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# FOREWORD

**Japan's rich and somewhat unique culture has developed over thousands of years. Its geographic position as an island nation has meant that it has remained largely independent and self-governing. Today, it is a fully-fledged member of the G8 and the third largest economy in the world, eclipsed only by the USA and China. Its capital and the metropolitan prefecture of Tokyo are home to a population of 13 million people who live in a fast-moving, cosmopolitan environment that combines the very hi-tech with traditional values and a deep-rooted culture.**

The last 60 years of Japan's economic history have been tumultuous. The miracle that the Japanese economy experienced from 1950 to 1975 was characterised by the concept of keiretsu—a close network of manufacturers, suppliers and banks led by the Ministry of International Trade and Industry—which enabled rapid economic growth for the country and a distinctive approach to management and workplace culture. At the time this was referred to in the West as Nippon Kabushimi Kaisha, or Corporate Japan. The virtual guarantees of lifetime employment for those Japanese people working in blue-collar factories and big corporations have shaped offices and factories for generations and contributed to an extremely diligent employee base that spends a lot of time at work.

However, one segment of the Japanese population, Generation Y (or Gen Y), who were born between 1983 and 1995, are beginning their careers in a very different economic environment than their parents experienced.

Gen Y Japan have grown up during what is now known as 'the lost decade', which immediately followed the Japanese asset price bubble collapse in 1991. This generation have experienced recession, unemployment, increasing uncertainty and demographic change. They have seen long-established corporate giants in Japan make redundancies and come under scrutiny for their employment and working practices. Despite this, the workplace traditions of the last 60 years are still clearly important to Gen Y Japan.

Several key areas are explored in this report, which is based on the answers given by 1,000 members of Gen Y Japan. They were asked about their attitudes to issues surrounding their work and careers. We wanted to know what attracts them to a potential employer and what makes them stay in a job. We asked what they look for in an ideal boss and what they regard as markers of success in their careers. We explored their attitudes to changing jobs and starting their own businesses. We also asked about their use of social media which is transforming the way people throughout the world communicate both at work and in their leisure time.

The young people whom we surveyed in Japan are influenced by the strong traditions that have shaped the domestic workplace for decades. They are risk-averse and conservative. But they are beginning to show a desire for autonomy, and as more women enter the workforce, organisations are increasingly under pressure to re-evaluate their employment propositions and policies to accommodate a changing demographic.

In this report, the third in a series of Hays international research projects, we focus on Gen Y Japan and explore their needs and aspirations in the world of work. We look beneath the survey results and offer practical insight and support to the HR community, line managers and business leaders as they seek to engage and motivate this segment of the workforce.

This study follows the first two reports on Gen Y in the UK and Gen Y in China. Further studies of Gen Y in Australia, the USA and Germany will complete the series, providing unique insights into these countries and their varying cultures through the eyes of Gen Y.

**James Cullens**  
Group HR Director  
Hays

# SUMMARY OF OUR RESEARCH

## ABOUT OUR SURVEY

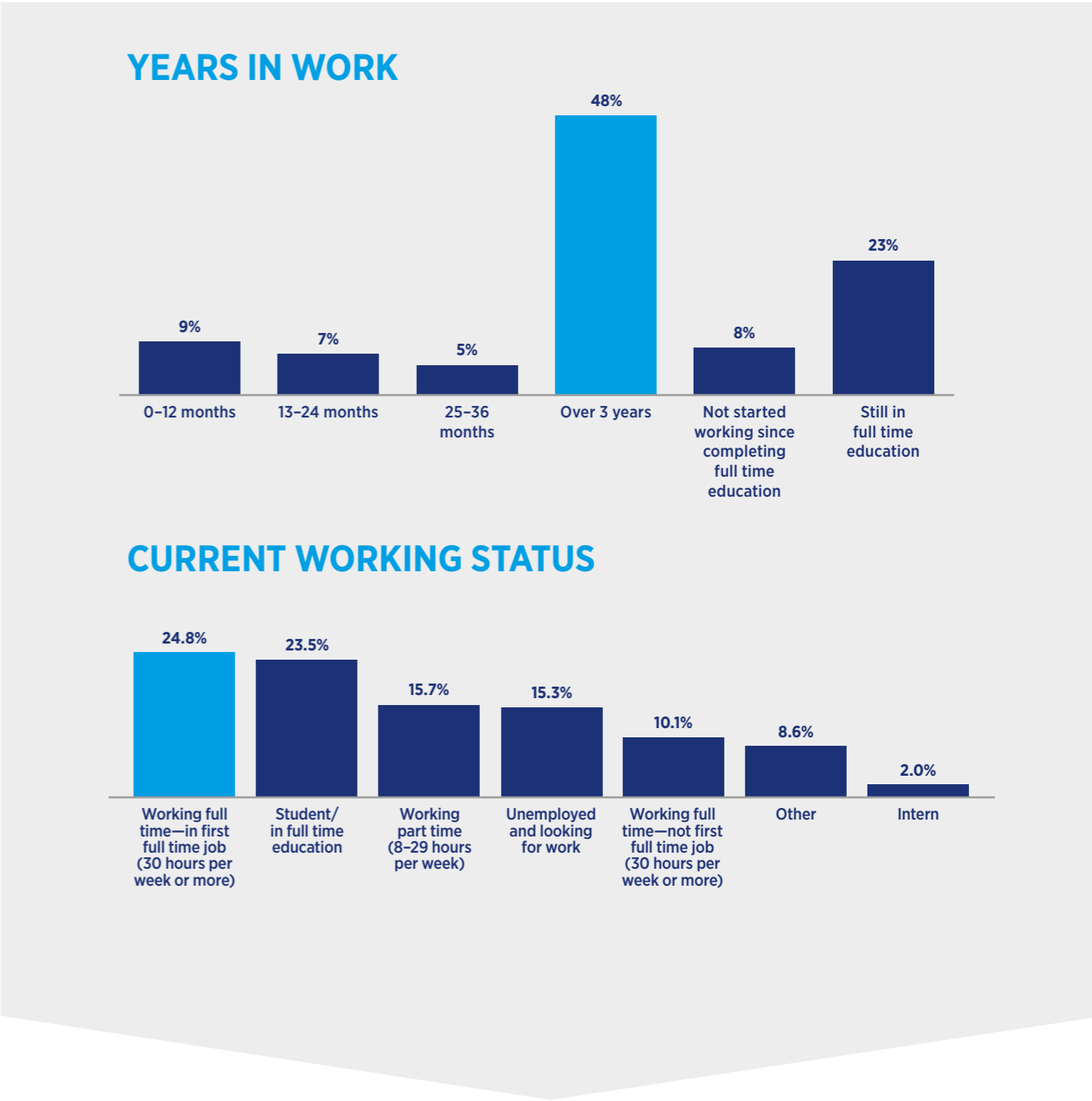
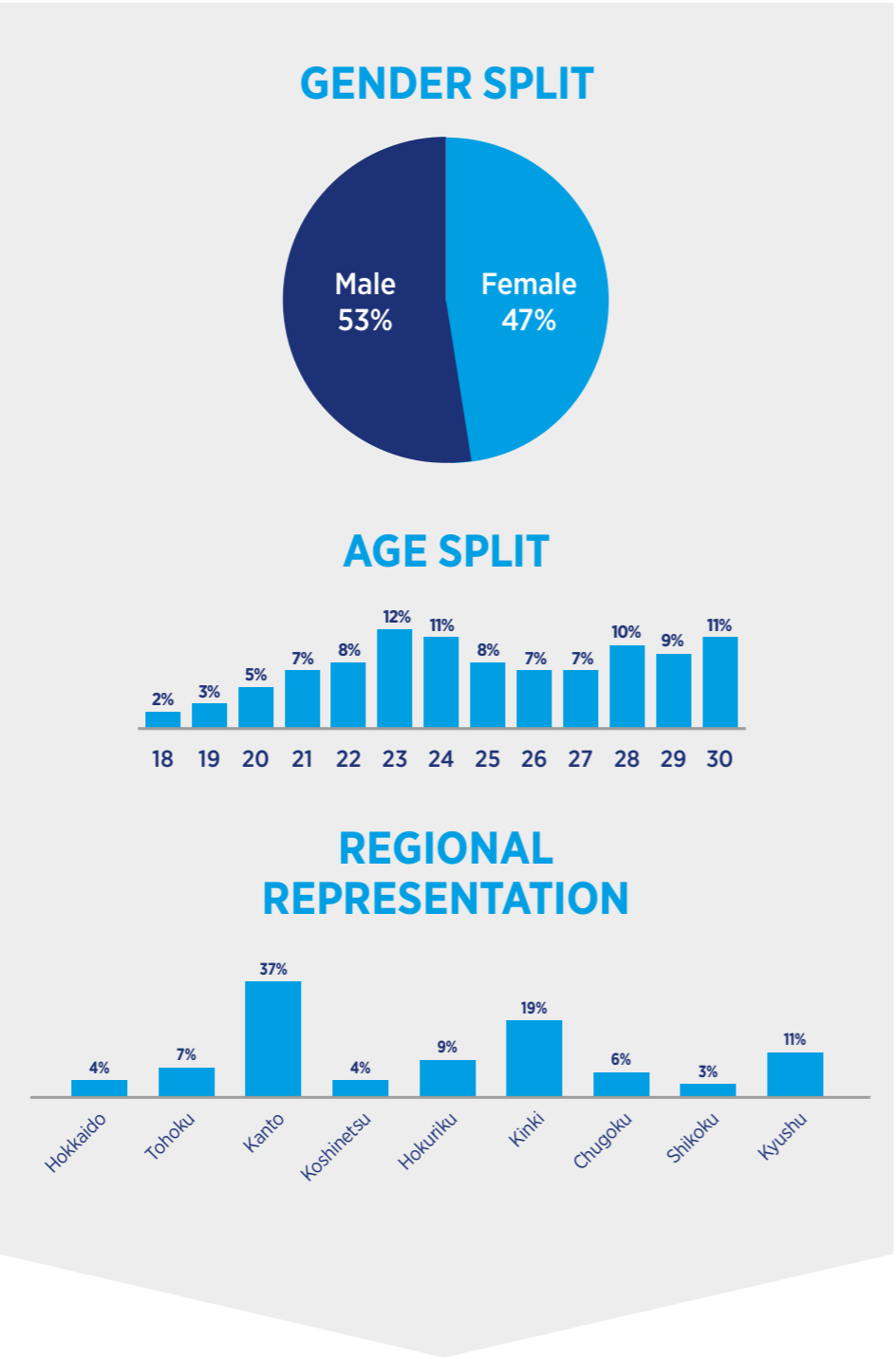
For our third Hays report on the needs and aspirations of Gen Y worldwide, we asked young people in Japan to tell us how they see their future at work.

