

## **Enhancement of the employability of graduates – institutional efforts and governmental policies in Japan**

Jun OBA<sup>1</sup>

The expansion of higher education in recent decades has resulted in an extremely diverse student population. Together with a labour market that increasingly expects graduates to be operational immediately after employment, the employability issue is a growing concern of every university and student.

Today, universities are expected to produce graduates not only with subject knowledge but also with a wide range of practical skills, including information technology capabilities and foreign language proficiency, to carry out their jobs effectively in the workplace. In Japan, many universities have proceeded with educational reforms to adapt their programmes to the needs of the labour market. They have also multiplied services to students to enhance their employability, including development of placement services and career education for the first and second grade students, and have developed partnership with industry.

However, we can still see a large gap between universities'/students' perception of employability and criteria of employment applied by the labour market. Demands of the labour market are very complex and ever-changing. In addition, many of the skills sought after by employers seem very difficult to acquire outside the workplace : they are to be best gained through on-the-job training.

This article will give an overview of issues as regards graduate employability and universities' efforts to enhance it, as well as government's policies associated with these issues in Japan.

### **I Higher education and graduate employment in Japan**

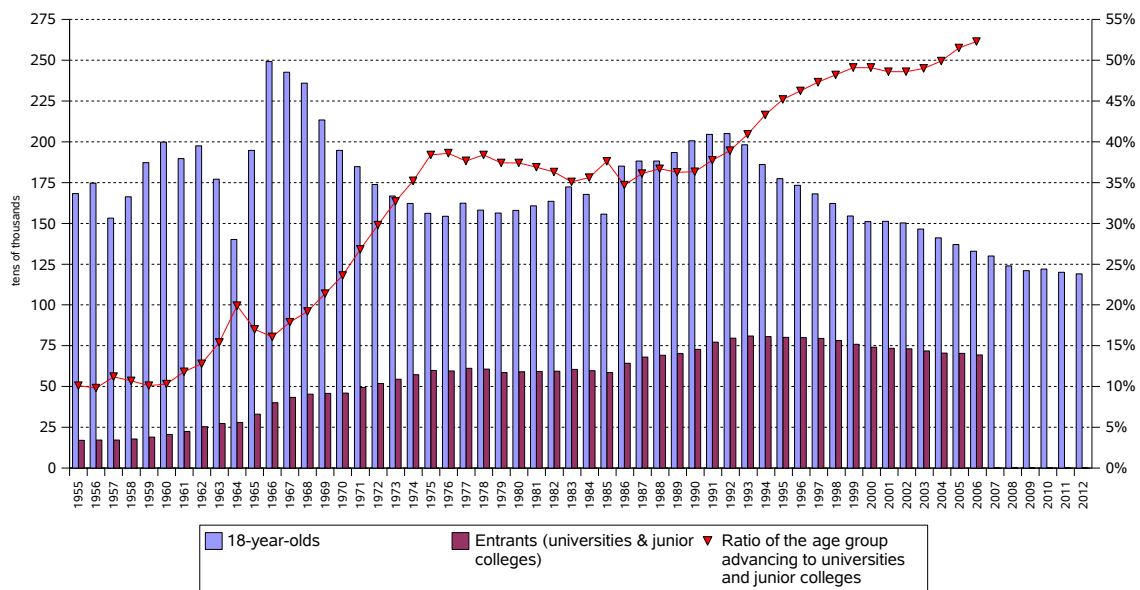
#### **1. Demographic change of the student body**

After the educational reform during the occupation period, which integrated different higher education institutions into universities or junior colleges based on the American model, Japanese higher education saw a rapid growth in enrolments in the 1960s and early 1970s. Whereas there had been 245 universities and 280 junior colleges in 1960, there came to be 420 universities and 513 junior colleges by 1975. In terms of student number, between 1960 and 1975, the population attending universities and junior colleges increased from 709,878 to 2,087,864. The percentage of students continuing on to university or junior college by 1975 increased from 10.3% to 38.4% of the corresponding age group (Figure 1).

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\* The first workshop was held in 2003 in Vancouver, Canada ; the second in Vienna in 2004.

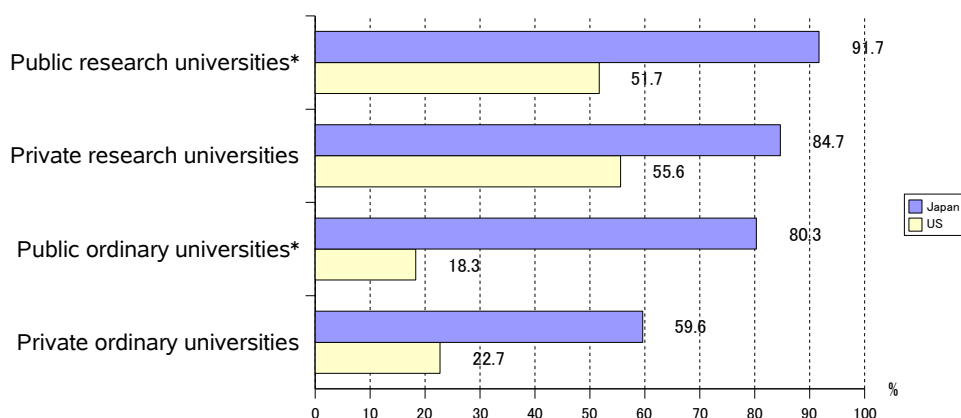
1 Associate professor, Research Institute for Higher Education (R.I.H.E.), Hiroshima University ; oba@hiroshima-u.ac.jp



