

### Deregulation of employment law after 1990 and its effects on Japanese Corporate Governance

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## 第4章 “Deregulation of employment law after 1990 and its effects on Japanese Corporate Governance”

Toshihiko Hozumi

「1990 年以後の雇用法制の規制緩和と日本の企業統治に  
及ぼしたその影響」

### Summery;

In this paper I would like to investigate the situation of Japanese labor market especially atypical employment (part-timer, contract employee and dispatching worker etc.) after 1990.

In the first part, I would like to investigate the process of deregulation of Japanese labor market after 1990 and increase of atypical employment of Japanese enterprises as the effect of this deregulation. After the boom period with high inflation from 1885 to 1990, the bubble economy crashed at 1990 and the Heisei depression began. Many enterprises including large enterprises stopped to accept new college graduates as employee. But they wished to accept rather atypical workers. The deregulation of labor market was carried out in 1990er under the effect of the globalization in this period.

The enterprises of the manufacturing industries wished to cut down the productive costs of their companies from the pressure of international competition of other countries, which can use cheaper wages. And further the neo-liberalism stream influenced on Japanese enterprises and politicians. The Japanese government under the Prime Minister Koizumi and the financial minister Takenaka tried to deregulate economic regulations such as employment laws. And from this deregulation, atypical employment increased not only in special sectors but also in ordinary manufacture. .

In the second part, I would like to investigate the effect of the world financial crisis upon the atypical employment after 2008, namely drastic increase of employment losses of atypical employment with short social safety nets. As the increase of atypical employment in this period was too rapid and the social safety net for this atypical employment was not sufficiently equipped, many atypical employee have lost their work for example in automobile industry and electric industry from September,2008 and as

consequence their situation became worse.

In the third part, I would like to investigate how Japanese corporate governance has changed from the impact of increasing of atypical employee.

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- I . Deregulation of employment system
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- III. The effects of the growth of atypical workers after 1990 on the Japanese corporate governance

## **I . Deregulation of employment system**

### **1. Transition of employment law**

In the period of the breakdown of bubble economy (1991-1997), the rate of full unemployment became 3% in 1995 and was tending upward afterward. While this period the employed of the second industry sector diminished and the third industrial sector absorbed the surplus workers. The following laws were enforced as employment policies. For example, the Act on the Promotion of Improvement of Employment Management in Small and Medium sized Enterprises for Securing Manpower and Creating Quality Job (1992), the Law Concerning Stabilization of Employment of Older Person (1995), the Law Concerning the Welfare of Workers who Take Care of Children or Other Family Member(1995) and the Law Concerning Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers(1996).

In the period of the Asian Financial Crisis (1997-2000), the rate of full unemployment was over 4% in 1998, rose to 4.7% rapidly in 1999, to 5% in 2001 and to 4.7% in 2004. The number of the unemployed was over 2,000,000 in 1995 and became to 3,590,000 in 2002. As the employment policies they enforced the revised Employment Insurance Law(1999), the revised Law Concerning Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers(1996) and took the urgent economic policy (1998) and the urgent employment policy(1999).

In the period of neo-liberalistic economic management under the Prime Minister Koizumi and so on (2001-2008), the rate of full unemployment was 5.4% and the number of unemployment was 3,590,000 in 2002. But the rate of unemployment fell down to 4.7% and the workers increased aftermath, because Japanese economic performance became better by Koizumi's financial reform and the deregulation of economic system. On the

other hand, the economic difference among Japanese citizen has expanded.

In the period after the International Financial Crisis (September 2008-), Japanese foreign trade, especially export of the automobile industry and the electric appliances decreased to about 70% of the former year. So the large enterprises such as Toyota and Sony reduced their production about 40%-50% of the former year. In order to cut production, they have dismissed firstly atypical employment specially the dispatching workers, because it was easier than dismiss of the regular workers. It is called now that about 600,000 dispatching workers shall be dismissed according to the Japanese Ministry of Welfare and labor. But as the social security for atypical labor have not been constructed from 1991 to today, the social and economic situation of this unemployment were worst.

