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# Managing Temporary Workers in Japan

**Motohiro Morishima**

*Professor, Graduate School of Commerce and Management, Hitotsubashi University*

**Tomoyuki Shimanuki**

*Graduate Student, Graduate School of Commerce and Management, Hitotsubashi University*

## Abstract

This article aims to shed lights on dispatched workers, whose number has been conspicuously increasing in the Japanese labor market in recent years, and who have created a new kind of employment relationship with firms; it examines problems arising from the peculiarities of their employment framework and the mechanism of their personnel management. The employment pattern of dispatched workers displays a structural framework different from that of traditional regular employees: in the presence of two actors in the human resource management involved; and in the shortness of career perspectives. The presence of two actors in the management of dispatched workers – firms taking them on and manpower supply agencies – means the division of functions which have been traditionally fulfilled by a single actor, and generates “mismatches in human resource management” in the fields of procurement of personnel, their training, and their evaluation and remuneration. The short-term nature of career perspectives, on the other hand, deprives the actors of the incentive to resolve those mismatches, which seem likely to diminish both the willingness to work and the performance itself of dispatched workers. For effective use of these workers, it is vital to examine, from the viewpoint of the mutually complementary relationship between actors in the human resource management, possible ways of building a management framework for dispatched workers, assistance to them in improving their value as workers, and giving them satisfaction in their work.

## 1. Introduction

The human resource management of temporary workers has come to

the foreground in recent years. Behind this lie the facts that a rapidly increasing number of firms are taking advantage of such workers, and that the nature of the jobs assigned to them is becoming more sophisticated. Together with this, the personnel management of dispatched workers is drawing more attention nowadays in that these workers who, until recently, have been engaged largely in secondary duties and made use of as a device for firms to adjust their workforce in response to fluctuations in demand, are now assigned to positions responsible for core duties at companies and looked on as a kind of manpower in continuous use.

Despite this, only a few studies have so far been made on the human resource management of temporary employment, and even those that exist rarely pay attention to its particularities. This is perhaps because temporary workers have not been subject to “management” in that they played a marginal role and were small in number.

This article first turns the spotlights on the human resource management of temporary workers (i.e., “registered-type” dispatched workers) who have been little discussed so far, and examines problems in the management of temporary human resources arising from the particular nature of temporary employment, together with the mechanism whereby the problems arise. More specifically, it investigates what kind of problems in relation to human resource management are likely to arise with dispatched workers and firms due to the particular nature of temporary employment, and attempts to provide a basic stance for ways to improve the management of temporary personnel for both workers and firms.

## **2. Changing Temporary Employment**

An increasing interest in personnel management of dispatched workers has arisen partly from substantial changes in their number and roles in recent years. The first change is an increase in the number of dispatched workers. Conceptually, they are regarded as one type of “contingent workers” (Polivika 1986, for example), and the advantages of making use of such workers can be distilled into two elements: ease of securing labor, and reductions in labor cost, both of which are achievable since manpower

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supply agencies provide the necessary number of workers for a term, and bear costs for recruitment, and educational and training. In other words, there are several advantages in the use of dispatched workers: it encourages the “quantitative flexibility,” cited by Atkinson (1985), enables the outsourcing of the personnel management (recruitment, training, etc.) to manpower supply agencies, and reduces the cost of the management.

The traditional employment system in Japan leans strongly towards employment security for regular employees, and accordingly requires considerable expenses for the recruitment and training of such workers. This tendency has been sensed strongly, in particular, under the economic recession of the last fifteen years, so that temporary employment contracts, because of their function in cutting labor management expenses, have had a great attraction for firms which strive above all for cost reductions.

According to Ministry of Health, Labour and Welfare statistics (2003), the total number of dispatched workers increased sharply from the mid-1990s on, and reached 1.79 million in fiscal 2002, an increase of 27 percent from the previous year. Even though the proportion of business establishments hiring dispatched workers accounted for only 7.6 percent of businesses as a whole, and such workers accounted for a mere 2.0 percent of workers as a whole, the growth rate is remarkable.

A series of deregulatory measures – a liberalization in principle in December, 1999, of occupations in which it is allowed to dispatch workers, and a lifting of the ban on dispatch to manufacturing premises, together with the extension of the upper limit on periods of dispatch in March, 2004 – are likely to stimulate firms further to make use of temporary workers.

The increase in the number of such workers is attributable not just to reasons on the firms’ side, but also to changes in the outlook of workers, that is, an increase in the number of people who voluntarily choose to work under temporary employment contracts (Sato 1998, for example). As a result, the presence of dispatched workers has become too great for them to be regarded any longer a simple short-term workers to be left outside the scope of personnel management.

The second change concerns the quality of temporary workers. Traditionally, firms have regarded dispatched and other non-regular

employees as temporary workers, and have assigned non-core or peripheral tasks to them. At the same time, such workers have been considered to be a buffer against fluctuations of demand. Now, however, an increasing number of firms now proactively value their specialties, and their immediately deployable ability and skills as a substantial element of the workforce, and have them engage in more essential, core duties.

