



**Diversified Employment Opportunities for More People –  
The Role of the Labor Market  
and Human Resource Services Industry  
in 2020**

**Association for the Study of the  
Future Human Resource Services Industry**

Association of Job Information of Japan  
Japan Executive Search, and Recruitment Association  
Japan Staffing Services Association  
Japan Production Skill Labor Association

# Introduction

Japan's employment environment has been severe since the financial crisis triggered by the bankruptcy of Lehman Brothers. In the midst of these conditions, Japan confronts a number of employment-related issues, such as the creation of employment opportunities and finding ways to overcome unemployment. The resolution of these issues requires improvement and enhancement of the labor market's supply-demand adjustment functions. Parties that are working to adjust supply and demand for both enterprises and individuals in the labor market include both public agencies such as "Hello Work" (a public employment security office) and private businesses such as those involved with job advertisements, employment placement, worker dispatching, and contract work. It is necessary for these public and private agencies to enhance themselves as well as strengthen cooperation among them. We defined private business operators involved with supply-demand adjustment in the labor market collectively as the "human resource services industry," and in order to achieve improvement and enhancement of the labor market's supply-demand adjustment functions, four industry groups—job advertisement, employment placement, worker dispatching, and contract work for manufacturing—collaborated to establish the "Association for the Study of the Future Human Resource Services Industry." The Association clarifies the roles that the human resource services industry has played for supply-demand adjustment in the labor market using specific data sets to the utmost extent possible. At the same time, in light of changes in the labor market over the next 10 years, this report has summarized issues to be tackled by the human resource services industry in the form of a joint declaration. We also plan to establish an organization that will implement the content of the joint declaration in the future. It is expected that this report will be read by many persons who are interested in the human resource services industry.

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### Association of Job Information of Japan

Established in February 1985. Membership: 60 companies (as of November 2011), Representative: Naoki Tanzawa, Contents of business: Promotion of optimization of job information by, for example, establishing contents criteria based on its research and study on job information and others, processing of complaints on job information, training member companies and their employees, and public relations activities.

### Japan Executive Search, and Recruitment Association

Established in May 2000. Membership: 251 companies (as of November 2011), Representative: Kazuyuki Sasaki, Contents of business: Proper operation and sound development of the job introduction business conducted for specialist jobs, technical jobs, management jobs, clerical jobs and sales jobs, stabilization of employment and promotion of welfare of job applicants in job introduction for those businesses, securing of job applicants in job introduction for those businesses, and consultation and support for effective utilization of human resources, and other businesses.

### Japan Staffing Services Association

Established in December 1986. Membership: 626 companies (as of November 2011), Representative: Hitoshi Sakamoto, Contents of business: Consultation, instruction and support for optimum operation and sound development of the worker dispatching business, business for promotion of educational training and other activities for development and improvement of job skills of dispatched workers or those who wish to be dispatched workers in the workers dispatching business, and business for promotion of optimum implementation of employment management of dispatched workers.

### Japan Production Skill Labor Association

Established in October 2000. Membership: 85 companies (as of November 2011), Representative: Ryuichi Shimizu, Contents of business: Business concerning promotion of employment of workers in the manufacturing and other businesses, business concerning promotion of modernization of labor management in the manufacturing and other businesses, business concerning development of skilled workers in the manufacturing and other businesses, and other business necessary to achieve abovementioned objectives.

Chapter

# 1

## Changes in the Labor Market Structure and the Importance of Supply-Demand Adjustment

Here we outline the current situation of the labor market and examine the roles that are required for providers of the market's supply-demand adjustment functions.

Since the 1980s, which was a time of transition from a high-growth period, both the use of human resources in companies and the employment consciousness of workers have changed. Reflecting these changes, the employment structure in Japan also experienced an enormous transformation.

In particular, during the 25-year period from 1985 until 2010, when there was an abrupt appreciation of the yen resulting from the Plaza Accord, the overall number of employees increased by 11,120,000. However, after 1990, which saw the highest year-over-year increase in the number of employees, no major increase occurred in the years through the bursting of the economic bubble and the IT recession. The total number of employees has shifted to a downward trend since it reached a peak in 2007.

By gender, the increase in female employees has been remarkable: in the 25 years since 1985, the number of male employees increased by 3,120,000, while the same figure for females was 8,000,000.

Looking at employment patterns, full-time workers saw a shift to a trend of decline following a peak

# 1. Changes to and Current Status of the Employment Structure

Figure 1-1 Change in the Number of Employees (1985-2010/Officers Excluded)

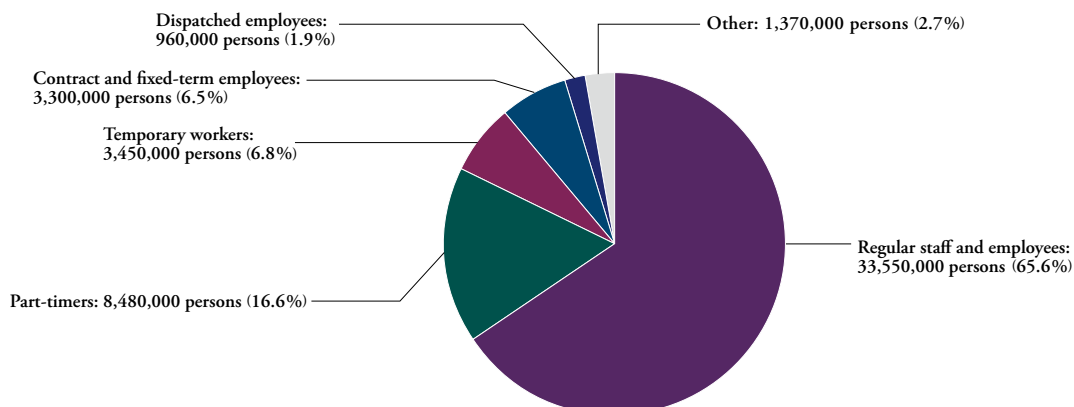
The number of full-time workers has shifted to a trend of decline over the past 25 years, while the numbers of other types of workers have been increasing.



Source : Ministry of Internal Affairs and Communications, "Labour Force Survey."

Figure 1-2 Employment Distribution (2010/Officers Excluded)

Part-timers and temporary workers are second only to full-time workers in terms of numbers.



Source: Ministry of Internal Affairs and Communications, "Labour Force Survey."  
 \* The total is less than 100 due to rounding-off (and the same applies hereinafter).

in 1997, although there was an overall increase of 120,000 persons as a whole during this period. On the other hand, the number of non-permanent employees such as part-timers, temporary workers, contract employees, fixed-term

employees, and dispatched employees increased more than ten million from 6,570,000 persons.

As of 2010, 8,480,000 persons were part-timers, making it the second-largest category after

full-time workers. Of the total, 3,450,000 were temporary workers, 4,740,000 were contract employees and fixed-term employees, and 960,000 were dispatched employees.

## 2. Labor Turnover and Accession Path

Of the entire annual workforce of some 64,000,000,<sup>1</sup> 11.9% is accounted for by those who have changed their career and newly employed persons participating for the first time in the labor market.

Those who have changed their career within the past year (i.e., those who have different workplaces at present than they did a year ago) amount to approximately 3,700,000 persons, representing a labor turnover of 5.7%. By gender, the labor turnover for females is higher, at 6.7%, compared with 4.7% for males. Some change their career several times a year, and thus, the total percentage figure for employment change is higher than the above. Moreover, those who were not working a year ago but who have been assigned to new jobs during the past year amounted to about 4,000,000 persons, and thus the new employment rate is 6.2%.

Furthermore, there are about 7,700,000 persons who desire to change their jobs, and about 3,400,000 of them are engaged in

job-seeking activities<sup>2</sup> (Ministry of Internal Affairs and Communications, "Employment Status Survey 2007"<sup>3</sup>).

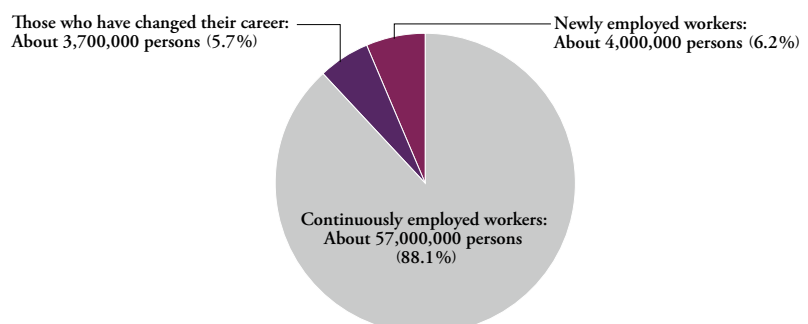
Turning to the method of job discovery used by those who have changed their career (that is, the accession path), 28.9% used public services such as "Hello Work," while 29.7% made use of the private human resource services industry which includes job advertisement and private employment placement agencies, and 23.4%

found their jobs through personal connections. These are the three major accession paths. In particular, "Hello Work" and the private human resource services industry alone account for the majority of providers of the supply-demand adjustment functions (Ministry of Health, Labour and Welfare, "Survey on Employment Trends (2010)").

The key characteristics of each path are as follows: "Hello Work" users are likely to be unemployed

**Figure 1-3 Percentage of Employees Who Have Changed Career or Are Newly Employed Workers in Total Employed Population (2007)**

**Approximately 12% of all employees have changed their jobs or newly entered the labor market.**



Source: Ministry of Internal Affairs and Communications, "Employment Status Survey 2007."

and reside in rural areas; many human resource services industry users are young persons and not full-time workers; and workers

who find employment through personal connections tend to be older, etc. As for companies, large companies tend to use the human

resource services industry, while small companies are more likely to use “Hello Work” and personal connections.<sup>4</sup>

### 3. The Labor Market Requiring Enhanced Supply-Demand Adjustment Functions

Following the late 1980s, which marked the end of the high-growth period, labor turnover has continuously tended to rise. In the background there was a rise in demand for employment flexibility, among other factors, which was caused by the participation of women in the labor market and increasing career consciousness, changes in industrial structure, intensified international competition, and growing economic uncertainty. In the past, only a limited number of companies conducted mid-career recruiting. Since the 1980s, however, mid-career employment has become common even among major companies. This change also contributed to the aforementioned phenomenon. As will be explained in Chapter 3, the number of those who change their jobs and are newly employed in the labor market is expected to keep increasing in the future as well. In this trend, providers of the supply-demand adjustment functions, such as the human resource services industry and “Hello Work,” are expected

to increase in importance in the following three respects.

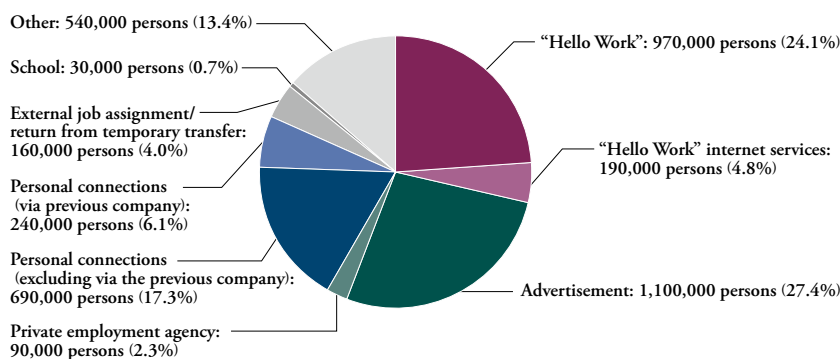
First of all, given the prospect of further increases in the number of those who change their jobs as well as the frequency of job-switching, providers of the supply-demand adjustment functions are essential to realize greater labor mobility across different companies, industries, and occupations. In Japan, where the practice of long-term

employment has long functioned and negative regard for changing jobs remains deep-seated, improvement and enhancement of the supply-demand adjustment functions have been slower than in Europe and the U.S., where labor market liquidity is high.

Secondly, due to the drastic changes in the business environment of companies, mechanisms of human resource utilization as well

**Figure 1-4 Accession Path Used by Those Who Changed Their Jobs (2010, Newly Employed Persons Excluded)**

**“Hello Work” and the private human resource services industry alone account for the majority.**



Source: Ministry of Health, Labour and Welfare, “Survey on Employment Trends.”<sup>5</sup>

as workers' views and lifestyles, such as the growing interest in a work-life balance, it has become increasingly difficult to achieve a good balance between corporate human resource utilization needs and the employment needs of workers. Therefore, providers of the supply-demand adjustment functions must fully understand the diverse needs of both sides for more optimized matching.

Thirdly, with regard to the needs that cannot be handled only by

matching upon hiring, there is an increasing number of cases in which a continuous relationship must be constructed for gradual reconciliation of differences in opinions over time. Worker dispatching businesses and contract work businesses, which conduct not only matching but also workers' employment management and capacity development, have grown greatly as providers of the supply-demand adjustment functions.

As will be described later, in the labor market of the near-future, corporate human resource utilization needs and workers' employment needs will become more diversified and complex. In order to satisfy such needs and realize smooth labor mobility, it is vital to bring up providers of the supply-demand adjustment functions in light of the enhancement of *the two core supply-demand adjustment functions: matching and employment management.*

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1 Of the entire workforce, the employed comprises 57,000,000 persons.

2 Strictly speaking, those who desire to change their jobs partly overlap with "those who are at different workplaces than they were a year ago" and "those who are working now but were not employed a year ago."

3 Statistical data quoted in this report represents the most recent data available as of this writing.

4 Path characteristics can be understood based on the "Survey on Employment Trends" of the Ministry of Health, Labour and Welfare; Akie Nakamura, "An Analysis of the 'Segregation' between Job Search Paths," Works Review, Vol. 6 (2011), and the like.

5 Hired persons in the survey above do not include newly employed persons, dispatched workers, and those who are employed under short-term repetitive type employment placements (e.g., waiters/waitresses and salespersons mainly conducting sales promotion activities at large retail stores). For example, the number for private employment placement agencies is 92,000 persons in the survey above, while a figure of 390,000 persons (full-time employees) appears on the Employment Placement Business Report. Therefore, the actual percentage of the private human resource services industry is considered to be larger. According to the "Employment Placement Services Statistics" of the Ministry of Internal Affairs and Communications, there were 2,040,000 employment cases for 2009 (excluding new school graduates and including part-timers) accounted for by "Hello Work," while the "Employment Placement Business Report" records 350,000 employment cases by "fee-based placement businesses" for 2009. These discrepancies have resulted from differences in survey methods.



Chapter

# 2

## The Roles that the Human Resource Services Industry Has Played and Its Issues

Reflecting on the roles that the human resource services industry has played in the labor market, issues that the industry is facing are summarized.

### **The Market Size of the Human Resource Services Industry**

The human resource services industry includes many types of businesses, such as recruit-related agency services and human resource development training business, and its representative forms are job advertisement, employment placement, worker dispatching, and contract work businesses. The market size for these four businesses is estimated to amount to about 9 trillion yen in terms of sales, which is larger than those for nursing services or electronic components and devices.

The human resource services industry handles about 8,010,000 employment offers annually, conducting matching and employment management for approximately 4,750,000 persons.

### **Four Human Resource Services Industry Forms**

The job advertisement, employment placement, worker dispatching, and contract work businesses commonly have functions related to the fulfillment of corporate human resource utilization needs and workers' employment needs.

# 1. Outline of the Human Resource Services Industry

Figure2-1 Market Size of Human Resource Services Industry

| Business form                | Number of employed persons per year                    | Number of annually handled job offers  | Number of offices | Market size (sales)         |
|------------------------------|--|--|-------------------|-----------------------------|
| Job advertisement            | 2,140,000 persons (Note1)                              | 5,450,000 cases<br>*Number of posted advertisements                            | —                 | 986.6 billion yen (Note2)   |
| Employment placement (Note3) | 350,000 cases  | 1,630,000 cases  | 17,823 offices    | 186.1 billion yen           |
| Worker Dispatching (Note4)   | 1,570,000 persons<br>*Number of dispatched workers     | 900,000 cases<br>*Number of companies to be supplied with dispatched employees | 45,892 offices    | 6.3055 trillion yen         |
| Contract work                | 690,000 persons<br>*Number of contract workers (Note5) | 32,000 cases<br>*Number of client offices (Note5)                              | —                 | 1.5757 trillion yen (Note6) |

} 9,539 trillion yen

Note 1: Ministry of Health, Labour and Welfare, "Survey on Employment Trends (2009)."

Note 2: Dentsu, "Advertising Expenditures in Japan 2010," and estimate for the fiscal year 2009 by the Association of Job Information of Japan.

