

# Socioeconomics of Labour Market Inequality in Japan: Structure and Consequences of Inequality

1. Background
2. Answers to Questions from the Organizer
3. Non-regular Employment in Japan (a rough sketch)
4. Summary

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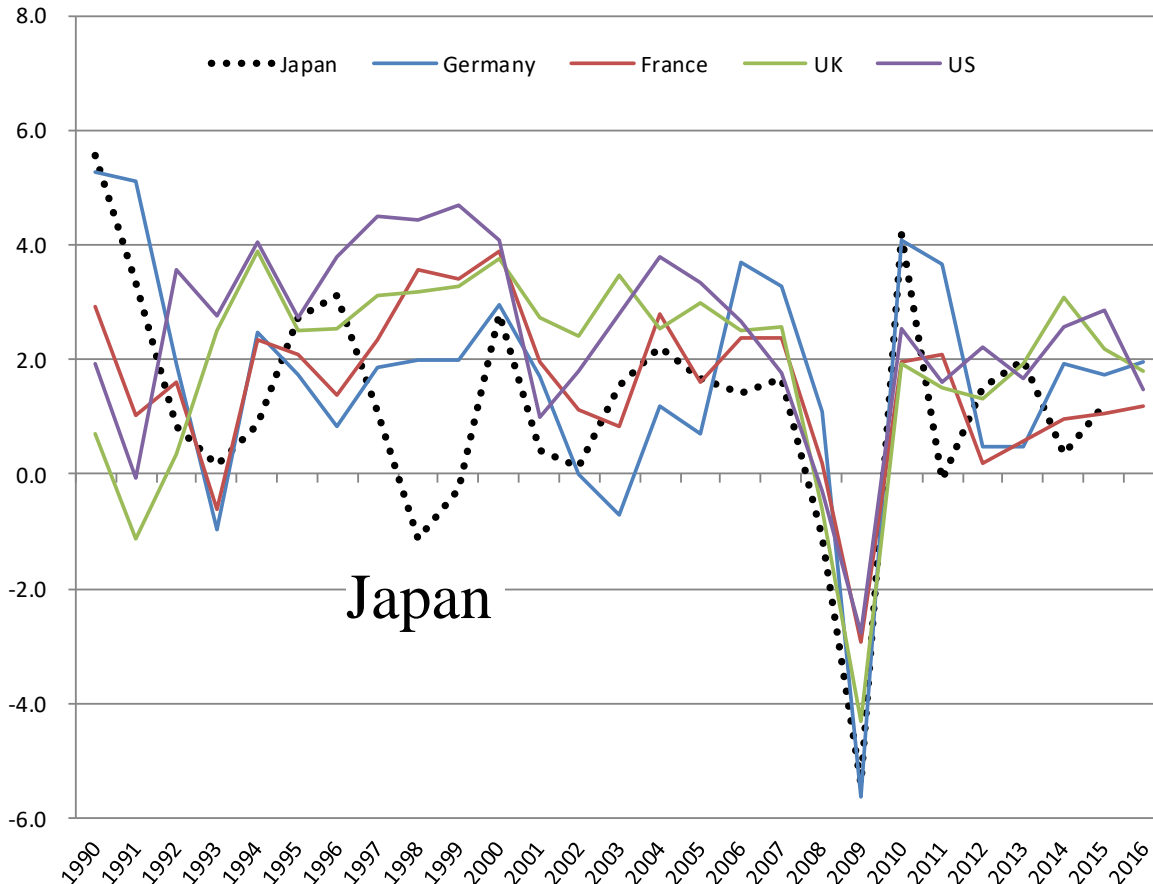
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# 1. Background

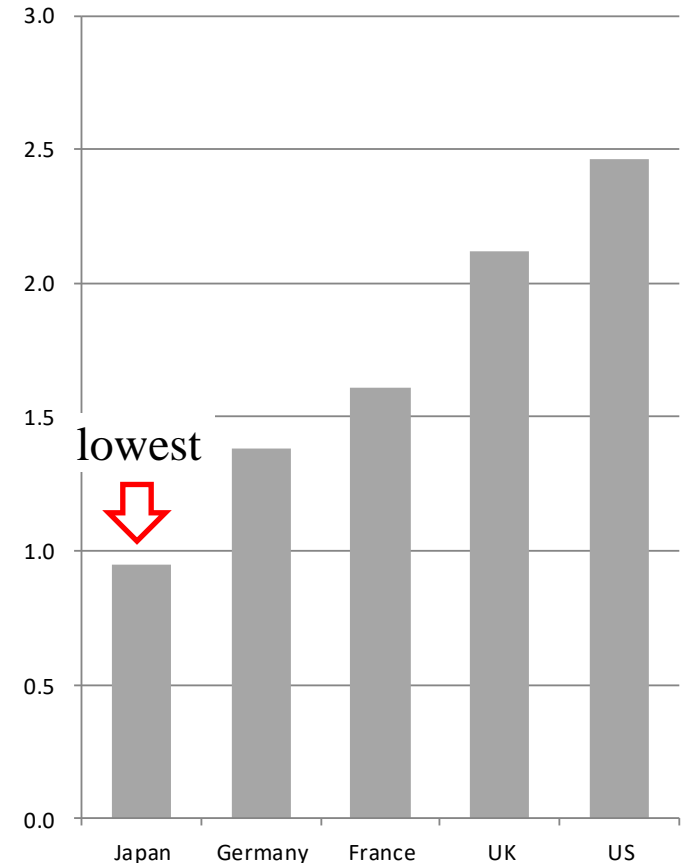
# 1-1. Slow Economic Growth

## Annual real GDP growth rate (%)



Source: *OECD.Stat* (<http://stats.oecd.org/>).

## Average real GDP growth rate (1995-2015)



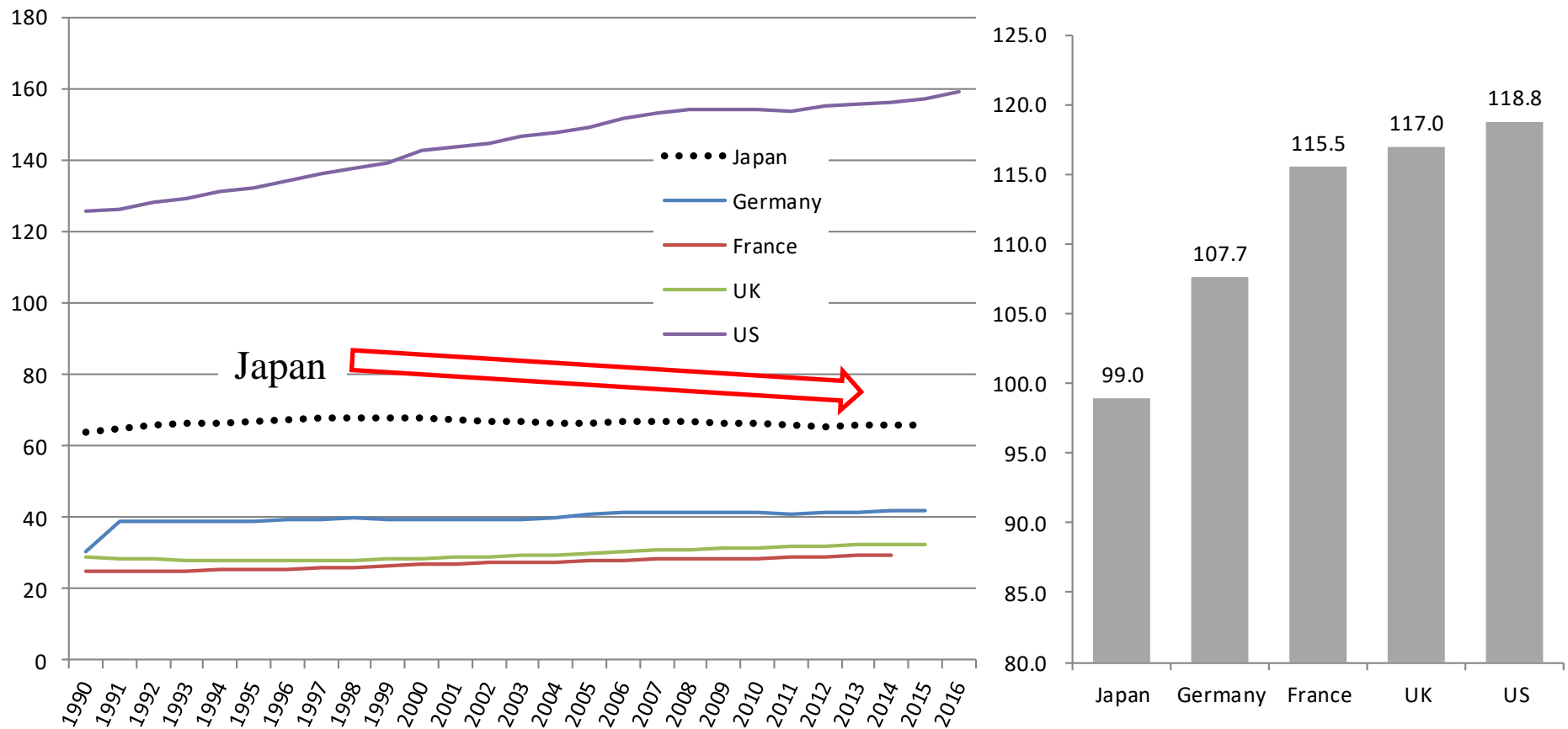
Note: Average was calculated by (1) adding each year's growth rate, and (2) dividing the sum by 21.

➤ Economic growth in Japan is very slow compared with other industrialized countries.

# 1-2. Shrinking Labor Force

Size of labor force  
(actual number, million people)

Increase in labor force from  
1995 to 2015 (1995=100)

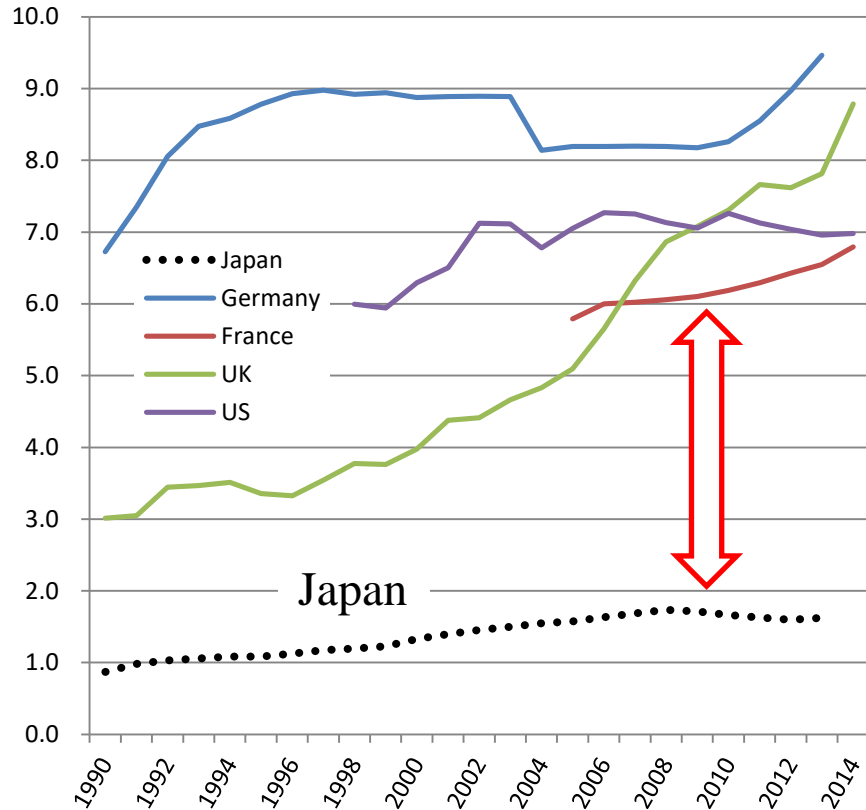


Source: *OECD.Stat.*

➤ Size of labor force is declining after the peak of 1998.

