

**Recruitment and Retention of Human Resources at SMEs
—Attractive Job Offers, Free and Vigorous Workplace Atmosphere /
Eye-Tracking Experiments, HRM Checklist, Etc.—
Summary**

Authors (in order of Authorship)

Shinsaku MATSUMOTO

Assistant Research Director, the Japan Institute for Labour Policy and Training

(Overview, Part I Chapters 1 and 2)

Yusuke NAGANUMA

Research Assistant, the Japan Institute for Labour Policy and Training

(Part I Chapter 1)

Chiaki ASAI

Associate Professor, Department of Psychology and Sociology Studies, , Tokai University

(Part I Chapter 3, Part II Chapter 4)

Hideki MACHIDA

Chief Executive Officer, Aspirex Corp.

Senior Researcher, Kodansha BC China Management Laboratory

(Part I Chapter 4)

Satsuki OTA

Professor, Department of Business Administration, Tokyo Fuji University

(Part II Chapters 1 and 2)

Mai SATO

Research Assistant, the Japan Institute for Labour Policy and Training

(Part II Chapter 3)

Wakaho OTOYAMA

Associate Professor, School Education Course, Gunma University

(Part II Chapter 5)

Overview: Background and Major Results

1. Background and Objectives

This study has aimed to conduct surveys and research to consider a desirable picture or direction of public employment agencies' services for companies, attempting to enhance these services.

Organizations undertaking matching between job seekers and companies can be expected to make better achievements both for job seekers and companies by enhancing cooperation with companies. If public employment security offices and other employment agencies can secure better job offers, job seekers may select offers meeting their requests and find jobs according to their requests. If more job offers are made, job seekers may increase, allowing employment agencies to introduce appropriate job seekers to companies and enabling companies to secure better human resources. Enhancing relations between companies and public employment security offices is thus desirable both for companies and job seekers.

Nevertheless, studies on services for companies had so far been relatively fewer in number than those on services for job seekers. Various studies have been conducted on services for job seekers, including the provision of wide-ranging information for employment, the development of occupational aptitude tests and various career guidance tools and the implementation of job counseling and career consultation. They have made actual contributions. Regarding services for companies, however, efforts have been limited to those for providing various subsidies and labor market information, but no systematic or continuous research and development efforts have been made in Japan.

Therefore, this study attempted to provide the base for systematic and continuous studies by analyzing services for companies from various viewpoints, organizing past surveys and research and implementing new surveys and data collection efforts as necessary. Past analyses and studies have been compiled as JILPT (2008, 2009 and 2011) and so on.

Although small and medium-sized enterprises are expected to absorb employment under the tough employment situation, many of them have difficulties in recruiting human resources and having them retained. While public employment security offices have played a major role in securing human resources for SMEs, initiatives, including this study, are significant for linking labor-short SMEs and job seekers to improve the employment situation and for allowing SMEs to secure better human resources and achieve growth.

This study is expected to enhance cooperation between companies and public employment security offices to create a better labor market both for job seekers and companies. Public employment security offices may improve the efficiency of their over-the-counter services through exchanging information with companies in advance to strengthen their consulting functions for

companies. Furthermore, public employment security offices may make progress in reducing unfulfilled job offers and exploring job offers, allowing SMEs to secure human resources and leading these human resources to retain and perform well at SMEs.

2. Research Methods (Eye-tracking, web-based surveys, HRM checklist data analysis, etc.)

We proceeded with this study in the following way. While systematic or continuous studies have not been made on companies, there are not a few relevant studies and surveys. As basic material, we collected, sorted out and analyzed relevant studies and surveys as much as possible.

