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Special Edition

The Diversification of Regular Employment in Japan

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The summer 2016 issue of the Review will be a special edition devoted to **Why Is There a Persistent Gender Gap in the Japanese Labor Market?**

Introduction

The Diversification of Regular Employment in Japan

The traditional Japanese employment system is characterized by practices such as long-term employment, seniority-based pay, and enterprise unionism—practices that generally only apply to workers in "regular employment." While many research studies have highlighted the changes in such practices since the mid-1990s, such as the growing adoption of performance-based pay systems, little attention has been given to the introduction and increasingly widespread use of different types of regular employment. These different types of regular employment are the topic of this special edition.

The definition of regular employment differs from country to country. In Japan the term "regular employees" is generally used to refer to workers who are directly employed by their company, who have open-ended employment contracts, and who are designated full-time working hours. It should also be noted that along with these terms, regular employees in Japan must accept that their companies have comprehensive rights to manage personnel affairs, rights which allow companies to order personnel transfers, reassignments and overtime work. Regular employees therefore enjoy benefits such as job security, high wages, and opportunities for skills development, while at the same time accepting conditions such as the possibility of changes in their work duties and place of work, and being expected to work overtime and therefore potentially long hours.

In comparison with regular employees, "non-regular employees"—namely, employees with fixed-term employment contracts—are rarely subject to changes in their work duties and place of work or made to work overtime. At the same time, non-regular employees often face disadvantages such as lack of job security due to the risk that they may not have their contract renewed, relatively low wage levels, and a lack of opportunities for skills development. As a result, there is a stark divide between regular and non-regular employment, due to the significant disparities between the respective employment categories in terms of job security, wage levels, opportunities for skills development, and working hours.

The existence of this divide between regular and non-regular employment is by no means a desirable situation for Japanese workers, who are currently adopting more varied attitudes toward working and more diverse values regarding careers. A solution to the divide is also needed from the point of view of supporting Japanese society as it faces a decrease in its working population in the coming years. It is necessary to ensure that there is a way of working that allows women, older people, and other such workers who are only able to work in certain locations and for certain hours to engage in medium- to long-term employment.

Given such developments in workers' attitudes and the social conditions, there are those who advocate the necessity of "restricted regular employment" as an intermediate form of employment between regular and non-regular employment. "Restricted regular employees" have open-ended employment contracts like conventional regular employees, but at the same time have restrictions on aspects of their employment such as the type of work

they engage in, where they work, and the hours that they work. It is anticipated that restricted regular employment will allow many workers to achieve work-life balance and build up a specialist career in a certain type of work, while at the same time ensuring job security.

This special edition focuses on restricted regular employment and considers the issues to be addressed regarding the diversification of regular employment in Japan. The five papers included consider such questions as: What merits does restricted regular employment present for workers? How do the wages, working conditions, and job satisfaction of restricted regular employees compare with those of conventional regular employees? What kinds of challenges does restricted regular employment pose for Japanese companies and their employment practices and methods of personnel management?

In "Restricted Regular Employees and Compensating Wage Differentials: Theory and Evidence," Emiko Usui applies economic analysis to investigate restricted regular employment in terms of the merits it can offer to workers and its sustainability as a form of employment. She notes that a significant question that arises when making restricted regular employment more widespread is at what level to set the wage differential between conventional regular employees and restricted regular employees. On that basis, Usui also adopts a theoretical model of compensating wage differentials to explain that while the wage differential between restricted regular employees and conventional regular employees will expand if more workers aspire to restricted regular employment, it will shrink if the cost for companies of providing restricted regular employment decreases. Usui asserts that for companies to be able to provide restricted regular employment at low cost, it is necessary to establish clear legal standards, such as fixed standards regarding the dismissal of work-location-restricted regular employees—that is, employees who are hired to work only at a specific location—in the case of closures of business sites. At the same time, Usui also points out that if such standards are established the number of workers hoping to become work-location-restricted regular employees may then cease to increase.

"Current Developments and Challenges in the Personnel Management of Restricted Regular Employees: With a Focus on the Diversity of Restricted Regular Employment," a paper by Koji Takahashi, focuses on work-location-restricted regular employment and work-type-restricted regular employment and uses the findings of questionnaire surveys of places of business and employees and interviews of companies to investigate how companies currently manage such personnel and the challenges this may involve in the future. Takahashi notes that as work-type-restricted regular employees have a narrower scope of work duties and therefore limitations on the managerial-level positions that they can be assigned to, there is a limited extent to which they can develop their careers within their companies in comparison with conventional regular employees. He also notes that work-location-restricted regular employees often have lower wage levels in comparison with conventional regular employees even if they engage in the same work duties, and are therefore prone to feel dissatisfaction regarding their wages. On the basis of these findings, Takahashi asserts that in order to allow for more widespread use of work-type-restricted regular employment it is necessary to establish external labor markets that allow such em-

ployees to develop their careers while engaging in a specific type of work, and to allow for the more widespread use of work-location-restricted regular employment it is necessary to establish systems to ensure that workers can inform management of their opinions on disparities in wages within the company.

Yoshihide Sano's "Diversification of Regular Employees' Career Orientations and the Current Status of Careers and Work Formats" investigates the "career orientations"—in other words, the expectations of employees toward their careers—and actual careers of regular employees in their late-twenties to thirties, on the basis of the results of a survey of workers. Sano observes that regular employees are adopting more varied career orientations, such as seeking specialized jobs or placing more importance on their private life, and only a certain percentage wish to advance their careers to managerial level. Moreover, regular employees are being provided with career development opportunities that are suited to the careers they seek. For instance, regular employees who wish to advance to managerial level have more opportunities to do so and to gain experience of more sophisticated work content to prepare them for such positions, and regular employees who wish to pursue specialized careers have fewer opportunities to advance to managerial level but greater opportunities to engage in specialized or technical positions. In the light of these developments, Sano advocates that in expanding the use of restricted regular employment it is necessary for such forms of employment to be offered in accordance with the career orientations of employees, and as employees' career orientations may vary, it is necessary to establish systems by which employees are able to change employment category between restricted regular employment and conventional regular employment.

In "Understanding Restricted Regular Employment: Differences by Company Size with a Focus on Wages and Satisfaction Levels," Akihito Toda highlights the existence of types of regular employment that include restrictions on work type, work location, and/or working hours, and uses data from a survey of workers to examine the impact of such restrictions on wages and job satisfaction, focusing particularly on work-type-restricted employment and work-location-restricted employment. In the case of work-location-restricted regular employees in large companies, he notes that while annual salaries are lower than those of conventional regular employees for both males and females, job satisfaction is lower for males but not for females, and therefore women are more likely than men to choose this form of employment. In the case of work-type-restricted regular employees, there are higher levels of job satisfaction in comparison with conventional regular employees, particularly among males working in small and medium-sized companies. Toda therefore argues that it is necessary to focus on differences in company size when considering measures aimed at greater adoption of restricted regular employment, and that introducing across-the-board policies could lead to disadvantages and dissatisfaction among workers.

Kaoru Kanai's "The MHLW's Policy of 'Diverse Regular Employees' and Its Impact on Female Employment" uses findings from interviews with corporate personnel departments and labor unions to investigate the effects of restricted regular employment on female workers, taking into account the similarities and differences between the employment management of the conventional "clerical career track" and that of the more recently introduced

“restricted regular employment” category. Kanai notes that while the clerical track and restricted regular employment are similar in that they both restrict the work types and work locations of female workers, they differ in terms of the career time spans that companies envisage for the female workers. Namely, while companies assume that clerical track employees will leave employment when they have children and therefore pursue only short-term careers, they anticipate restricted regular employees to pursue medium- to long-term careers. Kanai observes that while ensuring that restricted regular employees are able to develop long-term careers will allow for the potential improvement of wages and working conditions in comparison with the conventional clerical track, if restricted regular employment is only chosen by women, it will become established as an employment category solely for women, just as in the case of the clerical track in the past.

These five papers demonstrate that Japan is also experiencing increasing diversification of regular employment, and that in addition to conventional regular employees there is also already a certain percentage of employees in types of regular employment with restrictions on work type, work location, and/or working hours. They also highlight the fact that restricted regular employment may have become a form of employment that is desirable for workers, in the fact that it fulfils various conditions sought by workers, as it ensures work-life balance and increases the ability to develop specialization in a certain work type, while also guaranteeing job security.

On the other hand, restricted regular employment also poses new challenges for Japanese companies in terms of how they manage employment. Companies tend to set the wages of restricted regular employees lower than those of conventional regular employees, and this is highly likely to lead to dissatisfaction toward wages among workers in restricted regular employment. Furthermore, placing employees in restricted regular employment makes it more difficult for such employees to pursue skills development and careers development within their company in comparison with conventional regular employees, and it is possible that restricted regular employment may become established as an employment category that is only for female workers. In encouraging the greater adoption of restricted regular employment it is necessary for companies to address the need to ensure fairness in the treatment of restricted regular employees and conventional regular employees and provide opportunities for workers to switch between restricted regular employment and conventional regular employment categories.

We will need to wait for further research on this topic to accumulate before we can determine whether or not restricted regular employment can provide workers with solutions to the issues they face due to the stark divide between regular and non-regular employment and offer companies a more effective means of utilizing human resources. I hope that this special edition will contribute to understanding of the growing diversification of regular employment in Japan and to research and policies aimed at offering solutions to issues related to the disparities between regular and non-regular employment.

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Restricted Regular Employees and Compensating Wage Differentials: Theory and Evidence

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The theory of compensating wage differentials predicts that there will be a positive relationship between wages and poor working conditions and that workers are fully compensated for poor working conditions through their wage. In this article, we first present a theoretical model of compensating wage differentials under the assumption of a perfectly competitive labor market to confirm these predictions. We then show that empirical studies have found evidence that contradicts these theoretical predictions. Specifically, we introduce studies that show the following: (i) workers are not matched with their desired working conditions, and those workers who report dissatisfaction with their hours change employers to work in jobs that are more consistent with their preferred hours; and (ii) workers are overcompensated for poor working conditions. We provide two theoretical models that are more consistent with the observed empirical patterns. The first is an equilibrium labor search model in which a job is a package of wages and working hours, while the second is a "rat-race" model in which professional employees are required to work inefficiently long hours. Finally, we offer suggestions for offering more flexible jobs (e.g., restricted regular employees) in the Japanese labor market.

I. Introduction

Employment arrangements for workers have become more diverse and now include regular employment, non-regular employment (e.g., part-time work, fixed-term contracts), and more recently, restricted regular employment. In this paper, we apply the compensating wage differential hypothesis to discuss whether restricted regular employment is a new employment arrangement that can accommodate the preferences of diverse workers in Japan.

In Section II, we first present a theoretical model of compensating wage differentials under the assumption of a perfectly competitive labor market. In a perfectly competitive labor market, workers who prioritize comfortable working conditions work in comfortable conditions, while those who place less priority on comfortable working conditions do not work under such conditions. Conversely, firms that can provide comfortable working conditions at low cost provide jobs in comfortable working conditions, while others do not provide such working conditions when the cost of providing them is too high. As a result, in equilibrium, a wage premium is paid for jobs that do not offer comfortable working conditions, and workers are fully compensated by their wage to work in jobs that do not offer comfortable working conditions. In this way, efficient matching is achieved, such that

*The research for this paper was funded by JSPS grants 22000001, 15H03343, and 15H05692. The author thanks Miki Kobayashi and Tsunao Okumura for their comments.

workers are matched to jobs that offer their desired working conditions, and employers hire workers to maximize their profit.

In Section III, however, using data from Japan and the United States, we show that a significant proportion of workers are not satisfied with their working conditions (namely, working hours in our example) and that they are either overemployed or underemployed. Furthermore, we show that the wage premium paid to work in predominantly male jobs (which tend to offer negative job characteristics) overcompensates for the negative job characteristics in such jobs. These results indicate that predictions from the compensating wage differential hypothesis that assume a perfectly competitive labor market are not consistent with the empirical evidence.

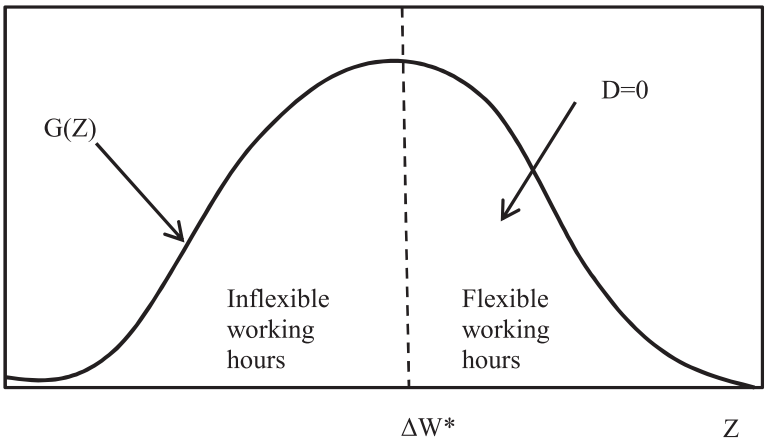
Section IV presents a model of compensating wage differentials that is more consistent with the observed empirical patterns. First, we present an equilibrium labor search model in which a job is a package of wages and working hours. Workers who prefer shorter working hours may not be able to work in these types of jobs due to the presence of frictions in the labor market, which results in inefficient matching. Second, we present a "rat-race" model in which firms cannot observe workers' motivation, and workers work inefficiently long hours to show that they are high productivity workers, again resulting in inefficient matching.

In the final section, we discuss whether restricted regular employment is an employment arrangement that can accommodate diverging workers' preferences. Restricted regular employment is an open-ended contract for a regular employee, but the nature of the work, workplace, and working hours is restricted. This employment arrangement is becoming popular in Japan because it is viewed as an employment arrangement with an open-ended contract but workers who want to balance work with home can do so more easily. Using the model on compensating wage differentials, we explain the sustainability of this employment arrangement and explain how the wage differences between regular employees and restricted regular employees will be determined.

II. What Is the Compensating Wage Differential Hypothesis?

The compensating wage differential hypothesis posits that workers' wages are higher for jobs that offer disamenity than for those that do not offer disamenity. That is, a wage premium is paid to workers to compensate for the disamenity of their work. Under this hypothesis, workers who place a priority on comfortable working conditions opt for comfortable working conditions even if the wages are lower, while those who place less priority on such working conditions choose jobs with higher wages even though comfortable working conditions are not provided. Additionally, firms that can provide comfortable working conditions at low cost will provide jobs with comfortable working conditions, while other firms will not provide such working conditions when the cost of doing so is too high.

Papers that analyze the compensating wage differential hypothesis include Rosen



Source: Goldin and Katz (2011).

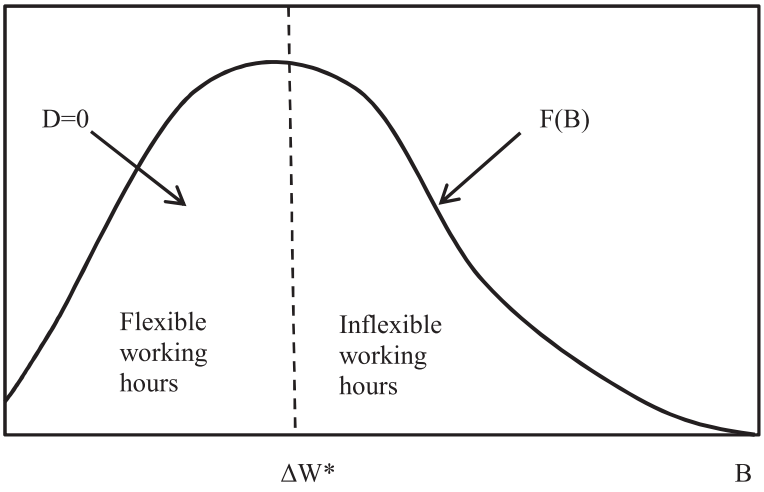
Figure 1. The Amount of Consumption That Workers Require to Work in Jobs with Inflexible Working Hours: G(Z) Distribution

(1986) and Goldin and Katz (2011). In this section, the compensating wage differential hypothesis will be explained by following Goldin and Katz (2011).[1]

There are two types of jobs on the labor market—jobs with flexible working hours (D=0) and jobs with inflexible working hours (D=1). Workers consider not only wages but also the flexibility of hours on the job. They obtain utility from consumption C and working hours inflexibility D, such that the utility for workers is expressed as u=U(C, D). All workers prefer jobs with flexible working hours (D=0) over jobs with inflexible working hours (D=1). However, the degree of aversion to inflexible working hours differs by worker.

Let the consumption when one works in a job with flexible working hours (D=0) be C_0 and let the consumption when one works in a job with inflexible working hours (D=1) be C*. The condition required for workers to evaluate jobs with inflexible working hours as equal to jobs with flexible working hours is $U(C^*, 1)=U(C_0, 0)$. Because jobs with inflexible working hours (D=1) are disliked more than jobs with flexible working hours (D=0), consumption satisfies the condition $C^* \geq C_0$. Therefore, $Z=C^*-C_0 \geq 0$ is the compensating variation, which is the amount of consumption demanded by a worker when working in a job with inflexible working hours. Because the degree of aversion to working hours inflexibility differs by worker, the compensating variation Z will also differ by worker. Figure 1 displays the distribution of compensating variation Z in the labor market as G(Z). Conversely, the wage premium earned by workers who work in jobs with inflexible working hours (D=1) compared to jobs with flexible working hours (D=0) is the compensating wage differential, expressed as ΔW $(=W_1-W_0)$.

[1] Other papers and textbooks that provide explanations of the compensating wage differential hypothesis include Otake (1998), Ota and Tachibanaki (2004), Omori (2008), and Borjas (2013).



Source: Goldin and Katz (2011).

Figure 2. The Cost for Firms to Provide Jobs with Flexible Working Hours: F(B) Distribution

On the one hand, workers belonging to the $\Delta W<Z$ field on the right of the G(Z) distribution in Figure 1 prefer jobs with flexible working hours to jobs with inflexible working hours. For them, the wage premium ΔW earned for working in jobs with inflexible working hours does not sufficiently compensate for the disamenity of the job, and they therefore prefer to work in jobs with flexible working hours (D=0). On the other hand, workers belonging to the $Z\leq \Delta W$ field on the left of the G(Z) distribution in Figure 1 are less averse to working in jobs with inflexible working hours. For them, the wage premium ΔW earned for working in jobs with inflexible working hours sufficiently (or more than sufficiently) compensates for the disamenity of the job, and they thus prefer to work in jobs with inflexible working hours (D=1). As a result, workers who are more averse to jobs with inflexible working hours (i.e., workers with larger Z) tend to work in jobs with flexible working hours.

Next, let us examine the actions of firms in the labor market. Firms offer jobs with wages and inflexible or flexible working hours (D=1 or D=0). Firms can provide jobs with inflexible working hours at no cost, but they incur a cost B when providing jobs with flexible working hours. Such costs are incurred because, to provide flexible working hours, for example, firms must change personnel allocations and secure equipment for accessing internal networks. Here, the cost B of providing jobs with flexible working hours differs across firms. Figure 2 displays the distribution F(B) of the cost of providing jobs with flexible working hours in the labor market. Firms pay a wage premium ΔW to workers who perform jobs with inflexible working hours.

In this situation, firms belonging to the $\Delta W\leq B$ field on the right of the F(B) distribu-

tion in Figure 2 will earn a higher profit by paying the wage increment ΔW to workers while maintaining inflexible working hours than by incurring cost B to make working hours flexible. This result occurs because the cost B incurred in providing jobs with flexible working hours is too high for these firms. Therefore, this type of firm opts to provide jobs with inflexible working hours (D=1). Conversely, firms belonging to the B< ΔW field on the left of the F(B) distribution in Figure 2 provide jobs with flexible working hours at a low cost B. For these firms, incurring the cost B to make jobs more flexible and hence not paying the wage increment ΔW provides them with a higher profit than providing inflexible working hours and paying the wage increment ΔW to the workers. Therefore, this type of firm provides jobs with flexible working hours (D=0). Thus, firms who can provide more flexible working hours at a lower cost tend to provide jobs with flexible working hours.

Now let us consider the equilibrium in a perfectly competitive labor market. When the number of workers who prefer to work in jobs with inflexible working hours exceeds the number of vacancies for jobs with inflexible working hours, it creates a labor oversupply, and the wage premium ΔW paid for jobs with inflexible working hours decreases. Conversely, when the number of workers who prefer to work in jobs with inflexible working hours falls short of the number of vacancies for jobs with inflexible working hours, the opposite occurs, and the wage premium ΔW increases. In equilibrium, therefore, the wage premium ΔW* paid for jobs with inflexible working hours is adjusted so that the number of workers who prefer to work in jobs with inflexible working hours (the Z≤ ΔW field on the left of the G(Z) distribution in Figure 1) is equal to the number of vacancies for jobs with inflexible working hours (the ΔW≤B field on the right of the F(B) distribution in Figure 2).

We have explained a model in which there are only two types of jobs on the labor market, i.e., jobs with flexible working hours (D=0) and jobs with inflexible working hours (D=1). Next, we consider a situation in which the inflexibility D of working hours differs across jobs. Here, too, workers work in jobs that provide wages and a degree of inflexibility of the working hours that maximizes their own utility, while firms provide wages and a degree of inflexibility of the working hours that maximizes their profit. In other words, in equilibrium, workers who place a high value on flexible working hours work for firms that provide such jobs at a lower cost. Accordingly, in a perfectly competitive labor market equilibrium, Pareto efficient matching is established (i.e., a situation in which the economic welfare of workers or firms can no longer be arbitrarily raised without also lowering the economic welfare of firms or workers, respectively). In the case of jobs with flexible working hours (D=0) and jobs with inflexible working hours (D=1), as discussed above, wages are higher in the latter. Similarly, in cases where the inflexibility D of working hours differs from job to job, wages in the labor market and the inflexibility of working hours show an upward-sloping relationship. This relationship is known as the Hedonic wage function. The slope of the Hedonic wage function expresses the increase in the equilibrium wage when the inflexibility D of working hours is increased by one unit. It expresses the compensating variation necessary to be received by a worker when working in a job with inflexible work-

ing hours.

So has this type of efficient matching been achieved in reality? To achieve efficient matching, workers must be able to choose working hours and working conditions that will maximize their own utility. In the next section, we empirically answer this question.

III. Are Workers Satisfied with Their Working Conditions?

In a perfectly competitive labor market, individuals choose their consumption and leisure time to maximize their utility, given their wage rate. However, Altonji and Paxson (1988), among others, using data from the United States, find that many workers are not perfectly matched to jobs that have their desired working hours.[2] In this section, we examine whether Japanese workers are perfectly matched to jobs that have their desired working hours using the 2012 Japanese Longitudinal Survey on Employment and Fertility (LOSEF), which is a survey conducted as part of the "Economic Analysis of Intergenerational Issues," supported by Grant-in-Aid for Specially Promoted Research from the Japan Society for the Promotion of Science (PI: Noriyuki Takayama). The LOSEF surveyed 7,114 men and women between the ages of 20 and 50 in 2012.

To capture a job's working hours constraints, we construct binary variables of overemployment and underemployment based on the respondents' responses. Specifically, we allocate one to the overemployment variable if the respondent answered "No" to "(Not counting overtime hours,) could you reduce the number of paid hours in your regular work schedule?" and "Yes" to "Would you like to do so even if your earnings were reduced in the same proportion?" and zero otherwise. We allocate one to the underemployment variable if the respondent answered "No" to "Could you increase the number of paid hours in your regular work schedule?" and "Yes" to "Would you like to do so if your earnings were increased in the same proportion?" and zero otherwise.[3]

Table 1 shows the number and ratios of workers who are overemployed, underemployed, and are satisfied with their working hours by gender and employment status from the LOSEF sample. In total, 11.3 percent of men are overemployed and 8.2 percent of women are overemployed, while those who are underemployed account for 11 percent of both genders. In sum, approximately 20 percent of workers are in some way dissatisfied with their working hours. A total of 12.1 percent of women who are regular employees are overemployed, while 10.7 percent of women who are non-regular employees are

[2] Furthermore, using the U.S. Panel Study of Income Dynamics (PSID), Altonji and Paxson (1988) show that people who report overemployment or underemployment tend to change employers to work in positions that are more in line with their preferred hours.

[3] Hara and Sato (2008) reveal a gap between hope and reality in terms of working hours among regular employees who work 50 or more hours per week and have burdens of responsibility in their work. Hara and Sato use the question "Would you like to reduce or increase your working hours?" and present three response options: "Want to increase," "Don't want to change," and "Want to reduce."

Table 1. The Relationship between Hours Constraints and Employment Status

	Overemployed	Underemployed	Satisfied	Total
Men				
Regular	320	298	2020	2638
	(12.1)	(11.3)	(76.6)	(100.0)
Non-regular	25	39	299	363
	(6.9)	(10.7)	(82.4)	(100.0)
Self-employed	14	12	146	172
	(8.1)	(7.0)	(84.9)	(100.0)
Total	359	349	2465	3173
	(11.3)	(11.0)	(77.7)	(100.0)
Women				
Regular	109	78	793	980
	(11.1)	(8.0)	(80.9)	(100.0)
Non-regular	82	183	1103	1368
	(6.0)	(13.4)	(80.6)	(100.0)
Self-employed	6	1	47	54
	(11.1)	(1.9)	(80.6)	(100.0)
Total	197	262	1943	2402
	(8.2)	(10.9)	(80.9)	(100.0)

Note: The upper row shows the number of observations and the lower row (in parentheses) shows the share (%).

underemployed.

We estimate a probit model that relates the overemployment and underemployment indicators to the demographic and employment characteristics in Table 2. Women are 3.1 percent more likely to be overemployed than men, while conversely, men are 3.0 percent more likely to be underemployed than women. Married workers are more likely to be overemployed and less likely to be underemployed. Women and married workers are overemployed, perhaps because they have greater family responsibilities. Non-regular employees are more likely to be underemployed. In conclusion, similar to the U.S., Japanese workers are also not perfectly matched to their desired working conditions.

Many studies have found that there is a positive relationship between wages and occupations with higher proportions of men.[4] Usui (2009) examines whether the wage premium associated with working in predominantly male jobs compensates for the negative job characteristics of such jobs.

To examine this question, Usui (2009) uses the idea of labor search models. Workers who voluntarily quit to take another job move to jobs that give them higher total utility, but

[4] Men tend to be employed in jobs that pay higher wages, that require higher skill levels, and that have more demanding working conditions than women. This phenomenon is known as occupational segregation by gender.

Table 2. Probit Estimate of Determinants of Hours Constraints

	Overemployed			Underemployed		
	(1)			(2)		
Independent variable	Coefficient	Standard error	Marginal effect	Coefficient	Standard error	Marginal effect
Female	0.139 **	0.063	0.030	-0.120 **	0.061	-0.029
Married	0.125 *	0.064	0.027	-0.147 **	0.062	-0.037
Divorced/separated	-0.015	0.121	-0.003	0.106	0.114	0.027
Less than high school	0.009	0.191	0.002	-0.095	0.189	-0.022
Some college	0.010	0.075	0.002	-0.121 *	0.072	-0.029
University	-0.054	0.070	-0.012	-0.084	0.067	-0.021
Non-regular employment	-0.087	0.073	-0.018	0.116 *	0.070	0.029
Self-employment	0.006	0.138	0.001	-0.102	0.141	-0.024
Experience	-0.003	0.013	-0.001	0.018	0.013	0.004
Experience^2	0.002	0.004	0.0003	-0.002	0.004	-0.0004
Hours per week	0.021 **	0.002	0.005	-0.002	0.002	-0.001
Constant	-2.079 **	0.164		-0.898 **	0.154	
Log Likelihood	-1605.55			-1671.59		
Pseudo R^2	0.046			0.016		
N	4060			3793		

Note: All models include an indicator variable for region and city size. Robust standard errors are in parentheses.

*$p < 0.05$, **$p < 0.01$.

those who are involuntary laid off have to accept jobs from the representative distribution of job offers.

Suppose that the wage premium paid in predominantly male jobs overcompensates for the negative job characteristics of such jobs. In this overcompensating case, the typical move to more predominantly male jobs increases the workers' total utility. When workers voluntarily quit to take predominantly female jobs, they receive a high job-match-specific error component because they are more selective of their new jobs. Therefore, the coefficient of the change in the proportion of men in an occupation on the change in wages using the quit sample is a downward-biased estimate of the wage premium paid for predominantly male jobs. Next, due to prior job shopping, workers in predominantly female jobs tend to have an unusually good job-match-specific error component. If these workers are laid off and they move to predominantly female jobs, they incur a greater wage loss, on average, because layoffs are less selective of their new jobs compared to their previous jobs. The coefficient of the change in the proportion of men on the change in wages using the layoff sample is an upward-biased estimate of the wage premium. As a result, the coefficient of the change in the proportion of men on the wage-change using the quit sample provides a lower bound of the wage premium, while that using the layoff sample provides an upper bound.

When the premium paid for male jobs undercompensates for negative job characteristics, the direction of the bias for quits and layoffs is reversed. Thus, the coefficient of the

change in the proportion of men on the wage-change using the quit sample provides an upper bound of the wage premium, while that using the layoff sample provides a lower bound.

Using the U.S. National Longitudinal Survey of Youth 1979 (NLSY79) and the Panel Study Income Dynamics (PSID), Usui (2009) finds that the estimated wage premium paid for predominantly male occupations using the quit sample was smaller than that using the layoff sample. Therefore, the wage premiums paid for predominantly male jobs overcompensate for the negative working conditions in the predominantly male occupations.[5]

Furthermore, using job satisfaction data from the National Longitudinal Survey of Youth 1979 (NLSY79), Usui (2008) finds that (i) when moving to predominantly male occupations, men are more satisfied with their wages and working conditions (workplace environment, friendliness of coworkers, work motivation, etc.), while women are more satisfied with their wages but less satisfied with the working conditions; and (ii) when moving to predominantly male occupations, men and women are both satisfied with their jobs overall, but this effect is significant for men and not for women. For women, therefore, the wage premium paid for working in a predominantly male occupation compensates for the negative job characteristics of that job.

In conclusion, the wage premium in predominantly male jobs overcompensates for the poor working conditions, and therefore, both men and women overall prefer predominantly male occupations to predominantly female occupations. Therefore, we find empirical evidence that workers are also not perfectly matched to their desired working conditions.

IV. Why Is an Efficient Equilibrium Not Achieved?

In a perfectly competitive labor market, workers are matched to jobs that offer wages and working conditions that maximize their own utility, and firms employ workers by offering wages and working conditions that maximize their own profit. However, empirical results using Japanese and U.S. data reveal that a significant proportion of workers are not satisfied with their working hours. Furthermore, Usui (2009) indicates that the wage premium paid for predominantly male jobs overcompensates for the poor working conditions in such jobs, indicating that workers' total utility is higher in predominantly male jobs. Therefore, constructing a model of compensating wage differentials in the framework of a perfectly competitive labor market is not consistent with the empirical results. In this section, we provide two theoretical models that show that an equilibrium can arise in which workers are not necessarily located in jobs that offer them their desired working conditions.

First, we consider a model of compensating wage differentials in the framework of search frictions. The model is constructed by Usui (2015), and it extends the equilibrium

[5] When quits and layoffs are used to estimate the wage premium paid for working in predominantly male jobs, these estimates represent the upper and lower bounds, respectively, of the estimated true wage premium paid for predominantly male jobs. Using the NLSY and the PSID, the estimated wage premium paid for predominantly male jobs is larger compared to that of previous studies.

search model of Burdett and Mortensen (1988) so that the utility of a worker depends on not only salary but also working hours. Firms make a tied salary/hours offer to maximize their steady-state profit flow. Workers search for jobs while unemployed and employed and move to jobs that offer better tied salary/hours packages. Firms obtain a greater number of workers if they offer them higher utility, but their profit earned per worker decreases.

There are men and women in the labor market, and women are assumed to have a stronger aversion to working hours than men do. Because of the presence of search frictions, jobs are not completely segregated by gender. Men and women quit and move to jobs that offer them higher utility. Because women are more averse to long working hours, they prefer jobs with shorter working hours even if the wages are lower. Jobs with these short working hours are provided by firms with low marginal productivity. Conversely, because men are less averse to long working hours, they prefer jobs that offer higher wages and require longer working hours. These jobs are offered by firms with higher marginal productivity. However, because of the presence of search frictions, in equilibrium, there are more women in jobs that offer shorter working hours, but there remain some women in jobs that offer long working hours who are looking forward to the opportunity to change to jobs with shorter working hours. Meanwhile, there are more men in jobs that offer longer working hours, but there remain some men in jobs that offer shorter working hours who want to change to jobs with longer working hours. Therefore, workers job shop to move to jobs that give them higher utility in the framework of a search under conditions of search frictions.

Usui (2015) shows, by further introducing a model of taste-based discrimination against women à la Becker (1971), that firms experience a disutility from hiring women. In response, firms make their job offers unappealing to women by requiring more working hours. Women who are more averse to long working hours prefer to be unemployed rather than to work in such jobs. As a result, the number of women employed at such jobs declines.

Next, we use the rat-race model to explain why some workers work inefficiently long hours. The rat-race model is used to explain situations in which workers in specialist professions such as attorneys, business consultants and researchers could, at shallow points in their careers, find themselves working long hours to the detriment of their family formation and private lives. First, in pioneering research by Akerlof (1976), the rationale of adverse selection, arising under conditions in which asymmetry of information exists, is used to show theoretically that overwork occurs. In addition, Landers, Rebitzer and Taylor (1996, 1997) use the example of attorneys to show that, in equilibrium, a situation arises in which attorneys work beyond the working hours that maximize their own utility based on the wages provided.

The rat-race model of Landers, Rebitzer and Taylor (1996, 1997) assumes that there are two types of attorneys in the labor market, namely, those who are averse to long working hours and those who are not so averse to long working hours. It also assumes that there are two phases of employment and two employment formats (individual law offices and

large law firms) for attorneys. When setting up and working in individual law offices, attorneys' wages are consistent with marginal productivity in both the 1st and 2nd phases of employment. Conversely, when working for large law firms, attorneys work as untenured associates in the 1st phase, and their wages are consistent with marginal productivity. In the 2nd phase, they are promoted from associate to partner, and their productivity increases due to the acquisition of knowledge about specific clients. Due to asymmetry of information, attorneys' preferences for working hours cannot be observed in large law firms. However, because longer working hours equate with greater productivity for large law firms, such firms prefer to employ attorneys who are not so averse to long working hours. Thus, to maximize their profits, large law firms offer long working hours to the extent that attorneys who dislike long working hours appear to be considered unprofitable. If this condition is satisfied, only those attorneys who are not so averse to long working hours will work for large law firms. Conversely, attorneys with an aversion to long working hours will work for individual law offices. Landers, Rebitzer and Taylor (1996, 1997) show that there is an equilibrium that satisfies this condition. Specifically, this equilibrium leads to inefficient working hours, such that attorneys who are not averse to long working hours in reality work beyond the working hours that would maximize their own utility based on the wage paid.

