for a long time, ever since feudal village life.

Jackson and Tomioka state that this is a strong theme even in the business-world. A company is seen as an *ie* where commitment and loyalty is important and the older generations train up the younger ones, not unlike a family. And by employees and employers regarding one another as family, the prospect of changing jobs or laying-off workers are put in a whole new light. This would explain the long-term focus of Japanese human resource management in general and the lifetime employment system in specific.<sup>13</sup>

## Economic aspects behind the system

Side by side with the cultural aspects responsible for the lifetime employment system are the economic ones. These paint a picture of a unique climate for businesses that would explain why lifetime employment exists there. First and foremost, one economic factor that is very closely connected with lifetime employment system is the *Seniority promotion system*. This system is defined by the fact that an employee's eventual promotion is more a result of his seniority within his company, rather than his actual job-performance.<sup>14</sup> This makes it pointless to change companies in search of a better position. In Japan an external market for high job-positions in companies is basically absent.<sup>15</sup> Therefore, to attain a long successful career, people are inclined to stay within their own company.

Another economic trait in the Japanese business sector which supports lifetime employment is a

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<sup>12</sup> Sugimoto  
<sup>13</sup> Jackson, Tomioka  
<sup>14</sup> Koshiro  
<sup>15</sup> Dore

sort of financial loan that companies give out to their employees. These loans are beneficial for the workers through low-interest rates and are intended to help them at the start of their career with starting a family, buying a place to live etc. This makes the bond between employee and company stronger and decreases the probability of him changing companies later on.<sup>16</sup>

## **Advantages and disadvantages of the system**

At first, one might see lifetime employment as something entirely beneficial. Guaranteed job-security and loyalty within companies does indeed seem like a good system.

However, there is also a range of flaws that are recognized as overshadowing the strengths. For example, the system is believed to hinder effectiveness and innovation in companies. For example, if an employee is pretty much guaranteed a promotion in time, this can take away his incentives to perform. And because workers stay within the same company permanently, this can prevent the spreading of ideas and innovations between companies. However, during their Japan's time as an economical marvel in the 80's and 90's, many believed that the lifetime employment system played a great part. While job-security can be seen as dampening workers' incentives etc, it is also possible to see it as a catalyst for performance and innovation. If a person sees his company as a sort of family, and knows that he is valued and looked after, he might be even more eager to perform and thus more relaxed and free to discover innovations. And, of course, Japan has had its fair share of innovations.<sup>17</sup>

Other reasons that speak against lifetime employment are connected to health-issues. After entering an agreement to commit themselves to the company completely in order for a safe, successful long-term career, many workers find themselves pushed so hard that they completely disregard their own well-being. This can manifest itself through the medical phenomenon called *Karoshi* where some white-collar workers at large companies have experienced chronic fatigue as a result of working too hard. Some are even said to have "worked themselves to death". This is the reason for a lot of public concern in the Japanese media.<sup>18</sup> This can be seen as a clear sign that companies ask too much of their employees in return for the permanent employment. Another social cost of the system is that companies often ask employees to move to another city. Since this is said to be for the good of the company, the worker has little opportunity to say no. As a result of this he is forced to live away from his family. According to the book *Introduction to Japanese society* by Yoshio Sugimoto, over

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<sup>16</sup> Sugimoto  
<sup>17</sup> Sugimoto  
<sup>18</sup> Sugimoto

300 000 employees are currently living in a different city than their family in order to serve the employing company.

And perhaps the greatest flaw is the huge burden that having a large permanent workforce puts on a company. Because of the lifetime employment system, when companies hire a large amount of people during profitable times, they are obliged to keep them on even when demand goes down and revenues decrease. And the system where workers are promoted depending on years served in the company creates an excess of people high up in the hierarchy when times are bad and new hires are low. Companies are even said to keep on workers that serve basically no purpose at all.<sup>19</sup>

And this leads to another question, in these times of economic turmoil, are companies even able to maintain the system, whether it is a good thing or not? And Japan's financial woes are not limited to the financial crisis. Even though it is the second largest in the world, the once massive growth of Japan's economy had, in fact been experiencing a long period of stagnation, and in 2008, it turned into a recession.<sup>20</sup> Coping with the effects of a bursting bubble economy in the 1990's, a huge national debt and an aging population are also part of the problems.<sup>21</sup> Amidst all these problems, can Japanese companies really keep up the system? And are potential employees really able to trust that the employer will keep their end of the bargain?

## **Uncertainties about lifetime employment**

As mentioned before, lifetime employment is basically limited to white-collar male workers in large corporations. Now this is not a very large group, but it holds a large amount of power and influence over Japan's economy. But even within this group, one might ask just how widespread the system is. Several recent developments such as the financial crisis etc. might indicate that Japan has grown incapable of maintaining the system. For example, layoffs have increased in recent years. A struggling bank had to eliminate 20000 jobs (14% of its workforce). It did so because of a demand from the government; the layoffs were a condition for receiving funding from the financial restructuring commission. This points to the fact that there seems to be some change in attitude towards lifetime employment and that the system might have become smaller in scale or even absent.

<sup>19</sup> Maswood

<sup>20</sup> Japan Times

<sup>21</sup> International Herald Tribune

The main question of this thesis is to reach some understanding about how common lifetime employment is presently in Japan.<sup>22</sup>

## **Summary**

It is fair to say that there are both good things and bad things associated with the Lifetime employment system. But whether it is ultimately good or bad, the main question that this thesis is trying to answer is: To what extent does it exist? Is it possible to maintain or not? If lifetime employment seems to be fading away in exchange for an increased part-time employment, for example, it is an indication that financial downturn has forced the system away, in spite of its valuable traits, that have served Japan well in the past.



## Theoretical framework

This theoretical framework will act as a base for analysing the lifetime employment system at present and for determining why the way of thinking in Japan differs from that in other countries.

The framework consists of two theories. The first one is the theory about the social construction of reality, as described by Berger and Luckman in their book *The Social Construction of Reality. A Treatise in the Sociology of Knowledge*. The second theory is the Anglo-Saxon/Japanese model, defined by Ronald Dore, in his book *Stock Market capitalism: welfare Capitalism: Japan and Germany versus the Anglo-Saxons*. These two theories and their use for this thesis will be described below.

### ***The Social Construction of reality.*** <sup>23</sup>

This theory deals with how values and ideas can differ from culture to culture, or society to society and can therefore be interesting to use in order to analyze traits of Japan's management culture that differ from other countries. This is a summarized account of the theory, not all elements and details are being presented. Certain parts have been discarded in order to avoid a large number of inapplicable points.

### **Introduction**

Peter Berger and Tomas Luckman wrote the book *The Social Construction of Reality. A Treatise in the Sociology of Knowledge*, in 1966. The book basically deals with how, what people consider to be reality, or truth is in fact constructed by people in society. This opposes notions that truths are ultimate and universal. The common man takes the knowledge he possesses and the reality he exists in, more or less for granted. While it is possible for him to doubt the world around him, people generally suspend such doubts as they function in their everyday lives. However, what is true for one person, or one culture, can differ a lot from what is true elsewhere. The book gives an example, that what is real to a Tibetan monk, may differ a lot from, say an American business man. Thus, the knowledge, truths, ideas etc. that people take for granted are in fact created in the society that they exist in.

