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Shared Value Creation Through Hosting in Long-Term Work-Experience Programs: Case Studies From Japanese SMEs

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ABSTRACT

Work-Integrated Learning (WIL) is widely recognized as an effective approach that integrates academic learning with professional practice; however, its institutionalization in Japan remains limited. In Japan, the policy-driven introduction of "internship" as a component of career education has constrained firms from implementing such programs primarily for recruitment purposes. As a result, corporate acceptance of work-experience opportunities has tended to be framed as an expression of Corporate Social Responsibility (CSR). This framing has made it difficult to implement long-term work experiences, a tendency that is particularly pronounced among small and medium-sized enterprises (SMEs). Although government's interest in long-term work-experience programs in Japan has been increasing, many SMEs remain passive about adoption due to the substantial resource burden and the absence of clearly articulated benefits. This study examines these practices through qualitative case studies of Japanese SMEs that have pioneered the introduction of long-term work-experience programs, implemented in collaboration with universities as long-term project-based learning (PBL) and long-term internship programs. The analysis reveals that these firms have redesigned the acceptance of work-experience programs not merely as CSR activities, but as initiatives grounded in Creating Shared Value (CSV), linking educational value with business objectives such as recruitment, project development, knowledge acquisition, and employee learning through mentoring. These findings suggest that CSV-oriented program design may provide a viable pathway for the sustainable diffusion of long-term WIL in Japan.

Keywords: Work-Integrated learning, Internship, Creating shared value, Japanese SMEs

INTRODUCTION

Work-Integrated Learning (WIL) is an educational method that integrates academic learning at university with practical experience in the workplace and has been widely institutionalized, primarily in Europe and the United States. WIL can be categorized into various types, such as co-op education, internships, and project-based learning (PBL), but in any case, opportunities for students to learn through long-term work experience are widespread in developed countries.

However, WIL has not been institutionalized in Japan, and it has been pointed out that Japan is the only developed country that has not yet

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established co-op education (Tanaka, 2013). In recent years, the importance of long-term work opportunities has been increasingly recognized in policy in Japan due to their educational benefits, and the government is encouraging them (METI, 2013). However, WIL research in Japan has primarily focused on the educational benefits of work experience. Analysis from the practical perspective of companies that host programs, particularly SMEs, has been insufficient, and the creation of a sustainable system that is beneficial to companies has not yet been achieved. Therefore, this study focuses on a pioneering long-term work experience program in Japanese SMEs and qualitatively analyses its implementation status and implications. The purpose of this study is to clarify the implementation status of long-term work experience programs in SMEs through a case study and examine whether WIL can be widely adopted in Japan.

LITERATURE REVIEW

Global Models and Characteristics of Work-Integrated Learning

This section reviews representative forms of WIL in developed countries. A survey of 41 companies with 10,000 to 100,000 employees on cooperative education and internships in the United States found that the most common purpose, at 70%, was entry-level recruitment. 51.2% of companies offered both programs, while 39.0% only offered internships, but no companies offered only cooperative education. The typical duration is between three months and several years. This indicates that the main purpose is recruitment, particularly student assessment (Recruit Works Institute, 2016). Like the United States, cooperative education is also common in Canada and Australia (Tanaka, 2013).

A similar program to cooperative education is the sandwich course in the UK. This is an undergraduate program that sandwich work experience between lectures. There are courses with a one-year work experience and courses with two six-month work experience sessions, both of which are generally paid. In the 2010/11 academic year, 9.3% of undergraduate students participated (Kameno, 2023). These programs are not awarded credits, and students are often given a work experience certificate in addition to their diploma upon graduation (Tanaka, 2013).

In the UK, internships are also offered in addition to sandwich courses. Recruit Works Institute states that while the "internship" concept, which originated in the US, is a relatively new concept that has only gradually gained recognition, the UK is now considered a developed country on a par with the US (Recruit Works Institute, 2015). Companies in the UK today recognize internships as a low-risk, low-cost way to recruit students, and many companies now require students to have internship experience when hiring new graduates. As internships have become more common in the UK, programs have become shorter, with many offerings paid four- to eight-week programs during the summer break of second-year students (Recruit Works Institute, 2015).

