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## **The Myth and Truth: Non-regular Employment in Japan<sup>1)</sup>**

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### **Abstract**

A lot of Japanese including the mass media believe that young men play the lead in non-regular employment. It is, however, only a myth. In truth, the leading parts of non-regular employment are middle-aged women and elderly people, both men and women. In addition, such a situation will not change at least for a while. The reality of this non-regular employment is clarified from an analysis of the detailed tabulation of the Labor Force Survey.

### **1. Type of employment data provided by the Labor Force Survey**

The Labor Force Survey, conducted by the Statistics Bureau of the Ministry of Internal Affairs and Communications (MIC), is composed of two kinds of tabulation, the basic tabulation and the detailed tabulation. Although both of them currently provide data by type of employment, the basic tabulation did not until 2013.

However, the detailed tabulation of the Labor Force Survey has continued to provide data by type of employment since this tabulation started in place of the special survey of the Labor Force Survey in 2002, which enable us to get information on the age distribution of each employment type.

In the detailed tabulation of the Labor Force Survey, to begin with, “employee”, excluding “executive of company or corporation”, is broadly

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1) This article was originally written by the author for Advance News and posted at the site of this news (<http://www.advance-news.co.jp/>) on August 25 and 28, 2014 in Japanese.

divided into two groups, “regular employee” and “non-regular employee”.

In the second place, “non-regular employee” is classified into several categories: “part-time worker, called “Part,” “casual worker, called “Arbeit,” “dispatched worker from temporary labor agency,” “contract employee,” “temporary staff, called “Shokutaku<sup>2)</sup>,” and “ther.”

This division and classification is done according to what employees are called at their workplaces<sup>3)</sup>.

Since similar data can be obtained from the Employment Status Survey conducted by the Statistics Bureau of MIC every five years, this article relies on an analysis of the detailed tabulation of the Labor Force Survey taken in 2002, 2007, and 2012 to which the Employment Status Survey was executed, from the viewpoint of comparison<sup>4)</sup>.

## **2. Leading parts of non-regular employment**

According to the detailed tabulation of the Labor Force Survey, the number of non-regular employees has increased from 14.51 million to 18.13 million by 3.62 million from 2002 to 2012. Oppositely, the number of regular employees has decreased by 1.49 million from 34.89 million to 33.4 million in this decade. Although the substitution from regular employment to non-regular employment seems to have advanced over these years from these survey results, the issue is not so simple.

For men, one can tell the decreased number of regular employees, 1.37 million, was almost equal to the increased number of non-regular employees, 1.36 million, from 2002 to 2012. We can say, however, there was substitution from regular employment to non-regular employment only if the age composition of male employees did not change over these ten years.

As for women, in contrast, the number of non-regular employees drastically increased by 2.26 million from 2002 to 2012, while the number of regular employees slightly decreased by 0.11 million during the same period.

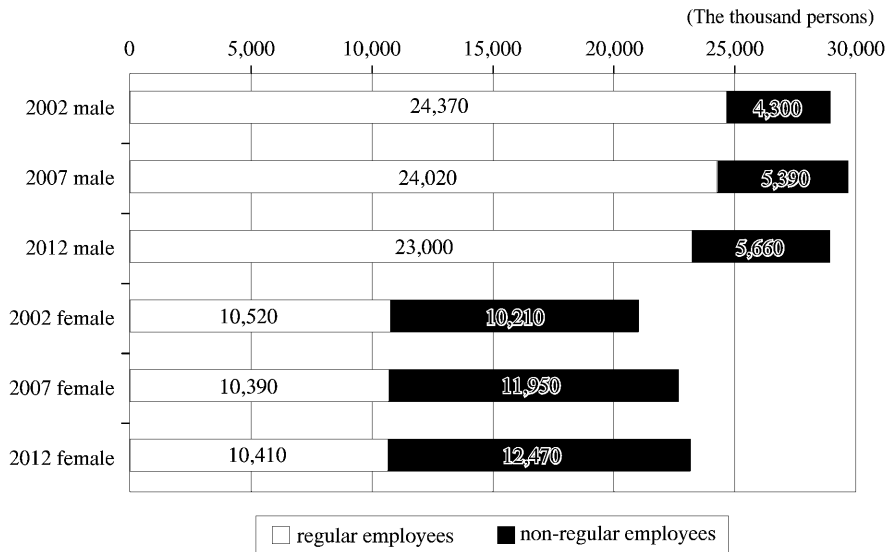
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2) Neither “contract employee” nor “temporary staff” was distinguished until 2012.

