

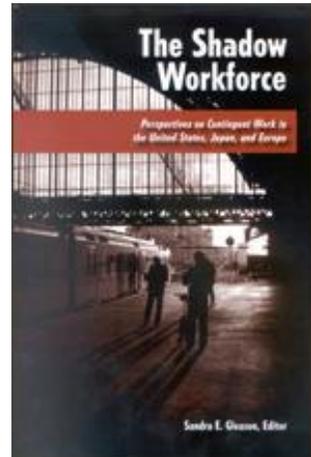
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# Employment Policies and Labor Union Activities for Part-Time Workers and Dispatched Workers in Japan

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# 8

## **Employment Policies and Labor Union Activities for Part-Time Workers and Dispatched Workers in Japan**

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This chapter discusses part-time workers and workers dispatched to client companies by temporary employment agencies from the viewpoint of government employment policies and labor union activities in Japan. Although there are several types of nonregular employment in Japan, part-time and dispatched workers hired through temporary employment agencies are, respectively, the largest and most rapidly growing groups. Government and unions concentrate their policies, employment services, and activities on these two groups in the labor force.<sup>1</sup>

This chapter also provides an overview of the governmental institutional framework for the employment policies of the Japanese Ministry of Health, Labor and Welfare (MHLW, formerly the Ministry of Labour, MOL) for part-time and dispatched workers. It discusses the content of the Part-Time Work Law (PWL) designed to protect the economic welfare of part-time employees and employer efforts to implement the law, and reviews the main features and recent reforms of the Worker Dispatching Law (WDL) that legalized temporary employment agencies in Japan. In addition, the chapter describes the public employment services provided to these two groups of workers.

Another objective of this chapter is to review labor union activities focused on part-time and dispatched workers, in particular the role of unions in the development of the PWL and WDL and union organizing activities targeted at part-time workers. The chapter concludes by

discussing implications for future government and union activities and identifying issues for future research.

## **EMPLOYMENT POLICIES: THE INSTITUTIONAL FRAMEWORK**

According to Article 4 of the Employment Measures Law of 1966, the Japanese government is required to develop periodic employment plans to support the goal of full employment.<sup>2</sup> The Ninth Basic Plan for Employment (covering 1999 through 2009) encourages several actions to improve employment conditions for part-time workers and workers dispatched by temporary employment agencies. These recommendations were developed in response to recent changes on both the supply and demand sides of the labor market. Some of the changes in the current and future supply of labor include the reduced rate of child bearing by Japanese women, an increasing population of older workers, and interest in enhancing female labor force participation. The changing industrial and occupational composition of the Japanese labor force in response to the growth of the technology and service sectors has resulted in a greater interest from Japanese employers in hiring workers who are not part of the lifetime employment system. These changes in the labor market have increased the need for part-time and temporary workers.

The Japanese government considers part-time and dispatched workers to be economically vulnerable; they need better job information and employment assistance to improve their working conditions. Also, they need protection from employers who have poor management practices; for example, cancelling a dispatched worker's contract without notice prior to its expiration date.

New protections through improvements in Japanese labor laws are recommended by the Ninth Basic Plan (for further details see Sugeno and Suwa [1997]). The plan recommends that the Japanese government help part-time workers find jobs by expanding the public employment offices and services and seeking appropriate treatment by employers for part-time workers based on the PWL discussed in the following section. For dispatched workers, the plan recommends streamlining the labor market adjustment function by having the government monitor

the dispatching worker business in industries and occupations where the use of dispatched workers is already popular. Particular concerns are conditions of employment, training opportunities, and the provision of social security coverage. The plan also recommends further discussion about dispatched work and the collection of data to document and analyze the workplace and labor market conditions that these workers face. The plan thus holds out the promise of a redesign of the range of the industries and occupations which can be served by temporary employment agencies and improvements in the working conditions of dispatched workers.

## **EMPLOYMENT POLICIES FOR PART-TIME WORKERS**

Japanese employment policies covering part-time workers include two major components: the PWL of 1993 and a national system of job placement assistance. However, since the PWL is not legally binding on employers, relatively few have fully implemented its requirements.

### **Part-Time Work Law**

The PWL and the public policies that preceded it were a response to the many problems encountered by this group of workers. For example, although employers were required by the Labour Standards Law to hire part-time workers based on a written contract, contracts often were not provided.

The PWL was based on two earlier public policies: a 1984 government memorandum on part-time work and part-time work guidelines developed in 1989.<sup>3</sup> The PWL defines part-time workers as those whose working hours in a week are shorter than full-time regular workers (normally 40 hours a week) in the same business unit. This means that part-time workers who actually work full time are not covered by the PWL. For example, see the critical discussion of Mizumachi (1997). The law's primary purpose is to improve the treatment of these workers through three objectives: 1) secure appropriate employment conditions, 2) provide education and training to support improvements in management practices, and 3) improve the social security system for part-time workers.

The critical section of the PWL is Article 6, which requires employers to provide both written employment contracts to part-time workers and advance written notice of the termination of a contract to a part-time worker who has been continuously employed for more than one year (Kezuka 2000). The MHLW has advised employers to issue written employment documents, called employment notices, which describe major working conditions. In addition, subsidies are provided by the Japanese government to help employers improve their systems for managing part-time workers, such as providing management training and hiring personnel who specialize in managing part-time workers.

