
Study on Trends in Diversification of Employment: Customized Calculations in the Ministry of Health, Labour and Welfare's General Survey on Diversified Types of Employment

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I. Introduction

The Japan Institute for Labour Policy and Training (JILPT) is engaged in ongoing research into non-regular employment. As part of this, JILPT has implemented customized calculations on individual data collected as part of the Ministry of Health, Labour and Welfare's General Survey on Diversified Types of Employment (hereinafter referred to as the D-Survey), in order to work towards an integrated understanding and analysis of non-regular employment trends in Japan.¹ This paper selects and introduces themes from among those results that are considered to be of potential interest to people outside Japan.

II. Concerning the D-Survey

1. Outline of the Survey

The D-Survey is a government statistical survey implemented by the Ministry of Health, Labour and Welfare approximately once every four years. It comprises a Survey of Workplaces, which looks at randomly selected private companies engaged in industries other than agriculture, forestry and fisheries, with five or more regular employees, and a Survey of Individuals, which focuses on people working in such workplaces.

The customized calculations were performed on survey results data collected in October 2003 and October 2007.² The 2003 survey was implemented in regard to approximately 16,000 workplaces and approximately 30,000 workers, and responses were collected from 71.6% of workplaces and 71.0% of workers. The 2007 survey was implemented in regard to approximately 15,600 workplaces and approximately 56,000 workers, and responses were collected from 69.0% of workplaces and 51.2% of workers.

The main areas covered by the D-Survey are, for workplaces, numbers of workers (categorized by employment type) and increases or reductions in structural ratio of each type, reasons for utilizing non-regular employment, and issues or problems arising. The

¹ The research was conducted jointly by four researchers at JILPT (Ogura, Takahashi, Fujimoto, and Asao) and was compiled as JILPT Research Report No. 115 "Transition of Diversification of Employment II: 2003-2007." However, Asao assumes responsibility for the wording of this paper.

² This is the third time that JILPT has performed customized calculations on the D-Survey. This was previously done in regard to 1994, 1999 and 2003. This paper is a continuation of that previous work.

Survey of Individuals, on the other hand, asked about occupational attributes, the reason for selecting the worker's current employment type, his or her hopes regarding future employment type, qualifications held that are relevant to current work, etc.

2. Definition of Employment Type for Purpose of Survey

The D-Survey uses the following categorizations of employment type. Definitions are given here as in the survey document.

- Regular employees: Full-time, "typical employees," in other words, those employees who are employed without a fixed term attached to their employment conditions, other than those who work part time or are transferred from other companies
- Contract employees: Those employed in designated occupations, who are subject to a fixed-term contract with the objective of utilizing their specialist knowledge
- Entrusted employees: Those employed by contract with the purpose of re-hiring employees who have reached retirement age, for a fixed period of time
- Transferred employees: Those transferred from another company according to a transfer contract (regardless of whether or not they still have employment status at the originating company)
- Dispatched workers: Those dispatched from another source based on the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers
- Dispatched fixed-term employed workers: Those who, while being dispatched workers, are also registered as staff with a dispatch company
- Dispatched permanent employed workers: Those who, while being dispatched workers, are also permanent employees of a dispatch company
- Temporary workers: Those employed on a short-term or daily basis (applicable to workers with an employment period of one month or shorter)
- Part-time workers: Those with a shorter working day than regular employees, or who work for fewer days of the week
- Others: Workers not covered by any of the above (including those working for similar hours or number of days to regular employees, and who are referred to as "part time workers" or other similar terms)

The only distinction made between dispatched fixed-term employed workers and dispatched permanent employed workers is in the Survey of Individuals.

3. Some Comments on Definitions of Employment Types

When implementing a survey based on the categories above, there are some employment types that seem to cause a strong awareness of the problems of non-regular employment, and some that do not. Transferred employees, for example, maintain regular employee status at the company to which they are transferred, and in many cases are required to work the same hours, and receive the same benefits, as the regular employees in their workplace,