3) “Non-regular employee” is not a call name but a generic one. In addition, exactly speaking, a slightly different translation is adopted as the name of each category of “non-regular employee” in the official English version of the Labor Force Survey.

4) See eg., Kojima, Fact-findings from the Employment Status Survey, written in Japanese, posted on Advance News, 29 July, 2013.

**Figure 1** Division of regular and non-regular employees by sex



Source: Statistics Bureau, MIC

In this regard, we must pay attention to the fact that the increase of employees over these ten years was entirely due to the increase of female employees<sup>5)</sup>, especially the growth in the number of female non-regular employees. See **Figure 1**.

Now in 2012, for men, the age group in which the number of non-regular employees exceeded one million is limited to 60 to 64 years old. In contrast with that for women, the number of non-regular employees exceeding one million was confirmed in all age groups from 30 to 64 years old. See **Figure 2**.

The age group of 60 to 64 years old of both men and women marked the largest number of increases of non-regular employees over these ten years. Likewise, the number of male and female non-regular employees in the age group of 65 years old and over showed a consistent increase.

In addition, for women, growth in non-regular employment in the age groups from 35 to 49 years old can be identified.

To sum up, it is not a mistake to say that middle-aged women and elderly people, both men and women are the leading parts of non-regular employment. In other words, it is only a myth that young men play the

5) As a result, in the ratio of employees to employed, women exceed men after 2006.



lead in non-regular employment, even if many people believe it is true.

Indeed, the trend is considerably different in the first five years from 2002 to 2007 and the latter five years from 2007 to 2012. An increase of non-regular employees is concentrated almost in the first half, and when limiting to men, a remarkable increase during the latter half is not seen, besides the age group of 60 years and over. See Figures 3-1 to 3-2.

The size of the age group of 60 to 64 years old will dwindle after 2012 because this age group corresponds to baby boomers in the years from 2007 to 2012. It is estimated that also the number of non-regular employees of this age group will decline over the next five years. We can say, however, the major parts of non-regular employment will not change greatly in the near future if the baby boom generation continues to work.

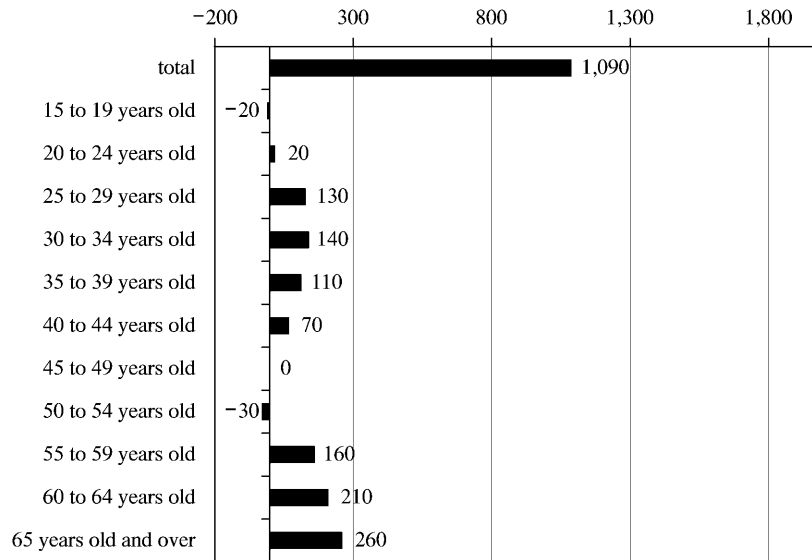
### 3. Different character of non-regular employment in men and women

The breakdown of non-regular employment is remarkably different between men and women. The ratio of part-time workers to non-regular