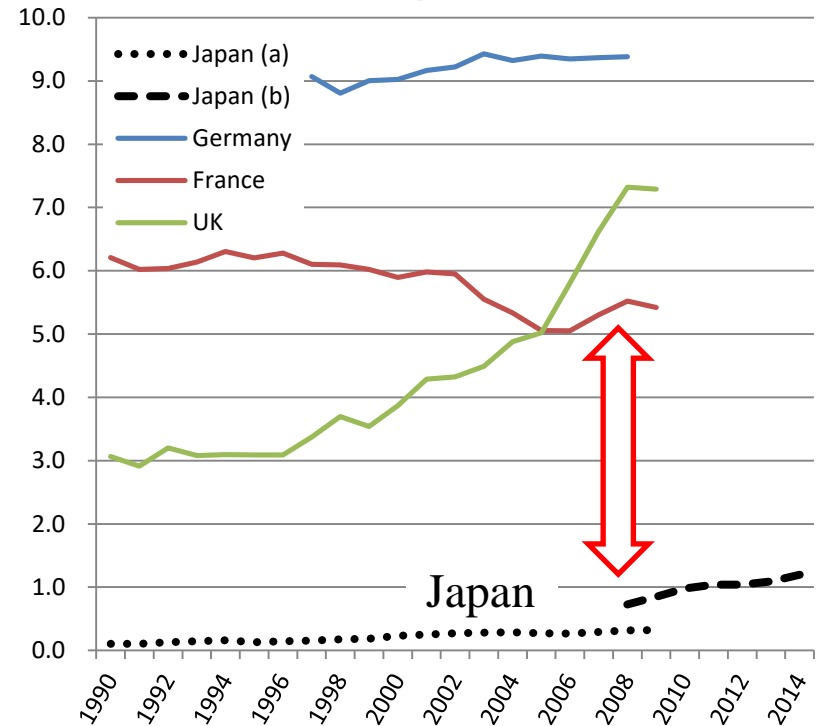
# 1-3. Few Foreign People (Workers)

Ratio of foreign people (%)



Source: OECD.Stat, International Migration Database (OECD).  
Note: Calculated by dividing the number of foreign people by the population size.

Ratio of foreign workers (%)



Source: OECD.Stat, International Migration Database (OECD), and press releases from the Japanese Ministry of Health, Labour and Welfare (MHLW).

Note: 1) Calculated by dividing the number of foreign workers by the size of the labor force.

2) Japan (a) shows the ratio of foreign workers (based on International Migration Database) divided by the labor force size. Japan (b) is based on press releases from Japan's MHLW. It includes workers in the technical intern training program (TITP), non-Japanese of Japanese descent (Nikkeijin), and international students.

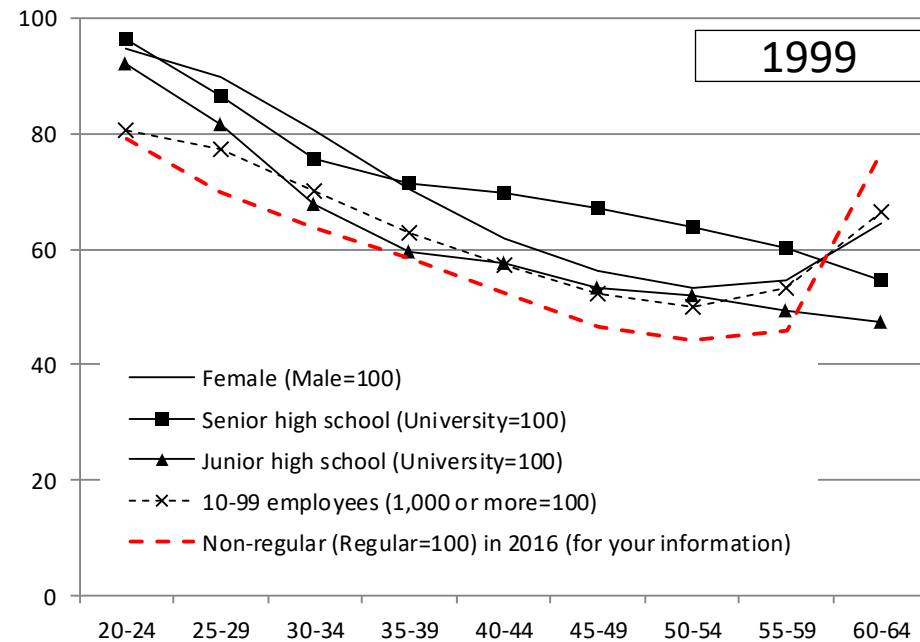
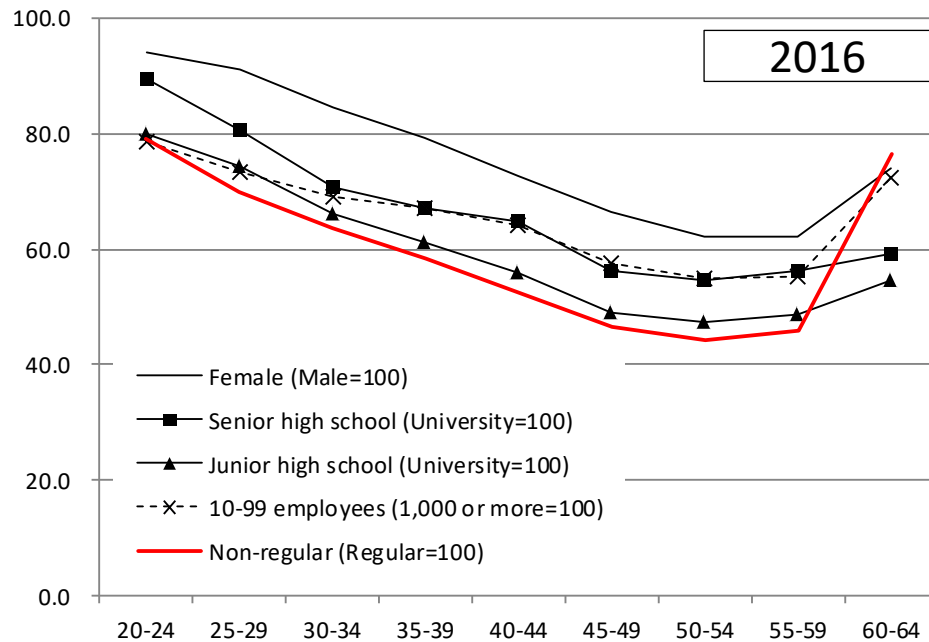
➤ The ratios of foreign people and foreign workers in Japan are far below those of other industrialized countries.

## 2. Answers to Questions from the Organizer

# 2-1. Inequality by Employment Type is the Most Important Problem

- The most important “labor market inequality” in Japan exists between employment types (regular employment/non-regular employment). (See below)
- The age-wage profile shows that the wage gap by employment type stands out even if gender and firm size are controlled (App. 1).

Levels of per-hour wage of disadvantaged workers (advantaged workers=100)



Source: MHLW, *Basic Survey on Wage Structure*, 2016, 1999.

Note: The per-hour wage was calculated by (1) adding 12 months' salary, allowance, and bonus, and (2) dividing it by the annual total working hours, including overtime. Full-time workers only.

# Terms and Definitions

## Definition based on nature of employment contract

In governmental policies, “non-regular employees” are defined as employees of a company or corporation who are either working part-time or on fixed-term contracts, or who are dispatched from temporary labor agencies.

Employees of company or corporation  
(hereinafter “employees”)

Dispatched (Temporary Labor Agency)

Non-regular

Fixed-term  
Contract

Part-time

Almost the same

## Definition based on “name” in the workplace

For other purposes, mainly for statistics, “non-regular employees” are defined as employees of a company or corporation other than those named “regular staff” in the workplace.

Working
Self-employed workers and family workers
Executives of company or corporation
Employees of company or corporation (except executives)
Regular staffs
Part-time workers
Temporary workers (Arbeit)
Contract employees
Entrusted employees
Dispatched workers from temporary labor agency
Others
Not working
Unemployed
Not in labor force

Non-regular

➤ Non-regular: 37.6% of all employees (*Labor Force Survey*, 2016).

➤ For further information, see App. 2.

- Part-time: 27.4% of all employees (MHLW, *General Survey on Part-time Workers*, 2016).
- Fixed-term: 22.5% of all employees (MHLW, *Survey on Fixed-term Employment Contracts*, 2011).
- Dispatched: 2.8% of all employees (MHLW, *General Survey on Dispatched Workers*, 2012).



## 2-2. Changes of Inequality by Employment Type over the Last Two Decades

- The number and ratio of non-regular employees have drastically increased.
- The composition of non-regular employees in terms of gender, age group, and marital status has diversified; most of them were married women in the past.
- “Involuntary” non-regular employees have increased.
- Some indicators show that the situation is improving slightly for non-regular employees since approximately 2012-13.

## 2-3. Causes of Change

### (1) Increase in non-regular employees

#### ➤ Legislations and Policies

- Revision of Labor Standards Act (1998, 2003): Not so important
  - The limitation of a maximum contract term for a fixed-term contract has been extended.
  - However, few people are working on an extended contract term.
- Revision of Worker Dispatching Act (1999, 2003): Important
  - The restriction on the occupation of dispatched workers was de-regulated.
  - As a result of the 2003 revision (enforced in 2004), manufacturing companies started to use dispatched workers in their factory, and lots of prime-age male workers lost their job after the financial crisis.

#### ➤ Recession, deflation, and enhanced uncertainty of the economy Very important

- Cost reduction in the retail and service industries.
- Use of fixed-term contracts in the manufacturing industry.

## 2-3. Causes of Change (cont'd)

### ➤ Behavior of labor unions Important

- Labor unions (enterprise unions) made a compromise with employers to restrain young worker recruitment to protect regular employees' employment.
- However, we cannot blame labor unions for it. They also accepted a wage reduction for regular employees (App. 3). In addition, around 2000, a considerable number of regular employees has been dismissed or compelled to choose “voluntary” retirement (App. 4).

### (2) Improvement of the situation

- Effects of legislations and policies are limited.
- Labor market tightening is the most important factor.

### 3. Non-regular Employment in Japan (a rough sketch)

# 3-1. History of the Labor Market of Non-regular Employees

- **After the Oil Crisis (1970s and later):** Companies increased the use of part-time workers, most of whom were married women, in order to reduce labor costs. Married women comprise the largest group among non-regular employees, even now.
- **Amid the “bubble economy” (late 1980s):** University students and young people working as “Arbeit” increased. Young non-regular employees were called “freeter” in Japanese (at that time, “freeter” had positive meanings).
- **After the burst of the “bubble economy” (after the 1990s):** Young non-regular employees\* increased, and “freeter” gained negative meanings. The increase in young non-regular employees has become a major social problem.

# 3-1. History of the Labor Market of Non-regular Employees (cont'd)

- **21st century:** Prime-age men\* and elderly people started to enter into the labor market of non-regular employees.

\* Note that (1) young non-regular employees and male prime-age non-regular employees are more likely to be “involuntary” non-regular employees, and (2) more than half of the male non-regular employees are working 35 hours or more per week.

- **Since approximately 2012-13:** The situation has been improving slightly. For example, the ratio of new graduates who can get a job as a regular employee is increasing, the conversion from non-regular to regular employees is increasing, and the ratio of “involuntary” non-regular employees is decreasing.

