
The Mechanism behind the Increase in Non-Regular Employment: Case Study of the Supermarket Company A*

Hodaka Maeura

The Japan Institute for Labour Policy and Training

If securing the manpower required to carry out certain jobs and allocating the work are defined as the “employment portfolio,” one has to say that the mechanism behind this has not been adequately identified. Previous studies present employment typologies using indicators such as skills, but determining the specific content of jobs (the scope of jobs or roles required) in advance is the prerequisite for this. However, the results of an analysis of Company A revealed the following: (i) Company A has a manpower calculation standard called “the man-hour standard,” which is used to determine the number of personnel in stores and specific sales departments; (ii) this standard is constantly revised in order to achieve profit targets; (iii) as a result of the above, regular employees are allocated to each store as a given, but it is not possible for all jobs at the store to be carried out using these workers alone, so part-timers are also used within the scope of the budget allocated to each store; and (iv) the employment portfolio is organized based on the results of this, but the roles, scope of jobs and skills required of non-regular employees is determined after the fact. In other words, it is vital to construct a theory based on the actual situation, unlike existing studies, which explain the employment portfolio in terms of skills, etc.

I. Introduction

1. The Objective of This Study and the Awareness of the Issues

The objective of this paper is to identify the mechanism that has brought about an increase in non-regular employment, focusing on the supermarket Company A.

It is common knowledge that the use of non-regular employment is expanding. Table 1 shows the proportion of all workers accounted for by each employment type, based on the General Survey on Diversified Types of Employment carried out by the Ministry of Health, Labour and Welfare. According to this, the proportion of regular employees fell by approximately 23% over the course of a little more than two decades, from 1987 to 2010. Looking at it solely in terms of the proportion of regular employees, one can calculate that a quarter of regular employees switched to non-regular employment over the aforementioned 20 years or so.

Furthermore, if one looks at the proportion accounted for by non-regular employment, one can see that the share accounted for by part-time workers increased between 1987 and

* The analysis in this paper is based on surveys focused on the supermarket Company A. The author would like to express his sincere gratitude to everybody at Company A who cooperated with these surveys. A total of four surveys were carried out, on October 9, 2009, June 10, 2010 (twice on the same day), and August 27, 2010.

Table 1. Changes in Types of Employment (%)

	1987	1994	1999	2003	2007	2010
Total	100.0	100.0	100.0	100.0	100.0	100.0
Regular employees	84.0	77.2	72.5	65.4	62.2	61.3
Non-regular employees	16.0	22.8	27.5	34.6	37.8	38.7
Contract employees	0.9	1.7	<u>2.3</u>	<u>3.7</u>	<u>4.6</u>	<u>5.9</u>
Transferred employees	1.2	1.4	1.3	1.5	1.2	1.5
Dispatched workers	0.6	0.7	<u>1.1</u>	<u>2.0</u>	<u>4.7</u>	<u>3.0</u>
Temporary employees	<u>2.6</u>	<u>4.4</u>	<u>1.8</u>	0.8	0.6	0.7
Part-time employees	9.9	13.7	<u>20.3</u>	<u>23.0</u>	<u>22.5</u>	<u>22.9</u>
Others	0.9	1.0	0.7	3.4	4.3	4.7

Source: Compiled from Ministry of Labor (1987, 1994) and Ministry of Health, Labour and Welfare (1999, 2003, 2007, 2010).

Note: Underlined figures indicate high proportions.

2003, remaining at around the 23% level thereafter, while the share of contract workers increased consistently from 1987 to 2010. The proportion of dispatched workers grew between 1987 and 2007, but was on the decline in 2010. In other words, one can see that the increase in non-regular employment is not the result of the growing use of a particular type of employment, but is rather due to companies having opted to use a diverse range of employment types, leading to a rise in the proportion accounted for by non-standard employment overall.

Incidentally, if one uses the term “employment portfolio” to refer to the decisions made concerning the types of employment to be used by each company and the number of people to be utilized by employment type, and the allocation of work through their deployment in the workplace, the aforementioned results provide an overall indication of each company’s employment portfolio. That is to say, the results shown in Table 1 capture an ex post facto snapshot of the overall shape of each company’s portfolio. Accordingly, in order to reveal the background to this increase in non-regular employment, it is necessary to identify the theories based on which companies decide on the combination of non-regular employment and the number of people to be used, and the mechanism behind this.

As such, this paper examines the background factors that have brought about an increase in non-regular employment, focusing on the supermarket Company A. Supermarkets are one of the business types that account for a high proportion of non-regular employment, so it would seem that their management capacity in regard to non-regular employment is more advanced. Company A has a chain of stores, centered on the Greater Tokyo area, and part-timers account for more than 80% of its total workforce. Company A is an example that

corresponds to the aforementioned conditions.¹

2. Survey Overview and Method

(1) Survey Overview

The analysis in this paper is based on a case study. The case study referred to here consists of a series of surveys carried out as part of the “Study on the Current Status of the Employment Portfolio System at Japanese Companies,” which is a sub-theme of the research project being carried out by the Japan Institute for Labour Policy and Training, entitled “Comprehensive Research for Building Stable Labor and Management Relations in Individualized Labor Relations.” In this project, 28 surveys were carried out among eight organizations between FY2009 and FY2011. The cases examined were two supermarkets (Company A and Company B), two department stores (Company C and Company E), City Office D, two electrical machinery manufacturers (Company F and Company G), and steel manufacturer Company H.

