

How Does Job Turnover Affect Subsequent Employment Instability? An Analysis of Inequality among Job Leavers in Japan

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Research Questions

1. Does experience of changing a job increase the subsequent employment instability in Japan?
2. How did the effect change over 50 years with the consideration of compositional changes of those who change their jobs?

Background

Is job change chance or risk?

Job change (interfirm or external job mobility) is one of the significant mechanisms of stratification processes on the life-course.

Is job change a chance to obtain a more prospective employment, or a risk to fall into unstable employment?

Labor market transformation and employment prospects

Labor market transformation changes the opportunities to obtain stable employment through supply-side and demand-side mechanisms.

1. **Supply-side mechanism:** educational expansion, occupational upgrading, expanding non-regular employment, and increasing job loss.
2. **Demand-side mechanism:** changes in stable employment vacancies and its accessibility.

Japanese labor market situation and its changes

Long-term employment / tight school-to-work transition: **job changers would face a difficulty to get stable employment.**

Change 1: Economic downturn since the 1990s would decrease the chance to get stable employment.

Change 2: Gradual improvement of gender inequality may provide more chances of stable employment for first-job workers but less chances for job changers.

Methods

Data: Social Stratification and Mobility (SSM) Survey in Japan, 2005 & 2015*.

Sample: Person-years of employees aged 15–59, who have entered a firm in 1960–2014. Those who have never worked and started working over aged 29 are dropped. The person-years that work as the self-employed are also dropped.

Sample sizes: 5,126 (with 124,369 person-years) for men, 5,911 (with 93,978 person-years) for women.

Statistical model: Discrete-time event-history analysis using random-effect logit model

Dependent variables

Job exit leaving a job at t conditional on being employed at $t-1$.
Job loss leaving a job at t for subsequent reasons; “for compulsory retirement age or contract expires” or “bankruptcy, closing a business, or layoffs.”

(Most important) Independent variables

Experience of job change **First job worker** (those who have never changed their firms) or **job changer** (those who have ever changed their firms at least once).

Descriptive Analysis

Figure: Rate of job exit and job loss among first job workers and job changers



Note. Each values indicate the predicted probabilities obtained from binary logit model net of age, age square, and survey dummies, separated by gender.

Table: Compositional differences among job changers by firm-entry cohort

Firm-entry cohort	Men					Women					
	1960–1972	1973–1985	1986–1991	1992–2002	2003–2014	1960–1972	1973–1985	1986–1991	1992–2002	2003–2014	
Educational level	Middle school	.431	.234	.150	.108	.058	.385	.212	.147	.077	.038
	High school	.428	.523	.500	.481	.428	.487	.511	.544	.472	.422
	Voc. school/Junior	.039	.066	.123	.154	.161	.118	.235	.246	.339	.376
	University or more	.102	.177	.227	.257	.353	.010	.042	.063	.112	.164
Previous occupation	Professional/Technical	.038	.061	.083	.102	.131	.058	.119	.108	.146	.167
	Managerial	.006	.017	.033	.061	.071	.000	.002	.004	.003	.006
	Clerical	.120	.098	.104	.114	.118	.334	.395	.413	.334	.316
	Sales	.122	.179	.169	.165	.152	.112	.141	.140	.170	.156
	Service	.059	.061	.088	.089	.099	.142	.104	.103	.156	.189
	Skilled manual	.300	.273	.234	.193	.178	.070	.050	.055	.041	.036
Previous employment status	Unskilled manual	.355	.311	.288	.276	.251	.284	.190	.178	.151	.130
	Regular employment	.882	.844	.840	.794	.692	.819	.714	.661	.531	.411
	Nonregular employment	.087	.119	.129	.172	.279	.158	.234	.304	.431	.561
Reason for leaving a previous job	Self employment	.031	.036	.031	.034	.029	.023	.052	.035	.038	.029
	Positive	.515	.439	.404	.367	.353	.309	.250	.229	.270	.272
	Negative	.250	.265	.304	.296	.305	.172	.135	.168	.164	.169
	Job loss	.100	.126	.163	.228	.237	.059	.073	.083	.131	.140
Unemployed after leaving prev job	Family	.106	.126	.076	.074	.061	.420	.510	.475	.392	.362
	Health	.029	.044	.053	.035	.045	.038	.033	.046	.044	.058
	Unemployed after leaving prev job	.062	.096	.088	.117	.178	.280	.455	.425	.407	.403
Number of job change	1 time	.563	.420	.442	.349	.247	.489	.244	.228	.170	.128
	2 times	.277	.298	.246	.274	.267	.338	.370	.320	.279	.217
	3 times or more	.160	.281	.313	.377	.486	.173	.386	.452	.551	.655
N of spells	1165	1432	806	1753	1217	992	1843	1317	3031	2231	

