


Case Study

A Comparative Study of Recruitment Industry in Japan, India, and Iran: A Growth Roadmap for the Iranian Recruitment Industry

Seyedeh Samaneh Seyedi¹ 

Department of Management, Faculty of Economics and Social Sciences,
Information Technology Group, Alzahra University, Tehran, Iran

Abolfazl Darroudi

Department of Counselling, Faculty of Psychology & Educational Sciences,
Allameh Tabatabaei University, Tehran, Iran

Abstract

International Recruitment Industry has experienced significant growth in recent decades. This study investigates Recruitment Industry in three distinct national contexts in Asia. In comparison, as a developed country, Japan has the world's second-largest recruitment industry, India, as an emerging economy, has experienced dramatic growth in this industry over the last few decades. The emergent Recruitment Industry of Iran needs to study, analyze and exploit successful global experiences. This study includes history, structure, legal context, relevant institutions, and growth drivers of the recruitment industry of each country, providing a comparative study about recent developments of the Recruitment Industry and the increasing importance of recruitment agencies in three different social, economic and social contexts. It also contributes to filling the research gap of the recruitment industry in Iran. This study analyzes Iran's status in the international recruitment industry and offers recommendations to exploit the successful experiences of industry leaders to improve Iran's recruitment industry and labor market.

Keywords: Recruitment Industry, Recruitment Agency, Labour Market, Japan, India, Iran.

¹ Corresponding author's Email: s.seyyedi1@gmail.com

Introduction

The shortage of human resources for sustainable corporate operations and functions is a significant problem in the modern world of communication. The modern world is facing a worldwide issue called population aging. Only a few countries foster labor market equilibrium between those entering and those leaving the market. It is not the labor shortage but a shortage of talents and skills that build the labor market. In other words, there are plenty of workers, but all of them are not talented and creative.

One solution for workforce supply in today's world nowadays is recruiting skilled labor from other countries. On the other hand, many employers submit workforce supply to recruitment agencies since it requires adequate time, knowledge, and capital. The agency helps employers to identify, test, recruit and retain the expert workforce.

Coe et al., who believe institutional considerations influence the formation, operation, and development of the recruitment industry in each country, introduced the concept of the national recruitment industry. Coe *et al.* first studied the Australian recruitment industry. However, researchers like Coe *et al.* (2005, 2008, 2010) have investigated some changes in the employment industry in other countries (Czech Republic, Japan, Poland, Sweden, and United Kingdom) as a broad project on globalization of the recruitment industry. Extensive research on the expansion of the recruitment industry has been conducted in a few countries, such as the United States and the United Kingdom (Peck and Theodore, 2004, 2007). Similar country-specific studies have been done in Germany (Spermann, 2011), Italy (Zappala, 2008), Japan (Imai and Shire, 2006), and Sweden (Nystrom, 2005). Despite the increasing number of relevant studies, there is not adequate evidence on interactions of recruitment agencies with other institutions in the labor market, and more generally, on the role of recruitment agencies. There has also been no research on the Iranian recruitment industry, either exclusively or in comparison with the recruitment industry in other countries.

The present study aimed to identify the international status of the Iranian recruitment industry and reliable strategies for the improvement of this industry. For this purpose, a comparative study was conducted on the recruitment industry in Japan, India, and Iran - portraying different social, economic, and political systems in the Asian context. The growth rate of the recruitment industry vastly differs in these three countries. Japan has one of the most potent and fast-growing recruitment industries in Asia and the world. The recruitment industry growth rate was also significant in India over the past few decades, but Iran witnessed a new emerging and growing recruitment industry. As a result, the distinguishing features of these three countries promise effective results.

The main question that the study sought to answer was the status of the recruitment industry of Iran compared to India and Japan. Accordingly, we suggest and elaborate on opportunities and challenges to this industry in Iran. We also present practical strategies for enhancing Iran's recruitment industry and labor market (in general).

Background/Theoretical Framework

International recruitment industry

The recruitment industry has experienced ongoing changes in recent decades. This industry acts as an active and empowering intermediary in the labor market and fosters specific markets by offering new recruitment solutions and business flexibility enhancement. The industry covers many human resources services, including recruitment, direct recruitment, talent acquisition, consulting services, placement, professional management, outsourcing recruitment, and staffing (WEC Global, 2017).

Several actors - such as national supervision agencies, national and international trade associations, and local and international recruitment agencies- have significant roles in the recruitment industry in each country. Recruitment agencies form a triangle consisting of an employer (company), recruitment agency, and the worker, and their interactions with other institutions, as a part of the broader labor market, have a significant role in future workforce prospects (Coe *et al.*, 2008).

History and Growth Rate of International Recruitment Industry

The recruitment industry was a small-scale service provider in large industrial and administrative centers, but it has become an all-inclusive and diversified business segment. It offers various recruitment services and solutions in the global markets (Ciett, 2012). The expansion of the global recruitment industry and recruitment agencies can be summarized in three distinct phases.

1) The 1970s: *Disorganized growth* - response to market opportunities and focus on a "traditional" business placement model for short-term employees in low-skilled jobs specific to women.

2) The 1980s: *Developmental Growth* – a compilation of marketing strategies and development of international subsidiaries networks.

3) The 1990s: *Destructive Growth* - saturation of high-volume markets and expansion into industrial and professional sectors (Peck and Theodore, 2007).

Since 2000, the industry has witnessed sustainable growth globally and in many countries' labor market segments (Coe *et al.*, 2008, 2010). However, along with market saturation, there were some barriers to market growth in some countries. Therefore, the agencies should find other routes for growth (Peck *et al.*, 2005; Coe *et al.*, 2008). The 2008 financial crisis led to a significant decline in the recruitment industry because the market declined to grow. Nevertheless, the market growth rate was positive (although lower) in many countries (Watts, 2012). Nowadays, the global recruitment industry still evolves under the influence of gradual global economic growth. The recruitment industry is estimated to generate 491 billion euros revenue worldwide in 2016 and support the business growth of millions of organizations through talent acquisition. Figure 1 shows the top 15 countries globally by revenue in the recruitment industry, covering 90% of the global market in 2016. Japan has the second rank, and India has the fourteenth rank (WEC Global, 2018).

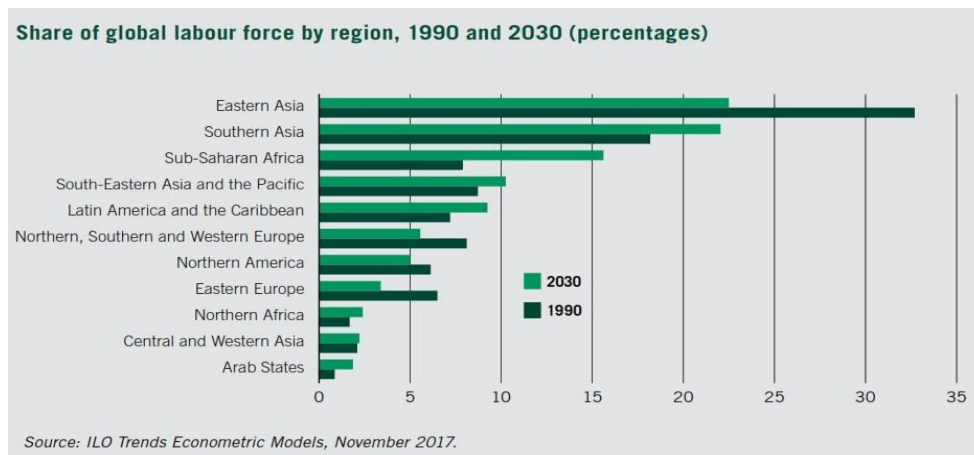


Figure 1. Share of the global labor force by region, 1990 and 2030
 Source: ILO Trends Econometric Models (2017)

Rules and regulations in the international recruitment industry

Although employment agencies actively and widely participated in many markets, rules and regulations governing the recruitment industry have had a key role in establishing and expanding the recruitment industry into many regions (Imai and Shire, 2006). The international recruitment industry and employment agencies are legal responses to flexible workforce demands. The rules governing activities of national recruitment agencies have been mainly inspired by common principles of the balance between worker protection and labor market flexibility. Some countries also practice self-regulation for this purpose (euroCiett, 2007).

