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Recruitment and Hiring in Japan

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The recruiting and hiring practices of human resources in Japan considerably differs between regular employees (normally in long-term employment), and non-regular employees such as part-time workers, *arubaito* (temporary) workers, etc.; between new graduates and mid-career hiring; and between large corporations and small and medium enterprises. Firstly, we will take an overview of recruitment and hiring as reflected in the *Survey on Employment Trends*. This survey conducted twice a year, which was started in 1964 by the Ministry of Labor (now the Ministry of Health, Labour and Welfare), highlights movements of personnel in terms of being hired, entering employment, changing jobs, and quitting. Although it is a sample survey, the data are used to extrapolate figures for Japan as a whole. Here, we will look at the results of the most recent survey at the present time, the 2015 survey. Then we will examine issues such as methods of recruitment and hiring (including the results of other surveys), aspects prioritized by job seekers when choosing workplaces, and attributes expected of core human resources by companies. Finally, we will explain the latest situation in related sectors.

I. An overview of recruitment and hiring in Japan

According to the *Survey on Employment Trends* (Table 1), a total of 7,749.2 (persons in thousands, same applies below) were hired in 2015. Of these, 4,710.4 were hired “on an open-ended contract — without a fixed term labor contract” (known as “regular employees”) and 3,038.8 “on a fixed term contract” (known as “non-regular employees”). These 7,749.2 can be divided into two groups: one is those hired as “new graduates, etc.” (without

previous employment) totaled 2,721.1, and the other is those hired in mid-career totaled 5,028.1. If we then categorize those **new graduates, etc.** hired “on an open-ended contract” by age group, 730.8 were aged 20-24 and 484.6 were aged 19 or lower. The former graduated from university or similar and started working as regular employees, while the latter graduated from junior or senior high school and started working as regular employees.

Of mid-career hiring (shown as “Hired career-changing employees” in Table 1), regular employees accounted for 58.6% and non-regular employees for 41.4% of the total of 5,028.1 job changers. This reveals a higher ratio of non-regular employees than that among **new graduates, etc.** recruits (of whom regular employees accounted for 64.8% and non-regular employees for 35.2%). By age group, 510.1 workers aged 25-29 were hired as regular employees, more than in other age groups. These are probably **new graduates, etc.** who were hired as regular employees when aged 20-24 but changed jobs at 25-29, remaining in regular employment. Other age group, the numbers hired gradually decrease with age. As a general flow of human resources, this would mean that they graduate from senior high school, university or similar, find employment as regular employees, but subsequently change to other jobs as regular employees when aged 25-29. On the other hand, even a certain proportion of **new graduates, etc.** are hired as non-regular employees, and the same goes for hiring as non-regular employees in mid-career.

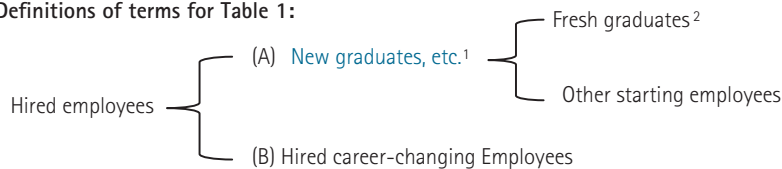


Table 1. Type of employment contract of new graduates, etc. and mid-career, (by corporate scale, and age group)

(male-female totals, unit: 1,000 persons)

