

# Atypical Employment in Japan and Germany

Dr. Hartmut Seifert

h.g.seifert@t-online.de

May 2010

## Contents

- 1 The problem
- 2 Background to the investigation
  - 2.1 Why make a comparison
  - 2.2 Methodology
- 3 Definitions, forms and regulatory framework
  - 3.1 Definitions and forms
  - 3.2 Regulatory framework
- 4 Quantitative Aspects
  - 4.1 Extent and development
  - 4.2 Factors influencing expansion
  - 4.3 The significance of atypical employment for employment policy
  - 4.4 Structural features
- 5 Social security
- 6 Conclusion
  - Literature

## Acknowledgements

This paper has been made possible by the Japan Institute for Labour Policy and Training through its Foreign Researcher Invitation Program. I would therefore like to express my sincere thanks to the institute and its members for the provided opportunity and support, with a special word of thanks to Yutaka Asao, Keiko Iida, Kazuya Ogura, Katsura Oikawa, Sumio Sakai, Masumi Seto and Kazuhisa Yoshida

## **Atypical employment in Japan and Germany**

### **1 The problem**

Atypical forms of employment are becoming increasingly important in industrialised countries (OECD 2006). The growth of fixed-term contracts, mini-jobs, part-time working and agency work potentially increases flexibility for companies – and also to some extent for employees – but these forms of employment are generally regarded as inferior and more risky compared with regular employment, particularly in terms of earning potential and job security. Because of this double-edged impact, atypical employment has increasingly become a subject of academic and political discussion in recent years. The spread of this type of employment not only affects the basis of paid employment but also casts a long shadow on social systems and individual social security. State social security systems are usually based on the principle that individuals in full-time and – as far as possible – uninterrupted employment pay contributions until they reach the statutory age of retirement. But atypical forms of employment threaten to undermine the underlying funding model for this principle of social security. The increased use of non-standard employment can trigger contradictory effects, with reductions in fixed costs for individual companies and improvements in their competitiveness being countered by a long-term rise in overall macro-economic costs. In view of these risks it is worth looking more closely at such atypical forms of employment.

This paper starts by asking why a comparison should be made between atypical employment forms in Japan (J) and Germany (D) and what insights such a comparison may yield. This is followed by a brief description of the definitions and forms of atypical employment and an account of their extent and development. The next section discusses the differences between atypical forms of employment and standard employment in terms of precarity risks.

## **2 Background to the investigation**

### **2.1 Why make a comparison?**

One factor that speaks in favour of comparing atypical employment forms in Japan and Germany is the fact that both countries face similar challenges in terms of both demand and supply on the labour market. To that extent it would seem potentially interesting to examine how these two countries are gearing up for these challenges, whether and how far they are succeeding in avoiding potential problems and what types of labour market regulation they are introducing in response to changing patterns of employment.

The economies of both countries differ from the (largely) Anglo-American model and still – despite initial signs of change – have a degree of market co-ordination with features of neo-corporatist socio-economic systems (Bass 2009). Recent years have seen reforms introduced in response to changing conditions and challenges in terms of labour market supply and demand, with a stronger market element being introduced into both countries' labour market and social systems. It is a process of reform that is likely to continue, given the further challenges both countries face.

On the demand side, both countries share the following features:

- Both have a strong industrial core and are heavily export-dependent compared with other developed industrial countries. Their industries are mainly based on capital-intensive production processes, and their export-orientation exposes them to greater pressure from international competition not only on price but also with regard to quality and innovation. Both countries have high-wage economies, and their strong export performance therefore has to be based largely on their ability to compete on quality. At the same time, though, price competition is becoming increasingly important, as international markets face radical structural change.

- Against this background, both countries are forced to maintain their innovative capacity and competitiveness on the basis of a highly qualified workforce.
- At the same time they are heavily dependent on how global markets develop and therefore require a supply of flexible, low-cost labour.
- Against this background, they need to find ways of deploying labour that achieve a balance between innovativeness and a specialised, highly-trained workforce on the one hand, and cost reductions and enhanced flexibility on the other. It is a difficult balance to achieve.
- The situation in many parts of the tertiary sector differs: in J it is less exposed to international competition than in D, where the regulations on free movement of labour in the European labour market that come into force in 2011 are threatening to increase labour cost competition. This has a particular impact on household services and the agency sector amongst others.

On the supply side, both countries face similar problems. But there are also a number of important differences:

- In J, as in D, an ageing and diminishing population means the potential work force is also shrinking.
- One can assume a further increase in the proportion of women working – at present this is even smaller in J than in D.
- Unlike D, earnings in J are more strongly performance-related, with bonus payments accounting for a much greater proportion of annual income than in D.
- In addition, the seniority principle is more important for earnings in J than in D, although this is gradually being eroded.
- The principle of lifelong employment, though it is becoming weaker in J, is still more important than in D.

