

## Chapter 7

### Human Resource Management of Japanese corporates with Regard to Conversion to Standard Employment from Non-standard Employment

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#### 1. Introduction - Analytical Objectives of This Report

With the increased utilization of non-standard employees by Japanese companies, non-standard employees have been making up most of employees at work places in retail and service industries and they have become the essential existence in business management. Also, with their work contents and ability improved, more and more non-standard employees have come to work no more differently than standard employees. The former is a phenomenon called “Development of quantitative utilization” and the latter is one called “Development of qualitative utilization” (Honda [2004]). Corresponding to this “Development of utilization” of non-standard employees or for the purpose of taking further development of utilization, companies have been reconsidering various treatments of non-standard employees (Nakamura [1989], Honda [1998], Tokyo Labor Bureau [2002], Takeishi [2003b] *et al.*). Concretely, large number of companies has been replacing the group management system that controls non-standard employees with a unitary hourly wage with the “Individual wage management” (Honda [1998]) system that reflects ability and performance of individual non-standard employees as well as enforcing the system of promotion and enhancement of status with their improved ability. Further, the movement of converting a part of non-standard employees to standard employees has also begun to be seen.

Recently, conversion to standard employment from non-standard employment has been attracting social interests not only as an effective human management

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method that accompanies development of utilization of non-standard employees but also as a way to realize the equal treatment between non-standard employees and standard employees<sup>2</sup> as well as an effort to promote career development<sup>3</sup> of young non-standard employees. With regard to the effect of conversion systems to standard employee on non-standard employee's career development, from the analysis of data that combined work place ballots and individual ballots of "Comprehensive Survey on Actual Situation of Part-time Workers" by the Ministry of Welfare and Labour, Ishihara, Sato and Hara [2006] suggested there is a statistically significant positive correlation between existing conversion systems in the current work place and the wish to become standard employees by non-standard employees, which as the result, indicates that the conversion system to standard employees effectively promote the staying of competent non-standard employees.

However, there are not enough investigational studies on conversion to standard employment. Especially only little analysis has been done on how companies have been proceeding on the conversion, what are the main factors affecting the procedure of the conversion, or how the differences in the procedure have effect on the conversion. Needless to say, companies have its initiatives in deciding implementation and operating the conversion. When discussing the future of non-standard employees and young non-standard employees who have already settled in "Development of utilization," it has becoming necessary to understand the actual situation of conversion to standard employment in detail according to the corporate management and human resource management.

This paper utilizes the results of questionnaire collected by Rengo Research Institute For Advancement of Living Standards [2004], a unique research study on

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<sup>2</sup> Ministry of Health, Labour and [2002] proposes that the employees in charge of the similar role and responsibility to standard employees among part-time employees should be treated as "a short-time standard employee" that is subjective to evaluation of the capacity and the wage determining system in the same way as standard employees although the fixed working time is shorter than standard employees.

<sup>3</sup> For instance, in "Youth Independence and Challenge Action Plan" announced by the Youth Independence and Challenge Strategy Conference in October 2005 as a way to promote constant employment of young people subsiding on part-time work as Furita, development and spread of a manual for constant employment of them are focused.

conversion to standard employment. Firstly we will reveal the differences between companies in implementation of the conversion or the establishment of the systems and then discuss to which extent the factors for these differences can be required in utilizing and rearing non-standard employees in companies. Next, focusing on the companies that enforce the conversion to standard employment, we will confirm differences in human resource management with regard to the conversions among these companies and then verify the effect on the achievement of standard employees.

## 2. Data

This report utilizes the results of the answers to questions related to the conversions to standard employment among “questionnaire inquiry on the diversifications of employment method of young people and its human resource rearing” performed by United General Life Research Institute over the period between July 2003 and August 2003 (hereinafter referred as “United General Research Institute Investigation”). As for the set of data, we received license and entrusting from SSJ Data Archive of Japan Social Research Information center of Social Science Research Institute of Tokyo University.

This research aims to reveal the employment and human resource rearing of young standard employees (standard employees approximately under the age of 30) and tries to understand the actual situation of mid-career recruitment of non-experienced young people and the skill and career development of young people inside companies as well as the conversion to standard employment<sup>4</sup>. Thus, the method of extracting target companies for the questionnaire is different from general random extraction. 3000 companies that met the purpose of the investigation were extracted from recruitment advertisement in recruitment magazines or from websites on Internet<sup>5</sup>.

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<sup>4</sup> Concerning the overview of the investigation results including the situation of recruitment welcoming inexperienced people, it is summed in Sato [2004] as well as in United General Research Institute [2004].

<sup>5</sup> Concretely, the companies that say “have the conversion to standard employment of side-job workers” and that employ job applicants without previous experience in the job they applied are mainly extracted. Refer to Research Institute for advancement of Living Standards [2004:5] for

The extraction way of questionees indicates that the companies surveyed, which enforce the conversion, implementation of conversion to standard employment aggressively most of Japanese companies and may be different from the general situation for conversion to standard employment. However, it is also considered that the actual situation and problems regarding the conversion can become obvious in the companies which are positive to the conversion. Accordingly, although there are some investigations on existence of conversion, this investigation by United General Research Institute is the only research during recent years that has dealt even with the actual situation of the conversion. Therefore, admitting the investigational targets include some bias, we will adopt them as analytical targets in consideration of the importance of the investigational targets and value of the investigational contents.