V. Possibility of the Further Diffusion of Diversification of Standard Employment

In recent years, restricted regular employees—who have an open-ended contract similar to a regular employee, but the nature of the work, workplace, working hours is restricted—have received increased attention as an employment arrangement that achieves a work-life balance. According to an employee survey conducted by the Ministry of Health, Labour and Welfare in 2012 (a survey on Diversification of Regular Employment), 63.2 percent of the respondents reported that they wanted to change their employment arrangement from regular employees to work-location-restricted regular employees in the next 5 years (Employment Measures for the Dispatched and Fixed-term Workers Department, Security Bureau, Ministry of Health, Labour and Welfare 2012).[6] However, there is an issue of how to establish the terms of the employment arrangement between restricted regular employees and regular employees. In this section, we utilize the theoretical model of compensating wage differentials presented in Section II to discuss how to determine the different terms of employment between restricted regular employees and regular employees. Similarly to Goldin and Katz (2011), we consider that firms incur a cost when providing restricted regular employment.

Restricted regular employees have increased factors attributable to workers and firms.

[6] Regular employees have no constraint or restriction on their job type, place of work, working hours, etc.

Let us first consider factors attributable to workers. As shown in Figure 1, the G(Z) distribution shifts to the right if the number of workers preferring to work under a flexible employment arrangement as restricted regular employees increases. If that occurs, the number of workers belonging to the $\Delta W<Z$ field on the right of the G(Z) distribution will increase. The number of workers preferring to work in restricted regular employment will increase, exceeding the number of vacancies in firms offering such arrangements. In the new equilibrium, therefore, restricted regular employment will increase, the wage premium ΔW^* paid to regular employees will increase, and the wage differential between restricted regular employees and regular employees will widen.

Next, let us consider factors attributable to firms. For firms, it has become possible to provide restricted regular employment without a major increase in cost. In that case, the F(B) distribution will shift to the left in the model of compensating wage differentials in Figure 2. If that occurs, the number of firms belonging to the $B<\Delta W$ field on the left of the F(B) distribution will increase, and the number of vacancies in firms providing restricted regular employment will exceed the number of workers wanting to perform those jobs. In the new equilibrium, therefore, restricted regular employment will increase, the wage premium ΔW^* paid to regular employees will decrease, and the wage differential between restricted regular employees and regular employees will narrow.

Thus, based on factors attributable both to workers and to firms, the number of workers working in restricted regular employment will increase. However, while the wage differential between restricted regular employees and regular employees will widen if more workers aspire to restricted regular employment, the wage differential will shrink if the cost for firms of providing restricted regular employment decreases.

To make restricted regular employment more widespread, firms will likely have to be able to provide such working arrangements at low cost. For example, in the case of work-location-restricted regular employees, it will be easier for firms to dismiss workers when closing business sites, as this arrangement does not necessitate staff relocation. However, there will be a greater risk of litigation in cases of dismissal. Therefore, if the government could prescribe fixed standards for addressing business site closures, firms would be able to reduce the litigation risk accompanying dismissals, and the provision of work-location-restricted regular employees could therefore increase. However, because reducing the litigation risk accompanying dismissals is not desirable from the workers' point of view, the number of workers hoping to become work-location-restricted regular employees might not increase in that case.

Moreover, firms may not necessarily be able to secure superior workers even if they provide restricted regular employment because, based on the rat-race model of Landers, Rebitzer and Taylor (1996, 1997), if firms cannot easily observe workers' work motivation, they screen workers by imposing unnecessarily difficult working conditions. Therefore, jobs in which restricted regular employment is provided could be limited to those in which it is easy for firms to observe workers' work attitude and motivation or those in which produc-

tivity is not increased by working long hours.

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Current Developments and Challenges in the Personnel Management of Restricted Regular Employees: With a Focus on the Diversity of Restricted Regular Employment

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In the field of labor administration in Japan there is growing interest in the introduction of "restricted regular employment." This paper investigates two types of restricted regular employment: regular employment with restrictions on type of work ("work-type-restricted regular employment") and regular employment with restrictions on work location ("work-location-restricted regular employment"). It provides analysis of quantitative and qualitative data that sheds light on the extent to which such employees are currently utilized, what kinds of places of business utilize them, and the attributes, aspects of employment, and personnel management challenges of each type. Work-type-restricted regular employees face difficulties developing their career to managerial level, due to the fact that they are assigned different work duties and receive different training to regular employees without restrictions on their work type. They also consequently tend to remain in a job for shorter periods than regular employees without restrictions on their work type. Work-location-restricted regular employees tend to have lower wage levels than regular employees without restrictions on their work location. As work-location-restricted regular employees may engage in the same work duties as regular employees without restrictions on their work location, they are prone to be dissatisfied with their wages. In order to allow for more widespread use of work-type-restricted regular employment, it is necessary to establish external labor markets—namely, to develop environments in which such employees can change jobs without disadvantage—and in order to allow for more widespread use of work-location-restricted regular employment it is necessary to establish systems within companies by which employees from various employment categories are able to voice their opinions on wage levels.

I. Introduction

1. Restricted Regular Employment as an "Intermediate Category"

There has been growing interest in "restricted regular employment"[1] in the field of labor administration in Japan in recent years. The objective of this paper is to investigate two types of restricted regular employment—"work-type-restricted regular employment"[2]

[*] This paper is a revision of Takahashi (2013b) for readers outside of Japan. Moreover, a portion of the text, tables, and figures from Takahashi (2013b) was published prior to that in Takahashi (2013a).

[1] In other papers I have used the term "limited-regular employees," in place of "restricted regular employees." Both terms have the same meaning.

[2] Examples of "type of work" include "sales," "finance and accounting," and "marketing." In other papers I have used the term "occupation" in place of "type of work." Both terms have the same meaning.

and "work-location-restricted regular employment"—to shed light on the extent to which these types of employees are currently utilized, what kinds of places of business utilize them, and the attributes, aspects of employment, and personnel management challenges that are particular to each type.

There has been a remarkable increase in non-regular workers (hereafter, "non-regular employees") in recent years.[3] The Labour Force Survey, conducted by the Japanese Ministry of Internal Affairs and Communications, found that in 1985 non-regular employees—namely, those in the "part-time worker," "*arbeit* (temporary worker)," "dispatched worker from temporary labor agency," "contract employee or entrusted employee," and "other" categories—accounted for 16.4% of "employees excluding executives of companies or corporations." This percentage has subsequently risen to 20.9% in 1995, 32.3% in 2005, and 37.7% in 2015.[4]

With the growing percentage of non-regular employees, the sharp divide between regular and non-regular employment has brought to light certain problems. If we start by considering the issues of non-regular employment, non-regular employees face problems such as the fact that in many cases their employment is unstable, their wages are low, and their opportunities for skills development are limited in comparison with regular employees.[5] With labor and management unable to come to sufficient agreement on measures for solving such issues, study groups and other such bodies of the Japanese Cabinet Office and Ministry of Health, Labour and Welfare have begun to propose the more widespread use of "restricted regular employment."

There are various possible definitions of restricted regular employment. Under the definition adopted here, it differs from conventional regular employment in that while conventional regular employees are employed on the premise that they accept that the company has comprehensive rights to manage personnel affairs, restricted regular employees are not employed under such a premise.[6] For instance, there are employees who have open-ended employment contracts like those of regular employees, but who cannot be issued with certain personnel transfer orders by the company because there are restrictions on where they may be expected to work ("work-location-restricted regular employees"). Such "restricted

[3] Here employees are divided into "regular employees" and "non-regular employees" according to how their employment form is referred to at their place of employment. In the quantitative data analysis in Section III, the definition of "regular employee" is as given in Section II.

[4] While the figures for 1985 and 1995 are those for February, for 2005 and 2015 they are the averages for January to March. Due to the difference in the survey methods and tabulation categories, etc. between the figures for 1985 and 1995 and those for 2005 and 2015, the values here are not necessarily in exact succession.

[5] This is discussed more fully in Takahashi (2012a), Section 1.

[6] "Rights to manage personnel affairs" refers to the company's authority to position a worker within the corporate organization, to determine the rank and role of that worker, and to devise how to utilize their capacity to work. "Comprehensive rights to manage personnel affairs" refers to the authority to make decisions on an extensive range of aspects, in particular education and training, personnel assignment, and wages and other working conditions. See Sugeno (2004, 121).

regular employees" serve as an intermediate category between conventional regular employees, who typically have employment contracts that are open-ended but also based on the premise of frequent personnel transfers, and non-regular employees, who typically have employment contracts that limit the location where the employee is expected to work but also specify a fixed term of employment. In addition to work-location-restricted regular employees, there are various other possible types of restricted regular employees, including employees who are not subject to personnel reassignments that involve a change of work type ("work-type-restricted regular employees") and employees who are not expected to work overtime ("working-hours-restricted regular employees").

Increasing the use of restricted regular employment will ensure that for non-regular employees it will be possible to both avoid the burdens that are typically faced by conventional regular employees, such as personnel transfers involving relocation, personnel reassignments, and overtime, and to eradicate the lack of job security that accompanies short-term employment contracts. Moreover, companies will be able to ensure that more non-regular employees make mid-to-long term commitments to their company, while also avoiding the obligation to provide all such employees with the same levels of job security and wages as those provided to conventional regular employees.[7] The July 2010 report of the Employment Policy Research Group placed particularly high hopes on the concept of restricted regular employees. The report advised that promoting the introduction of regular employees with employment contracts that are open-ended but also include restrictions on aspects of their employment such as work type or work location would make it possible to provide conventional non-regular employees with job security and opportunities for career development.[8]

On the other hand, when we consider the issues of the divide between regular and non-regular employment, it is naturally recognized that there are also issues in the ways of working of regular employees. Hisamoto (2003) and Hamaguchi (2011) note that there are considerable problems with the ways of working of regular employees who are subject to comprehensive personnel management rights in conventional Japanese companies, in terms of the development of their specialist skills, and balance between work and personal life. The Ministry of Health, Labour and Welfare responded to such developments by holding the Study Group on Diverse Forms of Regular Employment from March 2011. The phrase "diverse forms of regular employment" used by the study group refers to the aforementioned restricted regular employment and its various types. The study group surveyed restricted regular employment categories, collected successful examples of such categories, and compiled its findings in the "Report of the Study Group on 'Diverse Forms of Regular Employment'" in March the following year. The work of the group was aimed at not only providing solutions for the issues faced by non-regular employees, but also assisting con-

[7] See Expert Committee on Labor Market Reform (2008).
[8] See Employment Policy Research Group (2010).

ventional regular employees with achieving work-life balance and tackling other such challenges.[9]

As shown above, there are high hopes placed on restricted regular employment and the fact that it serves as an "intermediate category" between conventional regular employment and non-regular employment. It is hoped that its promotion will simultaneously provide solutions to both the issues faced by non-regular employees, such as lack of job security, low wages, and lack of opportunities for skills development, and the issues faced by regular employees, such as difficulties developing specialist skills and balancing work with private commitments.

2. Personnel Management of Restricted Regular Employees

In fact, restricted regular employment already exists in some form in a considerable number of Japanese companies. Naturally, the existing forms of restricted regular employment are not exactly the same as the forms of restricted regular employment that the government wishes to see more widely utilized. At the same time, looking at the personnel management of the already existing forms of restricted regular employment and the challenges that they pose for personnel management can surely provide many insights that will be of use when promoting greater utilization of restricted regular employment.

Previous studies that have addressed the personnel management of restricted regular employees include those of Sato, Sano, and Hara (2003) and Nishimura and Morishima (2009), who have focused on the existence of and increase in restricted regular employee categories in Japanese companies in the 2000s. Sato, Sano, and Hara (2003) highlight the fact that an increasing number of companies are establishing a number of employment categories within regular employment, and that such diversification of employment categories is generating new challenges for personnel management, such as the need to introduce diverse human resources measures that are suited to the characteristics of the assigned work duties, and to ensure that wages and other working conditions are balanced between the different employment categories. Likewise, Nishimura and Morishima (2009) also note that a considerable number of companies have multiple employment categories within regular employment. They also go on to reveal the primary factors that determine the combinations of categories within regular employment, and demonstrate that the features of personnel management of each of such employment categories differ according to the combination of those categories, as noted by Sato, Sano, and Hara (2003). On the whole, restricted regular employment calls for personnel management that is uniquely suited to it.

Morishima (2011) ascertains the characteristics of companies that have introduced

[9] See the Ministry of Health, Labour and Welfare homepage (URL: http://www.mhlw.go.jp/stf/houdou/2r985200000260c2.html) for the content of the report. Moreover, the "Report of the Expert Advisory Panel for the Promotion and Expansion of 'Diverse Forms of Regular Employment'" was published in July 2014. See the Ministry of Health, Labour and Welfare homepage (URL: http://www.mhlw.go.jp/stf/houdou/0000052513.html).

human resource management measures for "diverse forms of regular employment" and analyzes the impact that measures for "diverse forms of regular employment" have on the attitudes of their employees.[10] The results are somewhat complicated. They suggest that measures for "diverse forms of regular employment" do not have a significant impact on the attitudes of regular employees, but may have a positive or negative impact on the attitudes of non-regular employees depending on the content of the measures. In any event, the impact of measures for "diverse forms of regular employment" on the attitudes of employees is not necessarily clear, and Morishima himself suggests that it is "not possible to extract a definitive conclusion" (Morishima 2011, 15).

Takahashi (2012a and 2013a) provides one possible explanation on this point. Takahashi (2012a) analyzes whether the introduction of restricted regular employment categories contributes to solving issues concerning non-regular employment, and Takahashi (2013a) analyzes whether the introduction of restricted regular employment categories contributes to allowing regular employees to adopt more diverse ways of working. The results indicate that the introduction of restricted regular employment categories may contribute toward achieving each of these objectives under certain conditions. However, here it is more significant that Takahashi (2012a, 2013a) suggests that there are few cases in which the introduction of restricted regular employment categories succeeds in simultaneously providing both the solution to non-regular employment issues and the means for regular employees to adopt more diverse ways of working. Namely, it is highly likely that the restricted regular employment categories that may contribute to solving issues regarding non-regular employment are different to the restricted regular employment categories that may contribute to allowing regular employees to adopt more diverse ways of working. This helps to explain why measures for "diverse forms of regular employment" did not have a clear impact on the attitudes of employees, as noted by Morishima (2011).

3. Focusing on the Diversity of Restricted Regular Employment

A common feature of the aforementioned previous studies is that they have not focused particular attention on the different types of restricted regular employment—namely, types such as work-type-restricted regular employment, work-location-restricted regular employment, and working-hours-restricted regular employment. However, from a practical perspective, there is a substantial need to clarify the current developments in and challenges faced by personnel management for each of the specific types of restricted regular employment. This paper therefore takes into account the diversity of restricted regular employment, and sets out the current developments in and challenges for personnel management for the respective types of restricted regular employment.

The following section explains the data used for analysis. Section III then applies

[10] The "diverse forms of regular employment" addressed in Morishima (2011) have almost the same definition as the "restricted regular employment" as it is defined in this paper.

quantitative data to establish what kinds of places of business are utilizing restricted regular employees, and to provide an overview of the attributes of restricted regular employees and certain aspects of their employment. On the basis of these findings, Section IV uses qualitative data to reveal the challenges for personnel management regarding work-type-restricted regular employment and work-location-restricted regular employment respectively. Section V summarizes the analysis results as well as addressing the policy initiatives required for facilitating the personnel management of restricted regular employment.

II. The Data[11]

This section provides overviews of the quantitative data and qualitative data that are used in Section III and Section IV of this paper respectively.

1. Quantitative Data

The quantitative data used in this paper is microdata from the Survey of Diverse Employment Types (questionnaires for places of business and questionnaires for employees), conducted by the Japan Institute for Labour Policy and Training in August 2010.[12] The subjects of the survey were the personnel divisions of private-sector places of business with 10 full-time employees or more, and employees employed at those places of business. The questionnaires for places of business were distributed to 10,000 places of business and the number of valid responses was 1,610 (valid response rate: 16.1%). The questionnaires for employees were distributed to ten people at each place of business and the number of valid responses was 11,010 (valid response rate: 11.0%). Moreover, 9,710 of the responses collected for the employee survey could be matched with the survey responses from the places of business. In this paper, Tables 1 to 3 and Figure 1 use the survey responses from places of business, and Table 4 onward and Figure 2 onward use the matched responses.

For the analysis, employees were first broadly divided into regular employees and non-regular employees, after which regular employees were then classified into regular employees without restrictions on their ways of working and regular employees *with* restrictions on their ways of working. When doing so, “regular employees” were defined as employees who are referred to as “regular staff/employees” by their place of employment, and are employed under open-ended employment contracts. Those employees who are referred to as “regular staff/employees” by their place of employment but are under fixed-term employment contracts were therefore excluded from the analysis.

When analyzing the survey responses from places of business, only those places of business that responded “yes” to the question “Does your company have another place of

[11] The content of this section is based on Section 1, Paragraph 3 of Takahashi (2013a).

[12] For more details on the survey, see Japan Institute for Labour Policy and Training (2011).

business other than your place of business?" were included.[13] The analysis was then conducted exclusively on the matched responses from employees working at places of business that utilize restricted regular employees and are part of companies with more than one place of business.[14, 15]

The survey looks at three examples of restricted regular employment that are related to the issues of interest in this paper: work-type-restricted regular employment, work-location-restricted regular employment, and working-hours-restricted regular employment. This paper focusses on just the first two types—work-type-restricted regular employment and work-location-restricted regular employment—due to the fact that working-hours-restricted regular employment is utilized by only a limited number of places of business, as will be touched on in the following section.

2. Qualitative Data

The qualitative data used in this paper has been selected from the results of an interview survey conducted by the Japan Institute for Labour Policy and Training in FY2011.

The interviews were conducted between 2011 and 2012. The interviews at "Manufacturing Company C" and "Manufacturing and Wholesale Company A," the two cases addressed in this paper, were conducted twice at each company for around one-and-a-half to two hours each interview.[16]

The full text of the interview survey results has been published in Japan Institute for Labour Policy and Training (2012) with the permission of the companies surveyed.

III. Utilization and Attributes of Restricted Regular Employees and Aspects of Their Employment

1. Percentages of Places of Business that Utilize Restricted Regular Employees

Let us start by forming an idea of how many places of business are utilizing restricted regular employment. Table 1 shows the percentages of places of business that use the respective types of restricted regular employees based on the survey responses from places of business. This shows that 23.6% of all places of business use work-type-restricted regular employees (staff members employed on the premise that they will only engage in a specific type of work), 12.4% of all places of business use work-location-restricted regular employees (staff members employed on the premise that they will only work at a specific place of

[13] This is because in the case of companies with one place of business all regular employees fall under the definition of work-location-restricted regular employees.

[14] Employees aged 60 and over, employees engaged in "management work," "dispatched workers from temporary employment agencies" and "employees of contractors" were excluded from analysis.

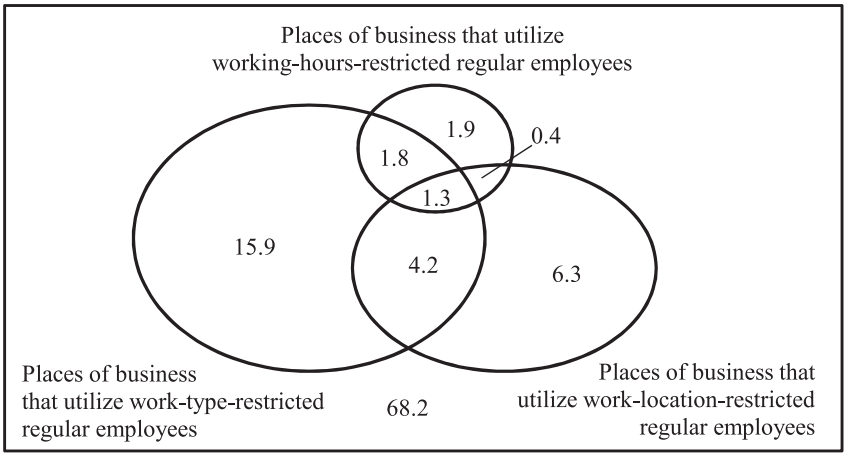
[15] By placing such limitations on the employees subject to analysis we are able to exclude from analysis cases in which employees mistakenly feel that they are restricted regular employees despite the fact that such an employment category does not exist at their place of work.

[16] The interviews were conducted by Koji Takahashi and Itaru Nishimura.

Table 1. Percentages of Places of Business Utilizing Restricted Regular Employees (N=1,387)

	Work-type-restricted regular employees	Work-location-restricted regular employees	Working-hours-restricted regular employees
Utilizes	23.6	12.4	5.6
Does not utilize	72.9	84.1	90.2
No response	3.5	3.5	4.3
Total	100.0	100.0	100.0

Note: Only the places of business of companies with multiple places of business were included in the tabulation. The same applies in Figure 1, Table 2, and Table 3.



Note: Places of business that did not respond were excluded.

Figure 1. Percentages of Places of Business Utilizing Restricted Regular Employees (N=1,311)

business or a place of business in a location to which they are able to commute without having to change their place of residence), and 5.6% of all places of business use working-hours-restricted regular employees (staff members employed on the premise that they will only work scheduled working hours).[17]

Figure 1 shows the percentages of places of business that use the respective types of

[17] As mentioned in Section II, here "all places of business" refers to all places of business that responded "yes" to the question: "Does your company have another place of business other than your place of business?"

restricted regular employees, including the percentages of places of business that utilize two or three of the types. The figure shows that 68.2% of all places of business do not use restricted regular employees at all, and the other just over 30% of places of business use at least one of the types of restricted regular employees.[18]

2. Places of Business That Utilize Restricted Regular Employees by Industry, Company Size, and Type

Now let us confirm what kinds of places of business are using restricted regular employees. Table 2 shows the percentages of businesses that use restricted regular employees for each attribute of places of business.[19] This demonstrates that the percentage of businesses that use work-type-restricted regular employees is particularly high in the fields of "medicine and welfare," and the "education and learning support industries," and "transportation and postal industries." In terms of the types of place of business, the percentages for "sales offices" and "other" categories are particularly high.[20] In contrast, there does not seem to be a clear trend by company size for work-type-restricted regular employees.

On the other hand, the percentage of places of businesses utilizing work-location-restricted regular employees is high in the "finance and insurance industries" and the "construction industry." Moreover, generally the larger the company size, the higher the percentage of places of businesses utilizing work-location-restricted regular employees. In contrast, looking at types of place of business, the percentage of "research laboratories" utilizing work-location-restricted regular employees is high (albeit the N is rather small).

Now let us look at the results of regression analysis (binomial logistic regression analysis), as presented in Table 3. The explained variable was whether or not restricted regular employees are utilized, and the explanatory variables were industry type, company size, and type of place of business.

Table 3 shows that work-type-restricted regular employees are often utilized in the "transportation and postal industries," "education and learning support industries," the fields of "medicine and welfare," and "service industries (those not classified in other categories)" and by "sales offices" and "other" places of business.

On the other hand, work-location-restricted regular employees are often utilized in the "construction industry," "finance and insurance industries," "real estate and equipment rental and leasing industry," and by large companies with 1,000 employees or more.

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[18] For reference, the "Report of the Study Group on 'Diverse Forms of Regular Employment'" suggests that around half of all companies have "diverse forms of regular employment," on the basis of a survey of companies with 300 employees or more.

[19] As shown in Table 1 and Figure 1, the percentage of places of business that utilize working-hours-restricted regular employees is low. The following analysis therefore addresses only work-type-restricted regular employees and work-location-restricted regular employees.

[20] Categories with a small N were excluded. The same applies to the following paragraph.

Table 2. Places of Business Utilizing Restricted Regular Employees by Industry, Company Size, and Type (%; N=Actual Figures)

	Work-type-restricted regular employees			Work-location-restricted regular employees			N
	Utilizes	Does not utilize	No response	Utilizes	Does not utilize	No response	
Agriculture, forestry, and fishery industries	50.0	50.0	0.0	0.0	100.0	0.0	2
Mining, quarrying, and gravel extraction industries	0.0	100.0	0.0	0.0	100.0	0.0	1
Construction industry	22.4	75.3	2.4	23.5	75.3	1.2	85
Manufacturing industry	9.8	87.4	2.8	11.4	87.1	1.6	317
Electricity, gas, heat supply, and water industries	29.4	64.7	5.9	0.0	94.1	5.9	17
Communications industry	9.7	90.3	0.0	9.7	90.3	0.0	31
Transportation and postal industries	33.3	61.7	4.9	13.6	80.2	6.2	81
Wholesale industry	16.9	80.3	2.8	15.5	78.9	5.6	71
Retail industry	8.8	85.7	5.5	9.9	84.6	5.5	91
Finance and insurance industries	10.2	88.1	1.7	39.0	59.3	1.7	59
Real estate and equipment rental and leasing industries	14.3	85.7	0.0	42.9	57.1	0.0	7
Academic research and specialist/technical industries	22.2	74.1	3.7	18.5	74.1	7.4	27
Accommodation and food services industries	24.2	72.7	3.0	6.1	93.9	0.0	33
Lifestyle-related service industries	26.7	73.3	0.0	6.7	93.3	0.0	15
Entertainment and amusements industry	16.7	83.3	0.0	8.3	91.7	0.0	12
Education and learning support industries	39.5	53.5	7.0	8.1	84.9	7.0	86
Medicine and welfare	52.9	43.6	3.4	6.9	89.2	3.9	204
Multi-service cooperatives	15.6	81.3	3.1	3.1	90.6	6.3	32
Service industries (those not classified in other categories)	21.3	74.7	4.0	13.3	82.7	4.0	150
Other	26.0	72.0	2.0	6.0	92.0	2.0	50
No response	18.8	75.0	6.3	12.5	81.3	6.3	16
Company size							
1,000 people or more	24.2	73.2	2.6	20.4	78.1	1.4	421
500−999 people	24.2	72.7	3.0	13.1	83.8	3.0	297
300−499 people	20.4	77.1	2.4	8.6	89.4	2.0	245
100−299 people	24.6	70.7	4.7	6.6	87.2	6.1	423
30−99 people	18.6	75.2	6.2	8.8	85.0	6.2	113
29 people or less	16.0	60.0	24.0	4.0	60.0	36.0	25
No response	20.9	73.3	5.8	2.3	91.9	5.8	86
Type of place of business							
Office	16.9	80.3	2.9	12.7	83.3	3.9	456
Factory/workshop	9.2	86.8	4.0	10.3	86.5	3.2	349
Research laboratory	31.6	68.4	0.0	26.3	63.2	10.5	19
Sales office	27.0	68.3	4.6	13.9	80.7	5.4	259
Store	11.0	85.8	3.2	13.5	85.2	1.3	155
Other	47.3	47.9	4.8	8.2	87.0	4.8	353
No response	10.5	73.7	15.8	10.5	73.7	15.8	19
Total	23.6	72.9	3.5	12.4	84.1	3.5	1387

Table 3. Factors Determining the Utilization of Restricted Regular Employees (Binomial Logistic Regression Analysis)

Explained variable: "Does utilize"=1, "Does not utilize"=0	Work-type-restricted regular employees			Work-location-restricted regular employees		
	B	S.E.		B	S.E.	
Agriculture, forestry, and fishery industries	2.493	1.040	*	-18.701	23049.347	
Mining, quarrying, and gravel extraction industries	-19.103	27704.093		-18.507	28212.103	
Construction industry	0.953	0.374	*	1.125	0.385	**
(Manufacturing industry)						
Electricity, gas, heat supply, and water	1.064	0.597	†	-0.966	1.072	
Communications industry	-0.106	0.674		-0.087	0.680	
Transportation and postal industries	1.213	0.367	**	0.245	0.437	
Wholesale industry	0.415	0.435		0.825	0.441	†
Retail industry	-0.054	0.513		0.107	0.505	
Finance and insurance industries	-0.194	0.560		1.676	0.427	***
Real estate and equipment rental and leasing industries	1.142	0.865		2.133	0.755	**
Academic research and specialist/technical industries	1.002	0.521	†	0.520	0.585	
Accommodation and food services industries	0.774	0.512		-0.261	0.696	
Lifestyle-related service industries	0.804	0.713		-0.324	1.076	
Entertainment and amusements industry	1.061	0.764		0.038	1.112	
Education and learning support industries	1.075	0.397	**	-0.811	0.580	
Medicine and welfare	1.848	0.365	***	-0.460	0.502	
Multi-service cooperatives	0.854	0.549		-1.026	1.070	
Service industries (those not classified in other categories)	0.919	0.341	**	0.335	0.377	
Other	0.801	0.418	†	-0.850	0.670	
Company size: (1,000 people or more)						
500−999 people	-0.214	0.204		-0.492	0.229	*
300−499 people	-0.525	0.227	*	-1.027	0.276	***
100−299 people	-0.076	0.183		-1.251	0.243	***
30−99 people	-0.332	0.301		-1.096	0.373	**
29 people or less	-0.547	0.632		-1.530	1.071	
Type of place of business: (Office)						
Factory/workshop	-0.071	0.311		0.068	0.329	
Research laboratory	0.703	0.545		1.058	0.611	†
Sales office	0.575	0.206	**	0.069	0.252	
Store	-0.096	0.356		-0.009	0.370	
Other	0.866	0.246	***	0.312	0.395	
Constant	-2.165	0.318		-1.614	0.325	
N		1442			1439	
-2 Log Likelihood		1372.834			990.005	
Chi-square		220.893	***		102.581	***
Nagelkerke R-square		0.212			0.129	

Note: Parentheses indicate reference groups.
***$p < 0.001$, **$p < 0.01$, *$p < 0.05$, †$p < 0.1$.

3. Attributes of Restricted Regular Employees

Let us now look at what kinds of people work as restricted regular employees and at certain aspects of their employment. Here we utilize matched responses (place of busi-

ness-employee) to look at worker attributes, length of service, and wage levels.

Table 4 provides a comparison of the compositions of regular employees without restrictions on their ways of working, restricted regular employees, and non-regular employees at places of business that utilize restricted regular employees, looking at sex, age, educational background, who is the main person responsible for providing a livelihood, and work type.[21]

Let us look at the attributes of work-type-restricted regular employees (regular employees who have a specified work type). First, the percentage of males is lower than for regular employees without restrictions on work type and higher than for non-regular employees, but of the two it is closer to that of regular employees without restrictions on work type. Second, in terms of age composition, work-type-restricted regular employees are not as young as regular employees without restrictions on work type, but are younger than non-regular employees. Third, looking at the percentage of persons with a higher education background (university graduate or above), it is not as high as for regular employees without restrictions on work type, but higher than for non-regular employees. Fourth, looking at the percentage of those who responded that they are the main person responsible for providing a livelihood, it is lower than for regular employees without restrictions on work type and higher than for non-regular employees, but of the two it is closer to regular employees without restrictions on work type. Fifth, looking at work-type composition, the percentage for "specialist/technical work" is higher, and the percentage for "clerical work" is lower in comparison with regular employees without restrictions on work type and non-regular employees.

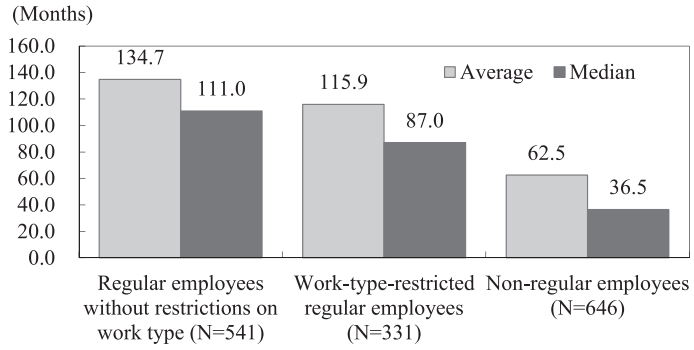
Likewise, let us look at the same attributes for work-location-restricted regular employees (regular employees with a specified work location or work area). First, the percentage of males is lower than for regular employees without restrictions on their work location and higher than for non-regular employees, but of the two it is closer to non-regular employees. Second, age composition does not particularly differ from that of regular employees without restrictions on their work location. Third, looking at the percentage of persons with a higher education background (university graduate or above), it is not as high as for regular employees without restrictions on their work location, but higher than for non-regular employees. Fourth, looking at the percentage of those who responded that they are the main person responsible for providing a livelihood, it is lower than for regular employees without restrictions on their work location and higher than for non-regular employees, but of the two it is closer to non-regular employees. Fifth, looking at work-type

[21] In this survey, the supervisors at the personnel divisions (the divisions to which the forms for places of business were sent) were requested to distribute the survey forms for employees. When looking at the composition of work types it is therefore also necessary to take note of the fact that the percentage of employees with "specialist/technical work" and "clerical work" are rather high in all of the employment categories.

Table 4. Attributes of Restricted Regular Employees (%; N=Actual Figures)

	Places of business that utilize work-type-restricted regular employees			Places of business that utilize work-location-restricted regular employees		
	Regular employees without restrictions on work type	Work-type-restricted regular employees	Non-regular employees	Regular employees without restrictions on work location	Work-location-restricted regular employee	Non-regular employees
Male	56.5	39.7	12.5	68.9	27.3	19.0
Female	43.4	60.3	87.5	31.1	72.7	81.0
No response	0.2	0.0	0.0	0.0	0.0	0.0
Age 29 and under	25.9	22.1	15.6	29.2	31.7	11.9
Age 30−39	38.1	35.0	30.6	37.8	38.1	26.5
Age 40−49	21.7	25.0	28.7	22.4	18.7	33.7
Age 50−59	14.4	17.9	25.2	10.6	11.5	27.9
Junior high school	1.8	1.2	3.4	0.3	0.7	3.1
High school	31.9	38.5	42.3	27.6	29.5	51.0
Junior college or college of technology	20.8	32.4	34.6	15.4	20.9	29.9
University graduate and above	44.8	27.6	19.4	56.4	48.9	15.6
No response	0.7	0.3	0.3	0.3	0.0	0.3
Self	64.3	56.5	23.5	72.1	44.6	32.0
Other person	33.3	42.1	74.2	26.0	54.0	66.7
No response	2.4	1.5	2.3	1.9	1.4	1.4
Specialist/technical work	24.2	46.2	27.0	20.2	8.6	13.6
Clerical work	49.2	30.3	39.5	53.2	71.2	53.1
Sales (in-store sales) work	5.5	2.1	1.9	11.5	3.6	4.1
Skilled labor / manufacturing process-related wor	6.9	5.0	3.2	5.1	5.8	7.5
Transport / communications work	2.2	5.6	2.8	1.0	3.6	3.1
Security-related work	2.0	1.8	0.5	1.3	1.4	2.4
Agriculture, forestry, and fishery-related work	0.2	0.0	0.2	0.3	0.0	0.3
Service work	6.9	6.8	14.4	3.5	1.4	4.8
Other	2.9	2.4	10.6	3.8	4.3	11.2
N	549	340	648	312	139	294

(A) Places of business using work-type-restricted regular employment



(B) Places of business using work-location-restricted regular employment

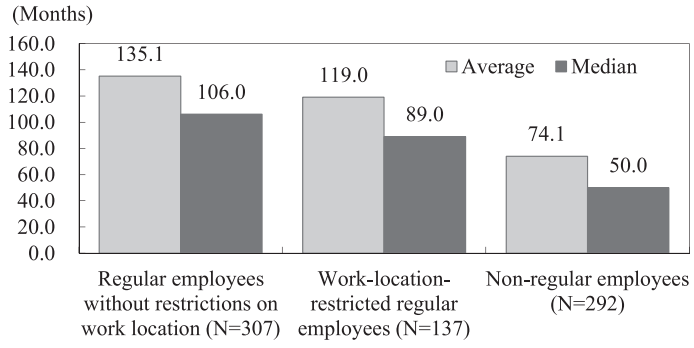


Figure 2. Length of Service of Restricted Regular Employees

composition, the percentage for "clerical work" is higher,[22] and the percentage for "specialist/technical work" is lower than for regular employees without restrictions on their work location. In particular, the percentage for "specialist/technical work" is remarkably low, and is lower than for non-regular employees.