A total of 1,000 members of Gen Y Japan answered our survey. Almost half have more than three years of work experience and almost one in four are in full time education. The highest number of our respondents work in the manufacturing sector.

One quarter of our respondents are in their first full time job and 42 per cent think they should spend three or more years with their first employer. Of those in their first full time position, 65 per cent have worked with their current employer for more than three years.

The research explores what young Japanese people look for in the world of work, what kind of careers they aspire to, the rewards they expect and what gives them job satisfaction. It throws light on the kind of working environment they seek and the qualities they look for in their boss.

Finally the research reveals some insights into the way Gen Y Japan relate to social media and technology. The findings are invaluable for HR departments and organisations seeking to recruit, motivate and retain Gen Y Japan.



## PROFILE OF RESPONDENTS

A total of 1,000 Japanese 18-30-year-olds answered our survey. Almost half have more than three years of work experience, and almost one quarter are working full time. Our respondents come from a range of sectors—the highest number work in the manufacturing sector. One in four are in full time education. Almost half think they should spend more than three years with their first employer. This message is reinforced by the finding that of those in their first full time position, 65 per cent have worked with their current employer for more than three years.

# 1. GEN Y JAPAN AND THE WORLD OF WORK

Gen Y Japan live in a country that is in economic, demographic and social flux. In the twentieth century, Japan's highly successful household-name corporations led the world with their innovative products, high-quality customer service, progressive business models and diligent, loyal employees. Now, however, the days when Western capitalism looked to Japanese employers to emulate their successes are fading after periods of deflation and economic downturn.

The 'lost decades' following the 1991 asset price bubble collapse have been characterised by low exports and a contracting economy with occasional positive growth. Unlike many countries in the West, by the time the 2008 financial crash came around, Japan had already suffered years of deflation. That didn't stop the country slumping into a further recession in October of that year.

Employers have found themselves hamstrung by inflexible labour laws, making it difficult to adapt their workforce to the demands of a fluctuating economic environment. While some corporations have eventually cut back their workforces and made large-scale redundancies, the fast-paced nature of change in the global economy has made it challenging for many businesses to react quickly enough to bring growth and renewed prosperity.

Demographic challenges including an aged population and a low birth rate have led to concerns about the size of the Japanese working age population. Women are increasingly entering the workforce because fewer of them are having children. While the skills and experience of women are a vital resource to draw upon, Japan historically has not embraced diversity in the workplace.

Traditional Japanese workplace culture has adapted to some extent to this economic

backdrop, and there are many areas in which it will need to adapt further to meet these rising challenges. The idea of a job for life if individuals show the requisite loyalty is now far less common. The poor reputation that entrepreneurs have perhaps had in Japan is changing, as Prime Minister Shinzo Abe attempts to grow the economy quickly. The introduction of

**Japan's total population comprises 127.82 million people, 63.1 per cent of whom are aged between 15 and 64 years old, and account for the country's working population. Of the 80.65 million people that fall within this age group, 48.47 million are in the labour force, equating to a participation rate of 60.1 per cent. The participation rate amongst men is 71.7 per cent compared to 49.4 per cent amongst women. This pattern is also replicated across the rest of the world.<sup>1</sup> For 'Affluent Asia', of which Japan is a part, alongside countries including Australia, New Zealand and Hong Kong, 58 per cent of working age women were employed in 2012, compared with 78 per cent of men.<sup>2</sup>**

labour market reforms designed to make starting a company easier is a positive step forward to encourage these sorts of people to foster innovation and growth.

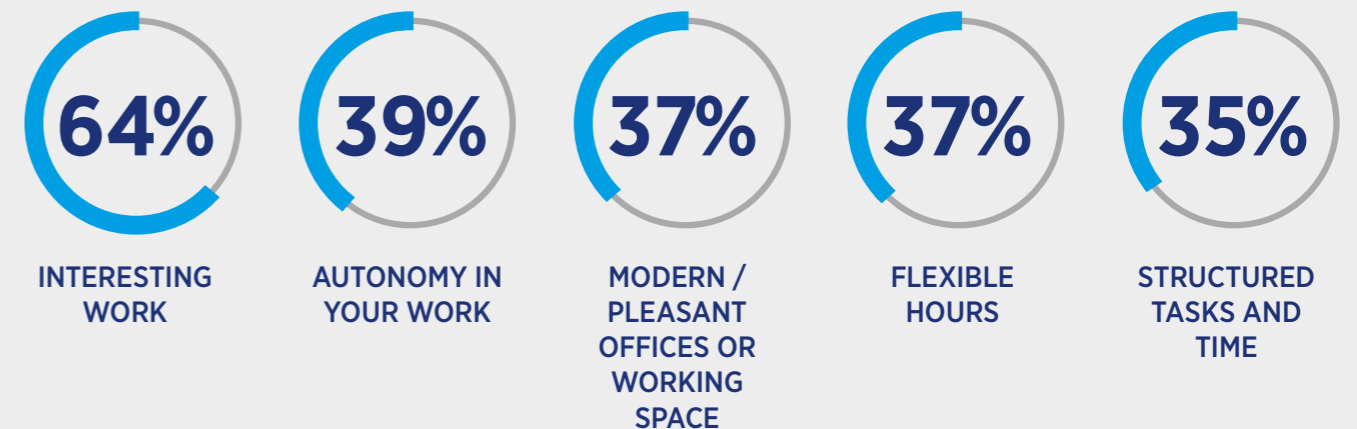
Yet many deep-rooted traditions remain within the world of work: hierarchy, consensus, status. For some of our Gen Y Japan sample, adapting to this old world is not easy. Whilst some are far more comfortable working in a more traditional workforce culture, others want change, different leadership styles and more autonomy. For HR professionals looking to recruit, train and manage Gen Y Japan, understanding the contrast within our sample will be vital for future hiring and retention success.