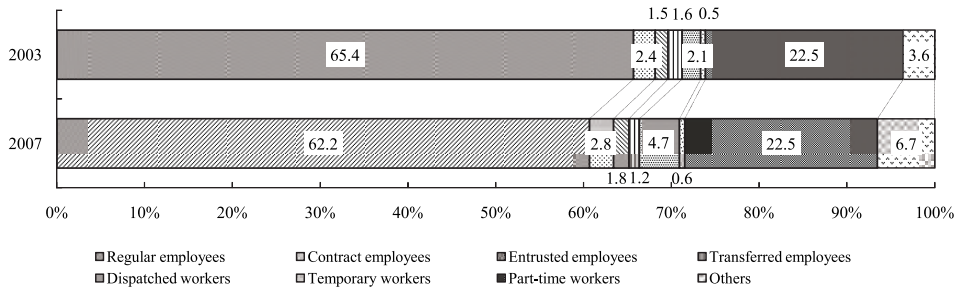


Figure 1. Trends in Composition of Employment Type

while entrusted employees, who were formerly regular employees, continue to be employed in the same workplace even after reaching retirement age. In the latter case, there tend to be more issues arising relating to employment of the elderly than relating to “non-regular employment.”

It is also necessary to add a comment relating to the issue of “part-time workers.” As in the D-Survey above, part-time workers are defined as workers whose working hours are shorter than regular employees in the same workplace. This could be described as a definition based on the relative shortness of working hours. There are, on the other hand, two alternative definitions of this type. One is any person who works for less than 35 hours per week. This definition has the proxy attributes of the definition based on the relative shortness of working hours. Let us call this the 35-hour week criteria definition. The second definition is anyone who is called a “part-timer,” “part-time worker” or any other similar name in the workplace. This is a definition that depends on labeling.

The difference between these three definitions cannot be discussed in detail here, but the following points need to be noted, (i) when using the 35-hour week criteria definition, if one was to judge not by the defined working hours but by the actual length of hours worked, then if a “part-time worker” (viewed from a relative time perspective) works overtime, then he or she cease to be a “part-timer,” and similarly, if a regular employee happens to take a short break, then he or she may essentially end up being included in the “part-timer” bracket, and (ii) when using the labeling criteria, then as can be understood by reading the above definition of “Others” in the D-Survey, a broad spectrum of workers who are not covered by the relative definition of “part-time worker” may also be included in what is referred to as “part-timers.”

It seems to have finally become widely understood that in Japan, for a long time, the definition of “part-time” has not necessarily always been understood to be “shorter hours.” The definition that depends on the relative shortness of working hours has been used in statistical surveys for many years together with the 35-hour week criteria definition or the labeling definition. In such cases, workers were not referred to as “part-time workers” but

rather “workers with shorter working hours.”³ It is therefore always necessary to check which definition is being used when looking at a Japanese statistical survey that deals with information relating to “part-time” work.

III. The Increase in Non-Regular Employment, and Reasons Companies Utilize Non-Regular Employment

1. The Increase in Non-Regular Employment

From the results of the Survey of Workplaces, it can be seen that, including dispatched workers, the proportional composition of employment types in 2007 was 62.2% for “Regular employees,” showing that more than one third of all employees were in non-regular employment. During 2003, the proportion of “Regular employees” was 65.4%, showing an increase in non-regular employment among the labor force during the intervening four years (Figure 1).

Among non-regular employment types, the category “Part-time workers” was the largest one, accounting for 22.5%. This group, however, had neither increased nor decreased in size during the four years in question. The group showing the largest increase during the four-year period was “Dispatched workers,” which went from 2.1% in 2003 to 4.7% in 2007. Furthermore, “Contract employees” rose from 2.4% to 2.8% and those covered by “Others” rose significantly, from 3.6% to 6.7%, but unfortunately, the D-Survey does not clarify the details for this. Judging from the definitions above, “Others” would seem to refer to workers who are employed full-time, for one month or longer on a fixed-term contract, and who do not have a specific occupation. This can be understood as including contracted workers in manufacturing workplaces, and the type of work known in Japan as *arubaito*.

It is thought that the relaxing of regulations prohibiting the involvement of labor dispatch businesses with regard to the services of manufacturing products in 2006 was a significant factor in the increase in “Dispatched workers” between 2003 and 2007. The data shows that the proportion of “Dispatched workers” in manufacturing industries rose swiftly, from 2.0% in 2003 to 9.8%.⁴

For the reference of the reader, the breakdown by industry, given in order of indus-

³ In regular statistical surveys designed to understand trends, the definition dependent on labeling began to be used relatively late, around the 1980s.

