Human Resource Management (HRM) of non-regular workers in Japan: A review from a quadrilateral framework

Kumudinei Dissanayake, PhD.

(Invited Foreign Researcher)

1. Introduction

Widening boundaries of organizations (Ashkenas et al., 1995) and individual careers (Peiperl & Baruch, 1997) as well as enhanced flexibilities at work (Skorstad & Ramsdal, 2009; Zeytinoglu, 2002) have created diverse opportunities for organizations and workers to involve in non-regular work arrangements in different occupations. Enabled by government policies, and activated through ministerial plans (MHLW, 2005), some of such work arrangements have addressed policy issues and strategic decisions at apex level of organizational management (Christensen, 1998; Ghosh, Willinger, and Ghosh, 2009). Accordingly, several changes in the existing human resource management (HRM) practices have been visible in the contemporary organizations (Benson & Debroux, 2005). Not only these additions and changes have incorporated in the existing policies, practices, and strategies of human resource (HR), but also there have been structural changes taken place in organizations subsequently. Thus, the knowledge created in this field through empirical as well as theoretical means seems to be substantial in its volume. While accommodating all these changes, organizations in the current dynamic economic system continue to deploy non-regular workers, and assign them core functions at work due to ample of justifiable reasons. Thus, the trend is upward and continuous (Fu, 2012; Gleason, 2006; Houseman and Osawa, 2003; McCourt and Eldridge, 2003; Ozeki and Wakisaka, 2006; Wooden and Warren, 2003).

The systems those being adapting for deploying non-regular workers throughout the recent past have been in transition. Empirical evidences show the adaptation of conversion systems, introduction of flexible arrangements, changing HRM practices etc. directed towards the non-regular workforce at differing levels and phases at different organizations (e.g., Hirano, 2011). However, these diverse systems stand along and even appear in diverse organizational settings, as they are highlighted in separate research sites or findings. The value of such literature dispersed at different levels would generate less theoretical and pragmatic value in comprehending the complete HRM system that prepared to deploy non-regular workforce in organizations. Thus, putting all such efforts together to visualize the entire HRM system that worked for non-regular workers at the Japanese workplace would be more beneficial for researchers and practitioners in the field of HRM of non-regular workers. Accordingly, objective of this study is two-fold. First it conceptualizes a framework, and then proceed to examine the existing HRM system of deploying non-regular workers in the Japanese workplace.

Accordingly, the purpose of this study is to provide a comprehensive base of literature on 'HRM of non-regular workers' accumulated and condensed into one document for the use of Japanese and foreign researchers who are interested in theorizing and designing empirical research in this area of study. The structure of the paper is as follows. First, it reviews the literature pertaining to diverse organizational models of HRM for identifying the most compelling variables for the study. Next, drawing from the review, it conceptualizes a model for studying the HRM system for non-regular workers. Third, it briefly presents the method adopted in the study for reaching its objectives. Then it provides the analysis based on the

framework adopted, and finally presents the observation, conclusion and implications of the study.

2. Diverse Models for Reviewing HRM Systems and Variables for Analysis

2.1 The Model of Organizational Policies, Strategies, Practices, and Structure

Organizations exist in any society to achieve certain common objectives or purposes, which cannot be achieved by people individually (Barnard, 1938; Simon, 1945). In broader sense, those objectives/purposes may include serving the society, earning profits, satisfying stakeholders, preserving resources etc. Thus, the entire organizational system and its processes stand to help achieve the set purpose or objectives in every aspect. Accordingly, the typical organizational process demonstrates a linear relationship as below.
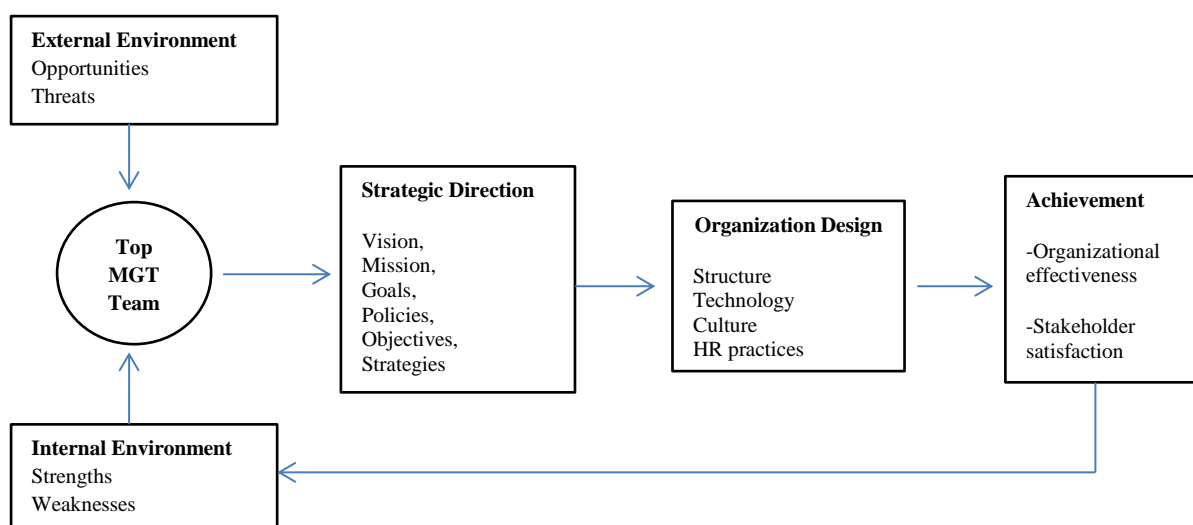

Figure 1: The Model of Organizational Processes
Source: Adopted from Daft (2013)

Environment and Strategic Direction

Simply, it depicts that the top management, being influenced by (or subject to) the prevailing or forecasted environmental conditions (both external and internal), gives the strategic direction to organizations, which leads to form the appropriate design for achieving the set objectives. Thus, the unavoidable external environmental conditions, such as, globalization, recession, uncertainty and related economic downturns, together with government decisions and regulations necessarily influence the management decisions of the policies and strategies for reaching organizational objectives. Further, the already possessing workforce, market leadership, technological knowhow (strengths) and any other liability (weaknesses) may affect it. Organizational vision, mission, values, and policy framework usually paint a broader portrait of how its decision makers wish the organization to be.

Organizational Strategies and HR Strategies

Organizational strategies can be seen in a hierarchical order, flowing from corporate strategy at the top (which focuses on organizational level decisions ensuring long-term survival and growth), through business strategies (which focuses on particular lines of business), towards the functional strategies (such as HR strategy, financial strategy, marketing strategy etc.). HR strategy of an organization involves the major decisions on acquiring, developing, and maintaining the most appropriate human resources for achieving organizational objectives, and its replacements too in a more efficient and effective way. Corporate strategy and HR strategy are reciprocally interdependent (Belcourt & McBey, 2004). An effective HR strategy is characterized with the following; it satisfies business needs, is founded on detailed analysis, can be turned into actionable programs, and takes account of the needs of line managers, employees, organization and its other stakeholders (Armstrong, 2006).

