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Recruitment Sources and Retention Outcomes in Domestic and Foreign-Owned Firms in Japan: A Human Capital Perspective

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ABSTRACT

While recruiting and retention are core human resource management functions, little attention has been given to their contextual differences in domestic and foreign-owned firms. We draw on human capital theory and used a mixed-methods approach—(1) time-lagged surveys with 755 employees and (2) semi-structured interviews with 110 managers, headhunters, and employees—to examine recruiting and turnover in domestic and foreign-owned firms in Japan. Our findings demonstrate significant differences in recruiting sources and turnover-related outcomes between these firms, partly due to the more extensive use of headhunters and recruitment of host country national employees with higher general human capital in foreign-owned firms. Our arguments and empirical evidence contribute to the literature by challenging the assumptions of human capital theory, emphasizing the role of context, and providing insights into the underlying reasons for turnover differences between domestic and foreign-owned firms.

1 | Introduction

Recruiting and retention are core human resource management (HRM) functions that enable firms to acquire, develop, and retain high-quality human capital (Takeuchi et al. 2007). Consequently, a substantial body of HRM research has examined recruitment, retention, and turnover-related outcomes in domestic firms operating in Western countries, particularly the USA (Hom et al. 2020). While previous research demonstrates significant variations in HRM practices across nations and between domestic and foreign-owned firms (Rosenzweig and Nohria 1994), little attention has been given to context-specific differences in recruitment and retention practices. This is unfortunate because the mechanisms underlying recruiting and retention are not universal (e.g., Holtbrügge et al. 2010; Knappert et al. 2023), and foreign-owned firms can face liabilities of foreignness in host countries (Zaheer 1995) stemming from

their unfamiliarity with established practices (Ono 2007) and low attraction to applicants in host countries (Froese and Kishi 2013).

This paper draws on human capital theory (Becker 1962) and context-specific HRM research (Knappert et al. 2023; Teagarden et al. 2018), considering the cultural, institutional, and environmental factors in which firms operate, to advance the understanding of recruitment and retention practices of white-collar host country national (HCN) employees in Japan. More specifically, we examine how firm ownership (domestic firms vs. foreign-owned firms) is related directly and via ease of mobility and recruitment sources to three retention and turnover-related outcomes: (1) turnover intention, (2) job search, and (3) tenure. Ease of mobility refers to the ease with which employees can change organizations, and recruitment sources to the modes through which firms recruit employees. To

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examine within-country differences, we utilize 110 interviews and 755 surveys conducted in both domestic and foreign-owned firms. The findings support our human theory-based rationale by demonstrating that domestic and foreign-owned firms operate in two distinct, semi-permeable labor markets, with the differences attributed to different human capital needs and contextual factors.

This study makes three contributions to the literature. First, we advance the applicability and understanding of human capital theory by examining and challenging its assumptions in an international context. While human capital theory (Becker 1962) has been widely applied across various scholarly domains (Crook et al. 2011), it is often treated as a context-free construct and given a minor role in international HRM (IHRM) research, despite its relevance (e.g., Grimpe et al. 2023; Ployhart and Moliterno 2011). Our findings demonstrate the importance of context and contextualization in both IHRM (Cooke 2018) and human capital (Ployhart and Moliterno 2011) theory and research. Second, this study advances the understanding of job mobility and retention in IHRM research (Andersson et al. 2022; Holtbrügge et al. 2010) by examining the underlying mechanisms that may contribute to higher turnover-related outcomes in foreign-owned firms. We theorize and investigate why and how domestic and foreign-owned firms use different recruiting sources and select employees with different ease of mobility characteristics resulting in different turnover-related outcomes. Third, this paper contributes to recruitment research (Davies et al. 2024; Dineen et al. 2023; Schlachter and Pieper 2019) by examining the impact of recruitment source-related outcomes, shedding light on their role in shaping workforce stability in domestic and foreign-owned firms.

2 | Conceptual Framework

2.1 | Human Capital Theory

Human capital theory (Becker 1964) states that firm productivity depends on the firm-specific skills and abilities of its workforce. Human capital—the skills, knowledge, abilities, and other personal characteristics that are valuable resources for firms (Ployhart and Moliterno 2011)—is a key resource for competitive advantage in firms (Takeuchi et al. 2007). A meta-analysis suggests that human capital enhances firm-level performance, particularly when it is not easily tradable in the external labor market (Crook et al. 2011). Human capital provides a signal to firms about the skills and capabilities of a person, providing the basis on which labor markets operate (Peltokorpi 2022). Firms use recruiting practices to acquire human capital from external labor markets (Takeuchi et al. 2007). Because human capital accumulation involves costs, firms need to retain employees who show a positive return on investment, as dysfunctional turnover depletes the human capital, represents a loss of investment, and harms firm performance (Batt 2002; Dess and Shaw 2001).

While human capital theory has been extensively used at the individual and firm levels across various disciplines (Crook et al. 2011), it is often treated as a context-free construct and

given a minor role in IHRM research (Ployhart and Moliterno 2011). This theory has relatively little to say about context-related matters, being regarded as universally applicable to different contexts (Marginson 2019). However, research suggests notable differences in recruiting and retention practices in domestic and foreign-owned firms (Newbury et al. 2006; Turban et al. 2001), but the reasons for these differences are not well understood. We apply human capital theory (Becker 1964) to suggest that different human capital needs in domestic and foreign-owned firms affect recruitment and retention outcomes via recruitment sources and ease of mobility. The theory distinguishes between general and firm-specific human capital. General human capital, acquired through formal education and training, is transferable and increases one's productivity across multiple firms and contexts. In contrast, firm-specific human capital—comprising knowledge and skills unique to a particular firm—is obtained through firm-specific training. Due to its non-transferable nature, firm-specific human capital holds value mainly for the firm where it was acquired; when employees change firms, the value of this human capital diminishes. Conversely, employees can use their general human capital to demand higher pay and positions in the same and other firms. Human capital theory (Becker 1993) also suggests that general skills are subject to competitive labor markets, making the threat of turnover more pronounced for ones with substantial general human capital. If employees possessing valuable general human capital do not receive desired promotions or wage raises, they are more likely to leave their firms voluntarily (Trevor 2001).

While superior human capital is argued to provide a competitive advantage and enhance firm performance (Crook et al. 2011), firms can use different employment modes to meet their human capital needs. Firms preferring to develop employees internally can rely on entry-level recruiting and use training to develop employees' general and firm-specific human capital. In these firms, a key selection criterion is the fit with the organization's values and culture, as they seek to develop long-term relationships with employees. Commitment-based HRM practices, including on-the-job training and seniority-based promotion practices, are used to embed employees in these firms. Alternatively, firms might choose to acquire employees externally, targeting individuals with high general or non-firm-specific human capital. The more general the human capital, the easier it is for firms to acquire it from the external labor market. While largely overlooked in human capital theory and research, previous research suggests context-specific factors can explain why firms adopt different employment modes (Peltokorpi and Jintae Froese 2016; Robinson 2003).