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<sup>23</sup> Everything under this headline is from Berger, Luckman

Berger and Luckman wrote the book as a response to theorists in the field of *Sociology of Knowledge*. *Sociology of Knowledge* is a theoretical niche that deals with how knowledge differs from society to society and how popular ideas influence the societies. Berger and Luckman felt that previous theories in the field had been flawed, and therefore presented new ideas in the book. They believed that these preceding theories were too focused on epistemology and how theoretical ideas etc are constructed and developed into “truths”. Berger and Luckman, themselves believed that the sociology of knowledge “must concern itself with everything that passes for knowledge in society”. This is because they felt that there is a large difference between how an ordinary person sees his reality, and how philosophers and theorists do. They wanted to have a theory that could apply to a wider, more general view of what knowledge is.

This introduction leads us to the question, how exactly is this social reality constructed?

### **How reality is constructed**

In the book, Berger and Luckman develop a model that aims to answer this question. This model is divided into three stages, or viewpoints. The first one is explained by the assumption that “Society is a human product”. The second by “Society is an objective reality” And the third one by “Man is a social product”.

These three can appear confusing and require a certain amount of thought.

The first stage deals with how people are responsible for creating the world around them. They do this by letting their actions fall into habits. This *habitualization* is actions being repeated over and over until they are transformed into standardized patterns of behaviour and customs. They are like shorthand guides, or ways of doing things, related to how one lives and functions in the social world. These patterns then become *institutionalized*. In other words they form institutions that are made up by a variety of these interlocking habitualized behaviours. According to Berger and Luckman, institutionalization stems from habitualizations involving social interactions. These institutions can be organizations such as families, companies etc. And society consists of a very large number of institutions and organizations. Therefore society and everything in it is subject to these “ways of doing things” that have been habitualized and then institutionalized. Thus, society is basically a man-made creation. Aside from the institutionalizations there is an *objectification*, which means that society becomes more consisted of objects. People fall in to roles, connected with

the institutions. These roles can be a police officer, doctor, teacher etc. By doing so, the interaction between people becomes different. If a person meets a police officer, for example, their communication will differ from if they had met as private citizens. The police officer is more of an object, due to his institutionalized role in the society.

The second stage deals with the fact that this created version of society becomes reality, i.e. a group of 'social facts'. It is this that is described when Berger and Luckman say that "Society is Objective reality". As time goes by, the period where a new institution was formed becomes more and more distant. Therefore, when new generations are born, these institutionalized ways of behaviour will appear natural and traditional. Thus, they come to be seen as social facts. Something that exists in everyday life and is accepted and objectively taken for granted as reality. For example, this can be seen in everyday language. We connect the word 'dog' with a particular animal. This word and animal are one and the same, that is a social fact. This fact, however, is not the same in other countries with different languages that stem from other habitualizations. When a phenomenon is objectified to the extent that it completely loses its distinctness as something man-made and instead is taken for granted as something natural, it is known as *Reification*. Institutions have a tendency to become reified.

The third stage relates to how the individual is affected by this objective reality. This reality is a product of human behaviour, but conversely humans are also a product of the reality. This is why the authors describe this stage as "man is a social product". People *internalize* the world they are surrounded by. Thus, this objectified reality becomes filled with personal meaning and associations. It becomes subjective reality, as well as an objective one. Therefore, the person himself becomes influenced by the society, even though it was people like himself that influenced society in the first place. This internalization of the institutionalized society can occur through something that Berger and Luckman call *socialization*. This exists in two forms, *primary socialization* and *secondary socialization*. The primary socialization describes when a person, in his or her childhood, becomes a member of society. He does so by learning the fundamental "truths" and "facts" that come with being a part of society. These can be that violence is wrong, and that one becomes embarrassed by being nude in public etc. These are norms that are seen as basic in society. Secondary socializations are when an individual is introduced in new sectors and layers of the society. This is specific knowledge such as how to behave when on a business meeting etc. The primary socialization becomes more securely stored in the mind of the individual, than the secondary. Facts that one learns as a child tends to be kept in one's consciousness during life as a whole. Thus, what

someone considers to be 'true' or a 'fact' is a product of his socialization through childhood, education, work experience etc.

## **Summary**

What this section has aimed to do is to describe how, according to Luckman and Berger, social facts and truths are created by social interaction. Society is constructed by institutions, they, in turn stem from the fact that people develop habits by which they interact and conduct their daily lives. By being institutionalized, these become objectified realities and come to be taken for granted as something natural and 'real'. But as these objective realities are created by human behaviour, conversely they, in turn, affect human behaviour as people internalize them, are socialized into them, filling them with subjective meanings, making them subjective realities as well.

## **Application of the theory for this thesis.**

This idea that what is considered factual or true is just a fabrication of the society can be interesting to keep in mind when looking at different cultures. In this case, our thesis deals with a phenomenon in Japanese culture, Lifetime employment. While the phenomenon of one person being employed by the same company his entire career surely exists in any culture, we have learned that it is a specifically central idea in Japan. Why is this? By using this theory, it becomes apparent that the norms and values that support the lifetime employment system have been created by Japanese society and have been grown to become an objective and subjective reality. These realities can be considered to mean that loyalty and devotion is a fundamental trait in business. Companies do not terminate employees, simply to increase their profits or cut costs, and employees do not leave their company simply to pursue another career they might find more to their liking. If these concepts are realities in Japan, it may explain how the lifetime employment system historically has become such a specific part of Japanese management culture. Conversely, in America, one might claim that it is a fact or truth that companies put their profitability first, and if some employees have to go in order to increase profit, then so be it. After all, it is just business, right?

But if this is the case, what habitual and institutional processes are behind these Japanese truths? In the beginning of this thesis, we learned that some people trace the values behind lifetime employment back to feudal times when the samurai obeyed their masters without any concern for their own value of life or well-being.<sup>24</sup> If we believe this theory, for example, we can

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<sup>24</sup> Sugimoto

assume that if this is the case, this was the time when loyalty, devotion etc. became a part of society by being habitualized and institutionalized by the samurai and their masters.

In the analysis-section of this thesis, this theory will be used more thoroughly to examine the results that were discovered in the empirical data, about the current and future state of lifetime employment, how can it be understood by this model? Are these truths still true or have there been new habits and institutions created, undermining the ones that have supported the lifetime employment system. Are people still socialized into a 'reality', where lifetime employment is the norm?

If, for example, the empirical data shows that there is little support for lifetime employment, it could be assumed that there have been changes in the objective- and/or the subjective reality, due to new habits and institutions formed, and that the socialization that people go through during childhood, education and work etc is different, and perhaps more like that of western countries.

### ***The Anglo-Saxon/Japanese model***<sup>25</sup>

While the previous part of the theoretical framework is more conceptual or abstract and could be applied to a very large number of different issues, this one could be seen as more concrete in terms of the issue at hand.

In the book *Stock Market capitalism: welfare Capitalism: Japan and Germany versus the Anglo-Saxons*, Ronald Dore develops a model about major differences in how Japanese companies and Anglo-Saxon ones function when it comes to prioritizing among its stakeholders. A stakeholder is someone who affects or is affected by the company's actions, in other words someone who has a stake in the company. Dore states that the Anglo-Saxon way of thinking is that the needs and wishes of the firm's shareholders will always be put first, whereas in Japan, the employees' well-being is a stronger concern. The book claims that there is a gradual change that happens in all industrial societies. Dore calls this "Marketization plus Financialization" One of the main characteristics of this development is the shift in the way of thinking towards the Anglo-Saxon part of the spectrum, that is that share-holder value is seen as the main objective for organizational managers. Some of the other outcomes from the "Marketization plus Financialization" are for example that economic acts will be decided by market competition as opposed to things like regulations, customs, obligations or trust in business relations.