## **2. Deregulation of employment law**

The Heisei Depression began after 1990 and it continued to 2002. In this period, Japanese government has tried to deregulate the employment law. They had plans for deregulation of labor time such as enlargement of labor out of regular time and holiday, the transformed labor time and the considered labor time, deregulation of labor contract such as extension of limit of employment contract from one year to three years, making more flexibility of labor market such as legitimating of private employment agency, liberalization of business of temporary personal services and structural reorganization of the labor-management relation<sup>1</sup>.

Japanese Law Concerning Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers was enforced at first in 1986 and was revised in 1996, 1999 and in 2004. The revised law in 1996, 1999 and 2004 enlarged categories of business where they can dispatch workers.

The revised law in 2004 enlarged the acceptable time for dispatched workers from one year to three years and forced the employer to accept the dispatched workers as direct employer in the case over the limit of acceptable time. It enlarged the categories of worker dispatching to the manufacturing industries and the business relating to medical treatment. It simplified the procedure for asking permission or notifying workers dispatching.

Now where are merits and demerits of worker dispatching for the worker dispatching undertaker and the dispatching workers?

For the worker dispatching undertaker, it enabled to calculate the salary of

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<sup>1</sup> “Joint proposal: Declaration on the right to continue working safely”, in Iwanami “ [Makoto Kumazawa etc., 1998]. ”

dispatching worker not as fixed cost but as variable cost. Therefore they can accept so many workers as they need only in extremely busy time. On the other hand, there are some merits also for the dispatching workers. For example, it is effective method for finding a post of secretary. They can set the working conditions and so they can work both in office and at home.

The demerit for the worker dispatching undertaker is that the cost for dispatching workers become higher when the margin of job introduction dispatching is big and the contract of worker dispatching become long time. The demerit of the dispatching workers is firstly that the prospect for their future is shaking, because the contract is definite salary (hourly wage) and they shall easily lose their job by the depression. Many troubles occur because the attachment and the working hours of the dispatching workers change very frequently. The dispatching workers have little opportunity for taking course for skill up of their work. The trade unions do not support the dispatching worker, because they are not organized into the trade union of Japanese enterprise.

### **3. Change of labor market by deregulation of employment law**

According to Prof.Hakumi Mituoka, the strategy for deregulation is evaluated as a strategy that aims at resolving the hollowing out of Japanese industry and activating inland industry<sup>2</sup>. As the advanced countries have to compete with other advanced countries and the developing countries under globalization of world economy, each enterprise wishes to employ cheaper laborers and therefore employ more atypical laborers. Deregulation of employment law enables this endeavor of enterprises. In 1990 the employment of atypical laborers was under 10% of all employees. But in 2008 a third of all employee of Japanese makers is the atypical laborers (part timer, contract worker, and dispatching workers). If enterprises have to employ worker as regular worker, wage cost is too much to compete, so that they have to move their company into developing countries. This situation was the cause of deregulation in Japanese economy.

After the collapse of the bubble economy (1985-1990), big makers of Japanese manufacture have changed their employee from regular worker to atypical workers (dispatching workers or contract workers), in order to meet price competition with Chinese company and manage the complicated model change of their goods. Therefore atypical workers increased in this time. So employment control such as allocation of workers, temporary transfer of workers, permanent transfer of workers, preference of earlier retired, and selective retirement system and also flexibility of labor contract have been promoted in this period. These are economic impact of globalization of world

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<sup>2</sup> [Hakumi Mituoka]p.32.



economy.

