Institut f. Analysis und Zahlentheorie

Vortrag

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Japanese employment system

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The so-called Japanese employment system consists of three unique components: long-term employment, seniority-based wage system and enterprise unions. Partly because the system worked properly, Japan successfully achieved the rapid growth in 1960s. In the talk, first, we give a brief description of Japanese employment system. Then, we introduce two leading theories explaining the economic rationality of seniority-based wage system. Finally, we show an application of such theories as these to empirical analysis taking one of my studies as an example.The details are as follows.

1. An overview of Japanese employment system Japanese employment system has three unique components such as Long-term employment Seniority-based wages system Enterprise unions worked well especially in 1960s, but has been working poorly since early 1990s ,when the bubble economy collapsed is undergoing the drastic reform affected by the progress in the reform in corporate governance
 2. Focus on seniority-based wage system There exist two leading theories explaining the rationality of seniority-based wage system as below Human capital theory (by G. Becker) Delayed compensation theory (by P. Lazear) The former sheds light on the role of the system in employees' skill formation, and the latter regards it as an incentive device In Japan, delayed compensation theory seems more plausible
 3. An application of economic theories to empirical analysis We show how economic theories are applied to empirical analysis taking one of my studies as an example which employed the theories explained above for examining "Employment Ice Age" (the period just after the bubble economy collapsed, when Japanese firms seriously cut back on hiring of new university graduates influenced by negative macroeconomic shocks)

R. Tichy