

## Non-regular Employment Measures

### 1) Current status of workers in non-regular employment

Workers in non-regular employment (fixed-term contract workers, part-time workers and dispatch workers) have been in a rising trend in recent years. In 2012, the number of workers in non-regular employment reached about 18.13 million, accounting for 35.2% of all workers in the average for FY2012. This ratio is continually reaching new heights. People who take up non-regular employment because there is no company where they can work as full employees (so-called “involuntary non-regular workers”) and workers in non-regular employment who want to become full employees are also in a rising trend. Other problems pointed out with non-regular employment include the fact that it is unstable, wages are low, opportunities for vocational development are scarce, and safety nets are inadequate. Problems have also arisen in terms of the formation and utilization of human resources.

### 2) Promoting non-regular employment measures

Based on this current reality, it is important to promote a shift to regular employment by non-regular workers who seek regular employment, while also developing an environment in society as a whole in which workers (both regular and non-regular) can live securely. To this end, as well as the legislative response to be discussed below, comprehensive measures are being promoted, including:

- 1 Strengthening efforts to prevent young people from quitting their jobs early, so that they do not involuntarily fall into non-regular employment at the point of access to society.
- 2 Using the systems of trial employment and job seeker support, in accordance with needs, and carrying out matching using Job Cards in Young Hello Work centers and elsewhere, with the aim of converting freeters and other non-regular

workers to regular employment.

- 3 Giving renewed support for career improvement within companies from FY2013, revising the system of employment insurance to support relearning, and studying policies aimed at materializing diverse ways of working, so that young people and others who are non-regular workers can improve or change their careers.

## Fixed-term Employment Measures

### 1) Present situation of fixed-term contract workers

Of fixed-term contract workers, i.e. those working under labor contracts with a fixed term, those with a contract term of one year or less increased from 7.27 million in 2002 to 7.60 million in 2012.

### 2) Improved employment management of fixed-term contract workers

Problems highlighted with fixed-term contract workers include the instability of employment, disparity in conditions, etc., and the inadequacy of vocational ability development.

One of the stipulations of the Amended Labor Contract Act is that, when a fixed-term labor contract has been repeatedly renewed beyond a total of 5 years, it must be converted to an open-ended labor contract upon request from the worker. The amended Act came into full force on April 1st, 2013, and ongoing efforts are being made to publicize its purpose and content.

## Promoting Measures on Part-time Work

### 1) Securing equal and balanced treatment based on the Part-Time Work Act

Part-time workers have been increasing in recent years, not only in ancillary work as was previously the case, but also in key workplace roles such as serving in managerial positions. On the other hand, the treatment of part-time workers is not always commensurate with the work they do, and the

challenge now is to eliminate unreasonable disparity in treatment compared to full employees and to secure fair treatment befitting their work and contribution. To meet this challenge, the “Act on Improvement, etc. of Employment Management for Part-Time Workers” (hereinafter the “Part-Time Work Act”) sets out to ensure equal and balanced treatment on a par with full-time workers, in line with the situation of their working style, and to promote a conversion to full-time workers. Through these and other measures, the aim is to create employment environments where

part-time workers can more effectively manifest their abilities.

The 2007 amendment of the Part-Time Work Act included a supplementary provision targeting a review of the Act three years after enforcement. Based on this review provision, the Labour Policy Council studied future directions for measures on part-time work from September 2011, culminating in a proposal to the Minister of Health, Labour and Welfare in June 2012. In future, necessary legislative measures are to be taken in line with this proposal.

### **Figure V-8 Outline of the Part-time Work Act\* (\*“Act on Improvement, etc. of Employment Management for Part-Time Workers”)**

Among others, steps will be taken to improve part-time workers' satisfaction, secure equal and balanced treatment compared with that of full employees, and promote conversion to full employees, in order to create an employment environment in which part-time workers can effectively perform with their full abilities.

#### **1 Obligation to issue documents and explain working conditions**

- In addition to the obligation to issue documents under the Labour Standards Act, business operators are also obliged to indicate clearly any wage increases, retirement allowances and bonuses by issuing documents (violation punishable by a civil fine) (Article 6).
- Upon request from part-time workers, business operators are obliged to explain matters taken into account when making decisions concerning their treatment (Article 13).