# 3-2. Legislations and Policies

## De-regulation

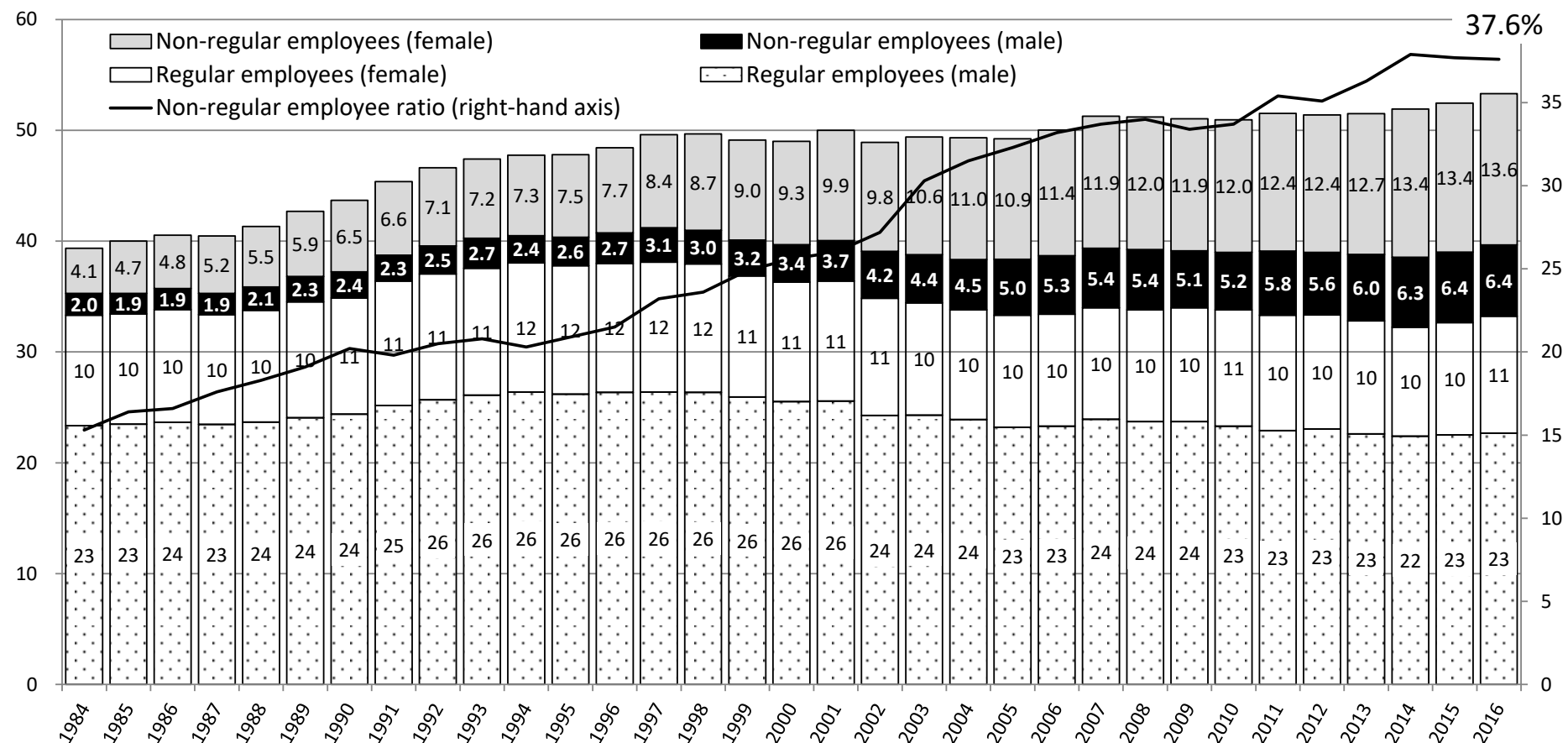
(Re-)regulation, support  
for non-regular employees

	Part-time	Fixed-term	Dispatched	Minimum Wage Increase (per hour, JPY)
1993	Enactment of Part-time Workers Act			
1998		Revision of Labor Standards Act: Extension of maximum contract term		
1999			Revision of Worker Dispatching Act: De-regulation of restriction on occupation	
2003		Revision of Labor Standards Act: Extension of maximum contract term (enforced in 2004)	Revision of Worker Dispatching Act: De-regulation of restriction on occupation (enforced in 2004)	1
	Declaration of "Youth Independence and Challenge Plan" by four Ministries (2003 is correct)			
2004				1
2005				3
2006				5
2007	Revision of Part-time Workers Act: Equal and balanced treatment (enforced in 2008)			14
	Revision of Minimum Wage Act			
2008		Financial Crisis		16
2009				10
2010				17
2011				7
2012	Revision of Part-time Workers Act: Expansion of eligibility for social insurance (enforced in 2016)	Revision of Labor Contract Act: Conversion to permanent contract after 5 years of continuous service, prohibition of irrational wage gap (enforced in 2013)	Revision of Worker Dispatching Act: Prohibition of (or restriction on) dispatching in manufacturing work, short-term dispatching, and registration-type dispatching	12
2013				15
2014				16
2015			Revision of Worker Dispatching Act	18
2016				25
2018	Enactment of Japanese-style "equal pay for equal work" principle?			

# 3-3. Number and Ratio of Non-regular Employees

(million people)

(%)



Source: Ministry of Internal Affairs and Communications (MIAC), *Labor Force Survey*.

Note: 1) Figures for February (or average for January to March) are shown.

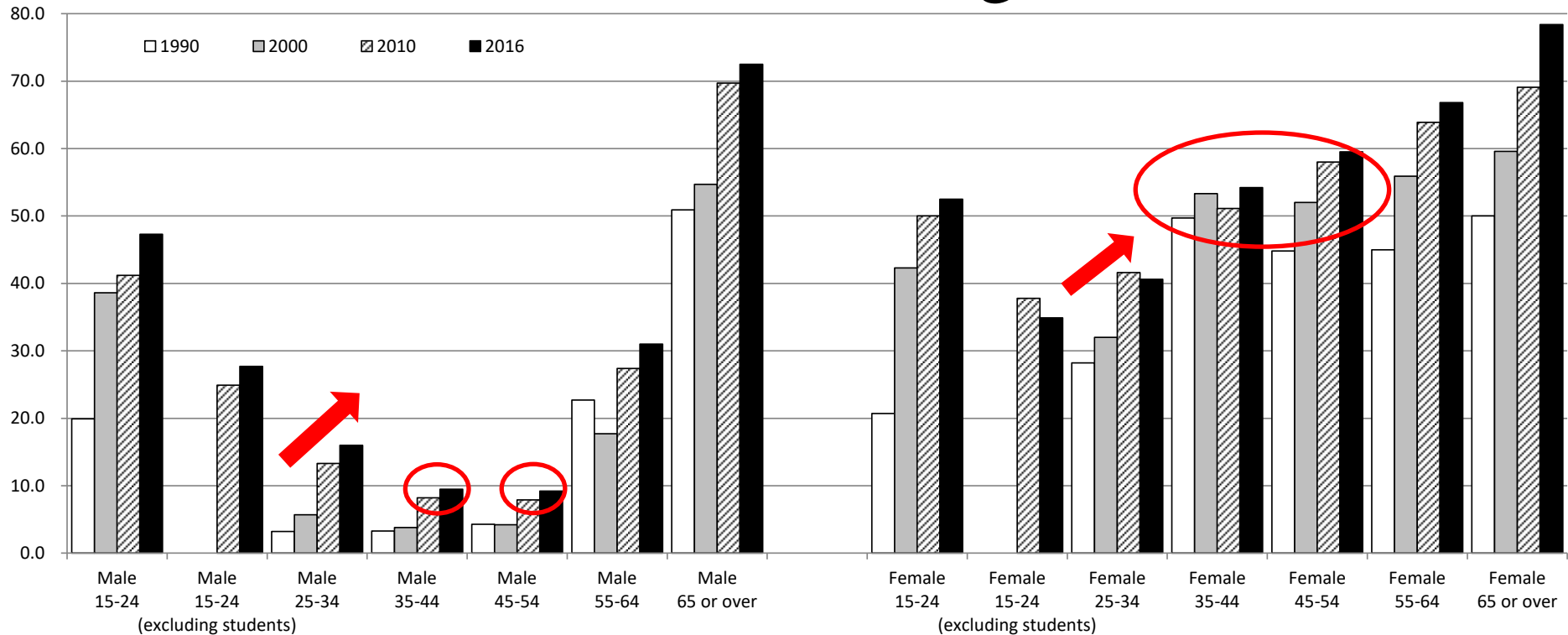
2) Denominator of the ratio is all employees (= regular + non-regular).

➤ The number of non-regular employees is increasing, and that of regular employees is decreasing. For their educational and occupational composition, see [App. 5](#).



# 3-4. Ratio of Non-regular Employees by Gender and Age

(%)



Source: MIAC, *Labor Force Survey*.

Note: 1) Figures for February (or average for January to March) each year.

2) Denominator of the ratio is all employees (= regular + non-regular).

- Except for elderly people, prime-age women are the most likely to be non-regular employees.
- The ratio of young people that are non-regular employees is increasing.
- It can also apply to prime-age men, although the ratio is not so high.

# 3-5. “Involuntary” Non-regular Employees

(1) Ratio of non-regular employees who chose “I could not find a company where I can work as a regular employee” as the reason why they have become non-regular employees.

Source: MHLW, *General Survey on Diversified Types of Employment*, 2014.  
Note: Format of the questionnaire differs between 1994-2003 and 2007-2014.

Year	%	
1994	15.0	} Respondents can choose as many answers as they like
1999	14.0	
2003	25.8	
2007	18.9	} Respondents can choose up to 3 answers
2010	22.5	
2014	18.1	

(2) Main reason why they have become non-regular employees (excluding students), and ratio of those working 35 hours or more per week (including students) (%)

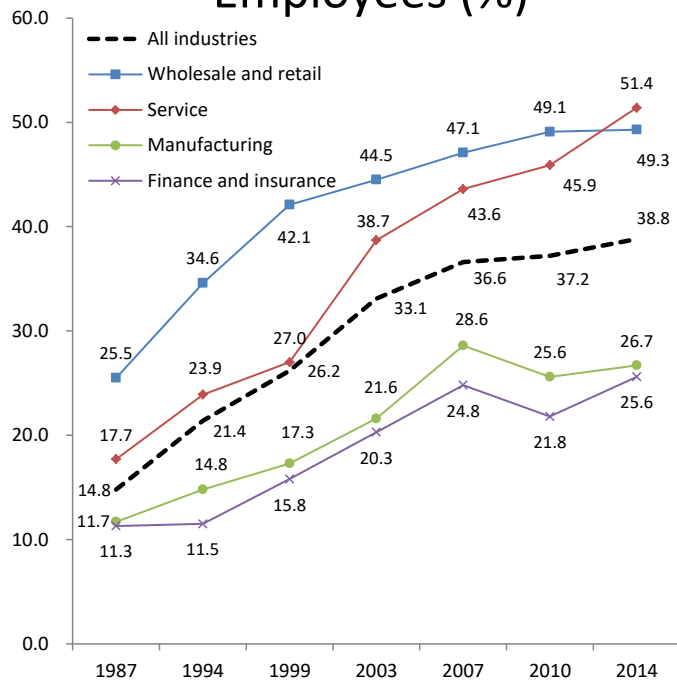
	Male							Female						
	All ages	15-24	25-34	35-44	45-54	55-64	65 or over	All ages	15-24	25-34	35-44	45-54	55-64	65 or over
To work at my convenience	19.4	22.7	19.3	17.6	14.3	13.7	26.8	25.5	26.3	22.1	21.6	23.7	29.4	34.8
To support household or complement tuition	9.4	6.8	3.4	2.9	3.6	11.0	17.2	23.6	8.8	12.2	24.5	30.5	25.1	23.5
Because it is compatible with housework or care of children and family members	1.1	0.0	0.0	1.5	3.6	1.4	0.6	17.4	5.3	24.3	25.8	16.8	11.4	6.8
Because the commuting time is short	3.0	2.3	3.4	4.4	3.6	2.1	3.8	4.1	3.5	3.9	2.9	3.6	5.5	6.8
To make use of specialized skill and knowledge	12.1	4.5	6.8	8.8	10.7	14.4	17.2	5.2	7.0	5.5	3.9	3.9	7.1	7.6
<b>Because I could not find a job as a regular employee (bold font indicates higher than 20%)</b>	<b>25.5</b>	<b>29.5</b>	<b>36.4</b>	<b>36.8</b>	<b>41.1</b>	<b>23.3</b>	10.2	11.5	<b>21.1</b>	16.6	11.4	12.0	9.0	4.5
<b>Working 35 hours or more per week (bold font indicates higher than 50%)</b>	<b>51.5</b>	25.0	<b>69.2</b>	<b>69.6</b>	<b>73.2</b>	<b>62.2</b>	33.1	29.7	26.0	42.7	30.6	29.5	27.5	18.8

Source: MIAC, *Labor Force Survey*, 2016.

- It seems that “involuntary” non-regular employees increased until 2010.
- The ratio of “involuntary” non-regular employees is high in young and/or male non-regular employees.
- More than half of male non-regular employees are working 35 hours or more per week.

# 3-6. Differences by Industry

Ratio of Non-regular Employees (%)



Reasons to Hire Non-regular Employees (MA, %)

	Manufacturing	Wholesale and retail
Regular employees cannot be obtained	24.3	18.9
To enable regular employees to specialize in key operations	17.0	29.2
To deal with specialized operations	25.9	23.4
To obtain capable personnel who will contribute immediately	28.9	28.2
To adjust employment volume in response to business cycles	30.0	21.8
To deal with extended business (operational) hours	6.3	30.7
To deal with busy and slack periods on a daily or weekly basis	19.8	32.4
To respond to shifts during special or seasonal work volume	22.8	22.7
To economize on wages	34.2	45.1
To economize on non-wage labor costs	24.4	24.8
For re-employment measures for elderly people	37.0	25.5
As replacements for regular employees taking children or nursing-care leave	7.5	8.6
Other	10.3	8.4

Source: MHLW, *General Survey on Diversified Types of Employment*, 2014.

