



The island nation of Japan is smaller than the U.S. state of California, and yet it boasts [the world's third-largest economy](#), after the United States and China. There are many reasons to consider expanding your business to Japan and hiring employees there. Japan presents some unique challenges but also some great potential for success to foreign businesses.

Our guide to hiring employees in Japan will help you navigate the process so you can get the right people to join your team and make your entrance into Japan a success.

## Table of Contents

### [What to Know Before Hiring in Japan](#)

- [1. Labor Shortage](#)
- [2. Employment Contracts and Work Rules](#)
- [3. Workweek and Minimum Wage Laws](#)
- [4. Paid Time Off](#)
- [5. Taxes and Social Security](#)

### [Cost of Hiring an Employee in Japan](#)

### [What Does a Company Need to Hire Employees in Japan?](#)

### [Steps to Hiring in Japan](#)

- [1. Get the Word Out](#)
- [2. Review Applications](#)
- [3. Interview Job Candidates](#)
- [4. Make Job Offers and Share Contract](#)
- [5. Onboard New Employees](#)

### [Hiring in Japan With Globalization Partners as Your EOR](#)

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## What to Know Before Hiring in Japan

The most important tip for hiring in Japan is to do your research to understand what makes Japan unique. Let's look at some of the most important things you should know before you start recruiting Japanese employees.

### 1. Labor Shortage

An important consideration for anyone looking to expand into Japan is that this country is one of the more challenging environments in which to attract job candidates. An aging population and declining birthrates has led to a [serious labor shortage in the country](#). This means employees are used to excellent job security and, when they are looking for a job, receiving job offers from multiple companies. What's more, Japanese employees often prefer working for widely recognized Japanese companies rather than foreign companies, especially startups.

This doesn't mean you should forgo expanding to Japan. It just means you need to be aware of the challenges so you can strategize effectively. The main difference with hiring practices in Japan compared to the practices you may be used to in your home country is that you'll essentially be trying to sell your business to applicants you're interested in rather than expecting them to sell themselves to you.

### 2. Employment Contracts and Work Rules

Employment work rules & conditions (salary, working hours, work place information, etc) [must be indicated in writing](#) for new hires. According to Japanese law, companies that have 10 or more employees in a workplace [must create work rules and submit them](#) to their local Labor Standards Inspection Office.



**According to Japanese law,** companies that have 10 or more employees in a workplace must create work rules and submit them to their local Labor Standards Inspection Office.

Work rules detail the working conditions you maintain for your employees, including things like wages, working hours, holidays, company rules, and procedures for handling violations of rules. The Labor Standards Inspection office can give you guidance on whether your work rules cover all the necessary information and fall in line with the law. Labor Standards officials can also inspect your business to ensure you're providing safe working conditions.

### 3. Workweek and Minimum Wage Laws

The standard [workweek in Japan is 40 hours](#), broken up into eight-hour workdays. In some cases, that number can increase to 44 hours. The Japanese government takes the issue of overwork very seriously and requires employers to file a labor management agreement with their Labor Standards Inspection Office before they can have employees work extra hours. Employees who work extra hours or who work during the night or on statutory days off are entitled to overtime pay, which typically [ranges from a 25% to 50% premium](#) on normal wages.

Japan does not have a single minimum wage for the country. Instead, different regions and industries have their own minimum wages, so you'll need to find out what minimum wage requirement applies to your company. Keep in mind, however, that you'll need to offer impressive pay and benefits to attract top talent.

## 4. Paid Time Off

Japanese employees are entitled to paid time off once they have worked for a company for six months. At that point, they automatically get **10 days of annual leave**. After the first six months, each additional year an employee works will add one more day to their annual requirement for vacation time. So, after 18 months, they will get 11 days off. The minimum requirement caps off at 20 days, which an employee will reach when they have worked for 6.5 years or more.

Employers can, of course, offer their employees more paid days off than the statutory requirements if they wish. Many employers also give their employees holidays as paid days off, though paying employees on holidays isn't legally required. Japan has **a total of 16 national holidays**, so providing these days as paid holidays is a major perk compared to simply allowing employees to use their paid time off or take unpaid leave. Paid sick leave is not a requirement in Japan.

## 5. Taxes and Social Security

In Japan, employers must withhold their employees' income tax, the rate of which varies based on an employee's income, from their paychecks. Employers also withhold a portion of employees' salaries to go to Shakai Hoken or social security. Employers match their employees' contributions to social security. Social security, or social insurance, in Japan includes health insurance, workers' compensation, unemployment insurance, and pensions.

Since social security includes public health insurance, employers do not need to provide private insurance plans. However, employers must **provide their employees with annual physicals and checkups**. Regular stress checkups are **required for all companies** with 50 or more employees, regardless of industry or the type of work your company does.

