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# Career Development Process, Starting with Non-Regular Workers: Based on an Analysis of Factors Determining the Transition from Non-Regular to Regular Employment, Including Promotion to Regular Employment within the Same Firm

*Reiko Kosugi*

*The Japan Institute for Labour Policy and Training*

In Japan, the transition from school to work has become more uncertain in recent years, and along with this, more young people have become non-regular workers inferior in status to regular employees in terms of working conditions and access to capacity building opportunities. Promoting the transition of non-regular workers to regular employment is a pressing issue. Based on the results of the survey of the personal data of young people between the ages of 25 and 44, this paper explores the factors that divide workers' career courses into two types: transitions from non-regular to regular employment and from one non-regular position to another. It attempts to engage in a quantitative analysis and review of the qualities firms emphasize when recruiting workers, by applying control variables relating to workers' personal attributes and views and those relating to firms' manpower demands. As a result, it was confirmed that the transition from non-regular to regular employment through movement between firms takes place less frequently for workers in their late 20s or older, whereas age does not act as a great hindrance to promotion to regular employment within the same firm. It was also observed that off-the-job training experience while engaged in non-regular work and engagement in self education have great effects on the transition to regular employment. From these findings, the author of this paper proposes strengthening measures to broaden and increase the number of cases of promotion to regular employment within firms, and enhancing consultation services for young people.

## I. Introduction

In the early 1990s, people in Japan took it for granted that the transition from school to work would go smoothly and without any particular obstacle. Most students in secondary or higher education who wished to work after graduation were able to find jobs as regular employees; that is, full-time and permanent employees, before they graduated from school. When labor demand increased rapidly after the end of the Second World War, Japanese firms adopted an approach of recruiting new graduates who lacked skills but were very adaptable, and training them in-house. This personnel recruitment and development approach became one of the key elements of the Japanese employment system and was generally accepted in society.

After the Japanese economy entered recession in the 1990s, however, more students faced difficulty in finding regular employment upon graduation. Those who were born

around 1980 were most affected by the recession; about 40% were not recruited upon graduation.<sup>1</sup> On the other hand, unmarried young men and women came to occupy a larger share of the non-regular employment sector,<sup>2</sup> which had previously been dominated by married women, and a new term, *freeters*, was invented to represent this new group of non-regular workers. The number of *freeters*,<sup>3</sup> which started to appear in the government's annual white papers on labor, hit a record of 2.18 million in 2003. In the subsequent economic recovery phase, the total number of *freeters* declined, but the rate of decline among older *freeters* (between the ages of 25 and 34) was small.

It has already been frequently pointed out that *freeters* have unstable employment and receive lower wages than young regular employees of the same age.<sup>4</sup> It has also been found that the percentage of *freeters* who received education and training from firms where they work is only one-third of the percentage of regular employees who engaged in such activities (Kosugi 2009a). The increase in the number of older *freeters* suggests that those who started to work as *freeters* have remained in non-regular employment under unfavorable conditions. The fact that Japanese firms maintained their conventional pattern of recruiting and training new graduates may be behind this, meaning that young people just out of school were the primary beneficiaries of the economic recovery, whereas those who had entered the labor market earlier but had no experience as regular employees were unable to attract attention as candidates for new recruitment.<sup>5</sup>

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<sup>1</sup> Estimated by the author based on the Basic School Survey (Ministry of Education, Culture, Sports, Science and Technology).

<sup>2</sup> In this paper, full-time and permanent employment (regular employment) is referred to as regular employment, and other types of employment are categorized and collectively referred to as non-regular employment. The latter category includes part-time employment, temporary employment, and indirect employment. About half of non-regular workers are part-time employees. Workers referred to by the term "*pato* (part-time)" in the workplace are categorized as part-time employees, regardless of the length of their working hours. "Part-time employees" are more susceptible to labor adjustment than regular, full-time employees, and their duties and pay are limited by comparison. They usually work fewer hours, but some work for hours as long as those of full-time employees. The concept of gender-based role sharing is behind part-time employee status. Most are married women who are mainly responsible for housekeeping and child rearing.

<sup>3</sup> In the statistics, *freeters* are defined as persons between the ages of 15 and 34 who have graduated from school (in the case of females, limited to those who are unmarried), and who (i) currently work part-time (referred to as *pato* or *arubaito*), (ii) are currently unemployed and seeking part-time work, or (iii) are not in the labor force, but wish to work part-time, and are engaged neither in housework nor education. "*Arubaito* (from the German *Arbeit*)" is another term used for part-time workers in the workplace, mainly younger temporary workers.

<sup>4</sup> Based on data specially compiled from the Employment Status Survey by gender, age, and academic background, JILPT (2009) pointed out that there is a large pay gap between non-regular and regular employees both on an annual and hourly basis.

<sup>5</sup> Due to the reduction of opportunities for vocational education over time (e.g. the number of vocational high schools has decreased, while universities have expanded but have little interest in providing vocational education), many students leave schools and universities without any practical vocational skills. This feature of education was created along with the development of the Japanese employment system.