<sup>25</sup> Everything under this headline is from Dore

Dore also describes that another effect is that financial markets will act as “pace setters” of all other markets. Another key point in the model is that companies' activities are more manufacturing-orientated in the Japanese system. In the Anglo- Saxon one, focus lies more on financial assets being transferred etc.

## **Differences between the two systems**

As previously mentioned, the main difference between the Anglo-Saxon and the Japanese system that Dore focuses on in his theory is that Anglo-Saxon firms have the fulfilment of the shareholders wishes and needs as their main objective. Japanese firms, however, are described as existing for the benefit of the employees. This taps into the idea that a Japanese firm is widely regarded as a sort of family, mentioned above.

This difference in attitude is responsible for many different aspects in the two systems.

For example, this tendency towards caring about the employees over the shareholders is named as the reason why Japanese companies tend to employ workers on such a long term scale. The book also mentions an irregularity between the two systems in which there exists an external labour market outside individual companies in Anglo-Saxon countries. In other words, companies fill vacant managerial positions often by hiring someone that is not a part of the company already. This is preceded by a negotiation about salary, perks etc. In Japan, however, there does not exist an external labour market for executive positions. Vacant positions like these are almost always filled by someone inside the company and this happens without any mentionable negotiation and the bump in pay grade is modest, compared to in Anglo-Saxon countries.

When it comes to the question of which indicators are used to evaluate managerial performance, the Anglo-Saxon system is more one-sided. There, managers primarily view the share-price as an overall index of earnings and future prospects. It is also used as a way for managers to keep an eye on how well the competition is doing compared to their own companies. In Japanese companies, one looks to a more multifaceted set of indexes to measure the state of the firm, the most important being the company's market share. This is seen as the most obvious measure of the company's competitiveness in the market and the thing that success depends on the most. Other indices looked to are sale margins, value added per employee and the ability to avoid reduction of employee numbers. The latter display the greater respect for employees that the Japanese system embodies.

This is a contrast to the Anglo-Saxon system where employees are secondary to the share-holders.

### **Criticism towards the two systems**

Defenders of the Japanese system claim that the Anglo-Saxons represent a departure from traditional values. They believe that if one cares only about pleasing the shareholders, the social welfare will suffer as a result. In Japan, companies are seen as having a larger responsibility towards their employees and therefore the society as a whole. Because of this, defenders of the Japanese system claims that a shift towards the Anglo-Saxon end of the spectrum will damage the society as a whole.

Critics of the Japanese system, however, deem it as being outdated and harmful towards the social welfare it claims to defend. They say that by trying to help their employees by tending to their needs and avoiding termination at all cost, they are hurting them by losing their competitive power. Furthermore, they claim that the best companies can do to ensure maximum benefit to society is to try to maximize their profits. This, in turn will enable the companies to give more back than if they were constantly spoiling their employees by keeping on more people than they can sustain.

### **Application of the model to this thesis**

Overall, the Ronald Dore model about the Japanese system indicates that by avoiding the Anglo-Saxon way of thinking it has maintained a supportive environment for lifetime Employment. Dore doesn't specify, however, to what extent lifetime Employment occurs. What he does mention is that Japan is shifting more and more, over to the Anglo-Saxon way of thinking. It could therefore be interesting to draw parallels from the findings in this thesis and see how it corresponds with Dore's model. Is Japan still changing towards the Anglo-Saxon viewpoint? If, for example the research would show little or no trace of clear cut cases of lifetime employment, it would point to Japan having shifted more since Dore wrote *Stock Market Capitalism*.

In the book Dore describes how the shift towards something resembling an Anglo-Saxon system is an ongoing process and that reformists advocating this shift are increasing and becoming more outspoken, but there are factors that could have changed this process since the book was written. For example, the current financial crisis could have turned Japanese management thinkers off from the idea of a more shareholder oriented management system.

After reviewing the findings during the research conducted in the next chapter called *empirical data* it will be argued in the *analysis*-chapter, whether this could be considered as a step towards the Anglo-Saxon system or perhaps a shift back towards the Japanese-system defined by Dore.



## **Empirical Evidence**

This section will deal with what actual indicators have been found about the state of the lifetime employment system in Japan today.

First two studies conducted in the last couple of years will be examined. These two are conducted by the company Kirin Beer, and by the Japan institute of Labour policy and Training. These studies deal with examining Japanese people's thoughts and views on their careers and things associated with work.

After that the results from a questionnaire study conducted by myself will be explained. The results of these three studies aim to show indications of how the lifetime employment system exists in present day Japan (or if it exists at all), how people view it etc.

Lastly, this section will also review the interviews I performed with two soon to graduate Japanese students. These interviews were held in order to get an idea of what expectations and demands they had regarding their future careers and whether they want a single-tracked job-security oriented career within one company or a more flexible, free one that comes with being open to several employers. What way of way of thinking this new generation of employees have, shows in which direction the lifetime employment system is heading and how it is likely to develop in the future.

### ***Questionnaire study Nr, 1: Kirin Beer***

#### **General background-information**

This research study was carried out by Kirin Beer Company in 2009. It is based on answers from 806 people (male and female). These people were contacted through the Internet. The respondents featured are all long-term company employed workers; however, they are not exclusively Kirin-employees.

This survey is given once a year since 2005, the latest one was conducted from February to March of 2009. One of the main objectives of the study, apart from finding out how the employees view their past, present and future careers is to learn about their drinking habits. For the sake of focus, this thesis has disregarded these questions in order to concentrate on ones who are deemed relevant. These are questions about promotions, the amount of years in the same company etc. The full

survey can be found through the source section in the end.

## **Findings**

### First Question:

Firstly, the study asks the employees what their biggest reason for concern is in their life. To this, 40.5 % answered that the strongest cause for worry is their financial situation. This alludes to the fact that these workers should be looking for a stable and secure work-career, something that the lifetime employment system is supposed to contribute. The causes for this concern could be credited to the rising economic uncertainty due to the global financial crisis etc.

### Second question:

Question nr 2 asks what the respondent desires most in his or her personal career. The question is presented as a multiple choice where the person asked chooses one out of several options. To this, 55.4 % chose the option “to devote my whole career to the same company.” This result did not differ greatly from the previous year. 43.6 % answered that the main desire is a certain promotion in the hierarchy. Also, this option is something closely connected to the idea of lifetime employment. This answer had grown 5.0 % since last year.

Conversely, the answer “a varied professional career with several different employers” was chosen by 32.7%. This answer has plummeted by 15.8% since the survey was first conducted in 2005. At that time this answer was most popular.

As with the last question, a heightened uncertainty about the economy due to the recent crisis, trends towards increasing lay-offs etc. could be to blame for high numbers giving answers connected with financial and employment safety and the decline of answers wanting a more open and free career.

### Third Question:

How high do you hope to rise in the hierarchy within your company? In this question, there is a clear difference between men and women. The most common answer among men is to reach an executive position (35.2%, up 5.5% since last year). Among women, this answer stands for only 4.7%.

This difference in expectations between men and women points to that Japan is still a tough place

for career women, and alludes to that it is difficult enough for women to reach an executive position so that many of them lack any ambition to reach there. If lifetime employment still exists in Japan, this answer seems to suggest that women still can't really reap the benefits of the system.