#### **4. Positive and negative effects of deregulation of employment system**

Some economists assert that promoting flexibilisation and liberalization of labor market enables stabile economic growth and is therefore an effective countermeasure against hollowing out of industries<sup>3</sup>. Surely after the revision of employment law in 1995 that enabled enterprises of manufacturer to employ dispatching workers, employee of manufacturing increased and the rate of unemployment decreased. One third of employment in manufacturer became atypical workers late 1990er and earlier 2000er. As labor conditions of these atypical workers are lower than regular laborers (for example they earn 60-70% of regular wages), personnel cost of company decreased and therefore Japanese entrepreneur kept their works and factories inland than before. On the other hand, the unemployed of youth, ladies and middle age could find job under Heisei depression. The rate of unemployment of Japan remained between 4% and 5% from 1990 to 2008.

Then what are the negative effects of deregulation of employment law? Some economists appointed that the deregulation of employment law has worse effects on labor conditions for the regular workers and the workers who work in the sector of low productivity, even if it has better effects on employment of atypical employee or of foreign workers<sup>4</sup>.

After the international financial crisis at September 2008, the collapse of American financial organization influenced on Japanese economy. Japanese export of auto industry and electric industry has decreased 30% of last year. So makers of these industries removed at first atypical workers specially dispatching workers. The figure of unemployed of dispatching workers was 18,000 at December, 2008 and 30,000 at the end of March, 2009 and shall be 60,000 at the end of June.

## **II. Categories of atypical employment and the conditions of each category**

### **1. Definition and categories of atypical employment in Japan**

Atypical employment is defined as employment form with which they employ workers by short contract with definite time. In Japan atypical employment include part timer or Arbeiter, contract staff, and dispatching worker.

“Part timer or Arbeit(er)” is defined as “workers whose set labor hours pro a week is

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<sup>3</sup> [NaohiroYashiro, 1996, 9/17]

<sup>4</sup> [Nobumichi Muto, 1994 ]

shorter than regular workers”<sup>5</sup> “Part timer or Arbeiter” work shorter time and get cheaper wages pro hour than regular worker and cannot take company welfare as regular workers. The composition of this category is student and housewife and so young people between 15 and 24 and middle age women of 30er or 40er old.

Contract Staffs are those who are employed with short time contract. Contact workers of manufactures are called as “Rinjiko (extra worker)” or “Kikanko (term worker)” whose wages are paid as fixed salary or on the piece. Those who have special technique make a contract with a company within one year. In other case, those who have retired are employed again as temporary worker within one year contract. The composition of this category is parson of advanced age<sup>6</sup>. But young people who work as contract staff increased at present.

Dispatched worker means “a worker, employed by an employer, who becomes the object of worker dispatching”<sup>7</sup> Now worker dispatching means “causing a worker or workers employed by one person to be engaged in work for another person under the instruction of the latter, while maintaining their employment relationship with the former, but excluding cases where the former agrees with the latter that such worker or workers shall be employed by the latter”<sup>8</sup>

As in Japan public organization (employment bureau under the Ministry of welfare and labor) has mediated employment after the Second World War, the worker dispatching has been a limited employment form. The Law for Worker Dispatching was enacted firstly in 1986 and the type of business for dispatching was restricted in this law. In 1999 and 2004 this law was revised so that the type of business enlarged<sup>9</sup>. In the result of these revisions, the dispatching workers have increased especially in manufacturer such as auto industry and electric industry from late 1990er to earlier 2000er.

## **2. On Part-timer or Arbeiter as Japanese temporary worker**

It is said that the reasons of enterprise for employing part-timer workers are firstly from cheapness of personal cost, secondly from coping with busy time, thirdly from the

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<sup>5</sup> Article 2. of Law for reforming of employment and management of short time worker(1.June,2007)

<sup>6</sup> Wikipedia, Atypical employment, (<http://ja.wikipedia.org/>, 2009/05/02)

<sup>7</sup> Article 2. Of Law Concerning Securing the Proper Operation of Worker Dispatching, Undertaking and Improved Working Conditions for Dispatched \_Workers (Law No.88 of July 5.1985).

