

A Case Study on Fee-charging Job Placement Services for White-collar Jobs and Job Placement Specialists

Summary

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Objective of the Research

This study focuses on business operations of human resource agencies to identify characteristics of their services and administrations as well as those of job placement specialists, and to explore issues surrounding their business. The reason that this study targets at human resource agencies is that fee-charging job placement service providers, along with job advertisers and temporary employment agencies, are now playing key roles with respect to adjustment of labor supply and demand performed by private enterprises. And among fee-charging job placement service providers, the core operators mainly include human resource agencies that particularly emphasize on white-collar jobs. Also, special attention is paid to human resource agencies' services and administrations as well as job placement specialists, because job placement services¹, regardless of being governmental or private, hold the center in job matchings, which are supported by the mechanism of such services and administrations and work of job placement specialists.

In recent years, the business environment surrounding human resource agencies has significantly changed. The two largest causes that brought the changes are relaxation of regulations and the internet. Firstly, the amendment of the Employment Security Law and Worker Dispatching Law have encouraged an increasing number of enterprises to obtain business license to operate fee-charging job placement services.

¹ The "job placement" means to "accept applications from both job offerers and job seekers and to help them match and conclude employment agreements" (as defined in Section 1, Article 4 of the Employment Security Law), no matter whether such services are fee-based or free of charge. In this report, I refer to fee-charging job placement services specialized in white-collar jobs as "human resource introduction," and to enterprises that provide such services as "human resource agencies."

Secondly, as websites to provide job opportunity information for those who wish to change their jobs (hereafter called the “job change support websites”) have emerged and expanded their users (i.e. job seekers and human resource agencies). These changes have been largely affecting the services and administrations of human resource agencies as well as roles of job placement specialists.

Based on the above recognition, this research is based on a hearing survey focusing on human resource agencies, having in mind the following two objectives:

- (1) To elucidate the mechanism and basic ideas of job placement service administration, by attempting to break down the service administration into small categories, and to identify actual series of processes that eventually lead to job matchings, as well as associated problems.
- (2) To clarify characteristics of job placement specialists and their efforts for human resource cultivation and ability development, and to determine their challenges.

Outline of the Survey Results

1. Subjects and Method of the Survey

In conducting the hearing survey, human resource agencies are selected in accordance with the following three criteria: (1) the year when they launched the job placement services, (2) the number of job placement specialists, and (3) industries and job types for which services are provided. Below is the outline of respondents and the contents of the survey.

(1) Subjects

(i) Subject enterprises: 54

(ii) Breakdown by type of job placement service

Registration-based agencies (general human resource service providers and capital affiliated firms): 24

Registration-based agencies specialized in fee-charging job placement services: 23

Search-based agencies: 7

(3) Breakdown by year of commencement of fee-charging job placement services

Agencies that started their services in 1997 or before: 23

Agencies that started their services in 1998 or later: 31

(4) Breakdown by number of job placement specialists

Five or less: 29

Six or more: 25

(2) Survey period

July – September, 2004

(3) Major contents of the hearing survey

1. Job placement specialists: principles of recruitment, methods of training, and wage systems
2. Job offerers: methods of search for job availabilities, and hearings regarding available job positions
3. Job seekers: methods to attract job seekers, and interviews
4. Job matchings: “job seekers against job offers” style, “job offers against job seekers” style, and introduction of prospective job seekers to job offerers (including screenings based on documented information and assistance upon contract conclusion)
5. Issues surrounding job placement services

2. Outline of the Survey Results

(1) Categories of services

Human resource agencies can be roughly categorized by type of job placement service into the following three groups: registration-based type, search-based type, and outplacement type. Job placement specialists who provide such services are generally called “consultants” (hereafter called the “consultants”). While some agencies develop their operations uniquely focusing on one of the above-mentioned three types of job placement services, many also provide extra services in response to requests from job-offering enterprises, in addition to their core services. For instance, there are agencies that emphasize on registration-based services but also provide search-based services, or those that perform outplacement services on top of their main registration-based services. Similarly, some agencies that basically prioritize search-based job placements also take on registration-based services.