The number of companies that replied to the questionnaire was 204 out of 3000 (effective replying rate is 6.8%). A part of them (8.8%) was the answers made by other operational sites than the headquarters and head offices, the answers were not about the whole company but about the situation of the operational sites. This report took 129 companies and operational sites (11.6% of them are operational sites besides the headquarters and head offices) which employ non-standard employees such as part-time workers, side-job workers and contract workers under the age of 30 as analytical targets among 204 companies and operational sites that replied to the investigation<sup>6</sup>. Table 1 shows the basic attributes of these 129 companies and operational sites. Service industry makes up approximately one third of all the industries and manufacturing industry and retail industry are relatively high with 13.2% and 11.6% respectively. About the employment scale, companies with less than 29 employees is the highest as 27.1%, those with less than 100 employees is nearly 50% and those with less than 300 employees makes up nearly 70%. Thus, minor enterprises make the majority part. In addition, companies and operational sites that do not have either Labor Union or Employee Association reach nearly 60%

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the details.

<sup>6</sup> Respondents were required not to include “Student side-job workers” in this “side-job workers”.

Table 1: Attributes (%) of Industries surveyed (n=129)

<Industry>		<scale of standard employees>		<presence of labor union or employee association>	
Construction	3.9	<29	27.1	Presence of Labor Union	17.1
Manufacturing	13.2	30-99	22.5	Presence of Employee association	18.6
Wholesale	7.8	100-299	21.7	Presence of the both	0.8
Transport	1.6	300-499	5.4	Presence of none	59.7
Financial and Insurance	3.1	500-999	10.9		
Immovable property	4.7	1000-2999	3.9		
Retail	11.6	>3000	6.2		
Food and Lodging	8.5				
Service	32.6				
Others	10.9				

Data source: from the data set “questionnaire on the diversification of recruiting method of young people and rearing of human resources” performed by Research Institute for Advancement of Living Standards.

The same applies to the other figures below.

### 3. Utilization of Non-standard Employees and Conversion to Standard Employment

#### 3-1 Quantitative and Qualitative Aspect of Utilizing Non-standard Employees and Conversion to Standard Employment

As is mentioned in the preposition, human resource management strategy of the conversion to standard employment has been introduced as quantitative and qualitative development of utilization of non-standard employees. However, it is hardly revealed which sort of utilizing situation of non-standard employees is tied with which sort of conversion to standard employment. Concerning these points, we will confirm the trends observed in the data.

Table 2 shows the relation between the percentage of non-standard employees in respondent companies and operational sites and the situation of the conversion. When classifying the answers by percentage of non-standard employees to the question whether the companies converted to standard employment from non-standard employment during the past three years, less than 50 percent of the companies or operational sites with less than 20% of non-standard employees have enforced

conversion for the part three years, but those with over 20% and less than 50 % of non-standard workers that enforced the conversion during the past three years reaches 56.7%. In case of the companies and operational sites with over 50% of non-standards employees, the conversion rate increases to 84.6%. Especially the increase rate of the percentage of the conversion implementation was high when the percentage of non-standard employees reached more than 50%.

On the conversion to standard employment, Research Institute for Advancement of Living Standards also asked the way of the conversion implementation in addition the results of the implementation during the past three years. This implementation method is divided into three: “enforce the conversion based with the systems established,” “enforce the conversion without the system” or “do not enforce the conversion at all.” The way of implementation and the implementation result during the past three years are not always related. “Do not enforce the conversion at all” is included in “no result of the conversion implementation during the past three years” here. On the other hand, there are some companies that had no result of the implementation during the past three years within those that are categorized as “enforce the conversion with the systems established” or “enforce the conversion without the systems”. Table2 shows the category of the conversion methods depending on the percentage of non-standard employees in each company. In the same way as in the implementation rate of the conversion, the rate of the companies that have the conversion systems increases when the percentage of non-standard employees versus the whole employees gets higher. However, about the rate of the companies that have the systems, those with less than 20% of non-standard employees have 22.7% while those with 50% of non-standard employees have 43.6%. The rising rate with the increased percentage of non-standard employees is not as high as the rate of the conversion implementation during the past three years.

Table 2: The percentage of non-standard employees in the companies and operational sites and the situation of the conversion to standard employment (%).

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
% of non-standard employees					
Less than 20%	44	45.5	45.5	22.7	54.5
20%-50%	30	56.7	30.0	36.7	53.3
More than 50%	39	84.6	10.3	43.6	48.7

How can be thought the changes in the number of non-standard employees have an influence on the conversion to standard employment? According to Table 3, among the companies and operational sites that had almost constant or decreased percentage of non-standard employees during the past three years, approximately 60% of them had a history of the conversion implementation during the past three years and the situation is hardly different from those that had less than 20% increase in the percentage of non-standard employees during the past three years. However the companies and operational sites that had more than 20% increase in the percentage of non-standard employees during the past three years had nearly 80% rate of the conversion implementation during the past three years. Meanwhile, with regard to the establishment of the conversion systems, only 40% of them established the systems with no difference between among any groups divided by the fluctuation patter in the percentage of non-standard employees. The increase and decrease in the percentage of non-standard employees seem to have little to do with the establishment of the conversion systems.