Note 3: Ministry of Health, Labour and Welfare, "Employment Placement Business Report (2009)" (The above figures are for fee-charging employment placement businesses and exclude free job placement businesses).

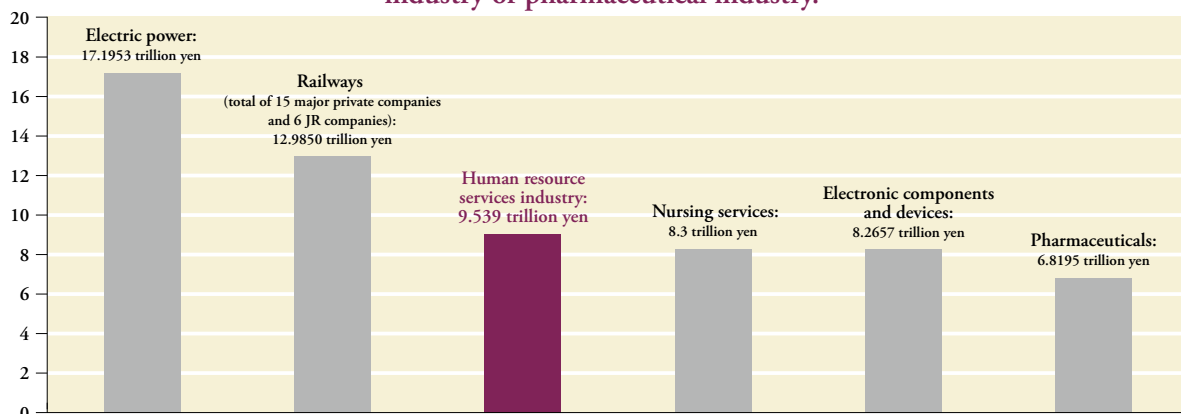
Note 4: Ministry of Health, Labour and Welfare, "Worker Dispatching Business Report (2009)."

Note 5: Ministry of Health, Labour and Welfare, "General Survey on Dispatched Workers (2008)."

Note 6: MIC Research Institute Ltd., "General Outsourcing Market for Human Resource Business and Specialized Outsourcers."

Figure2-2 Market Size Comparison

The human resource services industry has a larger market size than the electronic components and devices industry or pharmaceutical industry.



Source: Production values for electronic components and devices are based on Ministry of Economy, Trade and Industry, "Statistics Survey of Current Industrial Production (2010)," and other values are based on Nikkei Inc., ed. *Nikkei Industry Map 2012 Edition* [Nikkei gyōkai chizu 2012 nen ban] (Nikkei Inc.).

The degree of their involvement varies by business form.

The job advertisement business provides matching functions, which are mainly the development of employment opportunities and the provision of relevant information to job seekers. As can be surmised from the fact that job advertisement accounts for the highest share in the accession paths, it has been established as an infrastructure for information

distribution in the labor market.

The employment placement business is deeply involved with the processes of matching up job seekers with companies wanting workers at the job introduction stage, including the provision of career consulting for job applicants and the assessment of vocational abilities and personality. Such services are utilized in recruiting for positions which require highly specialized expertise

and skills, often by companies that desire to secure human resources using diverse means.

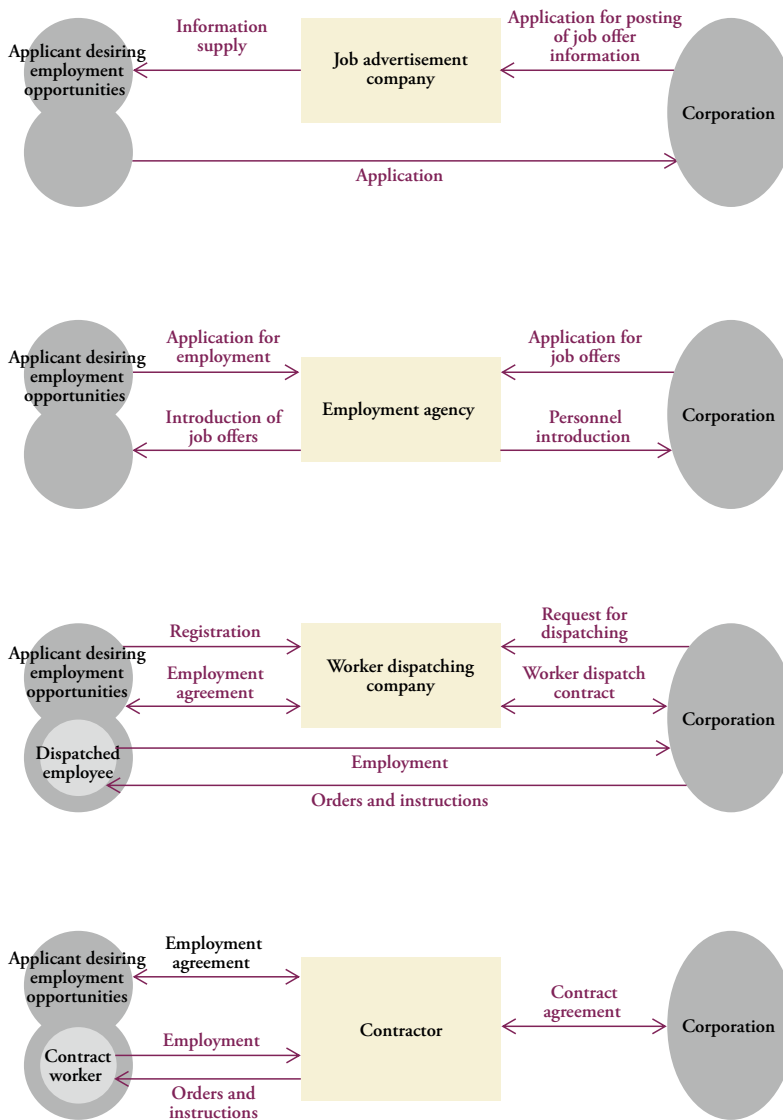
The worker dispatching business and contract work business share the characteristics of conducting employment management based on employment contracts with job seekers, such as wage and working hour management as the employer, and educational training via on- and off-the-job training. For the realization of employment management in these businesses, unlike in the case of directly hired employees, cooperation with user companies is required in many cases. Also, many operators of these businesses offer educational training opportunities to all applicants who have been registered, including those who are not employed.<sup>6</sup>

In recent years, responding to the various needs of companies and individuals, there are increasing numbers of operators that comprehensively conduct job advertisement, employment placement, worker dispatching, and contract work activities, as well as those that provide new services through a fusion of employment placement and worker dispatching, such as employment placement dispatching services.

### The Supply-Demand Adjustment Functions of the Human Resource Services Industry

In order to match corporate and individual needs, the human resource services industry provides functions to (1) discover the needs for employment offers and the

Figure 2-3 Human Resource Services Industry Business Form



6 See <http://www.jassa.jp/employee/lifestyle/index.html>.

7 A total of 231 sales representatives replied. The term "proposal implementation percentage" refers to the percentage of sales representatives who have made proposals. "Proposal acceptance percentage" refers to the percentage of the job advertisements in which the proposals have been accepted.

needs for job applications, and (2) to adjust the screening and needs. While the former function is provided by all business forms, regarding the latter function of adjusting the screening and needs, each business form conducts efforts utilizing its characteristics, and their specific methods are introduced as follows.

### The Job Advertisement Process

In the case of job advertisement,

unlike employment placement or other businesses, the application behavior of job applicants is determined solely by supplied information. When job advertisements are created without an accurate understanding of corporate human resource utilization needs, certain issues arise, including insufficient acquisition of applicants or a disproportionately high percentage of applicants who do not match corporate needs. To ensure that applicants meet corporate

needs, the persons in charge at job advertisement companies clarify the human resource requirements of companies, and then propose the content of advertisements in order to reach potential applicants who satisfy such requirements.

According to the results of a survey conducted by the Association of Job Information of Japan on its affiliated job advertisement companies,<sup>7</sup> in order to improve the degree of matching between

#### CASE 1

#### Eliminate Concerns of Those with No Industrial Experience through Posting of the Success Stories of Their Predecessors (Photo on the Left)

Company X, a Kaiten-zushi (or “rotating sushi”) franchise, needed human resources with experience and skills in another job category as well as conventional applicant groups, in preparation for the opening of three new restaurants. The person in charge in the job advertisement company noted the fact that there were many applicants who are interested in the food industry, although many of them had concerns about customer service skills. The job advertisement of Company X, therefore, expressed that there were many employees who had changed jobs with no experience in the food industry, as Company X supported such employees through their own in-house training program. Ads were placed at the front of the job advertisement magazine featuring employees who had changed jobs from different types of businesses and job categories, such as SE (system engineers). These ads attracted the attention of the personnel with no experience who were working in different industries. At the same time, the ads contained comprehensive information that job seekers would want to know, such as the unique educational system and specific salary examples of the company. The result was success in attracting those who were changing jobs from other industries.



#### CASE 2

#### Successfully Increase the Number of Personnel Hired through Job Advertisements that Allow Applicants to be Able to Understand the Nature of Job Assignments (Photo on the Right)

Company Y, a personal tutorial cram school, had demand for a class chief position in charge of shift management of lecturers, student curriculum creation, and responses to parents, rather than that of a lecturer. Many applicants desiring to be lecturers could be attracted to Company Y; however, it was difficult to hire class chiefs whose personnel qualifications differed from those of lecturers. This posed a problem for Company Y. Therefore, the person in charge in the job advertising company narrowed down the primary candidates to those in sales positions and supervisors of other industries. Such persons were tasked with answering job offer advertisements which were arranged as exam questions, and thus, they were able to understand the nature of the duties. As a result, despite the fact that the number of applicants decreased, the applicants who were suitable for the requirements of the job were narrowed down. Thereby, the number of personnel hired was dramatically increased. This is a successful example for job matching through the selection of targets and ingenious advertisement expressions in a job advertisement.

#### 校長にしが解けない問題があります。

以下の問題について考えなさい。

- 問 生徒に勉強の習慣を身につけさせる方法を考えなさい。
- 問 教室全体の成績を底上げする方法を考えなさい。
- 問 生徒と保護者のニーズを引き出す方法を考えなさい。
- 問 全ての生徒が満足する、講師の配置を考えなさい。
- 問 60名の教室に必要な非常勤講師の数を考えなさい。
- 問 新人講師を3ヶ月で一人前にする育成法を考えなさい。
- 問 生徒と講師の相性が合わないときの対処法を考えなさい。
- 問 高校3年の7月時点で偏差値55の生徒を、関関同立に合格させるカリキュラムを考えなさい。
- 問 受験を5ヶ月後に控える子供を持つ保護者への対応法を考えなさい。
- 問 保護者面談の時間は、一生徒あたり何分が最適か考えなさい。
- 問 保護者面談で寄せられた意見を反映する場合の優先順位を考えなさい。
- 問 担当教室の生徒数を1年で10名増やす方法を考えなさい。
- 問 生徒数が伸び悩む教室がある。考えられる要因を考えなさい。
- 問 教室を魅力的にみせる演出法を考えなさい。
- 問 会社の売上を前年よりも10%アップさせるためには、何をすべきか考えなさい。
- 問 校長ができることを全て考えなさい。

なまえ

※あなたの名前が教室名になります。

点

※模範解答はありません。  
あなたなりの方法で100点の教室を目指して下さい。

**Figure 2-4 Proposals Made by Job Advertisement Companies to Corporations for Effective Recruitment**

| Proposal  | Proposal implementation percentage | Proposal acceptance percentage |
|---|------------------------------------|--------------------------------|
| Change, expansion, and focusing of offered positions' job categories and targeted applicants<br>Ex. Targeting of applicants from different job categories that are not expected by advertisers. | 95.7%                              | 34.6%                          |
| Expansion of application eligibility *Expansion to "inexperienced persons are also eligible" is excluded. <sup>8</sup>  | 80.5%                              | 24.5%                          |
| Increase of salary  | 73.2%                              | 8.9%                           |
| elaboration of expression of recruiting terms such as job descriptions and training   | 97.8%                              | 49.9%                          |
| Creative expressions in sales copy for job advertisement  | 98.7%                              | 59.9%                          |
| Other   | 40.7%                              | 17.0%                          |

Source: Association of Job Information of Japan, "Survey on Promotion of Matching in Job Offer Advertisements."

corporate human resource requirements and applicants, 95.7% of the persons in charge at job advertisement companies have made proposals to companies for "change, expansion, and focusing of offered positions' job categories and targeted applicants," and 34.6% of all such proposals have been accepted. Also, 80.5% have proposed "expansion of application eligibility," of which 24.5% has been accepted. In addition, approaches unique to job advertisement have been implemented, including "elaboration in expressing recruiting terms such as job descriptions and training" and the "use of creative expressions in sales copy for job advertisement."

### The Employment Placement Process

One of the characteristics of the employment placement business is that career consultants act as intermediaries between companies seeking workers and applicants looking for employment opportunities. Therefore, in some cases job seekers are introduced to job opportunities that they are not aware of, in which they can make

use of their skills and abilities. According to the RECRUIT Works Institute's "Survey on Job-Change Process for Full-Time White-Collar Workers 2010," about 40% of the personnel who had changed their jobs and answered that they "discovered jobs that met their desired conditions" through the use of employment placement agencies replied that they had "come across unexpected employment offers."

For their part, many companies using employment placement agencies noted that they "had been able to hire high-quality personnel."<sup>9</sup> This is due to the enhanced accuracy in job matching when introducing applicants to user companies that is realized by a screening process that is not limited to business and academic background, but rather includes motivation, compatibility with the corporate climate, and the degree of matching between applicant's career orientation and possible career paths after entering the company.

Many employment placement agencies engage in personnel

recruitment for top executives and those with extremely high levels of expertise and skills. In the still immature career-change market for top executives, it is not only difficult to find the right persons, but there are also many other difficulties to realize the job transfer, such as strong discouragement not to resign from their positions. Therefore, employment placement agencies conduct negotiations with companies over matters such as adjustment of the date for moving to a new company, and provide support for smooth, trouble-free resignation. Additionally, such agencies offer medium- and long-term career advice to persons who are considering career changes in the future but not planning to change their jobs anytime soon.

### The Process in Worker Dispatching Companies

In recruitment and employment, there are many cases in which the requests of companies are not compatible with those of applicants. At one worker dispatching company, however, the employment-related demands of dispatched employees have been

<sup>8</sup> Because almost all sales representatives extend application eligibility to those with no experience, the question here is raised as to those with experience.  
<sup>9</sup> For instance, according to a survey conducted by Intelligence, Ltd. in 2007, more than 80% companies answered likewise.  
<sup>10</sup> Takuma Kimura, *Strategic Human Resource Management* [Senryakuteki jinzai kanri], SENBUNDO Co., LTD., 2010.

basically realized, as cases in which job categories desired by dispatched employees upon registration differ greatly from those that they actually experience (e.g., clerical work → sales, etc.) account for only 8.3% of all cases, while cases in which it is possible to shift to categories that more closely satisfy workers' demands (e.g., administrative work → trading work) account for 21.8%. On the other hand, 91.2% of all requests from companies for human resources dispatch has been satisfied—a very high figure.

Some user companies impose requests upon dispatched employees that are not appropriate in light of actual operations, such as demanding an unnecessarily high level of ability, a needlessly large number of skills, and the like. In order to adjust such demands to correspond appropriately to actual needs, persons in charge at worker dispatching companies have employed methods to improve the accuracy of matching through clarification of the truly vital requirements for potential dispatched employees, such as requesting user companies to establish priorities for the abilities and experiences that they demand for dispatched employees.<sup>10</sup>

Moreover, when worker dispatching takes place, because of the continuing relationship between worker dispatching companies and dispatched employees, it is also possible to continue to make adjustments between user companies and dispatched employees through follow-ups conducted by sales representatives and the like after the commencement of employment. The complaints and requests of dispatched employees following the commencement of employment can be roughly classified

as those attributable to the employees themselves and those attributable to companies that use dispatched employees. In the former case, worker dispatching companies attempt to improve the situation by providing educational training and counseling. In the latter case, worker dispatching companies work to satisfy the needs of both sides by negotiating with companies on behalf of dispatched employees.

### **The Process with Contract Work Companies**

In contract work that guarantees the completion of work for user companies, no relationship develops whereby user companies give orders or directions to contract workers. What user companies request to contract work companies are the abilities and skills necessary for performing the relevant operations. Therefore, contract work companies conduct recruitment and training to ensure that they can promptly and broadly provide the required services for the user companies.

