

Headhunting The Samurai

by Thomas J. Nevins

"The Japanese model of lifetime employment, seniority wages, and enterprise unions really only applies to the largest firms"

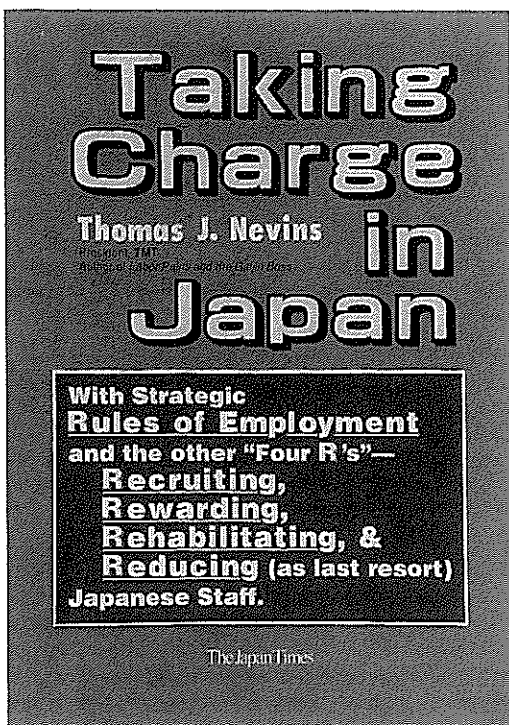
In today's newspaper I saw the boldest and blackest headline in weeks. Mr. Ezoe, chairman and founder of Recruit Inc., and two executives cooperating with him, formerly on NTT, were arrested and taken away on bribery charges—another chapter in perhaps the largest postwar scandal rattling this island nation. Just as big as, if not bigger than, the Lockheed scandal which brought down Prime Minister Tanaka.

What is Recruit, Inc. and why has the scandal reached such proportions? While Ezoe was a student at Tokyo University, he started up an advertising publication to help place student into companies and meet the part-time employment needs of employers in the area. He perfected this formula of matching applicants for jobs, but in the format primarily of being a publishing and advertising firm more than being involved in recruiting and headhunting per se.

He was probably too successful and too rich, rapidly diversifying into similar publications in real estate and other areas. Although he wasn't scouting per se, he shook up the establishment by providing options or alternatives to the Japanese employee who had primarily worked within a closed labor market environment. Mr. Ezoe was not the first to commit such bribes. It's quite common here. But he was a rebel so no one protected him.

The model of lifetime employment was never characteristic of medium and small enterprises or any start-up company which had to establish critical mass quickly. They had been running advertisements in newspapers and magazines for years; for, after all, you cannot run a company purely with new school graduates. Nor are you able to attract new school graduates the way the large firms can when you are still small and are a company of no social prestige.

In fact, the Japanese model of lifetime



employment, seniority wages, and enterprise unions really only applies to the largest firms, generally with well over a thousand employees. In such firms the high school and university placement officials take the employment request seriously. Most employment, other than for a small percentage of specialists or parttime contract workers, has traditionally taken place from April 1, as the school year ends. Smaller firms, however, have had to get their personnel through advertising, word of mouth, introductions, direct raiding and scouting, and since about 1965 from executive search or recruiting firms that set up shop in Japan, working on a standard fee basis of generally 35 percent in this marketplace.

With the exception of the "jinzai hakken," or, temporary placement firms which employ the staff and continue to take about a one-third percentage of the fee (firms such as Man Power or Kelly Girls in the U.S. or Blue Arrow in Britain), it is impossible for an executive search firm or headhunter to achieve anywhere near the scale of business that Mr. Ezoe masterminded at Recruit. Actually, the largest search firms in the world with a multinational network rarely have total gross billings of over U.S. \$30 to \$60 million. In Japan such firms are also here generally with a team of two to three or four consultants.

Here at TMT we have been able to support a team of some twenty-five employees, with fifteen executive search consultants. This has only been possible through the labor and personnel consulting side of our business, which brings in good clients and allow us to establish a special relationship from the start.

Executive search is tough business in Japan. Six or seven years ago most candidates did not even know what we were doing when we cold-called them out of the blue. Nowadays "headhuntah" has become a household word, and one out of ten to twenty people called (depending on the skills and tone of voice of the recruiter, as well as the message, of course) will come and meet us at our office. It is from there that the fight begins, however.

Generally, the younger the candidate, the less willing he is to move; especially if he is in one the large Japanese firms with social prestige and well known to his potential marriage mates, family, and relatives, et cetera. Such a man is still subject to the discussion of his

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parents, family, peers, and above all else, his boss. It is not unknown for man a to come in and resign, submitting his resignation and even giving the date when he will leave, including very crisp and cogent reasons why the new opportunity is better for him. In spite of that, a boss will often just say, "You can't go." He takes the resignation letter, rips it up, and throws it away.

This shouldn't be acceptable, but why is it accepted? It surprisingly is, and that tells you something about how different Japan can be. What the boss doesn't tell his subordinates is that "if you quit, it makes me look bad because I'm judged on my retention rating of good subordinates (although I have also heard of cases where that is the reason the boss gives, and the subordinate, because of that, feels obligated to stick around and serve!)

Are the Japanese candidates we scout really different from managers of other countries?

After seventeen years in Japan, having studied the language at the university before I came, and having a Japanese wife who avoids speaking English like the plague, I think I know the ins and outs here pretty well. I don't want any readers to walk away with the impression that everything an executive learned outside won't work here, and that the "Nihonjin" is always a puzzle.

That is not the case. Working within their rules, in their language, and in that context, there is very little that surprises me. For every Englishman I know, I know a Japanese just like him. For every Hong Kong Chinese or Singaporean you know, believer me, there is a Japanese just like him, too. On second thought, I would have to say that it is very different working with the Japanese and perhaps I am just too used to it. Indeed, every foreign executive or expatriate I have lunch with constantly points out the differences—even the Swiss who speaks five languages and has worked on all the continents.

But still, if something is wrong or inefficient, it's got to be fixed and there is a way to do it. If you need to upscale the quality of your Japanese managers at the multinational firm in Japan, it must be done and it can be done. You can, in fact, scout out the very best and the brightest Japanese from the top employers in Japan.

It helps if you are representing a world-class firm, have an excellent business plan, stroke the candidate's ego, convince him that he will get new experiences that will further develop his career, and it often requires paying through the nose. But this should be smart money with performance-based components. That kind of package in itself is perhaps even a better screen than a probationary period to test the confidence and determination of the candidate you are considering to hire.

About the author: Mr. Thomas J. Nevins is founder and president of TMT, Inc., a Tokyo-based personnel consulting and executive search firm. Author of several books, including "Labor Pains and the Gaijin Boss — Hiring, Managing, and Firing the Japanese" (Japan Times, 1984), he started in Japan seventeen years ago as a researcher with the Ministry of Labor and the School of Industrial and Labor Relations, Cornell University.

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