

RESEARCH

*Hiring New Graduates in Japan and
“Character”*

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ABSTRACT

In Japan, the main recruitment method is hiring of newschool graduates. Japanese companies attach importance to “character” when hiring new graduates. Why is “character” so important? This study aims to provide a hypothesis. The reason of the overriding importance attached to “character” in new graduate recruitment is the fact that Japanese companies see new graduates as human resources who can be developed as their companions to work with for the long term. “character” has two aspects: character as a driving force for growth and character as a driving force for development. Skill can be learned later and anyone can acquire knowledge. However, character as a driving force for growth cannot be developed in a short time. Japanese companies develop new graduates primarily through OJT(On the Job Training). This requires hard work. Hence, new graduates should make their superiors and seniors “feel willing to develop them” even at the cost of time.

ACCORDING TO HAMAGUCHI (2011), THE essence of Japanese employment Practices, i.e. long-term employment practice, the seniority-based management, and enterprise unions, is “an employment contract to be a member of the company without limitation of duties (a blank slate)”(Hamaguchi, 2011, P.15). In fact, to put it in plain words, “employment” from the standpoint of Japanese employment practices means a guarantee of semi-permanent membership of the company without clarification of what jobs employees would do.

Also, Hamaguchi (2011) argued that while an employment contract is a job-specific contract in leading industrial nations other than Japan, it means a membership contract in Japan(Hamaguchi, 2011, P.16). In Japan, where recruiting means assignment of membership, hiring of new school graduates is the main axis of recruitment activities. Such hiring practice constitutes “a system whereby companies recruit and hire workers who have just graduated from schools and have no experience of working as regular employees, i.e. new graduates, hired in batches only at the time of their graduation”¹.

Japanese companies attach paramount importance to “character” when recruiting new graduates. One factor is that a smaller portion of new

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university/college graduates go into a profession in Japan than in Western countries². However, why is “character” more important than expertise for educated workers? What does the term actually mean for companies? The objective of this article is to provide a glimpse of potential answers to these questions.

Literature Review

The relationship between recruiting and character According to Shushoku Mirai Kenkyusho (2015), the top three items that companies value in new graduate recruitment are “Character” (93.1%), “Passion for the company” (78.0%), and “Potential” (72.0%). There is a significant gap with “Expertise acquired in university/graduate school,” which ranked seventh with 23.4%(Shushoku Mirai Kenkyusho, 2015, P.12).

As stated above, “character” is strongly valued in the recruitment of new graduates in Japan. However, little research has dealt with the relationship between recruitment and “character.” Least of all, there are only a few papers that squarely address the relationship between the recruitment of new graduates and their characters.

Recruitment regarded as the matching behaviors in the labor market has been the subject of work of labor economists. However, quantitative analysis methods used by such economists are not appropriate to analyse the relationship between recruitment and character. The reason is simple: character cannot be digitalized into a quantitative indicator. Thus, precedent studies by labor economists has gone no further than pointing out the importance of the relationship as a by-product of their job-matching research.

For instance, Abe, Kambayashi and Lee (1999) pointed out that information which speaks for the capabilities of candidates in the labor market is

limited to industries of past employment history, qualifications and experiences and “[Companies] tend to value ‘analog’ information that cannot be objectively described, such as character and compatibility with their corporate cultures.” Further, according to Jovanovic (1979), employer-employee compatibility affects productivity in practical operations after recruitment and decisions to leave a company.

Kobayashi (2013) analyzed job-matching factors, focusing on candidates’ data regarding their “character” and the “corporate cultures” of recruiting companies among data accumulated and collected by an individual private staff agency. This study concluded that character data significantly affects a part of candidate screening results in both document elimination and interview processes. Still, character information retained by the staff agency in the study may not necessarily have been accurate and reliable, and was not provided to recruiting companies. Thus, the effect of character on screening results was hardly revealed at all.

Nevertheless, as mentioned above, recruiting companies value candidates’ character the most when recruiting new graduates, according to Shushoku Mirai Kenkyusho (2015). Almost no one who observes Japanese students’ job hunting activities (as in the author of this paper) would deny that students’ character influences the screening process during new graduate recruitment. The author believes that qualitative analyses, rather than quantitative analyses, are essential in studies on the relationship between characters and the hiring of new graduates, and are important factors of hiring decisions and for new graduates.

