

2 Recruitment and Hiring

In the Japanese labor market, there are dramatic contrasts between full-time workers who generally remain at companies for long periods of time, and part-time workers generally hired for short periods of time; between new graduates and mid-career hires; and between hiring practices at large companies and at small and mid-sized companies. Firstly, then, we will examine the overall picture of recruitment and hiring by referring to the “Survey on Employment Trends”. The Ministry of Labour (now the Ministry of Health, Labour and Welfare) has conducted this survey twice a year since 1964, and it covers the state of accession, separation, and unfilled job vacancy of business establishments, and the individual attributes and conditions of people entering and leaving employment, with the purpose of clarifying the status of different industries, corporate scales, occupations, and movement between regions. The survey is based on a sample of approximately 10,000 establishments, 40,000 hired workers, and 40,000 separated workers, but from the results, figures for the entirety of Japan are extrapolated and publicly released. Here we will examine annual figures from the most recent survey for which data has been released. Note that the statistical tables shown here are derived from Excel spreadsheets posted on e-Stat, the Portal Site of Official Statistics of Japan.

Overall Situation of Recruitment and Hiring

According to the Survey on Employment Trends (2013) (Table III-3), the total number of workers hired in 2013 was 7.49 million (rounded off to the nearest thousand). Of these, full-time workers accounted for 4.26 million and part-time workers for 3.23 million. When these 7.49 million workers are broken down by career stage, the results are 1.09 million new graduates, 1.56 million people without previous employment who are not new graduates (these are defined in the survey as employees who

had no work experience during the one year immediately prior to hiring, and are classified separately from other newly hired employees), and 4.84 million already employed workers who are changing employers.

As for status of employment, approximately three-quarters of new graduates were hired as full-time workers, and the remaining one-quarter as part-time workers. However, among “people without previous employment who are not new graduates” about two-thirds were hired part-time, and only one in three was a full-time worker. In the Survey on Employment Trends, “full-time workers” are defined as “regular employees” who are not “part-time workers”.

Meanwhile, of the 4.84 million people hired after changing employers (previously employed workers) approximately 60% were full-time, and the remaining 40% or so part-time. Broken down by age group, the largest group is those aged 20-24 with 1.45 million people. It is also the largest group among new graduates, followed by “19 and younger”, but among people hired after changing employers the largest is the 25-29 age group, followed by 20-24.

As for company size, the most common response was “1,000 or more employees”, with 460,000 new graduates and 560,000 people without previous employment who are not new graduates in this category. Among workers who were changing jobs, “1,000 or more” was also the most common with 1.43 million people, but it was followed by “5-29 employees”, with 1.07 million.

Table III-4 shows the breakdown by educational background of 1.09 million new graduates. The most common responses were “University/Graduate school” (480,000) and “High school” (430,000). Among those completing university or graduate school, approximately 60% were liberal arts majors, and the other 40% sciences majors. By corporate scale, “1,000 or more employees” was the most common among university or graduate school

graduates with 220,000 and among high school graduates with 190,000.

**Table III-3 Number of Persons Entering Employment by New Graduate or Mid-career, Corporate Scale and Age Group
(Survey on Employment Trends 2013, Unit: 1,000 Persons)**