Apart from national regulations, World Labor Organization has explicitly been approved Convention C181 in 1997 to oversee private recruitment agencies. This legal framework includes guidance rules for improving the regulations of the recruitment industry, increasing labor market flexibility, and fostering the development and setup of recruitment agencies. It is a means for determining the minimum standards of this industry (Ferreira, 2016). The C181 explicitly acknowledged the constructive role of private recruitment agencies in the proper functioning of the labor markets and legitimated the employment industry (Peck *et al.*, 2005).

Japan recruitment industry

History and Growth of Recruitment Industry in Japan

The recruitment industry in Japan goes back to the 1960s, almost coinciding with the emergence of this industry in the United States (Coe *et al.*, 2005). The first recruitment agencies in Japan were foreign investors entering the market (Gonos, 1997). The leading player was American Manpower Corporation. Among the first Japanese recruitment agencies established in the 1970s was (the parent company of) Pasona. The recruitment industry emphasized the placement of female staff in the 1980s.

Japanese trade unions effectively opposed to deregulation of the recruitment industry until the 1980s. Japanese recruitment agencies were active for decades before the legitimization of Japan recruitment industry in 1986. The contents of this law partly supported regulation of the administrative recruitment industry. Enactment of regulations mainly aimed to satisfy the need for an extrajudicial worker dispatching system (Imai and Shire, 2006).

Final amendments of the Japanese Worker Dispatching Act in 2015 (according to Japan economic and employment conditions) contain rules for authorized types of jobs, length of employment, and other considerations for employment by Japanese recruitment agencies. The main goal of this act is "proper management of supply and demand in the labor market" and "stable employment of jobseekers" (JASSA, 2018a.).

Since the enforcement of the Workers Dispatch Act in 1986, the size of the Japanese recruitment industry has changed due to economic fluctuations and amendments to Workers Dispatch Act. Figure 2 displays the performance report of the Japanese recruitment industry by sales and the number of recruited workers in the 1986-2015 period, released by the Ministry of Health, Labor and Welfare of Japan (MHLW). Recruitment industry sales in Japan in 2015 were 56790 billion yen, and the number of jobseekers hired by recruitment agencies was 1270000. There were also 81530 recruitment agencies in Japan, according to the latest MHLW announcement (JASSA, 2018b).

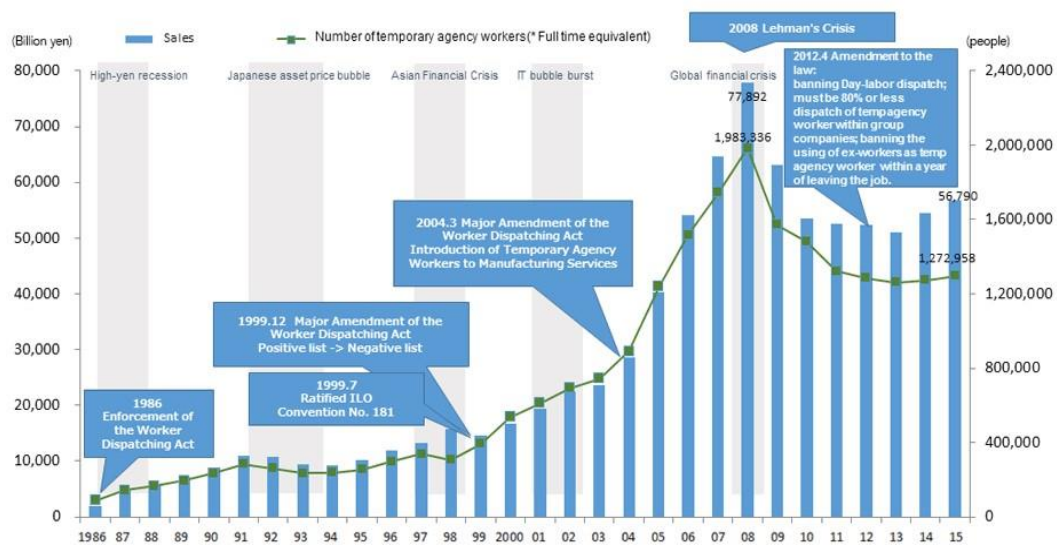


Figure 2. Performance report of Japanese recruitment industry by sales and the number of recruited workers in 1986-2015 period

Source: Aggregate Results of the Business Reports on Employment Placement Undertakings by The Ministry of Health, Labour and Welfare of Japan, Japan Staffing Services Association, 2018

Growth Drivers of Japanese Recruitment Industry

Information technology: The rapid growth of new technologies (e.g., automatic driving, artificial intelligence, Internet of Things, virtual reality, and robotics) exacerbated pressure on the labor market in Japan, which suffered from a shortage of labor. The pervasive influence of media and new technologies, mainly digital marketing (due to the upcoming event of the 2020 Tokyo Olympics) in Japan, encouraged recruiting agencies to employ technology as a strategic and empowering weapon that serves as a competitive advantage. Among the latest efforts in this respect is Randstad Japan plan in 2016 for adopting mobile enterprise software and on-demand platform technology to support direct sourcing, human resource management, and business evolution (HR in Asia, 2016), Artificial Intelligence Program launched by Recruit Holdings in September 2018 to identify the employees expected to leave their jobs. The Nomura Research Institute predicts a \$1.55 billion market for artificial intelligence technology by 2023 (Nikkei, 2018).

Merger and acquisition: For more than half a century, recruitment agencies have opted for merger and acquisition as an internationalization strategy for expansion into new geographic markets. An increasing number of international recruitment firms have seized the opportunity to take over major Japanese companies over the past few years (PwC, 2017). The latest prominent merger and acquisition measures in Japan's employment industry were Kelly Services \$18 million investment in Tempstaff Japan in 2018 (Kelly Services, 2018), purchase of all stock shares of Japanese Careo Group by Randstad in June 2016 (Randstad, 2016) and Japanese Persol Holdings' 791 million Australian dollars investment in 2017 to seize PRG.AX –Australian recruitment (Reuters, 2017).