2.2 | Recruitment and Retention Practices: Domestic and Foreign-Owned Firms in Japan

In Japan, traditional HRM practices are characterized by lifetime employment, seniority-based compensation and promotions, and enterprise-based labor unions (Makino and Lehmborg 2020). The collapse of the Japanese “bubble” economy in the 1990s prompted modification of these practices, driven by the government, industry, and Japanese firms

(Watanabe 2018). While some firms adopted HRM practices commonly used in the USA—including pay-for-performance and flexible labor contracts—they often adapted them to the Japanese context, resulting in hybrid models that preserved core elements of the traditional Japanese system (Gong et al. 2023). As a result, different types of domestic firms in Japan exist, including those that maintain traditional systems and hybrid models that combine varying degrees of traditional Japanese and USA-style practices (Jackson 2009). Although Japanese HRM is adapting to external changes, many firms retain traces of traditional practices (Froese et al. 2020).

We draw on human capital theory and context-specific HRM research to propose that foreign-owned and domestic firms in Japan adopt different approaches to recruitment and retention due to their distinct human capital preferences and needs. In Japan's mature and relatively inflexible labor market, foreign-owned firms tend to adopt an acquisition approach, while (large) domestic firms emphasize internal development to cultivate firm-specific human capital. Domestic firms, particularly large ones, predominantly rely on entry-level recruitment to build a homogeneous workforce with limited mid-career mobility (Froese et al. 2018; Jacoby 2005). They develop firm-specific human capital internally through various practices, such as rotating employees across functions and departments (Froese et al. 2018; Sekiguchi 2006). Instead of relying on mid-career recruitment, domestic firms primarily depend on the internal labor market (Jacoby 2005). Compensation and promotions are partially based on seniority, particularly early in an employee's career (Gong et al. 2023). Limited mid-career recruitment reduces labor mobility and embeds employees in their firms (Peltokorpi 2013).

In Japan, foreign-owned firms tend to face host-country-specific challenges, including liabilities of foreignness. These liabilities can arise from being less socially embedded and less familiar with local norms compared to domestic firms (Zaheer 1995). In Japan, domestic firms are typically perceived as more attractive employers by HCN talent than foreign-owned firms (Ono 2007; Peltokorpi and Jintae Froese 2016). As a result, foreign-owned firms can face liabilities of foreignness making it challenging to compete with domestic firms for HCN talent (Denk et al. 2012). To mitigate these challenges, foreign-owned firms can use HCN practices that align with local norms (Rosenzweig and Nohria 1994). Alternatively, foreign-owned firms that do not conform to local norms might benefit from distinctive HRM practices that domestic firms are unable or unwilling to implement. For instance, Siegel et al. (2019) argued that foreign-owned firms in certain contexts can gain a competitive edge by bypassing local hiring norms to recruit underutilized yet qualified HCN talent.

Given these different needs and liabilities, we expect that foreign-owned firms in Japan rely on alternative recruiting methods compared to domestic firms. Contrary to (large) domestic firms that primarily use entry-level college recruitment, foreign-owned firms rely more on mid-career hiring to acquire HCNs with relevant skills, experience, and general human capital (Ono 2004; Peltokorpi and Jintae Froese 2016). They heavily rely on contingency-based headhunters (who receive their fee only for placed candidates) to recruit HCNs for roles

ranging from functional specialists and white-collar employees to middle and senior management positions (Peltokorpi 2022). In contrast, when domestic firms recruit mid-career employees, they often rely on their social capital, preferring referrals as a hiring method. These differences between domestic and foreign-owned firms present a compelling context to examine differences in recruitment and retention practices in Japan.

3 | Hypotheses

We formulate hypotheses on the mediating effects of the ease of mobility and recruitment sources between firm ownership (domestic vs. foreign-owned firms) and three retention and turnover-related outcomes: (1) turnover intentions, (2) job search behavior, and (3) tenure (see Figure 1). Consistent with our theoretical framework, we focus on recruitment sources ranging from college recruitment (entry-level recruitment) to headhunters and referrals (mid-career recruitment), expecting differences between domestic and foreign-owned firms in Japan.

3.1 | Firm Ownership and Ease of Mobility

Human capital theory (Becker 1962) suggests that individuals who invest more in the development of general human capital have more opportunities in the external labor market. This occurs because human capital encompasses movement capital—individual abilities (e.g., skills and education) and career competencies—that facilitate ease of mobility (DeFillippi and Arthur 1994; Trevor 2001). In contrast to domestic firms in Japan, which prefer entry-level recruiting and firm-specific human capital development, foreign-owned firms are more likely to hire mid-career employees with non-firm-specific human capital (Peltokorpi and Jintae Froese 2016; Sekiguchi 2006). Foreign-owned firms seldom use entry-level college recruitment due to their specific human capital needs (Ono 2007; Peltokorpi 2023). This can explain why HCNs in foreign-owned firms are found to have higher education and English proficiency levels (Ono 2007). Foreign-owned firms often use English proficiency as a prerequisite for employment in Japan, which enhances HCNs' ease of mobility in the external labor market (Peltokorpi and Vaara 2012). Therefore, we suggest that HCNs in foreign-owned firms generally have greater mobility in the external labor market due to their higher general human capital (skills) and job alternatives.

Hypotheses 1(a/b). *HCNs at foreign-owned firms have higher movement capital and job alternatives than HCNs at domestic firms.*

3.2 | Firm Ownership and Recruiting Source

We next propose that recruitment sources in domestic and foreign-owned firms in Japan are aligned with their human capital endowments. Foreign-owned firms, driven by their specific human capital needs, heavily use headhunters to recruit HCNs at all levels in Japan (Ono 2007; Peltokorpi 2023). They seek to hire experienced HCNs often from other foreign-owned