⁴ The background to this also includes the general expansion in Japan’s economy as of 2007, and the fact that manufacturing industries were increasing production activities at this time. The facts exceed the scope of this paper, but the subsequent financial crisis in the autumn of 2008 and the resulting economic depression, which saw, in the immediate aftermath, many contracts being terminated mid-term in regard to dispatched workers even in major manufacturing companies, caused a debate as to whether or not it had been a good thing that manufacturing industry prohibitions on dispatched business had been lifted. There are moves to re-impose the ban, but no decision had been reached at the point at which this paper was written.

tries with the largest relative proportions of non-regular employees, is as follows. Firstly part-time workers: Eating and drinking places, and accommodations industry (55.6%, 2007), Wholesale and retail trade industry (36.9%, 2007), and Service industry (27.4%, 2007), etc. All of these are industries that experience fluctuation. Industries with relatively large proportions of contract employees include the Education and learning support industry (9.6%, 2007), Information and communications industry (5.0%), Medical, health care and welfare industry (3.9%), and the Transportation industry (3.9%). These are industries with relatively higher proportions of specialist skills. In terms of dispatched workers, in addition to the manufacturing industries mentioned above, the Information and communications industry (9.9%), Finance and insurance industry (9.5%), Transportation industry (4.1%), Service industry (4.0%), etc., all have relatively high proportions. These may be considered industries that both experience strong fluctuations, and where specialist skills are required.

2. Reasons for Utilizing Non-Regular Employment

Let us take a look at the reasons why companies (workplaces) utilize non-regular employment. In the D-Survey, respondents were given 13 choices to explain their reasons for utilization of non-regular employment, with multiple answers possible. Hereinafter, when considering the issue by employment type, we will divide workers into three categories – part-time workers, contract employees and dispatched workers.

Firstly, let us look at part-time workers. In the 2007 survey, the most common reason selected by workplaces was “Reducing wage costs,” at 41.1%, followed by “In order to respond to fluctuations in workload in each day or week” (37.2%), “In order to respond to longer business hours” (21.7%), and “In order to reduce labor-related costs other than wages” (21.3%), etc. These could be seen to indicate that the main factors are those related to reducing labor-related costs, and those related to dealing with fluctuations in workload. Compared to 2003, however, the number of workplaces giving factors related to reducing labor-related costs is proportionally lower.

In regard to contract employees, the reason indicated most frequently was “In order to respond to specialist needs,” at 43.6%, followed by “In order to ensure employees with adaptable potential or other specialist abilities” (38.3%), while “Reducing wage costs” came third, but indicated by only 28.3% of respondents. Furthermore, in terms of dispatched workers, the most common answer was “In order to ensure employees with adaptable potential or other specialist abilities,” indicated by 35.2% of respondents, followed by “Because we cannot acquire regular employees” (26.0%), with “In order to adjust employment in accordance with economic changes” (25.7%) in third place. Only 18.8% of workplaces responded that they used dispatched workers in order to “Reduce wage costs” (Table 1).

As can be seen, there has been an increase in the use of part-time workers for reasons related to reducing wage costs, but when looking at the industries using a high proportion of part-time workers listed above, in the case of Eating and drinking places, and accommodations industry, 39.8% responded that “Saving wage costs” was one of their reasons, but