**Figure 1 Trends in 18-year-old population and access to higher education**

Source : MEXT

This development of higher education brought about a significant demographic change on campus. Like in other developed countries, student movements occurred in many universities towards the end of the 1960s. This event led to a certain number of reforms undertaken by the government. However, even after the event, most universities continued to function on the Humboldtian model, a model that was dominant in the former imperial universities and prevailed after the war in almost all universities in spite of the Americanisation of the higher education system, and academic staff put much importance on research rather than education. According to an international survey carried out in 1992-1993 in 14 countries, financed by the Carnegie Foundation, Japan was classified as one of the countries where teachers had the largest predilection for research to the detriment of education. In comparison with the United States, for example, the proportion of research-oriented academic staff was definitely higher in Japan in all kinds of universities.



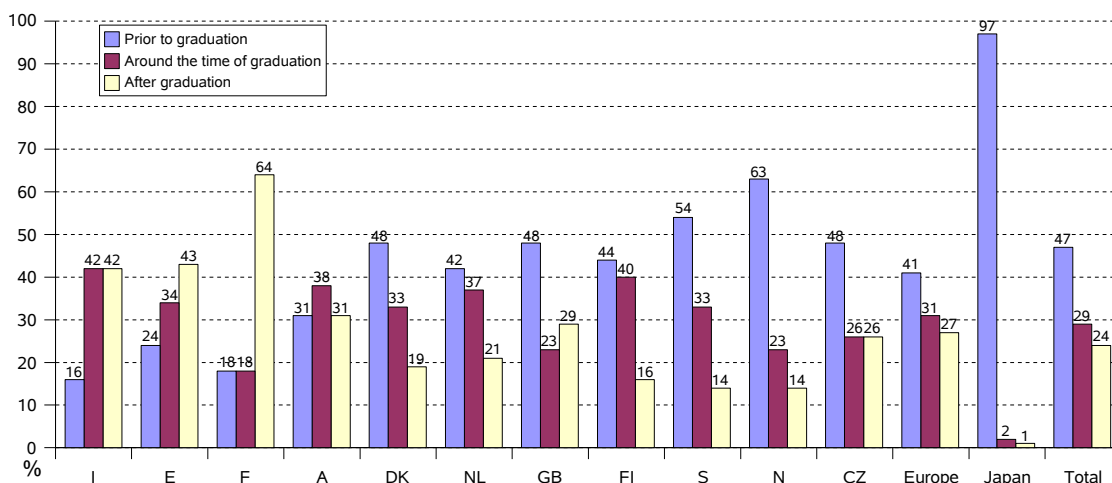
**Figure 2 Percentage of research-oriented academic staff (1992-1993 Carnegie Survey)**

Source : Ehara (2003 : 152)

\* In Japan, public universities refer to national universities.

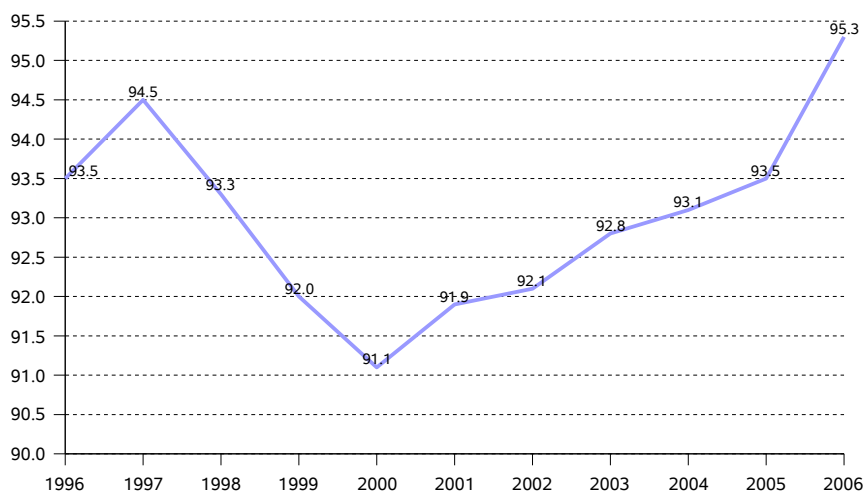
The dominance of the Humboldtian concept, illustrated typically by quasi-autonomous academic components – what Christine Musselin (2001) called the *République des facultés* (Republic of the faculties) – was not essentially undermined until towards the end of the 1980s. In spite of recurrent criticisms, a large majority of universities did not change their enrolment and education policy : that is to admit the best students possible by entrance examinations, and once enrolled, to offer education without paying much attention to student labour market prospects or to their employability.

On the other, these practices were generally suitable for employers, who recruited new graduates with high potentiality without paying much attention to what they learned in universities or their academic achievement. They developed their own in-house training systems including formal on-the-job training systems (Yonezawa and Kosugi, 2006). Consequently, Japanese enterprises tended and still tend to begin recruiting students at a very early stage, far before their graduation, and almost all students desiring to work after graduation begin their job search before graduation (Figure 3). Finally, most of those students find employment before their completion of schooling (Figure 4).