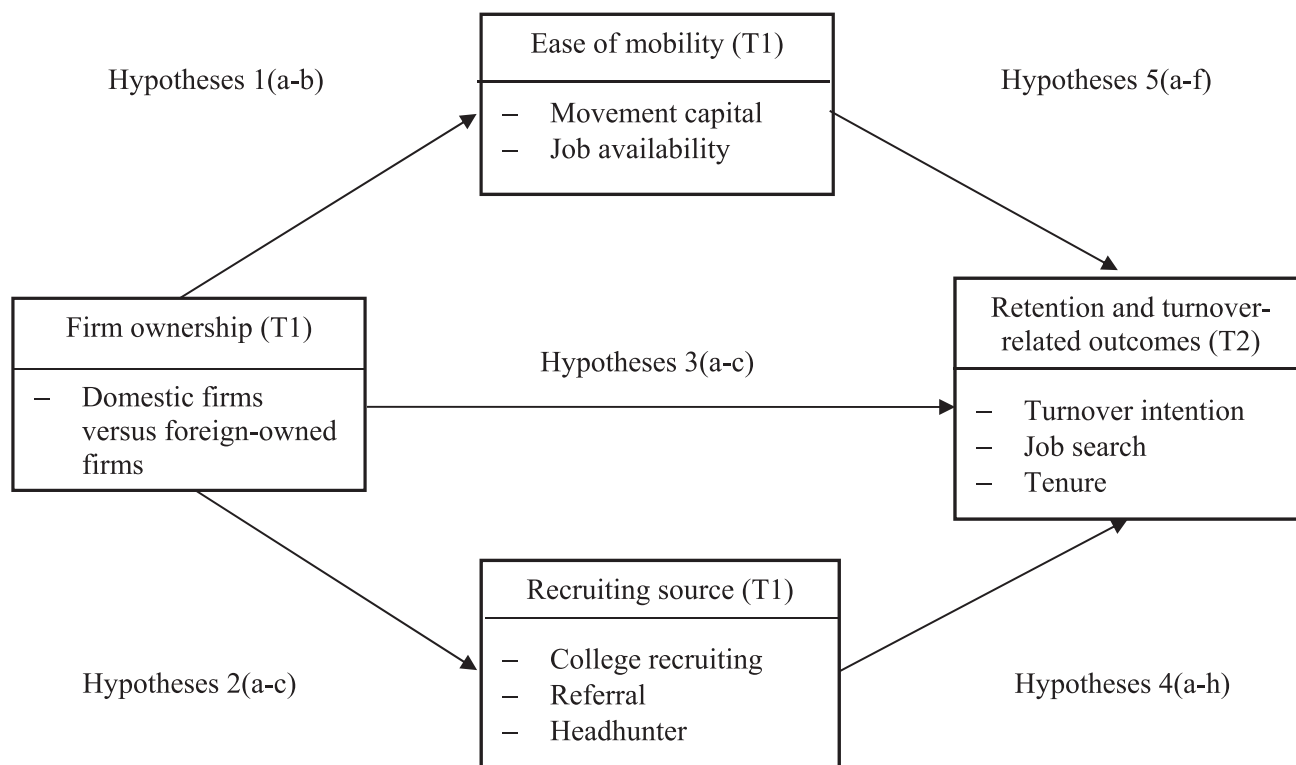


FIGURE 1 | Research model and hypotheses.

firms due to their possession of relatively more general human capital and better adaptability to international task and work context settings compared to HCNs from domestic firms (Ono 2007; Peltokorpi 2022). This reliance on headhunters can be attributed to foreign firms' lack of local labor market knowledge (Ono 2007) and the challenges they can face in attracting HCN talent through entry-level recruitment (Peltokorpi and Jintae Froese 2016). Indeed, Ono (2007) highlighted recruitment challenges faced by foreign-owned firms in Japan, including their perceived lower employment security, HCNs' reluctance to leave more stable domestic firms, and the scarcity of English-speaking HCNs.

In contrast, domestic firms prefer to recruit university graduates in cohorts at the same time every year (Hennings et al. 2022; Sekiguchi 2006). In 2010, more than 90% of (large) domestic firms filled their positions through college recruiting (Keidanren 2010). These graduates often lack relevant work experience and domestic firms emphasize long-term career development in the organization. Job openings for graduates are broadly defined, reflecting the expectation that they will undertake multiple roles throughout their careers, with their skills developed internally through on-the-job training and job rotation (Hennings et al. 2022). In the selection process, the candidates' university prestige is often more important than their level of education (Ono 2004). In domestic firms, the prestige of the graduate's university is positively related to promotions (Ishida et al. 1997) and wages (Ono 2004). Through socialization and training programs, new recruits acquire homogeneous values and skills, fostering intra-firm social capital and increasing organizational embeddedness (Sekiguchi 2006; Peltokorpi 2013).

When domestic firms recruit experienced mid-career employees, we expect them to rely more on referrals than foreign-owned firms. This is likely to occur due to their more extensive social networks, preference for a homogeneous labor force, more extensive information on job applicants, person-organization fit, post-hire socialization, and concerns about protecting their reputation. For instance, the excessive information argument suggests that referrers help firms reach talent who would not apply otherwise (Rees 1966). In contrast to foreign firms that can have limited social networks in host countries (Peltokorpi and Jintae Froese 2016), domestic firms can avoid using headhunters because they are not considered a legitimized way to recruit HCNs in Japan and high recruitment or placement fees (typically 30% of the recruited employee's annual income; Peltokorpi 2023).

Hypothesis 2a. *HCNs at foreign-owned firms are more often recruited by headhunters than HCNs at domestic firms.*

Hypotheses 2(b/c). *HCNs at domestic firms are more often recruited by college recruiting/referrals than HCNs at foreign-owned firms.*

3.3 | Firm Ownership and Retention and Turnover-Related Outcomes

Furthermore, we propose that firm ownership is related to three retention and turnover-related outcomes: (1) turnover intentions, (2) job search behavior, and (3) tenure. Firm-specific human capital is argued to reduce turnover (Coff 1997) by

fostering binding interests between employees and firms (Galunic and Anderson 2000). This mutual investment develops a sense of shared destiny, where both parties are committed to maintaining the relationship. This “common fortunes” dynamic increases employees’ leaving-related costs, as firm-specific human capital is less transferable to other employers, thus limiting external employment opportunities (Galunic and Anderson 2000). Due to entry-level recruitment and firm-specific human capital endowments, mid-career mobility is limited in domestic firms in Japan (Peltokorpi 2013).

In contrast, foreign-owned firms emphasize general human capital over firm-specific human capital. These firms use mid-career recruitment at all levels (Peltokorpi and Jintae Froese 2016), often through headhunters (Peltokorpi 2023), to hire HCNs with highly transferable skills and general human capital (Ono 2007). For general human capital, individuals often invest in skills training and reap most of the benefits from their training investment (Lazear 1998). We expect that HCNs in foreign-owned firms, partly due to job insecurity, need to develop and maintain general skills to enhance their mobility in the external labor market. HCNs in foreign-owned firms can also be more willing to change employers than their counterparts in domestic firms, influenced by their general human capital endowments and the more frequent occurrences of downsizing (Peltokorpi 2013). The higher propensity of turnover may damage the stock of human capital in foreign-owned firms (Bolt et al. 2022).

Taken together, domestic and foreign-owned firms represent two distinct labor market segments with differing dynamics. Domestic firms aim to create highly embedded internal labor markets, characterized by low mobility and strong employee retention. In contrast, foreign-owned firms promote a more flexible labor market by emphasizing general human capital and practices that facilitate external mobility. These differences influence HCNs’ turnover attitudes and behaviors (Mitchell et al. 2001; Mobley 1977), with employees in domestic firms having lower turnover intentions and mobility compared to those in foreign-owned firms.

Hypotheses 3(a/b/c). *HCNs at foreign-owned firms have higher turnover intention/higher job search behavior/shorter tenures than HCNs at domestic firms.*

3.4 | Recruiting Sources and Retention and Turnover-Related Outcomes

We also propose that recruitment sources are related to retention and turnover-related outcomes in domestic and foreign-owned firms. We expect college recruiting to be associated with lower turnover for two reasons. First, employees hired directly from schools have general human capital and acquire firm-specific human capital over time, which is often not transferable to other firms. Consequently, they have lower turnover intentions because they cannot get higher compensation for their firm-specific human capital by moving to another firm. They tend to stay in the firm where their human capital is most valued. Second, college recruiting creates cohort-based

identification and social ties that individuals maintain and utilize throughout their careers. Breaking these ties is a job-related sacrifice that embeds employees in their firms (Mitchell et al. 2001; Peltokorpi 2013).

Recruitment through referrals is shown to be associated with lower turnover outcomes, as candidates receive more accurate information about the hiring firm, leading to more realistic job expectations (Breaugh 2013; Zottoli and Wanous 2000). Referrers are well-positioned to evaluate a candidate’s person-organization fit and job performance potential, resulting in hires who tend to perform efficiently and are less likely to quit (Breaugh 2013). Individuals recruited through referrals also tend to receive more support and are more closely socialized in the organization (Pieper et al. 2019). This socialization fosters a sense of obligation toward colleagues and the firm. From the human capital theory perspective (Becker 1993), firms prefer referral-based recruitment because it makes investments in firm-specific human capital development more feasible, given the stability and longevity of these employment relationships.