Taking the example of contract work for manufacturing, in some cases, contract workers are hired with the anticipation of a certain degree of post-recruitment education and training and follow-ups after the initiation of employment. Moreover, it is also a characteristic of contract work that on-site leaders, positioning themselves between user companies and contract workers, play important roles in continuously adjusting needs for both parties through process management, on-site orders and instructions, technical guidance based on cooperation with user companies, and the like.

## 2.Roles that the Human Resource Services Industry Has Played in the Labor Market

The human resource services industry has played various roles in providing supply-demand adjustment functions in the labor market. Four typical roles are described as follows.

### Changing Jobs without Experiencing Unemployment

#### —Reduction of Costs Incurred when Changing Jobs

The first role is the reduction of costs for changing jobs incurred by individuals. That is to say, the human resource services industry broadly collects and disseminates job offer information that was once available for individuals only through personal information networks, and thus the industry

has made such information accessible to everyone.

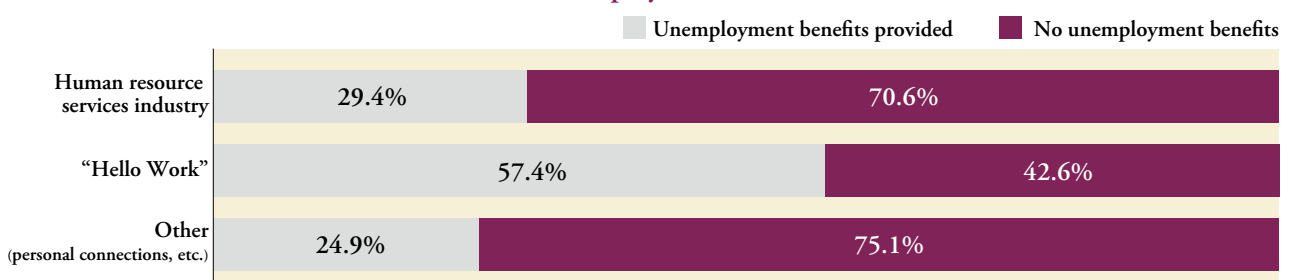
This significant reduction of costs (time and expenses) in the collection of information and other functions that are necessary to obtain employment opportunities has led to a shortened searching period for employment opportunities as well as job changes without experiencing unemployment (on-the-job search).

In fact, the average period from the start of information collection to the reception of an informal job offer is 8.4 weeks for those who changed their jobs using the human resource services industry, while it took 9.3 weeks for those changed their jobs via “Hello

Work” (RECRUIT Works Institute, “Working Person Survey 2002”). Job seekers are able to use job advertisement websites and to communicate with companies seeking workers. Thus, it has become possible for job seekers to discover desirable workplaces without leaving their previous jobs and without expending too much time in recruiting activities, because they are now able to collect job offer information, entrust exchanges with companies to employment placement agencies, and request worker dispatching companies to explore job opportunities and negotiate employment-related matters. In addition, the human resource services industry operators have been trying to improve face-to-face

Figure 2-5 Unemployment Benefits Receiving Rates Classified by Accession Path

Majority of the persons who have changed jobs making use of the human resource services industry do not receive unemployment benefits.



Source: RECRUIT Works Institute, “Special Tabulations” in “Working Person Survey 2010.”

\*Those employed through worker dispatching companies are included in the figures for human resource services industry. The same applies to other tabulations in the “Working Person Survey.”

services and develop new services to ensure that greater numbers of job seekers will use their services. This is also a factor contributing to the reduction of costs associated with job changes.

Regarding the unemployment benefits receiving rates, nearly 60% for those who changed their jobs via “Hello Work” receive such benefits, while the corresponding figure is under 30% for those who changed their jobs via the human resource services industry.

This also demonstrates that more people who are still in their previous jobs make use of the human resource services industry.<sup>11</sup> Unemployment insurance benefits for unemployed persons reached 620,000 yen on average per person in 2009 (Ministry of Health, Labour and Welfare, “Annual Report on Employment Insurance Services, FY2009”), From the viewpoint of saving financial resources for unemployment insurance as well as personal career continuation and motivation

maintenance, it is desirable to be able to change jobs and realize continued employment without becoming unemployed.

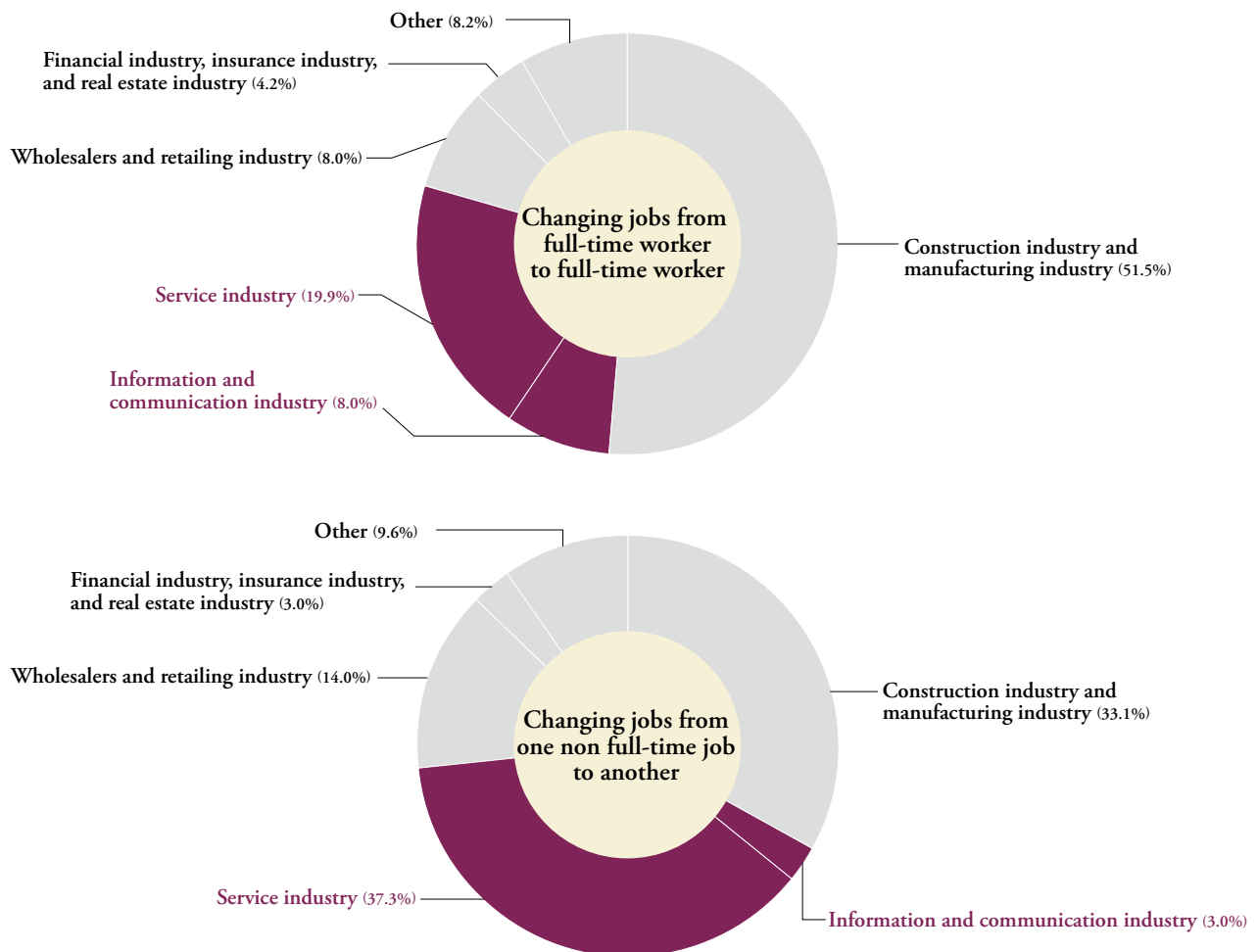
### Promotion of Labor Transfer to Growing Industries

The human resource services industry has greatly contributed to a shift of labor into growing industries. According to an analysis of labor mobility in the first decade after the year 2000, it is confirmed

11 Not all of those who have “no unemployment benefits” are currently working, as there are displaced workers who are not eligible for unemployment benefits.

**Figure 2-6 Changing Jobs via Human Resource Services Industry from Construction and Industry and Manufacturing Industry**

There has been much movement into growing industries, such as service industry and the information and communication industry.

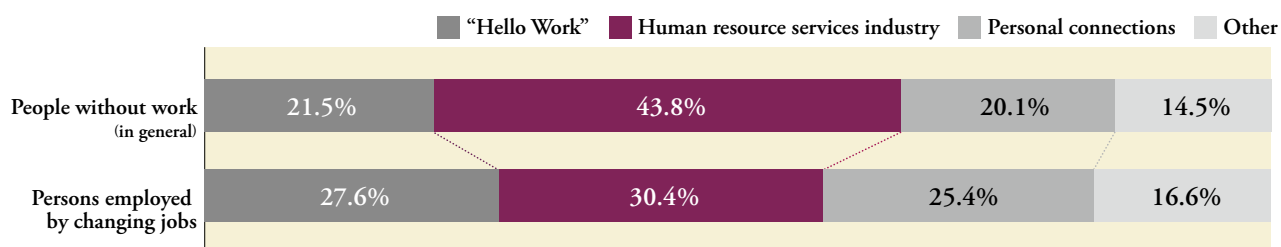


Source: RECRUIT Works Institute, “Special Tabulations” in “Working Person Survey.”  
 \* See the “Movement between Job Category Classified by Accession Path” in Reference Materials for details.



Figure 2-7 Accession Path by Career Background (2009)

More than 40% of people without work are employed via the human resource services industry.



Source: Ministry of Health, Labour and Welfare, “Survey on Employment Trends.”

\*The term “people without work (in general)” refers to those who have not experienced work for more than 1 year prior to accession, and this definition does not include new graduates with no experience.

“Hello Work” includes physical “Hello Work” offices and “Hello Work” internet services, and the human resource services industry includes private companies and job advertisement.

that there was a greater number of labor transfer into the service industry and the information-communication industry by job changes through the human resource services industry, compared with job changes that used channels such as “Hello Work” and personal connections. As for those who previously worked in the construction and manufacturing industries, they tended to shift to the information-communication industry when they were hired as full-time workers, while they were inclined to move into the service industry if their new employment form was not full-time. Also, in the case of job changes to become full-time workers, it is confirmed that the movement into the information-communication industry via human resource services industry was larger than the movement through other accession paths in any business industry. (See the “Movement between Job Category Classified by Accession Path” in the Reference Material for more details.)

There are several reasons why the human resource services industry can contribute to a labor transfer into growing industries. First of all, in growing industries, low-profile start-up companies and the like have limited abilities in

expending resources on recruiting operations, etc., hence there is a great need for the utilization of the human resource services industry. Other reasons include that because the human resource services industry itself is focused primarily on cultivating job offers, the industry can flexibly respond to human resource utilization needs in new fields, including the exploration of potential needs.

### Support for Participation in and Reentry into the Labor Market

If employment opportunities cannot be obtained despite the desire of people to be employed, there will be an increase in unemployed persons and a loss of human resources. The human resource services industry has also played a major role when job seekers without work experience enter into the labor market. Looking at the accession path by career background, more than 40% of people without work (general) use human resource services as a means for finding employment.

To date, the human resource services industry has worked on exploring employment opportunities for diverse job seekers, including women. In particular, the

worker dispatching and contract work businesses play important roles in helping smooth participation in and reentry into the labor market by job seekers who have difficulties doing so through direct employment by companies, because the two businesses perform employment management for user companies of human resource services including follow-ups after the assignment of dispatched employees and contract workers, and because these businesses can explore a variety of job opportunities in line with workers’ employment possibilities.

Looking at the worker dispatching business, for example, there is generally a so-called “M-shaped curve,” a phenomenon in which the employment rate for females declines following a peak at their late 20s, and then the rate increases again in their 40s. The penetration rate of dispatching for women (i.e., the percentage of dispatched s out of the total employees) is the highest for those in their 30s, which corresponds to the bottom of the M-shaped curve. Therefore, it can be said that new employment opportunities in response to the needs of those in the aforementioned category have been developed

through intermediation by worker dispatching companies.<sup>12</sup>

### Promotion of Fair Recruitment through Educational Activities

The human resource services industry can undertake various approaches to both job seekers and companies, including the provision of information. In particular, in order to realize appropriate and fair recruitment, the human resource services industry has focused upon educational activities, such as promptly providing companies with information about amendments to the law.

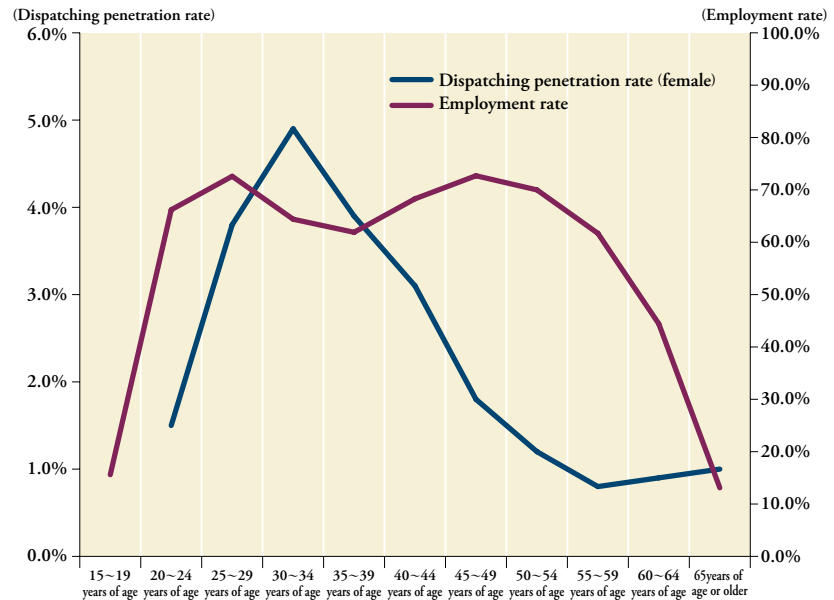
More specifically, such educational activities include providing education in order to eliminate differences between job offer information and actual employment conditions, to eradicate gender segregation through

recruitment and solicitation, and to expand employment opportunities for the handicapped. The

human resource services industry continuously implements these kinds of measures.

**Figure 2-8 Female Employment Rate and Penetration rate of Dispatching for Women**

Generally speaking, the dispatching penetration rate rises to the highest point for those in their 30s while the employment rate declines.



Source: Ministry of Internal Affairs and Communications, "Labour Force Survey."

12 In addition to the worker dispatching and contract work businesses, one of the reasons behind this is that since the 1980s, when the Equal Employment Operation Act was enacted, a series of information publications have been issued that summarize job offer information only for women, which boosted the employment of women seeking career-oriented jobs and full-time positions. Since gender segregation in the recruitment process was prohibited due to a 2006 amendment to the law, job information limited to women is currently not being provided, except for in "positive action" cases.

**A (female in her late 20s)**

A was looking for a job on her own while raising a child as a single mother. She had not been able to obtain employment opportunities for a long time due to her lack of sufficient academic background, as she did not graduate from high school. Therefore, she was living on welfare. In order to become independent, she participated in an employment support program of a worker dispatching company. A corporation that initially avoided accepting her due to her low level of education accepted her later for an employment placement dispatching position after negotiation by the dispatching company. Her work performance during a dispatching period was evaluated well and thus, she was directly hired by the same corporation 6 months later.

**B (male in his early 20s)**

B, who was working as a dispatched employee, overslept, arrived late, and was absent from work without any notice on many occasions. He was therefore not evaluated well by user corporations and could not maintain job assignments for long. In the course of managing his attendance and leaving, the person in charge of him at the dispatching company paid special attention to him, such as by waking him up every morning so that he did not arrive late at work. B's attitude toward life changed as a result, and he continues to work as a dispatched employee now.

**C (male in his early 20s)**

After dropping out of a high school, C drifted from one temporary job to another, and he had extremely low motivation for employment. He started to think about the meaning of work, however, through an employment support program unique to his worker dispatching company, which involved factors such as employment training at a special subsidiary company and career counseling. Stimulated by this program, he became positive about employment. As a result, he was directly hired through mediation of the dispatching company.

