

**Matching of Sales-Related Jobs in  
Human Resources Business**

**(Summary)**

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**Research period**

October 2003-March 2004

**1. Background and objective of the research****(1) Background**

Job placement, temporary employment services, and job advertising make up the core of the labor demand and supply adjustment system in Japan. Of these, job placement and temporary employment services, whose legal basis and their positions in the labor market are provided for by the Employment Security Law of 1974 and the so-called Worker Dispatch Law of 1985<sup>1</sup>, respectively, are also the backbone of private firms' labor demand and supply adjustment system. According to the Ministry of Health, Labour and Welfare's survey on employment trends in 2002, 21.6 percent of workers found employment through public employment security offices and another 1.6 percent through private employment agencies<sup>2</sup>, and together public and private job placement services represent one of the three major employment pathways beside job-placement ads (31.6 percent) and personal connections (24.8 percent). Temporary employment services, on the other hand, were recognized as one of the labor adjustment undertakings by the law of 1985 and since have expanded rapidly in response to a growing need for flexible employment of labor.

In addition to the three types of services mentioned, private firms provide a wide variety of services including education and training (seminars, training, and outplacement<sup>3</sup>), contract work, and outsourcing in accordance with labor adjustment needs. These services related to labor force are generically called "human resources business." The three major services of private firms' human resources business that form the backbone of their labor demand and supply adjustment system (paid job placement services, temporary employment services, and job advertising) can be further broken down into different types of services. Paid job placement services consist of placement for white-collar jobs (generally called "placement services") and placement of workers with special skills such as servers and models, for example. Temporary employment services include "specified temporary employment services" for dispatching regular employees and "general temporary employment services" for all services that

are not “specified temporary employment services.” The latter mainly assigns registered workers. Job advertising takes many forms including written announcements and direct negotiations.

Deregulatory measures were implemented in many different fields during the 1990s, and employment policies were no exception. In 1999, substantial deregulation was realized through the revision of the Employment Security Law and the Worker Dispatch Law. As a result, the provision in the Employment Security Law that limited the types of occupations that paid job placement firms could provide their services for was repealed, and such firms were allowed to provide services for all occupations with some exceptions in certain fields. Similarly, the revision of the Worker Dispatch Law significantly expanded the types of jobs temporary employment agencies can provide their services for, which were previously regulated by a positive list.

Prior to the deregulation, paid job placement services for white-collar jobs were mainly focused on placement of managers and engineers, while temporary employment services for clerical jobs, which are classified as one of 26 categories of jobs stipulated by a government ordinance, were primarily concentrated on temporary employment for operation of office machines, accounting, filing, and preparation of transaction documents. Liberalization and expansion of job placement and temporary employment services were carried out under such circumstances. The decision to focus on which new occupations and jobs in addition to the previously serviced occupations and jobs after the deregulation depended somewhat to proactive factors such as the business strategies and policies of individual job placement firms and temporary employment agencies. In addition, market factors, in other words, the human resources needs of client firms, played an even bigger role.

According to Japan Institute of Labour (JIL)’s survey on job placement firms providing services for white-collar jobs, the surveyed firms’ strengths before the deregulation were focused on placement of managers and engineers (1995), but the percentage of services provided for placement of engineers rose noticeably higher than services for managers immediately after the deregulation (1998)<sup>4</sup> (Japan Institute of Labour, 1999). Furthermore, according to another survey by JIL conducted in 2000, the percentage of services for placement of sales personnel rose higher than services for engineers, and more than 80 percent of surveyed job placement firms replied that their strength was in the former services (Japan Institute of Labour, 2000). Although such firms’ strength is probably not directly linked with the volume of job offers and job seekers they deal with, it can be assumed that sales-related job offers and job applicants are increasing.

According to the population census of 2000, some 3.66 million people are employed as sales personnel, which as a single occupation is the second largest after “general clerical personnel” with some 8.95 million<sup>5</sup>. Of all people in employment, 5.8 percent are sales personnel. Secondly, according to the Ministry of Health, Labour and Welfare’s statistics on sales-related job placement in the labor market, job offers for sales personnel make up 10.2 percent of all job offers<sup>6</sup>. One of the characteristics about the job offers for sales personnel is that while the new openings-to-applicants ratio is higher than the average for all occupations, the ratio of sufficiencies to active openings is lower than the average ratio of sufficiencies to active openings for all occupations. Among different types of sales personnel, there are a particularly large number of new job offers for sale of products. The new openings-to-applicants ratio for such jobs was 1.17 as compared to the average 0.82 for all occupations. On the other hand, the ratio of sufficiencies to active openings was 17.5 percent as compared to the average 25.0 percent for all occupations<sup>7</sup>. The low ratio of sufficiencies indicates difficulty in matching jobs to applicants.