Australia is the third most popular country for cooperative education after the United States and Canada. In addition to cooperative education, internships are offered with the goal of leading to full-time employment, and students also participate with the goal of securing employment. Paid

internships in Australia typically last 8–10 weeks during the summer holidays, and universities are increasingly making internship participation a graduation requirement or offering credits even if students do not complete it. Furthermore, in order to attract students to join their companies, an increasing number of employers are seeking to assign more important and interesting work rather than menial tasks (Recruit Works Institute 2015).

In Germany, students move on to either university or vocational school after secondary education, but programs similar to cooperative education are offered as a dual system at training schools (Berufsacademie) (Tanaka 2013). Training content is regulated by the Federal Institute for Vocational Education and Training (BIBB) and is established for many occupations. This institutionally integrates education and labour, and the dichotomy between university-led and company-led does not fit. Yoshimoto points out that the dual system is advantageous for SMEs, as it allows them to secure cheap labour, allows them to establish training systems with support from the state and federal government, and is also advantageous for recruitment (Yoshimoto, 2020).

In any case, long-term WIL is implemented in developed countries, and companies accept paid interns for the purpose of assessing their employment. On the other hand, it has been pointed out that the characteristics of "internships" in Japan are that they are short-term, unpaid, and not linked to academic studies. In the next section, we will review work experiences in Japan.

Characteristics of Work-Integrated Learning in Japan

In Japan, in the 1970s, "internship", modelled on American cooperative education, were introduced as a government's policy against the backdrop of rising short-term job turnover. These were a part of education, and companies' recruitment purposes were strictly limited (Kameno, 2023). The Japanese internships introduced as a result of this were characterized by being short-term, unpaid, and not linked to academic studies, and although the term "internship" is used, they differ in nature from those in other countries

Given this background to the introduction of internships, differences in research direction have been noted between Japan and others. According to Iwai, while most research in other countries focuses on management, in Japan, most studies focus on educational effect and few on management or recruitment (Iwai, 2019).

In terms of education, internships in Japan have been shown to improve students' basic professional skills, such as initiative, execution, problem-solving, and communication skills (Manabe, 2010), and to increase the rate of career decision-making due to changes in employment attitudes from single university's case study (Hirao, 2011). In light of this background, the Ministry of Economy, Trade and Industry (METI) is promoting long-term internships (METI, 2013). However, as shown in Table 1, surveys by the Ministry of Education, Culture, Sports, Science and Technology (MEXT)

and an employment support company Recruit's survey reveals that long-term internships are rare in Japan.

Tanaka (2006) claims the reasons why internships in Japan are short-term from the perspectives of both students and companies. Students view internships as part of their job-hunting process, and because they tend to compare many companies during the job-hunting period, they are less motivated to undertake long-term internships at a single company (Tanaka, 2006).

Companies, denied their recruitment purposes, have been forced to implement internships as a form of CSR. In Japan, in-house training based on long-term employment practices is the norm, and pre-employment training is not emphasized. In reality, internships are viewed as a public relations opportunity to create a pool of potential employees (Career-tasu, 2019).

Table 1: Internship participation rate and duration in Japan (MEXT 2022, Shushoku Mirai Institute (Recruit) 2021.

		MEXT's Survey (%)		Recruit's Survey (%) (Multiple Responses are Allowed)
		With Credits	No Credits	
Internship Participation Rate		1.7	1.9	70.8
duration of Internship	1 day	5.9	34.3	75.0
	2 days ~1 week	39.1	48.8	56.8
	1 week ~2 weeks	23.6	8.2	11.0
	2 weeks~1 month	8.5	2.0	5.2
	1 ~ 3months	8.7	0.9	2.0
	3 months ~	7.2	1.1	1.4

In other words, in Japan, there is little research on internships from a corporate perspective, and there are few examples of long-term internships, so it is not clear what kind of practices are being implemented. Therefore, this study aims to qualitatively analyse practical examples and clarify how the above issues are overcome and a benefit system is being created.