In contrast, we expect HCNs recruited through headhunters to be positively associated with turnover-related outcomes. Unlike those hired via referrals or college recruitment, HCNs recruited through headhunters often lack prior connections to the hiring firm and undergo less extensive organizational socialization, leading to weaker organizational attachment and higher turnover intentions. Furthermore, HCNs recruited through headhunters tend to possess greater general human capital. For instance, the human capital attributes of employees introduced by headhunters are evaluated by two sets of gatekeepers—headhunters and firm representatives (Bonet et al. 2013). HCNs placed by headhunters can also be better at selling their skills, have higher mobility in the external labor market, and are more likely to consider leaving their firms (Peltokorpi 2022). Moreover, people recruited through headhunters tend to use this recruiting source more actively to assess their market value, as it requires little effort on their part since headhunters often initiate contacts (Peltokorpi 2022).

Hypotheses 4(a/b/c). *HCNs recruited by college recruiting have lower turnover intentions/lower job search behavior/longer tenures.*

Hypotheses 4(d/c/e). *HCNs recruited by referrals have lower turnover intentions/lower job search behavior/longer tenures.*

Hypotheses 4(f/g/h). *HCNs recruited by headhunters have higher turnover intentions/higher job search behavior/shorter tenures.*

3.5 | Ease of Mobility and Retention and Turnover-Related Outcomes

Finally, we propose that ease of mobility is associated with retention and turnover-related outcomes. Previous research shows that employees with higher ease of mobility are more likely to leave their employers (Feldman and Ng 2007; Hom et al. 2017; Trevor 2001). HCNs with high general human capital

are more likely to quit because they have more external job opportunities (Nyberg 2010). Consistent with human capital theory (Becker 1962, 1993), we expect HCNs with higher education and English proficiency to be in greater demand in the external labor market. Thus, they have more opportunities to find employment elsewhere and leave their firms more frequently.

Hypotheses 5(a/b/c/d/e/f). *HCNs with higher movement capital/more job alternatives have higher turnover intentions/higher job search behavior/shorter tenures.*

4 | Method

Our methodological approach is based on a mixed-method design, involving survey and interview data. The primary source is time-lagged survey data used for hypothesis testing. The purpose of the interview data is to gain deeper insights into the survey results. The findings are ultimately synthesized into a “negotiated account” that involves both convergent validation (triangulation) and augmenting one method’s deficiencies with the other (Fielding 2012).

4.1 | Surveys

We collected data through a research company to access a diverse sample of respondents and to prescreen potential respondents on various characteristics to ensure that the sample was representative of the population of interest (Ng and Feldman 2013). Accessing a diverse sample without a research company or personal contacts is difficult in Japan (Peltokorpi et al. 2015). We developed the survey, which was then distributed by the research company to HCNs employed full-time in domestic and foreign-owned firms in the Osaka and Tokyo regions. Participation was voluntary; the participants were given online shopping points in return for their participation. To obtain representative data on the Japanese working population, we requested the research firm to collect data with a quota of 30% women and a median age of 35 consistent with statistics and research on female full-time employees (World Economic Forum 2023) and labor practices in privately-owned firms in Japan (Ono 2007). Given the comparative nature of our study, we collected 800 surveys (400 surveys from both domestic and foreign-owned firms). To reduce common method bias, we collected data at two-time points. At time 1, we collected data for the independent and mediating variables. At time 2, 1 month later, we collected data for the dependent variables. We received 800 responses at T1 (response rate of 50%) and 755 responses at Time 2 (94%). We used the Time 2 sample in our statistical analyses. Descriptive statistics of the respondents and firms are shown in Table 1.

4.1.1 | Retention and Turnover-Related Outcomes

Turnover intention was measured using a three-item scale by Mitchell et al. (2001) ($\alpha = 0.96$), and job search behavior was

TABLE 1 | Descriptive overview of the survey sample.

	Foreign-owned firms	Domestic firms
Individual characteristics		
Number of respondents	400	400
Age (mean)	36.13 (SD = 7.65)	35.43 (SD = 8.4)
Gender	70% male	70% male
Education		
High school or less	12.5%	15.8%
Vocational university	16.0%	19.5%
Undergraduate degree	57.5%	52.5%
Graduate degree	14.0%	12.3%
Job type		
Laborers	28.8%	36.3%
Management	12.3%	11.5%
Sales and administration	36.0%	33.0%
Others	22.9%	19.2%
Tenure (mean years)	7.32 (SD = 7.12)	7.96 (SD = 7.65)
Number of jobs (mean)	2.28 (SD = 1.89)	1.97 (SD = 1.42)
Firm characteristics		
Size		
1–4	1.5%	4.8%
5–19	5.3%	11.0%
20–99	13.5%	19.5%
100–299	15.3%	11.5%
300–999	18.0%	14.0%
1000–9999	34.8%	28.3%
10,000 and more	11.8%	11.0%
Industry		
Manufacturing	40.8%	30.0%
Transportation and communication	17.0%	21.3%
Retail	9.3%	11.5%
Service	14.5%	21.3%
Others	18.4%	15.9%

measured using a four-item scale by Peters et al. (1981) ($\alpha = 0.82$). Tenure was measured in years in the present firm.

4.1.2 | Firm Ownership, Recruiting Sources, Ease of Mobility

Firm ownership was dummy-coded (domestic firm = 0, foreign-owned firm = 1). Recruitment sources were measured in line with previous research (Zottoli and Wanous 2000) by asking the respondents, “How did you find your current job?” with seven

options: (1) college recruiting, (2) headhunter or private recruiting agency, (3) public recruiting agency, (4) introduction by friends or contacts (referrals), (5) newspaper or magazine advertisements, (6) the Internet, and (7) other. Building on Trevor (2001), ease of mobility was measured by movement capital (education level and English proficiency), and general job availability (job alternatives). Education level was coded from 1 (high school or less) to 4 (graduate degree). In line with Peltokorpi (2008), respondents were asked to rate their English proficiency on a scale from 1 (none) to 6 (fluent). Job alternatives were measured using a four-item scale by Peters et al. (1981) ($\alpha = 0.84$). A sample item is "It is possible for me to find a better job than the one I have now."

4.1.3 | Control Variables

We controlled for firm size and industry due to their associations with recruiting sources and retention (Barber et al. 1999). Consistent with Ono (2007), firm size was measured by the number of employees, coded from 1 (1–4 employees) to 7 (10,000+ employees), and industry sectors by five dummy variables (manufacturing, transportation and communication, retail, service, and others). At the individual level, we controlled for age, gender, job type, and previous job changes due to their possible associations with turnover intentions and other variables in our model (Griffeth et al. 2000). Job type was categorized consistent with Ono (2007) by dummy variables for the three most common job types. Age was measured in years; gender was coded as a dummy variable (male = 1, female = 0). Job changes were measured by the number of previous firms the respondents have worked full-time, including their current one. Due to our focus on foreign-owned firms, we controlled for experience living abroad, coded as 1 (no experience), 2 (< 5 years), 3 (5–10 years), and 4 (> 10 years).