A questionnaire survey by the Japan Institute of Labour (currently, The Japan Institute for Labour Policy and Training) found, for example, that 31.5 percent of approximately 240 business establishments surveyed assigned “core and specialized” duties to their dispatched workers. Also, according to the 2003 Comprehensive Survey on Diversification of Employment Patterns carried out by the Ministry of Health, Labour and Welfare, where firms were asked to choose three reasons for using temporary workers, 39.6 percent of the firms surveyed cited “to secure labor that is competent and can immediately serve as an essential part of the workforce,” and 25.9 percent “to deal with specialized duties.” The figures in the 1999 survey were 31.0 percent and 23.8 percent, respectively, showing an upward trend over the years.

In a Ministry of Health, Labour and Welfare survey of 2001 also, “improved skill levels,” “adaptability in the workplace,” and “commitment to work,” among other things, were referred to as qualities required of dispatched workers by both dispatch agencies and client companies: the survey findings imply that the maintenance of worker commitment to work and improvement of ability and skills are considered critical challenges facing firms when they attempt to make effective use of temporary workers. Now that temporary workers are no longer simple, cheaper substitutes for regular employees but parts of the workforce contributing to success in corporate strategies, they are natural subjects for human resource management which will suit the temporary nature of their employment and other special features, maintaining their eagerness to work, allowing them to demonstrate their ability and skills, and eliciting high performance albeit a certain cost.

It seems that qualitative and quantitative changes in ways of using temporary workers have altered views of such workers among firms, so that the human resource management related to them has come to the

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foreground.

### **3. Prerequisites in considering the Human Resource Management of Temporary Workers**

Before considering the human resource management of temporary workers, let us first examine the differences between temporary employment contracts and the employment framework envisaged by traditional personnel management, namely, the typical employment pattern of regular employment.

The first difference concerns the actors participating in human resource management. Personnel management of regular employees involves only one actor – the firms which hire regular employees and keep them working in the same firms over the years. With dispatched workers, on the other hand, the employers are not those who actually ask the workers to work: the latter conclude employment contracts with manpower supply agencies, while the actual relationship involving work assignments arises with the firms taking on temporary manpower. In other words, there are two actors participating in the human resource management: the client companies and manpower supply agencies.

The second difference is related to “career perspectives.” Regular employees are legally regarded as workers under an unlimited labor contract, and thus, generally speaking, pursue their career development in a long-term perspective via work experience and job training provided within an internal labor market. On the other hand, dispatched workers are under a fixed-term labor contract, and thus the commitment of client companies to the career development of the workers is inevitably based on a shorter perspective. This applies in the same fashion to the commitment of the manpower supply agency to the workers it dispatches, in that direct employment relations are limited to the period of dispatch. In both cases, the career perspectives of dispatched workers are in effect “short term” for the actors in human resource management. Moreover, in the sense that the career development of a dispatched worker is not carried out through transfer, rotation, training and other mechanisms within the firm concerned, his or her shorter-term career perspective implies poor

utilization of the internal labor market in his career development.

In sum, the employment pattern of dispatched workers is different from that of traditional regular employees in the sense of (i) two actors being involved in human resource management and (ii) the short-term nature of career perspectives. In particular, the presence of two actors is a unique framework of employment, not seen hitherto in the employment contracts of regular employees, contracted workers, or part-time workers, nor in the employment contracts of outsourced workers who provide their labor without having any direct employment contract with the firms. Consequently, in considering the human resource management of temporary workers, required is a substantial shift from the paradigm of management based on the traditional regular employees. (Table 1 shows a comparison between the pattern employment of dispatched and regular workers.)

Table 1: Structural Frameworks of Labor Dispatch (Human Resource Management?) – Comparison of Dispatched Workers and Regular Employees

		Dispatched workers	Regular employees
1	Actors participating in HR management	Client firm (entity to supervise and command workers)	Same firm (employee = entity to supervise and command workers)
		Manpower supply agency	
2	Career perspectives	Short term	Long term
		Low utilization of internal labor market	High utilization of internal labor market

#### 4. Tasks and Mechanism of Human Resource Management of Temporary Workers

This section examines the challenges which may turn up in managing dispatched workers under the foregoing employment framework. Discussion here focuses on three functions of human resource management – procurement; training; and evaluation, wages and other rewards of labor – from the stage where client companies take on dispatched workers from manpower supply agencies to the stage where the contract term of dispatch of the workers in question comes to an end. (Note 2)

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## **(1) Procurement of Labor**

The first function of human resource management is to secure manpower. In this “recruitment of workers,” a firm specifies its requirements for future staff (i.e., specifications of manpower), announces job vacancies, and selects applicants.

The specification of requirements is, first of all, the responsibility of firms wishing to hire workers. They are responsible for determining the scope of the duties in which dispatched workers will engage; clarifying the required ability, skills, qualifications, work experience and other conditions; and passing these on to manpower supply agencies.

Manpower supply agencies then post job openings of dispatched workers. In accordance with needs of their clients – firms taking on temporary workers – agencies call for registration of temporary workers via, for example, “open houses,” websites, and so on. These registered temporary workers form a pool of labor from which individuals may be dispatched to client firms. A difference from the ordinary recruitment of regular employees is that the workers recruited by agencies do not necessarily perfectly meet the requirements of individual firms wishing to hire temporary workers, since agencies gather a wider variety of personnel, with more moderate attributes than those set by individual client firms, so as to meet the varying needs of the latter.