In both countries the spread of atypical forms of employment has triggered discussion about regulation, reforms have been introduced in recent years

and in Japan, agency working in particular has been successively deregulated. The same goes for Germany, where the use of fixed-term contracts has also been made easier. Other changes are under discussion.

## **2.2 Methodology**

Comparisons require criteria and yardsticks to be defined that can help systematically identify differences. For an analysis like the present one, the following sources come to mind:

1. Data on the extent, structure and development of the various individual forms of atypical employment
2. Data on each country's regulatory structures
3. Empirical findings on the social situation of those in atypical employment and comparisons with standard employment
4. Empirical findings on the scope for changing employment status and improving income (status/promotion mobility).

The following analysis is based on these criteria and builds on a study of the literature and a comparison of data largely drawn from official statistics. However one important difference should be emphasised here. Whereas in J, special studies as part of the Labour Force Survey provide information about atypical employment, no comparable surveys can be found in D. The data for D is mainly based either on the Socio-economic Panel, a Panel survey of households or on the micro census covering 1% of the population carried out by the Federal Office of Statistics. Both were general surveys in which some questions on atypical employment featured amongst other topics. Finally, the IAB (Institute for Employment Research) Company-panel also supplies empirical data on the use of atypical employment in companies.

### **3 Definition, forms and regulatory framework**

#### **3.1 Definition and forms**

The definition of atypical employment in both countries is based on a negative demarcation vis a vis standard employment – which is defined in the same way in reverse<sup>1</sup>. Neither J nor D has a legal definition of standard employment – but a certain basic understanding has emerged in the literature (Mückenberger 1985; Keller/Seifert 2007; JILPT 2009a; Ariga et al. 2009), which has enjoyed widespread acceptance. In D, four main criteria are regarded as defining standard employment:

- Full-time
- Unlimited duration
- Social security cover
- Identity between work and employment relationship

Other definitions mention further criteria, including an obligation to follow instructions – a constitutive feature of dependent employment – and regulation of working conditions under a collective agreement. As we are only considering dependent employment in this paper, we can assume the first of these criteria as a given; the second criterion cannot be systematically linked with the features of atypical employment because of a lack of empirical information, and will therefore also be ignored.

In J, two central criteria are used to define standard employment or regular work:

- Permanent
- Full-time

---

<sup>1</sup> The term ‘normal employment’ (‘Normalarbeitsverhältnis’) used in German labour market research is not usually found in Japanese literature, which instead refers to ‘regular work’ or ‘regular employment’. Sometimes the term ‘standard forms of work’ is used. These terms are used here as synonyms.

If at least one of these criteria is not met, one speaks of atypical employment or non-regular work. Several criteria can apply at the same time. Thus employment can be of limited duration and at the same time based on part-time or agency working. The categories are not always unambiguous and sharply delineated. This applies in particular to forms of employment in J.

In line with the above definitions, the following forms of employment can be defined as atypical – albeit with certain differences between J and D:

- **Part-time working** is defined in D (in the Act on Part-time Work and Fixed-Term Employment) as involving working hours amounting to less than the regular 35-hour week for full-time employees. Other definitions, such as that of the Federal Statistical Office, are based on less than 21 hours (Wingarter 2009). In J, part-time working is regarded as employment that normally involves shorter working hours than full-time employees<sup>2</sup>. However the definition also includes employment with working hours that are comparable to full-time working (pseudo-part-time work). This categorisation is based not so much on actual working hours as mainly on the status of the employed person.
- **Marginal employment** is a variant of part-time employment that is defined in terms of income rather than working time. In D, the income threshold is €400 a month or €4,800 a year (approx. ¥611,000). Employees whose earnings are below this level do not have to pay any taxes or other levies. In J, the upper limit for tax-and levy-free income is set considerably higher at ¥1.03 million per year (approx. €7,875).
- **Fixed-term employment** is based on employment contracts that explicitly limit the duration of the employment relationship. In J, the categories of “contract worker” and “entrusted worker” may be regarded as special forms of this.

---

<sup>2</sup> International comparisons define part-time working for Japan as involving less than 30 hours per week (OECD 2009).