Of these, this paper will analyze the supermarket Company A. Unless otherwise specified, the analysis is based on interview surveys carried out at this company. The surveys were carried out by Keisuke Nakamura (Professor, Institute of Social Science, University of Tokyo), Kasumi Nomura (Senior Research Officer, Japan Institute for Labour Policy and Training) and the author of this paper, with the author writing up the results concerning Company A.

(2) Survey Method

What must be considered with regard to survey methods is the question of what kind of approach is required in order to identify the factors behind the use of non-regular employment. According to Nitta (2008), the primary factors in companies’ utilization of non-regular employment are cost-cutting and risk avoidance. In other words, what is behind the use of non-regular employment by Japanese companies is their goal of adjusting the volume of employment according to the volume of business, to the greatest extent possible, by using non-regular employees, who do not require the same guarantees of employment as regular employees, while at the same time reducing the total labor cost by using non-regular employees, who are cheaper to hire than regular employees.

Accordingly, in this study, it was decided to approach the topic from the angles of both cost (management of the total labor cost²) and the volume of employment (manpower management). More specifically, the study focused on how the company estimates and decides upon the total labor cost (including those resulting from non-regular employment), and how the company calculates the number of personnel (including non-regular employ-

¹ As well as regular employees, Company A also uses part-timers, and at the time of the first survey, in October 2009, part-timers accounted for 81.3% of the company’s total workforce.

² Usually, the term “labor costs” refers solely to those arising from regular employees, but in this paper, the total cost including wages paid to non-regular employees is defined as the total labor cost.

ees) required to carry out certain jobs and how it goes about securing those personnel (manpower management).

However, in general, whereas the term “labor costs” refers solely to those arising from regular employees, with the head office personnel department in charge of the employment and management of regular employees, the wages paid to non-regular employees are sourced from budget items other than those earmarked as labor costs, and a specific department is in charge of the employment and management of non-regular employees. Accordingly, in this study, surveys were conducted among the managerial staff in both the head office personnel department and the specific department dealing with non-regular employees. In the case of Company A, interviews were carried out with those who had experience of working in the head office personnel department and as a store manager. For more details of the survey schedule and content, see Japan Institute for Labour Policy and Training (2011, 4).

3. Previous Studies

(1) The Flexible Firm Model and the Human Resource Portfolio Theory

The flexible firm model was advocated by Atkinson (1985). This model asserts that flexibility is required in order to respond to environmental changes, such as economic slowdowns, growth in uncertainty in the market, rapid progress in technological innovation, and the reduction of working hours. There are three types of flexibility—functional flexibility (achieving greater flexibility in the abilities and skills of personnel), numerical flexibility (adjusting the volume of employment), and financial flexibility (achieving greater flexibility in labor costs)—and companies use non-regular employment as a means of achieving this flexibility according to their own requirements. According to the aforementioned Nitta (2008), Japanese companies think in terms of numerical flexibility and financial flexibility.³

Lepak and Snell (1999) is a leading study concerning the human resource portfolio theory.⁴ Lepak and Snell (1999) introduced four types of employment using the two axes of uniqueness of human capital and value of human capital. If this model is followed, regarding the type that demonstrates high scores for both indicators (regular employees), a policy of cultivating such employees within the organization is chosen. In the case of personnel who have a high value of human capital but a low uniqueness of human capital score (part-timers), it is possible to procure them externally, so there is little necessity to bring them inside the company. With regard to the type that has a high uniqueness of human capital but a low value of human capital, the partnership option is selected, while companies consign work to the type with low scores for both indicators on the basis of contracts (contracting).

³ Sato (2003) can be cited as an empirical study analyzing Japanese companies on the basis of the flexible firm model.

⁴ Hirano (2009) can be cited as a study based on Lepak and Snell (1999).

(2) Consideration of Previous Studies and Presentation of Hypotheses

In the section above, dealing with previous studies, the flexible firm model and the human resource portfolio theory were cited as leading studies. Let us now examine these two models, while bearing in mind their application to Japan.

Firstly, let us consider the flexible firm model. As stated by Sato (2003) and Nitta (2008), there are elements of this model that apply to Japanese employment practices and personnel management. These are the numerical flexibility and financial flexibility aspects that have already been touched upon. However, as pointed out by Sato (2002), unless we elucidate the mechanism behind the ongoing increase in non-regular employment, accompanied by a fall in the share of regular employees, at the company and workplace level, it is hard to verify whether it is possible (or difficult) to explain the employment portfolio at Japanese companies by using the flexibilities propounded in this model. One would add that if financial flexibility is a factor behind the use of non-regular employment, it is necessary to clarify how companies decide on and manage the wages (costs) paid to regular and non-regular employees. In other words, the problem with this model is that it does not verify how this numerical flexibility and financial flexibility is achieved within a company.

Next, let us look at the human resource portfolio theory. The issue that arises when applying this model to Japan is the fact that it is unable to explain the qualitative utilization typified by part-timers. Qualitative utilization is defined as “a situation in which the abilities of part-timers and the content of their work in a workplace increase to a level at which they are little different from those of regular employees” (Honda 2004, 16). In other words, a qualitative rise in the abilities and jobs of Japanese part-timers can be seen, but these are not uniform.⁵ If one explains this fact using the human resource portfolio theory, one can see that although their employment type is described as part-time, part-timers who are being qualitatively utilized have similar abilities to regular employees and take on jobs equivalent to those of regular employees, so in terms of both skill and jobs, they belong in the same type classification as regular employees.