What human resources needs do firms have with respect to sales personnel? According to JIL, the need for mid-career employment of regular full-time employees was the highest for “sales personnel (for corporate clients)” with 10.8 percent, followed by “sales personnel (for consumers)” with 4.1 percent. Together with other sales-related jobs, sales personnel made up the most needed job category with 17.8 percent (Japan Institute of Labour, 2003). With regard to human resources needs for other than regular full-time employees, “sales personnel” was the second most sought human resources (7.8 percent) next to “sellers of products” (11.4 percent).

The strong need for sales personnel as shown are seemingly reflected on the high job offer ratio for sales personnel at public job placement offices and the reason private job placement firms concentrate their services on placement of such workers.

Then, what is the reason that the ratio of sufficiencies to active openings is low even though there is a strong need for sales personnel? This can be attributed to the nature of the occupation. While sales work commonly involves solicitation, negotiation, and receiving of orders regarding trading and manufacture of goods and services, it is extremely variegated with respect to its format, customers, and products and services. Its format may include building new markets, route sales, sales engineering, and consultation. Although customers may be broadly divided into organizations (government agencies, private firms, trading companies, exclusive agents, etc.) and individuals (general consumers), products and services may include raw materials, intermediate products, finished products, imports, and services, for which sales

activities will need to reflect the peculiarities of each industry. In sum, these subdivisions of sales activities may be expressed in a matrix of cells in which rows represent the types of products and services and columns the format and the customers. It is probable that because there are a large number of cells in the matrix, the matching probability declines in cells with few job seekers and as a result, the sufficiency ratio falls even though there are many job offers overall.

## **(2) Objective**

It was pointed out above that while there were strong human resources needs for sales personnel, matching of human resources with jobs was difficult because of the great diversity of sales activities. Against this background, what kind of a system are paid job placement firms and temporary employment agencies, which began providing services for sales personnel after the deregulation of 1997 and 1999, using to place and match sales personnel to jobs? What characterize their system when compared to how public employment security offices operate? How are they faring in their placement? We try to find answers to these questions in this research.

There are three themes to this research, which can be expressed in the following questions. Firstly, how is the work of sales personnel perceived as work? Secondly, what kind of matching systems do paid job placement firms and temporary employment agencies have, how is information on “jobs” and “workers” collected, and how do the intermediaries use the information for matching jobs and workers? Thirdly, does the matching system for sales personnel differ from that of other occupations? In other words, are the existing methods of placement and matching that are based on experience used for sales personnel as well? Which past experiences are utilized and what new approaches have been introduced? In this research, we attempt to find answers to these questions by examining the practice of matching employed by paid job placement firms and temporary employment agencies.

Although job placement ads do not directly match jobs and workers, information provided by employers plays an important role in the matching process. In this research, we include job advertising as our subject in addition to job placement services and temporary employment services, and try to elucidate job advertising agencies' policies in collecting and providing information on job openings with a view to matching workers and jobs.

## **2. Method**

### **(1) Methods and topics of survey**

We used interviews for this research, because this method allows us to delve deeply into and clarify the facts related to each topic of this research, such as the classification of the work of sales personnel, overall matching process, content of information on job offers and job seekers, the matching mechanism, and the role of intermediaries. Our investigation focused on elucidating and analyzing the matching systems in general and was conducted on operators of the “human resources business” from November 2003 to January 2004.

Our interview survey for this research consisted of three phases. In the first phase, we tried to share the framework of analysis. For this purpose, we sent a list of topics under the survey to the operators in advance in order to clarify the key points of the survey and asked them to examine the topics and prepare reference materials where possible. In the second phase, we visited the operators and conducted in-depth interviews to investigate on the state of affairs. During the interviews, we elicited answers based on the list of topics sent to them in advance and collected information on the background and details of their response as well as other relevant information. In the third phase, we collected objective data. For this purpose, we gathered statistical data on sales personnel in order to understand our subjects’ state of operation based on objective data<sup>8</sup>.

Our questions consisted of industrywide questions and questions for particular types of operators. For the industrywide questions, we asked the same questions to job placement firms, temporary employment agencies, and job advertisers. For questions for particular types of operators, we prepared separate questions for different types of operators by taking into account the unique characteristics of each type of business. The majority of questions asked to job placement firms and temporary employment agencies were the same. The difference was in the questions related to the results of matching. Job placement firms were asked about failed placement (applicants who failed to pass screening of their application materials or interviews) and successful placement. On the other hand, temporary employment agencies were asked about mismatches (problems that arise after a temporary worker starts work at a new firm). Job advertisers were asked about the preliminary phase (advertising design) and the posterior phase (advertising effect) of matching. The main topics of the survey are shown in Figure 1.