Unfortunately, the employer responsibilities defined by the PWL are not legally binding. As a result, many of the problems the PWL sought to remedy still exist. The current policy debate focuses on whether or not the law should shift to a compulsory basis to ensure equal treatment of part-time workers and full-time regular workers. Japanese labor lawyers are divided over the creation of a new law with strict enforcement mechanisms (Mizumachi 1997).

### **Employer Implementation of the PWL**

Despite publicity about the PWL, many employers are unaware of it. According to the Tokyo Metropolitan Government (1998), which surveyed employers in Tokyo to determine their awareness of the law, only 29 percent of the respondents indicated the law was “known” to them. At the other extreme, 15.2 percent indicated they had “never known” about the PWL. The largest respondent category was 52 percent of employers who answered “knows the law, but does not know the condition,” that is, they did not know what the law required of them.

However, according to three MHLW reports on part-time workers, more employers have begun to use written rather than oral employment contracts with part-time workers (MHLW 2002; MOL 1991a, 1997). Table 8.1 indicates the methods used to explain the expected employment conditions to part-time workers during the hiring process. Three primary methods are identified: 1) reliance on oral contracts, 2) issuing written contracts specifying the conditions of employment, and 3) applying existing work practice rules.

The total indicating the use of “any methods to clarify the working conditions of part-time workers” did not change appreciably in 1990,

**Table 8.1 Employer's Clarification of Part-Time Working Conditions in Hiring (%)**

	Grand total	Clarifying the working conditions by any methods																	
		Total			Mainly unwritten oral contracts			Mainly issuing the contract stating the working conditions			Mainly applying the existing workplace rules			Others			Not clarifying		
		1990	1995	2000	1990	1995	2001	1990	1995	2001	1990	1995	2001	1990	1995	2001	1990	1995	2001
All industries	100.0	98.1	98.2	98.4	66.5	59.6	45.9	15.8	24.6	40.2	13.9	14.4	12.7	1.9	1.4	1.1	1.9	1.8	1.6
number of employees 1,000+	100.0	99.8	100.0	99.9	32.1	18.8	13.5	21.9	31.8	61.0	44.7	47.8	24.9	1.1	1.5	0.5	0.2	0.0	0.1
500-999	100.0	100.0	99.9	100.0	24.0	23.3	13.4	40.2	38.9	68.1	27.4	31.8	18.4	8.3	6.1	0.0	0.0	0.1	—
300-499	100.0	99.1	100.0	100.0	27.1	30.7	23.6	39.5	46.5	62.7	26.2	22.5	13.6	6.3	0.3	0.1	0.9	0.0	—
100-299	100.0	97.7	99.8	99.7	49.7	42.1	44.3	20.9	37.7	44.3	26.3	18.8	11.2	0.9	1.4	0.2	2.3	0.2	0.3
30-99	100.0	98.3	97.7	99.6	64.3	62.3	45.9	21.7	26.3	41.2	9.1	10.9	12.5	3.2	0.5	0.4	1.7	2.3	0.4
5-29	100.0	97.5	97.2	96.7	81.7	81.2	66.6	9.2	12.4	23.5	5.5	5.5	8.5	1.1	0.8	1.5	2.5	2.8	3.3

SOURCE: MHLW 2002; MOL (1991a, 1997).

1995, and 2001, but some response categories changed. For example, the use of “unwritten oral contracts” decreased from 66.5 percent to 45.9 percent between 1990 and 2001. Also “mainly applying the existing work practice rules” declined slightly, from 13.0 percent to 12.7 percent. However, during the same period, the use of written contracts “mainly issuing the contract stating the working conditions” increased from 15.8 percent of employers to 40.2 percent. Clearly a trend toward switching from verbal agreements to written contractual agreements when hiring part-time workers is evident, particularly in large companies with 1,000 or more employees.

Table 8.2 illustrates the same trend toward formalizing employment arrangements for part-time workers. Respondents replying “no part-time working rules” decreased from 38.8 percent of employers in 1990 to 15.2 percent in 2001. A marked decline occurred for all employers except those employing 500–999 employees.

Other evidence of the positive effects of the PWL on management practices is an increase in the percentage of employers who contract employment for a specified period and clearly indicate the termination date of the contract. As Table 8.3 shows, employers who have contracts with part-time workers for work for specified periods of time increased from 30.4 percent in 1990 to 52.9 percent in 2001. Employers who inform part-time workers of their end dates of employment 30 days beforehand increased from 15.8 percent in 1990 to 69.0 percent in 2001. These survey results are consistent with the results in Table 8.1 and Table 8.2 and for companies of all sizes.

**Table 8.2 Companies without Rules for Part-Time Workers (%)**

	1990	1995	2001
Total	38.8	19.9	15.2
Number of employees			
1,000 +	11.4	5.6	2.4
500–999	1.8	10.9	1.8
300–499	20.5	7.2	3.1
100–299	24.3	19.0	5.8
30–99	28.8	23.6	6.5
5–29	53.1	25.4	27.7

SOURCE: MHLW 2002; MOL (1991a, 1997).