Regarding the recruitment of human resources, we attempted to collect data through experiments and surveys on how job seekers view job offer forms and information and what they see as important in selecting jobs and workplaces. While job offer forms play a key role regarding job offers, no study has been conducted on how job seekers view job offer forms and information. Therefore, though based on job seekers' subjective reports on job offers while viewing job offer forms, JILPT (2011) looked into how job seekers viewed job offer forms and information, what points encouraged them to respond to job offers and what points led them to hesitate. For present study, we attempted to collect and analyze data objectively on how job seekers' eyes move when browsing job offers, using an eye-tracking instrument that can record every eye movement. Various responses have been made with regard to points that job seekers prioritize in selecting jobs and workplaces. We thoroughly documented such points based on various conceivable factors and developed a questionnaire for a web-based survey to collect data that could lead to some conclusion.

We have also collected, sorted out and analyzed past surveys on the attractions of companies as seen by young people and new graduates regarding job offers. Given the tendency for the expansion into China to become a topic among SMEs as well, we introduced the present situation and best practices as reported by consultants at Japanese companies about how to obtain human resources in China.

As for the retention of human resources and the invigoration of workplaces, we have accumulated data from surveys at various companies through the HRM (human resources management) checklist that the JILPT has developed (see the reference materials at the end of this report for the details of HRM checklist). Since responses from more than 10,000 people at more than 200 companies had been collected, we attempted to analyze the accumulated data from viewpoints such as the invigoration of workplaces and the retention of human resources at workplaces. As the HRM checklist is designed to survey workplace and job characteristics and feed data back to relevant companies, it can be in itself used for services for companies. We also collected and analyzed past survey data about companies' vocational skills development, which is frequently cited as an effective means for retaining human resources. Lastly, we introduced a World Café program as one of the specific measures to invigorate workplaces by leading young workers to perform freely.

We believe that this study will serve as a reference for improving public employment security offices' services for companies. This study, though failing to be a specific tool or system, may contribute to improving and developing over-the-counter services at these offices. This study may also become a reference for corporate human resources managers, regarding how to recruit necessary human resources and have them retained and how to invigorate workplaces.

3. Major Results (contents of each chapter)

Part I of this study provides a study giving a guideline about how SMEs should offer jobs and recruit human resources.

(1) How job offer information is viewed: Eye-tracking experiments (Chapter 1, Part I)

No attempt had been made to study actual eye moves regarding job offer forms. This study used an instrument for recording actual eye movement to make data on eye moves (eye tracking). Eye moves indicate that job seekers pay attention to "job details." Interviews after eye-tracking experiments also suggest that "job details" encourage job seekers to respond to job offers or lead them to hesitate. While no statistically significant gender gap in gaze durations was seen, women tended to gaze at locations of workplace and working hours longer than men. In interviews after the experiments, women gave greater priority to locations of workplaces than men and men placed greater emphasis on wages than women. These gaps were statistically significant. By generation, the young people posted significantly long gaze durations for head office locations. The middle and older people logged significantly long gaze durations for workplace locations or along which railways workplaces are located. Those cited as the most wanted information included "work environments and workplace atmospheres" and "more detailed job descriptions."

(2) What factors are given priority in choosing jobs and workplaces (Chapter 2, Part I)

On 60 items that are considered important in the selection of jobs and workplaces, data were collected through a web-based survey covering 500 people who were evenly distributed in gender and age. A factor analysis provided the following four factors as major factors in for the choice of jobs and workplaces: "ingenuity, autonomy and individuality," "fixed working hours, safety and commutation," "company buildings, overseas business and famousness," and "increasing employee, good financial condition, increasing proceeds." The first factor means that employees can make the best of themselves autonomously while taking advantage of their respective originality and ingenuity. The second factor means that workplaces are safe and convenient for commutation with workers being allowed to leave work at fixed times every day. The third means that companies have new buildings, have expanded into overseas markets or are famous. The fourth means that financial profiles are good with employment maintained and with sales growing. C.P. Alderfer revised A.H.