**Figure 1: Survey topics for each type of operators**

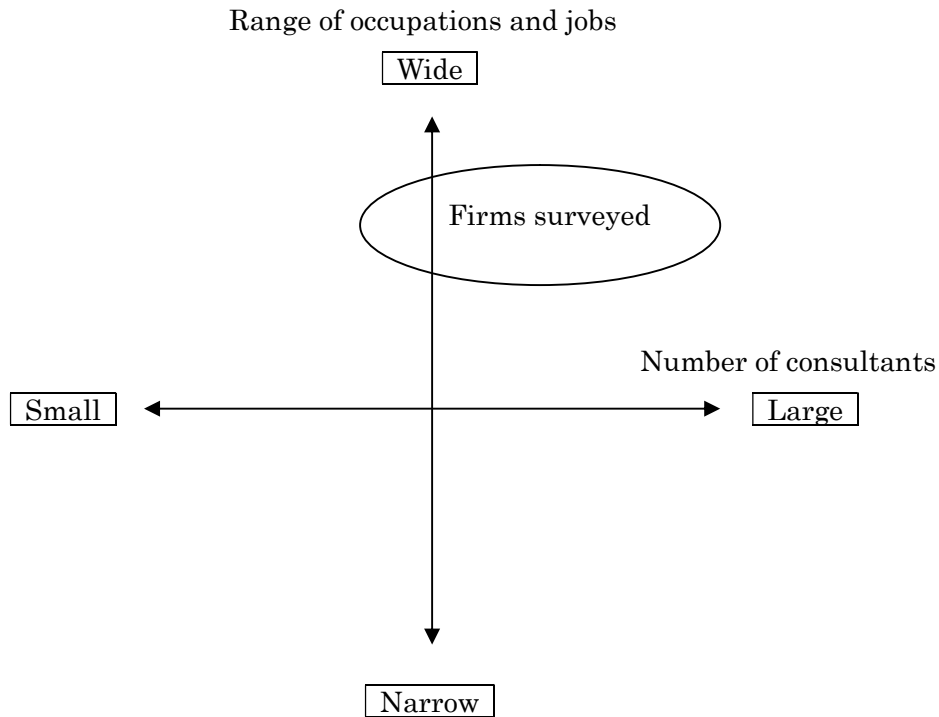
Survey topics		Job placement firms	Temporary employment agencies	Job advertisers
Job classification	<ul style="list-style-type: none"> <li>▪ Job categories</li> <li>▪ Sales-related job categories</li> </ul>	○ ○	○ ○	○ ○
Information on employers	<ul style="list-style-type: none"> <li>▪ Structured information</li> <li>▪ Unstructured information</li> <li>▪ Advertising design</li> </ul>	○ ○	○ ○	○ ○ ○
Information on job seekers	<ul style="list-style-type: none"> <li>▪ Structured information</li> <li>▪ Unstructured information</li> </ul>	○ ○	○ ○	
Matching	<ul style="list-style-type: none"> <li>▪ System</li> <li>▪ Key points of matching sales personnel</li> </ul>	○ ○	○ ○	
Matching results	<ul style="list-style-type: none"> <li>▪ Failed placement</li> <li>▪ Mismatch</li> <li>▪ Advertising effect</li> </ul>	○	○	○

**(2) Firms surveyed**

**(a) Paid job placement firms**

For the selection of firms providing paid job placement services for white-collar work, we considered the company size and the types of jobs the firms provided their services for (Figure 2). The types of service offered and company size are important criteria when categorizing job placement firms. The services provided by job placement firms are generally classified into placement of registered job seekers, headhunting, and outplacement. With regard to the company size, the number of consultants is important. The majority of job placement firms are small. About 80 percent of the firms hire less than 10 consultants. The differences in the company size are reflected in the kind of services they provide. For instance, large firms employing many consultants are like department stores (they have a large number of job offers in a wide range of occupations and jobs), whereas smaller firms are like specialty stores (they have strong ties with specific industries, have a record of placement in specific occupations and job types, and provide unique and personal services). It may also be possible to focus on sales volume as a measure of company size. In the case of placement of registered job seekers, however, the fees are paid in arrears and only in the case of successful placement. Moreover, it is probable that the number of consultants has a strong correlation with sales.

**Figure 2: Attributes of job placement firms surveyed**



Since matching of sales personnel and jobs is the topic of our survey, we needed to select job placement firms that were strong in placement of sales personnel in order to elucidate the state of matching. The work of sales personnel, moreover, is variegated. Some require special qualification or technical knowledge, while some deal with general consumer goods and services. On the other hand, some job placement firms specialize in or are strong in specific types of sales-related work. We decided that such firms were not appropriate for our survey that aimed to understand the state of matching of sales personnel in general. Therefore, we selected firms that were both strong in placement of sales personnel and provided services for a wide range of sales-related work.

