

Trends in Non-regular Employment in Japan and Analysis of Several Related Themes

As in other countries, in Japan the diversification of employment is progressing, meaning in effect the increasing prevalence of non-regular employment. This trend presents a range of socio-economic problems. In this section, we present the results of an analysis of Japan's diversification of employment in recent years and several issues that accompany it, based on the contents of our JILPT Research Report No. 161, "Transition in Diversification of Employment III: 2003/ 2007/ 2010", published November 2013.¹ This report is based in turn on figures specially tabulated by JILPT from the Ministry of Health, Labour and Welfare "General Survey on Diversified Types of Employment" (hereinafter, "the Diversification Survey"), one of the central government's statistical surveys on diversification of employment in Japan. The Diversification Survey is conducted once every three or four years, and the figures specially tabulated for this report were from three surveys carried out in 2003, 2007 and 2010.²

The Diversification Survey consists of a survey of business establishments (the "Survey on Establishments") and a survey of workers employed at these establishments in various formats, including regular employees (the "Survey on Workers"). The Survey on Establishments investigates changes in the number of workers in diverse types of employment and their percentages of the entire workforce, as well as establishments' reasons for utilizing non-regular employees and the status of application of systems for each type of employment. Meanwhile, the Survey on Workers covers the character of workers, their current status of employment, reasons for being non-regular

employees, and levels of job satisfaction.

To give an outline of the contents of this chapter: Part 1 shows trends in diversification of employment through comparison of data from the three survey years. Part 2 reports the outcomes of an analysis of trends related to regulatory changes made between the surveys. Next, other thematic analysis results from Report No. 161 that are particularly relevant to non-regular employment trends were selected, and Part 3 discusses establishments' reasons for utilizing contract employees and the employment conditions and attitudes of these workers, while Part 4 discusses the impact of application of systems for each type of employment on ratios of types of workers. Finally, the section ends with a brief summary of the author's views on non-regular employment in Japan.

The following are the definitions of various employment types from the Diversification Survey, which will be used throughout this section.

- Regular employees: Persons hired for an indefinite period, excluding part-time employees and employees temporarily transferred to other companies.
- Contract employees: Employees with a fixed contract term who engage in specific work to exercise their specialist capabilities.
- Entrusted employees: Those employed by contract, with the purpose of reemploying retired employees for a certain period of time.
- Transferred employees: Employees temporarily transferred from other companies under secondment agreement, regardless of whether they belong to the companies from which they were transferred.

1 This report is summarized in English on the JILPT website:
See http://www.jil.go.jp/english/reports/jilpt_research/2013/no.161.htm

2 The survey only covers the years up until 2010, so this article may not be the best place to obtain a picture of the latest developments in non-regular employment in Japan. Since then, the government has taken steps to end deflation and boost the economy, and as these take effect there has been a modicum of improvement in the status of non-regular employees working under poor labor conditions. However, the basic structural problems cannot be said to have undergone any significant change.

- **Dispatched workers:** Those who were dispatched from employment agencies under the Worker Dispatch Act. These are further subdivided into “registered dispatched workers,” who are under contract with the dispatcher only during the period when they are dispatched, and “regularly employed dispatched workers,” who are permanent employees of the dispatcher.
- **Temporary employees:** Those employed on a temporary or daily basis, with employment period not exceeding one month.
- **Part-time workers:** Those whose employment periods exceed one month, or is indefinite, but who have shorter regular working hours per day or fewer regular number of working days per week than full-time employees.
- **Others:** Employees other than those described above.

regular employees is increasing. However, the rate of decline during the 2003 to 2007 period (hereinafter, “the first period”) averaged 0.8 percentage points per year, but during the 2007 to 2010 period (hereinafter, “the second period”) it was 0.3 percentage points per year. In other words, the pace of transition to non-regular employment showed signs of slowing during the second period.

With regard to the breakdown of non-regular employment types, significant change was seen not in the percentage of part-time workers (hereinafter, “part-timers”), but in the percentages of full-time non-regular employees. For example, the percentage of contract employees rose from 2.3%→2.8%→3.5%, and the percentage of entrusted employees rose from 1.4%→1.8%→2.4%. The remarkable fluctuation was seen in the percentage of dispatched workers, which went from 2.0%→4.7%→3.0%.

In terms of reasons behind this, several can be cited: (1) While a gradual economic recovery was evident, in many cases it was not sufficient to compel employers to meet increasing labor needs by actively seeking out full-time workers, and instead they hired a greater number of full-time non-regular employees, (2) The relatively large increase in the percentage of entrusted employees during the second period reflects the fact that members of the Japanese postwar baby boom generation reached the standard retirement age of 60 from 2007 onward. However, many remained employed until the age of 65, classified as entrusted employees rather than regular employees, following a

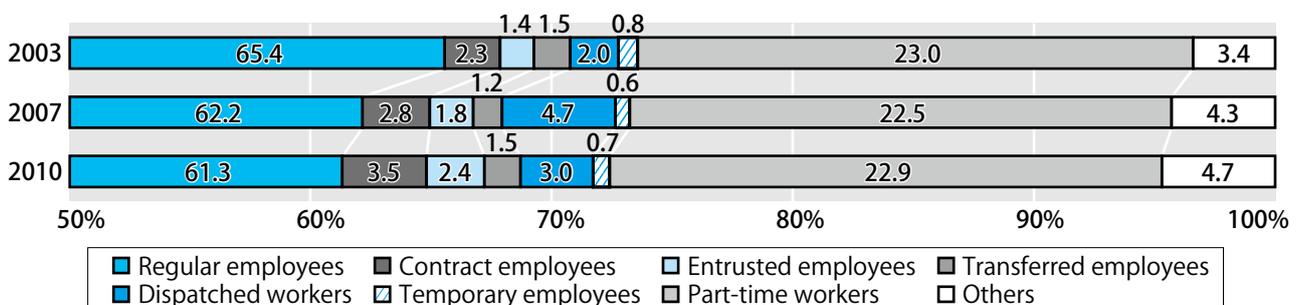
Part 1 Trends in Diversification of Employment

Part 1 examines the status of diversification of employment as seen in the Diversification Survey, and tracks the changes in survey results for several items specific to the survey.

1. Status of Diversification of Employment

The percentage of regular employees declined, from 65.4% in 2003, to 62.2% in 2007, to 61.3% in 2010, and it follows that the percentage of non-

Figure I-1 Status of Employment Diversification (Change in Percentages of Workers of Each Type)



Note: Left side of graph shows the 50% mark, not 0%.

2006 revision of the Act on Stabilization of Employment of Elderly Persons intended to address this sudden wave of retirements, and (3) Regarding dispatched workers, the previously prohibited dispatch of workers for manufacturing work was legalized in 2004, and the first period saw dramatic growth in their utilization, but the downsizing of manufacturing business activities following the financial crisis that struck in autumn 2008 caused utilization of dispatched workers to be scaled back during the second period.³

As these reasons illustrate, in terms of the growth of non-regular employment, the diversification of employment is progressing under the influence of fluctuations in economic conditions and revisions to labor regulations.

2. Business Establishments' Reasons for Utilization of Non-regular Employees

One of the items covered by the Diversification Survey is the reasons why businesses hire various types of non-regular employees. Let us examine the

three main types of non-regular employees: contract employees, dispatched workers, and part-timers (Table I-2).

The most widespread reason for hiring contract employees was “To deal with specialized operations”, followed by “To obtain capable personnel who will contribute immediately”. For dispatched workers this order was reversed, with the most often cited reason being “To obtain capable personnel who will contribute immediately”, followed by “To deal with specialized operations”. These reasons appear similar, but the reasons for hiring dispatched workers were somewhat more disparate than those for hiring contract employees.

Meanwhile, the most often cited reason for hiring part-timers was “To economize on wages”, followed by “To deal with busy and slack periods on a daily or weekly basis”.