Diversification: The recruitment industry is undergoing an increasing trend of globalization driven by expansion tactics employed by the agencies and diversification of activities through the development of services called "marketing activities" associated with general expansion strategies of employers (Ward, 2004; Theodore and Peck, 2002). Larger business coalitions own many recruitment firms in the Japanese market. Owners of recruitment companies are mainly auto producers, manufacturers, and insurance companies. Some famous Japanese companies have their recruitment agencies in their business portfolios. Panasonic has one of the largest recruitment agencies in Japan, and Mitsubishi also has 13 different recruitment agencies.

Many Japanese large companies have their own recruiting units. Although the government has restricted this recruitment model, recruitment agencies cannot employ workers from another recruitment agency according to the law in Japan. As a result, Japanese companies are usually larger than other global companies and can meet all customer demands. The highest growth rates in the recruitment industry belong to information technology, engineering, accounting, and finance fields in upcoming years (Johnson, 2012).

Higher Education and Upskilling: Japanese workforce are highly skillful, and upskilling policies are well-recognized in Japan to ensure that employees get a fair share of productivity. In Japan, low literacy and math skills possess the smallest share among

OECD countries, although participation in adult education is lower than the OECD average. The Japanese government plans to reform the higher education system and financially support lifelong learning. Given a sharp population decline, political reforms in higher education are significant in Japan (OECD, 2018). The high demand for IT technicians led to the establishment of recruitment agencies beyond the borders of Japan. These agencies established networks in countries with top engineers and technicians (e.g., India and China). They attracted top talents in these countries, encouraged them to travel to Japan, trained them, and dispatched them as workers. Recruitment agencies took some measures to find solutions for problems associated with acquiring foreign technicians, including Japanese language and business practice training before they traveled to Japan, construction of dormitories, and workplace improvement.

India recruitment industry

History and Growth of Recruitment Industry in India

Recruitment agencies play an essential role in the proper functioning of the modern Indian labor market. Smaller recruitment agencies were well-established in India in the early 1990s that mainly offered general recruitment services. International recruitment agencies were actively involved in the recruitment industry in India following the evolution of the Indian economy. Global multinational corporations were mainly responsible for a recruitment business in that period. Some global recruitment companies (e.g., Amrop) undertook the recruitment industry in India in the late 1990s and early 2000s. Multinational corporations adopted a more academic approach to recruitment in the mid-2000s, given the emergence of new industries and the need for local talents. Large companies were prompted to use a database, the best global practices, and proprietary tools in their Indian subsidiaries. Therefore, the recruitment industry experienced significant changes in India (Reddy, 2016).

The Indian labor laws failed to fit the rapid development of this sector, particularly the workforce, which caused challenges for recruitment service providers. Article 246 of the Constitution of India allows concurrent legislation of labor laws to central and local state governments. As a result, many labor laws were legislated that met labor needs on paper and covered some rules considering the labor, including minimum wage per contract and industrial disputes. However, complexity in rules stemmed from disagreement in definitions of similar terms and non-compliance with labor market development that led to stagnation of labor market, lengthy industrial dispute resolution procedures, and inflexible provisions related to change of service conditions. The laws failed to clarify the role of intermediary and recruitment firms in the three-partite business interactions (Aravamudhan, 2007).

The growing need for labor and services and rapid growth and flexibility of labor markets over the past three decades allowed India to develop recruitment agencies and industry significantly. It currently accounts for 13% of the 2.5 trillion dollar GDP in India. The Indian labor market currently witnesses independent actors, startups, small and medium scale agencies, and large Indian and multinational companies in the recruitment industry (ISF, 2014). Figure 3 shows the demand for recruitment services and agencies in different economic sectors (TBM Growth, 2018).

The Indian Staffing Federation (ISF) survey results demonstrated the recruitment of 114464 jobseekers between April and June 2017 by ISF members. Despite large recruitment agencies, the small agencies are more agile and innovative and own the largest market share. The Indian Staffing Federation experienced 12% growth in the 2017-2018 period. The report estimated the value of the Indian staffing industry as 270 billion Rupee (\$4.2 billion) in 2015, indicating 12% market growth in 2016 (The Indian Express, 2016).

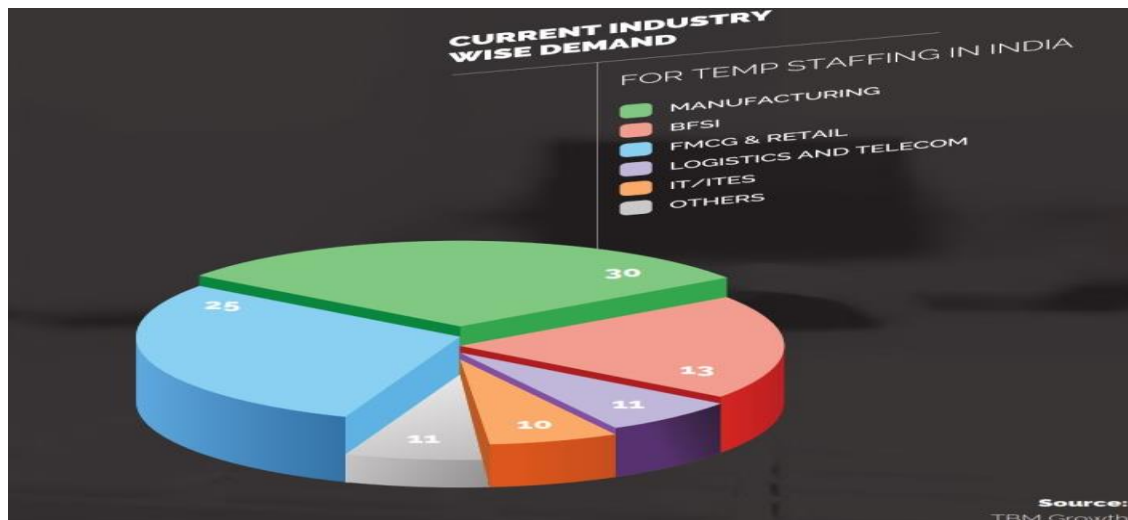


Figure 3. Demand for recruitment services and agencies in different economics
 Source: TBM Growth, 2018

Growth Drivers of Indian Recruitment Industry

Information Technology: the Indian IT industry has witnessed a steady growth in the last few years. It played a central role in placing India as a knowledge-based economy and outsourcing hub on the global map. Indian IT companies were pioneers of temporary recruitment, and IT was undoubtedly a reliable source for the rapid growth of this industry in India (Ernst & Young, 2012). India is a top global exporter of Information and Communication Technology (ICT) in the global innovation index. Bangalore's most dynamic city globally accounts for 40% of the Indian IT industry by itself and has even surpassed Silicon Valley. Figure 4 shows the revenue growth rate of Indian IT exports by geographic sector and region (IBEF, 2018). Indian government plans to increase IT exports by 25% over the next five years (World Economic Forum, 2017b).

The role of technology is not negligible in the Indian recruitment industry. Emerging tools such as artificial intelligence and machine learning have transformed every industry from job search to application and applicant tracking to experience. Such trends as crowdsourcing allow Indian recruitment agencies to find job seekers through new channels. New techniques and approaches (e.g., virtual reality) help Indian recruitment agencies discover superior talents through intelligent acquisition techniques and promise authentic personality-job fit theory in the industry. New and simple features such as online soft skill assessment help the agencies to obtain optimal results (TBM Growth, 2018).