Enterprise size and age group	(A)+(B) Hired employees			(A) <i>New graduates, etc.</i> (Fresh graduates and other starting employees)			(B) Hired career-changing employees		
	Total	Open-ended employment	Fixed-term employment	Total	Open-ended employment	Fixed-term employment	Total	Open-ended employment	Fixed-term employment
All corporate scales	7,749.2	4,710.4	3,038.8	2,721.1	1,762.0	959.1	5,028.1	2,948.4	2,079.7
Age 19 and under	1,047.8	670.5	377.2	786.3	484.6	301.7	261.5	186.0	75.5
Ages 20-24	1,506.4	1,109.1	397.3	893.9	730.8	163.2	612.5	378.3	234.1
25-29	983.5	658.3	325.2	221.4	148.3	73.2	762.0	510.0	252.0
30-34	695.1	408.6	286.5	130.7	66.9	63.7	564.4	341.7	222.7
35-39	710.8	429.6	281.2	163.7	88.5	75.2	547.0	341.1	206.0
40-44	732.5	435.4	297.1	128.4	62.1	66.3	604.1	373.3	230.8
45-49	566.4	330.2	236.2	111.5	55.8	55.8	454.8	274.4	180.5
50-54	463.1	252.8	210.3	89.1	44.3	44.8	373.9	208.5	165.4
55-59	345.2	194.7	150.4	56.6	25.3	31.3	288.6	169.5	119.1
60-64	429.7	122.9	306.7	70.3	25.5	44.8	359.3	97.4	261.9
Age 65 and over	268.9	98.3	170.7	69.0	29.9	39.0	200.0	68.3	131.7
1,000 employees or more	2,576.6	1,188.3	1,388.4	1,029.9	516.1	513.9	1,546.7	672.2	874.5
300-999 employees	1,281.1	770.8	510.4	441.3	312.5	128.7	839.9	458.3	381.6
100-299 employees	910.2	539.3	370.8	280.1	173.6	106.5	630.0	365.7	264.3
30-99 employees	1,157.2	860.4	296.8	400.7	309.0	91.7	756.5	551.4	205.1
5-29 employees	1,541.8	1,264.3	277.5	482.0	413.8	68.1	1,059.8	850.4	209.4

Definitions of terms for Table 1:



Source: Adapted from Ministry of Health, Labour and Welfare, *Survey on Employment Trends*, 2015.

Notes: 1. "New graduates, etc." is used in place of "hired starting employee" in the original MHLW document, which means "a hired employee with no work experience within one year prior to finding work."

2. In this survey, "fresh graduates" is used in place of "new graduates" in the original, which means "a hired starting employee who graduated in the survey year, whether moving on to further education or employment (including persons who entered further education but work as a regular employee in addition to studying.)"

Table 2. Educational background of fresh graduates by corporate scale

(male-female totals, unit: 1,000 persons)

	New graduates, etc.									
	Total	Fresh graduates							Other starting employees	
		Total of fresh graduates	Junior high school	Senior high school	Specialized training college (post-secondary course)	College of technology, junior college	University, graduate school			
						Arts	Sciences			
All corporate scales	2,721.1	1,249.9	84.8	411.9	131.3	60.5	561.4	325.3	236.1	1,471.2
1,000 employees or more	1,029.9	526.3	53.1	165.3	33.6	14.7	259.6	146.8	112.7	503.7
300-999 employees	441.3	263.6	6.7	65.6	36.2	8.5	146.6	82.8	63.8	177.6
100-299 employees	280.1	138.0	8.6	52.0	21.1	12.1	44.1	28.7	15.4	142.2
30-99 employees	400.7	146.8	4.4	60.3	19.0	12.8	50.3	24.1	26.2	253.9
5-29 employees	482.0	134.5	11.5	65.4	17.7	9.8	30.0	19.2	10.8	347.5

Source: MHLW, *Survey on Employment Trends*, 2015.

In terms of corporate scale, companies with 1,000 employees or more hired the largest number of *new graduates, etc.* as regular employees (516.1), but companies with 5-29 employees also hired a large number of these (413.8). In other words, many *new graduates, etc.* entered large companies, but significant numbers also found employment in smaller companies. Companies with 5-29 employees hired the largest number of regular employees in mid-career (850.4), while the top hirers of non-regular employees were companies with 1,000 employees or more, hiring 874.5 of these.

Table 2 shows the 1,249.9 fresh graduates (of the *new graduates, etc.* mentioned above, particularly those hired straight after graduation in the year they graduated) in terms of their educational background. The largest were universities and graduate schools, supplying 561.4 new graduates, compared to 411.9 senior high school graduates. Classifying university and graduate school graduates into arts and sciences, arts graduates accounted for around two-thirds of the total, and science graduates for the other third. By corporate scale, companies with 1,000 employees or more hired the largest number of university and graduate school graduates. This was also true of senior high school graduates, but smaller companies such as those with 5-29 employees hired more of these than university and graduate school graduates.

II. Methods of recruitment and hiring

Figure 1 shows the recruitment methods to hire employees, according to the *Survey on Employment Trends*. Job advertisements were the largest method overall, followed by personal connections and public employment security offices. As the figure shows, private job placement agencies were used least of all. By corporate scale, advertisements were most commonly used by companies with 1,000 employees or more, and least by those with 5-29 employees. Both personal connections and *Hello Work* (public employment security offices) were used most commonly by companies with 5-29 employees.