- In the case of **contract workers** (*Keyaku-syain*) in J, the employee has specific qualifications and is recruited and deployed for a limited period of time for special tasks/projects.
- **Entrusted workers** (*Syokutaku-syain*) are a category similar to contract workers. These are employees who have already taken retirement but continue to work, usually on a part-time basis. In D, employees who have taken early retirement can continue to earn up to €400 a month without suffering any reduction in their pensions.
- **Agency working** – a term used even when it is based on full-time working and an unlimited contract – is regarded as atypical because of the particular arrangement involved under labour law. This involves a three-way relationship between the agency, the worker and the client company. The agency and the worker sign an employment contract in which the main working conditions such as working time and level of pay are laid down, but the work is carried out in the client company, which also gives the worker his instructions and lays down what work is to be done. This tripartite relationship under labour law can give rise to problems in the field of pay wages are not covered by the usual conditions of the client company and can therefore be lower than the normal rate, even when the individual concerned is carrying out the same work as members of the core workforce.

Special forms of self-employment are not included – for example sole-traders or, as they are known in Germany, “Ich-AGs”. These are one-person companies with no employees. Sometimes the dividing line between the self-employed and the “pseudo-self-employed” is unclear – the latter being individuals who are only formally self-employed and in reality depend on a single customer and are barred from undertaking paid work for others.

Generally speaking one can say that atypical employment incorporates a range of heterogeneous forms of working that calls for a differentiated approach. This is particularly the case when it comes to assessing their social

significance. Moreover the delineation between individual forms of atypical employment and standard employment can be fuzzy. Long-term part-time working on the basis of an unlimited contract can, in factual terms, come relatively close to standard employment. Ultimately the only difference lies in way the employee is treated in terms of pay and access to in-company further training (cf. Section 5).

But taking a differentiated approach does not mean ignoring elements that the individual forms of atypical employment have in common. One shared element is the specific function of this form of employment for the labour market. Firstly, it helps reduce labour costs and secondly, it increases flexibility in the deployment of labour. This can be in the interest not only of the company but also of the employee, who may prefer the scope offered by shorter working hours to achieve a better work-life balance. But increased flexibility for the company can also be to the detriment of employees if – as we shall see – it means deterioration of their working conditions.

### **3.2 Regulatory framework**

Both countries have legislation regulating atypical employment, and these statutory provisions can also be supplemented by collective agreements. We shall focus exclusively on statutory regulation, which reveals a number of national characteristics.

In D, **part-time** working is regulated by the Act on Part-time Work and Fixed-Term Employment (Teilzeit- und Befristungsgesetz – TzBfG), under which employees have a legal right to change from full-time working to part-time working. However an analogous right to return to full-time working does not exist. The legal situation in this respect is rather weaker – the law merely lays down that when it comes to filling vacant posts, employers have to give precedence to part-time employees wishing to extend their working time, provided they are equally suitable for the job. Such legal rights do not exist in J. Legislation on part-time working in 2007 introduced a discrimination ban

similar to the one that exists in German law (TzBfG §4), whereby equal treatment is laid down as a requirement.

In J, part-time working is defined as a job with shorter working hours than for full-time permanent employees. International statistics put this at less than 35 hours per week. Parallel to this there is a second group of so-called “in-name-only” part-time employees, i.e. “those whose working hours are basically the same as those of the regular employees but who are called ‘part-time employees’ in the company and treated as non-regular employees, distinguished from regular employees” (Takeuchi-Okuno 2010)<sup>3</sup>. The regulations on equal pay (§8 Law on Part-Time Working) are based on strict criteria (same work, mobility as for regular employees) that only apply to a very small proportion of part-time employees (approx. 3-5%). Otherwise there is only an obligation to offer “balanced treatment”.

**Agency working** is basically covered by similar labour legislation in both countries. It involves a tripartite relationship between the agency which employs the agency worker and a contract between the agency and the client company in which the individual will be carrying out the work.

In D, agency working of unlimited duration has been possible in all sectors of the economy except the construction industry ever since the reforms introduced with the so-called Hartz legislation in 2003. The Temporary Employment Act (Arbeitnehmerüberlassungsgesetz) is based on the principle of equal pay, although the provisions of collective agreements can deviate from this. Approximately 95% of agency workers are covered by collective agreements. However, collectively agreed pay rates are usually well below the rate for similar work in the client companies.

In J, one can distinguish between two types of agency work: a) the so-called “registration” type and b) the “employment” type. In the first case, the agency registers the worker and only concludes an employment contract for the

---

<sup>3</sup> Some 30% of part-time employees work the same hours as full-time employees

duration of the job when he or she is allocated to a client. In the second case, employment is usually of unlimited duration.

Equal pay regulations along the lines of those in D do not currently exist.

With the reform of agency work 2003 its scope was extended to include manufacturing industry with only three exceptions – construction, ports and the medical sector.

There are two varieties of **fixed-term employment** in D: a) without and b) with material reasons. In the first case, the duration is two years, but this can be extended under the terms of a collective agreement – the social partners in the metalworking industry have agreed on four years. Repeated fixed-term employment of the same person is not permitted. However, this is possible if there are material reasons – for example in the case of temporary company requirements, temporary replacement of other employees, probationary employment, employment following training, limited availability of budgetary resources etc.