**Table 8.3 Situations of Determining Employment Periods and Giving Previous Information Regarding the Termination of Employment (%)**

	Determining employment period															
	Total	Subtotal			Previous information											
					Inform 30 days before			Do not inform 30 days before			Several cases			Not determined		
		1990	1995	2001	1990	1995	2001	1990	1995	2001	1990	1995	2001	1990	1995	2001
All industries	100.0	30.4	40.6	52.9	15.8	66.5	69.0	4.5	4.5	5.3	10.2	29.0	25.8	69.6	59.4	47.1
number of employees	100.0	71.6	80.4	92.2	49.2	79.1	76.4	7.0	5.0	7.4	15.3	15.9	16.2	28.4	17.8	7.8
1,000 +	100.0	67.2	82.2	85.1	44.4	66.3	86.1	13.8	10.3	1.0	9.0	23.4	12.9	32.8	26.1	14.9
500-999	100.0	70.2	73.9	66.7	40.3	62.9	80.9	9.7	6.9	8.5	20.1	30.3	10.6	29.8	50.3	33.3
300-499	100.0	41.2	49.7	62.6	22.8	63.2	59.9	7.9	2.7	7.4	10.5	34.2	32.7	58.8	62.8	37.4
100-299	100.0	27.3	37.2	47.4	12.3	60.3	63.8	4.2	3.6	6.2	10.8	36.1	30.0	72.7	80.5	52.6
30-99	100.0	16.8	19.5	30.1	6.6	55.4	61.5	2.8	3.0	2.9	7.5	41.6	25.6	83.2	80.5	69.9
5-29																

SOURCE: MHLW 2002; MOL (1991a, 1997).

## Public Employment Services for Part-Time Workers

The most significant MHLW service for part-time workers is the national system of public employment service offices,<sup>4</sup> called “part-timers banks,” and their associated satellite offices. The satellite offices offer the same services as the banks, but are smaller offices placed in more locations to improve access by those workers needing their services. The first 3 banks were created in 1982 and the first 15 satellites were created in 1991, followed by the continual increases in the numbers of both types of offices. As of 1998 there were 80 banks and 85 satellite offices.

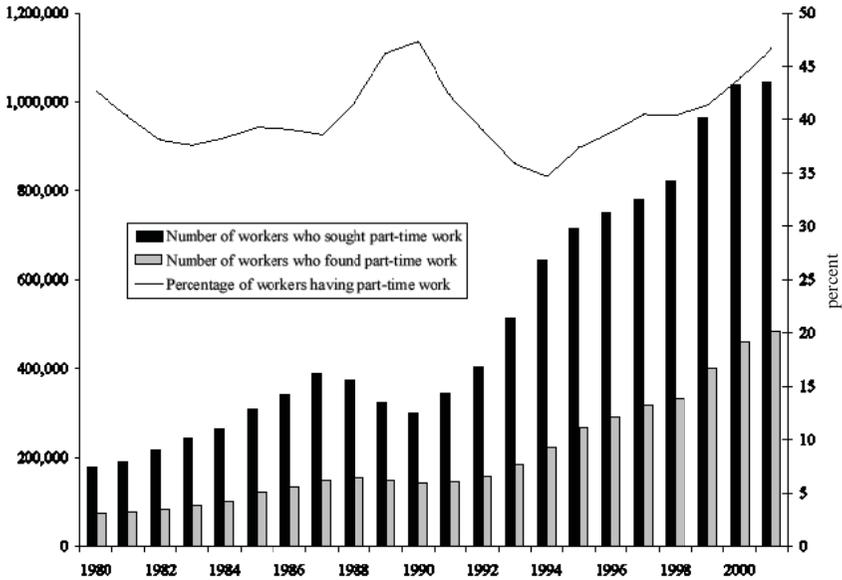
Both the part-timers banks and satellite offices were created specifically to help part-time workers find jobs other than public employment positions. The MHLW provides a variety of services to accomplish this objective. These services include the provision of information about employment opportunities, skills training, individual career counseling, training in job search methods, and other forms of job placement assistance. However, while workers are looking for part-time employment, they have to apply to the regular public employment service office to receive unemployment insurance benefits.

Figure 8.1 shows the number of part-time workers who looked for and found jobs by using all public employment offices, including the part-time workers offices. The number of part-time workers using these services rose from about 178,000 in 1980 to 1,046,000 in 2001. Of these, the number of those who worked more than one month and less than four months ranged between 5,000 and 8,000 in each year.

The number of part-time workers who had jobs rose steadily in most of the years from 1980 through 2001. There were about 485,000 workers with jobs in 2001 as compared to about 76,000 in 1980. The ratio of those who sought part-time jobs to those who found part-time jobs was relatively stable in the range of about 35 percent to 47 percent. The number of the workers who sought and found part-time jobs has increased since the 1990s primarily because during the last recession employers shifted to hiring more part-time workers instead of full-time regular employees to reduce their labor costs.