There was no major structural change to the prevalence of reasons among the three survey years, but we may note that “For elderly person reemployment measures” rose over time as a reason

Table I-2 Employers' Reasons for Hiring (Utilizing) Non-regular Employees (Three Most Common Employment Types, Multiple Responses Possible)

(%)

Reason for utilization by businesses	Contract employees			Dispatched workers			Part-time workers		
	2003	2007	2010	2003	2007	2010	2003	2007	2010
Regular employees cannot be obtained	14.3	18.2	17.1	16.9	26.0	20.6	12.4	17.6	16.0
To enable regular employees to specialize in key operations	15.4	10.6	15.1	17.2	20.4	16.1	12.8	15.3	17.5
To deal with specialized operations	44.9	43.6	41.7	25.9	20.2	27.0	10.1	12.7	13.3
To obtain capable personnel who will contribute immediately	37.9	38.3	37.3	39.6	35.2	30.6	12.3	11.8	11.9
To adjust employment volume in response to business cycles	21.7	15.6	15.0	26.4	25.7	24.7	23.4	18.0	23.2
To deal with extended business (operation) hours	8.9	6.4	7.3	2.8	3.4	6.3	20.4	21.7	23.8
To deal with busy and slack periods on a daily or weekly basis	3.5	4.5	9.1	8.0	13.1	9.5	35.0	37.2	41.2
To respond to shifts in special or seasonal work volume	9.0	5.0	7.5	14.4	20.3	17.4	15.4	14.5	18.8
To economize on wages	30.3	28.3	30.2	26.2	18.8	18.7	55.0	41.1	47.2
To economize on non-wage labor costs	11.9	8.1	13.0	26.6	16.6	16.2	23.9	21.3	30.8
For elderly person reemployment measures	7.3	11.0	14.6	1.7	2.6	3.4	6.4	7.9	9.7
As replacements for regular employees taking childcare or nursing-care leave	2.1	2.4	5.1	8.8	6.5	15.1	2.1	1.6	5.2
Other	1.8	13.2	4.6	1.7	7.0	2.1	2.4	10.6	6.8

³ The change in percentages of dispatched workers in the manufacturing sector was 2.0% → 9.8% → 4.9%.

for hiring contract employees, there was a drop in hiring of dispatched workers for labor cost-based reasons such as “To economize on wages”, and “To enable regular employees to specialize in key operations” rose as a reason for hiring part-timers. Also, in 2007 when the economy was comparatively strong, “Regular employees cannot be obtained” was higher than in other years for all types of non-regular employment.

3. Non-regular Employees’ Reasons for Selecting Their Type of Employment

Next, let us examine non-regular employees’ reasons for selecting their type of employment, an item covered in the section of the Diversification Survey targeting individual workers. Here as well, we will examine three main types of employment, but here separate results are shown for male and female respondents, as there are disparities between their

responses (Table I-3).⁴

For contract employees, the two most common responses were “To make use of specialized qualifications or skills” (“Utilization of specialization”) and “Was unable to secure regular employment” (“Lack of regular employment opportunities”). Along gender lines, among males “Utilization of specialization” was more prevalent than “Lack of regular employment opportunities”, while “Lack of regular employment opportunities” was somewhat more prevalent among females. For dispatched workers, both “regularly employed” and “registered”, and both male and female, “Lack of regular employment opportunities” was the most common response, but the second most common response differed depending on gender and year of survey. Among male regularly employed dispatched workers, “Utilization of specialization” held the

Table I-3 Non-regular Employees' Reasons for Selecting Their Type of Employment (Three Most Common Employment Types, Multiple Responses Possible)

(%)

	Men											
	Contract employees			Regularly employed dispatched workers			Registered dispatched workers			Part-time workers		
	2003	2007	2010	2003	2007	2010	2003	2007	2010	2003	2007	2010
To make use of specialized qualifications or skills	54.9	47.0	51.3	36.0	28.7	32.6	34.6	18.4	18.9	11.9	13.7	17.1
To engage in a higher-income occupation	17.7	21.0	19.8	20.5	23.1	18.8	20.3	26.7	22.4	6.8	9.8	5.2
To work hours that are convenient for me	8.7	12.2	10.1	5.2	8.7	9.7	13.4	14.6	22.0	45.4	56.6	48.7
To work shorter hours or fewer days	6.5	11.2	7.9	4.9	4.7	5.1	4.9	12.2	15.2	23.3	18.7	17.9
Work is easy and responsibilities are light	3.3	7.2	6.1	5.4	13.3	13.7	7.1	17.6	12.7	11.9	15.5	15.9
Wanted to carry out "employment adjustment"	1.7	3.0	2.6	1.9	1.2	1.2	1.2	1.7	1.9	4.3	7.2	3.2
To supplement household income, earn tuition, etc.	5.5	9.3	9.8	4.9	9.0	5.4	7.4	7.5	15.5	23.4	33.9	17.8
To earn money I could spend freely	7.2	10.9	8.1	9.3	13.3	9.7	12.7	24.1	22.5	30.7	22.0	33.4
Shorter commute	9.8	12.5	12.2	12.8	12.8	11.3	11.2	13.3	8.6	18.5	16.4	19.9
Did not want to be constrained by an organization	13.4	9.4	8.6	16.5	10.6	7.5	16.3	11.1	9.4	11.5	18.0	6.5
Lack of regular employment opportunities	32.9	32.6	33.1	36.3	37.5	47.8	49.7	43.6	52.8	26.8	16.0	25.4
For domestic reasons, or so as to engage in non-work activities as well	4.1	5.3	5.6	8.2	6.2	4.0	13.0	7.8	13.2	17.9	14.2	9.7
Lacked physical endurance to work as a regular employee	2.4	2.9	1.9	3.4	1.9	0.8	0.5	1.7	1.1	2.5	2.7	5.8
Other	7.0	24.5	13.7	7.6	29.3	5.6	5.5	17.2	6.9	0.5	2.6	5.2

4 As examination of the entire table shows, the biggest difference between men and women is the greater diversity of choices made by women.

	Women											
	Contract employees			Regularly employed dispatched workers			Registered dispatched workers			Part-time workers		
	2003	2007	2010	2003	2007	2010	2003	2007	2010	2003	2007	2010
To make use of specialized qualifications or skills	29.3	28.7	30.1	13.8	12.8	16.6	19.0	13.3	16.2	9.0	7.5	11.0
To engage in a higher-income occupation	12.2	13.7	11.9	13.7	21.0	17.4	14.9	17.2	13.9	7.0	2.2	4.6
To work hours that are convenient for me	10.8	14.6	13.5	14.1	17.9	26.8	17.5	26.0	24.6	37.6	55.7	50.7
To work shorter hours or fewer days	7.7	10.6	7.8	7.7	16.4	15.3	10.8	17.1	8.9	19.3	29.9	19.3
Work is easy and responsibilities are light	5.0	5.3	4.3	6.6	10.4	20.7	6.2	10.1	9.9	10.6	6.5	8.1
Wanted to carry out "employment adjustment"	4.6	1.4	1.0	6.5	2.0	0.5	5.5	1.6	2.0	13.9	7.1	6.8
To supplement household income, earn tuition, etc.	21.5	26.0	24.4	21.9	25.4	23.6	16.4	21.1	24.4	46.0	45.1	46.9
To earn money I could spend freely	20.4	15.6	15.8	20.4	13.7	14.2	17.4	19.1	15.4	27.4	22.9	21.7
Shorter commute	18.1	20.3	21.8	20.1	21.6	19.8	14.4	21.3	16.1	36.0	27.9	33.0
Did not want to be constrained by an organization	7.0	5.0	4.0	15.0	12.7	10.4	27.5	14.0	10.1	6.7	1.9	1.0
Was unable to secure regular employment	38.7	30.6	35.8	43.7	35.1	36.8	38.3	35.3	43.6	20.5	11.0	12.9
For domestic reasons, or so as to engage in non-work activities as well	15.3	16.2	19.7	22.7	19.7	16.2	27.8	25.2	24.5	27.3	37.7	38.0
Lacked physical endurance to work as a regular employee	2.7	2.7	2.1	2.5	1.2	1.4	3.0	1.6	2.6	6.2	3.2	3.1
Other	7.0	20.6	9.6	3.1	21.6	5.4	4.1	15.0	6.3	1.9	6.3	2.4

second position in all survey years, whereas among male registered dispatched workers "To engage in a higher-income occupation" ("Comparatively higher income") was more common than "Utilization of specialization" in 2007 and 2010. In both of these years, "To earn money I could spend freely" ("Disposable income") had also gained prevalence as a reason. These trends can be seen as linked to the lifting of the ban on dispatched workers in manufacturing. Meanwhile, among female dispatched workers, in 2003 the second most common reason was "For domestic reasons, or so as to engage in non-work activities as well", but in 2007 and 2010 this was surpassed by "To work hours that are convenient for me" ("Convenient work times"), particularly among registered workers. Among male part-timers, the most common reason was "Convenient work times", followed by "Disposable income" and "To supplement household income, earn tuition, etc." ("Household income supplementation, etc."). Among their female counterparts, "Household income supplementation, etc." and "Convenient work times" were approximately equivalent, but the percentage for the latter rose somewhat in recent years. Among female part-timers, "Lack of regular employment opportunities" had already been a relatively infrequent response, but in recent years it fell further

to approximately 10%.