The same applies to the process of employment adjustment in Japan. In the event of a recession, Japanese companies assign the highest priority to securing the employment of regular employees and press ahead with employment adjustments targeting non-regular employees. In other words, non-regular employment fulfills the function of a pressure regulator (a buffer function) for maintaining the employment of regular employees, and the number of regular employees becomes a given for the company, except for new hires. In this situation, work must be allocated to regular employees, whose labor costs are high, so the jobs and skills expected of non-regular employees are decided after the work to be allocated to regular employees has been determined. As a result, the jobs and skills required of non-regular employees are stipulated after the fact. This also demonstrates that it is not pos-

⁵ Nakamura (1989), Aoyama (1990) and Mitsuyama (1991) shed light on the facts concerning the qualitative utilization of part-timers in Japan up to the early 1990s.

sible to explain the Japanese employment portfolio using the human resource portfolio theory.

From the aforementioned two models, one can see that they each have problems in explaining how the employment portfolios of Japanese companies are decided. In light of these issues, it was decided to conduct the study in this paper based on the two hypotheses below.

Hypothesis 1. It seems that the management of the total labor cost affects the structure of the employment portfolio of an organization.

Hypothesis 2. It seems that the employment portfolio of an organizational unit is structured on the basis of Hypothesis 1 and that the roles, scope of jobs and skill levels required of non-regular employees are determined as a result. In addition, it seems that the treatment of non-regular employees is revised in response to these.

The first hypothesis is that the structure of an employment portfolio is affected by the management of the total labor cost. Companies aim to maximize their profits, so in order to earn more profit, they endeavor to expand sales and reduce costs. The latter leads to reducing personnel costs and is thought to be the incentive that drives companies to curb the number of regular employees and make use of non-regular employees.

The second hypothesis is that once an organization's portfolio has been structured, the roles, scope of jobs and skill levels required of non-regular employees are decided upon and their treatment is determined in response to these. Once companies determine the number of regular employees, they allocate them to each workplace as a given. However, if they are requested to curb the number of regular employees in order to manage the total labor cost, in line with the first hypothesis, they become unable to complete all of their work using regular employees alone. This gives rise to scope for the use of non-regular employees, who carry out their work within that scope. In other words, it appears to be the case that once jobs have been allocated to regular employees, the roles, scope of jobs and skill levels required of non-regular employees are decided upon after the fact and their treatment is revised in response to these.

4. Analytical Framework

In this paper, responsibility centers are used as the analytical framework. A responsibility center is "an organizational unit for which the manager is responsible for the results measured in monetary terms, such as sales, costs and profits" (Nakamura 2006, 196). In other words, this shows the financial indicators on which the management of the organization is based; manpower management and total labor cost management are also influenced according to the types of indicator used.

Table 2. Types of Responsibility Center

Type	Content	Financial Indicator (example)	Case
Revenue	Has responsibility for output measured in monetary terms.	Turnover	Company C's stores
Designed cost center	Has responsibility for the amount rationally calculated to be the cost of the workforce, material, power, etc. that is necessary in order to produce a certain level of output.	Costs	
Discretionary cost center	Determined on the basis of the manager's judgment, as the cost cannot be calculated rationally.	Cost is not a financial indicator	City Office D Company H's central research institute
Profit center	Has responsibility for profits after deducting costs from revenue measured in monetary terms.	Amount of profit	All of Company A and its stores All of Company B and its stores All of Company C All of Company E All of Company F and its establishments All of Company G and its establishments All of Company H
Investment center	Has responsibility for profits earned from a certain level of investment.	Return on investment	

Source: From Japan Institute for Labour Policy and Training (2012, 15).

To explain this in more concrete terms, in the case of a profit center, a certain amount of profit is set as the target value, and the organization concerned must manage both sales and costs in order to secure that profit. In contrast, in the case of a revenue center, a certain level of turnover is set as the target, but it is possible to incur costs in order to increase turnover, so there is less pressure to reduce costs, including labor costs, than in the case of a profit center.

Table 2 explains this in greater detail and applies it to the cases in this study. According to this, companies are ultimately profit centers, but in this particular case, the whole of Company A, including its stores, is a profit center. In other words, Company A sets profit targets for its stores as well, so they must pay attention to both sales and cost management.

Table 3. Policy Matrix of Company A

	Sales (small)	Sales (medium)	Sales (large)
<i>Compact supermarket</i> Approx. 990m ²	Less than ¥2.5 million	At least ¥2.5 million Less than ¥3.5 million	At least ¥3.5 million
<i>Supermarket</i> Approx. 900m ² to 1,650m ²	Less than ¥3 million	At least ¥3 million Less than ¥4 million	At least ¥4 million
<i>Super-supermarket</i> Approx. 1,650m ²	Less than ¥4 million	At least ¥4 million Less than ¥5 million	At least ¥5 million

Source: Based on the second survey (June 10, 2010).