Registration-based services

The registration-based service refers to operations of job placement agencies, which receive job availability information from enterprises and find and introduce the best-matching candidates who are identified through counseling designed for job seekers who are interested in job change or new employment. The subjects of this type of service are those who wish to take job change counseling at human resource agencies or apply for available job positions that job offerers presented to human resource agencies. They are job seekers who are employed and yet wish to change their jobs or who are unemployed and looking for job opportunities. Although the ratio of employed job seekers to unemployed job seekers varies depending on each agency, many agencies replied that more than half of the entire job seekers were employed.

In recent years, as function of individual job placement agency as a human resource bank is gradually diminishing, there is a shift to human resource bank on the internet, or job-change support website.

Consequently, agencies that receive requests from enterprises to find a suitable person for each job offer are now beginning to use shared human resource directories available on such websites than their own list of job seekers registered with them, resulting to the undermining of each agency’s individual human resource bank, and concurrently the expansion of shared human resource banks. Under such a circumstance, the reactions of job placement agencies are polarized. Some are totally dependent on shared human resource banks, while others put weight on independently securing job seekers. Though most agencies are largely relying on shared human

resource banks, they are at the same time trying to maintain constant number of job seekers utilizing other sources as well.

The registration-based agencies have three different styles in terms of their services and administrations. It can be said that the differences in style ultimately result from those in method to improve operational efficiency. The registration-based service can be categorized into smaller groups by combining styles of services and administrations (Figure 1).

1. Division of responsibility

“single assignment type” : agencies that separate staff who are in charge of job offerer-related tasks and those in charge of job seeker-related tasks

“combined assignment type” : agencies that assign each member of staff to deal with both job offerer-related and job seeker-related tasks

2. Method to enroll job seekers

“job change support website-dependent type” = agencies that prioritize to enroll job seekers utilizing job change support websites

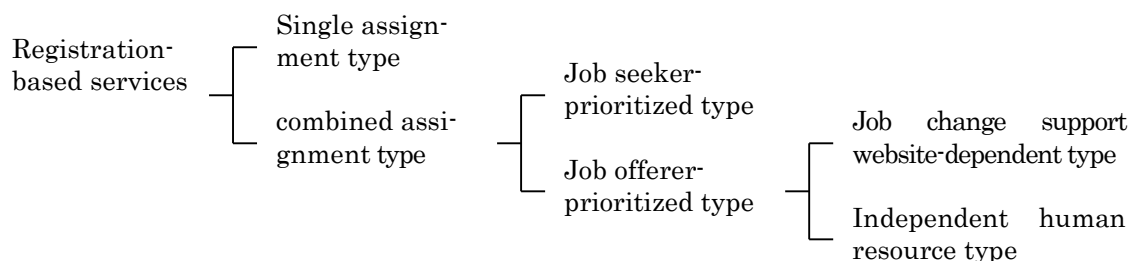
“independent human resource type” = agencies that put weight on independently securing job seekers

3. Gravity center of matching

“job offerer-prioritized type” = agencies that try to find and introduce appropriate workers based on job offers

“job seeker-prioritized type” = agencies that perform job matchings by searching for suitable jobs that meet job seekers' desires and requirements.

Figure 1: Categories of operations among registration-based service providers



Search-based services

The search-based service is the job placement operation to explore and introduce job seekers who fulfill the requests of job offerers. The subjects of such scouting range

from relatively young people who have the high potential to be one of the job offerer's executives in the future, to management-level workers who already play core roles in other enterprises.

Though agencies that emphasize on the registration-based service also provide search-based services, the difference between registration-based service-oriented and search-based service-oriented agencies lies in their search systems. Some agencies have established systems to conduct human resource search within the organization; others depend on their consultants' individual human networks. The agencies that mainly provide search-based services often have reliable sources of human resource information to efficiently conduct search operations, and they collect human resource-related information on a daily basis, incorporating such sources. On the other hand, those which basically specialize in registration-based services tend to rely on their consultants' personal techniques to additionally provide search-based services.