Results of Multivariate Analysis

Table: Coefficients from random-effect logit model predicting job exit

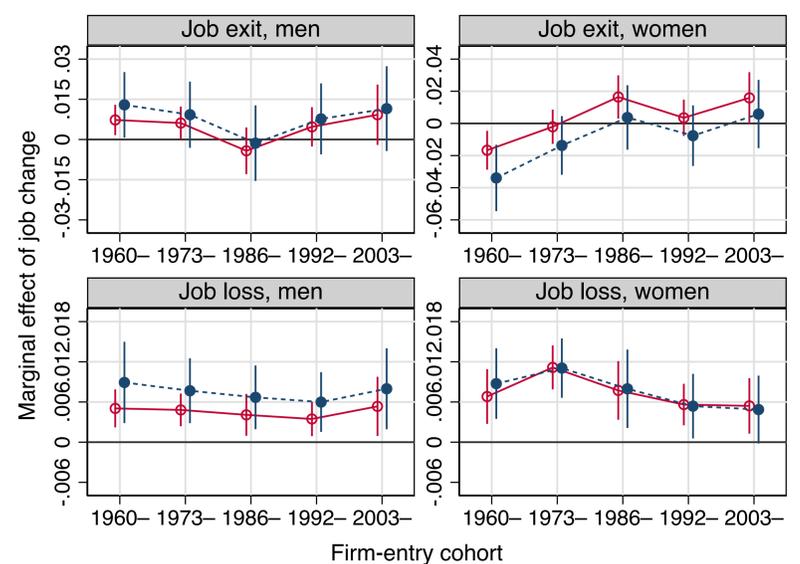
	Men			Women		
	Model (1)	Model (2)	Model (3)	Model (1)	Model (2)	Model (3)
Job change	0.108*	0.153**	0.266*	-0.008	-0.158**	-0.319***
Firm-entry cohort [ref: Entry at 1960–1972]						
× Entry at 1973–1985		-0.052	-0.102		0.191**	0.233*
× Entry at 1986–1991		-0.201*	-0.262**		0.226**	0.250**
× Entry at 1992–2002		-0.058	-0.111		0.191*	0.233**
× Entry at 2003–2014		0.030	-0.035		0.335**	0.376**
Differences among job changers (interaction terms, mean centering)						
	No	No	Yes	No	No	Yes

Table: Coefficients from Random-effect logit model predicting job loss

	Men			Women		
	Model (1)	Model (2)	Model (3)	Model (1)	Model (2)	Model (3)
Job change	0.515***	0.485***	0.832**	0.741***	0.688***	0.897***
Firm-entry cohort [ref: Entry at 1960–1972]						
× Entry at 1973–1985		0.053	0.037		0.353	0.155
× Entry at 1986–1991		0.146	0.149		0.033	-0.157
× Entry at 1992–2002		-0.028	-0.032		-0.157	-0.381
× Entry at 2003–2014		0.146	0.122		-0.052	-0.312
Differences among job changers (interaction terms, mean centering)						
	No	No	Yes	No	No	Yes

Note. * $p < .05$, ** $p < .01$, *** $p < .001$. N of person-year is 124,369 for men and 93,978 for women. N of individual is 5,126 for men and 5,911 for women. Control variables are included in all models.

Figure: Marginal effect of job change, by firm-entry cohort



Increasing effect of job change on leaving a job for women is caused by compositional difference of job changers. However, compositional change **did not affect the trend of the effects.**

Conclusion

1. **Job changers are more likely to face the difficulty to get stable employment** than first-job workers.
2. **The “scarring” effect of job change on employment instability has been persistent** despite the structural and economic changes from the 1960s to 2010s. However, **the opportunity for female job changers have changed since 1960s.**
3. The results net of the characteristics of job changers suggest that **demand-side mechanism of labor market would cause the effect of job change.**