

Abstracts

The History of SME Policies in Postwar Japan and their Development

Shigeru Matsushima (Tokyo University of Science)

This article describes three epoch-making events of SME policies in Postwar Japan and discusses their future developments. The first event is the establishment of the SME Agency in 1948. The SME Agency targeted individual SMEs and developed their management and the technology under strict constraints. The second event is the establishment of the SME Basic Act in 1963. The SME Modernization Act, which followed the SME Basic Act, targeted the industries in which many SMEs operated, and supported the modernization of equipment and improvement of productivity. The intention of the policies was the resolution of the defects of the Japanese Economy. The third event was the drastic reforms of the SME Basic Act in 1999. The drastic reforms targeted individual SMEs again and intended to create various types of vital SMEs. In order to create appropriate SME policies, policy makers should observe the reality of SMEs and try to establish policies which fit the various type of SMEs.

Productivity and Wage Differences by Firm Size

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This study examines the relationship between firm size on the one hand and wages and productivity on the other. To do so, we broke down wage differences by firm size into differences in labor income shares and in labor productivity, and further break down labor productivity differences into those of labor quality, capital-labor ratios, and TFP. Using data for 1975–2010, we found the following. (1) Averaging over all industries and the entire period, wages at large firms were about 1.7 times those at small and medium-sized enterprises (SMEs); whereas labor productivity at large firms is 2.4 times as high as at SMEs, the labor income share at large firms relative to SMEs is 0.7. Differences in the capital-labor ratio account for 65%, in TFP for 25%, and in labor quality for 10% of labor productivity differences. (2) By industry, wage and productivity differences between large firms and SMEs greatly increased in capital intensive industries until around 2000. In contrast, wage and productivity differences in wholesale and retail and in service industries were small and, moreover, decreased. (3) Examining the reasons for labor productivity differences by firm size, we found large TFP differences in light industries, the heavy and chemical industries, construction, and wholesale and retail, and the differences increased particularly in the manufacturing industry. Capital-labor ratio differences are large in the heavy and chemical industries as well as the transportation, information and communication, public utilities, and real estate industries, but have gradually declined. (4) In theory, a large part of firm-size TFP and capital-labor ratio differences should be offset by differences in the labor income share and not be linked to differences in wages. We conjecture that the reason this is not the case is that there are large unobserved differences in labor skills.

Decreased Start-up Ratio in Japan: What Can and Should the Public Policy Do?

Hiroyuki Okamuro (Hitotsubashi University)

In Japan, the start-up ratio of firms has been decreasing, and continuously lower than the closing ratio since the 1980s. The number of those who wish to start their businesses has also considerably decreased since the latter half of the 1990s. Start-up activity in Japan is at the lowest level among the OECD countries. Particularly regarding entrepreneurial attitudes including the recognition of business opportunities and the self-evaluation of entrepreneurial capability, the Japanese scores are much lower than other industrialized countries. However, in Japan, latent entrepreneurs start their businesses with a remarkably higher probability than other countries, which suggests the importance of increasing latent entrepreneurs for the purpose of increasing the start-up ratio. Nevertheless, it may not be optimal to increase the

number of latent entrepreneurs. Those who cannot find business opportunities and who do not have sufficient entrepreneurial capacity would not achieve start-up, and would fail soon after start-up. Moreover, even if entrepreneurial capacity could be trained, how to find business opportunities, which is essential to entrepreneurship, would never be trained. The Japanese government recently announced their plan to increase the start-up ratio to the US level of above 10%, but this paper concludes that such a policy target is neither feasible nor appropriate, based on the considerations of the factors and processes of entrepreneurial activities. Moreover, based on some recent studies with international comparisons, it doubts whether policy measures promoting higher mobility of labor would be effective for increasing the start-up ratio.

The Current State and the Direction of Labor Law Regulations on Small and Medium-sized Enterprises

Kazuyoshi Yamakawa (Tsu City College)

In this paper, I reviewed the current state of labor law regulations on small and medium-sized enterprises, and I considered the future view of them. Small and medium-sized enterprises do not have very much in the way of the ability to bear financial burdens or office capacity. In labor law, these features have been taken account of, and small and medium-sized enterprises have been regulated by special methods. The problem is that these regulations give little consideration to the disadvantage of workers in small and medium-sized enterprises. Another problem is that the characteristics of medium and small-sized enterprises have not been considered in labor contract acts and case law in labor law. In consideration of these problems, I pointed it on that it is very important to consider the disadvantage of workers in small medium-sized enterprises and the degree of regulations on other workers, when the laws and regulations that consider the characteristic of medium and small-sized enterprises are enforced.