Table 3: Fluctuation of non-standard employees during the past three years and the situation of the conversion to standard employment (%)

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
Fluctuation in the number of non-standard employees during the past 3 years					
More than 20% increase	29	79.3	17.2	41.4	51.7
Less than 20% increase	43	60.5	34.9	37.4	44.2
Almost constant or decrease	47	57.4	34.0	34.0	53.2

Concerning the relation between qualitative aspect of utilization of non-standard employees and the conversion implementation, first of all, how the situation of the conversion implementation can change depending on the difficulty of work that non-standard employees are in charge of at the companies and operational sites was investigated (Table 4). Research Institute for Advancement of Living Standard asked the difficulty of the work non-standard employees are responsible for as a period required for an inexperienced person to learn the work. There were no big difference in the rate of the conversion implementation between the companies or operational sites where the work that non-standard employees are in charge of requires less than three months for an inexperienced person to learn it and those where it requires more than three months; the former has the 66.2% of the conversion enforce and the later has 61.8%. On the contrary, concerning the percentage of the companies or operational sites that have the conversion systems, there was a difference in the answering situation depending on the difficulty of work non-standard employees are in charge of; the sites where non-standard employees' work requires less than three months for an inexperienced person to learn have 29.9% and those where it requires more than three months have 45.5%.

Table 4: The difficulty of the work that non-standard employees are usually in charge of and the situation of the conversion (%)

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
The period required to learn the usual work					
Less than 3 years	65	66.2	27.7	29.2	56.9
More than 3 years	55	61.8	32.7	45.5	43.6

As far as is seen on the basis of the difficulty of the work non-standard employees are usually responsible for, there is no difference in the conversion implementation. However taking it into consideration that the presence of non-standard employees whose work have become highly advanced enough to be similar to standard employees triggered the conversion as a personnel management policy, what is controlling the conversion implementation may be the situation of non-standard employees that are doing more advanced work than usual non-standard employees. Therefore, the situation of the conversion implementation was tallied up depending on the difficulty of the most advanced work that non-standard employees are in charge of in the companies or operational sites that answered (Table 5). However, the conversion implementation was not affected by the difficulty of the work even based on the most advanced work non-standard employees are in charge of: the percentage of the companies or operational sites that have enforced the conversion during the past three years was approximately 64% in both two groups; one is companies or operational sites where the most advanced work of non-standard employees requires more than three years for a inexperienced person to learn and the other is those where it requires more less than three years. On the other hand, with regard to the percentage of the companies that established the conversion as a system, the companies or operational sites with high difficulty of work have high scores, approximately 15 points higher. It was the same as when they were tallied up depending on the difficulty of the work non-standard employees are usually in charge of.

Table 5: Difficulty of the most advanced work that non-standard employees are in charge of and the situation of the conversion (%).

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
The period required to learn the most advanced work					
Less than 3 years	63	63.5	30.2	28.6	57.1
More than 3 years	55	63.6	30.9	45.5	43.6

About the relation between the qualitative aspect of utilization of non-standard employees and the conversion implementation, as far as looking at the situation of the conversion implementation based on the differences in the difficulty of the work non-standard employees are in charge of, the conversion rate does not increase in the companies or operational sites with high difficulty of the work non-standard employees are in charge of. On the other hand, it is suggested that the companies or operational sites with more difficult work non-standard employees are responsible for may tend to establish the systems for the conversion. In addition, as a qualitative aspect of utilization of non-standard employees, let's look at the relation to the conversion by taking into consideration the position non-standard employees are assigned to (Table 6).

Depending on the highest position where non-standard employees are assigned, the situations of the conversion implementation were tallied up. Different from the tally based on the level of the work non-standard employees are in charge of, there were differences between different groups depending on the existence of the conversion implementation during the past three years and also on the existence of the conversion systems. With regard to existence of the conversion implementation during the past three years, the percentage of the implementation was 56.6% in the companies or operational sites where non-standard employees are not assigned to a position where instruction or evaluation is to be performed while the percentage was 75.7%, about 20% higher in the companies or operational sites where non-standard employees in the highest position can get a position to perform instruction or

evaluation. Also, about the percentage of the companies or operational sites that have the conversion systems, the percentage was 45.9% in the group where the highest position can be a position to perform instruction or evaluation and nearly 15 points higher than the group where non-standard employees never get a position to perform instruction or evaluation. The results of tallies in Table 5 and Table 6 show that the conversion implementation is not promoted by the development of utilization in the content of the work but there is a possibility that the conversion is promoted by the development of utilization in terms of office organization.

Table 6: The highest position non-standard employees are assigned to and the situation of the conversion (%).

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
The position of non-standard employees					
Not a position to do instruction or evaluation	83	56.6	33.7	30.1	56.6
A position to do instruction or evaluation	37	75.7	21.6	45.9	37.8

3-2 Guidelines and Strategies for the Staying and Rearing of Non-standard Employees and the Conversion to Standard Employment

In addition to the aspects related to utilization of non-standard employees as itself including the scale of non-standard employees utilized and sorts of work and position they are assigned to, what can be thought to have an influence on the conversion to standard employment is the attitude and strategies of companies and operational sites toward staying and rearing of non-standard employees. There is a possibility that companies and operational sites more positive to staying and rearing of non-standard employees promote the conversion implementation or systemize it for the purpose of enhancing the motivation of non-standard employees toward their staying and career development. The analytical result in the preposition by Ishihara, Sato and Hara [2006] suggests this possibility. It is also possible to consider that

companies or operational sites that put their efforts on rearing non-standard employees promote the conversion and try to take further advantage of them in order to recover the rearing cost.

