Abstracts

Current State of Wages and Changes in the Wage System Based on Statistical Data

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This paper summarizes the trends and current state of wage trends and wage systems in Japan since the bursting of the bubble economy based on major official wage statistics. Looking at long-term trends for wages in Japan, total cash salaries are below the level of 1997, which was the peak as of 2024, but they are above the level of 1997 when looking at the level of employment by general and part-time workers or by the hour. An increase in the proportion of part-time workers with relatively low wages and a decrease in working hours during this period have been major factors in hindering the growth of wages in terms of total amounts. The wage systems of companies in Japan have operated in conjunction with Japan's employment practices. From the perspective of controlling labor costs due to the economic stagnation after the bubble burst, wage profiles indicate that seniority wages have flattened, but in recent years, there has been a movement to swing back as the economy emerges from deflation and labor shortages continue. In addition, Japan's employment practices were originally dominated by male full-time employees, but with the diversification of employment patterns, the number of female employees and non-regular workers has continued to increase significantly, and with the promotion of "equal pay for equal work," it is important to incorporate employees that were not previously covered in wage systems, such as allowances, bonuses, and severance pay, which were mainly assumed to be for full-time male employees.

"Job" in the HRM Systems of Japanese Corporations

Makoto Suzuki (Nagano University)

This paper discusses "job" in the HRM systems of Japanese corporations and reveals the following three points. First, "job" is clearly defined in Japanese corporations, is composed of several evaluation elements, and changes over time and with the environment. "Job" exists as a concept in the HRM systems of Japanese corporations, similar to that in other countries. Furthermore, "job" occupies a certain position in the HRM systems of Japanese corporations. Second, job-based pay is not cross-corporation in Japan. Job-based pay has been formed based on a common understanding within the corporation, based on discussion and agreement between management and labor union. While "job" in the HRM systems of Japanese corporations has little external competitiveness, there is high awareness of internal alignment. This is because the organization places great importance on HRM to ensure the acceptability of pay. Third, "competency" and "mission" are closely related to "job" in Japanese corporations. Since the 1960s, some corporations have had job- and competency-based pay. The establishment of the concept of "competency" was crucial in that it allowed corporations to understand "job" through the practice of job-based pay. Since the late 1990s, some corporations that had job- and competency-based pay have shifted to a focus on "mission". "Mission" has continuity with "job". Furthermore, "mission" is based on "job" and "performance". The presence of "job" has been extremely significant. In short, this paper has clarified through historical analysis that, while "job" exists as a concept similar to those in other countries, job-based pay has developed uniquely in Japan.

Comparative Analysis of Personnel Systems between Regular and Nonregular Workers: The Case of Company D's Response to Equal Pay for Equal Work

Hodaka Maeura (The Japan Institute for Labour Policy and Training)

The purpose of this paper is to analyze whether the personnel systems for regular and nonregular workers have converged in response to the principle of equal pay for equal work using a case study of Supermarket Company D. In Japan, this principle requires employers to ensure both equal and balanced treatment rules across different categories of workers. Company D has implemented negotiations between management and the union to cope with this requirement. In setting hourly wages for part-time workers, the company uses area limited regular workers as the reference group when the scope of job transfers and job responsibilities are equivalent. Although part-time workers' pay levels remain

lower than those of area limited regular workers in the same grade, the difference reflects variations in working hours and the degree of responsibility. Furthermore, Company D abolished an allowance previously granted to regular workers for supporting their children's education, reallocating the budget to revise wage tables for part-time workers who share equivalent job scopes and responsibilities. In addition, the company converted certain departmental allowances for regular workers into skill-based allowances, which are now available to part-time workers who pass internal qualification tests and engage in tasks requiring such skills. Regarding bonuses, part-time workers who share the same area, job scope, and responsibilities as regular workers receive bonuses equivalent to those of regular workers in terms of the number of months paid. As of 2020, these measures have already been implemented. In 2024, the company relaxed the promotion criteria for regular workers to maintain parity with the difficulty level of promotion examinations for part-time workers. However, part-time workers remain ineligible for retirement benefits. Overall, this paper clarifies that, through the implementation of equal pay for equal work, the personnel system for nonregular workers at Company D has been gradually aligned with that of regular workers.

Is the Gap Widening? Evidence on Japan's Executive-Worker Pay Gap, 2014–2023

Katsuyuki Kubo (Waseda University)

This study documents the evolution of the executive–employee pay gap in Japan over the last decade and examines its determinants. Using a balanced panel of 890 firms listed on the Tokyo Stock Exchange Prime from 2014 to 2023, we constructed the pay gap as the ratio of average compensation for inside directors to average employee wages. The mean gap is 5.48 (median 4.64) and has widened from 4.8 in 2014 to 6.2 in 2023. A sharp rise in executive pay has primarily driven this widening—average inside-director compensation has increased by roughly 50% (from about ¥31.7 million to ¥47.5 million) —while average employee wages rose only about 11% over the same period. This paper has also shown that the pay gap is much smaller than that in the US. Panel regressions were used to examine the relationship between pay gap and characteristics of the firm as well as features of corporate governance. It is shown that the coefficients for the proportion of outside directors and female directors are positive and significant. By contrast, cross-shareholdings and the proportion of stable shareholders—both of which are associated with weaker market pressure—are negatively related. The widening wage gap in Japan appears to be linked to this governance transformation and the strengthening of investor influence.

Where Did the Money for Wage Increases Go? The Decline in Labor Share and Its Relationship with Corporate Governance and Technological Change

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This paper empirically examined the determinants of the decline in the labor share using panel data of listed firms from 1999 to 2018. The results indicate that the decline in the labor share cannot be attributed to a shortage of financial resources, but rather to change in corporate governance that determines firm behavior, technological progress, and a shift toward more capital-intensive production methods. Looking ahead, if capital-augmenting technological innovations such as artificial intelligence and robotics continue to accelerate, the labor share is likely to shrink further. Therefore, in order to stem the persistent decline in the labor share, it is necessary to move away from shareholder primacy and return to stakeholder-oriented governance, which was once a distinctive feature of the Japanese economic system.

The Current State of Income Inequality Research: An Analysis Based on Household Surveys

Tomoaki Yamada (Meiji University)

This study comprehensively analyzes income inequality in Japan using household survey data. Unlike the United States, where inequality stems from concentration of wealth among top earners, Japan's inequality is characterized by the decline in income of middle and lower-class households combined with demographic structural changes. A time-series analysis of the Family Income and Expenditure Survey from 1981-2021 reveals that the increase in Japan's income inequality occurred in two distinct waves. The first wave during the economic bubble of the late 1980s resulted from upper-class income growth significantly exceeding that of the lower classes. The second wave in the 2000s was driven by "further impoverishment of the poor," where upper-class incomes stagnated while lower-class incomes declined. Recent years show high but stable inequality without significant upward trends. Detailed analysis using the National Survey of Family Income, Consumption and Wealth confirms that aging and nuclear family trends have increased the proportion of non-earning (mostly retired) households, leading to a relative decline of the middle class. While concentration of wealth in the top 20% of household incomes rose from 40% in 1984 to over 50% in 2019, this reflects erosion of the middle class rather than extreme concentration of wealth. Consumption inequality analysis suggests consumers maintain cautious views toward future income prospects. Japan requires the promotion of economic growth and broader distribution of its benefits rather than redistributive inequality correction.