(2) Categories of matching processes

Job seeker-oriented job offer search: "job seekers against job offers" type matchings

Many of agencies which mainly provide registration-based job placement services are dependent on the internet to secure job seekers. There are two ways for job seekers to approach job placement agencies via the internet. One is to request job-hunting counseling, and the other is to apply for job opportunities introduced by such agencies. Job placement agencies do not necessarily interview all job seekers who are interested in their job-hunting counseling or who applied for positions available through them. Most agencies narrow down job seekers before they actually set up an interview. The following two points are considered when they reduce the number of job seekers whom they interview: The first point is job seekers' suitability for certain positions, and the second is their experience and skills. When agencies screen job seekers who requested job-hunting counseling, they tend to put slightly more emphasis on the second criterion. The first criterion is often used to narrow down applicants for certain job offers. Job seekers who meet the screening criteria can have interviews with consultants. The interview also serves as an opportunity to match job seekers with job availabilities. Generally, the following two approaches are taken to complete a job matching: One is that focusing on judgments based on suitability between requirements of job offers and experience and skills of job seekers; and the other is that emphasizing on the counseling process with job seekers.

Job offerer-oriented job seeker search: "job offers against job seekers" type matchings

Many agencies prioritize “job offers against job seekers” type matchings over “job seekers against job offers” type matchings. The primary reason for this is the matching efficiency. Applicants for a certain job offer often apply for it not because their experience and skills are considered suitable for the requirements specified by the job offerer, but because they simply wish to obtain such a job. Therefore, the actual matching rate among such applicants is not very high. The second reason is related to the size of the operation. Although job placement agencies should maintain a diverse range of job offers to meet job seekers’ various desires and requirements, it is difficult for small-sized agencies to retain plenty of job availabilities all the time. The third reason is the existence of large-scale human resource banks. The possibility of finding job seekers who fulfill requests from job offerers goes up by using human resource banks available on job change support websites where many job seekers make registration. If scouting succeeds, agencies can have a higher efficiency in job matching. When consultants search for job seekers in accordance with requirements from job offerers, there are a limited number of methods available for them. In many agencies, they try to find out job seekers suitable for certain job offer among registrants at both their own human resource directory and that of job change support websites. Some agencies have business ties with other agencies in the same field or agreements with outplacement support companies to maintain the number of job seekers. Some consultants are incorporating their own human networks for human resource search.

(3) Methods of operations

The human resource agencies that provide registration-based services can be roughly classified into three groups, according to their organizational characteristics. The first group consists of agencies where independent consultants belong and work collectively. The relation between the owner of an agency and its staff consultant is that of between a contractor and a contractee in terms of job placement operations. Such consultants are all sole proprietors who work for an agency. This type of organization is often found among small-sized human resource agencies under private management. Also, there is a characteristic in the participation of these small-sized agencies in the job placement market. The most common pattern is that a person who used to be employed by an enterprise establishes a human resource agency. Secondly, agencies that were launched by those who used to work for other job placement companies are also relatively easy to find. The human resource agencies that belong to the second type are those that initially started their business to support outplacement of those who once worked for these agencies' parent companies, and later extended their operations

to accept job seekers who do not have any ties with their parent companies. Many agencies that are affiliated with large capital enterprises fall under this group. Finally, the third group is made of agencies that used to run human resource-related businesses such as temporary worker dispatching, and later joined in the job placement market, evolving into comprehensive human resource service enterprises. Following is the outline of these three group's services and operations.