Agencies next select candidate workers likely to satisfy the requirements of individual client companies, and offering jobs to the workers. Finally, if the workers find the job description acceptable, labor contracts are concluded. It is this choosing of dispatched workers from the pool of candidate manpower and the placing of them in job that, in short, constitute the selection of human resource. (Note 3)

In this way, the presence of two actors participating in human resource management leads to the division of the function of securing dispatched workers into, on the one hand, the firms taking them into their workplaces, and, on the other, manpower supply agencies. The former, responsible for presenting clear requirements concerning workers, naturally have abundant information on the nature of the jobs and workplaces. But since they do not participate in the recruitment, selection, and dispatching of workers, they cannot see what kind of dispatched workers agencies hold in their

pool; how the agencies select workers to actually dispatch; how they communicate with dispatched workers when offering jobs to them; and so on.

On the other hand, manpower supply agencies, responsible for gathering labor and selecting suitable workers to dispatch, possess detailed information concerning the ability, skills, attitudes to work, sense of values, and so on of dispatched workers. However, since they are not able to pin down requirements for individual jobs, they are short of information concerning, for example, what kind of ability and skills will be required to perform the duties at workplace, and what kind of attitude and sense of values dispatched workers ought to have in order to fit in with the corporate culture and atmosphere of client firms.

This division of roles in human resource management is highly likely to generate a mismatch between job descriptions and the workers who take them. Firms taking on dispatched workers have little information about the ability, skills, outlook, and so on of the workers, so that they cannot single out a specific manpower supply agency with workers to satisfy their requirements. On the other hand, since agencies have little information concerning the nature of jobs and workplaces, they cannot supply the workers best suited to the requirements of firms wanting temporary workers.

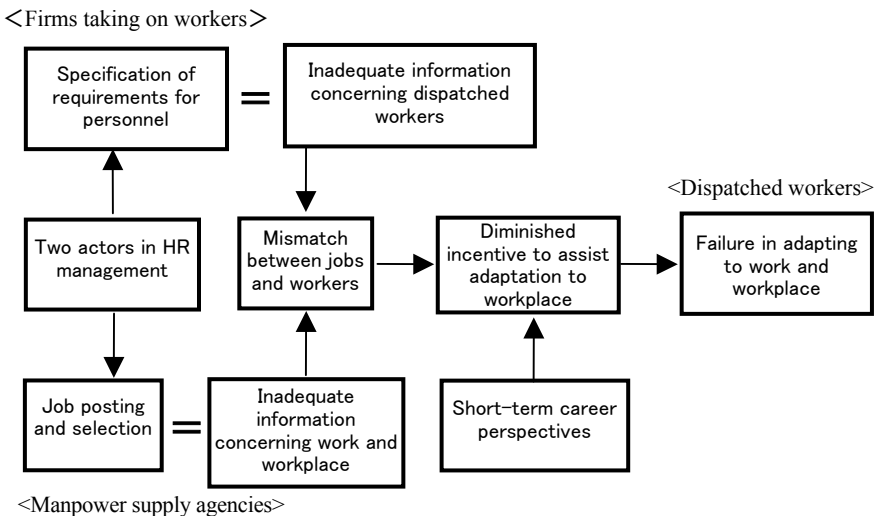
Beside this, the short-term career perspectives make it more difficult for both firms taking on temporary workers and manpower supply agencies to resolve the mismatch of jobs and workers. This is because the short-term relationship between firm and temporary worker deprives both actors of the inducement to help, with a certain expenditure of time and money, the workers to adjust to jobs and organizations: rather, it encourages the actors in human resource management, when there is a mismatch between duties and workers, to replace the latter with others who may be better for the duties, rather than to assist the former to accustom themselves to the duties. In the meantime, manpower supply agencies acquire a tendency not to select dispatched workers who really match the requirements of the client companies, and to provide temporary workers with information calculated to make them accept job offers. Firms taking on temporary workers, on their side, tend to neglect efforts to



make dispatched workers understand the ability, skills, and roles in the workplace expected of them, and to terminate labor contracts without further communication, once they have decided that they are incompatible with the jobs or organization, and to call for replacement with other dispatched workers.

Consequently, mismatches between jobs and personnel arising in the process of labor procurement are highly likely to remain unresolved. Under such circumstances, the dispatched workers involved will discover a gap between their expectations and predictions prior to actual engagement in work on one hand, and the reality after starting to work (the so-called “reality shock”). Demoralized, they fail to demonstrate the expected job performances. (A series of mechanism causing problems in human resource management is shown in Table 2.)

**Table 2: Problems Inherent in the Use of Temporary Workers – (1) Personnel Procurement**



**(2) Training of human resources**

The second function of human resource management is to train human resources. The task-execution ability and skills of personnel are classifiable into firm-specific and general-purpose ability and skills; dispatched and other temporary workers who have a relatively high

mobility in the labor market are, in general, expected to be equipped with general-purpose ability and enough specific skills to be usable across a variety of firms. Where the fostering of human resources in the form of temporary workers and the development of their ability mean the maintenance and improvement of general-purpose ability and skills, the education and training concerning clerical skills, business manner, bookkeeping, English and other skills provided by manpower supply agencies can be regarded as assistance for the workers in acquiring general-purpose skills and knowledge. At the same time, work experience at host companies can be seen as opportunities for temporary workers to apply their acquired ability and skills to practical work environments, and to sustain and improve their quality. If we use the familiar classification of types of human resource development of OJT (on-the-job training) and Off-JT (off-the-job training), the former, for dispatched workers, is actual engagement in duties in host companies, whereas the latter is the education and training provided by their manpower supply agencies.