In the face of this situation, it is important to take measures to improve the conditions of non-regular employment,<sup>6</sup> and it is also necessary to promote workers' transitions from non-regular to regular employment. From this viewpoint, this paper aims to ascertain the reality of the situation with regard to the transition from non-regular to regular employment for young people and to analyze factors that affect this transition, so as to elaborate effective measures to support this transition.

## **II. Review of Preceding Studies and Establishment of Analytical Goals**

What is the percentage of young people who have successfully shifted from non-regular to regular employment? The Ministry of Health, Labour and Welfare (MHLW) (2006) used data obtained via the Labour Force Survey (Statistics Bureau, Ministry of Internal Affairs and Communications [MIC]) to calculate the ratio of young people between the ages of 15 and 34 (excluding those enrolled in school) who left their jobs as non-regular workers over the course of the previous year to become regular employees. According to MHLW's calculation, this ratio peaked at 27.0% in 1992, dropped to 16.7% in 2003, and then recovered to 19.0% in 2005. Kosugi (2009b) used another data set specially compiled from the Employment Status Survey (Statistics Bureau, MIC) to calculate the ratio of young people between the ages of 15 and 44 (excluding those enrolled in school) who left their jobs as non-regular workers over the previous year to become regular employees at the time of the survey. Kosugi indicated that this ratio rose from 14.2% in 2002 to 16.1% in 2007. From these findings, it is obvious that the rate of transition from non-regular to regular employment had been declining until around 2003, when it began to improve during the subsequent period of economic expansion. It is further presumed that the rate declined again after the collapse of Lehman Brothers.

These statistical surveys reflect the transition from non-regular to regular employment though movement between firms, but do not cover promotion from non-regular to regular employment within the same firm. Some surveys focused on individual career development captured the facts related to such promotions. For example, a survey conducted by the Japan Institute for Labour Policy and Training (JILPT) (2006) to investigate the career development attitudes of young people living in Tokyo (between the ages of 18 and 29) showed that *freeters* who later became regular employees accounted for 29.7% of men and 19.4% of women,<sup>7</sup> and that about 20% of this transition from non-regular to regular employment

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<sup>6</sup> Improvement measures that have been taken thus far include: revision of the Part-Time Workers Act (Act on Improvement, etc. of Employment Management for Part-Time Workers) which prohibits discriminatory treatment of part-time workers who should be regarded as equal to full-time employees in terms of wages, etc.; expansion of the coverage of employees' insurance; and raising the minimum wage.

<sup>7</sup> The transition to regular employment discussed here means a transition that has taken place at some point during the entire career of each respondent, not during a specific period. Therefore, the transition rate may be higher than it would be if the target period were limited to one year.

took place in the form of promotion to regular employment within the same firm.

What, then, accounts for the difference between non-regular workers who were able to shift to regular employment and those who have remained in non-regular employment? Various factors have been cited as determinants of a worker's transition from non-regular to regular employment. Uenishi (2002), based on the 2001 version of the abovementioned survey of young people living in Tokyo, noted that many *freeters* who later became regular employees had been *freeters* for shorter periods of approximately one year or less, whereas many of those who remained *freeters* had worked as *freeters* for periods in excess of two years. Uenishi stressed the strong age preference of firms seeking workers, meaning that younger people who have worked as *freeters* for only a short period of time are on a similar footing to new graduates, whose training potential is appreciated. This finding—that a worker's success or failure in shifting to regular employment depends on having a shorter period, of approximately less than one year, of work experience as a *freeter*—has also been indicated by Hori (2009), who researched the actual state of the transition from non-regular to regular employment among young people in provincial areas.

On the other hand, using the Employment Status Survey conducted in 2002, Genda (2008) analyzed various factors to determine whether workers previously engaged in non-regular work were able to find jobs as regular employees within the previous year, and demonstrated that about two to five years of continued engagement in non-regular work for the same firm could have a positive effect on a worker's transition to regular employment. In his study, Genda argues that the experience of continued engagement in work for a certain period of time shows workers' potential and propensity to settle in one place, which is required of regular employees.

What factor do firms place greater emphasis on when recruiting non-regular workers as regular employees: the training potential that can be expected from youth, or a demonstrated propensity to settle that can be inferred from the length of an employee's service to his/her previous employer?

According to a firm survey conducted by the Ministry of Health, Labour and Welfare, Statistics and Information Department, Minister's Secretariat (2004), among firms which answered that they view work experience as a *freeter* negatively in the process of recruiting regular employees, 70% expressed concern about *freeters*' lack of patience and likelihood to quit their jobs at any time as the reason for their negative views. On the other hand, half of the firms which hired *freeters* as regular employees answered that they expected *freeters* to be ready to become part of an effective workforce. These results suggest that the length of a *freeter's* engagement in his/her previous job, which indicates his/her tendency to settle, could be more key to his/her recruitment as a regular employee than training potential. At the same time, in view of the fact that more than half of firms establish a maximum age limit for recruitment of 29 years of age, it can be said that youth is also considered to be a recruitment criterion.