Maslow's famed "hierarchy of needs theory" and developed it into the ERG theory, describing "existence" for E, "relatedness" for R and "growth" for G as the three cores of human needs. E may cover "fixed working hours, safety and commutation," and "increasing employee, good financial condition, increasing proceeds." R may correspond to "company buildings, overseas business and famousness" and G to "ingenuity, autonomy and individuality." An attribute-based comparison indicates that men place significantly greater emphasis than women on "ingenuity, autonomy and individuality" and that women give significantly greater priority than men to "fixed working hours, safety and commutation."

Minor factors other than these four in factor analysis were "social and contributions," "workplaces and supervisors," "qualifications and learning," and "women active workplace." It may be difficult for any job or workplace to meet requests regarding all of these factors. However, if companies find they meet requests regarding some factors, they may emphasize these factors in offering jobs and try to improve other factors where they fail to meet requests. Based on factors provided from this viewpoint, a job/workplace attraction checklist was developed for companies to check and confirm their attractions regarding job offers. The checklist is made available at the end of the chapter.

(3) Companies' attractions as seen by young people (Chapter 3, Part I)

The chapter compiles surveys up to now on how young people see companies and what companies attract young people. Companies viewed by young people as attractive (1) have promising points and stable financial profiles rather than large business sizes or competitiveness, (2) provide a better work-life balance, stable working hours and easy leave, (3) offer interesting jobs where employees can make discretionary decisions and make the best of their individuality and capabilities, (4) feature good human relations in the workplace that secure teamwork, unity, equal communications and respect for individuals, and (5) allow employees to brush up their professional skills rather than experiencing various jobs to become managers, and put emphasis on human resources development including support for career formation. There were two more findings—(6) while job seekers do not request particularly high wages, too low wages can encourage employees to quit jobs and (7) while some workers support performance-based pay system, others do not necessarily support such pay system.

The first four points meet the factors that job seekers view as important in choosing jobs and workplaces as found in Chapter 2 of Part I. If the fifth, sixth and seventh points are taken into account, it may indicate that the job/workplace attraction checklist could also be used for considering recruiting young people.

(4) Obtaining human resources and having them settled in China (Chapter 4, Part I)

In this chapter, the author (Machida, 2010, etc.), who provides consulting services for companies while shuttling between Japan and China, introduces Japanese companies' present operations in China and the cases of Kanebo Cosmetics Inc. and Honda Motor Co., for which the author serves as a consultant. The author concludes that Japanese companies' respect for humans and giving priority to human minds represent a universal philosophy that stands throughout the world and that the settlement of Japanese companies' excellent philosophy among their subsidiaries in China can result in their obtaining human resources and having them settled in China. The author also notes that Japanese companies' successful expansion into China may lead to their success in other countries that will develop later. The chapter gives the results of the HRM checklist implemented at Chinese companies, indicating that the Chinese language version of the checklist could be utilized in China.

After Part I covers the above, Part II compiles how workplace characteristics should be interpreted with regard to the retention of human resources, how workplace characteristics are related to employees' sense of belonging to their companies and their approaches on work, how such characteristics are related to workers' stress responses, and what should be done to invigorate workplaces.

(5) Work situation: Checking job and workplace characteristics (Chapter 1, Part II)

Among HRM checklist data accumulated to cover more than 10,000 workers at more than 200 companies, the author analyzed work situation data to confirm workplace and job characteristics.

The points set as components of the work situation generally have high α coefficients and are rather united. Coefficients of correlation between work situation components met assumptions. They indicated that among the 6 fields of work situations (I. job features, II. supervisors and leaders, III. relations with colleagues and customers, IV. visions and managers, V. treatment and reward, and VI. career development, welfare, daily life support), older employees are apt to be affirmative about their "I. job features" (excluding "growth"). Those in sales and marketing jobs among job categories are affirmative about "I. job features." Employees at SMEs are more affirmative than those at large companies about "I. job features" and "IV. visions and managers." (The standard number of employees for separating SMEs from large companies is 300.) Although employees' attributes at SMEs differ from those at large companies, an analysis of covariance, where individual attributes are controlled, also indicated that employees at SMEs are more affirmative than those at large companies about "I. job features" and "IV. visions and managers." While the survey showed that personal development and nursing care leave systems have been introduced more frequently for large companies, the analysis here indicated that job and workplace characteristics at large

companies are not necessarily better than those at SMEs.