Employment Fluctuations of Small and Medium-sized Enterprises

Minoru Ito (Association of Job Information of Japan)

The employment of small-to-mid-sized enterprises has had an intensifying decreasing trend focusing on regular employees and sole proprietors since the crisis sparked by the Lehman Brothers' bankruptcy. Nonetheless, while those who are marked in the decreasing trend are small-scale businesses, those whose payroll is more than 51 have indicated an increasing trend. The differences among industries are enormous, and amid situations where most businesses, retailers and wholesalers, construction industries have suffered intensified steep declines, the employment in the manufacturing industry has substantially increased. While steep declining industries are high in the ratio of irregular employment, manufacturing industries have boosted the ratio of regular employment and enthusiastic about the cultivation of human resources to make the job separation ratio low. Pertinent to countermeasures for small-to-mid-sized enterprises for the future, it is necessary to discontinue excessive assistance measures for marginal industries as we had so far carried out and enlarge destinations able to accept the swollen numbers of the jobless due to bankruptcies/business termination by consolidating support policies for growing industries.

Are Personnel Management Systems Necessary in Small and Medium Enterprises?

Akira Wakisaka (Gakushuin University)

When compared with larger companies, small and medium enterprises (SMEs) have introduced fewer personnel management systems. However, the introduction of a system does not always ensure its effectiveness. In fact, in view of the promotion of women's contributions, some SMEs where personnel management and support systems are not improved have many female managers. Moreover, the work-life balance (WLB) policy, which is considered favorable for introduction as a personnel management system, should be adopted in a prudent manner after hearing employees' true feelings. On the other hand, if a personnel management system is introduced to produce desirable

effects and brings about the employment of many talented people, the business may grow in the future. The government's subsidy policy for enterprises which are willing to introduce personnel management systems and survey on such enterprises for establishing evidence of the grant should be implemented from the viewpoint of the good effects of the personnel management system.

The Actual State and Direction of Labor-Management Relations in SMEs: Realization of Managerial Resources through Labor-Management Communication and Legislation for an Employee Representative System

Hak-soo Oh (The Japan Institute for Labour Policy and Training)

In Japan, the role of a labor union, or, if there is no union in a company, a representative of a majority of employees, has expanded to as many as 110 items, including the conclusion of agreements on overtime/or holiday's working . Thus the importance of the collective relationship between labor and management is rising. However, with the decline of the unionization rate, an undemocratic method has been frequently adopted in deciding and electing a representative of a majority of employees, as the result, there has been a progressive weakening or emasculation of collective labor-management relations. Such an issue is serious particularly in small and medium enterprises (SMEs). In the meantime, the smooth proceeding of communication between labor and management has brought about the following managerial resources: (1) early overcoming of management crises, (2) improvement of communication with employees, (3) smooth progression of corporate activities and operations, (4) realization of employees' self-initiative, (5) nourishment of younger people and subordinates, (6) creation of a good office atmosphere that facilitates employees' candid opinions, and (7) obtaining high-level cooperation from employees. For smooth labor-management communication to realize managerial resources, such requirements as clear determination by the CEO, complete openness regarding management information, the delegation of authority, and mutual respect and trust between labor and management are essential. Furthermore, to maximize labor-management communication, it is necessary for the management to disclose their tasks and remuneration (bring the management's situation closer to that of the employee's) and for employees to consider the entire condition of the company and behave accordingly (bring the employee's situation closer to that of the management's). Consequently, the employee representative system to collectively bring labor-management communication in each company under rule should be legislated in order to secure the legality of labor-related laws by dispelling the weakening and emasculation of collective labor-management relations, and to realize the managerial resources of labor-management communication. The legislation of the system in SMEs that tend to positively reflect the employees' intentions and demands in the operation of the companies is expected to prove successful, because the labor-management communication system has not been relatively established yet there.

[訂正]

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