HR Practices

Based on the HR strategy that is formulated in line with the corporate strategy, the HRM (division) of the organizations proceed to adopt their HR practices, such as recruitment and planning, remuneration, promotions, career and succession planning, training and development, termination, and replacements etc. as appropriately. These practices can be explained in a 4R model, which contains (a) Recruiting (recruitment and selection), (b) Reinforcing (evaluation and rewards), (c) Retaining (training and development), and (d) Replacing (employment flexibility and outplacement) (Bae & Rowley, 2004). Japanese HRM practices have recently emphasized remuneration, other benefits, and employee recognition in its changing HRM system (Benson & Debroux, 2004; Meyer-Ohle, 2009). Accordingly, present study extends the 4R model into a 6R model by introducing three more HR practices, which can further explain `reinforcement` with the use of remuneration, rewards, and recognition as given in the figure below.
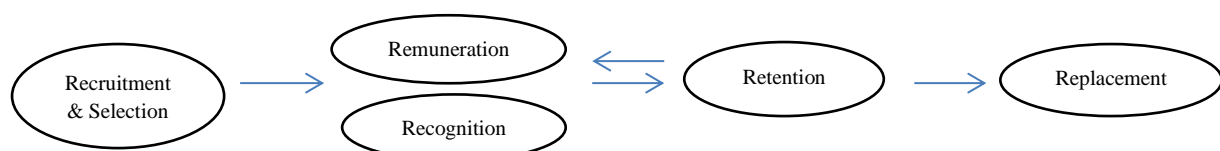

Figure 2: Basic HR Practices
Source: Based on 4R Model (Bae & Rowley, 2004)

Organizational Design, Structure and Job Design

Organizations are designed and structured in order for facilitating the implementation of their strategies. As Chandler (1962) set forth, the organizational structure depends on the strategy. As structural contingency theory depicts, organizational structure and design is contingent on several factors, such as, environment, strategy, technology, and workforce (Donaldson, 1995). Organization structure shows, (a) how the jobs are designed (task structure), (b) work specialization (division of labor), (c) departmentalization (grouping of jobs), (d) authority relationships (who reports to whom), (e) span of management (number of subordinates reporting to one superior), and (f) coordination (how the entire set up has been linked and

integrated) (Daft, 2013; Robbins, 2004). Thus, designing jobs become an important organizational decision which requires managerial concern in relation to individual work motivation, individual performance (Luthans, 2008) and organizational effectiveness (Robbins, 2004).

Job design in the organizational structure includes the activity of organizing tasks, duties and responsibilities of a particular job into a single unit of work for achieving desired organizational objectives. Thus, it the important questions of who, what, where, when, why and how things should be done in performing a job are easily addresses and successfully answered in an appropriate job design. The decisions involved in job design can be depicted in the figure below.   Designing jobs are affected by the organizational level factors such as organizational culture, its technology, structure, and strategy too. However, the designed jobs may affect the level of motivation and job satisfaction of individual workers, and it may create dull and monotonous work environments too. Thus, the techniques such as job rotation, job enlargement, job enrichment are used for eliminating the human level negative impacts of job design at work organizations (Daft, 2014).

Achievements

The resulting outcomes of this process claim the effective or ineffective performances, which may appear in terms of profits (or losses), growth (or stagnation / decline) of the organization, customer satisfaction (or complaints), human effects (employee satisfaction or dissatisfaction, work-related stress / depression, career success) and many other effects that are created on its diverse set of stakeholders.

Thus, policies at broader level, strategies and practices at functional level, and structure and design for facilitating the work environment are imperatives for any common accomplishments in organizations.

2.2 HRM Models

Other than the macro level organizational model for understanding the entire system that reviewed above, there are several HRM models those inform the components of an HRM system of a work organization. Below review examines four different HRM models for identifying the components for a framework for present study.

The Harvard model

The Harvard model of HRM depicts the relationships between four categories of variables: such as, (a) stakeholder interests and situational factors (in the workplace and external environment), (b) HRM policy, (c) HRM outcomes, and (d) long-term consequences (for the organization and its external environment) (Armstrong, 2006; Beer et al., 1984).
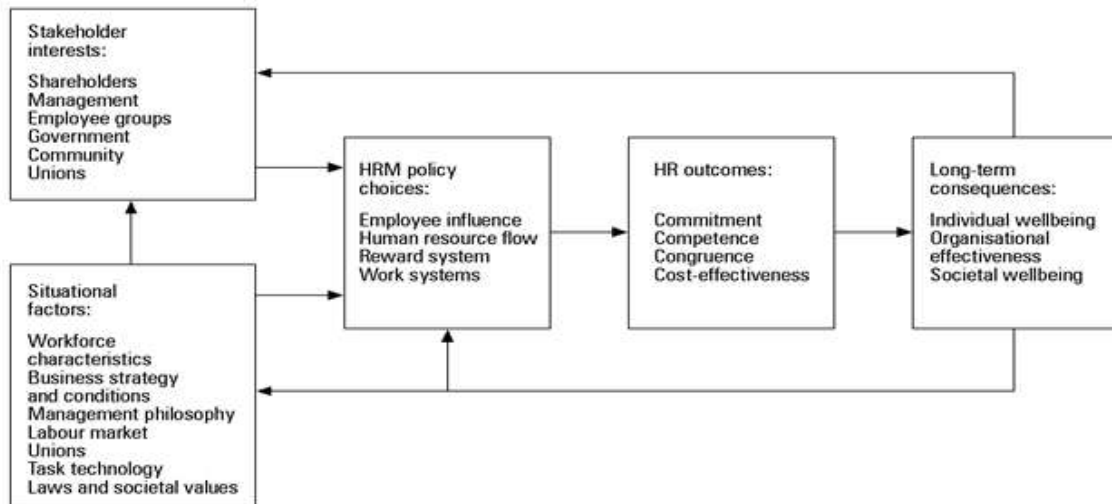
Figure 3: Components suggested in the Harvard model of HRM

The Michigan model

The Michigan model differentiates between the internal and external environment, it identifies the major components in both. Thus, economic, political, and social environment's influence on the internal system is depicted in it. The internal system of the organization is defined in terms of mission and strategy, organizational structure, and HRM (Fombrun, Tichy & Devanna, 1984).
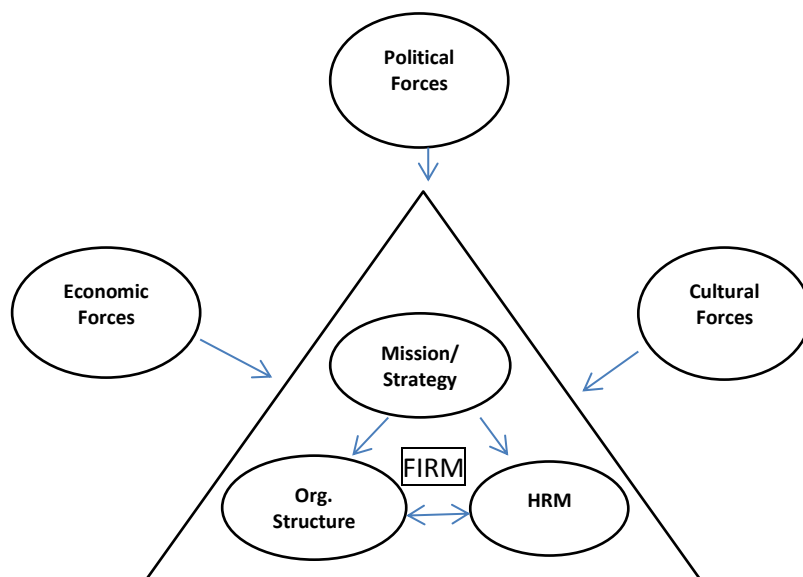

