

Discussion:
Non-monetary aspects of
economic growth
(Achyuta Adhvaryu)

Mari Tanaka

Univ. of Tokyo/Hitotsubashi Univ.

July 31, 2025

ESRI Conference 2025

Summary

- Declining manufacturing productivity growth rate in India and Japan:
How can we improve the productivity?
- Investment on workers improve productivity (& cost effective)
 - Soft skills (e.g. communication/teamwork skill training)
 - Voice (e.g. suggestion/evaluation by workers, 360 degree feedback)
 - Environmental conditions (e.g. heat, light)
 - Managerial quality (e.g. management training)
 - Mental health (e.g. friendship)
 - Financial inclusion (e.g. financial support for consumption smoothing)
- Why don't firms invest more?
 - Information friction, risk aversion, incentive, high turnover

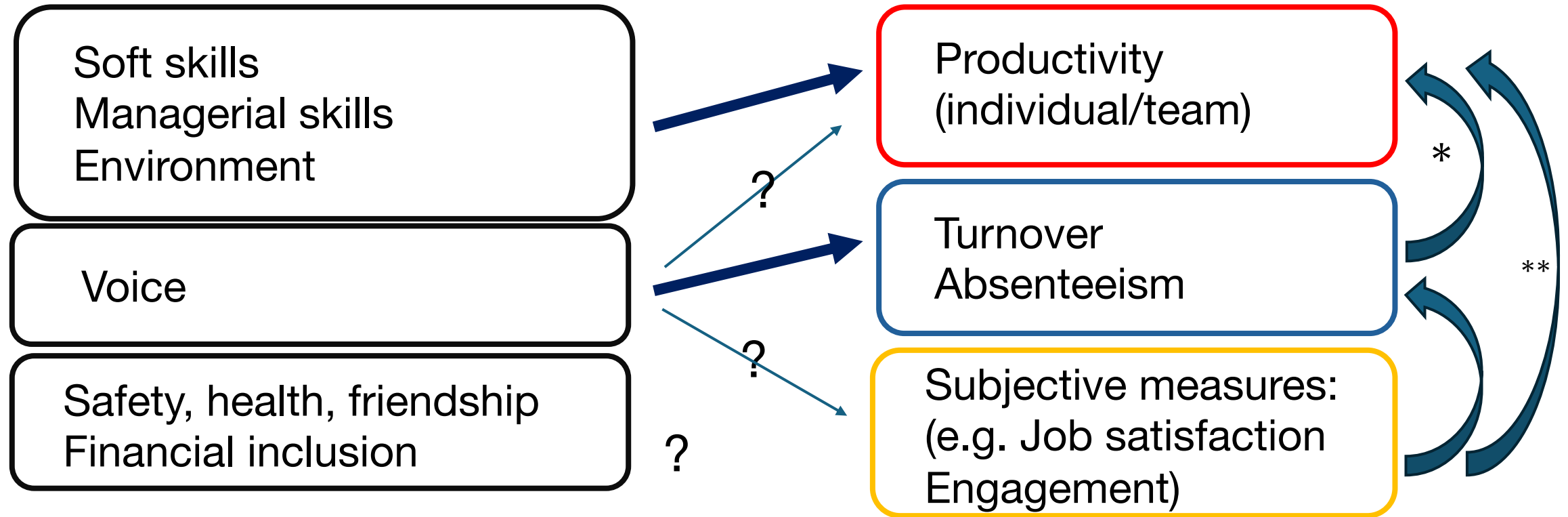
Overall

- Very important questions
- Causal effects studied less until until recent years.
- Rigorous causal evaluation often requires within-firm RCT/natural experiments.
 - Need collaboration of firms
- Nice summary of nascent literature – expecting more to come.

Discussions (my overall directions)

- How can practitioners and policy makers in Japan best use these results?
- What are remaining questions that could be useful?