## GEN Y JAPAN ARE SPLIT ON HOW THEY WANT TO BE LED

Many Japanese workforces are often characterised by hierarchy. Managers have control of employees' work and how and when they do it. Projects are completed in a consensual way and through constant interaction with the managerial echelon. Companies, managers and employees take a conservative, risk-averse and generally non-confrontational approach to getting business done.

Our Gen Y Japan respondents are split on how they want to do their work and how they want to be managed. 35 per

## MOST IMPORTANT FACTORS IN THE WORKING ENVIRONMENT:



cent say they want their work to be set out in detail by their manager, so they know how to structure their time in order to get their allotted tasks completed. This group are comfortable with the traditional Japanese leadership approach. Yet a similar proportion (39 per cent) say that autonomy is one of the most important aspects for them in a working environment and that they want the freedom to organise their working day themselves.

## A CONSERVATIVE, RISK-AVERSE WORKFORCE

The majority of our sample still want to work for someone else, not for themselves. In sharp contrast to Gen Y in the five other countries we have surveyed, 58 per cent of Gen Y Japan are

not interested in being self-employed. This is backed by the finding that many want to stay working for a company for a long time—38 per cent expect to have between one and three employers throughout their entire career. They are confident that this is possible too: despite the recent economic difficulties Japan has faced, 66 per cent think job security is achievable in their domestic market.

Gen Y Japan's conservative approach to work is also reflected in the 44 per cent of our respondents who are not interested in any international work opportunities, which is higher than any of the other countries surveyed. Gen Y Japan feel loyalty to their employers, and moving abroad to work in different cultures is simply of less interest to them.

## FUN AND SOCIAL EMPLOYERS NEED TO PROVIDE INTERESTING WORK

Historically, the Japanese workforce has been characterised by the stereotypical 'salaryman' working very long hours. Employees have put their work life ahead of their social life outside work, and as a result, social and work life have meshed to some extent. This is reflected in the aspirations of our respondents: 52 per cent say that fun and social interaction are most important when deciding to work for a potential employer. With the amount of time they will be spending at work, they want their workplace to be somewhere they can also have fun.

# 1. GEN Y JAPAN AND THE WORLD OF WORK

## TOP 5 FACTORS WHEN DECIDING ON A POTENTIAL EMPLOYER:



The nature of the work matters too when Gen Y Japan are looking for a job. In the majority of the countries we surveyed, interesting work is one of the most desired qualities of a career. In Japan it is even more popular, with 64 per cent saying they want this most from their careers.

That being said, money still ranks as the number one benefit for employees—52 per cent say financial reward will give them most job satisfaction, and creating personal wealth defines career success for 41 per cent of our respondents. Yet it's not just about the money. There is a strong sense of philanthropy that runs through Gen Y Japan, and 32 per cent of them say helping others is something they want most from their careers.

## THE ROLE OF WOMEN IN WORK

The make-up of the workforce is changing too. More women are entering the workforce as fewer have children, and the number of retired people grows. Female employment to population ratio grew from 46.4 per cent in 2009 to 47.3 per cent in 2011.<sup>3</sup> The traditional division of labour in a family in Japan sees men expected to work whatever hours their employer needs them to and women to manage the home, and in particular their children's education. This includes attending all-important school meetings and organising events for their children whenever they occur. Historically this has impacted women's career expectations as they juggle the almost impossible logistical demands of a job and domestic expectations of a traditional

society. However, one of the aims of Prime Minister Shinzo Abe's 'Abenomics' plan to stimulate Japan's economy, including the reform of regulations on terminating employment contracts, is to encourage flexibility and entice more women into the workplace.<sup>4</sup> The flexibility provided by employers will be all-important in recruiting and retaining women. This timely move will play an important role as our research shows nearly one-third cite flexibility as a factor when deciding to work for a potential employer.

## TECHNOLOGY AT WORK SOCIAL MEDIA:

Agree that social media is a helpful tool at work.



42%

Think that social media is distracting at work.



46%

## SURPRISING VIEWS ON TECHNOLOGY

Japan has dominated the world of technology and social media. Its citizens have embraced online shopping—with 78 per cent of them buying something online this year.<sup>5</sup> Yet there is a dichotomy when it comes to social media at work. Only one in ten of our survey think social networking should be used to find a job, with most preferring a traditional paper CV and face-to-face recruitment process. For HR professionals looking to recruit using social media, or implementing a social media policy at work, they will have to ensure that their processes and policies fit the employees they are targeting. Our survey suggests that a more personal approach to recruitment is still appropriate.

Gen Y Japan are also unsure of the impact of social networking on their work. Technology has started to blur the boundaries between work and leisure time. Our respondents have been split on just how useful social media is in the workplace. 42 per cent of our sample see it as helpful, compared to 46 per cent that think it is a distraction.

## IMPLICATIONS

The idea that Japan is a homogenous workforce is attractive because of the focus on consensus rather than individuality, and the hierarchical culture that has perhaps characterised the country. Our findings show that a significant group of Gen Y Japan are increasingly individualistic in their outlook. For HR professionals and employers in

Japan, understanding that Gen Y Japan have different needs and desires when it comes to benefits, style of working, leadership requirements, aspirations and the use of technology will be vital in inspiring and supporting this age group.

## 2. LEADERSHIP

Japan's political and business leaders hailed Tokyo's successful bid to host the 2020 Summer Olympic Games as the whole country's achievement. This is not entirely political rhetoric; the reaction displays the emphasis on consensus building that is fundamental to Japanese society and business. In such a collectivist society, membership of a team, loyalty and the respect for colleagues and seniority are essential. The approach has stood the test of time in Japan since Konosuke Matsushita—founder of Panasonic—listed teamwork based on trust and respect among his seven guiding principles for business in 1933.

Back in 1933, Konosuke Matsushita, entrepreneur and founder of Matsushita Electric, which later became Panasonic, created seven “guiding principles” to form a business philosophy which his company should follow:

1. Service to the public—by providing high-quality goods and services at reasonable prices, we contribute to the public's well-being;
2. Fairness and honesty—we will be fair and honest in all our business dealings and personal conduct;
3. Teamwork for the common cause—we will pool abilities, based on mutual trust and respect;
4. Uniting effort for improvement—we will constantly strive to improve our corporate and personal performances;
5. Courtesy and humility—we will always be cordial and modest and respect the rights and needs of others;
6. Accordance with natural laws—we will abide by the laws of nature and adjust to the ever-changing conditions around us;
7. Gratitude for blessings—we will always be grateful for all the blessings and kindness we have received.

The principles have had such an impact on Japanese business in particular that they have been renamed the “Seven Spirits of Matsushita”.<sup>6</sup>

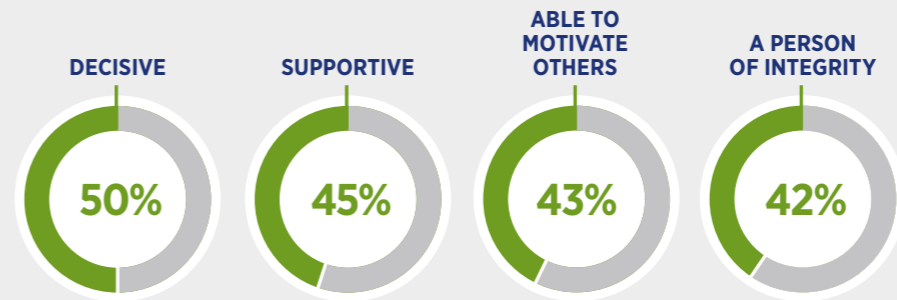
### GEN Y JAPAN'S IDEAL BOSS:



Hierarchy is hugely important in Japan. In this society people starting work after school or university will be expected to be reliable and conforming, never criticising or openly disagreeing with their managers, and showing loyalty and dedication to their company in order to have any chance of being promoted.<sup>7</sup>

That said, the feudal society that characterised much of the country's history that may have ended in the middle of the nineteenth century is still very relevant today. Japanese people are still ranked in a social hierarchy by what they do and whom they work for. This has real-life practical implications and affects a person's ability to rent a flat, what school their child gets

## 4 MOST IMPORTANT QUALITIES IN A WORKPLACE LEADER:



accepted into and even whom they marry. For example, if two individuals want the same flat, the landlord will decide who gets it on the basis of which company the prospective tenants are employed by. Whoever works for the company that is wealthier and has been established longer is more likely to get the flat.<sup>8</sup>

However, things are starting to change as this next generation becomes embedded in the workplace. Our Gen Y Japan sample are split into two different groups with distinct sets of needs from work, and it is essential that leaders understand the dichotomies that exist within this age group and manage them appropriately if they are to get the best out of their wider Gen Y workforce.