<sup>8</sup> Ob.cit

<sup>9</sup> The points of revision are as follows. Firstly, acceptance period of dispatching is prolonged from one year to three years for the type of business such as software development, manufacture and so on. Secondly, the dispatched worker accepting enterprises have to propose direct employment to these workers, if they wished to use them over the dispatching period. Thirdly, worker dispatching is permitted in the business of manufacture and the acceptance period is enlarged from one year to three years. In the business related to medical service, the dispatching workers are permitted, if they shall be later employed as regular worker. The worker dispatching undertaker and dispatched worker accepting enterprises have to keep safety and hygiene.

simple work and so on.<sup>10</sup> Japanese enterprises have tried to reduce the productive cost from middle of 1980er. Under the Heisei Depression and in the process of globalization from 1990 to today, they tried to reduce personal costs and therefore replaced the regular workers with part-timer. This flexibility of employment was strengthening from the middle of 1990er. The deregulation of labor law enabled their effort.

The characteristics of employment of atypical workers (time-worker is biggest one) are as follows. Firstly, the boundary of works between regular worker and part-timer became obscure. If regular workers decrease, part-timer has to work for important task as manager of branch shop. Secondly, the salary according to the fruits of industry was spread. So differences of wages under part-timers appeared. Thirdly, part-timers for short time (4hours pro day or under 20 hours pro week) increased. In this case, enterprises are discharged to enter the social insurance and so should not pay any insurance premium. Fourthly, the terms of employment contract are shortened. Enterprise wishes to change employment of short time workers in order to cope with the change of business causing from business cycle. Fifthly, part-timers especially women part-timers who can work midnight increased. At last the company for outsourcing increase those employ part-timer and contract to manage these part-timer.<sup>11</sup>

Stagnation while Heisei Depression and under Globalization from 1990 to today forced enterprises to reduce productive cost especially personal cost. Accordingly they have tried to replace the regular workers with part-timers.<sup>12</sup>

### 3. Contract workers or contract staff

The Japanese enterprises of assembly work have accepted many contract workers (Rinjiko or Kikannko) from subcontractors. For example important industries such as iron and steel industry, ship-building, and construction industry used many contract workers from subcontractor. The labor conditions of these contract workers are worse than those of regular workers.

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<sup>10</sup> “Report of the general investigation into the actual conditions of part-timer worker in 2006”(Ministry of Welfare and Labour,2006),

<sup>11</sup> [Etsuko Aoyama, 2000]

<sup>12</sup> Revised Act on Improvement,etc.of Employment Management for Part-Time Workers.(2007) Outline of this revised Act for Part-Time Workers is as follows. Firstly, enterprise has to give part-time workers document on labor conditions and explain these. Secondly, enterprise has to treat between part-time workers and the regular workers in equilibrium on the labor conditions. Thirdly, the enterprise has to take measures to transform the part-time worker to ordinary workers. Forthly, when enterprises receive complaints from part-time workers, they have to endeavor to achieve a voluntary resolution and the Director of Prefectural Labor Bureau may provide necessary advice, guidance or recommendation to parties to said dispute.



Now at present we have two types of contract workers. Firstly those who have retired are employed again as temporary worker within one year contract. The composition of this category is the parson of advanced age. And then “Reemployment contract system” appeared. For example, Japan Air Line Company enforced special earlier retirement system in 1994 and 1996, with that 612 parsons of regular stuffs over 30years old had to be retired and also looked for the retired with this system in 1997.

In this occasion, this company proposed to start the reemployment system with one year contract from 1998. The retired who has retired with earlier retirement system of 1994,1996 and 1997 was employed by this reemployment contract system. But their wages were half of those of regular stuff. Such reemployment contract system has prevailed in Japanese large enterprises. The large enterprises build a subsidiary or a branch factory and transfer part of their workers into this company, where these workers take worse wages than before. At the result of this transference, the large enterprises could reduce its personal cost.