**Figure 3 Time of start job search by country (1994-1995 graduates)**

Source : Teichler (ed.) (2000 : 50)

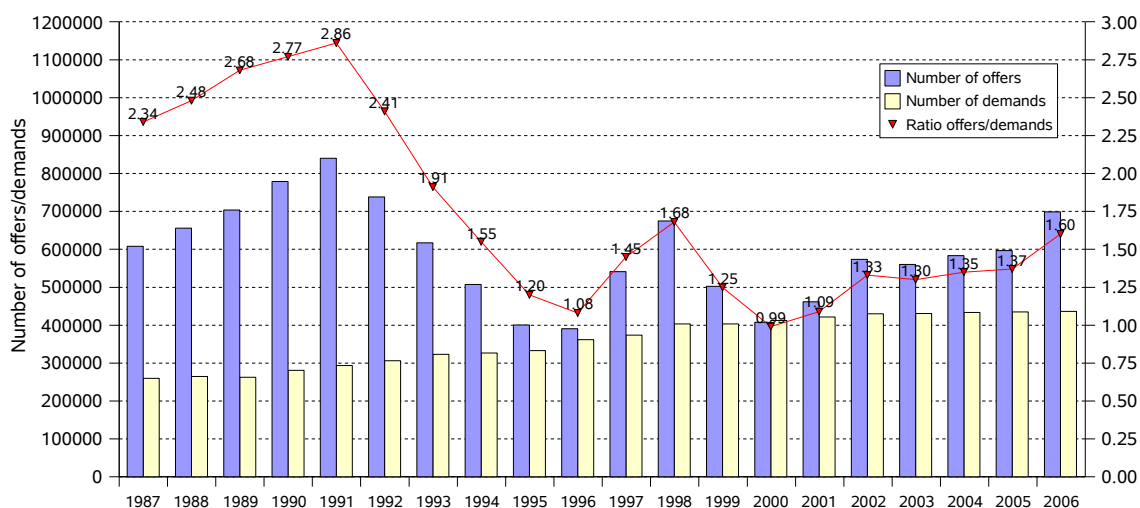


**Figure 4 Employment rate of new graduates desiring to work (as of 1st April)**

Source : MHLW and MEXT

## 2. Increasing awareness of the employability and the labour market by universities

The above-mentioned situation, which was comfortable enough for academics, began definitively changing in the beginning of the 1990s. In 1990, the economic bubble collapsed, and Japanese enterprises reduced significantly the employment in the early 1990s (Figure 5). They tried to recruit graduates who were immediately operational upon their employment, and even those who had some work experience – a practice barely exploited by Japanese enterprises until then – primarily with a view to reducing cost and time for in-house training.



**Figure 5 Employment projections – offers and demands concerning new graduates**

Source : Recruit Works Institute

Universities became more and more obliged to assure the quality of their education to improve the employability of their graduates. A large number of universities set up interdisciplinary vocational courses and developed career education programmes, taken for credit or non-credit, in order to support students in developing their career projects. In addition, some universities developed significant career development services, and often transformed the placement service into a career development centre, offering placement service and relevant educational activities for improving the employability of their students and aid them with finding jobs.

As discussed later, the partnership with industry was extensively sought after by universities. In particular, provision of structured work experience became more and more integrated into study courses. Some universities employed people from industry as professionals in career development centres or placement services.

## II University education reform and development of student services

### 1. The deregulation of university education in 1991

In 1991, based on a recommendation of the University Council<sup>2</sup>, the Ministry of Education (Monbusho) revised the regulation (University Establishment Standards) concern-

<sup>2</sup> An advisory board to the Minister of Education founded in 1987 to deliberate on basic aspects of higher education.

ing the content of education programmes. Before this reform, course subjects taught at the undergraduate level were classified into four categories : liberal arts (including humanities, social sciences and natural sciences), specialised subject education, foreign languages (more than two languages) and physical education and health. All the universities organised their undergraduate education programmes according to the standards.

The council and the ministry expected that university education would develop in a way that would reflect diverse needs of society. However, contrary to their expectation, the reform finished in the first place by a reinforcement of the specialised subject education in almost all universities. A number of universities, especially national universities, closed their colleges of general education (*kyoyobu*)<sup>3</sup> that were responsible for liberal arts education. The Germanic concept of the university was still dominant in the Japanese higher education community.

Nevertheless, in the 1990s, the massification of higher education further progressed. The percentage of students enrolling in universities and junior colleges increased from 36.3% in 1990 to 49.1% in 2000, and finally in 2005 surpassed 50%, point of demarcation between mass and universal higher education, reaching 51.5% (Figure 1). Universities began confronting an even more diverse student body who were often completely unadapted to traditional educational practices.

Towards the end of 1990s, universities installed a number of pedagogical tools to improve the learning environment and to assure the quality of their education in order to guarantee opportunities for employment of their graduates, in other words to assure their employability. Among the pedagogical tools introduced during this period – mostly imported from the US – were academic staff development, presentation of syllabus, semesterisation of year-long subjects, assignation of teaching assistants, and evaluation of classes by students. In addition, programmes that would be immediately useful in the business world such as ICT and foreign languages were enhanced.