Figure 8.2 shows the number of part-time workers who looked for and found jobs by using only the part-time worker banks and their satellite offices. From 1982 (when these specialized offices were created)

**Figure 8.1 Number of Workers Who Sought and Found Part-Time Work by Using All Public Employment Offices**

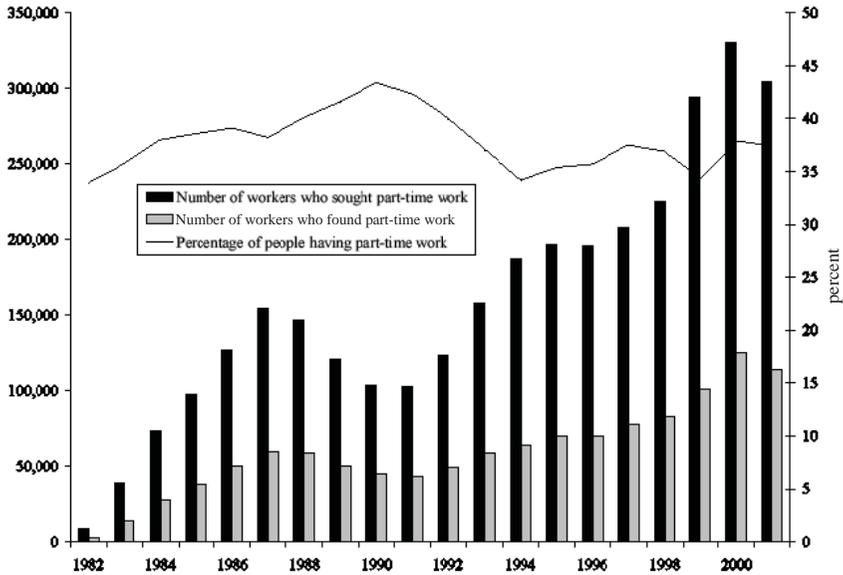


SOURCE: Japanese Ministry of Health, Labour, and Welfare, Annual Reports on Labour Markets.

through 2001, the percentage of part-time workers who found employment with their assistance ranged from approximately 4 percent to 40 percent.

The trend in Figure 8.2 is quite similar to that in Figure 8.1. The number of part-time workers using the services of these offices rose from about 8,500 in 1982 to about 305,000 in 2001. Part-time workers who found jobs also constantly increased from about 2,900 in 1982 to about 114,000 in 2001. The percentage of those being hired was between about 34 percent and 43 percent.

**Figure 8.2 Number of Workers Who Sought and Found Part-Time Work by Using Part-Time Worker Banks and Satellite Offices**



SOURCE: Japanese Ministry of Health, Labour, and Welfare, Annual Reports on Labour Markets.

## EMPLOYMENT POLICIES FOR DISPATCHED WORKERS

Worker dispatching businesses, called temporary employment agencies in the United States and Europe, supply workers to clients who employ these workers in their businesses. Although worker dispatching businesses grew in Japan during the 1970s, their growth was restricted by the Employment Security Law, which prohibited them except where employment arrangements were made by written contracts with strict requirements about the content of the contracts. Since many worker dispatching companies disguised their work as contract work in the 1970s, most were probably illegal.

Thus, although the Japanese government did not prohibit these businesses due to strong market demands for temporary workers, they were

strictly regulated. However, as the number of temporary employment agencies expanded, some regulation became necessary. Consequently, the Worker Dispatching Law (WDL) was enacted in 1985. It created a legal private sector mechanism to supplement the public employment offices in matching workers and employers, with strict regulation of the methods of operation of temporary employment agencies. In addition, a variety of public services were provided to dispatched workers.

The WDL has four major components. First, the law restricts by occupation the kinds of jobs at which dispatched workers can work.<sup>5</sup> Second, it creates two types of worker dispatching businesses: those that handle workers who are already employed, and those that handle workers seeking jobs. The former is usually called “employment dispatching,” and the latter is referred to as “register dispatching.”<sup>6</sup> One business unit cannot offer both types of service. Workers can be registered by one or more dispatching businesses. Third, the law aims to improve the working conditions of dispatched workers. For example, the law requires both the dispatching business and the client company hiring the workers to issue a written contract to dispatched workers, thereby regulating the conditions of employment and dismissal.<sup>7</sup> Finally, the WDL stipulates penalties for possible infractions of the law by dispatching companies.

The last revision of the WDL became effective in December 2000.<sup>8</sup> This revision included four significant changes. First, it changed the regulation from listing only the 26 occupations that could be filled by dispatched workers (the “negative list” system) to listing only the narrow set of jobs for which dispatched workers cannot be hired (the “positive list” system). Second, it sets a limit on the employment period of one year for dispatched workers for the same jobs as those filled by full-time employees to encourage employers to move dispatched workers to full-time regular employment.

Third, the law establishes client employers’ responsibilities for covering the damages of dispatched workers who were discharged before the end of their contracts. This change is designed to address identified abuses of treatment. For example, a Tokyo Metropolitan Government (1999) survey showed that 13.9 percent of register dispatched workers were asked to leave their jobs or were discharged during the contract period; 57.1 percent of dispatching agents had their contracts broken by the client employer.

Finally, the Japanese government was concerned about protecting the privacy of dispatched workers. The revision of the law outlines the responsibilities of the dispatching company for managing individual information.

Public services for dispatched workers are administrated by the MHLW. The main services are the deployment of advisors to provide assistance to employers on managing their dispatched workers and on procedures for handling grievances. The advisors provide training for the management specialists at both the dispatching and receiving client companies. Also, subsidies are provided to help cover the employers' costs for appropriate employment management services for dispatched workers.

