

# Issues in the White-Collar Job Market — Improving the Job Search Process for Companies and Individuals

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## Introduction

Amid major trends such as economic globalization, deregulation, and the IT revolution, the optimal allocation of human resources presents important challenges. Indeed, despite the prolonged severity of the employment scene, 9.6% of all employed persons in 1999 (6.23 million out of 64.62 million persons) expressed the desire to change jobs, of which 3.8% (2.46 million) initiated job searches. This trend is expected to continue growing (Figure 1).

Drawing on our study conducted on behalf of the Ministry of Labor, entitled *Survey of the Diversification of Hiring Strategies for White-Collar Workers*, this paper examines job market issues from two viewpoints: the policies and responses of companies toward mid-career hiring, and the awareness and actions of individuals regarding job changing.

**Figure 1 Ratio of Persons Desiring to Change Jobs, and Ratio of Persons Initiating Job Search**



Notes: Ratio of persons desiring to change jobs (%) = Persons desiring to change jobs / Employed persons x 100  
Ratio of persons initiating job hunt (%) = Persons initiating job hunt / Employed persons x 100  
Source: MACA, *Labor Force Survey 1999*.

# 1. Company Trends

## (1) Three Areas of Diversification in Human Resource Strategies

Let us first look at three areas in which companies are diversifying their human resource management: types of employment, hiring practices, and recruitment methods.<sup>1</sup>

### 1. Types of Employment

In diversifying their types of employment, almost half the companies surveyed use mid-career hiring (47.3%) and temporary staff workers (45.3%), while one-third have variable employment durations such as fixed-term contracts (29.7%).

By company business results (earnings compared to three years ago), companies with good and somewhat good results tend to be more aggressive in mid-career hiring of white-collar regular employees (69.0%), use of temporary staff workers (52.4%), and diversification of employment durations (36.9%; Figure 2).

**Figure 2 Diversification of Types of Employment**

	Total	Company's performance		
		Good	Average	Bad
Sample size (n)	448	84	76	276
Total	100.0%	100.0%	100.0%	100.0%
Mid-career hiring of white-collar regular employees	47.3%	69.0%	44.7%	41.7%
Varied employment periods — contracts	29.7%	36.9%	26.3%	28.3%
Temporary staff workers	45.3%	52.4%	44.7%	43.5%
Outsourcing of white-collar jobs	21.0%	16.7%	23.7%	22.1%
Pre-payment of retirement pay	1.6%	0.0%	2.6%	1.4%
Restriction on job relocation	12.7%	15.5%	3.9%	14.1%
Other	1.6%	1.2%	0.0%	2.2%
None in particular	23.2%	11.9%	32.9%	23.9%
No answer	1.8	1.2	2.6	1.8

Source: MOL, *Survey of the Diversification of Hiring Strategies for White-Collar Workers*.