Specifically, we first selected firms listed in *Guidebook on Job Placement Firms 2003* (edited by Japan Executive Search and Recruitment Association) that met two conditions: namely, (1) they had head offices in Tokyo and (2) it was indicated in the guidebook that they were strong in placement of sales personnel or related jobs and provided services for a wide range of jobs at the same time. The selected firms were then categorized into four groups depending on the number of consultants. Finally, we chose a number of firms from each group. Therefore, membership to Japan Executive Search and Recruitment Association (366 members) with head office in Tokyo and



strength in placement of sales personnel are the common denominator of the selected firms.

The actual survey was conducted on 19 firms (Figure 3), and the type of services was limited to services for placement of registered job seekers.

**Figure 3: Job placement firms surveyed**

Number of consultants		Placement of registered job seekers <sup>1</sup>	Job offers for sales personnel <sup>2</sup>	Job seekers of sales work <sup>3</sup>	Sales personnel in successful placements <sup>4</sup>
Nine or less	Firm A	4	1	2	1
	Firm B	3	3	4	3
	Firm C	3	4	4	2
10-29	Firm D	4	2	3	3
	Firm E	2	4	4	3
	Firm F	4	1	1	2
	Firm G	1	2	3	3
	Firm H	1	3	4	3
	Firm I	3	3	1	2
	Firm J	4	1	1	1
	Firm K	4	4	3	4
	Firm L	3	3	1	3
Firm M	2	3	3	3	
30-49	Firm N	3	1	2	2
50 or more	Firm O	4	3	4	3
	Firm P	2	-	-	-
	Firm Q	3	1	2	1
	Firm R	4	3	2	3
	Firm S	3	2	2	4
Public Human Resources Data Bank A		-	1	2	2

Note:

1. Percentage of services for placement of registered job seekers among all types of services.  
1: 70-79% 2: 80-89% 3: 90-99% 4: 100%
2. Percentage of job offers for sales personnel among all job offers  
1: 10-19% 2: 20-29% 3: 30-39% 4: 40% or more
3. Percentage of job seekers of sales work among all job seekers  
1: 10-19% 2: 20-29% 3: 30-39% 4: 40% or more
4. Percentage of sales personnel in all successful placements  
1: 10-19% 2: 20-29% 3: 30-39% 4: 40% or more

### (b) Temporary employment agencies

For the selection of temporary employment agencies, we used the sales volume as our

measure. Statistics on temporary employment agencies show that the number of sales personnel placed into jobs by temporary employment agencies is very few compared with the number of temporary workers engaging in operation of office machines, accounting, and filing<sup>9</sup>. There are a number of firms, however, that actively offer temporary employment services for sales personnel through the use of Internet websites. It appears that even though the focus on sales personnel is not strong in the industry as a whole, the degree of involvement differs greatly among individual firms. Therefore, we selected firms that had their head offices in Tokyo, were members of Japan Staffing Services Association (some 460 member firms), provided services for 26 jobs licensed before the deregulation as well as a wide range of other jobs, and were large in size (firms with sales from temporary employment services ten times more than the industry average<sup>10</sup>).

The actual survey was conducted on five firms (Figure 4), and the type of services was limited to services for temporary employment of registered workers.

**Figure 4: Temporary employment agencies surveyed**

Sales <sup>1</sup>		Sales personnel among registered workers <sup>2</sup>	Sales jobs among all temporary jobs <sup>3</sup>	Sales personnel among all dispatched workers <sup>4</sup>
¥5-9.9 billion	Firm A	4	4	4
¥10 billion or more	Firm B	2	1	1
	Firm C	1	1	1
	Firm D	2	1	2
	Firm E	1	1	1

Note:

1. Sales volume for fiscal 2002
2. Percentage of sales personnel among all registered workers  
1: 4% or less 2: 5-9% 3: 10-19% 4: 20% or more
3. Percentage of sales jobs among all temporary employment jobs  
1: 4% or less 2: 5-9% 3: 10-19% 4: 20% or more
4. Percentage of sales personnel among all dispatched workers  
1: 4% or less 2: 5-9% 3: 10-19% 4: 20% or more

### (c) Job advertisers

For the selection of job advertisers, we gave an emphasis on the types of advertising media. Want ads are distributed through such media as job advertisement magazines and newspapers, the Internet, fliers, and newspapers. Among these media, the Internet has a high affinity with the youth, and the use of the Internet to provide information on job offers is rapidly expanding with the widespread use of the Internet

by the general population. In our survey, we gave attention solely on job ads that were distributed over the Internet, and selected two firms shown in Figure 5 from among firms that were members of the Association of Job Information of Japan (78 member firms), had head offices in Tokyo, and were involved in job advertising.

