

## Abstracts

### Recruitment and Retention of Human Resources in a Tight Labor Market: View Based on the Interview Survey for Companies

**Hitoshi Nagano** (Meiji University)

Recently, the labor market is tightening and even a labor shortage is partially emerging. What sort of trends can be seen in Human Resources Management, especially on recruitment and retention management, to cope with such changes in the labor market? To clarify this, an interview survey was carried out for twenty one companies. According to it, many companies employed not only new university graduates but also mid-career persons. Almost all companies, including small companies, in the survey, however, still prefer to employ just new university graduates. They want to employ new graduates to promote the training of persons who can absorb the company values, or want to establish an internal promotion system that is effective for human resources development. According to the “White Cloths Hypotheses” companies prefer to employ new graduates since they are considered to be like white cloths that can dye well to any color. But many medium and small companies cannot employ up to the planned number of human resources. This does not mean that these companies are unable to employ sufficient numbers of human resources. They have implemented various inventive methods to successfully employ people. These inventive methods must be continued in these times of a labor shortage.

### A Posteriori Human Resource Management which Corresponds to Shortage of Labor: From the Viewpoint of Retention Management

**Hiroshi Yamamoto** (Aoyama Gakuin University)

Shortage of labor due to the declining birthrate and ageing population is becoming more intense in Japan. Simultaneously, fierce competition is raging presently to secure competent human resources. Greater employment fluidity further intensifies the competition for securing capable, high-performing individuals. Viewing the same phenomenon from a different perspective, organizations today are at greater risk of losing capable human resources to other organizations. Employee's retention as well as recruitment is important to improve the shortage of labor in organizations. Organizations are the key players and retention is a specific organizational management issue, namely “retention management,” which can be defined as “the entire human resource management policies for retaining the current or expected high-performing employees within organizations for long periods of time, enabling them to exercise or develop their capabilities.” After considering prior studies, it was clear that realistic job preview (RJP), higher income, short-time working, and employee stock ownership plans were useful practices for employee retention. On the other hand the result-based salary and the seniority-based salary were found to be unrelated practices, and the variable pay and the electronic monitoring system influenced employee retention negatively.

### A Statistical Review on the Recent Labor Shortage

**Ryo Kambayashi** (Institute of Economic Research, Hitotsubashi University)

Recent Japanese labor markets are puzzled by two seemingly contradictory phenomena; labor shortage and recession. While the V/U ratio in matching markets has stayed above one for more than 29 months, the average real wage continues to decline. In this article, based on the published tables of governmental statistics, mainly the Employment Trend Survey and Public Employment Agency Statistics, we provide some statistical aspects of the recent changes in hiring in Japanese labor markets. The main findings are as follows: first, the number of inflows has doubled for three decades; that means the size of labor markets has substantially grown regardless of the stagnation of population. Second, the inflows within internal labor markets (e.g. transfers within a firm) have actually increased in both terms of number and share of inflows. Thirdly, in addition to the decline in the very-short-tenured-workers (those who worked only for less than 14 days), the institutional matching in external labor markets (e.g. through Public Employ-

ment Agencies) takes a more important role, too. Fourth, the matching mechanism through Public Employment Agencies has not changed from the 1980s to the 2010s. These findings suggest that the internal labor markets have not declined.

#### A Study of Labor Shortage from Theoretical Perspectives

**Makoto Masui** (Soka University)

In this article, we provide theoretical explanations for various problems of labor shortage in the Japanese labor market. The first topic is a rise in the average hourly wages of part-time jobs in the capital sphere. Labor shortage of these jobs can be interpreted as the occurrence of excess labor demand in the competitive labor market. Then, the wage rise will resolve a difference between labor demand and labor supply. The second topic is the shortage of nurses. Many developed countries have experienced the rapid aging of population, causing the demand for medical services to increase. In practice, however, it is hard to secure an adequate number of nurses. Based on the theoretical framework which incorporates a concept of a vocation for work, we discuss how a rise in wages and an improvement in non-pecuniary benefits affect the quality and amount of nursing service. The third topic is the shortage of human resources in small and medium-sized enterprises. Particularly, we focus on mismatches in employment relationships, which are due to few applicants with the necessary abilities. Models of labor market search and matching frictions are useful for studying this problem. According to the literature on these models, job creation in a decentralized equilibrium can be excessive compared with the socially optimal level and this excessive job creation worsens the mismatches.

#### Labor Shortage and Labor Legislation: Atypical Employment and the Termination of Employment

**Susumu Noda** (Professor Emeritus, Kyushu University)

Japan is now experiencing a remarkable shortage of workers. Certainly, it is not the first time Japan has had a shortage of workers. The labor shortage these days, however, is not the same as that in past times. While the latter was caused by economic growth, the former is caused by a decrease in population and a cut in labor costs in business. Almost all labor legislation, especially on the matter of the atypical employment and the termination of the contract of employment, was enacted under the influence of the old type of labor shortage. Therefore, it does not work sufficiently to resolve the new type of labor questions, and may rather lead to a labor shortage. Labor legislation which is now being prepared by the present government should not intervene in the natural function of the labor market.