*Are age and continued engagement in work contradictory criteria? Using data spe-*

cially compiled from the Employment Status Survey in 2007, Kosugi (2009b) compared length of service in the previous non-regular job between workers who shifted from non-regular to regular employment and those who shifted from one non-regular job to another according to their employment status at their first job and by age group. Through this comparison, Kosugi demonstrated that among those whose first job was a non-regular job, persons who shifted from non-regular to regular employment had been engaged in the previous job for a longer period on average than persons who shifted from one non-regular job to another if the transition took place when the worker was 24 years of age or younger. There was little difference between the two groups where a worker was between 25 and 29 years of age at the time of the transition, and among employees aged 31 or older, those with shorter average lengths of service at their previous jobs actually had an advantage in transitioning from non-regular to regular employment. Kosugi also showed that the transition most frequently took place when employees were in their 20s. Thus, workers who have worked as *freeters* since immediately after graduation are appreciated for both their training potential and their propensity to settle.

Kosugi (2009b) further demonstrated that workers whose first jobs were as regular employees, even if they later shifted to non-regular employment, can become regular employees again more easily, indicating the possibility that firms take job applicants' overall work experience, rather than only their most recent jobs, into consideration when making recruitment decisions. Kosugi also pointed out that with respect to gender and academic background, the transition to regular employment is more likely for men and the highly-educated, respectively.

What positive attributes do hiring firms expect to learn about workers from their work experiences? One may be character traits, such as patience. The ability to perform specific duties may also be taken into account. It has been shown that persons who shift from non-regular to regular employment are more likely to be recruited for the same type of job as their previous job (Kosugi 2009b). This suggests that firms weigh a job applicant's ability to perform specific duties. In Japan, as labor markets classified by occupation have not yet been developed, it is possible to evaluate an individual's capabilities on the basis of occupational qualifications or official evaluation standards only within certain sectors. Therefore, firms are trying to evaluate individuals' capabilities on the basis of their work experience.

Factors that determine workers' transition from non-regular to regular employment include: (i) those which firms emphasize, as described above (e.g. a worker's age at the time of the transition, his/her length of service in the previous job, the nature of the first job he/she received after graduation, the types of jobs he/she has held, and his/her academic background); (ii) factors relating to workers' personal characteristics (e.g. gender, whether a worker is married or has a child,<sup>8</sup> his/her work ethic, and age<sup>9</sup>); and (iii) the degree of

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<sup>8</sup> Kosugi (2002), pointed out the possibility that marriage could motivate men engaged in non-regular work to become regular employees.

firms' labor demand. The below analysis attempts to eliminate the effects of the latter two groups of factors to focus on the factors in the first group that are considered to be important by firms when they recruit workers, because some of these factors could be affected by individual behavior or may be susceptible to change as a result of encouragement of firms or development of social infrastructure. For example, it may be possible to help young people receive primary training while engaged in their first jobs or acquire the ability to perform specific duties through engagement in their previous jobs by employing new graduates as trainees or providing job seekers with public vocational training.

In the section below, various conditions which determine workers' transitions from non-regular to regular employment are analyzed through the use of the survey data, focusing on factors related policy-based support as exemplified above.

### III. Details of the Data

The data used in the analysis has been extracted from the Survey on Working and Learning conducted by JILPT from October to December 2008. This survey targeted male and female workers between the ages of 25 and 44 (excluding full-time housewives and students) nationwide, categorized by municipality. By applying the area sampling method,<sup>10</sup> which establishes a target number of responses to be collected on the basis of the employment rate by gender and by age, 4,024 valid responses were collected. Work experience, one of the main survey items, was captured on a quarterly basis. This paper aims to analyze the respondents' transitions from non-regular to regular employment, which is reflected in the data on their work experiences.

First, changes in the respondents' employment status are classified according to their current employment status (Table 1).<sup>11</sup> 13.9% of respondents who currently work as regular employees have experienced a transition from non-regular employment to regular employment. Of these respondents, 10.7% changed firms, while 3.2% were promoted to regular employment within the same firm. Workers promoted to regular employment within the same firm accounted for 22.9% of all of those who have shifted to regular employment, which is almost equal to the level indicated in prior studies.

By examining the differences between those who have shifted from non-regular to regular employment and who currently work as regular employees, and those who have

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<sup>9</sup> Age is one of the factors that firms take into account upon recruitment, and it is also an important factor for workers themselves as young people are in a career exploration phase.

<sup>10</sup> After setting a target number of responses to be collected and the number of points to be selected by random systematic sampling from the Basic Residential Register that indicates the number of households in each municipal area, researchers visit households located within a certain range from each selected point, request them to respond to the questions and collect their responses. This process is repeated until the number of responses actually collected reaches the target number.

<sup>11</sup> Except for the respondents whose work experience cannot be clearly ascertained, the sample size is 4,018.

