

Abstracts

Intra-firm Wage Dispersion and Firm Performance

Junichiro Ishida (Osaka University)

This article examines the effects of intra-firm wage dispersion on firm performance and suggests potential avenues for future research. In a moral-hazard environment where workers' behavior is not directly monitored, it is imperative to relate observable outcomes with rewards in a systematic way, thereby giving a theoretical underpinning for the necessity of wage dispersion. Excessive wage dispersion, on the other hand, not only distorts workers' incentives but also diminishes their motivation through psychological channels. The overall effect of wage dispersion depends on many environmental factors, which makes it difficult to obtain clear-cut predictions. We argue that more work needs to be done to identify institutional and cultural factors that affect the optimal extent of intra-firm wage dispersion.

A Legal Analysis of "Equal Pay" Provisions between Typical and Atypical Employees

Koichi Tominaga (Sophia University)

This paper discusses the characteristics and background of Japanese anti-discrimination provisions that deal with differential treatments of typical and atypical employees from a legal viewpoint. These anti-discrimination provisions, which were very recently enacted, are different from traditional anti-discrimination provisions that deal with discrimination based on constitutionally-protected classes (e.g. creed, sex or social status). First, these new anti-discrimination provisions do not protect both typical and atypical employees, but protect atypical employees only. Secondly, these new anti-discrimination provisions have wider room for justification than the traditional ones. This paper tries to attribute those differences to different characteristics of the classes which those new anti-discrimination provisions try to protect. Whether employment contracts are atypical (i.e. fixed-term or part-time) or not depends on the will of each party to the employment contract, so a class of "atypical employees" is congenital and changeable variable, which allows asymmetrical protection and relaxed standards for justification. Also, atypical employees usually have difficulties in finding appropriate comparators, because atypical employment conditions themselves usually mean more limited duties of such employees compared to typical employees. This paper finally points out some side-effects of those newly-enacted anti-discrimination provisions.

A Psychological Inquiry into Japanese Compensation Systems: Review Based on Justice Theory

Yoichiro Hayashi (Keio University), **Maki Tottoribe** (The University of Kitakyushu)

This paper discusses the compensation systems in Japan from psychological justice perspectives. Traditionally, psychological researchers focus on the subjective aspects of justice and perceived justice among employees. At the outset, the extant justice theories and researches in the field of social psychology or industrial-organizational psychology are concisely reviewed. In the next section, we gave an overview of popular compensation systems in Japan considering the distinction between job-based and person-based aspects, emanating from different job analysis techniques, and job-oriented or worker-oriented aspects. The ability-based compensation system, quite popular in Japan, is thought to be a quite person-centric. Genuine ability-based systems have gradually been disappearing, to be replaced by pay for performance system since the late 1990's, but still retaining a person-based perspective. We argued that gradual transition from ability-based system to pay for performance might diminish justice perceptions among employees. Lastly, the future research avenues about relationships between compensation systems and justice and the practical implication of this paper are discussed.

Changes in Intra- and Inter-firm Wage Inequality: Evidence from Japanese Health Insurance Society Data

Toshiaki Kouno (Senshu University), **Yukiko Saito** (Research Institute of Economy, Trade and Industry)

This study examines wage inequality using monthly report data by all health insurance societies from April 2003 to March 2014 (132 months). We created a monthly wage distribution by society and gender to break down wage inequality into intra- and inter-firm inequality using mean log deviation (MLD). Change in intra-firm inequality is further broken down into pure effect and effect of change in firm share of employee. We found the following results. First, male wage inequality was smaller than female wage inequality in 2003, however, during the sample period male wage inequality increased and overtook female wage inequality, which remained stable. Second, the increase in male wage inequality is mainly caused by increases in intra-firm inequality. The effect is larger for pure effect in intra-firm inequality change, while inter-firm inequality change is volatile and the contribution to the trend is smaller. Third, after the Great Recession, the number of employees decreases and the mean wage decreased at the same time, especially for male employees. Further, increase by pure effect in intra-firm inequality and increase in inter-firm inequality are observed. The fact that this change occurs in the revision month (September) in 2009 and the results in wage distribution imply that the wages of new employees do not increase and the number of employees with wages more than mode wage decreased, which leads to an increase in wage inequality.

