

2 Recruitment and Hiring

Considerable differences can be seen in Japan's labor market, depending on whether long-term employment involves full-time or part-time workers, new graduates or mid-career hiring, and hiring by large companies or by small and medium enterprises. Firstly, then, we will examine the overall picture of recruitment and hiring by referring to the "Survey on Employment Trends". This was first carried out in 1964 by the Ministry of Labour (now the Ministry of Health, Labour and Welfare) and has been conducted twice yearly since then, revealing labor force trends in hiring, employment, career changes and job leaving. Although the survey is based on sampling, the figures are expanded and published to represent Japan as a whole. Here, we will present data from the latest survey in 2011, published in September 2012. On recruitment and hiring by companies, the Ministry of Health, Labour and Welfare used to conduct a "Survey on Employment Management" aimed at both graduate hiring and mid-career hiring in companies ranging from large corporations to small and medium enterprises, but this was discontinued after the last such survey in 2004.

Overall Situation of Recruitment and Hiring

According to the Survey on Employment Trends (2011) (Table III-3), the total number of workers hired in 2011 was 6.30 million (rounded off to the nearest thousand). Of these, full-time workers accounted for 3.72 million and part-time workers for 2.57 million. The total of 6.30 million is divided into 2.38 million new graduates, etc., and 3.92 million hired in mid-career (in the Survey on Employment Trends, new employees who had no experience of employment in the twelve months before they were hired are distinguished from other new employees as "persons without previous employment"). Persons without previous employment, etc., are further subdivided into new graduates and other persons without previous employment (ordinary persons

without previous employment). The number of new graduates hired was 1.01 million (graduating in March 2011), and that of ordinary persons without previous employment was 1.37 million. Three-quarters of these new graduates were full-time workers and one-quarter consisted of part-time workers. On the other hand, two-thirds of ordinary persons without previous employment were part-time workers and only one-third consisted of full-time workers. In the Survey on Employment Trends, "full-time workers" are defined as "regular employees" who are not "part-time workers".

Of the 3.92 million persons already in employment and hired in mid-career (persons changing from a previous job), full-time workers accounted for two-thirds and part-time workers for one-third.

By age group, 1.35 million of all those entering employment were aged 20-24, making this the largest single age group.

By corporate scale, new graduates and full-time workers were hired most commonly by companies with 1,000 or more employees, illustrating a tendency for hiring by relatively large-scale employers. However, hiring by companies with 5-29 employees was also not infrequent. In mid-career hiring, full-time workers are most commonly hired by companies with 5-29 employees, while part-time workers are more often hired by companies with 1,000 or more employees.

Table III-4 shows the educational backgrounds of 1.01 million new graduates hired. University and graduate school graduates accounted for the largest proportion of new graduates with 42.4%, followed by senior high school graduates with 35.2%. Dividing university and graduate school graduates into arts and sciences, graduates from arts backgrounds accounted for two-thirds and those from the sciences for one-third. By corporate scale, university and graduate school graduates are most commonly hired by companies with 1,000 or more employees. Many

senior high school graduates are also hired by companies with 1,000 or more employees, but most

frequently by those with 5-29 employees.

**Table III-3 Number of Persons Entering Employment by New Graduate or Mid-career, Corporate Scale and Age Group
(Survey on Employment Trends, Male-female Totals, Unit: Thousand Persons)**