Note: “Wholesale and retail” until 1999 includes restaurants. Definitions of “Service” are different depending on the year.

- The ratio of non-regular employees is higher in the tertiary (wholesale, retail, and service) industry than in the manufacturing industry.
- Except for re-employment of elderly people, reduction in wage costs is the most important reason for both “wholesale and retail” and “manufacturing.” In addition, to respond to business cycles in manufacturing industry and to deal with short-term demand fluctuations in wholesale and retail industry are important reasons.
- App. 6 shows that the manufacturing industry is more likely to hire prime-age men as non-regular employees, in comparison with the wholesale and retail industries.

## 3-7. Gaps Faced by Non-regular Employees

- Having a lower educational background, engaging in unskilled service occupations (App. 5).
- Difficulty to convert to regular employees because employers prefer new graduates. The older they become, the more severe the situation becomes (App. 7).
- Considered as “buffer” for the employment security of regular employees, especially in the manufacturing industry. In fact, after the financial crisis (2008-09), a considerable number of non-regular employees (including prime-age men) lost their jobs\*.

\* The previous slide shows a reduction in the ratio of non-regular employees from 2007 to 2010 in the manufacturing industry, although its ratio continued to increase in total.

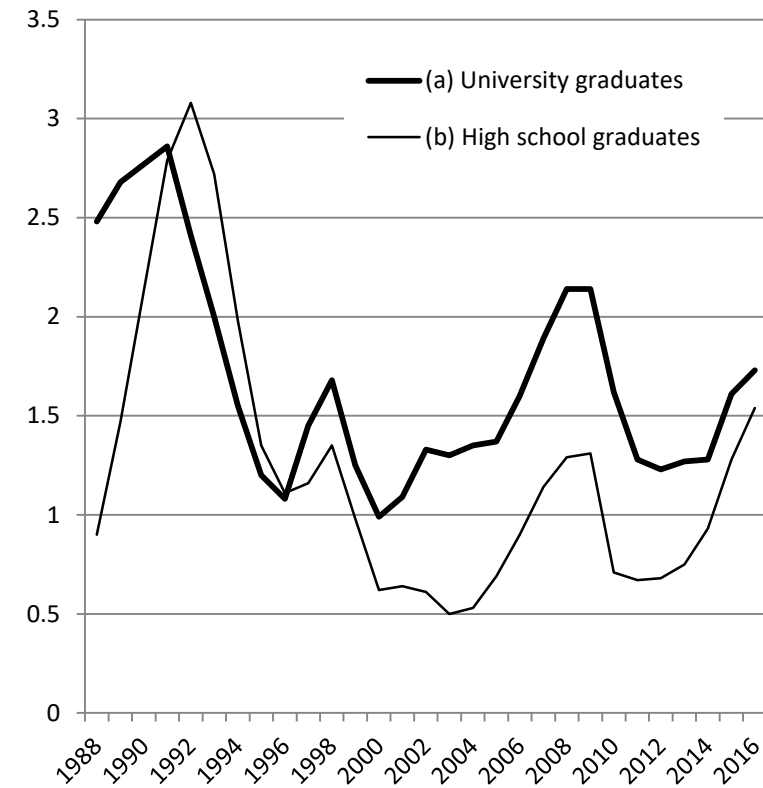
## 3-7. Gaps Faced by Non-regular Employees (cont'd)

- Wage levels are extremely low, especially in the retail and service industries where many women are working as part-time workers.
- More likely to engage in easy and repetitive tasks, and less likely to get training (App. 8). These features affect young workers' careers negatively.
- Less likely to be included in social insurance systems.
- Less likely to be organized, although the situation is improving slowly (App. 9). In the case of the manufacturing industry, non-regular employees are unevenly excluded from the labor union (App. 10).
- **As for young male non-regular employees, less likely to marry, although I forgot to include in the handout.**

# 3-8. Reaction to the Inequality (1)

## Complaints of Young Non-regular Employees and Moderate Responses by the Government

Jobs-to-applicants ratio of new graduates



Source: (a) Recruit Works Institute, *Survey on Jobs-to-Applicants Ratio of New University Graduates*, and (b) Press releases from MHLW.

- Complaints of young workers and students erupted around the beginning of the 21st century\*.

\* Labor economist Yuji Genda's publication (in 2001), which points out the inequality between generations, was accepted by young people with enthusiasm.

- However, it did not lead to resistance because:

- Most of them were living with parents.
- They gave priority to becoming a regular employee.
- To be non-regular employees does not seem to be the most important factor of distrust in government (App. 11).
- It seems that they did not deny the value of long-term employment (App. 12).
- The economy revived between 2005 and 2007.

- The government was aware of the polarization of the labor market, and:

- Declared the “Youth Independence and Challenge Plan” (**2003**).
- Revised the Part-time Workers Act (2007).
- Revised the Minimum Wage Act (2007) and started to increase the minimum wage (2007-2010).

## 3-8. Reaction to the Inequality (2)

### Re-regulation after the Financial Crisis

- The polarized labor market became apparent because:
  - Numerous non-regular employees lost their jobs after the financial crisis.
  - Not only married women, but also a considerable amount of prime-age men, dispatched to the manufacturing industry, were among them.
  - Activists (such as Makoto Yuasa) drew the media's attention to these issues.
- It led to the re-regulation of related legislations (under the administration of Democratic Party of Japan), such as:
  - Revision of the Worker Dispatching Act (2012), although it was “softened” due to opposition from the Liberal Democratic Party of Japan.
  - The Revision of Labor Contract Act (2012), which gives fixed-term contract workers a “right” to request conversion to a permanent contract after five years of continuous service (and their employers must accept the request)\*.

\* The first wave of conversions is expected to take effect on April 1, 2018.

# 3-8. Reaction to the Inequality (3)

## Further Supports under 2nd Abe's Administration

- Under second Abe's administration, the MHLW is continuing to ask businesses and their federations to properly implement the rule of “from fixed-term to permanent after five years.” (As for the forecast of employers' behavior, see App. 13.)
- The minimum wage increase since 2013 is remarkable.
- In addition, enactment of the Japanese-style “Equal Pay for Equal Work” principle is currently in preparation.
- However, note that the motivations for these supports are to deal with the labor shortage, to improve productivity, and to overcome deflation.



# 4. Summary

- Inequality between regular and non-regular employees is the most important problem. In the past two decades, the number of non-regular employees has increased, its components has diversified, and “involuntary,” full-time non-regular employees have increased.
- The main cause of the above situation is the prolonged recession and deflation, although the de-regulation of the worker dispatching business also played a role. In addition, the situation for young people was worsened by the behavior of labor unions, which aimed to protect the employment of regular employees.
- Reactions to the inequality: (1) although the complaints of young people did not lead to resistance, (2) we saw some re-regulations after the financial crisis under DPJ’s administration, and (3) legislations and policies to support non-regular employees continue under second Abe’s administration.

## 4. Summary (cont'd, with speculation)

- Although we have not yet witnessed the effects of (2) and (3) above, it is possible that these will be evident after 2018.
- Needless to say, these legislations and policies cannot completely resolve the problem. Some companies might “internalize” non-regular employees (convert them to regular employees or permanent contract, raise their wages, and invest in their training), while others might divide the workplace and outsource the lower-ranked employees.
- The outsourced part will comprise workers with a lower educational background, without enough occupational skills, and who are no longer young.
- By the end of my presentation, please remember that we are experiencing all of them above in a labor market with few foreign workers.

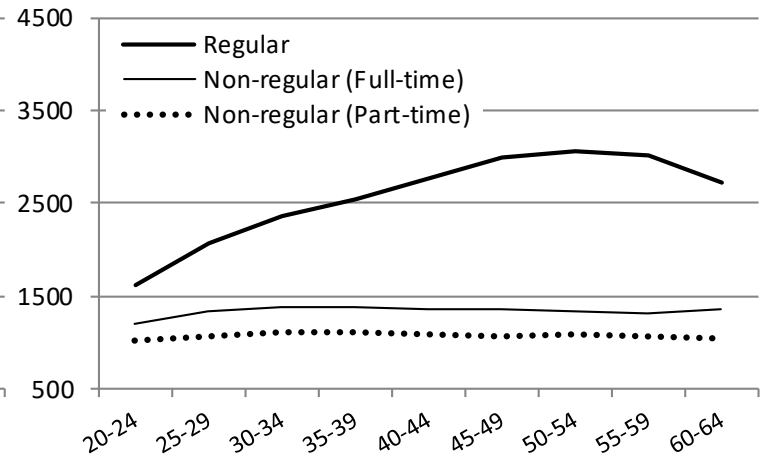
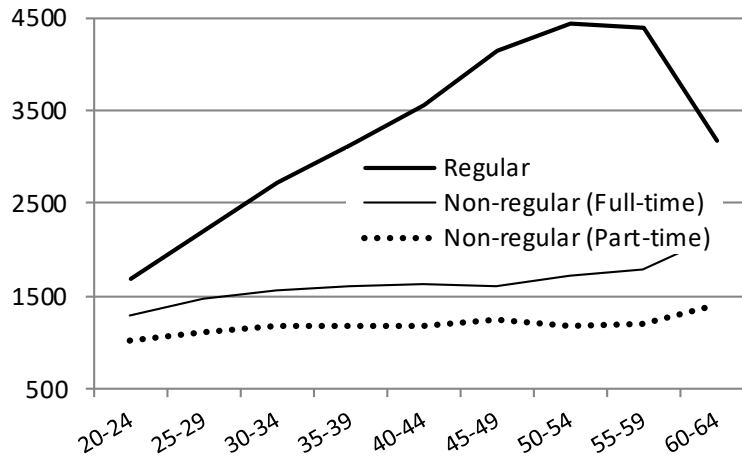
# Appendix 1: Age-wage Profile by Employment Type, Gender, and Firm Size

(per hour, JPY)

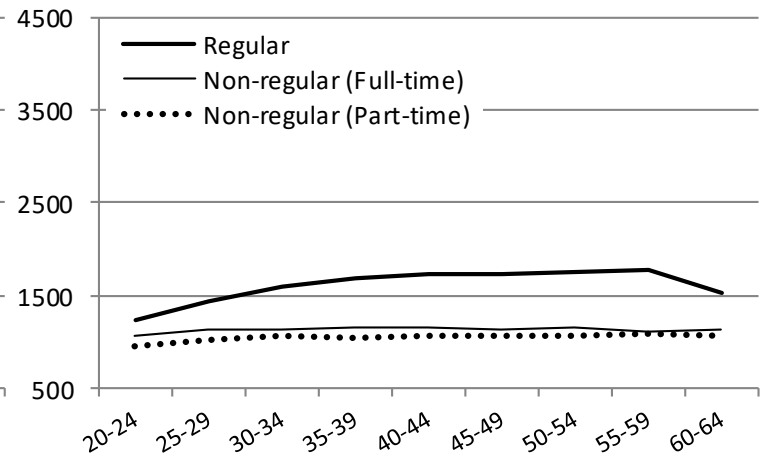
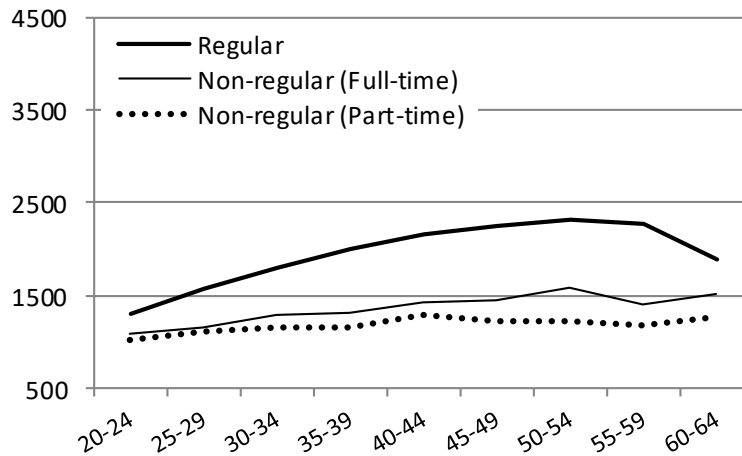
Male