The division of functions of human resource management is likely to cause a mismatch between content (what kind of ability and skills should be instilled) and method (how they should be instilled). Put differently, there is likely to be a gap between the nature of the ability and skills in temporary workers which client companies expect from manpower supply agencies, and the training method which the agencies apply for their temporary workers.

This is because it is difficult in practice for dispatched workers to carry out duties assigned to them at host companies using only the general-purpose ability and skills acquired through job training at manpower supply agencies. They are, in reality, obliged to adapt them and apply their general-purpose ability and skills according to individual, unique tasks at host companies. Many firms expect temporary workers to have at least a slight amount of firm-specific ability and skills, apart from general-purpose ones. But it can happen that, due to the foregoing division of the functions, neither of the actors in human resource management acts to assist temporary workers to adapt to firm-specific ability and skills.

Firms taking on temporary workers, who are responsible for providing opportunities of work experience, have ample information concerning the

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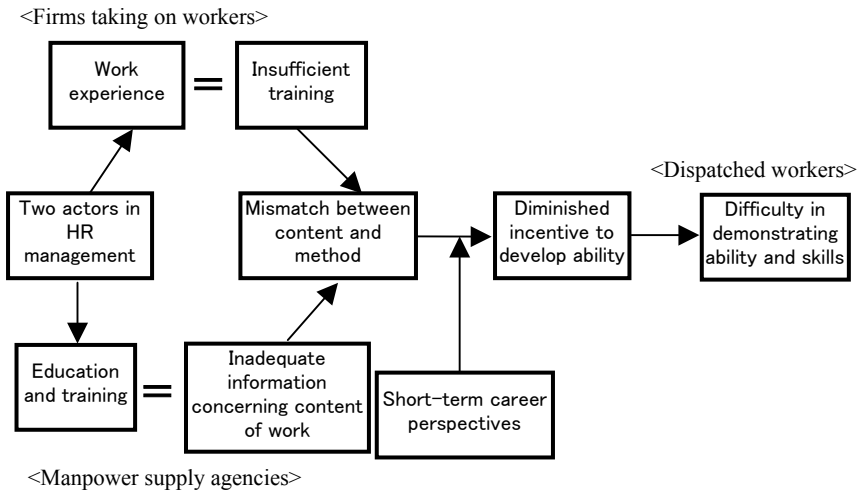
nature of jobs. But since they are not involved in education and training, they expect that the manpower supply agencies will train the workers in respect of not just general ability and skills but also of ability and skills sufficient to carry out specific tasks at the firms.

On the other hand, manpower supply agencies, being responsible for offering education and training, have ample knowledge of the kind of ability, skills and so on which can be acquired through such training. But since they cannot be involved in the nature of specific jobs conducted at their client companies, they do not possess enough knowledge to predict how much ability and skills temporary workers will need to carry out tasks at their client companies, and thus to provide training adequate to meet specific demands from their client companies.

What is more, the short-term nature of career perspectives makes it more difficult for both firms taking on temporary workers and for manpower supply agencies to resolve the mismatch between content and method of training of dispatched workers. The short-term relationship between firm and temporary worker deprives both actors in human resource management of the inducement to devote much time and expense to developing human resources (human capital investment). Rather, the shortness of career perspectives shifts responsibility for ability development from the actors in human resource development to the individual workers themselves. Firms taking on temporary workers do not offer them workers opportunities of ability and career development through work experience, while manpower supply agencies, on the other hand, do nothing to help dispatched workers to upgrade their ability and skills apart from offering training courses with curriculums covering general skills only. This shift of actors in ability development may serve, at the same time, to encourage agencies to produce versatile temporary workers so that they can supply labor to as many firms as possible.

Thus the mismatch between the content and methods of human resource development is likely to remain unresolved. If so, temporary workers will naturally find it difficult to acquire the required ability and skills, and fail to demonstrate expected job performances. (A series of mechanism causing problems in human resource management is shown in Table 3.)

**Table 3: Problems Inherent in the Use of Temporary Workers –  
(2) Personnel Training**



**(3) Evaluation, wages and other rewards for labor**

The third function concerns the evaluation, wages and other rewards for human resource. In line with the mechanism of management by objective (MBO), this can be regarded as the process whereby objectives are set at the beginning of the term; evaluations are made concerning the achievement of the objectives at the end of the term; and the evaluation results are given as feedback to workers, as well as being reflected in wages, promotion, and other rewards for the workers.

Where the roles of the actors in this process of evaluation and reward are concerned, firms taking on temporary workers present the workers they have taken on with the roles they are expected to play. And when the contract is coming to an end, they review and evaluate the attitude and performances throughout the contract term of the workers in question, and report the evaluation to the manpower supply agencies, who will convey it to the workers as feedback. Thus, firms taking on temporary workers are, in principle, responsible for evaluation during contract terms.

The rewards which are reflection of the evaluations consist largely of remuneration (wages) and rewards in the form of the nature of the jobs assigned. The former goes with the job posts, and is determined in

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accordance with the type and nature of the jobs assigned to at companies. Improvements in ability and skills, achievement, and other factors of dispatched workers are not directly reflected in their wages. (Note 4) Rewards in the form of the nature of jobs suggest the provision of employment opportunities; more specifically, they are chances for employees to have the labor contracts renewed and continue working at the current companies, and chances of being assigned to a different host company. (Note 5) These rewards are provided, in principle, by the manpower supply agencies.