4.2 | Interviews

To gain insights into the phenomenon, we conducted interviews with various stakeholders involved in recruitment and retention, allowing a multi-perspective analysis and triangulation of findings. In total, we conducted 110 semi-structured interviews with 43 managers, 28 employees, and 37 headhunters in the Osaka and Tokyo regions. Participants were recruited through various chambers of commerce, snowball sampling, and Internet searches, and they were contacted via email or telephone. All interviewed employees were HCNs, while the majority of managers and headhunters were foreigners (77% and 65%, respectively). The participants worked across a range of industries and occupations. Most managers were male (95%), while a higher portion of HCN employees and headhunters were female (43% and 27%, respectively). All participants indicated familiarity with recruitment and retention practices in both domestic and foreign-owned firms in Japan. We ensured anonymity for all participants, replacing their names with numerical identifiers (#1–#110).

With the interviewees' consent, we recorded all interviews at full length. We started all interviews with a collection of

descriptive data about the interviewees and their firms, followed by more specific questions. Different sets of questions were used for managers, employees, and headhunters. We asked managers about recruitment and retention practices and their evaluations of HCN employees in their firms. We queried HCN employees about their career paths, how and why they joined firms, and their attitudes toward their firms. We asked headhunters about their role in the recruitment process, drawing on their extensive experience with HCN candidates and firms, and providing insights into recruiting and retention from employee and firm perspectives. All interviews were transcribed verbatim.

We used NVivo 12 qualitative data analysis software for data reduction, display, conclusion drawing, and verification (Miles and Huberman 1994). To ensure no relevant information was lost, we first coded all interviews into broad categories that covered all recruitment, retention, and turnover-related topics. After that, we identified and categorized differences between domestic and foreign-owned firms, with the most significant distinction being in college recruiting and headhunting recruitment sources. While domestic firms relied extensively on college recruitment, foreign-owned firms primarily used headhunters. We then identified patterns and categories linking recruitment to retention and turnover-related outcomes, comparing domestic and foreign-owned firms. Given that our interview data did not allow us to identify specific outcomes as precisely as our survey data, we identified and categorized broader differences between domestic and foreign-owned firms (for coding categories and interview examples, see Table A1).

5 | Findings

We first present the quantitative findings, followed by qualitative findings to validate and add insights. This approach not only enhances reliability through triangulation (Fielding 2012) but also increases analytic depth by balancing the strengths and weaknesses of each data source (Bryman 2006).

5.1 | Firm Ownership and Ease of Mobility

Hypotheses 1(a/b) stated that HCNs have better movement capital and job alternatives in foreign-owned compared to domestic firms. MANCOVAs revealed significant differences in ease of mobility factors between domestic and foreign-owned firms (Pillai's trace = 0.13, $F = 22.93$, $p < 0.001$). Follow-up ANCOVAs indicated that HCNs in foreign-owned firms have higher education levels ($F = 4.69$, $p = 0.031$), better English proficiency ($F = 106.36$, $p < 0.001$), and more job alternatives ($F = 10.12$, $p = 0.002$), providing support for Hypotheses 1(a/b) (see Table 2).

Interview findings also reveal notable differences in HCNs' human capital endowments and job alternatives between domestic and foreign-owned firms. In line with the views of most foreign managers and headhunters, a foreign manager (#23) stated: "There are two important things in hiring. First is the candidate's background suitability for the job, and second is their English-speaking ability. In Japan, it is challenging to find highly

competent individuals with strong English skills and these candidates are highly sought after.” Overall, our interviews with employees, managers, and headhunters show that disparities in human capital endowments and job mobility are linked to different recruitment practices of domestic and foreign-owned firms. Domestic firms recruit HCNs with bachelor’s degrees from Japanese universities, while foreign-owned firms prefer HCNs with work experience and foreign university degrees such as MBAs. Due to their general human capital and English proficiency, our interviews provide consistent evidence that HCNs in foreign-owned firms had more job alternatives.

5.2 | Firm Ownership and Recruiting Source

Hypotheses 2(a–c) focus on differences in recruitment sources between foreign-owned and domestic firms. Chi-square (χ^2) tests revealed that recruitment sources varied by firm ownership ($\chi^2(6) = 82.32, p < 0.001$). To examine the differences in recruitment sources, we tested the adjusted residuals (values > 1.96 show significant differences; Haberman 1973). HCNs at foreign-owned firms were more frequently recruited by headhunters, supporting Hypothesis 2(a) (see Table 3). HCNs at domestic firms were more often recruited through referrals and college recruiting, providing support for Hypotheses 2(b/c).

The interview findings confirm and complement the survey results, providing additional insights. Interviewees consistently stated that large domestic firms, in particular, extensively use college recruiting. For instance, an HCN employee (#12) in a domestic firm stated: “I and most other employees in my company were recruited directly from universities. This is common in my company and other large companies in Japan.” The interviews also indicate that large foreign-owned firms with long local operations in traditional industry sectors, such as manufacturing, have gravitated toward the HRM practices of their domestic counterparts by adopting college recruiting. By contrast, our interviews with managers in foreign-owned firms provide consistent evidence that small foreign-owned firms were neither able nor willing to use college recruiting. A manager (#32) in a foreign-owned firm explained: “If we hire entry-level employees, it takes at least 3 years until they become

independent. We don’t have those kinds of resources. That is why we hire mid-career employees and use headhunters.”

While foreign-owned firms with long experience in Japan were noted by most managers and employees to use referrals to some extent, domestic firms used them more extensively due to their higher embeddedness and stronger social networks. Regarding recruitment via headhunters, all headhunters said that foreign-owned firms were their primary clients and that domestic firms in traditional industry sectors used less mid-career recruiting. One of these headhunters revealed: “There are two types of people in Japan: those who are recruited straight from schools and work for Japanese companies and [who are] likely staying at the same firm for their entire career, and those who work for foreign companies who switch jobs using headhunters” (#7). Job changes are more likely in the latter case because these employees have more transferable skills and work in comparatively less stable positions.

5.3 | Firm Ownership and Retention and Turnover-Related Outcomes

Hypotheses 3(a–c) suggested that HCNs at foreign-owned firms have higher turnover intentions and job search behaviors, and shorter tenures than HCNs at domestic firms. While descriptive

TABLE 3 | Recruiting sources and firm nationality.

	Firm ownership		Total
	Domestic	Foreign-owned	
College recruiting			
Count	113	82	195
Adjusted residual	2.55	−2.55	
Headhunters			
Count	27	114	141
Adjusted residual	−8.07	8.07	
Referrals			
Count	91	65	156
Adjusted residual	2.32	−2.32	
Public recruiting agency			
Count	38	9	47
Adjusted residual	4.36	−4.36	
Newspaper/magazines			
Count	42	33	75
Adjusted residual	1.09	−1.09	
Internet			
Count	61	68	129
Adjusted residual	−0.67	0.67	
Others			
Count	28	29	57
Adjusted residual	−0.14	0.14	
Total count	400	400	800

TABLE 2 | Differences in key variables between domestic and foreign-owned firms.

