

Transition of Diversification of Employment between 1994 and 2003

Summary

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Study Period

Fiscal year 2005 and 2006

Objectives of Study

This report is to present the result of retabulation of micro data derived from the “Comprehensive Field Survey on Diversification of Employment Status” conducted by the Ministry of Health, Labour and Welfare (former Ministry of Labour) for the purpose of grasping the changes in diversification of employment during the last decade.

Executive Summary of the Results

1. Issues and Method of the Study

A. Issues and targets

Since the 1980s, so-called ‘non-regular’ workers have increased. The number of such non-regular workers has reached 16.37 million in 2003, accounting for 34.6% of all employees. A number of studies on the increase of these workers have accumulated. However, almost all of these studies dealt with the cross sectional data at a certain point of time, and there are few research projects that look into the changes over time. This study, therefore, investigates the changes in diversification of employment in the last decade using the data collected through the surveys that were conducted at three points of time, i.e., in 1994, 1999 and 2003.

B. Method of the study

In this study we retabulate the responses of business establishments and individual

employees to the questionnaires which were distributed by the Ministry of Health, Labour and Welfare (former Ministry of Labour) through its “Comprehensive Field Survey on Diversification of Employment Status” conducted in 1994, 1999 and 2003.

C. Definitions and unification of terms

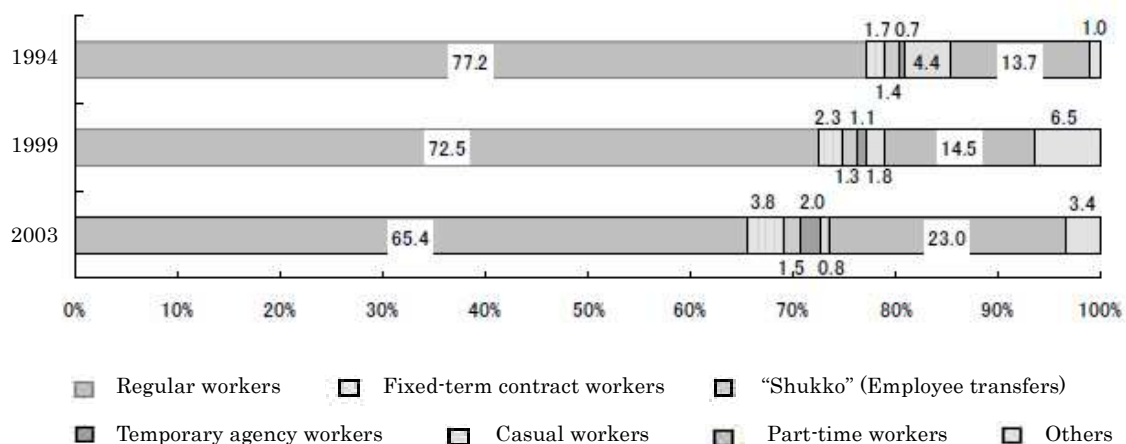
Discrepancies existing in the surveys in 1994, 1999 and 2003 with respect to the industry classifications and definitions of employment status need to be unified and are converted into the comparable terms.

2. Reason for Increase of Non-regular Employees, Reasons for Hiring Them and Issues in Their Utilization

(Transition of constituent ratio of non-regular workers)

Number of non-regular workers has increased from 9.82 million (22.8% of all employees) in 1994 to 13.35 million (27.5%) in 1999 and to 16.37 million (34.9%) in 2003 (see Figure 1 below).¹

Figure 1: Transition of constituent ratio of regular and non-regular employees



a. Looking into the details of non-regular workers, there is a general tendency in all industries that the percentage of fixed-term contracting workers among non-regular workers has increased between 1994 and 2003. In particular, the ratio of fixed-term

¹ Ratio of “the number of regular officers & employees” to “all employed persons except board members” mentioned in “Employment Status Survey” conducted by the Ministry of Internal Affairs & Communications represents 78.3% (38,062K/48,605K) in 1992, 75.4% (38,542K/51,147K) in 1997 and 68.0% (34,557K/50,836K) in 2002. Therefore, “persons engaged in work” excluding “regular officers & employees” can be calculated as 10,543K in 1992, 12,605K in 1997 and 16,279K in 2002, which are not much different from the figures obtained in the “Comprehensive Field Survey on Diversification of Employment Status.”

contract workers has significantly increased in the industries of real estate, services, transportation and manufacturing in the decade until 2003.