### GEN Y JAPAN WANT DIFFERENT THINGS FROM THEIR LEADERS

More than one-third of our respondents want their leader to give them autonomy in the workplace. Managing this group in line with Japan's hierarchical culture is not going to be effective. This proportion is

greater than Gen Y in the US, Australia, Germany and China, clearly indicating a move away from a more conformist style.

Yet another section of our sample appears to be more at home with Japan's hierarchical culture. 35 per cent want their boss to give them work in a way that they know exactly what they have to do and how long they have to do it—structuring their tasks and time. This preference comes as little surprise in light of the many stereotypical images that outsiders had of Corporate Japan over the last 60 years, such as the orchestrated group physical exercises that some Japanese employees join in with every morning.

Despite the desire for autonomy by some, this does not extend to being self-employed. Our survey found that almost two-thirds have no interest in working for themselves—they still want to be managed by someone else. This is perhaps indicative of the ingrained Japanese business culture in which loyalty to organisations is fundamental; workers see themselves as representatives of their company, introducing themselves with the company name first, followed by their own name.<sup>9</sup>

Employees within Japanese companies are often taught the concept of Ho-ren-so and Ringi-sei as soon as they join the workforce in Japan. Ho-ren-so is the daily practice of communication between employees and their managers. Ho is an abbreviation of Houkoku, meaning Report. Ren is an abbreviation of Renraku, meaning Communication and So is an abbreviation of Sodan, meaning Consultation. Ringi-sei is the traditional way of decision making in Japanese companies and government organisations. The document used for Ringi-sei is called the Ringi-sho. It is circulated amongst relevant managers and executives. One person drafts an initial proposal which is then presented to the group in order for them to make a consensus-based decision. If the proposal is declined, the employee will further refine the work and feed back again. This process continues until the work is complete. This differs from other countries' management approaches in which employees are given briefs, which they complete until they present to their manager. It is designed to create as collaborative a culture as possible.

## 2. LEADERSHIP

### DECISIVENESS AND A CLOSE RELATIONSHIP ARE ALSO VALUED

Japanese leaders are expected to provide a working environment that enables group success. An open and accessible approach is expected, in which both manager and employees share information with one another.<sup>10</sup> The ritual of young men carrying a shrine—omikoshi—at festival parades is extended to the Japanese workplace. All are expected to carry their share of the load and all members of the group are anonymous. While hierarchy is fundamental, the role of the leader is to create an environment in which all group members contribute in order to facilitate a project.<sup>11</sup>

The leadership traits valued most by Gen Y Japan respondents come as little surprise. For half, decisiveness is an important quality. Leaders must also be able to motivate the workforce and support them in getting their work done, say 43 and 45 per cent respectively.

Trust and honesty are important too. 42 per cent say leaders should display integrity and 60 per cent describe their ideal boss as someone they can confide in. This doesn't mean they want their boss to be their friend—just five per cent would describe their ideal boss this way.

### IMPLICATIONS FOR ASSESSMENT AND LEADERSHIP DEVELOPMENT

In contrast with the individualist approach to management in which employees are often given more autonomy in their

work, Japan's highly collectivist society values respect for the membership of the organisation for which an employee works. The structured and clear management hierarchy that also defines Japanese society means that the default leadership style for many years has been more authoritative, specifically instructive and heavily involved in work that employees complete.

Our research shows that Gen Y Japan are not a homogenous group—some want autonomy, some want to be closely directed—which means that adapting leadership styles, particularly when allocating work projects, will be essential for companies in Japan if they are reliant to any extent on Gen Y Japan's talent. HR professionals must be able to understand the operational culture of their organisation, and establish what sort of Gen Y employees they want in the company and therefore what leadership will be most effective. This may require a change to the leadership and management development curriculum within some organisations.

They must also ensure that their assessment processes identify the different ways Gen Y employees want to be managed and what their behavioural preferences are. This in turn will inform them where they should place this talent within an organisation, who should manage them and how. Some people may work well in one culture, and not another. Finding an environment that suits them will be crucially important in developing and maximising the talents that Gen Y Japan have.

The performance of the leaders in Japanese and foreign companies operating in the country will be vital as Japan gears itself up to deliver one of the greatest

sporting tournaments in the world under the global spotlight. The split population within Gen Y Japan highlights that leaders within organisations must understand their own needs in order to attract and develop the right talent. Adapting leadership styles to manage and motivate the people on board will be essential.

**One highly successful clothing retailer highlights the importance of group membership and employer loyalty via its leadership programme. High-performing staff at the rapidly expanding chain are moved into management positions at its headquarters, and undertake a comprehensive training programme as a stepping stone to moving abroad to manage new stores at a future date.**



### 3. ENTREPRENEURSHIP

The idea that an individual has a job for life has been prevalent in Japan for the last century and has been reflected in the management approaches adopted by Japanese companies. Company and worker are considered co-dependent—in return for loyalty to an employer, organisations invest extensively in their employees with training and development and leadership programmes.<sup>12</sup> A long-term and highly participative approach is made to decision making, with the two dominant processes in Japan—nemawashi and ringi-sei—containing 4 steps: proposal, circulation, approval and record.<sup>13</sup>



Pre-1991, Japanese companies were viewed globally as centres of management innovation, often producing innovative products which were the envy of the West. Despite the often participative nature of Japanese workplace culture, the rigid hierarchies and processes that often simultaneously characterise it unfortunately have not encouraged entrepreneurialism.

#### A LACK OF ENTREPRENEURIAL SPIRIT

With this backdrop, the finding that Gen Y Japan are not interested in working for themselves or owning a business (58 per cent) comes as little surprise. Just 29 per cent of Gen Y Japan would consider self-employment, the lowest figure amongst any of the countries we surveyed.

The idea of a secure job for life also resonates with our survey sample. The largest proportion (38 per cent) expect to

have between one and three employers throughout their entire career, and 58 per cent say job security is what they want most from their career. This makes sense in the context of the perceived loyalty that Japanese workers have to employers, which means that fewer people are interested in being entrepreneurs.

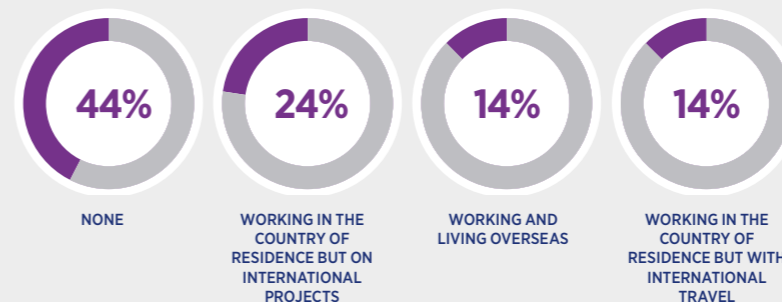
Despite the majority being risk-averse, there is a segment of 29 per cent who would consider starting their own company in the future. Ten per cent said that it is their main career objective, showing that some of Gen Y Japan do have an entrepreneurial streak—adding to the dichotomy of Gen Y Japan.