Fourth question:

Question nr 4 asks the respondent which ones out of several mentioned work pursuits he or she puts a lot of effort into. There are a number of different choices that the applicant can choose from. And there is no limit to stick to one option. To this 64.5% chose savings. This answer was up from 50.4% last year. The second most picked answer is the acquiring of new job- qualifications. This too is up since last year, by 55.4%. Number 3 is to find new talents and self-fulfilment. (60.4%) The fourth most popular option was to develop new social acquaintances. From this question we can also detect a certain uncertainty about the future. Savings, the act of acquiring new qualifications, developing social networks etc. are all activities to enhance one's options in the situation of economic troubles due to being laid off etc.

### **Summary Questionnaire study 1:**

From the respondents' answers to these questions one can come to the conclusion that there is a certain amount of fear and anxiety about the future. People desire a safe career in the same company and thus a pretty much guaranteed rise in the hierarchy. This is exactly the main traits of the lifetime employment system. Whether the system actually exists or not, there seem to be many full-time employees that want it. This uncertainty about one's future could also be connected with the respondents' urge to save money and make themselves more desirable on the job market. This points to that while they desire a lifetime employment system, they don't seem to trust in that there actually exists one.

Generally, this article doesn't really say much about whether lifetime employment exists to a large extent or at all. However, the propensity for concern about one's future work-situation seems to indicate that there is not a functioning lifetime employment system in place any more. On the other hand, though, there is a clear desire for the benefits that the system carried with it.

## ***Questionnaire study 2: The Japan institute for labour policy and training.***

### **General background-information**

This is a nationwide study that has been conducted through interviews with over 4000 respondents, all of whom are male. The interviews have been performed face to face by an interviewer. The study deals with life related to labour issues, and themes related to present day work-life in Japan. It has been made four times during the last 10 years, 1999, 2000, 2001 and 2004. This thesis will focus on the one section that is most applicable for the issue at hand. This section is titled: *'The Japanese peoples' views on their work-life'*

### **Findings**

First question:

The first question under the section *'The Japanese people's views on their work-life'*, is as follows. "Are you positive towards Lifetime employment?" To this, the percentage of respondents with positive feelings has increased since 1999. In 1999 71.2 % were positive. In 2004 this number was 77.2%. This is an increase of 6 %. It is also shown that older men (older than the age of 34) are more positive towards lifetime employment than younger men, although the positive response among younger men has increased too.

Second question:

The second question in the same section is whether the respondent is positive towards seniority based pay. When it comes to this question, too, people who are positive have increased since 1999. The percentage of favourable respondents has risen from 58.5 % to 65.3 in 2004. Here too, older people are generally more positive, although younger men have become more positive since 1999.

Third question:

The following question, also in the same question, is "What sort of career do you desire?" There are three possible answers that the respondents can choose from. It is possible to choose more than one, if desired. The most chosen career is a one-company career, and it has been so since 1999. It has also increased from 40.5 % (1999) to 42.9 % in 2004. A multi-company career, on the other hand, is desired by 26.1 % of the people asked. This is an increase by 2.2 % since 1999 when it stood at 23.9%. The third and final option respondents could choose from was an independent career, i.e. to be self-employed. This answer has experienced a decline since 1999 when it was at 15.3.

Since then it has decreased to 13.3 %.

#### Fourth Question:

This question deals with the family-constellation when it comes to who does what in the household. It is connected with the traditional notion that the husband goes out and works in order to support his family while the wife tends to the daily chores at home. The question gives the respondents several options and asks them to choose the one that corresponds the most with the way they want their daily-life to be. The most popular option is the man being devoted to work while the woman stays home and is devoted to the family. This is in line with the traditional Japanese way of thinking, mentioned above. There is, however, a big difference between young men (36.9%) and older men (over the age of 34) (46.6%) who agree with this.

The second most chosen response is that while men are devoted to work, women commit themselves to work, as well as to the family. Here the percentage of young men choosing this is 12.1 % and 15.5 % among men older than 34. At nr 3 is the notion that men and women, both spend their time with work as well as the family. This one is more popular among young men (24.8%), rather than older men (18.3%).

### **Summary Questionnaire study 2**

As with the study conducted by Kirin Beer, it is possible to sense the underlying fear of lay-offs etc. that is a result of the overall economic uncertainty in Japan. It seems likely that this is the reason for the respondents' propensity for leaning more towards practices that bring to mind ideas like security, stability and tradition, such as the trend seem to have been. Granted, the latest installment of this study was conducted five years ago, but the figures do show an almost continuous increase in support for Lifetime employment and practices that go hand in hand with it, such as men being the breadwinner, seniority based promotion etc. during the five years from 1999 to 2004. It is therefore logical to assume that the recent heightened economic uncertainty due to the economic crisis etc. will have spurred these tendencies on even more.

Like the previous questionnaire study, this one doesn't cover to what extent or if at all, lifetime employment systems exist today. It does, however, suggest that there is a strong will and support for the system among employees in Japan.

### ***Questionnaire study 3: Conducted in direct purpose for this thesis by the author***

This study was carried out by me in order to complement the previous studies presented in this thesis. It was carried out in Osaka during July 2009. The questionnaires were handed out in Umeda, one of the main centres of Osaka. People approached in Umeda were all professional looking, wearing suits, suit-dresses etc. This was done in order to reach the core demographic of white-collar employees, college graduates that are subject to lifetime employment. Additionally, all respondents who were part-time workers, unemployed, non-college graduates etc. were disregarded. This, too, was done because the goal of this questionnaire was to get an idea of how common lifetime employment is within that labour category of white-collar professionals where it exists. In total, a number of 32 people were used in the study, both male and female. The questionnaire consisted of 6 questions.

### **Findings**

The questionnaire was made up of the following questions:

- How old are you?
  - o Between 20 and 30      Between 30 and 40      Between 40 and 50      Over 50
- Are you male or female?
- Are you a full-time employee as well as a college graduate? Yes/No (respondents who answered no to this question were disregarded in the final study)
- Since graduating, have you worked at full capacity at any other companies before your present one? If yes, how many?
- In the future, do you consider willingly changing companies a possibility?
- Are you presently worried about layoffs?

First question:

*How old are you?*

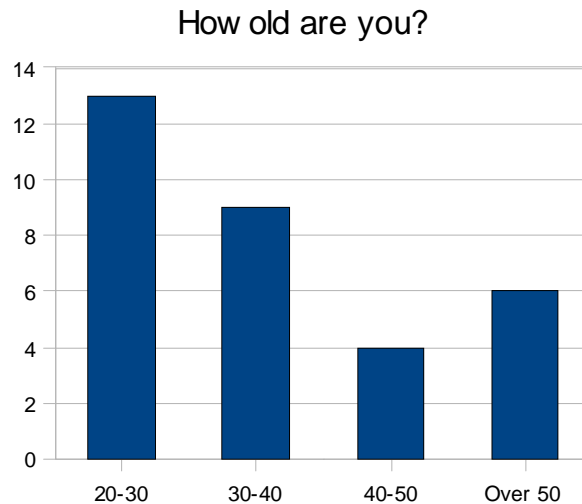
This is how the respondents answered:

Between 20 and 30: 40.6 % (13)

Between 30 and 40: 28.1% (9)

Between 40 and 50: 12.5% (4)

Over 50: 18.8% (6)



As you can see there were larger numbers of young people willing to take the survey. The group with least respondents was the one between 40 and 50 years old.

Second question:

When it comes to the sex of the people in the survey, 26 were male, while 6 were female. This makes the percentage 81% male, 19% female.

The reason for the large amount of male respondents is that most women asked did not claim to be full-time employees, making the percentage heavily skewed towards male, but since lifetime employment too, is said to be present mostly among male workers, this might actually be an expected development.