#### **4. Dispatching workers**

Industry and Labor Bureau of Tokyo City has investigated into the actual conditions of dispatching worker in 1987, 1995,1998 and 2002<sup>13</sup>. I would like to introduce you these investigations especially 2002.

38.9% of worker dispatching undertakers (percentage of all undertaker 740) have workers under 29 parsons and 47.0% of these are independent. These undertakers dispatch workers to other enterprises. Half of these enterprises have no capital connection with worker dispatching undertakers. These undertaker dispatch workers under 4 parson(22.6%) or 30~99 parsons(22.3%). Worker dispatching undertakers manage also contract out of maker contract and introduce of employment. Worker dispatching undertaker dispatched more workers than before.

The business of the worker dispatched enterprises is the sector of information service (22.0%), the sector of other service (18.9%), the sector of Maker (15.0%) and sector of finance and Insurance (9.3%). The business which is most turnovers is operation of office machinery (28.8%). The length of worker dispatching contract is under one year (42.9%) or from one year to three year (50.6%). Many enterprises wish to abolish or enlarge the restriction of dispatching term. Break of dispatching contract appear sometimes and a reason of break is mismatch between knowledge and technique of dispatching worker and desire of the worker accepted enterprises (67.0%). Execution of worker dispatching contract on the place of work (93.6%), on the security and sanitation (89.3%),day for

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<sup>13</sup> [Central Office for the Labor Policy of the Industry and Labor Bureau of Tokyo City, 2002]

work(88.2%) are kept almost. But execution of the measure for stability of dispatching worker(60.3%) and content of business(77.7%) and labor on holiday and after the office hour(79.8%) are not kept.

What are the labor conditions of the dispatching worker? Average wages a hour are ¥3,371 in machine layout, ¥3,333 in tour conductor, ¥2,763 in production of software, ¥1,605 in office work, ¥1,492 in sale and ¥1,474 in light work. There are no evaluation systems for technique of dispatching worker. Education and training for them are operated irregularly. Average labor hours pro week from 35 to 39 hours (46.1%) and from 40 to 44 hours (25.1%) and from 30 till 34 hours (9.2%). Bonus is paid but not so good. Retirement allowance is not paid. Half of worker dispatching undertaker participate to insurance (employment insurance, health insurance and pension insurance).

The business of the dispatched worker accepting enterprises are most in manufacture (21.3% of all enterprises 323) and in finance and insurance (21.3%) and then service (20.1%) and transportation and communication (16.9%). On the percentage of different employment forms of all employee, the regular workers is 72.9% of all workers (172,974 parsons) and the dispatching worker is 5.9% and part timer or temporary employee is 21.2%.

How the dispatched worker accepting enterprises use these workers? They used the dispatched workers for general office work (40.8%) and for operation of office machine (24.5%) and for filing (14.6%). Why do they use the dispatched workers then? The reasons are first for restriction of numbers of employee (37.6%), for adjustment to change of business (32.9%) and for recruit of vacant position (30.9%).

How do the number of employee of different employment form change? The regular workers are evaluated as “increase” (19.6%) and “decrease” (54.3%), so they decreased. The dispatching workers are evaluated as “increase” (41.8%) and “decrease”(17.4%), so they increased. So part timer and contract workers increased.

What are the merits and demerits of the dispatched worker accepting enterprises? According to their answer, the merits of usage of dispatching are for “adjustment to change of business” (45.4%), for “recruit of temporary vacant position”(43.8%) and for “restrict of number of employee”(26.0%). On the other hand, demerits of usage of worker dispatching first “dispersion of quality of labor”(51.8%), “obscure of responsibility”(26.9%) and “too expansible”(23.7%).

Then what do the dispatching workers think on dispatching work?