Figure 4: Components suggested in the Michigan Model of HRM

Tatsumachi's Model of HRM (2007)

Tatsumachi in an examination of business strategy and HRM in Japanese organizations, emphasizes the relationships between mainly three components, i.e., the business strategy (cost strategy and differentiation strategy), HRM practice, and improved company performance (Tatsumachi, 2007).

2.3 Conceptual Framework of the Study

Based on the above literature review, this study identifies the four dimensions to examine the HR system of an organization for the purpose of evaluating its deployment of non-regular workforce. *HR strategy*, flowing from the organizational strategy, directs the HR function in the organization. It is supported and guided by the *HR policy*, and typical human resource related functions are activated through *HR practices*. Finally, the *organizational structure*, along with the job design and related adjustments, facilitate the deployment of human resources within the organization. Accordingly, the 'HRM of non-regular workers' in the present study is synthesized on the quadrilateral framework constituted of the (a) HR strategies, (b) HR policies, (c) HR practices and (d) organizational structures adopted in deploying non-regular workers in Japanese organizations.
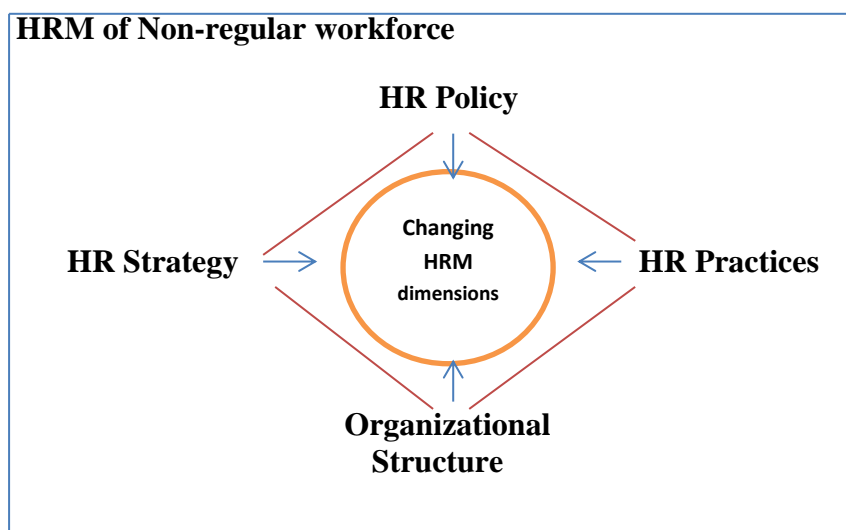

Figure 5: The conceptual framework of the study

As per the above framework, the following aspects have been examined in the study. HR policies adopted in deploying non-regular workers in terms of (a) legislative facilitation, and (b) government labor policy and initiatives; HR strategies and organizational strategies adopted in deploying non-regular workers; HR practices used in deploying non-regular workers in terms of '4R's [such as recruitment (including HR planning, job design, recruitment & selection), reinforcement/Remuneration (including rewards, recognitions, promotions), retaining (including training & development), and replacement (administration of outplacement)]; and structural adjustments made for deploying non-regular workers (any special structural arrangement made for deploying them).

3. Method

Present study was mainly based on reviews and analysis of secondary data sources. Thus, it adapted following methods in collecting data for the study.

1. Review of research reports
2. Review of secondary data published in surveys

Accordingly, the major data sources were:

1. Research reports published by Japan Institute for Labor Policy and Training (JILPT)
2. Survey data from Ministry of Internal Affairs & Communications, Japan
3. Research papers of Japanese researchers in the field
4. Reports from foreign writers on the topic

Diverse categories of non-regular workers in the Japanese work place were identified with particular definitions to each category. Further, diverse work groups such as young workers, female workers, elderly workers, mid-careered workers were identified for the study. The investigation of HR strategies, policies, practices, and structural changes for diverse work categories and groups were conducted in a review of literature.

4. Analysis

4.1 HR Policies

HR policies with regards to non-regular workers were mainly seen at macro level through;

(a) government labor policy and initiatives,
(b) legislative facilitation, and
(c) other supportive actions.

Government labor policy and initiatives

Within the threatening demographic and socio-cultural changes, the government is in the process of taking certain measures in supporting diverse life-styles of people. The main areas focused are:

(a) equal employment,
(b) work-life balance, and
(c) fair and diverse working styles.

Further, these initiatives were taken through;

(a) Changing from excessive employment stability to labor fluidity (achieving labor movement without unemployment)
(b) Enhancing matching function (jobs and job seekers) by using both public sector (PESS) and private sector HR business
(c) Promoting and facilitating diverse ways of working
(d) Promoting active (labor force) participation by women
(e) Promoting active participation by young, the elderly and others