Job offerer-related operations

The fundamental tasks regarding job offerer-related operations are to secure job offers and to maintain business with job-offering enterprises. Although the ratio of job offers from existing business partners to those from newly contracted companies varies depending on each consultant, the latter accounts for approximately 30% of all job offers in general. Thus, main tasks of job offerer-related operations are to search for new job offerers and to maintain good relationship with existing business partners. As for exploration for new job offerers, many agencies consider it not very difficult. It is more important in job offerer-related tasks to repeatedly obtain job offers from existing job-offering companies. Regardless of a newly contracted company or existing business partner, whether a job offerer continues to ask for assistance from a job placement agency to find prospective job seekers to fill its job vacancies is largely dependent on the relationship of mutual trust between the job offerer and the human resource agency. The relations of trust can not be established through a single transaction but through multiple business collaborations. Therefore, it is vital to maintain long-lasting business relationships.

The basic requirement to repeatedly obtain job offers is to win job offerers' confidence by finding and introducing job seekers with whom job offerers can be satisfied. That is why agencies try to maximize the satisfaction of job offerers particularly in the first or initial several job matchings. As consultants work for certain job offerers at multiple times, they come to know their business partners' preference for employees, which enables them to take job seekers' personal characteristics and chemistry with the job-offering company into consideration for job matchings, on top of the basic requirements for the position. By continuously introducing satisfactory candidates for each job availability, the relationship of mutual trust between the job offerer and human resource agency progressively evolves. In other words, it can be said that only consultants who have a high ability to learn lessons from experience can perform job placements that result in winning job offerers' confidence.

Job seeker-related operations

In respect to job seeker-related operations, following two are the major tasks: One is enrollment of sufficient job seekers, and the other is related to interview methods. The routes to secure job seekers are very different from those that were available before the deregulations, when human resource agencies independently enrolled job seekers for the most of the cases by trying to attract them by advertisements etc. In contrast, agencies are now more dependent on directories available on job change support websites, rather than on their own job seeker directories. Since human resource agencies started utilizing job change support websites, job matching operations have significantly changed. While it used to be common for agencies to match job offers against job seekers registered with them, at present they often try to fill job vacancies by scouting job seekers found in directories provided by job change support websites. Since the results of the current matching style is affected by whether or not consultants can successfully scout job seekers, consultants are now giving greater importance on scouting operations.

The second task of the job seeker-related operations is associated with interview methods. This is also relevant to how consultants acquire techniques required to build good relations with job seekers. Many agencies consider that only a limited variety of methods that general counselors or career consultants utilize can be applied to operations of job placement consultants. Such agencies are inclined to believe that the more a consultant experience interviews with job seekers, the more their skills will be brushed up. That is, they expect a proportional relation between the depth of experience and improvement of skills. Currently, not many agencies are encouraging their consultants to obtain socially-approved qualifications, nor trying to systematically share interview methods that individual consultants have developed.

Administrations

Human resource agencies can be broadly categorized into two groups, according to their style of administration, which are “collective body of independent consultants” type and “operational efficiency-prioritized” type. While the former places importance on job placements performed by individual consultants, the latter does so on those performed by the agency as a whole.

Those who support the administration of “collective body” type agencies are consultants who work as sole proprietors under commission from the agency with which they have a contract. In such agencies, independent consultants are working under the name of the job placement agency which they belong to. The corporate

performance of this type of agency is dependent on the ability of each consultant. The personal performance of individual consultants are affected by the extent to which they have acquired “expertise on job placement” backed by their critical eyes to assess each job seeker's experience and personality. On the other hand, agencies that emphasize on operational efficiency place top priority on the efficiency of job matchings. From this perspective, they are trying to improve their services and operations. Although it is consultants who play central roles in each agency's services and operations, the corporate performance would be influenced by the ability of individual consultants if the agency is too much dependent on its consultants. Therefore, these agencies are utilizing measures to generally improve each consultant's performance so that it can eventually enhance the entire corporate performance.

(4) Work of consultants

How consultants work and associated challenges

There are two ways of how consultants work. One is that of the sole proprietors. The characteristics of this style of work are self-management (to self-administer one's work), self-responsibility (to take all responsibilities for results), and self-help efforts (to independently make efforts aiming at performance improvement). The consultants who work in this manner are required to take self-responsibility if their performance is not very good. When their achievement is low, the compensation they receive will naturally be low as well.