#### GEN Y JAPAN WANT TO STAY IN THEIR HOME COUNTRY, BUT ALSO STUDY

Nearly half (44 per cent) of Gen Y Japan are not interested in any international work opportunities. This compares with

In a country that ranks individuals socially according to the company they work for, people that set up their own businesses are not well-placed within the social hierarchy. Historically, entrepreneurs have been treated as misfits in Japan<sup>14</sup> and they were few and far between. The Global Entrepreneurship Monitor rated Japan in last place for entrepreneurialism out of 24 developed nations. The recession and drop in exports that Japan suffered after the 2008 financial crash have had an impact, however. The giants of the late twentieth century have suffered low share prices and made redundancies. Panasonic, for example, reported a net loss of \$7.5bn for 2012/2013, and subsequently announced plans to cut 5,000 jobs. Consequently, Prime Minister Shinzo Abe's plan to boost Japan's economy, known as "Abenomics", is designed to encourage entrepreneurialism in a range of sectors by deregulating industries in different parts of the country. Abe's reforms also include loosening the personal guarantees required by entrepreneurs to get bank loans.<sup>15</sup> Such is the push to encourage people to set up their own business that even a formerly 'disgraced' entrepreneur is making headway in Japan. Takafumi Horie, who is involved with approximately 30 businesses, was imprisoned for fraud in 2011, but now he is out on parole, he is aiming to launch a number of new businesses by utilising his following on social media and crowd platforms.<sup>16</sup>

#### GEN Y JAPAN'S INTEREST IN INTERNATIONAL WORK OPPORTUNITIES:



an average of 19 per cent across the other countries we surveyed. One Japanese region in particular—Hokuriku, on the North West of the main island—is home to an even larger proportion of Gen Y Japan who do not want to work abroad—52 per cent. The region is rated the 25th most inventive in the world and is home to inventors associated with Hitachi, Toshiba, Canon, Fujitsu, Nikon, Olympus, and Ricoh who live around the city of Toyama.<sup>17</sup> It may be that a high proportion of Gen Y Japan want to stay there, because they can find interesting work without the need to go abroad. It may also reflect that some of Gen Y Japan simply want to stay close to their home in the hope of a more stable financial future or for practical reasons such as caring for aged parents. However the fact that these kinds of brands have global locations with global opportunities, provides an interesting juxtaposition.

The general lack of desire to travel abroad may be a result of the risk-averse culture in the Japanese workplace in which employees remain loyal to their employers, and in which they want to climb the domestic corporate ladder rather than experiencing the upheaval of a move to a different culture.

The research also finds that Gen Y Japan have the intent to further their careers in a working environment with which they are familiar: 83 per cent are willing to study or are already studying for additional professional qualifications through their careers, although this is lower than the average for the other

countries we surveyed. 32 per cent of this majority say they would if it helped to speed up their career progression. 19 per cent say they would study in order to get more recognition and 25 per cent say it would be about earning more money.

#### IMPLICATIONS FOR HR

The majority of Gen Y Japan are not interested in starting up their own business. This does not mean that HR should not consider the benefits of an entrepreneurial culture. Understanding a little more about what start-up businesses do could help employees innovate more. By looking to offer opportunities that may give some autonomy to employees over project work, or encouraging the collaborative formation of ideas for example, HR professionals could move towards fostering a culture which may help some firms find much-needed growth.

Training and development can play a role in forging an entrepreneurial culture. Encouraging informal learning through taking on more responsibility for projects could help. Focusing on traditional forms of training might not always be appropriate.

Our finding that 83 per cent are willing to learn or are already learning to further their careers is lower than the other countries we surveyed. This has implications for how HR professionals go about developing learning and training programmes, and highlights the importance of adapting a company's

Japanese organisations Enumis and Open Network Labs tap specifically into an entrepreneurial market—helping entrepreneurs develop products and services, and bringing them to market. Larger organisations are getting in on the act too. Japanese e-commerce giant Rakuten mentors and supports entrepreneurs within the e-commerce market.

culture to encourage innovative learning. For example, rather than focusing on training specific to a job, HR professionals may want to look at how employees are developed in wider business areas, that will ultimately benefit them and their company. It may be helpful to complement classroom-based learning with taking time out of work, as well as using online, interactive learning to focus more on bite-sized topics that can be done by the employee at a time that suits them.

EF (Education First), a Swiss-based privately-owned educational and cultural exchange company, is working hard to instil a greater sense of entrepreneurial spirit among Japanese students so they feel able to pursue their own career paths, rather than conform to the more traditional wishes of their parents and Japanese society in general. EF has recently sponsored students attending Ritsumeikan University to visit Sweden so they could meet Swedish entrepreneurs and get an insider's view into how some of Sweden's top companies work.

## 4. ATTRACT

Japan did not enjoy the boom years of the mid-1990s to the mid-2000s like many countries in the Western world. Its economy—still the world’s third biggest—was contracting long before the crash of 2008. The employment market struggled from the early 1990s, and has done so again since the recession and reduction in exports post 2008. Unemployment reached a peak of 5.1 per cent in 2009 and 2010.

In spite of its difficulties in the past two decades, as world economies have begun to steady, the amount of jobless people in the country is now decreasing. In October 2013 the unemployment rate in Japan fell to 4.1 per cent<sup>18</sup>—of a working population of 80.65 million, 3.3 million are out of work. The job-to-applicants ratio has also risen to 0.95, the highest level in five years.<sup>19</sup>

Among the reasons for the growth in jobs is the demand for reconstruction following the 2011 earthquake and tsunami, which has boosted the construction sector and increased demand for housing. Current figures show that the job offers-to-seeker ratio is the highest in Tokyo and Aichi in central Japan, where it stands at 1.30. In Fukushima and Miyagi, regions heavily affected by the earthquake, tsunami and subsequent nuclear crisis, this ratio is 1.23 and 1.27 respectively. The Tokyo Olympics to be held in 2020 will also generate further jobs in the construction and service sectors in particular.

Japan has demographic pressures that will affect recruiters in the coming years. The country has the oldest and most affluent population in the world, with more than 21 per cent of its citizens over the age of 65.<sup>20</sup> However there is concern that the country will not be able to fund the care needed for its growing and

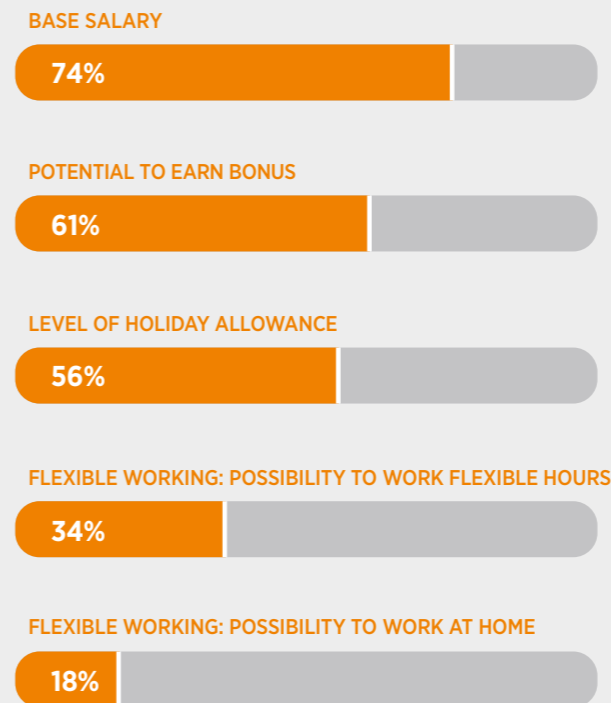
ageing population unless the retirement age is increased from 64 to 70. If this age is not extended by 2032, Japan’s working age population would only represent 59 per cent of the total population. If the retirement age is increased, the proportion of the population that would be in work would be 67 per cent.<sup>21</sup> The falling birth rate—Japanese women have 1.4 children on average—is also a concern, and the challenges for companies in the coming years are clear. For recruiters targeting the Gen Y Japan workforce, understanding what they want from the world of work will be crucial for hiring from this talent pool.

### MONEY ATTRACTS GEN Y JAPAN

The concept in Japan of the salaryman is a recognisable sign of the Japanese culture of the loyal employee, working for many years for the same corporation and seeing himself as a representative of that organisation. Referring to a man working for a company with a salary-based income, the term increased in popularity after the Second World War when it reflected the need for stability and security.<sup>22</sup> Its image now is less positive, particularly in an era where the term *karoshi*—death by overwork—has become well known around the world.