Table 7 shows the tallied situations of the conversion classified by the period for which non-standard employees under the age of 30 usually hope to work. According to this cross tally, there are hardly differences in the conversion implementation or in the presence of the systems between different lengths of the period for which non-standard employees hope to work. Looking at the history of the conversion implementation during the past three years, the percentage of the conversion implementation is higher in the group where non-standard employees hope to work for less than three years.

Table 7: The working period non-standard employees under the age of 30 usually hope and the situation of the conversion (%).

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
Working period non-standard employees hope					
Less than 3 years	61	68.9	23.0	34.4	55.7
More than 3 years	60	60.0	36.7	38.3	46.7

Concerning the relation between the rearing of non-standard employees and the conversion, first of all, it will be confirmed how the situation of the conversion can change depending on the way of assigning work to non-standard employees. Research Institute for Advancement of Living Standards asked the way of assigning work to usual non-standard employees and that to especially competent non-standard employees. There were not significant differences in the history of the conversion implementation during the past three years between companies and operational sites that allot supplementary or certain range of work to usual non-standard employees and those that allot various or highly-skilled work to them. Rather, higher percentage

of the companies or operational sites with a history of the implementation in the former. Also, about presence or absence of the systems, the latter has 10-point higher percentage of the companies or operational sites that have the systems (Table 8).

On the other hand, looking at the changes in situation of the conversion depending on the way to allot work to especially competent non-standard employees (Table 9), there were hardly differences in the conversion implementation during the past three years depending on the way to allot work to them. In addition, with regard to existence of the systems, there was little difference, although companies or operational sites that allot various or high-skilled work to non-standard employees have higher percentage for it. It may be the case that the differences in rearing guideline seen in the way of allotting work to non-standard employees affect slightly the presence of the systems but they are hardly related to the situation of the conversion implementation.

Table 8: The way to allot work to usual non-standard employees and the conversion (%)

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
The way to allot work to usual non-standard employees					
Supplementary or certain range of work	29	62.1	20.7	31.0	55.2
Various or high-skilled work	90	66.7	30.0	38.9	47.8

Table 9: The way to allot work to especially competent non-standard employees and the conversion (%)

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
The way to allot work to especially competent non-standard employees					
Supplementary or certain range of work	91	65.9	26.4	33.0	58.2
Various or high-skilled work	29	58.6	37.9	44.8	27.6

Next, it will be seen how much the situation of the conversion changes depending on existence of various approaches toward the rearing of non-standard employees. Among the approaches taken to train non-standard employees under the age of 30, those that are in operation in relatively large number of companies or operational sites were picked out<sup>7</sup>. Fig.10 sums up the situation of the conversion in companies or operational sites for each approach. About the history of the conversion implementation during the past three years, the percentage of the implementation was slightly high in the companies or operational sites that answered, “Training is given in employment” or “In-house training is given regularly.” However the percentage in the companies or operational sites that take all the approaches including these two approaches was not significantly different from the percentage of the whole companies and operational sites subject to the analysis.

On the contrary to this, concerning the rate of the companies or operational sites that answered they have the systems for the conversion, companies and operational sites that take several approaches have a higher rate compared to all the companies and operational sites subjective to the analysis. With regard to the rate of the companies or operational sites that established the systems, the rate was 34.4% in the whole companies or operational sites subjective to the analysis while it was over 50% in those that take such approaches as “give regularly in-house trainings”, “give trainings at the time of employment,” “hold occasions for consultation on career” and “support license acquisition inside and outside the company”.

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<sup>7</sup> Here, approaches are picked out which more than 20 companies operational sites operate for the rearing of non-standard employees

Table 10: Approaches taken to rear non-standard employees under the age of 30 and the situation of the conversion (%).

	n	Conversion implement during the past 3 years	No conversion implement during the past 3 years	Conversion with the systems	Conversion without the systems
The number of all the companies and operational sites analyzed	129	62.8	29.5	34.9	51.2
Make a manual of the duties	73	67.1	27.4	31.5	53.4
Make bosses or senior employees responsible for training	72	69.4	25.0	43.1	47.1
Training in employment	49	71.4	26.5	51.0	30.6
Regular in-house trainings	39	71.8	23.1	53.8	35.9
Support self-edification	28	60.7	39.3	42.9	35.7
Hold consultation opportunities for career	26	69.2	23.1	50.0	43.2
Make a skill list for each skill license	22	63.6	31.8	40.9	50.0
Support license acquisition inside and outside the company	20	65.0	30.0	50.0	35.0

\*Note: Numbers in the column “n” mean each number of the companies or operational sites that take each corresponding approach listed in the left column for non-standard employees.

As far as looking at the tally above, the possibility is high that the likeliness for the staying of non-standard employees does not have much influence on either the conversion implementation or the arrangement of the systems. On the other hand, the guideline and approaches for rearing non-standard employees, especially practice of such approaches as trainings and career development seem to have something to do with the arrangement of the conversion systems, although they have little influence on the conversion implementation.