4. Occupations Engaged in, by Type of Employment

Next, let us examine the types of occupations workers were engaged in, by type of employment (Table I-4). For each type of non-regular employment, there were certain occupations that were much more common than they were among regular employees. Among contract employees, this was true of "Specialized or technical occupations". However, the percentages for this rate may be affected greatly by the definitions employed by the survey, and it is not necessarily true that contract employees tend to be engaged in sophisticated or highly specialized occupations. Among dispatched workers, "Clerical" was by far the most common in 2003, but in 2007 and 2010 it fell, while still remaining high, while the percentage engaged in "Manufacturing processes or labor" rose.

Part-timers gave "Service positions" as the most common response, followed by "Sales positions" and "Manufacturing processes or labor". For the percentages of other occupations, please refer to Table I-4.

Table I-4 Types of Occupations Workers Were Engaged in, by Type of Employment

(%)

		Total	Specialized or technical	Administrative	Clerical	Sales	Service	Security	Transport / communications*	Manufacturing processes or labor**	Other
Regular employees	2003	100.0	15.7	19.6	39.3	7.9	4.8	0.5	3.8	8.2	0.2
	2007	100.0	19.5	19.2	35.5	6.9	5.2	0.0	3.6	9.8	0.3
	2010	100.0	13.8	15.1	46.0	8.0	6.4	0.4	3.4	6.9	0.0
Contract employees	2003	100.0	72.5	1.2	8.6	2.7	4.6	0.7	2.2	7.5	0.0
	2007	100.0	27.4	3.1	26.5	9.1	11.1	1.6	6.3	11.5	3.4
	2010	100.0	31.3	3.5	25.0	10.0	10.7	2.7	8.3	8.3	0.3
Entrusted employees	2003	100.0	16.3	11.9	26.4	4.7	9.4	3.1	10.1	18.0	0.1
	2007	100.0	17.3	10.5	20.2	6.9	9.0	2.5	11.0	17.3	5.3
	2010	100.0	17.8	12.2	26.8	7.4	7.4	2.3	14.7	11.1	0.4
Regularly employed dispatched workers	2003	100.0	15.2	2.8	52.0	2.4	5.3	0.0	5.0	17.4	0.0
	2007	100.0	23.6	2.1	25.0	2.5	2.7	0.5	2.7	39.0	1.9
	2010	100.0	22.6	2.0	30.4	2.9	8.2	0.4	9.4	24.0	0.2
Registered dispatched workers	2003	100.0	10.0	0.7	73.3	1.7	4.7	0.0	2.2	7.3	0.0
	2007	100.0	7.9	0.6	52.7	2.1	5.4	0.2	1.1	26.5	3.6
	2010	100.0	10.2	0.2	56.4	2.6	4.8	0.2	4.6	20.1	1.1
Temporary employees	2003	100.0	7.4	0.6	11.6	5.6	33.3	5.7	4.8	30.9	0.1
	2007	100.0	12.9	0.2	11.7	13.6	20.2	5.1	10.2	19.1	7.0
	2010	100.0	6.9	2.1	18.5	8.5	36.3	0.4	9.2	17.7	0.5
Part-time workers	2003	100.0	7.2	1.3	24.2	14.3	31.7	0.8	3.8	16.7	0.0
	2007	100.0	6.7	1.3	25.9	13.0	28.1	0.7	3.7	15.5	5.2
	2010	100.0	8.6	1.0	22.1	19.2	30.1	0.7	8.4	9.6	0.3
Other	2003	100.0	7.8	1.9	26.9	10.2	17.4	1.0	2.9	31.6	0.2
	2007	100.0	8.5	3.1	19.3	11.3	20.3	2.5	3.1	24.9	7.0
	2010	100.0	10.4	3.4	22.7	10.2	20.1	2.3	9.7	19.8	1.5

Notes: *In 2010, "shipping and machinery operation" and "transport, cleaning, packaging, etc." were added".

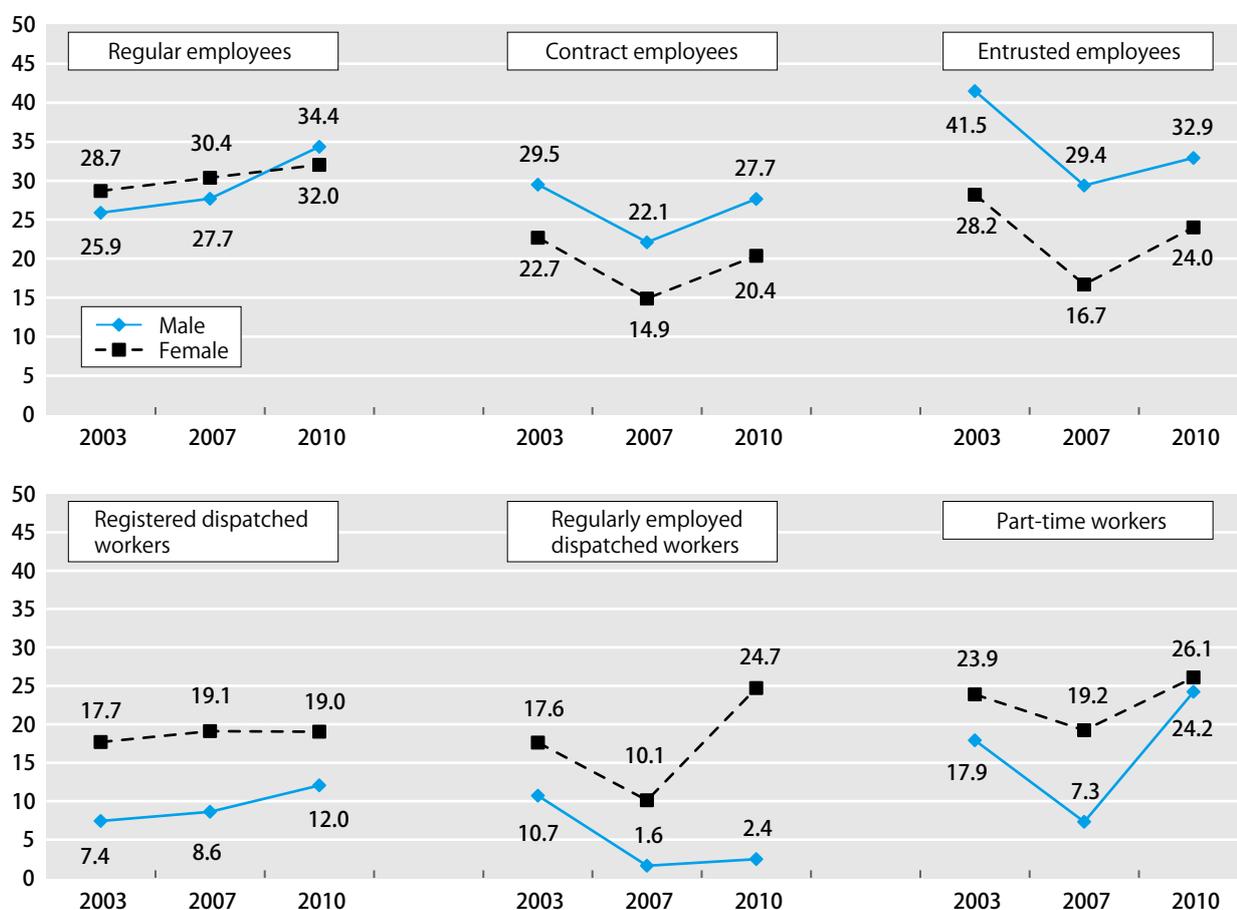
** 2010 figures were obtained by adding "manufacturing processes" and "construction and mining".

5. Change in Satisfaction Levels

In the "Survey of workers" section of the Diversification Survey, workers were asked to select from among five levels of satisfaction: "Satisfied", "More or less satisfied", "Cannot say either way", "More or less dissatisfied", and "Dissatisfied". Here, let us examine the D.I. of response percentages for working life as a whole, with the percentage "Dissatisfied" or "More or less dissatisfied" subtracted from the percentage "Satisfied" or "More or less satisfied" (Figure I-5).

In Figure I-5, many things are evident. One is that between 2003 and 2010, the level of satisfaction rose gradually among regular employees, while among

non-regular employees the same trend can only be seen among male registered dispatched workers, with the other categories largely showing a pattern of satisfaction levels dropping in 2007 and rising again in 2010. A second point is that when comparing types of employment, satisfaction was highest overall among regular employees, followed by entrusted employees, then by contract employees and part-timers, with dispatched workers having the lowest levels. Thirdly, when comparing genders, while there is not a significant gender-based disparity among regular employees, male contract employees and entrusted employees were more satisfied than their female counterparts, while the opposite was true among dispatched workers and part-timers. The low

Figure I-5 Change in D.I. of Levels of Satisfaction with Working Life as a Whole

Note: Satisfaction level D.I. = Percentage who were "Satisfied" or "Somewhat satisfied" minus percentage who were "Dissatisfied" or "Somewhat dissatisfied"

satisfaction level among dispatched workers largely owes to the dissatisfaction of the male contingent.