II. Case Study of Company A

1. Management Reforms

Company A carried out management reforms during the mid-2000s. There were three key reforms: (i) the stores switched from being revenue centers to being profit centers, due to having experienced losses during the mid-2000s; (ii) a policy matrix was designed, with the positioning of stores, the manpower in stores, and the broad outlines of the budget allocation being determined on the basis of this; and (iii) as a result of the foregoing two reforms, the number of regular employees in stores was reduced and the proportion of part-timers rose.

(1) The Switch to Profit Centers and the Policy Matrix

Hitherto, Company A did not mind incurring costs in order to increase sales at its stores (revenue centers), but as a result of the management reforms, each store was given a profit target (profit centers). Accordingly, in order to increase profits, each store had to reduce costs, while at the same time increasing sales, and as a result, Company A cut the number of regular employees in its stores, and increased its reliance upon part-timers.

Furthermore, in conjunction with the switch to profit centers at the store level, the company embarked upon a program aimed at achieving greater efficiency in regard to manpower and budgets. The policy matrix shown in Table 3 was introduced to this end. This policy matrix is a mechanism in which all of Company A's stores were classified into nine categories according to the scale of the store and its turnover, with the allocation of personnel and budgets being determined according to each store's classification. It was what could be described as a policy of selection and concentration in terms of manpower and

Table 4. Changes in the Total Number of Regular Employees and the Number of Regular Employees at Stores

(1) FY1992–FY2004

	FY												
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total number of regular employees	-94	-228	47	-76	135	42	16	-54	-15	3	56	-38	-9
Number of regular employees at stores	-108	-131	60	-26	8	7	-7	-50	-4	-45	51	9	-19

(2) FY2006–FY2009

	FY2006	FY2007	FY2008	FY2009
Total number of regular employees	60	30	-20	-20
Number of regular employees at stores	50	110	70	100

Source: Compiled from materials distributed by the personnel department at Company A.

Note: The materials on which Tables 4 (1) and (2) are based differ, so they have been compiled as separate tables. Figures could not have been calculated for FY2005.

budgets. For example, there is a great need for cost management among the small stores, so their budgets for labor costs and the manpower available to them are restricted, leading to a fall in the number of regular employees (and thus a rise in the proportion of part-timers). In contrast, large stores are forecast to make a profit, so they receive larger allocations in terms of manpower and budget for labor costs. Thus, through this mechanism, Company A determines the broad outline of the budget for labor costs and the manpower at each store.

(2) Decline in the Proportion of Regular Employees at Stores

Let us now look at changes in the total number of regular employees at Company A and the number of regular employees at its stores. Tables 4 (1) and (2) were compiled on the basis of materials distributed by the personnel department at Company A. It should be noted that the same data have been divided into two tables, with Table 4 (1) displaying data up to FY2004, while Table 4 (2) displays data from FY2005 onward. This is because they were compiled on the basis of separate materials. In both sets of data, the number of people during the fiscal year in question has been deducted from the number in the previous fiscal year; accordingly, this means that positive values show that the number of people has declined since the previous fiscal year, while in contrast, negative values actually indicate that the number of people has increased during the fiscal year in question.



Source: Compiled from data distributed by the personnel department at Company A.

Figure 1. Before Reducing the Number of Regular Employees

From Table 4 (1), one can see a trend in which, if the total number of regular employees increases, the number of regular employees at stores also increases, whereas if the total number of regular employees falls, the number of regular employees at stores also falls. In other words, the total number of regular employees and the number of regular employees at stores fluctuate in the same way, so one can see that increases in the number of regular employees at stores are behind any increases in the total number of regular employees at Company A.

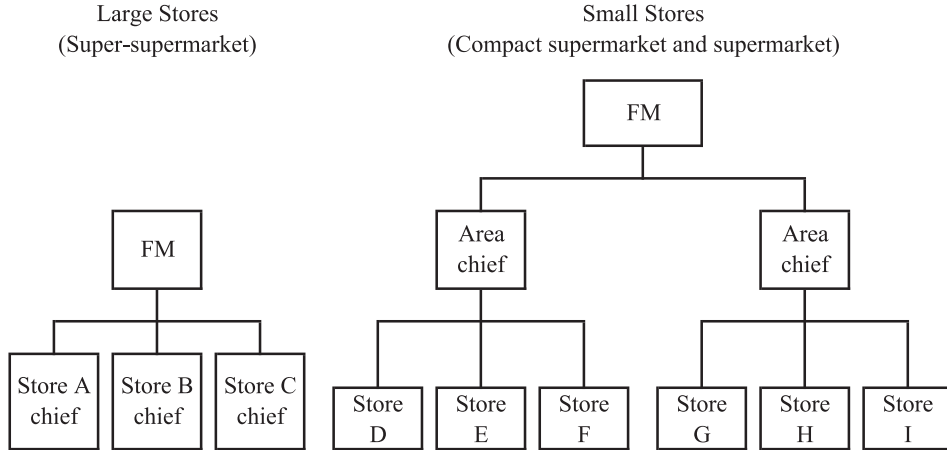
Looking next at Table 4 (2), one can see that it shows a different trend from that noted above. In FY2006 and FY2007, the total number of regular employees declines compared with the previous fiscal year, but the figures rise again in FY2008 and FY2009. In contrast, the figures for the number of regular employees at stores are positive in all fiscal years, showing that the number of such employees declined each year. Thus, one can see that Company A reduced the number of regular employees at stores following the management reform.