| Scale, age group | Total | | | Persons without previous employment | | | | | | | | |
|------------------------------|---------|----------------|------------------|-------------------------------------|----------------|------------------|------------------------------|----------------|------------------|---|----------------|------------------|
| | | | | New graduates | | | Persons except new graduates | | | Persons already in employment (persons changing from a previous job) | | |
| | 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 | 7,493.1 | 4,258.3 | 3,234.8 | 1,089.6 | 807.9 | 281.7 | 1,561.7 | 512.8 | 1,049.0 | 4,841.7 | 2,937.6 | 1,904.1 |
| Age up to 19 | 918.4 | 315.0 | 603.4 | 464.2 | 231.3 | 232.9 | 262.8 | 32.9 | 229.9 | 191.4 | 50.8 | 140.6 |
| Age 20-24 | 1,446.9 | 959.9 | 487.0 | 560.0 | 519.7 | 40.3 | 276.5 | 114.9 | 161.6 | 610.4 | 325.3 | 285.1 |
| Age 25-29 | 961.2 | 665.6 | 295.7 | 59.1 | 52.3 | 6.7 | 155.2 | 79.9 | 75.3 | 746.9 | 533.3 | 213.6 |
| Age 30-34 | 741.2 | 495.3 | 245.9 | 4.5 | 2.8 | 1.7 | 149.9 | 60.7 | 89.2 | 586.8 | 431.8 | 155.0 |
| Age 35-39 | 684.2 | 412.6 | 271.7 | 1.2 | 1.2 | 0.0 | 151.9 | 48.3 | 103.6 | 531.1 | 363.1 | 168.1 |
| Age 40-44 | 713.0 | 399.5 | 313.6 | 0.4 | 0.3 | 0.1 | 147.7 | 46.0 | 101.7 | 564.9 | 353.1 | 211.8 |
| Age 45-49 | 551.7 | 286.5 | 265.2 | 0.1 | 0.1 | — | 122.3 | 39.4 | 82.8 | 429.3 | 247.0 | 182.3 |
| Age 50-54 | 463.2 | 252.0 | 211.2 | 0.1 | 0.1 | 0.0 | 82.8 | 28.8 | 54.0 | 380.3 | 223.1 | 157.2 |
| Age 55-59 | 370.0 | 197.6 | 172.3 | 0.0 | 0.0 | — | 80.2 | 25.9 | 54.3 | 289.8 | 171.7 | 118.0 |
| Age 60-64 | 451.3 | 223.3 | 228.0 | — | — | — | 75.8 | 22.0 | 53.8 | 375.5 | 201.3 | 174.2 |
| Age 65 or more | 191.9 | 51.0 | 141.0 | — | — | — | 56.7 | 13.9 | 42.8 | 135.2 | 37.1 | 98.2 |
| 1,000 or more employees | 2,447.7 | 1,207.4 | 1,240.3 | 460.0 | 310.5 | 149.5 | 559.5 | 167.3 | 392.2 | 1,428.2 | 729.7 | 698.6 |
| 300-999 employees | 1,080.8 | 684.6 | 396.3 | 175.0 | 150.0 | 25.0 | 196.9 | 68.4 | 128.5 | 708.9 | 466.2 | 242.7 |
| 100-299 employees | 932.7 | 522.5 | 410.2 | 143.6 | 125.4 | 18.2 | 189.4 | 42.0 | 147.4 | 599.7 | 355.1 | 244.6 |
| 30-99 employees | 1,177.5 | 748.4 | 429.1 | 117.2 | 89.9 | 27.4 | 248.4 | 92.7 | 155.8 | 811.8 | 565.8 | 246.0 |
| 5-29 employees | 1,534.6 | 899.1 | 635.5 | 151.4 | 93.6 | 57.8 | 317.6 | 116.4 | 201.2 | 1,065.6 | 689.1 | 376.4 |

**Table III-4 Number of New Graduates Entering Employment by Educational Background and Corporate Scale
(Survey on Employment Trends 2013, Unit: 1,000 Persons)**

| | New graduates total | Junior high school | Senior high school | Vocational school (specialized course) | Technical college, junior college | University, graduate school | Arts | | Sciences | |
|-------------------------|---------------------|--------------------|--------------------|--|-----------------------------------|-----------------------------|-------|--|----------|--|
| | | | | | | | | | | |
| Total | 1,089.6 | 35.7 | 428.4 | 102.2 | 47.5 | 475.7 | 289.1 | | 186.6 | |
| 1,000 or more employees | 460.0 | 10.3 | 192.4 | 21.9 | 16.2 | 219.2 | 130.0 | | 89.3 | |
| 300-999 employees | 175.0 | 0.1 | 61.7 | 27.2 | 3.6 | 82.3 | 46.1 | | 36.1 | |
| 100-299 employees | 143.6 | 0.6 | 43.6 | 16.0 | 10.9 | 72.6 | 46.1 | | 26.5 | |
| 30-99 employees | 117.2 | 7.4 | 59.6 | 14.8 | 5.3 | 30.0 | 21.3 | | 8.7 | |
| 5-29 employees | 151.4 | 17.3 | 69.4 | 16.4 | 7.7 | 40.6 | 25.9 | | 14.7 | |

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 the results of a survey question about Internet use during the recruitment process (i.e. job hunting), which is growing increasingly common. Almost half of respondents used the Internet, with the most common destination being private-sector job listing sites at 1.61 million users, followed by the

Employment Security Bureau website at 1.51 million.

A different survey from the one we have examined thus far, the Employment Structure Survey (Surveys on Employment Structure: Survey on Hiring Management at Enterprises) (Ministry of Health, Labour and Welfare, 2007) inquires about effective methods for mid-career hiring, with multiple responses possible. The results are shown in Figure III-7. The survey is from nearly a decade ago, but there are no other examples of similar large-scale, unbiased surveys, and it appears likely that the situation has not changed substantially since that time. According to this survey, the most common responses were “Resumes and work histories submitted” (73.6%) and “Checking during job interview” (73.5%).