In J, by contrast, there is virtually no regulation of fixed-term employment, as no special reasons are required. In the case of skilled or experienced employees or elderly employees (Article 14, Paragraph 1, Nos. 1 and 2) a duration of up to five years is possible (after Takeuchi-Okuno 2010), but otherwise it is usual for fixed-term employment to last up to three years. The contract can be renewed at will. The scope for terminating a fixed-term contract is asymmetrical – only employees have the right, not employers (Article 137 of the Labour Standard Act).

Whereas in D the principle of equal pay also applies to fixed-term employment, there is no such statutory provision in J.

---

(Esteban-Pretel 2009)

To sum up, it can be said that in D the basic idea of equal treatment and equal pay is more strongly anchored in regulatory structures than in J, where a differentiated approach is allowed by law. Such differentiation is either formulated explicitly or exists in 'soft' form.

Furthermore, atypical forms of employment appeared to be more strictly regulated altogether than in J, where it is striking that there are differentiated rules on individual forms that do not exist in Germany. In J, the law allows for differentiated hierarchies within individual forms of atypical employment.

## **4 Quantitative aspects**

### **4.1 Extent and development**

Notwithstanding differences in definition and allocation, the extent and development of atypical employment in both countries reveals a similar pattern (cf. Figure 1). The proportions of the various forms are comparable. In D, some 37% of all employees are categorised as atypical (Brehmer/Seifert 2008), and in J, the corresponding figure is a good 34% (JILPT 2009a; Sano 2009). Trends run parallel in both countries, with a more or less steady increase in both, even during periods of economic crisis. It is striking that expansion of atypical employment has been observable for many years and has been relatively steady. Deregulation of the statutory framework has not triggered any marked change, with the exception of agency working.

In both countries, most atypical employment takes the form of part-time working, and this has also increased. The proportion of agency working is markedly lower. In D it peaked at 2.4% of all employees before the economic crisis after increasing steeply following deregulation under the Hartz legislation. At 4%, the comparable figure in Japan is significantly higher. Here, too, there was sharp growth in the final years before the financial crisis even though – as in the case of D – this was from a low starting point. In both J and in D this development was strongly influenced by the deregulation that took place in 2003 (Sano 2009; Seifert/Brehmer 2008).

Figure 1

Trends in atypical employment in Japan and Germany  
1991-2007, in percentages

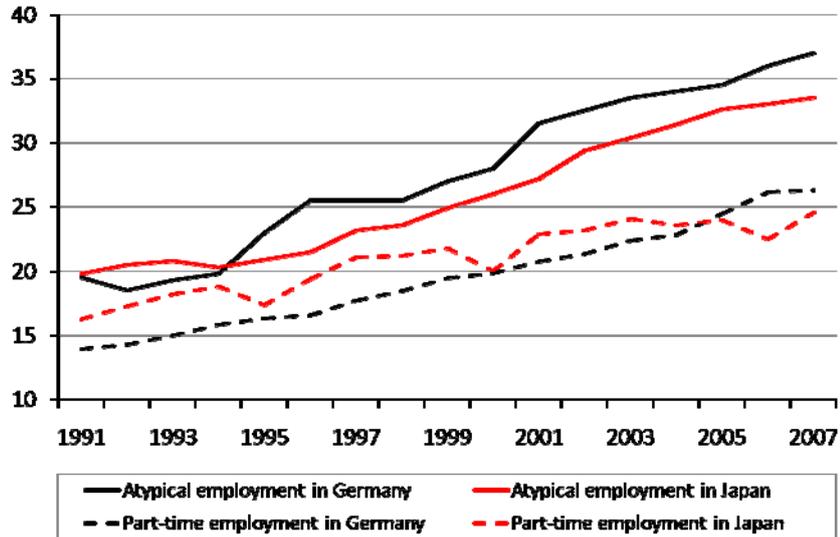
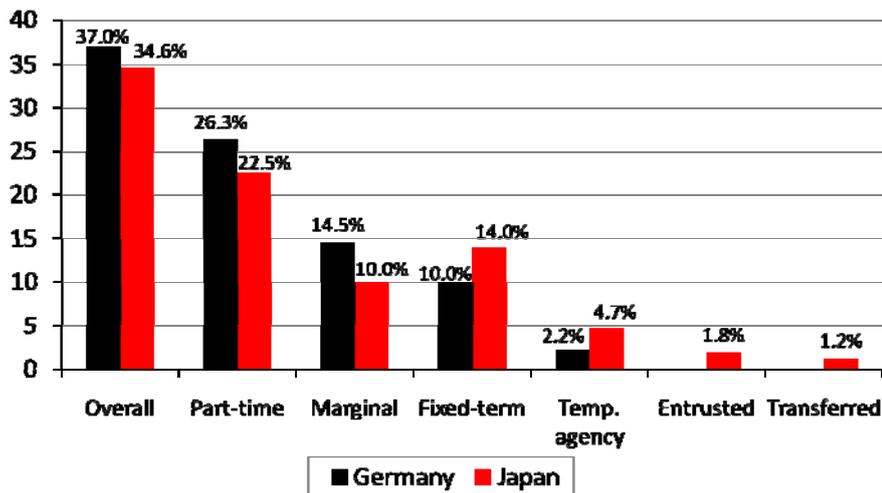