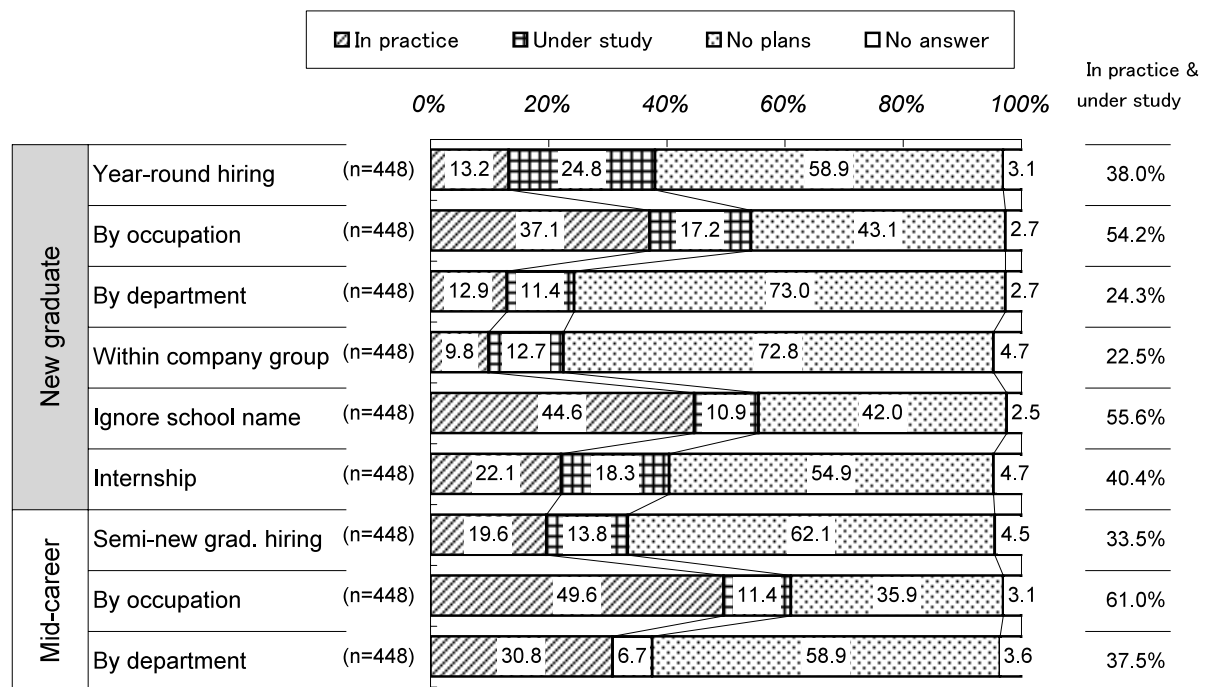
### 2. Hiring Practices (Timing and Selection Method)

Following the termination of hiring regulations in 1998, employers have adopted diverse hiring prac-

tices with regard to hiring season, selection method, and mid-career hiring, not to mention new graduate hiring. For new graduates, common practices include deemphasizing the school name when hiring (44.6% of companies), hiring by occupation (37.1), and offering internships (22.1%). Looking ahead, many companies are considering year-round hiring (24.8%) as well as introducing other practices (10-20%).

By comparison, mid-career hiring more frequently involves greater hiring by occupation (49.6%) and by department (30.8%); in addition, one fifth of companies (19.6%) presently accept semi-new graduates (graduates with brief work experience who are hired on terms similar to new graduates). Instead of viewing semi-new graduates in a negative light, there is a growing tendency to value their previous work experience, completion of initial training, and aggressive attitude in choosing their job (Figure 3).

**Figure 3 Diversification of Hiring Practices**



### 3. Recruitment Methods

In the past three years, recruitment methods for white collar regular employees by occupation, advertisements in job placement journals are often used for clerical, professional and technical, and sales and marketing positions. For management positions, a high proportion of recruiting is done through private employment agencies (29.7%) as well as personal connections such as those of employees and business contacts (22.3%), and parent or affiliate company (23.4%).

Because of its rapid expansion since 1997 and 1998, the Internet is an increasingly important recruitment tool used by at least 20% of companies except for management positions; it is particularly important in recruiting for professional and technical positions (38.5%; Figure 4).

**Figure 4 Diversification of Recruitment Methods and Hiring Routes**

	Management	Clerical	Professional, technical	Sales, marketing
<b>Sample size (n)</b>	<b>175</b>	<b>234</b>	<b>226</b>	<b>235</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Public employment agency	12.0%	39.3%	29.6%	25.1%
Private employment agency	29.7%	21.8%	33.2%	26.4%
Job placement magazine	14.3%	43.6%	45.6%	45.1%
Newspaper ad	13.1%	30.3%	31.0%	35.7%
Internet	17.1%	25.6%	38.5%	28.1%
Mid-career recruitment	2.9%	3.4%	7.5%	3.8%
Headhunting firm	14.9%	3.0%	7.5%	3.0%
Direct scouting	14.3%	2.1%	5.3%	6.0%a
Referred by employee, contact	22.3%	13.7%	20.4%	20.9%
Referred by parent co., affiliate	23.4%	6.0%	12.8%	8.5%
Referred by school or teacher	1.1%	6.0%	10.6%	2.6%
Other	10.3%	9.4%	7.5%	7.7%
No answer	8.6%	6.4%	1.3%	6.0%

## (2) Reasons for Implementing Mid-Career Hiring

Companies rely on mid-career hiring primarily to acquire expertise immediately. By occupation, companies use mid-career hiring in management mainly to obtain expertise (59.4%), in clerical positions for staff replacement (56.8%) and expertise (48.3%), in professional and technical positions for expertise (71.8%) and entry into new markets (25.2%), and in sales and marketing positions for expertise (63.0%) and staff replacement (31.5%).