## **2. Vocationalisation of higher education and liberal arts education**

In Japan, vocational higher education programmes, observed in many developed countries, such as *IUT*, *IUP*, *DESS*, and *licence professionnelle* in France, remain marginal at the undergraduate level. Tout au contraire, in the face of an increased specialisation after the relaxation concerning university education in 1991, the importance of liberal arts education has been reiterated. The recommendation of the Central Council for Education<sup>4</sup> on “The ideal form of liberal arts education in the new era” on 21 February 2002 stated : In a complexly and rapidly changing society, universities are increasingly expected to educate people capable of looking at things with a wider view and of making unerring judgments guided by high morality.

Vocationalisation has been much more promoted at the graduate level. In 2003, being

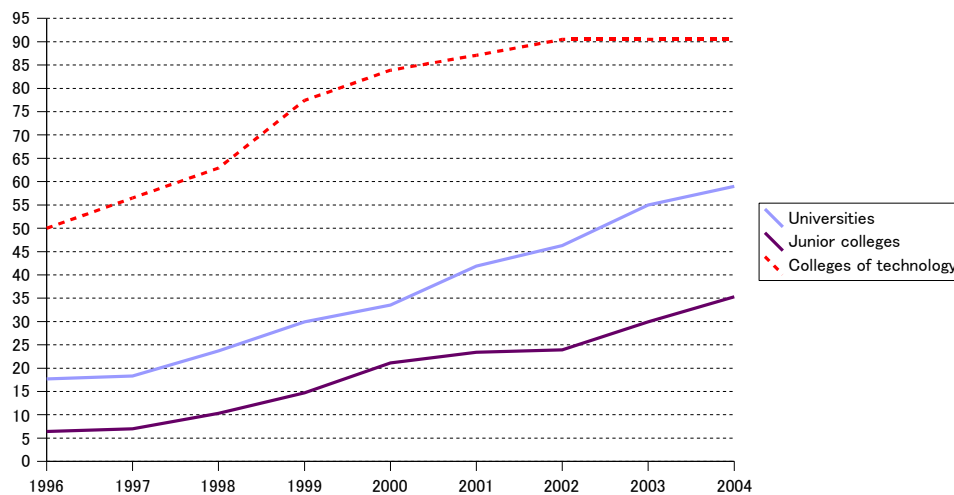
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3 An academic unit offering liberal arts education to all the undergraduate students enrolled in different faculties in the first and second years of study. It was institutionalised based on the American model after World War II, by integrating preparatory classes of the high school under the old system. They were set up mainly in national universities ; in most private universities, liberal arts were taught under the responsibility of each faculty.

4 An advisory board to the Minister of Education on overall educational policy. In 2001, in the process of the governmental reform, it integrated several specialised ministerial advisory organs including the University council.

inspired by the American system, a new system of *professional graduate schools* was conceived, which would carry out “practical education specialising in the training of professionals with advanced specialised skills” expected by society (MEXT, 2004 : 47). Graduate schools such as law schools<sup>5</sup> and business schools have been operating since 2004. Their curriculum design, teaching practices and accreditation system are very closely linked to each professional community so that they may ensure that their graduates have required knowledge and skills.

In addition, universities have much enhanced their partnership with industry. Internship has been significantly developed in these years in all kinds of higher education institutions (Figure 6). Almost 60% of the universities have offered credit internship programmes in 2004, whereas the percentage was less than 20% in the middle of the 1990s<sup>6</sup>. Certain graduate programmes have been designed with an active involvement of industry, among which is MoT (management of technology).



**Figure 6 Percentage of institutions offering credit internship programmes**

Source : MEXT

### 3. Development of student services

From the late 1990s, services as regards students’ campus life have been significantly developed, a phenomenon observed only marginally before in Japan. Universities have set up or enhanced services or programmes to assist students in learning, developing their career projects, job searching, and so on. Counselling for students has also been developed.

In particular, in the face of deteriorating labour market conditions, universities have enhanced relevant placement services and relevant programmes. Some universities have begun seminars or courses for career development, either on credit or non-credit basis,

5 In 2006, law schools awarded their first degrees. Most of the graduates sit for the National Bar Examination of the year, but its pass rate remained as low as at 48%, calling into question the professional relevance of the law school education.