Female

1,000 or more employees



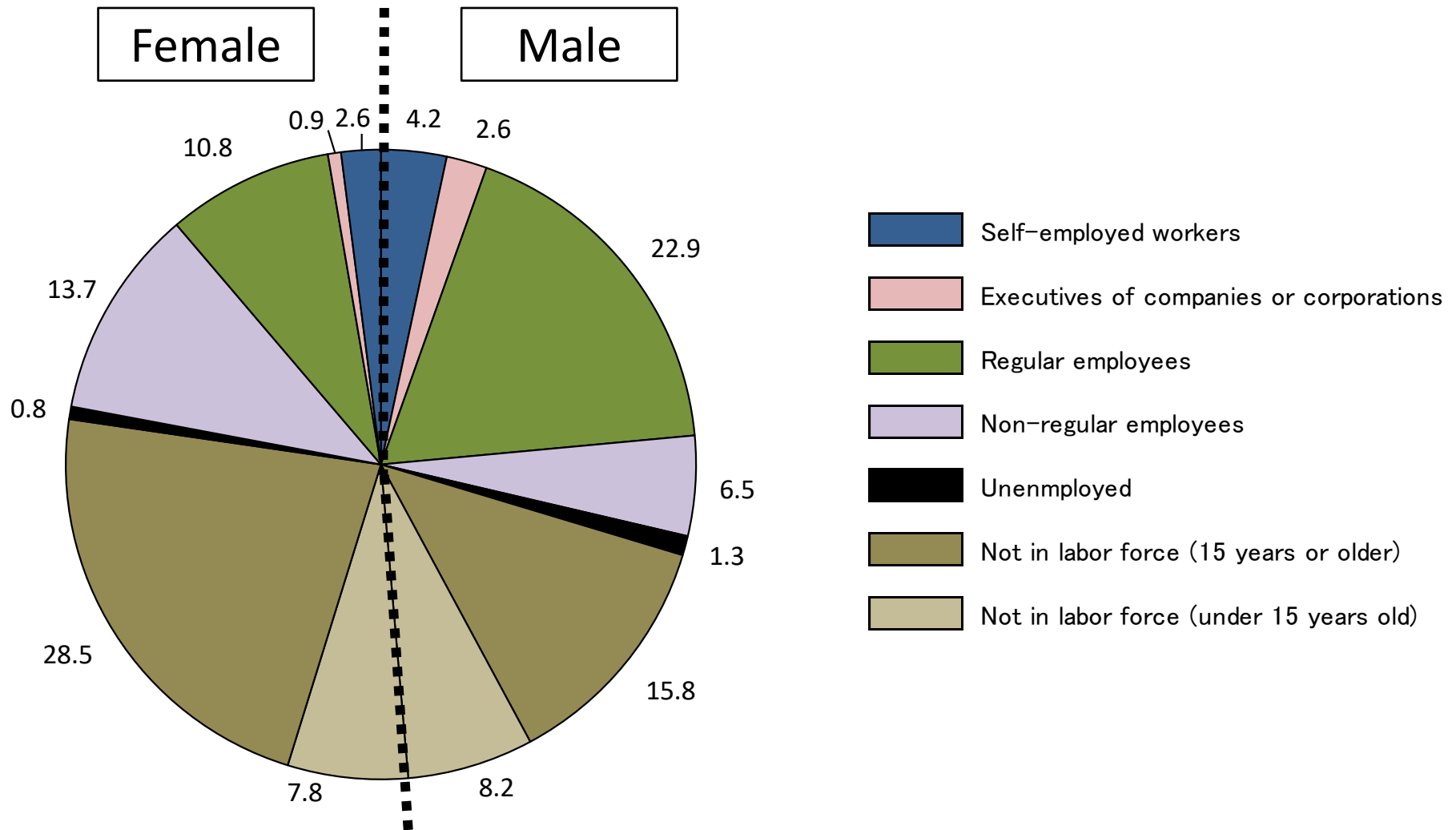
10-99 employees



Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Note: The per-hour wage was calculated by (1) adding 12 months' salary, allowance, and bonus, and (2) dividing it by the annual total working hours, including overtime.

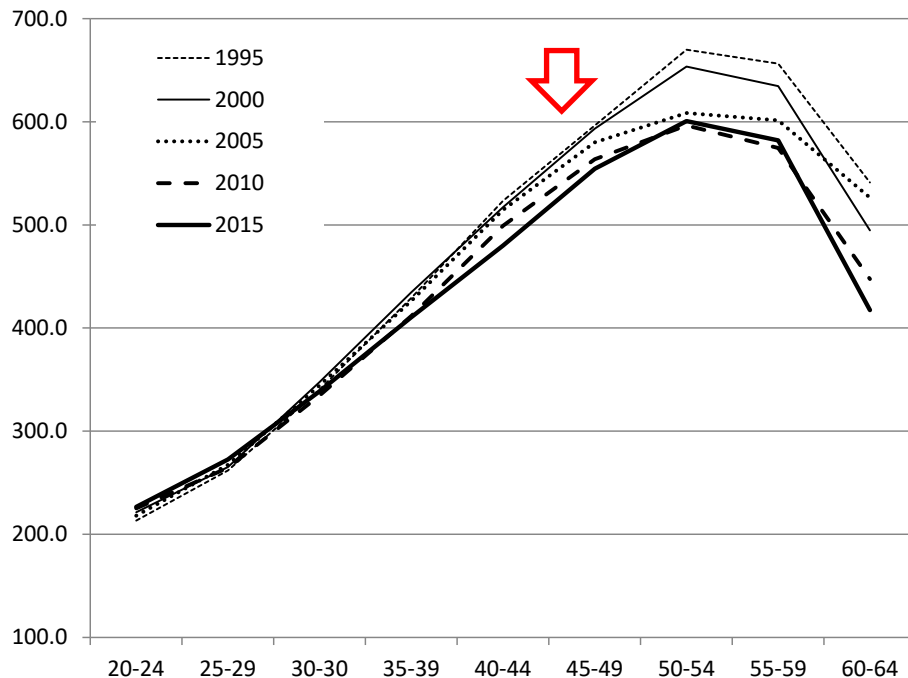
# Appendix 2: Composition of Japanese Population (million people, total = 126.8 millions)



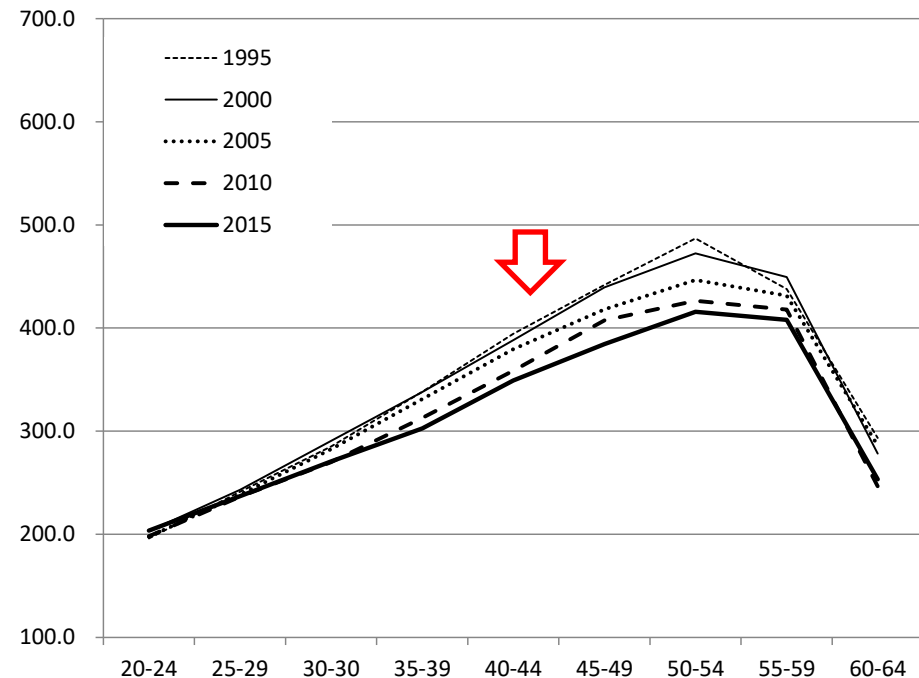
# Appendix 3: Flattening of Age-Wage Profile of Regular Employees

Male, university graduates

(monthly wage, thousand JPY)



Male, high school graduates

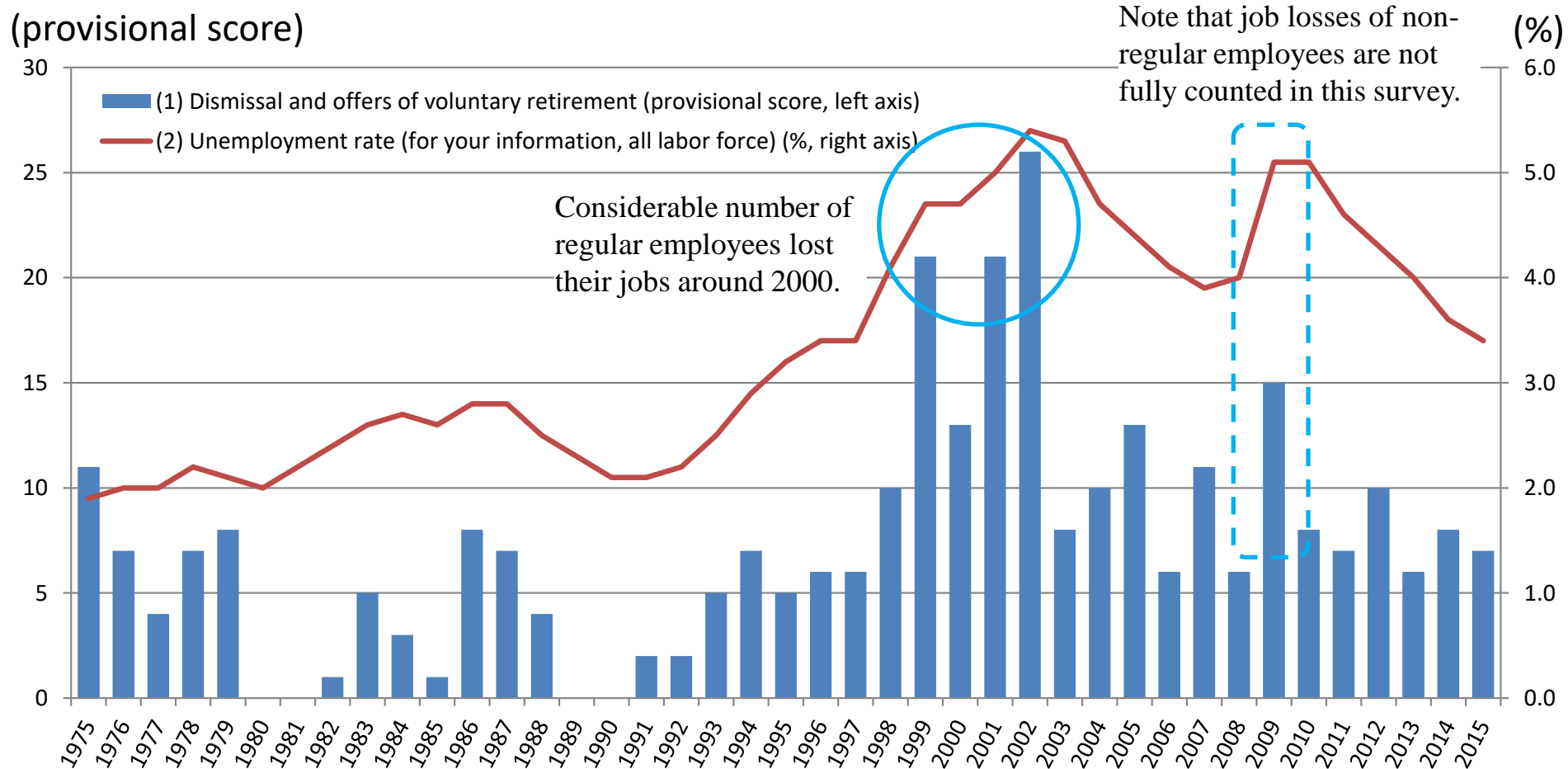


Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Note: 1) Regular employees of large firms (1,000 employees or more) only.

2) It also reflects the change in composition of large firms (especially in terms of industry).

# Appendix 4: Dismissals and Offers of Voluntary Retirement in Large Manufacturing firms



Source: (a) MHLW, *Survey on Labour Economy Trend*, and (b) MIAC, *Labor Force Survey*.

Note: 1) As for dismissal and offers of voluntary retirement, only manufacturing companies with 1,000 or more employees are counted.