- b. The percentage of temporary agency workers has risen in many industries. The margin of increase is higher in the industries of information & communication and finance & insurance. In these industries the absolute value of the percentage of temporary agency workers against all employees is also higher than in other industries.
- c. There is a tendency that the percentage of part-time workers has increased in the industries of transportation, wholesale & retail trade, finance & insurance, real estate and services. In 2003, the ratio of part-time workers among all employees in the industries of eating & drinking places & accommodations and wholesale & retail trade reached approximately 63% and 37%, respectively, which are higher than in other industries.

(Reasons for hiring non-regular workers)

Following are the characteristics found in the responses of businesses to the questions about reasons for hiring non-regular workers:

- a. Concerning the reasons for hiring fixed-term contract workers, the most common responses of the businesses to the questionnaire in every survey conducted in 1994, 1999 and 2003 is that the businesses wish them to “engage in specialized tasks”. The second most common reasons are, although variance exists among the surveys, to “secure work-ready and capable human resources” and “save labor costs”.
- b. As for the reasons for hiring temporary agency workers, the gap between the most common reason and the second most common reason is narrower if compared to the reasons for hiring fixed-term contract workers, and the rankings change during the period of the three surveys. The reasons constantly in higher ranking are to “save labor costs,” “secure work-ready and capable human resources” and “engage in specialized tasks.” Furthermore, the third most common reason in the surveys of 1999 and 2003 is to “adjust employment according to economic fluctuations,” which indicates that the employment of temporary agency workers is vulnerable to employment adjustment in economic changes.
- c. The remarkably higher percentage is shown in the most common reason to hire part-time workers in every point of time in 1994, 1999 and 2003, which is to “save labor costs.” The second and third most common reasons are to “respond to peak time in a day or in a week” and “adjust employment according to economic fluctuations.” From these responses, it can be perceived that, different from the reasons for hiring

fixed-term contract workers and for hiring temporary agency workers, main reasons for hiring part-time workers are to save personnel costs and to adjust the volume of employment, and that these reasons do not change in all three surveys in different timings.

(Issues in utilization of non-regular workers)

We have studied from the responses to the questionnaires used in the surveys of 1999 and 2003 what issues the businesses have in utilization of non-regular workers.

- a. The main issue in both points of 1999 and 2003 in utilizing the fixed-term contract workers is to “secure high quality human resources.” The 2003 survey presents that the businesses regard the “enhancement of workers’ morale” as important. This may indicate that the businesses require fixed-term contract workers to “undertake responsibilities” and to “raise motivation” in the background of the growing ratio of non-regular workers as well as the number of fixed-term contract. Another issue reported in the responses to the questionnaires is to “share tasks with regular workers.” It suggests that the businesses may have difficulty to distinguish job contents between regular workers and fixed-term contracting workers.
- b. With respect to temporary agency workers, the businesses stress as important to “secure high quality human resources” as is the case of fixed-term contract workers. In 2003, the “raise of morale” is also considered relatively important. Other than these responses, the businesses chose among the alternatives the answers of “business processing ability” and “sharing of tasks with regular employees” in both surveys in 1999 and 2003. The former answer gives a similar nuance of the answer of “securing high quality human resources.” The latter answer indicates that the businesses face a problem that the job contents of regular and non-regular workers may be the same or similar.
- c. As indicated in the case of fixed-term contract workers and temporary agency workers, the businesses selected the answers of “securing high quality human resources” and “raising morale” as important issues in utilizing part-time workers. A unique issue to the part-time workers is to “cope with overtime work.” It is doubtful that the selection of the alternative answer of “control of working hours” in the 1999 survey indicates the same issue in the case of selection of “coping with overtime work” in 2003. The answer of “coping with overtime work” may be selected due to a general image of part-time workers that “they cannot work overtime”, but the term “control of working hours” may also mean that the control of different working hours of various types of part-time workers and the preparation of shift-controlling charts

are considered complex and cumbersome. Furthermore, the businesses have problems with part-time workers whether they “stay longer” or not. Selection of this answer by many businesses may indicate that they wish for part-time workers to stay at their jobs for a longer term.