The Effects of Intra-firm Wage Dispersion on Firm Performance and Job Satisfaction

Takashi Saito (Meiji Gakuin University)

This study examines the effects of intra-firm wage dispersion (WD) on job satisfaction and firm performance. Our analysis is based on data from an attitude survey carried out by the International Economy & Work Research Institute, and on financial data. It covers over 200 companies and 745,400 workers. We want to focus on intra-firm wage inequality among workers with similar observable characteristics, so we use the standard deviation of residuals from the estimation of the earnings regressions for each firm. Firstly, we find positive and significant relationships between WD and job satisfaction, obtained from our basic ordered probit models. Adding the quadratic term of WD to the basic model, the linear term is positive while the quadratic term is negative, and both coefficients are significant. It indicates there is a WD which maximizes job satisfaction. After the global financial crisis in 2008, however, the hump-shaped pattern disappears and job satisfaction rises when WD is less dispersed. Secondly, using operating profit per employee as a dependent variable, the results of our OLS estimations show that there is a positive and significant relationship between WD and firm performance, however this effect disappears after the financial crisis. Adding the quadratic term of WD, both the linear term and quadratic term are insignificant. Results presented in this paper suggest that before the crisis the most appropriate WD existed for employees, while firms were able to improve their performance by increasing the WD. However, after the crisis, the employee is more satisfied when the WD is less dispersed and there is no clear relationship between the WD and firm performance.

Fixed-term Contract Employees and Intra-firm Wage Gap

Koji Takahashi (The Japan Institute for Labour Policy and Training)

This paper aims to clarify the current situation and challenges of wage management of fixed-term contract employees in Japan. In 2012, revision of Labor Contract Act has introduced a new rule in regard to wage difference between employees with permanent contract and those with fixed-term contract. In spite of the legal reform, however, companies seem to be reluctant to adequately address and reduce the wage difference. Through the analysis of employer-employee matching data, we found that (1) the amount of wage difference between regular employees and full-time fixed-term contract employees in the same firm is as large as that between regular employees and part-time fixed-term contract employees, although full-time employees are more likely to engage

in the same job as regular employees, compared with the case of part-time fixed-term contract employees, (2) in case of full-time fixed-term contract employees, the amount of wage difference within firm is related to the extent of insecurity of their job, and is not related to their job territory within firm although there is a relation in case of part-time fixed-term contract employees, and (3) the wage dissatisfaction of full-time fixed-term contract employees is especially prompted when they are assigned to the same job as regular employees.

Characteristics of the Elderly Persons Employment Policy: A Case Study of Three Companies Adopting Continuous Employment Systems

Kazuo Taguchi (Takachiho University)

The purpose of this paper is to analyze characteristics of measures to secure employment and the personnel management of the elderly, using a case study of three companies which have adopted a continuous employment system, after the Law Concerning Stabilization of Employment of Older Persons was revised in 2012. As a result, the new elderly persons employment policy was expanded to the current policy, which was modified partially to fit the Law Concerning the Stabilization of Employment of Older Persons. However, this means that the key problem remains unsolved in the current policy. Companies must reconsider measures to utilize elderly employees in the future.

[お詫びと訂正]

2016年4月号のエッセイ「シュビオ『雇用を超えて』」の本文に誤植がありました。お詫びして訂正いたします。

- 73頁 (誤) 社会的諸権利を4つの輪に整理する
(正) 社会的諸権利を4つの同心円に整理する
- 75頁 (誤) 失業の拡大のなかで
(正) 半失業の拡大のなかで