4. Length of Service of Restricted Regular Employees

Figure 2 (A) shows the average and median length of service (how long an employee spends working for an employer) of regular employees without restriction on work type, work-type-restricted regular employees, and non-regular employees respectively. The figure

[22] This high percentage for "clerical work" may lead some readers to question about the difference between what we refer to here as "work-location-restricted regular employees" and female employees who engaged in clerical support activities at the same work location from the time they entered their company until retirement, a form of employment that was formerly typical in banks and insurance companies. To explore this, we ascertained the percentage of work-location-restricted regular employees who are "regular employees who as a general rule will not be assigned to managerial positions." As the percentage of such employees was only 24.5%, it is considered that the "work-location-restricted regular employees" referred to here are a different concept to the clerical-level regular employees at present.

Table 5. Length of Service of Restricted Regular Employees (OLS)

(A) Places of business using work-type-restricted regular employment

Explained variable=Length of service (months)	B	S.E.	
Regular employees without restrictions on work type (Work-type-restricted regular employees)	24.047	5.833	***
Non-regular employees	-64.786	5.886	***
Constant	198.916	17.339	
N		1397	
F-value		24.949	***
Adjusted R^2		0.430	

(B) Places of business using work-location-restricted regular employment

Explained variable=Length of service (months)	B	S.E.	
Regular employees without restrictions on work location (Work-location-restricted regular employee)	18.645	8.060	*
Non-regular employees	-88.619	8.373	***
Constant	190.886	20.200	
N		706	
F-value		14.677	***
Adjusted R^2		0.455	

Notes: 1. Parentheses indicate reference groups.

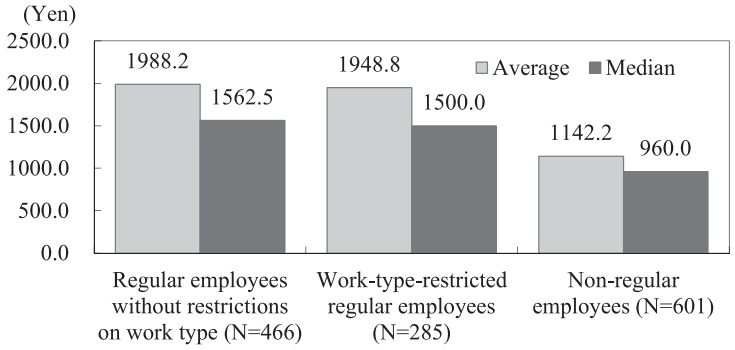
2. In addition to the above, the explanatory variables included a sex dummy, age (in 10 year units) dummy, educational background dummy, main person responsible for providing a livelihood dummy, work-type dummy, industry-type dummy, company-size dummy, and type of place of business dummy. See Table 2 and Table 4 for the categories of the dummy variables.

***$p < 0.001$, **$p < 0.01$, *$p < 0.05$, †$p < 0.1$.

shows that the length of service of work-type-restricted regular employees is an intermediate amount between that of regular employees without restrictions on work type and that of non-regular employees. Likewise, Figure 2 (B) shows that the length of service of work-location-restricted regular employees is an intermediate amount between that of regular employees without restriction on their work location and that of non-regular employees.

Let us now look at whether the same can be said if we control the attributes of individual employees and attributes of places of business. In Table 5 (A), OLS was used to confirm whether the length of service of work-type-restricted regular employees differs from those of regular employees without restrictions on work type and non-regular employees. This was done by setting work-type-restricted regular employees as the reference group, and thereby seeking to identify if the length of service of regular employees without restrictions on work type and the length of service of non-regular employees are significantly longer or significantly shorter in comparison. The results confirmed that the length of service of work-type-restricted regular employees is shorter than that of regular employees without restrictions on work type and longer than that of non-regular employees.

(A) Places of business using work-type-restricted regular employment



(B) Places of business using work-location-restricted regular employment

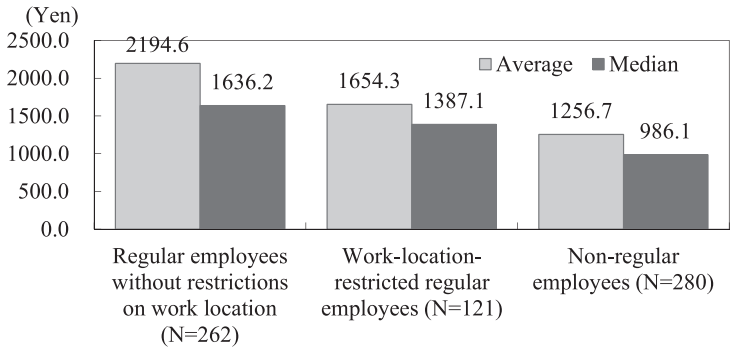


Figure 3. Scheduled Hourly Wages of Restricted Regular Employees

Table 5 (B) shows the same procedure as above for length of service of work-location-restricted regular employees. This shows that the length of service of work-location-restricted regular employees is slightly shorter than that of regular employees without restrictions on their work location and longer than that of non-regular employees.

5. Wage Levels of Restricted Regular Employees

Scheduled hourly wages were used as an indicator of wage levels.[23] Figure 3 (A) shows the average and median scheduled hourly wages for regular employees without restrictions on work type, work-type-restricted regular employees, and non-regular

[23] The scheduled hourly wages were calculated using the follow methods. First, for persons paid in "hourly wages," the hourly wage amount was used as it was. Second, for persons paid in "daily wages," the amount of daily wages was multiplied by the number of weekly working days, and divided by the number of scheduled working hours per week. Third, for persons paid in "weekly wages" the weekly wage amount was divided by the number of scheduled working hours per week. Fourth, for persons paid in "monthly wages" the monthly wage amount was divided by four times the number of scheduled working hours per week. Fifth, persons paid in "annual wages" were excluded from analysis. The reason for this was the possibility that the annual wage amount could include an amount equivalent to a bonus.

Table 6. Scheduled Hourly Wages of Restricted Regular Employees (OLS)

(A) Places of business using work-type-restricted regular employment

Explained variable=Ln (scheduled hourly wages)	B	S.E.	
Regular employees without restrictions on work type (Work-type-restricted regular employees)	-0.028	0.034	
Non-regular employees	-0.327	0.035	***
Constant	6.055	0.225	
N		1257	
F-value		16.505	***
Adjusted R^2		0.341	

(B) Places of business using work-location-restricted regular employment

Explained variable=Ln (scheduled hourly wages)	B	S.E.	
Regular employees without restrictions on work location (Work-location-restricted regular employee)	0.102	0.053	†
Non-regular employees	-0.247	0.059	***
Constant	5.984	0.327	
N		636	
F-value		9.458	***
Adjusted R^2		0.353	

Notes: 1. Parentheses indicate reference groups.

2. In addition to the above, the explanatory variables included a sex dummy, age, age-squared, years of education, work-type dummy, industry-type dummy, company size dummy, and place of business type dummy. See Table 2 and Table 4 for the categories of the dummy variables.

***$p < 0.001$, **$p < 0.01$, *$p < 0.05$, †$p < 0.1$.

employees. This shows that the scheduled hourly wages of work-type-restricted regular employees is slightly lower than that of regular employees without restrictions on work type and higher than that of non-regular employees. Likewise, Figure 3 (B) shows that the scheduled hourly wages of work-location-restricted regular employees is an intermediate amount between the wages of regular employees without restrictions on their work location and those of non-regular employees.

Let us look at whether the same can be said if we control the attributes of individuals and attributes of places of business. Table 6 shows the results of analysis conducted using the same procedure as applied in Table 5. This shows that the scheduled hourly wages of work-type-restricted regular employees do not differ from those of regular employees without restrictions on work type, and are higher than those of non-regular employees, while the scheduled hourly wages of work-location-restricted regular employees are slightly lower than those of regular employees without restrictions on their work location and higher than those of non-regular employees.

IV. Challenges in the Personnel Management of Restricted Regular Employees

The analysis of the quantitative data in the previous section revealed that the wage levels of work-location-restricted regular employees are slightly lower in comparison with regular employees without restrictions on their work location and that the length of service of work-type-restricted regular employees is clearly shorter in comparison with regular employees without restrictions on work type.

This section therefore analyzes qualitative data with the aim of clarifying what kinds of challenges arise in personnel management with respect to the wages of work-location-restricted regular employees and the internal career opportunities for work-type-restricted regular employees. The analysis is focused on "Manufacturing Company C," which utilizes work-location-restricted regular employees, and "Manufacturing and Wholesale Company A," which utilizes work-type-restricted regular employees.[24] Moreover, in view of the points raised, this section breaks from the order used in previous sections, and first addresses work-location-restricted regular employees, followed by work-type-restricted regular employees.

1. Manufacturing Company C: Challenges in the Personnel Management of Work-Location-Restricted Regular Employees

Company C is a manufacturing company with a turnover of several hundred billion yen. In 2002, Company C divided its regular employees into "X employees" and "Y employees" with the aim of giving consideration to employees' lifestyles and clarifying the roles that they are expected to fulfil. X employees have no restrictions on the region in which they may be expected to work, and are employees that the company feels should fulfil a particular role in a managerial-level position. In contrast, Y employees are not transferred to locations that would require them to change their place of residence—they are namely "work-location-restricted regular employees." There are significant numbers of Y employees in the manufacturing division and the sales and marketing division. While both types are classed as regular employees, X employees and Y employees are subject to different personnel affairs and wage systems.

Before the X employee and Y employee categories were introduced, regular employment consisted of one employment category, and one personnel affairs and wage system. At that point there were employees who in practicality were not transferred to locations that would involve them changing their place of residence, but such employees did not have a clear positioning within the personnel affairs and wage system. As addressed below, the wage levels of Y employees are lower than those of X employees. As a result, Y employees who joined the company prior to 2002 were subject to a decrease in their wages when the new categories were introduced, regardless of the fact that there were no practical changes

[24] Both cases are selected and cited from Japan Institute for Labour Policy and Training (2012).

in their ways of working. There are therefore Y employees who have the impression that the introduction of the X employee and Y employee categories was a means of decreasing wages.

Company C's personnel affairs system currently consists of two occupational types—Type T and Type G—and a different ranking system is applied to each of the two types. More specifically, Type T is made up of three ranks, while Type G is made up of six ranks, and Type T employees receive promotions quicker than those in Type G. Most X employees are employed as Type T, while most Y employees are employed as Type G.

Moreover, the wage system is such that there may be differences in the basic salary level of X employees and Y employees even if they have the same rank in the personnel affairs system. More specifically, in metropolitan areas (Region I) the wages of Y employees are the same as X employees of the same rank on the personnel affairs system, but in other regions (Region II, Region III) the wages of Y employees are 95% or 90% of those of X employees of the same rank.

Due to the existence of such personnel affairs and wage systems, Y employees have lower wage levels in comparison with X employees, as they receive promotions later and have lower basic salary even if they are of the same rank.

Company C also has a system which allows Y employees to change their employee category to become X employees. The specific procedure entails the employee applying to their superior at their work location for a change of employee category. After the change has been approved by a managerial-level employee at the level of the chief of head office, the personnel division decides whether or not the change should be accepted.

The system for Y employees to become X employees is being actively implemented in expanding the expected roles of employees within the company. For example, there are cases in which Y employees who engage in manufacturing work are then assigned to work concerning production techniques, and there are cases in which Y employees who engage in sales work in company are assigned to sales work outside the company. Moreover, when Y employees are assigned to managerial positions, they almost automatically become X employees.

While there is a system for switching to the X employee category, in implementing the work-location-restricted regular employment system Company C faces the issue of dissatisfaction among Y employees regarding their wages. Even X employees may remain assigned to the same department and region for long periods of time, and this causes Y employees to feel it unfair that they work for lower wages than X employees. Moreover, in the basic salary table, the basic salary of Y employees working in Region II and the basic salary of Y employees working in Region III are set at 95% and 90% of that of X employees respectively, and there are some doubts within the company regarding the grounds for these figures and whether or not they are suitable.

2. Manufacturing and Wholesale Company A: Challenges in the Personnel Management of Work-Type-Restricted Regular Employees

Company A is a manufacturing and wholesale company that produces products in-house and sells them to department stores, etc. From the 1990s onward, the sales division of Company A ceased the mid-career recruitment of regular employees, due to the need to reduce personnel costs and other factors, and began to employ fixed-term contract employees instead. Moreover, from 2001 onward the division ceased the recruitment of new university graduates as regular employees, and began to employ all new recruits as fixed term contract employees.

However, due to the difficulties that the division began to face in securing human resources and the necessity to consider the long-term training of sales staff, in 2008 a number of the sales staff who had joined the company as fixed-term contract employees were made regular employees. At this time, those contract employees who were made regular employees were placed in a newly-established regular employment category, known as “regular employee for sales.”

Regular employees for sales are work-type-restricted regular employees who specialize in duties such as serving customers and making sales in store, managing the stock held at stores, and placing orders. The work duties are divided such that other types of regular employees do not engage in work in the stores, and even if their work involves sales, they are sales to client businesses rather than individual customers.

As the work content of regular employees for sales and that of other regular employees differ in this way, their wage levels and wage systems also differ. Firstly, the wage levels of regular employees for sales are lower than those of other regular employees. Secondly, on a more important note, there are differences in the types of wages of regular employees for sales and those of other regular employees. The wage types of Company A’s regular employees can be broadly divided into “basic salary,” which consists of a base salary and a salary according to region, and “position-based salary,” the amount of which is determined according to the importance of the role that the employee’s work duties entail. The scope to which position-based salary is applied to employees differs between the employees for sales category and other regular employees. More specifically, in the case of regular employees for sales, position-based salary is also applied at the ordinary (non-managerial) employee level, while in the case of other regular employees position-based salary is only applied to those employees at the level of section chief or above. Through the application of position-based salary, Company A’s regular employees for sales are able to see a clearer correspondence between work content and wages.

The issue faced by Company A is that it is difficult for regular employees for sales to develop their careers to managerial-level positions. According to Company A’s qualification and ranking system, regular employees for sales may be assigned to positions at section chief level or above, but the positions that they can be appointed to are limited to “training section chief,” the section chief responsible for the training of sales staff. They are generally

not assigned to section chief positions in a chain of command that allows for future promotion, such as “chief of first section” or “chief of second section.” It is of course possible that an extremely capable regular employee for sales could be appointed to such positions, but Company A’s personnel management does not pursue systematic initiatives to train such regular employees for sales.

Another distinctive characteristic of the personnel affairs system of Company A is that it does not include a system for employees to switch from the regular employee for sales category to the other regular employee category. This is because the skills required for serving and selling to individual customers in store and those required for conducting sales to clients such as corporations or individual proprietors are different, and therefore employees receive different training after entering the company.

3. Challenges in the Personnel Management of Each Type of Restricted Regular Employment

The analysis above reveals certain challenges that are involved in the personnel management of the two restricted regular employment types addressed here: work-location-restricted regular employees are prone to feel dissatisfaction regarding their wage levels, while work-type-restricted regular employees have difficulty developing their internal careers.

In the case of Manufacturing Company C, which utilizes work-location-restricted regular employment, it can be seen that when the work-location-restricted regular employment system was introduced, the wage levels of the relevant employees were decreased as a result. Moreover, as the wage systems of regular employees without restrictions on their work location and work-location-restricted regular employees are still different at present, work-location-restricted regular employees may have lower wages, even if they have the same rank according to the personnel affairs system, in other words, even if they have the same work responsibilities at the same place of business. As a result, there are work-location-restricted regular employees who feel dissatisfied regarding their wages. Given that, as noted in Section III, the wage levels of work-location-restricted regular employees are slightly lower than those of regular employees without restrictions on their work location, it is thought that many other companies also face the situation seen in Company C.

What should companies do to address this issue? The simplest response is to make the wage levels of work-location-restricted regular employees the same as regular employees without restrictions on their work location. However, the following factors make this a complex issue that cannot be solved so easily. Firstly, as regular employees without restrictions on their work location are employed on the basis that they accept the risk that they may be transferred to a location that will require them to change their place of residence, it is necessary that they receive a wage premium that corresponds. Secondly, if the wage levels of work-location-restricted regular employees are too high, the issue of wage discrepancy between work-location-restricted regular employees and non-regular employees is more

likely to become evident. Takahashi (2012a) shows that of the work-location-restricted regular employee category with high wage levels and the work-location-restricted regular employee category with low wage levels, the category with low wage levels is more likely to serve as a category for non-regular employees to switch to and be employed as regular employees. Moreover, it is also feared that if the wages of work-location-restricted regular employees are high, non-regular employees will be less understanding regarding the discrepancy between their wages and those of regular employees. It is possible that non-regular employees feel that the wages of work-location-restricted regular employees who do not have the obligation to accept transfers should be close to those of non-regular employees. In fact, Takahashi (2012b) shows that when assessing whether discrepancies between their wages and those of regular employees are appropriate, non-regular employees take into consideration whether or not such regular employees must accept the possibility of transfers that may require changing place of residence.

The case of Manufacturing and Wholesale Company A, which employs work-type-restricted regular employees, does not suggest that work-type-restricted regular employees are dissatisfied with their wage levels. A possible reason for this is that the work content and wage types of work-type-restricted regular employees differ to those of other regular employees, and therefore the differences in wage levels are less likely to become evident.

On the other hand, Company A faces the issue that as the work content of work-type-restricted regular employees is specified as work in stores, such as serving customers and making sales, there is no system for them to convert to other regular employment categories and the managerial positions that they can be assigned to are also limited. Namely, as their work content is narrowly limited to specialized duties, it is hard for them to develop their career within their company of employment. This is consistent with the fact that the length of service of work-type-restricted regular employees is clearly shorter than those of regular employees without restrictions on their work type, as noted in Section III.

V. Conclusion

The findings in this paper can be summarized in the following five points. First, the work-type-restricted regular employees and work-location-restricted regular employees as viewed in the questionnaire survey share the common features that the percentage of males, the percentage of people with higher education backgrounds (university graduate and above), and the percentage of people who are the main person responsible for providing a livelihood are lower than those for regular employees without restrictions on their ways of working, and higher than those for non-regular employees. Therefore in terms of worker attributes, it can be suggested that restricted regular employees are like an intermediate category between regular employees without restrictions on their ways of working and non-regular employees.

Second, a feature of work-type-restricted regular employment is that it is often used in the "transportation and postal industries," "education and learning support industries," the fields of "medicine and welfare," and "service industries (those not classified in other categories)" and in "sales offices" and "other" places of business. Moreover, the percentage for "specialist/technical work" is high, and the percentage of males and the percentage of people who are the main person responsible for providing a livelihood are closer to those of regular employees without restriction on work type than those of non-regular employees. The analysis also shows that work-type-restricted regular employees have a clearly shorter length of service than that of regular employees without restrictions on their work type, but their wage levels do not differ from those of regular employees without restrictions on their work type.

Third, a feature of work-location-restricted regular employment is that it is often used in the "construction industry," "finance and insurance industries" and "real estate and equipment rental and leasing industries", and in large companies with 1,000 employees or more. Moreover, the percentage for "clerical work" is high, and the percentage of males and the percentage of people who are the main person responsible for providing a livelihood are closer to those of non-regular employees than those of regular employees without restriction on work location. The analysis also shows that work-location-restricted regular employees have a slightly shorter length of service than that of regular employees without restrictions on their work location, and their wage levels are slightly lower than those of regular employees without restrictions on their work location.

Fourth, the case study suggests that excluding the fact that they are not subject to transfers that require changing place of residence, work-location-restricted regular employees often engage in the same work duties as regular employees without restrictions on their work location. It was also indicated that work-location-restricted regular employees are therefore likely to become dissatisfied with differences between their wages and those of regular employees without restrictions on their work location. However, if employers set the wage levels of work-location restricted regular employees as high as those of regular employees without restrictions on their work location, the wages will not suitably reflect the fact that such regular employees accept the risk of potentially being transferred to a location that will require them to change their place of residence. It also decreases the likelihood of non-regular employees switching to become regular employees, and decreases the understanding of non-regular employees toward discrepancies between their wages and those of regular employees.

Fifth, the same case study suggests that in the case of work-type-restricted regular employees the fact that regular employees without restrictions on work type may have different wage levels is not necessarily perceived as a problem. Instead the issue is that work-type-restricted regular employees may hit a dead end when trying to develop their career within their company. From the case study it was also established that work-type-restricted regular employees have a limited number of managerial posts that they

can be assigned to, due to the narrow restrictions on their work content.

In the light of such issues, the careers of work-type-restricted regular employees should to a certain extent be established in such a way that they are open to the external labor market. As there is a limit to how far this can be achieved using only company personnel management initiatives, such initiatives need to receive policy support. More specifically, it is necessary to provide an environment in which workers are not disadvantaged if they change jobs, by promoting systems for evaluating vocational skills and other such means.

In the case of work-location-restricted regular employees, the question of what level to set wages is also a testing issue for companies. As work-location-restricted regular employees may be responsible for the same work duties at the same places of business as regular employees without restrictions on their work location, it is more likely that they will be sensitive to differences between their wages and those of regular employees without restrictions on their work location. However, setting the wage levels of work-location-restricted regular employees closer to those of regular employees without restrictions on their work location may cause regular employees without restrictions on their work location and non-regular employees to be less satisfied with their wages. Given such potential issues, it is essential to establish systems by which each employee can express their opinions about the state of their wage levels, in order to ensure that all employees are as satisfied as they can be. To do this, it is important to investigate the laws and regulations regarding labor unions and employee representatives to establish a system for discussion that will incorporate the participation of regular employees without restrictions on their ways of working, restricted regular employees, and non-regular employees.[25]

As this paper has focused on the challenges to be addressed in the personnel management of the respective types of restricted regular employment, it is limited in the sense that it could not look at personnel management challenges that are common to *all* types of restricted regular employment, such as equal levels of job security for regular employees without restrictions on their ways of working and restricted regular employees, and the developments in systems for switching between regular and restricted regular employment types. Let us leave these points for discussion in another paper.

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[25] See Sugeno (2012, 215).

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Diversification of Regular Employees' Career Orientations and the Current Status of Careers and Working Styles

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This article seeks first of all to gain an accurate picture of the types of expectations that individual Japanese regular employees have toward their jobs and careers, which we will approach through the concept of "career orientation." Secondly, it seeks to analyze the extent to which opportunities for job advancement and internal promotion and regular employees' working styles are diversified in relation to their career orientations. Thirdly, it aims to assess levels of job satisfaction among groups with different career orientations. And finally, it seeks to draw some implications from the findings related to the featured theme of "diversification of regular employees."

Our findings are as follows: for one thing, the career-orientations of employees are indeed diversified. Their opportunities for job advancement and internal promotion are also diversified corresponding to their career orientations. Also, there are correlations between the length of working hours and career orientation, but only among female employees. In addition, it was found that job satisfaction is lowest among male employees who place a priority on a working style that emphasizes balance between work and private or family life. Based on these findings, we have examined the significance of introducing systems that formally establish multiple employment categories among regular employees to accommodate their different career patterns and working styles according to their diversified career orientations.

I. Introduction

This article examines the diversification of future career ambitions among regular employees (generally considered as employees who are hired directly by their employers without a predetermined period of employment, and work full-time) in Japan, in light of the concept of "career orientation."[1] Also, it seeks to clarify the current state of diversification of career orientations of regular employees, and the status of diversification of regular employees' careers within their companies as they correspond to these career orientations. In addition, this article aims to compare levels of employment satisfaction for each career orientation, and to clarify the respective self-assessments of jobs, careers, and working styles among regular employees grouped by career orientation. Based on the above, this article will examine the significance of diversification of employee categories among regular employees, which is currently the subject of policy discussions in Japan. Here "employee category" refers to groups of employees that differ from one another in terms of one or more

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[1] See Inagami (1981) for a groundbreaking discussion of "career orientation."

of: career track (potential for, and scope of, promotion), scope of duties, scope of transfers, or work conditions (as defined within enterprises' employment systems and stipulated in labor contracts or work rules).

Today, diversification of workers designated as "regular employees" at Japanese companies is advancing (Sato, Sano, and Hara 2003; Nishimura and Morishima 2009; Japan Institute for Labour Policy and Training 2013). That is, there are increasing examples of introduction of new categories of regular employees that differ in terms of working style or career track from conventional regular employees who are hired without a predetermined period of employment, work full-time, are considered eligible for long-term career formation within their companies, and who experience a range of workplaces and work duties through transfers while advancing to managerial level through successive promotions.

In Japanese companies, since the 1986 enactment of the Equal Employment Opportunity Act, it has become common to have a system in which regular employees are divided into two categories, "managerial career track (*sogoshoku*)" fitting the classic regular employee definition in the preceding paragraph, and "clerical career track (*ippanshoku*)," whose opportunities for promotion and scope of transfers to different workplaces and divisions are often limited. The core of the workforce in the latter category consists of female employees hired immediately after graduation (Wakisaka 1998).

In recent years, however, in addition to "clerical career track," a number of new regular employee categories are being introduced at an increasing number of companies, including "work-type-restricted regular employees," "work-location-restricted regular employees," and "working-hours-restricted regular employees." Depending on their employee category, these employees are exempt from changes in work duties, exempt from transfers to other regions, or have shortened work schedules. Because of restrictions or exemptions applying to these workers, in contrast to conventional regular employees, their employment status is sometimes referred to collectively as "restricted" regular employment.[2]

Under these circumstances there is significant interest, including on the policymaking front, in diversification of regular employee categories as a means of expanding opportunities for regular employment and encouraging a shift from non-regular to regular employee status. (Employment Policy Research Group 2010; Research Group on Diverse Formats of Regular Employment 2012). Work formats entailing restrictions on work location, work type, working hours, etc. have thus far been viewed as primarily the province of non-regular employees, but there are hopes that diversification of regular employee categories will increase the range of regular employment format choices and contribute to meeting the diverse needs of workers hired as regular employees (Hisamoto 2003).

On the other hand, regular employees in these "restricted" categories are also subject to limitations on promotion and advancement within their companies compared to conven-

[2] For example, Takahashi (2013) defines restricted regular employees as those who "unlike conventional regular employees, are not presupposed to be subject to the company's strong authority of deployment and job assignment."

tional regular employees, and wage levels tend to be lower as well (Takahashi 2013). For this reason there are critical views on the advance of regular employee category diversification. Upper limits on the promotion and advancement of regular employees in certain categories can be seen as stemming from the challenges that enterprises face due to curtailment of the number of managerial posts amid sluggish corporate growth and a trend toward more flat organizations. From enterprises' perspective, diversification of regular employee categories enables them to establish multiple career paths for regular employees, and to improve the efficiency of human resources development by limiting the scope of proactive career formation and investment of training resources to those employees on the managerial promotion track. For employees, fulfillment of individual work needs through reduction of burdens in terms of work type, work location, and working hours compensates for the lack of opportunities for promotion to managerial posts. This can be interpreted as beneficial to companies as they can draw on the contributions of a wider range of regular employees and be more assured of securing necessary human resources (Imano 2010).

So, do these "restricted" regular employment careers and work formats truly meet the needs of regular employees? One prerequisite for widespread and positive acceptance of regular employee category diversification would seem to be that diversification of employment needs among regular employees are actually diversifying, in terms of prioritizing the opportunity to focus on specific types of work or to balance work with home life and non-work activities over the opportunity to advance to a managerial position.[3]

With this in mind, this article will first of all seek to interpret such regular employees' expectations for their professional futures, using the concept of "career orientation," and to elucidate the true status of diversification of people's desired careers and working styles.

Next, this article will attempt to analyze the current status of diversification of actual careers in response to the above-described career orientations.[4] In this regard, previous studies on employee categories have made it clear that setting career paths in accordance with career orientations is one of companies' key objectives in diversifying employee categories (Sato, Sano, and Hara 2003).

The current status of career diversification in response to career orientation reflects two different personnel management process: (i) different career tracks for different indi-

[3] One can conceive of design of a restricted regular employment system that would incorporate opportunities for promotion and advancement just as conventional regular employment does. However, the discussion in this article presupposes the restricted regular employee classification that is currently prevalent, in which chances for promotion and advancement are restricted.

[4] For the purposes of the analysis herein, this article conceives of career orientation as being, while variable, a more or less stable and consistent perception. If there is indeed a correspondence between the career orientations and actual careers of regular employees, it is possible that (i) enterprises assign employees or allocate tasks with the employees' career orientation in mind, both when designating employee categories and when assigning duties within a given category, and (ii) career orientations may be formed, or evolve, based on preconceptions about prospects for career development. At the same time, even in the latter case, over the short term it appears likely that enterprises do have employees' career orientations in mind when assigning employees to positions or allocating duties.

viduals depending on their regular employee category, and (ii) individualized management of employees, in terms of position and duties, even within a single employee category. With regard to male regular employees in particular, the process of diversification is primarily occurring according to pattern (ii) as male restricted regular employees are not common. Here we would like to clarify whether diversification of careers depending on career orientation is progressing, taking into account the outcomes of individualized management as well.

However, this kind of career diversification does not necessarily meet regular employees' expectations regarding employment sufficiently. With this in mind, a third objective of this article is to analyze self-evaluations of job, career, and working style among regular employees group with different career orientations, with job satisfaction as a benchmark. In doing so, working hours act as a key indicator for working styles corresponding to different career orientations, and are correlated to levels of job satisfaction.

This analysis will employ individual data from the 2nd Survey on Working and Learning conducted by the Japan Institute for Labour Policy and Training between late October 2011 and late January 2012. This survey inquired about 25- to 44-year-old male and female workers' perceptions of their future career paths and current status of careers and working styles,[5] topics that relate to this article. However, this article will focus more narrowly on 25- to 39-year-old regular employees at private-sector companies with 100 or more employees at the time of the survey.[6] This is intended to limit the scope of the analysis to regular employees early in the process of career formation, who are at companies with a scale sufficient for long-term career building within that company and eventual promotion to a managerial position. There are other parameters for each set of tabulated data, including length of continuous employment, in line with the purposes of this analysis.

II. Diversification of Career Orientation among Regular Employees

Under current circumstances, how diversified are the career orientations of regular employees?[7] To shed light on this question, the survey includes the question "In what way do you hope to work in the future, either at your current employer or at a different one?"

[5] The survey project members were: Reiko Kosugi (The Japan Institute for Labour Policy and Training), Mei Kagawa (Rikkyo University), Yuzo Yamamoto (Aoyama Gakuin University), Hiroki Sato (The University of Tokyo), Hiromi Hara (Japan Women's University), and Yoshihide Sano (Hosei University) (university affiliations are those held at the time of survey implementation.) The survey results were compiled in a report by the Japan Institute for Labour Policy and Training (2013). The discussions held during this project played a significant role in shaping the contents of this article, and I would like to express my gratitude to the project members. However, the substance of the analysis in this article differs from that of the analysis of the survey report's author.

[6] Enterprise size (number of employees) includes part-time and contracted workers.

[7] In this article the word "diversification" (or "diversify") does not necessarily refer to a process occurring progressively over time, but simply means a varied state of affairs.

This question is intended to elicit respondents' long-term career goals, which do not necessarily involve the career advancement opportunities or employment conditions of their current employers.[8]

The survey took the form of multiple-choice questions relating to the relationship between career and working style, with respondents asked to select one of multiple career orientation options. The options and their interpretations are as follows: (i) "I would like to be in an executive or managerial position" indicates a career orientation that prioritizes promotion to management level. (ii) "I would like to be in a professional position that utilizes specialized knowledge or techniques": compared to (i), these respondents are less interested in promotion to management level than in working in specific areas of specialization. (iii) "I would like to work, without seeking a specific post within the company or specific work contents" suggests a career orientation where rather than opportunities for promotion or specific job duties, job security (stable employment) is the top priority. (iv) "I would like to be able to work, while still prioritizing my private life or life as a member of society" indicates a career orientation where these latter areas are more important than work.[9] The other options are (v) "I would like to take things as they come," implying a flexible attitude where career path depends on circumstances, and (vi) "Not sure" suggests a

[8] Data that implies the stable nature of career orientations includes: (i) The breakdown of male employees' career orientations remains virtually constant across all age groups (among female regular employees the percentage of "managerial orientation" and "lifestyle orientation" remain virtually constant across age groups), and (ii) when workers are asked, separately by career orientation, about their reasons for choosing their current employers (multiple answers possible) (total number of male and female employees [N]=733), there was a high percentage responding "In order to do the kind of work I want to do" among those with "managerial orientation" (53.2%) and "professional orientation" (55.3%), compared to the percentage of all regular employees giving this response (45.2%), and a high percentage responding "I want to make use of my qualifications" among those with "professional orientation" (24.4%) compared to the percentage of all regular employees giving this response (13.4%). There was also a high percentage responding "In order to make effective use of my skills" among those with "managerial orientation" (36.1%) and "professional orientation" (27.6%) (compared to 24.8% of all regular employees), as well as a high percentage responding "The employer offers a stable income" among those with "managerial orientation" (40.5%) and "job security orientation" (43.7%) compared to the percentage for all regular employees (36.8%), and a high percentage responding "To be able to balance work and private life" among those with "lifestyle orientation" (15.7%) (compared to 6.7% of all regular employees). These responses indicate a logical connection between employees' initial reasons for choosing their employers, and their current career orientations. (ii) As shown in the survey results in Table 5, employees with "lifestyle orientation" have low levels of satisfaction with working hours, suggesting that career orientation may be independent of current working conditions.

[9] Considering the correspondences between career orientations and employee categories, it seems that (i) ("managerial orientation") corresponds to the conventional regular employee model, in which job advancement and internal promotion are expected. On the other hand, (ii)(iii) and (iv) do not necessarily place emphasis on advancement to a managerial post, and employees with these career orientations can be seen as candidates for restricted regular employee status. In particular, (ii) and (iv) have clearly defined expectations for future careers, and employees in the (ii) category would appear to be geared toward work-type-restricted regular employee status, and those in (iv) geared toward working-hours-restricted or work-location-restricted regular employee status.

lack of any clearly defined career orientation.

Based on the above-described characteristics, the six career orientations outlined above will be referred to with the following terms in this article: (i) "managerial orientation," (ii) "professional orientation," (iii) "job security orientation," (iv) "lifestyle orientation," (v) "circumstantially dependent orientation," (vi) "undecided orientation."