Figure 2

Atypical employment in Japan and Germany 2007,  
in percentages



What is striking about the figures for D is the more or less constant development of fixed-term employment, which reached a figure of 8.9% in 2008. In J, the proportion of fixed-term employees, at 14%, is somewhat

higher and has increased since the mid-1990s, when it was approx. 10% (Takeuchi-Okuno 2010).

#### **4.2 Factors influencing expansion**

The expansion of atypical forms of employment in both countries can be explained in terms of both demand and supply. However the reliability of the empirical evidence varies. Whereas in J, regular surveys attempt to identify the drivers behind the trends (JILPT 2009a; Ogura et al. 2006), there are no comparable surveys for D that throw any light on the spread of atypical employment in terms of the motivation of companies and employees and the main source of empirical information is the IAB Panel (Bellmann et al. 2009).

Demand-related factors probably have a crucial influence on the expansion of atypical employment. This applies in particular to agency working and fixed-term employment. In the case of part-time working and marginal part-time working or marginal employment, there are also supply-related factors involved. Companies deploy atypical workers above all in order to save labour costs, but also to gain flexibility or to be able to use workers with particular skills for a limited period of time for specific tasks (JILPT 2009a). The relative importance of the motives varies with the form of employment. Thus, for example, part-time working is chiefly used in order to control labour costs, although it is a factor that is likely to be rather less significant in D, where the hourly pay differential between part-time and full-time employees is not as great as in J. In J, part-time employees benefit much less from bonus schemes than their full-time colleagues and are therefore at a comparative disadvantage compared with D, where the bonus system is far less important. In D, it is the potential for working time variation that is the main reason for companies to use this form of employment (Wanger 2006). There are also productivity advantages.

The relationship between supply and demand on the market is of general significance. If the number of vacant posts is less than the number of jobseekers, workers who are less competitive are forced to accept forms of

employment that do not match their preferences. In particular agency work and short-term work are regarded as less than optimum. In D, only 3% of all people on fixed-term contracts are interested in this form of employment. For J, surveys show that between 1994 and 2003 a growing proportion of employees took up agency work, fixed-term contracts or worked part time in the hope that this would give them access to regular full-time employment (JILPT 2009a). Another significant factor is the need – especially of female employees – to be able to achieve a better balance between work and family through part-time working.

Supply-related factors play a role especially in the case of part-time working and marginal employment – marginal part-time working. In both countries it is mainly women who opt for this type of employment because – thanks to the traditional gender roles – they devote more time than men to household and family duties, and publically funded childcare facilities are in short supply. To be able to better organise their double obligations towards job and family, they have no alternative but to opt for part-time working. In J, this option is probably even more important than in D, given the comparatively longer actual working hours of full-time workers (large amount of overtime working).

While part-time working is often in the commercial interest of the company and at the same time fits the needs of the employee, the other forms of atypical employment are likely to be regarded by those concerned as second-best solutions that they have to opt for in the absence of regular employment.

### **4.3 The significance of atypical employment for employment policy**

In terms of employment policy, atypical forms of employment can have a number of different functions. On the one hand, they can operate as a buffer during the economic cycle, allowing rapid and economical adjustment of the workforce – reducing it during a downturn to preserve the core workforce and, in the event of an upturn, rapidly expanding it again (complementary function). This applies above all to the use of agency and fixed-term employees. On the other hand, atypical employment also offers scope for replacing core

employees (substitution function). Both functions can complement and overlap each other – depending on the situation they can be used in different parts of a company at one and the same time.

The data situation, combined with certain methodological difficulties – especially in quantifying the substitution effect – mean that the significance of these two functions is difficult to identify and quantify precisely. It is easier to describe the buffer function of agency work during a crisis. In both countries the use of agency work suddenly declined with the onset of the economic crisis. In D, the number of agency workers went down by a good 25% between mid 2008 and 2009, and in J, there was a decline of almost the same magnitude (around 23%) between the fourth quarter of 2008 and the fourth quarter of 2009. Overall the proportion of atypical employment declined by 6.2% between the fourth quarter of 2008 and the second quarter of 2009.