| Scale, age group | Total | | | Persons without previous employment | | | | | | | | | Persons already in employment (Persons changing from a previous job) | | |
|------------------------------|---------|----------------|------------------|-------------------------------------|----------------|------------------|---------------|----------------|------------------|--|----------------|------------------|---|----------------|------------------|
| | | | | Total | | | New graduates | | | Ordinary persons without previous employment | | | | | |
| | Total | General worker | Part-time worker | Total | General worker | Part-time worker | Total | General worker | Part-time worker | Total | General worker | Part-time worker | Total | General worker | Part-time worker |
| Age / Corporate scale totals | 6,296.9 | 3,723.9 | 2,573.0 | 2,376.2 | 1,219.1 | 1,157.2 | 1,009.3 | 761.1 | 248.2 | 1,367.0 | 457.9 | 909.0 | 3,920.6 | 2,504.8 | 1,415.8 |
| Age up to 19 | 716.3 | 272.4 | 443.8 | 583.7 | 233.8 | 349.9 | 388.7 | 206.8 | 182.0 | 195.0 | 27.1 | 167.9 | 132.5 | 38.6 | 93.9 |
| Age 20-24 | 1,353.3 | 919.3 | 434.0 | 817.1 | 603.3 | 213.9 | 569.8 | 508.9 | 60.8 | 247.4 | 94.4 | 153.0 | 536.2 | 316.0 | 220.1 |
| Age 25-29 | 812.3 | 561.6 | 250.7 | 188.3 | 115.1 | 73.2 | 43.8 | 40.5 | 3.3 | 144.5 | 74.6 | 69.9 | 624.0 | 446.5 | 177.5 |
| Age 30-34 | 676.9 | 419.3 | 257.6 | 162.9 | 63.2 | 99.7 | 5.4 | 3.5 | 1.9 | 157.6 | 59.8 | 97.8 | 514.0 | 356.1 | 157.9 |
| Age 35-39 | 659.5 | 402.5 | 256.9 | 152.4 | 46.5 | 105.9 | 1.1 | 1.0 | 0.1 | 151.3 | 45.5 | 105.8 | 507.1 | 356.1 | 151.0 |
| Age 40-44 | 581.2 | 334.7 | 246.5 | 143.5 | 43.3 | 100.2 | 0.1 | 0.1 | 0.0 | 143.3 | 43.2 | 100.2 | 437.7 | 291.4 | 146.3 |
| Age 45-49 | 414.7 | 244.8 | 169.9 | 90.0 | 37.5 | 52.5 | 0.0 | 0.0 | — | 90.0 | 37.5 | 52.5 | 324.7 | 207.3 | 117.4 |
| Age 50-54 | 324.4 | 190.5 | 133.9 | 68.0 | 24.4 | 43.6 | 0.0 | 0.0 | — | 68.0 | 24.4 | 43.6 | 256.4 | 166.1 | 90.3 |
| Age 55-59 | 297.2 | 159.7 | 137.5 | 69.5 | 21.7 | 47.8 | — | — | — | 69.5 | 21.7 | 47.8 | 227.7 | 138.1 | 89.6 |
| Age 60-64 | 367.1 | 189.8 | 177.3 | 71.1 | 22.8 | 48.3 | 0.3 | 0.3 | 0.0 | 70.8 | 22.5 | 48.3 | 296.0 | 167.0 | 129.0 |
| Age 65 or more | 94.0 | 29.1 | 64.9 | 29.6 | 7.4 | 22.2 | — | — | — | 29.6 | 7.4 | 22.2 | 64.4 | 21.7 | 42.7 |
| 1,000 or more employees | 1,661.9 | 860.7 | 801.1 | 695.2 | 315.9 | 379.3 | 307.9 | 219.0 | 88.9 | 387.3 | 96.9 | 290.4 | 966.7 | 544.8 | 421.9 |
| 300-999 employees | 911.8 | 533.0 | 378.9 | 364.7 | 200.3 | 164.4 | 187.2 | 142.0 | 45.3 | 177.5 | 58.3 | 119.1 | 547.1 | 332.7 | 214.4 |
| 100-299 employees | 902.1 | 544.2 | 357.8 | 328.7 | 164.2 | 164.5 | 125.3 | 101.3 | 24.0 | 203.4 | 63.0 | 140.5 | 573.3 | 380.0 | 193.4 |
| 30-99 employees | 1,064.6 | 704.0 | 360.6 | 361.5 | 203.8 | 157.7 | 134.3 | 112.4 | 21.9 | 227.2 | 91.4 | 135.8 | 703.1 | 500.2 | 202.9 |
| 5-29 employees | 1,471.8 | 896.2 | 575.5 | 539.4 | 284.3 | 255.0 | 214.7 | 156.1 | 58.6 | 324.7 | 128.3 | 196.4 | 932.4 | 611.9 | 320.5 |