**D and E (married couple in their 40s)**

D and E wanted job assignments near their house, with less overtime, due to the need for care in attending to their parents. Initially, D alone took care of E's mother. However, later it became necessary to care for D's father as well. To that end, E left a full-time work position, and started to care for E's mother. D decided to seek a job that could balance his need to care for his parents as well as work, due to the decline in their income. Since there was a request for dispatching a certain number of workers at a neighboring factory, a worker dispatching company discussed the situation of this couple with the user company and both D and E could be hired together.

### The Human Resource Services Industry Have Been Pressing forward for the Employment of New Graduates

The human resource services industry, mainly those involved with job advertisements, has played a major role concerning employment for university students and graduate school students. It has become possible for students to broadly obtain relevant information and conduct job-hunting regardless of the prefectures and cities in which universities are located or students reside. Also, it has become possible for corporations to come into contact with students nationwide.

The students used to decide on places of employment from limited choices, such as job postings at universities. In the 1960s, the human resource services industry started to issue informational magazines that organized corporation information, which allowed for easier comparison and review of corporations. In the 1990s, employment information websites were created and information from every corner of Japan could be collected there. At the same time, in addition to corporate information, information on acceptance screening processes was also publicized. Thus, the scope of information available to students broadened dramatically. Almost all students who desire to be hired make use of employment websites nowadays. The spread of the Internet allowed vast improvement of the convenience

of job-hunting activities for students in rural areas in particular, while also allowing corporations to come into contact with a wide range of students.

Diffusion of employment information as such has promoted fair competition. In recent years, an increasing number of business operators of the human resource services industry engage in employment support services for graduates who are about to graduate but have not yet received official job offers and recent graduates who have not determined their places of employment.

Figure 2-9 Fair Recruitment Educational Activities for Corporations

● AJJ: Association of Job Information of Japan     ● JESRA: Japan Executive Search, and Recruitment Association  
● JS: JSSA: Japan Staffing Services Association     ● JSLA: Japan Production Skill Labor Association

| Year | Major law amendments  | Human resource services industry approaches   |
|------|---|---|
| 1986 | Enactment of the Equal Employment Opportunity Act<br>Enactment of Worker Dispatching Act  |   |
| 1988 |   | <span style="color: #800080;">●</span> Commencement of issuance of “Educational Booklet on Appropriate Solicitation and Screening for Job Offers”   |
| 1989 |   | <span style="color: #800080;">●</span> Issuance of “Leaflet for Promotion of Employment of the Handicapped”   |
| 1990 |   | <span style="color: #000080;">●</span> Issuance of “Guidebook for Proper Dispatching Employment” (until 1999)   |
| 1996 | Enactment of Amendment to the Labor Standards Act (40 actual working hours a week)<br>Enactment of Amendment to the Worker Dispatching Act (expansion of targets for 26 types of jobs)  |   |
| 1999 | Enactment of Amendment to the Equal Employment Opportunity Act<br>Enactment of Amendment to the Worker Dispatching Act and Amendment to the Employment Security Act (liberalization in principle)   | <span style="color: #800080;">●</span> Issuance of “Leaflet for Amendment to the Equal Employment Opportunity Act”  |
| 2003 |   | <span style="color: #800080;">●</span> Issuance of “Card-Type Calendar for Age Limit Relaxation”  |
| 2004 | Enactment of Amendment to the Worker Dispatching Act (extension by 3 years to the period limit for liberalized operations and deregulation of worker dispatching services in manufacturing industry)<br>Enactment of Amendment to the Act Concerning Stabilization of Employment of Older Persons | <span style="color: #800080;">●</span> Commencement of “campaigns such as issuance of educational leaflet for those who offer employment for the handicapped and posting of job offer information without charge”<br><span style="color: #008080;">●</span> Amendment of JESRA Code of Ethics and Action Agenda<br><span style="color: #000080;">●</span> Issuance of “Various Leaflets for Companies Supplied with Dispatched Employees” |
| 2005 | Full enactment of the Personal Information Protection Act   | <span style="color: #800080;">●</span> Issuance of “Points on Solicitation and Advertisement for Outsourcers,” “Indication of Salary in Job Advertisement,” “Protection of Personal Information in Application Documents, etc.,” “Participation in Social Insurance,” “Equal Employment Opportunity Act,” and “Relaxation of Age Limit”   |
| 2006 |   | <span style="color: #FF8C00;">●</span> Implementation of “Business Project for Promotion of Improvement and Appropriateness of Employment Management for Contract Work Business in the Manufacturing Industry” (also implemented in 2007 and 2009)  |
| 2007 | Enactment of Amendment to the Employment Countermeasures Act (prohibition of age limit, etc.)<br>Enactment of Amendment to the Equal Employment Opportunity Act (prohibition of discrimination against both male and female, indirect discrimination, etc.)                                       | <span style="color: #FF8C00;">●</span> Implementation of “Contract Work Guidelines Seminar,” and “Training of Personnel Responsible for Offices”  |
| 2008 | Enactment of the Labor Contract Act   | <span style="color: #000080;">●</span> Implementation of “Human Rights Education Seminar” and commencement of “Seminar for Companies Supplied with Dispatched Employees”  |
| 2009 |   | <span style="color: #008080;">●</span> Issuance and distribution of “For Realization of Fair Recruitment Screening (DVD and brochures)”   |
| 2010 |   | <span style="color: #000080;">●</span> Issuance of “Guidelines on Dispatching of Older Persons”<br>Implementation of “Seminar on Promotion of Employment of Older Persons in the Worker Dispatching Business”<br><span style="color: #FF8C00;">●</span> Holding of “Compliance Seminar” for companies supplied with dispatched employees  |
| 2011 |   | <span style="color: #008080;">●</span> Issuance of “Leaflet on Handling of Sensitive Information” for Companies Seeking Workers”  |

# 3. Issues in the Human Resource Services Industry

The human resource services industry has contributed to improved supply-demand adjustment in the labor market. Nevertheless, there are still quite a few issues to be resolved.

## Issues to Be Addressed

### Career Path for Fixed-Term Employees through External Labor Market

Corporations that are exposed to high levels of uncertainty have difficulties maintaining full-time workers (who are employed on a long-term basis) on the scale that was previously feasible. Such corporations have expanded their

utilization of fixed-term employees, as well as dispatched employees and contract workers as external human resources. However, the career path and scope of utilization of these employees are limited. Opportunities to develop ability are only provided within the scope necessary for relevant operations.

It is not realistic to expect corporations to provide fixed-term employees (including dispatched employees and contract workers) with opportunities to develop their abilities beyond the scope necessary for the operations in which they engage. Rather, it is necessary to seek career development methods through the

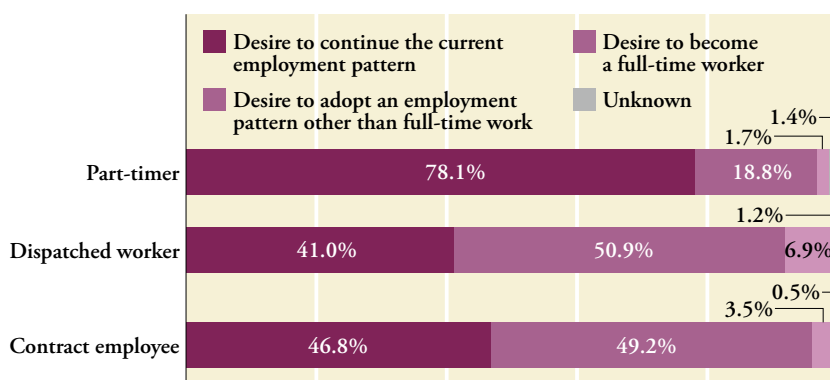
external labor market.

More specifically, even in cases in which job status changes from one type of fixed-term employment to another, it is important to support job changes that allow constructive work experience to be obtained. This is because practical experience is the most efficient and useful way to develop abilities. Additionally, it is necessary to supply relevant information on career design and to propose workplaces to those who desire to take on full-time positions. This task involves adjustments that take into consideration both possible employment and desired conditions.

Even if it is impossible to master required capacities and skills through a single job change, it is necessary for the human resource services industry to provide a path for acquiring capacities and skills from a medium-to-long-term viewpoint. It is also necessary for the human resource services industry to support career formation in line with desires of applicants on a multi-year basis.

Figure 2-10 Desired Work Status in the Future

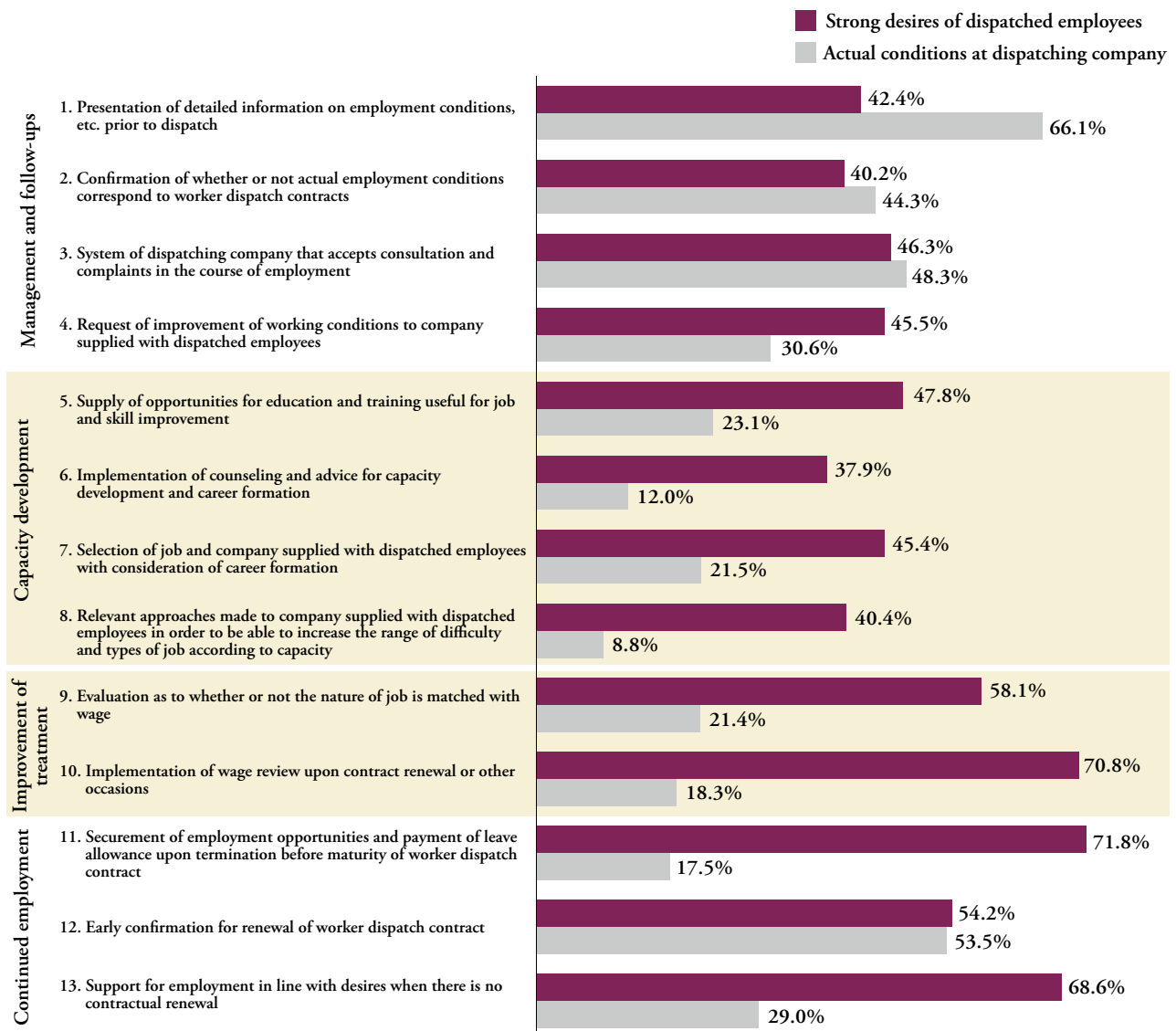
Support based on desired work status is important.



Source: Ministry of Health, Labour and Welfare, "General Survey on Diversified Types of Employment (2010)."

Figure 2-11 Dispatched Employees' Expectation Concerning Dispatching Companies

Differences between dispatched employees' desires and actual condition must be resolved.



Source: Ministry of Health, Labour and Welfare, "Web Questionnaire Survey on Dispatched Employees" in "Report on Business for Promotion of Sound Growth of Superior Human Resources Business Operators (2009)."

### Improvement of Capacities and Treatment of Dispatched Employees and Contract Workers through Employment Management

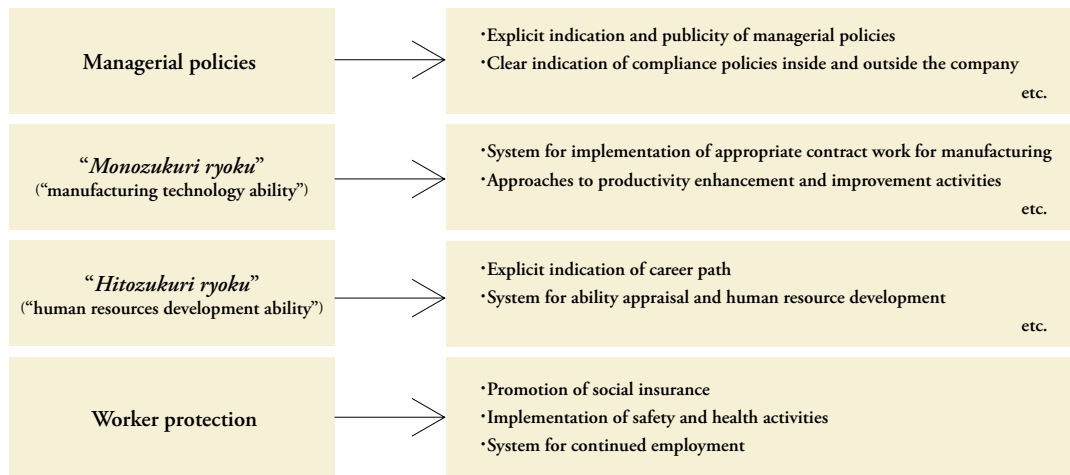
Worker dispatching and contract work businesses perform employment management functions. Further work on the part of employers is needed to support career formation and improvement of treatment. There are quite a few worker dispatching companies and contract work companies that handle such efforts. However,

currently, as shown at left, there is a significant difference between desires of dispatched employees and actual approaches taken by worker dispatching companies. Responses have not been made in line with the expectations of dispatched employees.

For instance, there have been calls for ability development, such as: "7. Selection of job and company supplied with dispatched employees with consideration of career formation" and "8. Relevant approaches made to company

supplied with dispatched employees in order to be able to increase the range of difficulty and types of job according to capacity." These requests are related to career formation through the external labor market. Additionally, in regards to "9. Evaluation as to whether or not the nature of job is matched with wage" and "10. Implementation of wage review upon contract renewal or other occasions," it can be said that there are questions about the meaningfulness of the intermediation of worker dispatching companies between

**Figure 2-12 Examination Requirements for Accreditation of Superior Operators in Contract Work for Manufacturing**



Source: “Accreditation System for Superior and Appropriate Operators in Contract Work Business for Manufacturing,” a project commissioned by Ministry of Health, Labour and Welfare.

dispatched employees and user corporations.<sup>13</sup>

It is necessary for worker dispatching companies and contract work companies to respond to needs of dispatched employees and contract workers with the cooperation of user corporations.

### Preventing Mismatching through Improvement of Matching Ability

Individual employment needs and corporate human resource utilization needs should be promptly and accurately matched. This is a shared issue through the human resource services industry. However, progress is being made with diverse and complex employment needs and corporate human resource utilization needs. In the midst of such conditions, further difficulties in connecting both sides have emerged, and there are concerns that such disconnect could increase.

Corporations have already been exposed to severe economic

competition within a highly uncertain economic environment. Given this situation, corporations need to promptly acquire human resources and flexibly utilize them within limited budgets. Meanwhile, those who desire to be hired would like to obtain employment opportunities and stable work. In addition, there are growing needs for reasonable and realistic forms of employment that allow for a well-balanced lifestyle—one that permits factors such as childrearing and nursing care, regardless of gender.

In order to connect both sets of needs through the human resource services industry, it is essential to adjust the desired conditions of both individuals and corporations and to improve skills for appropriate matching.