Table 1. Employment Records of Workers between the Ages of 25 and 44, with a Focus on Employment Status

	Total	Male	Female
Total	4,018	2,356	1,662
Regular employees	58.4	75.0	34.9
Joined and settled in the current workplace after graduation	23.7	30.9	13.5
Have changed jobs as regular employees	11.9	17.7	3.7
Have shifted from non-regular to regular employment (through movement between firms)	10.7	11.5	9.6
Have shifted from non-regular to regular employment (through promotion within the same firm)	3.2	3.6	2.5
Have experienced unemployment, self-employment, or other	9.0	11.3	5.7
Non-regular workers	27.3	8.6	53.8
<i>Have experienced a transition from non-regular to regular employment*</i>	3.8	1.3	7.4
<i>Have previously engaged in non-regular work*</i>	15.2	3.9	31.1
Self-employed workers, corporate officers, workers engaged in family businesses	14.3	16.4	11.4
<i>Have experienced a transition from non-regular to regular employment</i>	1.5	1.7	1.1

Note: \* Respondents in these categories partially overlap.

continuously been in non-regular employment, an attempt can be made to ascertain what determined workers' transitions to regular employment. In connection with this, a question arises as to how to define the latter group subject to this comparison; that is, those who have continuously been in non-regular employment. Since the points of analysis include how firms evaluate job seekers' previous engagement in non-regular employment, the analysis looks only at respondents in this group whose previous jobs can be categorized as non-regular employment. In short, the analysis aims to examine the difference between two types of transitions: that from non-regular to regular employment and that from one non-regular job to another. Those who currently engage in non-regular work account for 27.3% of the total, slightly more than half of whom had previously been engaged in non-regular work.

It should be noted that workers who had become regular employees and then returned to non-regular employment are included among those currently engaged in non-regular work, and some self-employed workers and workers engaged in family businesses have also experienced the transition from non-regular to regular employment. According to the survey, 771 respondents—19.2% of the total—have experienced such a transition, but a further 30% of these have since changed their jobs and currently no longer work as regular employees. Thus, not all workers who have found jobs as regular employees settle and stop changing

jobs; in reality, many workers are more apt to float, with the possibility that although they currently work as regular employees, they may become non-regular employees in the future. It is undeniable that an analysis of the differences between workers who shifted to regular employment and those who did not can only infer a certain tendency among workers amid the chaotic nature of actual career development.

The analysis conditions should be narrowed down further. The data used in this analysis captures workers' transitions from non-regular to regular employment on the basis of their employment records. The time at which they shifted to regular employment varies, from the 1980s to 2008, when the survey was conducted. Considering that the objective of this paper is to elaborate measures to promote the transition to regular employment, there is a concern that transitions which took place many years ago might have involved background factors that are no longer relevant. In addition, many of the respondents were still in school during the early part of the above mentioned range. Accordingly, the cases subject to analysis have been limited to transitions from non-regular to regular employment which took place between 2003 and 2008 (when the economy was recovering and more workers could find jobs as regular employees), and transitions from one non-regular position to another which took place within the same time frame. In addition, the variable used as an indicator of firms' labor demand, which is discussed later, has been surveyed only with regard to the respondents' current workplaces, further limiting the subjects of the analysis to persons who shifted from non-regular to regular employment who remained in the workplace where they became regular employees at the time of the survey. Through these limitations, the total number of cases subject to analysis was reduced to 779.

Explanatory variables have been used to analyze the factors that determine the transition, which may include those mentioned in the previous section: (i) various conditions which firms may emphasize when they recruit workers; (ii) workers' personal attributes and views which could affect their behavior; and (iii) workplace conditions which could affect firms' labor demand. The following variables have been adopted for each of these categories. The basic statistics for each variable are indicated in Table 2.

## 1. Conditions Which Firms May Emphasize When They Recruit Workers

- i. Variables in relation to non-regular employment immediately before the transition
  - a: Length of service in the non-regular job immediately preceding the transition
  - b: Similarity of the non-regular job immediately preceding the transition to the job held after the transition (by occupational classification)
  - c: Off-the-job training experience while engaged in the non-regular job immediately preceding the transition (in units of one year)
  - d: Employment status while engaged in the non-regular job immediately preceding the transition (non-regular and full-time, engaged in work for the same hours as regular employees; non-regular and part-time, engaged in work for fewer hours than regular employees; and temporary employment/others)