Table 1. Main Reasons for Utilizing Non-Regular Employment

| | (M.A. %) | | | | | |
|---|-------------------|------|--------------------|------|--------------------|------|
| | Part-time workers | | Contract employees | | Dispatched workers | |
| | 2003 | 2007 | 2003 | 2007 | 2003 | 2007 |
| Cannot acquire regular employees | 12.4 | 17.6 | 14.3 | 18.2 | 16.9 | 26.0 |
| In order to allow regular employees to engage in specialist activities | 12.8 | 15.3 | 15.4 | 10.6 | 17.2 | 20.4 |
| In order to respond to specialist needs | 10.1 | 12.7 | 44.9 | 43.6 | 25.9 | 20.2 |
| In order to ensure employees with competitive or other specialist abilities | 12.3 | 11.8 | 37.9 | 38.3 | 39.6 | 35.2 |
| In order to adjust employment in accordance with economic changes | 23.4 | 18.0 | 21.7 | 15.6 | 26.4 | 25.7 |
| In order to respond to longer business hours | 20.4 | 21.7 | 8.9 | 6.4 | 2.8 | 3.4 |
| In order to respond to fluctuations in workload in each day or week | 35.0 | 37.2 | 3.5 | 4.5 | 8.0 | 13.1 |
| In order to respond to temporary or seasonal fluctuations | 15.4 | 14.5 | 9.0 | 5.0 | 14.4 | 20.3 |
| Reducing wage costs | 55.0 | 41.1 | 30.3 | 28.3 | 26.2 | 18.8 |
| In order to save on labor-related costs other than wages | 23.9 | 21.3 | 11.9 | 8.1 | 26.6 | 16.6 |
| In order to re-employ elderly workers | 6.4 | 7.9 | 7.3 | 11.0 | 1.7 | 2.6 |
| In order to provide cover for employees on maternity leave, or those caring for elderly or infirm relatives | 2.1 | 1.6 | 2.1 | 2.4 | 8.8 | 6.5 |
| Other | 2.4 | 10.6 | 1.8 | 13.2 | 1.7 | 7.0 |

Note: Figures indicate the proportion of workplaces that responded that they have workers in these types.

52.0% responded “In order to respond to fluctuations in workload in each day or week,” indicating that not only issues related to reducing wage costs, but also factors related to the type of work being undertaken also play a significant role.

Furthermore, there has been an increase in the number of workplaces indicating the need to ensure competitive employees as a factor in their use of contract employees or dispatched workers. Within this, it is also noticeable that there has been an increase in the number of workplaces indicating the need to adjust employment with economic changes as a factor. In particular, within the manufacturing industry, 42.5% of workplaces said that they used the employment of dispatched workers due to factors related to adjusting employment.

IV. How Many People Are Involuntarily Engaged in Non-Regular Employment?

The involuntary nature of non-regular employment often comes under debate. In other words, there is a question over how many workers may have wished to be hired as regular employees, but were in fact unable to secure such a position and have ended up being

hired in a non-regular type. Let us take a look at the results of the D-Survey's Survey of Individuals in this area.

1. Reason for Selecting Current Employment Type

The results of the 2007 survey question that asks people in non-regular employment their reason(s) for selecting their current employment type (multiple answers possible) show that 31.5% of contract employees, 37.9% of dispatched fixed-term employees, and 36.6% of dispatched permanent employees, responded "Because there were no companies in which I could work as a regular employee," indicating that around one third of such workers selected their employment involuntarily. In comparison with this, only 12.2% - a relatively low proportion - of part-time workers responded with the same answer. In addition, dispatched workers showed the highest level of reluctance in regard to their reasons for employment selection, while on the other hand, the largest proportion (37.0%) of contract employees responded "Because it allowed me to utilize specialist qualifications or skills" and the largest proportion (55.9%) of part-time workers responded "Because I can work hours to suit myself."

Consolidating the reasons for selecting the current employment type into three types, and further dividing part-time workers into "young part-timers" (single and aged 35 or under), "married women part-timers" (married women aged between 25 and 59), and "older part-timers" (aged 60 and above) gives the results shown in Table 2.⁵ From this, we can see that in comparison with contract employees and dispatched workers, the proportion of part-time workers considering their reasons as "reluctant" is smaller. However, such proportion is relatively higher among young, mainly male, part-timers. Among married women part-timers and older part-timers, a higher proportion selected "personally convenient" reasons, with a small proportion selecting "reluctant" reasons.

In addition, a large proportion of dispatched fixed-term employees selected "reluctant" reasons overall, out of which the proportion of male employees was relatively high, while a higher proportion of female employees selected "personally convenient" reasons.

Overall, the proportion of people selecting "reluctant" reasons fell between 2003 and 2007, and it is thought that economic trends have a relationship to the increase and decrease in proportion of people expressing "reluctance."

2. Employment Type Hoped for in the Future

Next, let us take a look at the proportion of people currently in non-regular employment who hope to change over to a position as a regular employee (Table 3). In 2007, 39.0% of contract employees, 40.6% of dispatched fixed-term employees and 38.3% of

⁵ Due to the consolidation of categories and the processing of non-responses, the above figures may be smaller than when viewing the proportions for the total of men and women.