**Table III-4 Number of New Graduates Entering Employment by Educational Background and Corporate Scale
(Survey on Employment Trends, Male-female Totals, Unit: Thousand Persons)**

| | New graduates Total | Junior high school | Senior high school | Vocational school (Specialized course) | Technical college, junior college | University, graduate school | | |
|-------------------------|---------------------|--------------------|--------------------|--|-----------------------------------|-----------------------------|-------|----------|
| | | | | | | | Arts | Sciences |
| Total | 1,009.3 | 33.5 | 355.2 | 108.3 | 84.8 | 427.5 | 273.3 | 154.2 |
| 1,000 or more employees | 307.9 | 15.6 | 83.1 | 20.9 | 16.5 | 171.7 | 97.7 | 74.1 |
| 300-999 employees | 187.2 | 2.9 | 62.1 | 30.3 | 8.8 | 83.1 | 51.3 | 31.8 |
| 100-299 employees | 125.3 | 1.7 | 52.5 | 10.4 | 8.4 | 52.3 | 36.5 | 15.8 |
| 30-99 employees | 134.3 | 5.1 | 52.5 | 16.4 | 18.8 | 41.5 | 26.7 | 14.8 |
| 5-29 employees | 214.7 | 8.1 | 104.1 | 26.6 | 29.6 | 46.3 | 37.2 | 9.1 |

Methods of Recruitment and Hiring

Table III-5 shows responses by new employees on the recruitment process, as recorded in the Survey on Employment Trends. The most common responses are advertisements (1.95 million), personal connections (1.34 million) and employment security agencies (1.32 million). In terms of corporate scale, employment security agencies provide the most common recruitment process for smaller companies, and advertisements for those with 1,000 or more employees.

Table III-6 shows responses on use of the internet when looking for jobs, a method that has been increasing recently. Just under 40% of respondents used the internet, while just over 60% did not. Of the

former, 1.06 million used the websites of private recruitment advertising agencies while 1.02 million used the “Hello Work” Internet Service, these two being the most common responses.

A survey separate from those mentioned until now is the “Survey on Hiring Management at Enterprises (2007)”, part of the “Survey on Employment Structure” (Ministry of Health, Labour and Welfare) conducted every year on different themes. Figure III-7 shows multiple answers on effective methods of mid-career hiring in that survey. According to this, the most common responses were “Resumes and work histories submitted” (73.6%) and “Checking during job interview” (73.5%).

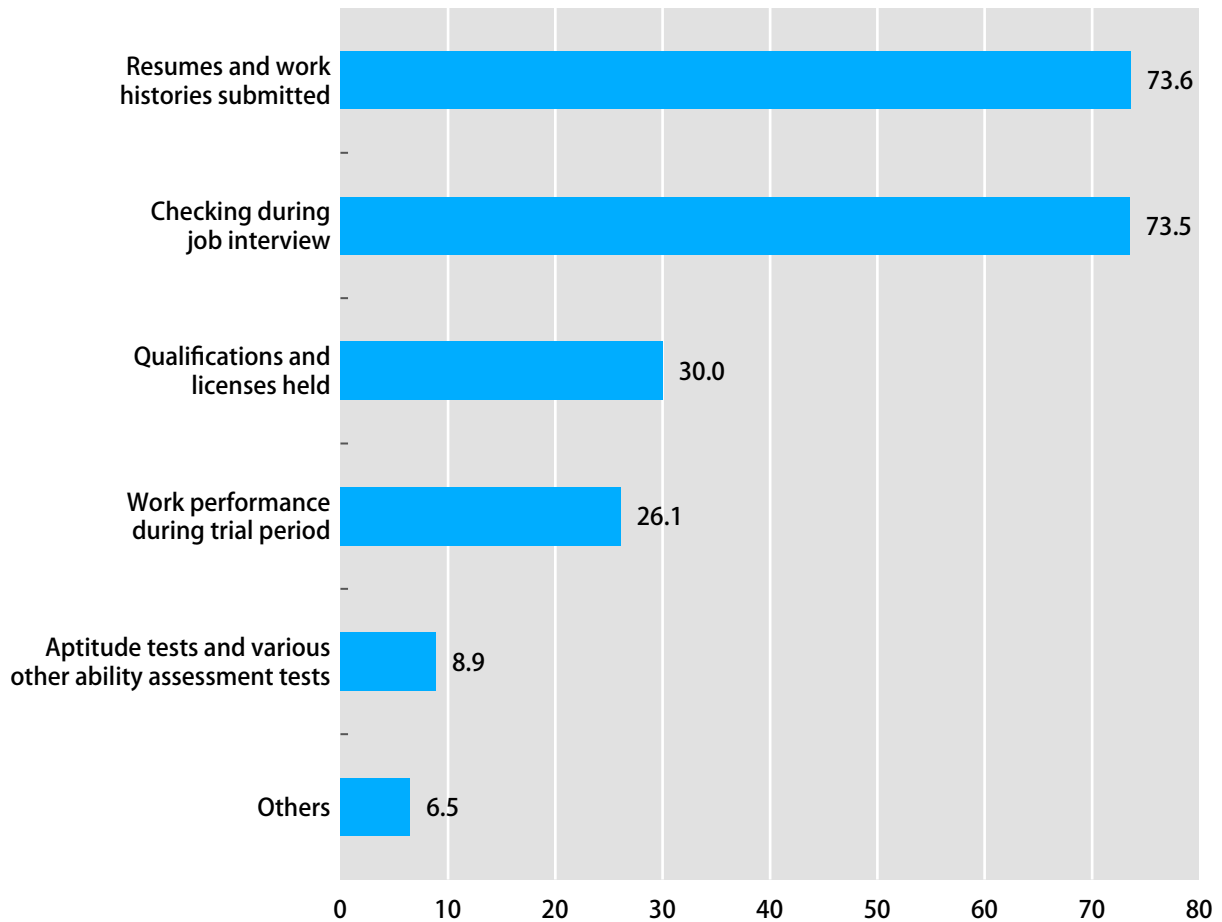
**Table III-5 Routes to Employment
(Survey on Employment Trends, Unit: Thousand Persons)**