Part 2 Employment Diversification Trends Related to Regulatory Changes during the Period

In terms of regulatory changes relating to diversification of employment between 2003 and 2010, some have already been described. The three key revisions were (1) the lifting of a ban on dispatch

of workers in the manufacturing work under the March 2004 revision of the Worker Dispatch Act, (2) a 2006 revision of the Act on Stabilization of Employment of Elderly Persons making it mandatory for businesses to offer employment to over-60 workers until they turn 65, and (3) an April 2008 revision of the Part-time Workers Act requiring equal or balanced treatment of part-time and full-time workers in terms of wages and other matters.⁵ Below, we will examine the relevant findings of the Diversification Survey with regard to dispatched

⁵ The respective full names of these laws are: (1) Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers, (2) Act on Stabilization of Employment of Elderly Persons, and (3) Act on Improvement, etc. of Employment Management for Part-time Workers.

workers in the manufacturing work, entrusted employees (particularly male employees aged 60-64), and part-timers.

1. Dispatched Workers in the Manufacturing Work

Unfortunately, not only for dispatched workers but for all employment types, the Diversification Survey does not provide data on whether workers are in the manufacturing work or not. For this reason, we tabulated and analyzed the data for “manufacturing processes and labor” as the occupational category most similar to “the manufacturing work”.⁶

According to the Diversification Survey, the number of workers in the manufacturing work went from 4.56 million→5.07 million→3.39 million (4.82 million when broadly defined), with the number of dispatched workers among them fluctuating greatly from 90,000 → 600,000 → 260,000 (330,000 when broadly defined). It is evident that the fluctuation of the number of workers in the manufacturing work largely results from the fluctuation of the number of dispatched workers.

When examining data on male workers in the manufacturing work broken down by educational background, the greatest change was in the percentage of junior high school or high school graduates (13.9% → 24.8% → 16.0%), with little change in the percentages graduating from university or graduate school (3.3% → 3.2% → 3.2%). There was also a fluctuation in dispatched workers as a percentage of all male junior high school or high school graduates in the manufacturing work, from 3.0% → 14.4% → 9.8%. This fluctuation is particularly pronounced among workers aged 20-29, going from 5.8% → 30.0% → 19.4%. In the context of an export-driven economic recovery, the lifting of the ban on dispatching workers in the manufacturing work can be said to have quantitatively expanded employment

opportunities for male high school graduates, particularly those of younger age.

Next, let us look at wages. Table I-6 shows the results of a simple regression analysis using total monthly wages as an explained variable. This analysis covers non-regular employees in the manufacturing work. The results show that dispatched workers in the manufacturing work can earn significantly higher income than their part-time or temporarily employed counterparts. In this sense it can be said that enabling dispatching of workers in the manufacturing work increased employment opportunities in terms of relative remuneration as well. On the other hand, however, in recent years the wages of dispatched workers have compared increasingly unfavorably with those of contract employees. Also, although the relevant data is not shown here, a considerable percentage of dispatched employees have selected this employment type unwillingly because of a lack of regular employment opportunities, and their levels of satisfaction are lower due to qualitatively poorer working conditions and environment, including longer hours and so forth.

This observation is borne out by data on level of satisfaction with working life. Figure I-7 shows the satisfaction levels of male non-regular employees in the manufacturing work expressed as numerical scores, and on the whole dispatched workers have lower scores than other employment types. Satisfaction levels were particularly low in 2007, when a large number of people were engaged in dispatched work in the manufacturing work. We may conclude that while lifting the ban on dispatching of workers in the manufacturing work quantitatively increased employment opportunities in some aspects, from a qualitative standpoint appropriate work environments and systems for treatment of employees were not in place to accommodate these workers.

6 As the classifications of sectors were changed for the 2010 survey, the 2010 data does not connect directly to prior data. In 2010, “manufacturing processes and labor” has become an independent category, and comes close to providing specific data on the manufacturing work, but unfortunately it does not connect to the 2003 and 2007 surveys. It is necessary to keep in mind that the “manufacturing processes and labor” data for 2010 is much narrower in scope than its counterparts in past surveys. For reference, figures for an expanded definition where “transport, cleaning, packaging, etc.” is added to “manufacturing processes and labor” are provided in parentheses.

Table I-6 Results of Regression Analysis of Total Monthly Wage (OLS) Irregular Employees Engaged in Manufacturing Work

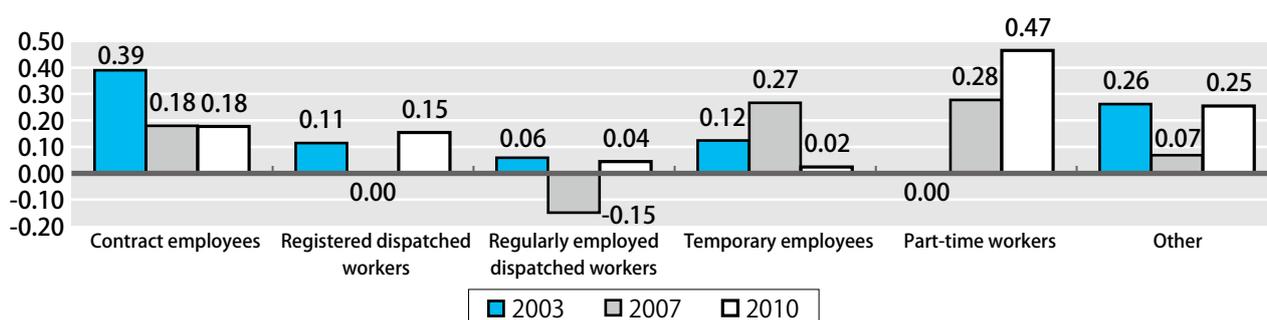
(Only regression coefficients shown)

	2003	2007	2010
(Constant)	10.651 ***	11.766 ***	13.064 ***
Male dummy	5.524 ***	7.223 ***	5.942 ***
Class label by five-year age segment	1.510 ***	1.604 ***	1.473 ***
Square of class label by five-year age segment	-0.130 ***	-0.151 ***	-0.124 ***
Large establishment dummy (1,000 employees or more)	0.076	1.359 ***	0.846 **
Medium-sized establishment dummy (300-999 employees)	-0.287	0.312	-0.047
Small establishment dummy (5-29 employees)	-1.107 **	1.435 **	-1.114 **
Educational background dummy (vocational, technical, or junior college graduate)	-0.262	0.033	-0.828 *
Educational background dummy (university or graduate school)	-0.550	0.540	-0.052
Employment type dummy (Registered dispatched workers)	0.786	-2.107 ***	-2.995 ***
Employment type dummy (Regularly employed dispatched workers)	1.294 **	0.176	-1.708 ***
Employment type dummy (Temporary employees)	-3.295 ***	-5.493 ***	-7.950 ***
Employment type dummy (Part-time workers)	-5.034 ***	-5.834 ***	-6.263 ***
Number of cases utilized for measurement (N)	1,415	2,421	1,378
F value	86.896 ***	133.298 ***	79.387 ***
Determination coefficient adjusted for degree of freedom (AR ²)	0.422	0.396	0.406

Notes: 1) Reference items for the dummy variables are as follows: Establishment size: 30- 299 employees, Educational background: Junior high school or high school graduate, Employment type: Contract employee

2) The marks next to the coefficients indicate significance probability, with *** indicating less than 1%, ** less than 5%, and *less than 10%.

3) This estimate covers contract employees, dispatched workers, temporary employees and part-time workers.

Figure I-7 Change in Satisfaction Level Score for Manufacturing Workers (Male): Working Life as a Whole

Notes: 1) This tabulation does not include currently enrolled students.

2) Satisfaction level score is obtained by assigning 2 points to "Satisfied", 1 point to "Somewhat satisfied", -1 point to "Somewhat dissatisfied", and -2 points to "Dissatisfied", and obtaining the weighted average.

2. Transferred Employees in Their Early Sixties

To secure employment for workers until the age of 65 despite a standard retirement age of 60, many companies terminate the regular employment of workers when they reach retirement age, pay a retirement allowance, and then rehire them as transferred employees. The Diversification Survey found that transferred employees as a percentage of all workers aged 60 to 64 rose from 20.2% in 2007 to 25.8% in 2010.

Here, let us examine the data on male entrusted employees aged 60-64, in light of the fact that currently the overwhelming majority of company employees working continuously until retirement age are males.