Why is character so important?

Some people may see it strange that companies recruiting new university/college graduates value

“Character” 70% more than “Expertise acquired in university/graduate school”.

Yet, observing the job-hunting activities of students in a two-year college in Japan, the author could not help judging whether certain students would get a tentative job offer³ soon or face difficulties in job hunting because of their characters, which the author observed in interactions with them during pre-entry campus tours and immediately after their entry into the college. Other faculty members often have the same feelings and such intuitive predictions often come true during the students’ actual job-hunting activities.

As a Japanese researcher admitted by saying, “From the standpoint of US and European companies, it is a total mystery as to why Japanese companies prefer to employ new graduates who have no professional experiences and knowledge and thus can hardly contribute to the company in the short term”(Tanaka, 1980, pp.273-274). Thus, it appears that the new graduate recruitment practices of Japanese companies are unique to Japan.

The primary recruitment method of major Japanese companies is to hire new graduates. On the other hand, the management of SMBs in Japan complains they want to hire new graduates but do not receive their desired amount of applications from new graduates, as the SMBs are not famous enough. They argue that the primary reason is that new graduates without any experience and knowledge have many more job offers than before and can acquire the ways of business of their first employers. One of the most frequently-cited disadvantages of hiring experienced workers is that developing experienced workers is more difficult because they have taken on the ways of their previous employers.

Although a candidate’s character is much more

valued than expertise acquired in universities in new graduate recruitment, some recruiting companies assign the highest priority to work performance and qualifications when job descriptions are specified. However, only 40% of new university/college graduates in Japan go into a profession⁴. Moreover, while recruiting companies are requiring qualifications in their job-offer information for new graduates, in many cases they actually employ candidates with a good character and enough motivation who promise to acquire a required qualification in the future, instead of employing qualified candidates with a “poor” character.

As mentioned above, the essence of the Japanese employment system is an employment contract that clearly promises to keep each employee as a member of the company without providing clear job descriptions. For companies, an important point in recruitment is whether a candidate is a person whom they want to work with for a long term even though job descriptions are not clearly set.

An author of an orientation handbook for job hunting explains to students, i.e. their intended readers, that for companies, recruiting activities means, “a process to find companions to work with”(Kusunoki, 2010, p.38). A different author provides an overview that, “the ideal candidate portrait that many HR managers think of is fundamentally so simple: ‘trustworthy and can cooperate with colleagues.’”(Mori, 2009, p.253).

Clearly, the reason of the overriding importance attached to “character” in new graduate recruitment is the fact that Japanese companies see new graduates as human resources who can be developed as their companions to work with for the long term. Thus, more emphasis on their “characters” than on what the new graduates

learned in university/college is most likely a result of the Japanese employment practices characterized by long-term employment.

Character as a driving force

1. Character as a driving force for growth

As previously noted, those who observe students' job-hunting activities in university/college can predict to some extent whether certain freshmen would smoothly get tentative job offers or face difficulties in the future. The author sometimes views this in a negative light because there must not be many things that junior colleges can do to help students if their potential to get a job is already etched at the time of entrance, and sometimes the author accepts the situation, collectedly thinking that "it might be arrogant to think we can change their characteristics developed through their whole lives of about 18 years in only two years or, more accurately, one year from entrance to the start of their job-hunting activities⁵."

A personnel manager of Rakuten⁶, a leading IT company in Japan, made a similar assertion. This personnel manager listed three categories of competence they value in their recruitment of new graduates: skills, knowledge and mind; and the personnel manager asserted that the most important one among them is "mind." According to the manager, "skills can be learned later" and "anyone can acquire knowledge"; however, "mind cannot be developed in a short time and it depends heavily on character." Further, the recruiter articulated, "Without a good mind, workers will never act to acquire skills and knowledge."

The words of this personnel manager were found in an anthology intended for company researchers including students beginning their job-hunting activities. Consisting of writings of 14 major companies, this anthology aims to profile the

"human competence" that these companies expect their employees to have with the awareness: "What is the most demanded for future development of Japan is people who can create and execute value-added works themselves"; and "It is undeniable that 'ready-to-serve human resources' are highly demanded and needed. However, things that can be developed in one year can become obsolete in one year. We should pursue things and ways of working that will not be outdated in 10 years."