Table 2. Reasons for Selecting Current Employment Type

| | | Total | Reluctant | Prioritizing income and/or specialization | Personally convenient | No- response |
|------------------------------------|------|-------|-----------|---|--------------------------|-----------------|
| (%) | | | | | | |
| <i>Male</i> | | | | | | |
| Young part-timers | 2003 | 100.0 | 28.3 | 14.5 | 55.2 | 2.1 |
| | 2007 | 100.0 | 29.6 | 13.2 | 44.3 | 12.8 |
| Older part-timers | 2003 | 100.0 | 8.2 | 11.5 | 44.9 | 35.4 |
| | 2007 | 100.0 | 4.0 | 23.2 | 56.3 | 16.4 |
| Contract employees | 2003 | 100.0 | 28.8 | 45.0 | 13.6 | 12.6 |
| | 2007 | 100.0 | 28.8 | 38.9 | 20.7 | 11.6 |
| Dispatched fixed-term employees | 2003 | 100.0 | 45.3 | 26.5 | 19.3 | 8.9 |
| | 2007 | 100.0 | 42.4 | 25.4 | 29.4 | 2.8 |
| Regular dispatched workers | 2003 | 100.0 | 32.7 | 37.3 | 20.1 | 9.8 |
| | 2007 | 100.0 | 30.4 | 25.8 | 24.7 | 19.1 |
| <i>Female</i> | | | | | | |
| Young part-timers | 2003 | 100.0 | 27.4 | 11.8 | 49.8 | 11.0 |
| | 2007 | 100.0 | 8.7 | 5.3 | 82.9 | 3.2 |
| Married women part-timers | 2003 | 100.0 | 14.7 | 9.6 | 69.7 | 6.0 |
| | 2007 | 100.0 | 8.0 | 8.9 | 81.9 | 1.1 |
| Older part-timers | 2003 | 100.0 | 16.2 | 6.2 | 74.2 | 3.4 |
| | 2007 | 100.0 | 13.5 | 6.0 | 75.4 | 5.2 |
| Contract employees | 2003 | 100.0 | 36.6 | 26.8 | 31.2 | 5.4 |
| | 2007 | 100.0 | 29.1 | 28.5 | 37.6 | 4.8 |
| Dispatched fixed-term employees | 2003 | 100.0 | 37.0 | 19.1 | 40.5 | 3.4 |
| | 2007 | 100.0 | 34.9 | 19.9 | 44.2 | 0.9 |
| Regular dispatched workers | 2003 | 100.0 | 39.9 | 15.3 | 36.1 | 8.7 |
| | 2007 | 100.0 | 32.9 | 20.0 | 41.0 | 6.1 |

Notes: 1. “Reluctant” indicates people who responded “Because there was no company where I could work as a regular employee.” “Prioritizing income and/or specialization” includes the responses “Because I wanted to work in a job with higher income” and “Because I wanted to use my specialist qualifications or skills.” “Personally convenient” reasons include “Due to short working hours or fewer work days,” “Because the work is simple with little responsibility,” “Because the commute time is short,” “Because I’m not physically able to work as a regular employee,” in other words, any response that did not demonstrate reluctance or prioritize income or specialization.

2. The survey allowed multiple answers, but the three types of reasons have been created to be exclusive, so that the processed answers add up to 100%. Specifically, when any “reluctant” reason was selected alongside other answers, the “reluctant” reason took priority. Furthermore, if a respondent did not select any “reluctant” reasons, but selected multiple other answers, their reasons relating to “prioritizing income and/or specializations” were given priority. If a respondent did not select either a “reluctant” reason or one prioritizing “income and/or specializations,” their responses were considered to indicate “personal convenience.”

dispatched permanent employees—around 40% of all these categories—stated that they would like to become regular employees. In the case of part-time workers, while around the same high proportion of young part-timers (36.5%) stated that they would like to change over to being regular employees, only 12.8% of married women part-timers and 2.2% of older part-timers responded this way, indicating a significant proportion of such workers who are hoping to continue in their current work type (part-time). The detailed data are omitted here, but when asked for their reasons for wishing to change over to regular employment status, the highest proportion of respondents stated that they wanted to increase