In D, part-time working continued to increase for two reasons: Firstly, it is largely to be found in the tertiary sector, which was less badly affected by the economic crisis than manufacturing industry. As a result the trend towards part-time working continued. In J, there was a similar development following the onset of the financial and economic crisis, even though overall levels of employment declined slightly (JILPT 2010). In J too, the tertiary sector was less affected by the crisis than the industrial sector. It is also possible that, even in manufacturing industry, companies were to some extent filling jobs that became vacant with part-time employees. This applies in particular to trainees who have just completed their training period. Many companies initially only offer these fixed-term part-time contracts in the hope that they can be amended to unlimited ones when the economic situation improves. This change in recruitment practices during the economic crisis explains why almost half of all new recruits in 2009 only received fixed-term contracts (IAB 2010).

To sum up it can be said that atypical employment has only partly acted as a buffer during the current financial and economic crisis. This applies above all to agency work. Part-time working, on the other hand, has followed the long

term trend because of the structural change towards a service economy; substitution effects cannot be ruled out. There is, however, a lack of reliable quantitative data on this. Overall it seems that in both countries the phenomenon of substitution of atypical employment for standard employment has been inadequately explained.

#### **4.4 Structural features**

In both countries, the structure of atypical employment differs clearly from normal working. In both J and D more than half of all female employees are not in regular employment. Indeed, atypical employment has become the “new norm” for women. 53% of women in J and 57% in D work on the basis of atypical employment contracts, which means that those with standard employment contracts are now in the minority. The crucial factor here is the high proportion of part-time jobs amongst the atypically employed; this is a form in which women predominate. Fixed-term contracts are also largely the domain of women in both countries. But in the case of agency work there is a difference in gender distribution. In D, the majority of agency workers are men, whereas the opposite is the case in J. This difference can be explained in terms of the different areas in which agency work operates in the two countries. In D, it can mainly be found in manufacturing industry, whereas in J, it is mainly found in the services sector. In J, statutory regulations prohibited the use of agency workers in manufacturing industry for many years. However the opening up of this sector to agency work may mean that the gender pattern changes in the future.

In both countries atypical employment is more commonly found in certain segments of the services sector than in manufacturing industry, where it accounts for a below-average proportion of employees in both countries.<sup>4</sup> There are even lower proportions in the construction industry, in which male employees predominate. The highest proportion in both countries can be

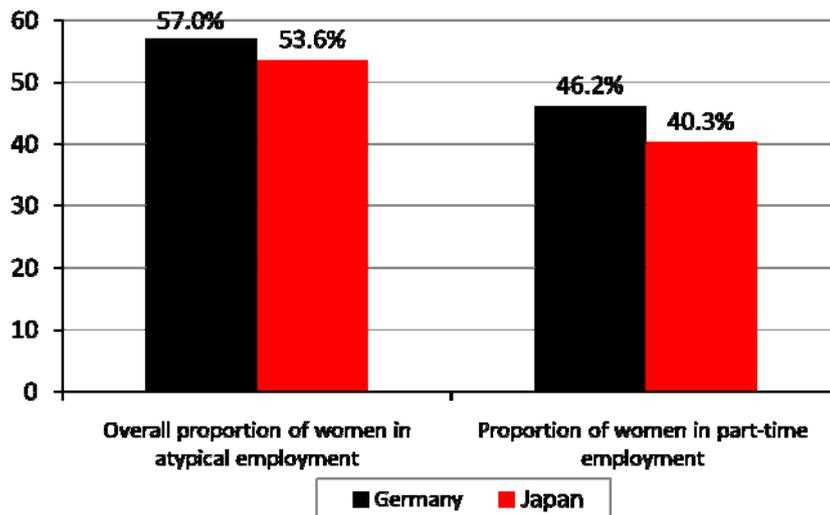
---

<sup>4</sup> There are limits to the comparability of the figures, as only employees with a working week below 21 hours are classified as part-time workers in D. This creates distortions, particularly in the retail sector.

found in the hotel and catering industry, followed in D by the health and social services sector and in J by the retail sector, which ranks third in D.

Figure 3:

**Proportion of women in atypical employment in Japan and Germany 2007, in percentages**



Finally, in both D and J, atypical employment is more commonly found amongst younger workers. One particular feature of the situation in J compared with D is the disproportionate amount of atypical employment amongst older people (55 to 64). This may have something to do with the particular category of “entrusted workers” for which there is no equivalent in D.

## 5 Social Security

The spread of atypical forms of employment raises the question of social security standards. Is it possible to identify systematic differences between atypical and standard employment when it comes to wages/income, access to in-service further training, employment stability and social security?