Some recruiters besides the personnel manager of Rakuten also state that characters and attributes are the driving force for growth.

A personnel manager of NTT Data⁷, a global IT company in Japan, stated they "take a considerable amount of time for interviews with each candidate to find out the character, attitude and value set that drives them to act." After defining that the company's mission is to provide people with convenient systems by using information systems, the recruiter expressed a personal thought that those who can perform well in the company are those who "see to make the world more convenient and enrich people's lives," "love to see people joyful" and "want to leave their own mark on the world."

A personnel manager of Canon⁸ stated, "The most important properties are their mindsets and attitudes that are revealed by words like 'visions,' 'moral values' and 'sense of responsibility.' People with visions are motivated to accomplish them; no visions, no passion. People never follow a person without passion. I think that without setting goals for the future, drawing visions and setting out for them without being buried in routine work, we cannot find meaning in small tasks in front of us."

2. Character as a driving force for development

In past, the author discussed human resource

development for new graduates as follows⁹.

Among Japanese companies that presuppose long-term employment as part of Japanese employment practices, it is common practice to hire the minimum required labor force and respond to any rise in labor demand through overtime work by existing employees rather than dismissing or terminating employment of excess labor to adjust according to changes in labor demands. Therefore, Japanese companies hardly ever have extra labor requirements. Despite this, they hire new graduates with no practical skills based on their trainability and develop them primarily through OJT (On the Job Training¹⁰) by showing them how their superiors and seniors work. This requires hard work.

Therefore, in order to be hired as new graduates, candidates should have enough “potentials” to motivate companies to develop themselves, and more importantly they should make their superiors and seniors “feel willing to develop themselves” even at the cost of time.

In the aforementioned anthology, a personnel manager of Benesse Corporation¹¹, leading education and publishing company, expressed the same view. He told students, intended readers of the anthology, “Please try to find your mentor when you join a company. (An omission) Please note, however, in order to have a mentor, you must be the one who can make him/her feel willing to devote their time to guide you.”

I think whether new graduates can make their superiors and seniors feel “willing to develop them” depends on their characters and how many experiences they have had in mentor-mentee relationships. For instance, an personnel manager of a major Japanese company stated that their staffs of personnel affairs section ask new graduates to be “grateful, modest and cooperative,”¹² and a personnel manager of another major Japanese

company expects new graduates to be compliant, saying, “We look for people who can pronouncedly say ‘Sorry’ when they make any mistake”¹³.

What makes them ask for these properties? With regard to this question, the story of a woman working for a Shinkin Bank¹⁴ is highly suggestive. She participated in a job-hunting seminar the author held in the author’s junior college in October 2014¹⁵, which was for job applicants of Shinkin Banks. The woman as a panel member working for a Shinkin Bank and told students what work she did in the bank. Her story was about an error she made when she started working for the Shinkin bank. In Japan, every formal contract and transaction must be verified by a stamp rather than a signature; banking institutions never accept any transaction without an imprint of a registered stamp. When she was engaged in counter services in the Shinkin bank, a client brought a registered stamp to the counter but by mistake she told the client the stamp was not the registered stamp. Although representatives of the client company thought “It can’t be,” they reluctantly took time out of their busy schedules to find the non-existent “right stamp.” At the same time, it was found that the woman had made a mistake in such a basic operation as stamp verification by saying, “This is wrong” to the client, who had actually brought the correct stamp. In short, she caused trouble to the client by her mistake. Her superior yelled at her, “You gave this Shinkin bank a bad name.” She told students “It was me who made the mistake and caused the problem, but it was not me who visited the client and apologized to them. My superior did that.” This was an expression of her apology to the superior. Although she herself must have lost confidence due to the error and felt crushed when being yelled at, as she only talked about her apology to the superior rather than the pain in her heart.

For superiors/seniors, to develop their subordinates/juniors who have just graduated from school means to take responsibility for their mistakes and apologize to affected parties. If the subordinates/juniors are not sensible enough to feel sorry for causing trouble to superiors/seniors who spend a considerable amount of time to develop them, this developmental approach will never be successful.

