

Japanese *SHINSOTSU* Recruitment Culture

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The 'SHINSOTSU' Culture

The highly valued '*Shinsotsu*' (新卒) culture, of recruiting batches of new graduates every April, is still a vital practice in most Japanese companies. Japanese corporations traditionally prefer '*Shinsotsu*' meaning new university graduates in Japan. Companies hire, train, and develop the future talent of the company in a systematic matter; vastly different to most non-Japanese companies that hire throughout the year. This tradition has been instrumental in the development of Japanese companies.

The Japanese system of companies hiring simultaneously to recruit new graduates is, by western standards, very unique. As the Japanese school year begins in April and ends in March, Japanese companies have found simultaneously hiring these March graduates to join the company in April. It is a relic of the 1920's when large Japanese companies found it in their best interest to immediately recruit the top talent of each graduating class directly from the campus of prestigious universities. The practice is still very prevalent in Japan and provides great insights on the relationships between companies, universities, and the future management they wish to recruit and train. It is essential that a student strictly adhere to the yearlong process of aptitude tests, company seminars, job exhibitions, and a variety of other events held throughout their 3rd year of studies at university - if he or she wishes to secure employment offering long term employment.

The Shift

'*Shinsotsu*' generally have no job-specific skills, but are instead hired strictly on their character, communication skills and ambition. Japanese companies have generally recruited '*Shinsotsu*' immediately upon graduation from universities. The transition time between student and fully-functioning member of society, referred to in Japan as '*Shakajin*' (社会人), is less than a month in most cases. The perceptions in society between these two stages in life are significant; with '*Shinsotsu*' immediately accepting responsibility as functioning members of a society. Many see the mindset as a relic of the military traditions so deeply ingrained in Japanese culture; where there was an immediate need for fresh recruits to join the army. The immediate shift in roles and the short transition forces students to ensure their time a university is well spent on extra-curricular activities. Universities have traditionally been seen as a 'means to an end' rather than a place for learning and developing job-specific skills.



The Uniformity

Japanese culture has traditionally emphasized the importance of the group; trumping the needs or desires of the individual. Following rules that benefit the group as a whole has been deeply engrained in the minds of Japan's youth from their first days at school. Breaking away from tradition and uniformity is not an option, and as the famous Japanese saying goes; 'Deru Kui Ha Utareru' (出る杭は打たれる), which means the nail that sticks out gets hammered down.

In early April, the scene of young Japanese 'Shinsotsu' in conservative, black suits can be quite confusing for many in the west to comprehend. The suit defines the culture of Japan, uniform and conservative –yet it is inconceivable for most westerners to think about wearing the exact same clothes as their peer group. To break this tradition would be high risk, putting the individual at a severe disadvantage.

The uniform clothing style is a symptom of the 'Shinsotsu' recruitment system adopted by many companies. The large corporations many of these university seniors aspire to join - screen and employ new graduates only at a specific time during the year. If they miss their opportunity, the likelihood of gaining employment with their desired firm is severely limited. Once they join the company, traditionally they are expected to continue to stay with it until retirement - the life-time employment system. Accordingly, they need to be very cautious about choosing the firm they will devote their life to.

Conversely, companies must screen candidates and select their future employees with extreme care - knowing that the employee will be with the company for a lengthy service. The training of 'freshman' to be job-ready lies in the hands of individual companies – explaining why trainability and cooperativeness are key elements in the screening criteria. As a result, companies need to take time in choosing the right people, have systems in place to screen potential candidates, and ensure all measures are taken to recruit students that are trainable and will adhere to their corporate culture. Additionally, the long-term employment of non-skilled staff has lead companies to develop in-house training programs – generally beginning in April.

The pressures inherent in the recruitment system mean it is in the best interest of both the university seniors and companies to get a head start in the job hunting process. The growing need for firms to internationalize their operations, innovate to stay competitive, and the demographic shift that has significantly reduced their pool of potential candidates will ensure the system will continue to play a major role in shaping the future. The system is evolving to meet corporate demands of 2012, but the underlying features remain the same.

Composition of Employees by Length of Service (%)

	<1	1 to< 5	5 to< 10	10+ yrs
JAPAN	8.4	29.9	18.6	43.2
USA	19.0	31.7	20.5	28.8
CANADA	19.9	35.1	17.5	27.5
UK	15.2	32.6	23.2	29.0
GERMANY	14.7	25.0	18.9	41.4
FRANCE	14.2	22.6	20.5	42.6
ITALY	10.7	24.3	21.7	43.3
NETHERLANDS	9.6	28.7	22.7	39.0
BELGIUM	12.5	26.0	19.0	42.4
DENMARK	21.9	37.3	15.4	25.4
SWEDEN	13.1	31.4	13.5	40.6
FINLAND	20.1	25.7	17.0	37.3
NORWAY	17.3	32.0	17.4	33.3
AUSTRIA	15.7	25.5	20.3	38.5
S.KOREA	37.2	32.4	14.0	16.5
AUSTRALIA	20.7	41.0	17.7	20.7

Average Length of Service by Sex (Yrs)

	TOTAL(M+F)	MALE	FEMALE
JAPAN	11.4	12.8	8.6
USA	4.4	4.6	4.2
UK	8.5	9.0	8.1
GERMANY	11.1	11.8	10.4
FRANCE	11.6	11.7	11.6
ITALY	11.7	12.1	11.2
NETHERLANDS	10.9	11.9	9.6
BELGIUM	11.6	11.9	11.3
DENMARK	7.6	8.0	7.3
SWEDEN	10.4	10.2	10.6
FINLAND	10.3	10.4	10.2
NORWAY	9.4	9.6	9.3
AUSTRIA	10.4	11.5	9.3

Source:

- Ministry of Health, Labour and Welfare, 2010 Japan
- U.S. Department of Labor. 2010 USA
- OECD Database, 2010

The benefits of the traditional recruitment system include a balance in age and salaries of the workforce. Additionally, life-long employment has promoted cooperative behavior among workers and smooth accumulation of human capital, which lead to efficiency and innovation among firms.



Advantages of 'SHINSOTSU' Recruitment

- HR practices can be systematically developed around the annual recruitment cycle
- Development of a systematic, in-house training program for new graduates
- New graduates are preferred because they have an unbiased view and have not been prejudiced by the corporate culture of another company
- Easy sharing of corporate culture, practices, values, and philosophy
- Mentorship by previous new graduates in company develops a sense of motivation for current employees
- Balanced age and salary composition of workers

Disadvantages of 'SHINSOTSU' Recruitment

- Lengthy and time consuming process to train new graduates with limited skills and experience to be work-ready
- Systematic implementation of HR practices can mean firms may not be flexible to adapt to current market conditions
- Immense amount of time and effort necessary to carry out the recruitment activities
- Difficult to recruit quality new graduates outside of the traditional recruitment schedule