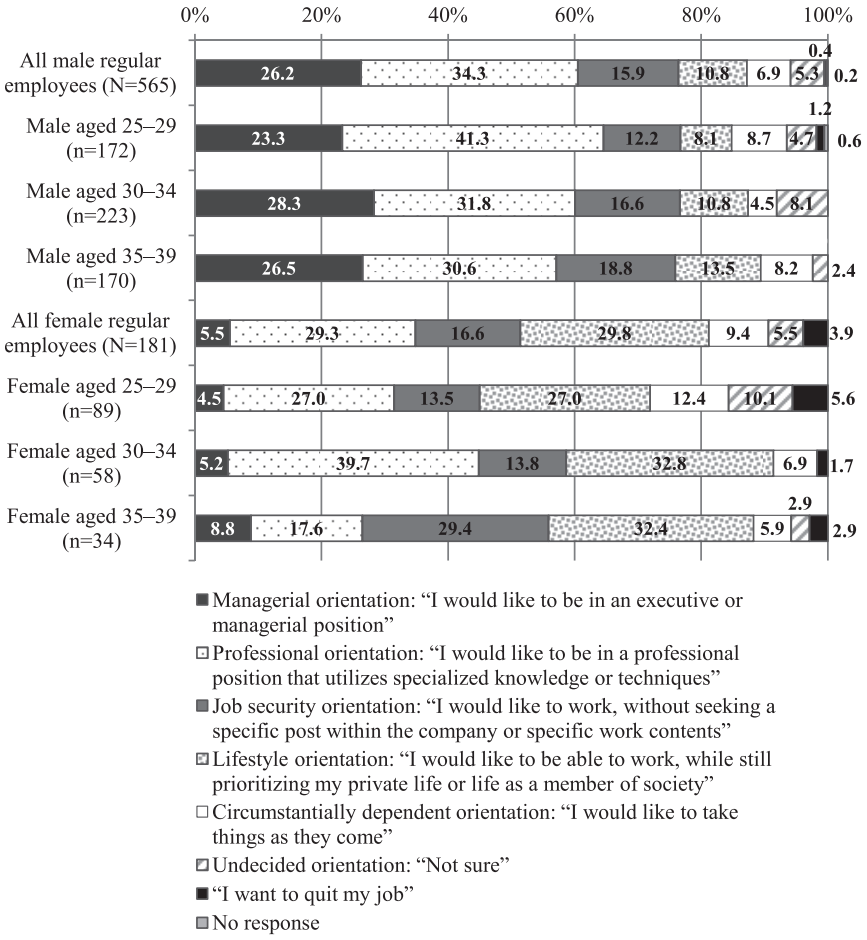
These career orientations may differ depending on gender and age.[10] With this in mind, Figure 1 tabulates the percentages of each career orientation for each gender and age group. The results show that even among male regular employees, "managerial orientation" accounts for only about 1/4 of the total. More common among male regular employees was "professional orientation," at over 30%, while "job security orientation" and "lifestyle orientation" were both between 10% and 20%. It is obvious that male regular employees' career orientations are diversifying beyond the traditional model of climbing the corporate ladder toward managerial promotion.

Figure 1 also shows that among male regular employees, by age group, the 25–29 age bracket has a somewhat higher percentage of "professional orientation" than other age groups and a somewhat lower percentage of other orientations. Otherwise, there is no significant difference in responses depending on age group. These responses indicate that to a certain extent, career orientation trends are stable among male regular employees.

Among female employees "managerial orientation" is much lower at under 10%. The most common orientations among female regular employees, at approximately 30% each, are "professional orientation" and "lifestyle orientation."

Examination of female regular employees' responses by age group reveals that "managerial orientation" is consistently low regardless of age group. Also consistent at

[10] Examination of the relationship between career orientation and other individual attributes shows that among male regular employees (N=562), (i) there is a statistically significant correlation between academic history and career orientation (Chi-square test; statistical significance level of 1%), with "managerial orientation" employees' percentages being: vocational, technical, or junior college graduates = 18.3%, and junior high school or high school graduates (including those who withdrew from high school without graduating) = 18.2%, compared to university and graduate school graduates (including those who withdrew from graduate school without completing it) = 33.2%, the highest percentage. By contrast, among employees with "professional orientation" the highest percentage was of vocational, technical, or junior college graduates (40.4%), followed by university and graduate school graduates (34.9%) and junior high school or high school graduates (29.9%). Also, (ii) there is a statistically significant correlation between enterprise size and career orientation (albeit with a statistical significance level of 10%), with the highest percentage among "managerial orientation" employees being 1,000 or more employees (32.4%), followed by 300–999 employees (24.3%) and 100–299 employees (18.2%). (iii) There is also a statistically significant correlation between career orientation and presence or absence of children in the home (albeit with a statistical significance level of 10%), and among employees living with children there is a somewhat higher percentage of "managerial orientation" (29.6% of those with children compared to 21.6% of those without), and a somewhat lower percentage of "professional orientation" (32.0% of those with children compared to 38.1% of those without). (iv) Among female employees no statistically significant correlations could be found between basic attributes and career orientation.



Notes: 1. The target of this survey is limited to regular employees at private-sector companies with 100 or more employees.

2. The question asked of respondents was "In what way do you hope to work in the future, either at your current employer or at a different one?"

Figure 1. Percentages of Each Career Orientation, by Gender and Age Group

around 30% across age groups is the percentage of "lifestyle orientation." By contrast, "professional orientation" is relatively high among the 30–34 group, and relatively low among the 35–39 group. Meanwhile, among the 35–39 group, "job security orientation" is markedly higher than other groups at around 30%. Due to the restricted scope of the data, it is not clear whether these represent a changing outlook among the younger generation, or a change in career orientation corresponding to life stage or career stage.[11]

[11] In addition, among female regular employees there may be discrepancies in the job turnover rate depending on career orientation.

III. Career Orientation and Corporate Careers

1. Career Orientation, Composition of Work Types and Advancement to Managerial Posts

As the previous section illustrates, the career orientations of regular employees are diversifying. Career orientations emphasizing advancement to a managerial position are more common among men than among women, but they apply to only one segment of the male regular employee population, and it is valid to say that career orientations are diversifying among both men and women.

So, are corporate careers following different patterns in accordance with these career orientations? Let us examine differences in two career-related indicators as they apply to each career orientation: (i) composition of work types and (ii) status of promotion to managerial position.

Firstly, regarding correlations between career orientation and work type, Table 1 tabulates the composition of work types for each career orientation, broken down by gender. To enumerate only outstanding trends, for both men and women, "managerial orientation" was correlated with a higher percentage of "Sales," suggesting that many workers aspire to careers in management of stores or sales areas. For "professional orientation," the percentage of "Specialized or technical work" was high at approximately 50%. These findings indicate a correlation between particular types of work and a career orientation emphasizing specialized work duties. In terms of differences between male and female respondents, among men "lifestyle orientation" was correlated with a high percentage of "Sales," and "circumstantially dependent orientation" and "undecided orientation" with "Skilled labor and manufacturing." Among women, "job security orientation" and "lifestyle orientation" were correlated with "office work," while "circumstantially dependent orientation" and "undecided orientation" were correlated with "Sales."

As outlined above, for both men and women, the composition of work types varies depending on career orientation. A particularly strong correlation is the one between "professional orientation" and "Specialized or technical work."

Next, let us look at the relationship between career orientation and advancement to managerial posts. It must be pointed out that opportunities for managerial promotion vary depending not only on individual attributes such as gender, age, and academic history, but also on work types and enterprise attributes such as enterprise size and industry. It is possible that these factors are also related to career orientation. With this in mind, let us examine whether correlations between career orientation and advancement to managerial posts are evident even when controlling for these attributes.

Table 2 shows the outcome of an ordinal logistic regression analysis of the impact of career orientation with current job title (section chief [*kacho*] or its equivalent and above = 2, subsection chief [*kakaricho*] or its equivalent = 1, no title = 0) as the explained variable, and basic individual and enterprise attributes as the control variables.

Table 1. Composition of Work Types by Career Orientation

	Specialized or technical work	Administration	Office work	Sales	Services	Skilled labor and manufacturing	Other	No response	Total	No. of responses
All male regular employees	25.8%	3.7%	16.4%	21.2%	8.4%	15.7%	8.9%	0.0%	100.0%	562
Managerial orientation	23.0%	10.1%	21.6%	29.7%	3.4%	8.8%	3.4%	0.0%	100.0%	148
Professional orientation	42.3%	0.5%	10.8%	14.9%	7.7%	18.6%	5.2%	0.0%	100.0%	194
Job security orientation	15.6%	4.4%	20.0%	18.9%	14.4%	13.3%	13.3%	0.0%	100.0%	90
Lifestyle orientation	14.8%	0.0%	19.7%	29.5%	9.8%	16.4%	9.8%	0.0%	100.0%	61
Circumstantially dependent orientation / Undecided orientation	8.7%	1.4%	13.0%	15.9%	11.6%	24.6%	24.6%	0.0%	100.0%	69
All female regular employees	27.0%	1.1%	44.8%	19.5%	4.6%	1.7%	1.1%	0.0%	100.0%	174
Managerial orientation	0.0%	10.0%	30.0%	60.0%	0.0%	0.0%	0.0%	0.0%	100.0%	10
Professional orientation	54.7%	0.0%	28.3%	9.4%	7.5%	0.0%	0.0%	0.0%	100.0%	53
Job security orientation	10.0%	3.3%	63.3%	10.0%	6.7%	6.7%	0.0%	0.0%	100.0%	30
Lifestyle orientation	20.4%	0.0%	51.9%	22.2%	3.7%	0.0%	1.9%	0.0%	100.0%	54
Circumstantially dependent orientation / Undecided orientation	14.8%	0.0%	48.1%	29.6%	0.0%	3.7%	3.7%	0.0%	100.0%	27

Note: The target of this survey is limited to regular employees at private-sector companies with 100 or more employees. However, those who responded that they “want to quit their jobs” or gave no response were omitted from the tabulation.

Table 2. Determinants of Current Job Title (Based on Ordinal Logistic Regression Analysis)

	B	Wald	
Career orientation			
Managerial orientation	.634	5.238	**
Professional orientation	-.639	5.392	**
(Job security orientation)			
Lifestyle orientation	-.235	.546	
Circumstantially dependent orientation / Undecided orientation	-.139	.170	
Male	1.092	13.919	***
Age			
(25−29)			
30−34	1.520	33.549	***
35−39	2.467	82.549	***
Academic history			
Completed university / graduate school	-.413	2.689	
Completed technical, vocational, or junior college	-.548	3.619	*
(Completed junior high school or high school)			
Work type			
Specialized or technical work, Administration	.259	.911	
(Office work)			
Sales	.093	.104	
Services	-.197	.141	
Manufacturing / industrial processes	-.181	.241	
Other	-.868	3.784	*
Number of employees at enterprise			
(100−299)			
300−999	-.446	3.261	*
1,000 or more	-.107	.239	
Industry			
(Manufacturing, construction)			
Electricity, gas, heat supply and water; Communications; Transportation and postal activities	.224	.645	
Wholesale, retail	.666	4.410	**
Finance and insurance; Real estate; Goods rental and leasing	-.074	.043	
Medical, health care and welfare; Scientific research, professional and technical services; Education, learning support	.598	1.366	
Accommodations, eating and drinking services; Living-related and personal services; Amusement services	-.368	1.058	
Services (not elsewhere classified); Other	.614	1.947	
N		735	
Chi square		204.616	***
Negellerke R2		.310	

Notes: 1. The target of this survey is limited to regular employees at private-sector companies with 100 or more employees. However, those who responded that they "want to quit their jobs" or gave no response were omitted from the tabulation.

2. The explained variables were assigned values, with regard to current position, as follows: "section chief or above, or its equivalent" ("section chief or its equivalent," "department manager or its equivalent") = 2, "subsection chief or its equivalent" ("foreman, group leader, supervisor," "subsection chief or its equivalent") = 1, "No job title" = 0.
3. Parentheses indicate reference groups.

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

The results indicate that even when controlling for basic individual and enterprise attributes, having a "managerial orientation" has a statistically significant positive correlation with managerial promotion, when compared to "job security orientation." Meanwhile, "professional orientation" has a statistically significant negative correlation with managerial promotion (statistical significance level of 5% in both cases).

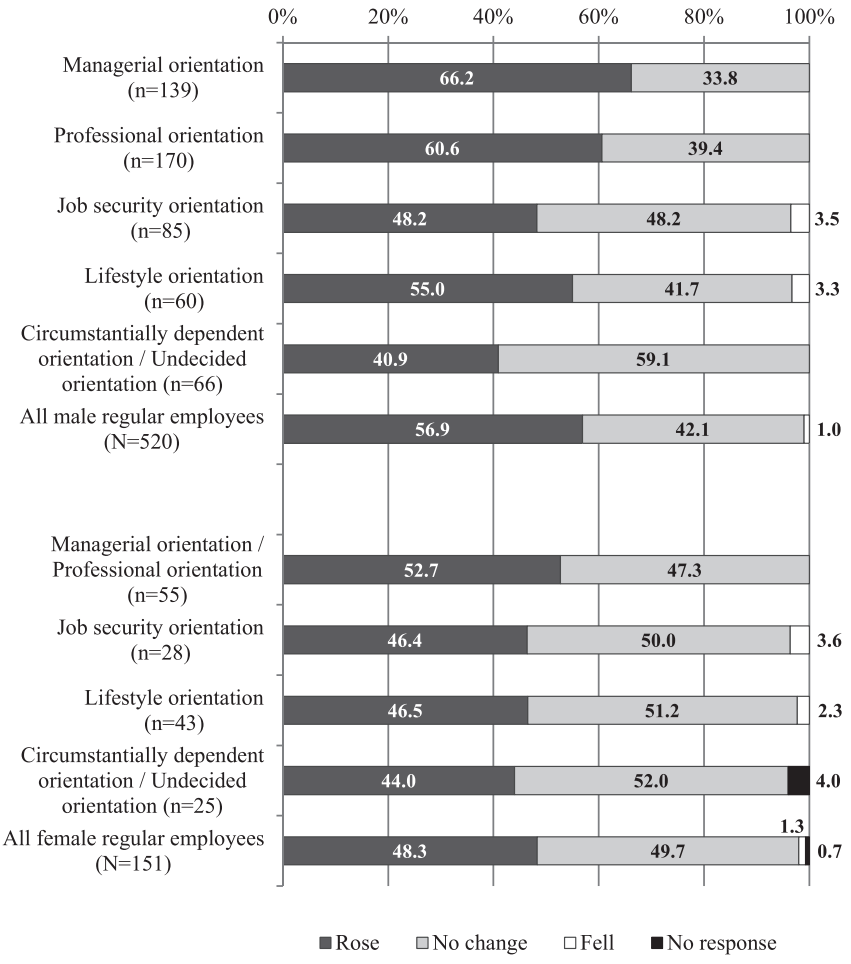
Looking at the other variables, attributes with a statistically significant positive correlation with managerial promotion are being male, being aged 30 or above (as opposed to 20–29), and being in the wholesale or retail industry as opposed to manufacturing or construction (statistical significance levels of 1%, 1%, and 5% respectively). On the other hand, factors with a statistically significant negative correlation with managerial promotion are: educational level of "technical, vocational, or junior college graduate" as opposed to junior high school or high school graduate; occupation of "other" (transport and communications, security, agriculture, forestry, and fisheries, etc.), as opposed to "office work"; and enterprise size of 300–999 employees, as opposed to 100–299 employees (statistical significance level of 10% in all cases).

As we have seen, regular employees with a "managerial" career orientation are actually promoted to managerial positions at a higher rate than other employees, and those with "professional" orientation at a lower rate, regardless of individual attributes such as gender, age, and academic history, work types, and enterprise attributes such as industry and enterprise size. As Table 1 illustrates, regular employees with "professional orientation" have high rates of engagement in specialized or technical work, indicating that there is a substantive correspondence between career orientation and career path.

2. Career Orientation and Professional Experience at Enterprises

As we have seen, even among regular employees, differences exist in terms of professional experience and the status of managerial promotions. Incidentally, in terms of the latter, it is possible that regular employees with "managerial orientation" may have more abundant opportunities to obtain professional experience that leads toward advancement to a managerial post, from their early career stages. To determine whether such differences exist, let us look at the indicator of changes in "job level" over the last fiscal year.

Figure 2 shows relationships between career orientation and change in "job level." The data shows that among male regular employees, "job level" has grown higher among a larger percentage of employees with "managerial orientation" than among others, as might be expected. Following this is "professional orientation." As shown in Table 2, those with "professional orientation" have fewer opportunities for managerial promotion than their "managerial" counterparts. However, because of the specialized nature of their work, they do not necessarily have fewer opportunities to advance to more sophisticated work duties. Among female regular employees, as well, there was a higher percentage of respondents stating that their "job level" had grown higher among the "managerial" and "professional" orientations, which were treated as a single group to secure a sufficient number of respondents.



Notes: 1. The survey target is limited to regular employees at private-sector companies with 100 or more employees, who have been at their current employers continually since before the last fiscal year began (i.e. since March 2010 or before). However, those who responded that they "want to quit their jobs" or gave no response were omitted from the tabulation.

2. Respondents were asked whether there had been "changes in their work in the last fiscal year," specifically with regard to "job level."

Figure 2. Career Orientation and Change in "Job Level" (in the Last Fiscal Year)

However, it is possible that these changes may be affected not only by career orientation, but also by work type and individual attributes such as gender, age, and academic history, and by enterprise attributes such as company size and industry. Do regular employees with "managerial orientation" still trend toward a higher percentage experiencing an increase in sophistication of job duties, even when those variables that might be related to career orientation are removed? To determine whether this is the case, a logistic regression

Table 3. Determinants of Rise in Job Level (Logistic Regression Analysis)

	B	Wald	
Career orientation			
Managerial orientation	.753	7.494	***
Professional orientation	.335	1.806	
(Job security orientation)			
Lifestyle orientation	.226	.629	
Circumstantially dependent orientation / Undecided orientation	-.165	.305	
Gender			
Male	.557	6.030	**
(Female)			
Age			
(25−29)			
30−34	-0.148	.566	
35−39	-0.433	4.055	**
Academic history			
Completed university / graduate school	-.043	.031	
Completed technical, vocational, or junior college	.271	1.052	
(Completed junior high school or high school)			
Work type			
Specialized or technical work, Administration	-.048	.035	
(Office work)			
Sales	-.320	1.369	
Services	-.534	1.437	
Manufacturing / industrial processes	-.513	2.275	
Other	-.534	1.741	
Number of employees at enterprise			
(100−299)			
300−999	-.434	3.722	*
1,000 or more	.140	.455	
Industry			
(Manufacturing, construction)			
Electricity, gas, heat supply and water; Communications; Transportation and postal activities	.145	.304	
Wholesale, retail	.310	1.018	
Finance and insurance; Real estate; Goods rental and leasing	.836	6.263	**
Medical, health care and welfare; Scientific research, professional and technical services; Education, learning support	.266	.371	
Accommodations, eating and drinking services; Living-related and personal services; Amusement services	.214	.485	
Services (not elsewhere classified); Other	.881	3.394	*
Constant	-.332	.636	
N		670	
Chi square		51.938	***
Negellerke R2		.100	

Notes: 1. The survey target is limited to regular employees at private-sector companies with 100 or more employees, who have been at their current employers continually since before the last fiscal year began (i.e. since March 2010 or before). However, those who responded that they "want to quit their jobs" or gave no response to survey items regarding variables were omitted from the tabulation.

2. The explained variables were assigned values, with regard to changes in work during the last fiscal year, as follows: "job level rose" = 1, "No change" or "job level fell" = 0.
3. Parentheses indicate reference groups.

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

analysis was conducted, with these variables controlled, to examine the correlations between career orientation and experience of a rise in "job level," with the results shown in Table 3.

The results show that even when controlling for basic attributes, having "managerial orientation" was correlated with a higher percentage experiencing a rise in "job level" to a statistically significant degree (statistical significance of 1%) compared to employees with "job security orientation" who do not place importance on job title or content of work duties. There were no statistically significant differences among other career orientations including "professional orientation."

As for the impact of other variables, in terms of individual attributes, men tend to experience a rise in "job level" more than women (significance level of 5%). In addition, compared to the 25–29 age group, the 35–39 age group has fewer opportunities for a rise in "job level" (significance level of 5%). For the 30–34 age group, between these two, although there is no statistically significant difference, there is a negative correlation between this age group and opportunities for a rise in "job level," and the overall trend is toward a greater rise in "job level" for younger workers. As for enterprise attributes, although the statistical significance level is only 10%, employees of companies with 300–999 employees tend to experience less opportunities for a rise in "job level." In terms of industries, workers in the financial, real estate, and other service industries have more opportunities for a rise in "job level" compared with industries such as manufacturing and construction industry (statistical significance level of 5% and 10% respectively).

As described above, sophistication of work duties is positively correlated to being male and of a young age. There are also differences depending on the industry. At the same time, even when controlling for individual and enterprise attributes such as these, regular employees with "managerial orientation" clearly tend to experience greater sophistication of work duties. It is evident that these employees have a fuller range of opportunities to advance their careers by gradually experiencing the sophistication of their duties on the job.

IV. Career Orientation and Assessment of Jobs and Careers

The analysis in the preceding section indicates that among regular employees, there are discrepancies in corporate career paths depending on career orientation. Under these circumstances, how do regular employees evaluate their own employment opportunities? Comprehensive evaluations of jobs are, of course, not carried out solely on the basis of the nature of careers. Among regular employees who place high importance on working style, such as those with "lifestyle orientation," working hours and other aspects of working style are likely to have a significant impact on overall evaluations of jobs.

With this in mind, below we will first of all examine the status of working hours, as an indicator of working style that can easily be evaluated. Next, we will look at levels of employee satisfaction with career, working style, and job as a whole. Then, we will seek to

correlate these two and clarify how employees of each career orientation evaluate their jobs.

1. Career Orientation and Differences in Working Style

Table 4 shows the differences in average working hours per week including overtime for each career orientation. Also, discrepancy in working hours between regular employee groups depending on career orientation was examined using analysis of variance. For male regular employees there did not appear to be a statistically significant discrepancy in working hours depending on career orientation. Even for those in the "lifestyle orientation" group, average weekly working hours at 53.3 did not differ significantly from the overall average of 52.6 for male regular employees. For female employees, comparing those with career orientations emphasizing work contents or position with other groups, a statistically significant discrepancy in weekly working hours was found (statistical significance level of 1%) with the latter with 42.6 hours being shorter than the former with 46.5 hours.

2. Career Orientation and Job Satisfaction Level

What sort of correlations exist between different career orientation groups and job satisfaction levels, against the career- and working style-related backdrop described above?

Table 5 shows a tabulation of average values for job satisfaction level (assigned numerical point values) with regard to career, job, working style, and compensation, of regular employees, for each career orientation. Among these, the value for "job as a whole" can be thought of as the overall job satisfaction level. The greater the point value, the higher the job satisfaction level. Also, analysis of variance is used to examine discrepancies with the average value for each area of job satisfaction.

In Table 5, we can see that for male regular employees, the areas where statistically significant discrepancies exist are those employees with "managerial orientation" who have the highest levels of satisfaction with "future career outlook" and "working hours," and the second highest for "content of work duties" and "opportunities to acquire skills and knowledge that are applicable to the job," after those with "professional orientation.[12] "Managerial orientation" employees also have the highest satisfaction scores for "job as a whole."

As for what may lie behind this higher level of job satisfaction among regular employees with "managerial orientation," one factor may be that as outlined in the previous

[12] No statistically significant discrepancy in employee satisfaction with regard to "income level" could be found. However, among male regular employees there was a statistically significant discrepancy in income converted to hourly wage rates (as of October 2011) correlated with career orientation (statistical significance level of 1% by analysis of variance), with the highest being "managerial orientation" with the equivalent of ¥2,149 per hour, compared to "professional orientation" with ¥1,741, "job security orientation" ¥1,796, "lifestyle orientation" ¥1,790, and "circumstantially dependent orientation" / "undecided orientation" ¥1,702 (N=482). Among female regular employees no statistically significant discrepancy correlated with career orientation could be identified. The overall average for female regular employees was ¥1,415 (N=131).

Table 4. Average Working Hours per Week by Career Orientation (Unit: Hours)

Male regular employees

		No. of working hours per week (last week of Oct. 2011)
Managerial orientation	Average	51.90
	Standard deviation	12.476
	No. of responses	143
Professional orientation	Average	52.67
	Standard deviation	12.248
	No. of responses	183
Job security orientation	Average	52.16
	Standard deviation	12.327
	No. of responses	85
Lifestyle orientation	Average	53.33
	Standard deviation	11.774
	No. of responses	57
Circumstantially dependent orientation / Undecided orientation	Average	54.13
	Standard deviation	11.834
	No. of responses	60
All male regular employees	Average	52.62
	Standard deviation	12.201
	No. of responses	528

Female regular employees

		No. of working hours per week (last week of Oct. 2011) ***
Managerial orientation Professional orientation	Average	46.49
	Standard deviation	7.407
	No. of responses	57
Job security orientation Lifestyle orientation Circumstantially dependent orientation / Undecided orientation	Average	42.66
	Standard deviation	7.162
	No. of responses	87
All female regular employees	Average	44.17
	Standard deviation	7.475
	No. of responses	144

Note: The target of this survey is limited to regular employees at private-sector companies with 100 or more employees. However, those who responded that they "want to quit their jobs" or gave no response, or who did not respond to survey items regarding satisfaction level, were omitted from the tabulation.

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$ (by analysis of variance).

Table 5. Job Satisfaction Level

Male regular employees

		Opportunities to acquire skills and knowledge that are applicable to the job ***	Future career outlook ***
Managerial orientation	Average	.3605	.0204
	Standard deviation	1.00646	1.00321
	No. of responses	147	147
Professional orientation	Average	.4093	-.0777
	Standard deviation	.93169	.92374
	No. of responses	193	193
Job security orientation	Average	.2472	-.2809
	Standard deviation	.82958	.72282
	No. of responses	89	89
Lifestyle orientation	Average	-.0847	-.4746
	Standard deviation	1.00496	.79559
	No. of responses	59	59
Circumstantially dependent orientation / Undecided orientation	Average	-.0448	-.3731
	Standard deviation	.87789	.77530
	No. of responses	67	67
All male regular employees	Average	.2631	-.1622
	Standard deviation	.95342	.90067
	No. of responses	555	555

Female regular employees

		Opportunities to acquire skills and knowledge that are applicable to the job **	Future career outlook
Managerial orientation Professional orientation	Average	.5873	.0952
	Standard deviation	.99409	1.02728
	No. of responses	63	63
Job security orientation Lifestyle orientation Circumstantially dependent orientation / Undecided orientation	Average	.2673	-.0594
	Standard deviation	.98885	.94680
	No. of responses	101	101
All female regular employees	Average	.3902	.0000
	Standard deviation	1.00007	.97829
	No. of responses	164	164

Notes: 1. The target of this survey is limited to regular employees at private-sector companies their jobs" or gave no response were omitted from the tabulation. This tabulation includes

2. All satisfaction levels are assigned numerical point levels as follows: "Satisfied" = 2, and "Dissatisfied" = -2.

3. Shaded cells are those with values lower than the average numerical point value of all

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$ (by analysis of variance).

by Career Orientation

Content of work duties	Working hours	Days off / Vacation days	Income level	Job as a whole
**	**			***
.3878	.1088	.4830	-.1701	.4218
1.05629	1.21141	1.25706	1.16674	.89078
147	147	147	147	147
.4767	-.1192	.3575	-.2383	.3990
1.00557	1.17761	1.26724	1.12045	.85477
193	193	193	193	193
.1910	-.2584	.2135	-.2472	.1910
.92781	1.15334	1.24747	1.10042	.85115
89	89	89	89	89
.0678	-.4068	.1864	-.2881	.0169
.88793	1.20514	1.30615	1.26014	.88066
59	59	59	59	59
.1642	-.1642	.1194	-.5373	.1493
1.02391	1.09540	1.09437	1.15900	1.06250
67	67	67	67	67
.3261	-.1171	.3207	-.2631	.3009
1.00537	1.18305	1.24804	1.15073	.90201
555	555	555	555	555

Content of work duties	Working hours	Days off / Vacation days	Income level	Job as a whole
*	**			
.5079	.0317	.4921	-.2222	.4762
1.04531	1.24393	1.22965	1.18382	.82025
63	63	63	63	63
.1881	.4752	.7327	-.0099	.3366
1.11097	1.13661	1.18230	1.22062	1.01269
101	101	101	101	101
.3110	.3049	.6402	-.0915	.3902
1.09416	1.19497	1.20269	1.20741	.94325
164	164	164	164	164

with 100 or more employees. However, those who responded that they "want to quit
only respondents who gave responses to all survey items related to satisfaction levels.
"Somewhat satisfied" = 1, "Cannot say either way" = 0, "Somewhat dissatisfied" = -1,
responses (male and female).

section, these employees actually have a higher rate of managerial promotion and more opportunities for work experience that contributes toward the goal of managerial promotion. With regard to the high level of satisfaction with working hours, as described above the actual working hours for this group do not differ from those of employees with other orientations, the abundance of opportunities for career advancement gives managerial-oriented employees a reason to be more satisfied with their working hours. As a result, these employees also have a higher level of satisfaction with their jobs as a whole.

Employees in the category of "professional orientation" have the highest levels of satisfaction with "opportunities to acquire skills and knowledge that are applicable to the job" and "content of work duties." Their satisfaction with "job as a whole" is also second only to those with "managerial orientation." From the analysis in the preceding section, we can understand that regular employees with "professional orientation" are hoping for work duties with specialized content of work duties, and a high percentage are actually engaged in "Specialized or technical work." This correspondence between aspirations and actual duties is reflected in the high levels of job satisfaction among employees with "professional orientation."

Meanwhile, those in the "job security orientation," "lifestyle orientation," "circumstantially dependent orientation" and "undecided orientation" categories all have lower levels of satisfaction with "future career outlook," "opportunities to acquire skills and knowledge that are applicable to the job," "content of work duties," and "working hours."

Among these, the lower levels of satisfaction with future career outlook, opportunities to improve skills, and content of work duties would appear to reflect the fewer opportunities for managerial promotion and building of professional experience for that purpose, compared to those with "managerial orientation." On the other hand, with regard to working hours, among male regular employees there does not appear to be a significant discrepancy in hours depending on career orientation. However, those employees with "job security orientation," "lifestyle orientation," "circumstantially dependent orientation" and "undecided orientation" have lower levels of satisfaction with working hours, and this seems to reflect the fact that these employees have higher expectations regarding working styles (i.e. work/life balance). Employees with "lifestyle orientation" in particular aspire to a working style that lets them balance work with family life, etc., and as a result they have the lowest levels of satisfaction with working hours, contributing to a low level of overall satisfaction.[13]

[13] Although there was a limited sample size (N=59), when levels of satisfaction with working hours among employees with "lifestyle orientation" are broken down by number of hours worked per week, the level for employees working "less than 45 hours" was 0.22, among those working "45–50 hours" it was －0.09, for "50–55 hours" it was －0.71, and for "55 hours or more" it was －1.00, amounting to a statistically significant discrepancy among these respondent groups (statistical significance level of 5% by analysis of variance). Because the "lifestyle orientation" group shows a positive correlation between shorter weekly working hours and higher levels of satisfaction, it is evident that long working hours (weekly average of 53.3 hours) lead to low levels of satisfaction with working

With regard to female employees, in light of the limited number of respondents, it makes sense to divide them into two groups for comparison: "managerial orientation" and "professional orientation" in one, and "job security orientation," "lifestyle orientation," "circumstantially dependent orientation" and "undecided orientation" in the other. In the former group, which prioritizes job title and content of work duties, levels of satisfaction with "opportunities to acquire skills and knowledge that are applicable to the job" and "content of work duties" are higher to a statistically significant degree (although for "content of work duties" the statistical significance level is only 10%). On the other hand, among the latter group who are thought to set a high priority on working style, there is statistically significant higher level of satisfaction with working hours.

What underlies these trends? Female regular employees in the group with "managerial orientation" or "professional orientation" often have opportunities to experience more sophisticated work content, whereas those in the "job security orientation," "lifestyle orientation," "circumstantially dependent orientation" and "undecided orientation" group tend to have shorter working hours. For female regular employees, there is a trend toward greater fulfillment of aspirations regarding content of work duties and working styles (work/life balance, etc.) respectively. This can be interpreted as the reason female regular employees, compared to their male counterparts, have higher overall levels of job satisfaction ("job as a whole") and no significant different in overall job satisfaction depending on career orientation.

V. Summary: Individualized Diversification of Regular Employees and Diversification of Regular Employee Categories

The main findings of the analysis in this paper are as below.

(i) Among the group analyzed, regular employees from their late 20s through their 30s, the percentage of employees with "managerial orientation" that place a priority on promotion to management positions is by no means high, even among men. Ambitions and attitudes toward careers and working styles are diversifying among regular employees, including men, and there is a need for diversification of career paths as well.

(ii) Diversification of career paths, in accordance with these varying career orientations, is seen to be occurring. Among regular employees with "managerial orientation," there is an actual tendency toward increased opportunities for promotion to managerial positions (equivalent to subsection chief or above) and for increased sophistication in the content of work duties. Meanwhile, among employees with "profes-

hours in this group. Also, the group of employees with this orientation who had the highest level of satisfaction with working hours (the shortest, working "less than 45 hours"), satisfaction with "job as a whole" was high at 0.33 (compared to 0.02 overall for this orientation.) However, the average discrepancy in satisfaction with "job as a whole" was not statistically significant.

sional orientation," while there are fewer opportunities for managerial promotion, there is a high rate of engagement in specialized or technical work, in line with the aspirations of this career orientation.

(iii) On the other hand, in terms of working hours, diversification of working styles in line with career orientation is seen only among female regular employees. That is, among male regular employees, there is no apparent trend toward shorter hours (weekly average is consistently 50 hours or more) even among those workers with "lifestyle orientation" who prioritize private life and work/life balance. By contrast, among female regular employees, average weekly working hours for those with "lifestyle orientation" tend to be short compared to "managerial orientation" and "professional orientation" (about 42.6 hours for the former and 46.5 hours for the latter).

(iv) Examination of the relationship between career orientation and job satisfaction shows that among male regular employees, those with "managerial orientation" and "professional orientation," levels of satisfaction with skill-building opportunities, content of work duties, working hours, and job as a whole are relatively high. Among other groups, however, especially those with "lifestyle orientation" who aspire to a working style that prioritizes family life, etc., satisfaction with working hours and job as a whole is lower. By contrast, among female regular employees, those with "managerial orientation" and "professional orientation" have high levels of satisfaction with skill-building opportunities and content of work duties, while those with "lifestyle orientation," etc. have a high degree of satisfaction with working hours. Female employees showed consistently high levels of overall level of job satisfaction with no significant disparity depending on career orientation.