(6) Commitment: Sentiment on workplaces and jobs (Chapter 2, Part II)

An analysis of HRM checklist data about commitment confirmed “organizational commitment,” “job involvement,” “career commitment” and “overall job satisfaction” as factors as assumed. The analysis of these factors brought about reasonable results, including a finding that higher “organizational commitment” is accompanied by low “voluntary turnover.”

These factors’ relations with attributes indicated that “organizational commitment,” “job involvement,” “career commitment” and “overall job satisfaction” are higher for older employees. A comparison between SMEs and large companies (the standard number of employees for separating SMEs from large companies is 300) indicated that “job involvement,” “career commitment” and “overall job satisfaction” are higher for SMEs. While employees’ individual attributes at SMEs differ from those at large companies, an analysis where individual attributes are controlled brought about the same results. As did the work situation analysis, the commitment analysis indicated that large companies are not necessarily better than SMEs in all aspects.

An analysis of the cause-effect relationship between commitment and the work situation confirmed a positive path from affirmative sentiment on “job features” to organizational commitment (affective), overall job satisfaction and job involvement. This indicated that “job features,” considered corresponding to the first factor (ingenuity, autonomy and individuality) in Chapter 2 of Part I, have great influences on sentiment about workplaces and jobs.

(7) Job/workplace characteristics and stress responses (Chapter 3, Part II)

Analyzed as stress responses are depression, anxiety, anger, positive feeling and physical responses. Depression, anxiety, anger, and physical responses were lower for older employees. As employees were promoted from rank-and-file positions to the unit head, division chief and deputy department manager, depression, anxiety, anger, and physical responses declined, with the positive feeling rising.

Stress responses’ relations with the work situation indicate that affirmative sentiment about “I. job features,” “II. supervisors and leaders,” “III. relations with colleagues and customers,” “IV. visions and managers,” “V. treatments and compensations,” and “VI. vocational skills development, welfare and life support” has a significantly negative correlation with depression, anxiety, anger and physical responses and a significantly positive correlation with the positive feeling.

(8) Companies’ education/training and employees’ consciousness (Chapter 4, Part II)

Companies’ education and training programs have reportedly played a key role in retention. All available surveys about companies’ education and training programs and employees’

consciousness of these programs have been collected and put in order for analyses. These analyses have found (1) that many employees, while wanting stable employment, strongly feel the necessity of vocational skills development to establish their employability and make voluntary efforts for their skills development, (2) that many companies strongly feel the necessity of vocational skills development for employees and take the initiative in providing voluntary education and training of employees, (3) that vocational skills development required and specialized for employees in their 30s and older is different from that for younger employees and has become a tough challenge both for companies and employees, and (4) that companies, though offering support for vocational skills development, have failed to provide sufficient support for career development based on the long-term perspective.

The conclusion is that vocational skills development based on the long-term perspective of career development may lead to the improvement of employees' skills for future careers (the improvement of their employability) and to their stable employment.

(9) Creating a positive atmosphere in the workplace: World Café (Chapter 5, Part II)

Attracting attention as a way to reform the workplace recently is to create a vigorous organization with various good aspects (a positive workplace) by emphasizing advantages, merits, attractions, hopes and other positive aspects of the workplace. As a specific way to make the workplace positive, the chapter takes up the introduction of a world café, where workplace members enjoy conversations in an open, free atmosphere. It considers how to implement the world café idea and what effects the world café can be expected to exert on the workplace. The Dream Work Style Project of the Ministry of Economy, Trade and Industry has used the world café idea for seminars where students and businesspersons discuss such topics as “the attractiveness of work” and “attractions of growing companies.”