Female employment to population ratio grew from 46.4 per cent in 2009 to 47.3 per cent in 2011.<sup>23</sup> More women are entering the workplace in Japan—a figure that has been increasing for the last ten years. This is not thought to be the result of a change in education levels for women, but rather a change in attitude towards women working.<sup>24</sup> Traditionally in Japan, the term ‘careerwoman’ has come to refer to a female worker, almost always less senior than a male employee, and paid less. Currently the pay gap between women and men in Japan stands at 21 per cent, compared with an average of 16 per cent in the OECD countries.<sup>25</sup> As soon as a woman gets married and has children, her role in the workforce often diminishes if not disappears. According to Goldman Sachs research, almost 70 per cent of Japanese women leave the workforce after having their first child.<sup>26</sup> But with increased numbers of women not marrying or having children, resulting in an increase in the female workforce, the demographic pressures on the country in the coming decades could be relieved. Japan’s working age population is expected to be 55 million in 2050.<sup>27</sup> If the proportion of Japanese women in work rose from its current level to the OECD average, economic output per capita for Japan would be four percentage points higher, according to the IMF.

### REWARDS & BENEFITS FIVE MOST ATTRACTIVE REWARDS AND BENEFITS:



Almost three-quarters (74 per cent) of Gen Y Japan said base pay is the most important benefit to attract them to a workplace. This benefit is also the most important for Gen Y in all the countries we surveyed. The next most important benefit is a bonus (61 per cent). The focus on money is not surprising when viewed with some of the other findings. 32 per cent of Gen Y Japan ranked personal wealth within their top three most wanted career attributes, and 41 per cent say that being well paid or creating personal wealth best define career success for them.

### OTHER ATTRACTIVE FACTORS

It’s not just benefits that attract Gen Y Japan to employers. More than half (52 per cent) say that opportunities for fun and social interaction are most important when deciding to work for a potential employer. The long working hours culture in Japan means people’s relationships with their employers are not solely about work but will often involve social activities. If an employer’s culture is perceived as fun and sociable, then it will not only attract Gen Y Japan, but also help to retain them.

Gen Y Japan want to work for an employer whose corporate reputation is strong. For 34 per cent of our respondents, reputation is the most

important factor in deciding whether to work for an employer. These findings make sense in the context of the hierarchical nature of Japanese society and the loyalty Gen Y Japan intend to show to employers—the majority expect to have no more than three throughout their careers. Equally, the factors that give Gen Y Japan respondents the most satisfaction are related to a sense of esteem achieved by working for a company with a strong reputation: achievement (47 per cent) and feeling like you have made a positive contribution (31 per cent).

There are very practical aspects to this too. Corporate reputation is considered so important in Japan that when people are trying to rent a house or apartment, they have to declare the name of their employer. If they are in competition with someone else for a property, the landlord will typically let the property to whoever works for the wealthier or longer established company.<sup>28</sup> Equally, if a person changes company once they have rented a property, they are obliged to tell the landlord, who may decide to evict them depending on who their new employer is.<sup>29</sup>

While 39 per cent of respondents say benefits would attract them to an organisation, they are not just of the financial variety. For 56 per cent of Gen Y Japan respondents, level of holiday allowance attracts them to an employer. This is higher than for the other countries we surveyed, and can be put into context in light of the kinds of hours that Japanese employees tend to work. On average Japanese employees work 1,745 hours per year, compared with 1,654 in the UK and 1,397 in Germany.<sup>30</sup> The standard number of holidays Japanese workers get is 35 days per year, but this is not as generous as it seems: of these, 15 are public holidays. The statutory minimum number of holidays in Japan is 20. On the whole Japanese workers don’t use up all their holiday entitlement. According to recent published records, in 2012 they took less than half their average entitlement.<sup>31</sup>

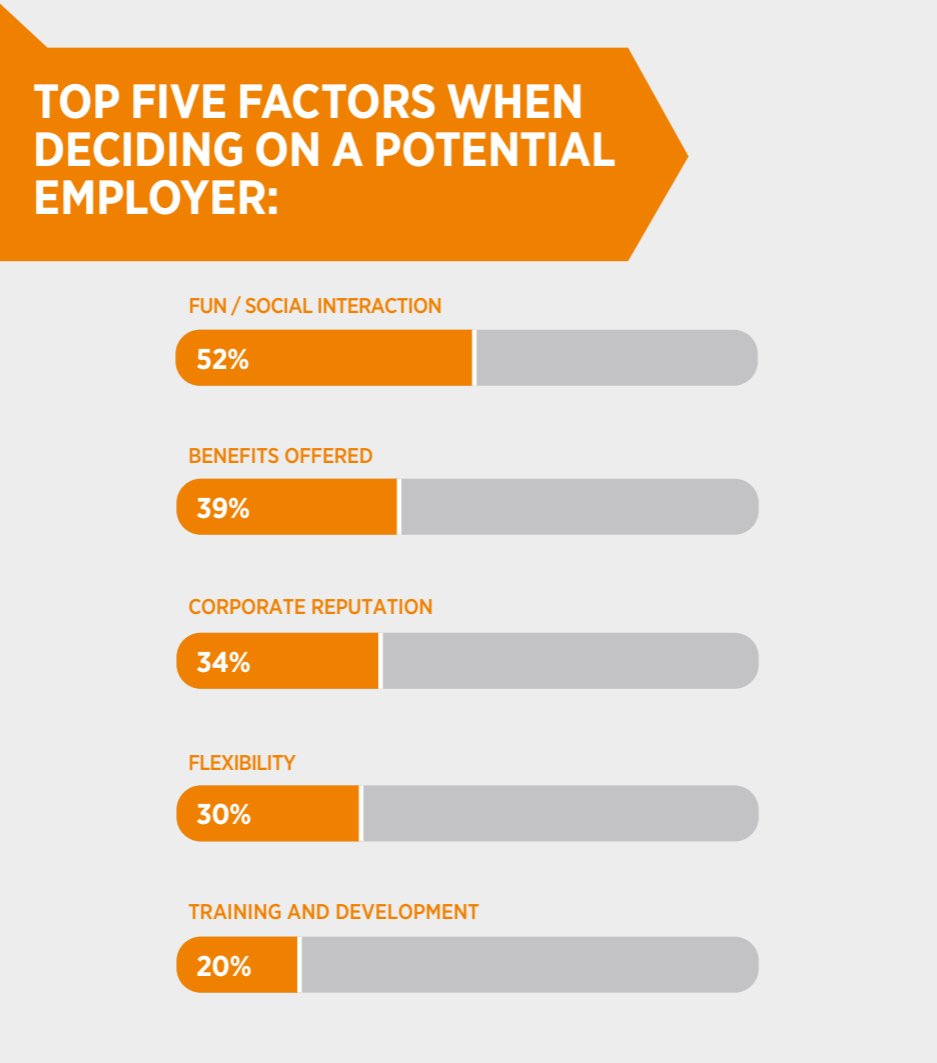
# 4. ATTRACT

## IMPLICATIONS FOR HR

Examining their basic benefit offering will be vital for employers in attracting Gen Y Japan. But they will also need to take into consideration the nature of their corporate reputation. Recruitment strategies can play a role in this. The popularity of social media among Gen Y can be utilised to all its advantages by employers looking to recruit. Not all employers have the resources—or brand name—that corporations do. Yet the accessibility of social media means they can work at building a strong online social media presence and reputation.