## Cost of Hiring an Employee in Japan

The recruitment process can be costly in any scenario, but when you're hiring employees in a new country, you should budget for some additional costs. Hiring new employees in Japan

can entail the following costs:

- **Research:** Since the Japanese job market is likely very different from your own and because the country has its own employment laws, you will need to conduct research to ensure expanding to Japan is the right move for your company and to understand all the relevant legalities.
- **Legal help:** You may also want to hire a lawyer to help you with legal compliance and ensure you are going by the book so you avoid any issues.
- **Hiring committee:** You may want to handle hiring through a hiring committee made up of members of your company. The time these staff members spend on the recruitment process will be an important part of your total costs.
- **Travel:** If you or your hiring committee has to travel to Japan for recruiting or setting up your new office there, you should factor in travel costs.
- **Recruiting agency:** Because hiring in Japan presents some serious challenges to foreign companies, partnering with a recruitment agency is a popular decision. However, Japanese recruiters tend to have higher recruitment fees than agencies in other countries. You can expect to pay a Japanese recruiter **30% or 35% of on-target earning** rather than the 20% or 25% you may be used to in other countries.
- **Job advertisements:** Advertising your job online or in print publications can also add to your recruitment costs. There are also sites where you can post for free.
- **Translator:** You will likely need to hire a translator to help you communicate with Japanese job applicants, both in writing and in interviews.
- **Screening checks:** Screening checks can also add to your costs. Japan does not allow criminal background checks, but other types of pre-employment screenings, such as checking a candidate's immigration status, are allowed.

## What Does a Company Need to Hire Employees in Japan?

If you're going through a professional employment organization to hire your new employees in Japan, then you can jump ahead to recruiting. Otherwise, you need to have some things in place first to establish yourself as a legal employer in Japan. You can either create a branch or a subsidiary of your company. The best option for most foreign companies is a Kabushiki-Kaisha (KK) or a joint-stock corporation.



To employ someone in Japan, you must first have the following:

- Tax registration for withholding tax from employees' paychecks
- Japan Pension Service registration
- Public Employment Service Center registration for unemployment insurance
- Workers' accident insurance through the Labor Standards Office
- Japanese bank account

An EOR saves you from all these tasks because they serve as your Japanese employees' Employer of Record. The EOR's existing legal establishment as an employer in Japan and expertise on Japanese employment law allows them to add your new employees to their payroll quickly, speeding up and simplifying the process for you.

## Steps to Hiring in Japan

When you're ready to start recruiting, you need to know how to hire in Japan. Some aspects of the process will likely look different than what you're used to in your home country, though the basic steps of the process should be familiar to you.

### 1. Get the Word Out

The first step is to let Japanese job seekers know about your vacant positions. This means creating job ads and posting them online where they will gain exposure. Keep in mind that Japanese people do not generally use social networking sites to look for jobs, so posting on LinkedIn won't get you far. Instead, stick to popular Japanese job boards. Write your job ad in Japanese unless you are set on only attracting English-speaking candidates.

These sites will help you gain exposure, but it can also be helpful to make personal connections with job seekers. If you have connections in Japan, network to identify workers who may want to join your team. Job candidates in Japan tend to pay more attention to personal recommendations than cold calls from recruiters or postings online.

Another option is to engage in a process called shinsotsu. This involves recruiting groups of graduates from universities, just as they enter the job market. They won't have as many professional skills as more seasoned workers, but they can offer fresh perspectives, ambition, and a solid educational background.

## 2. Review Applications

After applications come in, your hiring committee or staffing agency will need to review these applications. This can be a gargantuan task in some scenarios where dozens of applicants are vying for a job. In Japan, however, you should be prepared to receive fewer applications than you're used to receiving when you advertise jobs in other countries. With [1.62 jobs available per Japanese job applicant](#), Japanese job seekers can be fairly picky.

This means employers cannot be quite as picky as they may be used to being. As you evaluate applications, know that you may not find a perfect match, but you can always provide training to help a new employee succeed as a member of your team.

## 3. Interview Job Candidates

Now you can conduct interviews with any applicants who might be a good fit for your job openings. If you're hiring remote employees in Japan, you can consider hosting virtual

interviews, but keep the time difference in mind. For instance, [New York City is 13 or 14 hours](#) behind Tokyo, depending on whether daylight savings time in the U.S. is in effect.





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Get the Word Out



Review Applications



Interview Job Candidates



Make Job Offers and Share



Onboard New Employees

#### 4. Make Job Offers and Share Contract

When you've identified the right candidates you want to join your company, you should formally offer them the job. If you haven't already, tell them about the salary and benefits you are willing to offer.

This is also the stage where you would share your work rules or create an individualized contract for your new hires. Make sure you and they are on the same page about their job duties, compensation, and any other important details so they can make an informed decision.

#### 5. Onboard New Employees

Finally, you can onboard your new employees. Several agencies require various documents, and each one will have its own deadline. For instance, you must submit pension and health insurance forms [within five days of an employee's start date](#). If you're working with an employer of record, they will handle all this paperwork and legal compliance. Note that if you hire any foreign nationals in Japan, you will also need to submit paperwork to the Public Employment Service Center.

In addition to paperwork, you should also be sure to inform new employees of their itinerary for their first week and provide them with whatever training they need to get started and succeed at their new job.

#### Hiring in Japan With Globalization Partners as Your EOR

Globalization Partners is a global EOR that can help your company expand to a variety of countries, including Japan. We'll handle onboarding, payroll, and legal compliance, and we'll offer your employees an attractive benefits package. You simply get to concentrate on running your business. Global expansion doesn't have to be a complicated, lengthy process. With Globalization Partners, you can expand into new countries efficiently. [Request a proposal](#) to get started.



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