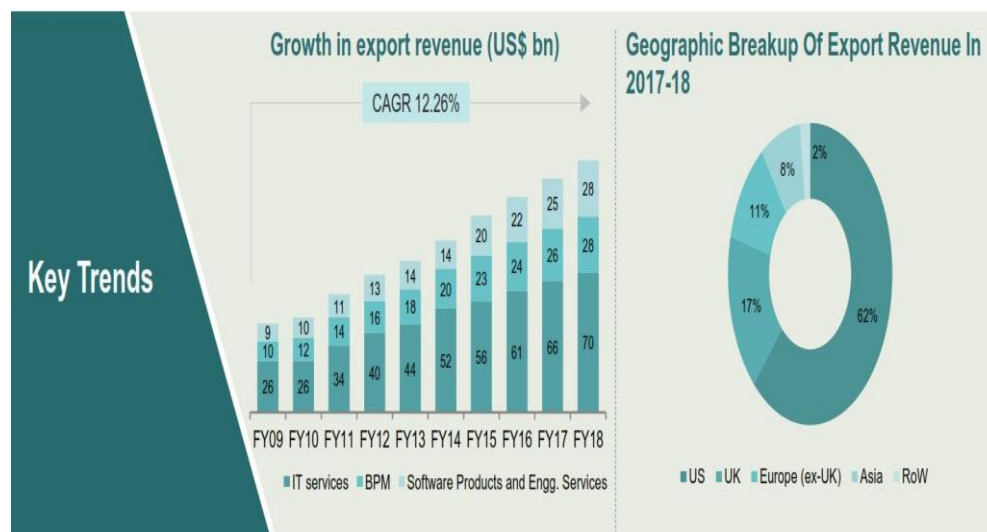


Figure 4. The revenue growth rate of Indian IT exports by geographic sector and region

Source: IBEF, 2018

Merger and Acquisition (M & A): M&A has become an integral part of the Indian economy and daily news, and an ongoing trend despite efforts by the Indian government to facilitate business operations in India since the administrative process of establishing and expanding business is time-consuming. Thus, non-organic growth through M & A remains a popular option for Indian companies (Oswal, 2018). Table 1 shows some critical M & A activities in the Indian recruitment industry.

Table 1: Some critical M & A activities in the Indian employment industry

Year	Acquiring company	Acquired company	Characteristics of the target company
2018	UpGrad Education Pvt.	Acadview Software Pvt.	A job skill training platform for students
2013	Thomas Cook (India) Limited	Ikya Human Capital Solutions	IT, human resources, and facility management services
2011	Deberry Ventures	CandyDate Jobs	The best private human resource consulting company in India
2011	ICICI Ventures	Team: Lease	The latest and greatest recruitment company in India
2011	PeopleStrong	Summit HR India	All-inclusive human resource and employment outsourcing services
2010	Randstad	Mafoi	Payroll Services and Social Security Administration

Diversification: Some Indian recruitment agencies offer a variety of services, including labor market intelligence, talent acquisition, placement, human resource consulting services, leadership development, job market surveys, and training and development, in addition to recruiting services. The agencies are also willing to make

contracts with other companies to offer extra services given this industry's growth, profitability opportunities, and customer tendency for extra services (Harriss, 2010). Some Indian recruitment agencies go beyond and step into areas such as Facilities management and industrial asset management. Advantages of stepping into a wide range of services by recruitment agencies are avoiding cyclical fluctuations, significant growth opportunities, overall profitability, business diversification, and high correlation with economic activity (Oswal, 2018).

Outsourcing: the emergence of India as a trading country in the late 2000s and the relevant growth of India in technology-based outsourcing are significant achievements from a historical perspective. Outsourcing has potential long-term impacts on the sectoral distribution of employment, relative wages, and employees' occupational safety. Many of these factors did not expose to international competition in the past. Outsourcing may have sudden and unpredictable impacts on specific jobs or different skill levels. Although the rate of technological progress is intrinsically uncertain, it is unlikely to decline. The multiplicity of potential job opportunities expose new worker groups to an international competition that can target the employees under specific protection laws (Coe, 2009).

Higher Education and Upskilling: Indian recent achievements in the global knowledge-based economy were envied by developing countries and praised by developed countries. Many attributed these achievements to the vast pool of experienced and talented workforce in India. They also believed that the Indian higher education system brought these promising results (Agarwal, 2007).

The Ministry of Science and Technology of India has created a desirable academic environment to stimulate students' creativity and seek innovative solutions for local problems by young students, particularly in the Indian subcontinent. The government has emphasized enhancing the creativity of young minds through establishing Incubation Centers and Makerspaces. Almost 200 to 250 Incubation centers were launched throughout India with government financial aids. Some plans are proposed to increase the number of these centers to 2430 by the next few years. The goal of these centers is to foster much more young innovative minds all over India. Through various academic grants and research aids, these centers convert Indian risk-averse people to entrepreneurs who cherish the Indian young economy and growing labor market (World Economic Forum, 2017a.).

The Startup India for promoting entrepreneurship; Skill India mission; a propriety ministry called Skill Development and Entrepreneurship; skill-oriented councils led by the industrial sector, and modernization of industrial training institutes are among other measures taken by the Indian government and organizations for labor training and upskilling.

Iran recruitment industry

History and Growth of Recruitment Industry in Iran

The term recruitment was first mentioned in the Ministry of Labor organizational structure in 1950. The technical director-general and administrative director-general assumed direct oversight of organizational units in Tehran and the counties. The organizational units, including labor supervision, social and economic affairs, labor union affairs, educational and cooperative companies, were under the technical director general and other units (Entrepreneurs Club, 1).

The General Deputy of Employment and Recruitment found an independent identity under the supervision of the Labor Department in 1967. Therefore, employment and recruitment were the main measures taken by the Ministry of Labor and Social Affairs. The General Deputy of Employment and Recruitment became the General Deputy of Employment in 1970 and functioned as the general deputy of human resources. Recruitment and employment centers operated independently from the provincial centers' labor and social affairs general-directorates during the fifth development plan and initiated a wide range of plans. These centers transferred labor from provinces with extra labor to the provinces demanding more labor. They also found positions for job seekers and introduced them to employers.

Following the Islamic Revolution and the beginning of the Iran-Iraq war, employment and recruitment centers were affiliated to the labor and social affairs directorate-general. They operated under the directorate-general and only kept records of jobseekers. The descending trend continued until the end of the second development plan (ibid).

According to the third development plan, public employment centers were converted into private recruitment agencies and delegating public rights to the private sector. Although establishing private recruitment agencies were successful during the third development plan, and these agencies expanded with government financial support, they did not replace the public sector and were secondary to public employment centers. Thereby, private agencies failed to meet their vital objectives, and public employment centers still recruited employees under the Ministry of Labor and Social Affairs (ibid).

The fourth development plan focused on the development of private recruitment agencies. Article 80 of the five-year development plan granted the authority to the government to support and expand private sector employment plans to promote stable employment (Ministry of Labor, Cooperatives and Social Welfare, 2010). No article exclusively addressed employment and recruitment in the sixth development plan. Only Article 4 of the Macroeconomic Section obliged the government to compile and legislate an act to reduce the unemployment rate by 0.8%, which the Ministry of Labor and the Cooperative Chamber (Iran Official Gazette, 2017).