With regard to (ii) above, as outlined in Section I, under current circumstances the diversification of careers is occurring not only through diversification of regular employee categories (creation of work-type-restricted, work-location-restricted and other new categories of regular employee), but also through individualized management of assignments and allocation of duties in the context of conventional regular employee categories.[14] This trend is particularly pronounced among male regular employees. Even under these circumstances, however, diversification of careers in accordance with career orientation is seen to be occurring. In this situation, what is the significance of intentionally diversifying regular em-

[14] It should be noted that the analysis in this article found that among female regular employees, regardless of career orientation, there was a lower rate of promotion to managerial promotion and of opportunities to increase the sophistication of job duties than among their male regular employees. Also, the percentage of female regular employees with "managerial orientation" is low to begin with at around 10%. Under individualized management of employees, career development opportunities are not available equally to men and women, and in addition the "restricted regular employee" designation, which imposes limitations on the scope of advancement and promotion, is being applied primarily to female workers.

ployee categories rather merely taking steps to diversify careers through individual management?

Diversification of employment categories in regular employee, unlike diversification of career and working styles through individual management within the context of conventional regular employment, is a systemic process that entails placing different employment terms and conditions such as limitations on promotions or restrictions on work types or working styles for each regular employee category. The major difference from career diversification through individual employee management is that these systemic terms and conditions are placed on employees from the time they are hired or change their employee category.

The significance from the benefits to workers associated with this system is, first of all, that career prospects are clearer from the outset than they are in the case of individual management. As discussed in this article, a higher proportion of regular employees focus on specialized content of work duties than on managerial promotion. Furthermore, such regular employees with "professional orientation" do in fact have a tendency to be engaged in professional types of work. However, under conventional regular employee categories, it is unclear to these workers whether they will be able to engage in the professional types of work they aspire to in the future, due to the possibility of reassignment to a different type of work. To address this, the work-type-restricted regular employee category has been created, and this means of systemically guaranteeing employees' ability to continue pursuing their desired type of work has the potential to fulfill employees' career expectations more effectively.

Secondly, companies' establishment of restricted regular employee categories can be, for the workers, a systemic guarantee of benefits in terms of working styles, such as ability to avoid excessively long working hours. As described in (iii) above, among male employees, in terms of working hours there does not appear to be diversification of working styles under the system of individual management. Under these circumstances there is significant dissatisfaction with working hours among male regular employees who place a priority on balancing work with family life, etc. However, if a restricted regular employee category is created and employees can be provided with a systemic guarantee of a less burdensome working style with no overtime work, for example, it has the potential to fulfill the career aspirations of employees with "lifestyle orientation." [15]

However, as we have indicated in this article, to ensure that the diversification of regular employee categories is a measure that truly and effectively meets the needs and expectations of employees, it is a crucial prerequisite that the employee categories selected are actually in accordance with workers' career orientations. "Restricted regular employee" categories all have the effect of restricting workers' career opportunities in one way or an-

[15] This issue, of course, should also be addressed through consideration for employees' working hours within the framework of individual management, and also through countermeasures to prevent excessively long working hours.

other, in terms of promotion level, work type, working hours and so forth. This means that a employment category that is not aligned with the employee's career orientation will only have the opposite effect than intended, making it more difficult to realize the employee's career aspirations. As a result, when enterprises diversify regular employee categories, they must provide clear and thorough explanations at time of hiring, etc., of the effects each employee category would have on employees' careers or working styles. Also, it should be kept in mind that career orientations are subject to change. It is vital that enterprises establish systems within which regular employee category changes are possible, so as to respond to potential career orientation changes occurring during the course of workers' careers.

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Understanding Restricted Regular Employment: Differences by Company Size with a Focus on Wages and Satisfaction Levels

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As the Japanese government seeks to encourage greater implementation of restricted regular employment systems, it is important to ascertain the current developments regarding such forms of employment. Focusing particularly on the differences that arise depending on company size, this paper investigates the attributes of restricted regular employees and factors determining wages and satisfaction levels. The analysis results show that restricted regular employment is helping companies to provide more flexible ways of working, as reflected by the fact that women who are caring for and raising children tend to work as regular employees with restrictions on their working hours. The results also suggest that as many large companies have multiple places of business and need employees to be prepared for the possibility of personnel transfers—particularly those that involve moving to a new place of work—their approach to forms of employment that restrict such transfers may involve lowering wages. The findings also indicate that in small and medium-sized companies, which may need to operate with a comparatively limited number of staff and may therefore assign a wide scope of work duties to each employee, placing restrictions on scope of work duties allows employees to concentrate on certain types of work and in turn increases their levels of job satisfaction.

I. Introduction

It has been recognized for a number of years that forms of employment in Japan are polarized between two types: “regular” and “non-regular” employment. “Regular” employment offers advantages such as job security, opportunities for vocational skills development, and relatively high wages according to the number of years an employee has been working for the same employer, while also potentially involving significant changes in work duties and place of work, and being expected to work overtime and therefore potentially long hours. On the other hand, “non-regular” workers tend to engage in specific work duties that are changed very little, remain at the same place of work, and rarely be expected to work overtime. At the same time, as they work on fixed-term employment contracts that are periodically renewed as necessary, their position is insecure as their employer may at some point refuse to renew their employment contract. Non-regular employees also have little opportunities to develop their vocational skills, and receive relatively lower wages and fewer opportunities for pay rises.

[*] This paper is a revision of Toda (2015) for readers outside of Japan. The opinions expressed in this paper are those of the author and are not attributable to Recruit Works Institute. Any errors in this paper are the responsibility of the author.

Since Japan's period of high economic growth, many companies—large corporations in particular—have established personnel and labor management practices that involve a foundation of regular employees who are employed on a long-term basis, while also maintaining flexibility and increasing productivity by engaging non-regular workers as a means of adjusting their work forces and personnel costs along with changes in the business environment. While continuing to maintain long-term employment practices, companies have responded to the subsequent trend of decline in Japan's economic growth rate by adopting new approaches to regular employment, such as increasingly narrowing down the amount of new recruits and introducing ever stricter personnel evaluations. On the other hand, the percentage of workers in non-regular employment rose between the late 1990s and the early 2000s and has continued to increase gradually since. These growing percentages of non-regular workers include a number of people—young people in particular—who enter non-regular employment due to the lack of availability of regular employment. As other factors such as the increasing presence of women in employment and the subsequent rise in families in which both partners work have also led workers in Japan to develop more diverse approaches to work in seeking to ensure greater work-life balance, it has become necessary to readdress the divide between regular and non-regular employment. Moreover, with Japan's labor force set to decrease even further in the years to come, it is necessary to ensure that certain groups of people who tend to wish to limit their working hours and places of work—such as women who have commitments caring for children or older relatives, or older people who are constrained by their own physical health conditions—are able to maintain and develop a professional career that allows them to make use of their abilities, and in turn to contribute to maintaining Japan's economic vitality. A growing number of companies are ensuring that their personnel and labor management divisions review their employment portfolios—that is, the ways in which they combine different employment types—and the stark divides between regular and non-regular employment. Many have also introduced a new type of employment that offers an open-ended employment contract while also allowing employees to limit to what extent their work duties and places of work may be changed, and established systems to allow employees to switch from one type of employment to another. The number of workers who have open-ended employment contracts but also have restrictions on aspects such as work duties or place of work is also anticipated to increase due to the 2012 amendments to the Labor Contract Act (Act No. 128 of 2007), which guarantee workers who have been employed on fixed-term contracts for a sum of more than five years the opportunity to switch to open-ended employment contracts. At the same time, as the business environment is ever more uncertain due to growing economic globalization generating ever more intense competition among companies, and the increasingly rapid shifts in technological innovation and consumer needs, companies are also recruiting mid-career workers who possess the specialist knowledge required to carry out projects and other such initiatives to generate the added value sought by the market.

Given such changes in the business environment, it is necessary to establish more

varied forms of employment that ease the divide between regular and non-regular employment and benefit both labor and management by allowing each worker to achieve a suitable work-life balance while also allowing companies to employ talented workers and ensure that such workers are able to settle effectively in their workplaces. It has become important for companies to offer a greater number of employees "restricted regular employment"—regular employment with restrictions on work duties, place of work, and/or working hours—as one of these flexible forms of employment and ways of working. Restricted regular employment is similar to regular employment in the sense that employees have an open-ended employment contract, but differs with regard to ways of working and the ways in which companies may utilize the employees. On the other hand, it also has a number of points in common with non-regular employment, such as restrictions on place of work, job content, and working hours, while of course differing in the fact that non-regular employment involves fixed-term contracts. Restricted regular employment therefore serves as an intermediate form between regular and non-regular employment, and is anticipated to contribute not only to improving the job stability, wages, and other working conditions of non-regular employees, but also to establishing more diverse forms of employment, including ways of working that will allow regular employees to achieve work-life balance.

A significant number of companies already offer restricted regular employment at present. According to the Ministry of Health, Labour and Welfare's "Report of the Study Group on 'Diverse Forms of Regular Employment,'" regular employees account for 64.2% and restricted regular employees account for 32.9% of employed persons. It is possible to gain valuable insights for promoting further adoption of restricted regular employment by using existing data to shed light on what kinds of people are working as restricted regular employees, and how their wages, levels of satisfaction, and other conditions differ in comparison with people in other employment types.

At the same time, it undeniably seems that prior research on restricted regular employment—some examples of which will be introduced later in this section—has focused solely on large-scale companies and rarely addressed differences in company size. Certainly with regard to restrictions on place of work, there may be cases in small-scale companies where place of work is effectively limited as a result of the fact that the company only has one place of business. On the other hand, in the case of relatively large companies with places of business across the country, placing restrictions on place of work may allow for more varied forms of employment, whereas normally regular employees would all be subject to the possibility of transfers that involve relocating their place of residence. Table 1 suggests that as conditions regarding places of business differ according to company size, this theory is valid to some extent. Table 1 shows the percentages of companies with just one place of business and the percentages of companies with multiple places of business, according to company size (based on numbers of full-time employees), and for those companies with multiple places of business, the average number of places of business. These results demonstrate differences according to company size, as the larger the size of the

Table 1. Numbers of Places of Business by Company Size
(Based on Numbers of Full-Time Employees)

	Number of companies	Percentage of those companies that have one place of business	Percentage of those companies that have multiple places of business	Average number of places of business (for companies with multiple places of business)
Total number of employees for all company sizes	1,805,545	86.4%	13.6%	5.1
0−4 people	1,067,825	97.1%	2.9%	2.0
5−9 people	309,445	88.0%	12.0%	2.1
10−19 people	200,451	75.5%	24.5%	2.4
20−29 people	75,974	62.4%	37.6%	2.8
30−49 people	62,940	49.3%	50.7%	3.2
50−99 people	46,090	33.5%	66.5%	4.3
100−999 people	30,218	18.5%	81.5%	7.7
300−999 people	9,296	7.1%	92.9%	19.0
1,000−1,999 people	1,780	1.8%	98.2%	45.4
2,000−4,999 people	1,013	0.3%	99.7%	87.1
5,000 people or more	513	0.0%	100.0%	297.4

Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Economic Census* (2009).

company, the higher the percentage of companies that have multiple places of business and the higher the average number of places of business. This suggests that it is worthwhile to ascertain the conditions regarding restricted regular employment in smaller size companies, and develop discussions that reflect differences in company size.

This paper therefore addresses the above issues by adopting a particular awareness of differences in company size as it looks at (i) what kinds of people work as restricted regular employees, and (ii) in what ways their wages and levels of satisfaction differ from other types of employees.

While some studies have been conducted on restricted regular employees in Japan from the perspective of personnel management—such as Sato, Sano, and Hara (2003) and Nishimura and Morishima (2009)—the data used is mainly from medium-sized to large firms. Morishima (2011) suggests that in companies that are relatively large the introduction of restricted regular employment measures does not significantly affect regular employees, but may affect the attitudes of non-regular employees, either positively or negatively depending on the content of the measures. Takahashi (2013) conducts similar analysis to this study using the results of the Survey of Diverse Employment Types (conducted by the Japan Institute of Labour Policy and Training), a survey of personnel management supervisors and employees from places of business with ten full-time employees or more. Takahashi concludes with an overview of the utilization and employment situations of restricted regular employees, highlighting two challenges to be addressed by personnel management: the fact

that restricted regular employees with restrictions on their type of work have difficultly pursuing career development within their companies, and the fact that restricted regular employees with restrictions on their place of work tend to be dissatisfied with their wages. However, he does not particularly address differences in company size, perhaps due to the limitations of the data.

The following section introduces the data used in this research, and observes the approximate percentages of people actually in restricted regular employment and differences according to company size. Section III then describes the results of empirical analysis. The analysis covers the attributes of people who are in restricted regular employment, what kinds of differences restricted regular employees experience in wages and job satisfaction in comparison with people in other forms of employment, while also highlighting the differences depending on company size. Section IV concludes the paper with a summary of the results.

II. The Data

This section explains the data used in this paper and the methods of surveying restricted regular employees.

1. The 2012 Working Person Survey

This research uses data from the 2012 Working Person Survey conducted by Recruit Works Institute. The Working Person Survey has been carried out every two years since 2000. It collects repeated cross-section data to make a detailed survey of the current conditions of and individual attitudes to forms of employment. The 2012 survey was conducted by monitors from INTAGE Inc. between August and September 2012, on employed persons (male and female), including persons who engage in subcontracted work, from 18 to 59 years old, living in Tokyo, Chiba, Saitama, and Kanagawa. As this survey collects data mainly from persons who live in the Tokyo metropolitan area, it is important to note there are limitations on the extent to which it can represent Japan as a whole. 9,970 people responded to the 2012 survey. The following analysis excludes the data for persons who engage in subcontracted work, and looks at the responses from 9,723 employed persons.

This survey asks all employed persons—both regular employees and non-regular employees—whether the following systems are offered at their current places of work. Subjects respond by selecting either “applies” or “does not apply.”

- A system that restricts place of work, such that there are no transfers to branch offices or places of business that are considerably distant from the original place of work to the extent that the worker would be required to relocate their place of residence (“region-restricted regular employment”)
- A system that restricts the employee’s work duties in comparison with a normal regular employee, such that there are no transfers to other fields of work

- A system that allows employees to work fewer days or fewer hours per week than a normal regular employee (“short-time regular employment”)

The subjects were classed as regular employees or non-regular employees depending on the terms used by their place of employment to define their type of employment. Those regular employees for whom one of the above systems applied were defined as “restricted regular employees.” Those regular employees for whom none of the above systems applied—in other words, “normal” regular employees—are hereafter referred to as “non-restricted regular employees.”[1]

2. Distribution of Restricted Regular Employees

Table 2 (a) shows the percentages of non-restricted regular employees and restricted regular employees by sex and age bracket. Looking at the percentages for males and females combined, non-restricted regular employees account for 45.4%, restricted regular employees account for 24.4%, and non-regular employees account for 30.2%. The percentages of non-restricted regular employees and restricted regular employees are lower than those in the survey results in the Ministry of Health, Labour and Welfare’s “Report of the Study Group on ‘Diverse Forms of Regular Employment,’” but the differences are not particularly significant. For males, the percentage of non-regular employees is higher in the young age bracket (age 18–29) than in the other age brackets, but the percentage of restricted regular employees is around 25% regardless of the age bracket. For females, the percentage of restricted regular employees is slightly higher the younger the age bracket, and is 28.1% for the 18–29 age bracket.

Table 2 (b) shows the percentage of restricted regular employees according to which aspect of employment is restricted. Looking at the totals for males and females combined, of the regular employees who responded that there is some form of restriction on their employment, 77.0% have restrictions on their place of work, 52.4% have restrictions on the scope of their work duties, and 20.1% have restrictions on their working hours. The percentage of restricted regular employees with restrictions on their place of work is notably high. The percentages of restricted regular employees with restrictions on place of work are particularly high in the case of males in the 18−29 age bracket, at 84.2%; females in the 18−29 bracket, at 82.1%, and females in the 50–59 age bracket, at 82.5%. In the case of the percentages of regular employees with restrictions on the scope of their work duties, while for males the percentages change very little across the different age brackets, for females the

[1] The Working Person Survey surveys whether subjects have an open-ended or fixed-term employment contract, but as the questions ascertaining the aspects of employment that are restricted are worded as comparisons with regular employees, it is thought that the compatibility of the data can be more effectively maintained in analysis by limiting the subjects to those known as regular employees according to the terms used at their workplace, and investigating the limitations within such regular employment. As this research relies on the respondents’ perceptions when ascertaining the restricted aspects, it has not been possible to prevent errors in perception.

Table 2. Percentages of Restricted Regular Employees among Total Employees and for Each Restricted Aspect of Employment (by Sex and Age Bracket)

(a) Percentage of each employment type among total employees

	Regular employees (non-restricted)	Restricted regular employees	Non-regular employees	Sample size
Males				
Age 18–29	48.1%	24.5%	27.4%	1,007
Age 30–39	61.3%	27.5%	11.3%	1,830
Age 40–49	68.0%	24.6%	7.4%	1,506
Age 50–59	63.5%	25.1%	11.4%	1,268
Total for males	61.2%	25.6%	13.2%	5,611
Females				
Age 18–29	29.4%	28.1%	42.6%	973
Age 30–39	26.7%	25.8%	47.5%	1,160
Age 40–49	20.5%	18.9%	60.7%	1,055
Age 50–59	18.1%	18.0%	64.0%	924
Total for females	23.8%	22.8%	53.4%	4,112
Total for males and females	45.4%	24.4%	30.2%	9,723

(b) Percentage of restricted regular employees for each restricted aspect

	Restriction on place of work	Restriction on scope of work duties	Restriction on working hours	Sample size
Males				
Age 18–29	84.2%	50.2%	17.0%	247
Age 30–39	75.8%	52.9%	18.5%	503
Age 40–49	74.6%	50.3%	21.4%	370
Age 50–59	70.8%	55.7%	23.0%	318
Total for males	75.8%	52.4%	20.0%	1,438
Females				
Age 18–29	82.1%	46.5%	19.1%	273
Age 30–39	75.3%	50.5%	27.8%	299
Age 40–49	76.9%	53.3%	19.6%	199
Age 50–59	82.5%	65.1%	10.2%	166
Total for females	78.9%	52.5%	20.4%	937
Total for males and females	77.0%	52.4%	20.1%	2,375

Source: Tabulated by author on the basis of the Recruit Works Institute, *Working Person Survey* (2012).

percentages grow the higher the age bracket—the percentage for females in the 50–59 age bracket is 65.1% in contrast with 46.5% for females in the 18–29 age bracket. Turning to the percentages of regular employees with restrictions on working hours, it is notable that the percentage for females in the 30–39 age bracket, 27.8%, is relatively higher in comparison with other age brackets.

Table 3. Percentages of Restricted Regular Employees among Total Employees and for Each Restricted Aspect of Employment (by Company Size)

(a) Percentage of each employment type among total employees

	Regular employees (non-restricted)	Restricted regular employees	Non-regular employees	Sample size
Less than 100 people	37.3%	25.0%	37.7%	3,443
100−999 people	47.1%	23.5%	29.3%	2,723
1,000 people or more	53.0%	22.4%	24.6%	3,019
Government and municipal offices	46.1%	36.3%	17.7%	538
Total for all company sizes	45.4%	24.4%	30.2%	9,723

(b) Percentage of restricted regular employees for each restricted aspect

	Restriction on place of work	Restriction on scope of work duties	Restriction on working hours	Sample size
Less than 100 people	81.8%	59.3%	12.7%	862
100−999 people	75.0%	51.8%	19.2%	641
1,000 people or more	72.1%	45.4%	31.6%	677
Government and municipal offices	79.5%	48.7%	16.4%	195
Total for all company sizes	77.0%	52.5%	20.2%	2,375

Source: Tabulated by author on the basis of the Recruit Works Institute, *Working Person Survey* (2012).

Table 3 shows the percentages of restricted regular employees by company size. Apart from in the case of government and municipal office employees, the percentage of restricted regular employees is around 25%. As in the case of companies with less than 100 workers the percentage of non-regular employees is 37.7% and therefore higher than in the case of other sizes of companies, it can be suggested that the percentage that restricted regular employees account for among regular employees is higher than at large companies. It is not possible to tell if this result is a reflection of the fact that in small companies the place of work, etc. is limited regardless of the company's personnel management measures, or if it is limited in the perception of the respondents. Looking exclusively at restricted regular employees, in terms of the percentages for each restricted aspect, regular employees with restrictions on place of work account for 81.8% for companies with less than 100 employees, a relatively higher percentage than for companies with 1,000 employees or more, where they account for 72.1%. Similarly in the case of regular employees with restrictions on scope of work duties, the percentage is higher for companies with less than 100 employees than for companies with 1,000 employees or more, at 59.3% and 45.4% respectively. It can therefore be suggested to a certain extent that it is easier for small-sized companies to restrict place of work or scope of work duties. On the other hand, restrictions on working hours have been more widely introduced by large companies, with the percentage of regular

employees with restrictions on working hours at 31.6% for companies with 1,000 employees or more, in comparison with 12.7% for companies with less than 100 employees.

Table 3 suggests that the percentages that restricted regular employees account for among regular employees are higher the smaller the size of the company, but it is difficult to suggest that small and medium-sized companies are more likely to offer such restrictions, irrespective of their personnel management approaches. Naturally, as the data is based on the perception of the respondents, we can go no further than suggesting that there is a slight trend. In the analysis in the following section it is therefore important to focus on the differences in company sizes by dividing the sample according to company size.

III. Results of Empirical Analysis

We apply regression analysis to observe the attributes of people who are actually in restricted regular employment, and how their wages and satisfaction levels differ from people in other forms of employment. The following analysis focuses particularly on regular employees, comparing non-restricted regular employees and restricted regular employees. This is because, as noted in the aforementioned prior research, in many cases there are significant differences in the wages and other working conditions and utilization policies that company personnel management applies to restricted regular employees and non-regular employees, whereas in the case of restricted regular employees and non-restricted regular employees the differences are presumed not to be significant, and it is therefore expected that it will be easier to understand these differences if we focus on the differences between restricted regular employees and non-restricted regular employees. Table 4 shows the basic statistics for the variables used for analysis.[2]

1. Analysis regarding the Attributes of Restricted Regular Employees

Firstly, we analyze how the attributes of people who are restricted regular employees differ from those who are not. Table 5 shows the results of probit analysis, for which the explained variables are dummy variables that take the value 1 for restricted regular employees and 0 for other types of employees.[3] The analysis in Table 5 includes not only

[2] While not shown in Table 5 or the subsequent tables, there are industry dummies and occupation dummies as other variables for control. With the "construction industry" as a base, the industry dummies are classified into the following categories: "manufacturing industry," "electricity, gas, and heating supply," "telecommunications industry," "transportation industry," "retail/wholesale industry," "finance/insurance industry," "real estate industry," "restaurant, accommodation industry," "medical care/welfare," "education/learning support," "service industry," "public affairs," "industries that cannot be categorized/other." With "service" as a base, the occupation dummies are classified into the following categories: "transport/telecommunications-related," "manufacturing process/labor," "management," "clerical," "sales," "specialist," "occupations that cannot be categorized/other."

[3] The explained variables take into account when there is any one of the restrictions, and when there is restriction on place of work, scope of work duties, and working hours respectively.

Table 4. Basic Statistics for the Variables Used in Empirical Analysis

	Males		Females	
	Mean	Standard deviation	Mean	Standard deviation
Restricted-regular employees	0.295	0.456	0.489	0.500
Regular employees with restrictions on place of work	0.224	0.417	0.386	0.487
Regular employees with restrictions on scope of work duties	0.155	0.362	0.257	0.437
Regular employees with restrictions on working hours	0.059	0.235	0.100	0.300
Hourly wage rate (logarithmic values)	7.776	0.652	7.425	0.557
Level of job satisfaction	2.293	0.967	2.350	0.944
Age 30−39 dummy	0.333	0.471	0.318	0.466
Age 40−49 dummy	0.286	0.452	0.217	0.412
Age 50−59 dummy	0.231	0.421	0.174	0.379
Tenure (years)	8.283	2.788	7.180	2.850
Junior college/specialised training college dummy	0.128	0.334	0.289	0.453
University/graduate school dummy	0.717	0.450	0.545	0.498
Spouse dummy	0.656	0.475	0.386	0.487
Youngest child under 6 years old dummy	0.194	0.395	0.112	0.316
“High school preformance” at age 15 dummy	0.591	0.492	0.647	0.478
First employment as non-regular employee dummy	0.052	0.221	0.088	0.283
Company size 100−999 people dummy	0.288	0.453	0.272	0.445
Company size 1,000 people or more dummy	0.365	0.481	0.261	0.439
Government and municipal offices dummy	0.071	0.258	0.050	0.217

Source: Tabulated by author on the basis of the Recruit Works Institute, *Working Person Survey* (2012).

Note: Sample includes regular employees only. Level of job satisfaction dummy variable: 4= “very satisfied”; 3= “satisfied”; 2=“can’t say either way”; 1=“dissatisfied”; 0= “very dissatisfied.” “High school performance” at age 15 (results in third year of junior high school) dummy variable: 1=“high” and “slightly high”; 0= “around middle,” “slightly low,” and “low.”

regular employees but also non-regular employees in the sample, and seeks to observe what kinds of people among employed people become restricted regular employees.[4]

Equation (1) of Table 5 limits the sample to males and analyzes regular employees with some form of restriction on their employment conditions. Looking at age, the probability of being a restricted regular employee is lower in the 40–49 age bracket than in the

[4] As workers have the options “non-restricted regular employee,” “restricted regular employee,” and “non-regular employee,” it appears suitable to adopt the nested logit model or multinominal logit model, but in the background to such models is the assumption that workers are able to freely select their form of employment on the basis of utility maximization, and due to the fact that this may not be consistent with the current situation in Japan and the fact that here we are looking not at workers’ choices but simply at the differences between regular-restricted employees and other types of employees, the binary model was adopted. Investigation with the nested logit model is a potential topic for future study.

Table 5. Probit Analysis regarding Restricted Regular Employees (Marginal Effect)

	Males				Females			
Explained variables	Restricted regular employees (1)	Restriction on place of work (2)	Restriction on scope of work duties (3)	Restriction on working hours (4)	Restricted regular employees (5)	Restriction on place of work (6)	Restriction on scope of work duties (7)	Restriction on working hours (8)
Age (vs. age 18−29)								
Age 30−39 dummy	-0.0303	-0.0439 **	-0.0153	0.00224	-0.0138	-0.0371	0.00840	0.0154
	(0.0210)	(0.0180)	(0.0160)	(0.0110)	(0.0317)	(0.0303)	(0.0278)	(0.0160)
Age 40−49 dummy	-0.0492 **	-0.0581 ***	-0.0337 **	0.00380	-0.0238	-0.0555 *	0.0197	0.00121
	(0.0220)	(0.0188)	(0.0165)	(0.0118)	(0.0356)	(0.0337)	(0.0320)	(0.0179)
Age 50−59 dummy	-0.0250	-0.0523 **	-0.0102	0.0153	-0.00932	-0.0231	0.0836 **	-0.0316 *
	(0.0250)	(0.0210)	(0.0191)	(0.0141)	(0.0400)	(0.0383)	(0.0374)	(0.0166)
Educational attainment (vs. junior high/high school graduates)								
Junior college/specialised training college dummy	-0.00314	0.0100	0.00405	0.00282	0.00250	0.0303	0.0137	-0.00306
	(0.0249)	(0.0227)	(0.0191)	(0.0137)	(0.0367)	(0.0360)	(0.0316)	(0.0186)
University/graduate school dummy	-0.0276	-0.00762	-0.0144	0.0147	-0.0327	-0.0224	-0.0225	-0.00666
	(0.0204)	(0.0180)	(0.0157)	(0.00962)	(0.0366)	(0.0356)	(0.0317)	(0.0185)
Spouse dummy	0.00590	-0.00359	0.0171	0.00131	0.000486	0.000953	-0.0359	0.0205
	(0.0175)	(0.0158)	(0.0132)	(0.00856)	(0.0284)	(0.0276)	(0.0242)	(0.0150)
Youngest child under 6 years old dummy	0.000121	-0.00261	-0.00876	0.00152	0.0462	-0.0386	-0.00418	0.117 ***
	(0.0198)	(0.0178)	(0.0150)	(0.0101)	(0.0445)	(0.0421)	(0.0378)	(0.0330)
“High school performance” at age 15 dummy	-0.0159	-0.0234 *	-0.0141	-0.00433	-0.00792	-0.0112	-0.00840	0.0180
	(0.0143)	(0.0129)	(0.0111)	(0.00721)	(0.0262)	(0.0254)	(0.0224)	(0.0122)
First employment as non-regular employee dummy	0.0862 ***	0.0521 *	0.0692 ***	-0.0159	-0.000218	-0.0474	0.0818 **	-0.0596 ***
	(0.0322)	(0.0289)	(0.0260)	(0.0131)	(0.0419)	(0.0398)	(0.0383)	(0.0124)
Company size (vs. less than 100 people)								
100−999 people dummy	-0.0614 ***	-0.0726 ***	-0.0303 **	0.00714	0.00922	-0.00252	-0.0640 ***	0.0236
	(0.0167)	(0.0142)	(0.0123)	(0.00948)	(0.0296)	(0.0288)	(0.0237)	(0.0170)
1,000 people or more dummy	-0.0985 ***	-0.103 ***	-0.0687 ***	0.0253 ***	0.0528	-0.0203	-0.0630 **	0.0835 ***
	(0.0169)	(0.0146)	(0.0125)	(0.00962)	(0.0323)	(0.0315)	(0.0259)	(0.0213)
Government and municipal offices dummy	-0.0596	-0.0609	-0.0178	0.00575	-0.0486	-0.0770	-0.0683	-0.0208
	(0.0748)	(0.0592)	(0.0525)	(0.0450)	(0.125)	(0.114)	(0.0877)	(0.0571)
Pseudo R^2	0.036	0.0348	0.036	0.0273	0.0942	0.0878	0.0624	0.1342
Sample size	4,872	4,872	4,872	4,872	1,916	1,916	1,912	1,916

Source: Estimated by author on the basis of the Recruit Works Institute, *Working Person Survey* (2012).

Note: Sample includes regular employees only. Industry dummies and occupation dummies also used as other explanatory variables. Robust standard errors in parentheses.

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

18−29 age bracket. No differences were observed according to educational background or marital status. The results also reveal that the probability of becoming a restricted regular employee increases significantly when the first job on entering employment is as a non-regular employee. Looking at company size, in contrast with companies with less than 100 employees, the coefficients for companies with 100–999 employees and companies with 1,000 employees or more are negative and significant, suggesting that the larger the size of company the lower the probability of becoming a restricted regular employee. It is necessary to apply caution in interpreting these results as it is unclear whether this is due to the fact that there are differences according to company size in the amounts of regular employees for whom company personnel management establishes restrictions, or whether it is due to the fact that in small companies restrictions apply as a result of the small scale of the company and respondents from small companies have therefore responded that they are restricted regular employees because they are aware of such restrictions.

Equations (2) through (4) of Table 5 are the results of analysis using as explained variables dummy variables that take the value 1 for regular employees with the restrictions at the top of the table and 0 for other types of employees, for males only. Looking at age, for males with restrictions on place of work, the coefficients for the 30–39 age brackets are negative in comparison with the coefficient for the 18–29 age bracket, and for males with restrictions on scope of work duties, the coefficient for the 40–49 age bracket is negative in comparison with the 18–29 age bracket. The “First employment as non-regular employee dummy” is also significant only for restrictions on place of work and scope of work duties. Moreover, looking at company size, the results for restrictions on place of work and restrictions on scope of work duties are the same as Equation (1), but for restrictions on working hours, the coefficient for companies with 1,000 employees or more is positive and significant, and is therefore consistent with the results of Table 2. The variables that are significant differ according to the content of the restrictions.

Table 5 Equations (5) onward are the results of the same analysis as conducted for males, applied to the data for females. The results differ from those for males in that in the analysis of all people with some kind of restriction (Equation [5]) significant differences according to age were not observed, and, while it is not significant for males, the probability of becoming a regular employee with restriction on working hours is higher for females whose youngest child is aged under 6 years old. In particular, from the results of Equation (8), for females whose youngest child is aged under 6 years old, the percentage of people with some form of restriction rises by 11.7%. As this magnitude is greater than other coefficients, the effect of the age of the youngest child is also great in terms of the magnitude of its impact. As mentioned at the beginning of this paper, there is a growing demand for diverse forms of employment as a means of maintaining work-life balance, and the fact that the percentage of females in restricted regular employment is higher among those who are raising children while working reflects the growing importance of promoting the use of restricted regular employment systems as part of initiatives to help employees to balance

work with private commitments.

2. Analysis regarding Wages

Let us now look at to what extent there are differences in wages between restricted regular employees and other types of employees. As this study looks at annual income (excluding incidental income and income from side jobs), these differences will be investigated by estimating annual income functions.[5]

Table 6 shows results of estimation using Ordinary Least Squares (OLS) with logarithmic values of hourly wage rates as the explained variables. Equation (1) looks at the differences for restricted regular employees in all company sizes, for males only. The coefficients for restricted regular employees are the variables "with restrictions on place of work," "with restrictions on scope of work duties," and "with restrictions on working hours," showing to what extent annual income differs on average in comparison with non-restricted regular employees due to each of the respective restrictions. As far as Equation (1) suggests, there is no statistical difference in any case. Equations (2) to (4) show the sample divided according to company size. Looking at the variables regarding restricted regular employees, for companies with less than 100 employees and 100–999 employees all of the coefficients are not significant, and for companies with 1,000 employees or more at -0.0996 the coefficient for restriction on place of work is negative and significant. Moreover, restriction on scope of work duties is positive and significant—although with a significance level of 10%. It can be suggested that transfers involving moving residence are important in large companies, to the extent that having restrictions on place of work when employed by a large company may lead to a subsequent penalty of 10% on annual income.

Looking at the results for women in Equations (5) through (8), Equation (5) for the total for all company sizes shows the coefficient for employees with restricted working hours is negative and significant in comparison with non-restricted regular employees. Looking at working hours, there is a penalty in Equation (5) for the total for all company sizes, but looking at Equation (6) onward, while it is significant with a 10% significance level for companies with 100–999 employees, for other company sizes it is not significant. Moreover, for companies with 1,000 employees, the coefficient for restriction on place of work is negative and significant.

3. Analysis regarding Job Satisfaction Level

Finally, let us look at the results of analysis of job satisfaction level in Table 7. The total for all company sizes for males shows that job satisfaction level is higher for regular employees with restrictions on scope of work duties than for non-restricted regular employees. Looking at the figures for each different company size, the coefficient for restriction on

[5] Although it also depends on the formulation, the model estimated in this research can also be interpreted as estimating compensating wage differentials. Usui (2013) addresses compensating wage differentials. Related analysis includes Kuroda and Yamamoto (2013) and Morikawa (2010).