Legislative facilitation

Legislative facilitation was behind the policy background of deploying regular/non-regular workers in Japan. This legal framework summarized below.
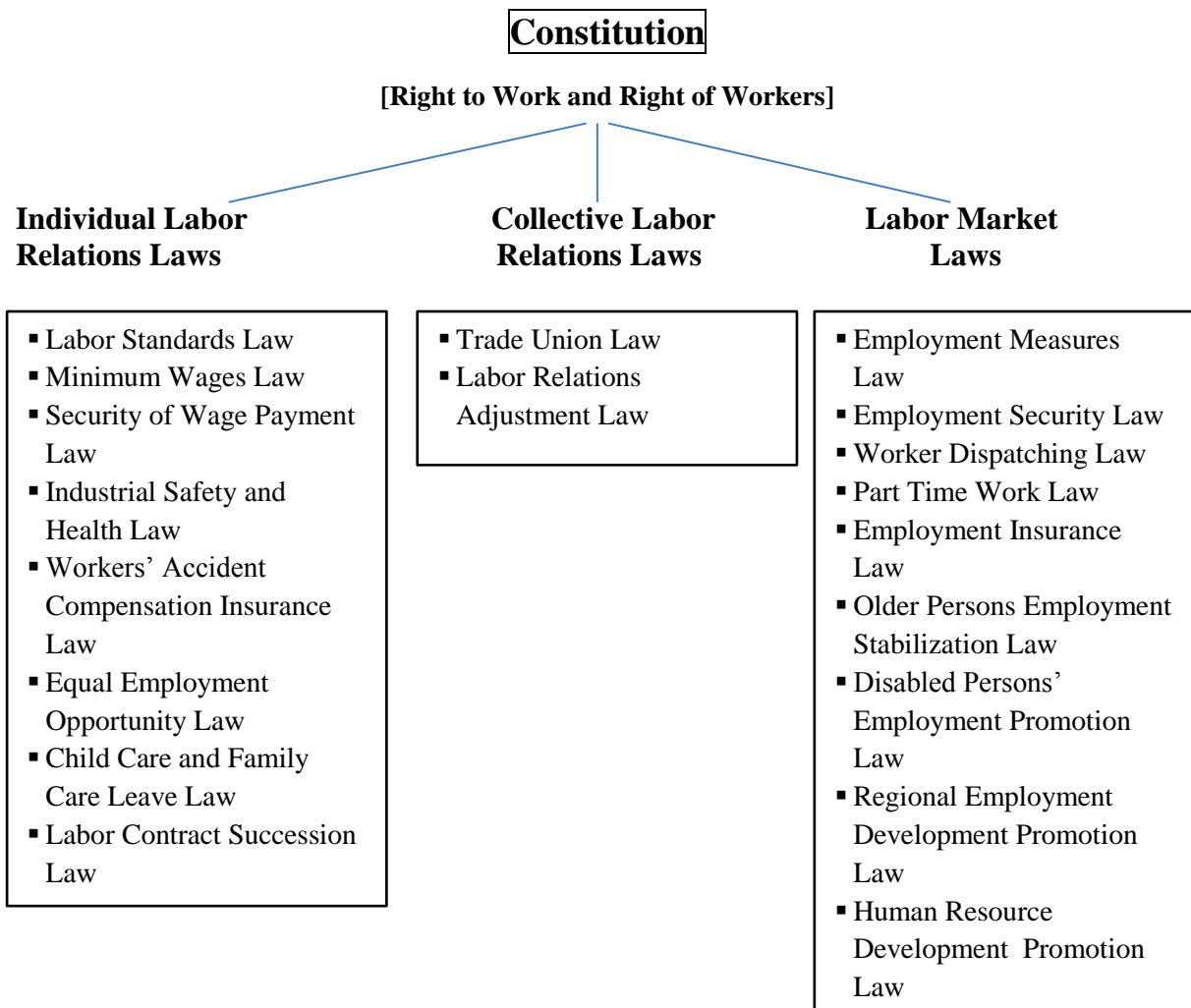
Constitution

[Right to Work and Right of Workers]

Individual Labor Relations Laws	Collective Labor Relations Laws	Labor Market Laws

Individual Labor Relations Laws

- Labor Standards Law
- Minimum Wages Law
- Security of Wage Payment Law
- Industrial Safety and Health Law
- Workers' Accident Compensation Insurance Law
- Equal Employment Opportunity Law
- Child Care and Family Care Leave Law
- Labor Contract Succession Law

Collective Labor Relations Laws

- Trade Union Law
- Labor Relations Adjustment Law

Labor Market Laws

- Employment Measures Law
- Employment Security Law
- Worker Dispatching Law
- Part Time Work Law
- Employment Insurance Law
- Older Persons Employment Stabilization Law
- Disabled Persons' Employment Promotion Law
- Regional Employment Development Promotion Law
- Human Resource Development Promotion Law

Figure 6: Legislative facilitation in relation to work in Japanese workplace
Source: Adapted from Araki (2004)

Legislative facilitation for modification of employment strategies

There are facilitation made by enacting, revising, and renaming some of the Laws and Acts related to the employment strategies of organizations. Some of them are:

1. Labor Standards Act (1947) Amended in 1998, 2003
2. Disabled Person` Employment Promotion Act (1960)
3. Older Person`s Employment Stabilization Law (1971)
4. Human Resource Development Promotion Law (1985)
5. Stabilization of Employment of Older Persons (1986) revised
6. Equal Employment Opportunity Law (1985) amended in 2007
7. Employment Promotion of Disabled Persons (1986) revised
8. Part-time Workers Law (1993)
9. Child-care Leave Law (1991)
10. Family-care Leave Law (1992)
11. Shorter Working Hours Law (1992)
12. Employment Security Law

13. Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Revised in 1999, 2003, & 2004).

Table 1: Labor Laws affecting Non-regular Employment, Target Non-regular Worker Category, and Purposes

Policy	Target NRW category	Purpose
Labor Standard Act (1947) [i] (Amendment in 1998) (Amendment in 2003)	Fixed-term employees	To shorten contract period (05-01 yr.) To increase contract period for special cases (01-03 yr.) To increase contract period for all types (up to 03 yr.)
Equal Employment Opportunity Law (1985)[ii] (Amended in 2007)	Men and women in all categories Female workers	To ensure equal treatments for all in recruitment, hiring, assignment, and promotion To promote welfare for female workers Placement, allocation of duties, grant of authority, demotion of workers, change in job type or employment status
Part-time Work Law (1992)[iii] (Amended in 2007) (Amended in 2011)	Part-time workers	To eliminate discrimination against part-time workers (in determining wages, implementing education and training, utilizing welfare facilities and other treatments)
Human Resource Development Promotion Law (1985)[iv] (Revised Vocational Training Law, 1958)	Entire labor force	To systematize lifelong training To upgrade skills of workers

[1] *Takeuchi-Okuno (2010)*
[2] *Sakuraba (2008)*
[3] *Hamaguchi & Ogino (2011)*
[4] *Taniguchi (1993)*

Other supportive actions

Actions enforced by the Equal Employment, Children and Families Bureau (EECFB) were seen as another policy level initiative at organizational level. They were included:

(a) Promoting flexible working styles based on Childcare and Family Leave Act.
(b) Providing guidance based on the Part-Time Employment Act
(c) Supporting the introduction of Short-Time Regular Employee System
(d) Encouraging organizations to follow the stipulations in the Act on Advancement of Measures to Support Raising Next-Generation Children

4.2 HR Strategies in Deploying Non-regular Workers

Corporate strategies in Japanese Organizations

Being vigilant to the prevailing and forecasted conditions at the macro environment, Japanese organizations have revealed the change of their corporate strategies as of the priorities (MHLW, 2005a). It demonstrates the major concern on 'cost' aspect whereas profits,

production, and diversification of products have been highlighted consecutively. Thus, the corporate management strategies are prioritized as below.

1. Reduce costs
2. Focus on profits rather than sales
3. Develop value-added products
4. Diversify business by stepping into new areas
5. Focus business attention
6. Develop overseas markets

HR Strategies

Accordingly, their HR strategies have been formulated around cost consciousness and development of human competencies for improving productivity and profits. In line with the 'Corporate study' conducted by the JILPT, the MHLW (2005a) further revealed the prioritization of HR strategies by Japanese organizations as below.

1. Develop human abilities
2. Use elderly workers by extending retirement age
3. Enhance use of female workers
4. Outsourcing
5. Mechanization of business operations and production processes

Employment Strategy

In order for implementing the formulated HR strategies, organizations have designed their employment strategies with the focus of getting access to low-cost labor while maintaining their capacity for smooth business operations, but changing the employment structure. Thus, following have been the major concern.

