

## 5 Measures for Workers in Non-regular Employment (Fixed-term, Part-time, Dispatch)

### Non-regular Employment Measures

#### 1. Current status of workers in non-regular employment

Workers in non-regular employment (fixed-term contract workers, part-time workers and dispatched workers) have been in a rising trend in recent years. In 2014, the number of workers in non-regular employment reached about 19.62 million, accounting for 37.4% of all workers in the average for FY2014. This ratio is continually reaching new heights. Other problems pointed out with non-regular employment include the fact that it is unstable, wages are low, opportunities for vocational development are scarce, and safety nets are inadequate.

#### 2. Promoting non-regular employment measures

Based on this current reality, it is important to promote a shift to regular employment by non-regular workers who seek regular employment, while also developing an environment in society as a whole in which workers (both regular and non-regular) can live securely. To this end, as well as the legislative response to be discussed below, comprehensive measures are being promoted, including:

- 1) Strengthening efforts to prevent young people from quitting their jobs early, so that they do not involuntarily fall into non-regular employment at the point of access to society.
- 2) Using the systems of trial employment and job seeker support, in accordance with needs, and carrying out matching using Job Cards in Young Hello Work centers and elsewhere, with the aim of converting freeters and other non-regular workers to regular employment.
- 3) As well as creating a new Subsidy for career advancement to support career enhancement within companies in FY2013, a comprehensive package of measures is being promoted to enable young people and others who are non-regular workers to enhance or change their careers. This

includes amending the Employment Insurance Act and expanding education and training benefits for support of medium- to long-term career formation (enforced from October 1, 2014).

### Fixed-term Employment Measures

#### 1. Present situation of fixed-term contract workers

Of 55.42 million workers engaged in non-agricultural industries in 2014, 14.85 million or 26.8% were working under fixed-term contracts.

#### 2. Improved employment management of fixed-term contract workers

Problems highlighted with fixed-term contract workers include the instability of employment, disparity in conditions, etc., and the inadequacy of vocational ability development.

One of the stipulations of the Amended Labor Contract Act is that, when a fixed-term labor contract has been repeatedly renewed beyond a total of 5 years, it must be converted to an open-ended labor contract upon request from the worker. The amended Act came into full force on April 1st, 2013, and ongoing efforts are being made to publicize its purpose and content.

### Promoting Measures on Part-time Work

#### 1. Securing equal and balanced treatment based on the Part-Time Work Act

Part-time work is an easy working style for people who have limited time available for work due to childcare, nursing care or various other commitments, and may be seen as a working style that makes it easier to achieve a work-life balance. On the other hand, a certain number of people take on part-time work involuntarily because they have no access to employment opportunities as regular employees, while also, under current circumstances, they are not necessarily guaranteed remuneration befitting their work and contribution. To meet this challenge, the

“Act on Improvement, etc. of Employment Management for Part-time Workers” (hereinafter the “Part-time Work Act”) sets out to ensure equal and balanced treatment on a par with ordinary workers, in line with the situation of their working style, and to promote a conversion to ordinary workers. Through these and other measures, the aim is to create employment environments where part-time workers can more effectively manifest their abilities.

Furthermore, to promote the assurance of even more equal and balanced treatment while also achieving greater acceptability to everyone concerned, an amended Part-time Worker Act was enacted and promulgated in April 2014. The

amendment includes provisions on expanding the scope of part-time workers who must not be subjected to discriminatory treatment compared to ordinary workers, and has been in force since April 2015.

2. Initiatives aimed at securing equal and balanced treatment, etc.

Among other services, the Equal Employment Sections of Prefectural Labor Bureaus hold one-on-one counseling sessions for part-time workers and others, provide advice and support for employers, give administrative guidance based on consultation topics or scheduled business visits, and assist in resolving disputes based on reports from workers or

## Figure V-8 Outline of the Amended Part-time Work Act

(Amended Act enforced from April 1, 2015)

Among others, steps will be taken to improve part-time workers' satisfaction, secure equal and balanced treatment compared with that of regular employees, and promote conversion to regular employees, in order to create an employment environment in which part-time workers can effectively perform with their full abilities.

### 1 Obligation to issue documents and explain working conditions

- In addition to the obligation to issue documents under the Labour Standards Act, business operators are also obliged to indicate clearly any wage increases, retirement allowances and bonuses as well as advice desks by issuing documents (violation punishable by a civil fine) (Article 6).
- When hiring part-time workers, business operators are obliged to explain the content of measures taken to improve employment management (e.g. details of the wage system) (Article 14 paragraph 1).
- When requested by part-time workers, business operators are obliged to explain matters taken into account when deciding remuneration (Article 14 paragraph 2).
- Business operators are obliged to develop systems for responding to consultation from part-time workers (Article 16).