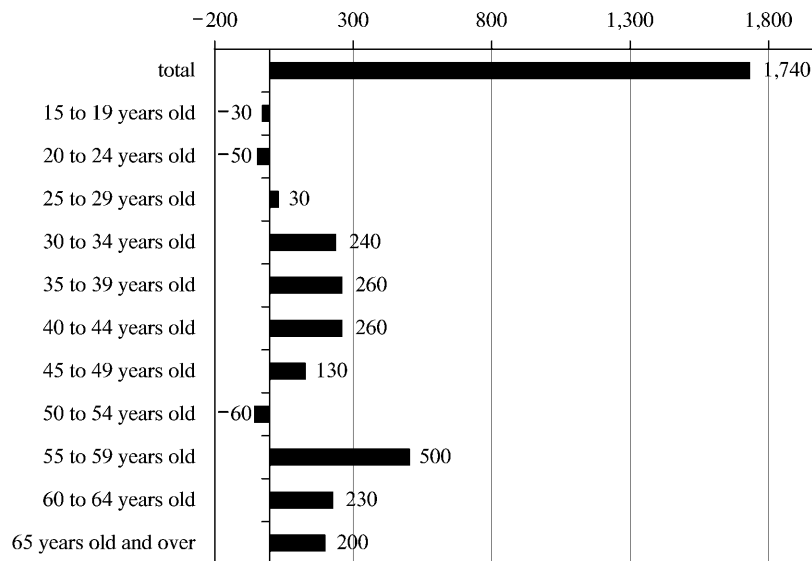
**Figure 3-1** Increase and decrease of non-regular employees from 2002 to 2007

1 male

(The thousand persons)



2 male

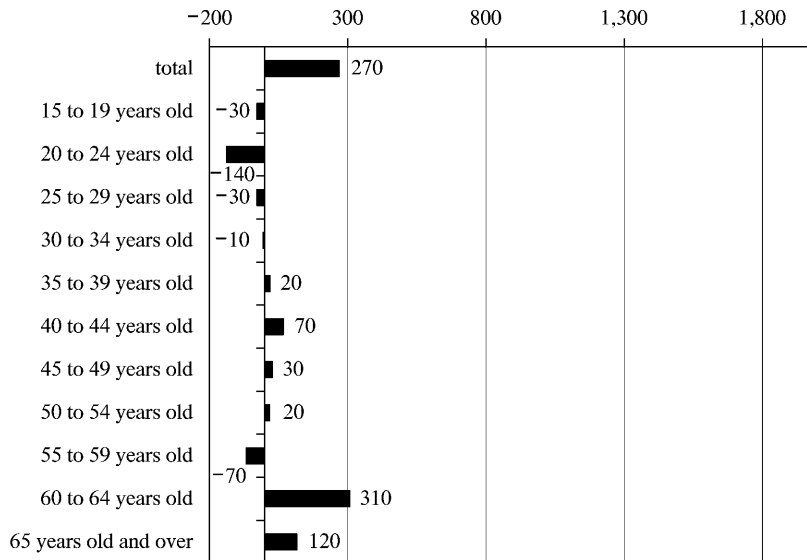


Source: Statistics Bureau, MIC

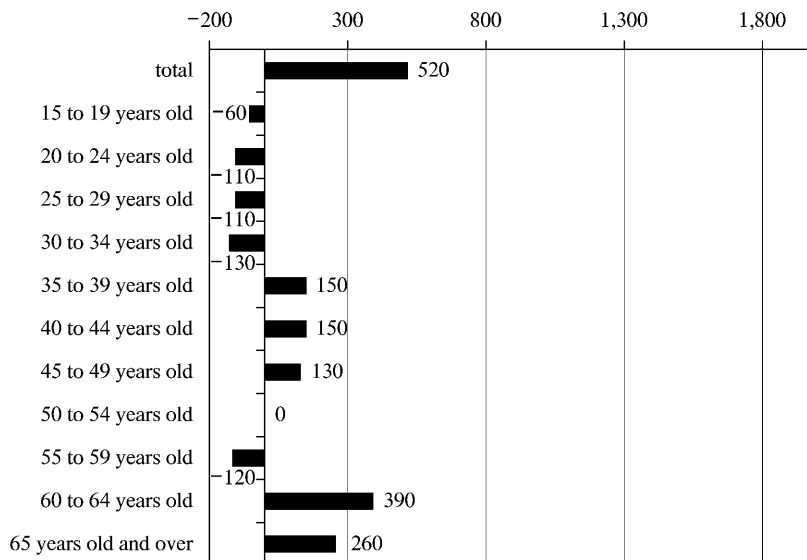
**Figure 3-2** Increase and decrease of non-regular employees from 2007 to 2012