1. Maintain the total number of employees, while expanding the proportion of non-regular employees and slightly reducing the regular employees
2. Expand the proportion of part-time employees, direct-contract employees and dispatched workers
3. Increase assigning non-routine jobs to non-regular employees
4. Active utilization of female workers
5. Offer non-conventional working modes, including short and flexible working hours

With this strategic direction, organizations have increased the proportion of non-regular workers in their employment structure.

Relationship between Corporate Strategies and Deployment of Non-regular Workers in Japanese Organizations

As noted by the MHLW (2005), Japanese organizations deploy non-regular workers due to various reasons. The highly cited reason seems to be 'saving wage cost', given the category

of workers being part-time employees. Secondly prioritized reason is 'assigning specialized jobs', where they focus on the contract-based workers. Then, 'securing personnel with capability and adaptable potential' and 're-employing elderly workers' (contract-based / dispatched workers) has been highlighted. Most of the part-time workers have been deployed for the reasons such as, employment adjustment in line with business cycle, adjusting fluctuation of work, saving costs other than wages, filling temporary vacancies appeared due to leave of regular workers, responding to temporary or seasonal work fluctuations, assigning regular workers more critical jobs, work shifts being designed to cope with long business / operating hours, and due to inability to recruit regular workers.

This reveals a few strategies, as given below, that the Japanese organizations are mainly focusing on when they deploy non-regular workers.

Table 2: Strategies for Deploying Non-regular Workers

Reason	Strategy
1. Saving wage cost 2. Saving cost other than wages	Reducing HR related costs
1. Assigning specialized jobs 2. Securing personnel with capability and adaptable potential 3. Re-employing elderly workers	Assuring more competent, productive, adaptable workforce
1. Adjusting employment in line with business cycles 2. Adjusting fluctuation of work 3. Responding to temporary and seasonal work fluctuations 4. Designed work shifts to cope with long business hours	Maintaining smooth /uninterrupted business operations
1. Filling temporary vacancies of regular workers 2. Assigning regular workers more critical jobs	Retain and utilize regular workers more effectively

Source: MHLW (2005)

Table 3 below depicts a summary of the change of environmental conditions, organizational strategies, and human resource strategies in three major industries in Japan from1990s.

Table 3: Change of Environmental Conditions, Organizational Strategies, and Human Resource Strategies in Three Major Industries in Japan from1990s

Environmental Conditions/ Problems Encountered	Organizational Strategies	HRM Strategies

Electronics Industry:

▪ Worldwide competition ▪ Active overseas competitors ▪ Depressed consumer demand ▪ Falling market shares ▪ Falling unit prices of products ▪ Modularization of products (US) ▪ Low profitability	- Shift of production to overseas - Consolidation of business activities - Scaling down capacity / declining - Outsourcing some activities - Merging with competitors	- Reduction in employee numbers - Changing composition of workforce - Changing employment conditions of regular workers

Banking Industry:

▪ Burst of bubble economy ▪ Decrease in asset base (Bank & creditors) ▪ Accumulation of bad loans ▪ Deregulation of financial policies ▪ Government funding to Banks	- Strengthening ties with other financial institutions - Restructuring and merging - Reorganization and consolidation (reduction of branches and branch networks)	- Reducing the regular workforce - Increasing non-regular employees - Adherence to Equal Employment Act & employing female employees - Decreasing administrative staff - Flattening hierarchies - Retaining and motivating young & capable employees

Retailing Industry:

- Ill-advised investment projects
- Intensified competition
- Falling prices
- Changes in consumer behavior
- Depressed consumer demand
- Ill-fated diversification
- Deregulation
  (easing large-store openings)
- Internationalization

- Discount strategies
- Increasing service levels
- Restructuring
- Declining

- Reducing regular workforce
- Changing management of regular workforce
- Increasing part-time employees
- Work re-design for non-regular workers

Source: Adopted from Meyer-Ohle (2009)

4.3 HR Practices used for Non-regular Workers in Japanese Organizations

HR practices especially aimed at facilitating non-conventionally careered workers can be seen at several worker categories. Thus, following section presents some of the HR strategies and practices adapted in employing atypical workers (in general), contract workers (in special), female workers (those not seeking regular employment), youth (those at exploratory stage of career), older or retired workers (males & females those who wish to continue work), and re-employed workers or mid-career transfers (transferring among organizations/occupations). (See Table 4 for a summary).

Table 4: HR strategies for diverse categories of workers

Employee Category	HR Strategy
Atypical workers	a. Employing them as a stationary workforce (not as a temporary workforce) b. Providing on-the-job training opportunities c. Structuring wages to reflect skills d. Introducing flexible work hours e. Supporting acquire external qualifications
Contract workers	a. Establishment of human resource development systems b. Implementing skill development programs c. Implementing skill-based wage systems d. Introducing promotion and pay-raise systems
Strategies of contractor-managed companies for workers with high technical skills:	**Hiring** a. Assessing candidates' possibilities of quitting (checking employment history/commutation facilities etc.) b. Screening at selection in order to maintain a high retention rate c. Workplace tours prior to commencement of work **Site management** Select leaders from contract workers **Evaluation & Development Systems** a. Not limiting contract periods, b. Offering pay increases c. Offering chances to be regular workers d. Conducting job rotations (occasionally) e. Holding training sessions for leaders

Strategies of Client-managed companies for employees without high technical skills:

Hiring
a. Maintaining a human resource database registering those wishing to work
b. Utilizing informal networks among immigrants

Site management
a. Leaders only to take attendance & supervise production lines
b. Onsite managers only for labor management

Development
a. No skilled-based evaluation and treatment
(Fujimoto and Kimura, 2005)

Female workers
a. Systems enabling mothers to work while raising children
b. Providing challenging and rewarding work
c. Work hours for child-care and nursing care
d. Providing colleagues and superiors to whom one can turn for advice
e. Creating environments in which women are not discriminated against marriage, childbirth, child-care etc.
f. Equal treatment of men and women and fair personnel evaluations
g. Not assigning too much overtime
h. Allowing flexible work hours
i. Free-working system (work from home)
j. Rehiring programs

Youth
a. Achievement-based wages
b. Positions on preference
c. Promotion to management
d. Appointing leaders for training
e. Providing more opportunities for interaction
f. Follow-up interviews & opinion surveys
g. Employee counseling

Older workers
a. Removal of legal restrictions for working after retirement
b. Extending working period after mandatory retirement
c. step-by-step extension of retirement age

Reemployed workers
a. Providing supportive services for child-care
b. Making flexi-time arrangement

Source: Based on Ariga, Kambayashi & Sano (2009), Fujimoto and Kimura (2005), Okutsu & Kuniyoshi (2010), Mitani (2008) and MHLW (2005)

Different HR strategies and HR practices have been used for deploying regular/non-regular workers in different industries. Importantly, the HR strategies and practices used in the manufacturing industry are quite different from that of banking and retail trade industry. This variation is reasoned by the industry status at different times and the nature of human resource requirements of the organizations in each industry. The Table 5 provides a summary of HR strategies and HR practices used for regular/non-regular workers in three major industries in Japan from 1990s.