The other is to work as a member of an organization. In this case, consultants prioritize business principles of the organization which they belong to over those they have in mind individually. Agencies implement assistance measures for their consultants and managing each consultant's operations so that this can result in revenue increase, which is the ultimate objective of their business. Although individual consultants are allowed to work independently to some extent, they are also required to cooperate and collaborate with other staff for the purpose of enhancing the general capacity of the agency. However, no matter how rigorously an agency manages each consultant's operations, it will not necessarily help narrow the gaps in its consultants' professional ability. It is considered more effective, in terms of duration to successfully affect consultants' actions, to intrinsically motivate them, which can inspire them to develop and make the most of their capabilities, than to externally motivate them by carefully managing their operations. It is however more common to focus on operational management, rather than to take active measures to develop consultants' professional ability.

The increase in revenue is indispensable for an owner or managers of a job placement agency to stabilize its business. For this purpose, it is essential to enhance its consultants' ability. The steps generally taken to bring out consultants' potential and to improve corporate performance include establishment of environment where they can optimize their ability, through such means as promoting information sharing and computerizing data, and enhance motivation by, for example, creating an attractive wage system. However, the external motivation to improve performance has limitations. What complements this is assistance in ability development and intrinsic motivation.

With respect to ability development, many agencies rely on each consultant's self-help efforts and skill improvement based on experience enhancement, though there are many useful options for consultants' ability development which agencies can take. For instance, although trainings and OJTs provided for employees who have no experience in the field of job placement are mainly intended to smoothly introduce such employees to the tasks that they have to take on, they can be also given for ability development purposes. In addition, information sharing meetings and study sessions associated with daily business operations can be organized as opportunities for ability development, also incorporating activities in line with such an intention. What is important is not to wait for consultants to progressively improve their ability based on experience, but to reduce the time they require to acquire expertise by accelerating the speed at which they learn. The more they improve their ability for job placement and the more they experience, the more they deepen their understanding regarding job offerers and job seekers, as well as that with respect to subtleties of job matching operations. And this, through enhancing their willingness to work, becomes the intrinsic motivation mentioned earlier to. The intrinsic motivation is not necessarily brought by the results of ability improvement nor by experience. It can be said that what affects the performance of consultants (ultimately the corporate revenue) is whether or not agencies can find incentives that can serve as intrinsic motivation for their consultants and to what extent they can realize such incentives.

Categories of consultants

How consultants work is polarizing into sole proprietors and staff consultants in organizations. The former is typically found in agencies that run as collective bodies of independent consultants. So that consultants of this type can continue their career in the field of job placement, it is the most important above all to brush up their skills and to further improve their ability, because their competence (i.e. performance) is deemed

as the major subject of their professional evaluation. To put it differently, their “expertise on job placement” is assessed as a factor that generally represents their experience, skills, and knowledge. On the other hand, consultants who work as staff members of an organization show typical images of those who belong to operational efficiency-prioritized agencies. They develop their careers in an organization, and are evaluated according to their objective level, as well as achievement level against their objectives.

(5) Summary of the survey results

The following are the major findings from the survey:

Categories of services and consultants

1. The registration-based services can be classified into the following three groups according to type of service to be provided: “single assignment” type, “combined assignment/job offerer-prioritized” type, and “combined assignment/job seeker-prioritized” type.
2. Depending on the style of service administration, job placement agencies can be categorized into: “collective body of independent consultants” type that emphasizes on job placements performed by individual consultants and “operational efficiency-prioritized” type that emphasizes on those performed by the agency as a whole.
3. In the matching process of the registration-based service, the success or failure of a job seeker-oriented job placement depends on the job seeker’s suitability for the available position as well as his or her experience and skills. When a job placement is job offerer-oriented, the human resource search is mostly dependent on scouting through job seeker directories available on job change support websites.
4. Consultants who belong to registration-based agencies are grouped into those working as sole proprietors and those working as staff members of an organization. The former performs job placements on a commission basis, and is assessed based on their “expertise on job placement.” The latter develops their careers in an organization, and is evaluated according to their objective level, as well as achievement level against their objectives.