### 2 Promoting efforts to secure equal and balanced treatment

- Provision of a “basic rule for remuneration of part-time workers”, to the effect that the difference in remuneration for all part-time workers in general compared to that of regular employees must not be deemed unreasonable, taking into account the job description, the system of deploying human resources, and other circumstances (Article 8).
- Business operators are prohibited from engaging in discriminatory treatment against part-time workers with equal job descriptions to regular employees (Article 9).
  - \* “Part-time workers with equal job descriptions”: Part-time workers who have the same job description and system of human resource deployment as regular employees
- Business operators must endeavor to ensure that the treatment of other part-time workers is balanced with that of regular employees in terms of decisions on wages, the implementation of education and training, and the use of employee welfare facilities, according to their diverse working formats (Articles 10-12).

### 3 Promoting conversion to ordinary workers

- Business operators are obliged to take measures to promote conversion of part-time workers to regular employees, including making positions known to part-time workers when recruiting regular employees, giving part-time workers the opportunity to apply for positions when newly assigning regular employees, and establishing examination systems for conversion to regular employees, etc. (Article 13).

### 4 Complaint handling and dispute resolution assistance

- Business operators must endeavor to achieve voluntary resolution of complaints (Article 22).
- The Director General of the Prefectural Labour Bureau will assist in dispute resolution and establish conciliation with regard to obligatory provisions (Articles 23-26).

### 5 Ensuring effectiveness

- Gathering of reports, advice, guidance and recommendations by the Director General of the Prefectural Labour Bureau (delegated by the Minister of Health, Labour and Welfare) (Article 18 paragraph 1)
- Introduction of fines for refusal to report or falsification of reports (Article 30)
- Introduction of a system of publishing names of businesses that fail to comply with recommendations from the Minister of Health, Labour and Welfare (Article 18 paragraph 2)

\*Underlined parts were amended in the 2014 Amendment

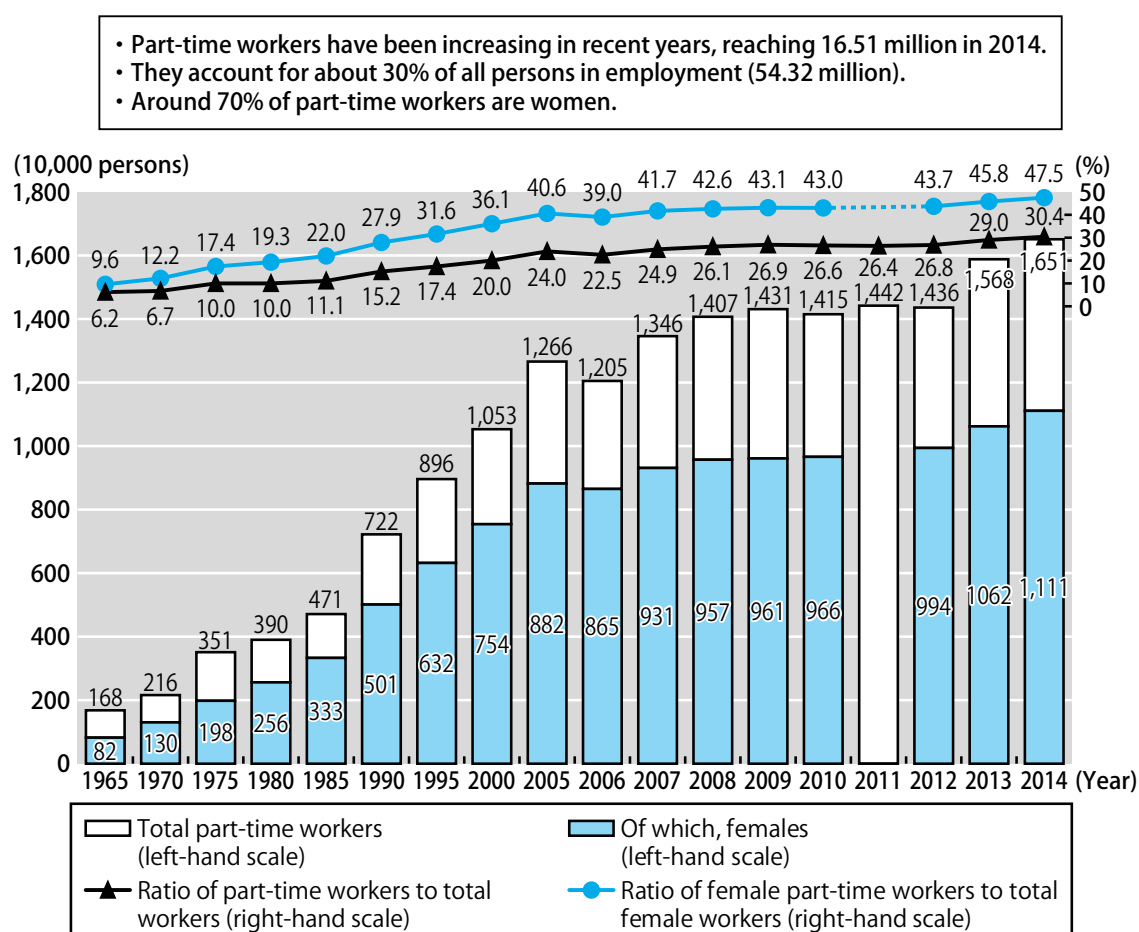
employers.