1 male

(The thousand persons)

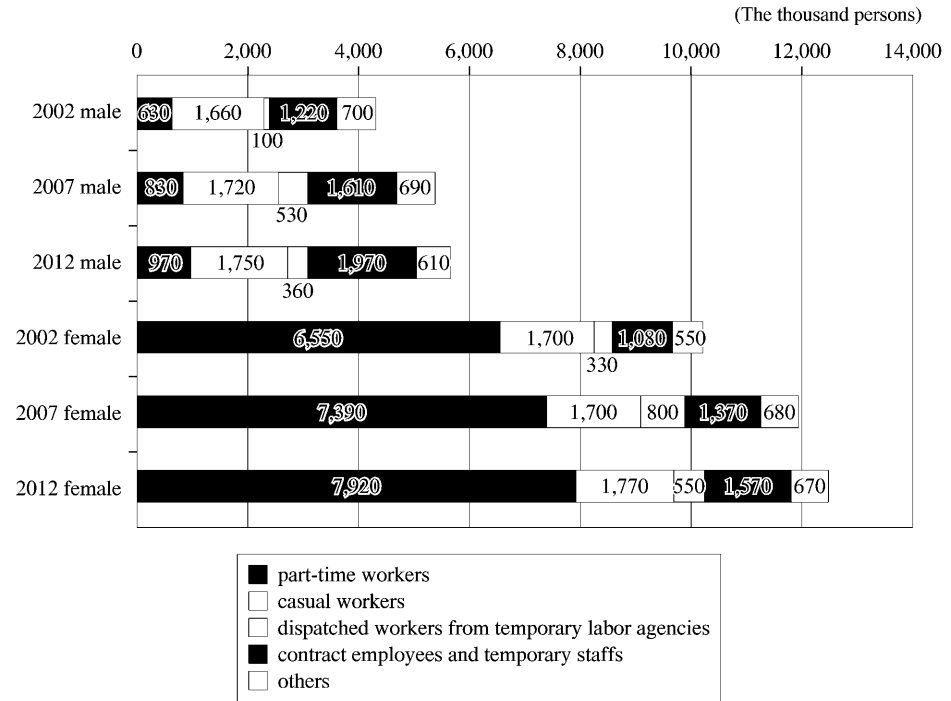


2 male



Source: Statistics Bureau, MIC

**Figure 4** Non-regular employees by type of employment



Source: Statistics Bureau, MIC

employees is only one sixth for men, while about two thirds of female non-regular employees are part-time workers. It is characteristic of male non-regular employees that the ratio of contract employees and temporary staff members is relatively high, more than one third. See **Figure 4**.