Third Question:

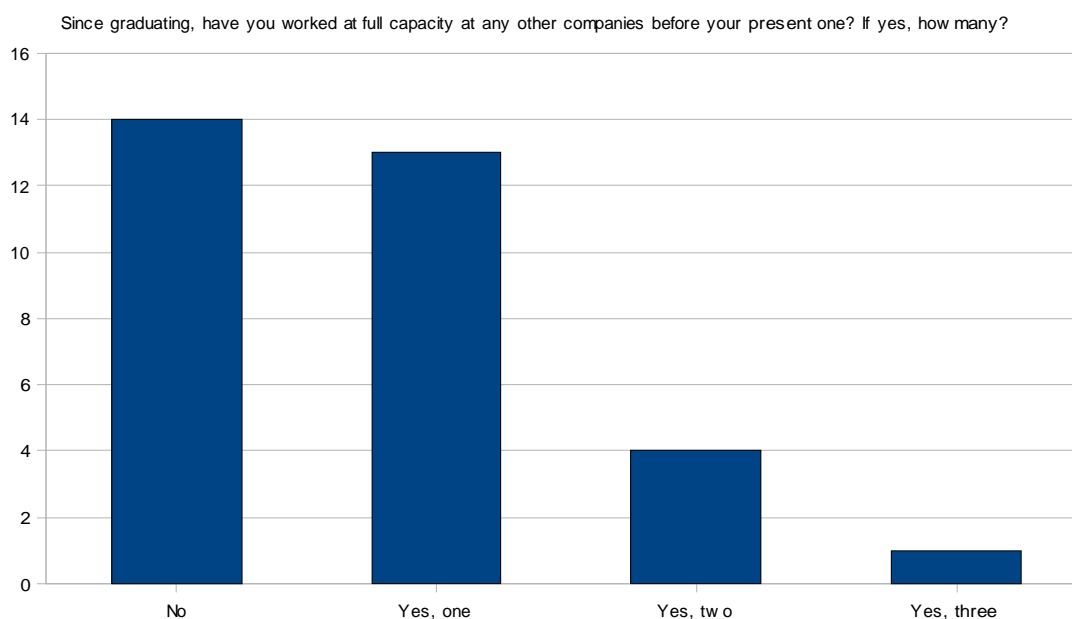
*Are you a full-time employee as well as a college graduate?*

Since only the people who answered yes to this question were used, the percentage of full-time employees is 100%.

Fourth question:

*Since graduating, have you worked at full capacity at any other companies before your present one? If yes, how many?*

56.3 % (18) answered yes to this. Out of these 18, 13 claimed they had worked in one previous company. 4 claimed they had worked in two previous ones, and only one claimed to have worked in three.



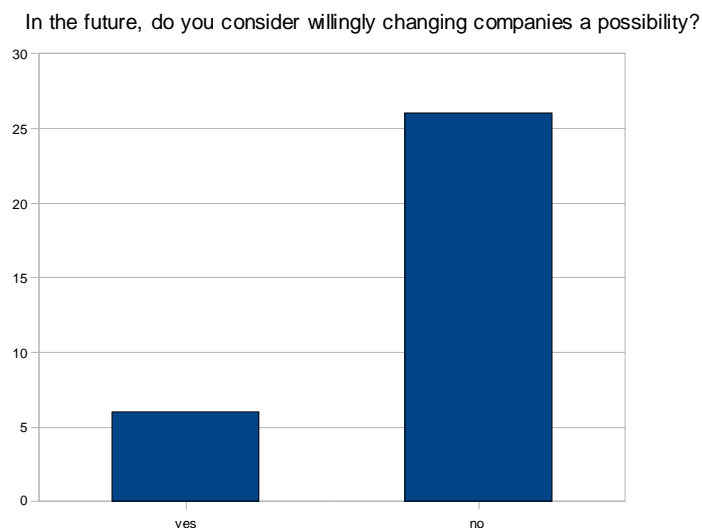
An interesting point here is that out of these 18 people who have had a full-time job at another company since their graduation, 5 were female. This means that out of the female respondents, over 83 % have had more than one full-time job. This could point to the fact that the lifetime employment is mostly present among men. The fact that over 56 % answered yes to the question makes one think that lifetime employment seems far from being the rule among the targeted demographic. However, if one looks at strictly male respondents, only 50 % (13 out of 26) answered yes. Out of these 50 %, 23 % were from the youngest age group. (between 20 and 30 years old)



Fifth question:

*In the future, do you consider willingly changing companies a possibility?*

To this question, only 18.8% (6) answered yes. Out of these 6.2 were female. This means that over 80% of the people asked would rather stay with their present employers, rather than risk financial insecurity by looking for another job.

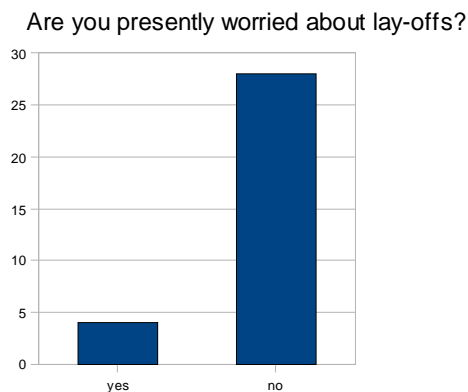


With women, a third answered yes to the question, but this could be explained by the small amount of women taking part in the study. It could also be explained by the popular opinion that women are generally not associated with lifetime employment, and would therefore be less inclined to stick with one particular employer.

Sixth question:

*Are you presently worried about lay-offs?*

This question brought about an almost unanimous affirmative response. Only 4 people answered no to this. (12.5 %) Out of these 4.1 were female.



At first sight, the fact that only 4 people answered no to this question but 6 people felt that they might willingly change companies in the future in question 5, might be cause for bewilderment. It might, however, be about changing jobs on one's own terms, rather than being forced to change. Apart from that, the answers indicate a strong fear for one's work future.

### **Summary Questionnaire study 3:**

To sum up, this last study seems to verify a lot of the points credited to the previous two. Here too, one can see indications of worry and fear as well as an aversion towards change. Some of the respondents claimed to be open to pursuing an alternative career, but overall, people tended to cherish a stable, continuous livelihood in the place they are presently at. This was also visible in question nr 6, where 87.5 % were worried about lay-offs.

A main goal of this study was to analyze to what extent the lifetime employment system takes place in present day Japan, a factor that is somewhat absent in the other questionnaire studies presented here. Although this study might be considered too small to yield hard facts, it could point in the right direction as to the occurrence of the system. According to this study, some data seems to indicate a quite high ratio of lifetime employees. There is, however, no real inclination pointing to a widespread, definable lifetime employment system. While 43.7 % answered that they have only worked in one company since their graduation, and few people feel the desire to branch out and get employment somewhere else, this could be more of an indication that people want the merits that a lifetime employment system provides, such as job-security etc. It does not give a reliable answer to whether that system actually exists to the same extent or if companies presently can or want to live up to their side of the understood agreement between employer and employee that comes with lifetime employment.

## ***Interviews with soon-to-be college graduates***

As an addition to the questionnaire studies above, two interviews with fourth-year university students who will graduate next year, have been conducted. This aims to shed some light on the question about the future of lifetime employment in Japan. College-graduates like these will be the ones who may take part of a lifetime employment system if there exists any. Therefore, knowing their expectations and hopes can give a hint about what lies ahead for the system. If there is a strong faith and desire for the said system, the chances for its survival should be considered greater. However, if there is no wish to be a lifetime employee, or no trust in that the employers will repay faithful commitment with solid job-security, these chances should be slimmer.