Table 5: HR Strategies and HR Practices for Regular/Non-regular Workers in Three Major Industries in Japan from 1990s

HR Strategies	HR Practices for Regular/Non-regular Workers

Electronics Industry:

- Changing composition of workforce

- Reduction in regular workers

- Changing management of regular workers

- **Recruitment**
  - Recruiting less regular workers
  - Cutting back on the hiring of fresh graduates
- **Remuneration/Reinforcement**

  - Freezing regular pay increases
  - Differentiating pay for new entrants
  - Abandoning seniority-based wage systems
  - Introducing merit-based wage systems
  - Differentiating remuneration and promotions within companies
    - Abolishing extra allowances
    - Disintegrate work & incentive patterns
    - Differentiating employment and incentive systems between various units and subsidiaries
    - Linking retirement allowance to achievements
    - Reducing seniority component in calculating retirement allowances
    - Introducing a complex ranking system for base wages and for evaluating performance
  - Introducing systems on accumulating points for achievements
  - Introducing systems for honoring professional skills
  - Introducing systems for designating certain employees as specialists
  - Introducing a grading systems for managerial employees

- **Replacement**
  - ➢ Forced vacations

Banking Industry

- ▪ Reducing the regular workforce
  - **Recruitment**
    - ➢ Freezing the hiring of new graduates
  - **Replacement**
    - ➢ Reducing internal administrative staff
    - ➢ Reducing branch networks
    - ➢ Reducing sales personnel engaged in outside sales activities
    - ➢ Introducing early retirement schemes for older workers
    - ➢ Introducing IT for replacing workers

- ▪ Changing management of regular workers
  - **Remuneration/Reinforcement**
    - ➢ Introducing merit-oriented wage systems (for regular workers)
    - ➢ Reducing salaries directly
    - ➢ Introducing performance-based component into retirement allowance
    - ➢ Eliminating family and meal allowances

- ▪ Increasing non-regular workers
  - **Recruitment**
    - ➢ Recruiting more part-time workers (e.g., counter staff)

- ▪ Adherence to Equal Employment Act & employing female employees
  - **Recruitment**
    - ➢ Recruiting more female workers (with prior work experience)
  - **Retaining**
    - ➢ Abolishing distinctions between managerial and clerical tracks
    - ➢ Promoting females into branch manager positions

- ▪ Flattening hierarchies
  - **Retaining**
    - ➢ Eliminating certain positions (e.g., section manager/below HOD)

- ➢ Reducing number of ranks
- ■ Retaining and motivating young & capable employees
  - **Retaining**

  - ➢ Offering advancement opportunities for young workers

Retailing Industry:

- ■ Reducing regular workforce
  - **Recruitment**
    - ➢ Freezing hiring of new employees (for a certain period)
  - **Replacement**
    - ➢ Arranging early retirement exercises
- ■ Changing management of regular workforce
  - **Remuneration/Reinforcement**

    - ➢ Reducing retirement payments (e.g., Tokyū Department store-by 25%)
- ■ Increasing part-time employees
  - **Recruitment**
    - ➢ Recruiting more part-time workers
    - ➢ Employing fresh high school graduates on non-regular contract
    - ➢ Raising the proportion of non-regular workers
    - ➢ Arranging open recruitment system for all managerial positions (e.g., Ito-Yokado and Seven-Eleven)
- ■ Management of non-regular workers
  - **Retaining**
    - ➢ Introducing new qualification schemes for part-time workers (e.g. Aeon)
    - ➢ Opening positions for part-time workers in the managerial grade (e.g., store management and procurement)
    - ➢ Promoting part-time workers to managerial positions (e.g., assistant store manager-Ito-Yokado)
    - ➢ Introducing different ranks for part-time workers (e.g., Roger general discounter)
    - ➢ Eliminating distinguishing between regular and non-regular workers
    - ➢ Allowing both regular and non-regular workers to apply for advertised positions

    ➢ Introducing 360 degree evaluation system for part-time workers
- **Remuneration/Reinforcement**
    ➢ Paying equal wages for equal work
    ➢ Abolishing regular salary increments based on the length of service, and introducing career development paths leading to managerial positions (e.g., Sapporo co-op)

- Changing management of regular workforce

    ➢ Introducing merit-based payment over seniority
    ➢ Annual salary system based on merits for all employees regardless of tenure and position (e.g., Tokyū Department store)

Source: Based on Meyer-Ohle (2009)

4.4 Structural Arrangements

Unfortunately, the structural adjustments made by organizations when deploying non-regular workers were not well documented. However, organizing function in general, and subsequent job design function in particular are critical functions from the individual as well as organizational performance viewpoints. Some theoretical suggestions appeared in foreign literature in relation to this point can be highlighted ad below:

1. Revisiting organizing function (e.g., division of labor, departmentalization, deciding span of control, establishing reporting relationships etc.) (Robbins, 2004) at the deployment of NRWs.

2. Establishing boundary spanning positions at the interface of organization/employment agencies (Christensen, 1998).

4.5 Evaluation Summary of the Existing System of HRM for Non-regular Workers

In line with the above review and analysis, and with respect to the framework adopted in the present study, the evaluation summary can be presented as below.
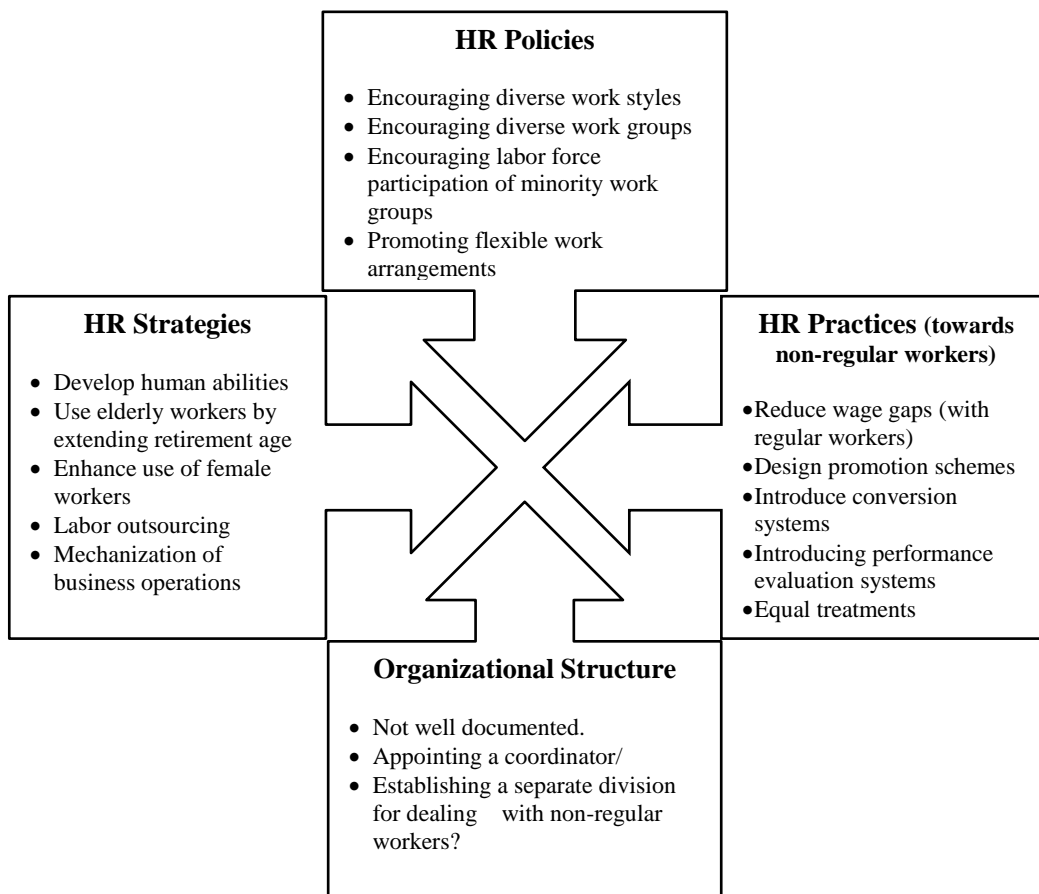