The backgrounds of workers especially the profiles of registered dispatching workers are as follows. Firstly, sex is male (12.7%) and female (86.6%). Secondly, generations are thirty years (37.7%) and twenty years (36.5%) and forty years (15.1%). Relation of

marriage is unmarried (58.6%) and married (35.5%). The reasons of work are first “for life cost”(44.6%), second “ for widening perspective and gaining social experience”(39.5%) and “for gaining money to use freely”(33.9%). And the reasons of choosing dispatching work are that they can work according to their convenience” and that”they could not find the post of regular workers”(both 43.8%) and then a height of wage standard(16.5%).

What is the contemporary working condition of the dispatching workers? On the length of dispatching contract, they answered first “from 6months to one year”(31.9%), then “under 6months”(50.6%).On the total length of working in dispatched enterprises, they answered first “from one year to three years”(34.9%), “under one year”(43.0%), and “over one year”(56.7%). What type of business do they work in the dispatched worker accepting enterprise? They work most “Finance and Insurance” (23.3%) and “manufacture”(12.1%), “other service occupation” (10.9%), Information service”(9.3%) and “construction”(8.2%). The scales of the worker accepting company are first “over 1000 employee ”(43.9%), second “100~299employee”(13.5%) and “20~99employee”(12.1%).

What kind of occupation do they do? They work first “general office work”(35.6%), “operation of office machine”(19.1%) and “filing”(7.7%). How many days do they work a month? They work most “22 days”(34.4%) and then “15~19days”(17.4%) and “21days”(17.2%). They work little overwork time.

What do they wish to the dispatched worker accepting enterprise? They wish to “extend contract term” and “not to break the contract unfairly “(26.7%) and to “employ as regular worker” (23.7%).

What are the contemporary labor conditions of the dispatching workers? On wages of the dispatching workers, average time wage of 26 kind of business is ¥1,457. On the time wage branch by branch, one of “software development” is ¥1,846, one of “secretary” is ¥1,555 and one of “research and development” is ¥1,550. On scheduled working hours pro week, “35~40hours” is 47.4 % ( most case),”40~45hours” is 20.5% and “1~20hours” is 8.2%. On annual paid holidays which dispatching workers used actually, “10~14”is 42.5% (most), “0” is 18.8% and “5~9” is 17.5%. On a wage increase, “no increase” is 67.9% and “increase” is 27.2%. On bonus, “not paid” is 70.2% and “paid” is 19.5%. On social insurance, employment insurance, health insurance and public pension, the dispatching workers but not all are incorporated these through the worker dispatching undertaker. On the education or job training for the dispatching workers, “no” is 56.2% and “after beginning of work” is 29.9% and “by acceptance or registration” is 16.5%.

### **5. Trend of employment from the view point of Job Form**

Observing the change of job forms of employment, atypical employment out of the regular workers has increased longtime. But after the middle of 1990er, atypical employee increased prominently. While the regular workers was 33,430,000(83.60%) and atypical workers was 6,550,000(16.4%) in 1985 and the former was 37,790,000(79.10%) and the latter was 10,010,000(20.9%) in 1995, the former was 34,410,000 (66.50%) and the latter was 17,320,000 (33.5%) in 2007. And this atypical worker includes 4,350,000 parsons of contract workers, 1,330,000parsons of dispatching workers and 11,640,000.<sup>14</sup>

Observing the percentage of atypical labor from the late 1980's to the late 1990's, that of the manufacture was near the same (about 15-18%), but that of wholesale and retail(about 25-32%) and that of service(about 20-27%)increased. But after the late 1990's, the percentage of atypical labor in the manufacture increased more than other business. After 2006, the regular stuff and workers tend to increase, but also atypical workers increased After 2006,the regular stuff and workers tend to increase, but the typical workers increased also in number and in percentage. When the international financial crisis has occurred and effected on Japanese manufactures, the dispatching workers of this sector were lay out and presented many problems.