Next, let us look at an explanation of why the number of regular employees at stores was reduced in this way. Figure 1 shows Company A before it cut the number of regular employees. In order to make it easier to explain, the diagram shows one chief, who is a regular employee, in each store.⁶ There are nine stores, from Store A to Store I, and a chief is deployed in each, so there are nine regular employees in stores at that stage.

In Figure 2, FMs and area chiefs have been introduced. FM stands for “Field Man,” and they are head office employees. The FMs travel around the stores and check whether they are being run in the way that head office has decided they should be run. The area chiefs are regular employees affiliated to a store. At this stage, the chiefs at the six stores from Store D to Store I have been abolished and replaced with two area chiefs, so there are now five regular employees at stores. Compared with Figure 1, the number of regular employees at stores has been reduced by four.

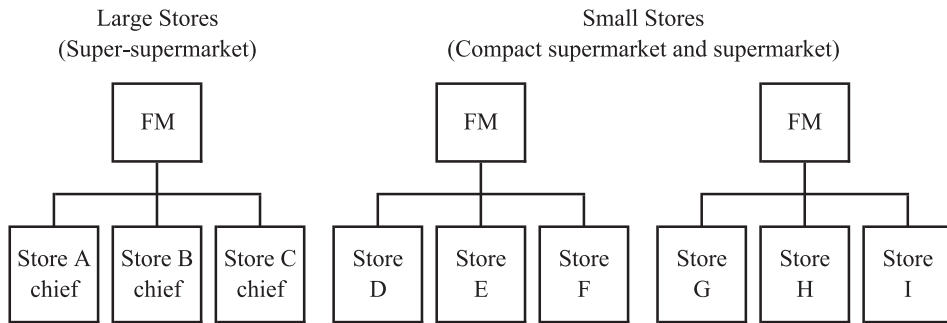
Figure 3 shows the current situation, now that area chiefs have been abolished. There are now three chiefs left, in the large stores only, meaning that the number of regular employees in stores has been cut to three from the five in Figure 2, when it was originally nine,

⁶ In fact, Company A’s stores have a number of different departments, such as fresh fish, meat, fruit and vegetables, groceries, and the bakery. The chief is the person in charge of each department, so each store actually has several chiefs.



Source: Same as Figure 1.

Figure 2. Institution of FMs and Area Chiefs



Source: Same as Figure 1.

Figure 3. Abolition of Area Chiefs

as shown in Figure 1. Through this process, the number of regular employees at stores has been cut as the head office of Company A has strengthened the degree of central control. So who is carrying out their jobs instead? As will be described below, it is part-timers who are taking on their work.

2. The Formulation of the Budget for Labor Costs

The corporate planning office at Company A draws up a first draft as a springboard for discussion of the labor costs budget. The corporate planning office firstly determines the operating profit that is the company's target, and then decides on the turnover and costs that will be needed in order to achieve that target. Following this process, the total labor cost for Company A is broadly determined.

Once the corporate planning office has drawn up this first draft, it is passed to the sales directors who manage the stores. Each of the sales directors has a number of stores under his/her jurisdiction, so he/she revises the first draft in partnership with the store managers that he/she manages. However, apparently it is basically impossible to change the figures set forth in the first draft. This is because, if costs are increased, it will become difficult to achieve the operating profit target. The only way that the target can then be achieved is to achieve a higher level of turnover, etc., so increasing costs just means that stores are tightening the noose around their own necks. The first draft revised by the sales directors and store managers is returned to the corporate planning office, with the revisions being reflected in the finalized labor costs budget. Once the labor costs budget has been finalized, it is conveyed directly to each store by the corporate planning office.

Thus, the labor costs budget for Company A is determined in the process of deciding upon the respective figures, by calculating backwards from the operating profit that is the company's target. These figures are decided on the basis of performance during the previous fiscal year and one can see that financial indicators have a significant impact on decisions concerning the total labor cost at each store.

3. Manpower Management

Let us now take up the issue of manpower management at Company A. The number of regular employees hired by Company A is determined on the basis of trends in the number of retirees and people leaving their jobs for other reasons, as well as the plan for opening new stores. However, as there are currently no plans to open any new stores, the company is maintaining the status quo in terms of the number of regular employees to be hired. So how does it decide on the deployment of regular employees and determine the number of part-timers and how they will be deployed?

This is determined on the basis of the man-hour standard. Table 5 shows the man-hour standards for the fresh fish department. The figure for man-hour sales shows the turnover per employee (including both regular employees and part-timers) per hour. The man-hours, number of regular employees and man-hour sales are set for each average daily turnover category. The man-hours/day figure represents the total daily working hours of regular employees and part-timers.

Looking at the smallest average daily turnover category (the first row, for average daily turnover of less than ¥250,000), one can see that total daily working hours of 18.5 hours have been assigned. In the fresh fish department, there is one regular employee and the daily working hours of a regular employee are 6.2 hours, so one can see that the total daily working hours of a part-timer in the fresh fish division in question are 12.3 hours (18.5 hours - 6.2 hours). The store decides between how many part-timers these 12.3 hours should be divided and how many hours should be allocated to each part-timer. Naturally, it is possible to utilize all of these hours, but if a store wishes to reduce labor costs even a little, it is

Table 5. Man-Hour Standards (Fresh Fish Department)

Average daily turnover (¥1,000)	Man-hours/day	Number of regular employees	Regular employees/day	Man-hour sales
0 ≤	18.5H	1	6.2H	10,391
250 ≤	21.5H	1	6.2H	12,151
300 ≤	27.5H	2	12.4H	12,091
:	:	:	:	:
1,300 ≤	59.5H	4	24.8H	21,555
1,400 ≤	59.5H	4	24.8H	23,151

Source: Based on the third survey (June 10, 2010).