4. This Study's Policy-related Significance

Under circumstances where new graduates' difficulties in finding jobs have become a social problem, an important policy is to use public employment security organizations for leading job seekers, including new graduates, to consider SME jobs as options. Important in this respect will be how SMEs can secure human resources and how they can create attractive workplaces that employees would not quit. This report provides various information and tools in this respect.

“Job details” were found to be important among job offer information. In the work situation representing workplace characteristics related to “job details,” “I. job features” were found to have influences on organizational commitment (affective), overall satisfaction and job involvement. “I. job features” have also been identified as reducing stress responses. These findings indicate that “job details” and “job features” play major roles in the recruitment and retention of human resources.

Unlike wage levels and benefits, “job details” and “job features” can be shaped variously even among SMEs. By leading employees to feel achievements and growth through “I. job features,” by allowing employees to have autonomy and participate in considering how to proceed with work, and by explaining the significance of work in an easy-to-understand manner, SMEs can attract human resources and lead employees to work well with satisfaction and settle in the workplace.

As a result of various data analyses, the HRM checklist has been demonstrated as efficacious. This means that the checklist can accurately figure out job and workplace characteristics. Good workplaces or workplaces that workers do not quit are abstractive and difficult to understand. However, the HRM checklist can objectively quantify and figure out job and workplace characteristics, allowing employers to consider specific ways to attract human resources, including how to increase job satisfaction and how to raise organizational commitment.

5. Services for Companies and This Study

Public Employment services for companies consist of such steps as accepting job offers, fulfilling job offers, exploring job offers and making daily efforts to enhance relations with business establishments. This study is related to these steps in the following way:

As for the acceptance and fulfillment of job offers, it has been viewed as necessary to emphasize the attractions of jobs and companies. How do job seekers see specific parts of job offer information? The results of eye-tracking experiment serve as a reference to answering the question (Chapter 1, Part I). The results showed that job details among job offer information attract attention and can lead job seekers to make positive responses to job offers or to hesitate to make any responses. Public employment security offices have recommended companies to describe job details as clearly and specifically as possible, but when making such recommendations, they can use this report’s eye-tracking chart to simply indicate the importance of job details. The next question is what factors employers should consider for emphasizing the attractiveness of their jobs and workplaces in job offers. Serving as a reference to answering this question is a survey in Chapter 2 of Part I on the factors to which job seekers pay attention when choosing jobs or workplaces. The first major factor was that employees can make the best of themselves autonomously while taking advantage of their respective originality and ingenuity. The second was that workplaces are safe and convenient for commutation with workers being allowed to leave work at fixed times every day. The third was that companies have new buildings, have expanded into overseas markets or are famous. The fourth was increasing employee, good financial condition, increasing proceeds. Findings in Chapter 3 of Part I can serve as a reference to considering how young people among job seekers view companies and what companies should do to become attractive. This chapter, in addition to Chapter 2 of Part I, indicated that recent young people hope to brush up their professional skills rather than experiencing various jobs to become managers, that while job seekers do not request particularly high wages, too

low wages can lead employees to quit jobs, and that while some workers support performance-based pay system, others do not necessarily support such pay.

In daily efforts to enhance cooperation with business establishments, public employment security offices should not only provide subsidies and give guidance on new systems but should also contribute useful information to business establishments. From this viewpoint, the HRM checklist may be implemented for the purpose of contributing useful information for business administration. Accumulated HRM checklist data allow us to analyze problems of concern to human resources managers at companies, including how companies can raise organizational commitment, how they can lead employees to view jobs as interesting and focus on jobs (job involvement), and how they can reduce stress responses. The relevant analysis results are given in Chapters 1, 2 and 3 of Part II.

In this way, this study can contribute to improving steps of public employment services for companies, including accepting job offers, fulfilling job offers, exploring job offers and making daily efforts to enhance relations with business establishments.