Assistance with the handling of grievances is important because there is a high rate of grievances from dispatched workers against both the dispatching and receiving companies. For example, according to the Tokyo Metropolitan Government survey (1999), 30.6 percent of register dispatched workers filed grievances. Grievances cover such matters as contract concerns, wage levels, and shop floor human relations issues. The MHLW also directly receives grievances from dispatched workers through telephone calls. However, since the system covers just a small portion of those who have grievances, it is unclear how effective the advice and consultation provided by telephone is in the settlement of grievances.

## **UNION ACTIVITIES: THE CONTEXT**

Approximately 20 percent of the Japanese labor force was unionized in 2002 (MHLW 2002). Unions are particularly important in large enterprises with more than 1,000 employees; about 55 percent of workers in these large companies are unionized. What makes the Japanese union structure distinctive is the dominance of unions organized at the enterprise level. These enterprise unions account for more than 90 percent of all union membership.<sup>9</sup>

Until relatively recently, Japanese unions did not actively seek part-time workers and dispatched workers as members. However, as the employment of low-wage part-time and dispatched workers has grown,

unions have realized a potential danger: if a gap exists between the wage levels of full-time regular workers and part-time and dispatched workers, employers will seek to replace more expensive full-time regular workers with nonregular workers.

In response to this threat, unions have used two strategies to maintain their bargaining power. First, unions have supported public policies that seek to reduce, and ultimately eliminate, the differences in the employment conditions between full-time regular workers, part-time workers, and dispatched workers. Second, some unions have begun to organize part-time workers as union members to enhance union bargaining power.

## **UNION ACTIVITIES FOCUSED ON PART-TIME WORKERS**

### **Union Involvement in the Development of the Part-Time Work Law**

Labor unions have been heavily involved in the development of Japanese government employment policies, including those aimed at part-time and dispatched workers.<sup>10</sup> The Japanese Private Sector Trade Union Confederation (Private Rengo) strongly supported the PWL and urged the MOL to enact this legislation in 1984.<sup>11</sup> Instead, the Japanese government produced a memorandum on part-time work, which failed to present a clear direction for the growth of part-time work. Subsequently, in 1988 Private Rengo developed its own policies for part-time workers to encourage government commitment to union guidelines.

In response the MOL took two actions in 1989. First, it replaced the 1984 working memorandum with guidelines for employers on part-time work. These guidelines clearly identified part-time workers as a key workforce in industry. They offered guidance to employers on providing appropriate working conditions. Second, the MOL extended the coverage of the Employment Insurance Law, which provides unemployment insurance to qualified part-time workers. However, Rengo criticized the government guidelines because they only offered advice to employers and did not provide a legal enforcement mechanism. Ren-

go continued to advocate the enactment of the PWL from 1990 until its passage in 1993.

The passage of the PWL still did not satisfy Rengo, however. It argued that the PWL did not provide the level of protection for part-time workers that was needed, particularly due to the absence of legal penalties for the employers who did not follow the law. Consequently, Rengo pursued two strategies simultaneously. It continued to develop draft proposals for revisions of the PWL, which were submitted to the MOL. In addition, Rengo again developed new policies on part-time work. It urged discussion of revisions of the PWL in 1996 in the government councils discussing part-time work. In response to pressure from Rengo, the MOL set up the Part-Time Work Special Committee composed of the government, union, and employer representatives. However, no further essential changes have been made in the PWL since its passage in 1993.

### **Organizing Part-Time Workers**

Like other industrialized nations, Japan has experienced a decline in labor union membership rates. However, one growth area is part-time workers. Although the number of unionized part-time workers remains small, the membership rate for part-time workers has increased slightly from 1.5 percent in 1990 to 3.3 percent in 2005 as shown in Table 8.4.

However, labor unions are not enthusiastic about organizing part-time workers, even though increasing part-time worker membership is predicted to strengthen unions. Table 8.5 shows that in 1990 only 10.7 percent of Japanese unions had organized part-time workers and planned to continue to organize them, while 12.6 percent of unions had not organized part-time workers but planned to organize them in the future. In contrast, 56.0 percent of the unions did not and were not planning to organize part-time workers. The wholesale, retailing, and restaurant sectors were more interested in unionizing part-time workers than the service and manufacturing sectors.

The unions that had organized or were planning to organize part-time workers preferred to target only those workers who meet some specific requirements. As Table 8.6 shows, 39.2 percent of the unions targeted all part-time workers, while 56.4 percent of these unions identified potential members by some criteria such as minimum length of

**Table 8.4 The Trends Reflecting Union Membership Rates of Part-Time Workers**

	(1) Number of part-time union members	(2) Number of employees	(3) = (1)/(2) × 100 Union membership rate (%)
1990	97,150	6,290,000	1.5
1991	113,380	6,940,000	1.6
1992	131,880	7,540,000	1.7
1993	155,810	7,980,000	2.0
1994	168,120	8,370,000	2.0
1995	184,240	8,640,000	2.1
1996	196,090	8,890,000	2.2
1997	218,030	9,230,000	2.4
1998	239,600	9,570,000	2.5
1999	244,000	9,930,000	2.5
2000	260,000	10,170,000	2.6
2001	280,000	10,420,000	2.7
2002	293,000	10,970,000	2.7
2003	331,000	10,980,000	3.0
2004	363,000	11,070,000	3.3
2005	389,000	11,720,000	3.3

SOURCE: Number of union members from Japanese Ministry of Health, Labour and Welfare, Basic Survey on Labour Unions. Number of employees from Japanese Ministry of Public Management, Home Affairs, Posts and Telecommunications, Monthly Surveys on Labour Force.

service, hours of work, and annual earnings as a cutoff. For the latter group, the most important characteristics were length of service (45.3 percent) and hours of work (37.6 percent).