Note: Man-hours/day indicates the total number of working hours per day.

possible to have part-timers work fewer hours than this.⁷

4. Coordination of the Labor Costs Budget and Manpower Management

As described above, in the process of regulating manpower management based on the labor costs budget, Company A decides on the use of non-regular employment. However, a major problem can arise in doing so based on the aforementioned mechanism. This problem is the fact that while a large share of the available staff and budget is allocated to stores that are performing strongly, there is a possibility that those which are not will have their staffing levels and budgets cut.

How is Company A dealing with this issue? Company A strives to coordinate the staff required on the floor and the labor costs by means of the following four methods.

Firstly, it diverts a portion of the budgets for other business costs within the store to labor costs. The store budget has been approved by the head office, so it is possible to make adjustments to accommodate costs within a single store, as long as it remains within the overall scope allotted by the head office.

Secondly, the sales director exercises his/her discretion. The sales director has his/her own budget provision for personnel costs arising from part-timers, so can allocate part of that budget at his/her discretion.

Thirdly, it is possible to make adjustments between stores within the same sales division. Each sales director is responsible for multiple stores, so the important thing is to be able meet the targets for the sales division as a whole. Consequently, it is possible to set higher targets for a highly profitable store to obtain extra labor costs budget and divert a portion thereof to stores with lower profitability.

⁷ However, as Company A is cutting the number of regular employees and part-timers at stores to the absolute minimum necessary, there is considerable downward pressure on the labor costs budget each year, and the budgets allocated to stores are becoming quite tight.

Fourthly, there is the option of appealing for a larger budget based on the actual circumstances of the store. For example, if there are circumstances that cannot be overcome through the store's own efforts alone, such as having poor road access and rival stores opening nearby, a store can submit an appeal describing those circumstances and seek an accommodation on this basis.

5. The Expansion of the Scope of Jobs of Part-Timers and the Cultivation of Their Skills

(1) The Expansion of the Scope of Jobs of Part-Timers

This section examines what has happened as a result of Company A reducing the number of staff, with a particular focus on regular employees. To put it briefly, as a result of efforts to achieve greater staffing efficiency, some stores found that there were times when they were short-handed, so the scope of jobs of part-timers on the shop floor effectively expanded. In addition, coupled with the establishment of part-timers as a significant workforce at Company A, this trend brought about their qualitative utilization. The following looks at this in more specific terms, starting with the expansion of the scope of jobs.

Under normal circumstances, the careers of regular employees and part-timers at Company A are based on a specific division (i.e. a product group, such as fresh fish, meat, fruit and vegetables, bakery, etc.). Consequently, unless they are in a managerial post, such as that of store manager, employees tend to work in a specific division for a long time. However, at some of Company A's stores, efforts to make staffing numbers more efficient resulted in there being times when the stores are short-handed. There were occasions when long queues formed, resulting in part-timers working in the fresh fish department who were not otherwise occupied having to work on the cash register. In other words, the lack of manpower brought about an expansion of the scope of jobs of part-timers.

A further major problem arises here. This is the problem of the treatment of part-timers. The personnel treatment system for part-timers (i.e. the part-timer qualification system) at Company A was based on the premise of carrying out jobs within a single department, so it did not envisage any circumstances in which a part-timer might work outside that department and a situation arose in which part-timers were not rewarded for helping with the work of other departments. Consequently, the following requests emerged from the shop floor. The following are all statements obtained from interviews conducted by the personnel department at Company A.

“For example, if it was someone from the fresh fish department, they are only qualified to deal with fresh fish, but at our store (a small store), there are fresh fish staff working on the cash registers. We are having to get people who have only dealt with fresh fish to operate the cash registers, so I wondered whether it might not be possible to give them some kind of reward for this. That's why we decided to establish quali-

fication categories for multiple tasks.”

“The qualification system (the part-timer qualification system) was originally designed for single departments, but with the number of staff at stores being reduced, the need to work across several departments has arisen. On the other hand, we also received requests from the sales team, saying, ‘We want to work across several departments, so please create that kind of qualification,’ so we ended up changing it.”

Thus, the scope of jobs of part-timers expanded and stores made requests for their treatment to be amended to accommodate this, so the personnel treatment system for part-timers was revised.⁸ However, it is not the case that this instantly led to the qualitative utilization of part-timers. This is because, whereas the expansion of the scope of jobs indicates a horizontal spread of jobs, qualitative utilization signifies that abilities or the content of a job grow in a vertical direction. Consequently, for part-timers to be qualitatively utilized, it would be necessary for Company A to embark upon the development of its part-timers. This would mean cultivating the skills of part-timers at Company A.