Discussion 1: What works on what (measurable) outcomes



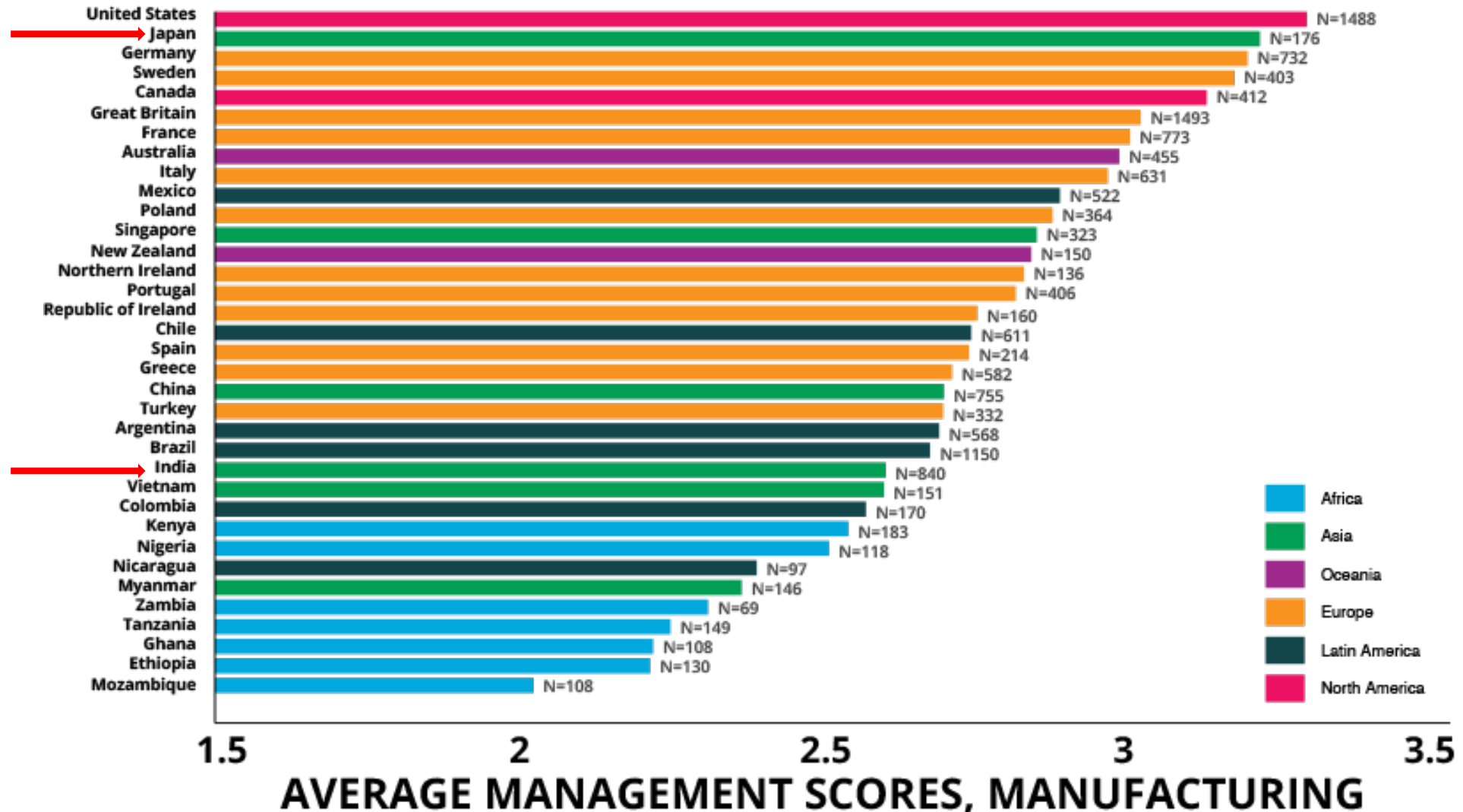
- * If turnover or absenteeism is an issue?
- ** If higher satisfaction leads to behavior changes (e.g. effort)

Discussion 2: Can we apply to Japan?

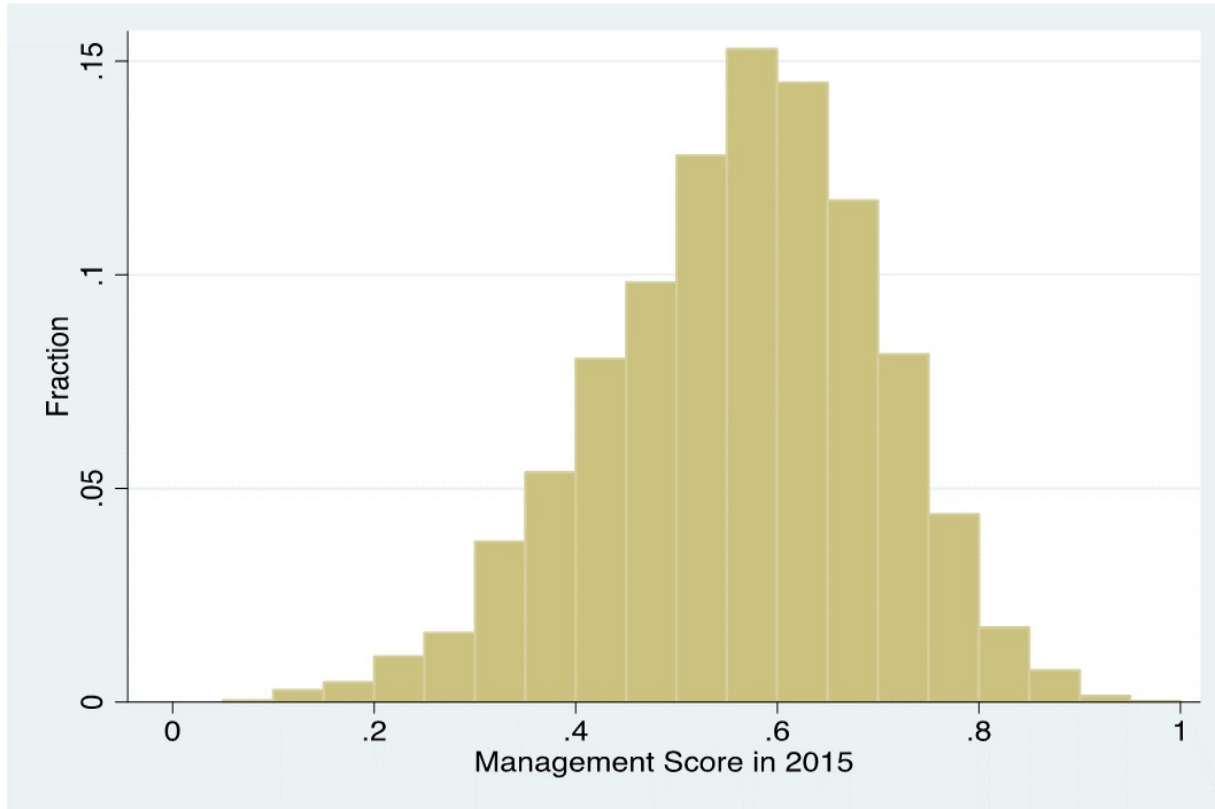
Would we expect similar results?