Job offerer-related operations

5. The methods that consultants implement to independently search for job offerers are as follows: telephone marketing for companies whose needs for human resources are already known, utilization of human networks, and search incorporating techniques generally used for sales consulting. In terms of job offer-related operations, many job placement agencies place importance on repeatedly obtaining job offers from existing job-offering business partners.
6. Upon hearings with job offerers, what consultants are keen to learn are details of available job positions required to determine the possibility of matching with job seekers and value-added information regarding the job offerers themselves.
7. When job matchings are made, job offerers' analog information including their business cultures is also reflected. Whether or not agencies can collect such information is largely dependent on consultants' ability to learn.

Job seeker-related operations

8. The internet is the major source to secure job seekers. Many job placement agencies are particularly dependent on job change support websites.
9. The human networks to secure job seekers include those that individual consultants have built through their business experience and those that agencies possess.
10. Since consultants have intention to efficiently enroll job seekers, they are strongly inclined to carefully select registrants for job-hunting counseling and applicants for job availabilities.
11. In most agencies, consultants conduct interviews with job seekers incorporating methods developed through their own experience. Not many agencies attempt to share the knowledge base of interview methods that their consultants have individually established.

Job matchings

12. The major style of job matching is to find job seekers who can meet requirements of certain job availabilities. Among available methods to secure job seekers, the one

most frequently used by consultants upon job matching is scouting through job change support websites.

Consultants

13. As job placement agencies become more dependent on job change support websites, consultants are now in need to acquire new skills, such as skills to put together the personality of a job seeker based on the information provided in the registration sheet, skills to come up with appropriate search criteria to narrow down the list of prospective job seekers, and skills to instantly yet accurately judge the suitability between the job seekers found in the retrieval process and the available position.
14. When hiring consultants, agencies that expect them to start working as job placement specialists immediately after employment emphasize on each consultant's professional experience, while those that ask them to play roles as staff members of the organization place importance on their personality and potential.
15. How to cultivate consultants can be roughly categorized into two groups: One is that seen in agencies which provide consultants with minimum opportunity for vocational training; the other is found in agencies which systematically educate consultants. OJTs are the most common trainings given to newly contracted consultants. It is rather exceptional for job placement agencies to provide their consultants with opportunities to acquire systematic knowledge and skills.
16. The compensation for consultants is often linked with their performance. While many consultants who work for "collective body of independent consultants" type agencies are paid on a commission basis, "operational efficiency-prioritized" type agencies generally have a wage system to reflect consultants' performance when calculating their monthly salaries and/or bonuses.
17. The performance gaps among individual consultants are immense. Such gaps are also directly associated with those in professional ability. Since external motivations for consultants (e.g. better compensation or strict management of operations) do not fully eliminate their ability gaps, it is necessary to take active measures to develop each consultant's ability.

Information sharing and operational management

18. The method to manage information regarding job offerers and job seekers has changed from hard copy filing to computerized data storage. There are three stages to complete the process for computerization of information. The first stage is to continue hard copy filing while computerizing a limited volume of data, the second stage is to share information using a database, and the third stage is to establish an internal information sharing system.
19. Agencies that aim at efficient administration often manage each consultant's performance level. The performance level of consultants is assessed in comparison with their achievement goals that are renewed periodically.
20. The agency-level (as opposed to individual consultant-level) job matchings require sharing of information regarding job offerers and job seekers among consultants working within the same organization. The opportunity for information sharing also serves as that for information exchange. When a chance of information sharing can be utilized as that of information exchange, it will also be a good opportunity for consultants to acquire new knowledge and to enhance their vocational ability.

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