Data on differences in work contents and conditions before and after retirement age show that in terms of occupations (Table I-8), a major difference between regular employees aged 55-59 and entrusted employees aged 60-64 lies in the percentage in administrative positions, with the latter being lower than the former. We may infer that many employees leave managerial posts upon retirement age and take up specialized, technical, or on-site (non-clerical) positions instead. However, among entrusted employees there is no significant change in occupations over time, indicating that while employees may have managerial titles removed, when they remain at the same companies the actual contents of their work do not change much.

Similarly, in terms of work hours, although the relevant data is not shown here, it indicates that while work hours grow slightly shorter after retirement age, they tend to stay in or near the 40-49 hours per week range and are in effect full-time hours. Wages, however, show a significant change, with total monthly wages for regular employees aged 55-59 being squarely in the ¥300,000 to ¥400,000 range or above (for approximately 80% of workers), while among entrusted employees aged 60-64 the majority (around 70%) earn somewhere between ¥150,000 and ¥350,000.

The data shows that, as is generally recognized, workers who continue being employed after retirement age have their status changed from regular employee to entrusted employee, are removed from administrative positions, and have their wages adjusted downward significantly although the contents of duties and work hours may remain largely unchanged.

Now, let us turn our attention to satisfaction levels. When satisfaction level scores (see footnote 2 below Figure I-7 above) for male workers aged 60-64 are calculated, the highest scores are for contract employees (0.56 for level of satisfaction with working life as a whole in the 2010 survey), with entrusted employees in second place with a score of 0.49. These are followed by regularly employed dispatched workers (0.46) and part-timers (0.42). Here it should be noted that satisfaction levels are far from high (0.28) among workers who maintain regular employee status in this age group.

Table I-8 Comparison of Occupations of Regular Employees Aged 55-59 and Entrusted Employees Aged 60-64 (Male)

(%)

		Total	Specialized or technical	Administrative	Clerical	Sales	Service	Security	Transport / Communications	Manufacturing processes / Labor	Other	Unclear
Regular employees aged 55-59	2003	100.0	0.3	56.1	19.0	6.6	3.6	0.0	1.1	12.7	0.5	0.0
	2007	100.0	10.5	33.8	25.1	8.0	1.9	0.0	9.5	9.3	0.5	1.4
	2010	100.0	8.6	42.2	23.0	5.7	1.7	0.2		18.5		0.0
Entrusted employees aged 60-64	2003	100.0	18.2	15.2	19.4	5.7	6.7	3.9	13.6	17.1	0.0	0.2
	2007	100.0	16.0	13.0	19.6	7.5	5.7	2.7	10.9	19.3	3.5	1.9
	2010	100.0	18.1	15.1	23.6	7.4	4.8	2.9		28.0		0.1

Table I-9 Change in Satisfaction Level Score for Entrusted Employees Aged 60-64

(%)

	Content of duties and sense of fulfillment	Wages	Labor conditions such as work hours and holidays	HR evaluations and treatment	Workplace environment (lighting, heating/cooling, noise pollution, etc.)	Relationships and communication with regular employees	Relationships and communication with workers other than regular employees	Clarity of chain of command	Job security	Benefits	Training and competency development	Working life as a whole
2003	1.00	0.19	0.87	0.36	0.65	0.70	—	—	0.78	0.32	0.12	0.54
2007	0.82	-0.17	0.72	0.16	0.69	0.69	—	—	0.71	0.33	0.12	0.42
2010	0.84	-0.08	0.67	0.24	0.67	0.81	0.78	0.41	0.59	0.39	0.21	0.49

Notes: 1) In the 2003 and 2007 surveys, the "Relationships and communication" item did not differentiate between regular and non-regular employees. The item "Clarity of chain of command" was newly added to the 2010 survey.
2) For an explanation of satisfaction level score, refer to Note 2 on Figure I-7.

The data shows that when comparing employment types, the relatively higher satisfaction level of entrusted employees is notable. However, when a comparison of entrusted employees' satisfaction levels over time is carried out, some notable points emerge. One is that between 2007 and 2010, satisfaction with "wages" dropped into the negative range, indicating widespread dissatisfaction in this area. Declines were also seen in satisfaction with "labor conditions such as work hours and holidays", "HR evaluations and treatment", and "job security". These findings suggest that while wages are the only area of significant change after retirement age, the treatment of these workers has not necessarily earned their acceptance or satisfaction.⁷

3. Equal or Balanced Treatment of Part-time Workers

The April 2008 revision of the Part-time Employment Act requires equal or balanced treatment of part-time and full-time workers employed at the same business establishment, but its structure is hierarchical rather than across-the-board. When part-timers meeting three criteria—equivalent duties including degree of responsibility, indefinite employment without a fixed-term contract, and similar scope of potential career—they are viewed as

"part-timers that should be viewed as equivalent to regular employees", and discriminatory treatment is prohibited in terms of formulas for determining wages, training programs offered, and welfare facilities utilization privileges. If workers do not meet all three criteria, the law only goes so far as asking businesses to make efforts to treat part-timers in a manner equal to that of regular employees.

Before examining wages, let us examine employment-related programs applied to part-timers as reported in the Diversification Survey, which clearly illustrate the effects of regulatory changes. Between 2003 and 2010, the percentage of part-timers undergoing in-house training rose from 24.8% → 30.5%, those participating in programs to support self-development from 6.3% → 10.8%, promotion and career advancement programs 14.3% → 17.3%, "transition to regular employment" programs 26.7% → 30.9%, and utilization of welfare-benefit facilities 21.0% → 23.7%.

When comparing wages, it is necessary to take into account the three criteria outlined above (contents of duties, non-specification of employment period, and scope of career potential). This data cannot be obtained from the Diversification Survey, meaning precise comparisons are not possible. Also, there is no clear definition for "ordinary workers" as contrasted with part-time workers in the revised law.

⁷ For example, when satisfaction level scores for "wages" are calculated by monthly salary amount, higher wages tend to be correlated with higher satisfaction levels, and scores change from negative to positive at the point where monthly wages exceed 260,000 yen.

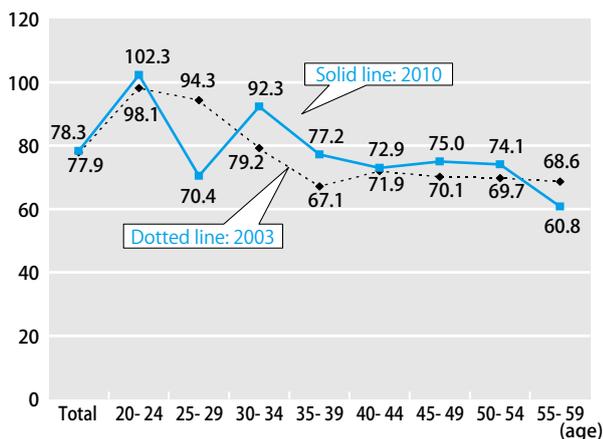
If comparison with any full-time worker would be acceptable, then part-time workers could be compared with contract employees rather than regular employees. With this in mind, based on Diversification Survey data, we divided business establishments into two categories those having regular employees and part-timers but no contract employees (hereinafter, “two-employment-type establishments”) and those with regular employees, part-timers, and contract

employees (hereinafter, “three-employment-type establishments”) and calculated the index of part-timers’ wage levels when regular employees’ wages equal 100 and when contract employees’ wages equal 100. The results, broken down by age group, are shown in Figure I-10. The findings show that, while it must be noted that there is wide variance among wages, overall the gap between regular employees’ and part-timers’ wages at two-employment-type

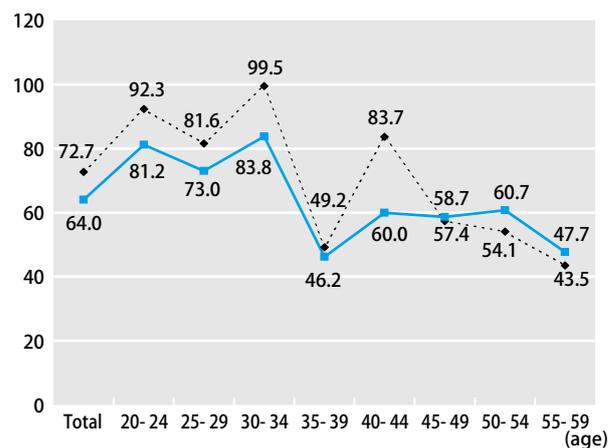
Figure I-10 Part-time Workers' Average Wage Levels Compared to Regular and Contract Employees (Female, Aged 20-59)

<Estimated hourly wage base, Individual Survey data>

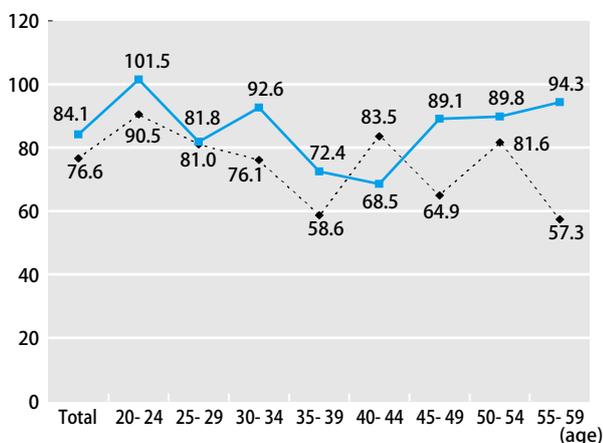
(1) Establishments with regular and part-time employees but no contract employees (Regular employees = 100)



(2) Establishments with regular, part-time and contract employees (Regular employees = 100)



(3) Establishments with regular, part-time and contract employees (Contract employees = 100)



establishments narrowed slightly between 2003 and 2010, while at three-employment-type establishments the gap between part-timers' and regular employees' wages widened while that between part-timers' and contract employees' wages narrowed.