As seen above, the responsibility for functions of evaluation and reward is divided between the firms taking on temporary workers and the temporary staffing agencies. The former, responsible for the evaluation of temporary workers, monitor workers' behavior and attitudes towards work and thus have much information concerning the approach to work, achievement, and so on of workers. But since they have no part in the determining of wages and other rewards, nor in drawing up a mechanism of incentives, their evaluation of temporary workers cannot be reflected in wage levels and their changes. On the other hand, the temporary staffing agencies, responsible for determining wages and other rewards of workers, can in theory design a mechanism for giving incentives to workers, but do not have sufficient information concerning how enthusiastically temporary workers actually work, what they achieve, and so on.

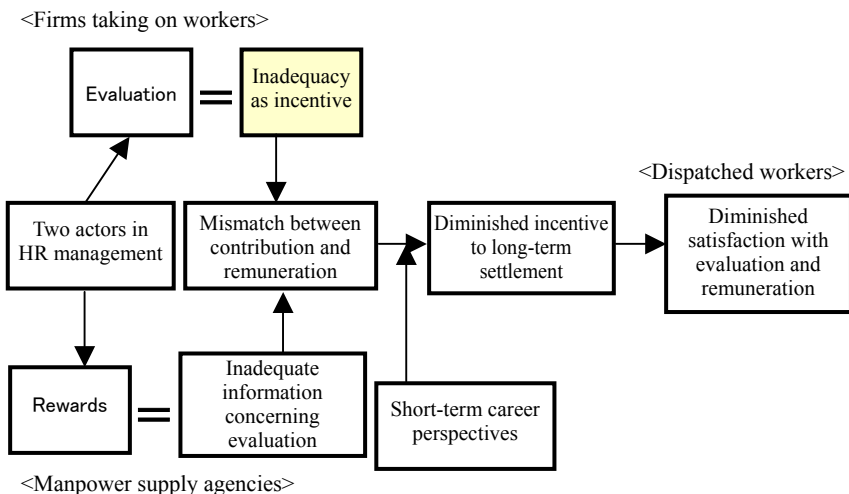
The division between the functions of evaluation and rewards in human resource management is likely to cause a mismatch between the contributions of and remuneration to temporary workers. Firms taking on temporary workers are unable to commit themselves to determining the wages and other treatment of workers, thus being unable to make effective use of information concerning the quality of dispatched workers. On the other hand, manpower supply agencies have little information concerning the performances and achievement of workers, so that they are unable to determine wage levels in such a way as to give incentives to them.

What is more, the shortness of career perspectives makes it more difficult for both firms taking on temporary workers and manpower supply agencies to resolve the mismatch between the contributions of and remuneration to those workers. This is because the short-term nature of

the relationship between firms and temporary workers deprives both actors in human resource management of the inducement to build a long-term relationship, based on mutual trust, in wage settlements. Rather, the short career perspectives encourage the actors on both sides to look for shortsighted, economically advantageous wage settlements. Firms taking on temporary workers make no attempt to carry out any evaluation process extending from setting objectives to giving feedbacks to workers, and simply expect workers to produce achievements and results. On the other hand, manpower supply agencies tend to rely on wage levels as worker incentives, and, as a result, make no attempt to use long-term career development of workers as their incentives for hard work and commitment.

Consequently, the mismatch involved in evaluation and rewards between the contributions and rewards to temporary workers is likely to remain unresolved. Such being the case, temporary workers will be dissatisfied with the balance between their attitudes and contributions to work on the one hand, and the ensuring rewards on the other, and will be discouraged from working enthusiastically. (A series of mechanism causing problems in human resource management is shown in Table 4.)

**Table 4: Problems Inherent in the Use of Temporary Workers –  
(3) Evaluation and Remuneration**



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As seen above, in every function of the human resource management – procurement; training; and evaluation, wages and other rewards of labor – the employment pattern, i.e., temporary employment, itself serves as the mechanism causing problems in management.

This mechanism, as shown in Table 5, is a result of the presence of two actors in human resource management. The functional division into two actors of management traditionally carried out by a single actor – firms taking on temporary workers and manpower supply agencies – limits the human resource management activities that each party is able to perform, which, in turn, causes problems that may be called as “mismatches in the human resource management” in terms of procurement, training, and evaluation and rewards of manpower.

For example, in the procurement of workers, it is the function of the firms wishing to hire them to specify their requirements, but since they have little information concerning temporary workers actually available, they cannot single out and contact a particular manpower agency with suitable workers. On the other hand, it is the function of the temporary staffing agencies to post job openings and to screen workers, but since they have little information concerning the nature of the jobs and workplaces, they cannot supply temporary workers matching the requirements of the companies which actually want to hire them. This causes the mismatch between the nature of jobs and the personnel.

In the training of human resource, it is the function of the firms wishing to hire temporary workers to provide work opportunities, but since they have no hand in the training itself, they simply expect workers to have been trained and equipped with ability and skills sufficient to carry out their assignments. On the other hand, it is the function of the temporary staffing agencies to train temporary workers, but since they have little information concerning the work experience, they cannot provide appropriate education and training for workers to acquire the ability and skills necessary to implement tasks at the host companies. This causes the mismatch between the content and methods of training.