For instance, opinions from individuals and corporations should be obtained in a nuanced manner. Through such measures, data for judgment that allows prioritization of desired conditions will be supplied. It is requested that

corporations review recruitment, looking ahead at ability development after joining corporations from time to time. As such, comprehensive advice for corporate human resource utilization will be conducted. Additionally, it is necessary to provide individuals with information on the labor market (i.e., what corporations desire in terms of occupational skills), and to urge related ability development.

The human resource services industry cultivates increasing employment opportunities, and discovers and fosters diversified human resources who desire to be hired. In conjunction therewith, it is expected that the human resource services industry will increase its matching abilities more than ever before and connect employment needs with human resource utilization needs.

### Enhancement of the Human Resource Services Industry through Human Resources Development

<sup>13</sup> Approaches to payment of leave allowance upon termination before maturity of worker dispatch contract have progressed along with the revision of Guidelines for Companies Supplied with Dispatched Workers and Worker Dispatching Business Operators in 2009.

Figure 2-13 Approaches for Fostering Superior Operators and Engaged Parties

● AJJ: Association of Job Information of Japan   
 ● JE: JESRA: Japan Executive Search, and Recruitment Association  
● JS: JSSA: Japan Staffing Services Association   
 ● JSLA: Japan Production Skill Labor Association

| Year | Approaches by Human Resource Services Industry   |
|------|--|
| 1987 | <span style="color: blue;">●</span> JS Establishment of “Worker Dispatching Business Employment Management Adviser”  |
| 1992 | <span style="color: blue;">●</span> JS Commencement of “Persons in Charge of Practical Operations (Top Management) Seminar”  |
| 1997 | <span style="color: purple;">●</span> AJJ Commencement of “Qualification Exam for Those Handling Job Advertisements”   |
| 2000 | <span style="color: blue;">●</span> JS Implementation of “Training for Dispatching Business Operators” (implemented until 2004)  |
| 2001 | <span style="color: orange;">●</span> JSLA Commencement of “Training for Persons in Charge of Employment Management” and “Training for Foreman,” etc.  |
| 2003 | <span style="color: purple;">●</span> AJJ Establishment of “AJJ Mission Statement”   |
|      | <span style="color: blue;">●</span> JS Holding of “Consultation Case Seminar” (implemented until 2008) and implementation of “Law Amendment Seminar”   |
| 2004 | <span style="color: green;">●</span> JE Commencement of Staffing Consultant Course (introductory course and basic course)  |
| 2005 | <span style="color: purple;">●</span> AJJ Commencement of “Job Advertisement Award”  |
|      | <span style="color: blue;">●</span> JS Commencement of “Human Resources Development (Increase of Knowledge) Seminar”   |
| 2006 | <span style="color: green;">●</span> JE Commencement of “Legal Practice Seminar”   |
| 2007 | <span style="color: green;">●</span> JE Commencement of the System for “Qualification of Consultants Accredited by JESRA” (implemented in 2005-06 as a project commissioned by the Industrial Employment Upgrading Promotion Scheme of the Ministry of Health, Labour and Welfare) |
|      | <span style="color: orange;">●</span> JSLA Commencement of “Business Manner Seminar,” commencement of issuance of “Safety and Health Guidebook,” and commencement of “Class-1 Health Officer’s Examination” and “Training for Support for Passing the Exam”                        |
| 2008 | <span style="color: blue;">●</span> JS Establishment of “Appropriate Operation of Worker Dispatching Business (voluntary rules)” and implementation of “Mental Healthcare Seminar”   |
| 2009 | <span style="color: green;">●</span> JE Commencement of “Staffing Consultant Course (Exercise Course)”   |
|      | <span style="color: orange;">●</span> JSLA Holding of “Evaluator Fostering Trainer Accreditation Course”   |
| 2010 | <span style="color: blue;">●</span> JS Commencement of “Training Seminar for Persons in Charge of Mental Health Promotion” and issuance of “Dispatched Staff Follow-up Handbook (Points for Mental Healthcare)”  |
|      | <span style="color: orange;">●</span> JSLA Holding of “Accomplishment Report Session for Trial Outcomes concerning the Accreditation System for Superior and Appropriate Operators”  |
| 2011 | <span style="color: green;">●</span> JE Commencement of “Industrial Study (Trend of Job Offers) Seminar”   |
|      | <span style="color: blue;">●</span> JS Commencement of “Business for Support of Self-Development for Dispatched Workers” and issuance of “Dispatched Staff Follow-up Handbook (Cases for Mental Health)”   |
|      | <span style="color: orange;">●</span> JSLA Commencement of “Practical Seminar for Contract Work for Manufacturing”   |

In order to improve matching ability and to support career formation for individuals from a medium-to-long-term perspective, it is essential to encourage specialization and the upgrading of the occupational skills of those who are involved in the human resource services industry.

Furthermore, a scandal involving deception related to contract work took place in the human resource services industry, and it was the subject of extensive coverage and reporting in 2006. Some operators illegally deducted

wages or did not provide social insurance. As such, successive compliance-related problems took place. In order to resolve such problems, a highly law-abiding spirit is expected for all persons who are involved in the human resource services industry. At the same time, it is necessary to configure a system that encourages the withdrawal from the market of malicious operators who repeatedly conduct illegal acts and identify social aspects of superior operators.

Industrial groups have proactively

approached business projects for education, training, and edification targeting member corporations. Establishment of voluntary rules and an accreditation system for superior contract work operators is effective. However, in order to make such measures truly effective, it is necessary to focus upon education and training for specialized and upgraded occupational skills for those who engage in the human resource services industry.



## Misunderstandings concerning the Human Resource Services Industry

One of the problems embraced by the human resource services industry is the prevalence of misunderstandings. Typically speaking, there is a perception that the human resource services industry engages in excessive profiteering and causes employment instability.

First of all, as far as the cost structure of the worker dispatching business is concerned, about 70% of the dispatched fees are accounted for by wages paid to dispatched employees. The rest of such fees are taken up by social insurance premiums, education and training costs, solicitation

costs, and the like. Costs incurred for wages during paid leaves and for compensation for non-employment are paid for using the aforementioned fees. Therefore, the operating margins for the worker dispatching industry as a whole are not high. It seems that these misunderstandings can be resolved through proactive provision of information on employment management functions of worker dispatching companies (see the “Human Resource Services Industry Matching Flow” in Reference Materials).

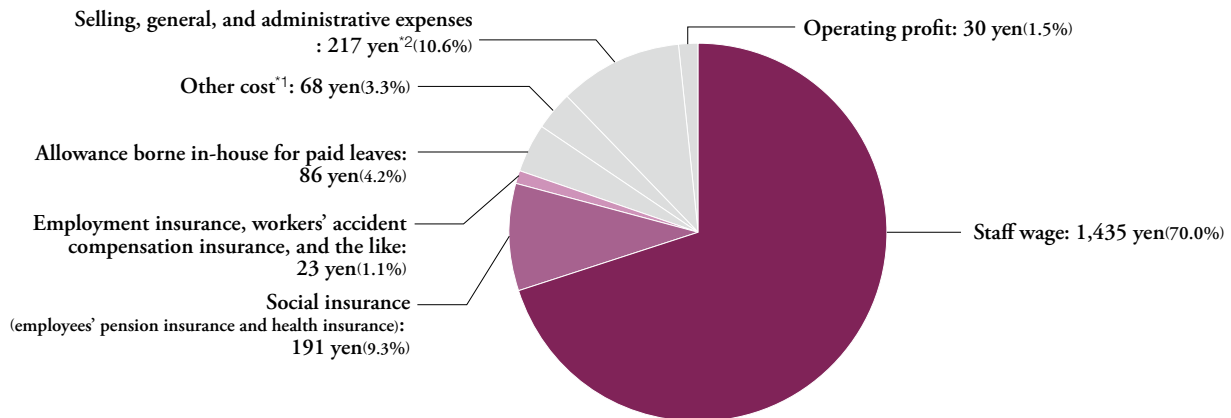
Moreover, increases in the number of fixed-term employees have been caused by structural changes in the labor market. The human resource services industry proactively engages in supply of information that assists transitions

from fixed-term to full-time employment and supports those seeking to move into work with which they have no experience. However, as stated above, in an economic environment in which uncertainty is increasing, divergence between individual needs and the needs of corporations is expanding. Further approaches are expected from the human resource services industry.

These issues cannot be resolved by the human resource services industry alone, and they should be understood as structural labor market issues. Thus, it is important to solve such problems through the collaboration of the human resource services industry with corporations.

Figure 2-14 Details for Dispatching Fees (2,050 yen concerning Unit Price Claim)

70% of dispatching fees are wages and 10% are insurance premiums.



Source: Japan Staffing Services Association "Mechanism of Dispatching Fees,"  
<sup>\*1</sup>: Staff solicitation advertisement, education and training, and benefit package  
<sup>\*2</sup>: Employee cost, rental fees, and communication cost

Chapter

# 3

## The Labor Market of 2020 and New Issues

In this chapter, structural changes to the labor market by the year 2020 will be outlined, and the potential contributions of the human resource services industry will be examined, together with some specific approaches.

According to “Future Forecast 2020: Outline of Work” by Works Institute Recruit Co.,Ltd., which forecasts the near future of the labor market, as the population ages and fewer babies are born, the future age distribution for employed persons will change remarkably.

Japan’s “baby boomers,” who were born from 1947 through 1949, were “55 through 64 years of age” in 2010 and will be “65 years of age or older” in 2020. Japan’s so-called “dankai junior” generation was born from 1971 through 1974, and was “35 through 44 years of age” in 2010, and members of this cohort will be “45 through 54 years of age” in 2020. The number of those aged “35 through 44 years of age” in 2010 is the largest; however, the numbers for the “45-through-54 years of age” group will account for 25.1% of the total population in 2020. The number of persons “65 years old or older” will continue to increase, while conversely, the numbers for the younger generations of “15 through 24 years of age” and “25 through 34 years of age” will consistently decline.

In addition to upward movement of the age distribution zone with

# 1. An Employment Structure in Which Middle-Aged Persons and Seniors Are Increasing: Overcoming the “age barrier” through recruitment and employment

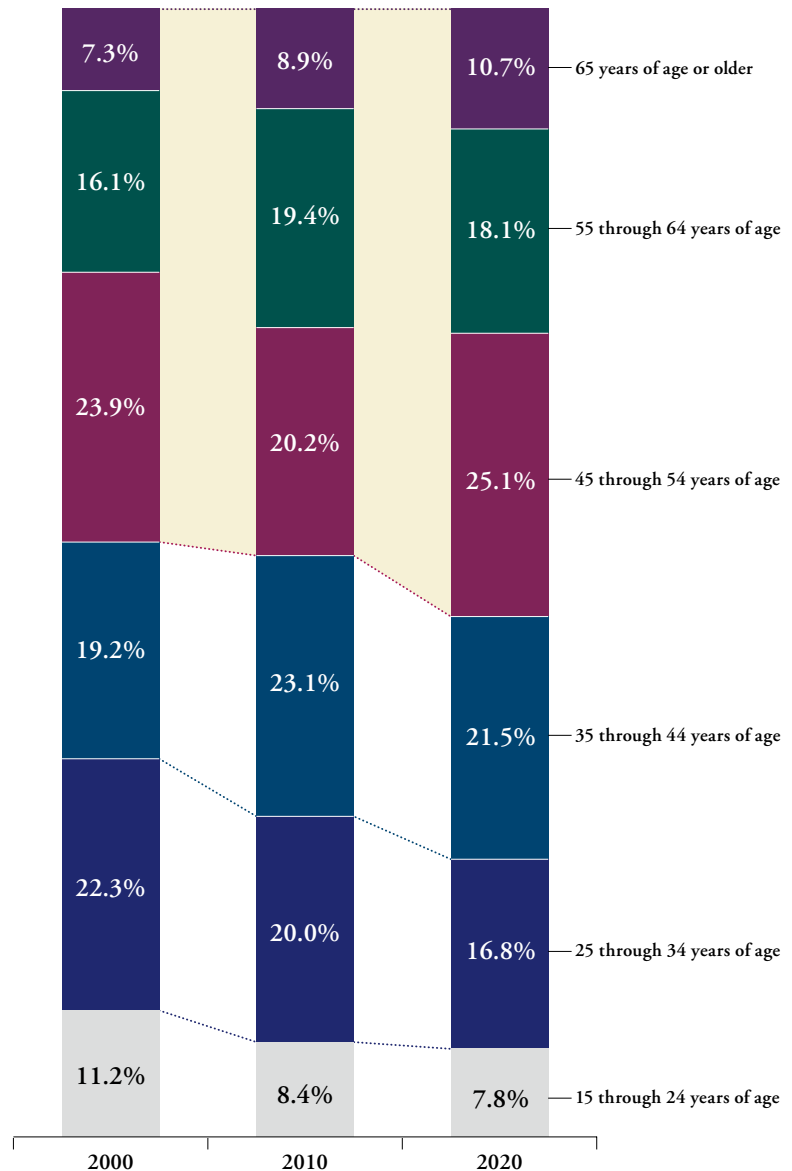
the largest number of persons, preservation of employment opportunities for those 60 years of age or older will become a major problem. Due to an amendment to the Act on Stabilization of Employment of Older Persons, corporations are required to undertake measures for continued employment until 65 years of age. However, not all corporations can respond to such measures.

Age discrimination in solicitation and recruitment is prohibited in principle,<sup>14</sup> and the trend is towards the removal of “age barriers.” However, reality does not necessarily reflect this trend. Systems that allow those who desire to be hired at the age of 45 or older (the numbers of which will be increasing in the years to 2020) to change their jobs or be hired easily still remain underdeveloped.

It can be said that establishment of a system that allows labor movement for persons 60 years of age or older is now substantially

Figure 3-1 Change in Age Distribution of Workers

Workers at 45 years of age or older will account for a majority by 2020.



Source: RECRUIT Works Institute, “Future Forecast 2020: Outline of Work.”

<sup>14</sup> Employment Measure Act(Ensuring Equal Opportunities in Recruitment and Employment, Irrespective of Age)Article 10 When it is deemed necessary for helping workers make effective use of their abilities as specified by Ordinance of the Ministry of Health, Labour and Welfare, an employer shall provide equal opportunity in the recruitment and employment of workers, irrespective of workers’ ages, as specified by the Ordinance of the Ministry of Health, Labour and Welfare.

## Approaches of the Human Resource Services Industry

# Outplacement Consulting Firms that Enhance the Potential Labor Movement of Middle-Aged Persons and Seniors

As one pattern of employment placement, outplacement consulting firms support the re-employment of retired workers who have participated in voluntary early retirement programs at the request of corporations. In many cases, comparatively speaking, staff cutbacks are conducted targeting those in advanced age groups. Thus, there are many middle-aged persons and seniors who desire to be hired using outplacement consulting firms.

The results of the analysis of 4,131 reemployed persons who used an outplacement consulting firm A are described as follows. The age distribution of service users was: 3.2% for those in their 20s, 16.8% for those in their 30s, 29.4% for those in their 40s, 38.5% for those in their 50s, 12.1% for those 60 years of age or older. The majority of such persons were 50 years of age or older.

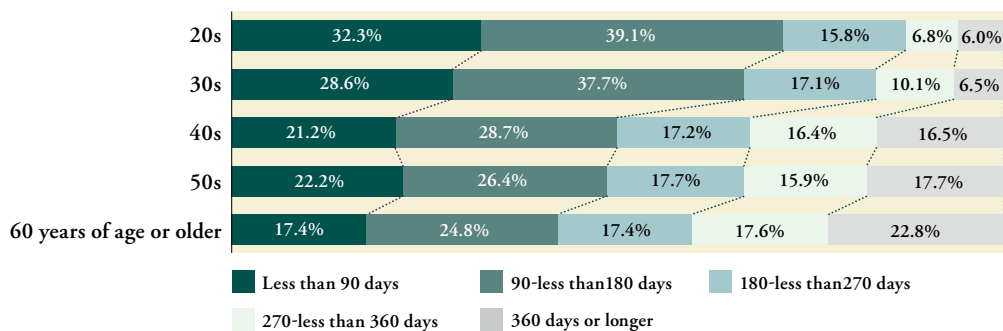
The older the persons who desire to be hired become, the more time it takes to achieve reemployment. However, most of persons using the aforementioned outplacement consulting firm were hired eventually.