Table 8.7 shows the two major reasons unions have not sought to organize part-time workers. Unions reported that these workers do not join enthusiastically in the union activities (29.6 percent). Also, 44.7 percent of the unions perceived the differences between the interests of full-time and part-time union members or part-time workers to be too large for accommodation in the same union.

In contrast to the negative attitude of many unions toward organizing part-time workers, some part-time workers view union membership positively. Based on his analysis of a survey of members of Rengo,

**Table 8.5 Union Interests in Organizing Part-Time Workers, by Industry in 1990 (%)**

	Total of unions where part-time workers are employed	Organized part- time workers or will organize in the future	Did not organize but will organize in the future	Organized part- time workers but will not organize in the future	Did not organize and will not organize	Others	No response
All industries	100.0	10.7	12.6	1.0	56.0	15.5	4.1
Manufacturing	100.0	6.2	9.5	1.6	60.3	18.3	4.2
Wholesale, retailing, and restaurants	100.0	27.4	19.0	0.3	39.1	12.7	1.6
Service	100.0	13.1	14.3	1.0	53.1	13.6	5.0

SOURCE: MOL (1991b).

**Table 8.6 Part-Time Workers Targeted by Union Organizing Activities in 1990 (%)**

	Subtotal of unions that do and will organize part- time workers	All part- time workers	Characteristics used to identify potential members							
			Total	Length of service	Working hours	Kinds of jobs	Annual earnings	Other	No response	No response
All industries	100.0	39.2	56.4 (100.0)	(45.3)	(37.6)	(8.0)	(0.3)	(6.7)	(1.9)	(4.4)
Manufacturing	100.0	33.4	62.8 (100.0)	(47.4)	(36.9)	(3.6)	(0.0)	(7.0)	(5.0)	(3.8)
Wholesale, retailing and restaurants	100.0	23.9	75.4 (100.0)	(49.4)	(35.7)	(4.1)	(0.2)	(10.4)	(0.3)	(0.7)
Service	100.0	61.4	27.5 (100.0)	(28.5)	(40.0)	(29.2)	(2.3)	(0.0)	(0.0)	(11.1)

SOURCE: MOL (1991b).

Boyles (1993) concluded that the attitudes of female part-time workers toward the unions were more positive than those of male and female full-time regular employees. Of the female part-time workers who were already organized in enterprise unions, 30.3 percent preferred the enterprise unions consisting of only part-time members, and 26.0 percent preferred the traditional full-time workers' unions. This contrasted with the 4 percent who preferred other types of union organization, such as regional unions rather than enterprise unions. Thus, more than half of the organized female part-time workers preferred enterprise unions to outside unions.<sup>12</sup> This perspective reflects the popularity of enterprise unions with Japanese workers. These views of part-time workers are consistent with this general attitude toward unions in Japan.

The findings from Furugori (1997) help explain why part-time workers are interested in union membership. She finds that the wage levels of part-time workers in unionized companies are higher than in nonunionized companies. Consequently, joining unions should be advantageous for part-time workers. Boyles (1993) also finds that the union effects on the wage level and job content were relatively higher than expected.

Consequently, it can be concluded that there is a mismatch between the negative attitudes of many unions toward organizing part-time workers and the positive attitudes of part-time workers toward union membership. However, it appears unlikely that the needs and interests of part-time workers will be served by unions in the near future due to the lack of aggressive union organizing activities.

## **UNION ACTIVITIES FOCUSED ON DISPATCHED WORKERS**

### **Union Involvement in the Development of the Worker Dispatching Law**

Unions and employers disagreed on the need for the WDL even before it was enacted in 1985. Unions argued that strong employment protections were needed for dispatched workers because of abuses by client employers. One example was the sudden termination of employment before the expiration of the contract period. Employers who ter-

**Table 8.7 Reasons for Not Organizing Part-Time Workers in 1990 (%)**

	Total	Did not identify reasons	Part-time workers do not join enthusiastically in the union activities	Interests between part-time workers and full-time regular workers do not match	Other reasons
Total of three industries	100.0	7.5	29.6	44.7	18.2
Manufacturing	100.0	6.1	30.5	48.9	14.5
Wholesale, retailing, and restaurants	100.0	3.5	31.5	44.3	20.7
Services	100.0	9.5	29.2	39.7	21.5

SOURCE: MOL (1991b).

minated workers in this manner did not face any penalties. Employers, on the other hand, proposed complete deregulation for worker dispatching businesses. Rengo proposed changes during the reviews of WDL, which were conducted every three years.