Table 3. Employment Type Hoped for in the Future

| | (%) | | | | | |
|--|---|------|--|------|--|------|
| | Hope to continue in current employment type | | Hope to change current employment type | | Of which, hope to become regular employees | |
| | 2003 | 2007 | 2003 | 2007 | 2003 | 2007 |
| <i>Young part-timers</i> | 41.1 | 29.4 | 43.2 | 37.8 | 42.5 | 36.5 |
| Male | 27.0 | 7.6 | 63.6 | 50.3 | 63.6 | 50.2 |
| Female | 48.9 | 62.9 | 31.8 | 18.5 | 30.9 | 15.5 |
| <i>Married women part-timers</i> | 81.1 | 74.7 | 10.6 | 13.8 | 7.5 | 12.8 |
| <i>Older part-timers</i> | 86.1 | 66.4 | 2.1 | 4.7 | 1.6 | 2.2 |
| Male | 82.8 | 56.8 | 1.3 | 5.8 | 0.7 | 0.9 |
| Female | 88.8 | 76.5 | 2.8 | 3.5 | 2.4 | 3.5 |
| <i>Contract employees</i> | 55.8 | 40.8 | 32.1 | 41.8 | 29.5 | 39.0 |
| Male | 56.2 | 43.5 | 30.2 | 40.1 | 28.7 | 38.0 |
| Female | 55.5 | 38.4 | 33.7 | 43.3 | 30.2 | 39.8 |
| <i>Dispatched fixed-term employees</i> | 53.5 | 37.1 | 32.1 | 44.6 | 28.7 | 40.6 |
| Male | 37.5 | 32.9 | 46.1 | 45.3 | 43.7 | 43.4 |
| Female | 55.7 | 39.1 | 30.2 | 44.3 | 26.6 | 39.4 |
| <i>Dispatched permanent employees</i> | 53.3 | 42.5 | 29.3 | 41.3 | 25.2 | 38.3 |
| Male | 47.3 | 40.6 | 33.9 | 41.6 | 31.2 | 39.2 |
| Female | 56.8 | 46.1 | 26.7 | 40.9 | 21.7 | 36.7 |

Note: Each employment type is shown in proportions totaling 100. In addition to “Wish to continue current employment type” and “Would like to change to another employment type,” the choice of responses included “Would like to start own independent business,” “Would like to give up work altogether” and “Other,” but are omitted here.

their income and improve employment stability.

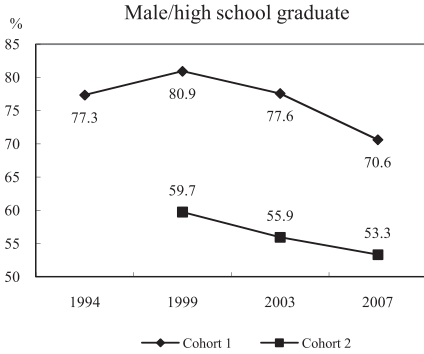
The proportion of people hoping to become regular employees rose in general between 2003 and 2007, reflecting the increase in opportunities for people to become regular employees in line with the economic recovery.

Based on the above, it is fair to say that 40% of full-time non-regular workers and 20% of part-time non-regular workers in Japan are unwillingly employed in non-regular types.

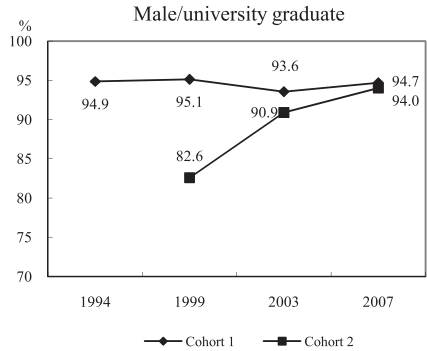
V. Changing over from Non-Regular Employment

It is clearly of interest to what extent employees in non-regular employment types are able to switch over to regular employment. Unfortunately, there is no data within the D-Survey that allows such conclusions to be drawn directly. For this reason, the author used data from the Survey of Individuals and performed cohort analysis in order to approach this problem as closely as possible.