One thing to point out is that the percentage of business establishments giving "To enable regular employees to specialize in key operations" as a reason for hiring part-timers rose during the period. This was true at two-employment-type establishments (2003: 13.2% → 2010: 17.3%), but the trend was particularly pronounced at three-employment-type establishments (2003: 10.2% → 2010: 24.53%). There was a widespread trend toward having regular employees specialize in key operations, and more sharply differentiating their duties from those of part-timers. It is possible that this is also a reaction to the revision of the Part-time Employment Act.

Next, let us examine the satisfaction levels of part-

timers. Their scores for level of satisfaction with working life as a whole show that while zig-zagging up and down, satisfaction level is trending gradually upward, and at three-employment-type establishments in particular, with formerly low levels rising up to near the average for all employment types.⁸ When broken down by category, already relatively high areas such as "Content of duties and sense of fulfillment" (2003: 0.71 → 2010: 0.84) and "Labor conditions such as work hours and holidays" (0.53 → 0.62 over the same period) rose, while areas of low satisfaction rose gradually as well, with "Wages" going from 0.11 → 0.17, "Benefits" from -0.07 → 0.00, and "Competency development" from -0.07 → 0.03. It is evident that changes in company's programs, etc. resulting from the revision of the Part-time Employment Act have contributed to these improvements. Similar positive trends can be seen in both two-employment-type and three-employment-

Table I-11 Change in Satisfaction Level Score for Female Part-time Workers (Aged 20-59)

		Content of duties and sense of fulfillment	Wages	Labor conditions such as work hours and holidays	HR evaluations and treatment	Workplace environment (lighting, heating/cooling, noise pollution, etc.)	Relationships and communication with regular employees	Relationships and communication with workers other than regular employees	Job security	Benefits	Training and competency development	Working life as a whole
Total	2003	0.71	0.11	0.53	0.15	0.42	0.67		0.31	-0.07	-0.07	0.32
	2007	0.74	-0.01	0.69	0.12	0.29	0.60		0.41	-0.05	-0.11	0.26
	2010	0.84	0.17	0.62	0.28	0.46	0.65	0.73	0.40	0.00	0.03	0.37
Employees of establishments with regular and part-time employees but no contract employees (Two-employment-type establishments)	2003	0.74	0.15	0.52	0.19	0.45	0.71		0.35	-0.05	-0.05	0.37
	2007	0.73	0.09	0.68	0.16	0.35	0.60		0.45	0.00	-0.11	0.27
	2010	0.83	0.19	0.66	0.30	0.47	0.69	0.77	0.45	0.03	0.06	0.38
Employees of establishments with regular, part-time and contract employees (Three-employment-type establishments)	2003	0.54	-0.17	0.54	-0.10	0.33	0.45		0.15	-0.12	-0.20	0.08
	2007	0.62	-0.33	0.70	-0.01	-0.18	0.57		0.26	-0.19	-0.25	0.13
	2010	0.83	0.01	0.60	0.13	0.39	0.54	0.65	0.29	-0.03	-0.07	0.34

Notes: 1) In the 2003 and 2007 surveys, the "Relationships and communication" item did not differentiate between regular and non-regular employees.

2) "Total" includes part-time workers at establishments besides those with the employment/ labor utilization patterns shown.

3) For an explanation of satisfaction level score, refer to Note 2 on Figure I-7.

⁸ Three-employment-type establishments include former two-employment-type establishments to which contract employees have been added, and there are probably many of these, in light of the fact that contract employees have been increasing in number in recent years. This means that some of the improvement in satisfaction levels at three-employment-type establishments is due to their absorption of former two-employment-type establishments where levels of satisfaction were already high among part-timers.

type establishments, but problems remain, with satisfaction levels for “Wages”, “Benefits”, “Competency development”, etc. all lower at three-employment-type establishments than at their two-employment-type counterparts.

Part 3 Reasons for Utilization of Fixed Term Contract Workers, Employment Situation and Attitudes

In this part, we will discuss reasons for utilization of non-regular employees at business establishments that employ fixed term contract workers, and the outcomes of analysis of the nature of the relationship between these employees’ employment situation and their attitudes. In the past, many analyses of non-regular employees’ employment situation and attitudes focused on these employees’ reason for selecting non-regular employment (i.e. whether this selection was made voluntarily, etc.). However, little light has been shed on business establishments’ reasons for hiring non-regular employees, and here we sought to elucidate this area. The data comes from the “Survey on workers” section of the Diversification Survey, but it is matched with data on reasons for hiring non-regular employees from the “Survey on establishments” section.

In terms of factors used to classify types of non-regular employment, in addition to whether or not the term of employment is fixed, analysts have cited factors such as length of work hours and whether employment is direct or indirect, as well as work conditions and the scope of career formation. Here, one reason for focusing on fixed term contract workers is the increased attention paid to fixed-term contract employment in Japan in recent years. For example, under the revised Labor Contract Act enacted in April 2013, fixed term contract workers who have been continuously employed for a total of over five years, if he/ she hopes, must be offered a non-fixed-term contract. In these cases, other

employment conditions are expected to stay the same after the switch to a non-fixed-term contract.

The analysis entailed both cross-tabulation and regression analysis, and tendencies in the employment situation and attitudes of fixed term contract workers at business establishment that gave various reasons for non-regular employee utilization were extracted respectively. In the regression analysis, data on the explained variables (employment situation and attitudes) was largely qualitative (nominal), but in these cases the ordered probit method was used.⁹ The results are summarized in Table I-12. The most notable points are enumerated below.

1) In cases where establishment are utilizing contract employees because “regular employees cannot be obtained”, job security is good but contract employees’ levels of satisfaction with “Benefits” and “Training and competency development” were low. Medical, welfare, etc. were common fields, and “5 to 29 employees” was the most common size for establishments giving this response.

2) At establishments responding, “To enable regular employees to specialize in key operations”, employee turnover tended to be low, but wages tended to be low as well. Levels of satisfaction with “Wages” and “HR evaluations and treatment” were also low. Fixed term contract workers at these establishments were often female and not responsible for supporting a household.

3) When the reason given was “To deal with specialized operations”, job security and wages were high, and employee turnover was low. There were also high levels of satisfaction with “Content of duties and sense of fulfillment”, “Wages”, “Labor conditions such as work hours and holidays”, “Workplace environment”, “Clarity of chain of command”, “Benefits”, “Training and competency development”, and “Working life as a whole”. Fixed term contract workers at these establishments tended to be male, university graduates, in managerial or administrative positions and/or engaged in specialized

9 Naturally, other explanatory variables were used in the regression analysis besides reason for utilizing non-regular employees: sector, size of establishment, type of establishment (for example, factory, storefront, etc.), age of individual worker, academic background, whether or not worker is the breadwinner, and occupation. Data used is from the 2010 survey.

Table I-12 Summary of Results of Regression Analysis on Impact of Reasons for Utilization of Fixed-term Contract Workers on Work Conditions and Satisfaction Level

	Work conditions				Attitudes (satisfaction level)											
	Duration of contract	Total wages	Hourly wages	Length of employment at establishment	Content of duties and sense of fulfillment	Wages	Labor conditions such as work hours and holidays	HR evaluations and treatment	Workplace environment	Relationships and communication with regular employees	Relationships and communication with workers other than regular employees	Clarity of chain of command	Job security	Benefits	Training and competency development	Working life as a whole
Regular employees cannot be obtained	++													--	-	
To enable regular employees to specialize in key operations		--	-	+++		--		--								
To deal with specialized operations	+++	+++	+++	++	++	+++	++		+++			++		+++	+++	+++
To obtain capable personnel who will contribute immediately	++	+++	+++	-	++											
To adjust employment volume in response to business cycles	---		+										--			
To deal with extended business (operation) hours	-		-							-						
To deal with busy and slack periods on a daily or weekly basis	---	---	---	+++		+							+			
To respond to shifts in special or seasonal work volume	---	---	---	---										--	--	
To economize on wages		---	---	++	-	---	--	--	--	-		---	--	---	--	---
To economize on non-wage labor costs																
For elderly person reemployment measures	+++	++	+++	---		---		--				--	+	++		
As replacements for regular employees taking childcare or nursing-care leave	-	---	---	--		-			+	+			--			
Other	++	+		-									-			

Note: +++ indicates positive statistical significance at the 0.1% level, ++ indicates positive statistical significance at the 1% level, + indicates positive statistical significance at the 5% level, --- indicates negative statistical significance at the 0.1% level, -- indicates negative statistical significance at the 1% level, and - indicates negative statistical significance at the 5% level.

or technical work.