### **III. The impact of the growth of atypical workers after 1990 on the Japanese corporate governance**

It is called that Japanese corporate governance is a set of lifetime employment, seniority-order wage system, and enterprise labor union. This system was formed in the period of high economic growth of Japan (1955~1973) and it prevailed in public sector (government, school, public corporation and national enterprise) and in large enterprises of private sector (basic industry and other important industries). This system has some merits both for government, enterprises and workers. Firstly, under this system, the worker can keep his loyalty to the enterprise to which he belongs, because he has a good perspective on his future. He can expect that his wage shall increase in future under seniority-order wage system.

On the other hand, the enterprises can secure and keep skilled workers, because they can give training to his workers long time. As Japanese enterprises have often their own training system, so they recruit workers from the new graduates of high school and university rather than old graduates or workers of other company. But under seniority-order wage system, the wages are paid according to workers age, so young

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<sup>14</sup> [Ministry of Welfare and Labor, 2008]P.174



single gets less money than his work, but old worker with his family gets more money than his work. If workers of a enterprise become elder, the enterprise has to pay more money than before.

Now after 1990, as the globalization of world economy developed, the economic competition of enterprises of the world became stronger. They had to reduce the productive cost especially personal cost. From this necessity, enterprises of each country had to employ dispatching workers rather than regular workers. As I have explained already, Japanese enterprises increased the dispatching workers after 1990 and they employed one third of their workers as dispatching workers immediately before the international financial crisis in September, 2008.

So they said that Japanese corporate system diminished and the enterprise corporation has changed. But when the American financial system effected Japanese economy and the sales of Japanese enterprise have decreased, the large enterprises of the auto industry and the electric industry dismissed at first the dispatching workers. In the end of December 2008, the number of lay offend dispatching workers was 18,000, was 30,000 in the end of March of 2009 and is estimated to be 60,000 in end of June 2009. Some large enterprises dismissed also a part of the regular workers.

A results of these dismiss of the dispatching workers are as follows. Firstly, Japanese corporate governance has come back to the previous system temporarily in the auto industry and electric industry where large enterprises have dismissed most dispatching workers. The large enterprises continue to employ their regular works. A reason of this phenomenon is that it is difficult to dismiss the regular workers. Another reason is that they wish to keep their skilled workers. It became obvious that they thought the dispatching workers as adjustable factors for business cycles, namely to increase them in recession and to decrease them in boom. Through employment of dispatching workers, they can not only reduce the personal cost but also adjust the number of workers against business cycle.

Another result of contemporary dismiss of dispatching workers is to be revealed that there are poor social security for these workers. Many of them could not get unemployment pay from unemployment insurance, because they have paid no insurance premium from their little income or from their shorter employment period. Most dispatching workers who were dismissed from September, 2008 to today have lost not only their job and wages but also their accommodation, because they stayed in company housing near the factory. If they cannot find new job, they have to go directly on welfare, not to social security. They had to go back to hometown or to be homeless. Or they have to depend on social security.

It is our task to set up new social security system for the dispatching workers, if we have further workers dispatching system. And also it is our task to establish some industrial schools for training of the unemployed. Because atypical workers have little chance for training, it is difficult for them to take the post of regular workers. The large enterprises tend to employ the workers who worked previously as regular worker and now are unemployment rather than atypical workers. The good institutions for vocational training should be established, in order that atypical worker could take a post of regular worker.

Now how shall the Japanese corporate government be in future?

Many large enterprises wish to keep this governance. But from some reasons, it is difficult to keep this governance. Because firstly, japans enterprises have to adjust the rapid change of productive technology of manufacture and the world market from globalization, they cannot all employee as the regular workers while life time. Secondary, if the proportion of older workers become larger in their employee, the personal expense will be larger under the seniority-order wage system.

As the result of this, they have to take some countermeasure such as transference of elder worker in another company. Thirdly, as Japanese enterprise labor unions include the regular workers but of different business, their collective bargaining is not strong. Specially, on the case of dismiss, Japanese labor unions are week. As it is expected now that the atypical employee shall increase in future, the rate of organization of Japanese labor union has to decrease. So considering these reasons, we can anticipate decline or deterioration of Japanese corporate governance.

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