One crucial criterion for comparing the quality of employment conditions is the wage that is paid. However, such comparisons are not easy in methodological terms as, first of all, different working times mean one has to extrapolate an

hourly rate from the figure for monthly income. Secondly, allowances have to be made for various factors related to the individuals or their occupations that can affect the level of wages. And thirdly, any comparison has to include all income elements including one-off payments, bonuses etc.

For both countries, empirical analyses have identified systematic disadvantages in terms of remuneration for atypical employment compared with standard employment. In the case of D, various analyses demonstrate that especially in the case of marginal employment and agency work, wage levels are significantly lower than in standard employment (Brehmer/Seifert 2008; Wingerter 2009). The wage differentials are particularly crass in the case of the marginally employed (Anger/Schmid 2008; Brehmer/Seifert 2008; Wingerter 2009), rather less so in the case of agency work, but even fixed-term and part-time workers are not on the same level as those in standard employment. The striking wage discrimination of the marginally employed probably has to do with the indirect subsidising of this form of employment. Even if one takes into account the individual household context, this situation creates subsistence problems and can entail the risk of poverty during and after an individual's working life. Already some 1.3 million – almost 4% – of all employees are in receipt of benefit payments because of their marginal income (Möller et al. 2009).

There are also significant differences when it comes to employment stability. Agency work is categorised as particularly unstable<sup>5</sup> compared with standard employment (Kvasnicka 2008), and a higher level of volatility is also diagnosed in the case of fixed-term employment. In the case of part-time employment, recent studies (Brehmer/Seifert 2008) have identified a comparatively greater degree of employment stability and attribute this to the fact that part-time work in particular enables women starting a family to remain employed. Without the possibility of swapping from full-time to part-time work as their family situation evolves, they would probably often have to interrupt their working lives.

---

<sup>5</sup> Most agency workers are employed for less than three months.

Those in atypical employment are also disadvantaged when it comes to access to in-house further training (Baltes/Hense 2006). The scope for improving one's own employability on the internal and external labour market is limited. The risk of discrimination is greater for employees with reduced working hours than for those with fixed-term contracts.

The significance of the precarity risks described above can be relativised if atypical employment merely serves as a way of gaining access to the labour market and represents a temporary transition to standard employment. However, upward mobility is limited. When it comes to changing workplace, it is much rarer and more difficult for individuals to move from atypical employment to standard employment than for those with a permanent full-time job (Gensicke et al. 2010). When fixed-term and agency workers lose their jobs and do not remain unemployed then, as often as not, it is because they have returned to similarly precarious forms of employment.

In J, there is also a systematic pattern of non-regular employees receiving less pay, and the differences compared with regular employees are probably even greater if one factors in the bonuses and one-off payments that play a prominent role in the country (Ishiguro 2008; JILPT 2009a). Wage differentials also exist where the line between atypical and regular employment is increasingly unclear, particularly in the case of part-time employees with comparatively long working hours. One can also identify a hierarchy in wage differentials. The highest wages are earned by career-track workers, followed by other standard workers, contractual/temp-agency workers, and part-timers (Okunishi, 2009). The sequence within the hierarchy differs between D and J, especially in the case of part-time working, where wages in D come close to those of regular workers, whereas in J, pay is even poorer than for agency work.

Hitherto little has been known about the long-term impact of atypical employment. In the case of J, an analysis of male school-leavers embarking on atypical employment attempted to assess the chances of their

subsequently changing to regular employment (Esteban-Pretel et al. 2009). It found that in the short term the chances are even worse than for the unemployed, though this is not the case in the long term. However the impact on levels of prosperity remains. Future research will need to focus more on the long-term effects, which hitherto have hardly been the subject of any investigations.

## **6 Conclusion**

An obvious question is what lessons can be drawn from this comparison. The limited time available means that the present analysis can only describe some initial findings. Despite differences in the regulatory framework and traditional employment models, both countries have experienced an increase in atypical forms of employment, and the trends show striking similarities. Part-time working is the most significant variety in quantitative terms and is on the increase in both countries. For female employees, atypical employment has become the new norm. It is thus possible to talk in terms of a labour market that is split along gender lines and entails significant material disadvantages for women. However the principle of equal treatment that applies in D appears to ensure better wages than in J, where there is no such general rule and part-time workers are relatively worse off.

Distribution of atypical employment across the various sectors of industry also displays a similar pattern for J and D. Manufacturing industry, which is particularly exposed to international competition, has hitherto only made below-average use of atypical employment compared with some private sector service industries.