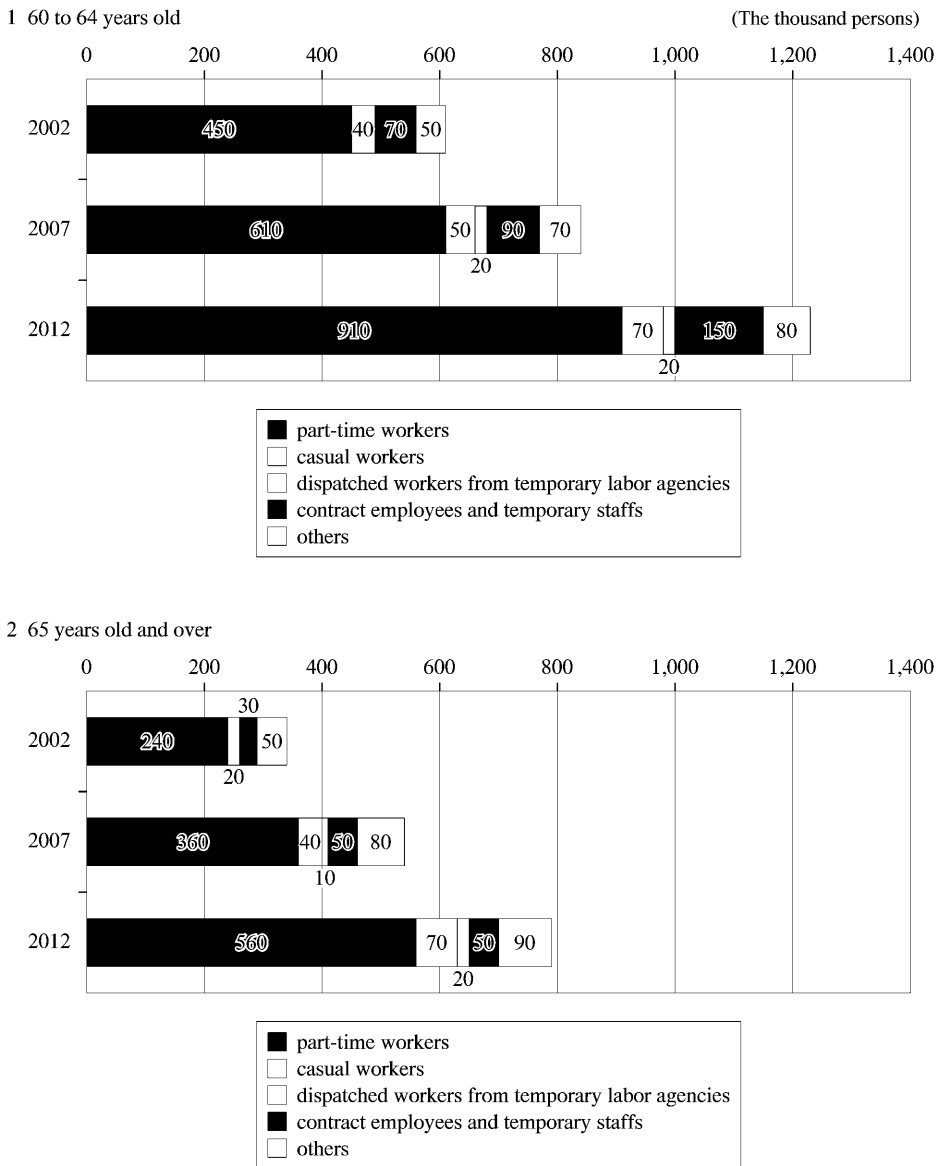
We can observe such a situation for elderly people as well. The growth in the number of contract employees and temporary staff members is a main factor of the rise of aged non-regular employees for men, and the swell of part-time workers is a principal factor of the same for women. See **Figures 5-1 to 5-2**.

Part-time workers keep working as part-time workers after 60 years old for women. In comparison, a lot of men are rehired as temporary staff members in former companies after retirement. Such circumstances seem to exist in the background.

Recently, the number of contract employees has tended to increase slightly for middle-aged women. It is, however, too little, compared with that of the part-time workers at this moment. See **Figure 6**.