What is more, in the evaluation of and reward to temporary staff, it is the function of firms wishing to hire them to evaluate the workers, but since they cannot commit themselves to determining wage levels and

other treatment, they cannot reflect the assessment of workers in the remuneration they offer. On the other hand, it is the function of temporary staffing agencies to determine wage levels and other rewards to workers, but since they have little information concerning their attitudes and achievements at actual workplaces, they cannot give levels of remunerations appropriate as incentives to work. Hence, this causes the mismatch between the evaluation and treatment.

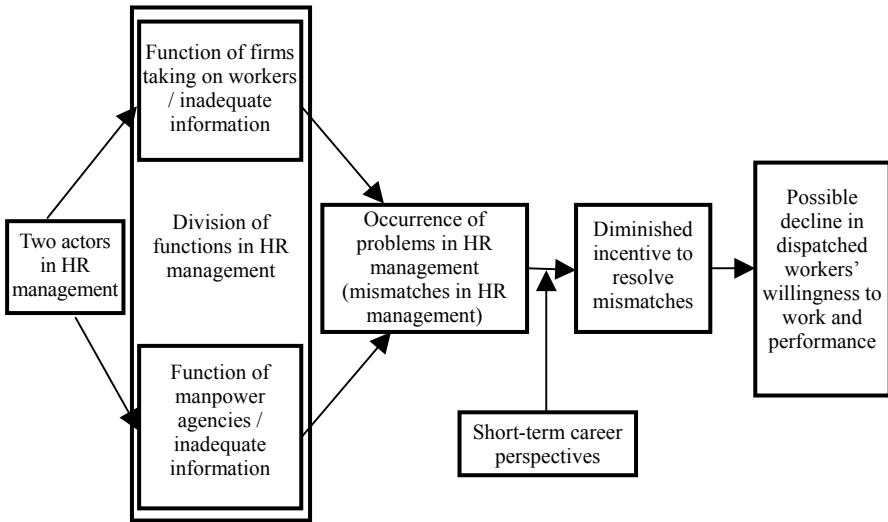
Both firms hiring temporary workers and temporary staff agencies, by their nature, naturally wish to do something about resolving mismatches obstructing proper human resource management. But the short-term career perspectives of dispatched workers tend to deprive host companies and manpower agencies of the incentives to work out those mismatches over the long term, and thus it is expected to be quite difficult to solve the problems.

For example, in securing of human resources, the actors in human resource management, when they find workers to be incompatible with the nature of their jobs, are prone to replace them with more appropriate workers, rather than assisting them to fit in the jobs. As for training, the responsibility for development of the ability required for the execution of tasks at firms taking on temporary workers tends to shift from the firms themselves (one actor in the human resource management) to individual workers. Moreover, where the evaluation of and rewards to temporary workers are concerned, emphasis as worker incentives is placed on short-term, wage rates, as opposed to opportunities for the long-term career development of dispatched workers.

And so long as the mismatches remain, dispatched workers will find it difficult to adapt their jobs and organizations, and will fail to demonstrate their ability and skills. Moreover, they will be dissatisfied with the balance between their attitudes and contributions to the work, and the ensuing rewards. As a result, it is highly possible that such workers will be discouraged and unable to deliver even their average levels of performance. (A series of mechanism causing problems in each function of the human resource management is shown in Table 6.)



**Table 5: Mechanism Causing Problems in Management of Temporary Workers**



**Table 6. Problems and mechanism, by function of human resource management**

Function of HR management	Impact of presence of two actors in HR management		Impact of short-term career perspectives	Impact on dispatched workers
	Division of function (top: host companies / bottom: agency)	Mismatches in HR management		
Procurement	Clarification of requirements for personnel	Mismatch between job descriptions and workers	Diminished incentive to assist adaptation	Failure in adapting work and workplace
	Job posting and selection			
Training	Work experience Education and training	Mismatch between content and method	Diminished incentive to develop ability	Difficulty in demonstrating ability and skills
Evaluation and remuneration	Evaluation (from setting objectives to receiving feedbacks)	Mismatch between contributions and remuneration	Diminished incentive to long-term settlement	Diminished satisfaction with evaluation and remuneration
	Remuneration (rewards in the forms of wages or job nature)			

## 5. Case Studies

This section cites several cases that support our inferences made in the previous sections. The cases described below, based on interviews directly addressed to dispatch workers, noticeably highlight the problems in the human resource management of temporary workers. (Note 6)

The first case concerns Ms. A, 31, a dispatched worker who engages in clerical jobs at a large food manufacturer. Ms. A receives from a manpower supply agency a job offer which is ideal for her in every aspect – type of jobs, working hours, location, and so on. But once she starts working at the host company, her boss asks her not only to draw up documents and do filing, but also frequently to photocopy and serve tea, on top of which he asks her to do overtime almost every day. Finding it difficult to seek advice from persons at the workplace, she consults her agency, but the situation remind as unimproved.

Ms. A expresses dissatisfaction at the difference between her prior expectations and the reality. She was told by the manpower supply agency in advance that she would be able to leave the office normally on schedule, but she does lots of overtime, which is utterly different from what she was told; moreover, she was pleased to accept the job offer because she was told that her tasks would be mainly to draw up documents, and she did not expect at all to be asked to make photocopies and serve tea. At the same time, she expresses concern about the lack of communication at the workplace: there are no explanations from her boss, and little conversation with people at the workplace, so that she has so far failed completely to get used to the workplace. This series of comments obviously shows a situation where a dispatched worker is unable to adapt her job and workplace, because the mismatch between the natures of the job and worker is not resolved by the two parties responsible for human resource management.