How do outplacement consulting firms support

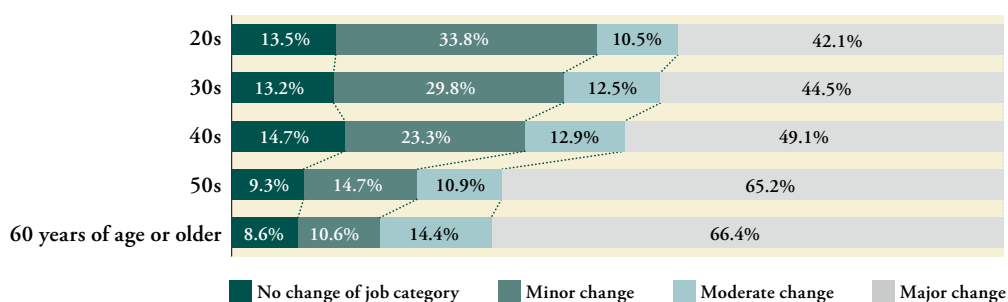
reemployment that includes those in age groups who have difficulty changing their jobs? Taking a look at the second graph, as persons who desire to be hired become older, the extent of changes between job categories increases. The term “minor change” of job category refers to job changes within the same category, such as a change within the clerical job category from finance to legal affairs. The term “moderate change” refers to changes such as those from clerical work to sales positions, and the term “major change” refers to those changing to completely different jobs, such as from clerical work to security positions or the like. It can be said that broad labor market searches allow applicants to assume positions that are completely different from those they have experienced or specialized before, yet in which they are able to make use of their skills.

It is shown that possibilities for employment will increase when support for and cultivation of job offers are conducted with the intermediation of outplacement consulting firms, even for age groups that can be considered to have difficulty finding suitable matches in the labor market.

**Figure 3-2** Period until Reemployment



**Figure 3-3** Extent of Job Category Change for Reemployment



Source: Business Data of Outplacement Consulting Firm A.

commencing.

Based on estimations of high potential for organizational suitability and training, corporations tend to prefer members of younger generations. Employment management that focuses upon internal education will be valued as a source of corporate competitiveness in the future as well. However, employment

management alone cannot respond to the decline in the number of young workers in the labor force or to the utilization of diversified human resources, and any such attempt would be likely to fail. It is important to appropriately evaluate the proficiency in skills fostered through long-term experience possessed by the middle-aged persons and seniors.

The human resource services industry must confront the aforementioned issues as a corporate partner so that all age groups will be motivated to work and able to exercise high levels of productivity. The human resource services industry is strongly expected to play a part in innovation for the corporate employment treatment system.

## 2. An Industrial Structure with A Shift towards Service Economy: The necessity for career changes to different industries and occupations

A shift towards service economy will further advance in the years until 2020. A total of 30,980,000 persons will work in the information and service industries, accounting for the majority of all workers. Within the information and service industries, medical and human services fields, the transportation industry, and the information and communication industry will expand. Education and study support, lodging, and eating and drinking service industries will decline. A total of 11,490,000 persons, or less than 20% of all workers, will be engaged in manufacturing and construction, as employment absorption in these areas declines due to offshoring.

Job category structure will also change along with changes in industrial structure. During the period from 2010 to 2020, positions in the service industry will increase by 1,050,000, and there will be an additional 430,000 specialist in technical positions. Labor-related services and transportation and communication positions will decrease by 3,430,000 persons. At present, clerical and sales positions account for the highest number of persons hired, and this situation will not change in the years to 2020, with the figure for such year expected to be 20,870,000.

The aforementioned changes will

force corporations to shift from their current industries into growing industries, and they will also compel individuals to move from jobs in low demand to those in high demand. By 2020, it is expected that the work-related goals of individuals will change more than ever, due to a prolonging of working life.

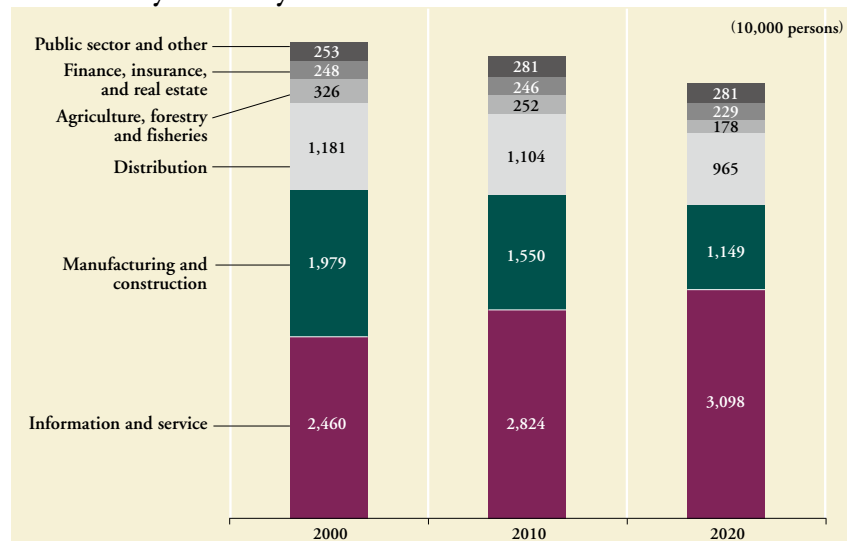
However, it is not always easy to shift one's career into a different industry or occupation. This is because the higher the continuity with experience and specialization becomes for mid-career employment in an effort to obtain a more immediate fighting strength, the greater the potential for changing jobs becomes. Corporate persons

in charge of recruitment and those who desire to be hired often evaluate potential for changing jobs looking solely at job categories in which the applicant has experience or types of business represented in an individual's work history.

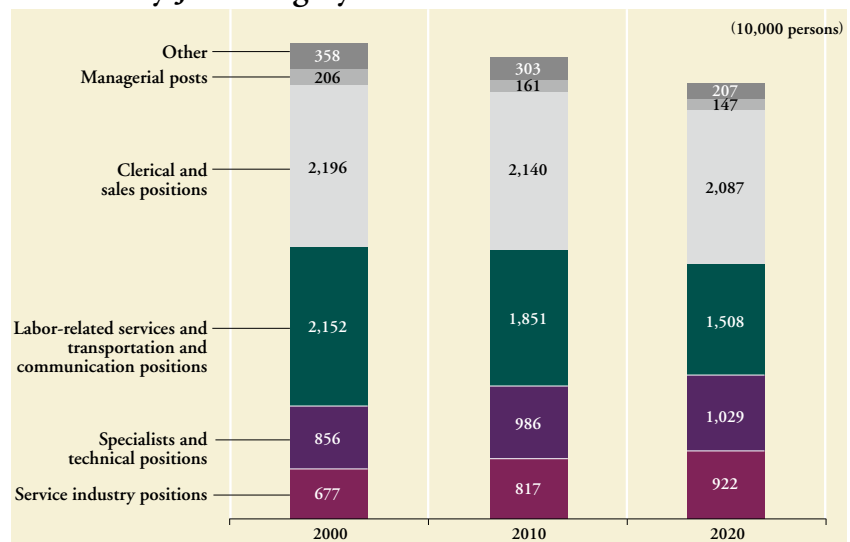
Even when considering superficially different jobs, vital points and required abilities may be matched. Career consultants in the human resource services industry are able to discover convertible continuity between jobs that apparently seem to be discontinuous.

Influence on employment from changes in industrial structure differs in accordance with region and gender. For instance, employment opportunities in manufacturing and construction are created in rural areas, and many male workers are involved in these areas. The information and communication industry tends to be concentrated in urban areas, and there are many female workers involved in the service industry. Accordingly, when considering shifts into different industries and occupations, it is essential to consider regional movement and the cultivation of workplaces from time to time. The human resource services industry is required to address this multifaceted and highly difficult issue.

**Figure 3-4 Change in the Number of Employed Persons by Industry**



**Figure 3-5 Change of the Number of Employed Persons by Job Category**



Source: RECRUIT Works Institute, "Future Forecast 2020: Outline of Work."

## The Approaches of the Human Resource Services Industry

# From the manufacturing industry to the human services industry Career changes for dispatched employees after the financial crisis triggered by the bankruptcy of Lehman Brothers

Changing to a different job is not always easy. However, after the financial crisis of 2008, there have been cases of change from the manufacturing industry to the human services industry.

After the financial crisis in 2008, due to production reduction and suspension in the manufacturing industry, early termination before maturity of employment contracts for dispatched employees at production sites and non-renewal of employment contract took place in succession.<sup>15</sup> Even in cases of termination of employment at a single company using dispatched employees, if the dispatched employees had been able to be hired by new companies using dispatched employees in a short period, a major problem would not have occurred to such an extent. Why was it difficult to discover new companies supplied with dispatched employees?

Naturally, the situation was disastrous enough to result in production reduction and suspension in the manufacturing industry. Corporations involved in the manufacturing industry had their hands full hiring in-house and group company employees, and there was no leeway to make use of external human resources. Furthermore, in many cases, manufacturing locations where dispatched employees work tend to be situated in rural areas and suburbs in which no other employment opportunities exist. Thus, it was difficult to discover another company making use of dispatched employees within the same area. If the influence of the global recession had been extended only to production reduction and suspension of manufacturing for specific job categories, products, or regions, another company using dispatched employees could have been discovered at manufacturing locations that dealt with different products and regions. However, the global recession extended to all types of manufacturing in Japan. Thus, it became impossible to discover new workplaces.

In the midst of rapid worsening of employment conditions, the service industry, and in particular, the human services industry, faced personnel shortages. However, in general, the positions in the service industry (and nursing care staff in particular) require communication skills in order to conduct interpersonal services and provide flexible services according to specific circumstances. The required characteristics differ from abilities and adequacies required for dispatched employees at manufacturing locations. Compared with incomes in manufacturing-related jobs, incomes in the

service industry, including those for nursing care staff, tend to be smaller in many cases.

Even when dispatched employees desired to change their jobs, it was difficult for them to do so. At the same time, there were many persons that did not desire to make such changes. There were many worker dispatching companies that introduced nursing care positions as new companies that would use dispatched employees; however, many dispatched employees turned down such offers.

However, under this situation, there have been successful cases of conversion to job categories and job assignments at companies using dispatched employees (e.g. conversion from the manufacturing industry to the human services field). That is, even in the field of human services, job changes took place for dispatched job assignments requiring operational abilities differing from communication skills, such as drivers for pickup buses and administrators for care facilities, rather than nursing care positions.

Worker dispatching companies cultivated job assignments that allowed easy matching with individuals' intentions and adequacies in the field of human services, which was experiencing a shortfall in human resources. Such companies attempted to adjust both needs of companies supplied with dispatched employees and needs of dispatched employees, and these efforts led to the career change mentioned above.

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<sup>15</sup> According to "Situation of Suspension of Employment of Non-Regular Staff and Employees" by the Ministry of Health, Labour and Welfare, more than 90% of dispatched employees whose employment contracts were or would be expected to be completed or terminated before maturity during the period from October 2008 until September 2010 were working at manufacturing locations.

### 3. Acceleration of Globalization: Expanding recruitment of global human resources and international labor movement

Globalization of economic activities will continue in the future as well. Conventionally, there have been changes in which development and manufacturing locations were established in Europe, the United States, and Asian countries. Looking ahead at the contraction of domestic demand due to depopulation and low birthrates, there has been an increase in corporations that have moved into emerging nations and developing countries in order to expand trade areas in recent years. Managerial strategy places an extremely high priority on globalization, which is directly connected to market development

and cost reduction. Thus, preservation and education of domestic human resources playing roles in global business development and personnel at overseas locations constitute an important theme for personnel strategy.

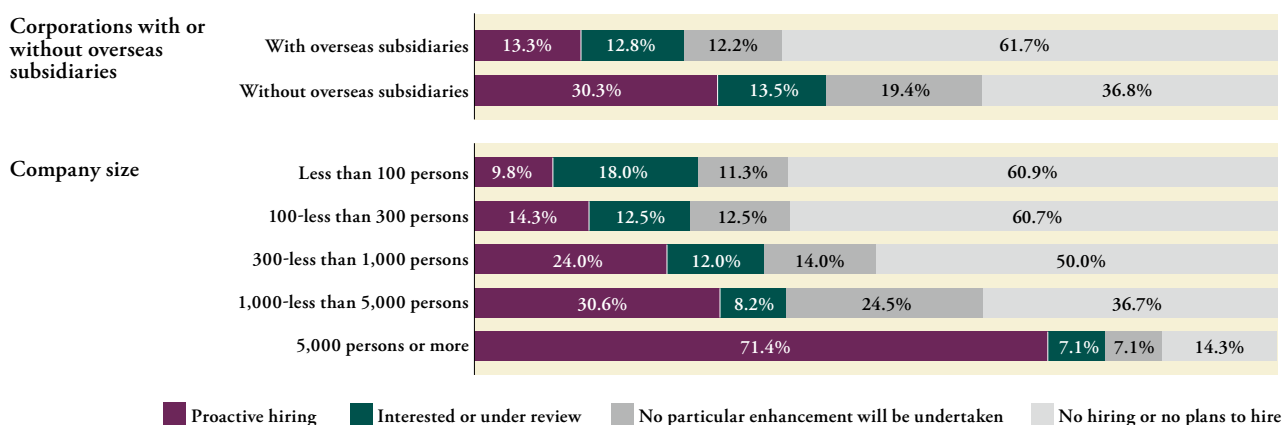
Acquisition of global human resources has mainly been conducted through the acceptance of experienced personnel overseas, buying companies, and acceptance of foreigners for management teams. Recently, corporations that embark on in-house education and hiring of new graduates have been increasing. Such trends are more remarkable for corporations

that develop overseas subsidiaries and those with many employees. According to the “Survey on Corporate Consciousness regarding New Foreign Graduates” by INTELLIGENCE HITO Research Institute Ltd., more than 40% of corporations with overseas subsidiaries answered that they would proactively accept new foreign graduates or review the acceptance of the same. Additionally, only 14.3% corporations with 5,000 employees or more are not planning to hire foreigners.

It is expected that the extent of mid-career employment for global human resources will have

Figure 3-6 Corporate Consciousness for Hiring of New Foreign Graduates (2011)

#### Proactive hiring of new foreign graduates by corporations with more overseas subsidiaries and larger company sizes



INTELLIGENCE HITO Research Institute Ltd., “Survey on Corporate Consciousness regarding New Foreign Graduates.”



expanded by 2020. This is because corporate management and personnel strategies tend to have remarkable influence on the acceptance of new graduates by major corporations that conduct mass hiring at a single point in time. After the hiring of new graduates, the influence of the trend will spread beyond to encompass the hiring of mid-career employment, and beyond major corporations to corporations with smaller numbers of employees.

Solicitation and recruitment of Japanese people working overseas and foreigners working in Japan have been mainly performed by the human resource services industry thus far. Human resource services industry operators moving into overseas markets are increasing. It is further necessary for the human resource services industry to polish its skills so that global human resources can be acquired in relevant regions and labor movement will be smoothly conducted across borders without any distinction between Japanese or foreigners, or between Japan and overseas areas in the future.

## Approaches of the Human Resource Services Industry

# Handling of Increasing Global Job Offers by Employment Placement Agencies

The number of applications for employment submitted to employment placement agencies from those overseas sharply increased from 2007 through 2008. In 2009, this number reached 8,980, which was the highest such figure to date. Accompanying corporate overseas expansion, corporations that recruit overseas personnel within Japan as well as corporations that accept personnel overseas are tending to increase. Moreover, as persons stationed abroad increase, job seekers desiring to return to Japan and to change their jobs are increasing.

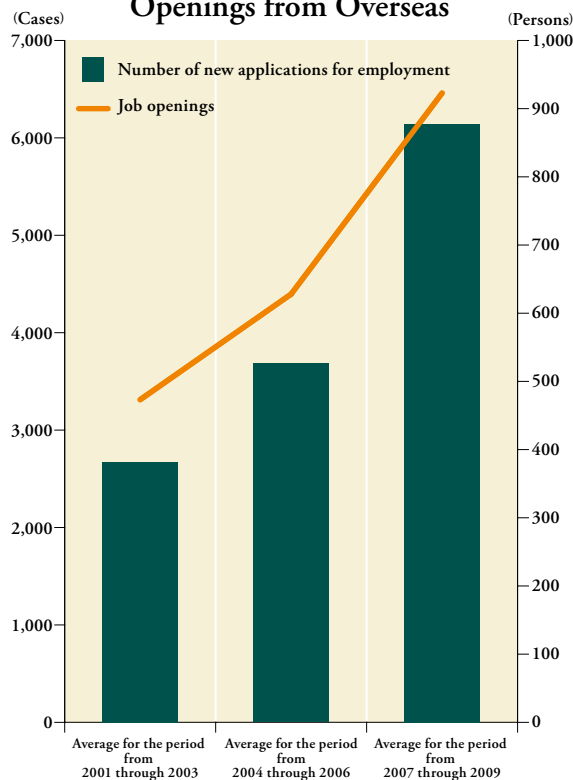
The number of job offers from overseas corporations in 2008 was slightly over twice the figure for the previous year, representing a significant expansion. However, the number of such job offers decreased in 2009. Nevertheless, job offers from overseas are increasing when considering three-year intervals. As a general trend, such job offers are tending to increase.