2) The Survey on Labour Economy is conducted quarterly, and reports the percentage points of establishments that dismissed employees or offered voluntary retirement in each quarter. Scores in this chart are calculated by summing the four quarters' percentage points per year.

# Appendix 5: Composition of Regular and Non-regular Employees

		Male		Female	
		Regular	Non-regular	Regular	Non-regular
Age	15-24 years old	5.8	17.2	11.1	9.7
	25-34 years old	23.2	17.2	27.7	15.7
	35-44 years old	30.7	12.2	25.3	24.0
	45-54 years old	24.1	8.8	20.1	22.9
	55-64 years old	14.5	26.7	12.4	20.5
	65 years old or over	1.8	17.9	3.4	7.1
Total		100.0	100.0	100.0	100.0
Final education (students are excluded)	Junior high school	5.9	17.6	3.4	9.9
	Senior high school	43.3	50.4	37.1	53.5
	Professional training college	6.7	5.3	13.3	8.1
	Junior college	3.3	2.6	18.3	16.8
	College, university, or graduate school	40.7	24.1	27.9	11.7
Total		100.0	100.0	100.0	100.0
Occupation	Administrative and managerial workers	0.9	0.2	0.1	0.0
	Professional and engineering workers	17.1	8.7	27.9	10.0
	Clerical workers	17.9	11.4	35.5	22.6
	Sales workers	14.4	11.2	9.5	15.6
	Service workers	4.7	13.2	13.3	23.1
	Security workers	3.6	4.0	0.5	0.1
	Agriculture, forestry, and fishery workers	0.9	2.3	1.2	1.4
	Manufacturing process workers	20.1	15.1	7.0	11.2
	Transport and machine operation workers	7.0	7.7	0.3	0.2
	Construction and mining workers	6.6	5.3	0.3	0.1
	Carrying, cleaning and related workers	4.2	14.9	1.9	11.5
	Workers not classified by occupation	2.6	5.8	2.6	4.2
Total		100.0	100.0	100.0	100.0

Source: MIAC, *Employment Status Survey*, 2012.

# Appendix 6: Relationship of Industry and Gender (and Age) in the Labor Market of Non-regular employees

Actual number (thousand people)

		All ages	15-19	Students	25-34	35-44	45-54	55-64	65 or over
All industries	Both genders	20,160	2,410	1,380	2,790	3,840	3,990	4,130	2,990
	Male	6,480	1,140	690	930	710	580	1,500	1,620
	Female	13,670	1,280	690	1,860	3,130	3,420	2,620	1,370
Manufacturing	Both genders	2,560	160	10	370	530	500	600	390
	Male	1,080	90	10	170	160	120	300	240
	Female	1,480	70	10	200	370	380	300	150
Wholesale and retail	Both genders	4,470	770	480	630	850	920	850	450
	Male	1,100	340	240	180	120	60	190	200
	Female	3,380	430	250	450	730	860	660	250

Composition rate (%)

		All ages	15-19	Students	25-34	35-44	45-54	55-64	65 or over
All industries	Both genders	100.0	12.0	6.8	13.8	19.0	19.8	20.5	14.8
	Male	32.1	5.7	3.4	4.6	3.5	2.9	7.4	8.0
	Female	67.8	6.3	3.4	9.2	15.5	17.0	13.0	6.8
Manufacturing	Both genders	100.0	6.3	0.4	<b>14.5</b>	<b>20.7</b>	19.5	<b>23.4</b>	<b>15.2</b>
	Male	<b>42.2</b>	3.5	0.4	<b>6.6</b>	<b>6.3</b>	<b>4.7</b>	<b>11.7</b>	<b>9.4</b>
	Female	57.8	2.7	0.4	7.8	14.5	14.8	11.7	5.9
Wholesale and retail	Both genders	100.0	<b>17.2</b>	<b>10.7</b>	<b>14.1</b>	19.0	<b>20.6</b>	19.0	10.1
	Male	24.6	<b>7.6</b>	<b>5.4</b>	4.0	2.7	1.3	4.3	4.5
	Female	<b>75.6</b>	<b>9.6</b>	<b>5.6</b>	<b>10.1</b>	<b>16.3</b>	<b>19.2</b>	<b>14.8</b>	5.6

Source: MIAC, *Labor Force Survey*, 2016.

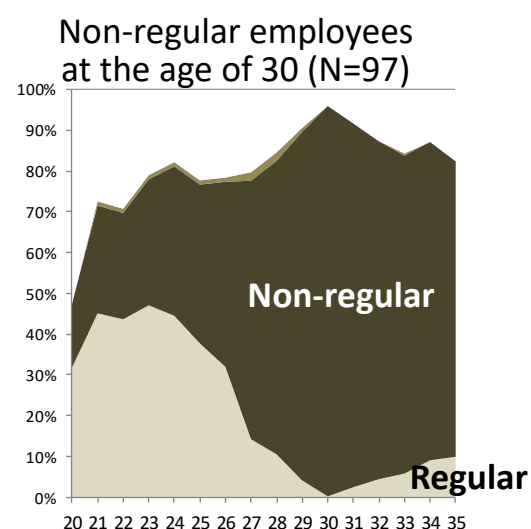
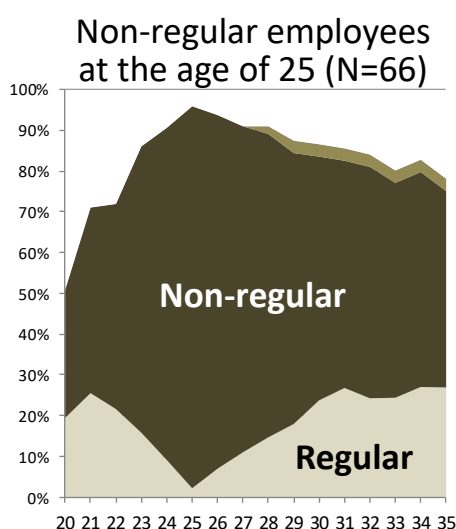
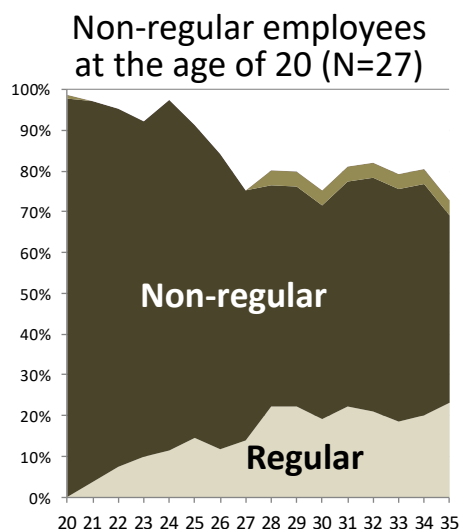
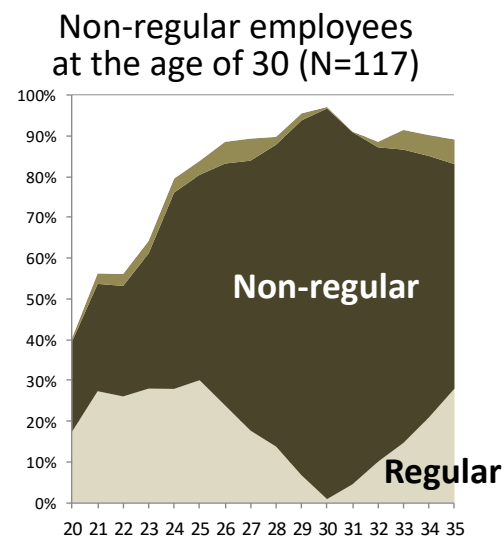
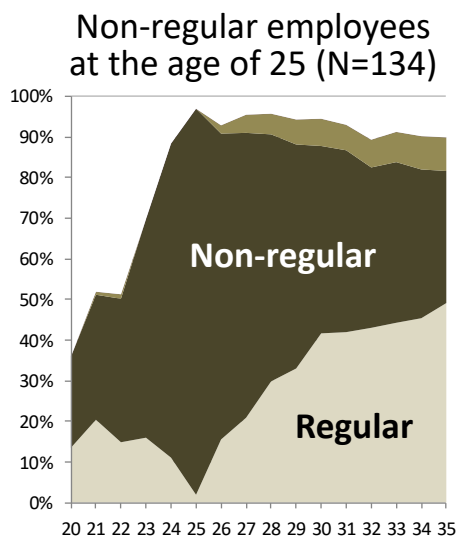
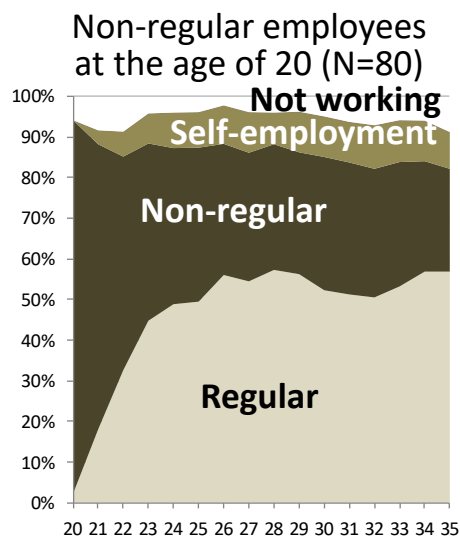
Note: 1) Non-regular employees only.

2) Numbers in bold font indicate that the proportion is larger in the specific industry than in all industries.



# Appendix 7: Careers after Being Non-Regular Employees

Men



Source: JILPT, *Questionnaire Survey on Vocational Careers and Working Styles*, 2013. (A questionnaire survey targeted to randomly chosen 3,000 people aged 25-34, and 7,000 aged 35-44, from around Japan. Response rate is 49.7%.)

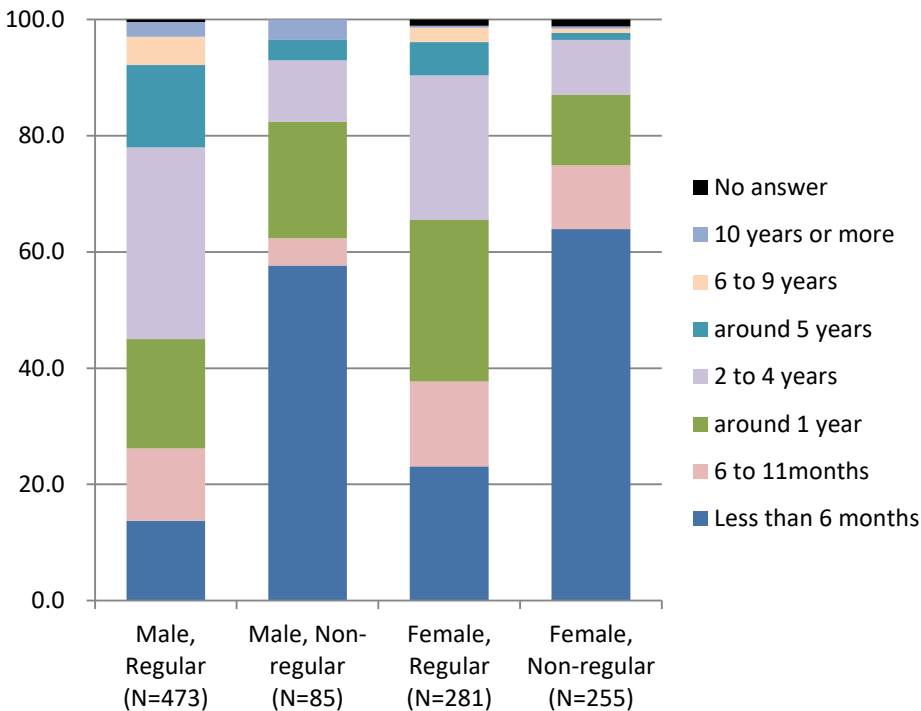
Note: 1) Careers of respondents aged 35-44 (at the time of response) are analyzed.

2) Charts show the career of those who were "non-regular employees" for 6 months or more at the age of 20, 25, and 30, respectively.

