

Recruitment Strategies of Japanese SMEs

Dr. Takeshi Nakayama

Department of Food Industry, Niigata Agro-Food University

Niigata Prefecture, Japan

Abstract

Since entering a period of population decline in 2009, Japan has faced a sustained labour shortage, particularly as labour demand has consistently exceeded supply. This challenge is especially acute among small and medium-sized enterprises (SMEs), which tend to suffer from limited brand recognition and offer lower average wages compared to large enterprises. While securing qualified personnel is essential for business continuity, some SMEs have successfully attracted talent and sustained profitability. Especially, the wage gap between large corporations and SMEs—once relatively modest—has widened in recent years. Consequently, SMEs are increasingly compelled to adopt recruitment strategies that appeal to job seekers beyond financial compensation alone. This study addresses the question: What recruitment strategies should Japanese SMEs employ amid a shrinking labour force? It posits that effective talent acquisition requires not only fulfilling employer needs but also understanding the expectations of job seekers. To investigate this, the study formulates hypotheses grounded in prior research, secondary data, and an online survey conducted in December 2024 by the author. One such hypothesis suggests that SMEs which improve labour practices gain a competitive advantage in recruitment. Through empirical testing, the study aims to identify key factors contributing to successful SME recruitment. Furthermore, by analysing case studies that support these findings, it seeks to clarify effective recruitment strategies from both quantitative and qualitative perspectives.

Keywords: SMEs; Japanese company; recruitment Strategies; labour shortage