The structure of the recruitment industry in Iran

The Directorate-General for Guidance of Workforce and Recruitment of the Ministry of Labor, Cooperative and Social Welfare which acts as the sole supervisor of the

recruitment industry in Iran, determined specific goals and plans to offer convenient services to job seekers and employers through private employment service providers, career consulting services and recruitment agencies. The General Directorate endeavors to solve recruiting problems via interaction and cooperation of the recruiting agencies and relevant associations (Directorate General of Workforce and Recruitment, 2018).

Two types of domestic and foreign recruitment agencies operate under the supervision of the Directorate-General for Guidance of Workforce and Recruitment. In this regard, two trade associations have been launched: Domestic Recruitment Agency and Career Consulting Association and Iranian Trade Association of International Recruitment Offices (SCABA). Given the different authorities and activities of recruitment agencies at both domestic and foreign domains, these associations protect the interests of recruitment agencies and improve the employment rate in Iran.

Size and performance of the Iranian recruitment industry

Table 2. statistics on the performance of domestic and foreign recruitment agencies in the 2008-2017 period

Year	Type of recruitment agency	Number of recruitment agencies	Number of registered jobseekers	Number of acquired job opportunities	Number of recruited jobseekers	The ratio of recruited to registered
2008	Domestic	770	1044149	633140	314136	0.301
	Foreign	-	-	-	-	-
2009	Domestic	792	999943	606249	324982	0.325
	Foreign	-	-	-	-	-
2010	Domestic	773	888159	602752	293381	0.330
	Foreign	-	-	-	-	-
2011	Domestic	748	729101	523032	161811	0.221
	Foreign	-	-	-	-	-
2012	Domestic	745	735847	550001	240762	0.327
	Foreign	-	-	-	-	-
2013	Domestic	773	585815	544484	204042	0.348
	Foreign	-	9210	2287	687	0.0745
2014	Domestic	777	516897	392738	184042	0.356
	Foreign	-	15694	6573	1102	0.0702
2015	Domestic	807	542891	540928	171020	0.315
	Foreign	-	12890	2345	785	0.0609
2016	Domestic	830	556434	604875	167707	0.301
	Foreign	-	15778	5645	1198	0.0759
2017	Domestic	859	464120	276435	79100	0.170
	Foreign	122	23850	5436	5057	0.212

Source: Directorate-General for Labor and Recruitment Guidance

When analyzing the size and performance of the Iranian recruitment industry, we have considered two types of domestic and foreign recruitment agencies. Table 2 and Figures

5 and 6 show performance and Iranian domestic and foreign recruitment agencies in 2008-2017.

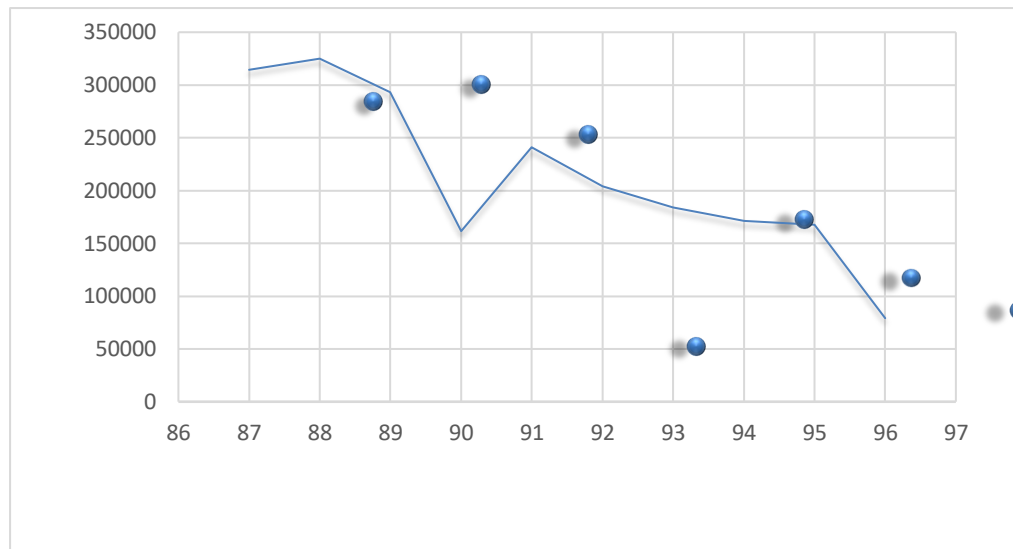


Figure 5. Number of recruited job seekers in 2008-2017 by domestic recruitment agencies

Source: Directorate-General for Labor and Recruitment Guidance, 2018

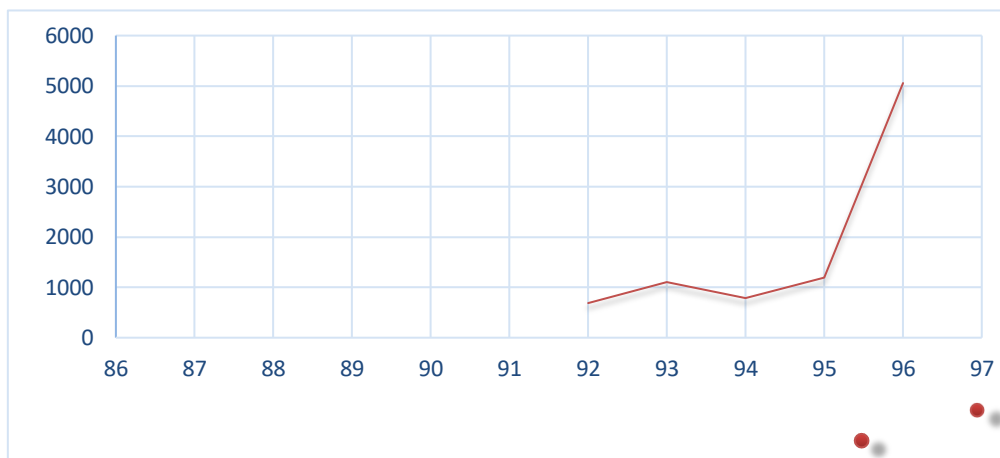


Figure 6. Number of recruited job seekers in 2008-2017 by foreign recruitment agencies

Source: Directorate-General for Labor and Recruitment Guidance, 2018

Methodology

We have used library studies, interviews with experts, and the authors' professional experience to analyze and investigate the subject matter in this research.

Discussion: Identifying the status, challenges, and solutions for the Iranian recruitment industry

Given the importance and status of the recruitment industry globally, employment policymakers should learn from past experiences and successful models of the recruitment industry and, with the help of a scientific approach and precise planning, guarantee a sustainable career prospect for young people who probably seek jobs in the future. They should rely on the demographic and geographic potential of the Iranian population neglected in the past three decades and substantial human resource pool unfortunately tangled in unemployment or unproductive and inefficient job positions. It is essential to pay attention to the global recruitment industry that acts as an effective job generator with a significant share in per capita income of different countries, including India and Japan. In addition, negligence and inefficient planning for this industry can threaten the Iranian economy and labor market.