- If the setting of the firms are different, the impacts may be different.
- “How similar the study setting is to the settings to apply it.”
- We (researchers) should examine the same questions in different settings.
 - Incentive limited for publication bias, but we should do more similar studies in developed countries (like Japan!).

Discussion 2: management quality in Japan is already high...?



Discussion 2: But there is substantial variation within Japan – some room to change



JP-MOPS 2017 (ESRI)
(11,405 manufacturing establishments)

Tanaka, et al. (2025) show that establishments that adopted more structural management practices have reduced the share of workers working long overtime hours.

Discussion 2: Voice → Productivity in Japan?

Annual turnover rate of fulltime employees ~12 % (MHLW 2023)

- Even lower for traditional large companies

→ Voice may not lead to higher productivity **through reducing turnover rate.**

Still, voice can potentially improve productivity by

- Engagement → more effort
- Changing workplace practices (*Kaizen*)

Discussion 3: Have to be non-monetary?

- Efficiency wage: Just giving higher wage can lead to higher productivity
 - Increased worker effort: Higher wages motivate employees to work harder to avoid job loss (Shapiro and Stiglitz, 1984)
 - Attracts higher-quality applicants
 - Reduces turnover
 - Improves morale and loyalty: Workers may reciprocate with greater commitment and effort (Akerlof, 1982)
- Evidence: Dube, Giuliano, and Leonard (2019) show wage increase (relative to peers) reduces turnover.
- Is non-monetary benefit more cost-effective than rising wage?

Discussion 4: Gender equality

- Growing corporate interests to promote gender equality in Japan
 - Possibly driven by legislation mandating disclosure of gender-related statistics (e.g. gender wage & promotion gaps, male paternity leave take-up rate)

The screenshot shows the homepage of the Japanese Women's Career Advancement Enterprise Database. At the top, there is a navigation bar with the text '女性の活躍推進企業 データベース' (Women's Career Advancement Enterprise Database) and a hamburger menu icon. The main content area features a large background image of a smiling woman. Overlaid on this image is the text '働く場所は、わたしが見つける。' (The place I work, I find). Below this, a paragraph states: '女性活躍推進法に基づき、全国の企業が女性の活躍状況に関する情報・行動計画を公表しています。' (Based on the Women's Career Advancement Act, companies nationwide are publishing information and action plans regarding women's career advancement status). A prominent orange button labeled '企業情報を見る' (View company information) is positioned below the text. On the right side, a white circular callout displays the current number of registered companies: '現在の登録企業数 37,948 社 (データ公表企業)' (Current number of registered companies: 37,948 companies (data disclosure companies)) and '52,797 社 (行動計画公表企業)' (52,797 companies (action plan disclosure companies)).

女性の活躍推進企業 データベース

働く場所は、
わたしが見つける。

女性活躍推進法に基づき、
全国の企業が女性の活躍状況に関する
情報・行動計画を公表しています。

企業情報を見る

現在の登録企業数
37,948 社
(データ公表企業)
52,797 社
(行動計画公表企業)

Discussion 4: Questions with increasing interests among Japanese firms

- What are the costs and benefits of promoting male parental leave?
 - Productivity, turnover, employee satisfaction, or firm reputation
- How can firms effectively increase the women in management?
 - What are the most impactful first steps?
- How to engage employees and managers in changing workplace gender norms?
 - What strategies reduce resistance or unconscious bias?

Discussion 4: Promoting men to do more childcare through workplace training

Tanaka, Okudaira, Sakka, Yamaguchi (2025) recently evaluate the impact of workplace initiatives to promote gender equality.

- RCT collaborating with Japanese organizations
- Work-life balance training to male workers and managers

Results:

- Male workers: childcare on weekend ↑
- Their spouse: working hours ↑
- No substantial impacts on male working hours, workplace outcomes
- But positive change in workplace norms about male paternity leave