Table 2. Outline of Explanatory Variables

	Total		Rate of transition from non-regular to regular employment			Mean value	
	No. of subjects	Ratio (%)	Total (%)	<i>Between different firms</i>	<i>Within the same firm</i>	From one non-regular job to another	From non-regular to regular employment
Total	779	100.0	32.9	24.8	8.1		
Gender D							
Male	221	28.4	62.4	44.8	17.6		
Female	558	71.6	21.1	16.8	4.3		
Current age							
29 or younger	244	31.3	47.5	34.0	13.5		
30-34	219	28.1	34.2	25.1	9.1		
35-39	171	22.0	22.2	19.9	2.3		
40 or older	145	18.6	18.6	14.5	4.1		
Marriage within one year before or after the transition D							
No	727	93.3	29.6	23.0	6.6		
Yes	52	6.7	78.8	50.0	28.8		
Family life or social activities prioritized/desire to quit working D							
No	512	65.7	39.1	29.3	9.8		
Yes	267	34.3	21.0	16.1	4.9		
Constant labor shortage D							
No	561	72.0	30.1	23.5	6.6		
Yes	218	28.0	39.9	28.0	11.9		
Many workers leaving D							
No	591	75.9	29.6	21.3	8.3		
Yes	188	24.1	43.1	35.6	7.4		
Type of current work D							
Construction/manufacturing	136	17.5	36.8	26.5	10.3		
Finance/public utility/information	112	14.4	42.0	37.5	4.5		
Wholesale/retail	128	16.4	21.9	16.4	5.5		
Food/life service	135	17.3	17.0	13.3	3.7		
Medical/welfare/education	151	19.4	44.4	29.8	14.6		
Other services	117	15.0	35.0	26.5	8.5		
Size of current workplace D							
29 employees or fewer	291	37.4	32.3	25.8	6.5		
30-299	220	28.2	39.1	27.7	11.4		
300 employees or more/public service	166	21.3	40.4	30.1	10.2		
Not sure/no answer	102	13.1	8.8	6.9	2.0		
Age at the time of transition D							
15-24	117	15.0	53.8	41.9	12.0		
25-29	236	30.3	43.6	30.5	13.1		
30-34	187	24.0	25.7	20.3	5.3		
35-44	239	30.7	17.6	14.2	3.3		
Similarity between the types of jobs before and after the transition D							
Different	397	51.0	27.5	25.7	1.8		
Same	382	49.0	38.5	23.8	14.7		

Table 2 (Continued)

	Total		Rate of transition from non-regular to regular employment			Mean value	
	No. of subjects	Ratio (%)	Total (%)	<i>Between different firms</i>	<i>Within the same firm</i>	From one non-regular job to another	From non-regular to regular employment
<b>Length of service in previous job D</b>							
1 year or shorter	209	26.8	33.5	22.5	11.0		
1-2 years	205	26.3	35.6	29.8	5.9		
2-3 years	139	17.8	29.5	20.9	8.6		
3-5 years	136	17.5	32.4	25.0	7.4		
5 years or longer	90	11.6	31.1	24.4	6.7		
<b>Status of previous employment D</b>							
Part-time, non-regular	394	50.6	23.1	18.3	4.8		
Full-time, non-regular	261	33.5	45.2	29.5	15.7		
Temporary/other	124	15.9	37.9	35.5	2.4		
<b>Off-the-job training experience at previous job D</b>							
No	731	93.8	31.5	23.9	7.5		
One year	39	5.0	53.8	35.9	17.9		
Two or more years	9	1.2	55.6	44.4	11.1		
<b>Length of service in regular employment before transition (year/mean)</b>						3.49	3.16
<b>Employment after graduation D</b>							
	359	46.1	36.5	27.6	8.9		
	420	53.9	29.8	22.4	7.4		
<b>Engagement in self-education before transition D</b>							
No	627	80.5	32.5	24.7	7.8		
One year	80	10.3	33.8	26.3	7.5		
Two or more years	72	9.2	34.7	23.6	11.1		
<b>Academic background D</b>							
Junior high school	79	10.1	32.9	26.6	6.3		
High school	299	38.4	26.8	23.1	3.7		
Technical college/junior college	268	34.4	28.7	19.4	9.3		
University/graduate school	133	17.1	54.9	38.3	16.5		
<b>Relevance between the major subject of study in school and the type of job held after transition D</b>							
Different	607	77.9	30.0	23.4	6.6		
Same	172	22.1	43.0	29.7	13.4		

Note: D denotes dummy variables.

In the case of promotion from non-regular to regular employment within the same firm, the period of engagement in the non-regular job preceding promotion and work experience during this period have been used instead of the above.

- ii. Variables in relation to the possible effect of a worker's career before the transition
    - a: Length of service in regular employment
    - b: Whether the worker was recruited as a regular employee upon graduation
    - c: Academic background
    - d: Relevance of a worker's major subject of study in school to the type of job held after the transition
  - iii. Age at the time of the transition
2. Personal Attributes and Work Ethic
- i. Basic attributes (gender, age)
  - ii. Whether the worker married within one year before or after the transition
  - iii. Views on work (whether a worker responded to the question, "In what way do you want to work in the future?" by saying, "I want to work while prioritizing my family life or social activities," or "I want to quit working.")
3. Degree of Firms' Labor Demand
- i. Labor shortage at the respondent's workplace
  - ii. Whether other workers were leaving their jobs at the respondent's workplace
  - iii. Attributes of the respondent's workplace (industry, size)

#### **IV. Analysis Results**

Logistic regression models were used for the analysis, with the transition from non-regular to regular employment being 1. All of the subject cases were analyzed, and also separately analyzed to examine the transition through movement between different firms, promotion within the same firm, and the gender gap.

The results obtained by inputting only workers' personal factors and factors relating to the degree of firms' labor demand into the models are indicated in Table 3. Model (1) shows that workers' personal circumstances and views affect the transition to regular employment, including the fact that marriage has a positive effect, whereas prioritizing one's family life or social activities over work has a negative effect. It also clarifies the fact that the degree of firms' labor demand affects the transition, exemplified by the positive effect observed in industries with strong demand, such as medical, welfare, and education or in individual workplaces with labor shortages. The effects of these two types of factors are also confirmed in Models (2) to (5).