The employment number represents the aggregate of all cases in which overseas applicants desiring

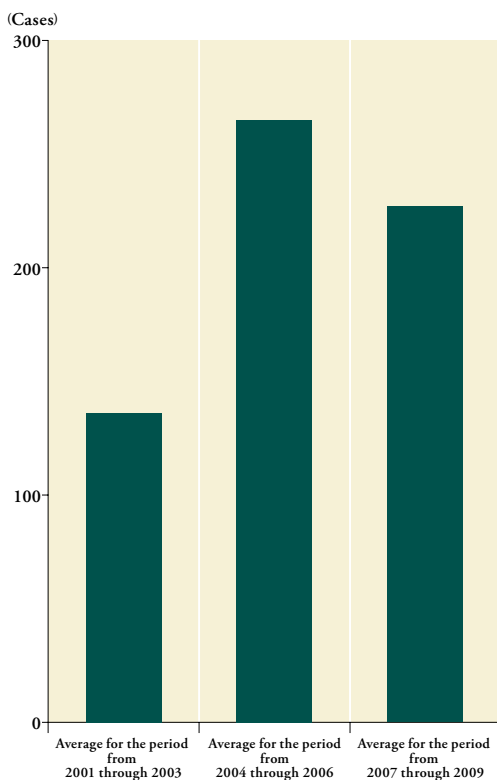
to be hired were introduced to corporations within Japan and cases in which applicants desiring to be hired within Japan were introduced to overseas corporations. The average during the period from 2007 through 2009 is greater than that during the period from 2001 through 2003, although it is less than the figure for the period from 2004 through 2006.

Compared with momentum of change in corporations and applicants desiring to be hired, the achievements of employment placement agencies have not stabilized. This could be a result of an insufficient system for supporting international labor movement. This factor includes the degree of difficulty of the licensing system that requires notification of targeted countries and regions.

**Figure 3-7** Number of New Applications for Employment and Job Openings from Overseas



**Figure 3-8** International Employment Cases



Source: Ministry of Health, Labour and Welfare, "Employment Placement Business Report."

\*Free employment placement and technical internships at special corporations such as chambers of commerce and local governments are excluded.

## Growth of the human resource services industry and economic growth have a close relationship.

The human resource services industry has developed in tandem with economic growth in Japan thus far.

The market size of the human resource services industry in 2000 is 2.4 trillion yen in total, with 576 billion yen for job advertisement, 109.5 billion yen for employment placement, and 1.7 trillion yen for the worker dispatching business.<sup>16</sup> The present market size for these three business areas has roughly tripled compared with earlier conditions.

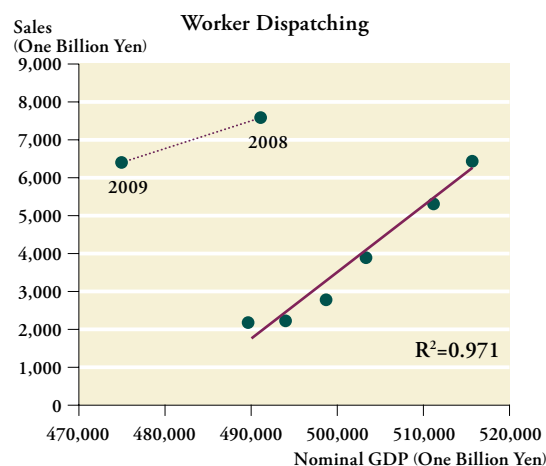
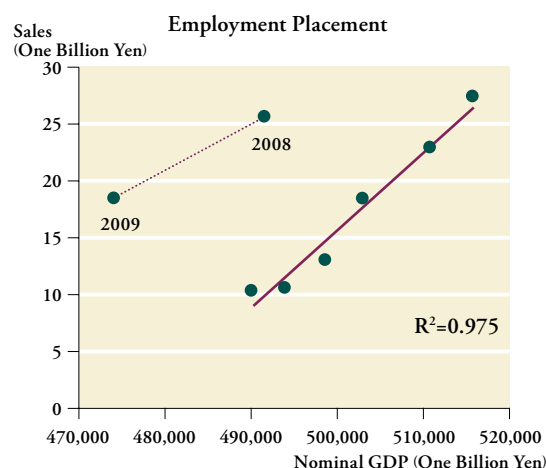
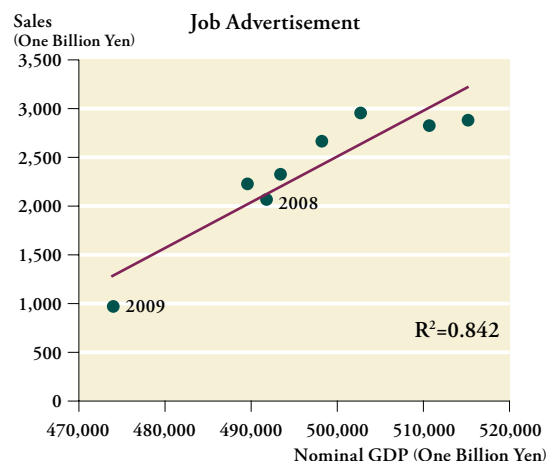
It is a fact that sales in the human resource services industry have a high correlation with economic trends. Looking at the correlation between sales in the human resource services industry and nominal GDP, results computed based on sales estimates for job advertisement businesses of the Association of Job Information of Japan, the “Employment Placement Business Report” and “Worker Dispatching Business Report” of the Ministry of Health, Labour and Welfare, and the National Accounts of Japan of the Cabinet Office of the Government of Japan are summarized to the right.

The correlation between sales for job advertisement businesses and nominal GDP was consistently high during the period from 2002 through 2009. The correlation between sales for employment placement businesses and worker dispatching businesses and nominal GDP is not so high based on analysis for the period from 2002 until 2009. However, a remarkably high correlation was exhibited until 2007. The correlation in 2008 and 2009 exceeds the specified value. It is speculated that the difference is due to a change in the profit structure of companies in the human resource services industry, acceleration of overseas development, and change in corporate human resource utilization that have occurred since the financial crisis triggered by the bankruptcy of Lehman Brothers.

Employment is like a mirror of the economy. This can be understood based on the fact that statistics related to employment, such as the ratio of job openings to job seekers and the unemployment rate, are used as a business barometer. It can be said that the human resource services industry is inextricably linked with corporate economic activities and employment opportunities.

The human resource services industry points to growth as a private business operator. Its growth can only be realized together with economic growth and expansion of employment opportunities. In order to become a driving force to achieve them, human resource services industry must boldly face various structural changes that will emerge in the years up to 2020.

**Figure 3-9 Correlation between Sales in the Human Resource Services Industry and Nominal GDP**



<sup>16</sup> Study Group on Labor Market Services Utilizing the Vigor and Ingenuity of the Private Sectors (2002), “Proposal for Activation of Labor Market Service Industry.”

Chapter

# 4

## Future Prospects for the Human Resource Services Industry

This chapter examines the ways in which the human resource services industry will address issues that have already emerged in the labor market, as well as new matters that will arise in the years until 2020.

If more diversified employment opportunities can be provided for a larger number of people, it will lead to economic revitalization as human resources come to be used more effectively.

Effective use of human resources is also essential in order to confront the further intensified international competition, particularly with neighboring emerging economies that are showing remarkable growth. Moreover, if new employment opportunities arise for females and seniors, social security costs will be lowered. Furthermore, stimulation of domestic demand can be expected through increased household incomes. This would lead to a reduction of budget deficits in Japan, which are considered to be “in an extremely serious situation, as they are at the worst level among the major developed countries.”<sup>17</sup>

It is not easy for corporations, which will be exposed to a fiercely competitive environment, to change the employee treatment system that has been functioning thus far. However, in the years until 2020, due to structural change

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<sup>17</sup> Ministry of Finance, “Financial Report to the Public in Accordance with Article 46 of the Public Finance Act (2011).”

# 1. What Will Be Required from the Human Resource Services Industry?

in society, corporations will have no choice but to face the coming sea change in the use of human resources.

At the same time, individual employment needs are diverse. In particular, in order to urge females and seniors to participate and reenter the labor market, it is also necessary to realize a “work-life balance” and remove concerns about employment.

The human resource services industry is expected to increase the rate of employment of society as a whole as a partner for corporate

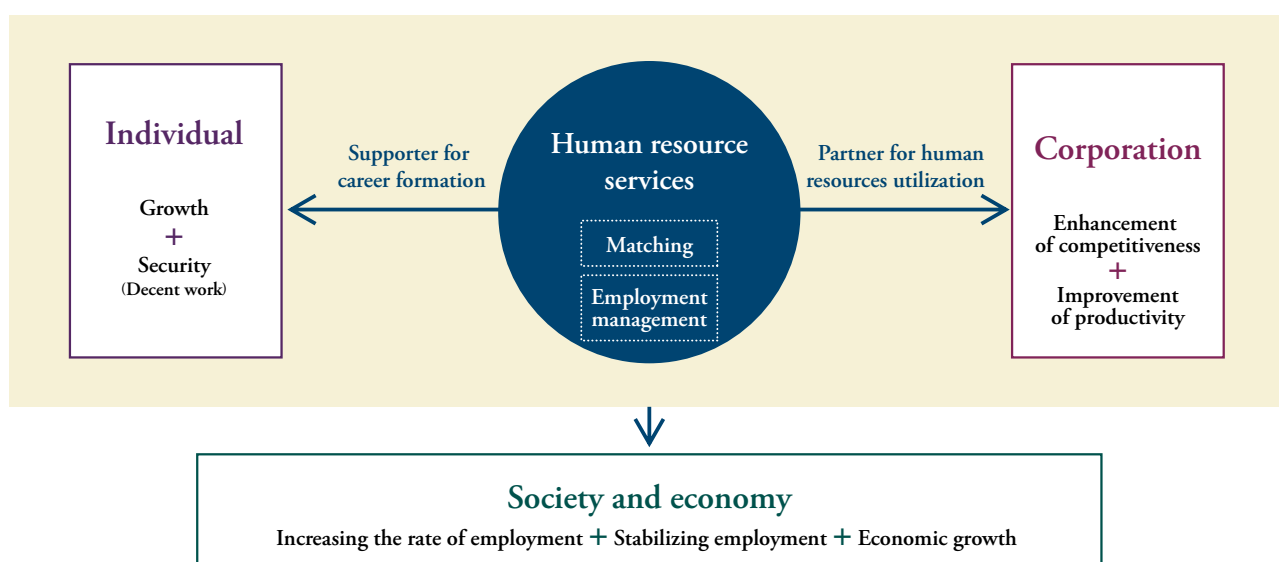
human resource utilization and as a supporter for individual career formation. In order to play these roles, the human resource services industry must eliminate obstructing factors that stand in the way of corporate recruitment and human resource utilization, eliminate obstructing factors related to individual employment, and achieve a more nuanced balance of both needs than ever before.

Furthermore, for sustainable growth for individuals and corporations, it is important for the human resource services industry to provide the necessary support

from a medium-to-long-term viewpoint, such as encouragement of career change into areas needed by corporations and growing fields, not limited to temporary matches upon recruitment or when the needs for changing jobs arise.

In other words, by engaging with both individuals and corporations, the human resource services industry must realize a difficult proposition; to wit, a milieu in which “individuals can have good prospects for the future while corporate competitiveness is simultaneously improved.”

Figure 4-1 Social Roles of the Human Resource Services Industry



# 2. Five Themes to be Addressed by the Human Resource Services Industry

In order to respond to the major changes in the labor market that have been noted above, five principal themes to be addressed by the human resource services industry can be summarized as follows.

## 1 Career Development

### Support for career formation through job matching and employment management

The human resource services industry will provide support for the constructive career formation of individuals, such as shifts to more stable employment, the improvement of treatment, and the development of skills for such ends via job matching and employment management, which are core functions of the human resource services industry.

In particular, there is great capacity for fixed-term employees (whose career path tends to be easily limited by a lack of education and training opportunities, as compared with full-time employees) to shape their careers through the external labor market via the human resource services industry.

Career formation support through job matching means connecting job seekers with corporate human resource needs, considering individual growth and career plan realization at a turning point of changing jobs. For instance, employment opportunities will be presented for those who desire to change their jobs to full-time positions, after listening to and adjusting opinions and proposals in light of what is feasible. Additionally, as far as fixed-term employment is concerned, from a

medium-to-long-term viewpoint, selection of workplaces that will lead to developing ability will be supported.

For dispatched employees and contract workers, developing ability and improving treatment will be further targeted from the standpoint of employers who conduct employment management. For example, the human resource services industry will promote the implementation of skill evaluation and the reflection of the same in treatment, as well as the acquisition of understanding from user corporations concerning the expansion of job experience via OJT in line with the employment period and status of mastering the necessary operations.

## 2 Ageing Workforce

### Overcoming the “age barrier” in recruitment and employment

As those who wish to be hired become older, the reality is that it is difficult for them to be employed in line with their desires. In principle, age discrimination in solicitation and recruitment is banned. In actuality, however, such prohibitions are not always implemented. In the future, as Japan ages, these problems will become more serious. It is essential to address the challenge of overcoming the age barrier in recruitment and employment.

The human resource services industry will proactively engage in the cultivation of employment opportunities for middle-aged and senior persons who wish to be hired. In conjunction, in order to eliminate corporate prejudice towards age, the human resource services industry will verbally convey the abilities and motivations of individuals and supply information about successful cases of recruitment and the utilization of middle-aged and senior persons.

Through these measures, the shift to a new employment management system that allows all age groups to be able to exercise high productivity will be promoted, aiming at the smooth transfer of labor for skilled human resources.

### 3 Job Matching

#### Support for career changes into different industries and occupations

In the years until 2020, during which industry structure will change and occupational longevity will increase, it will be more difficult to connect the needs of corporate human resource utilization with those of individual employment than ever before. The potential for job mismatching will increase, and thus the human resource services industry must improve its job matching skills.

In particular, it is difficult to realize career transitions into different industries and occupations, and there tend to be gaps for both corporations and individuals until adaptations are achieved. The human resource services industry will adjust jobs and work conditions desired by individuals through career counseling and other measures for such individuals, working in support to facilitate the necessary adaptations. The human resource services industry will cultivate and promptly introduce potential personnel to corporations with consideration of their potential abilities as well as achievements and experience, in line with corporate priorities regarding human resource utilization needs. It is also important for each operator to accumulate knowledge about which forms of experience and ability are convertible in relation to career transitions into different industries and occupations.

### 4 Globalization

#### Support for recruitment and employment of global human resources

Accompanying the globalization of corporate management, regardless of whether in Japan or foreign countries, or targeting Japanese or non-Japanese personnel, competition in the acquisition of global human resources who are able to play roles required by international business development will become increasingly intense.

In the midst of heightening of human resource recruitment that takes place overseas and the cross-border transfer of labor, the human resource services industry will also be forced to accept globalization. The human resource services industry must establish a system that allows the development and provision of services suitable for each market based on familiarity with the labor markets of each country in order to achieve smooth cultivation, fostering, and conversion of eligible persons without the restrictions of national borders.

Moreover, as hiring of foreigners in Japan requires confirmation of residence status and support for their adaptation to life in Japan, roles for dispatching companies and contract work companies with employment management functions will particularly be expected.

### 5 Professionalism

#### Enhancement of the human resource services industry through human resources development

In order to solve the various issues of the labor market, such as the four themes stated above, it is essential to create avenues for the advancement and specialization in the occupational skills of each individual involved with the human resource services industry.

The human resource services industry will proactively foster “human resource services professionals.” The range of potential development is wide, including career counseling, accurate understanding of corporate personnel needs, and the adjustment ability for both individuals and corporations, not to mention statutory knowledge and ethical norms.

In addition, the human resource services industry—which plays the role of supply-demand adjustment in the labor market—must gain the trust of individuals, corporations, and society. Those who are involved with the human resource services industry will continue to work to foster superior operators by focusing with high consciousness upon compliance with the law and social norms.