## (3) The Emphasis on Age Limit

However, companies who engage in mid-career hiring emphasize age limits (52.6%) more than any other criteria — including work experience (52.3%; Figure 5).

Of the companies that impose age limits, the breakdown by occupation shows that for management positions, the most common age limits are in the 40s (64.6%) and 50s (56.6%), with the average age limit at 47.3 years. For clerical positions, the overwhelmingly common age limit is 29 years or less (82.5%), and the average age limit is 31.5 years. For professional and technical positions, the common

age limits are in the 30s (69.0%) and 29 or less (68.1%), and the average age limit is 35.1 years. Finally, for sales and marketing positions, the most common age limit is 29 or less (71.5%), and the average age limit is 33.6 years. Thus while companies may also consider other factors such as work experience, expertise and skills, since age limits are a fact of life in the job market, individuals in their mid 30s or younger stand a significantly better chance of being hired.

**Figure 5 Criteria for Mid-Career Hiring: The Importance of Age Limits**

Total (n = 333)	<b>100.0%</b>
Age limit	<b>52.6%</b>
Work experience	52.3%
Education	15.9%
Public certification	14.1%
IT skills	12.6%
Language ability	10.2%
Former business	9.3%
Other	1.5%
No restrictions	20.7%

	Sample (n)	Total	- 29	30-39	40-49	50-59	60 +	Avg. age limit
Management	175	100.0%	2.9%	22.9%	64.6%	56.6%	5.7%	47.3%
Clerical	234	100.0%	82.5%	46.2%	7.7%	6.0%	0.4%	31.5%
Prof./technical	226	100.0%	68.1%	69.0%	30.1%	8.8%	2.7%	35.1%
Sales/marketing	235	100.0%	71.5%	62.6%	26.0%	12.3%	3.4%	33.6%

#### (4) Entry Level of Mid-Career Recruits

With regard to standards for determining the entry level of mid-career recruits, at least 70% of the companies cited the importance of achieving a balance with present employees for all occupational categories except for clerical positions. Age is also important except in clerical positions (Figure 6).

**Figure 6 Criteria for Setting Entry Level of Mid-Career Recruits**

	Management	Clerical	Professional, technical	Sales, marketing
<b>Sample size (n)</b>	<b>175</b>	<b>234</b>	<b>226</b>	<b>235</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Work experience	31.4%	24.8%	25.2%	30.6%
Expertise	18.3%	6.4%	24.8%	9.8%
Market rates	4.0%	4.3%	3.5%	3.4%
Previous pay / post	53.7%	18.4%	21.7%	24.3%
Balance w/ other employees	<b>54.9%</b>	<b>77.8%</b>	<b>71.2%</b>	<b>72.3%</b>
Age	10.3%	43.2%	35.0%	36.6%
Other	3.4%	2.6%	1.8%	1.7%
No answer	4.6%	2.1%	1.3%	2.1%

As for career tracks, an overwhelming 80.8% of companies said that the career tracks of all mid-career recruits are identical with those of new-graduate white-collar employees. While this appears to indicate an equal footing with new graduates, problems can arise in evaluation, job assignment, and training and development because mid-career recruits sometimes clearly outperform their colleagues.

## **2. Trends Among White-Collar Job Changers**

We now turn to the job hunting activities and awareness of job changers. While two out of three job changers moved to a different industry (64.5%), an equal proportion remained in the same occupation (62.7%).