**Figure 5: Job advertisers surveyed**

	Advertising media	Percentage of job ads for sales personnel <sup>1</sup>
Firm A	Job advertising magazines, Internet	20%
Firm B	Internet	15%

Note:

1. Percentage of job ads for sales personnel among all job ads on the Internet

### 3. Outline of the research results

#### (1) Diversity of sales-related jobs and job classification

Job denominations are generally recognized as the primary terminology with which employers and job seekers communicate and are pertinent to the introductory phase of the matching process. One of the archetypal job classifications in Japan is the Ministry of Internal Affairs and Communications' Japan Standard Occupational Classification. The classification is based on similarities among different occupations as well as on the extent to which each occupation is established in society. Work related to sales, however, is classified not under a single category but under a number of categories according to the goods and services sold (products, real estate, insurance, negotiable securities, services, etc.). In the Ministry of Labour's Occupational Classification, founded on Japan Standard Occupational Classification and used in public employment security offices for processing information on job offers and job seekers, work related to sales is also subdivided according to the goods and services sold based on a similar concept to Japan Standard Occupational Classification. In both classification systems, the work of sales personnel is categorized based on one-dimensional criteria of goods and services sold.

In contrast, in the human resources business, the work of sales personnel is categorized from many different angles, such as the industry in which the work is to be carried out, the style of work, the people sales personnel are selling their products or services to, and the required expertise. Among these criteria, "the industry in which the work is to be carried out" roughly corresponds to the "goods and services" used to classify sales-related work in Japan Standard Occupational Classification. It can be

said that while Japan Standard Occupational Classification adopts a one-dimensional approach in defining the work of sales personnel, human resources business operators use diverse standards to categorize the work and see it as two- or three-dimensional, multifaceted assemblage of jobs.

The difference between the occupational classification of Japan Standard Occupational Classification and of human resources business operators is in how they perceive the standards by which to categorize jobs. Whereas the former adopts one set of rules to sort out jobs, the latter classifies jobs more in line with how they are grouped in reality. The notion about classification standards is therefore more or less weak in the latter, which consistently sees jobs as how they are grouped in reality. In addition, jobs that fall into the category of the work of sales personnel are expressed by their commonly used names.

Human resources business operators categorize the work of sales personnel from diverse standpoints, because it is more convenient for the purpose of matching jobs and workers. There are two reasons for this. Firstly, they recognize that focusing on human resources needs is basic to their business operation. The stronger the operators' awareness on this, the more likely their job categorization will reflect their client firms' human resources needs. Secondly, they recognize that the nature of jobs may change from time to time. If we look at various types of jobs that are included in a specific job category over time, we see that the nature of some jobs remain much the same, while others change rapidly. If those jobs that change are fixed to a specific job category, there will eventually be a gap between the actual nature of those jobs and the category in which they are included. Therefore, human resources business operators basically sort out jobs according to the names of jobs that are actually used by their clients.

There are two characteristics to the job classification of job placement firms that provide services for white-collar jobs. Firstly, jobs are not rigidly defined and are called by common names that both employers and job seekers are familiar with. Secondly, the work of sales personnel is subdivided based not only on the types of goods and services, but also on a number of criteria such as the style of work and the customers sales personnel are selling their products or services to. There are also different views on how to set up job classification systems and on which jobs to consider as independent. As a result, a wide assortment of jobs is categorized under the work of sales personnel.

With respect to temporary employment agencies, on the other hand, their job classification is detailed across-the-board, but there are not many categories related to the work of sales personnel. The range of sales-related jobs covered in the job

classification is also slightly narrower than in the classification used by job placement firms. This is because some of the sales-related work temporary employment agencies receive orders for overlaps with the work normally performed by regular employees.

A summary on the denominations of sales-related jobs used in human resources business shows that the term “sales” or “sales-related jobs” are recognized by both employers and job seekers. In this respect, the term can be used for communication between the two. Among the more detailed job denominations, those related to the style of sales activities (building new markets, route sales, etc.) and to the type of sales personnel’s customers (corporate clients, general consumers, etc.) are used by a relatively large number of operators, as they are increasingly shared by more people. Other detailed job denominations, however, differ significantly between job placement firms and temporary employment agencies and among operators. These are marked more by originality than commonality and are not universally recognized.