The second case is Ms. B, 27, a dispatched worker who engages in clerical jobs at a large steel manufacturer. Ms. B wishes to continue working as an assistant at a clerical section and has attended clerical skill courses held by her manpower supply agency. She has clerical work experience at an insurance company, but has not worked for a steel maker.

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Once she starts working, she finds the work quite different from what she has experienced in the financial sector, and is unable to engage in the expected jobs; her duties are largely processing cash slips and filing, together with drawing up simple documents and materials.

Ms. B stresses the difficulty in carrying out duties at the host company, saying that it is difficult to remember technical terms in the steel industry, and that she was initially confused by the accounting system at the company. At the same time, she expresses dissatisfaction with her current job in that she cannot demonstrate all her skills; she has spent lots of time and money on training in clerical skills, but the level of skills required in the current post is simply too low, and she will not be able to improve her skills with this job. These comments obviously suggest a situation where a dispatched worker faces difficulty in demonstrating her ability and skills because of an unresolved mismatch between the content and the method of training.

The third case is Ms. C, 30, a dispatched worker who engages in clerical work in the sales section of a precision equipment sales company. Ms. C has worked for the current host company for nearly one and a half years, during which she has had her labor contract renewed several times, but her wage remains at the initial level. When her current contract is about to expire, her manpower supply agency tells her arbitrarily that the contract will be terminated. Ms. C asks the agency to offer her another job, but has not been contacted yet. Ms. C expresses dissatisfaction with the system of evaluation and remuneration, saying that she is just told the final decision – whether her contract is renewed or terminated each time the contract term approaches expiration – and has no idea whether or not her attitude to the work is valued highly; that she cannot get along with the idea of the same wage level for all dispatched workers even though different workers make quite different contributions to the host company; and that there is no guarantee of promotion to a regular employee however hard she, as a dispatched worker, works, nor is there any guarantee of the manpower supply agency offering her another, satisfactory job next time.

These comments by Ms. C imply that the mismatch between contributions and remuneration makes it difficult to satisfy dispatched workers' expectations concerning their evaluation and remuneration.

## 6. Necessary Approach to Make Effective Use of Temporary Workers

Finally, in this section, taking all these problems in the management of temporary workers into account, we shall hypothetically present an approach that would make for the effective use of temporary workers.

First, it is vital to recognize that appropriate management of such workers will improve their value as human resource, and enable firms to make more effective use of them as strategic personnel. As stated earlier, there are a number of peculiarities in the structure of the management cycle involving temporary workers – i.e., procurement, training, and evaluation and remuneration – which are prone to hinder the improvement and use of those workers.

For instance, so long as companies taking on temporary workers and manpower agencies treat the matter from a short-term perspective, it will be difficult to make the cycle function properly, in that no human resource management can be economical and produce returns unless conducted from the long-term perspective. At the same time, another factor, the division between the actors in human resource management, hampers the formation of any integrated management, since it is necessary to coordinate two actors, those dispatching workers and those taking on workers, which respectively have different stakes in the process.

However, now that temporary workers have started taking responsibility for more important duties for longer terms, they are beginning to be viewed as a valuable human resource – not just workers employed for the sake of cost reduction – so that it is now necessary to organize the three stages – that is, procurement, training, and evaluation and remuneration – into a single human resource management cycle. The importance of this management cycle has been little discussed so far, unlike the case of regular employees, which utilizes the internal labor market over a long span. However, in the near future, it will certainly become necessary to make management function properly even in cases where the relation of dispatched workers and firms is short-term.

For this purpose, of course, firms should be encouraged to attach more importance to the quality of temporary workers than to short-term cost

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reduction effects, and to pay prices corresponding to the investment of the manpower supply agencies in improving the quality. At the same time, another possibility is that host companies should build a long-term contractual relationship with supply agencies, and view the latter as a stable supplier of highly skilled workers. Either way, it is vital to build a mechanism of integrated human resource management based on the collaboration of firms and manpower supply agencies in improving quality of temporary workers.

What is more, since dispatched workers are not made use of in the internal labor market of a single company, it may also be necessary to consider constructing a partnership or network among the actors in the human resource management at the industry- or sector-level, so that the linkage can be achieved between work experience and training of the workers concerned.

Second, in order to heighten the value of temporary workers, it will be important to assist them within a broader framework. This is because, compared to regular employees, temporary workers can seldom rely on firms for training opportunities, and also because manpower supply agencies at the moment have their own limits on the scope of training temporary workers. Training of temporary workers and ability development on a long-term basis is beneficial to both firms and workers: it will not only lead to the securing of higher quality personnel for the firms, but also contribute to the maintenance and improvement of ability and skills on the workers' side, as well as giving them a more rewarding working life. One problem is, however, the difficulty in constructing such a framework, and it is essential to assist the career development of temporary workers so as to enable them to consistently demonstrate their ability and skills.

More specifically, assuming that host firms have their own limits on the time that can be spent on the career development of their temporary workers, it is the manpower supply agencies that will have to help improve the existing approach of education and training. Temporary workers, moreover, will be required to have their own specialties, and public assistances will also be of importance for workers who contemplate pursuing career development by their own efforts.