The two students interviewed are both male. This is to put focus on the segment of the population that is prone to be a part of the lifetime employment system. Because it is custom in Japan for University students to do their job-hunting in April during their fourth year, the interviewees had already found their post-graduation jobs at the time of the interviews.

### **Interview 1**

This interview was conducted on June 20<sup>th</sup> 2009 in Sapporo, Japan.

The first interviewee is called Taichi. He is 23 years old and is a fourth year student at Hokkaido University. At the time of the interview, he had already finished his job-hunting and was set to start a job at the accounting department of a manufacturing company in the spring of 2010. When asked about the pressure of finding a job, Taichi admitted that he did experience a lot of stress during the course of the job-search. He also said that he believes that this particular year was tougher than usual, as he has friends who at the time still hadn't been able to land a job offer. These people, not finding jobs have been fewer earlier years, according to Taichi. Therefore, he expressed a great relief, having his future job already decided. There was, however, a small concern, according to Taichi. At the department he was set to work, there did not appear to be a lot of young people and he was slightly concerned that he would not enjoy the day-to-day work there, as much as he would at another company. He had, however, accepted the job anyway, because of the aforementioned pressure of finding a job. When asked if he would consider changing companies to one where there were more people of his own age, he said that if the case is really that his satisfaction would suffer due to this potential problem, he would like to change companies. He did, however, feel that he

would not be able to do so, at least not in the first two or three years. This is due to concern of being seen as a “quitter”. According to Taichi, by quitting one's job without a sufficient reason, one becomes less wanted by potential employers as a result.

Regarding the prospect of becoming a lifetime employee, Taichi admits that it is something he hopes that he will be able to do. He does, however, have his doubts that he will actually be able to do this. And he does specify that he would have to enjoy his job at the company in question, in order to have a desire to make that unspoken deal with an employer. Taichi believes that lifetime employment does in fact exist in Japan still, but he believes that this is an exception to the norm, rather than a rule itself.

## **Interview 2**

This interview was conducted on July 4<sup>th</sup> 2009 in Osaka, Japan. The subject this time was a fourth-year student at Osaka University of Economics called Ken. As Taichi, Ken has already been hired at a trading company. He will also start this job in the spring of 2010.

When asked about his future career, he says that he does expect working at the aforementioned trade company, at least for 4-5 years. If he finds his job there satisfactory, he says that he will probably want to work there until retirement, if possible. When asked about having concern about the current common fear about being laid-off or downsized etc., Ken admitted that he sees it as a source of worry, but he also states that he does not think about it much. He says that he has read about increasing lay-offs etc. but because he has no friends or family-members that have been affected, he has yet to be truly concerned. For that reason, in his opinion the main obstacle for a potential lifetime employment is his own opinion about the firm. In other words, if he ends up liking the job, he believes that he can work there for a considerably long period of time.

This brings the subject to a main question; to what extent does Ken believe that the lifetime employment system exists in Japan, if at all? Contrary to many beliefs, mentioned before in this thesis, Ken actually believed that the lifetime employment system is still widespread, regardless of the recent trends of increased downsizing etc. Ken believes that, while there is a small chance of being let go by one's employer, this chance is low and he trusts that if he commits himself to his company and works hard, he will be rewarded by his company with a good career.

## ***Summary of the Empirical data***

Now that the empirical data has been reviewed, it is time for a quick summary.

As we have seen in this section, overall, there is presently a strong concern about lack of job security. If you look at the three questionnaire studies, for example, it is apparent that a lot of people are worried about their financial situation, whether they will be affected by the economic downturn etc. This is something that was especially distinct in the questionnaire study conducted specifically for this thesis, where 87.5 % were worried about lay-offs. This correlates with the corresponding trend, that people have come to revere values such as stability, tradition and security. This is likely a reaction to said the worries. In this bleak and uncertain climate, people seem to hold these values in a higher regard. That these are the same values that lifetime employment promotes indicates that there should be a strong support for that system. One questionnaire asked straight out if the respondents were positive towards lifetime employment and saw 77.2 % answer yes. This is a number that had increased by 6 % since 1999.

Even the two interview-cases pointed in this direction. Both interviewees expressed a desire to become a lifetime employee. This could be seen as an indication that this support for the system will continue in the coming generation of male college graduates.

When it comes to a big question-mark, whether there actually exists a functioning lifetime employment system today, the cards are more difficult to read. In questionnaire study nr.3, 50 % out of the male respondents claimed to have only worked in one company since graduating. And these were not all in the youngest age-group. About 27 % were from the other three age groups. Also, 80 % of the respondents said that they are set on staying in their respective companies until retirement. These facts show that there seems to be a lifetime employment system presently, even though to what extent is difficult to pinpoint.

In the next section, the analysis, these empirical data will be interpreted to reach a conclusion. The theoretical data will also be used as a reference point while reviewing it.

## Analysis

This section is set up to further analyze and review the data, assembled in the previous section, Empirical Data. The goal here is to try to come to a conclusion about the main questions of this thesis, presented in the purpose section. In other words, we see if the information gathered, answers to what extent lifetime employment exists in Japan, what expectations workers and students have on their careers and how the future looks for the lifetime employment system. The two theoretical frameworks will also be re-introduced here to fill in gaps and try to bring the discussion along.

This analysis will start with the first two of the three complementary questions, and then continue with to what extent lifetime employment seems to exist today. Lastly, the sub-question regarding what we can expect in the future will be analyzed.

### *Employees' expectations on their employment*

When looking at the empirical data, there seem to be a few very apparent trends in how employees view their work-life. First of all, people seem to have a strong and distinct concern about their own financial situation and how their career will develop in the future. This concern could be seen as a very clear effect of the economic uncertainties related to the current financial crisis and the downturn in Japan's economy that turned into a recession in 2008<sup>26</sup>. This concern seems quite evident in the questionnaire studied presented above. For example, when asked what their biggest cause for worry in their life is, 40.5 % answered that it is their financial situation. (This was the most common answer)<sup>27</sup> This fear related to financial uncertainties, is most notably expressed by cherishing values and practices that are intended to aid these worries, for example lifetime employment. When looking at the study conducted by the Japan Institute of Labour Policy and Training, one sees that responses that support the lifetime employment system and seniority-based pay have increased from 1999 to 2004. Also, a one-company career is the most desired type.<sup>28</sup> If these responses that value the traits offered by a lifetime employment system are a product of increased financial troubles in Japan like the long stagnation that was experienced at the time<sup>29</sup>, one could imagine that this has increased even more since 2004. After all, the current financial crisis is a

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<sup>26</sup> Japan Times

<sup>27</sup> Kirin Beer

<sup>28</sup> The Institute of Labour Policy and Training

<sup>29</sup> Japan Times

fairly recent occurrence. There also seems to be a strong propensity towards traditional ideas, like the man of the family being the breadwinner. The most desired constellation is that the man goes out and works in order to make a living for his family, while the woman stays home and tends to the family.<sup>30</sup> Even this is an idea that is closely related to lifetime employment and the idea that the man devotes himself fully to the company and gives his family the best financial support that he can provide. However, this notion is a lot stronger among older respondents (over the age of 34).<sup>31</sup> Which brings us to another interesting point, that young people generally seem to be more open to new ideas. For example, in the study conducted by the Institute of Labour Policy and Training, which dealt a lot with people's attitude towards traits of Japanese Management, people over the age of 34 were generally more positive toward the lifetime Employment system and seniority-based pay. It is therefore possible to believe that the younger generations are less bound to old practices and traditions. One might say that they probably see the world in a manner more towards an Anglo-Saxon spectrum, where workers exist as a resource rather than something resembling a family-member, whereas older people who are more pro-lifetime employment see themselves as someone who exist for the company as much as the company exist for them. This is the giving and taking that is connected to the 'deal' a lifetime employee makes with the company. He gives his devoted dedication and hard work for a long time, and is repaid with the promise of a long, lustrous career. This is more of the Japanese perspective explained in Dore's model.<sup>32</sup>