HR Policies

- Encouraging diverse work styles
- Encouraging diverse work groups
- Encouraging labor force participation of minority work groups
- Promoting flexible work arrangements

HR Strategies

- Develop human abilities
- Use elderly workers by extending retirement age
- Enhance use of female workers
- Labor outsourcing
- Mechanization of business operations

HR Practices (towards non-regular workers)

- Reduce wage gaps (with regular workers)
- Design promotion schemes
- Introduce conversion systems
- Introducing performance evaluation systems
- Equal treatments

Organizational Structure

- Not well documented.
- Appointing a coordinator/
- Establishing a separate division for dealing   with non-regular workers?

Figure 7: Evaluation summary of the HRM system for non-regular workers in quadrilateral framework

5. Observations, Conclusion and Implications

The human resource management of non-regular workers seems to be different from that of regular workers, when seen from the aspects of policies, strategies, and practices at work organizations. On the grounds of increasing numbers and categories of non-regular workers, this postulates the significance of paying more and closer attention to the human resource management of non-regular workers. Further, the following points too have been observed:

a. Different (employment) categories of non-regular workers (e.g., part-time workers, contract workers, dispatched workers etc.) are composed of different demographic categories, such as young workers (e.g., students), young mothers (those re-entering into workforce after child-birth), and elderly workers (including retirees).

b. Different (employment) categories of non-regular workers have different reasons for and desires and expectations of getting into non-regular employment.

This condition leads to a situation where some of the policies, practices, and structural arrangements of organizations cannot be generalized and (need not be) implemented across the entire non-regular workforce. This may lead to the implication that the HR policies, HR practices, and structural arrangements those focusing non-regular workers be customer-made for fitting into the particular employment category as well as the demographic category of workers.

Within the portrait of macro level policy framework for deploying non-regular workers as a whole, it is observed that HR practices towards non-regular workers show differences in different industries, despite the common strategic direction visualized through the strategy priorities of organizations across the border. Thus, it may be important to pay at least a little attention to the industry-specificity of HRM of non-regular workers.

Lack of evidence of the decisions made on division of labor, grouping jobs, span of control, establishing reporting relationships, delegating authority, selecting coordination mechanisms etc. at the deployment of non-regular workers may be revealing the absence of such practices or less arrangements for those effects within organizations. However, re-visiting the existing structural arrangements at the point of deployment of non-regular workers may provide the opportunity for work organizations to utilize them more effectively, by assigning them non-routine tasks, combining with regular workers, or using as a buffer labor force as appropriately, and as the case may be.

Organizations in the manufacturing industry exhibit the exercise of more HR practices towards managing regular workers than that of non-regular workers. This may be due to the less number of non-regular workers employed in the manufacturing sector, when compared to the services sector. Accordingly, service sector evidences to the performing of many HR practices for getting access to and retaining non-regular workers. Most of the human resource practices towards the management of non-regular workers, such as direct recruitment from high school graduates, introducing promotion schemes, introducing performance evaluation schemes, implementing conversion systems from non-regular to regular employment, reducing wage gaps between regular and non-regular workers, and promoting to managerial

positions have been visible in the retailing industry. Despite some of the organizations in retailing industry, the organizations those effectively using the practice of job design for non-regular workers was not well seen.

Implications

Organizations that are struggling to manage a high proportion of non-regular workforce on a continuous basis, as guided by their organizational and HR strategies, may be better off with some structural arrangements which ease them dealing with most of the HR practices related to them. Several of these are indicated below.

(a) Establishing a separate division for dealing with non-regular workers,
(b) Appointing a coordinator for dealing with non-regular workers,
(c) Establishing a unit for continuous dealing with Employment Agencies, or
(d) Appointing a coordinator for dealing with Employment agencies, and
(e) Establishing arrangements for continuous survey/research into working/living conditions of non-regular workers.

Moreover, designing the jobs of different categories of non-regular workers may help in increasing productivity (at organizational level) and motivation and job satisfaction (at individual level), while providing opportunities for training and career development at a zero or low cost. Thus, following may be some techniques for job designing:

(a) Job simplification or enlargement (changing the volume of work),
(b) Job enrichment (changing the responsibility of work),
(c) Job rotation (changing the nature/division of work)

Limitations and Directions for Future Research

This study is not free from limitations. The two major limitations should be noted as (a) the absence of HR policy assessment at organizational level (limiting it to macro level policy analysis), and (b) limiting the review only to the literature published in English language (due to language barrier for accessing the rich literature written and published in Japanese language).

Subject to these limitations, the present study suggests two directions for future research. First, it suggests a comprehensive study into each HR practices towards the deployment of non-regular workers in this workplace. This may enhance the scholarly knowledge for guiding more effective HR practices towards HRM of non-regular workers, and enlighten practitioners with workplace realities. Second, it suggests to looking into the soft side of HRM of non-regular workers (Benson & Debroux, 2004), i.e., the quality of work, performances, learning agility, commitment etc. Such an investigation too may help researchers and practitioners to search for more avenues for improving productivity of (and through) this workforce.

References

Araki, T. (2004). The system of regulating the terms and conditions of employment in Japan, *The Mechanism for Establishing and Changing Employment Terms and Conditions / The*

Scope of Labor Law and the Notion of Employees: 2004 JILPT Comparative Labor Law Seminar, No.1, JILPT, Japan, 3-19.

Ariga, K., Kambayashi, R. & Sano, Y. (2009). The Effect of Training Policy for Non-Regular Employees and Human Resource Management practices, *Japan Labor Review*, 6(4), Retrieved through http//www.jil.go.jp/english/JLR/documents/2009/JLR24_ariga.pdf on 32rd March 2014.

Armstrong, M. (2006). *Strategic human resource management: A guide to action*, (3rd ed.). London: Kogan-page.