The third issue, though it is not in the direct line of the discussion so far, is the fair treatment of dispatched workers, a premise for considering any proactive use and an increase in the number of those workers. Fair treatment in the workplace a fundamental requirement workers to commit themselves to their jobs of their own free will and trust the organization they work for. However, fair treatment here is not simply confined to the satisfaction with job types, working conditions, and other explicit conditions stated in labor contracts. It should also include a “psychological” contract based on expectations towards personnel management as a whole in the organizations for which the workers work: satisfying work, comfortable workplaces, fair assessment and remuneration for commitment to work, opportunities for ability development which improves their value as workers, and so on. (e.g.m Rousseau, 1995, Morishima, 1996)

It is rather difficult to secure satisfaction with their work environments for non-regular employees in general, and not just dispatched workers, for many reasons (Shinozaki, Ishihara, Shiokawa and Genda, 2003, but there are some particular factors, as seen in the case studies above, which hamper this in the case of the latter. Currently, quite a few commentators hold that in the personnel management of part-time and other non-regular employees, satisfactory working lives can be realized by giving them fair treatment and dignity as workers. In line with this, methodologies for securing dispatched workers’ satisfaction with their working lives will be one crucial issue of the human resource management to consider.

## **7. Conclusions**

This article has focused on temporary workers, who fall into a new employment pattern and have been increasing in number in recent years in Japan, and has discussed fundamental issues for the management of those workers.

First, the article pointed out to aspects of the employment pattern of dispatched workers – that is, (i) the presence of two actors in personnel management and (ii) the short-term nature of career perspectives – which are different from the traditionally typical employment pattern of regular

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employees.

Second, the problems which these frameworks of employment cause in the management of temporary workers, and the mechanism whereby those problems arise, were examined from the viewpoint of functions of the management. The presence of two actors in personnel management, firms taking on temporary workers and manpower supply agencies, divides the traditionally single function of management into two elements, causing problems summed up as “mismatches in the human resource management.” The mismatches show themselves in three forms: (i) mismatch between the scope of duties and type of workers at the stage of procurement of the workers; (ii) mismatch between the content and method of training at the stage of personnel training; and (iii) mismatch between individual contributions and remuneration at the stage of evaluation and remuneration of temporary workers. In addition to these, we inferred, with reference to several case studies, that the short-term career perspectives of these workers deprive both the firms hiring them and the manpower supply agencies of the incentive to make effort to resolve the mismatches, and thus that they are likely to find it difficult to dispel the mismatches.

Finally, bearing in mind the problems of human resource management and the mechanism at work, we presented hypothetical frameworks for the human resource management which seem to require investigation as ways of making effective use of temporary workers. In short, they include the formation of integrated management for temporary workers, assistance in the career development of those workers, and giving them a sense of satisfaction with their jobs.

The satisfaction with work and other frameworks suggested in this article are achievable only through interaction among the actors involved in the human resource management. The most essential framework for the effective use of temporary workers is a mutually complementary relationship among firms hiring those workers, the manpower supply agencies, and the government.

\* Professor and Graduate Student, respectively, in the Graduate School of Commerce and Management, Hitotsubashi University. The two authors

have contributed equally to this article, and their names are listed in the order of seniority.

Note 1: Some may argue that evaluation and reward should be treated as separate functions of human resource management, but we regard them as parts of a cycle and thus as one single function of human resource management.

Note 2: According to interviews with dispatched workers, quite a few firms taking on temporary workers seem to request (place an order) for workers with more than one manpower agency, ask them to produce candidates, conduct interviews with the candidates in the guise of preliminary meetings, and then determine who to take on. The fact that firms conduct preliminary meetings suggests that they play a certain role in the selection of personnel, but still manpower supply agencies play a substantially larger part in the selection because they choose candidate workers in advance.

Note 3: Interviews with dispatched workers show that some manpower agencies raise wages (hourly wages in general) to dispatched workers when a dispatched worker has worked for one single host company for a long period or when the fees for dispatch paid by host companies increase. But pay hikes here are a part of providing an incentive for the individual worker, and the mechanism of wage payments to temporary workers does not itself vary fundamentally among manpower agencies. For dispatched workers, bonus payment and benefits are normally not given.

Note 4: Renewal or termination of labor contracts can be considered to be in the hands of the firms taking on temporary workers in the sense that they, in practice, make the decisions. But renewals of contracts with the same host companies and assignment to jobs at different host companies can be regarded as rewards arising from identical work in the sense that both represent the provision of employment opportunities, and thus can be counted as reward by manpower supply agencies. For dispatched workers, promotion, upgrading and similar rewards at host companies or manpower supply agencies are not considered as possibilities.



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Note 5. The three cases presented in this article are part of an interview survey of dispatched workers by the authors. The interviews were conducted between October 2002 and December 2003, with 30 workers who have three major attributes of the registered-type dispatched workers of today – “clerical job” (operation of office apparatus, filing, general clerical work, etc.), “ages in their 20s – 30s”, and “female.” We asked the interviewees about their work experience as dispatched workers; their views concerning workplaces; the differences to human resource management between host companies and manpower supply agencies; and so on. We would like to thank the dispatched workers concerned for their willing to share their views with us.

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