

Japanologentag 2018 – Sektion Wirtschaft
Leitung: Stefania Lottanti von Mandach (Zürich)

Abstracts

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Decades not Lost, but Won: Increased Employment, Higher Wages, and More Equal Opportunities in the Japanese Labour Market

We take a fresh analytical look at the developments in the Japanese labour market over the last two decades and provide answers to three key questions: first, was regular employment replaced by non-regular employment on an aggregate level in general and at the expense of younger generations in particular? Second, how do today's labour market outcomes compare to the heydays of the Japanese economy, i.e. to the late 1980s? Third, have wage gaps between men and women as well as between regular and non-regular employees increased, stayed the same, or shrunk? Contrary to both public perception and many research opinions, we find that the Japanese labour market as a whole has produced normatively positive outcomes of an unexpected magnitude in a long-term perspective. By 2010, employment has expanded beyond the structural frame of 1988 both in its non-standard and in its standard segment. We further find that the increase in non-regular employment was predominantly due to an increase in labour demand, mirrored by a significantly narrowed wage gap between non-standard and standard employment. Lastly, we find that women have made substantial inroads into the labour market, both in terms of regular employment and real wage development.

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Logics of Liberalization in Non-Liberal Capitalism: Japan's Trajectory of Socio-Economic Institutional Change Since the Neoliberal Policy Turn

In this paper, I examine the trajectory of liberalization undergone by Japan over the last decades. Drawing on a newly constructed database (Armingeon, Baccaro et al., forthcoming) assembling policy reform measures across a dozen socio-economic institutional areas during 1973 and 2013, I demonstrate the multidirectionality of Japan's trajectory (as opposed to unidirectionality), and lay out how variety in change between institutional fields has unfolded.

As far as the directionality of change (either liberalizing or deliberalizing) is concerned, I qualify and amend previously available theories as follows: (i) Tiberghien's theory of two main waves of liberalization (in Lechevalier, 2011, chap. 1) is corroborated but refined; (ii) the idea of a generally unilinear path of neoliberal reform (with a phase of stagnation) is disputed and substituted by a theory of multilinearity, where deliberalization – while overall less prominent than liberalization – at times goes hand in hand with liberalization and at some points even becomes more important.

Addressing between-field variation of socio-economic institutional change, a research issue without previous systematic research, presumably due to a lack of applicable data, I describe how institutional fields of the productive system such as finance, corporate governance and product markets, as well as fields related to the livelihood security system, such as industrial relations employment protection and pensions have been affected by de-/liberalizing change. In addition, I aim to formulate further hypotheses as to how this variation plausibly ought to be explained.

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The Impact of Buyouts on Employment in Japan

Buyout investing through private equity (PE) funds gained a foothold in Japan in the late 1990s as a means to revitalize the Japanese economy in general and ailing Japanese companies in particular. The development was spearheaded by US private equity funds, with local (Japanese) buyout funds soon to emerge. The advent of this new type of investor, portrayed as „barbarians at the gate“, caused considerable concern among the Japanese public. Negative consequences were expected, especially for employment levels and HR practices. There is, however, no systematic evidence to date that these concerns have materialized.

Predictions on the impact PE buyout investing on employment levels can primarily be drawn from two theoretical perspectives: Agency theory (buyout-led governance structures attenuate agency costs and provide incentives for over-employed firms to adjust their employment downwards), and the strategic entrepreneurship perspective (buyouts as vehicles for growth-pursuing innovation). The institutional environment of host country may moderate market outcomes in both perspectives. Existing evidence is mixed.

This research makes the following novel contributions:

- Firstly, it is the only study on the impact of PE investing on employment levels in a non-Western, coordinated market economy. Earlier research has predominantly focused on Anglo-Saxon liberal market economies, with few studies on continental European countries. This research spans 17 years (1998-2015) and covers all buyout investments in unquoted companies or public companies subsequently taken private in Japan.
- Secondly, this study distinguishes for the first time whether foreign (predominantly US investors) and local (Japanese) investors have different effects on employment levels.
- Thirdly, this distinction contributes to the discussion on the role of the institutional host country environment when business practices and models are transferred across borders.

We find substantial evidence that

- Standard employment grows significantly in Japan during the investment (holding) period at a magnitude only found in one study on the French buyout market.
- Foreign and Japanese investors do not significantly differ in terms of employment creation.

- The increase in employment is not attributable to selection effects and growth rates during the holding period are significantly higher than under the previous ownership, implying a causal relationship.
- The institutional environment, especially the social norm of (standard) employment protection informs the search and management strategy of buyout funds.