

Abstracts

What Motivates Firms to Use Individual Outside Contractors?

Yanfei Zhou (The Japan Institute for Labour Policy and Training)

Using newly available firm-level data, this paper examines what motivates Japanese firms to use individual outside contractors, a new-style work force that is increasing in Japan. A firm's use of individual outside contractors may be influenced by cost savings, the volatility of its output demand and the specialized skills possessed by the outside contractor. In a survey, most Japanese firms reported that they were motivated by all three of these factors, particularly the last one. Analysis of the survey results, however, indicates that the utilization of individual outside contractors depends solely on the cost-saving factor.