Part-time Work and Work-sharing

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Motivations for the study

- Question:

  Is Japanese employment system risky?
  Yes, because it makes the risk of a marriage high.
  (Once one quits the full time job, it is not easy to find a full time job for women, and wage rate of part-time work is too low.)
The Dutch Model as a reference model

- Essence of the Dutch model
  1. Equal treatment of full-time worker and part-time worker. Part-time workers are regular workers.
  2. Small portion of non-regular worker: “flexible labor” is limited portion in total employment
  3. Women can work and rear children, and enrich family life because work-style is flexible.
Work hour distribution in the Netherlands
Job type distribution in the Netherlands
Comparison of wages

- The equal level of regular worker’s wage.
- Flexible worker’s wage in the Netherlands is around 1.5 time as high as part-time worker’s wage of Japan.
  - implication for Japanese wage level
- Most of flexible workers are young.
Age-wage profiles
Age distribution of flexible workers
The essential difference in stance for work-sharing

- Dutch people utilize work-sharing for enriching their life. The equal treatment reduces the income loss from child rearing, recurrent education, illness of partner, and caring parents.

- In Japan, work-sharing is considered as a tool for maintaining employments.

- Full-time worker accepts shortening working hours only because it reduces the risk of unemployment.
Current state of Japanese part-time workers

- “2001 general survey on part-time worker in Japan” shows that the ratio of part-time employment in the total employment is 26%.

- 65.3% of enterprise answers that the main reason is to decrease labor cost.
Increasing wage gap

- 39.2% employs the part-time worker to cope with the busiest time in a day.
- 31.4% employs the part-time worker for manual job.
- Wage gap between full-time worker and part-time worker expanded from 39.0 to 36.9 within 8 years (2002 White Paper on L.Econ, 2003 ibid. shows that the gap expand from 46 to 41 for male workers.)
Wage gap in distribution industry
Is the current part-time worker’s ratio optimal?

- The ratio of part-time employee is higher in super-markets than that in the department stores.
- The maximum part-time ratio in super-markets is more than 85%, and that in department stores is less than 50%.
- The distributions of both super-markets and department stores shift rightward in time series.
Changes in part ratio:
Department store
Changes in part ratio: Supermarket store
Length of service of part-time worker
Change in the average ratio of part-time employee
Effects of employing part-time workers: Panel analysis

- Part-time ratio has a significantly negative sign on the profit rate.
- The strategy of increasing competitiveness through cost reduction and price reduction may lead to vicious cycle. Low quality -> low price -> low profit -> low quality.
- To distinguish the causality direction, we execute panel estimation by lagged variable of part-time ratio. Stronger negative effect on profits.
High part-ratio decreases labor cost, but decreases profits.

- It is shown that the effect of increasing the ratio of part-time employment on the ratio of labor cost is significantly negative.

- The ratio of part-time employments has significantly negative effect on profits per employee.
Recent part-ratio is not optimal

- For the period 1975-1985, the lagged variable of part ratio has no effect on profit ratio.
- It has significantly negative effect on profit ratio for the period 1985-1998.
- Increase in part-ratio after 1985 means an increase of divergence from the optimal part-ratio.