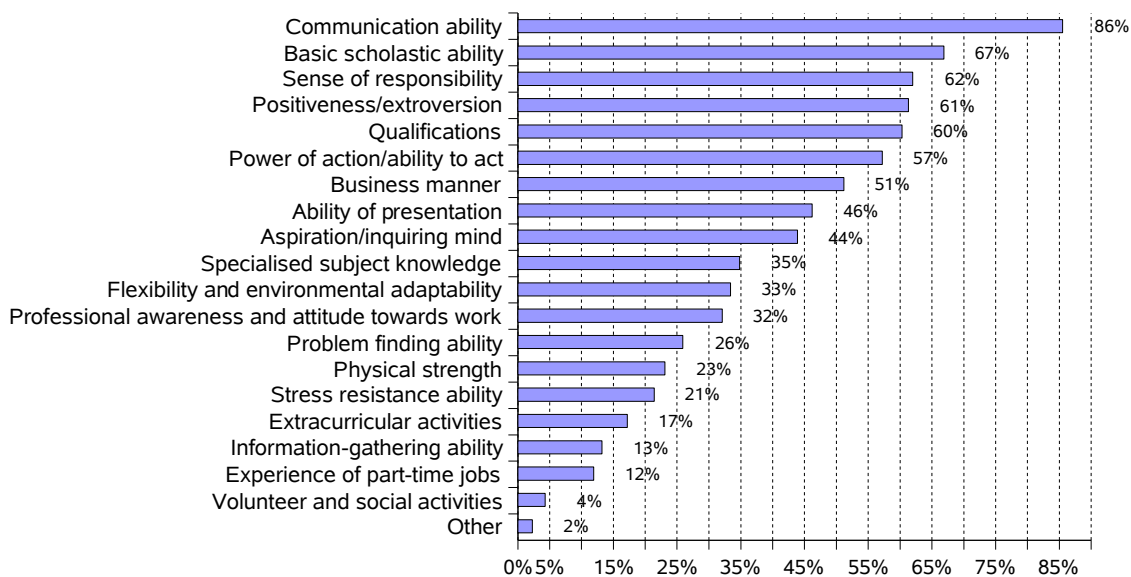
6 On the part of the enterprises, according to a survey published in 2002 (*Mainichi Education Mail* on 8 April 2002), about 30% (49 in number) among 150 large enterprises interviewed offered internship opportunities to students. Generally, an internship does not promise an actual placement to students, but some enterprises utilise this practice for recruitment, especially in a tight labour market.

from the first year of the study. Ritsumeikan University, for example, set up in 2002 a module called “The theory of career education” for the second year students of six faculties among eight, and in 2003 another module called “In quest of a career” for the students of a faculty<sup>7</sup>. Career development centres have been further developed.

### III Further efforts for improving the employability of graduates

#### 1. A necessary enhancement of partnership between industry and academy

Unlike in countries where professions are widely regulated or conditioned by degrees or other certifications, like certain European countries such as Germany, very few occupations are directly linked to higher education degrees and other higher education based certifications in Japan. Quite naturally, in all enterprises, employment of graduates is determined on multiple criteria. According to a survey by the Ministry of Health, Labour and Welfare (MHLW) carried out in 2003 (MHLW, 2004), Japanese enterprises on average put importance, in order of priority, on communication ability, basic scholastic ability, sense of responsibility, positiveness and extroversion, and qualifications (Figure 7). Specialised subject knowledge came in only at the 10<sup>th</sup> position.

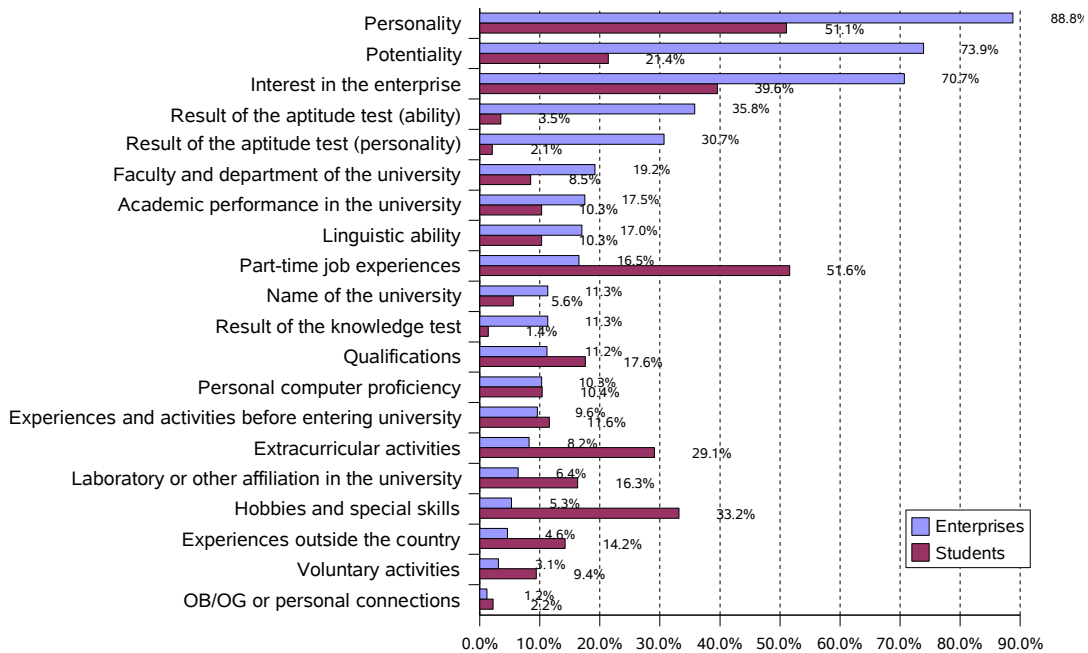


**Figure 7 Factors considered as important by employers for recruitment**

Source : MHLW (2004)