Table 3. Logistic Regression Models (1) to (5) for the Analysis of Determinants of the Transition from Non-Regular to Regular Employment (Transition to Regular Employment = 1)

	Model (1)		Model (2) Movement between firms		Model (3) Promotion within the same firm		Model (4) Male		Model (5) Female	
	B	Exp (B)	B	Exp (B)	B	Exp (B)	B	Exp (B)	B	Exp (B)
Gender D	1.460	4.308 ***	1.377	3.963 ***	1.630	5.104 ***				
Age	-0.057	0.945 **	-0.051	0.951 **	-0.067	0.935 *	-0.013	0.987	-0.071	0.931 **
Marriage within one year before or after the transition D	1.564	4.776 ***	1.281	3.601 **	2.191	8.941 ***	1.443	4.234 **	1.769	5.864 **
Family life or social activities prioritized/desire to quit working D	-0.602	0.548 **	-0.617	0.540 **	-0.394	0.674	0.025	1.025	-0.910	0.403 ***
Labor shortage at current workplace D	0.131	1.140	0.054	1.055	0.658	1.930 +	0.673	1.960 +	-0.271	0.763
Other workers leaving at current workplace D	0.354	1.425 +	0.524	1.689 *	-0.476	0.621	-0.119	0.888	0.723	2.061 *
Type of current work D <Construction/manufacturing>										
Finance/public utility/information	0.954	2.596 **	1.102	3.009 **	-0.212	0.809	0.221	1.248	1.145	3.143 **
Wholesale/retail	-0.091	0.913	-0.066	0.936	-0.133	0.876	0.619	1.857	-0.859	0.423
Food/life service	-0.558	0.573	-0.434	0.648	-0.733	0.480	-0.107	0.898	-1.283	0.277 *
Medical/welfare/education	1.172	3.228 ***	1.088	2.970 **	1.324	3.760 **	0.729	2.074	1.224	3.400 **
Other services	0.490	1.633	0.439	1.552	0.285	1.329	0.032	1.033	0.781	2.183 +
Size of current workplace D < - 29>										
30-299	-0.097	0.908	-0.201	0.818	0.213	1.237	0.223	1.250	-0.327	0.721
300 employees or more/public service	-0.036	0.964	-0.125	0.883	0.023	1.023	-0.384	0.681	0.088	1.092
Not sure/no answer	-1.621	0.198 ***	-1.667	0.189 ***	-1.442	0.237 +	-1.187	0.305 +	-1.836	0.159 **
Constant	0.397	1.487	0.016	1.016	-0.921	0.398	0.422	1.524	1.070	2.916
Nagelkerke R2		0.359		0.317		<b>0.379</b>		0.160		<b>0.306</b>
N		<b>779</b>		<b>716</b>		<b>586</b>		<b>221</b>		<b>558</b>

Note: D denotes dummy variables; the groups in brackets < > are reference groups.

Table 4. Logistic Regression Models (6) to (10) for the Analysis of  
(Including Factors Weighed upon Recruitment; Transition

	Model (6)	
	B	Exp (B)
Gender D		
Age		
Marriage within one year before or after the transition D		Significant
Family life or social activities prioritized/desire to quit working D		
Labor shortage at current workplace D		
Other workers leaving at current workplace D		Significant
Type of current work D		
Size of current workplace D		
Age at the time of transition D <15-24>		
25-29	-0.502	0.605
30-34	-1.688	0.185 **
35-44	-2.364	0.094 **
Previous job		
Same job D	0.501	1.650 *
Length of service in previous job D <1 year or shorter>		
1-2 years	0.275	1.316
2-3 years	0.005	1.005
3-5 years	0.050	1.051
5 years or longer	0.165	1.179
Status of previous employment D <Part-time, non-regular>		
Full-time, non-regular	0.449	1.567 *
Temporary/other	0.039	1.040
Off-the-job training experience at previous job D <No>		
One year	0.946	2.575 *
Two or more years	0.998	2.712
Length of service in regular employment before transition (year)	0.092	1.096 *
Employment after graduation D	0.022	1.022
Engagement in self-education before transition D <No>		
One year	0.358	1.430
Two or more years	0.190	1.209
Academic background D <Junior high school>		
High school	0.223	1.249
Technical college/junior college	-0.001	0.999
University/graduate school	0.938	2.555 *
Relevance between the major subject of study in school and the type of job held after transition D	0.269	1.309
Constant	-2.914	0.054 *
Nagelkerke R2		0.430
N		779

Note: D denotes dummy variables; the groups in brackets < > are reference groups.