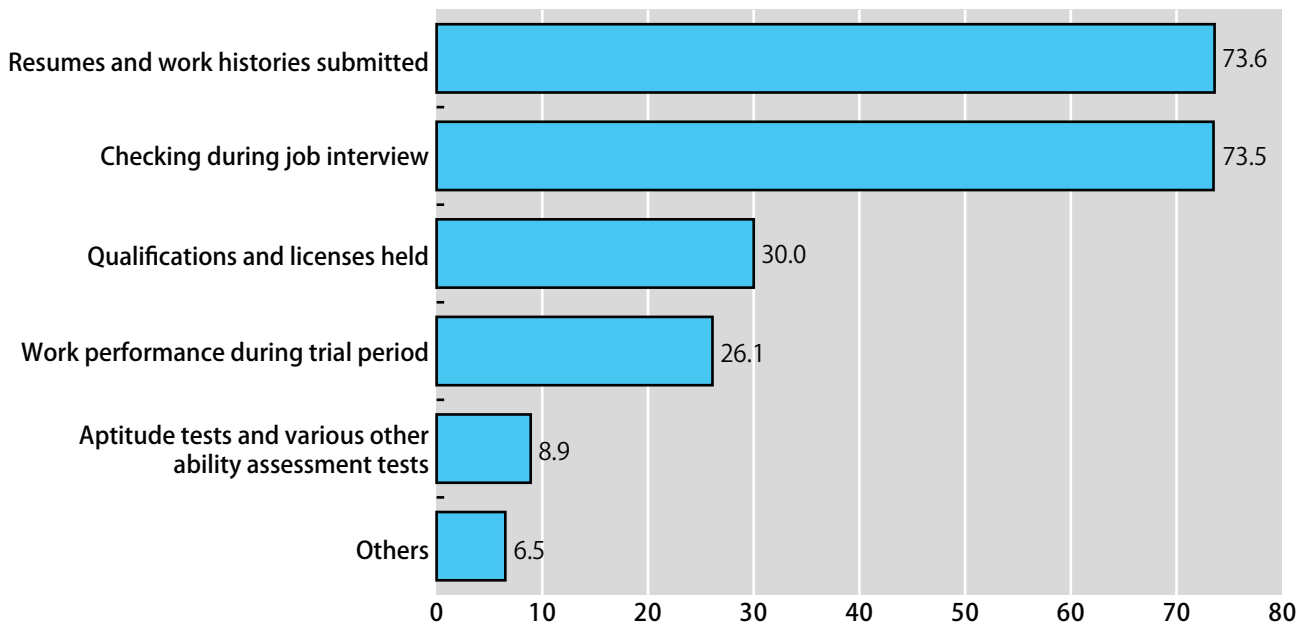
**Table III-5 Routes to Employment
(Survey on Employment Trends 2013, Unit: 1,000 Persons)**

| | Total | 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 | 7,493.1 | 1,505.3 | 330.2 | 203.5 | 450.9 | 2,679.3 | 445.8 | 1,633.7 | 363.7 | 179.7 | 64.7 |
| 1,000 or more employees | 2,447.7 | 284.1 | 112.2 | 68.0 | 171.1 | 1,159.8 | 140.4 | 426.0 | 101.2 | 53.2 | 32.8 |
| 300-999 employees | 1,080.8 | 214.2 | 48.7 | 51.6 | 85.4 | 370.8 | 42.7 | 216.0 | 75.8 | 37.4 | 14.1 |
| 100-299 employees | 932.7 | 203.9 | 42.3 | 30.9 | 67.1 | 335.0 | 43.8 | 186.5 | 48.6 | 17.7 | 5.6 |
| 30-99 employees | 1,177.5 | 344.3 | 44.0 | 23.3 | 42.5 | 302.6 | 49.8 | 308.8 | 49.6 | 54.7 | 7.4 |
| 5-29 employees | 1,534.6 | 413.8 | 75.8 | 27.7 | 57.5 | 445.3 | 89.3 | 411.6 | 63.6 | 9.4 | 4.2 |