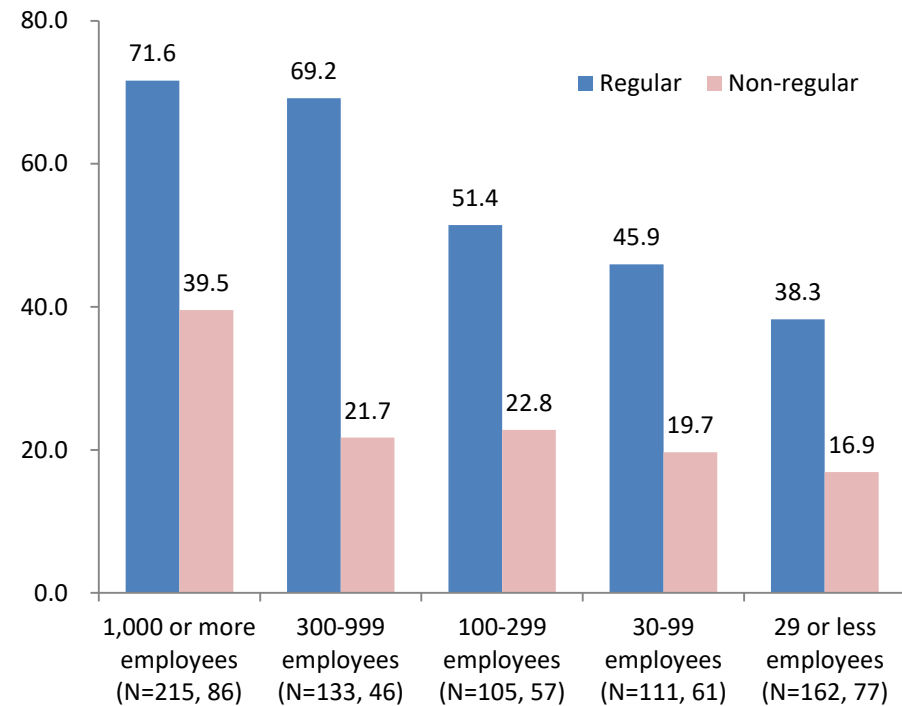
3) Part-time work while enrolled as a student is in principle not regarded as employment.

# Appendix 8: Skill Levels Required for the Job and Opportunity for Training (25-34 years old)

If you have to train a new graduate to perform your job, how long do you think it will take? (%)



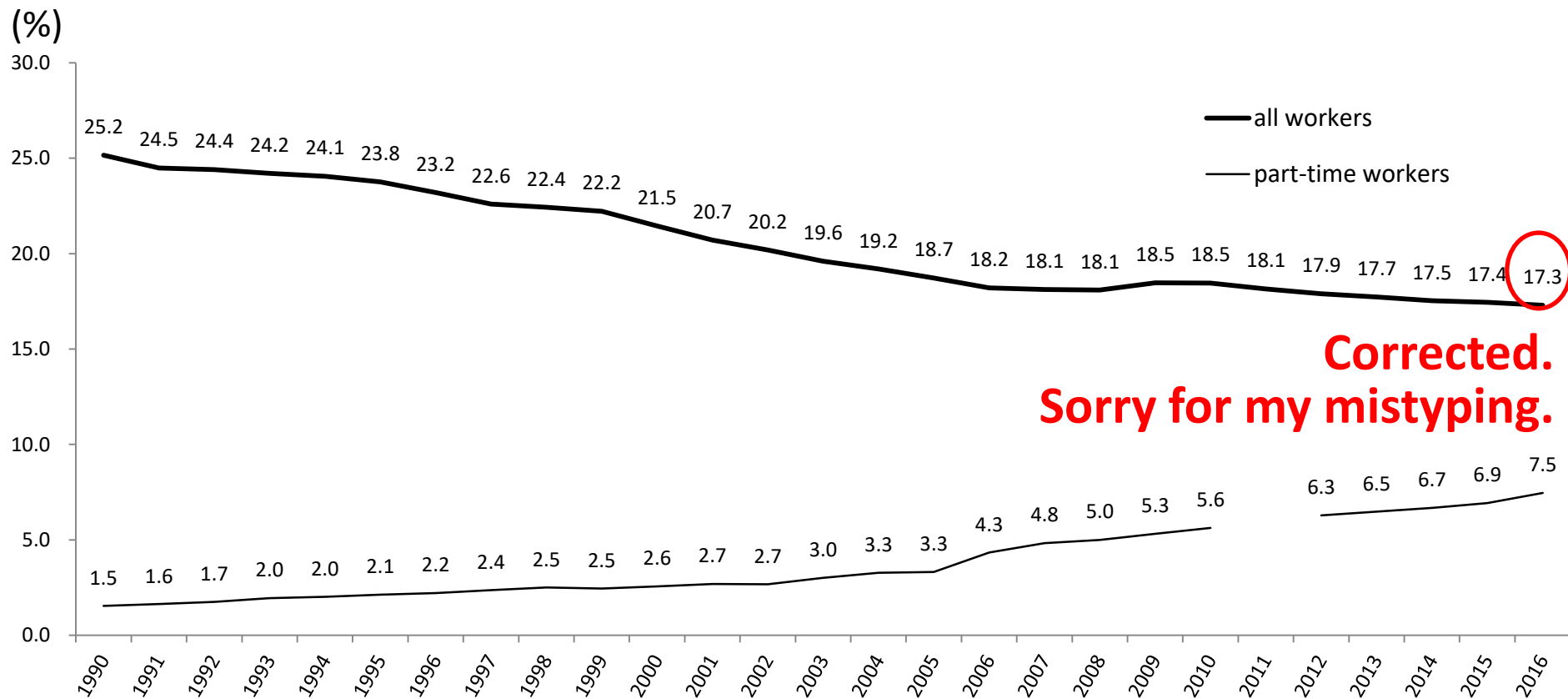
Ratio of workers who received off-the-Job training in the previous year (%)



Source: JILPT, *Questionnaire Survey on Vocational Careers and Working Styles*, 2013. (A questionnaire survey targeted to randomly chosen 3,000 people aged 25-34, and 7,000 aged 35-44, from around Japan. Response rate is 49.7%.)

Note: Answers of 25-34 years old are analyzed in both charts.

# Appendix 9: Union Density (all industries)

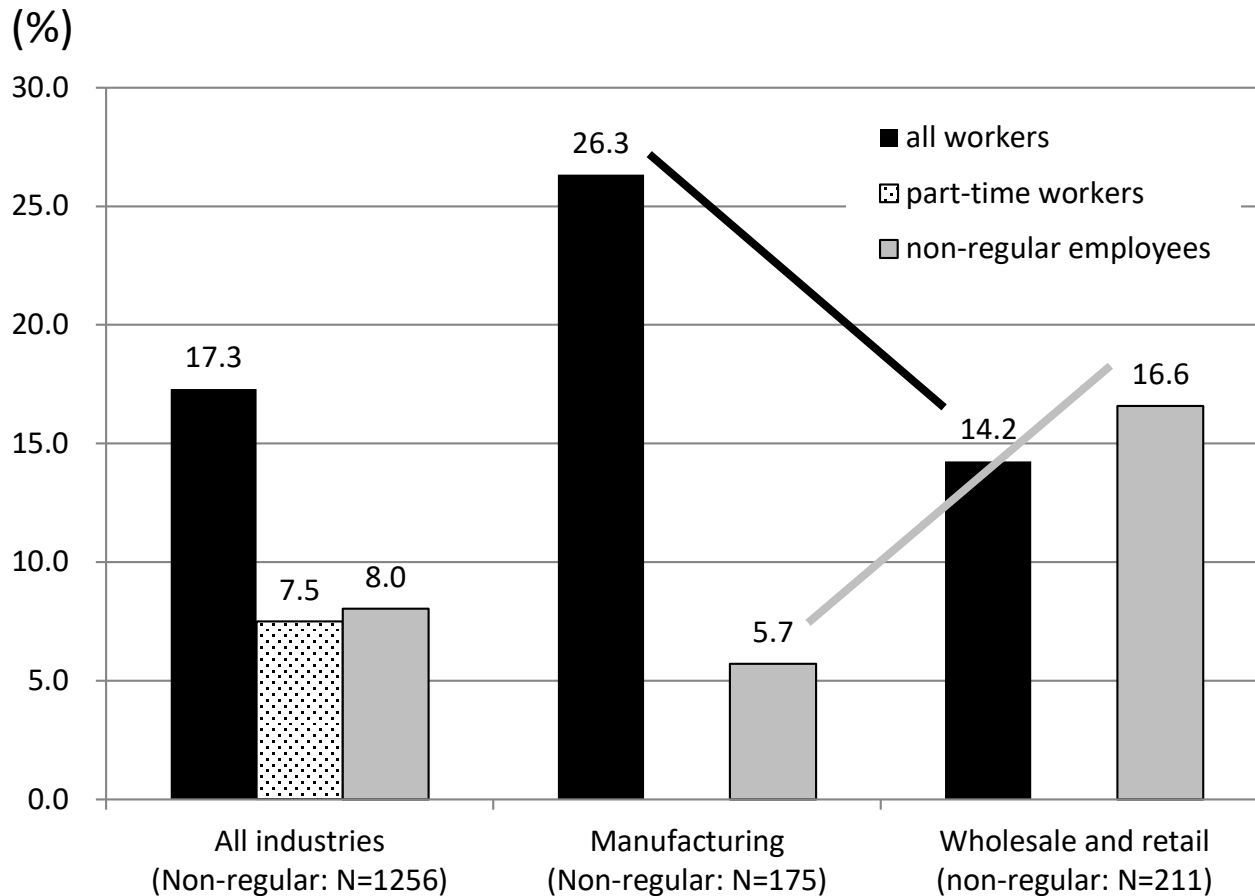


Source: MHLW, *Basic Survey on Labour Unions* and MIAC, *Labor Force Survey*.

Note: Based on MHLW's press release.

- The union density of all workers is steadily decreasing.
- However, that of part-time workers is increasing.
- Regardless, we can say that a large gap in union density still exists between regular and non-regular employees.

# Appendix 10: Union Density (by industry)



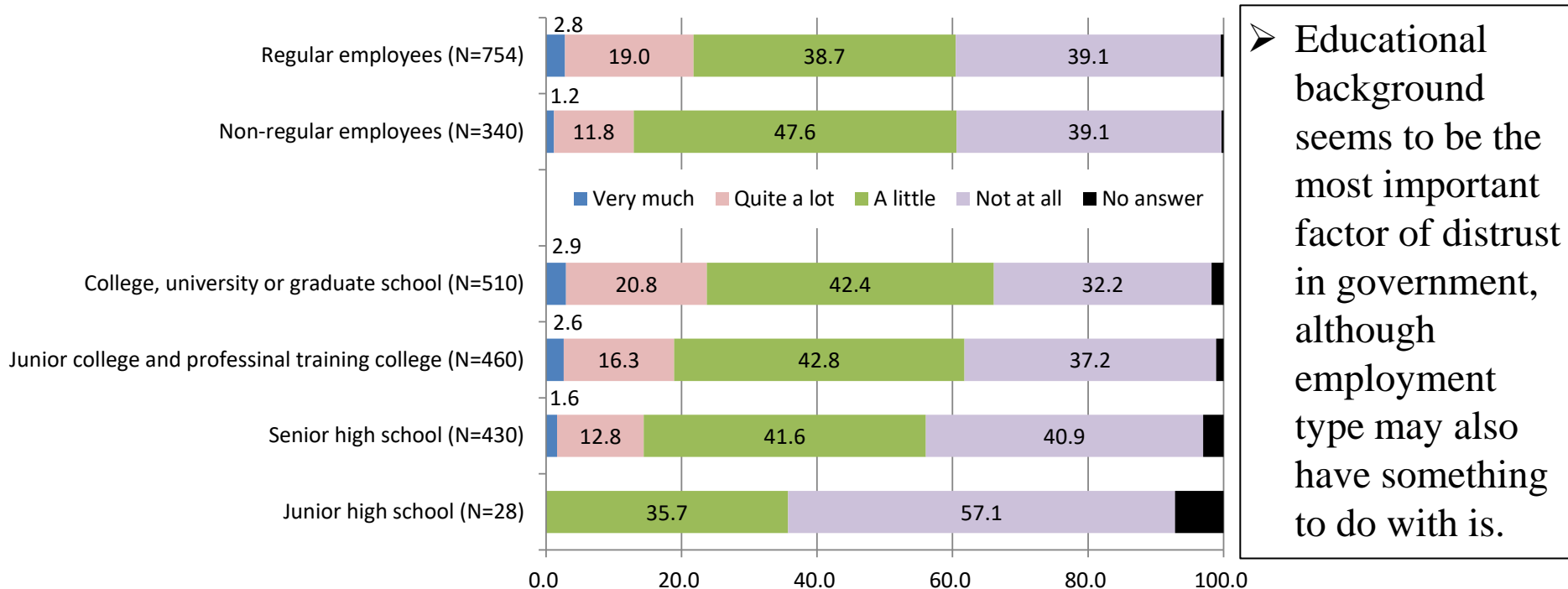
- When it comes to the difference by industry, it is higher for all workers in the manufacturing than in the wholesale and retail industry.
- However, it is higher in the wholesale and retail industry in the case of non-regular employees.