(2) The Cultivation of the Skills of Part-Timers

Table 6 shows the content of revisions of the system carried out in 2003. Before the system was revised, there were four ranks: FP (Fresh Partner), Senior FP (Senior Fresh Partner), LP (Leader Partner), and CP (Career Partner). FPs carried out simple routine tasks, Senior FPs carried out jobs to assist the person in charge of the department, LPs deputized for staff, while CPs carried out jobs as the sub-chief. In the 2003 revisions of the qualifications of part-timers, these were compressed into three roles.

After the revision of the system, the roles of FPs and Senior FPs were merged and, as a result of CPs and LPs taking on more senior roles, FPs began to take on non-routine tasks. More specifically, they now take on the jobs involved in assisting the person in charge of the department for which Senior FPs had hitherto been responsible, and also deputize for staff, which had been the role of LPs before the revision. LPs are still expected to deputize for staff, so it seems as though there was no change from their role hitherto, but they are now given the authority to carry out jobs as the sub-chief, for which CPs had been responsible until that point. In the same way, there was no change in the fact that CPs carry out jobs as the sub-chief, but after the revision, they also have the authority to carry out the jobs of the departmental chief. In other words, at the same time as compressing the ranks of part-timers, Company A embarked on a program of cultivating the skills of part-timers by

⁸ Based on the FY2005 figures, the average annual income of part-timers was ¥1.18 million, while it was ¥2.7 million for LP and over ¥3.9 million for CP. Naturally, annual income for part-timers increases as they rise through the ranks. Moreover, the annual income of CP is higher than that of the company’s regular employees (over ¥3.8 million for regular employees in their mid-20s who have been working there for 2-4 years continuously).

Table 6. Changes in the Part-timer Qualification System at Company A (2003 Revision)

	Role before the revision	Change	Role & jobs in future
CP	Sub-chief jobs Someone to whom one can entrust a range of management tasks, from planning to sales in the department in question, with complete peace of mind.	Sub-chief jobs Expanded to include everything up to and including departmental chief jobs	Running the department, management tasks After mastering a range of jobs within the department, will carry out jobs involving making judgments, such as sales planning and personnel management (non-routine).
LP	Deputizing for staff Someone who is well-versed in their jobs and can carry out tasks based on instructions from the person in charge when that person is absent.	Deputizing for staff Expanded to include everything up to and including sub-chief jobs	Running the department when the chief is absent After mastering a range of jobs within the department, will carry out some jobs involving making judgments, based on instructions from the chief (non-routine).
Senior FP	Assisting the person in charge of the department Those skilled in their jobs	Assisting the person in charge of the department Expanded to include everything up to and including deputizing for staff	The current tasks carried out by FPs and FPSs will be incorporated to form a single basic category, with the basic level being raised. Will be well-versed in basic routine tasks, skilled in their jobs, and able to carry them out reliably. Will carry out jobs including some non-routine tasks (routine tasks + non-routine tasks), due to the granting of greater responsibility to part-timers in career and leader roles
FP	Simple routine tasks Those who are able to carry out their jobs reliably, as stipulated in the manual and textbook.		

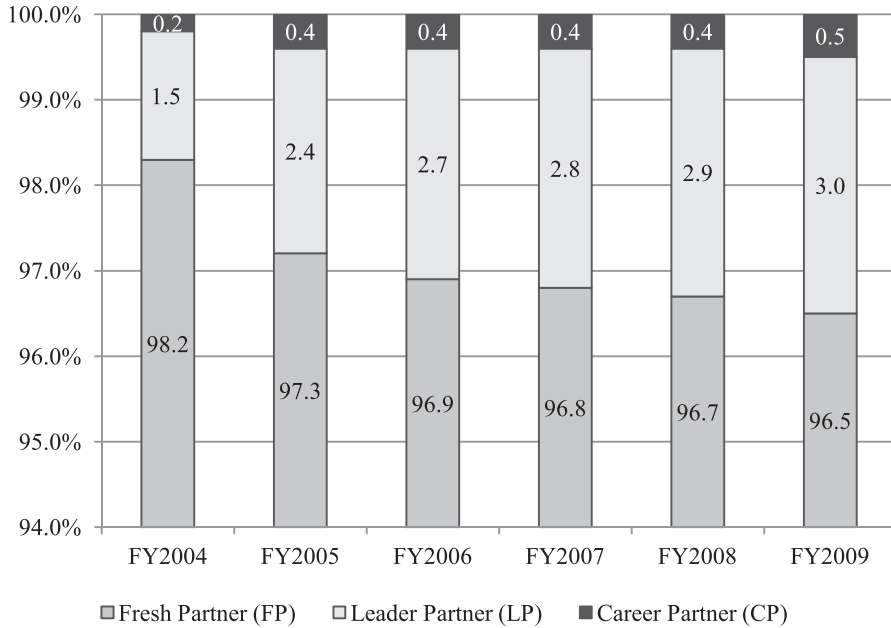
Sources: Compiled from Company A Personnel Department, *Fresh Partner Qualification System Guidebook* (2000 revision, page 2), and *Partner Qualification System Guidebook* (October 2003 revision, page 1).

Notes: 1. Bold type added by the author of this paper. These sections indicate aspects that were changed as a result of the revision of the system.

2. FP stands for Fresh Partner, LP for Leader Partner, and CP for Career Partner.

raising the overall level of part-timers, with a particular focus on FPs.