The regulatory framework puts atypical employees in D in a better position than in J, as it lays down the principle of equal treatment. Nevertheless, those in atypical employment are disadvantaged compared with regular employees in both countries, above all when it comes to wages but also in terms of access to in-service further training. What is not clear is what role atypical employment plays during the course of an individual's entire working life. As important structural changes are taking place in society in both countries

(demography, ageing, escalating social costs, trend towards a service-based society etc.), policymakers face the challenge of creating equality between the growing number of people in atypical employment – mainly women – and the mainly male workers in regular employment.

### **Literature:**

Anger, C./Schmid, J. (2008): Gender Wage Gap und Familienpolitik, in: IW Trends 2 (2008), p. 55-68

Ariga, K./Kambayashi, R./Sano, Y. (2009): The Effect of Training Policy for Non-Regular Employees and Human Resource Management Practices, in: Japan Labour Review, 6 (4) 12-41

Baltes, K./Hense, A. (2006): Weiterbildung als Fahrschein aus der Zone der Prekarität? Rat für Sozial- und Wirtschaftsdaten (RatSWD), Working Paper 4

Bass, H.H. (2009): Arbeitsmärkte in Deutschland und Japan. Eine kurze Geschichte mit offenem Ende, in: List Forum für Wirtschafts- und Finanzpolitik, 35 (1), 63-86

Bellmann, L./Fischer, G./Hohendanner, C.(2009): Betriebliche Dynamik und Flexibilität auf dem deutschen Arbeitsmarkt, in: Möller, J./Walwei, U. (ed.), Handbuch Arbeitsmarkt 2009, Bielefeld, p. 359-401

Brehmer, W./Seifert, H. (2008): Sind atypische Beschäftigungsverhältnisse prekär? Eine empirische Analyse sozialer Risiken, in: Zeitschrift für Arbeitsmarktforschung 41, (4), 501-532

Esteban-Pretel, J./Nakajima, R./Tanaka, R. (2009): Are Contingent Jobs Dead Ends or Stepping Stones to Regular Jobs? Evidence from a Structural Estimation, RIETI Discussion Paper Series 09-E-002

Gensicke, M./Herzog-Stein, A./Seifert, H./Tschersich, M. (2010): Einmal atypisch – immer atypisch beschäftigt? Mobilitätsprozesse atypischer und normaler Arbeitsverhältnisse im Vergleich, in: WSI-Mitteilungen 63 (4)179-187

IAB (2010): IAB-Aktuell vom 24.3.2010, Nürnberg

Ishiguro, K. (2008): Japanese Employment in Transition. The Growing Number of Non-Regular Workers, electronic journal of contemporary japanese studies

JILPT (2009a): Labour Situation in Japan and Analysis: Detailed Exposition 2009/2010, Tokyo

JILPT (2009b): Labour Situation in Japan and Analysis: General Overview 2009/2010, Tokyo

JILPT (2010): <http://www.jil.go.jp/english/estatis/eshuyo/201005/esyuyou.pdf>

- Keller, B./Seifert, H. (2007): Atypische Beschäftigungsverhältnisse. Flexibilität, soziale Sicherheit und Prekarität, in: Dies. (ed.), Atypische Beschäftigung – Flexibilisierung und soziale Risiken, Berlin, p. 11-26
- Kvasnicka, M. (2008): Does Temporary Help Work Provide a Stepping Stone to Regular Employment? NBER Discussion Paper w13843 Cambridge
- Möller, J. /Walwei, U./Koch, S./Kupka, P./Steinke, J., Fünf Jahre SGB II. Eine IAB-Bilanz. Der Arbeitsmarkt hat profitiert, IAB-Kurzbericht 29/2009, Nuremberg
- OECD (2006): Employment outlook, Paris
- OECD (2009): Employment outlook, Paris
- Ogura, K./Yanfei, Z./Fujimoto, T. (2006): Transition of Diversification of Employment between 1994 and 2003, JILPT Research Report No. 68, Tokyo
- Okunishi, Y. (2009): Perceptions of Pay and Work by Standard and Non-Standard Workers, in: Japan Labour Review, 6 (4) 116-134
- Sano, Y. (2009): Human Resource Management of Atypical Employment, in: Japan Labour Review, 6 (4)
- Seifert, H./Brehmer, W. (2008): Leiharbeit: Funktionswandel einer flexible Beschäftigungsform, in: WSI-Mitteilungen 61 (6) 335-341
- Takeuchi-Okuno, H. (2010): The Regulation of Fixed-term Employment in Japan, mimeo
- Wanger, S. (2006): Teilzeitarbeit fördert Flexibilität und Produktivität, IABKurzbericht Nr. 7, Nuremberg
- Wingerter, C. (2009): Der Wandel der Erwerbsformen und seine Bedeutung für die Einkommenssituation Erwerbstätiger, in: Statistisches Bundesamt (ed.), Wirtschaft und Statistik 11, 1080-1098