Although comparing the recruitment industry of such prosperous countries as Japan and India with Iran might seem discouraging, the comparative study promised a hopeful future for Iran's recruitment industry and employment prosperity. Other encouraging factors include considerable similarities in human resources, human development indices, and the policies and strategies these prosperous countries have adopted to resolve unemployment and enhance the recruitment industry.

The authors' individual experiences in the international recruitment industry highlight the importance of learning from experience and adopting such prosperous countries (e.g., Japan and India) regarding the international recruitment industry to identify opportunities and develop solutions for the growth and resolution of relevant challenges. World Employment Confederation has also released its 2016 annual report in New Delhi and highlighted the admirable status and growing trend of the Indian recruitment industry with more than 270 million active workforce and many top global recruitment agencies, including Adecco and Randstad and Kelly services (Cielt, 2016).

Challenges

Each new opportunity results in new challenges and obstacles. Therefore, it is essential to recognize these challenges to Iran's recruitment agencies and other authorities and practitioners of this emerging industry.

Despite the emerging recruitment industry in Iran, Iranian recruitment experts and authorities can learn from the experience of such prosperous countries as Japan and India and jump to a significant rank in the global recruitment industry with the adoption of a scientific and dynamic approach, expansion of research and development activities and employment of international consultants for the recruitment industry. Some of the most significant challenges faced by the Iran recruitment industry are as below.

Lack of information and guidance: Many job seekers reported facing multiple barriers to finding appropriate job opportunities. Such factors as lack and asymmetry of information on available job opportunities consistent with personal skills and lack of guidance for realistic career goal-setting and decision-making are among the most critical causes for supply-demand mismatch in the labor market.

Skill mismatch: According to Human Capital Report 2017 by the World Economic Forum, developing their human capital can be a more critical determinant of their long-term success than virtually any other factor (World Economic Forum, 2017a). However, individuals' knowledge and skills to create value in a global economic system are not adequately taught in classrooms. The Iranian labor market is dealing with a significant contradiction; many young people are unemployed, but the private sector complains about a lack of labor with adequate skills ready to enter the labor market. Although the primary aim for establishing organizations such as Technical and Vocational Training Organization and University of Applied Science and Technology was to fill the gap between the labor market's formal education and skill requirements, they, unfortunately, followed the higher education system, which is far from what they were supposed to do. Their adopted goals differ from predefined macro goals and missions, which reduces competitiveness for the Iranian workforce in the global market.

Weakness of Technology: The technology employed by a recruitment agency can either lead to its success or failure. Recruitment agencies with different options and functions need to be aware of the plans that help to win the contest. It is necessary to use social networks and mobile technologies to communicate with corporate clients and job seekers.

Weakness in customer service: When someone works in the recruitment industry, they deal with people for people daily. Public relations personnel should be competent in their actions since their success depends on their management style.

Compliance with rules and regulations: Since the international recruitment industry emphasizes labor mobility throughout the world, recruitment agencies should conform to rules and regulations of different target countries; Compliance with this constantly evolving legal prospect can be overwhelming.

Inefficiency and slow performance: The business world is moving faster than ever. Success in the recruitment industry depends on meeting deadlines and delivering quick results. Relevant delays can hurt the recruitment agency and industry and the employer, and even potential job seekers. Therefore, reducing the response time is an ongoing challenge for all recruitment agencies. The company can either succeed or fail through a resolution of this challenge.

Outdated Strategies: If the recruitment agency fails to adapt to the latest innovations and technologies, it may be behind the competition and out of the contest. If a strategy was successful in the past, it would not be successful and should alter to new situations.

Dishonest Approaches of jobseekers: In an ideal world, job seekers are honest and include only the realities in their resumes and job applications, but the world is not ideal, and many job seekers exaggerate their skills to provide them with a competitive advantage in the contest.

Ability to meet growing demands of employers, understanding new employment and recruitment trends, globalization of the labor, updating operations following to top practices and procedures, balancing costs, and taking into account unexpected decline in

labor are among other challenges Iranian recruitment agencies and recruitment industry should deal with in the future.

Opportunities and Strategies

Since the Iranian recruitment industry is still infant, strategies and factors that promise a constantly growing industry can be more potent than challenges. These strategies resolve challenges, lead to the industry's survival, and create a competitive advantage for this promising industry in Iran. Utilization and development of some of the solutions proposed by the authors require the cooperation of not only recruitment agencies but also authorities of the recruitment industry, the government, and relevant ministries (mainly the Ministry of Cooperation, Labor and Social Welfare; Ministry of Foreign Affairs; Ministry of Science, Research and Technology; and Ministry of Education), and economic and employment policymakers.

Career counseling and guidance: The authors' experiences suggest that easy access to career counseling and guidance services can balance skills and expectations and improve jobseekers' career decisions, equipping recruitment agencies with experienced human resources specialists. The licensing organizations should also consider the experience in human resources and career counseling as a decisive factor and put on the agenda necessary training and continuous review of job descriptions and necessary professional skills.

Human resource training: selection and training of the recruitment team should be constantly revised due to the constantly evolving and criticality of the recruitment industry. One of the most helpful training strategies is teaching domestic and international rules and regulations governing the recruitment process, the role of international recruitment agencies and responsibilities of those working in this field, and customer-oriented skills to members of the recruitment team.

Research and Development (R & D): Understanding potential opportunities is the key to development. R&D is more important in the recruitment industry since human talents are exchanged as intelligent products. Research and development offer one of the most effective opportunities for professional development to the Iranian recruitment industry. It will be beneficial for both employers and job seekers.

Technological Development: Social, mobile, and artificial intelligence technologies undeniably evolve the recruitment industry. While sophisticated data analysis tools help recruitment agencies make smarter decisions, Social networks and the Internet can play a significant role in an effective job search. Typical use of social networks and the Internet among Iranian young people offer an opportunity to raise awareness on educational paths, job opportunities, and available upskilling programs.

Merger, acquisition, and coalition: As one of the main internationalization strategies, mergers, acquisitions, and coalitions can help the recruitment agencies to adjust their position for prospect opportunities. One reason for the early growth of the recruitment industry in such countries is India's participation in giant global recruitment agencies in the Indian recruitment industry. Unfortunately, no global recruitment agency has ever

established a representative office/subsidiary or invested in recruitment agencies in Iran. Although Kelly Services took some measures to set up a representative office in Iran with the cooperation of KARPIRA International Recruitment Agency in 2013 to participate in oil, gas actively, and pharmaceutical industries in the Middle East and Iran, complex international banking transactions, as well as sanctions and other specific regional circumstances of that period hindered setting up a representative office.

Investor Acquisition: A sharp increase in the number of willing investors by capital injection and favorable government policies facilitates unlimited market growth. Recruitment agencies have played an enormous role in the global employment scenario, creating more than millions of job opportunities in India in recent years. Therefore, recruitment is a sustainable method for business growth in an uncertain and evolving era. A systematic recruitment industry in a country will attract potential investors.

Private sector involvement to fill the skill gap: As knowledge becomes a critical factor in economic development, significant job nature changes exist. Industry-driven jobs are replaced with knowledge-driven jobs, which have evolved, enhanced, and updated required skills in the economy. Future job opportunities do not require increasing higher education competency (World Bank, 2006). The private sector should be more active in the enhancement of the skills and capabilities of Iranian youth. Despite the role of the government in offering essential education services, the private sector should actively offer training programs to trigger demand-driven educational initiatives and foster industry-driven skills. Industry professionals' professional guidance activities (discussions, seminars, and workplace visits) can complement the above programs.