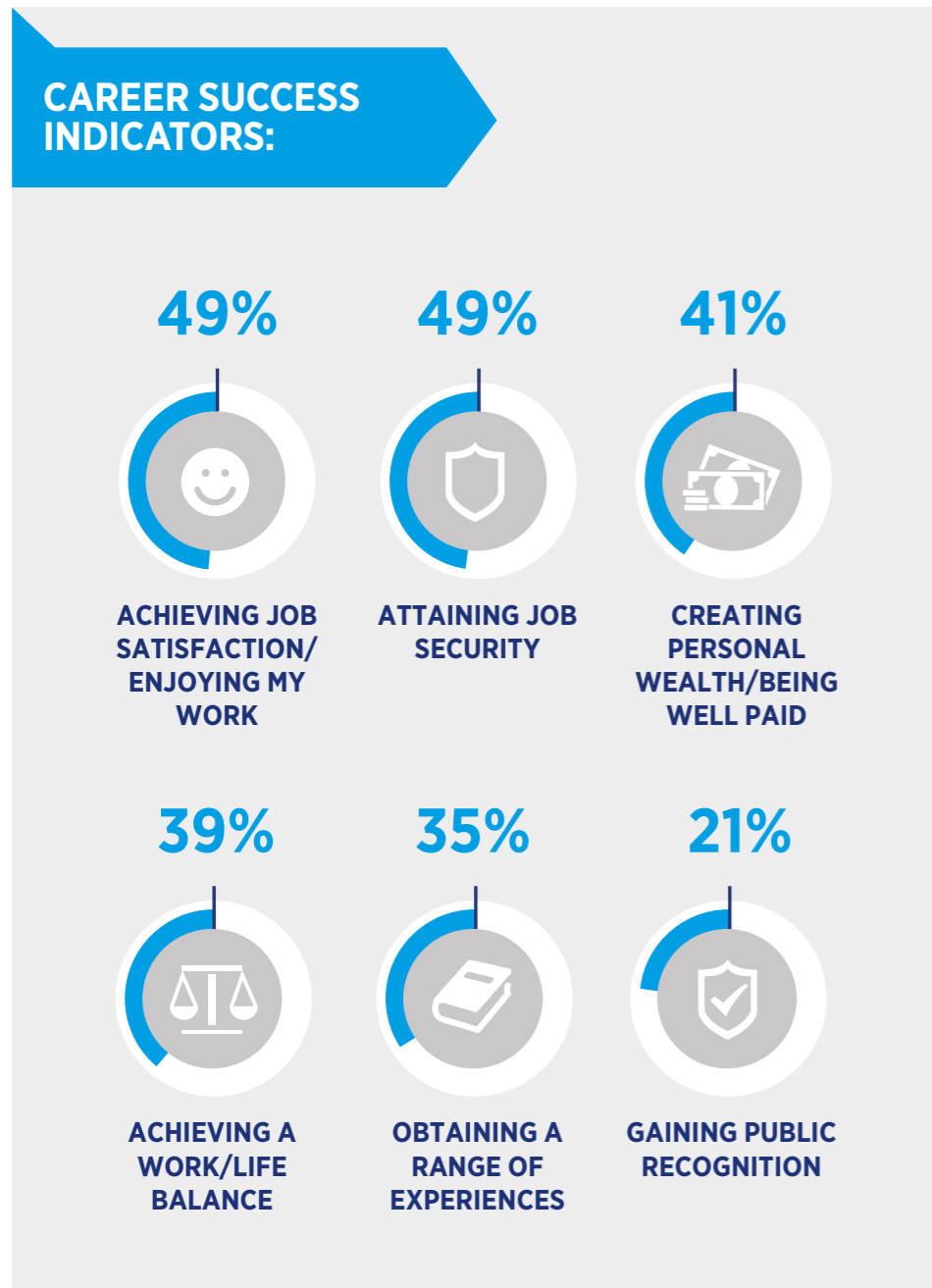
One recruitment website has closely integrated its recruitment portal and job updates with its social media, such as Twitter and LinkedIn, to attract candidates. As a result the organisation has raised its profile in the candidate market and become a company of choice for many candidates. Companies from other sectors—including retail and media—have used social media not just to recruit, but also to show potential candidates that they are fun and social places to work.

Some employers in Japan are noticing that certain jobseekers prefer to find out more about a company before they commit to attending an interview or even sending a CV. One technology provider offers potential candidates introductory discussions with hiring managers to give them the chance to find out more about the company and position before making a decision on whether they want to apply formally.



# 5. RETAIN

Retention is one area of employment in particular that the Japanese workplace culture has been feted for. The idea that Japanese workers have a job for life upon leaving education may not necessarily be the reality for everyone, particularly in the current economy, but there is still a strong sense of loyalty shown between organisations and their employees. Large-scale redundancies are almost considered taboo in Japanese workplace culture, and the labour laws currently in place make it difficult to downsize and remove people from the workforce.<sup>32</sup>



The Japanese inclination to retain employees is a double-edged sword. Employing loyal workers is highly desirable for many companies, but in uncertain economic times, lack of flexibility and the difficulty of laying off parts of the workforce can slow down their progress. Worse still, this can mean the difference between survival and failure. Japan's Prime Minister Shinzo Abe wants to relax labour laws to create a more flexible market and enable businesses to focus on innovative growth areas. Yet there is a deep-seated cultural issue at play, which is not easily resolved in the short-term.

### GEN Y JAPAN WANT SECURITY

Given the importance of a company's reputation to Gen Y Japan when they are looking for a job, once they have got that job, they want to commit to it. The culture of a job for life is still prevalent in Japanese society, even among the youngest generation in the workforce. Our survey of 18-30-year-olds in Japan found that 38 per cent expect to have between one and three employers throughout their entire careers. Five per cent imagine they will work for between four and six companies. Job security is important to this age group too. 58 per cent want job security most from their careers, and for 49 per cent, attaining it is one factor that best defines career success for them. The low levels of Gen Y Japan showing entrepreneurial ambitions—only ten per cent have owning their own business as a main career objective—highlight how risk-averse this group of the population are, particularly

Female workers in Japan can find it very hard to climb the corporate ladder and are not always given the same career opportunities as men. Often this can be the result of wanting to work flexible hours in order to manage childcare issues.<sup>33</sup> Just five per cent of senior management positions in Japan are held by women.<sup>34</sup> This compares with 20 per cent in the UK and 25 per cent in China. An added pressure on women is the expectation that they are in charge of their children's education to the point where it is socially taboo to not attend school meetings that happen in the middle of the working day. Attempting to manage a working life alongside their children's education is extremely difficult if no flexibility is available. There are examples of progressive Japanese leaders who have recognised the value of female employees, however. For example, Eiji Hosoya, former chairman of Resona Holdings sought to create an environment in which women could develop their careers and seek promotions, for example by offering flexibility at work and providing female mentors, as well as generally championing high-performing female employees.<sup>35</sup> It's expected that examples of flexibility to encourage more women into the workplace will grow as Japan's demography changes.

compared with their international peers that we have surveyed, and goes some way to explaining why they want job security.

Despite the economic difficulties Japan has faced for more than 20 years, 25 per cent of our respondents believe that job security is still achievable across all sectors; a further ten per cent think it's possible in the private sector only whereas

### SATISFACTION AT WORK:



23 per cent think only the public sector will offer it. There is a clear relationship however between the amount of work experience our respondents have had and their belief that job security is achievable. Full time workers in at least their second job are more likely to think job security is achievable (21 per cent) than those working full time in their first job (17 per cent) and even more so for those working part time (12 per cent).

### SOURCES OF JOB SATISFACTION

Understandably, many of the benefits that attract an employee to a company will also keep them there. More than half (52 per cent) say financial reward is the most satisfying career attribute for Gen Y Japan. But it's not just about money. Our findings suggest that there is a strong sense that Gen Y Japan want to feel a sense of pride in their work that is shared by their employer. They want their work to

be appreciated, and to make a difference. Once embedded in an organisation, Gen Y Japan see job satisfaction in terms of a sense of achievement (47 per cent), feeling valued and appreciated (40 per cent) and the knowledge that they have made a positive contribution (31 per cent).

It's not just about a sense of serving a loyal employer for Gen Y Japan, however. For 64 per cent of our respondents, long-term job satisfaction comes from being engaged with interesting work.

## 5. RETAIN

### HELPING OTHERS

There is a thread of philanthropy running through Japanese society. For our Gen Y respondents, an important area for job satisfaction is the notion of helping others (30%). This is a reflection of Panasonic founder Konosuke Matsushita's seven guiding principles.