### **(1) Reason for Changing Jobs**

The most commonly cited reasons for changing jobs are personal reasons (74.6%), followed by company failure or personnel cuts (15.6%). Among those citing company failure or personnel cuts, the high proportion of men above age 40 (22.1%) and women above age 30 (21.1%) suggests that many of them are byproducts of the widespread corporate restructuring process. Personal reasons include both negative and positive reasons. The most common negative personal reasons are poor outlook for the previous company or job (47.3%), dissatisfaction with work hours, vacation policy, or employee welfare plan (24.0%), and dissatisfaction with ability or performance evaluation results (13.6%). Positive reasons include seeking career opportunities or higher compensation, such as to challenge one's own ability, aptitude, and expertise (38.4%), enhance expertise or build career (32.9%), and seek better wages and treatment (21.3%). What emerges from these results is the growing importance of matching the right company and job to the right individual.

### **(2) Career Awareness and Inclination to Change Jobs**

Over 80% of job changers are satisfied to some extent in their present position (30.5% are satisfied, 52.4% are somewhat satisfied). For career building reasons, over 60% want to build on their present experience by either gaining experience in related areas (40.5%) or enhancing a particular expertise area (24.2%).

With regard to changing jobs again in the future, approximately half are prone to do so if a new position better uses their ability and experience or offers better conditions — including persons who received higher annual incomes or greater satisfaction after changing jobs. These results suggest that human resources will flow with increasing dynamism as people alleviate job mismatches by seeking more challenging opportunities and better conditions (Figure 7).

**Figure 7 Inclination Toward Further Job Changes**

	Total	Annual income			Job satisfaction	
		Increase	No change	Decrease	Yes	No
<b>Sample size (n)</b>	<b>603</b>	<b>218</b>	<b>132</b>	<b>219</b>	<b>500</b>	<b>93</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Seek job with better terms	17.1%	17.0%	13.6%	20.1%	13.4%	38.7%
Seek job suited to experience & skills	30.8%	33.9%	28.8%	28.8%	29.0%	41.9%
Probably won't change present job	<b>36.0%</b>	<b>34.9%</b>	<b>36.4%</b>	<b>37.9%</b>	<b>41.4%</b>	<b>8.6%</b>
Don't know	14.9%	13.8%	21.2%	13.2%	16.0%	10.8
No answer	1.2%	0.5%	0.0%	0.0%	0.2%	0.0%

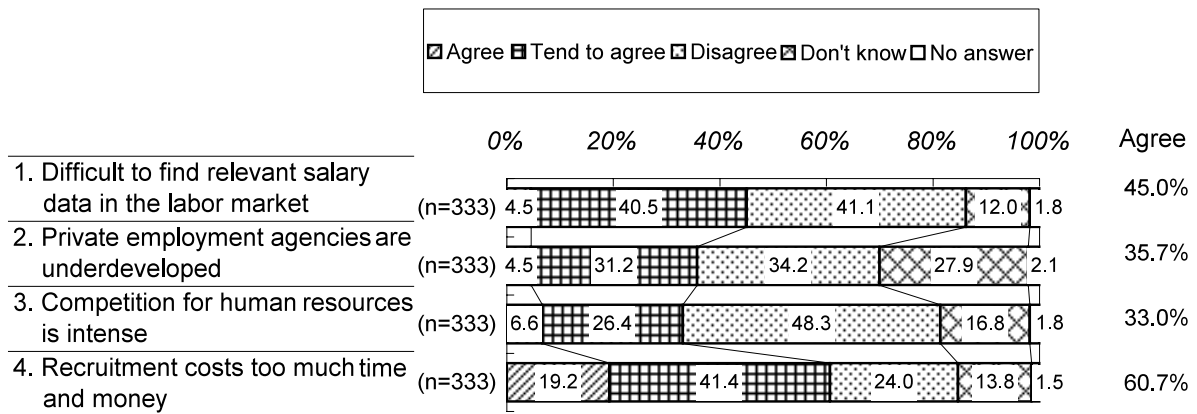
### 3. Future Issues for the Job Market

Below we consider the necessary infrastructure improvements to promote greater labor mobility in the job market.