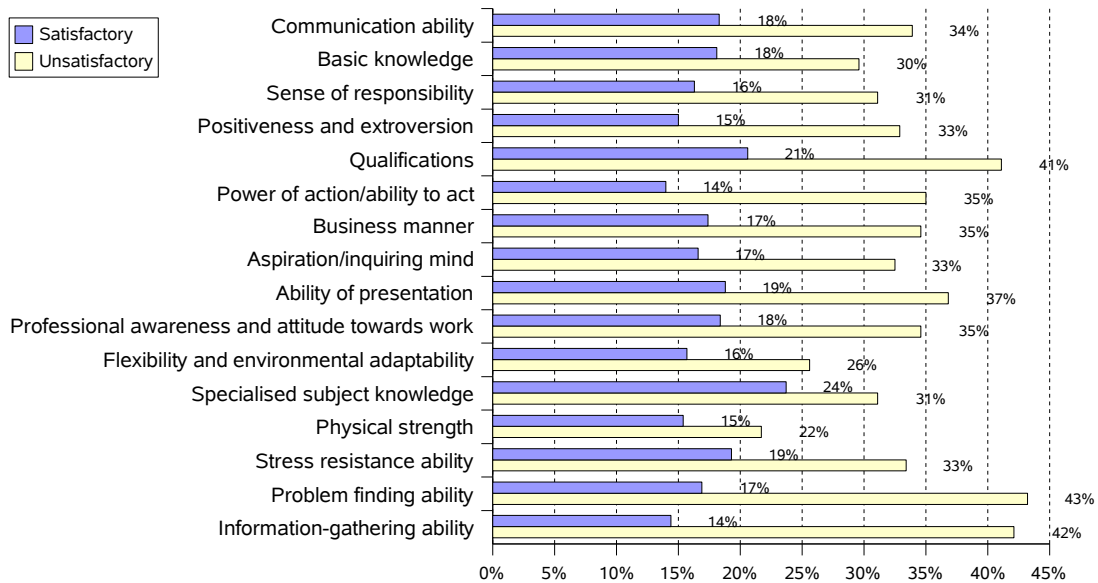
Given these results, we should acknowledge that university education was less relevant to the needs of the labour market in spite of increased awareness of the employability and different efforts by universities, as mentioned in preceding sections. In addition, recruiting practices of enterprises have not been correctly perceived by universities or students, and there seem to be a wide gap between university education and competencies required by industry. Consequently, there is a divergence between what enterprises seek after and what students underline at the time of job interviews (Figure 8), and after employment, there are always less enterprises satisfied with acquisition of abilities by new employees than those satisfied (Figure 9).

<sup>7</sup> *Nikkei* Newspaper on 26 May 2003.



**Figure 8 Factors sought after by employers and those underlined by students at the job interviews**

Source : *Shushoku Hakusho (White book on the employment)* cited by College Management 112, January-February 2002.



**Figure 9 Evaluation by enterprises of acquisition of different abilities by the new employees (percentage of surveyed enterprises)**

Source : MHLW (2004)

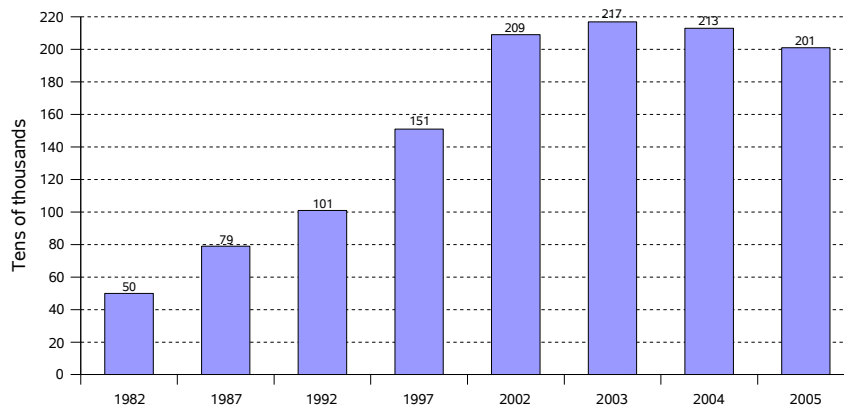
## 2. The problems of *Freeter* and *NEET*

Since the 1980s, the problem of *Freeter*<sup>8</sup> has been a cause for concern in Japan. A *Freeter* is a young person who, without finding a regular employment, continues work-

8 Word combining “Free” and “Arbeiter” (German). The latter term is used in Japan to apply generally to student part-time workers. According to the MHLW, *Freeters* are 15-34 year old people who do not go to school nor have a regular employment (housewives excluded).



ing on a part-time basis, and often gives up searching for a regular position. The number of *Freeters* increased considerably in the 1990s, and there were more than two million at the beginning of the 2000s (Figure 10). The majority of *Freeters* are not graduated from universities, but the proportion of graduates tends to increase (Kosugi, 2005 : 64). In 2002, around one-third of *Freeters* were higher education degree holders.



**Figure 10 Number of *Freeters***

Source : MHLW

In recent years, in addition to *Freeters*, young people who do not go to school, nor work, nor seek an employment (*NEET*<sup>9</sup>) has constituted an important concern for society. In 2004, the number of 15-34 unemployed people was estimated around at 640 thousand, among whom 41.2% were seeking an employment (MHLW, 2005 : 154). However, the rest (58.8%) of these young unemployed people were not looking for a job. Even worse, 20.4% of them had never looked for employment. Similarly to *Freeters*, the majority of *NEET* are not graduated from higher education, but more than 20% of them were higher education degree holders in 2002 (Kosugi, 2005 : 69).