### 3-3 Utilization and Rearing of Non-standard Employees and the Conversion to Standard Employment

From the result of the cross tallies so far in this section, it has been revealed that the following relation can be found between the utilization of non-standard employees and the situation of the conversion. First of all, the higher percentage of non-standard employees versus the whole employees that companies and operational sites hold, that is, the more advanced development of quantitative utilization they have, the higher possibility there is for the conversion implementation. Secondly, the

companies or operational sites where the number non-standard employees have increased recently are more likely to enforce the conversion than those where the number of non-standard employees has been almost constant or decreased. Thirdly, different from the quantitative aspect of utilization of non-standard employees above, even if the level of work that non-standard employees are in charge of gets higher than the position they are disposed to, it does not affect the conversion implementation. However, fourth, the higher level of work and limitation of the position for non-standard employees companies or operational sites set the higher possibility there is for the arrangement of the system. Fifth, the likeliness toward the staying of non-standard employees by the companies or operational sites and presence or absence of the human resource management strategy for rearing non-standard employees must have something to do with the conversion systems although they have little to do with the conversion implementation.

There is a question if the relations above can be found if the influence of basic characteristics such as types of industry of companies or operational sites and the scale of the whole employees, trend of the demand for labor inclusive of standard employees and other variables are made constant. With the aim to confirm this aspect, probit analysis was performed with variables listed in Table 11 as independent variables and with presence or absence of the conversion implementation during the past three years and that of the conversion systems as dependent variables<sup>8</sup>.

There is a statistically significant positive correlation between the conversion implementation during the past three years and the rate of non-standard employees in companies and operational sites (Table12, analysis (1)). However there is no significant correlation with increase or decrease of the number of non-standard employees. In addition, as for the level of work usual or most advanced non-standard employees are responsible for and the position of non-standard employees, they do not have correlation with the conversion implementation during the past three years. It was the same as shown in the cross tally. This result shows that the conversion to

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<sup>8</sup> Regarding to the variables on achievement of non-standard employees during the past three years, “with achievement” = 1 and “without achievement” = 0. About the variables on presence or absence of the systems “with the systems”=1 and “without the systems”=0.

standard employment is not likely to happen in reality unless there is an increase in the rate of non-standard employees that occupy companies or operational sites, even if development of qualitative utilization of non-standard employees is promoted.

On the other hand, presence or absence of the conversion systems has a significantly positive correlation to the level of usual work non-standard employees are in charge of. On the contrary to this, with regard to the level of the highest work non-standard employees are in charge of and the position non-standard employees are disposed to, neither of them has a statistically significant correlation to presence or absence of the conversion systems. Also, about the rate of non-standard employees in companies or operational sites and the recent increase or decrease in the number of non-standard employees, they do not have any significant correlation to presence or absence of the conversion systems. In other words, concerning the systems, in the opposite to presence or absence of the conversion implementation, they are not likely to be established despite the promoted development of quantitative utilization of non-standard employees unless there is development of qualitative utilization such as enhancement of work for non-standard employees. It seems that development of qualitative utilization arising among only a part of competent non-standard employees does not lead to the conversion systems and that the establishment of the systems is not likely to be promoted unless there is a movement toward development of qualitative utilization of the whole non-standard employees working in companies or operational sites (Table 12, analysis (2)).

What can be the relation between presence or absence of the conversion systems and the guideline or strategies for training non-standard employees? The analysis was performed by changing following variables as independent variables: variables on basic characteristics of companies or operational sites and the demand for labor, the way to allot work to non-standard employees, presence or absence of the implementation of strategies that seem to be related to presence or absence of the conversion systems in cross tabulation (Table 12, analysis (3)). There was a significant positive correlation observed between holding consultation opportunities on career and establishing the conversion systems. The reason that there were

correlations between them is probably because both holding consultation opportunities on career and establishing the conversion systems are outcomes that companies or operational sites are considering the time-consuming career development of non-standard employees.

Table 11: Definitions of independent variables used in the analysis

The rate of non-standard employees (%)	The number of non-standard employees ÷ the number of the whole employees × 100
Increase and decrease of non-standard employees	“The number of non-standard employees was increased during the past 3 years.” =1; “The number of non-standard employees was constant or decreased during the past 3 years.” =0
Level of work for non-standard employees (usual)	Period required for an inexperienced person to learn the usual work non-standard employees are in charge of. “Less than 1 month” =15, “between 1 month and 3 months” =60, “between 3 months and half a year” =135, “more than half a year” =270
Level of work for non-standard employees (the most advanced)	Period required for an inexperienced person to learn the most advanced work non-standard employees are in charge of. “Less than half a year” =90, “between half a year and 1 year” =270, “between 1 year and 3 years” =720, and “more than 3 years” =1620
Position of non-standard employees	“Assigned to a position to perform instruction or evaluation” =1, “not assigned to a position to perform instruction or evaluation” =0
The way to allot work to usual non-standard employees	“Allot various or high-level work to usual non-standard employees” =1, “do not allot various or high-level work to usual non-standard employees” =0
The way to allot work to competent non-standard employees	“Allot various or high-level work to competent non-standard employees” =1, “do not allot various or high-level work to competent non-standard employees” =0
Supporting license acquisition inside and outside the company	Supporting license acquisition inside and outside the company for non-standard employees “perform” =1, “do not perform” =0
Holding consultation opportunities on career	Consultation opportunities in the company for non-standard employees, “hold” =1, “do not hold” =0
Holding in-house trainings regularly	Regular in-house trainings for non-standard employees, “hold” =1, “do not hold” =0
Service industry	“Companies or operational sites in service industry” =1, “companies or operational sites in non-service industry” =0
Manufacturing industry	“Companies or operational sites in manufacturing industry” =1, “companies or operational sites in non-manufacturing industry” =0
The number of the whole employees	“companies or operational sites with more than 100 employees” =1, “companies or operational sites with less than 100 employees” =0
Increase or decrease in the number of standard employees	“Increase in the number of standard employees during the past 3 years” =1, “constant or decrease in the number of standard employees during the past 3 years” =0