Table 6. Regression Analysis (OLS) regarding Hourly Wage Rates (Logarithmic Values)

	Males				Females			
VARIABLES	Total for all company sizes (1)	Less than 100 people (2)	100−999 people (3)	1,000 people or more (4)	Total for all company sizes (5)	Less than 100 people (6)	100−999 people (7)	1,000 people or more (8)
With restrictions on place of work	-0.0346	0.00165	-0.0370	-0.0996 **	-0.0285	0.0137	-0.00166	-0.0908 **
	(0.0220)	(0.0442)	(0.0345)	(0.0466)	(0.0272)	(0.0392)	(0.0560)	-0.0507
With restrictions on scope of work duties	0.0107	-0.0168	-0.0300	0.0990 *	0.0492	0.0736 *	-0.00816	0.0539
	(0.0275)	(0.0580)	(0.0375)	(0.0572)	(0.0304)	(0.0380)	(0.0707)	(0.0690)
With restrictions on working hours	0.0428	0.00395	0.0429	0.0385	-0.0810 **	-0.0559	-0.127 *	-0.0489
	(0.0369)	(0.0988)	(0.0555)	(0.0556)	(0.0404)	(0.0770)	(0.0675)	(0.0766)
Tenure (years)	0.0701 ***	0.0977 ***	0.0680 *	0.0574 *	0.0605 **	0.0606 *	0.0658	0.0505
	(0.0176)	(0.0287)	(0.0364)	(0.0315)	(0.0235)	(0.0330)	(0.0469)	(0.0584)
Square of tenure (/100)	0.000755	-0.00252	0.000808	0.00211	0.00184	0.00163	0.00151	0.00320
	(0.00112)	(0.00200)	(0.00230)	(0.00193)	(0.00158)	(0.00238)	(0.00312)	(0.00371)
Educational attainment (vs. junior high/high school graduates)								
Junior college/specialised training college dummy	0.0114	-0.0676	0.0434	0.0420	0.0675 *	0.0525	0.0211	0.221 ***
	(0.0312)	(0.0553)	(0.0573)	(0.0539)	(0.0367)	(0.0509)	(0.0779)	(0.0807)
University/graduate school dummy	0.0916 ***	0.0411	0.118 ***	0.144 ***	0.115 ***	0.0866	0.110 *	0.305 ***
	(0.0259)	(0.0458)	(0.0439)	(0.0534)	(0.0354)	(0.0538)	(0.0665)	(0.0675)
“High school performance” at age 15 dummy	0.0660 ***	0.0592 *	0.0331	0.101 ***	0.0845 ***	0.0296	0.169 ***	0.0818
	(0.0167)	(0.0357)	(0.0275)	(0.0294)	(0.0243)	(0.0364)	(0.0465)	(0.0533)
First employment as non-regular employee dummy	-0.0100	-0.0372	-0.0134	0.00867	0.0444	0.0278	-0.0125	0.104
	(0.0314)	(0.0499)	(0.0539)	(0.0674)	(0.0378)	(0.0450)	(0.0877)	(0.0948)
Company size (vs. less than 100 people)								
100−999 people dummy	0.101 ***				0.0798 ***			
	(0.0231)				(0.0286)			
1,000 people or more dummy	0.257 ***				0.132 ***			
	(0.0236)				(0.0333)			
Government and municipal offices dummy	0.0603				0.177			
	(0.105)				(0.116)			
Constant term	6.601 ***	6.682 ***	6.704 ***	6.793 ***	6.326 ***	6.430 ***	6.328 ***	6.225 ***
	(0.0998)	(0.152)	(0.209)	(0.187)	(0.176)	(0.251)	(0.247)	(0.493)
Sample size	4,813	1,330	1,388	1,751	1,884	787	514	491
Adjusted R^2	0.289	0.166	0.251	0.263	0.243	0.244	0.232	0.244

Source: Estimated by author on the basis of the Recruit Works Institute, *Working Person Survey* (2012).

Note: Sample includes regular employees only. Industry dummies and occupation dummies also used as other explanatory variables. Robust standard errors in parentheses.

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

Table 7. Ordered Probit Analysis regarding Level of Job Satisfaction

	Males				Females			
Explained variables	Total for all company sizes (1)	Less than 100 people (2)	100–999 people (3)	1,000 people or more (4)	Total for all company sizes (1)	Less than 100 people (2)	100–999 people (3)	1,000 people or more (4)
With restrictions on place of work	-0.00138	0.118	0.00669	-0.252 **	0.00267	0.0658	0.121	-0.117
	(0.0762)	(0.132)	(0.142)	-0.102	(0.100)	(0.157)	(0.198)	(0.214)
With restrictions on scope of work duties	0.251 ***	0.158 **	0.547 ***	0.0782	0.189 *	0.161	0.336	0.241
	(0.0914)	(0.077)	(0.167)	(0.185)	(0.115)	(0.172)	(0.233)	(0.259)
With restrictions on working hours	0.0341	-0.184	-0.374	0.368 *	0.143	0.211	0.0769	0.0765
	(0.128)	(0.264)	(0.262)	(0.210)	(0.146)	(0.319)	(0.257)	(0.247)
Hourly wage rate (logarithmic values)	0.416 ***	0.379 ***	0.506 ***	0.372 ***	0.206 **	0.170	0.125	0.317 **
	(0.0621)	(0.102)	(0.127)	(0.115)	(0.0936)	(0.162)	(0.199)	(0.153)
Tenure (years)	-0.138 ***	-0.263 ***	-0.104	-0.113	-0.250 ***	-0.0460	-0.371 **	-0.522 ***
	(0.0482)	(0.0783)	(0.101)	(0.0932)	(0.0710)	(0.116)	(0.150)	(0.144)
Square of tenure (/100)	0.00773 **	0.0179 ***	0.00547	0.00432	0.0207 ***	0.00353	0.0349 ***	0.0381 ***
	(0.00321)	(0.00566)	(0.00666)	(0.00595)	(0.00519)	(0.00851)	(0.0116)	(0.0103)
Educational attaiment (vs. junior high/high school graduates)								
Junior college/specialised training college dummy	-0.0309	-0.0211	-0.206	0.0846	0.0189	-0.0544	-0.416	0.393
	(0.101)	(0.166)	(0.195)	(0.205)	(0.130)	(0.183)	(0.305)	(0.302)
University/graduate school dummy	0.00214	0.0764	0.00339	-0.0407	0.0656	-0.00918	-0.0976	0.319
	(0.0824)	(0.145)	(0.164)	(0.151)	(0.130)	(0.197)	(0.286)	(0.292)
“High school performance” at age 15 dummy	0.118 **	0.132	0.134	0.0938	0.0509	0.0726	0.0522	0.0724
	(0.0572)	(0.106)	(0.105)	(0.100)	(0.0955)	(0.152)	(0.178)	(0.220)
First employment as non-regular employee dummy	-0.230 *	-0.307 *	0.00245	-0.456	-0.0513	0.183	-0.190	-0.474
	(0.128)	(0.171)	(0.276)	(0.289)	(0.145)	(0.224)	(0.276)	(0.330)
Company size (vs. less than 100 people)								
100–999 people dummy	-0.0184				-0.202 *			
	(0.0737)				(0.108)			
1,000 people or more dummy	0.187 **				-0.303 **			
	(0.0774)				(0.126)			
Government and municipal offices dummy	-0.0470				0.413			
	(0.399)				(0.415)			
Sample size	4,813	1,330	1,388	1,751	1,884	787	514	491
Log likelihood	-7435.0	-7432.6	-5245.6	-5244.2	-2538.5	-2536.2	-1325.5	-1324.8

Source: Estimated by author on the basis of the Recruit Works Institute, *Working Person Survey* (2012).

Note: Sample includes regular employees only. Industry dummies and occupation dummies also used as other explanatory variables. Robust standard errors in parentheses.

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

scope of work duties is positive and significant for companies with less than 100 employees, in Equation (2), and for companies with 100–999 employees, in Equation (3), suggesting that job satisfaction level is greater for people with restrictions on scope of work duties in companies of small size. On the other hand, for large companies with 1,000 employees or more, the coefficient for restriction on place of work is negative and significant, although with a significance level of 10%, and the coefficient for restriction on working hours is positive and significant. For females, some form of restriction is not significant by company size, but looking at the total for the different company sizes, as with males the coefficient for restrictions on scope of work duties is positive, albeit with a significance level of 10%, suggesting that job satisfaction levels are higher for employees with restrictions on scope of work duties.

IV. Conclusion

This paper studies the current conditions of restricted regular employees with a particular focus on differences according to size of company, in the context of the Japanese government's efforts to further promote the use of restricted regular employment systems. The results demonstrate a tendency for women who need to care for and raise particularly young children to work as employees with restrictions on working hours, and suggest that it is highly likely that restricted regular employment systems contribute to providing flexible forms of employment.

Moreover, while there is a slight difference in results according to sex, the analysis regarding wages shows that restrictions on place of work and restrictions on working hours lead to wage penalties. In the case of restrictions on scope of work duties, results show that there is a possibility that annual income may increase due to the recognition of individual's specializations, and that restrictions on the scope of work duties may lead to an increase in job satisfaction, particularly in the case of small and medium-sized companies. The results also suggest that as many large companies have multiple places of business, and transfers to different positions and places of work are therefore very common, particularly forms of employment that restrict relocation to another place of work lead to a decrease in wages. As results also show that for males with restrictions on place of work not only wages but also levels of job satisfaction are lower than non-restricted regular employees to an extent that has statistical significance, it is also necessary to take note of the fact that for males wage penalties in return for not having the possibility of transfer lead to a decrease in levels of satisfaction. At the same time, as in the case of females levels of satisfaction have not decreased despite the existence of wage penalties due to restriction on place of work, it is highly likely that employment with restrictions on place of work at a large company is more easily accepted by women.

In the case of small and medium-sized companies, no wage premiums or penalties were observed as such issues regarding transfers do not tend to exist. Moreover, while we

can merely speculate, it is conceivable that in small and medium-companies restricting scope of work duties leads to an increase in job satisfaction as it allows employees to focus on a certain type of work, whereas normally each employee has a wide scope of duties due to the fact that the business needs to be run with a smaller number of people. As this suggests, the differences in company sizes lead to differences in the aspects of employment that are restricted and what effects these restrictions have on wages and levels of job satisfaction. It is therefore necessary to take such differences into account when investigating policies to promote the use of restricted regular employment systems, and to avoid introducing across-the-board policies that may in fact lead to disadvantages for companies or their employees. The Japanese government is currently gathering examples of companies that have successfully introduced restricted regular employment, and setting out and promoting examples of relevant employment regulations and points to be addressed in managing such systems, with the aim of assisting companies to ensure that labor and management pursue effective initiatives for the smooth introduction and operation of restricted regular employment systems. It is important that it takes a flexible approach to such initiatives and the information that it provides on successful cases and means by which companies can avoid risk when introducing such systems.

There are two issues to address regarding the research described in this paper. Firstly, it is necessary to improve how "restricted regular employee" is defined in questionnaire surveys for workers. This research has looked at restricted regular employees from the perspective of whether or not employees are under a restricted regular employment system implemented by their company's personnel management, but it is possible that in addition to such conventional restricted regular employees, survey respondents who are not under such an employment system—but feel that they have such restrictions on their employment as a result of how they have been assigned to their job positions—also responded that they are a restricted regular employee. Secondly, when using data from the Working Persons Survey it is not possible to distinguish whether those who responded that they are regular employees with restrictions on place of work have responded as such because they are actually subject to such a system, or because their company only has one place of business and their place of work is therefore automatically limited to one location. It is hoped that these points can be improved in further research in the future.

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The MHLW's Policy of "Diverse Regular Employees" and Its Impact on Female Employment

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This paper examines the implications and issues for female employment under the rationale of "diverse regular employees," whereby restrictions are placed on an employee's work type, place of work, etc. In Japan, the introduction of a course-based employment management system has been advocated by employers' associations since around the 1980s. Particularly in larger companies, the majority of male employees have been hired on the "managerial career track," with no restriction on working hours, work type and place of work, and the majority of females on the "clerical career track," with restrictions on work type and place of work, on the assumption of short-term employment. The conventional course-based employment management system and "diverse regular employees" resemble each other, in that they both create categories of employment management in which there are restrictions on the work type and place of work, etc. But if we consider the ideal employment management system, there is a difference as to whether the respective employment is "short-term" or "medium- to long-term." Depending on how systems are designed with a view to forming medium- to long-term careers, the policy of "diverse regular employees" could in fact both reinforce and eliminate Japan's gender pay gap and gender imbalance in types of employment, which are on the large side among industrialized nations.

I. Introduction: Disparity in Working Conditions between Regular and Non-Regular Employees in Japan

This paper examines implications and issues for female employment under the policy of "diverse regular employees,"[1] whereby restrictions are placed on an employee's work type, place of work, etc. This is an issue now being reviewed by study groups in the Ministry of Health, Labour and Welfare (MHLW), among others.

In 2011, MHLW set up a "Discussion Group on the Vision for Non-Regular Employment" followed by a "Study Group on 'Diverse Regular Employees.'" These have been conducting research and studies on "diverse regular employees," and attention is now being focused on the rationale behind this type of employment. As will be discussed below, however, employers' associations in Japan have been advocating the introduction of a multi-track employment management system since around the 1980s, and a degree of "diversity"

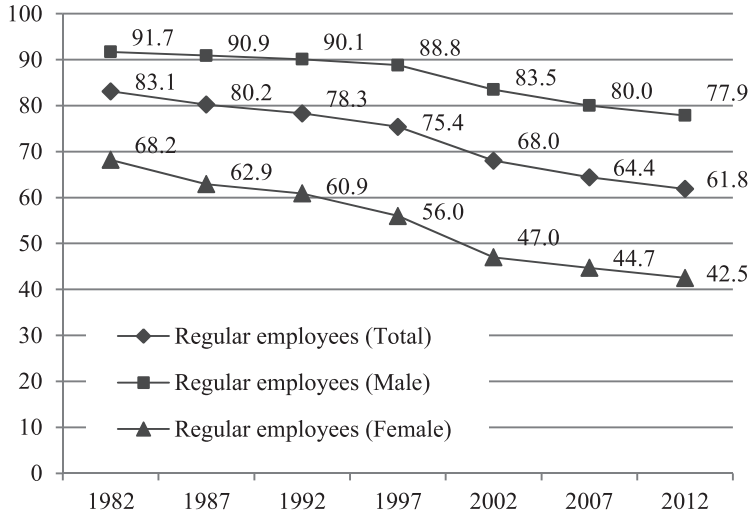
[1] Based on the 2010 Report by the Employment Policy Study Group, the Report by the Study Group on "Diverse Regular Employees" (Ministry of Health, Labour and Welfare 2011a) the Report by the Discussion Group on the Vision for Non-Regular Employment (Ministry of Health, Labour and Welfare 2011b), and others.

has already become evident among regular employees, especially in larger companies.[2] In this section, therefore, the current situation and problems of disparity in employment conditions between regular and non-regular employees in Japan will first be surveyed, and the proposed aims behind the policy of "diverse regular employees" will be enumerated.

Exactly who is referred to as a "regular employee" in Japan, in the first place? In a report by the MHLW "Discussion Group on the Vision for Non-Regular Employment," persons in regular employment are defined as satisfying three conditions: (i) having no fixed term of employment contract, (ii) contractually working full-time, and (iii) being directly employed. Workers who also meet the additional conditions that (iv) their employment conditions and employment management systems are premised on the customary practice of long-term employment (wage structure, promotions and upgrading, postings, ability development, etc. geared to years of service) and (v) they have no restriction on the place or work type, with the possibility of overtime work, are classified as "typical regular employees." Those who do not satisfy any one of these five conditions are classified as "diverse regular employees." One characteristic of Japanese companies is that they establish employment management categories, create management systems and change employment conditions according to combinations of (i)–(v). As will be discussed further in Section III, this kind of employment management system has been arranged mainly by large corporations, partly in response to the introduction of the Equal Opportunity Act. In other words, the specific interpretation of regular vs. non-regular employees is determined by each company's employment management system and customary practice. Moreover, since government statistics also reflect this situation, the definition of regular vs. non-regular employees differs from survey to survey.

The present status of non-regular employees will now be examined by referring to macrodata. Trends in ratios of regular employees are revealed in the Ministry of Internal Affairs and Communications (MIC)'s Employment Status Survey, which aggregates various types of employment under the designations given by companies. According to this, the ratio of regular employees among all workers has declined for both men and women, this trend being particularly conspicuous since the 1990s (Figure 1). However, seen by gender, men continue to be mostly employed as regular employees, while for women the ratios of regular and non-regular employment were reversed in 2002. By 2012, the ratio of regular employees among women had fallen to 42.5%. In particular, many young women used to be regular employees, but the ratio of non-regular employees among young women has increased sharply since the second half of the 1990s. There is a gender gap in types of employment between regular and non-regular employees, and that gap is widening.

[2] It has been asserted that, even before the appearance of "regular employees," Japanese companies were already practicing "multi-track management" (in which fixed quotas of employees with superior status and qualifications were placed on a separate course, while the rest were put into competition with each other), and that Japan's labor union movement aimed to break down this multi-track management (Woo 2010; Nimura 1987).



Source: Compiled from the *MIC Employment Status Survey* for each year.
Note: Figures indicate the ratio of all workers (except company officers) designated as "regular staff or employees" by employers.

Figure 1. Trends in Ratios of Regular Employees by Gender (1982–2012)

There is an ongoing trend toward non-regular employment, accounting for nearly 40% of all persons in employment, and the employment conditions offered to these workers (wages, stability of employment, access to social security) remain at a low level. For example, according to the 2014 MHLW General Survey on Diversified Types of Employment, coverage rates of unemployment insurance, health insurance and employees' pensions are almost 100% among regular employees, but at low levels of 67.7%, 54.7% and 52%, respectively, for non-regular workers.[3] Retirement allowances are available for 80.6% of regular employees but only for 9.6% of non-regular workers, while bonuses are paid to 86.1% of regular employees but only to 31% of non-regular employees.

According to the 2014 MHLW Basic Survey on Wage Structure, wage levels for part-time workers[4] were 53.5% for males and 48.4% for females, where 100 is the average hourly wage for male regular workers. Although a simple comparison cannot be made due to differences in definitions among OECD countries, the hourly wage rate of part-time workers compared to that of full-time workers is lower in Japan than in any other OECD country.

The wide disparity in employment conditions between regular and non-regular em-

[3] In the survey, employees on temporary assignment, contract employees (specialist posts), *shokutaku* or temporary contract employees (reemployed retirees), part-time employees, temporary employees, dispatched workers, and others are referred to collectively as "non-regular workers."

[4] Here, "part-time workers" are those who have shorter contractual working hours per day than ordinary workers in the same business establishment, or even if the daily working hours are the same, have fewer contractual working days per week.

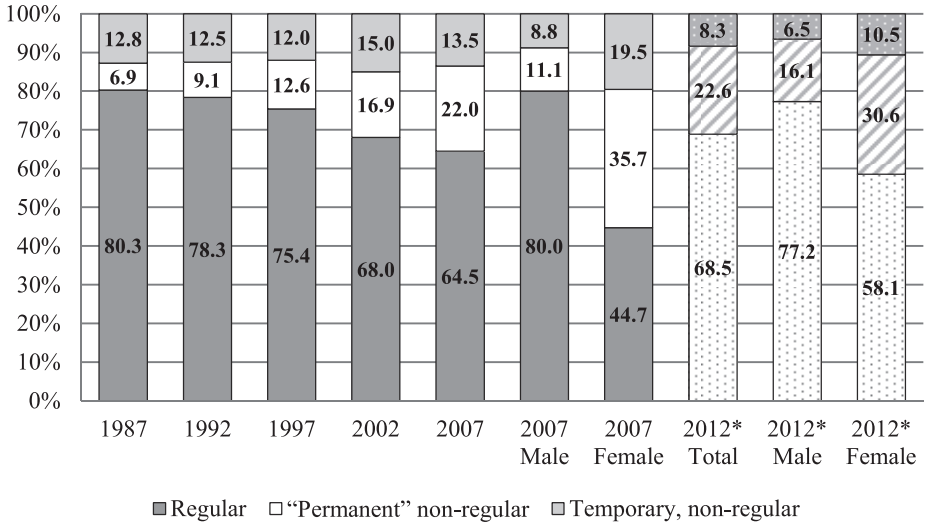
ployees in Japan, together with the growth in numbers of non-regular employees, signals an increase in people with unstable employment and poor employment conditions. As one way of resolving this, the problem awareness that "permanent[5] non-regular workers" with routinely renewed fixed-term employment contracts should be given "an employment that is stable to a certain degree, *though not to the extent of regular employees*"[6] (author's italics) has been raised.[7] In particular, one proposal is that an employment management category of "diverse regular employees" should be created as an intermediate type of employment. The 2010 MHLW Employment Policy Study Group Report anticipated that job security for conventional regular employees would diminish if today's "permanent non-regular workers" were changed to "diverse regular employees" with restrictions on work type, place of work, etc. Creating "diverse regular employees" would have the advantage that many existing fixed-term contracts could be converted to nominal "open-ended employment contracts." For the workers, this could prevent the patchwork employment seen until now, while companies would retain some freedom to adjust employment if an abnormal situation were to occur (such as the closure of a business establishment). At the same time, they could convert non-regular employees into medium- to long-term business assets by giving appropriate support for career formation under new employment contracts. This was also seen as a potential means whereby non-regular employees could make the step up to the present status of regular employees. In other words, the policy of "diverse regular employees" could be seen as a proposal, for "permanent non-regular workers" who have routinely renewed fixed-term employment contracts, to create an employment management category positioned between the aforementioned "typical regular employment" and non-regular employees, and to convert them to medium- to long-term business assets while promoting improvements to their employment conditions.

These "permanent non-regular workers" are on the increase, as is also shown in the Study Group materials (see Figure 2). Breaking this down by gender, in 2007 only 11.1% of men but 35.7% of women were "permanent non-regular workers," revealing that more than a third of all female employees fall into this category. In terms of the gender ratio of "permanent non-regular workers," moreover, females account for the majority with 71.8% of the total. The survey topics were changed from 2012 onwards, with the previous options of full-time, temporary and day labor changing to a question asking directly whether the employment contract was fixed-term or open-ended. The result was that 68.5% of contracts were open-ended and 22.6% had fixed terms. Even amongst those with open-ended employment contracts, 16.8% replied that their employment was non-regular. More

[5] Workers who have their employment contracts renewed repeatedly even if their contract term is fixed.

[6] Minutes of the 4th Employment Policy Study Group Meeting of FY2009.

[7] MHLW Employment Policy Study Group Report, "System of Economy and Employment to Achieve a Sustainable and Dynamic Society," published in July 2010 (Ministry of Health, Labour and Welfare 2010).



Source: Compiled from the *MIC Employment Status Survey* for each year.

Notes: "Permanent non-regular" includes workers going under the employers' designations of "part-time," "*arubaito* (side-job)," "workers dispatched from a worker dispatch business," "contract employees and *shokutaku* (temporary contract employees)" and "others," but not corresponding to "temporary employment" with a contract term between 1 month and 1 years or "day labor" with a contract term of less than 1 month.

* A simple year-by-year comparison cannot be made, as the data from 2012 onwards show ratios of "No contract term specified (including up to retirement)," "Contract term specified" and "Don't know," from the bottom upwards.

Figure 2. Trends in Workers in Regular and Non-Regular Employment (by Term of Employment Contract)

specifically, only 6.7% of males but 33% of women replied to this effect, revealing a higher ratio of non-regular employees among women with open-ended contracts.[8] If the policy of "diverse regular employees" is to be considered as a response to "permanent non-regular workers" and other non-regular employees, many of those covered by the policy will be female workers.

Thus, in this paper, Section II will use actual company cases to examine how phenomena seen in macro statistics—namely, the declining ratio of female regular employees and the increasing ratio of female full-time non-regular workers—have arisen. Section III will give an overview of the course-based employment management system, which has amassed a long history as a method of personnel management by companies and has spread since the Equal Opportunities Act. Section III will also examine the impact of the

[8] Of workers with open-ended employment contracts, those who responded that they are non-regular employees are thought to include some who routinely renew fixed-term employment contracts.

course-based employment management system on female workers and differences compared to the "diverse regular employees" now being advocated. Section IV, finally, will consider implications and issues for female employment arising from the policy of "diverse regular employees," based on the discussion in Section II and III.

II. Company Cases Illustrating the Declining Ratio of Female Regular Employees

In this section, a case study will be used to examine how phenomena seen in macro statistics—namely, the declining the ratio of female regular employees and increasing ratio of female "permanent non-regular workers"—have arisen in actual companies. Although it is not possible to generalize owing to problems of industry characteristics, this case study will be introduced as one example.

This example is based on interview surveys held between November 2007 and May 2010 with the personnel departments and labor unions of three department stores (Company A, Company B, Company C) that had introduced a system for conversion from non-regular to regular employees. It also draws on data from interviews with workers who had converted to regular employees, converted from part-time to contract employees, or remained as contract employees in each company. Unless stated otherwise, the descriptions are from April 2008 for Company A and 2007 for Companies B and C. Outlines of each case are shown in Table 1.

In Kanai (2010), the realities and issues of the system of converting or promoting non-regular employees to regular employment were clarified from the same case study survey, taking into account the system's impact on the employment conditions of non-regular employees in general. But in this paper, the focus will be on the reasons why the system of conversion from non-regular to regular employees was introduced. In the process, attention will be given to how the dividing line between regular and non-regular employees has moved, and what sort of impact this has had on female employment.[9]

It is well known that Japanese companies as a whole made serious efforts to reduce personnel costs due to the economic slump throughout the 1990s. In their efforts to reduce these costs, the case study companies adopted the method of cutting mass recruitment of new graduates rather than restructuring middle-aged and older employees,[10] the brunt of this reduction being borne by the mass seasonal recruitment quota of female graduates from high school and junior college.

[9] See Kanai (2010) for specific details of each company's personnel system and system of conversion to regular employees. This section is an updated version of Kanai (2011).

[10] A common hiring practice in Japan is to conduct mass recruitment of new graduates every year, with the new graduates entering companies as regular employees on April 1st. These are prone to be targeted by employment adjustments, while the numbers hired are susceptible to the impact of business cycles, etc.

Table 1. Case Outlines

	Company A	Company B	Company C
Sector	Department store	Department store	Department store
Operational area	Kanto region	Whole country	Kanto and Kansai region
Sales turnover	—	¥747,982 mln (Feb. 2007 term)	¥838,400 mln (unconsolidated) (Feb. 2007 term)
Total employees	7,986	11,180	13,857
Regular employee ratio	44.7%	60.1%	56.0%
Contract employee ratio	16.8%	9.3%	9.6%
Part-timer ratio	38.5%	27.4%	28.7%
Other non-regular employee ratio	—	3.2%	5.7%

Source: Compiled from interview survey data.

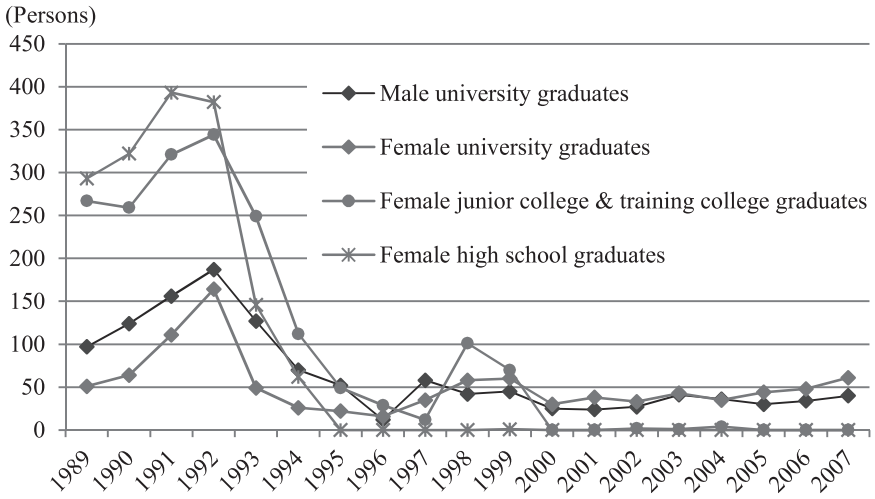
Note: Unless stated otherwise, information is from April 2008 for Company A and 2007 for Companies B and C. Companies A and B have merged since the survey.

Figure 3 shows trends in mass recruitment of new graduates since 1989 by case study Company B, for which recruitment numbers by educational level and gender are known.[11] Until the first half of the 1990s, new female graduates from high school and junior college were recruited for regular employment on a large scale, but the numbers have fallen since the mid-1990s. Specifically, recruitment of high school graduates has been zero since FY1995, while hardly any junior college graduates have been hired since FY1999.[12] During that time, recruitment of new university graduates has also fallen compared to the level up to the first half of the 1990s, but numbers between around 50 and 100 have consistently between maintained. By nature, mass recruitment of new high school and junior college graduates is affected by store openings and closures, and the number of recruitment varies wildly according to the situation in a given year. Nevertheless, the tendency to interrupt or scrap mass recruitment of new high school and junior college graduates since the mid-1990s differs from the previous trend, in that recruitment of female regular employees has been vastly reduced. This has caused a sense of personnel shortage in the workplace.

Even before the recruitment of new graduates was reduced, companies had used short-hour part-time workers not involving shift work but limited to specific places of work. With the reduced intake of regular employees, however, it became difficult to operate stores

[11] Until FY1994, the company hired between a handful and around 30 new male graduates from high schools, junior colleges and specialized training colleges, but since FY1995 the numbers have been zero in each case. This is omitted from Figure 3.

[12] The company hired two female junior college graduates in 2002, one in 2003 and four in 2004.



Source: Compiled from interview survey data.
Note: Figures show numbers newly hired on April 1st each year.

Figure 3. Trends in New Graduate Recruitment for Regular Employment by Gender and Educational Level in Company B

using only part-time and regular employees. As a result, the need arose to introduce "contract employees," who could work full-time in shifts and would be less expensive to hire than regular employees.[13] From the 1990s to the beginning of the 2000s, contract employee systems were introduced in each of the case study companies. Although the companies differ from each other in aspects such as the qualifications required for promotion by contract employees, posts and other employment conditions, they agree in that the shift system for full-time work on a 1-year contract is basically the same as that for regular employees. Moreover, they have all introduced contract employees into sales positions, core occupations in the department store industry. Another point they generally share in common is that, although contract employees were hired in mid-career when the system was first introduced, they have subsequently started hiring new graduates as contract employees. This "new graduate quota" of contract employees, though mainly consisting of junior college graduates, also includes some high school graduates (both school-recommended and independently applying), as well as 4-year university graduates, and most of them are female. This trend could be seen as consistent with the macro statistics showing that a decrease in recruitment of young female regular employees is balanced by an increase in non-regular employees

[13] Although the disparity in employment conditions between regular and contract employees differs from company to company, if performing work at the same level in Company A, for example, the monthly salary level is more or less the same but employee benefits like bonuses and retirement allowances are different. If spread out over subsequent careers, the disparity is said to be around two million yen per annum. In Company C, too, monthly salary levels are more or less the same, but there is disparity in bonuses, etc.

who routinely renew fixed-term employment contracts.

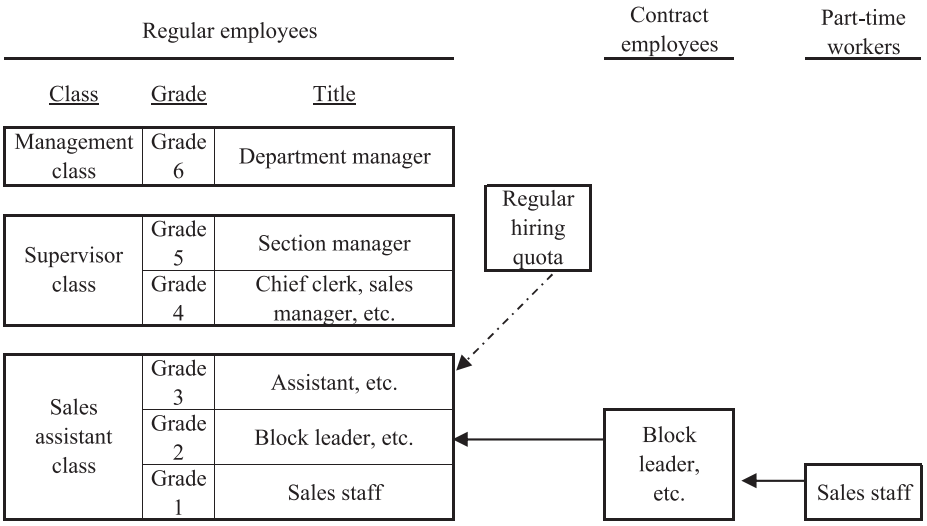
In the case study companies, regular employees who had started employment during the conventional mass recruitment of new high school and junior college graduates were subject to the same personnel system as university graduate regular employees, the only difference being the initial salary grade. But although the personnel system did not establish disparity in the speed or upper limits of promotions or upgrades, etc., many female high school and junior college graduates who joined the companies have not been promoted or upgraded and now find themselves in the lower echelons of the qualification grading system.[14] Amid rising pressure to cut costs in the 1990s, there may have been a heightened sense of cost burden vis-à-vis regular employees who were not promoted or upgraded but continued to work long-term. As a result, companies changed course toward converting these regular employees to non-regular employees. In the interview with Company A below, this is set out as a company policy, and is perceived to have been a necessary step toward improving the business management structure.

Kanai: In terms of your direction, are you intending to increase fixed-term contracts at sales floor level?

Company A HR Dept.: Yes, that's absolutely correct. Because, at the moment, we do not hire junior college and high school graduates on the premise of lifetime employment. If we could significantly reduce the current salaries of our sales clerks (Ability Grades 1 to 3) and put them on the same level as the current contract employees, we might be able to consider changing them all to lifetime employment. Grades 1 to 3 (of regular employees) are very expensive to employ as regular workers.

Figure 4 is a schematic diagram showing Company A's personnel system by employment categories, and its system of conversion. At the time of the interview, the company was narrowing its recruitment of regular employees down to (new) university graduates or higher. Regular employees are trained as the category of "*teiki saiyosha*" (literally, "regular employees") for four years in the company, whereupon their daily work assignments change, along with other aspects including transfers, reassignments and employment conditions (wages and evaluation system). These are then nurtured as future core personnel. In their 5th year, these regular employees are basically ranked in Grade 3. In the case of Company A, elevation to Grade 3 means that they are appointed as assistants (assisting or deputizing for duties carried out by titled employees such as sales managers and buyers). However, previous regular employees recruited from high school and junior college graduates need at

[14] This is a system of grading employees according to their latent ability (called "job performance ability"), and raising them to a higher grade of professional ability qualification if their job performance ability increases and they pass reviews, examinations, etc. In recent years, the content of qualifications has changed to include not only latent ability but also the job being performed, responsibilities, etc., but this system is commonly found in Japanese companies.



Source: Compiled from interview survey data.

Figure 4. Company A's System of Personnel and Conversion

least ten years' employment in the company before they can rise to Grade 3 and be appointed to assistant posts. Compared to these, we can see just how much more quickly university graduate regular employees are promoted, and what a difference there is in the way they are nurtured until promotion to Grade 3.

