

Abstracts

Overeducation: Current State of Research in Japan and Abroad

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This paper provides an overview of the issue of overeducation, which refers to a situation where an individual's educational attainment exceeds the level required for their current job. We examined how to measure overeducation, the mechanisms behind its occurrence, consistency with economic theories, and recent research trends both in Japan and internationally. Several approaches exist to measure overeducation, and noticeable differences are observed depending on the method used. Many studies have confirmed that overeducation negatively impacts not only wages but also work motivation and job satisfaction. In terms of consistency with economic theories, empirical results tend to support job competition models or assignment theory more than plain human capital theory. Since the 2000s, discussions on overeducation have expanded from vertical mismatch in educational attainment to skills mismatch and horizontal mismatch, focusing on the relevance between one's job and their field of specialization. In Japan, research has been conducted actively since the 2010s, yielding results largely consistent with those from other countries. Japan is considered a country with a high incidence and persistence of overeducation internationally. Given that Japan is a country where it is difficult for workers who have fallen into overeducation to escape their situation, the issue of overeducation may be causing significant social losses. Further research is necessary to find resolutions for overeducation and other mismatches.

Intergenerational Persistence of Income Inequality: The Role of Education

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This article reviews recent developments in the study of intergenerational income mobility and the mechanisms underlying the persistence of income inequality across generations from both theoretical and empirical perspectives. On the theoretical side, we focus on the Becker-Tomes-Solon model, which builds on human capital theory and provides a unified framework to explain how parental investment in education, the accumulation of human capital among children, and government policy can generate intergenerational persistence of income and shape within-generation inequality. Empirically, the growing availability of multi-generational income data has led to an expansion of studies estimating intergenerational income elasticity (IGE). We highlight several recent studies that examine intergenerational income transmission through education. In Japan, empirical research has long been limited due to data constraints. We present some of our recent findings based on newly developed data and provide an overview of the current state of research in Japan, concluding with a discussion of potential directions for future work.

The Gender Gap in College Major Choice

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Although developed countries have largely eliminated the gender gap in educational attainment, men and women still tend to choose different fields of study. Women are under-represented in STEM (science, technology, engineering, and mathematics), which could contribute to labor market inequalities and inefficient allocation of talent. This paper reviews the literature on gender differences in choice of college major, focusing on why women are less likely to pursue STEM majors. Using Zafar's (2013) discrete choice framework, we organize potential underlying factors beyond monetary returns, including expectations about workplace attributes such as flexibility, family life, and enjoyment of coursework. We pay particular attention to recent studies that use surveys to estimate individuals' preferences and subjective expectations separately. These studies suggest that gender gaps in choice of major are shaped less by innate ability differences or income expectations and more by a gender gap in preferences and tastes. To encourage women to participate in STEM, multifaceted approaches are crucial, including efforts to shape preferences before college, improve inclusivity in educational settings, and address work

environment issues after graduation.

Rethinking University Enrollment in the Age of Universal Access to Higher Education

Yuta Kuroda (Tohoku University)

This paper reexamines the meaning of university enrollment and its economic and social implications in Japan, where the number of university applicants nearly matches the total number of seats, and the enrollment rate exceeds 50%. As enrollment rates rise and the number of universities increases, the content of higher education and admission criteria have become highly diverse. Traditional economic theories and indicators, such as enrollment rates, no longer capture the reality of university education. The expansion of admission systems without academic testing and the prevalence of under-enrolled institutions have weakened the signaling value of a university degree. Moreover, significant disparities exist across regions and universities in both enrollment patterns and educational content. As a result, attending university does not always lead to human capital accumulation or higher future earnings. Drawing on basic statistics and prior studies, this paper explores the current state of higher education and examines its benefits and challenges by considering the heterogeneity in selectivity and educational content. Directions for future research are also discussed.

Human Capital Externalities in Local Labor Markets

Yudai Higashi (Kyoto Sangyo University)

This paper discusses human capital externalities in local labor markets, drawing on a review of the relevant literature. Human capital externalities refer to positive externalities whereby highly educated workers, through the accumulation of high-level human capital, enhance the productivity of surrounding workers through spillover of knowledge and skills. Empirically, an increase in the share of highly educated workers in local labor markets raises wages and productivity of workers there. The discussion in this paper is organized into three main points. First, empirical literature from outside Japan has provided mixed evidence on the existence of human capital externalities. One potential factor behind these different results is that economic development, which increases the number of highly educated workers, reduces the marginal impact of human capital externalities. This suggests that human capital externalities exhibit diminishing returns to scale. Second, the empirical literature on human capital externalities in local labor markets is closely related to that on the urban wage premium. Studies integrating these two lines of literature suggest that part of the urban wage premium is due to human capital externalities. Third, evidence on human capital externalities in Japan remains scarce, as only a limited number of studies have addressed this issue. Thus, based on the discussion above, this paper outlines key considerations for conducting future empirical research on human capital externalities in the Japanese context.

The Role of Student Loans in Financing Higher Education: A Literature Review from the Perspective of Resources and Liabilities

Kazuhisa Furuta (Niigata University)

Over the past 25 years, student loans have come to play an important role in higher education in Japan. Since the late 1990s, the Japan Scholarship Foundation, reformed as the Japan Student Services Organization (JASSO) in 2004, has expanded the scale of student loans. However, in the 2010s, when mass media reported excessive repayment burdens and JASSO's measures to strengthen loan collection, shortcomings in student loan systems were raised as social issues. JASSO then introduced a new grant scheme to alleviate the financial burden for students with severe financial difficulties. This article reviews existing literature that investigated the effect of student loans on access to higher education, student life during college, and post-college outcomes in Japan from the perspective of student loans as both a resource that promotes investment in education and a liability that requires repayment after leaving higher education. Consequently, student loans seem to have positive effects on higher education enrolment and student life, but these may not necessarily be sufficient. By contrast, although the available information is limited, the literature suggests that the liabilities negatively affect a wide range of graduates' lives

beyond the economic realm, such as family formation and mental health.

Aspects and Issues of Developing Employees in Talent Management

Hideki Kakinuma (University of Marketing and Distribution Sciences)

This paper examines the discourse on employee development within the framework of talent management (TM) and seeks to elucidate its associated challenges. The first half reviews the existing literature on TM, confirming that TM is a comprehensive and systematic approach encompassing initiatives to attract, develop, and retain “talent”—individuals who significantly contribute to organizational strategy. Within this framework, employee development emerges as one of the core elements. The second half analyzes the literature on talent development (TD), which has evolved into a distinct theoretical stream separate from TM. This analysis identifies key features that differentiate TD from traditional human resource development (HRD), including the individualization and customization of programs and the acceleration of developmental processes. It also finds that the theoretical foundations of TD diverge from those of conventional HRD. Despite these developments, the study concludes that TD remains at an early stage of conceptualization. Persistent challenges include definitional ambiguity, unclear conceptual boundaries, and a lack of robust frameworks for evaluating practices and outcomes. These findings highlight the need for further theoretical refinement and empirical validation to advance the field.