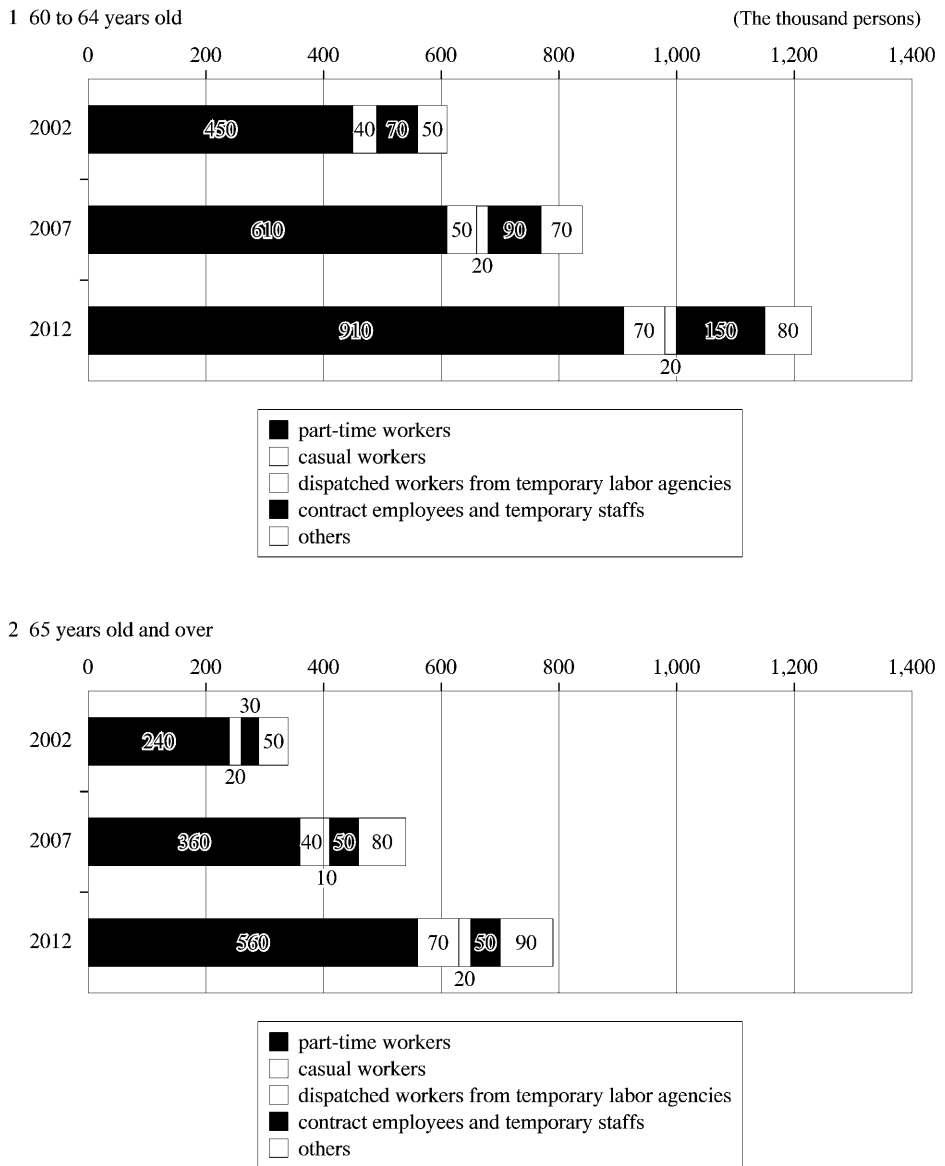


**Figure 5-1** Employment types of non-regular employees: Elderly women



Source: Statistics Bureau, MIC

**Figure 5-2** Employment types of non-regular employees: Elderly men

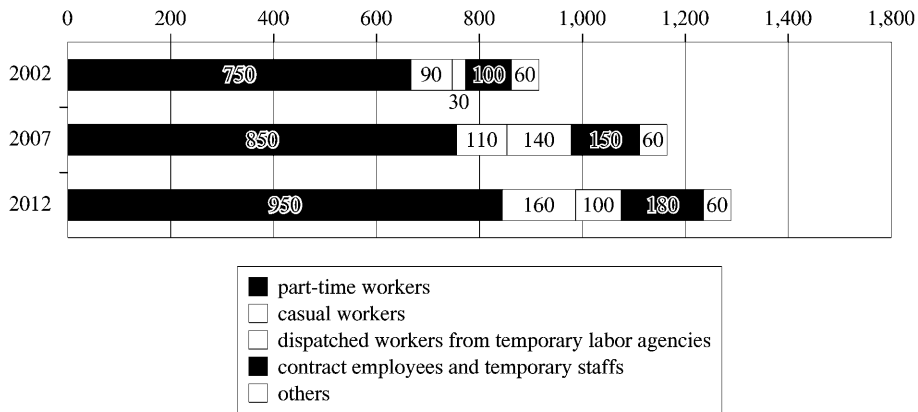


Source: Statistics Bureau, MIC

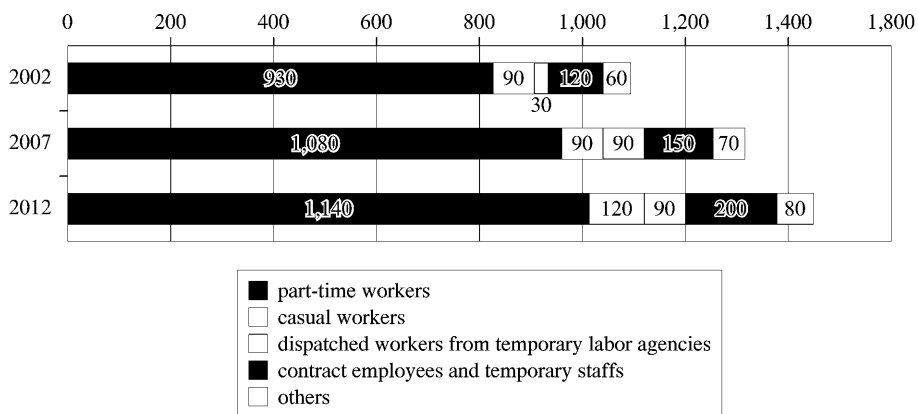
**Figure 6** Employment types of non-regular employees: Middle-aged women

1 35 to 39 years old

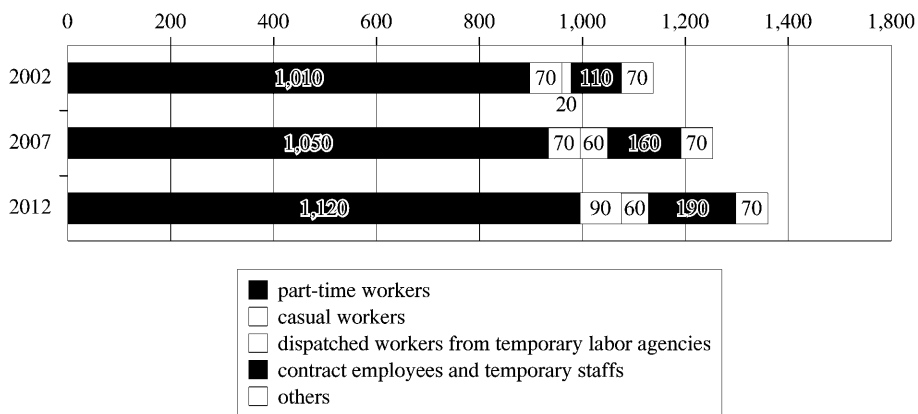
(The thousand persons)



2 40 to 44 years old



3 45 to 49 years old



Source: Statistics Bureau, MIC

#### 4. Some prospects of non-regular employment in Japan

The conversion from non-regular employment to regular employment cannot be compelled by the law. In that sense, there is remarkable difficulty in enforcing the current law that a worker can claim to switch to indefinite employment if the period of definite employment continues for more than five years<sup>6)</sup>.

A lot of middle-aged female part-time workers do not intend to work full-time. They have a tendency to work within the range where the annual income does not exceed 1.03 million or 1.30 million yen so that they need not to pay either the income tax or the social insurance premium by themselves. It can be said that such behavior is reasonable in assuming that their household income is maximized accordingly.

Meanwhile, in a usual company, there is no room to re-employ a retired worker as a regular member instead of a temporary staff member after his/her retirement. If employment as a regular member were possible, the retirement age would be extended.

In short, many of these major players of non-regular employment do not desire to work as regular employees, and there are not many chances to work as regular employees either. The scale of non-regular employment, in my point of view, will not become small but keep growing at least for the time being, whether we like it or not.

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6) See Article 18 of the Labor Contract Act. This article was installed by the amendment of 2012 and was enforced on April 1, 2013.

