

## **Career Mobility in the Japanese Financial Market**

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### **ABSTRACT**

I evaluate the utility of economic and sociological models of job turnover in explaining patterns of career mobility in the Japanese financial market. I employ a mixed methods approach using exploratory interviews and two separate datasets of finance professionals in Japan. I examine mobility by separating the Japanese labor market into two distinct sectors – the domestic and the foreign. My empirical analysis reveals that much of the observed behavior among workers in foreign firms is consistent with the predictions of the spot-market and the economic mode of exchange. Clearly, these workers behave in stark contrast to their counterparts in the domestic firm, where mobility is less frequent and behavior is more embedded in social relations. However, I also find evidence where behavior in foreign firms deviates from the predictions of economic theory. For example, workers do not necessarily move because of higher pay, but because they seek greater individual recognition, and because they do not conform to the group-oriented norms of Japanese corporations. We also discover evidence of social capital building between workers and their former bosses. This results in striking patterns of team mobility, where workers migrate in teams across firms. In the end, we observe that patterns of career mobility for free agents in an embedded world resemble a hybrid structure: The spot-market features are there, but so are the social exchange aspects of market transactions. The labor market does not operate in a vacuum but is shaped by larger social forces.

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