4) At establishments where the reason was “To obtain capable personnel who will contribute immediately”, both job security and wages were high, but rate of turnover was high as well. On the other hand, there was a high level of satisfaction with “Content of duties and sense of fulfillment”. These employees, as well, tended to be male, university graduates, in

managerial or administrative positions and/or engaged in specialized or technical work.

5) Where the response was “To adjust employment volume in response to business cycles”, both job security and level of satisfaction with “Job security” were low, but wages were somewhat high. Many of these employees were engaged in manufacturing processes.

6) Where the response was “To deal with extended business (operation) hours”, both job security and wages were low, as was level of satisfaction with “Relationships and communication with regular employees”. This reason for utilization was common in the retail, hospitality, and food service industries, and in terms of establishment format, it was common at storefront retail operations. Employees tended to be female, younger, not responsible for supporting a household, and/or in sales or service positions.

7) At establishments responding, “To deal with busy and slack periods on a daily or weekly basis”, both job security and wages were low, but rate of turnover was low as well. Although job security and wages were low, levels of satisfaction with these areas were high. This reason for utilization was common in the retail, hospitality, and food service industries, and in terms of establishment format, it was common at storefront retail operations. Employees tended to be female, not responsible for supporting a household, and/or in sales or service positions.

8) At establishments responding, “To respond to shifts in special or seasonal work volume”, both job security and wages were low, and rate of turnover was high. Levels of satisfaction with “Benefits” and “Training and competency development” were also low. Industries in which this reason was often given included lifestyle- and leisure-related services, and employees were often engaged in service, construction, or mining.

9) Where the response was “To economize on wages”, the wages were low, as were levels of satisfaction in all areas except “Relationships and communication with workers other than regular employees”. Employees tended to be female and in sales positions.

10) There are no notable characteristics of establishments where the response was “To economize on non-wage labor costs”.

11) Where the reason given was “To reemploy elderly personnel”, both job security and wages were high, but rate of turnover was high as well. Levels of satisfaction with “Job security” and “Benefits” were high, but they were low for “Wages”, “HR evaluations and treatment”, and “Clarity of chain of command”. Workers tended to be male, aged 60 or above, and responsible for supporting a household.

12) At establishments where the reason given was “To replace workers on childcare or nursing care leave”, both job security and wages were low, and rate of turnover was high. Levels of satisfaction with “Wages” and “Job security” were low, but they were high with regards to “Workplace environment” and “Relationships and communication with regular employees”. This reason was often given in the electric power, gas, heating, and water industries, and workers tended to be female.

As outlined above, the employment situation and attitudes of workers vary widely depending on business establishments’ reasons for utilizing contract employees, and it is important to recognize the facts in this regard.

Part 4 The Effects of Application of Programs Such as Social Insurance, etc. on the Percentages of Workers in Different Employment Types

In this part, we will examine the impact of whether or not programs such as social insurance are applied on the percentage of workers in different employment types.

In Japan, in recent years the application of social insurance benefits has been expanded to part-timers, and there is currently a discussion underway on the impact this expansion exerts on the employment decisions of workers and the hiring practices of employers.¹⁰ To analyze this with a high degree of

10 In August 2012, there was a partial revision of the National Pension Act on Strengthening the Fiscal Foundations of the Public Pension System and Minimum-guarantee Functions, etc., with employee pension and health insurance coverage expanded to short-hours workers from October 2016 onward. Specifically, from 2016 onward the minimum weekly hours for coverage will be reduced from the current 30 hours to 20 hours, like that for employment insurance coverage, as long as workers meet the criteria of wages (88,000 yen or more), projected term of employment (one year or more), size of company (501 employees or more), and non-student status.

accuracy, it is necessary to survey and examine the relevant data from before and after the expansion went into effect. However, even cross-sectional data

provided by the Diversification Survey can serve as a rough benchmark for inferring this impact. Also, in addition to the application of social insurance

Table I-13 Summary of Results of Regression Analysis on Impact of Employment-related Programs' Application on Percentages of Workers in Each Type of Employment and the Increase and Decrease of These Percentages (Past Results and Future Projections, 2010 Survey)

	Regular employees			Contract employees		
	Percentage of total workers at time of survey	Rise or fall over the preceding three years	Projected rise or fall over the next three years	Percentage of total workers at time of survey	Rise or fall over the preceding three years	Projected rise or fall over the next three years
Employment insurance						
Health insurance						
Public pension				+	+	+
Corporate pension	+					
Retirement allowance	+			+	-	
Asset accumulation savings				-		
Bonus		-	-		+	+
Utilization of welfare-benefit facilities						
In-house training				+	+	+
Support for self-development	-			-		
Promotion / advancement	-			+		
Transition from non-regular to regular employment						
Transition to full-time regular employment				+	+	+
Transition to shortened-hours regular employment						
	Dispatched workers			Part-time workers		
	Percentage of total workers at time of survey	Rise or fall over the preceding three years	Projected rise or fall over the next three years	Percentage of total workers at time of survey	Rise or fall over the preceding three years	Projected rise or fall over the next three years
Employment insurance				+	+	+
Health insurance						
Public pension						
Corporate pension						-
Retirement allowance						
Asset accumulation savings						
Bonus				+		
Utilization of welfare-benefit facilities		+	+	-	+	+
In-house training	+	+	+		+	
Support for self-development				-		
Promotion / advancement				+		
Transition from non-regular to regular employment						
Transition to full-time regular employment					+	+
Transition to shortened-hours regular employment				-		

Note: Places where plus or minus signs are shown are those where a statistically significant result was calculated, with + indicating an increase and - indicating a decrease.

benefits, there are other types of employee benefits and programs such as in-house or external training or transition to regular employee status, and information on which employment-type percentages are heightened or lowered by these programs has the potential to serve as valuable basic data for the design and implementation of these programs.

Here, we adopted a simple approach, performing a regression analysis using percentages of workers in each type of employment and the increase and decrease of these percentages (past results and future projections) as explained variables, and giving consideration to their endogeneity with the explanatory variables. In addition to whether or not programs were applied to non-regular employees, explanatory variables included the industrial sector, size, format, and geographical location of business establishments. A portion of the overall outcome is shown in Table I-13. This table shows the percentage of workers and the relevant increase or decrease for regular employees and the major types of non-regular employment as a result of application of various programs, based on 2010 data. The most notable points are enumerated below.

1. Legally Mandated Welfare-benefit Programs (Employment Insurance, Health Insurance, Public Pension)

At business establishments where employment insurance programs cover part-timers, a high percentage of employees are part-timers, and percentages are expected to rise in the future. Many establishments consider the burden of employment insurance to be a given, but appear to be avoiding the cost of social insurance and pension programs by hiring part-timers for a number of work hours less than the 30-hour-per-week threshold. However, the 2003 data shows that establishments providing health insurance coverage to part-timers was positively correlated with plans for increasing the number of part-time employees in the future, and that the increase in labor costs due to application of social insurance would not necessarily have the effect of lowering the ratio of non-regular employees in the future.

In recent years, the direct impact of employment

insurance programs on the ratio of non-regular employees other than part-timers appears to have been weakening. With regard to full-time workers or non-regular employees with schedules equivalent to full time, a rise in labor costs due to the application of social insurance does not necessarily result in curtailed hiring, but seems to result in establishments dealing with social insurance costs and utilizing employees appropriately.

2. Non-legally Mandated Welfare-benefit Programs (Corporate Pension, Retirement Allowance, Utilization of Welfare-benefit Facilities, etc.)

At business establishments where non-legally mandated welfare-benefit programs cover non-regular employees, current ratios of non-regular employees are not consistent but may be high or low depending on the employment format. Looking to the future, however, the percentages are set to drop in line with the enactment of non-legally mandated welfare-benefit programs.

An exception is the utilization of welfare-benefit facilities, which is currently correlated with lower ratios of all types of non-regular employees, but has the effect of a projected rise in these same ratios in the future.