Determinants of the Transition from Non-Regular to Regular Employment  
to Regular Employment = 1)

Model (7) Movement between firms		Model (8) Promotion within the same firm		Model (9) Male		Model (10) Female	
B	Exp (B)	B	Exp (B)	B	Exp (B)	B	Exp (B)
Significant		Significant		Significant		Significant	
Significant		Significant		Significant		Significant	
-0.612	0.542 <sup>+</sup>	-0.335	0.715	-0.883	0.414 <sup>+</sup>	-0.436	0.646
-1.678	0.187 <sup>**</sup>	-2.147	0.117 <sup>+</sup>	-1.217	0.296	-2.210	0.110 <sup>**</sup>
-2.381	0.092 <sup>**</sup>	-3.432	0.032 <sup>+</sup>	-3.011	0.049 <sup>*</sup>	-2.505	0.082 <sup>*</sup>
0.160	1.174	2.983	19.750 <sup>***</sup>	0.735	2.086 <sup>*</sup>	0.320	1.377
0.466	1.594	-0.395	0.674	0.112	1.118	0.418	1.519
0.141	1.151	0.071	1.074	0.100	1.105	0.148	1.159
0.195	1.216	-0.429	0.651	0.361	1.434	0.012	1.012
0.348	1.416	-0.602	0.548	-0.278	0.757	0.652	1.919
0.249	1.282	0.767	2.153 <sup>+</sup>	-0.281	0.755	0.732	2.079 <sup>*</sup>
0.279	1.322	-3.287	0.037 <sup>**</sup>	-0.796	0.451	0.482	1.619
0.707	2.028	1.632	5.114 <sup>*</sup>	1.267	3.549 <sup>+</sup>	0.726	2.067
1.084	2.958	1.818	6.157 <sup>**</sup>			0.952	2.590
0.067	1.070 <sup>+</sup>	0.357	1.430 <sup>***</sup>	0.043	1.044	0.102	1.108 <sup>*</sup>
0.011	1.011	-0.053	0.948	0.436	1.546	0.080	1.083
0.383	1.466	0.756	2.129	0.538	1.712	0.214	1.239
0.088	1.092	1.150	3.158 <sup>+</sup>	0.908	2.481	0.110	1.116
0.216	1.241	-0.338	0.713 <sup>+</sup>	0.104	1.109	-0.171	0.843
-0.169	0.844	0.813	2.256	0.169	1.185	-0.550	0.577
0.687	1.988 <sup>+</sup>	2.122	8.349 <sup>*</sup>	0.757	2.132	0.731	2.077
0.293	1.340	-0.283	0.754	-0.004	0.996	0.394	1.482
-3.135	0.044 <sup>*</sup>	-5.185	0.006 <sup>+</sup>	-3.000	0.050	-2.644	0.071
	<b>0.369</b>		<b>0.631</b>		<b>0.283</b>		<b>0.406</b>
	<b>716</b>		<b>586</b>		<b>221</b>		<b>558</b>

Table 4 shows the results obtained by treating these factors as control variables and inputting into the models a group of factors which firms may emphasize when they recruit workers. Each model in this table shows a considerably high coefficient of determination, suggesting that the explanatory variables added here are effective in determining the success or failure of transitions to regular employment.

In Model (6), contrary to the situation for workers in the 20 to 24 year old age group, the transition to regular employment does not occur for those between the ages of 30 and 44. In relation to workers' previous jobs, factors such as holding the same type of job after the transition as before it, engagement in the previous job for hours nearly equal to those of regular employees, and off-the-job training experience while engaged in the previous job have a significantly positive influence on the transition to regular employment. With regard to a worker's prior experience, engagement in work as a regular employee for a long period and completion of higher education are significantly positive.

By comparing transitions through movement between different firms and transitions through promotion within the same firm (Models [7] and [8]), both types of transition are more likely to take place at younger ages. However, in the case of promotion within the same firm, workers in their early 20s and those in their late 20s seem to be treated almost equally, and the significant difference for those aged 30 or over was small. This means that age does not act as a great hindrance to transition through promotion within the same firm as compared to transition through movement between different firms. Variables relating to the similarity of the jobs held before and after the transition, working hours, off-the-job training experience, and self-education experience are significant only with regard to promotion within the same firm. Also, with regard to promotion, a longer period of engagement in the previous non-regular job is not significant, but is negative. This result is consistent with the notion that firms tend to decide whether to promote non-regular employees to regular employment at a relatively early stage (Research Institute for Promotion of Living Standards 2004).

The coefficient of determination indicates that the addition of new explanatory variables contributes to rendering models more applicable in the case of promotion within the same firm. This can be interpreted as demonstrating that non-regular workers' job performance in their workplaces and their positive attitude and commitment to capacity building provide the basis for firms to decide whether to promote them to regular employment.

On the other hand, in the case of transitions through movement between different firms, apart from age, only variables relating to the experience of working as regular employees and academic background are significant, and the coefficient of determination shows only a slight increase. This means that engagement in the previous non-regular work is not much appreciated.

The transitions take place at younger ages regardless of gender. Variables which have a significantly positive effect are those relating to similarity of the jobs before and after the transition and off-the-job training experience while engaged in the previous job for male

workers, and those relating to having working hours nearly equal to those of regular employees and previous work experience as a regular employee for female workers. The length of service in the previous job is not significant for either gender, but it can be observed that the variable relating to engagement in the previous job for five years or more is negative for male workers, which is consistent with prior studies that pointed to the negative effect of engagement in the previous job for from two to five years.