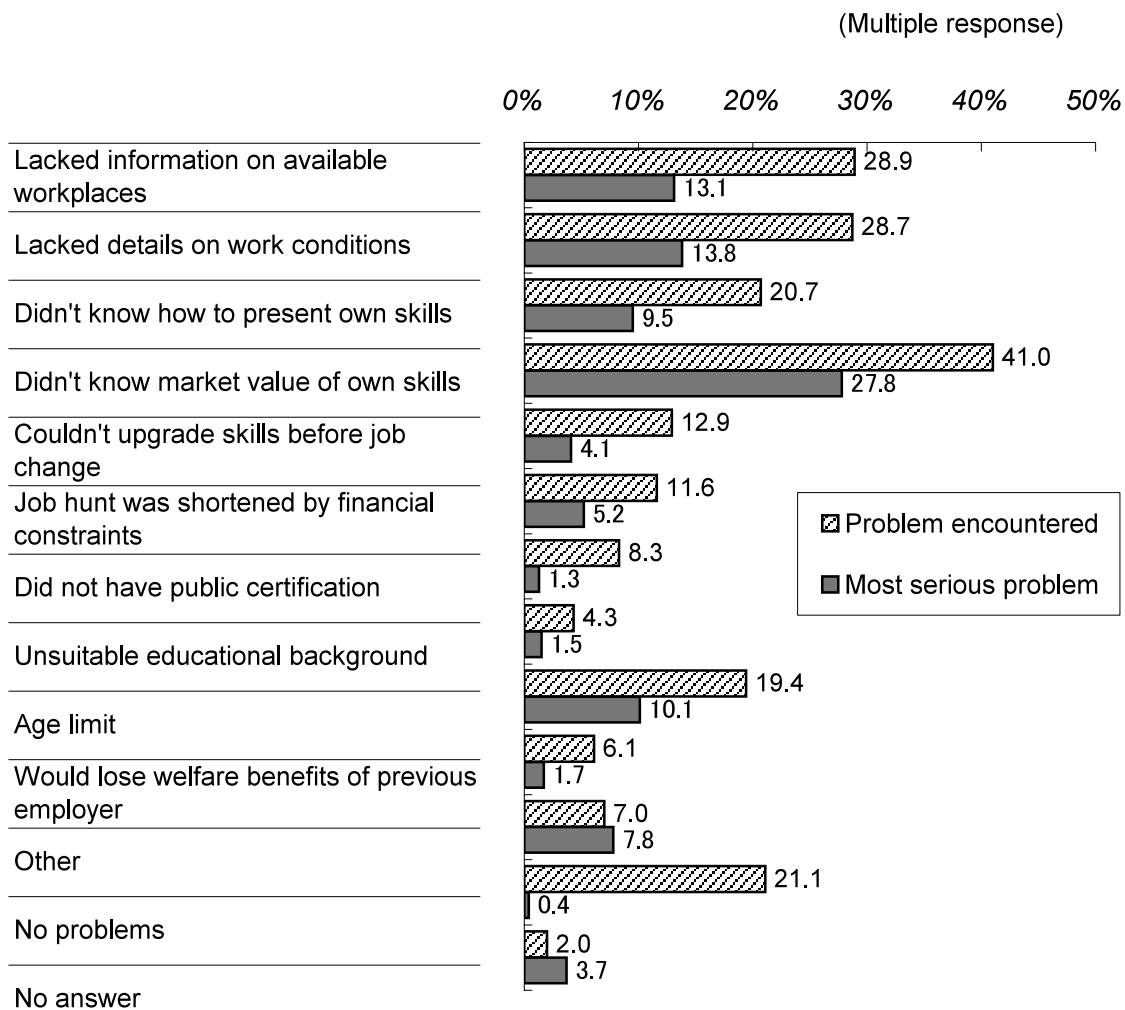
In the mid-career labor market, the biggest problems for companies are that recruitment is too costly and time consuming (60.6%), followed by the lack of market price information for personnel they want to hire (45.5%; Figure 8(a)).

The chief issues that concern job changers involve the lack of information on several fronts: the market value of their skills (41.0%), followed by information on prospective workplaces (28.9%), and details of work conditions at prospective employers (28.7%; Figure 8(b)). These results suggest that both companies and workers need access to market information for the market to function more efficiently, such as the market value of certain skills, appropriate pay and promotion provisions, and detailed information on working conditions at companies.

