

# Changes and Continuity in Non-regular Employment in Japan (3): Current Situation of Transition from Non-regular to Regular Positions

Fumiko NISHINO (Professor, Hitotsubashi University)

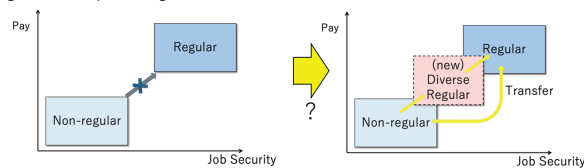
## Introduction

- This presentation reveals the reality of the transition to regular employment and “diverse forms of regular employment” in Japan and ascertains whether the previous disparity in the labor market has changed and become ladder shaped.
- Specifically, this study clarifies the following:  
Q1) Who is transferring from non-regular employment to regular employment and in what industries are most of them transferring?  
Who is participating in “diverse forms of regular employment?”  
Q2) What aspects do they feel dissatisfied with?

## Dualism in Japan and Policy Changes in the 2010s

- It has been theorized that the Japanese labor market is dualistic, characterized by strong protection for regular employees and minimal regulation for non-regular employees (Thelen, 2014; Gordon, 2017; Imai, 2021).
- There has been limited upward mobility among non-regular employees and difficulties in transitioning from non-regular to regular positions.
- Since 2010, the government has aimed to bridge this gap and improve working conditions for non-regular employees in two ways:  
A: Promoting the transition from non-regular to regular jobs  
B: Improving the wages of non-regular employees
- The government has placed a particular emphasis on the first method.
- To that end, the government promoted a new type of regular employment, “diverse forms of regular employment,” as an intermediate category.
- \*“Diverse forms of regular employment” = a regular employee who, unlike traditional regular employees, is subject to restrictions in terms of work area, job type, and working hours

Figure 1 Conceptual Images



## Data

- The data were obtained from a survey of companies and workers conducted by the Japan Institute for Labour Policy and Training (JILPT) in 2021. (Nonmatched data)
- Although there are previous studies on the conversion to full-time employment (Watanabe, 2009; JILPT, 2015; Nishioka, 2018 etc.), the policy responses of companies have been implemented since 2018. Therefore, the substantiation of this study using 2021 data is meaningful.
- In the “Workers Web Survey,” there are questions regarding “employment type (full-time employee/diverse regular employee/non-regular employee),” “period of employment (indefinite-term contract/fixed-term contract),” and “whether an employee has transferred to permanent employment”. These three types were integrated and organized into seven categories:

- 1.Regular employee (originally with an indefinite contract)
- 2.Regular employee (transferred for an indefinite term)
- 3.Diverse regular employee (originally with an indefinite contract)
- 4.Diverse regular employee (transferred for an indefinite term)
- 5.Non-regular employee (originally an indefinite contract)
- 6.Non-regular employee (transferred for an indefinite term)
- 7.Non-regular employee (fixed term)

## Results 1

- Figure 2 shows the distribution of people in the seven employment categories.

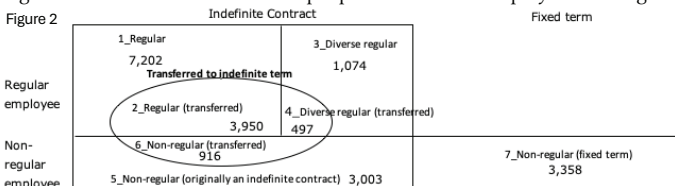
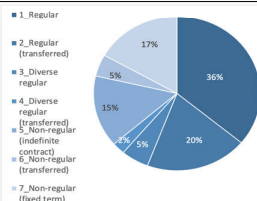


Figure 3

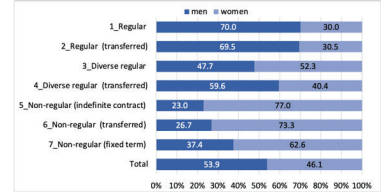


- While “2\_regular employees (transferred)” accounts for 40% of all regular employees, the number of “3\_diverse regular employees (originally an indefinite contracts)” and “4\_diverse regular employees (transferred)” is not that large (Figure 3).

## Results 1 (continued)

- Figure 4 shows that the percentage of men who are “2\_regular employees (transferred)” and “4\_diverse regular employees (transferred)” is higher than the percentage of women, and it was found that men are more likely to become regular employees.

Figure 4



- Figure 5 shows the gender × age ratio according to employment category. A high percentage of “2\_regular employees (transferred)” are men under the age of 49.
- Nearly 70% of respondents who transferred to indefinite term (2, 4, and 6) answered, “Only the contract period was changed at the time of transfer (the only change was from a fixed-term contract to an indefinite contract, and the working conditions from the fixed-term contract were carried over).” (Figure 6)
- Other analyses show that transfers to regular employment are common in industries that tend to experience labor shortages. Among them, “2\_regular employees (transferred)” are common in construction and manufacturing, and “6\_non-regular employees (transferred)” are common in the service industry.

Figure 5

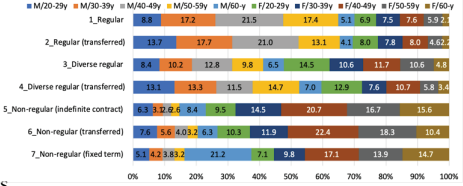
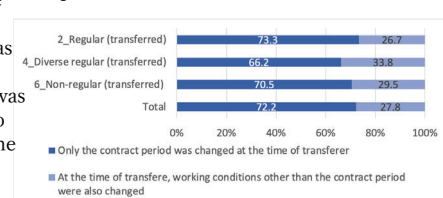


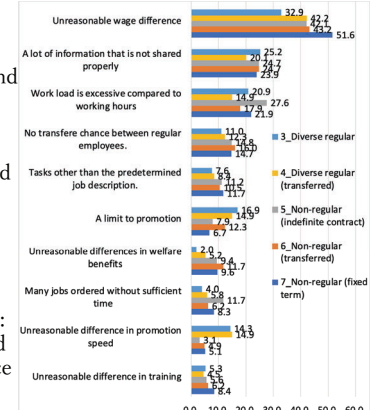
Figure 6



## Results 2

- Next, we describe employee satisfaction among employees other than regular employees (3–7).
- In the survey, we asked about “employees’ level of satisfaction when comparing their treatment (working situation, treatment, and promotion) to that of regular employees who do almost the same work within the company.”
- The most dissatisfied item for all types of employment is “unreasonable wage differences,” and this is particularly high for “7\_non-regular employees (fixed-term).” (Figure 7)
- “3\_Diverse full-time employees” and “4\_Diverse regular employees (transferred)” do not have a high level of dissatisfaction overall.
- However, when compared to other employment categories, they are more dissatisfied with the following: “There is a cap on promotions.” and “There is an unreasonable difference in the speed of promotion.”
- This indicates that there is a desire to be promoted a little more, if possible.

Figure 7



## Conclusion and Implications

- The analysis found that men and young people had better chances of transitioning to regular employment than women and older people. However, there was still dissatisfaction with the promotions.
- For women, even if they were employed indefinitely, it only changes the length of employment, and wages remain low.
- Furthermore, the wages of non-regular employees have not improved, and many are dissatisfied.
- These results are consistent with the Japanese government’s emphasis on moving to regular employment but not on improving the treatment of non-regular employment.
- It is necessary to improve the treatment of non-regular employment for people who can only choose non-regular employment for various reasons.