It is not possible to give details of these results in this paper, but Figure 2 and Figure 3 show some primitive results (trends in proportion of regular employees by cohort). Firstly, looking at two cohorts aged in their 30s in 2007 shows that more than 90% of cohort 1 (males who graduated university around the mid-1990s, on the right of Figure 2) became regular employees on graduation, and this proportion continued to remain similarly high. At the same time, only around 80% of cohort 2, who graduated around the late 1990s, were

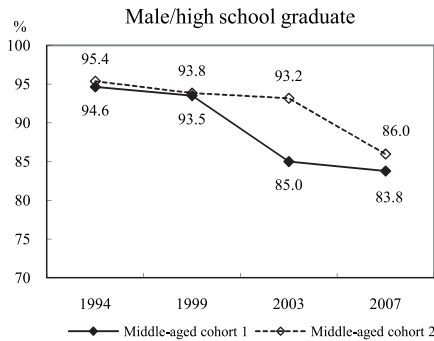


- Notes: 1. Cohort 1 is the cohort aged between 30 and 34 in 2007.
 2. Cohort 2 is the cohort aged between 25 and 29 in 2007.



- Notes: 1. Cohort 1 is the cohort aged between 35 and 39 in 2007.
 2. Cohort 2 is the cohort aged between 30 and 34 in 2007.

Figure 2. Trends in Proportion of Regular Employees among Young Male Cohort



- Note: Cohort 1 is the cohort aged between 50 and 54 in 2007; cohort 2 is the cohort aged between 45 and 49 in 2007.

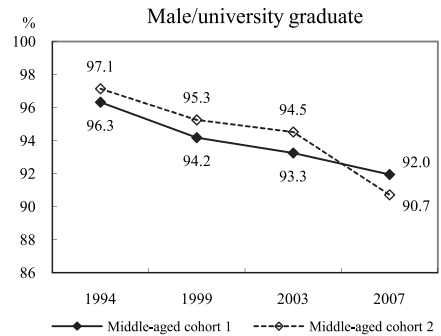


Figure 3. Trends in Proportion of Regular Employees among Middle-Aged Male Cohort

able to become regular employees, although this proportion gradually rose, and by 2007 had reached approximately the same level as that of cohort 1.⁶ Compared to this, however, both cohorts of high school graduate males (on the left of Figure 2) experienced declining proportions of regular employees going into the 21st century.

Furthermore, cohorts of middle-aged university and high school graduates both

⁶ It is necessary to bear in mind, however, that in terms of employment conditions, cohort 2 may not have reached the same standard as cohort 1. For example, looking at the scale composition of the companies where they are employed, in 2007 cohort 1 reached 45.4%, but cohort 2 remained at 32.2% in the companies with 1,000 or more regular employees.

showed declining trends in terms of the proportion of regular employees (Figure 3).

Cohort trends do not directly show the flow from regular to non-regular, or non-regular to regular employment, they only demonstrate the result of subtracting one from the other. Within this, the fact that a larger number of people moved from non-regular to regular employment is unmistakably identified. The net results, shown in the cohort trends, make it possible to state that in the period of economic recovery up until 2007, there was an increasing trend towards relatively young university graduates making the transfer from non-regular to regular employment, but that no significant trend towards similar progress was made in the same period by younger high school graduates or middle-aged employees.

At the same time, the data demonstrates an increase in the number of workplaces introducing systems that allow non-regular workers (in particular contract employees) to register as regular employees.⁷ It is considered an important policy measure to promote workplaces hiring non-regular workers who so desire as regular employees, as far as possible, through proactive support for such measures, including abilities training for non-regular workers.

VI. Particular Japanese Attributes of the Disparity between Regular and Non-Regular Employment

The final point to be made in this paper is an introduction of the results of analysis of the difference in wages between regular and non-regular employment. This was achieved by performing estimates of the disparity in wages, using all available data acquired from the Survey of Individuals. Firstly, in regard to regular employees, the author estimated wage function regressed by age (including terms to the power of 2), by sex, educational history and occupation, substituted each of the attributes of non-regular workers for this function, and calculated the wages of regular employees in work equivalent to workers in each type of non-regular employment. This gave figures for the level of wages actually paid to each type of non-regular worker, based on the equivalent regular employee's wages, which are represented as 100 (the disparity index). Figure 4 shows the average disparity indexes calculated in this manner, by sex and employment type.