If we use the Construction of reality-model created by Berger and Luckman, this slightly different way of thinking among younger people could mean that new habits are being formed in the younger generation. If people are less inclined to adhere to being loyal and devoted to one company, time could turn this habitualization into new institutions of thought, changing the social reality. New generations may grow up with a different world view, thus taking this new reality for granted. However, something speaking against such habitualization taking place, is the fact that younger people, although less positive towards lifetime employment etc than older, have still become more positive between 1999 and 2004.<sup>33</sup> This could, however, be something temporary, a speed bump, caused by the recent turbulent financial times, making people embrace things that exude values such as security, tradition etc, but only temporarily.

This discrepancy between older and younger employees aside, the results shown in the empirical data seem to suggest that when it comes to expectations about their career, people generally seem

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<sup>30</sup> The Institute of Labour Policy and Training

<sup>31</sup> The Institute of Labour Policy and Training

<sup>32</sup> Dore, Ronald

<sup>33</sup> The Institute of Labour Policy and Training

more geared towards the Japanese perspective in Dore's model. In his book, Dore described that Japan is turning more Anglo-Saxon as time goes by. That is, the Japanese way of thinking is becoming more and more that employees are resources to help companies increase their profitability and help the shareholders maximize their profit. However, these results point to that the Japanese way of thinking is still strong, even becoming stronger. However, one should remember that this is mainly in employees minds, since these studies are conducted with company workers. Also, as mentioned before, this strong affection for lifetime employment etc shown in the empirical data could simply be people's response to the current tough financial climate, a sort of safety line, they hope will keep them safer.

### ***Soon-to-graduate students' expectations on their future careers***

In order to expand the focus a little from employees, and also focus on future employees, two interviews were conducted with fourth-year students. The logic was that, since these students will soon exit university-life and enter the work sector, by looking at their opinions and expectations, one could gain some insight into what sort of ideas they will bring with them into the work sector. They are, after all the future generation to carry on employment for the companies. Thus, by seeing what expectations they have for their future careers, one can at least get an idea about if their introduction into employment will create new habits and ideas, thus altering the social reality, making the work sector more or less Anglo-Saxon.

When looking at the interviews conducted, one sees that radical new ideas are absent from the two students. Generally they seem to share a lot of the same beliefs that the people featured in the three studies expressed. For example, the first student expressed a great relief at finding a job, due to his understanding that this year's job-hunt was more difficult than previous years', probably because of the financial crisis. The other student, however, said that he is not really that worried about downsizing etc. This is due to the fact that he does not know anyone affected by these things. He did, however admit that it is a cause for some concern.

Both the students believed that lifetime employment exists, although one of them describes it as something he considers to be an uncommon thing, not the norm. The other student, however, believed that lifetime employment is still common, and that he believes that if a worker devotes himself to the company loyally, he can trust in being repaid in the manner accustomed to lifetime employees, this because there is only a marginal chance of being laid-off etc.



When asked about whether they want to become part of the lifetime employment system or not, both of them admitted that they want to. However, they both said, that in order to give their part in this 'deal' between employee and employer, they would have to make sure that they really enjoy working there. This seems to be a more laid-back attitude towards lifetime employment than traditionally. By stressing that the most important thing is that they enjoy their time in the company, they do put themselves first. This might be a marginal difference but it could mean that the company is a way to fulfill their goals, not something resembling a family or an 'ie'.

If using these two interviews together with the theoretical framework, one can be of the impression that by students like these two entering the work-sector, no radical new habits will be formed, changing the institutions and, in time the social reality. They seem to have been socialized in pretty much the same ways as older people who are already working. It does, however, seem to be in line with the argument that there is a continuous change among the young generations. They still do desire the things that Lifetime employment provides, but this desire seems to be less wholehearted than among older people, a bit more Anglo-Saxon. That is, a little less focused on the mutual beneficial relationship between person and company, and that personal gain is more important. This can lead us to believe that the social reality and the 'truths' about how the people and company relationship should work is slowly changing, due to new habits and behavior.

It is important to remember that these are only two people and that they by no means represent all of the fourth-graders in Japan, but it can be interesting to get an idea of what opinions exist among them.

### ***To what extent does the lifetime employment system exist today?***

This is a tricky question, due to some ambiguities involved, for example, what exactly constitutes Lifetime employment? Is it simply when a man works for the same employer his whole career, or is it something more? What is the main nature of the system? One way to see it is to look at the expectations and intentions of the people involved. Surely, a person working in one company for a long period of time could not be considered a lifetime employee unless he is to some extent aware that he is devoting himself to the company in order to be repaid by a promised promotion and job security. He should willingly enter the 'gentlemen's' agreement' that is lifetime employment. If someone is just working at one company for lack of a better option etc and doesn't really care about

the exchange between himself and his company, he should not be considered a lifetime employee. Thus, in order to reach some understanding about the state of lifetime employment, we should look at how common the willingness of entering lifetime employment is, and then how commonly people work in the same company during a large part of their career.

Firstly, as we have seen before, the willingness of engaging in lifetime employment seems to be surging at the moment. For example, when one study asked what the respondents desire in their career the most, 55.4 % claimed that they want to devote their career to the same company. The second most common answer was that they want a guaranteed promotion in the hierarchy (43.6 %).<sup>34</sup> Both these answers seem to point to the fact that people's willingness to be a lifetime employee is strong. Also, in another study conducted in 2004, 77.2 % said that they were positive towards lifetime employment, an increase by 6 % since 1999.<sup>35</sup> In the questionnaire study conducted, specifically for this thesis 81.2 % of the respondents (who were all full-time working college graduates) did not want to willingly change companies.

With this in mind, it could be fair to assume that the willingness to engage in lifetime employment is strong. This seem to be the case, despite recent trends, such as the increased risk of lay-offs etc and criticism towards companies asking too much of their employees leading to *Karoshi* etc. This points to the fact that people don't just desire lifetime employment, they still seem to believe that the companies can make good on their promises of job-security, a good career etc. This seems to indicate that the willingness to receive the virtues of lifetime employment outweighs the fear that the companies will fail to deliver on their promise.

The question does remain, however. Are companies capable of upholding the system? Can they really make a promise to keep people on the payroll permanently and guarantee to promote them, in this financial climate? This is a difficult question to answer. People seem to believe in the system still and if they do so many people working in the same company for a long time might be considered a lifetime employee.

Let's look at how many people stick with one company. In the questionnaire study nr 3, 43.7 % of the respondents claimed to have worked in only one company since their graduation. Out of the men, only 23 % were from the youngest group. Now, this is not a big enough number to suggest that limiting yourself to one employer is the norm, but it does seem to indicate that lifetime

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<sup>34</sup> Kirin Beer  
<sup>35</sup> Institute of Labour Policy and Training

employment does exist, even if only as an exception. However, this too, does not really provide any answers about the companies' willingness or ability to engage in lifetime employment. It is possible that the recent increase in popularity among lifetime employment and its traits is simply people's reaction to the fear and worry they feel about the insecurities in their lives due to financial troubles in Japan and elsewhere. It takes two to tango, and the employers need to be willing and able to make this 'deal' too.