Updating Standards and Schemes of Higher Education: Although primary and secondary education is essential, higher education's quality and size distinguish a dynamic economy from an isolated one. Talents are the source of competitiveness in the new knowledge-based economy, and those countries that win can grow their talent by pursuing progressive policies in higher education.

Various countries (e.g., Iran) have witnessed a growing unemployment rate and unfitted employment of graduates. Higher education probably does not equip students with the skills and competencies needed in the global knowledge-driven economy. As a result, Iran faces a contradiction: a growing shortage of skills versus a growing unemployment rate and unfitted employment of graduates. Therefore, understanding the relationship between higher education and the labor market is essential in the globalization process.

Developed countries must acquire the best talents worldwide to preserve their leading scientific, technological, and innovative status globally. This measure is much easier in Iran since many brilliant talents are currently residing in Iran and waiting for an opportunity to participate in market growth and success. The government should raise successful, competent talents given suitable opportunities at the right place. The challenge to the current Iranian workforce is updated skills. The future workforce should acquire the skills needed to be active in upcoming evolving industries.

Globalization integrates the labor market to skilled labor. Recently, a wave of internationalization of higher education has witnessed an increasing number of students, programs, and higher education providers globally. An appropriate mix of public and private training, formal and informal institutions, facilitates the internationalization of higher education. Specific initiatives are necessary for improving employability. A constantly updated and upgraded training curriculum and content can be prepared via educational and learning support networks. It is also essential to collect, analyze and release data on current educational trends. Therefore, investment in both qualitative formal and practical training is a priority. Cooperation between public and private partners is also a necessity.

International Interaction and Cooperation: Recruitment is an interactive industry and seeks effective strategies to create more job opportunities and negotiate with potential and actual employers. These strategies include consistent communication with foreign employment centers, collaboration with foreign recruitment agencies, universities, colleges, educational institutions, embassies and consulates, international jobseeker referring systems, membership in international employment associations, attendance in employment exhibitions, conferences, and events at the micro-level. Membership of Iranian public organizations responsible for employment and economy sectors in international decision-makers and executive organizations in the recruitment industry (e.g., ILO and WEC Global) can bind the Iranian recruitment industry to the global industry chain at the macro level. The KARPIRA International Recruitment Agency attempted to facilitate the Iranian Trade Association of International Recruitment Offices (SCABA) in the World Employment Confederation (WEC Global) in 2015. However, these efforts failed since Iran did not conform to the C181 Convention of the World Labor Organization, particularly charging the jobseekers.

Conclusion

As a bridge between companies and talents, Recruitment agencies have a more critical role in hiring top talents than ever. It is a fair game for the job seeker and the employer. Traditional advantages (e.g., budget size and reputation) are no longer success factors, and anyone has a chance for success nowadays.

Comparison of the global recruitment industry revenue and annual oil revenue (equivalent to \$40 billion) in Iran (World Bank, 2018) justified long-term and countless advantages of investment in the recruitment sector, which is a suitable alternative to non-renewable oil reserves. However, talents and human capital in the recruitment industry do not fade. International and national skills and knowledge can be promoted by enhancing human resource skills and knowledge in a non-deteriorating cycle. Skilled, creative, and elite human resources currently determine how powerful a country is. The imminent crisis of oil depletion can be domineered by guiding the rich human resources and expertise to the right path at a national level.

The employment prospect for the new generations sharply depends on two factors. A more predictable factor is the set of skills of the new generations entering the labor market. Given the unemployment rates of current young graduates, the Iranian education system is not ready to foster employers' skills. A less predictable factor in the

governmental style adopted for implementing policies affecting the competitiveness of tradeable sectors in Iran -including agriculture and industry- creates the highest number of potential future job positions. The young generation should have influential positions in the economy and the government in Iran.

Skills, collaborations, and flexibility are the keys to promoting job opportunities creation and empowerment in Iran. The actual problems and their relevance should be understood in the first step to resolving them through collaboration and a systematic approach.

Recommendations for future research

Apart from the authors' suggestions for public organizations supervising on employment and recruitment industry of Iran, and also the private sector, universities, and the government, which aims growth and enhancement for the Iranian recruitment industry, we recommend conducting an extensive study on drivers of growth of the recruitment industry including longitudinal studies on efficiency assessment of non-academic training and their fitness to career demands, labor market, and employability. Such demographic factors as age and gender and social, cultural, and economic factors influencing the competitiveness of the Iranian labor and recruitment industry should be more closely studied in the future.

Author Contributions

This article results from over one decade of both author's cooperation in the international staffing and recruitment industry, officially through at KARPIRA international recruitment agency, and all parts have been done collectively.

Acknowledgement

Authors can thank and express their gratitude to any contributors who do not meet the criteria for authorship.

References

- Agarwal, P. (2007). Higher Education and the Labor Market in India. 49-50.
- Aravamudhan, N.R. (2007). Temping: Redefining the Indian Job Market. *Business Week*, 3746 (2007). 146 – 147
- Ciett. (2012). The Agency World Industry Around the World. Brussels, Ciett. 4-5.
- Ciett. (2016). Opening speech for the Ciett World Employment Conference. New Delhi.
- Coe, D. T. (2009). Globalization and labor markets: implications of the emergence of China and India. *Press & Communications CH 4002 Basel, Switzerland*, 139.

- Coe, N., Johns, J. and Ward, K. (2005). The top 20 global temporary staffing agencies: Changing firm geographies, Working Paper 4 School of Environment and Development, Manchester.
- Coe, N., Johns, J. and Ward, K. (2008). Flexibility in action: the temporary staffing industry in the Czech Republic and Poland. *Environment and Planning A*, 40(6):1391 – 1415.
- Coe, N. Jones, K. and Ward, K. (2010). The business of temporary staffing: a developing research agenda. *Geography Compass*, 4(8): 105-106.
- Entrepreneurs Club. Recruitment History. Available at: <http://www.kanoonkarafarinan.ir/page/860/تاریخچه-کاریابی>. Published at: Unknown. Accessed at: Nov. 3, 2020.
- Ernst & Young. (2012). Human resources solutions industry: Stepping into the next decade of growth. January 2012. Ernst & Young Pvt. Ltd.
- 1euroCiett. (2007). The contribution of private employment agencies to flexicurity and a better functioning labor market in Europe. euroCiett. 1-12.
- Ferreira, J. (2016). The Changing Regulatory Mosaic of the Temporary Staffing Industry in Europe. Center for business Society. 12-14.
- Gonos, G. (1997). The contest over 'employer status' in the post-war United States: the case of temporary help firms. *Law and Society Review*, 31(1) .81–110.
- Harriss, J. (2010). Globalization (s) and labor in China and India: Introductory reflections. *Global Labour Journal*. 1(1). 3-11.
- HR in Asia. (2016). Randstad Japan and Gigwalk Partner to Bring Innovative Mobile Solutions to Staffing Industry. Available at: <http://www.hrinasia.com/recruitment/randstad-japan-and-gigwalk-partner-to-bring-innovative-mobile-solutions-to-the-staffing-industry/> . Published at: May 27, 2016. Accessed at: Nov. 2, 2018.
- Imai, J. And Shire, K. (2006). Employment Deregulation and the Expanding Market for Temporary Labour in Japan. *The Changing Structure of Labour in Japan—Japanese Human Resource Management between Continuity and Innovation*. Houndmills/Basingstoke. Palgrave. 113-129.
- The Indian Express. (2016). Indian staffing industry expected to grow by 12% this year. Available at: <https://indianexpress.com/article/jobs/indian-staffing-industry-expected-to-grow-by-12-this-year/>. Published on: Dec. 4, 2016. Accessed at: Nov. 3, 2018.
- Iran Official Gazette (2017). Iranian Official Gazette. The Sixth Development Plan. 1-2. Available at: [http://www.rrk.ir/Files/Laws/ششم توسعه.pdf](http://www.rrk.ir/Files/Laws/ششم%20توسعه.pdf), Published at: April 10 2017. Accessed at: Nov. 2, 2018.