Table 12: Probit analysis on presence or absence of the conversion implementation and presence or absence of the conversion systems

	Presence of absence of the implementation during the past 3 years			Presence or absence of the systems						
	Analysis(1)			Analysis(2)			Analysis(3)			
	B	S.D.		B	S.D.		B	S.D.		
The rate of non-standard employees (%)	0.015	0.006	**	0.004	0.006					
Increase and decrease of non-standard employees	0.080	0.298		-0.171	0.300					
Level of work for non-standard employees (usual)	0.001	0.002		0.005	0.002	**				
Level of work for non-standard employees (the most advanced)	0.000	0.000		-0.001	0.000					
Position of non-standard employees	0.188	0.358		0.370	0.340					
The way to allot work to usual non-standard employees							0.418	0.347		
The way to allot work to competent non-standard employees							-0.151	0.334		
Supporting license acquisition inside and outside the company							-0.021	0.392		
Holding consultation opportunities on career							0.622	0.362	*	
Holding in-house trainings regularly							0.445	0.307		
Service industry	0.547	0.337		0.577	0.319	*	0.427	0.344		
Manufacturing industry	0.068	0.385		0.693	0.386	*	0.221	0.434		
The number of the whole employees	0.821	0.295	***	0.574	0.298	*	0.644	0.334	**	
Increase or decrease in the number of standard employees	0.163	0.296		0.132	0.283		-0.038	0.314		

Note. \*\*\*: 1% significant standard level \*\*: 5% significant standard level \*: 10% significant standard level

#### 4. The Way of Promoting the Conversion for Standard Employment and the Possibility of the Conversion

##### 4-1 The purpose and the Way of Promoting the Conversion

So far, we have analyzed the utilization of non-standard employees in companies or operational sites in relation to the situation of the conversion such as presence or absence of the implementation history in the past and presence or absence

of the conversion systems. In the following, we will focus on the conversion itself and look at the content of the conversion in 81 companies or operational sites that have actually enforced the conversion during the past three years as well as the difference and similarity depending on the presence or absence of the conversion systems.

First of all, as a function of the conversion, despite presence or absence of the conversion systems, the largest number of the companies or operational sites supported “enhancement of the staying of competent non-standard employees and their motivation for work” and the second largest number of companies or operational sites supported “supplementation for standard employees”. With regard to the function of “enhancement of the staying of competent non-standard employees and their motivation for work”, the indication rate was slightly higher in the companies or operational sites that have the conversion systems. On the contrary, concerning “supplementation for standard employees”, the indication rate was slightly higher in the companies or operational sites that enforce the conversion without the systems established. Other than these 2 items, with regard to “the trial period to choose human resource to employ”, there was difference in the indication rate depending on presence or absence of the conversion systems and the companies or operational sites that have the conversion systems had nearly 9 points higher indication rate. Although the roles expected to conversion to standard employment in the companies or operational sites that enforced the conversion are not significantly different depending on presence or absence of the conversion systems, there is a tendency that the companies or operational sites that have the conversion systems have slightly stronger attitude toward using the conversion so as to choose competent human resources among non-standard employees (Table 13).

Table 13: Functions of the conversion (%)

	Implement the conversion with the systems	Implement the conversion without the systems
n	41	40
Enhancement of the staying and the motivation for work of competent non-standard employees	87.8	75.0
Supplementation for standard employees	43.9	52.5
The trial period to choose human resource to employ	41.5	32.5
Enhancement of the staying and the motivation for work of the whole non-standard employees	31.7	32.5
Giving high education opportunities to competent non-standard employees	22.0	20.0
Facilitating hiring of non-standard employees	12.2	10.0

As for the range of non-standard employees that were informed of the conversion implementation, there is a difference depending on presence or absence of the conversion systems. The rate of companies or operational sites that informed all the non-standard employees of the conversion implementation reached approximately 80% in those that have the conversion systems while the rate stayed only at about approximately 40% in those that enforce the conversion without the systems. Among the latter, approximately 20% of them do not inform the non-standard employees at all (Table 14).