However, if Company A had truly made a start on cultivating the skills of its part-timers, the figures for the number of CPs and LPs as a proportion of the total number of part-timers should both have increased. According to Figure 4, amid a reduction in the total number of part-timers (see Table 4 [2]), whereas the proportion of FPs has been gradually reduced, the proportion of LPs has been growing since FY2005, while the proportion of CPs



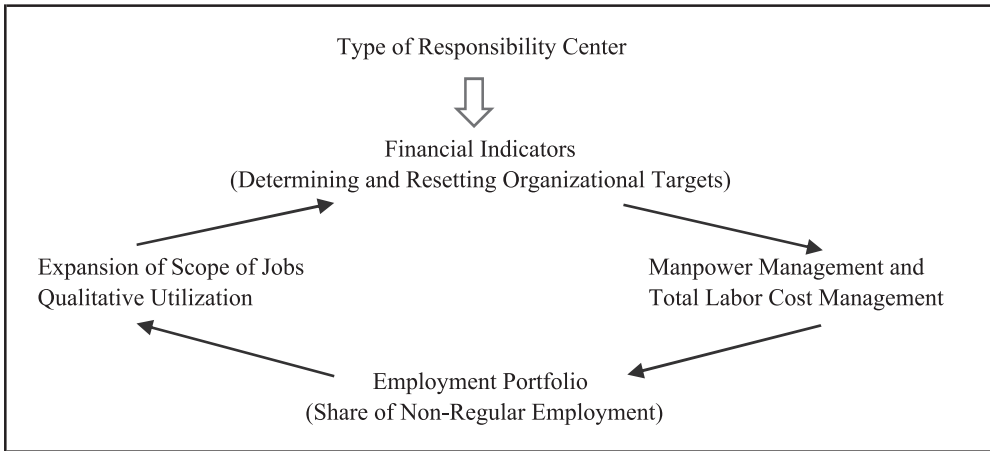
Source: Partial revision of Figure 2-5-2 from Japan Institute for Labour Policy and Training (2011, 57).

Figure 4. Changes in the Proportion of Part-timers at Company A (%)

has also increased, albeit just a little. In other words, the cultivation of the skills of part-timers at Company A has progressed steadily.

In addition, a limit has been set for the number of CPs and LPs, with each department having a maximum of two of these. Consequently, if there are two CPs and LPs within the same department at the same store, the third person becoming a CP or LP will be ordered to transfer to another store. At Company A, when a part-timer is to be promoted to CP or LP, they are only promoted after consenting to the possibility that they might have to transfer elsewhere, so that no problems arise as a result of a transfer.

Thus, it has become clear that, due to a reduction in the manpower, including part-timers, as part of the company’s efforts to manage the total labor cost, the scope of jobs of part-timers in stores expanded, leading to requests for improvements in treatment, as a result of which the treatment system was revised to correspond to the actual situation amid which part-timers were working. Moreover, coupled with the fact that it sought to cultivate the skills of part-timers at the same time, this led to the qualitative utilization of part-timers at Company A.



Source: From Japan Institute for Labour Policy and Training (2011, 152).

Note: Arrows indicate the influence one aspect has on another.

Figure 5. Mechanism behind the Increase in Non-Regular Employment

III. Conclusion

Finally, let us look at the conclusions that can be drawn from this. We can draw the following four conclusions from the case study of Company A.

Firstly, there is the mechanism behind the increase in non-standard employment. At Company A, the employment portfolio is organized in the process of determining the deployment of manpower at each store, based on the management of the total labor cost. This is the mechanism that brought about the increase in non-regular employment that is the subject of this paper (Figure 5). According to this, at Company A, the total labor cost for regular and non-regular employees is decided upon based on financial indicators, with the employment portfolio at each store being determined within that scope. To put it another way, the employment portfolio at each supermarket store is determined after the fact, based on the management of the total labor cost and manpower management, rather than being grounded in a management strategy or HRM strategy.

Secondly, there is the fact that the roles, scope of jobs and skill levels required of those in non-regular employment are determined on the basis of the aforementioned mechanism. When manpower management is carried out with an emphasis on the labor costs budget, while the number of regular employees, who entail expensive labor costs, is reduced, it is not the case that the workload also declines, so stores are forced to increase their degree of reliance on part-timers. As a result, this has an impact on the roles, scope of jobs and skill levels required of those in non-regular employment. The prime examples of this are the expansion of the scope of jobs of part-timers and their qualitative utilization. However, in the

case of some of the work of regular employees, the quality of part-timers must be increased in order for them to be an acceptable substitute. Company A achieved this by cultivating the skills of its part-timers.

Thirdly, there is the development of a personnel treatment system for non-regular employees, undertaken in the process of cultivating the skills of those in non-regular employment. The treatment system for part-timers at Company A was revised in response to requests from stores. One factor behind this response by Company A was the fact that it had invested in the education of part-timers before embarking on the qualitative utilization of those in part-timers. Accordingly, it sought to ensure that those in non-regular employment became firmly established as part of the company, in order to recover the cost of that training. This is because, if non-regular employees leave their jobs, the company becomes unable to recover the cost of training them and it incurs additional training costs because it has to train a new part-timer.

Fourthly, there is the fact that the proportion of those in non-regular employment is forecast to increase in due course. If the mechanism behind the increase in non-regular employment forms a single cycle, as shown in Figure 5, it is anticipated that the use of non-regular employment will progress and the proportion accounted for by those in such employment will increase further in the future.

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