Ashkenas, R., Ulrich, D. Jick, T. and Kerr, S. (1995). *The Boundaryless Organization: Breaking the Chains of Organizational Structure*. San Francisco: Jossey-Bass.

Bae, J. & Rowley, C. (2004). Changes and continuities in South Korean HRM. In Chris Rowley and John Benson (eds.), *The Management of Human Resources in the Asia Pacific Region: Convergence Reconsidered*, London: Frank Cass Publishers.

Barnard, C.I. (1938). *The Functions of the Executive*. Massachusetts: Harvard University Press.

Beer, M., Spector, B., Lawrence, P. R., Mills, D.Q., Walton, R. E. (1984), *A Conceptual View of HRM. in Managing Human Assets*. Free Press, New York Chap.2

Belcourt, M. & McBey, K. (2004). *Strategic human resource planning*, (2nd ed.). India: Thomson.

Benson, J. & Debroux, P. (2004). Flexible Labour Markets and Individualized Employment: The Beginnings of a New Japanese HRM System? In Chris Rowley and John Benson (eds.), *The Management of Human Resources in the Asia Pacific Region: Convergence Reconsidered*, London: Frank Cass Publishers.

Chandler, A. D. (1962). *Strategy and structure. Chapters in the History of the Industrial Enterprises.* Cambridge, Mass.: MIT Press.

Christensen, K. (1998). *Contingent work: American employment relations in transition.* London: Cornell university press.

Daft, R.L. (2013). *Organization theory and design*. (11th ed.), USA: South-Western, Cengage Learning

Donaldson, L. (2002). *The contingency theory of organizations*. London: Sage.

Fombrun, C.J., Tichy, M.M. and Devanna M. A. (1984). *Strategic Human Resource Management*, New York: John Wiley.

Fu, H. (2012). *An emerging non-regular labor force in Japan: The dignity of dispatched workers*. London: Routldge.

Fujimoto, M. & Kimura, T. (Spring, 2005). Business strategy and human resource management at contract companies in the manufacturing sector, *Japan Labor Review*, 2(2), 104-122.

Ghosh, D., Willinger, G. L., & Ghosh, S. (2009). A firm's external environment and the hiring of a non-standard workforce: implications for organizations. *Human Resource Management Journal*, 19 (4), 433-453.

Gleason, S. E. (ed.) (2006). *The shadow workforce: Perspectives on contingent work in the United States, Japan, and Europe*, Michigan: Kalamazoo.

Hamaguchi, K. & Ogino, N. (2011). Non-regular work: Trends, labour law policy, and industrial relations developments – The case of Japan, *Working Paper No. 29*, Geneva: Industrial and Employment Relations Department International Labour Office.

Hirano, M. (2011). Diversification of employment categories in Japanese firms and its functionality: A based on the human resource portfolio system. In R. Bebenroth and T. Kanai (eds.), *Challenges of human resource management in Japan*, London: Routldge.

Houseman, S. & Osawa, M. (eds.), (2003). *Nonstandard work in developed economies: Causes and consequences*, Michigan; Kalamazoo.

Luthans, F. (2008). *Organizational Behaviour*. (11th ed.), Singapore: McGraw-Hill International Edition.

McCourt, W. & Eldridge, D. (2003).*Global human resource management: Managing people in developing and transitional countries*, UK: Edward Elgar.

Meyer-Ohle, H. (2009). *Japanese workplace in transition: Employee perceptions*, UK: Palgrave Macmillan.

Ministry of Health, Labor and Welfare, Japan (MHLW) (2005). The White Paper on the Labor Economy 2005, retrieved through http://www.mhlw.go.jp/english/wp/l-economy/2005/index.html

Ministry of Health, Labor and Welfare, Japan (MHLW) (2005a). *White Paper on the Labour Economy*, Chapter 3 Changing Corporate Behavior and Employment Management Issues, Section 1: Changing Population and Age Structure and Changes in Corporate Systems. Retrieved on 09th July 2014 throughhttp://www.mhlw.go.jp/english/wp/l-economy/2005/dl/02-03-01.pdf

Ministry of Health, Labor and Welfare, Japan (MHLW) (2005b). *White Paper on the Labour Economy*, Chapter 3 Changing Corporate Behavior and Employment Management Issues, Section 2: Responding to Changes in the Structure of the Labour Supply. Retrieved on 09th July 2014 throughhttp://www.mhlw.go.jp/english/wp/l-economy/2005/dl/02-03-02.pdfSection 2

Mitani, N. (2008). Mandatory retirement of baby boomer and human resource strategies of business firms, *Japan Labor Review*, 5(2), 07-33.

Okutsu, M. & Kuniyoshi, M. (2010). Resignation and reemployment during the period of marriage, childbirth and childrearing – Women's career development and issues – Summary, *JILPT Research Report No. 105*.

Ozeki, C. & Wakisaka, A. (2006). Japan's growing shadow workforce. In Sandra E. Gleason (ed), *The shadow workforce: Perspectives on contingent work in the United States, Japan, and Europe*, Michigan: Kalamazoo, 203-239.

Peiperl, M.A. & Baruch, Y. (1997). *Back to square zero: The post-corporate career, Organizational Dynamics*, 25(4), 7-22.

Robbins, S.P. (2004). *Organization Theory: Structure, Design, and Applications*, (3rd ed.), India: Pearson Education.

Sakuraba, R. (2008). Employment discrimination law in Japan: Human rights or employment policy? New Developments in Employment Discrimination Law – *2008 JILPT Comparative Labor Law Seminar*, JILPT Report, No. 06, pp. 181-200.

Sato, A. (2001). Non-regular Workers and Labor-management Relations: A Case Study of the Electric Industry, Japan Labor Bulletin, 40 (12), pp. 10-19.

Simon, H.A. (1945). *Administrative Behavior*. New York: The Free Press.

Skorstad, E. J. & Ramsdal, H. (eds.). (2009). *Flexible organizations and the new working life: A European perspective*. England: Ashgate.

Taniguchi, Y. (1993). Role of Public Vocational Training in Society Characterized by Lifelong Education -Centering on Public Upgrading Training-, *Japan Labor Bulletin, 32*(01), 7-15.

Takeuchi-Okuno, H. (2010). The Regulation of Fixed-term Employment in Japan. *Labor Policy on Fixed-term Employment Contracts – 2010 JILPT Comparative Labor Law Seminar*, JILPT Report, No. 09, pp. 69-83.

Tatsumachi, S. (2007). Business strategy and human resource management in Japanese companies today: Extract from JILPT research project comprehensive analysis of corporate strategy and personnel treatment system, Japan Labor Review, 4(1) Retrieved through www.jil.go.jp/english/JLR/documents/2007/JLR13_tatsumichi.pdf on 23rd March 2014.

Wooden, M. & Warren, D. (2003). The characteristics of casual and fixed-term employment: Evidence from the HILDA survey, *Melbourne Institute Working Paper* No. 15/03, Australia: Melbourne Institute of Applied Economic and Social Research.