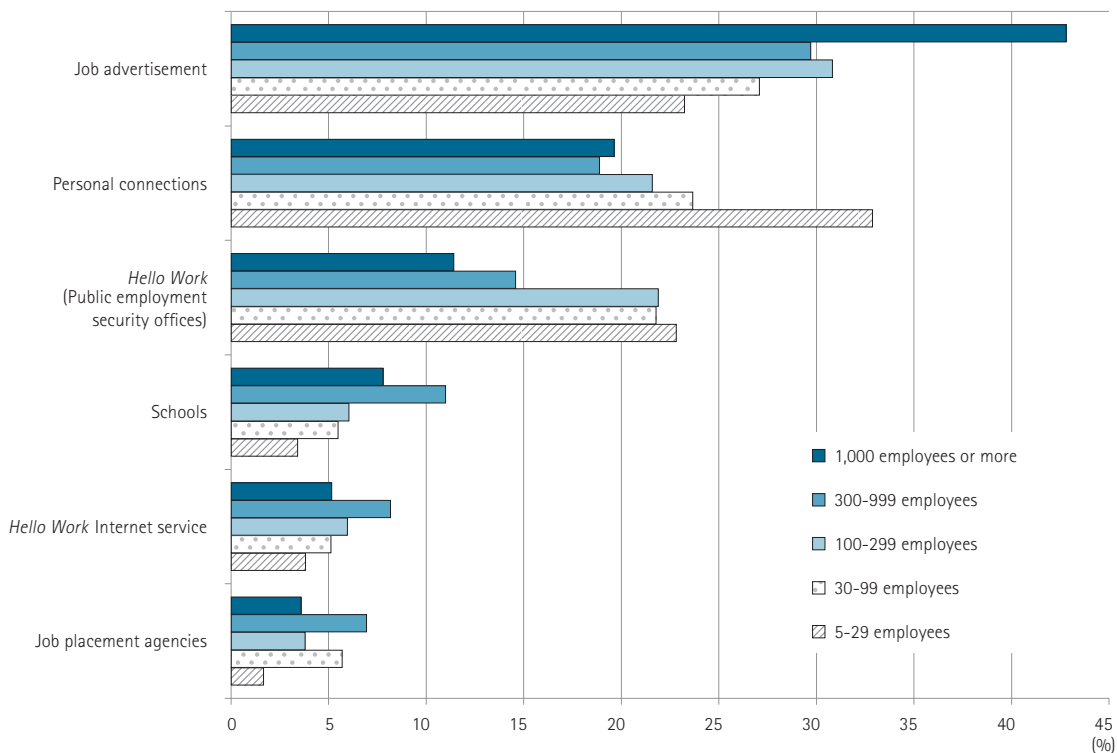
In a different survey from the one discussed so far, Figure 2 shows responses on methods found most effective when hiring mid-career in the 2007 *Survey on Hiring Management at Enterprises*, one of the *Surveys on Employment Structure* conducted by

the Ministry of Health, Labour and Welfare (MHLW) on different themes each year. According to the survey, the most common responses were “Resumes and professional records submitted” (73.6%) and “Responses during interviews” (73.5%).

III. Attributes prioritized by job seekers and recruiters

Next, let us look at the attributes of employers prioritized by job seekers when deciding which jobs to go for. Figure 3 shows this as reflected in the *Survey on Employment Trends*. In a single-response question on the reason for choosing their employer, ratios of answers given by men and women have been calculated from all answers as 100%, after excluding answers that are not reasons for choosing, namely “I just wanted to get a job” and “Other reasons (including temporary transfer, etc.)” Men most commonly give the reason “I was interested in the job content” followed by “I can use my skills, personal characteristics or qualifications,” “Working hours, holidays and other work conditions are good,” and “It is convenient for commuting.” For women, the most common reason was also “I was interested in the job content” followed in a slightly different order by “Working hours, holidays and other work conditions are good,” “I can use my skills, personal characteristics or qualifications,” and “It is convenient for commuting.” In terms of gender difference, “Working hours, holidays and other work conditions are good” and “It is convenient for commuting” were more commonly chosen by women. “I can expect future potential from the company” and “Salary and other earnings are high” were less common.