	Domestic firms		Foreign-owned firms		ANCOVA	
	Mean	SD	Mean	SD	F	p
Turnover intentions	2.55	1.52	2.60	1.54	0.09	0.759
Job search behavior	2.61	1.31	2.69	1.39	2.278	0.132
Tenure	7.96	7.65	7.32	7.12	18.20	0.000
Education	3.61	0.91	3.73	0.86	4.69	0.031
English	2.06	1.11	3.01	1.52	106.36	0.000
Job alternatives	3.15	1.04	3.35	1.05	10.12	0.002

data in Table 2 suggested that turnover intentions and job search were higher and tenure shorter at foreign-owned than domestic firms, ANCOVAs showed that the differences were statistically significant only for tenure ($F = 18.20$, $p < 0.001$), providing support for Hypothesis 3c. Hypothesis 3a/b were not supported.

The interview findings show that job mobility is higher in foreign-owned firms, partly because they often prefer to hire their employees from other foreign-owned firms and who are more likely to lay off employees. HCN employees also accounted for leaving foreign-owned firms more easily because of various reasons such as limited career growth opportunities and being poached by headhunters. Consistent with our interviews with other employees and headhunters, an HCN employee (#22) in a foreign-owned firm explained: “Headhunters contact me all the time. It is very common. They provide us with so many opportunities that it is sometimes hard to choose.”

The interview findings also help explain why the survey results did not support higher turnover intentions in foreign-owned firms. Turnover intentions might not be higher in foreign-owned firms because HCNs who intend to leave can relatively easily find another job and actually quit their organizations. In contrast, their counterparts in domestic firms are more embedded in their organizations, making it harder for them to quit. Furthermore, all headhunters explained that their primary clients were foreign-owned firms and that placing HCNs from domestic firms with firm-specific human capital was more challenging. The interviews also show that job search behavior might not be higher in foreign-owned firms than in domestic firms because headhunters typically initiate contact with HCNs. This external recruitment activity increases mobility without active job searching by the employees themselves.

5.4 | Recruiting Sources and Retention and Turnover-Related Outcomes

Hypotheses 4(a–h) examined the relationships between recruiting sources and retention and turnover outcomes (see Table 4 for a descriptive overview). MANCOVAs suggested significant differences in these outcomes across different recruiting sources (Pillai's trace = 0.24, $F(24) = 6.61$, $p < 0.001$)

TABLE 4 | Turnover-related outcomes per recruiting source.

	Turnover intentions		Job search behavior		Tenure	
	Mean	SD	Mean	SD	Mean	SD
College recruiting	2.25	1.42	2.40	1.22	10.77	8.49
Headhunters	2.90	1.68	3.20	1.47	4.40	4.37
Referrals	2.14	1.50	2.38	1.28	7.38	7.24
Public agency	2.70	1.77	2.80	1.59	5.89	6.03
Newspaper	2.25	1.29	2.59	1.16	9.81	7.13
Internet	2.66	1.55	2.89	1.32	4.22	3.53
Other	2.17	1.33	2.35	1.27	11.93	9.83
Total	2.43	1.53	2.65	1.35	7.64	7.39

and ANCOVAs confirmed the differences in turnover intentions ($F(6) = 3.55$, $p < 0.001$), job search activities ($F(6) = 5.99$, $p < 0.001$), and tenure ($F(6) = 20.55$, $p < 0.001$) across these recruiting sources. Bonferroni-adjusted post-hoc tests revealed that HCNs recruited through headhunters had higher turnover intentions than HCNs through referrals ($p < 0.001$). HCNs recruited through headhunters also had higher job search activities than HCNs through college recruiting ($p < 0.001$) and referrals ($p < 0.001$). HCNs recruited by college recruiting had the longest tenures, while those recruited by referrals had longer tenures than HCNs recruited by headhunters and “others.” As hypothesized, HCNs recruited by headhunters had shorter tenures than college recruiting, referrals, newspapers, and others. These findings largely support our hypotheses regarding the relationships between recruiting sources and turnover-related correlates.

The interview findings align with the survey results, indicating that HCNs recruited via headhunters have higher turnover intentions and turnover behavior than those recruited via other sources. Consistent with several others, an HCN employee (#27) in a foreign-owned firm explained: “I wanted to switch companies again and contacted the headhunter who found me my previous job. Within a month, he suggested several (foreign-owned) companies I had dreamed of working for.” All headhunters emphasized the relative ease of moving HCNs from foreign-owned firms compared to domestic firms. Given that foreign-owned firms rely heavily on headhunters, they face more retention-related challenges than domestic firms. In contrast, and consistent with our hypotheses, the interviews with managers and employees provide consistent evidence that HCNs recruited directly from universities exhibit the lowest turnover intentions and behavior. An HCN employee (#11) in a domestic firm stated: “People in companies like mine stay for a long time. They get hired at the age of 22 and often stay with the same company until they retire.”

5.5 | Ease of Mobility and Retention and Turnover-Related Outcomes

Hypotheses 5(a–f) stated that HCNs with higher movement capital and job alternatives have higher turnover intentions, more job search activities, and shorter tenures (see Table 5 for a descriptive overview). MANCOVAs revealed that education level (Pillai's trace = 0.028, $F = 5.29$, $p < 0.001$), English proficiency (Pillai's trace = 0.025, $F = 4.737$, $p < 0.001$), and job alternatives (Pillai's trace = 0.081, $F = 16.12$, $p < 0.001$) were significantly related to turnover intentions, job search behavior, and tenure. However, parameter tests showed that only job alternatives were significantly related to turnover intentions ($\beta = 0.390$, $t = 7.12$, $p < 0.001$) and job search behavior ($\beta = 0.346$, $t = 7.28$, $p < 0.001$), providing support for Hypotheses 5d/e.

The interview findings indicate that ease of mobility is highest among bilingual HCNs with high levels of general human capital working for foreign-owned firms. Consistent with the general evidence from our interviews with employees and headhunters, an HCN employee (#9) in a foreign-owned firm stated: “I graduated from a university in Canada and have

TABLE 5 | Ease of mobility variables per recruiting sources.

	Education		English proficiency		Job alternatives	
	Mean	SD	Mean	SD	Mean	SD
College recruiting	4.03	0.73	2.41	1.18	3.24	1.01
Headhunters	3.86	0.71	3.29	1.60	3.54	1.12
Referrals	3.29	0.97	2.37	1.36	3.08	0.93
Public agency	3.40	0.80	1.79	1.00	3.26	1.09
Newspaper	3.39	0.80	2.39	1.40	3.11	1.02
Internet	3.92	0.83	2.67	1.42	3.44	1.11
Other	2.98	0.94	2.07	1.25	2.78	0.92
Total	3.67	0.89	2.53	1.41	3.25	1.05

worked for several foreign-owned firms. I am not patient and haven't stayed in any company for more than 2 years. I get bored so easily." English-proficient HCNs, in particular, were able to move from one foreign-owned firm to another due to the high demand and low supply of such HCNs in Japan. In contrast, HCNs in domestic firms—especially those hired from universities with long tenures—had low ease of mobility. Given the difficulty of placing such HCNs, most headhunters explained not to contact them. One of those headhunters (#37) said: "It is common to encounter employees who have worked for a Japanese company for 25 years but lack specialization in any specific area. This is because employees in Japanese companies often rotate through different functions every 2 years. While this gives them broad exposure to many aspects of the business, it prevents them from developing deep expertise. These employees are very difficult, or almost impossible, to place in other companies."