## **(2) Structured and unstructured information in matching**

It goes without saying that information on offers and job applicants is essential to matching jobs and workers. A unique feature of human resources business operators is that they collect not only structured information, but also unstructured information. Structured information is information generally indicated by employers and job seekers on their registration forms. The core of structured information is employers’ requirements on the types of human resources they need (i.e. specifications) and information on job seekers’ experience and abilities. Unstructured information, on the other hand, includes information on the employer, such as the corporate culture, atmosphere of the workplace, desired personal traits of employees the company hires, management policy, and the firm’s stability and growth potential, and information on the job seeker, which is mainly related to his or her personal traits.

Human resources business operators share in the awareness that they cannot provide accurate matching services using structured information alone. They believe that the use of unstructured information, in addition to structured information, will increase the precision of matching. From the standpoint of job seekers, matching jobs and them involves finding the right work as well as finding the right company for them. The suitability of the work can be determined by looking at structured information and comparing the employer’s requirements with the job seeker’s work experience. On the other hand, unstructured information is necessary because it provides a means by which to judge the compatibility between the employer’s firm and the job seeker. Being employed is to work within an organization, and in order to deliver the

competence expected of by the firm, one not only must have a high level of competence to execute one's job but must also be suited to the firm's corporate culture. In human resources business, this viewpoint is incorporated in the matching process.

Unstructured information on employers is collected together with structured information when interviewing employers. Structured information is expressed on employers' registration forms, job order forms, or interview sheets, and essential information about employer's requirements and working conditions such as the job description and desired personal traits is written down in appropriate language. With respect to these kinds of information, the gap between what the employer intended to say and how the interviewer interpreted what the employer said can only be very small considering the nature of the questions. On the other hand, the range and the content as well as the quality of unstructured information may vary widely depending on human resources business operators and their interviewers. Some operators define the content and the range of information that should be gathered, while others leave the decision to their interviewers. In the former case, the kind of information collected will not differ widely among different interviewers. For the latter case, however, the information obtained will vary greatly among different interviewers, and their interviewing skills will be reflected on the information obtained.

Divergence in the quality of unstructured information is related to the nature of such information. Unstructured information may vary depending on individual interviewees and is not always suited to linguistic expression. For instance, information on corporate culture may be communicated differently to the interviewer depending on how the interviewee feels about his or her firm's corporate culture. Information provided by an interviewee who feels negatively about his or her firm's practices and the atmosphere in the workplace will naturally differ from information provided by an interviewee who feels otherwise. And even if all employees at a firm share a common view on their firm's corporate culture, the ability to articulate it in words will differ from individual to individual, giving a different impression on the interviewer.

The problem related to unstructured information is not only limited to how each phenomenon is perceived and expressed. There may also be a gap between the perception of the interviewee and of the interviewer. It is difficult to exclude the possibility that the interviewee and interviewer may have different perceptions on the same phenomenon. This is because there is no established glossary to express these phenomena, and it is difficult to communicate them precisely. In comparison, structured information, which is mainly written information on job description and

required experience, is understandable to job seekers because employers and job seekers share common understanding on the terminology. In fields where there is no established terminology or method to express the phenomena, however, the expression of the phenomena will differ depending on the particular expressions used by the provider of the information, and the receiver of the information will also have to interpret the expression within the framework of one's own cognitive system. As a result, they will not necessarily be able to share a common perception on the phenomena.

Because unstructured information is expressed differently by different individuals and not too well suited to linguistic expression, human resources business operators make a point of meeting candidate job seekers in person in the final stages of screening to determine, by instinct, whether the candidate is suited to the job. In other words, instinct plays an important role in the final decisions in the matching process. In this respect, the operator's consultants' abilities become crucial in these stages of matching.

If we were to go a step further along this discussion, we can point out that development of consultants' competencies is essential in order to increase the precision of matching. Consultants are required to have the abilities to garner accurate information on the kind of workers a firm is looking for and on a job seeker's potential as well as to judge what kind of a person the job seeker is. Human resources business operators' policy on education and training of consultants diverges considerably from operator to operator. Some make large investments in training, while others rely on the efforts made by the consultants themselves for vocational development. This divergence is related to the type of competencies that need to be developed. Effective education and training can be provided for improving the performance of relatively structured tasks such as how to deal with employers and job seekers and how to bring in new clients. On the other hand, competencies for accurately judging a job seeker's person and compatibility between a job seeker and a firm's corporate culture are not easily developed through education and training. Operators who make vocational development the responsibility of individual consultants believe that such competencies are developed through practical experience.

Education and training and on-the-job vocational training is ultimately considered as a means to achieving a higher rate of successful placement through increased precision in matching and hence to stabilizing an operator's earnings. At the same time, there are incentives for individual consultants to develop their professional skills. Improvement in consultants' dealing with employers and job seekers and sophistication of matching techniques through vocational development increases their job satisfaction.