There is not room to discuss this in detail here, but results showed that for workers in their 20s, there was no significant disparity between regular and non-regular employment, and that for full-time male non-regular workers, it was rather the case that non-regular workers were paid more highly than regular employees.⁸ However, once workers reach

⁷ For example, the proportion of contract employees working in a workplace that has a regular employee registration system rose between 2003 and 2007 from 34.4% to 51.7% for males and from 47.5% to 55.2% for females.

⁸ It is important to remember, however, that the wages calculated here were monthly payments,

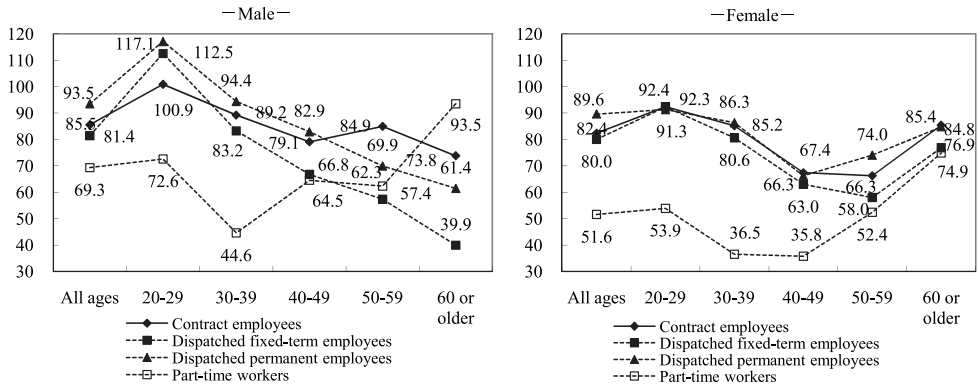


Figure 4. Wage-Disparity Index of Non-Regular to Regular Employee (average based on non-regular employee)

their 30s and beyond, a significant disparity becomes apparent. For workers in their 40s, for example, the level is between 70-80% for males, and around two third for females.

From this data we can theorize the following about the disparity in wages between regular and non-regular employment in Japan. (i) Wage levels for non-regular employment appear to be set in reference to the level expected by regular employees hired on graduation, with that for part-time workers being slightly lower, and that for contract employees or dispatched workers being slightly higher. (ii) There are definite limits to any rise in wages received by non-regular workers, even after they have worked several years in the same post, and therefore, as time goes on, the disparity between them and regular employees, who receive significant pay rises, becomes greater.⁹ (iii) Where non-regular workers are employed intermediately in middle age, the standard detailed in (i) above is applied to their wage levels.

As a result, there are some ways in which the wages of regular and non-regular workers may be considered balanced, in terms of (i) above. Outstanding issues, however, remain, in terms of questions regarding the appropriateness of wages paid at subsequent levels in a worker's career, and whether or not a person employed as a non-regular worker has the opportunity to create an appropriate career.

and did not include bonuses, etc. Part-time workers, on the other hand, showed a significant disparity, but this is thought to be largely due to differences in actual length of hours worked. The 2007 survey did not record data relating to working hours.

⁹ For regular employees in Japanese companies, many of whom develop their business skills through employee training after entering a company, it is considered common sense that the longer a regular employee works for a company, the more his or her duties will come to differ from a non-regular employee. It is therefore expected to be difficult to evaluate equivalence along an axis of commonality of duties.

VII. Conclusions: The Nature of Non-Regular Employment Problems

This paper seeks, within a limited volume, to introduce the results of the author's latest research, based on a discussion of the issues surrounding non-regular employment. Reviewing these results reveals, at least to the best knowledge of the author, various issues that appear to be shared by people in countries other than Japan.

If one of these issues relating to non-regular employment was to be selected as the most pressing, it must surely be that of how to respond to economic fluctuations. The economic fluctuations spoken of here are not relatively predictable, cyclical changes such as those to daily working hours, days of the week or seasons during the year, but rather changes to the economy as a whole, even accepting differences between different sectors. The single biggest problem relating to non-regular employment lies in the fact that such fluctuations are unavoidably coped with through labor adjustment by the use of non-regular employment. As long as there is a possibility that companies are required to carry out employment adjustment, they may remain reluctant to take measures encouraging non-regular employees' career development.

It is important to consider labor policy responses based on skills development in the name of proactive recruitment strategies. At the same time, it is perhaps more important to consider ways in which economic fluctuations can be alleviated, through the information of appropriate policy.