6 | Discussion

This paper examined differences in recruitment and retention practices between domestic and foreign-owned firms in Japan. Considering context-specific factors, the survey and interview findings largely support our human capital theory-based research model. The results suggest that recruiting sources, ease of mobility, and retention and turnover-related outcomes vary between domestic and foreign-owned firms (see Figure 2). In foreign-owned firms, HCNs in general were more often recruited through headhunters and had better skills, more job opportunities, and shorter tenures than in domestic firms. Furthermore, the findings suggest that context-specific factors influence recruitment and retention practices in domestic and foreign-owned firms. These findings contribute to the literature in several ways.

6.1 | Theoretical Contributions

First, this paper contributes to human capital theory (Becker 1962) and IHRM research (e.g., Knappert et al. 2023; Sanders and De Cieri 2021; Teagarden et al. 2018) by applying and challenging the assumptions of human capital theory in an international context. Human capital theory traditionally assumes that firms operate in competitive and open external labor markets without paying attention to context-specific factors

(Marginson 2019; Riain 2011). In contrast to context-free human capital theory (Ployhart and Moliterno 2011), our conceptual rationale and findings from foreign-owned and domestic firms in Japan demonstrate the importance of context-specific differences, providing a more nuanced and contextual understanding of human capital theory. Our approach is in line with the argued importance of context and contextualization in HRM research (e.g., Cooke 2018; Peltokorpi 2013).

Furthermore, this paper demonstrates the applicability of human capital theory with contextual alignments in HRM research. Contributing to human capital theory-based HRM research, our rationale and findings indicate that context-specific factors partly explain why domestic firms and foreign-owned firms respectively focus on firm-specific and general human capital. More specifically, our findings suggest that foreign-owned and domestic firms in Japan operate in two different semi-permeable labor markets. In Japan, domestic firms operate within a web of collectivistic cultural values, normative assumptions of "right" recruitment practices, and a stable labor market (Froese et al. 2018; Watanabe 2018), and prefer to use college recruiting to develop firm-specific human capital among their employees for long-term relations. Foreign-owned firms are less constrained by the host country's social norms and values (Siegel et al. 2019), but tend to face liabilities of foreignness (Peltokorpi et al. 2019). Instead of adhering to local practices, foreign firms seek to hire experienced HCNs with high general human capital, and such HCNs are attracted to foreign-owned firms because they receive higher pay for their general human capital endowments (Ono 2007). Overall, our rationale and findings challenge the universalist perspective of human capital theory and emphasize the importance of contextual differences in shaping HRM practices. In line with Cooke (2018), we advocate for more context-specific HRM research to better understand the dynamics at play in organizations across various countries.

Second, our human capital theory-based rationale and findings advance the research on mobility and retention in foreign-owned firms (Andersson et al. 2022; Holtbrügge et al. 2010). While confirming previous research that mobility is higher in foreign-owned firms than in domestic firms (Andersson et al. 2022), our findings uncover the underlying reasons for these differences. Our assumption that HCNs with general human capital endowments in foreign-owned firms are more likely to leave and have higher demand in the external labor market was largely supported. Survey results suggested significant differences in tenure between foreign-owned and domestic firms in Japan, and our interviews provided additional support, helping explain the statistically non-significant difference in turnover intentions. Respondents noted that in foreign-owned firms, HCNs with high turnover intentions easily switch companies, while HCNs in domestic firms are more strongly embedded and thus find it more difficult to make such changes. Furthermore, our survey findings suggested that higher ease of mobility and recruiting sources fully mediated the foreign ownership-turnover relationship. This highlights the importance of ease of mobility (e.g., Hom et al. 2017; Trevor 2001) and recruiting sources (e.g., Boswell et al. 2024; Knappert et al. 2023) in predicting turnover. Specifically, our findings suggest that HCNs in foreign-owned firms have higher turnover-related outcomes than domestic firms, as they recruit HCNs with higher ease of

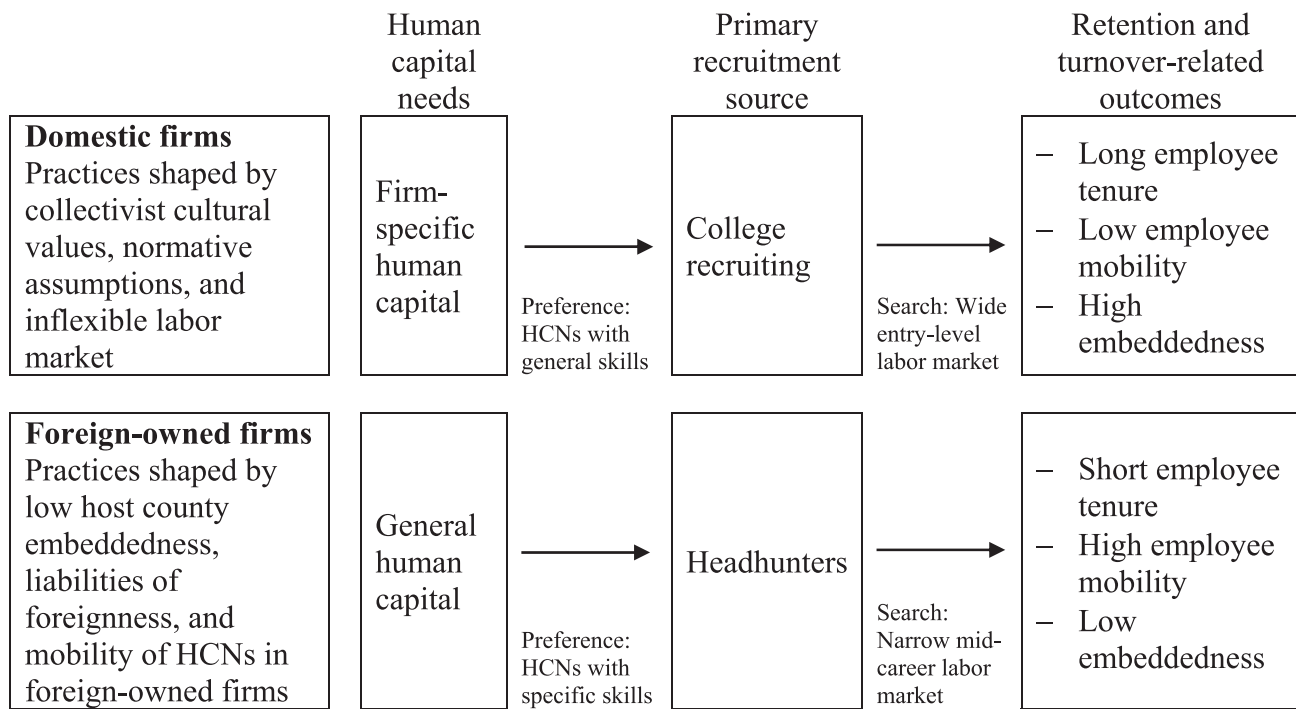


FIGURE 2 | Human capital needs, recruitment sources, and retention and turnover-related outcomes in domestic and foreign-owned firms in Japan.

mobility by headhunters. Taken together, our conceptual rationale and findings suggest that human capital theory provides a general rationale to explain differences in recruitment and retention in foreign-owned and domestic firms.