**Figure 8(a) Issues Raised by Companies in the Mid-Career Labor Market**



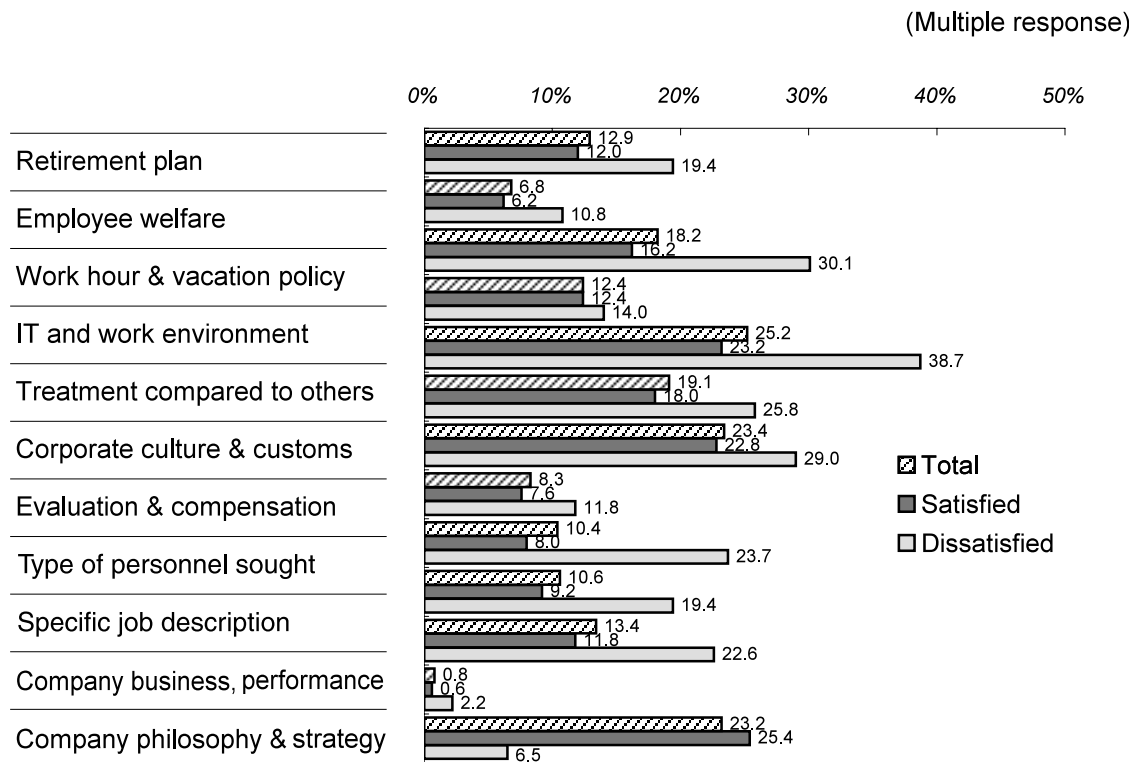
**Figure 8(b) Problems Encountered by Individuals When Changing Jobs (multiple response)**





With respect to previews of companies and jobs, job changers wish they had received explanations regarding evaluation and compensation practices, pay and promotion provisions compared with coworkers, and specific job responsibilities. In particular, persons dissatisfied with their new positions wish they had received explanations regarding evaluation and compensation, work hours and vacation policy, and specific job descriptions (Figure 9).