Table 14: The range of non-standard employees informed of the conversion implementation (%)

	n	All	Only the candidates	None
Implement the conversion with the systems	41	78.0	14.6	7.3
Implement the conversion without the systems	40	43.6	35.9	20.5

What are the requirements asked for the candidates when the companies or operational sites with a conversion implementation history during the past three years choose the candidates for conversion to standard employment (Table 15)? What the

largest number of the companies or operational sites indicated was “recommendation by the boss” and almost the same number of the companies or operational sites indicated “adaptable to the working conditions required for standard employees”. Among others, “satisfy the standard level for duty achievement”, “adaptable to changes in the content of work and of the position” and “able to accept moving with transfer” are the requirements that relative significant number of the companies or operational sites ask from the candidates. “A non-standard employee applies for a standard employee” is also one of the requirements. In addition, concerning most of the requirements asked by the these companies or operational sites, there are a few differences in indication rates between the group with the conversion systems and the group without the conversion systems except for the requirement “satisfy the standard level for duty achievement”. What is required from non-standard employees by companies or operational sites in the conversion is getting recommendation from a boss of the department they belong to and being flexibly adaptable to changes in working time or the content of work as well as being able to perform certain level of duty achievement. These requirements are not different depending on presence or absence of the conversion systems.

Table 15: Requirements for choosing the candidates for the conversion (%)

	Implement the conversion with the systems	Implement the conversion without the systems
n	41	40
Recommendation by the boss	78.0	72.5
Adaptable to the working conditions required for standard employees	73.2	77.5
Satisfy the standard level for duty achievement	58.5	42.5
Adaptable to changes in the content of work and of the position	51.2	50.0
Application by oneself	41.5	45.0
Able to accept the moving with transfer	34.1	27.5
Working duration longer than a certain period.	31.7	15.0
Not having a plan to change jobs or leave the company	26.8	17.5
Younger than certain age	12.2	7.5
License inside the company satisfies the standard	4.9	2.5
Education background satisfies the standard	4.9	2.5
Older than certain age	2.4	12.5
Within a range of the age	2.4	2.5

Note: About the requirement “working duration shorter than a certain period” that no company or operational site supported is not listed on this table.

About the standard for actually choosing non-standard employees for the conversion, Research Institute for Advancement of Living Standards investigation asked one more aspect that is important for choosing the person for the conversion among the candidates (Table 16). The answers that were regarded as important among large number of companies or operational sites that have enforced the conversion during the past three years include such items as “motivation toward work”, “knowledge or skills on duties”, “duty achievements” and “cooperative personality”. On the contrary, only a few companies or operational sites indicated “result of paper exams for the conversion”, “result of interviews for the conversion”, “long period of working for the company”, “licenses inside the company” or “being young”. There was no company or operational site that emphasized on “education background” or “the financial necessity of the person (such as being married or having a child)”. With regard to the difference in indication rates caused by presence or absence of the

conversion systems, although there was a relatively significant 10 points in “result of paper exams for the conversion”, in other items there were slight differences in the indication rates. There are few differences depending on presence or absence of the systems in the aspect regarded as important in choosing the person for the conversion among the candidates, and it was the same situation as requirements asked for the candidates.

Table 16: Aspects regarded as important in choosing a person for the conversion (%)

	Implement the conversion with the systems	Implement the conversion without the systems
n	41	40
Motivation for work	80.5	75.0
Knowledge or skills on duties	51.2	57.5
Duty achievement	34.1	27.5
Cooperative personality	31.7	40.0
Leadership	26.8	25.0
Hopefulness after the conversion	24.4	27.5
Result of paper exams for the conversion	12.2	2.5
Result of interviews for the conversion	9.8	7.5
Long working duration	4.9	0.0
License inside the company	2.4	0.0
Being young	2.4	5.0

Note: “Being old”, “Education background” and “Financial necessity of the person” that no company or operational site supported is not listed on this table.

Looking at how the conversion has been promoted in the companies operational sites that have enforced the conversion recently, majority of them are utilizing the conversion for the purposes of maintaining the motivation of competent non-standard employees, supplementation for standard employees and choosing human resource to be employed as standard employees. Also, about the selection of non-standard employees for the conversion, there is a tendency that these aspects are regarded as important such as being able to get recommendations from a boss of the department they work for and cooperative personality and being adaptable to changes in working time or the content of work as well as knowledge or skills on the work,

performance of work and motivation toward work. As for these purposes of the conversion of non-standard employees or the items regarded important in the selection, there is not so much difference between the companies or operational sites with the conversion systems and those without the conversion systems although there are some exceptions. However, there is a significant difference depending on presence or absence of the conversion systems as for the range of non-standard employees that were informed of the conversion implementation. Among the companies or operational sites that have conversion systems, the majority of them have informed non-standard employees of the conversion implementation while among those that do not have the conversion systems, the majority of them inform only the candidates for the conversion or do not confirm non-standard employees at all.

#### 4-2 Presence or Absence of the Conversion Systems and the Possibility of the Conversion

How can it affect the conversion to standard employment as a result of establishment of the conversion systems? Here, it will be analyzed how the possibility of the conversion can change depending on presence or absence of the conversion systems. There is hardly any change in requires asked from non-standard employees that can be the candidate for the conversion or aspects regarded as important in the selection depending on presence or absence of the conversion systems. In other words, as far as the data concerned, in the companies or operational sites that have the conversion systems or those that do not have them, the conversion from non-standard employees to standard employees is not particularly difficult to enforce. The difference because of presence or absence of the conversion systems was seen in the range of non-standard employees that were informed of the conversion implementation. Majority of the companies or operational sites that have the conversion systems have informed all of the non-standard employees about the conversion implementation and if there is little difference in requirements to become standard employees depending on presence or absence of the conversion systems, it is also considered that there is a higher possibility of the conversion because of more

frequent conversions enforced in the companies or operational sites that have the conversion systems.