Third, this study adds to recruiting research (e.g., Davies et al. 2024; Dineen et al. 2023; Schlachter and Pieper 2019) by providing a human capital theory perspective on the relationship between recruiting sources and outcomes. Our findings indicate that foreign-owned firms recruit HCNs with higher human capital, making such firms also more attractive to these HCNs. This is because the ready-to-use human capital endowments enhance their mobility in the external job market and improve their employment prospects. To recruit these HCNs, foreign-owned firms often use headhunters. In contrast, domestic firms primarily rely on college recruiting to develop a workforce with firm-specific human capital. The findings suggest that firms recruit and invest in HCNs based on their current and potential value as human capital assets. While previous research suggests recruiting sources can influence post-hire outcomes (Boswell et al. 2024; Dineen et al. 2023; Schlachter and Pieper 2019; Zottoli and Wanous 2000), the underlying mechanisms are not well understood. Consistent with research in Western countries (Breaugh 2024; Zottoli and Wanous 2000), our findings demonstrate that recruiting sources are associated with turnover-related outcomes in Japan. However, unlike research that distinguishes between inside (e.g., referrals) and outside (e.g., headhunters) recruiting sources (e.g., Yu and Cable 2012; Zottoli and Wanous 2000), we differentiated various recruitment sources to develop hypotheses linking them to a range of retention and turnover outcomes. Our findings suggest that HCNs recruited through college recruiting and referrals have lower turnover intentions and job search behaviors, and longer tenures than HCNs recruited through headhunters.

6.2 | Practical Implications

The findings have practical implications by highlighting differences in HRM approaches in domestic and foreign-owned firms regarding human capital needs and endowments. The labor market of foreign-owned firms is characterized by higher turnover (Peltokorpi 2023). As a long-term strategy, foreign-owned firms with long-term commitments in host countries may consider localizing their recruiting and retention practices to become part of the “Japanese” labor market. Specifically, foreign-owned firms can engage more actively in college recruiting. Alternatively, foreign-owned firms can deviate from local social norms by recruiting underutilized HCN talent in the local market such as women with general human capital (Pudelko and Tenzer 2024). While using headhunters is a convenient way to recruit HCNs with desired human capital endowments, our findings suggest that this approach can create retention challenges. Thus, foreign-owned firms can seek to use more referrals. Large firms can actively involve their employees in recruitment efforts and offer incentive programs, while smaller firms with limited social capital could hire senior HCN advisors to assist in sourcing talent. When relying on headhunters, foreign MNEs could consider contractual provisions with headhunters and retention agreements with newly hired employees to curb turnover within the first 2 years.

6.3 | Limitations and Suggestions for Future Research

This study has limitations that can be considered in future research. First, due to Japan's embedded and segmented labor market, the findings should be extended with caution to other

countries. For example, the domestic-foreign-owned firm distinction may be stronger in Japan than in Western countries where more HCNs are employed by foreign-owned firms and HRM practices in domestic and foreign-owned firms are more aligned. Future research could apply large-scale, multiple-country approaches to examine differences in HRM practices. Second, as we interviewed primarily foreign managers and headhunters, their perspectives might be over-represented in this study. However, our findings show no notable differences between HCN and foreign managers and headhunters. Third, the survey results can be somewhat biased by common method bias. While this concern is partly mitigated by the consistency in our interview and time-lagged survey findings, future research can benefit by using a longitudinal design. Finally, this study examined differences in recruitment and retention between foreign-owned and domestic firms while controlling for a range of individual, organizational, and industry factors. Future studies could extend this analysis by examining differences in organizational characteristics, such as strategy or different HRM practices, and industry-specific differences.

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Data Availability Statement

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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Appendix A

TABLE A1 | Coding categories and examples of interview data.

Aggregate dimensions	Second-order themes	First-order concepts; retention and turnover-related outcomes, and interview examples
Domestic firms	College recruiting	People who joined my [large] company after graduating tended to stay for a long time in this company. Only a few employees left (HCN employee #3)
		Almost all employees were hired from universities in my previous company. The ones joining the company right after university were very loyal (HCN employee #12)
	Referrals	I introduced my friends to the company. They were happy to work there (HCN employee #18)
		We used referrals because we were not able to recruit in other ways in that small company. We hired several people this way and they liked to work for us by having friends in the same company (HCN manager #3)
	Headhunters	I tried to contact Japanese in domestic firms and learned that I would lose time and money meeting them because the final percentage of people leaving was like 5%. So low that it was a waste of time to meet guys who had never worked for a foreign company before. I am not going to spend my time and money trying to change their narrow, traditional views (Headhunter #1)
		We get almost all candidates from foreign-owned firms because our clients are foreign-owned firms who search for bilingual Japanese. The only exceptions are Japanese IT firms that cannot get specialists through other recruitment channels (Headhunter #7)
	Movement capital	They need to spend 20 years in a domestic company to get a pension. Salary is not that high but they give them a good pension. That explains why they stay (HCN manager #8)

(Continues)

TABLE A1 | (Continued)

Aggregate dimensions	Second-order themes	First-order concepts; retention and turnover-related outcomes, and interview examples
Foreign-owned firms		I used to work for a traditional Japanese company. Everything was standardized. I knew where I would go down in the line. There was no need to look for jobs (HCN employee #11)
	Job availability	They stay within the same firm, rotate, and develop firm-specific skills. That is why they stay in the same firm and are not able to move (HCN manager #40)
		We are not able to position people who have worked for a long time in Japanese companies. They tend to have generalist rather than specialist skills (Headhunter #30)
	College recruiting	We use entry-level recruitment similar to Japanese companies. We started with a small intake but we have gradually increased the number of entry-level hires. The recruitment process is well-established and we collaborate with major engineering and technical universities in Japan. This approach works well. One key benefit is loyalty. Employees hired from universities are extremely loyal (Foreign manager #33)
		Large foreign companies hiring employees directly from schools don't need to pay higher salaries. The main reason is security. People want to have secure jobs and know that companies will be in Japan in 10–20 years in time. These people tend to stay in their companies for a long time (Headhunter #22)
	Referrals	Referrals are good because recruited employees stay longer. Unfortunately, we and other foreign caps don't hire many people through referrals due to the lack of networks. We have a bonus system to enforce referrals (HCN manager #25)
		We sometimes use referrals to hire people because we work in an [luxury] industry sector in which people know each other and have strong networks. These people perform well because they have work experience (Foreign manager #19)
	Headhunters	We hire bilingual employees through headhunters [...] We have a very high turnover, approximately 30%. A good chunk of them leave after 2 years (Foreign manager #18)
		In my industry, people move once every 3 or 4 years. Headhunters understand this well. My headhunter has many candidates and moves them in the industry. She has been responsible for all my job movements (HCN manager #39)
	Movement capital	People who work for foreign companies are specialists. That is why it is easy for them to change companies. People in Japanese companies are often not specialists and have less mobility in the labor market (Headhunter #23)
		It is difficult to retain them because we need to hire people with extensive work experience and skills who have worked for foreign companies and who can speak good English (Foreign manager #17)
	Job availability	There are many opportunities for these candidates to jump from <i>gaishikei</i> [foreign-owned firm] to <i>gaishikei</i> and to get that bump in salary or just that career path they think is a bit sexier than [what] they are currently involved with (Headhunter #11)
		When they [headhunters] place someone, they are back 2 years later to the same people offering another position [...] Same customer base, move them around to get the commission (HCN manager #10)