The perspectives of unions and employers remained the same in the 1996 and 1999 WDL reviews. For example, Rengo's official position for the revision in 1996 included limiting the type of jobs in which dispatched workers could be hired and promoting stronger protections for the working conditions of dispatched workers. The proposal submitted by Rengo contained five major points. The confederation

- 1) opposed an increase in the number of jobs eligible for dispatched work, the expansion of eligible occupations, and an increase in the permissible length of the employment contract;
- 2) clarified the differences between similar types of employment, such as subcontracted workers, temporary transferred workers, and transferred shop assistants, and secured legal worker dispatching businesses;
- 3) promoted the protection of the working conditions of dispatched workers and the enhancement of their working conditions at the dispatching companies;
- 4) promoted the protection of the working conditions of dispatched workers and enhancement of their working conditions at receiving client companies; and
- 5) supported the strengthening of the inspection system for dispatched working through MHLW.

In contrast to the advice provided by Rengo, the revision of the WDL in 1996 added 12 new occupations for which dispatched workers could be hired, thereby bringing the total to 26 occupations. However, throughout the discussions preceding the 1999 revisions, Rengo continued to argue for expanded use of formal employment contracts in hiring dispatched workers and setting limits on the number of occupations open to dispatched workers. It also continued to document the problems faced by dispatched workers with both dispatching companies and receiving client companies.

The debates preceding the 1999 revisions were intense due to employer efforts to open more occupations to dispatched workers. Rengo expressed three major concerns. First, Rengo argued that the new concept of temporary dispatched worker proposed by employers would result in undesirable expansion of shorter contracted employment at the cost of employment of full-time regular workers. Second, Rengo requested that legal penalties be added to the law so it could be enforced and worker protection from abuses by dispatching companies improved. Finally, Rengo stressed that the law needed a statement of the rights of dispatched workers in the complex triple employment relationship in which they work. However, Rengo's recommendations were not included in the revised law. The 1999 revision expanded both the industries and occupations that could be staffed by temporary workers so significantly that only a few exclusions were retained.

### **Supporting Dispatched Workers**

In contrast to efforts made to organize some of the part-time workforce, Japanese labor unions have not focused on dispatched workers as potential members. Instead of organizing these workers, Rengo has developed telephone services for receiving and handling grievances and troubleshooting for dispatched workers, and providing advice or consultation on issues related to employment and working conditions. These services are similar to the public services that the MHLW provides to dispatched workers.

## **CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH**

Part-time and dispatched workers represent two segments of the nonregular labor force that have grown over the past 20 years in Japan. This chapter reviews the government employment policies and public services provided for part-time workers and dispatched workers in Japan. It also discusses the perspectives of Japanese labor unions on these two groups of workers and union efforts to improve their economic well-being. However, both the Japanese government and labor unions

can do more to protect these workers who are relatively vulnerable to abusive management practices and changing economic conditions.

Several government actions are needed. The MHLW should work with employers to increase their awareness of both the Part-Time Work Law and the Worker Dispatching Law, as well as to enforce the already existing provisions of these laws. In addition, public services to assist part-time and dispatched workers should be expanded and improved. Furthermore, future revisions of these laws should strengthen the protections provided to these two groups of workers. However, improving employment protections for dispatched workers is more complicated since it involves both the dispatching and receiving client companies.

Japanese labor unions have sought actively to counterbalance the influence of employers in the development of public policy toward part-time and dispatched workers. However, unions have placed relatively little emphasis on organizing part-time workers as a means of providing protections for them, and have avoided any organizing activities targeted at dispatched workers. These modest organizing efforts will limit the potential for union growth in the future if these two types of nonstandard employment continue to increase.

There are several issues that should be studied to provide the basis for the development of appropriate changes in public policy for part-time and dispatched workers in Japan. Three topics for future research are identified for each employee group.

Research on part-time workers should examine wage equity, work sharing, and union organizing activities. It is well documented that a gap exists between the hourly wage paid to full-time regular and part-time workers in Japan. Discussions have occurred about the need for equitable pay to eliminate the wage gap between these two groups of workers since this may be the ultimate protection for part-time workers. Researchers should identify policy options for the Japanese government and labor union actions that can eliminate the wage gap.

A second research topic is work sharing. There was heated discussion of work sharing as a panacea to increase employment throughout the recession in the 1990s in Japan. For instance, some companies have started to use “part-time regular workers” whose working hours are shorter than the full-time regular workers’. Since these part-time employees are regular workers, they should have better conditions of employment than traditional part-time workers and they should be paid the

same hourly pay as full-time regular workers. Research can determine how pervasive the use of part-time regular workers is, the availability of people who want to be part-time regular workers, and how their treatment compares with that of full-time regular and traditional part-time workers. Also, the appropriate responses from the government and labor unions should be determined.

Finally, researchers can assist labor unions in a reexamination of their attitudes toward organizing part-time workers. In 2001, Rengo developed a plan to organize part-time workers through its regional branches rather than through the traditional approach of enterprise unions. This plan raises questions about whether the organizing functions of the national center and enterprise unions can be complementary.

Research on dispatched workers should focus on pay levels, the impact of deregulation, and union activities. During recessions companies experience pressure to reduce labor costs, including the cost of dispatched workers. Dispatched workers therefore are at risk for lower rates of pay and unfavorable longer working hours. Research can measure the extent to which dispatched workers are economically disadvantaged during a recession and determine how the government and labor unions can address these problems.

In addition, research can explore the impact of the further deregulation of temporary employment, in particular the effects of revising the WDL to open more occupations to dispatched workers by including manufacturing and assembly workers and changing the permissible contract period. If the WDL is revised, the costs and benefits of the changes should be studied.