3. Changes in Labor Conditions of Non-regular Workers

(Overtime hours of non-regular workers)

More overtime hours are worked by non-regular workers in all genders and all types of employment in 2003 than in 1999, except female secondees. Comparison of the “average overtime hours worked by workers who worked overtime” shows that the overtime actually worked by male temporary workers, male part-time workers, female casual workers and female part-time workers in 2003 is longer by two hours than in 1999. “Ratio of zero(no) –overtime workers” is lower in all genders and all types of employment in 2003 than in 1999. While the range of decrease of zero-overtime workers between 1999 and 2003 is 4.1 point in regular workers, the decrease of zero overtime in non-regular workers is significant in all types, among which decrease of 19.9 is in male temporary agency workers (registered-type) and 29.0 in male part-time workers. This shows that the ratio of workers “working overtime” increases among non-regular workers. In other words, it is indicated that in the situation where the longer overtime work is conducted by all workers, increase in the frequency of overtime work is higher in non-regular workers than in regular workers. As for female workers, zero overtime decreases by 11.8 in regular workers in 2003. Above all, female part-time workers show a distinctive characteristic in this point. With the background of working hours of all female workers being longer and the frequency of overtime increasing, the increase in the frequency of overtime of female part-time workers remarkable.

(Hourly wage of non-regular workers)**Table 1. Quasi-actual hourly wage by gender and by type of employment (yen)**

	Average			Median		
	1999	2003	Difference	1999	2003	Difference
Male						
Regular workers	1,944	1,811	-133	1,795	1,728	-67
F.T. contract workers	1,888	1,545	-343	1,587	1,386	-200
“Shukko” (Employee transfers)	2,496	2,196	-300	2,459	2,163	-297
Temporary agency workers (employed)	1,709	1,369	-340	1,570	1,282	-287
Temporary agency workers (registered)	1,461	1,228	-232	1,449	1,170	-279
Casual workers	1,091	980	-111	950	872	-78
Part-time workers	1,071	1,054	-17	916	939	23
Others	1,280	1,219	-61	1,108	1,160	52
Total	1,878	1,732	-147	1,734	1,649	-86
Female						
Regular workers	1,418	1,258	-161	1,260	1,190	-70
F.T. contract workers	1,370	1,134	-236	1,148	1,031	-117
“Shukko” (Employee transfers)	1,440	1,515	75	1,281	1,489	209
Temporary agency workers (employed)	1,192	1,045	-147	1,121	1,009	-112
Temporary agency workers (registered)	1,346	1,168	-179	1,330	1,160	-170
Casual workers	922	888	-34	799	896	96
Part-time workers	956	881	-75	854	855	1
Others	1,029	940	-88	901	855	-46
Total	1,221	1,096	-125	1,046	1,031	-15

Note 1: Quasi-hourly wage both in 1999 and 2003 = total wage in September / (Actual working hours in a week x 4)

Note 2: Value is adjusted by fluctuations of consumer price index (as of 2000, excluding standard and attributable rent).

Note 3: Quasi-actual hourly wage means an amount adjusted as mentioned in Notes 1 and 2 above, but not normal “hourly wage”.

Table 1 above compares “quasi-actual hourly wage” (please note that the term was created due to the limitations of calculation method and that it is not normal “hourly wage”) in all genders and in all types of workers. In terms of average wage, quasi-actual hourly wage decreases in almost all types of workers between 1999 and 2003. Especially, decrease is bigger in male fixed-term contract workers (-343 yen), male temporary agency workers (regularly employed) (-340 yen), male employee transfers (-300 yen), female fixed-term contract workers (-236 yen) and male temporary agency workers (registered) (-232 yen). Although the results do not take ages and types of job into account, it can be pointed out that the wages possibly decrease in many types of workers between 1999 and 2003.

4. Reasons to Choose to be Non-regular Workers

With respect to the reasons why non-regular workers choose current employment types, many contract workers and temporary agency workers give answers that they “failed to be employed by the company as regular workers.” In the case of part-time worker, the main reasons are “due to their personal circumstances.” Certain reasons, such as “support to household finances” and “preference to shorter working hours,” are chosen by more than 20% of female non-regular workers. Women have more variety of reasons to be non-regular workers than men.