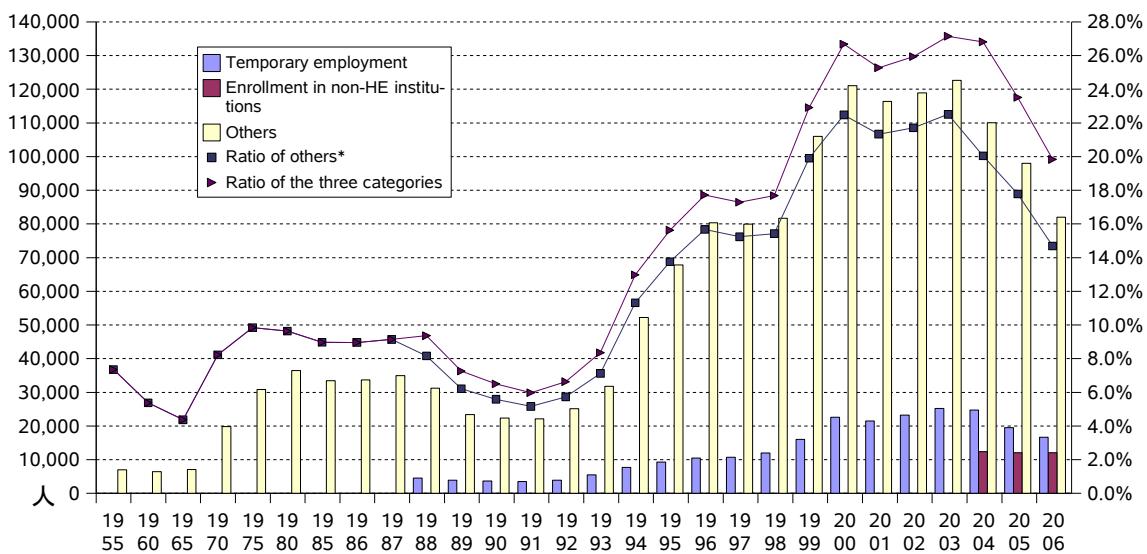
This worrying situation remains fundamentally critical in Japan. Unlike in many European countries, these unemployed young people have very little chance to find a regular position after graduation<sup>10</sup>, and their precarious situation tends to endure. Most higher education degree holders, particularly graduates of long degree courses, have not received vocational training throughout their study from primary to higher education. Therefore, if they do not find regular employment in the early stage of their occupational career, they run the risk of losing the chance to acquire basic knowledge and skills required in the business community. Particularly as initial occupational training is mostly organised in enterprises in Japan, through on-the-job training and some formal training programmes.

The reasons attributed to the problems of *Freeters* and *NEET* are multiple and it is not

9 “Not in Education, Employment or Training”. This is a notion initially conceived in the UK. There are several definitions of the word in Japan, but it is used to apply generally to young unemployed people who do not seek job.

10 As mentioned before, almost all students desiring to work upon graduation start seeking an employment during their schooling and most of them find one before completing their study at university. In contrast, for example, only 51 % of the 2003 French graduates were in employment one year following graduation, but this percentage increased to 80% the next year (Bos, Fossorier, et al., 2005 : 31).

obvious to decide what the most important are. As to enterprises, three principal factors are pointed to : economic slowdown, change in the employment practices (end of the Japanese life-long employment model, in particular), and change in the industry structure (development of ICT, globalisation, etc.) (Kosugi, 2005 : 73). For example, between 1994 and 2004, the proportion of regular employment in the total new graduates' employment decreased from 56.2% to 46.6% (Recruit Works Institute, 2005). In the 1990s, the number of graduates that did not find regular employment nor continue on to graduate education increased significantly (Figure 11). In recent years, the proportion has decreased though principally due to the economic recovery, but those who could not find regular employment before, *Freeters* and *NEET* in particular, continue to remain in a precarious situation.



**Figure 11 Status of new bachelors one month after graduation except regular employment and enrolment in graduate schools**

Source : MEXT

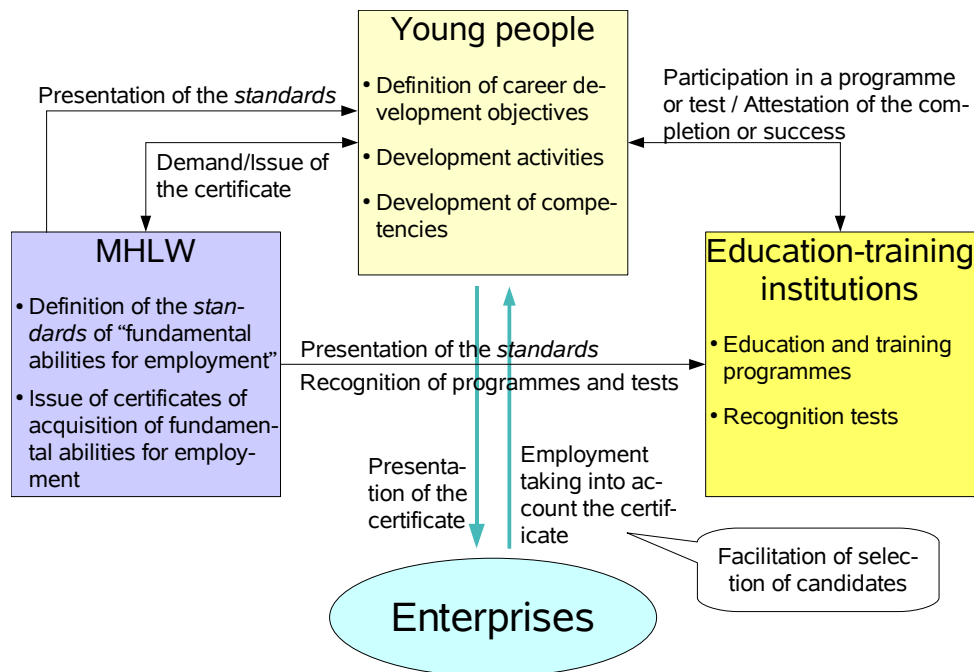
\* There are breaks in the series 1988 and 2004 (creation of the categories “temporary employment” and “enrolment in non-HE institutions”) : data are not comparable respectively with the previous years.

