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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”<sup>1</sup> 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”<sup>2</sup>

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\* 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).

<sup>1</sup> In other papers I have used the term “limited-regular employees,” in place of “restricted regular employees.” Both terms have the same meaning.

<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup>

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.<sup>5</sup> 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.<sup>6</sup> 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

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<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> This is discussed more fully in Takahashi (2012a), Section 1.

<sup>6</sup> “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.<sup>7</sup> 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.<sup>8</sup>

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-

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<sup>7</sup> See Expert Committee on Labor Market Reform (2008).

<sup>8</sup> See Employment Policy Research Group (2010).

ventional regular employees with achieving work-life balance and tackling other such challenges.<sup>9</sup>

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

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<sup>9</sup> 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.<sup>10</sup> 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

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<sup>10</sup> 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<sup>11</sup>

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.<sup>12</sup> 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

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<sup>11</sup> The content of this section is based on Section 1, Paragraph 3 of Takahashi (2013a).

<sup>12</sup> For more details on the survey, see Japan Institute for Labour Policy and Training (2011).

business other than your place of business?” were included.<sup>13</sup> 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.<sup>14, 15</sup>

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.<sup>16</sup>

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

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<sup>13</sup> 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.

<sup>14</sup> Employees aged 60 and over, employees engaged in “management work,” “dispatched workers from temporary employment agencies” and “employees of contractors” were excluded from analysis.

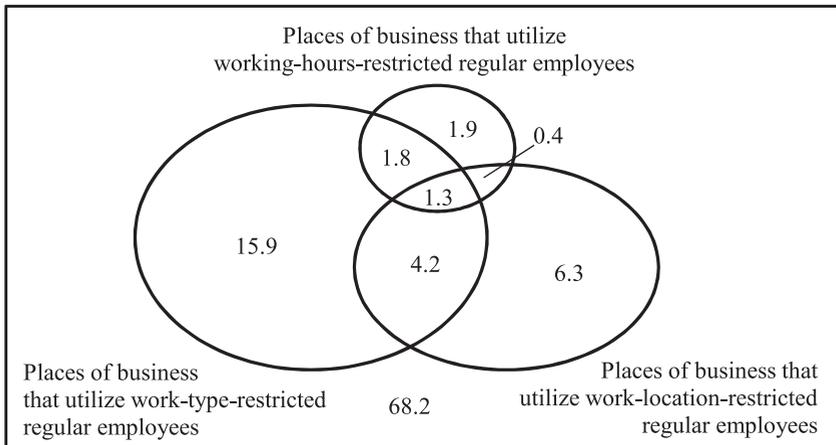
<sup>15</sup> By placing such limitations on the employees subject to analysis we are able to exclude from analysis cases in which employees mistakenly feel that they are restricted regular employees despite the fact that such an employment category does not exist at their place of work.

<sup>16</sup> 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).<sup>17</sup>

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

<sup>17</sup> 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.<sup>18</sup>

## 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.<sup>19</sup> 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.<sup>20</sup> 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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<sup>18</sup> 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.

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

<sup>20</sup> 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 (Manufacturing industry)	0.953	0.374 *	1.125	0.385 **
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.<sup>21</sup>

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

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<sup>21</sup> 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 work	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

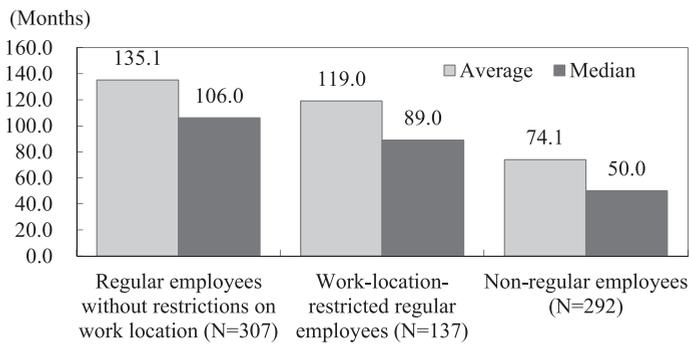


Figure 2. Length of Service of Restricted Regular Employees

composition, the percentage for “clerical work” is higher,<sup>22</sup> 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

<sup>22</sup> 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 <sup>2</sup>		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 <sup>2</sup>		0.455

Notes: 1. Parentheses indicate reference groups.

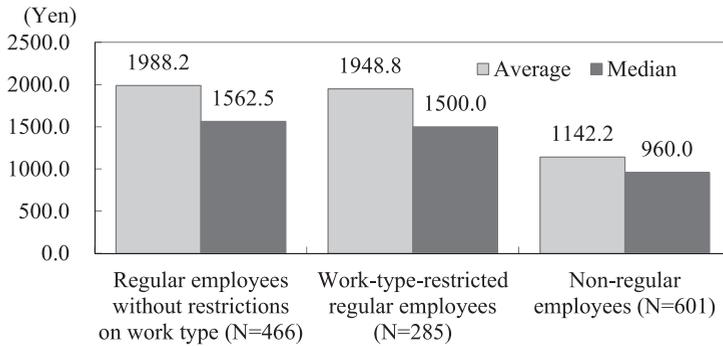
2. In addition to the above, the explanatory variables included a sex dummy, age (in 10 year units) dummy, educational background dummy, main person responsible for providing a livelihood dummy, work-type dummy, industry-type dummy, company-size dummy, and type of place of business dummy. See Table 2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

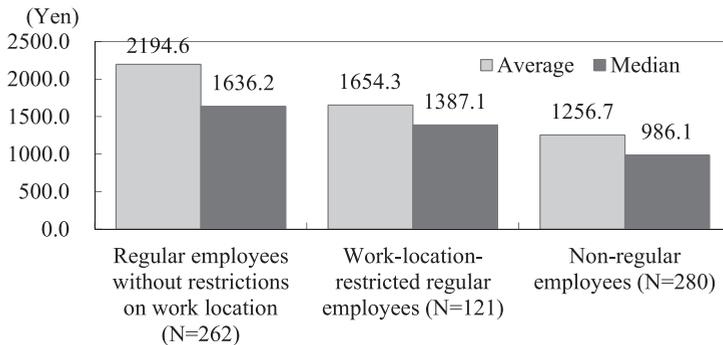


Figure 3. Scheduled Hourly Wages of Restricted Regular Employees

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.<sup>23</sup> 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

<sup>23</sup> 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 <sup>2</sup>		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 <sup>2</sup>		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.<sup>24</sup> 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

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<sup>24</sup> 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.<sup>25</sup>

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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