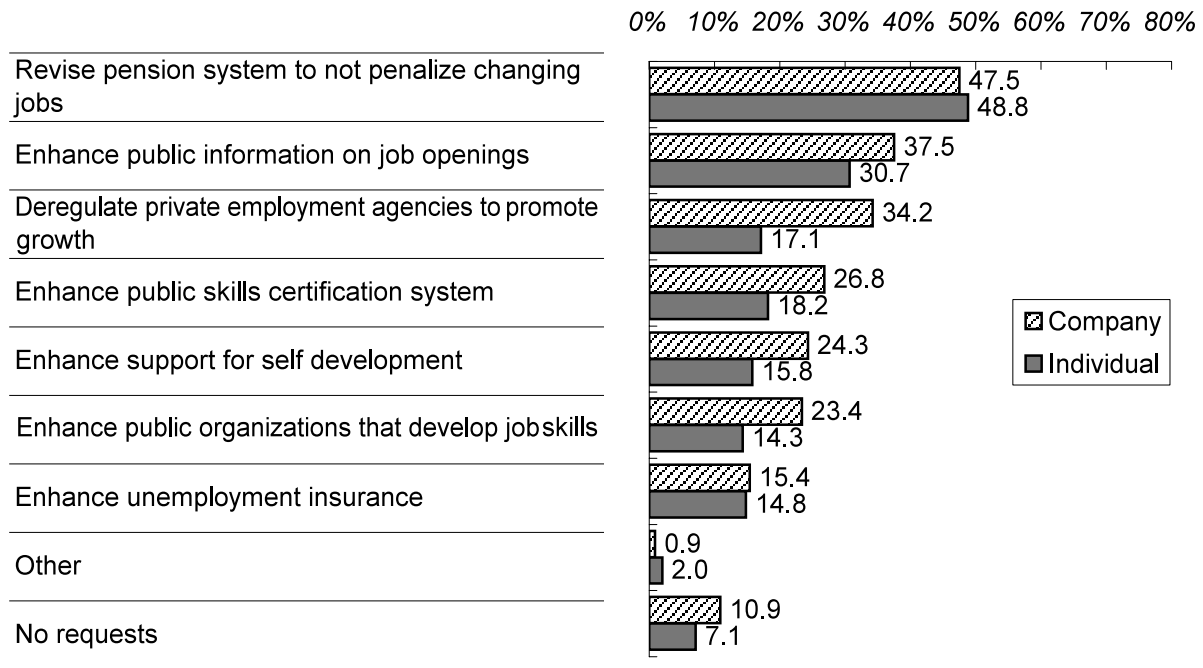
**Figure 9 Job Previews Individuals Wish They had Received**



Note: Multiple responses. The "satisfied" results combine "satisfied" and "somewhat satisfied" responses; "dissatisfied" results combine "dissatisfied" and "somewhat dissatisfied."

With regard to the government's labor administration, both companies and individuals want the government to revise the pension system so as not to penalize job changing, enhance public information on job openings, promote deregulation to support the growth of private businesses, and enhance the public certification system for work skills (Figure 10).

**Figure 10 What the Government Should Do**



#### 4. Conclusion

Amid the transitions occurring in the industrial structure, we need to create an environment that facilitates the smooth flow of labor from existing areas to new growth areas, and to provide employment opportunities that enable workers to realize diverse values. However, a major impediment to labor mobility is the age limit in force at many companies. This tends to exclude skilled and experienced persons from the job market simply based on their age, depriving them of employment opportunities. Another impediment to labor mobility, as pointed out by outplacement companies, is the bias of individuals toward large companies and their preoccupation with their former status. In the U.S., the Age Discrimination in Employment Age Act (ADEA) of 1967 prohibits discrimination based on age. Japan should also abolish age limits, and at the same time promote the evaluation of performance and skills. With the population rapidly aging and the number of children declining, age limits impede the revitalization of the labor market.

Moreover, when changing jobs it is also important to conduct entry management and convey as much specific information as possible about the position and company.<sup>2</sup> Gaining a realistic and accurate understanding of the position, of the positive and negative aspects of work conditions, and of the intangible corporate culture and customs will serve to strengthen a person’s commitment to that company and job. This requires specific information disclosure by the company, and active communication between the company and individual.

## Notes

1. The survey sample was obtained as follows. All correspondence was conducted by mail.

*Companies:* 2,100 companies were selected from approximately 3,300 listed companies nationwide (including OTC markets). 448 valid responses were received (21.3% response rate).

*Employees:* The personnel departments of the companies selected above were asked to select three employees hired in mid-career and employed for one to five years. Of 6,300 potential respondents, 603 valid responses were received (9.6% response rate).

2. One example of entry management is the realistic job preview (RJP) proposed by John Wanous in the U.S. This approach conveys to applicants the company's hiring approach and information on the company and position as realistically as possible. Beneficial effects include (1) a screening effect which enables applicants to make a decision based on realistic and accurate information, (2) an immunization effect that prepares them against negative shocks, and (3) a commitment effect which strengthens their commitment as a result of having realistic expectations. (Toshihiro Kanei, *Nikkei Shimbun*, September 28 - October 4, 1995)