### 3. National efforts for the enhancement of the employability

It is certain that universities are not exclusively accountable for the above-mentioned problems, but undoubtedly primarily responsible for the enhancement of their students' employability, particularly in the era of universal higher education. However, universities alone cannot deal with it effectively. They need more partnership with and involvement of industry. Relevant government policy should be significantly developed.

One government measure against the above-mentioned problems is the “Youth Employment Support Programme (YES-Programme)” of the MHLW, launched in 2004. It is designed to aid young people in acquiring fundamental competencies required by the business community, which had been revealed by the preceding survey (see Figure 7 and Figure 9). Education opportunities are provided in the field of 1) communication abilities, 2) business worker awareness, 3) fundamental academic achievement, 4) business etiquette, and 5) qualifications – the fields defined as “fundamental abilities for employment” by the MHLW. As of September 2006, 1,847 education courses recognised by

the MHLW were proposed by 238 organisations including 29 higher education institutions<sup>11</sup>. When participants in the programme complete a course, they can ask for a certificate from the ministry, which they can present to enterprises at the time of job searching. Some universities offer career education programmes, after acquiring the recognition of the MHLW, to outside young learners as well as their students.



**Figure 12 Framework of the Youth Employment Support Programme of the MHLW**

Source : Adapted from the MHLW.

Another example of national efforts is the Japanese version of the “dual system”, launched in 2004 conjointly by the MHLW and the MEXT. It is a vocational education-training programme for young people – vocational high school students, unemployed people (*NEET* in particular), and *Freeters* – where they learn in a vocational education/training institution and at the same time undergo occupational training in an enterprise. The MHLW supports enterprises that participate in the programme, defining a dual training project recognised by the ministry and employing young trainees under the project. This programme does not directly concern universities, but one of the objectives is to cultivate professional awareness in students in vocational high schools at an earlier stage of their education. In fact, Shizuoka University, for example, sets a special admission quota for vocational high school students who have sufficiently developed their vocational awareness, considering that they should have a high potentiality for growth, although they often lack fundamental academic base at the time of admission<sup>12</sup>.

11 In addition, 363 qualification tests were provided by 57 organisations including three higher education institutions.

12 As of the moment, the university cannot fill the quota : for the 2006 admission, there were 58 candidates and only 30 were admitted, whereas the number of places for the special admission was 47 (Article written by the president of the university in *Nikkei* Newspaper dated 18 September 2006).

## Conclusion

In Japan, the communication between industry and academy has been weak, with a few minor exceptions. In particular, students in humanities and social sciences have not taken into account how much they have learned at university at the time of seeking employment. Enterprises have also been little aware of their education profile. However, in the era of universal higher education, many students delay their transition to work by means of access to higher education, and their average employability is said to have been significantly reduced. Universities should develop in their students the capacity to act on their own initiatives as to their career, mobilising all the resources the universities have at their disposal.

In view of the changing labour market and the alarming situation of graduates, the articulation between higher education and employment should be thoroughly reexamined. This reexamination is all the more necessary in Japan because it is one of the countries where university education is least put to a practical use by graduates in the workplace (Yoshimoto, 2001 : 121). In addition, in enterprises, the career development of employees, considered traditionally as a responsibility of the employers under the Japanese life-long employment system, is more and more regarded as that of the employees themselves. According to the new employment model, enterprises have only to assist employees in their career development initiatives.

As of now, the effectiveness of the measures undertaken by universities as well as by the government remains unclear. In spite of the fact, thanks to the economic recovery, employment opportunities are much more available than before. Especially in the fields of software development, nursing care, pharmaceuticals and financial management, enterprises are seriously in shortage of workers<sup>13</sup>. In addition, from 2007, the baby-boom generation will begin retiring, keeping the labour market tight for several years. Under such circumstances, reforms tend to be forgotten or given low priority. However, it should be underlined that the labour market has structurally changed and that employment practices have been fundamentally modified from the 1990s, and that the same rules as before will no longer apply. In addition, even after the improvement of the labour market, most *Freeters* and *NEET* remain in a precarious situation. There's no doubt that reforms are needed, and it is important not to lose the momentum created by the expanded employment. Concerted efforts are needed from academy, industry, government and other stakeholders to enhance the employability of graduates and to establish new employment practices adapted to the 21<sup>st</sup> century.

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13 *Nikkei* Newspaper dated 25 September 2006.

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