

# Human Capital Development Policy and Corporate Performance\*

Hibiki Kamoshita<sup>†</sup>      Naomi Kodama<sup>‡</sup>      Hideo Owan<sup>§</sup>

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## Abstract

This paper examines how the intensity of firms' training and human capital investment affects corporate performance and employee turnover in Japan. Using firm-level panel data from the Japan Institute for Labour Policy and Training (JILPT), we construct a continuous indicator of proactive human capital investment based on Multiple Correspondence Analysis of various training and development practices. Treating this indicator as a continuous treatment, we estimate dose–response functions using the generalized propensity score. The results reveal a pronounced non-monotonic relationship between human capital investment intensity and firm outcomes. Moderate levels of investment increase sales and reduce turnover rates, while excessively high levels of investment exhibit diminishing efficiency. These findings indicate the existence of an optimal intensity of human capital investment and challenge the implicit monotonicity assumption commonly adopted in the literature.

*Keywords:* human capital investment, corporate performance, employee turnover, dose–response function.

*JEL classification:* J24; J63; M53.

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<sup>†</sup>Graduate School of Economics, Waseda University. Email: [kamoshita.hibiki@gmail.com](mailto:kamoshita.hibiki@gmail.com)

<sup>‡</sup>Meiji Gakuin University

<sup>§</sup>Waseda University