It is not necessarily common sense to feel sorry for making a superior apologize to a client for trouble that one has caused. Rather, such a feeling cannot be acquired unless someone guides the individual to feel it at the bottom of his/her heart. Otherwise, the consciousness the woman expressed is never truly acquired regardless of the presence of patient

those who provide them with instruction and guidance are likely to establish good mentor-mentee relationships with school teachers and senior students in club activities in their school days. By the time children get older and enter a university/college, differences in the amount and quality of mentor-mentee relationships results in a significant gap among them.

Can companies assess “characters” in screening processes?

Thus, in job interviews, companies can assess if candidate students deserve their significant efforts for development to some extent.

When the author had an interview practice session with a graduate of my seminar class, the author asked her a question that is frequently asked in interviews. That is, “Have you ever faced a setback?” The answer should include details of a setback, how he/she thought about it and faced it at that time. With this question, interviewers intend to figure out how the candidate would act when faced with challenges in his/her job and what value set and philosophy they base their acts

mentor. Attitudes people exhibit when making mistakes in cooperative work clearly represent the amount and quality of mentor-mentee experiences they have had.

Mentor-mentee relationships new graduates have experienced should be relationships with their parents and senior students/instructors in school club activities and student-body activities. Lucky is the person who has had parents, teachers and seniors who guided and instructed him/her to think of affected parties and how he/she should think and act rather than being gripped by their own pain after making a mistake.

Children who have been taught to have this attitude and to express gratitude directly toward on.

Her answer to my question was as follows. She was an assistant manager of a baseball club in her high school years. She was an umpire in the last match for senior students, but gave a wrong decision and caused trouble to the team. She felt embarrassed and soon made a second mistake. Then team members harshly yelled “What are you doing?” and “You shouldn’t be an umpire again” at her, and she said she cried all night. The author asked her what she thought while crying and she answered, “I wondered whether they had been dissatisfied with my performance before and they’d just been patient.”

The author thought some people may be disturbed and leave the field when yelled at in such a way even if the match was their important retirement match. However, she stayed on the field to the end of the game. By doing so she fulfilled her obligation as an assistant manager. Further, she voluntarily reflected on her mistakes overnight in a serious manner. She was not upset at the team members who had yelled at her, but she reflected on

her mistakes, wondering if she had not performed well as an assistant manager before. The next day, she still attended the club activity after crying all night.

It must have been hard for her to attend, so the author asked her why she went to the club and she answered as follows. The senior students were going to retire from the club after 3 days, so she thought she should say farewell to them. When she decided to assume the post of assistant manager, her parents were concerned about her, as many parents would be. She said she was determined to do it, so she thought she should keep on doing it to the end.

The student often talked about her parents, especially about her mother, and was well known among other students for the good mother-daughter relationship they enjoyed. She often talked to her mother and her mother cared deeply about her daughter. From her answers above, it is clear that her mother caring about her deeply was the driving force for her to fulfill her responsibility as an assistant manager.

She graduated the junior college and joined a major company listed in the First Section of the Tokyo Stock Exchange¹⁶.

Result: Findings and Future Research

Although the author primarily mentioned mentor-mentee relationships, i.e. human environments, opportunities are also an important factor. Characters that make people willing to take time to guide others are not something learned through

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school curriculum. The degree of development of such characters should depend on the amount of experiences of encountering difficulties like the aforementioned experience in a baseball club. This will be discussed in a separate paper.

In Japan, the vast majority of companies recruiting new university/college graduates value “Character” much more than “Expertise acquired in university/graduate school.” So there should be an answer to the question “Why do they want to hire graduates from colleges/universities/graduate schools?” The author will also discuss this in another article.

Recognizing these issues, the author will examine the following 3 inferences that have been discussed in this article:

1. The overriding importance is attached to “character” in new graduate recruitment because Japanese companies see new graduates as human resources who can be developed as their companions to work with for the long term.
2. “Character” has two aspects: character as a driving force for growth and character as a driving force for development.
3. These two aspects cannot be developed in a short time and the degree of development depends on the amount and quality of experiences of mentor-mentee relationships. There is a significant gap among students regarding such experiences at the time of entrance to universities/colleges.

pp.24-29.