We should also not overlook another incentive that motivates them to actively develop their skills. This is the incentive of pay. Basic pay, not including allowances, at most job placement firms is composed of “fixed pay” and “performance-based pay.” Performance-based pay is connected to performance (successful placement), while the percentage of performance-based pay in the basic pay is decided by each operator. Even at firms that have not introduced performance-based pay, each consultant’s performance is taken into consideration in the firms’ personnel appraisals so that in effect performance is reflected on wages. Therefore, performance is taken into account in both systems of remuneration. In this respect, the remuneration systems serve as an incentive for vocational development as well as for raising the general level of matching services.

### **(3) Two-stage matching process**

The matching process is bidirectional. On one hand, consultants look for job applicants who satisfy the requirements stated in the job offer information (employer-centered matching). On the other hand, they may also look for employers who fit the requirements of job seekers (job-seeker-centered matching). The former is the approach taken mainly by job placement firms and temporary employment agencies whose consultants are individually responsible for dealing with both employers and job seekers. For the latter approach, it is mainly adopted by job placement firms that have different consultants handling employers and job seekers.

In employer-centered matching, job seekers must meet an employer’s requirements for matching to take place, and their suitability is assessed during an interview. In other words, only those applicants who have the experience and background that are consistent with an employer’s requirements are considered for matching. Applicants are first selected for matching (first screening) and job seekers who will finally be recommended to an employer are chosen from among the candidates (second screening).

The first screening is the process of picking out applicants who meet an employer’s requirements and working conditions. Normally, a database of job seekers is used to search for appropriate candidates. Search items (items indicated on job offer forms or order forms) often include job type and age. Other items may include basic requirements and conditions such as education, industries one has worked in, and locations one can commute to. This is a preliminary process in which those who do not meet the requirements are cut off, while a search is conducted from relatively broad criteria. Selected candidates will then have their applications and personal traits checked in the second screening. The former involves matching of structured



information, whereas the latter is about matching unstructured information.

In job-seeker-centered matching, sharing of information between consultants who deal with employers and consultants who deal with job seekers is important. While structured information of individual job offers can be found in a database of job offers, unstructured information on each job offer is indispensable for the conclusive matching of “applicants” and “jobs.” This information is collected by consultants who are concerned with employers. Job placement firms provide numerous opportunities at individual and organization levels to promote exchange of information between the two types of consultants.

As a precondition for matching, consultants concerned with job seekers must confirm an applicant’s background, work experience, and requests through an interview and gather other information about the candidate that is not indicated on the job application form. In the first stage of matching, consultants look for job offers whose job description, required experience, age, and annual income match with the applicant’s background, work experience, and requests. A database of job offers is used for this search. When job offers are found, selection is made by matching the conditions and required personal traits. This is the second stage of matching. Job offers presented to a job applicant are finally determined through this process.

The firms that were subjected to our survey were job placement firms mainly providing services to registered clients and temporary employment agencies dispatching registered workers. These firms obviously need to secure a sufficient number of job offers and applicants in order to carry on their business. The reality, however, is that they have not been able to do so. One of the reasons is that the number of registration is watered down. Clients normally register with a number of job placement firms. Moreover, whereas young job applicants, for whom demand is robust, find employment soon after registration, there tends to be an accumulation of job applicants who find it difficult to get employed. Subsequently, when an employer’s requirements are too detailed, for instance, in the case of employer-centered matching, it becomes difficult to pinpoint registered job applicants who can satisfy the requirements. This situation is clearly illustrated by operators who claim that “there are numerous job offers, but very few job applicants who fit the bill” and “only about one in 10 or 15 applicants is suitable for recommendation.” This also explains why headhunting on websites dedicated to job change is very active. In human resources business, securing job applicants of quality in large numbers is a major issue in providing matching services.

#### **(4) Generality of matching process**

It was illustrated above that job placement firms' and temporary employment agencies' matching process and method of dealing with information used in matching are generally the same for all types of jobs. The key points of these businesses' matching services are: (1) collection of accurate information on job offers and applicants; (2) assessment of applicants' ability to perform work from structured information; and (3) appraisal of the suitability of "applicants" and "jobs" from unstructured information.

On the first point, interviewing firms to collect a wide range of information is important particularly with respect to information on job offers. Even when dealing with structured information that is contained in the job offer forms or order forms, gaining additional information through interviews will give greater depth to the information than otherwise. While an employer's intention and requests are clearly indicated as the employer's requirements and working conditions, the employer's priority among the different types of requirements (essential requirements and secondary requirements) and among individual requirements can only be grasped through interviews. Interviews also provide opportunities for confirming the reliability and accuracy of the information provided. In order to obtain an even clearer picture of the requirements, interviews are conducted not only with the staff of the personnel section of the employing firm, but also with the staff of the section that a successful candidate or dispatched worker will be assigned to.

