

Abstracts

Analysis of Historical Change in the Wage System of NIPPON STEEL CORPORATION: Pursuing a New Direction in Reforms of Wage System

Kazuo Taguchi (The Economic Research Institute, Japan Society for the Promotion of Machine Industry)

The purpose of this paper is to analyze historical changes in the wage system of NIPPON STEEL CORPORATION (NSC) after the World War II, and to make clear a new direction in wage reforms conducted recently by Japanese companies. Among the historical changes, it is noteworthy that stable wage and performance-related variable wage have undergone structural changes. A combination of seniority-based stable wage and collective-performance-related variable wage were considered as important after the war. In the high-growth economic era after the 1960s, a) stable wage had been reformed to job-based one, and b) the amount of variable wage had been reduced with the introduction of individual-performance-related one. In the stable-growth economic era after the 1980s, a) skill-based stable wage had been dominant, b) the amount of variable wage had been expanded again, and c) its dominant type had become individual-performance-related one. Since the 1990s, this trend has accelerated further in NSC. It suggests a new direction in wage reforms Japanese companies are pursuing.

Another Type of the Reform of Evaluation and Remuneration System: A Case Study of a Company Which Strengthened HRM Cybernetics

Shizue Igawa (Osaka University) / **Hisakazu Matsushige** (Osaka University)

This paper describes a case of HRM restructuring in a Japanese company. The main purpose of the restructuring was not to establish a non-seniority remuneration system or to expand the pay differences among workers. It was undertaken to build an autonomous coordination and communication system between the upper and lower levels and workers in the management hierarchy, and also amongst those on the same level. To improve the organizational efficiency and competitiveness, the company introduced three major policies: a clarification of the role and purpose of evaluations; a clear reflection of evaluated performance in the pay structure; and, the expansion of the role of management by objectives (MBO).

The Impact of Mergers on Employment: New Evidence from Personnel Data

Katsuyuki Kubo (Waseda University)

We examined the impact of a merger on employment, using personnel data from one firm. This firm tried to reduce the number of its employees by giving financial incentives to employees to retire. The facts presented indicate that employees with lower performance evaluations were more likely to leave the company. Older employees were also more likely to quit. There were systematic promotions and demotions of employees when the two different human resources systems were combined. Older employees with lower performance evaluations were more likely to be demoted, while younger employees with higher evaluations were more likely to be promoted.

Labour Law Issues Relating to Wage System Changes: The Study of Court Decisions on Labour Laws

Kazuyoshi Yamakawa (Nagoya University)

This paper discusses labour law issues relating to wage system changes, as indicated by court decisions. Work rules, collective agreements, and labour contracts regulate wage systems. Each of these impacts the effectiveness of changes in wage systems. This paper provides some comments on these issues.

Labour Adjustment Speed and High Farming out Rate of Information Technology Industry

Megumi Okui (Kanazawa Gakuin University)

The present study discusses the speed of employment adjustment in the information technology (IT) industry and the way its progress is affected by the expense of outsourced processing, which is higher than in other industries. The situation is compared with that in the electric appliance industry, a representative manufacturing industry in Japan. Since the IT industry is expected to grow further, the extent of employment adjustment in that industry will significantly influence the speed of employment adjustment in national industries as a whole. Company level panel data for the 1990s were used in the analysis. For the partial employment adjustment model, the explanatory variables involve one-term lag of explained variables, though previous analyses did not consider this aspect. To solve this problem, the present study has estimated difference formulas using the instrumental variable method. The main findings can be summarized as follows: 1) the speed of employment adjustment is particularly fast among listed companies in the IT industry, 2) accelerated employment adjustment was not observed for the period of two consecutive deficit terms, 3) among listed companies in the IT industry, the larger the absolute value of the outsourcing expense change rate, the slower the speed of employment adjustment, while the smaller the absolute value, the faster the employment adjustment. However among other industrial groups, the adjustment was performed simultaneously for outsourcing and employment, and the larger the absolute value of outsourcing expense change rate, the faster the speed of employment adjustment, while the smaller the absolute value, the slower the speed of employment adjustment.