3. Training Programs (In-house Training, Support for Self-development)

At business establishments that offer in-house training programs to non-regular employees, the current percentages of the non-regular employee types covered are relatively high, and there is a positive correlation with a future projected rise in these same percentages. Establishments that aim to boost the ratio of non-regular employees prepare systems for in-house training, although it cannot be ascertained whether these consist of on- or off-the-job training. Meanwhile, establishments that offer programs providing support for workers' autonomous self-development activities currently tend to have low percentages of non-regular employees.

In other words, business establishments that aim to boost the ratio of non-regular employees tend to offer in-house training programs but not programs

that provide support for workers' self-development.

4. Compensation-related Programs (Bonuses, Promotion/ Advancement, etc.)

At business establishments that offer compensation-related programs such as bonuses and promotions to non-regular employees, a relatively high percentage of employees are non-regular employees of the types covered by these programs, and in general these percentages are projected to rise in the future.

5. Programs for Transition from Non-regular to Regular Employment

Programs for transition from non-regular to regular employment were mainly correlated with a higher percentage of contract employees and part-timers. However, these correlations differed depending on whether post-transition regular employees were in full-time or shortened-hours employment. The 2010 data shows that providing a program for transition to shortened-hours regular employment was correlated with a lower percentage of part-timers, while a program for transition to full-time regular employment was correlated with a higher percentage of both contract employees and part-timers. This would indicate that there is a demand for transition from part-time to full-time regular employee status. In the 2010 data, the application of a program for transition to shortened-hours regular employment was correlated to a future rise in the ratio of transferred employees. In cases where older workers past retirement age made up the bulk of transferred employees, the results are thought to reflect demand for shortened work hours among these workers.

The above findings indicate that the impact on non-regular employment of various programs such as social insurance is not a simple one, as might be predicted on the basis of cost alone. It is evident that thorough and accurate assessment of the situation, including the attitudes of persons involved, is required.

Epilogue: A sketch of the Outlook for Diversification of Employment in Japan

This paper primarily examined data relevant to the structural aspects of diversification derived from the Diversification Survey, but in studies on changes in each type of employment of over time, the general practice is to view data from the Labour Force Survey, a household survey conducted by Statistics Bureau, the Ministry of Internal Affairs and Communication. Table I-14 shows data starting in 2007, immediately prior to the global financial crisis.

In Japan, the ratio of non-regular employees is rising and diversification is advancing. Within this overall trend, however, different patterns appear over time. In Japan, before the service industry and tertiary industries took prominence, non-regular employment largely consisted of seasonal or fixed-term work on construction sites or in factories, but later part-time work became increasingly common, and part-timers came to exemplify non-regular employment in the minds of many people. Incidentally, around 1985 when a special segment of the Labour Force Survey began tracking the number of people employed in different formats, part-timers made up between 55% and 60% of non-regular employees. Thereafter, non-regular employment continued to rise with part-timers making up the bulk of growth, but until 1997 regular employment continued to rise as well. However, regular employment figures peaked in 1997 and then began to dwindle, while non-regular employment continued to increase. For a time this growth continued to be propelled by part-timers, but from around the turn of the century onward, there was a noticeable rise in the number of so-called full-time non-regular employees, such as dispatched workers and contract employees, and in 2002 the percentage of non-regular employees accounted for by part-timers fell below 50%. In 2004, the ban on dispatched work in the manufacturing sector was lifted, and non-regular employment trends followed the course described above.

Table I-14 Employee by Type of Employment

(ten thousands)

	Employee								
	Employee, excluding executive of company or corporation	Regular staff	Non-regular staff	Part-time worker	Arbeit (temporary worker)	Dispatched worker from temporary labour agency	Contract employee or entrusted employee	Other	
2007 Jan.-Mar. average	5,530	5,128	3,399	1,728	830	337	121	293	148
2007 Apr.-Jun. average	5,610	5,225	3,490	1,734	835	332	132	296	139
2007 Jul.-Sep. average	5,589	5,218	3,479	1,739	826	345	136	301	131
2007 Oct.-Dec. average	5,558	5,168	3,427	1,741	804	355	145	307	130
2008 Jan.-Mar. average	5,500	5,122	3,381	1,741	824	321	145	311	139
2008 Apr.-Jun. average	5,592	5,196	3,460	1,736	825	335	131	312	134
2008 Jul.-Sep. average	5,550	5,180	3,397	1,783	828	332	140	322	161
2008 Oct.-Dec. average	5,581	5,203	3,403	1,801	819	336	146	342	158
2009 Jan.-Mar. average	5,493	5,105	3,400	1,704	801	333	116	320	134
2009 Apr.-Jun. average	5,511	5,125	3,435	1,689	810	321	105	320	135
2009 Jul.-Sep. average	5,512	5,134	3,386	1,748	829	339	102	331	148
2009 Oct.-Dec. average	5,490	5,130	3,360	1,766	830	360	111	320	145
2010 Jan.-Mar. average	5,477	5,095	3,381	1,714	823	330	98	326	137
2010 Apr.-Jun. average	5,481	5,109	3,358	1,750	842	346	90	334	138
2010 Jul.-Sep. average	5,526	5,164	3,383	1,781	858	342	104	337	141
2010 Oct.-Dec. average	5,547	5,182	3,375	1,806	887	356	92	334	137
2011 Jan.-Mar. average	5,533	5,154	3,334	1,819	875	363	96	362	123
2011 Apr.-Jun. average	5,541	5,192	3,416	1,776	876	330	94	350	127
2011 Jul.-Sep. average	5,508	5,139	3,334	1,804	878	349	99	353	127
2011 Oct.-Dec. average	5,541	5,168	3,325	1,843	867	376	93	375	132
2012 Jan.-Mar. average	5,524	5,140	3,334	1,805	903	347	90	337	129
2012 Apr.-Jun. average	5,511	5,146	3,370	1,775	877	347	81	346	124
2012 Jul.-Sep. average	5,511	5,156	3,327	1,829	879	367	87	365	131
2012 Oct.-Dec. average	5,541	5,173	3,330	1,843	895	350	103	368	126
2013 Jan.-Mar. average	5,494	5,154	3,281	1,870	912	374	124	375	85
2013 Apr.-Jun. average	5,543	5,198	3,317	1,881	917	377	112	392	84
2013 Jul.-Sep. average	5,553	5,205	3,295	1,908	928	399	110	393	78
2013 Oct.-Dec. average	5,591	5,248	3,283	1,965	954	419	117	395	80
2013 Jan.-Mar. average *	5,501	5,161	3,288	1,870	912	374	124	386	85
2013 Apr.-Jun. average *	5,552	5,207	3,326	1,881	917	377	112	385	84
2014 Jan.-Mar. average *	5,544	5,201	3,231	1,970	941	410	116	409	87
2014 Apr.-Jun. average *	5,586	5,235	3,312	1,922	935	384	113	401	86

Source: Ministry of Internal Affairs and Communications Statistics Bureau "Labour Force Survey (Detailed Tabulation)" and "Labour Force Survey (Basic Tabulation)"

Note: Previously, type of employment was surveyed with a "Special questionnaire" and detailed statistics were tabulated and released on a quarterly basis, but from 2013 onward it became an item on the "Basic questionnaire," with basic tabulations released on a monthly basis (data marked with a *).

Over this period, regular employment figures were trending downward, but they rose at one point when the economy was strong in 2006 and 2007. However, after the financial crisis struck in autumn 2008, the entire global economy was dragged downward, and regular employment numbers once again began falling and continued to do so until recently. In 2009, non-regular employment numbers also fell amid an overall drop in the employment rate.

In terms of recent trends, the number of contract employees and entrusted employees has been growing steadily, and the number of part-timers is rising again. The number of dispatched workers, as well, was falling at one point but has begun to recover. As for regular employees, there was a year-on-year drop in the April to June 2014 period, but it marks a smaller decline than in recent years. These figures indicate that the economy, which had been struggling in the wake of the global financial crisis and the 2011 Great East Japan Earthquake, has begun moving in a positive direction under government policies aimed at ending deflation. If the current trend continues, regular employment figures will once again begin rising as in 2006-2007, and regular employees as a percentage of the total workforce will start to increase once again.

However, since Japan became a predominantly tertiary-industry economy, non-regular employment has continued to advance, starting with an increase in part-timers largely driven by women's need to balance work with household duties, followed by an increase in full-time non-regular employment as companies increasingly tended to replace regular employees with non-regular ones (regardless of whether this happened within a particular company or not). Even if regular employment figures rise amid the above-described economic recovery, it remains to be seen whether "regular employment" will have the same character it had in the past. In other words, diversification seems likely to progress within the scope of regular employment as well.