- IBEF. (2018). Available at: <https://www.ibef.org/industry/information-technology-india.aspx>. Accessed at: Nov. 10, 2018.
- JASSA. (2018a). Establishment of the Worker Dispatching Act and major amendments. Available at: https://www.jassa.or.jp/english/law_system/index.html. Accessed on Oct. 25, 2018.
- JASSA. (2018b). Labor Market / Temporary Agency Work Market, Available at: https://www.jassa.or.jp/english/labor_market/. Accessed on Oct. 25, 2018.
- Johnson. (2012). QUIET GIANT: Post-recession, Japan's staffing market is ready for growth. Available at:
<https://www2.staffingindustry.com/site/Publications/Staffing-Industry-Review/Archive/2012-Staffing-Industry-Review/June-2012/Quiet-Giant>.
Published on May 23, 2012. Accessed on May 15, 2018.
- Kelly Services. (2018), Kelly Services Invests in Tempstaff Co. Ltd., Japan. Available at: <http://ir.kellyservices.com/static-files/f72f2c3a-5999-4d75-b057-c21fd96aa91e>.
Published at: Feb 2018. Accessed at: Oct. 15, 2018.
- Nikkei. (2018). Japan's Recruit employs AI to stop workers from quitting. Available at: <https://asia.nikkei.com/Business/Companies/Japan-s-Recruit-employs-AI-to-stop-workers-from-quitting>. Published on Sep. 10, 2018. Accessed on Oct. 27, 2018.
- OECD. (2018). OECD Employment Outlook 2018. OECD Publishing. Paris.
- Oswal, N. (2018). The Latest Recruitment Technology Trends and How to Really Use Them. Available at: <https://www.pcworld.idg.com.au/article/633219/latest-recruitment-technology-trends-how-really-use-them/>. Published on Feb. 9, 2018. Accessed on May 12, 2018.
- Peck, J., Theodore, N. and Ward, K. (2004). Global push: constructing "emerging markets" in the temporary staffing industry. *Global Networks*, 5(1). 3-26.
- Peck, J., Theodore, N., and Ward, K. (2005). Constructing markets for temporary labor: employment liberalization and the internationalization of the staffing industry. *Global Networks*. 5(1). 3-26.
- Peck, J. and Theodore, N. (2007). Flexible recession: the temporary staffing industry and media work in the United States. *Cambridge Journal of Economics* 31(2). pp. 171-192.
- PwC. (2017). M&A Integration: Choreographing great performance PwC's 2017, M&A Integration Survey Report
March 2017. PwC's Deals M&A Integration practice.

- Randstad. (2016). Randstad to buy Careo Group in Japan., Available at: <https://www.ir.randstad.com/news-and-events/newsroom/2016/2016-06-10>. Published at: June 10 2016. Accessed at: Oct. 15 2020.
- Reddy, Sumati. (2006). Temping in India. In Prasad, B.V.S. & Sangeetha K. (ed.). Temping: An Introduction. Hyderabad: ICFAI University Press. 82-83.
- Reuters. (2017). Japan's Persol makes a \$600 million bid for Australian recruiter Programmed Maintenance. Available at: <https://www.reuters.com/article/us-programmed-main-m-a-persol-holdings-idUSKBN19Z014>. Published at: July 4, 2017. Accessed at: Oct. 25, 2018.
- Staffing Industry Analysts, Global Staffing Forecast, May 2017.
- TBM Growth. (2018). Temporary Staffing Report. 38-60. <https://www.tbmgrowth.com/wp-content/uploads/2018/04/Temporary-Staffing-Report.pdf> p.38-60
- Ward, K. (2004) Going global? Internationalization and diversification in the temporary staffing industry. *Journal of Economic Geography*. 4(3). 251-273.
- Watts, J. (2011). China and the Temporary Staffing Industry. GOTSU Working Brief 51. Available at: http://www.sed.manchester.ac.uk/geography/research/gotsu/outputs/workingbriefs/download/gotsu_wb51%20.pdf
- Watts, J. (2012). Geographies of Temporary Staffing and the Financial Crisis. Paper presented at the Association of American Geographers Annual Meeting, New York. 24-28 February 2012.
- World Economic Forum. (2017a). How India can prepare its workforce for the jobs of tomorrow. Available at: <https://www.weforum.org/agenda/2017/09/how-india-can-prepare-its-workforce-for-the-jobs-of-tomorrow/>. Published on Sep. 28, 2017, and accessed on Nov. 11, 2018.
- World Economic Forum. (2017b). Human Capital Report 2017.
- WEC Global. (2017). World Employment Confederation Manifesto 2017: No Future Of Work Without Social Innovation! How to build open, inclusive, sustainable, and enabling labor markets. 5-7.
- WEC Global. (2018). WEC Global Economic Report: Enabling work, adaptation security & prosperity, 2018 edition, 4-8.
- Woerzel, J. Madgavkar, M. and Gupta, S. (2017). India's Labour Market: A New Emphasis on Gainful Employment. McKinsey Global Institute 2017. June 2017. 2-3.

Workforce. (2012). Recruit Co. Lands Staffing Firm for \$410 Million. Available at: <https://www.workforce.com/2012/01/04/recruit-co-lands-staffing-firm-for-410-million/>. Published at: Jan. 4, 2012. Accessed at: Sep. 29, 2018.

World Bank. (2006). Skill Development in India: The Vocational Education and Training System. January 2006.

World Bank. (2018). Iran Overview. Available at: <https://www.worldbank.org/en/country/iran/overview>. Updated at: Oct. 11, 2018. Accessed at: Oct. 26, 2018.

COPYRIGHTS

©2021 The author(s). This is an open access article distributed under the terms of the Creative Commons Attribution (CC BY 4.0), which permits unrestricted use, distribution, and reproduction in any medium, as long as the original authors and source are cited. No permission is required from the authors or the publishers.



HOW TO CITE THIS ARTICLE

Seyedi, S., Darroudi, A. (2021). A Comparative Study of Recruitment Industry in Japan, India, and Iran: A Growth Roadmap for the Iranian Recruitment Industry. *International Journal of Management, Accounting and Economics*, 8(9), 684-706.

DOI: 10.5281/zenodo.5888517

URL: https://www.ijmae.com/article_141164.html