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(Endnotes)

- 1 HR glossary in “Nihon No Jinji-bu (Japan’s HR Dept.)” website (<http://jinjibu.jp/keyword/detl/253/>). Nomura (2007) describes “periodical recruitment” rather than “hiring of new graduates” but the description is “Periodical recruitment refers to companies’ hiring new graduates of high schools, colleges and universities, etc. in a batch every year or almost every year” (Nomura, 2007, p.54).
- 2 According to JIL (2001), the rate of professions among occupations of university/college graduates after three years from graduation is only about 40% of the working population (38.8% for males and 39.6% for females). Even the totals for administrative, professional and semi-professional occupations does not reach 50% among both males and females (48.6% for males and 45.1% for females), which is far below from the average figure of around 90% in European countries (91.6% for males and 87.5% for females).
- 3 A practice used in the recruitment of new graduates whereby an employer makes a tentative offer of a job to a student who has successfully completed the selection process but has not yet graduated(Sangyo Rodo

- Kenkyusho, 2001, p.115).
- 4 Refer to Note 4.
 - 5 Japanese university/college students normally search for jobs and get official job offers while at school. Currently, they start job-hunting activities in March in their junior year for 4-year universities/colleges or in March in their first year for 2-year junior colleges. Thus, junior college students have to start job hunting before they finish their first year in school. In the past, however, they had to start job hunting much earlier. The Ethical Charter regarding recruitment activities set forth by the Japan Federation of Economic Organizations (Keidanren) was revised and applied to new graduates of the Class of 2016. Many of the Keidanren member companies started recruitment PR activities on December 1 of the previous fiscal year of recruitment and screening processes on April 1 of the next fiscal year, and provided official job offers on October 1 of the same year. However, according to the revision, they decided to start recruitment PR activities on March 1, screening processes on August 1 and official job offering on October 1 for the Class of 2016.
 - 6 The quotes from of this personnel manager are stated on pp.235-243 of “Rakuten, Inc” in JPC-SED (2006, pp.231-249) (author: Ryuichi Onoe, Officer of Globalization Promotion Division of Rakuten, Inc.).
 - 7 The quotes from this personnel manager are stated on pp.27-28 of “NTT Data Corporation” in JPC-SED (2006, pp.19-37) (author: Eiji Yamada, Executive HR Officer of NTT Data Corporation).
 - 8 The quotes from this personnel manager are stated on pp.64-66 of “Canon Inc.” in JPC-SED (2006, pp.55-67) (author: Hiroshi Ogiwara, Head of Human Resource Development Center of Canon Inc.).
 - 9 Hirasawa, J “Latent Dismissal and Japanese Employment Practices” The 3rd International Conference of Nepalese Academy of Management on Transforming Management System for Innovation, Development and Governance, Mar. 28th 2015, Kathmandu.
 - 10 Training while actually working on the job, A training technique commonly used in Japan wherein the individual’s job itself is actually designed in such a manner as to make its performance a learning experience.(Sangyo Rodo Kenkyusho, 2001, pp.151-152).
 - 11 The quotes from this personnel manager are stated on pp.211-213 of “Benesse Corporation” in JPC-SED (2006, pp.199-214) (author: Yoshinori Matsumoto, Executive Officer of Benesse Corporation).
 - 12 The quotes from this officer are from p.174 of “NTT DoCoMo” in Mori (2009, pp.163-175) (interviewee: Takashi Tanaka, Executive HR Officer of NTT DoCoMo).
 - 13 The quotes from this officer are from p.203 in “Fuji Television Network, Inc.” in Mori (2009, pp.193-208) (interviewee: Yuichi Kono, Executive HR Officer of Fuji Television Network, Inc.).
 - 14 Shinkin Bank is a type of Japanese bank. Shinkin Banks are cooperative regional financial institutions serving SMBs and local residents.
 - 15 Students are required to be familiar with their

industries, occupations and companies to apply for. Recruiters want students to understand the jobs before application. Therefore, many industry seminars and company briefing sessions are held for students. For this industry seminar, people working in cooperative banks visited the junior college through their courtesy.

16 Only a small number of students of this junior

college could join companies listed in the First Section of the Tokyo Stock Exchange; in fact, few of them aspire to get jobs in such companies. While there was one good job offer, not many students applied for the position. Therefore faculty members including the author recommended the student to apply for the position because she was well recognized for her good character.

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