### IMPLICATIONS FOR HR

Many of the factors that give Gen Y Japan job satisfaction—and therefore what HR professionals should be taking into consideration when devising retention strategies—are similar to the needs of Gen Y in the other countries that we surveyed. Most want financial reward, to feel valued and appreciated and to feel they have made a positive contribution. Gen Y Japan, however, particularly want to feel a sense of achievement, and employers must take this into consideration in the work they offer them and the way they need to complete and reward it.

Japanese employers tend to offer benefits in similar ways. Insurance and healthcare costs are usually split 50:50 between employees and employer.<sup>36</sup> A full year of

holiday entitlement will be provided on the date an employee reaches a specific tenure, rather than accruing month by month. Bonuses are paid in both summer and winter. Employers are also beginning to recognise the importance of retaining the female workforce, in light of demographic changes and recruitment difficulties. For example, the investment bank Goldman Sachs has an on-site nursery and day care programme in its Japan office.

One digital security firm offers staff with two years' service in Japan the chance to move to another global location, which aims both to retain staff and also encourage Gen Y Japan to seek opportunities abroad for the benefit of their long-term career.

Having a relatively conservative workforce, HR professionals operating in Japan can focus on many traditional reward and benefit packages that have long been established in the country. But it's not just about rewards and benefits. Offering the flexibility for women to move within the workforce, focusing on the philanthropy many employees display and ensuring they feel they are making a difference in their jobs will be essential too.

One not-for-profit organisation—Green Bird—deploys volunteers to pick up litter in the street, with the aim not just of getting something done but competing and having fun whilst engaged in a task which benefits society. Founded in Tokyo's most fashionable districts, Harajuku and Omotesando, the organisation aims to encourage volunteers not by obligating them but by sending the message that littering is "uncool". This concept was extended to France, Sri Lanka, Singapore and Ghana, where Japanese expatriates volunteer to clean up the city for Japanese tourists. Its increasing popularity is reflective of a more caring and thoughtful society.



## 6. TECHNOLOGY AND SOCIAL MEDIA AT WORK

Japan has led the world in technological innovations for the last century. Social media is no different, with many new innovative Japanese companies that have sprung up focusing on how social media and Web 2.0 technology can be used creatively. The Japanese audience for technology and social media is relatively mature with 41.7 per cent of the population (53.3 million people) using a smartphone.<sup>5</sup>

Despite the Japanese population generally being savvy when it comes to technology and social networking, our survey found that only one in ten use social media when looking for a job. Gen Y Japan still prefer to use traditional methods. The highest proportion, 32 per cent, see a one or two-page traditional CV as the most important element during the recruitment process. This compares with the importance attributed to an active Facebook profile (11 per cent), an active Twitter profile (eight per cent) and a complete profile on LinkedIn (six per cent). Having a personal, face-to-face process is still very important to candidates. Supplementing this with a good online presence is also important, particularly as a reputation-building tool.

Many of the quandaries posed by the instant networking that social media can offer spill over into the workplace for Gen Y Japan. Understanding how they use social media, and their views on what it can offer, will be imperative for employers looking to recruit, retain and promote this age group to contribute to their organisation's success.

### THE ROLE OF SOCIAL MEDIA AT WORK

The line between work and social life is blurred by technology, as has become apparent in workforces across the world in the last decade. The constant availability afforded by modern technology has an impact on how people work, socialise and communicate. Gen Y are the first generation to enter a workforce where the internet, social media and email

are dominant. Yet they still struggle to understand how best to utilise this technology for the benefit of their careers.

Gen Y Japan respondents in our survey were split on just how useful social networking is at work. For 42 per cent it is a helpful tool, but for 46 per cent, it is a distraction. Half the respondents admit that it blurs the line between work and social life. Almost a third (31 per cent) can't resist looking at work emails when on holiday. Younger respondents are more likely to agree with this statement: 39 per cent are aged between 18 and 21 and 29 per cent are between 28 and 30 years old. A slightly higher proportion (32 per cent) say they find it hard to switch off from work at weekends due to constant connectivity.

Japan has embraced technology, particularly for online shopping 78 per cent of the internet population have bought something online this year.<sup>5</sup> But they have not embraced it as a way to get a new job. In 2013, 35 per cent of Japan's population are expected to visit social networking sites at least once a month. One quarter of them will visit Facebook.<sup>37</sup> The last six months have also seen a 19.5 per cent drop off in Facebook's use in Japan. The lack of anonymity—heavily valued by Japanese consumers—is thought to be the reason behind this.<sup>38</sup>

The blurring of work and social time is even more significant in light of the 56 per cent of respondents who would choose an employer based on the amount of holiday allowance they offer.

The findings also suggest a disconnect on the use of social media. More than half (55 per cent) expect an employer to look at a potential recruit's social media profile—27 per cent think that would be unethical, compared with 28 per cent thinking they would do the same. At the same time, having an up-to-date social media profile is considered less important than a traditional CV. In light of the importance of personal reputation to Gen Y Japan, this finding suggests they are quite traditional in their approach to recruitment, but also unsure of how to handle new approaches to it.

### USING TECHNOLOGY AT WORK

While they may not use it to apply for jobs, social media is important enough to Gen Y Japan for 26 per cent of them to say they would be unlikely to work for a company that blocked access to it at work. 26 per cent say employers should trust their employees to use personal social media at work. This reflects the desire of 39 per cent of Gen Y Japan to have autonomy at work, and the importance of a fun and social environment offered by a company.

Gen Y Japan are still relatively traditional in their views on workplace communication. Rather than corporate social media sites, instant messengers

or SMS being the most common means of people communicating at work five years from now, 64 per cent believe email will continue to top the list of communication methods.

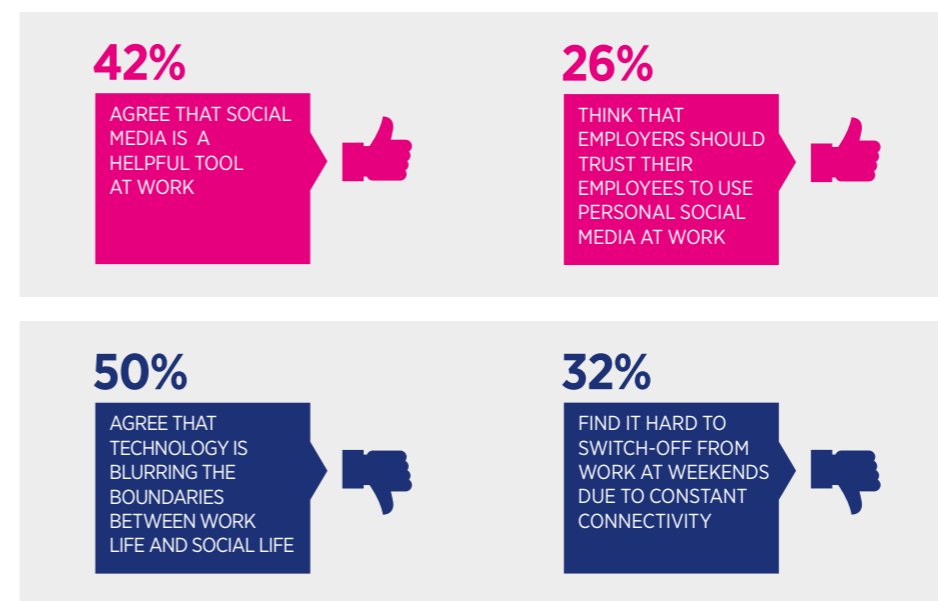
### IMPLICATIONS FOR HR

The growth of social media in Japan is not just reflected in the use of household name social media sites, but in a range of

companies and start-ups that seek to take advantage of the technological changes in communication style afforded by social media. Gen Y Japan—like many other age groups in the workforce—still seem to be getting to grips with the implications of social media on how we work, communicate, socialise and do business.

Yet there are still contradictions in the use of social media. Gen Y Japan don't

want to use social media to apply for a job, but recognise employers will look at their social media profiles. HR professionals will need to take account of what recruitment channels they intend to use to recruit Gen Y Japan, assessing employees differently on their preferences regarding social media use, and handling candidates differently than they do in other markets, depending on the recruitment method they choose.



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