Source: (1) MHLW, *Basic Survey on Labour Unions*, 2016, (2) MIAC, *Labor Force Survey*, and (3) JILPT, *General Survey on Actual Situation of Work in Japan*, 2010 (A questionnaire survey targeted to randomly chosen 8,000 people from around Japan. Response rate is 64.0%)

Note: 1) Figures for all workers and part-time workers are MHLW estimates based on surveys (1) and (2).

2) Figures for non-regular employees are based on survey (3). Note that figures may have large standard errors due to the small sample size. However, the author pays attention to the difference between industries since it contains rare information.

# Appendix 11: Can You Rely on the Government? (25-34 years old)

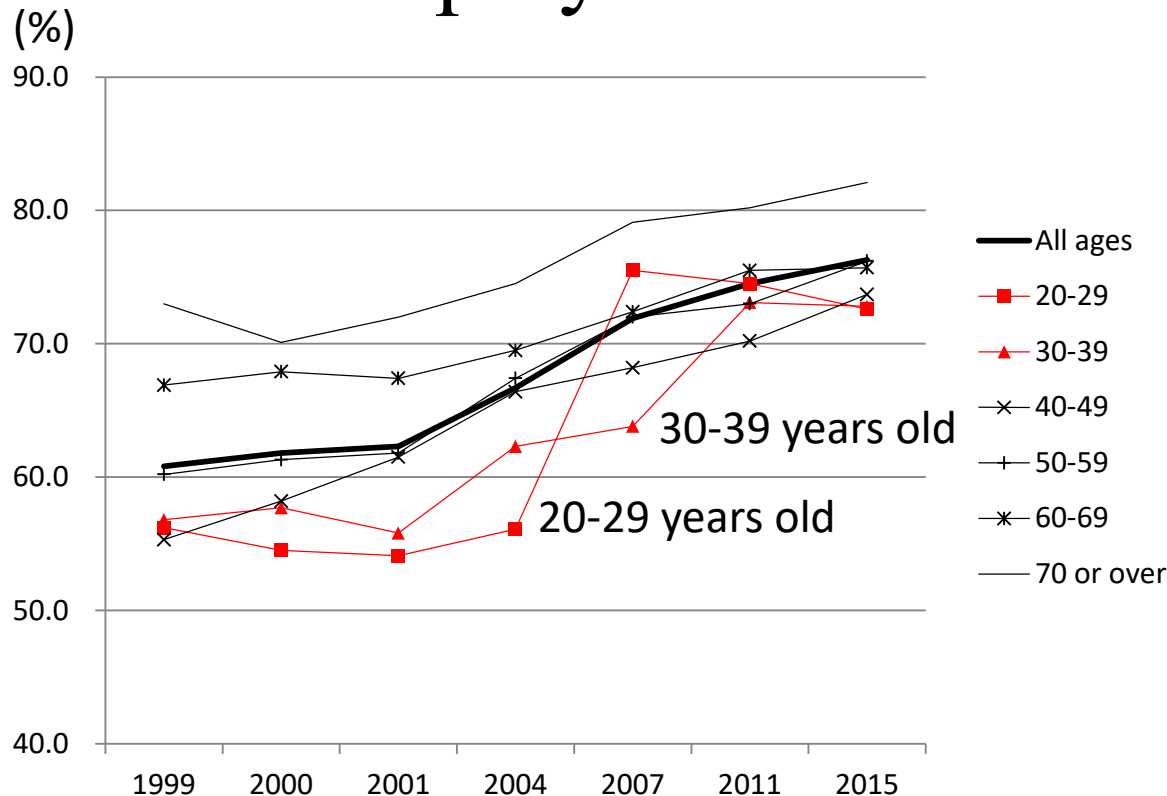


Source: JILPT, *Questionnaire Survey on Vocational Careers and Working Styles*, 2013. (A questionnaire survey targeted to randomly chosen 3,000 people aged 25-34, and 7,000 aged 35-44, from around Japan. Response rate is 49.7%.)

Note: 1) Answers of 25-34 years old are analyzed in both charts.

2) The question is "Do you think that you can rely on the government in order to protect your life?"

# Appendix 12: Do You Think “Life-time employment” is a Good Thing?



Source: JILPT, *Survey on Working Life*, 1999-2015 (conducted irregularly).

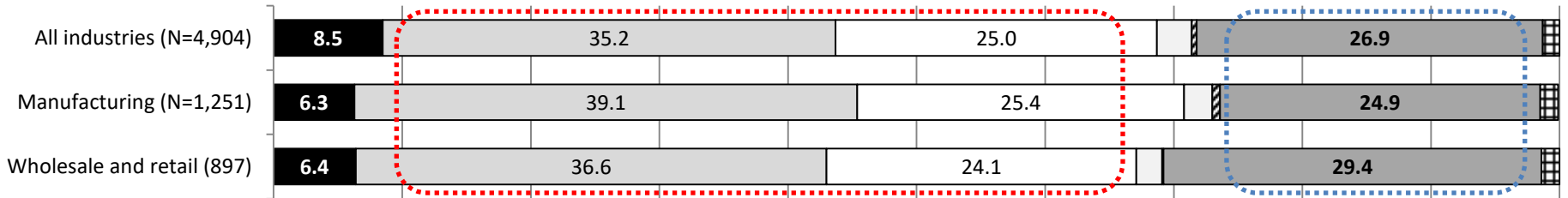
Note: 1) The target of the survey is randomly chosen people from around Japan.

2) The question is “How do you think about the Japanese-style life-time employment under which workers continues to work for the same employer until their retirement age.” This chart shows the ratio of the sum of “I think it is a good thing” and “I think it is a relatively good thing.”

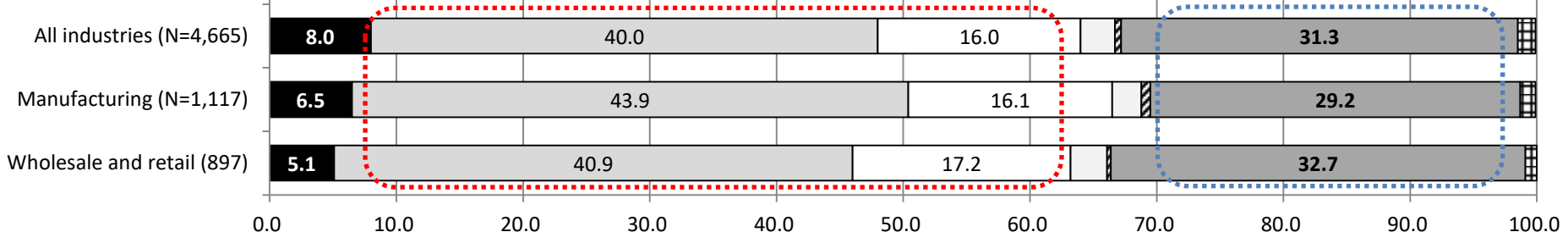
- The ratio of people who support “life-time employment” was increasing in the 2000s.
- The trend can also be applied to young people, although the respondents are not limited to non-regular employees.

# Appendix 13: How will Employers Behave Responding to the Enforcement of “from Fixed-term to Permanent after Five Years” Rule?

## As for full-time workers



## As for part-time workers



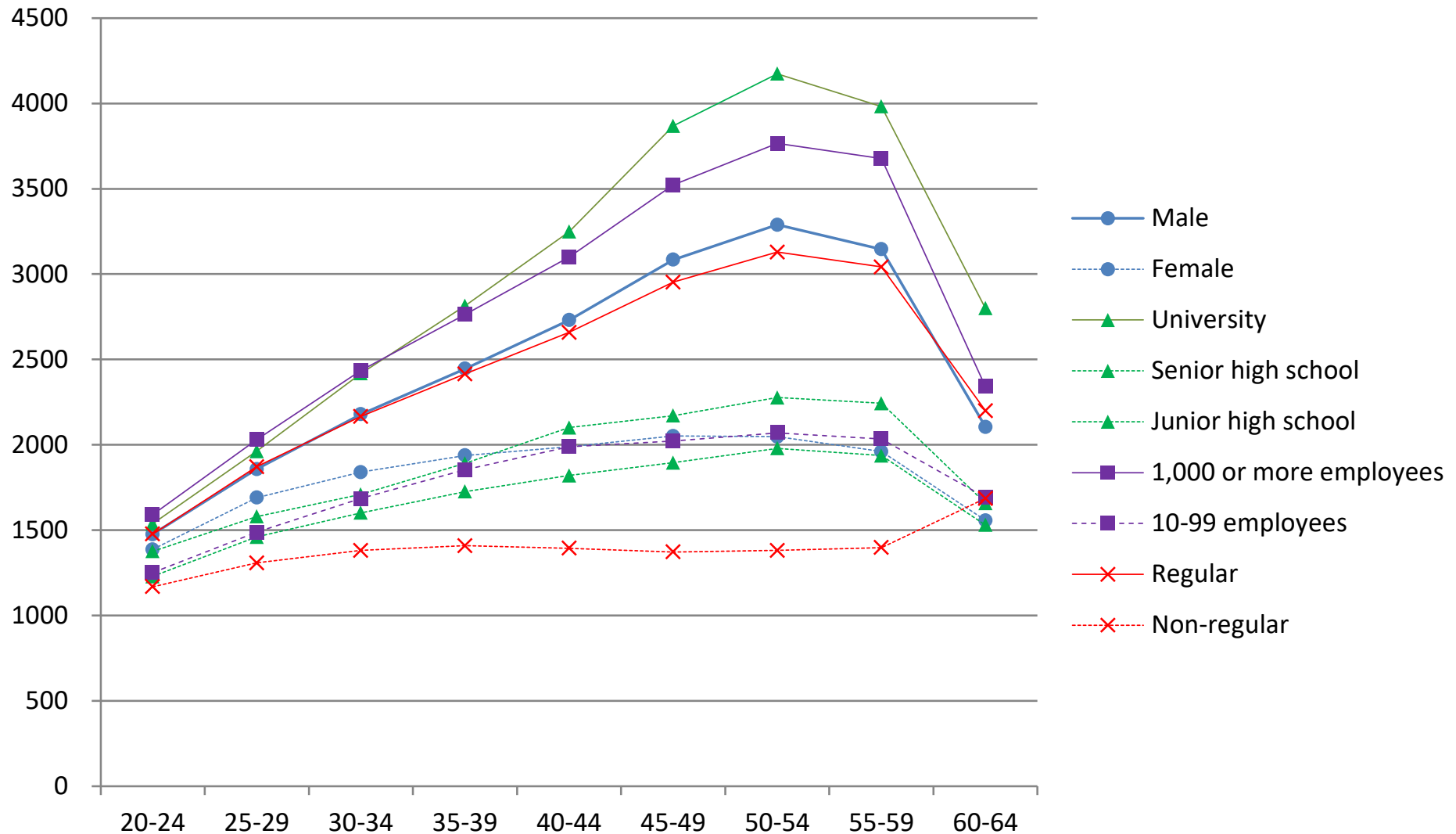
- Will arrange for fixed-term contracts not to exceed five years, including renewals
- Will convert to permanent contracts when fixed-term contract workers serving for more than five years request
- Will convert to permanent contracts before the five years are up, depending on the fixed term contract workers' aptitude
- Will only use permanent contracts (i.e. will no longer hire fixed-term contract workers)
- ▨ Will convert fixed-term contract workers to dispatch workers or independent contractors
- Policy undecided or unknown
- No Answer

Source: JILPT, *Survey on the Response to the Amended Labor Contract Act and Special Cases, and the Utilization of Diverse Regular Employees*, 2016.

Note: The target of the survey is randomly chosen 30,000 companies with 10 or more employees from around Japan. (Response rate=32.1%)

- Around 60% seem to behave properly in accordance with the purpose of the revision.
- However, around 30% have not decided how to behave yet.

# Appendix 14: Age-wage Profile of Different Types of Workers (per hour, JPY)



Source: MHLW, *Basic Survey on Wage Structure*, 2016.

Note: The per-hour wage was calculated by (1) adding 12 months' salary, allowance, and bonus, and (2) dividing it by the annual total working hours, including overtime. Full-time workers only.



Thank you for your attention!