Because high school and junior college graduates who would previously have been hired as regular employees are now hired as contract employees, the distinction in roles and jobs between regular employees and contract employees in the workplace has become blurred. Between the second half of the 1990s and the beginning of the 2000s, the rationale of "Japanese-style rules for balanced treatment of workers" was set out at policy level, and there was a widening perception among companies that they must have rational reasons for any difference in employment conditions between employment management categories. In Japan's Part-Time Worker Act, for example, it is taken as rational for disparity in conditions to be established even if regular employees and part-time workers do the same job, seen at a single point in time, because employment management categories differ due to the presence or absence of job conversion, territory conversion, differences in the scope of transfers, etc.[15] The case study companies have also established differences in aspects including job conversion and scope of transfers in connection with disparity between employment man-

[15] The amended Part-Time Worker Act of 2014 sets out a principle of "equal" treatment, prohibiting discriminatory treatment of part-time workers whose "jobs" and "systems of human resource utilization" are the same as those of so-called regular employees. For other part-time workers, it promotes a principle of "balanced" treatment, in which there is a balance with the treatment of regular employees commensurate with the similarity of employment circumstances compared to those of regular employees.

agement categories, and have arranged "rational" reasons for this disparity. In reality, however, it had become difficult for differences in employment management category (such as cases in which there were not many opportunities for job conversion, territory conversion or transfers, even for regular employees) to be perceived clearly as actual "differences in type of employment" between regular and non-regular employees whose actual conditions resembled each other.

In the case study companies, the presence of the rank and file of regular employees for long time who did more or less the same jobs as contract employees—many of them being conventional mass recruited employees from high school and junior college graduates before—led to growing dissatisfaction among contract employees. In particular, Company A at one time switched roles between employment management categories when regular employees were allocated below upgraded non-regular employees, with the result that non-regular employees were supervising regular employees. Even in Companies B and C, where there was no such switching, there is a large degree of homogeneity in age, education and other aspects between contract employees, who consist largely of new graduates and young people, and regular employees who were conventional high school and junior college graduates. Dissatisfaction on the part of contract employees was probably exacerbated because annual salaries and employment conditions were different even though hardly any difference could be felt compared to regular employees. For the company management, reducing the dissatisfaction of contract employees, maintaining their motivation and securing contract employees with proven strength of performance have become problematic. Systems of conversion from contract employees to regular employees have been introduced by the case study companies partly in response to this kind of personnel management problem.

What has happened since the 1990s is that, although not clearly classified as an employment management category, recruitment of female junior college and high school graduates as regular employees, many of whom have continued to work long-term with restriction on their place of work but with hardly any promotion or upgrading, has been reduced or discontinued. The work performed by the rank and file of regular employees has been taken over by contract employees who work in full-time shifts under fixed-term contracts. Female regular employees who do not seek promotion or upgrading but work with restriction on their place of work while maintaining a work life balance may well have increased the sense of cost burden for companies amid a slumping economy, thus encouraging a shift to non-regular workers. On the other hand, the shift to non-regular employees also caused problems for personnel management, in terms of the difficulty of maintaining motivation and the high job-leaving rate, etc. Therefore, systems of conversion to regular employees were introduced as one measure for improvement of treatment for non-regular employees.[16] The dividing line between regular employees and non-regular employees moved

[16] However, as pointed out in Kanai (2010), if we calculate the conversion ratio as the proportion

upwards when the work of women (who account for much of the rank and file of regular employees) was shifted to non-regular employment, and systems of conversion to regular employees were introduced. The purpose of this was both to reduce the job-leaving rate of non-regular employees who now performed that work, and to keep them motivated. In this way, the path was opened for converting some strongly performing non-regular employees to regular employees.

III. The Equal Opportunity Act and the Establishment of Course-Based Employment Management

This section will focus on the impact on gender equality of regular employees with restricted place of work or work type in the course-based employment management system, which has spread mainly among Japan's large corporations since the 1980s, and how they differ from the "diverse regular employees" that have received so much attention in recent years. As is well known, the enactment of the Equal Opportunity Act lies behind the permeation of the course-based employment management system into companies. Firstly, then, the rationale used by employers' associations when designing employment management categories will be outlined, with reference to the Equal Opportunity Act.

1. The Equal Opportunity Act and the Course-Based Employment Management System

The Equal Opportunity Act (the formal title being the "Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment") was passed in 1985. It stipulated that (i) employers must make efforts to treat men and women equally with regard to recruitment, hiring, assignments and promotion, (ii) the Minister of Labour may determine guidelines on these matters, and (iii) employers must not subject workers to discriminatory treatment with regard to education or training (as specified in ordinances of the Labour Ministry), employee welfare, retirement age, retirement or dismissal on grounds of their gender. It also included measures to make the elimination of discrimination more effective, including support for dispute resolution by Directors of Prefectural Women's and Young Workers' Offices and mediation by Equal Opportunity Mediation Commissions.[17]

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of contract employees who pass one examination for conversion to regular employees, the result is a very narrow window of 0.4%–3.7%. This leads to a situation in which the problem of treatment of non-regular employees cannot be solved with conversion systems. Compared to the aim of raising motivation among non-regular employees by introducing conversion systems, conversion systems in which many candidates fail could have the opposite effect of lowering motivation. According to the integrated websites of Companies A and B, they currently aim to convert the class of contract employees to open-ended employment from the 4th year onwards.

[17] In 1997 and 2007 the Equal Opportunity Act was amended toward stronger regulation, the obligation to "make efforts" in relation to recruitment, hiring, assignments and promotion being changed to prohibition.

In the 1985 Equal Opportunities Act, Article 7 obliged employers to make efforts to give women the same opportunities with regard to recruitment and hiring as they did to men. Article 8 obliged them to give female workers the same treatment as male workers with regard to assignment and promotion. At the time, numerous gender differences were seen in matters of recruitment, hiring, assignment and promotion; given the actual employment situation of female workers, there was felt to be a lack of clarity over the extent to which employers should make efforts to achieve equal treatment for men and women. Therefore, to make the regulation on efforts more effective, the Act took the route of indicating guidelines on specific targets for efforts by employers with regard to these matters whenever necessary, having considered the actual employment situation of female workers, etc.

In the 1985 guidelines, it was deemed that, as long as the door was as open for women as for men and selections were made fairly when recruiting and hiring, no problems would arise in terms of the Equal Opportunities Act as a result. In other words, the problem was taken to be one of "exclusion," whereby women are given no opportunities at all, but the method of providing opportunities was not specifically stated. As a result, it was interpreted as not being a problem under the guidelines if, for example, the male-female ratio for hiring within the same recruitment quota were 70 to 30. Also, the possibility that men could be excluded or women treated preferentially if opportunities were given to women was not considered to be an issue of concern to the Equal Opportunities Act.

On assignments and promotions, the interpretation given in the guidelines is that "It would be a violation of 'equal treatment' to treat men and women differently in assignments and promotions, for reasons only of socially accepted norms about women in general and average circumstances of employment. However, treatment focusing on differences in actually existing attitudes and abilities of individual female workers would not be a violation." Furthermore, when assignments and promotions are made in consideration of elements of the hiring category or work type, the interpretation is that because these differ between men and women, it could not be deemed to violate equal treatment even if different treatment of men and women were to arise in assignments and promotions. In other words, treating female workers differently from male workers within the same hiring category or work type would constitute a violation of equal treatment.

The response by large corporations to these guidelines on the Equal Opportunities Act, which require equality only within the same employment management category, was to rearrange conventional gender-specific courses into a course-based personnel system consisting of a "managerial career track" and a "clerical career track" (Omori 2010). In response to the enactment of the Equal Opportunities Act in 1985, Nikkeiren (the Japan Federation of Employers' Associations) and other employers' associations started to advocate multi-track systems of personnel treatment.

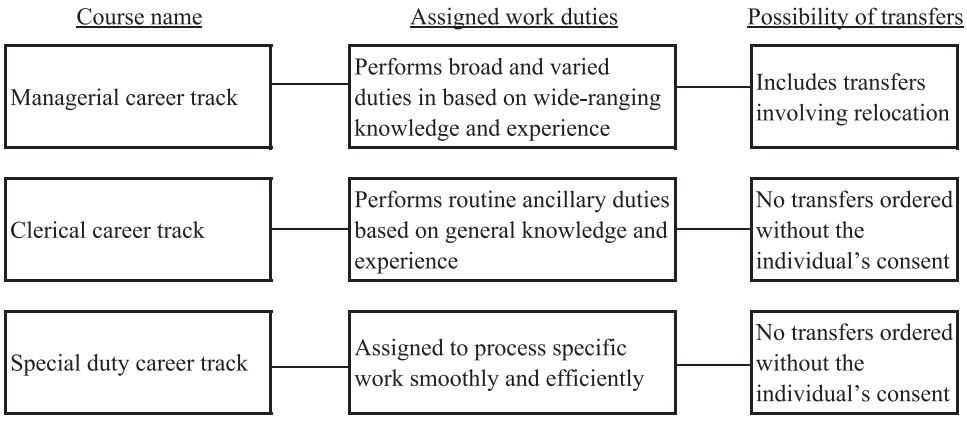
For example, the Human Resources and Wages Committee of the Kanto Employers' Association published its report on "The Equal Opportunity Act and Future Directions for Employment Management" in April 1986. This included an explanation that employment

management by Japanese companies was a comprehensive system in which, regardless of gender, core workers were nurtured while receiving education and training, reassignments, promotion, upgrades, pay rises, and others as and when necessary, on the assumption of long-term employment from hiring until retirement age.[18] Education and training was taken as an example illustrating the impact of the Equal Opportunities Act on this system of employment management. If it is assumed that short-term workers who leave their jobs early and those who remain in long-term employment should receive the same education and training, it would mean having to provide fixed education and training even to workers who do not need it, leading to increased outlays on education and training and irrecoverable costs. The Committee's report suggested that the same was conceivable for assignments, promotion or upgrading, employee welfare and other issues. It explained that, according to the Public Opinion Survey on Women conducted by the Prime Minister's Office in 1972, women could be differentiated into three groups by their attitude toward work: (i) those willing to work for short terms; (ii) those willing to find reemployment; and (iii) those willing to work for long terms. The Committee's view was that irrecoverable costs would arise if the same education, assignments, promotion or upgrading, employee welfare and others that are available for men in long-term employment were also applied to women in types (i) and (ii), who are thought to work short-term and to leave their jobs early.

The Personnel and Wages Committee of the Kanto Employers' Association concluded that employment management would need to be converted from the conventional single-track type to a multi-track type based on diverse and flexible groupings or course divisions, according to the needs of individual classes of workers in response to the realities of their employers. In doing so, the impact of the Equal Opportunities Act on corporate management would be taken into account, but on the other hand the Act would be positioned as a response to the diversity of occupational awareness among female workers. Based on the rationale of course selection systems that had already been introduced in some sectors, the Committee proposed a system of dividing workers into courses based on (i) their assigned work type and content of work duties, (ii) whether or not transfers were possible, or the potential scope of transfers, and (iii) the length of working hours, etc. On this basis, different education and training menus, work duties and assignments, promotion routes, wage structures, scopes of employee welfare facility usage, and others would be created and managed, depending on the respective courses.

The same assertion is further developed in *Nikkeiren Times*, which introduced the specific rationale of multi-track employment management, its background, case studies and others in a 20-issue series titled "Multi-track employment management in practice" starting

[18] In reality, as seen for example in the fact that issues of retirement age by gender have been contested in courts, it surely cannot be described as a comprehensive system in which, "regardless of gender," core workers were nurtured while receiving education and training, reassignments, promotion, upgrades, pay rises, and others as and when necessary, and on the assumption of long-term employment from hiring until retirement age.

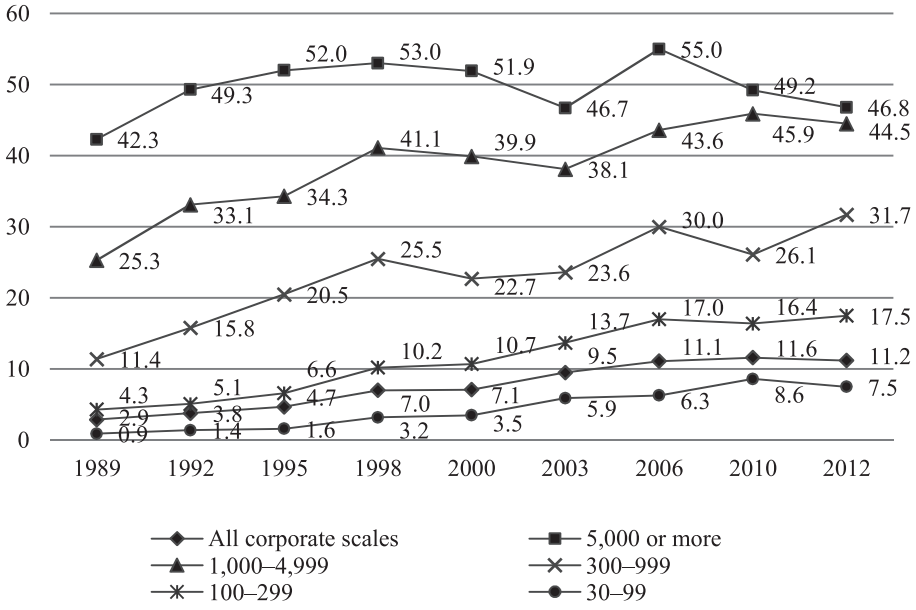


Source: "Multi-Track Employment Management in Practice 3: Content of Work Duties, Possibility of Transfers, and Points When Setting Courses," *Nikkeiren Times*, August 7th, 1986.

Figure 5. Work Duties and the Possibility of Transfers for Each Course

in July 1986. On the method of setting courses, the series proposed that two courses should be arranged, namely (i) job assignments in which broad and varied duties were performed based on wide-ranging knowledge and experience (the "managerial career track"), and (ii) job assignments in which routine, ancillary duties were performed based on general knowledge and experience (the "clerical career track"). On this basis, the series recommended that "There should be an explicit condition that employees on the managerial career track may receive transfer orders involving changes in the place of work, while those on the clerical career track would not receive transfer orders involving relocation in principle (or unless there is consent from the person in question)." This was because advanced job performance ability could be acquired while experiencing various work types and places of work but general job performance ability could be acquired without being transferred (see Figure 5).

This kind of course-based employment management system was introduced in the 1980s, mainly by large corporations, since when it has gradually spread to small and medium-sized enterprises as well (see Figure 6). However, according to Wakisaka (1997), who researched the reasons for introducing course-based employment management, about half of the companies introducing the system had done so "In response to the Equal Opportunities Act," but more than half of them cited "Other reasons." The latter reasons included "To use female staff" and "To respond to diversified awareness." According to the FY2014 "Status of implementation and guidance of the course-based employment management system" by the Ministry of Health, Labour and Welfare, the most common format of course-based employment management categories was "Managerial career track + clerical career track" with 44%, followed by "Managerial career track + clerical career track, other specialist and

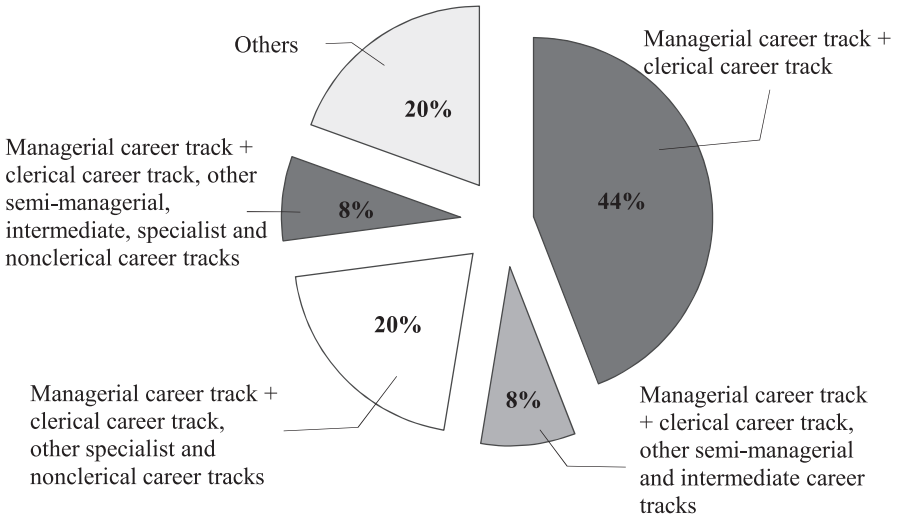


Source: Compiled from the *MHLW Basic Survey of Gender Equality in Employment Management* for each year.

Figure 6. Proportions of Companies Introducing Course-Based Employment Management by Corporate Scale

nonclerical career tracks" with 20%[19] (see Figure 7). A requirement for setting courses in the multi-track employment management system introduced since the 1980s could be said to be based on a combination of the work performed and the place of work. But on the system reality that employment management categories are divided according to differences in work, subsequent research and court cases have proved that "differences in work depending on the course" are not clear. Owaki (1987) points out, immediately after the enforcement of the Equal Opportunities Act, that "The concepts of 'work type' and 'work duties' in the course divisions are not clear in the strict sense, and the courses are sometimes divided generally and abstractly under the concept of core planning-type jobs as against routine, ancillary type jobs or specialist jobs." Mori (2005) has also used painstaking case studies to demonstrate that work is not clearly divided according to course differences, and that there

[19] In the survey, course formats were defined as follows. Managerial career track: "Engaged in core work or work requiring overall judgment, such as drafting plans or external negotiation, in principle with transfers involving relocation." Clerical career track: "Mainly engaged in routine work, in principle without transfers involving relocation." Semi-managerial career track: "Engaged in work equivalent to the managerial career track, but in principle with transfers only inside a specific area." Intermediate career track: "Engaged in work equivalent to the managerial career track, but in principle without transfers involving relocation." Specialist career track: "Engaged in specialist work within special fields." Nonclerical career track: "Engaged in work requiring technical skill."



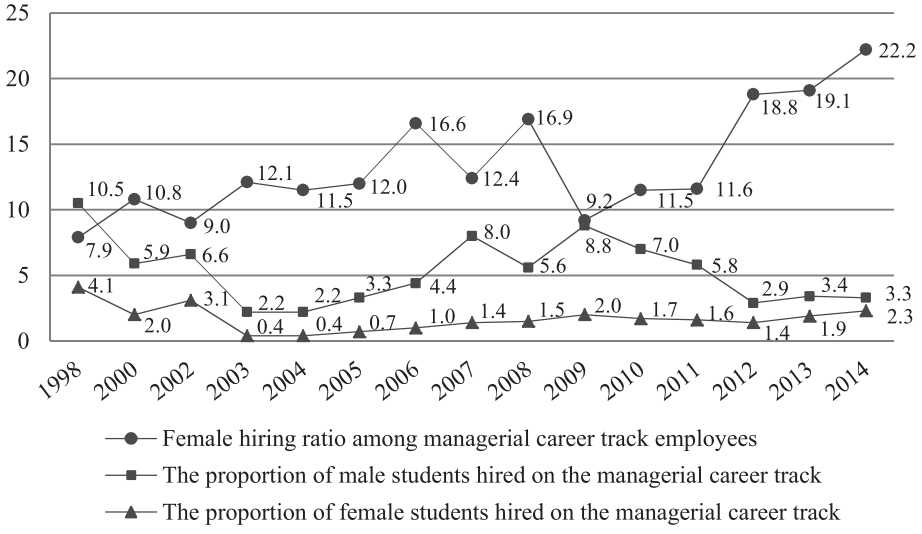
Source: Compiled from the FY2014 MHLW "Status of implementation and guidance of the course-based employment management system."

Figure 7. Combinations of Course-Based Employment Management Categories

is significant pay disparity even though the same job is being done across course boundaries.

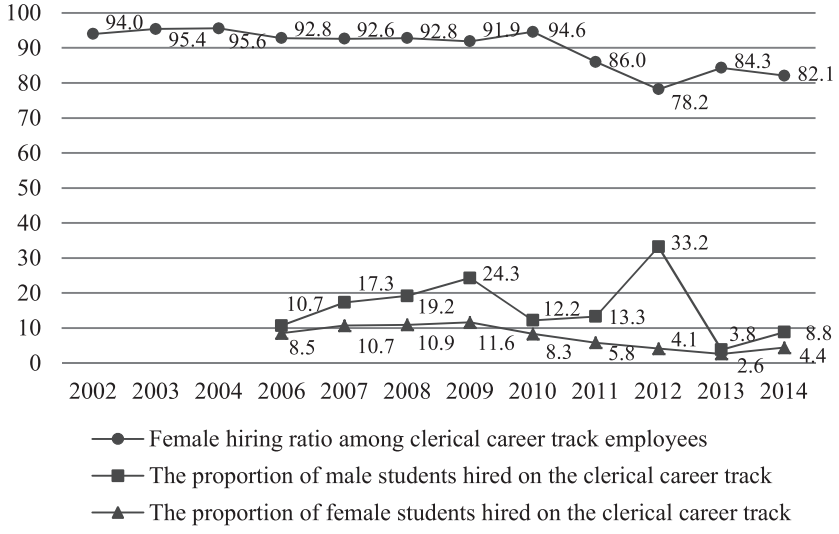
2. Introduction of the Course-Based Employment Management System and Its Impact on Gender Equality

So what sort of impact has the course-based employment management system had on male and female workers, respectively? The answer is provided by trends since 1998 in the female ratio among employees hired on the managerial career track, the hiring ratio of men wishing to join the managerial career track, and the hiring ratio of women wishing to join the managerial career track, as shown in the MHLW "Status of implementation and guidance of the course-based employment management system." This shows the results of an interview survey held with a selection of companies that have introduced course-based employment management in various parts of the country (for example, 118 companies were selected for the FY2014 survey). The female ratio among employees hired on the managerial career track has been trending at around 10%, but rose above 20% to 22.2% in 2014 (see Figure 8). Conversely, the female ratio among employees hired on the clerical career track had constantly been in excess of 90%, but since FY2011, the male ratio has exceeded 10% and the female ratio in 2014 was 82.1% (see Figure 9). As this shows, even today about 80% of employees hired on the managerial career track are men, and about 80% of those on the clerical career track are women, revealing a huge gender bias for each course. What's more, the hiring ratio by gender of employees wishing to join both the managerial and clerical career tracks has always been higher for men, although the gap in hiring ratios is not so



Source: Compiled from the MHLW "Status of implementation and guidance of the course-based employment management system" for each year.

Figure 8. Female Hiring Ratio among Managerial Career Track Employees, and Hiring Ratio by Gender of Persons Wishing to Join the Managerial Career Track



Source: Compiled from the MHLW "Status of implementation and guidance of the course-based employment management system" for each year.

Figure 9. Female Hiring Ratio among Clerical Career Track Employees, and Hiring Ratio by Gender of Persons Wishing to Join the Clerical Career Track

pronounced, being no more than 10 points in any one year. Thus, the course-based employment management system continues to produce a strong gender bias between employment management categories, i.e. managerial and clerical career tracks, but this would seem largely due to voluntary choices made by men and women, respectively.

As mentioned above, as far as employers' associations are concerned, the method whereby core workers are nurtured while receiving education and training, reassignments, promotions, upgrades, pay rises, and others as and when necessary, on the assumption of long-term employment from hiring until retirement age, was thought to cause an increase in outlays for education and training, etc., and irrecoverable costs, if the same cost were expended in hiring and nurturing women who wished to be employed in the "short-term employment type" and "re-employment type," under the requirement for equal treatment of men and women under the Equal Opportunity Act. Therefore, to circumvent regulation under the Equal Opportunity Act, employers sought to divide prospective long-term employees from prospective short-term employees at the hiring stage using course-based employment management, and to set and manage different education and training menus, work duties and assignments, promotion routes, wage structures, scopes of employee welfare facility usage, etc. For the so-called clerical career track (i.e. women), this system design did not envisage long-term ability development, promotions and upgrades, assignments, wage structures geared to years of service, etc., on the assumption that they would quit after a short time. According to macro statistics, the gender pay gap is in a shrinking trend over the long term, but when studied in terms of educational level and corporate scale, the degree of disparity shrinkage among university graduates is smaller than that among other educational backgrounds, while the degree of shrinkage in large corporations is also smaller than that in other corporate scales. So although "the gender pay gap shrank in Japan, except for regular employees in large corporations" (Nakata 2002) in the 1990s , that could be partly due to the introduction of the course-based employment management system, mainly by large corporations.

For female workers, on the other hand, types of employment with no relocation transfers and no overtime work, holiday work, etc., though lower in maximum career potential, were formats in which they could work stably while maintaining a work life balance. This led to an increase in years of service for women in employment management categories for which "short-term employment" was envisaged,[20] which in turn caused an increased sense of burden for companies amid the heightened cost cutting pressure from the 1990s.

What, then, is the difference between "diverse regular employees" and the so-called clerical career track under the course-based employment management system? Their formal

[20] According to the Basic Survey on Wage Structure, years of service by female ordinary workers in large corporations (1,000 employees or more) grew by nearly three years from 7.4 years in 1985 to 10. 2 years in 2014, while the gap compared to male ordinary workers in large corporations also shrank from 7.8 to 5.7 years.

characteristics as employment management categories resemble each other in certain ways, such as the restriction on work type and place of work. But if we consider them in terms of the ideal of these kinds of employment targeted by each, differences can be seen in their employment conditions and career development, depending on whether they are "short-term" or "medium- to long-term." As discussed in Section I, "diverse regular employees" are expected to continue working in the medium- to long-term and to form careers, even though restricted in their work type or place of work.

IV. Conclusion

The policy of "diverse regular employees" being discussed by the Ministry of Health, Labour and Welfare sprang from the problem awareness that, given the large disparity in employment conditions between regular and non-regular employees, it might be possible to provide "a type of employment that is stable to a certain degree, *though not to the extent of regular employees*" (author's italics) by creating an intermediate employment management category between regular and non-regular employees. Particular emphasis is thought to have been placed on stabilizing the employment of "permanent non-regular workers," who have fixed-term contracts but routinely renew them. What implications and issues does this policy of "diverse regular employees" have for female employment?

In Section II, a case study was used to examine the reasons behind the situation whereby the ratio of female regular employees has decreased and more than a third of female employees are permanent non-regular workers. The case study companies had either reduced or stopped new recruitment of female regular employees, switching instead to hiring non-regular employees. This is due to an awareness of the cost incurred by (female) regular employees who, even if their years of service increase, will not be promoted or upgraded but remain at the qualification level of lower class of regular employees. This means that regular employees are expected to work with tighter ties to the company in order to achieve promotions and upgrades, thus raising the hurdles facing women who wish to become regular employees. On the other hand, the trend toward non-regular employment has also presented problems for personnel management, in aspects such as the difficulty of maintaining motivation and the high turnover rate. Therefore, studying a policy of "diverse regular employees" with nominal open-ended contracts for "permanent non-regular workers," as seen in the case study companies, is thought consistent in some ways with the companies' logic. In that case, it would be very meaningful to change fixed-term employment to a more stable open-ended employment. In terms of employment conditions, it is also suggested that this would be close to the strategy of Company A, which was thinking of converting the conventional class of female regular employees graduating from high school and junior college, who had been performing the same jobs, to lifetime employment after lowering their level of employment conditions.

In other words, considering historical changes in the case study companies, the possi-

bility cannot be denied that the employment management category of "diverse regular employees" will be created as a result of stopping recruitment or lowering the employment conditions of female regular employees who have low career prospects and are not involved in transfers, etc.

As seen in Section III, however, the rationale behind the design of the course-based personnel system, which has hired employees on the so-called female clerical career track, was a rule for ability development, assignments, promotions and upgrades on the assumption of female workers in short-term employment. If rules for ability development, assignments, promotions and upgrades for "diverse regular employees" are to be considered on the assumption of medium- or long-term service, there is room for this to be a personnel policy that could raise employment conditions above those of conventional clerical career track female workers, taking account of their subsequent career development.

However, caution is required, in that the course-based employment management system that has spread mainly among large corporations since the 80s has become established as a combination of the work performed and the place of work; it continues to produce a strong gender bias in employment management categories. This bias is largely affected by voluntary choices made by both genders. For many women who bear family responsibilities (or are thought to do so), it is difficult to accept transfers involving relocation, due to family circumstances.[21] Therefore, they themselves "choose" employment categories with "restriction on the place of work." Choices based on women's practical gender needs[22] lead to a gender bias in type of employment and employment management categories. Even in the policy for "diverse regular employees" currently under consideration, gender bias is highly likely to arise if the possibility of overtime work, holiday work, and relocation transfers is made a criterion for setting employment management categories.

Japan's current administration is positively promoting women's active involvement in the labor force, with a view to meeting the target of "30% of leadership positions to be occupied by women by 2020." To increase the ratio of female executives to 30% from the current level of around 10%, a realistic response could be to encourage medium- to long-term career formation involving promotions and upgrades, given employment with looser company ties compared to typical regular employees (such as the lack of relocation transfers) currently chosen by many women. In fact, in promoting women's active involvement, some companies have started to arrange schemes whereby relocation transfers and

[21] For example, according to the 2004 MHLW "General Survey on Working Conditions," 19.6% of companies had "Married employees living away from their spouse" but only 0.6% had "Married female employees living away from their spouse," revealing a large gender bias in employees who have a spouse but live and work away from home.

[22] According to Moser (1993), practical gender needs are defined as "the needs women identify in their socially accepted roles in the society. Practical gender needs do not challenge the gender divisions of labour or women's subordinate position in society." These are differentiated from strategic gender needs. "Meeting strategic gender needs helps women to achieve greater equality. It also changes exiting roles and therefore challenges women's subordinate position."

promotion are separated. It is possible that, depending on the design of personnel and employment condition systems for these "diverse regular employees," not only will the number of female executives increase, but men might also choose to become "diverse regular employees."

Depending on how systems are designed with a view to forming medium- to long-term careers, the policy of "diverse regular employees" could become a policy that both reinforces and eliminates Japan's gender pay gap and gender imbalance in types of employment, which are on the large side among industrialized nations.

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Addressing the Issue of Fatigue among Working Carers: The Next Challenge after Reforming the Family Care Leave System

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In Japan around 100,000 working carers leave their jobs each year. While long-term care leave was legislated in 1995 with the aim of ensuring that working carers do not leave their jobs, few workers use such leave. The Japanese government has addressed this problem in 2016 by proposing amendments to the Child Care and Family Care Leave Act to allow workers to take care leave more flexibly. Focusing on another aspect of combining work and care, this paper addresses the possibility that workers who remain in their jobs may suffer from the effects of having to combine work with providing care. Although fatigue among carers has been raised as a problem in the context of issues that arise outside the workplace, such as abuse or murder of care receivers or suicide among carers, the effects that fatigue may have on carers' work is rarely a topic of discussion. The results of our original data analysis show that physical fatigue due to providing care while working full time raises the risk of having an accident while at work and failing to meet work quotas. It is therefore crucial to consider means of ensuring that working carers who come to the office as usual are able to maintain their health and work performance.

I. Issue

Japan is the most aging society in the world. A quarter of the Japanese population is more than 65 years old, and the proportion of elderly people in Japan is still increasing. Given this significant and growing proportion of elderly people, combining work with providing care to elderly relatives has become a social issue.

For middle-aged female workers, combining work and care is not a new issue. While there is a clear M-shaped curve in the female labor force participation rate in Japan, some Japanese female workers in full-time employment try to combine work and childcare by receiving support from their parents or their husband's parents. However, even after they have already provided for their children, working women also face the possibility that they will have the responsibility of caring for their or their husband's parents when they get older. As a result, some women living with their or their husband's parents give up their careers in order to provide care to their elderly parents or parents-in-law.

In recent years, elderly care has become an issue for both men and women. With the increasing proportion of older people and decreasing proportion of young people, the number of male workers who take care of their parents or spouse is also increasing. Around 10,000 to 20,000 male workers each year leave their jobs to provide family care, among a total of around 100,000 male and female workers each year who leave their jobs to provide family care. The number of young working carers is also increasing. It is often said that

today everyone faces a high possibility that they will need to care for elderly or disabled family members or relatives.

Despite the growing numbers of both male and female working carers, it is not clear what specific difficulties they face, or what kinds of problems their companies should be aware of regarding the reconciliation of work with family care commitments. The main issue discussed in Japan in this context is the tendency for workers to leave their jobs, an issue that also arises in the case of women facing childbirth and childcare.[1] Elderly care is often compared to childcare in policies introduced by the Japanese government and Japanese companies. In 1995 the Japanese government legislated a system of long-term leave for people providing care to relatives, known as Family Care Leave (hereinafter FCL), in order to try to ensure that employees do not leave their jobs due to the fact that they need to provide family care. Although there are few workers who utilize FCL, many working carers take time off to provide care by using other types of leave, such as an annual paid leave. Japanese government bodies and researchers investigate how workers manage time spent working and time spent caring[2]—often discussing the issue in relation to childcare—and suggest that if employers fail to support their employees to reconcile their work obligations with their care commitments, those employees will quit their jobs as a result. With this in mind, in 2016 the Japanese government has proposed amendments to the Child Care and Family Care Leave Act to reform the FCL system and ensure flexible working arrangements for family care. If the amendments fulfill their attended purpose, there should be a decrease in the number of workers leaving their jobs to provide family care.

In this paper I would like to examine another aspect of conflict between work and providing care. Are there not problems that arise if working carers remain in their jobs and do not take leave to provide family care? There is a possibility that those who remain in their jobs may have to cope with fatigue that arises from providing care alongside working. If this is the case, are such people able to pursue their careers to the best of their abilities? I shall attempt to answer this question using results from data analysis.

I will start by introducing the Japanese FCL system and its latest proposed amendments in 2016. Secondly, I will demonstrate that under the new amendments the FCL has the potential to prevent employees from leaving their jobs. Finally, I will point out the consequences of carers suffering fatigue.[3] Through such discussion, I aim to reveal the problems that are currently arising in Japan due to workers combining work and care.

[1] Although in general usage "family care" may include childcare, policies by the Japanese government and companies distinguish childcare from "family care," which they use to refer to care provided to elderly or disabled family members. In this paper "family care" therefore refers to care provided to elderly or disabled family members.

[2] Similar discussions can be seen in European countries (Phillips 1995; OECD 2011).

[3] This paper is based on my presentation at the 6th International Carers Conference in Sweden in 2015.

II. Background regarding Combining Work and Family Care in Japan

Combining work with commitments to provide care to elderly relatives has been a social issue since the 1980s, as a women's work issue in particular.[4] A significant number of research studies on combining work and care have been conducted both in Japan and Western countries.

While Brody et al. (1987) points out that many workers who leave their jobs to provide care to family members are in the low-income class and therefore have a high possibility of sinking into poverty after leaving jobs, many researchers in the United States such as Stone, Cafferata and Sangle (1987), Ettner (1996), Pavalko and Artis (1997), and Wakabayashi and Donato (2005) have discussed the working hours of family carers and the rate at which family carers leave their jobs. They make observations based on the fact that only 8.9% of people providing care to family members leave their jobs, which is less than the percentages of workers who work fewer hours (21.0%), rearrange their schedule (29.4%), or take time off without pay (18.6%) as shown by Stone, Cafferata, and Sangle (1987).