Creating Shared Value: CSV

In Japan, accepting internships has been understood as CSR, but Porter and others have argued that CSR needs to shift to CSV (Creating Shared Value). It is defined as "policies and practices that strengthen a company's competitiveness while simultaneously improving the economic and social conditions of the local community." A comparison between CSR and CSV is shown in Table 2.

Table 2: Comparison between CSR and CSV.

	CSR	CSV
Value	Doing good	Economic and societal benefits relative to cost
Aim	Citizenship, Philanthropy, sustainability	Joint company and Community value creation
Needs	Discretionary or in response to external pressure	Integral to competing
Relationship with benefits	Separate from profit maximization	Integral to profit maximization
Agenda	Determined by external reporting and personal preferences	Company specific and internally generated
Budget	Impact limited by corporate footprint and CSR Budget	Realigns the entire company budget

In both cases, compliance with laws and ethical standards and reducing harm from corporate activities are assumed.

In other words, it is a business model in which a company creates economic value while solving social issues and creating social value at the same time. It is a model in which a company's selfish efforts to solve social issues in order to create economic value benefit society as a whole (Porter and Kramer, 2011). This study will examine the possibility of work experience, which has been understood as CSR and accepted for short-term purposes in Japan, becoming sustainable over the long term within the framework of CSV.

METHODS

This study aimed to clarify the practices of Japanese SMEs in offering long-term work experience programs and employed a qualitative case study approach. The study involved one month of participant observation at one SME that offers work experience as part of a university curriculum, and semi-structured interviews at two SMEs that offer company-led work experience programs.

In this study, the research objectives and scope of use were explained to the survey participants in advance, and their consent to participate in the interviews was obtained. Care was taken to prevent the names of companies and individuals from being identified, and the data was anonymized during analysis and publication.

RESULTS

Company D: Project-Based Learning (PBL)

Company D is located in K City, Yamanashi Prefecture, and has approximately 20 employees. Participant observation was conducted there for one month from November to December. The company accepts students as they participate in Mirai-Project, a PBL course in which students and companies collaborate on issues based on the company or organization's problems. University students in Yamanashi Prefecture can take the Mirai-Project and earn credits. The operating organization's website states, "Employees are university students, compensation is credits." Students are incorporated into the practical work of companies and organizations as part of their classes. The PBL runs from May to February of the following year, and for the purposes of credit recognition, the activity time is limited to approximately 60 hours. In addition to being conducted over a long period of time, such as once a week for two hours, it is also permitted to conduct the activity intensively during a specific period. Companies propose projects to universities, which then review and advise them. Students then receive explanation of projects at a matching event, where they submit the projects that they would like to participate in. If the company accepts the proposal, the match is made and it begins.

Company D is a warehousing company that currently introduces a tire management system to warehouse operators nationwide. It describes itself as "the operations headquarters for a SaaS business" and "an IT venture company with a warehousing foundation." As the company is expanding, it is short on manpower but lacks recruitment know-how. At the suggestion of Mr. I, a university student who frequents Company D as a part-timer, the company decided to participate in Mirai-Project. Based on past trends in Mirai-Project, Mr. Z who is the general leader saw a high proportion of liberal arts students participating and few ICT-related positions available. He emphasized that he welcomed applicants with no experience and successfully recruited three students for the software team and one each for the hardware and recruitment planning teams.

The software team developed a work efficiency tool. Employees visited the university to give lectures and seminars, with students only involved objectively.

The hardware team worked on developing tire measuring equipment. Students visited the company to carry out the project. The participating student had no skills of engineering and was unable to proceed with the development on their own, so they received guidance and, following materials, carried out a craft to obtain values from a pressure sensor.

The planning team created a proposal for the future recruitment measures.

Students' motivations included "I want to experience what it's like to work" and "I have no experience, but I want to try programming or manufacturing," as well as comments after participating such as "I became positive about working" and "The manufacturing experience helped me to apply what I learned at university."