| | Job introduction agencies, etc. | | | | | | Personal connection, secondment, etc. | | | |
|-------------------------|---------------------------------|-----------------------------|---------------------------------------|---------|---------------|--------|---------------------------------------|----------------------------|------------|---|
| | Employment security agencies | Hello Work Internet Service | Private employment placement agencies | Schools | Advertisement | Others | Through a personal connection | Of which, previous company | Secondment | Reinstated after completion of the secondment |
| Total | 1,323.5 | 202.6 | 149.8 | 423.8 | 1,951.0 | 753.8 | 1,338.7 | 307.0 | 114.5 | 39.3 |
| 1,000 or more employees | 180.7 | 43.8 | 34.9 | 129.2 | 723.9 | 242.2 | 258.0 | 75.4 | 27.0 | 22.2 |
| 300-999 employees | 151.6 | 25.8 | 27.4 | 82.3 | 330.3 | 93.1 | 173.5 | 59.0 | 20.5 | 7.4 |
| 100-299 employees | 241.1 | 41.8 | 17.6 | 47.4 | 264.9 | 77.9 | 195.8 | 46.2 | 13.3 | 2.4 |
| 30-99 employees | 301.9 | 39.4 | 20.6 | 61.7 | 254.6 | 103.4 | 256.7 | 47.2 | 24.3 | 2.1 |
| 5-29 employees | 392.6 | 43.4 | 48.9 | 81.0 | 351.8 | 140.5 | 398.5 | 60.6 | 11.3 | 3.7 |

**Table III-6 Use of Internet in Job-hunting
(Survey on Employment Trends, Unit: Thousand Persons)**

| | I used the internet (multiple answer) | | | | | | | | Did not use the internet |
|-------------------------|---------------------------------------|--|--|--|---------------------|-----------------------------|----------------|---|--------------------------|
| | Total | Used the internet to collect information about job vacancies | | | | | | Used to make an appointment with, and to send inquiries to, enterprises | |
| | | Total | Websites operated directly by recruiting enterprises | Websites operated by private recruitment advertisement companies | Job search websites | Hello Work Internet Service | Other websites | | |
| Total | 2,413.4 | 2,372.5 | 862.8 | 1,059.1 | 220.7 | 1,023.6 | 243.4 | 230.9 | 3,883.5 |
| 1,000 or more employees | 731.7 | 713.6 | 311.3 | 416.8 | 46.0 | 156.7 | 62.9 | 81.9 | 930.2 |
| 300-999 employees | 404.7 | 395.4 | 183.8 | 178.4 | 34.5 | 126.5 | 46.6 | 50.3 | 507.1 |
| 100-299 employees | 324.4 | 321.1 | 101.5 | 124.9 | 37.5 | 175.4 | 33.1 | 23.4 | 577.7 |
| 30-99 employees | 368.7 | 362.9 | 94.8 | 145.7 | 41.1 | 204.2 | 38.2 | 29.7 | 695.9 |
| 5-29 employees | 485.0 | 482.2 | 137.1 | 171.4 | 50.3 | 301.0 | 46.5 | 37.8 | 986.8 |