#### **2 Promoting efforts to secure equal and balanced treatment**

- Business operators must endeavor to ensure that the treatment of all part-time workers is balanced with that of full employees in terms of decisions on wages, the implementation of education and training, and the use of employee welfare facilities, according to their diverse working formats (Articles 9-11).
- Business operators are prohibited from engaging in discriminatory treatment against part-time workers with equal job descriptions to full employees (Article 8).

\* “Part-time workers with equal job descriptions”: Part-time workers whose job description and system of use of human resources are the same as those of full employees, and who have concluded labor contracts without a fixed term (including fixed-term labor contracts that are repeatedly renewed and may therefore be regarded as labor contracts without a fixed term)

#### **3 Promoting conversion to general workers**

- Business operators are obliged to take measures to promote conversion of part-time workers to full employees, including making positions known to part-time workers when recruiting full employees, giving part-time workers the opportunity to apply for positions when newly assigning full employees, and establishing examination systems for conversion to full employees, etc. (Article 12).

#### **4 Complaint handling and dispute resolution assistance**

- Business operators must endeavor to achieve voluntary resolution of complaints (Article 19).
- The Director General of the Prefectural Labour Bureau will assist in dispute resolution and establish conciliation with regard to obligatory provisions (Articles 20-24).

## **2) Initiatives aimed at securing equal and balanced treatment, etc.**

Among other services, the Equal Employment Sections of Prefectural Labor Bureaus hold one-on-one counseling sessions for part-time workers and others, provide advice and support for employers, give administrative guidance based on consultation

topics or scheduled business visits, and assist in resolving disputes based on reports from workers or employers.

## **3) Support for employers who make efforts for equal and balanced treatment**

Equal Employment Sections of Prefectural Labor

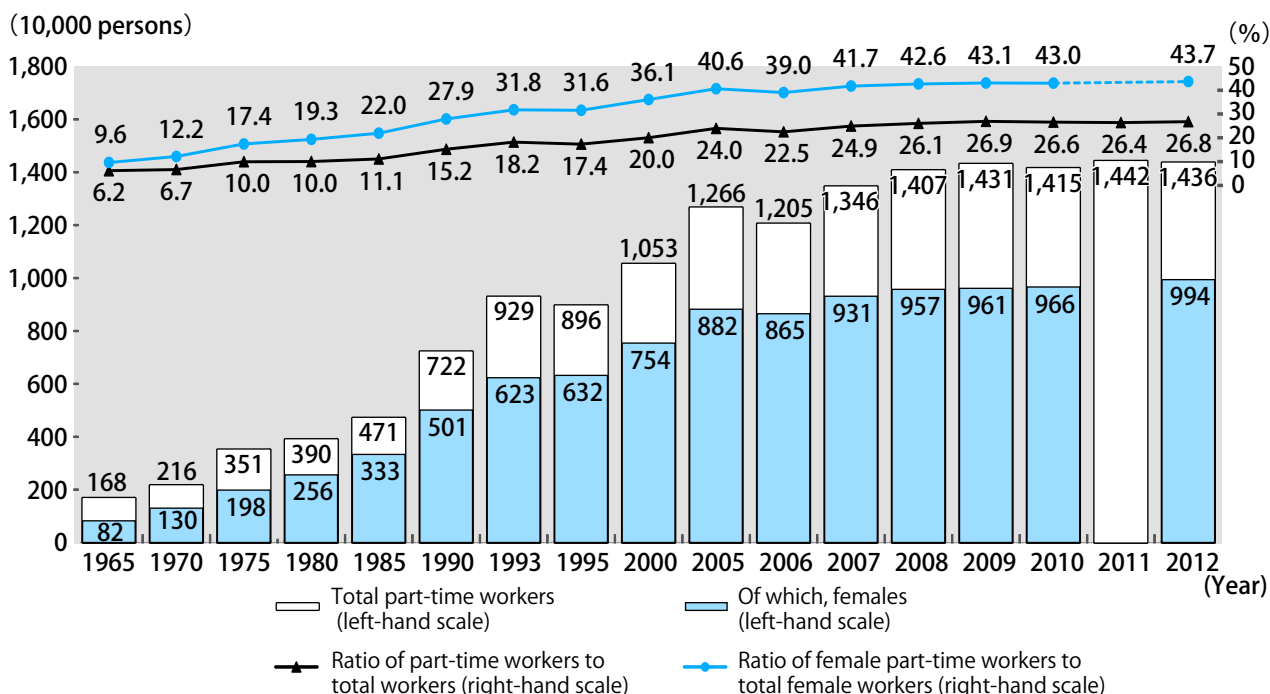
Bureaus appoint Equal Employment Guidance Officers (Equality Promotion Officers) as specialists in human resources management. These give advice to further promote concrete methods of tackling equal and balanced treatment between part-time and full-time workers, as well as conversions from part-time to full-time work. They also provide support for efforts to improve employment management in line with the actual circumstances of employers.