The second point suggests that a job applicant's ability to perform work is a necessary condition for matching. The qualifications that an applicant must meet in order to be considered as a candidate are clearly described as an employer's requirements and working conditions. For sales-related jobs, these may include age, experience, types of products and services that are sold, types of sales activities, and types of customers. Because it is difficult to find applicants who can fulfill all of an employer's requirements, consultants must be able to judge on which requirements and to what extent an employer will compromise.

The third point implies that the last hurdle to matching is the question of compatibility between "applicants" and "employing firms." This involves dealing with unstructured information, which may entail problems related to the subjectivity of information and linguistic difficulty of expressing information as mentioned earlier.

Lastly, I would like to point out that there are two limitations on the interpretation of the results of our survey. The first is the limitation in the scope of firms that were surveyed. Our survey examined only large businesses, which were selected based on sales and number of employees. The second is the limitation in the approach to the

operators' matching services. In our survey, we employed the approach of breaking down matching services into several components and elucidating each component as well as the relation between the components. Therefore, the knowledge obtained from this survey is valid only within the framework of this survey, and there is a need to set hypotheses based on the obtained knowledge and conduct further research using a separate framework with a different set of firms and approaches in order to generalize the knowledge.

#### **4. Content of the report**

##### Section I: Matching process in human resources business

1. Background and objective of the research
  - (1) Background
  - (2) Objective
2. Method
  - (1) Methods and topics of survey
  - (2) Firms surveyed
3. Outline of the research results
  - (1) Classification of sales-related jobs
  - (2) Information on job offers
  - (3) Information on job seekers
  - (4) Matching
  - (5) Unsuccessful placement
4. Analysis
  - (1) Diversity of job classification
  - (2) Information on job offers and job seekers and types of matching
  - (3) Generality of matching services

##### Section II: Cases

1. Job placement firms
2. Temporary employment agencies
3. Job advertisers

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<sup>1</sup> Law for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers.

<sup>2</sup> “Private employment agencies” were added to the survey on employment trends as one of the employment pathways in 2000 for the first time. The percentage of workers finding employment through private employment agencies gradually increased: 0.8 percent in 2000 and 1.1 percent in 2001.

<sup>3</sup> Outplacement service providers in Japan can be broadly categorized into two groups depending on their services and legal foundation of their businesses. In the first category are service providers who offer consultation to client firms and counseling and reemployment training to workers but who do not provide placement services. In the second category are service providers who obtain a license for paid placement services and offer one-stop services to workers, including counseling, reemployment training and placement. The former provide the kind of outplacement services that are provided in the U.S. In Japan, client firms tend to consider the results of reemployment assistance in the selection of service providers. To meet this market needs, some service providers in the first category are transferring to the second category.

<sup>4</sup> The 1997 amendment of the Employment Security Law Enforcement Regulation liberalized paid placement services for white-collar workers, in principle.

<sup>5</sup> In the population census, which is based on the Japan Standard Occupational Classification, there is no single category of “sales personnel.” In this report, we considered Subcategory 76 “salespeople of products” and Subcategory 81 “salespeople (excluding products, insurance, and real estate)” of the population census as constituting sales personnel. The total number of salespeople in both categories is regarded as the total number of sales personnel.

<sup>6</sup> The occupational tables and chapters in public employment security offices’ operating reports are based on the Ministry of Labour’s Occupational Classification, which in turn is based on the Japan Standard Occupational Classification, and does not have a single category of “sales personnel.” In this report, we considered Subcategory 327 “personnel for procurement and sales of products,” Subcategory 332-12 “salespeople of insurance,” and Subcategory 335 “salespeople of services” as constituting sales personnel.

<sup>7</sup> The figures for the new openings-to-applicants ratio and the ratio of sufficiencies to active openings are as of August 2002.

<sup>8</sup> The ratio of sales-related jobs entered into the “outline of firm” column in each case is the ratio as of the fiscal year 2002.

<sup>9</sup> According to the report on temporary employment services for the fiscal year 2001, 648 temporary workers were placed into sales-related jobs through general temporary employment services. This compares with 39,817 workers engaging in operation of office machines, 13,632 workers in accounting, and 11,596 workers in filing. Temporary sales personnel account for only 1.6 percent of temporary workers engaging in operation of office machines.

<sup>10</sup> Sales from general temporary employment services per temporary employment agency were ¥407 million (fiscal year 2001). The percentage of temporary employment agency with higher than the average sales (¥500 million) was 18.7 percent.