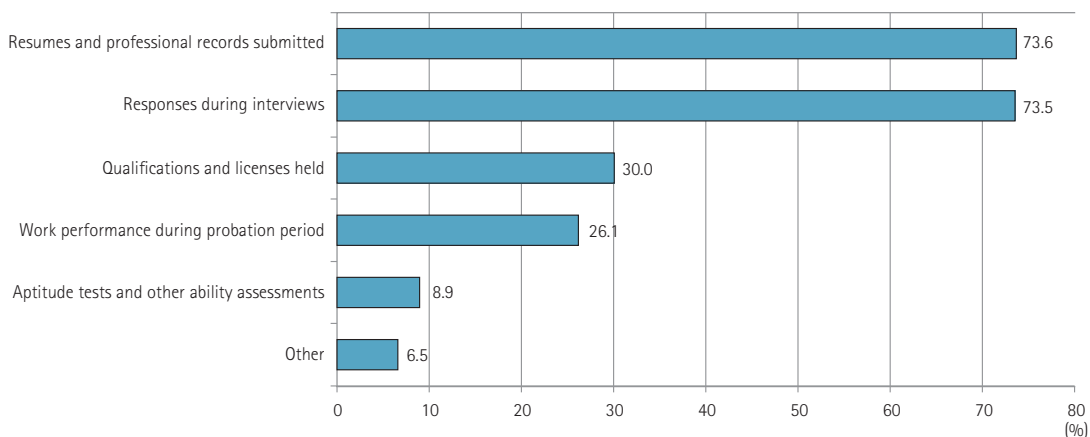
From the opposite angle, what do companies prioritize when selecting candidates? Figure 4 reveals how this was reflected in the *Surveys on Employment Structure: 2007 Survey on Hiring Management at Enterprises* conducted by MHLW. Companies were asked to divide their core human resources into management workers, specialist and technical workers, and skilled blue-collar workers, and to choose up to three main priorities for each. According to this, similar trends were shown for specialist and technical workers and skilled non-clerical workers. For these workers, companies prioritize attributes



Source: MHLW, *Survey on Employment Trends*, 2015.

Note: "Temporary transfer" and "returning from temporary transfer" is excluded from the data calculation. "Others" were also excluded in the chart.

Figure 1. Recruitment methods



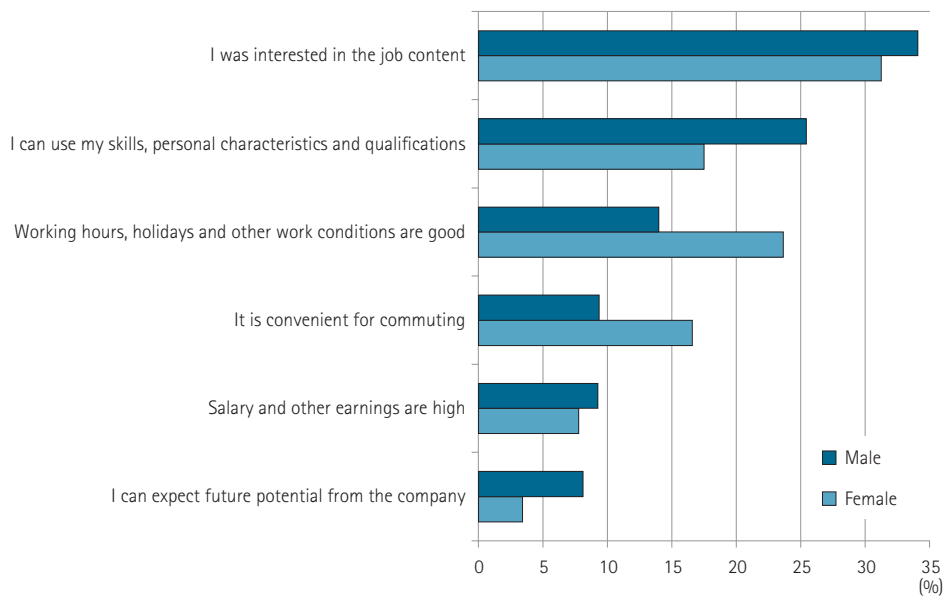
Source: MHLW, *Surveys on Employment Structure: Surveys on Hiring Management at Enterprises*, 2007.

Figure 2. Methods found effective in mid-career hiring (multiple responses)

such as “specialist knowledge and skills,” “sense of responsibility,” and “enthusiasm, motivation.” For managerial staff, in particular, the priorities were “determination, great activity,” “ability to mentor,” and “leadership” among others.

