

Master's Thesis Abstract

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Name:

The Graduate School of Humanities and Social Sciences

Major Program / Course :

- Cultural Arts Course
- Modern Inter-Cultural Studies Course
- Policy Science Course

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Title : Research on the Transformation of Employment Systems in Japanese Companies

The Japanese employment system is characterized by features such as lifetime employment, seniority-based wages, and company-specific labor unions. These characteristics were highly valued for contributing to stability and motivation during past periods of economic growth. However, in recent years, the Japanese employment system has revealed aspects of inflexibility in adapting to the rapid changes in the labor market, driven by factors like intensified international competition due to economic globalization and advancements in ICT (information and communications technology) .

Many previous studies have pointed out a divergence between seniority-based wages and productivity. In particular, studies such as Kawaguchi, Jin, and Kan (2007) examined the differences of productivity and wage profiles concerning age. They found that younger workers receive compensation below their productivity level, while middle-aged and senior workers receive compensation above their productivity level. However, evaluating the adaptability of the Japanese employment system to large-scale changes such as globalization and technological advancements requires continuous analysis with the use of up-to-date data. Data from the 1990s may not adequately reflect events like the global financial crisis and subsequent changes in the socio-economic environment.

Therefore, this paper utilizes data from the Wage Structure Basic Survey and Industrial Statistics Survey from 2009 to 2018, along with the JIP Database 2021, to estimate production functions and wage functions for the overall manufacturing industry and three sub-industries: light industry, heavy chemical industry, and machinery industry. Labor productivity and wage rates were calculated. The results were then compared with the findings of previous studies, such as those by Kawaguchi, Jin, and Kan (2007), to examine changes in the Japanese employment system over the past 25 years. Furthermore, labor productivity varies depending on the characteristics of labor groups or individuals. When there are disparities in labor productivity, it is important to consider different labor input strategies and approaches to address them appropriately. Companies may contribute to improving productivity by incorporating diverse perspectives and ideas into the organization, providing adequate training and education programs, and compensating for workers' skill gaps. It is crucial to address productivity disparities arising from factors other than wage differentials and to conduct effective talent management and organizational operations to enhance the overall performance of the organization.

The estimated results indicate that in Japan's manufacturing industry, the slope of the wage profile is greater than that of the productivity profile. Consequently, seniority-based wages still exhibit a divergence from productivity, and the observed changes appear to be limited. Finally, it is important to address the remaining challenges in this paper. Firstly, the study focused solely on the manufacturing industry. Future research should investigate productivity and wage disparities in industries beyond manufacturing. Additionally, the study revealed a significant increase in non-regular employment among women, warranting further exploration of the contributing factors and potential solutions.