

Who can Control Their Own Wages?*

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Abstract

Driven by the prolonged economic stagnation since the 1990s, rapid changes in the labor market have had an impact on the wages of workers in Japan. Those changes include an aging workforce, the rapid rise in the educational attainment of workers, women's participation in the labor market, the increase in the number of part-time workers, and industrial structural changes. The large Japanese governmental dataset finds that low-earners are likely to be affected by structural effects, such as a change in educational return, industrial structural changes, and business cycle. These factors are what they cannot control, and thus low-earners can be very vulnerable to external environmental changes. In contrast, wage changes of high-earners can be explained mainly by factors they can control, such as workers' attributes (education, tenure, firm size, etc.)

JEL Classification: J11, J31, J82

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