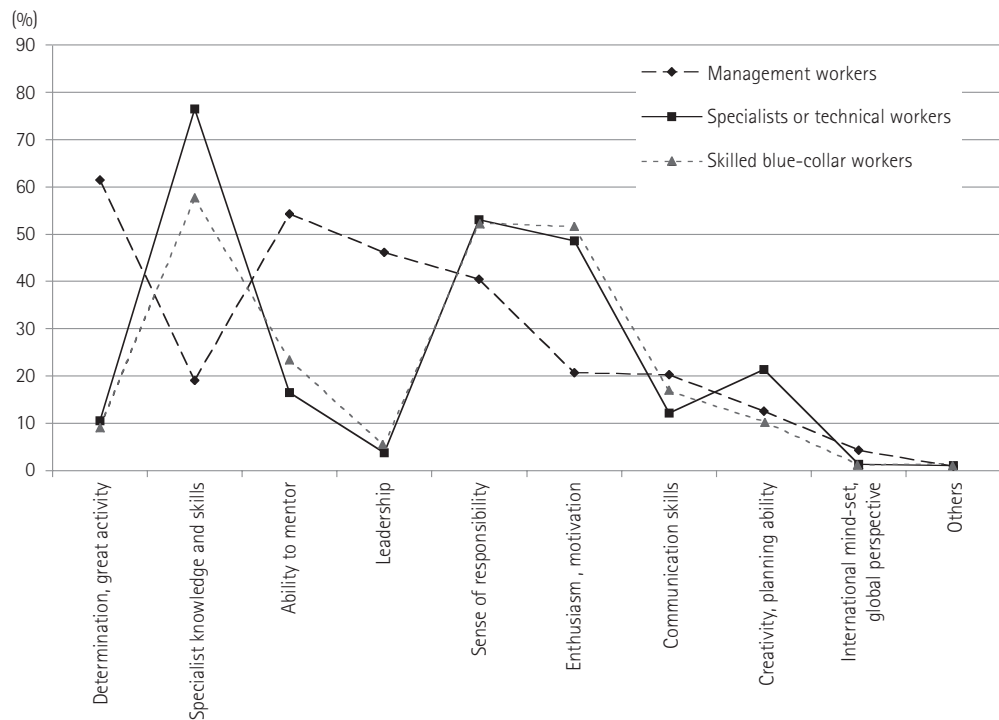
IV. Recent trends

Earlier starts and the longer duration of recruitment schedules are becoming problematic in relation to university graduate hiring, and a tendency to delay those schedules has been seen. Over the last few years, schedules have been fluctuating between



Source: MHLW, *Survey on Employment Trends*, 2015.
 Note: Single response, calculated as % excluding non-reasons.

Figure 3. Reasons for choosing the company to work for



Source: MHLW, *Surveys on Employment Structure: Surveys on Hiring Management at Enterprises*, 2007.
 Note: Three expected attributes as a management worker, a specialists/technical worker, or skilled blue-collar worker for core human resources were responded by each enterprise.

Figure 4. Attributes expected of core human resources by companies

being delayed and brought forward somewhat earlier. Nevertheless, for hiring in April 2018, as in 2017, “PR activities” (company explanation sessions, etc.) for university juniors (third year students) started on March 1, 2017 and “selection” (hiring interviews, etc.) on June 1, 2017 [“Guideline on Recruitment and Selection” by the Japan Business Federation (Keidanren), revised on September 20, 2016]. There was no change in the date of formal offers of employment, starting on October 1, and this is the date when many companies have their ceremonies for prospective employees. The practice of offering internships in around the summer for juniors is now firmly established. Recently, university graduate hiring has become a “seller’s market” that works to the advantage of the students; the informal job offer rate for university students planning to enter companies in April 2017 (as of February 1) was 90.6%, according to the *Survey on Potential Recruits among Graduating Students at Universities, etc.* conducted by MHLW. For university students, hiring in April 2018 will again be a “seller’s market.”

There is currently a thriving demand for labor

among Japanese companies but not enough job seekers, causing a labor force shortage. The active job openings-to-applicants ratio, which passed 1.0 to reach 1.09 in 2014 (meaning that there is more than one job opening per individual job seeker), rose to 1.20 in 2015 and 1.36 in 2016, and has risen further in 2017, according to the *Employment Referrals for General Workers* by MHLW. The ratio is particularly high among construction skeleton workers, security workers, medical practitioners, pharmacists, architects, civil engineers, and surveyors in the survey on the *Employment Referrals for General Workers* (June 2017) by MHLW. This is due to construction work in preparation for the coming Tokyo Olympics 2020, in addition to reconstruction works after the Great East Japan Earthquake of 2011, as well as aging of the society.

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