

Abstracts

Evaluation and Relational Incentives in Worker Employment: A Survey

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In this paper we discuss several theoretical issues regarding long term employment relationships in light of the recent development of the theory of relational contracting. Our main interests are in understanding how the measures of workers' efforts are utilized in order to motivate them to work well and how their incentive schemes should be designed when employment is long term. Some performance measures of workers are objective (and hence verifiable) while others are subjective (and hence non-verifiable). We show that these performance measures are used in different ways to motivate workers under long term employment relationships. We also discuss how multiple workers are rewarded under long term employment and show that they are jointly responsible for their output as a team. Finally, we discuss the roles of authority delegation in organizations and show that delegation is promoted more under long term employment than under short term contracts.

Organizational/Institutional Changes and Their Impact on Psychological Contracts in Japanese Companies : From the Perspective of Career Change Experiences in the Organization

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Japanese companies are confronted with a decisive shift in organizational structure and human resource management practices. We first identify several types of changes in today's Japanese companies; delayering (i.e. removing several layers of hierarchy in the organization), and the introduction of a performance-based system and a function-assembled career system. Using empirical methods on data from 533 employees from several Japanese companies, this paper examines the relationship between the lack of career change experience caused by the above mentioned changes and the psychological contract perceived by employees. The results show that employees that have spent a long time in their existing rank (i.e. after it has been several years since their last promotion) rarely tend to think that they and their employer are highly obligated to each other. Also, employees that have spent a long time performing their existing function (i.e., after it has been several years since their last functional change) rarely tend to think that their mutual obligations are high. Perceived mutual obligations, however, can be increased. Clarification of contracts and attending career-related training had a positive impact on mutual obligations. This may partly support the notion that there is a rationale behind the periodic promotion (*nenko-system*) and frequent personnel changes in Japanese companies. Implications for Japanese organizations managing psychological contracts are also discussed.

The Normative Foundation and the Structure of the Employment Contract

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The purpose of this article is to consider the following two theories on the new foundations of labor law. One is the theory of "rights as trumps" as asserted by Hugh Collins. Collins modifies the condition of the "veil of ignorance" posited by Rawls, and asserts that a right to work should be regarded as a trump and should be regarded as the normative foundation of labor law. The other theory is the capability approach. This is an idea regarding the normative foundation of labor law that has been gaining popularity. This theory focuses on opportunities for meaningful work and takes the diversity of the individual's environment into consideration. This article argues these new theories and implies 1) that we have to analyze the meaning of labor and work in the modern welfare state, 2) that labor contract regulation should respond not only to the private dimension of labor contracts but also the public dimension of labor contracts, 3) that we should accept the productive disintegration of labor contract regulation. In addition, this article implies that the creation of diverse opportunities for meaningful work may be the primary role of labor contract regulation.