Finally, as discussed previously, enterprise unions have opposed the substitution of dispatched workers for full-time regular workers due to the impact on the employment opportunities of their members. However, since the latest WDL revision, increased numbers of dispatched workers have been converted to the status of full-time regular workers in the same company. This change from temporary to permanent status has occurred after the employee has served a trial period as a dispatched worker. The prevalence of this practice, and the implications for organizing efforts of enterprise unions, should be analyzed.

## Notes

1. As discussed in Chapter 7, “regular” or “lifetime” employees are grouped separately from “nonregular” employees who are in nonstandard employment arrangements. This chapter uses the term “nonregular” for consistency with the discussion in the earlier chapter. See Chapter 7 for further discussion of these two groups of nonstandard employees. Also see Wakisaka (1997). In addition to part-time and dispatched workers, the Japanese Ministry of Health, Labour and Welfare (MHLW) regulates employment policies for older nonregular workers, employees who are family members working in a family business, home helpers, and other groups of workers. However, this chapter does not discuss these policies or any tax or social security policies.
2. Employment policies since 1998 have focused on three types of actions to maintain employment: 1) expanding traditional policy approaches such as subsidies for training or to help cover the costs of transferring employees to a related firm, 2) using the traditional public works approach to absorb unemployed workers, and 3) developing new policies, including subsidies designed to support job creation by covering costs in small and medium-sized firms associated with additional human resource needs or wage subsidies for targeted groups such as older workers. For more details see Ohtake (2000).
3. Since the 1984 revision of the Employment Insurance Law which provides unemployment insurance, part-time workers have been able to receive unemployment benefits. Since 1994 part-time workers who work less than 20 hours a week are no longer eligible for unemployment benefits, while those working more than 20 hours but less than 30 hours can participate on a short-term basis. However, they receive smaller benefits than the full-time workers.
4. In addition to the public employment service offices, the MHLW also designates the 21st Century Vocational Foundation, a nongovernmental public agency, as an assistance center for part-time workers. Its main duties are subsidizing the improvement of the management of part-time workers at companies, developing management specialists for part-time workers, and providing consultants to assist employers with the management of part-time workers. According to the MHLW, approximately 18,000 part-time workers have received vocational training every year since 1995 through this organization.
5. The 1994 amendment of the Older Persons Employment Stabilization Law permitted dispatched workers to be over 60 years of age and allowed them to work in any job except those considered “port transport services, construction, guard services, and production services.” The 1996 amendment to the Child Care and Family Leave Act revision permitted dispatched workers to fill vacancies occurring due to child or family care leave. See Araki (1997); Morito (1999).
6. Employment dispatching businesses provide continuous employment for dispatched workers. They place workers for indefinite periods of time or more than one year. These businesses only have to register with the Minister of Health, Labour and Welfare. In contrast, the register dispatching businesses register work-

- ers and find employment for them. The worker is placed for a specified period of time. Since their services are similar to those of the public employment agencies, these businesses have to be approved by the MHLW to ensure they have the resources to operate properly. See Araki (1994).
7. The contract with the dispatching company describes the content of the work to be performed, the location of the work site, the direct supervisor, the length of the workday, including starting and ending times, when overtime may be paid, the length of the employment contract, health and safety concerns, and the staff responsible for the worker at both the dispatching and client companies. The conditions specified in these contracts are negotiated between the dispatching company and the client company. For more details see Araki (1994).
  8. Prior to this revision, dispatched workers were permitted to remain in a job for three years (for more details see Araki [1999]). In 2000 the permissible period of employment was reduced to one year. Employers were encouraged to employ in full-time jobs the dispatched workers who worked for them for one year. Debates about the effects of this revision are increasing, but little is actually known about what is being done by employers. For example, see Yashiro (1999).
  9. In an enterprise union in Japan the wages and conditions of work are negotiated by the union and the employer with little involvement from higher-level union organizations. Decisions are influenced heavily by a sense of being part of a community whose members will share in the future of the business (Shinoda 1997). This approach to labor-management relations has supported the “lifetime employment” practices followed by these enterprises (Nitta 1997) and has maintained stability through close ties between employees and management. However, enterprise unions have evolved somewhat differing features in response to the characteristics of the industry and company in which they operate (Price [1997]. Also see Fujimura [1997]). “The three jewels of the employment system—enterprise unions, lifetime employment and seniority based wages—are not about to suddenly fade into oblivion . . .” (Osawa and Kingston 1996, p. 5).
  10. For a discussion of the evolution of the role of Rengo in the development of government employment policies and the consultation processes employed, see Shinoda (1997).
  11. Shinoda (1997) provides an overview of the history of the growth of national-level unions in Japan following World War II. The Private Rengo was established by 1987 as the new national center for unions in the private sector. In 1989 Private Rengo and the public sector unions combined to create the Japanese Trade Union Confederation (Rengo).
  12. There are several ways to organize part-time workers. For instance, Honda analyzed the way a union organized part-time workers in retailing. He reported organizing methods that did not require these workers to join the existing full-time regular workers’ union. For example, there is a part-time council whose members are only part-timers. The council is legally independent from the existing union of full-time regular workers, but it receives some advice and assistance for its activities from the union. For more details see Honda (1993, 2005).

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