Each hosting staff member assumed the experience was an educational opportunity. For example, when a student on the hardware team failed to show up 10 minutes after the agreed time, an employee contacted the student, who replied that the student had forgotten and wanted to come over, but the employee refused. The hosting staff member explained that while it would have been possible to reschedule the time if it had been a task, they decided that, given the educational considerations, they should not tolerate the student's lateness.

Reflecting on this experience, employees commented, "It was an opportunity to try out new ideas in a separate environment from the actual project, as it was an opportunity to start a new project that I wouldn't normally be able to tackle," "I was able to connect with university students and consider future recruitment strategies," "I don't usually have experience teaching, so I learned a lot in the process," and "I would like to start redesigning our training program to accommodate people without engineering experience." However, when asked whether they were able to use the students as assets, all employees were negative.

In summary, Company D decided to participate in the Mirai-Project primarily for recruitment and had contact with 5 students in a single year. All of the students were in the early stages of their career development, and the relationship was one of teaching. Employees found it an opportunity to start a new project, the usefulness of the teaching experience, and suggestions for training programs.

Company J: Internship

Company J is located in G City, Ishikawa Prefecture, and has approximately 85 employees. The company is a resin manufacturer that handles both ready-made and OEM products and has also launched its own brand while expanding its D2C business. In addition to the manufacturing department, the company also has a marketing team.

Modelled on internships in Europe and the US, the company requires a six-month internship as part of the hiring process. This is a rare format for new graduates in Japan. There are no universities in G City, so applications are accepted year-round from across the country, with flexible arrangements such as remote work during the school term and on-site work during long vacations. Expected outcomes for interns include, for example, increasing the number of followers on the company's SNS account, increasing sales in the e-commerce division, and technological development to improve the company's manufacturing processes. Selection criteria include whether candidates can engage in these tasks and whether they can submit business and improvement proposals.

Although it is considered a hiring process, the company sees it as an opportunity for mutual assessment and actually encourages job hunting at other companies during the internship period. In fact, when asked about the possibility of currently accepted students being hired by Company J, the coordinator said "I don't think that's the case at the moment." This shows that the company assumes that the Internship is an opportunity for the student's career development.

Noting that "recruiting in City G is very difficult," the company has differentiated itself by noting that there are few long-term internship opportunities in Japan and has used SNS for recruitment to secure more than 10 internships from all over Japan, including remote locations, and has hired more than five of them.

In summary, Company J conducts internships primarily for recruitment, particularly for the purpose of identifying candidates, but the implementation of long-term internships, which is rare in Japan, has led to a high recruitment advertising effect, leading to 10 internships and 5 employee hires.

Company O: Internship

Company O is located in N City, Ishikawa Prefecture, and has approximately 20 employees. The company is a machinery manufacturer that produces emergency equipment that requires high quality and has captured over 50% of the market share in Japan. Although the company has stable profits, it is predicted that the market will reach a plateau, so both management and employees are eager to take on new business ventures.

The company cites two goals for accepting interns: social contribution and recruitment. The coordinator said "One of the challenges facing regional cities is the lack of internships like those common in urban areas, and a lack of information for local university students. Creating a platform for such students will give them opportunities and also help differentiate us in recruitment."

Company O is recruiting interns for planning and engineering positions, with an hourly wage of 2,500 yen for the first month and 1,000 yen thereafter. This is set because the internship is clearly being conducted for advertising purposes. Continuation after one month is clearly positioned as labour, and continuation after the first month is negotiable. The work involves IoT-related technology research, which is used as material for considering future business opportunities, and development is also in charge. The company has secured seven technical interns between 2020 and 2024, but these are not planning positions, and none were hired via internships. Additionally, while the company hired nine new graduates during this period, there are no internships to evaluate the new hires.

During the interview, he also said "From the perspective of cheap labour, there's nothing better than having them do odd jobs, but from the perspective of student experience, it's just exploitation of labour. So, I wonder, is there really any need to do it?" This suggests that the company is solely concerned with providing students with experience.