Here the possibility of the conversion will be regarded as the rate of the converted employees versus the whole non-standard employees. However, Research Institute for Advancement of Living Standards investigation did not ask the rate directly. What the investigation asked was the number of converted employees during the past three years since the point of the investigation and that of non-standard employees at the point of the investigation. Then, the average value of the converted employees per year was calculated by dividing the number of the converted employees during three years by 3. This mean value was divided by the number of non-standard employees at the point of the investigation to produce the approximate value<sup>9</sup> of the rate of the converted employees. Making this approximation as a dependent variable, presence or absence of the conversion systems as an independent variable, and using control variables including those on the basic characteristics of companies or operational sites and on the demand for labor, and those on quantitative and qualitative utilization of non-standard employees, multiple linear regression analysis was performed.

As a result of the analysis, there was a significant positive correlation between the conversion systems established and the possibility of the conversion even by controlling basic characteristics and the situation of the utilization of non-standard employees. The conversion systems for standard employment can contribute to the growth of the conversion opportunity for non-standard employees through the broader range of acknowledgment among non-standard employees.

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<sup>9</sup> In this investigation, the rate can exceed 1 in case the number of current non-standard employees is lower than that of the converted employees per year because of the unclear number of non-standard employees at the point of the conversion. There was such a case among the companies or operational sites that enforced the conversion during the past three years and it was excluded from the subjects for the multiple regression analysis.

Table 17: Multiple Linear Regression Analysis on the Conversion Opportunity from Non-standard Employees to Standard Employees

	$\beta$	t
Constant		4.805 ***
Presence or absence of the systems	0.269	2.147 **
Rate of non-standard employees (%)	-0.443	-3.491 ***
Increase or decrease in non-standard employees (%)	-0.104	-0.832
Work Level of non-standard employees (usual)	-0.207	-1.659
Manufacturing industry	-0.070	-0.501
Service industry	0.033	0.260
The number of the whole employees	-0.293	-2.304 **
Increase or decrease in standard employees	0.053	0.440

Note 1. \*\*\*: 1% significant standard level \*\*: 5% significant standard level \*: 10% significant standard level

Note 2. "Presence or absence of the systems" is set as dummy variables with having the systems = 1 and Not having the systems = 0. Refer to Table 11 for the other variables used in the analysis.

## 5. Summary and Conclusion

In this report, with regard to the conversion that have been penetrated with the expansion of the utilization of non-standard employees, the situation of the implementation in companies was seen from two different points of view, that is, the achievement of recent years and the arrangement of the systems. Then relations with the utilization and the training of non-standard employees were investigated. As a result, it was found that in the companies or operational sites that allow some non-standard employees to be in charge of advanced work, despite the promoted arrangement of the conversion systems, the possibility of the conversion implementation is not enhanced. What is affecting the conversion implementation is the rage of non-standard employees in companies or operational sites. In other words, it is the extent of progression in development of quantitative utilization and the more progressed the development of quantitative utilization in companies or operational sites is, the more likely the conversion is enforced in the companies or operational sites.

Concerning the companies or operational sites that enforced the conversion in recent years, the situation of the conversion implementation was looked at while focusing on similarities or differences caused by presence or absence of the

conversion systems. Although there was no difference in the requirements for the candidates for the conversion among non-standard employees depending on presence or absence of the systems, there was a broader range of non-standard employees informed of the conversion implementation in the companies or operational sites that have the conversion systems. Then, by analyzing the relation between presence or absence of the conversion systems and the conversion opportunity, it was found that the conversion opportunity is higher in the companies or operational sites that have the systems and that the broader acknowledge of the conversion implementation among non-standard employees attained by the system arrangement contributes to further conversion opportunity.

From the analytical result above, it is clear that the arrangement of the conversion systems is effective for promoting the conversion to standard employment. In other words, even if the conversions are enforced in reality, there is a high possibility that the demand of non-standard employees for the conversion to standard employment is neglected so that the career development of motivated non-standard employees can be more hindered unless the systems are arranged.

However, the arrangement of the systems itself is not enough for the conversion implementation. From the situation of the conversion and the analytical result in this report of the relation with the utilization and the training of non-standard employees, it is understood that if the rate of non-standard employees is small, the conversions are not likely to be enforced even in companies or operational sites where development of quantitative utilization of non-standard employees is promoted and the conversion systems are established. In this case, dissatisfaction of non-standard employees can get worse than any other cases owing to the promoted development of qualitative utilization, if there is a demand for the conversion among non-standard employees but it is not realized because of the absence of standing non-standard employees. While, it does not matter so much if a small number of non-standard employees hope for the conversion to standard employment because of the small rate of non-standard employees occupying the companies or operational sites.

Either about the arrangement of the conversion systems or about the appropriate

operation of the arranged systems, what is required for the improvement of the situation is the efforts in human resource management of companies or that in labor and management that affects human resource management in each company or operational site. In the same time, social and strategic efforts will be asked for such as provoking interests in the conversion to standard employment and collecting, analyzing and modeling of successful examples in order to promote these efforts inside companies.

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