

**Long-term effects of job displacement in Japan: A conservative estimate using the  
Japanese Longitudinal Survey on Employment and Fertility (LOSEF)**

by

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**Abstract**

Using data from the Japanese Longitudinal Survey on Employment and Fertility (LOSEF), we investigate the long-term effects of employment (or job) displacement on earnings in the Japanese labor market. Using a fixed-effects model, we find significant negative effects of displacement, amounting to 21.7% of monthly earnings. Further, we conclude that the earnings penalty is persistent, with the estimate of earnings losses remaining at 16.2% four years after displacement. Given that our sample includes those who experienced displacement only once in their career and were reemployed as a standard worker within a year, we consider that our estimates of the earnings reductions associated with job displacement are conservative.