In Japan, most researchers have focused on women's labor force participation with relation to their care roles in their families. Sodei (1989) points out the high rate of coresidence with older relatives, which is due to the fact that it has been a tradition in Japanese families for the eldest son and his wife to live with his parents and for the wife to take care of her parents-in-law. Although it is said in Japan that women coresiding with their parents (or parents-in-law) has a positive effect on women's labor force participation because they can receive childcare support from their parents, Maeda (1998) presents data analysis results that show that coresidence with parents has a negative impact on women's labor force participation if the parents are more than 75 years old. This result implies that women leave their jobs to provide care to elderly parents. Data analysis such as Iwamoto (2000), Yamaguchi (2004) and Nishimoto (2006) does in fact show that elderly care commitments have a negative impact on women's work.

However, there is growing diversity in terms of who provides care in Japanese families, and the number of male carers is also increasing. Since the end of World War II, Japanese society has experienced a growth in the number of nuclear families, decreased family sizes, and a rapidly aging population. Recently the number of single adults has also been increasing. Amid these trends, it has become less typical for a daughter-in-law to provide care to their spouse's parents, and instead there has been an increase not only in the number of females but also the number of males who provide care to their own parents or to their spouse, as Tsudome and Saito (2007) describes. The increase in the number of male working carers changes the issue of conflict between work and care obligations into an issue that unavoidably affects the core labor forces of companies.

[4] Although traditionally female carers in Japan were fulltime housewives, the presence of working female carers has also become an issue with the increase in labor participation among middle aged women.

The Child Care and Family Care Leave Act allows working carers to take long-term FCL for up to three months (93 days), with the aim of ensuring that employees do not leave their jobs as a result of needing to provide family care. FCL is shorter than childcare leave[5] because while the childcare leave system was legislated to provide workers with time to care for their infants themselves, the aim of FCL is not for the worker to spend time caring for their elderly relatives directly, but for the worker to have time to make arrangements that will allow them to combine work and care, such as consulting with other family members, arranging for the use of care services, or renovating their houses into barrier-free residences to allow them to provide care in the home. If workers spend the care leave only directly caring for their relatives it may be difficult for them to return to their job, because it is hard to predict how the care receiver's condition will progress and when it may be possible to cease providing care, especially if the care receiver's health condition suggests little sign of recovery.

However, it has become a problem that that only a small number of workers take FCL. The Japanese government organized a working group to discuss how the FCL system should be reformed in order to make it more accessible for working carers. The working group devised amendments to the Child Care and Family Care Leave Act which have been submitted to the Diet this year. Aimed at ensuring that it is easier for working carers to use FCL, the amended rules of the FCL allow employees to divide the 93 days leave into 3 periods of leave.[6] Additionally, the amended act also establishes the rule that carers are not obliged to work overtime. Although in the case of childcare part-time working arrangements are also legislated in the act, such arrangements for family carers are still not a duty in the amended act.[7]

In sum, the systems to support elderly care have been devised such that they take into account the differences between elderly care and childcare. However, the basic schemas for combining work and care refer to balancing work and childcare, the central issue of which is managing time between work and family life. Childcare leave[8] was legislated in 1991 before FCL was legislated in 1995. The FCL system was devised on the assumption that workers who need to provide elderly care to relatives need long periods of leave, similar to the way in which workers with young children require long-term leave. In fact, the public

[5] The Child Care and Family Care Leave Act allows employees with infants to take childcare leave until their children become one year old, and to extend this up to one and a half years old if they have some reason why they cannot return to work, such as that there are no childcare services available for the child, or that the worker must take the place of a partner who has become unable to look after the child due to illness or other causes.

[6] There are not many working carers who need long-term leave, as Ikeda (2010) analyses.

[7] The act prescribes that employers have to introduce either part-time working, flexitime, or staggered working hours as flexible working arrangement systems for carers. Alternatively, employers are also entitled to introduce their own systems to provide financial allowances to enable working carers to pay for professional care services. In this sense, part-time working for carers is not an obligation by itself.

[8] Childcare leave in Japan is the same as the system known as "parental leave" in Europe.

support system for elderly and disabled family care is similar to that of childcare, and public care services are provided for elderly or disabled family care as they are for childcare. At the same time, while there is a need for childcare leave due to serious shortages in childcare services, the need for FCL has been reduced by the increase in the supply of elderly care services following the implementation of the Long-term Care Insurance system in 2000, as Ikeda (2010) analyses.

III. Carers' Fatigue and Its Appearance as a New Issue

It is expected that in future systems to support time management will be developed in Japan to ensure that working carers are able to remain in employment, through a series of reforms to the FCL, or the introduction of flexible working arrangements and other measures to promote work-life balance. We must shift our perspective to try to gain a deeper understanding of the issues involved in combining work and family care. As mentioned above, the most crucial task is to recognize the specific characteristics of family care—especially elderly care—and how it differs in nature from childcare.

Infants need someone to attend to them all the time. Parents cannot go to the office if there is no one to look after their children on their behalf. In contrast there are few elderly care receivers who need someone to attend to them all the time, even if they are bedridden. As most adults can be left by themselves for several hours even if they need care, carers are somewhat able to work in their offices even when no one is looking after the care receiver in the home. If we consider such characteristics, we can understand why working carers want flexible, short-term leave rather than long-term leave, or exemption from overtime obligations rather than part-time working arrangements. In short, the fact that elderly family members are less dependent than infants means that people who provide care to adult family members are more able to work as usual than parents of infants.

However, this is not to suggest that combining work with caring for adult family members is easy. It is important to take note of the fact that some working carers suffer from fatigue and it has become a social issue that there are cases in which exhausted carers abuse care receivers or commit suicide. In the context of mental health, depression due to the burdens of caring is also an issue. It is also likely that fatigue from providing care has a negative impact on carers' work. Although some may leave their jobs to care for relatives with serious health conditions, others may make efforts to continue their work in order to carry out their duties in the work place, especially if they are regular employees. However, even if they are able to continue working, there is a possibility that they may develop fatigue and not be able to work to their satisfaction.[9] As Ikeda (2013) shows, it is typical for working carers to fall asleep during their working hours as a result of having had to provide

[9] Although Ikeda (2014) discusses the overall issue, it does not reveal the specific negative impacts on work.

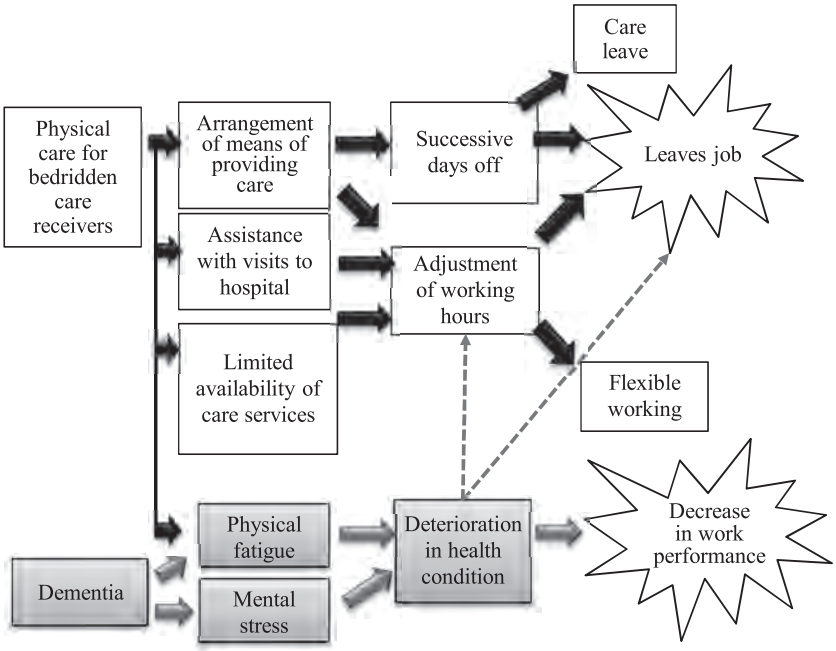
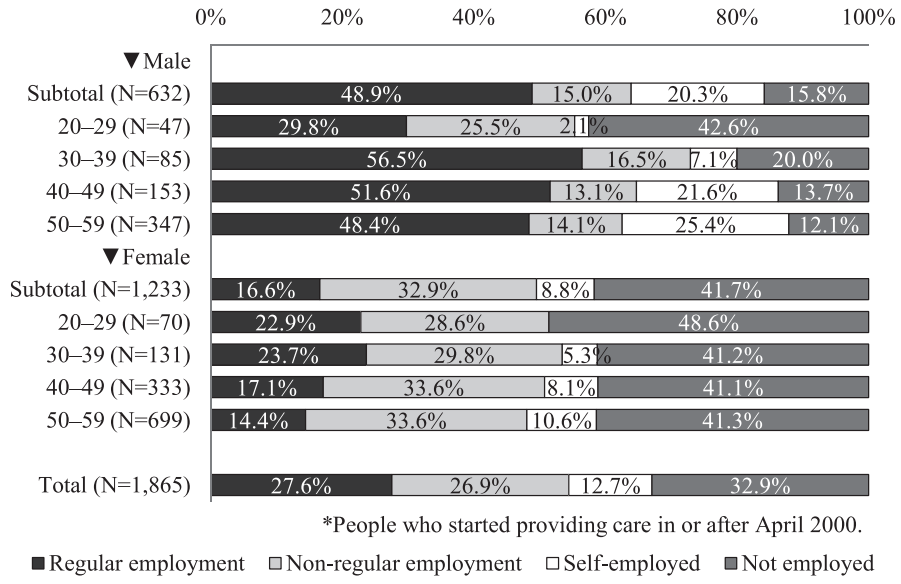


Figure 1. The Effects of Care Commitments on Work

care in the night if, for instance, the care receiver has dementia and stays up late at night. Dozing during working hours is one kind of negative effect that the physical and mental burdens of providing care may have on a working carer's capacity to work. It can be more serious if fatigue has a negative effect on work processes or outcomes. Exhaustion—a problem that often arises due to overwork in Japan—may increase the risk of accidents while at work, and fatigue due to care commitments could also be a risk factor in such accidents. Work product may also decline as a result of fatigue. For example, someone who has fatigue from providing care may barely be able to fulfill their work quota.

We should also keep in mind that carers may accumulate such fatigue outside of their working hours. Although conventional studies on the reconciliation of work with care commitments have supposed that working carers need to provide care in the daytime on weekdays when many workers normally work, carers' fatigue may accumulate due to providing care at night after working hours, or on days off. It may be difficult for workplaces to see the problems of fatigue among such working carers because it is not necessary for such workers to take leave or shorten their working hours to provide care.

Figure 1 illustrates such arguments. The white boxes show the conventional framework for understanding how care commitments can affect work. Working carers who need to make arrangements for providing care, assist the care receiver to visit hospital, or who come up against restrictions on the availability of daily care services are more likely to face time conflicts between work and care, and are therefore more likely to need to take



Source: *Survey on Combining Work and Care* (2014) by the Japan Institute for Labour Policy and Training (JILPT).

Figure 2. The Rate of Employment Status of Carers by Sex and Age of Carers

successive days off or adjust their working hours. While the Japanese government has taken this framework into account in its amendments to the Child Care and Family Care Leave Act, it is also necessary to pay attention to the gray boxes in Figure 1. Carers' fatigue consists of physical fatigue and mental stress, and these are both likely to lead to deterioration in the carers' health. Carers' fatigue is discussed in relation to providing care for persons with dementia as well as attending to traditional physical care needs caused by cerebral apoplexy (stroke). Unless the carers leave their jobs, such fatigue may become a significant problem as it may have a negative impact on work performance.

We have conducted an original survey on combining work and family care to analyze the relationship between work and care.[10] In Figure 2, the bottom belt shows that about one quarter of carers are regular employees, amounting to half of all employed carers. The growing number of carers among regular employees is correlated with the increase in male

[10] The outline of Survey on Combining Work and Care is as follows. 2,000 people aged between 20 and 59 years old who provide care to family members or relatives were surveyed by means of a web survey. Questionnaires were sent to carers nominated from the database of a research company until 2,000 responses were collected. In addition, the responses were collected according to allotted quotas set to closely resemble the distribution ratios (for employment rates and employment type percentages by sex and age, etc.) of the respondents to the 2012 Employment Status Survey. The survey was implemented by Nippon Research Center between September 19 and October 1, 2014. The results have been released as Japan Institute for Labour Policy and Training (2015). In this paper, we focus on people who started providing care in or after April 2000, since which the Long-term Care Insurance System has been implemented.

Table 1. The Rate of Present Employment Status by Sex and Employment Status at Beginning of Care

	Present employment status				N
	Regular employment (RE)	Non-regular employment (NRE)	Self-employed (SE)	Not employed (NE)	
Employment status at beginning of care					
Male					
RE	80.6%	6.5%	5.3%	7.6%	340
NRE	12.5%	63.8%	6.3%	17.5%	80
SE	2.8%	6.6%	90.6%	0.0%	106
NE	20.8%	14.2%	8.5%	56.6%	106
Female					
RE	72.5%	10.2%	3.3%	13.9%	244
NRE	1.9%	76.3%	1.4%	20.3%	418
SE	3.8%	5.7%	80.0%	10.5%	105
NE	3.4%	12.0%	2.1%	82.4%	466

*People who started providing care in or after April 2000.

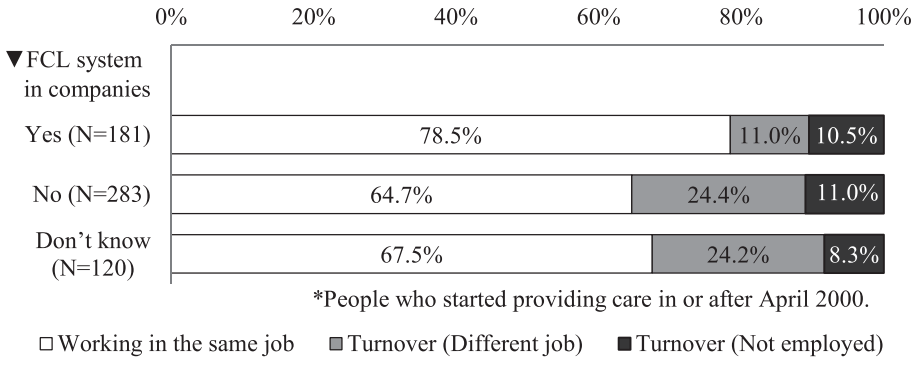
Source: *Survey on Combining Work and Care* (2014) by the JILPT.

working carers. Many male working carers over 30 years old are regular employees, while many middle-aged and older female working carers are non-regular employees.

While non-regular employment such as part-time work is inherently suitable for balancing work and family life, full-time regular employment in Japan often demands significant commitments, particularly in the case of male employees. We must consider the key problems that regular employees face in terms of conflict between their work and care commitments.

First, let us look at the percentages of regular employees who leave their jobs. Table 1 shows whether carers in regular and non-regular employment retain the same employment status or change their status in the beginning stages of providing family care. The results show that 7.6% of male regular employees and 13.9% of female regular employees become unemployed after starting to provide care. In total, about 10% of regular employees leave their jobs. While these rates are lower than those of non-regular employees, it is important to provide support to ensure that regular employees remain in their jobs.

Second, we discuss the issues surrounding working carers who remain in their jobs. Table 1 also shows that more than 70% of regular employees keep the same job status. Is it fair to assume that such employees succeed in fulfilling their work commitments alongside providing care? Next, I will focus on the fatigue that working carers may face and note the negative effects it can have on their work.



Yes: Family Care Leave System had been introduced in their companies.

No: Family Care Leave System had *not* been introduced in their companies.

Source: *Survey on Combining Work and Care* (2014) by the JILPT.

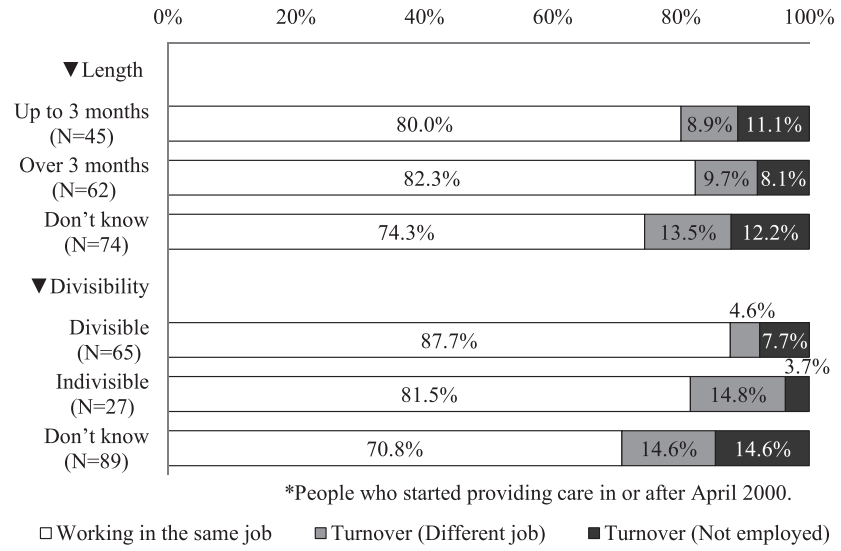
Figure 3. The Rate of Job Continuity and Turnover of Working Carers: By Yes or No of Introduction of Family Care Leave System at Place of Work (Regular Employees at Beginning of Care)

IV. Family Care Leave and Workers Leaving Their Jobs

Based on the Child Care and Family Care Leave Act, employees with elderly or disabled family members can take FCL for up to three months, even if the leave is not stipulated in their company's regulations. To prevent employees from leaving their jobs, however, it is crucial that individual companies introduce an FCL system that is stipulated in their regulations. As Figure 3 shows, the rate of job turnover rises if there is no FCL system incorporated into companies' policies and procedures.

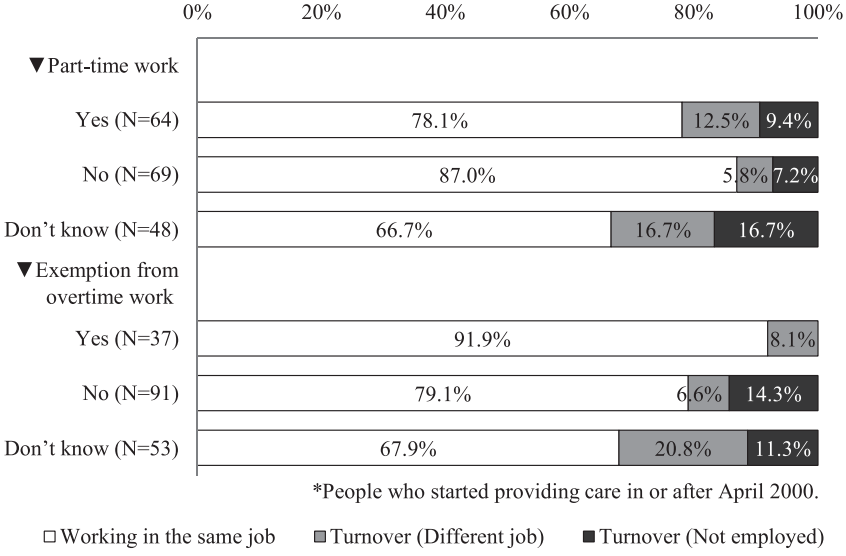
The FCL system is aimed at giving workers the time to make arrangements that will allow them to effectively combine work and care obligations; it is not intended for workers to take care of their elder or disabled family until they no longer require care. Actually, carers who make care arrangements take FCL. However, according to Ikeda (2010), the need for long-term leave like FCL has decreased due to the spread of care services following the implementation of the Long-term Care Insurance system in 2000. Although some companies introduce FCL with terms lasting over three months, Figure 4 implies that FCL with such long terms has no effect on decreasing turnover of working carers. Rather, FCL is effective if working carers are able to divide the FCL into separate terms.

Additionally, some companies introduce part-time work systems for supporting working carers. Part-time work systems for supporting childcare are very popular in Japan. However, such systems are not effective for preventing employees from quitting their jobs when it comes to caring for elderly or disabled family members, as illustrated in Figure 5. Rather, it might be effective to relieve such workers of their obligation to work overtime.



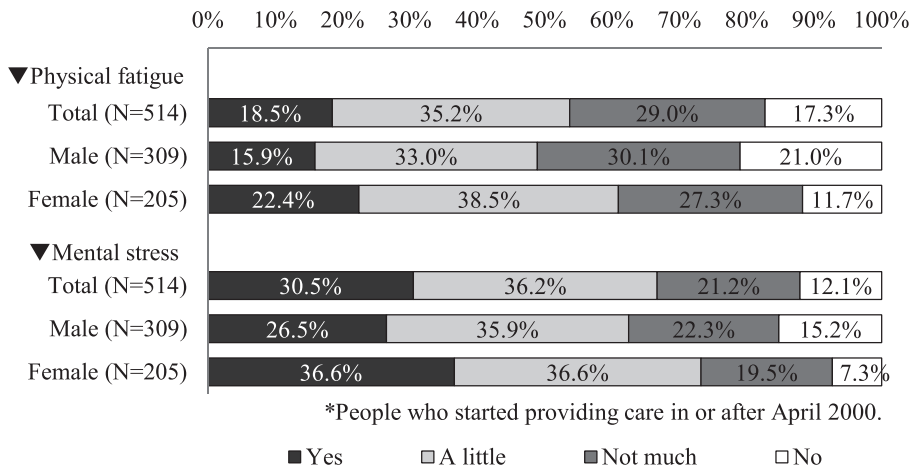
Source: *Survey on Combining Work and Care* (2014) by the JILPT.

Figure 4. The Rate of Job Continuity and Turnover of Working Carers: By Companies' Regulation of FCL Term (Regular Employees at Beginning of Care)



Source: *Survey on Combining Work and Care* (2014) by the JILPT.

Figure 5. The Rate of Job Continuity and Turnover of Working Carers: By Yes or No of Introduction of Part-Time Work System / Exemption from Overtime Work (Regular Employees with FCL System in Companies at Beginning of Care)



Source: *Survey on Combining Work and Care* (2014) by the JILPT.

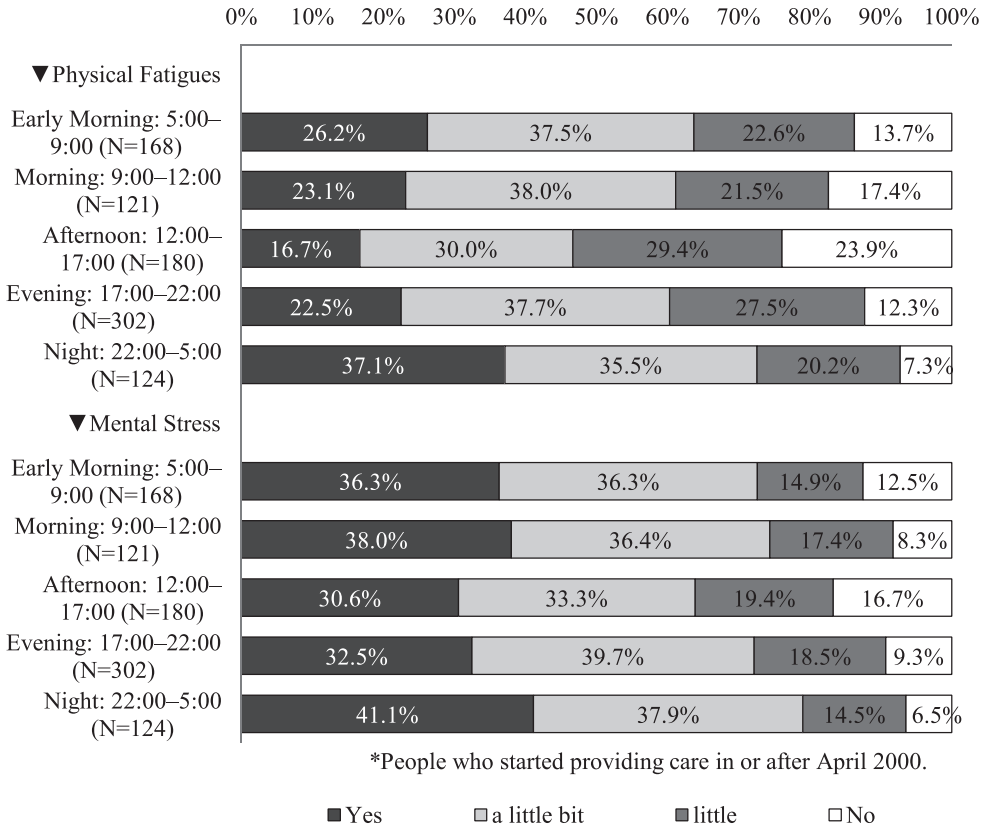
Figure 6. Physical Fatigue and Mental Stress due to Care Commitments: By Sex (Regular Employees at Present)

In sum, while workers caring for children may need long-term leave or shorter working days, workers caring for elderly or disabled family members do not require long-term leave, nor do they require a great reduction in working hours. The results of this data analysis imply that the amended FCL and the stipulation that workers should be relieved of obligations to work overtime may have positive effects that heighten the probability of working carers remaining in their jobs.

V. Carers' Fatigue and Its Influence on Work

Although the Japanese government and Japanese companies have introduced provisions to support family care that are similar to those established for childcare, such as long-term care leave and part-time work arrangements, working carers must still continue working full time and are expected to fully perform in their jobs. However, working carers often struggle to give their full commitment to both work and family care. It is thus possible that working carers may not be able to perform in their work to their fullest, despite the expectation for them to do so. Looking at this possibility, let us focus here on the problem of fatigue from caring, an issue that troubles many working carers who remain in their jobs.

Carers' fatigue consists of physical fatigue and mental stress. According to Figure 6, about 50% of regularly employed carers feel physical fatigue, and about 60% of regularly employed carers experience mental stress. While the number of working female carers who experience carers' fatigue is quite remarkable, it is also important to note that a significant amount of male workers also experience physical fatigue or mental stress due to providing care. It is natural that workers who provide care for long hours every day become



Source: *Survey on Combining Work and Care* (2014) by the JILPT.

Figure 7. The Rate of Feeling Physical Fatigues or Mental Stress by Care: By Time at Which Care Is Provided (Regular Employment at Present)

exhausted. If working carers have to work normal hours despite needing to provide care on weekdays, they may not be able to address the care receiver's needs appropriately and they may experience mental stress. Workers who need to attend to a care receiver's daytime care requirements on weekdays, when typical workers are working, require leave or the opportunity to work on a part-time basis. Nevertheless, carers' fatigue due to time-management conflicts between work and family care is a problem that remains unaddressed. Furthermore, I would like to stress that there is a possibility that such fatigue may accumulate even in cases in which carers do not face such time conflicts, such as if they provide care at night, which does not cause a conflict with work as employees typically work from morning to evening. As Figure 7 shows, providing care at night causes the greatest physical fatigue, while providing care in the afternoon causes the least physical fatigue. We can see similar tendencies in relation to mental stress.

Such fatigue among workers may be difficult for companies to detect, but it is im-

portant that it is addressed because it carers fatigues may have a negative impact on work efficiency. It is often said that exhaustion can cause near misses (potential accidents averted just in time) at work. It may also be difficult for exhausted workers to fulfill their work quotas. It is possible to presume that fatigue due to providing care may have the same impact on the quality of work.

Here we shall conduct multivariable analysis to verify these hypotheses. The explained variables are "Near misses (potential accidents)" and "Non-fulfillment of work quotas." The explanatory variable is fatigue from caring, which can be divided into physical fatigue and mental stress. The following variables are also included as control variables: attribute variables such as sex and age, educational background, and job categories, and factors related to caring such as relationship with the care receiver, the care receiver's physical care needs, and whether or not the care receiver has dementia. The basic health condition of the working carer and daily working hours, which affect both the worker's level of fatigue and their work efficiency, were also included. Logistic regression models were used for the analysis.[11] The results, shown in Table 2, suggest that health condition in general affects work performance. In addition, physical fatigue from caring raises the risk of near misses at work and the non-fulfillment of work quotas. This indicates that fatigue from caring affects work performance. Furthermore, dementia also has a negative impact on the fulfillment of work quotas. We can therefore say that the work performance of working carers may decrease due to providing care even if they are able to continue working.

VI. Conclusion

The tendency for workers who provide care to family members to leave their jobs and the fact that workers may struggle to manage their time between work and care are major issues in Japan. The Japanese government and Japanese companies discuss these problems of combining work with providing care in comparison with issues related to childcare. However, as elderly care is essentially different from childcare, the systems provided to support elderly care should be different to those employed to support childcare.

The greatest difference between childcare and elderly care is that elderly care does not bind carers in terms of time. While workers who provide care for children tend to need to take long-term leave for several months and to change their working style from full-time to part-time, many workers who provide elderly care need neither long-term leave nor part-time work arrangements in order to continue working in their job.

This is not to suggest that it is easier to combine elderly care commitments with work than it is to care for children alongside working. We need to be aware of the unique issues involved in elderly care that are not applicable in the context of childcare. In particular,

[11] We recoded questionnaire responses for the explained variables such that "yes" and "a little" are 1, and "not much" and "no" are 0.

Table 2. Effects of Care Fatigue on Work Performance
(Logistic Regression Analysis)

	Near misses (potential accidents)			Non-fulfillment of work quotas		
	B	Standard Error	Exp(B)	B	Standard Error	Exp(B)
Sex (Male=1, Female=0)	.410	.230	1.507	.626	.242	1.870 *
Age (BM:50−59)						
20–29	.566	.473	1.761	.287	.497	1.333
30–39	.828	.320	2.288 *	.490	.330	1.633
40–49	.211	.236	1.235	.132	.249	1.141
Education (BM: Junior high school or high school)						
Junior college graduate	-.293	.299	.746	-.329	.316	.720
University graduate or above	-.255	.250	.775	.043	.258	1.044
Job categories (BM: Clerical worker)						
Professional worker or technician	.307	.292	1.359	.433	.303	1.542
Manager	.043	.375	1.044	.621	.392	1.860
Sales	.586	.349	1.796	1.350	.381	3.857 **
Service	.284	.385	1.329	.813	.406	2.254 *
Blue-color worker	.547	.293	1.728	.051	.305	1.052
Care receiver (BM: Parents)						
Grandparents	-.019	.372	.982	.304	.392	1.355
Parents-in-law	.101	.270	1.107	.108	.282	1.114
Others	.271	.373	1.311	.249	.384	1.283
Physical care needs (High=1, Low=0)	-.230	.201	.795	-.502	.212	.605
Dementia (Yes=1, No=0)	.122	.205	1.130	.450	.214	1.569 *
Daily working hours	.046	.058	1.047	.023	.061	1.024 **
Health Condition	-.556	.207	.574 **	-.863	.216	.422 *
Physical fatigue from providing care	1.128	.250	3.089 **	1.089	.254	2.972 **
Mental stress from providing care	.005	.260	1.005	.359	.267	1.432
Constant	-1.124	.575	.325	-1.316	.603	.268 *
Chi-Square		69.906 **			113.554 **	
df		20			20	
N		511			511	

Object: Regular employees at present.

**$p < .01$, *$p < .05$.

carers' fatigue is a typical issue resulting from caring for elderly family members, and such fatigue results in working carers being unable to fully perform in their companies. That is to say, while many working carers come to the office as usual, this does not necessarily mean that they are able to work as usual.

In sum, even if management does not face problems due to employees leaving their jobs to provide family care, they may need to face the issue of carers' fatigue. Both accidents while at work and non-fulfillment of work quotas may pose serious difficulties for employers as they try to maintain productivity. It is therefore important for employers to support workers who need to combine work with caring for elderly family members by introducing health management systems that are different from the traditional time-management support that has been developed to address issues related to caring for children alongside working.[12]

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[12] It is commonly said in Japan that many working carers try to combine work and care without making their workplace aware of their situation. Our data shows that few working carers consult personnel offices or labor unions if they begin to experience fatigue from the combined obligations of work and family care. Therefore, although personnel offices and labor unions should be able to offer support for working carers, it is difficult for them to grasp the needs of working carers. The rate of carers who consult their bosses or colleagues is relatively higher, but is still low at 14.4 percent. We can therefore say that it is crucial for companies to start by ascertaining the health condition of workers in relation to their caring commitments.

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JILPT Research Activities

International Workshop

The Japan Institute for Labour Policy and Training (JILPT), the Chinese Academy of Labour and Social Security (CALSS) and the Korea Labor Institute (KLI) held a research forum on the theme "Employment Problems and Policy Countermeasures in Industrial Restructuring and Upgrading" on November 19, 2015, in Beijing, China. The three institutes hold a forum annually to address themes that are shared by China, Korea, and Japan in the field of labor policy. At the forum, they present their research results with the aim of promoting mutual understanding among the three countries and raising the standards of research. This was the thirteenth forum held with the collaboration of the three research institutes. The Japanese texts of the research papers presented at the forum can be accessed via the JILPT website (http://www.jil.go.jp/institute/kokusai/index.htm).

Research Reports

The findings of research activities undertaken by JILPT are compiled into research reports in Japanese. Below is a list of the reports published since December 2015. The complete Japanese texts of these reports can be accessed via the JILPT website (http://www.jil.go.jp/institute/pamphlet/). English summaries of selected reports are also available on the JILPT website (http://www.jil.go.jp/english/reports/jilpt_01.html).

Research Reports

No.181 Survey of Users of the Job-Seekers' Support System: Investigation through a Three-Part Longitudinal Study Consisting of Pre-Training, Post-Training, and Follow-Up Surveys (December 2015)

Research Series

No.147 Questionnaire Survey on the Job-Seekers' Benefit for Older Job Seekers (February 2016)

Research Material Series

No.164 Interview Survey on Balancing Working Life with the Treatment of Health Conditions Including Mental Health Issues and Non-Work Related Illnesses or Injuries (December 2015)

Working Life Profile 2015/2016—Labor Statistics

In February 2016, JILPT published a booklet entitled "Japanese Working Life Profile 2015/2016—Labor Statistics." This booklet contains selected labor statistics to present a profile of Japanese workers from various perspectives. It covers basic statistical data to give a whole picture of the Japanese labor situation, including indices for the economic environment,

employment situation, working conditions, family life and social security policy. It also provides statistics on various topics dealing with current labor issues in Japan, such as the employment of elderly workers, the increasing numbers of non-regular workers, foreign workers and labor migration, the diversification of working styles, and changing labor-management relations. The complete English text can be accessed via the JILPT website (http://www.jil.go.jp/english/jwl/index.html).

Labor Situation in Japan and Its Analysis: General Overview 2015/2016

In March 2016, JILPT published "Labor Situation in Japan and Its Analysis: General Overview 2015/2016," a compilation of write-ups in English by JILPT researchers describing individual themes related to the current status of labor issues in Japan. The contents of this publication are as follows. The complete English text can be accessed via the JILPT website (http://www.jil.go.jp/english/lsj/index.html).

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