**Table III-6 Use of Internet in Job-hunting
(Survey on Employment Trends 2013, Unit: 1,000 Persons)**

| | I used the internet (multiple answer) | | | | | | | | | Did not use the internet |
|-------------------------|---------------------------------------|---------|--|--|--|---------------------|-----------------------------|----------------|---|--------------------------|
| | Total | 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 | 7,493.1 | 3,536.7 | 3,472.2 | 1,352.8 | 1,608.9 | 373.8 | 1,507.9 | 420.1 | 353.3 | 3,956.4 |
| 1,000 or more employees | 2,447.7 | 1,350.1 | 1,318.3 | 614.6 | 654.4 | 148.2 | 397.8 | 186.0 | 147.0 | 1,097.6 |
| 300-999 employees | 1,080.8 | 556.5 | 547.2 | 247.8 | 279.9 | 53.5 | 241.3 | 69.2 | 74.6 | 524.3 |
| 100-299 employees | 932.7 | 463.7 | 458.5 | 158.8 | 243.0 | 52.8 | 200.1 | 47.9 | 51.6 | 468.9 |
| 30-99 employees | 1,177.5 | 470.9 | 461.1 | 116.9 | 175.5 | 51.7 | 305.3 | 37.1 | 37.8 | 706.6 |
| 5-29 employees | 1,534.6 | 580.1 | 576.7 | 161.1 | 226.7 | 58.9 | 314.3 | 60.0 | 30.1 | 954.5 |

**Figure III-7 Effective Methods in Mid-career Hiring
(Survey on Employment Structure 2007, 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 survey, common responses were “I was interested in the job” (31.9%) and “I can make use of my resources, personality, and qualifications” (22.7%), while “Income including wages is sufficient” (6.8%) and “I have expectations for bright future of the company” (6.0%) were selected by few respondents.

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 2013, Single Answer, excluding Responses Citing No Specific Reason, Calculated as %)

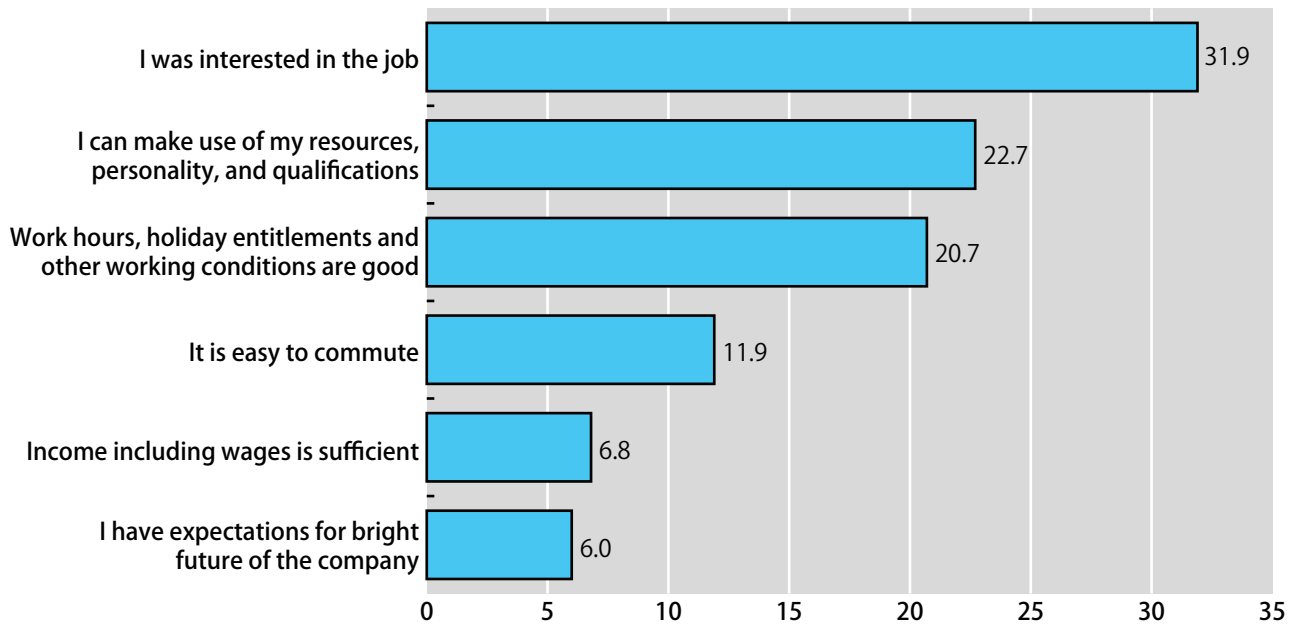
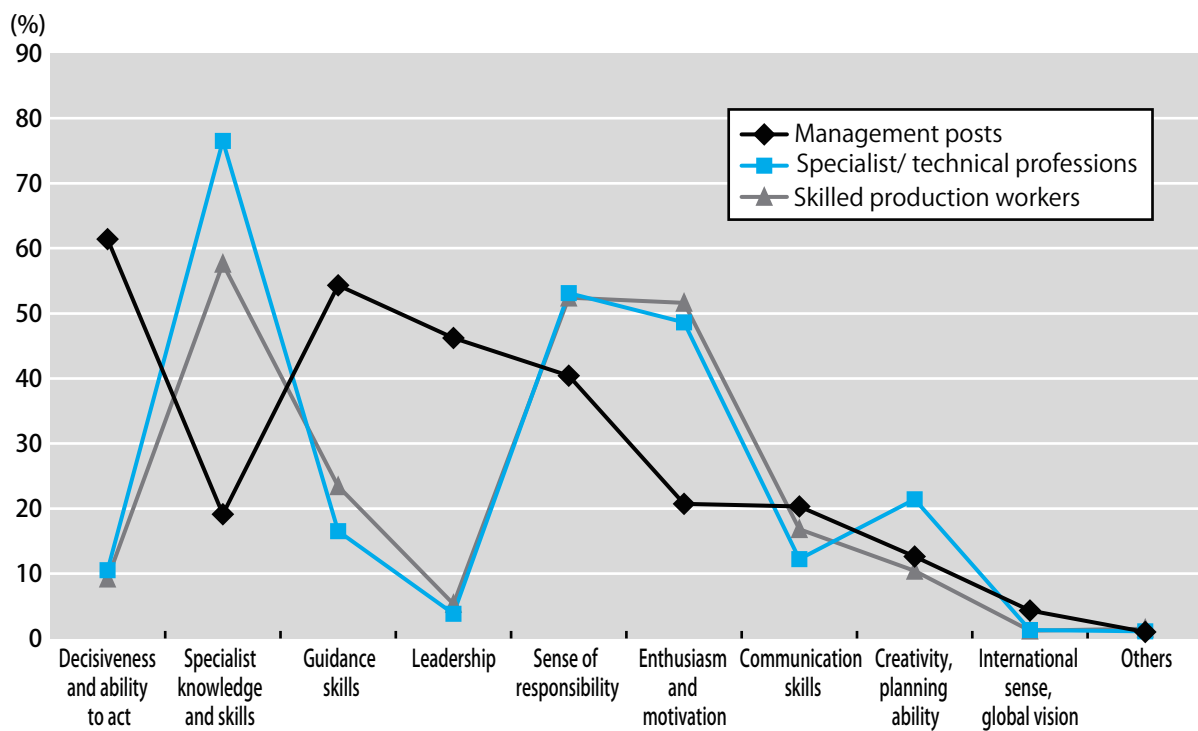