**Figure III-7 Effective Methods in Mid-career Hiring
(Survey on Employment Structure, Multiple Answers, %)**



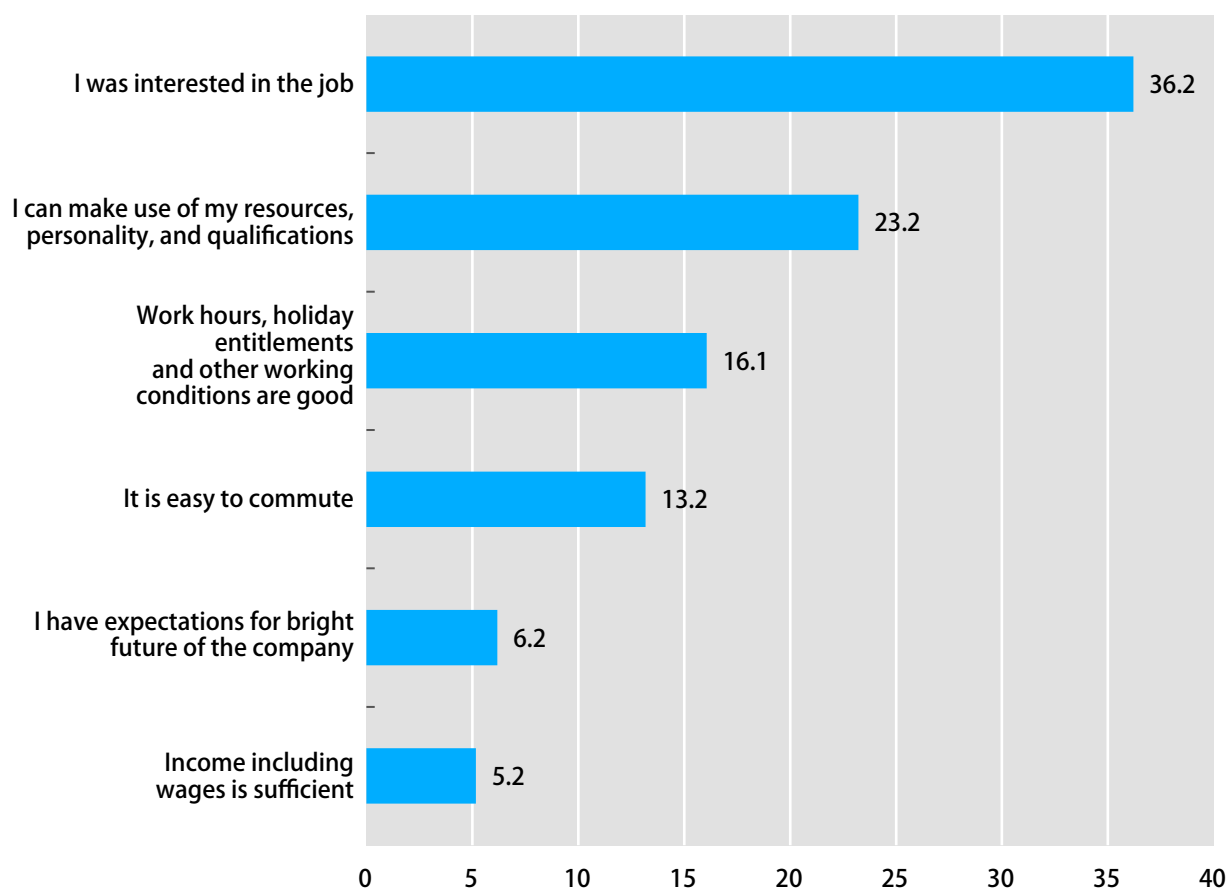
Priorities of Job Seekers and Employers

So what do job seekers look for in prospective employers when making career decisions? Figure III-8 shows how appears in the Survey on Employment Trends, where respondents were asked to specify the reason for choosing their employer in a single-answer question. Responses of “I wanted to get any job” and “Any other reasons (including secondment)” are excluded, as they are not reasons for choices; ratios are calculated by taking the remaining options as 100%. According to this, the most common responses were “I was interested in the job” (36.2%) and “I can make use of my resources, personality, and qualifications” (23.2%), and the least common was “Income including wages is sufficient” (5.2%).