Let's look at the theoretical data for help. By using Berger and Luckman's model about the Construction of Social Reality, the large support for values such as loyalty, tradition etc seem to indicate that these are still widely accepted and objectified facts or truths. They are not just objective, they have also become subjective in people's minds through internalization. That is, people see these facts with subjectively charged meanings too, people who have been socialized into this 'reality' where this strong bond exists between company and employee. Now, if increased financial uncertainty and a tougher climate for companies and employees create new habits, these can lead to new institutionalized norms, and in the long run change society, so that people see the employee- employer relationship less from Dore's Japanese viewpoint, and more from the Anglo-Saxon one. Thus, the socialization that Japanese people are subjected to through childhood, education, work etc. will be less charged with traditional ideas that support the lifetime employment system. For now, though it seems that Japanese people are still socialized into a reality where lifetime employment and its attached values is rational. Another way of looking at it could be that there has been a *re-socialisation* causing people to fall back in their old habits and institutionalized ideas, rather than continuing the shift towards new ones. That is, instead of continuing the move towards a more Anglo-Saxon way of seeing things, re-socialisation moves the swing back to the Japanese side. Berger and Luckman don't mention anything resembling re-socialisation in their theory. This could be seen as a weakness in their model.

So, what can be said about the extent to which the system exists? It seems fair to assume that people are still, generally supportive towards the system. This is a fact that seems to have become more apparent because of recent financial causes for concern, such as the economic crisis, Japan's recent recession etc. If Japan was heading towards a more Anglo-Saxon way of thinking, this transformation appears to have been, at least temporarily, slowed down, at least among employees. So, the common perception seems to be generally more in line with the Japanese part of Dore's model, at least presently. This could also be a product of the international financial crisis. It is possible that this phenomenon has turned Japanese people off from the Anglo-Saxon values, and caused them to retreat to their traditional ideas.

In other words, the social reality seems to still prefer the ideals that companies should exist for the employees, not just to make profits for the share-holders. This seems to be the reality that people are socialized into. This, despite the fact that many scholars believe that lifetime employment is a burden to Japan's economy, due to the heavy costs of having a large permanent staff etc.<sup>36</sup> However, if what Dore says is true, that Japan is turning Anglo-Saxon, then this process seems yet to have real effect, at least among the employees. It is interesting to think that during a turbulent economic period, people are seeing a system heavily criticized for being a burden and inefficient as something rational and positive.

The question about how common the lifetime employment system is, is a difficult question to answer. As mentioned before, the data seems to indicate that it does exist to some extent, but we cannot draw any firmer conclusions than that. What we can see, however, is that there is a strong desire and support for a lifetime employment system, which can lead one to believe that the system will exist until companies fail to uphold their end of the bargain, and people lose their support for it, as a result.

### **The future?**

Because of the difficulty of reaching a distinct conclusion about to what extent lifetime employment exists today, it becomes equally hard to draw such conclusions about the future. It is, however, possible to discuss future trends etc, that can be expected to occur in the future. As we have seen, there is presently strong support for lifetime employment among people asked in the surveys etc. This is despite popular opinions among scholars that lifetime employment is a burden to the Japanese economy etc.<sup>37</sup> Thus, the future of lifetime employment seems to depend on mainly one thing, whether the companies can manage it. Because lifetime employment still seems to be seen as the rational option, in the reality that Japanese people are socialized into, people will still want to keep it, if possible.

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<sup>36</sup> Maswood & Sugimoto  
<sup>37</sup> Maswood & Sugimoto

## Conclusion

So, to sum up, what conclusions can we reach concerning the questions asked in this thesis?

When it comes to the employees' expectations on their employment, the data gathered suggest that a majority aspire to be lifetime employees. This 'deal' between employer and employee is something they want to make. It is also clear that there is a strong concern about layoffs and other problems concerning their financial situation presently. This can explain the high support for lifetime employment, since the values that come with it aim to increase job-security etc. This current worry, however, can be seen to imply that, while employees see the system as a good thing, they do not fully trust in it. If people trusted in lifetime employment completely, there would be no cause for concern if one were a lifetime employee.

When it comes to the expectations of students, the two interviews conducted did not show any significant deviation from the employees featured in the questionnaire studies. They too, expressed some concern about layoffs etc (although perhaps less strong) and stated that they wanted to be part of the lifetime employment system. These two interviews should, however not be seen as an attempt to generalize, simply to get an idea of what expectations might exist among soon-to-be university graduates. And the expectations seen were generally in accordance with those of their elders. No real conclusion can be drawn about differences in expectations between two students and employees in general.

So, what other things can we learn regarding the lifetime employment system? To what extent does the system exist? It is interesting to see that there seems to be no correlation between the popular opinion among Japanese employees and the critics who call the system a burden and inefficient. One can believe that the strong financial safety concerns among employees hinder a potential abolition of the system. Theorists such as Dore claim that Japan's Management culture is changing its values towards western ones. The data, however, suggests that this change has slowed down, or at least has not yielded any strong effects yet. This can be seen as a result of these turbulent times, and that people are hoping for a stronger job-security etc. It can also be because Japanese people have found a more western way of thinking less appealing, due to the financial crisis. Nevertheless, factors like these can be seen as leading people to cherish the system more in troublesome times, instead of turning against it due to its potential weaknesses. We have also learned that there is a difficulty in pinpointing exactly how common the system is in present time Japan. Mainly

because it is an unspoken and rather vaguely defined system. There can also be a difficulty in determining exactly who is a lifetime employee and who is not. The fact that the attitudes towards the system appear to be so positive, leads one to believe that it still functions to some extent. If the system did not work at all, one can assume that people's support would decline as a result.

When summing up, I noticed a potential shortcoming with the theoretical framework. This is related to the fact that the recent shift back to a more Japanese way of thinking points to the socialisation towards Anglo-Saxonism having been interrupted. This could be called a *re-socialisation*, but Berger and Luckman never mention anything about when socialisations into new habits are interrupted and reversed. I therefore believe that this model could use some updating in order to be applicable to this recent turn of events in Japan.

When it comes to predictions about the future, one can be of the idea that due to the popular opinion that is positive towards the system, the thing that can make or break it, so to speak, is the companies' ability to uphold it, to keep their end of the Lifetime employment-agreement between employee and employer. Lifetime employment seems to be so rooted in cultural and sociological values in Japan, that the inability to practice it may be the main possibility for abandonment. But who knows, perhaps the increased globalization and interaction between financial markets will be the cause for a change in the way Japanese people view their management culture. It is, after all, impossible to predict the future.

This thesis has tried to avoid taking a stand as to whether lifetime employment is something good or bad, whether the advantages outweigh the disadvantages or not. The main objective has instead been to start a discussion about how this distinct Japanese Management phenomenon is viewed in present turbulent and worrisome times, and how it can be affected by the current uncertainty that people feel.

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## Appendix

### アンケート

お願いいたします！

- 何歳ですか？

20歳と30歳の間

30歳と40歳の間

40歳と50歳の間

50歳の上

- 男

女

- 大学を卒業したことがある専任の従業員ですか？

はい

いいえ



- 卒業したあと、この会社以外で、他の会社で働いたことがありますか？ そうだったら、いくつですか？

はい

いいえ

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- 将来で進んで会社を変化をすることが可能だと思いますか？

はい

いいえ

- 今リストラのことを心配していますか？

はい

いいえ

ありがとうございます！