Figure III-9 Companies' Expectations of Core Personnel
 (Survey on Employment Structure 2007, Up to Three Responses, %)



Recent Trends

With regard to hiring of new university graduates, there had been concerns about the process beginning earlier and taking longer, but recently there is a movement toward postponing it again. The Japan Business Federation (Keidanren) makes stipulations in its revised Charter of Corporate Ethics for Recruitment and Employment, and new Guidelines for Recruitment and Employment (September 13, 2013). From the Class of 2016 onward, publicity activities with regard to corporate hiring (acceptance of entry sheets, briefing sessions held by companies, etc.) are not to start before March 1 of students' third year of university, and actual recruitment processes such as interviews are not to start before August 1 of the fourth year. Official (albeit informal) job offers are not to be extended prior to October 1 of the same year, as previously. This means that when the Class of 2015 is compared to the Class of 2016, recruitment-related publicity activities are starting three months later (on March 1 rather than December 1), and selection activities four months later (on August 1 rather than April 1). The selection process has gotten significantly shorter, going from six months to two months. To address the problem of earlier and longer-lasting recruitment processes, the process has been delayed and shortened. However, while the

approximately 1,300 companies belonging to Keidanren are asked to adhere rigorously to these guidelines, they do not apply to companies that do not belong to Keidanren, or to foreign corporations, and these are continuing to carry out recruitment activities earlier. In addition, with the selection period having grown shorter, companies are increasingly taking steps like offering internships to third-year university students (although stating that these are completely unrelated to recruitment and selection) and reviving programs in which employees (recruiters) are dispatched to campuses to court outstanding students.

Although the economy showed signs of stagnation resulting from the consumption tax hike, the overall trend is toward economic recovery and more jobs than there are people to fill them. Companies are recruiting more aggressively, and for the past few years it has been a "seller's market" for new university graduates. According to the fiscal 2014 Survey on the Employment Status of University, etc. Graduates, by the Ministry of Health, Labour and Welfare and the Ministry of Education, Culture, Sports, Science and Technology, as of April 1, 2015, the employment rate for university graduates stands at 96.7%, its highest level since the graduating class of March 2008 seven years ago.