### 3. Support for employers who make efforts for equal and balanced treatment

Efforts to secure equal and balanced treatment for part-time workers are to be promoted through consultation and assistance by experts allocated to Equal Employment Sections, support for the introduction of job analysis and job evaluation by employers, use of employment management improvement manuals and subsidies, and so on.

In addition, steps are to be taken to promote independent and positive efforts by employers aimed at improving the employment management of part-time workers. For example, this could take the form of company announcements of part-time indicators for independent analysis of the present status of improvement to the employment management of part-time workers, etc., and initiatives aimed at the active use of part-time workers, as well as awards given to companies that actively engage in improving the employment management of part-time workers, etc.

**Figure V-9 Trends in Numbers of Part-time Workers**



Source: *Labour Force Survey*, Statistics Bureau, Ministry of Internal Affairs and Communications

Notes:

1) "Part-time workers" are persons employed in non-agricultural industries (excluding those not at work) who work less than 35 hours per week.

2) "Total part-time workers" for 2011 is a complementary estimate, and the "Ratio of part-time workers to all workers" is a reference value calculated from the complementary estimate.

As no complementary estimates have been prepared for total workers (female) or part-time workers (female), no figures are given for "Total part-time workers (of which, females)" or "Ratio of female part-time workers to total female workers".

## **Labor Measures on Dispatch Worker Dispatching and Contracting for Work**

In 1985, the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (the “Worker Dispatching Act”) was enacted. With this, a worker dispatching undertaking was established as a new format for employing workers at the dispatching business operator, as distinct from the labor supply businesses that had been prohibited under the Employment Security Act. At first, the application of the Act was limited to certain occupations only, in view of the level of work speciality, the special nature of employment management, and so on.

The purpose of limiting applicable occupations was out of concern that it should not encourage clients to substitute their regular workers with dispatched workers, to maintain harmony with customary employment practices in Japan.

Subsequently, applicable occupations were fundamentally deregulated in 1999, while in 2003 the period of dispatch acceptance was extended to a maximum of 3 years. At the same time, the restrictions on worker dispatching for manufacturing services were lifted and dispatched workers vastly increased.

With these trends ongoing, the sudden deterioration of the employment situation following the Lehman Shock in autumn 2008 exposed socially problematic formats such as day worker dispatching, in terms of their dismissal practices. It also revealed problems with the instability of employment under the dispatch format. Another problem highlighted was that dispatched workers did not receive treatment befitting their working situation, as, for example, their wages had remained frozen at a low rate.

In view of these circumstances, a bill for amending the Worker Dispatch Act was submitted to the Diet, with the aim of stabilizing the employment of dispatched workers and improving their treatment.

The Bill contained provisions fundamentally prohibiting day worker dispatching, obligation of consideration of equal treatment, and a deemed offer of an employment contract. After some revision, the amendment was duly enacted in March 2012 and brought into effect in October 2012. In addition, a draft amendment to the Worker Dispatch Act was submitted to the 189th ordinary session of the Diet in March 2015 and enacted and brought into effect in September 2015 with the aim of gaining greater employment stability and protection for dispatched workers, among other benefits. This would be done by setting new time limits under the rationale of making it a rule that dispatch work should be temporary and provisional in nature, and by creating schemes for improving the quality of worker dispatching undertakings, giving support for career formation including the conversion of dispatched workers to regular employees, and so on.

After the 2003 amendment, the total number of dispatched workers increased sharply to 3.81 million, or the equivalent of 1.74 million regular workers (FY2007). With the sudden deterioration of the employment situation following the Lehman Shock in autumn 2008, however, they are now in a decreasing trend. Although the number of places of business where worker dispatching undertakings are carried out remains high at 83,847, the number of client's places of business is 817,511 and the total number of dispatched workers is around 2.52 million, equivalent to some 1.26 million regular workers (FY2013).

Although worker dispatching is now established and serves a certain function as a mechanism for adjusting labor demand and supply, it also has problems in terms of employment stability, improvement of treatment, and dealing with illegal dispatching, including dispatch clients. Efforts are being made to address these problems by strengthening guidance and supervision, revising the system, etc.