## V. Conclusion

This paper analyzed factors that determine the transition from non-regular to regular employment for young people, based on data on their work experiences obtained from the Survey on Working and Learning. The analysis clarified the following points.

Among workers between the ages of 25 and 44 who were subject to the survey, 13.9% have experienced a transition from non-regular to regular employment and currently work as regular employees, and about 20% became regular employees through promotion within the same firm. At the same time, more workers have experienced such transitions—19.2% of the total—and 30% of these became regular employees and subsequently returned to non-regular work or shifted to work for family businesses. Not all workers who become regular employees settle and stop changing jobs.

Further analysis was conducted with regard to factors that distinguish between workers who shifted from non-regular to regular employment and currently work as regular employees, and those whose previous jobs were non-regular and who currently engage in non-regular work. These factors were divided into three groups: (i) conditions which firms emphasize when they recruit workers; (ii) workers' personal attributes and views; and (iii) conditions which could affect the degree of firms' labor demand. Based on the idea that the factors in Group (i) are important in the context of elaborating measures to support the transition to regular employment, quantitative analysis and review were conducted mainly using the factors in this group, while using the factors in Groups (ii) and (iii) as control variables. As a result, the following facts were confirmed: (i) the transition to regular employment is likely to take place in a worker's early 20s, but in the case of transitions through promotion within the same firm, there is no difference between workers in their early 20s and their late 20s; (ii) in the case of promotion, factors such as off-the-job training experience while engaged in non-regular work and self-education have positive effects; and (iii) non-regular workers who worked hours nearly equal to those of regular employees are more likely to be promoted to regular employment. On the other hand, in the case of the transition through movement between firms, it was observed that factors such as age, academic background, and working experience as regular employees have positive effects, whereas the length of service in the previous non-regular job did not show any clear effect.

What do these analysis results suggest in relation to means of supporting the transi-



tion to regular employment?

The first challenge before us is to enhance promotion from non-regular to regular employment within the same firm. The finding that the job performance of non-regular workers and whether they have a positive attitude toward committing to capacity building are appreciated indicates that the period during which a worker is engaged in non-regular work may provide the firm where he/she works with a good opportunity to assess a worker's capacity level. It is probably because of this that age does not act as a great hindrance to transitions through promotion within the same firm as compared to transitions through movement between firms. Promotion within the same firm will be effective in lowering the hurdle for older *freeters* to become regular employees. Another survey has suggested that firms appoint in-house non-regular workers as regular employees out of the necessity to secure highly skilled employees or to evaluate employees' skills appropriately so as to maintain morale at the workplace (Kosugi 2008). Thus, promotion within the same firm may be reasonable from the firms' standpoint as well. Furthermore, in view of the finding that off-the-job training experience while engaged in non-regular work showed a positive effect, one can assume that it would be effective to implement capacity building programs for non-regular workers in a systematic manner. Specifically, the combination of the systematic vocational training and practical training at the workplace, as has been implemented under the Job Card System,<sup>12</sup> will be an effective approach. As this system has not yet become popular, continuous efforts will be required to broaden and firmly establish its use within the social infrastructure.

The second challenge is to improve the measures used to help young people in their 20s with the career exploration process, thereby facilitating their transition to regular employment, taking into account the current situation in which age acts as a hindrance to this transition. As expected, the analysis discussed in this paper showed that the transition to regular employment takes place mainly when workers are in their 20s. This is consistent with the findings of prior studies. The analysis also demonstrated that not all workers who have become regular employees settle and stop changing jobs, and that in fact many of them return to non-regular employment. Another insight provided by the early *freeter* studies is that *freeters* in their late 20s living in urban areas have become more interested in exploring their careers. With these changes in mind, people in their 20s should be recognized as being in a career exploration phase, and measures should be taken to support these young people in such ways as establishing a framework to provide them with long-term consultation and support and connecting these support services to programs for vocational skill development.

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<sup>12</sup> Under the Job Card System, launched in 2008, people who have had few opportunities to develop their vocational skills, including young people working as non-regular employees, receive practical vocational education and obtain job cards, which provide an assessment of their abilities and can be submitted as their resume to firms. The use of job cards helps such people in job seeking and career development. In the training programs implemented under this system, private firms hire trainees for a fixed term to provide them with job experience.

The major point of difference between the analysis results discussed in this paper and those of prior studies is that the length of service in the previous non-regular job and having been recruited as a regular employee upon graduation, which have been considered important factors in determining the transition to regular employment, were not found to be as effective in this paper as in prior studies. This may be because of differences in the reference groups. While prior studies targeted people who left their non-regular jobs during a specific period and compared those who became regular employees to those who did not, this paper compares the two types of transitions; those from non-regular to regular employment, and from one non-regular job to another. In other words, the reference groups used in the preceding studies contained many people who left their jobs and became unemployed (nearly half of the members of the group), whereas people who became unemployed for a long period of time were excluded from the analysis in this paper. This exclusion was unavoidable because the data used in this analysis was collected from a survey of the currently employed. Nevertheless, with a view to finding out what stands in the way of the appointment of non-regular workers as regular employees by firms, the comparison made in this paper may be more successful in clarifying the problems.

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