# 3. Platform for Problem Solving

Looking at the future changes in the labor market, the issues to be tackled by the human resource services industry are remarkably numerous and wide-ranging. Individual employment needs and corporate human resource utilization needs have become diversified, and the complexity of the issues of the labor market has increased. The abovementioned five themes are unlimited for the business forms of job advertisement, employment placement, worker dispatching, and contract work.

In order to satisfy both needs of corporations and individuals and promote smooth transfer of labor, it is essential for the various industry groups of individual business fields that make up our human resource services industry to address the situation based on mutual collaboration and to cooperate with public institutions.

It is desirable to arrange a platform for responding to the issues, including the five themes discussed above, and to work on the same in cooperation with each industry group.

## Promotion of Cooperation and Collaboration by Industry Groups

With regard to the major themes, the efforts should not be made in

a form in which industry groups classified by business category address relevant issues independently, but rather it is preferable for the human resource services industry to approach the issues in a unified manner, based on concerted efforts for cooperation and collaboration with each industry group.

Looking at actual business conditions, a single corporation has multiple business forms. The two services of dispatching business and employment placement business are provided in a unified manner, such as with employment placement dispatching.

In order to strongly promote information collection, therefore, arrangement and analysis that allow an accurate overview of the entire labor market—as well as appropriate approaches to shared themes throughout the entire human resource services industry such as the five themes mentioned above—and a council comprising representatives of industry groups will be established.

## Promotion of Collaboration with Public Institutions

“Hello Work” and the human resource services industry as a central accession path for both those who change their jobs and

newly employed persons will supplement their relevant functions and collaborate with each other. Thereby, more prompt and effective employment support and transfer of labor can be realized in a wide-ranging manner. It is essential to have a mutual collaborative relationship so as to respond to the issues that each body cannot solve independently.

## Themes to be tackled in concert are exemplified as follows.

- *Fostering and utilization of career consultants*
- *Improvement of the employment rate for the youth, females, and seniors*
- *Review of employment promotion measures in rural areas*
- *Effective educational activities for corporations and individuals, such as publicity on labor-related laws, etc.*

For these labor-market related issues, it is necessary to construct a public-private partnership by providing opportunities to exchange views widely beyond the boundaries between public institutions and private business operators.



# Joint Declaration by Four Human Resource Services Industry Groups

We, the human resource services industry, undertake endeavors to confront a labor market that will increase in complexity and to create greater employment opportunities. As a partner for corporate human resource utilization and as a supporter of individual career formation to a greater extent than ever before, we will provide well-balanced services for both corporations and individuals, satisfy their needs at high levels, and promote new approaches.

## **In Response to the Expectations of Society: We will engage five themes.**

In order to respond to change in the employment structure and new demands of the labor market, to contribute to the soundness and smoothness of the labor market, and to meet the expectations of society, we, the human resource services industry, will proactively engage the following issues.

### **Five Themes to Be Addressed by the Human Resource Services Industry**

1. Support for career formation through job matching and employment management
2. Overcoming the age barrier through recruitment and employment
3. Support for career changes into different industries and occupations
4. Support for recruitment and employment of global human resources
5. Enhancement of the human resource services industry through human resource development

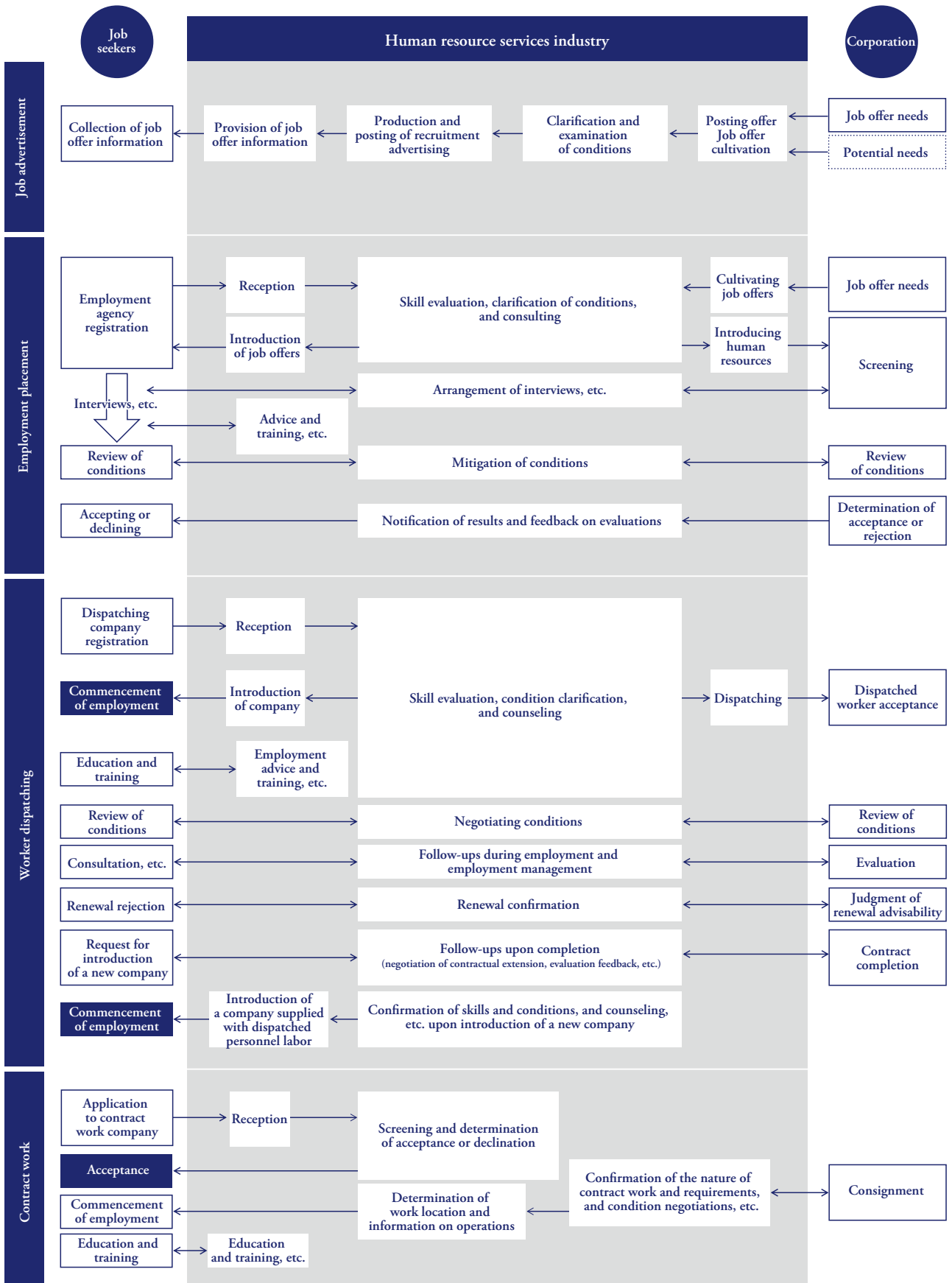
## **For Strong Promotion of Approaches to the Five Themes: The Human Resource Services Industry Council will be established.**

Looking at issues in the labor market, there are many aspects of the themes that cut across multiple business categories. Business operators providing multiple services beyond traditional business category classification are increasing. Therefore, the “Human Resource Services Industry Council” (provisional name) comprising representatives of industry groups as a cross-sectional and collaborative body for the human resource services industry will be established and projects for promotion of the five themes will be launched.

## **For Further Contribution to the Labor Market: Public-private partnership will be promoted.**

Steps will be taken toward the establishment of a roundtable. This roundtable will serve as a forum for the promotion of public-private partnerships for responding to issues in the advancing labor market, and opinions about such issues in the labor market will be exchanged through the combined efforts of the government and the private sector.

# Reference Material: Human Resource Services Industry Matching Flow



# Reference Material: Movement between Job Category Classified by Accession Path

## Changing jobs from full-time worker to full-time worker

(Unit: %)

|                        |  | Accession path                   | After changing a job                             |  |                  |                                 |  |       | Total |
|------------------------|--|----------------------------------|--|--|------------------|---------------------------------|--|-------|-------|
|                        |  |                                  | Construction industry and manufacturing industry | Information and communication industry | Service industry | Wholesale and retail industries | Financial industry, insurance industry, and real estate industry | Other |       |
| Prior to changing jobs | Construction industry and manufacturing industry                 | Human resource services industry | 51.5   | 8.0                                    | 19.9             | 8.0                             | 4.2  | 8.2   | 100.0 |
|                        |  | Other                            | 59.2   | 3.4                                    | 18.4             | 5.8                             | 4.7  | 8.4   | 100.0 |
|                        | Information and communication industry                           | Human resource services industry | 15.3   | 54.6                                   | 16.9             | 4.3                             | 4.5  | 4.5   | 100.0 |
|                        |  | Other                            | 12.2   | 60.5                                   | 13.3             | 5.5                             | 2.4  | 6.0   | 100.0 |
|                        | Service industry   | Human resource services industry | 14.2   | 6.1                                    | 62.1             | 9.1                             | 3.8  | 4.7   | 100.0 |
|                        |  | Other                            | 13.0   | 3.2                                    | 66.8             | 6.2                             | 3.8  | 6.9   | 100.0 |
|                        | Wholesalers and retailing industry                               | Human resource services industry | 20.1   | 6.8                                    | 28.2             | 31.8                            | 7.2  | 6.0   | 100.0 |
|                        |  | Other                            | 20.1   | 3.3                                    | 20.6             | 41.4                            | 8.3  | 6.3   | 100.0 |
|                        | Financial industry, insurance industry, and real estate industry | Human resource services industry | 12.8   | 9.3                                    | 23.2             | 10.1                            | 37.4   | 7.1   | 100.0 |
|                        |  | Other                            | 13.4   | 5.2                                    | 21.4             | 9.3                             | 41.1   | 9.6   | 100.0 |
|                        | Other  | Human resource services industry | 18.6   | 7.8                                    | 25.7             | 8.8                             | 7.1  | 32.1  | 100.0 |
|                        |  | Other                            | 17.7   | 2.8                                    | 23.7             | 4.6                             | 5.7  | 45.5  | 100.0 |

## Changing jobs from one non full-time job to another

(Unit: %)

|                        |  | Accession path                   | After changing a job                             |  |                  |                                 |  |       | Total |
|------------------------|--|----------------------------------|--|--|------------------|---------------------------------|--|-------|-------|
|                        |  |                                  | Construction industry and manufacturing industry | Information and communication industry | Service industry | Wholesale and retail industries | Financial industry, insurance industry, and real estate industry | Other |       |
| Prior to changing jobs | Construction industry and manufacturing industry                 | Human resource services industry | 33.1   | 3.0                                    | 37.3             | 14.0                            | 3.0  | 9.6   | 100.0 |
|                        |  | Other                            | 38.5   | 3.1                                    | 30.0             | 14.6                            | 4.6  | 9.2   | 100.0 |
|                        | Information and communication industry                           | Human resource services industry | 10.6   | 36.3                                   | 21.2             | 7.5                             | 10.6   | 13.8  | 100.0 |
|                        |  | Other                            | 6.6  | 39.6                                   | 34.0             | 8.5                             | 2.8  | 8.5   | 100.0 |
|                        | Service industry   | Human resource services industry | 8.6  | 3.1                                    | 60.4             | 15.2                            | 5.0  | 7.8   | 100.0 |
|                        |  | Other                            | 8.0  | 3.3                                    | 63.3             | 15.5                            | 2.5  | 7.4   | 100.0 |
|                        | Wholesalers and retailing industry                               | Human resource services industry | 7.8  | 2.6                                    | 33.3             | 41.9                            | 5.2  | 9.3   | 100.0 |
|                        |  | Other                            | 6.7  | 1.3                                    | 35.1             | 42.5                            | 4.7  | 9.7   | 100.0 |
|                        | Financial industry, insurance industry, and real estate industry | Human resource services industry | 12.6   | 2.5                                    | 29.1             | 12.6                            | 28.1   | 15.1  | 100.0 |
|                        |  | Other                            | 11.3   | 2.8                                    | 27.7             | 21.3                            | 23.4   | 13.5  | 100.0 |
|                        | Other  | Human resource services industry | 7.5  | 5.5                                    | 32.0             | 14.2                            | 7.1  | 33.6  | 100.0 |
|                        |  | Other                            | 8.3  | 3.4                                    | 31.3             | 14.0                            | 1.9  | 41.1  | 100.0 |

The difference between "human resource services industry" and "other" is 5 points or more.

The difference between "human resource services industry" and "other" is more than 3 points and less than 5 points.

## Reference Material: RECRUIT Works Institute, "Future Forecast 2020: Outline of Work."

### Number of Employed Persons by Industry

(Unit: 10,000people)

| Total male and female               | 2000  | 2010  | 2020  |
|-------------------------------------|-------|-------|-------|
| Agriculture, forestry and fisheries | 326   | 252   | 178   |
| Manufacturing and construction      | 1,979 | 1,550 | 1,149 |
| Distribution                        | 1,181 | 1,104 | 965   |
| Finance, insurance, and real estate | 248   | 246   | 229   |
| Information and service             | 2,460 | 2,824 | 3,098 |
| Public sector and other             | 253   | 281   | 281   |
| Total                               | 6,446 | 6,257 | 5,900 |

### Composition Rate of the Number of Employed Persons by Industry

(Unit: %)

| Total male and female               | 2000  | 2010  | 2020  |
|-------------------------------------|-------|-------|-------|
| Agriculture, forestry and fisheries | 5.1   | 4.0   | 3.0   |
| Manufacturing and construction      | 30.7  | 24.8  | 19.5  |
| Distribution                        | 18.3  | 17.6  | 16.4  |
| Finance, insurance, and real estate | 3.8   | 3.9   | 3.9   |
| Information and service             | 38.2  | 45.1  | 52.5  |
| Public sector and other             | 3.9   | 4.5   | 4.8   |
| Total                               | 100.0 | 100.0 | 100.0 |

### Number of Employed Persons by Job Category

| Total male and female                              | 2000  | 2010  | 2020  |
|--|-------|-------|-------|
| Professional and technical jobs                    | 856   | 986   | 1,029 |
| Management jobs                                    | 206   | 161   | 147   |
| Clerical and sales jobs                            | 2,196 | 2,140 | 2,087 |
| Service jobs                                       | 677   | 817   | 922   |
| Manual labor/transportation and communication jobs | 2,152 | 1,851 | 1,508 |
| Other  | 358   | 303   | 207   |
| Jobs total   | 6,446 | 6,256 | 5,900 |

### Composition Ratio of Employed Persons by Job Category

(Unit: %)

| Total male and female                              | 2000  | 2010  | 2020  |
|--|-------|-------|-------|
| Professional and technical jobs                    | 13.3  | 15.8  | 17.4  |
| Management jobs                                    | 3.2   | 2.6   | 2.5   |
| Clerical and sales jobs                            | 34.1  | 34.2  | 35.4  |
| Service jobs                                       | 10.5  | 13.1  | 15.6  |
| Manual labor/transportation and communication jobs | 33.4  | 29.6  | 25.6  |
| Other  | 5.6   | 4.8   | 3.5   |
| Jobs total   | 100.0 | 100.0 | 100.0 |

### Number of Employed Persons by Age

(Unit: 10,000people)

|                 | 2000  | 2010  | 2020  |
|-----------------|-------|-------|-------|
| Ages 15 to 24   | 761   | 554   | 495   |
| Ages 25 to 34   | 1,508 | 1,320 | 1,060 |
| Ages 35 to 44   | 1,296 | 1,521 | 1,359 |
| Ages 45 to 54   | 1,617 | 1,333 | 1,582 |
| Ages 55 to 64   | 1,092 | 1,278 | 1,141 |
| Age 65 and over | 493   | 584   | 678   |
| Ages total      | 6,767 | 6,590 | 6,315 |

### Composition Ratio of Employed Persons by Age

(Unit: %)

|                 | 2000  | 2010  | 2020  |
|-----------------|-------|-------|-------|
| Ages 15 to 24   | 11.2  | 8.4   | 7.8   |
| Ages 25 to 34   | 22.3  | 20.0  | 16.8  |
| Ages 35 to 44   | 19.2  | 23.1  | 21.5  |
| Ages 45 to 54   | 23.9  | 20.2  | 25.1  |
| Ages 55 to 64   | 16.1  | 19.4  | 18.1  |
| Age 65 and over | 7.3   | 8.9   | 10.7  |
| Ages total      | 100.0 | 100.0 | 100.0 |

Diversified Employment Opportunities for More People —  
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Human Resource Services Industry in 2020**

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