5. Young Non-regular Workers

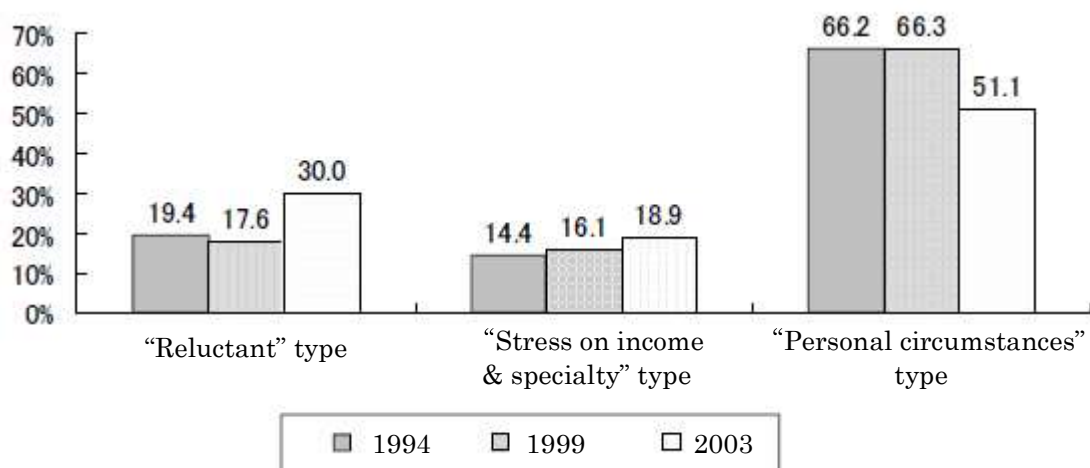
(Movement of numbers and percentages of young non-regular workers in their employment types)

Focusing on young non-regular workers in ages between 15 and 34, the total number of young workers including all genders and employment types increased from about 10 million in 1994 to 17.22 million in 2003. However, the ratio of young workers against workers of all ages decreased from 42% in 1994 to 39% in 2003. The number of fixed-term contract workers, temporary agency workers (both regularly employed and registered) and part-time workers in younger ages gradually increased over the period from 1994 through 2003. However, the ratio of young fixed-term contract workers against those of all ages decreased from 1999 to 2003. While the absolute number of temporary agency workers (registered-type) increased between 1999 and 2003, the ratio of female temporary agency workers (registered) against those of all genders decreased between 1999 and 2003. Female part-time workers increased remarkably between 1999 and 2003.

(Movement of reasons of young non-regular workers for selecting specific employment types)

Looking into the reasons why young non-regular workers select current employment types, the ratio of “reluctant” type increased between 1999 and 2003, and the ratio of “personal circumstances” type decreased (see Figure 2).

Figure 2: Changes in reasons of young non-regular workers for selecting current employment types



6. Implications for Policies

- a. Diversifications of employment status have increased in the last decade. Non-regular workers have increased mainly due to the increase of part-time workers while fixed-term contract workers and temporary agency workers have also increased. There are a great number of contract workers and temporary agency workers who have reluctantly selected current employment types because they failed to be employed by the companies as regular employees. These “reluctant” type non-regular workers have increased in these years. The reason of non-regular workers that is “failure to be employed as a regular employee” indicates higher and harder obstacles to enter into the corporate labor market. It also suggests the confronting structure of “regular workers versus non-regular workers” and the tough structure of a sort of “social ranking” prevailing in the society. In most of the cases, the working conditions of non-regular workers are inferior to those of regular workers. It should be considered that non-regular workers who are working longer hours and are possibly incorporated into key operations of the companies in terms of

their job contents should progressively be treated in an equal and fair manner, as regular workers are. To realize this, it is required to change various personnel management systems to eliminate discriminations in working conditions between non-regular and regular workers other than working hours. This applies not only to the personnel management systems of the companies, such as job security, wage systems, promotions, etc. but also to the public systems, such as income tax rules, social security systems.

- b. Recently, more women who graduate from universities or complete post-graduate courses come to be fixed-term contract workers or temporary agency workers. Normally more women with high educational background should lead to increase of a more productive work force, but the situation indicates that capacities of these women with high educational background have not been sufficiently utilized. Government and companies are required to introduce such systems as to enable them to fully utilize the female labor force effectively. Especially, social policies should be implemented which emphasize the balance between job and private life (“work-life balance”) and take burdens of household responsibility, such as child and nursing care, into consideration.
- c. Along with young non-regular workers increasing, the “reluctant” type of young non-regular workers also increase. This indicates that they choose non-regular working due to their failure to be employed as regular workers. This may have significant impact on the professional life of these young workers. There may also be risk that the quality of the work force in the industries may be affected, and thus may have significant influence on Japan’s economic society over the medium to long term. Policies to promote vocational abilities of young non-regular workers and to disseminate systems to promote and convert young non-regular workers to regular workers should widely be implemented and reinforced.