Although the main purpose is recruitment, the coordinator said "There is no problem with participating in an internship at Company O while also aiming to find employment elsewhere. We want them to find employment at a good company. It will also serve as PR for future internships." "It would be nice if the interns ended up wanting to find employment, but it's meaningless if the students don't improve their self-understanding or skills," This shows that the company assumes that the Internship is an opportunity for the student's career development.

At the moment, the internship has not led to any employment and is costly, but the company would like to continue offering it in the future. Company O is a machinery manufacturer that lacks in-house ICT and IoT technology. Therefore, the company accepts students majoring in information engineering as interns. They learn about the company's business and then have them conduct technical research. Even if they quit midway, they still have a written report to submit. Recently, the goal has been to introduce the knowledge and skills of university students. The coordinator said "Development speed is increasing," "We have work that is driven by them, not just a little help," and "We're confident that they're providing value beyond their wages." Employee management experience was also cited as a secondary benefit.

In summary, Company O conducts internship primarily for recruitment advertising. The company also considers it an opportunity for students to develop their careers. Therefore, even if the internship doesn't lead to employment at the company, the company has established a system in place to benefit from business results and knowledge acquisition through job definitions and selection procedures.

To summarize this chapter, all of the examples assume that accepting work experience programs has social value in terms of educational benefits and career development opportunities, but that it is primarily intended to be used for recruitment. However, even if it does not lead to recruitment, multiple benefit systems are in place to ensure sustainability through economic value such as recruitment and business outcomes.

DISCUSSION

We found that while the primary purpose of accepting students through PBL and internships is recruitment, it is also an educational opportunity, meaning that it creates social value by providing students with employment opportunities. When collaborating with universities, companies can gain significant recruiting advertising benefits by connecting with many students at low cost. On the other hand, because the educational aspect is emphasized, companies are unable to strictly select students, resulting in increased contact with students in the early stages of their career development who lack sufficient skills. As a result, they are not necessarily highly motivated to be hired at the company, and these students must be employed within the scope of the university's curriculum, making it difficult to pursue business results.

When SMEs conduct their own long-term internships without collaborating with universities, they face challenges in recruiting students due to their lack of name recognition, which means they incur considerable costs for recruiting, such as providing positions of responsibility and setting high wages. On the other hand, companies can evaluate and select students' skills based on their own business, allowing them to connect with highly motivated and skilled students, making recruitment decisions, and using these students to pursue business results. This initiative can be said to have social value in that it provides an opportunity to learn while working through educational opportunities and financial support provided by the payment of wages.

In summary, the purposes of companies accepting long-term work experience include recruitment advertising, employee selection, business results, and university students gaining specialized knowledge. In all cases, the premise is the educational effect as social value, but since the target students and the accompanying economic value that can be created differ depending on whether or not there is a collaboration with a university, each company is likely to design systems for collaboration with universities and wages, period, duties, etc. according to their priorities.

CONCLUSION

This study analysed the practices of pioneering SMEs in Japan for long-term work experience programs through a qualitative case study. It revealed that these companies do not simply view long-term work experience programs as a CSR initiative, but rather intentionally design them as programs that simultaneously meet their own economic and organizational needs and educational considerations. Specifically, companies host work experience programs with multiple benefits in mind, including creating future recruitment opportunities, promoting new projects, gaining new perspectives and knowledge from students, making substantial contributions to existing business, and even developing employees through the process of mentoring students. They also designed programs, such as collaboration with universities, wages, and job content, tailored to each company's business situation and organizational challenges. In other words, these companies' long-term work experience programs are not an extension of educational support, but rather a CSV initiative linked to corporate activities, designed as a system that encompasses both internal and external factors.

Based on the above discussion, this study complements the discussion of WIL and long-term work experience in Japan by providing a corporate management perspective on value creation and theoretical and practical suggestions based on corporate practice. However, this study is a qualitative analysis based on a limited number of cases, and caution is required in generalizing the results. Future research will require comparative research targeting companies of different industries and scales, as well as consideration of what kind of value co-creation systems can be designed from a service design perspective.

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