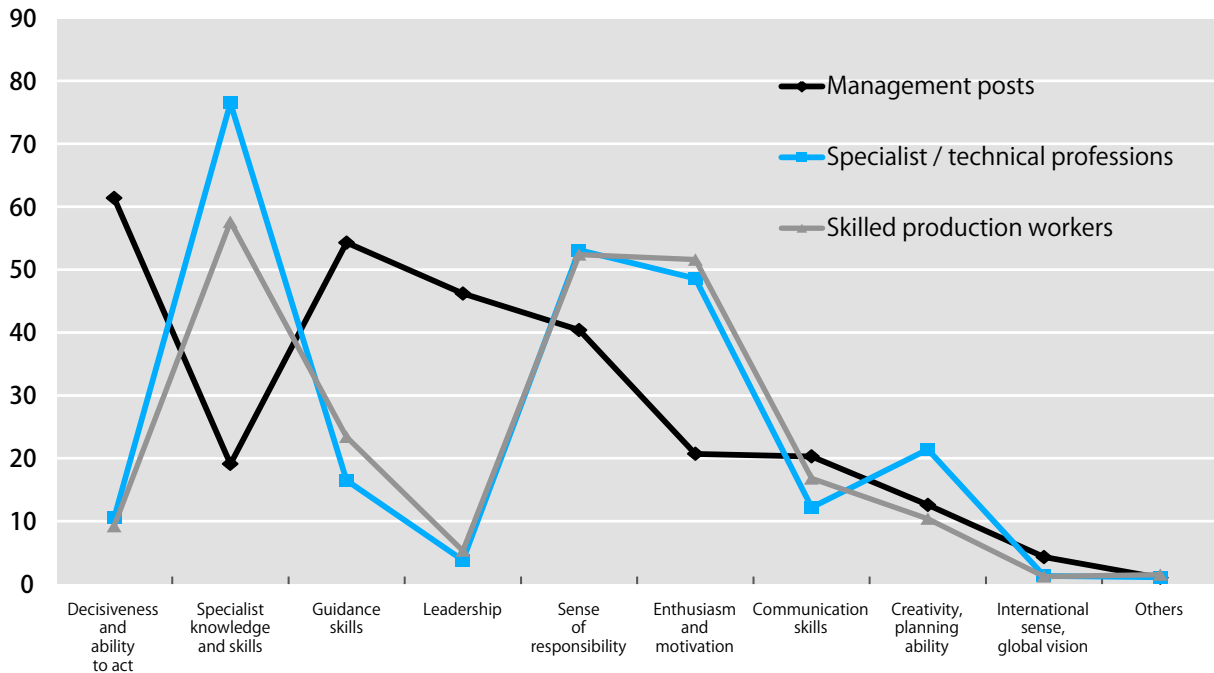
Next, what do employers prioritize when hiring

new employees? Figure III-9 casts light on this, based on the “Survey on Employment Structure (Survey on Hiring Management at Enterprises (2007))” by the Ministry of Health, Labour and Welfare. With their core personnel divided into management posts, specialist / technical professions, and skilled production workers, companies were asked to specify up to three main areas of priority for each, in multiple answer format. According to this, similar trends are seen for specialist / technical professions and skilled production workers, where the priority is mainly on “Specialist knowledge and skills”, “Sense of responsibility” and “Enthusiasm and motivation”. For management posts, companies particularly prioritize “Decisiveness and ability to act”, “Guidance skills” and “Leadership”.

Figure III-8 Reasons for Choosing Employer (Survey on Employment Trends, Single Answer, excluding Responses Citing No Specific Reason, Calculated as %)



**Figure III-9 Companies' Expectations of Core Personnel
(Survey on Employment Structure, Up to Three Responses, %)**



Recent Trends

Until now, a problem when hiring university graduates has been that recruitment schedules have been starting increasingly early and becoming increasingly protracted. Recently, however, there has been a trend toward delaying those schedules. The “Corporate Code of Ethics on Hiring Selection” issued by Nippon Keidanren (revised on March 15, 2011) recommends that, from graduations in 2013, companies’ promotional activity on hiring should start in December of the 3rd university year, and that interviews and other actual processes of selection should start from April 1st of the 4th year. In fact, the government is now urging businesses to delay this schedule further. The aim here is to have promotional

activity start in April of the 4th year and selection in August of that year, starting with new employee hiring in 2015.

With a weaker yen and rising share prices from the end of 2012 to the beginning of 2013, the prospects for Japan’s economy are looking brighter. To reflect this, according to the “Survey on Trends in the Labor Economy” by the Ministry of Health, Labour and Welfare in May 2013, prospective hiring of new graduates in April 2014 is set to “rise” compared to the previous year more than it will “fall”, for all types of graduates (senior high school, technical college and junior college, university, graduate school and vocational school graduates).