Alongside this, Equal Employment Consultants are appointed to promote the creation of environments

where part-time workers can manifest their abilities with confidence, while employers are supported in their introduction of job analysis and job evaluation.

Finally, grants are used to promote efforts aimed at securing equal and balanced treatment for part-time workers and full employees and to achieve a conversion to full employees. This includes support for employers who attempt equal and balanced treatment for part-time workers, etc., and their conversion to full employees.

**Figure V-9 Changes in the Number and Percentage of Part-time Workers**



Source: *Labour Force Survey*, Statistics Bureau, Ministry of Internal Affairs and Communications

Notes: 1) "Part-time workers" are persons employed in non-agricultural industries (excluding those not at work) who work less than 35 hours per week.

2) "Total part-time workers" for 2011 is a complementary estimate, and the "Ratio of part-time workers to all workers" is a reference value calculated from the complementary estimate.

As no complementary estimates have been prepared for total workers (female) or part-time workers (female), no figures are given for "Total part-time workers (of which, females)" or "Ratio of female part-time workers to total female workers".

## Labor Measures on Dispatch and Contracting

In 1985, the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (the “Worker Dispatch Act”) was enacted. With this, worker dispatching business was established as a new format for employing workers at the dispatching source, as distinct from the worker supply business that had been prohibited under the Employment Security Act. At first, the application of the Act was limited to certain occupations only, in view of the level of work speciality, the special nature of employment management, and so on.

The purpose of limiting applicable occupations was out of concern that it should not encourage dispatch client companies to substitute their regular workers with dispatch workers, to maintain harmony with customary employment practices in Japan.

Subsequently, applicable occupations were fundamentally deregulated in 1999, while in 2003 the period of dispatch acceptance was extended to a maximum of 3 years. At the same time, the restrictions on worker dispatch for manufacturing were lifted and dispatch workers vastly increased.

With these trends ongoing, the sudden deterioration of the employment situation following the Lehman Shock in autumn 2008 exposed socially problematic formats such as day worker dispatch, in terms of their dismissal practices. It also revealed problems with employment stability in the formats of registered dispatch and dispatch for manufacturing work. Another problem highlighted was that dispatch workers did not receive treatment befitting their working situation, as, for example, their wages had remained frozen at a low rate.

In view of these circumstances, a bill for amending the Worker Dispatch Act was submitted to the Diet, with the aim of stabilizing the employment

of dispatch workers and improving their treatment. The Bill contained provisions fundamentally prohibiting day worker dispatch, mandatory consideration for equal treatment, and a system of de facto labor contract application. After some revision, the amendment was duly enacted in March 2012 and brought into effect in October 2012. While the Bill was being debated, a supplementary Diet resolution was passed to the effect that further consideration would be given to registered dispatch, dispatch of manufacturing workers, and specific worker dispatch business, as well as limits on the dispatch period. These issues have been under discussion by an expert study group since October 2012. Once this study group has delivered its findings (due in around summer 2013), the issues will be turned over to the Labour Policy Council for further discussion, and necessary measures will then be taken.

After the 2003 amendment, the total number of dispatch workers increased sharply to 3.81 million, or the equivalent of 1.74 million regular workers (FY2007). With the sudden deterioration of the employment situation following the Lehman Shock in autumn 2008, however, they are now in a decreasing trend. Although the number of worker dispatch businesses remains high at 82,476, the number of dispatch client businesses is 710,972 and the total number of dispatch workers is around 2.71 million, equivalent to some 1.48 million regular workers (FY2010).

Although worker dispatch is now established and serves a certain function as a mechanism for adjusting manpower supply and demand, it also has problems in terms of employment stability, improvement of treatment, and dealing with illegal dispatch, including dispatch clients. Efforts are being made to address these problems by strengthening guidance and supervision, revising the system, etc.