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# Defining "quality" in the staffing industry

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# INFORMATION TO USERS

DEFINING "QUALITY" IN THE STAFFING

INDUSTRY


A Thesis

Presented to

The Faculty of the Department of Technology

San Jose State University


In Partial Fulfillment

of the Requirements for the Degree

Master of Science

by

Carrie K. Cabak

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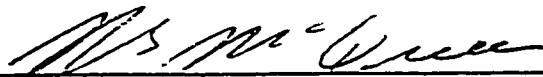
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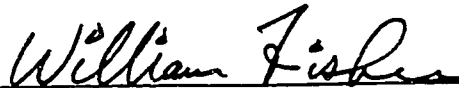
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ABSTRACT

DEFINING QUALITY IN THE STAFFING INDUSTRY

by Carrie K. Cabak

This study assessed how staffing agencies define quality in
terms of achieving stakeholder satisfaction. Of particular
interest was the extent to which the definition of quality
had been infused within operational procedures, policies
and procedures.  Contact with agencies revealed that few
formal methods were in place to ensure stakeholder
satisfaction. The study was expanded to identify factors
influencing quality from the perspective of companies and
employees of agencies.  Drawing upon this information and
research performed in similar industries, recommendations
were made to assist staffing agencies in defining key
customer focused objectives and paving an approach forward
towards these objectives. The population was limited to
California where the unemployment rate has been
significantly lower (5.8%) than previous years. The
staffing industry has been relatively uncharted territory
and expressed an interest in process improvement that will
ensure long-term success in this highly competitive
marketplace.

Dedication


To those who made it possible:

My friends, peers and fellow journeyfolk

All those who sacrificed for this effort

To those who shined their light my way

To all those who I interviewed, dialogued, confused and
intrigued

Thank you

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Introduction

The headlines in December, 1997, have announced the
news as if the impossible had occurred:

California's seasonally adjusted unemployment

rate was 5.8% in November (1997), according to

preliminary estimates.  The rate was down 0.6

percentage point from October, the biggest one-

month decline in the rate since June 1983.

(Employment Development Department, p. 1)

Anecdotal citations about rising employment levels and
resulting labor shortages, beginning in the mid-1990s, have
reached across both coasts of the United States.  Stories
such as "Hiring active through May; service industries
expand", (Cruz, 1996) and "Temp firms swamped as labor
shortage continues" (Duan, 1997) or "IT recruiting options
multiply" (1997) have become common in the business section

of news periodicals. Even daily cartoons have picked up

on the rise of interest in the use of temporary firms:



**Beetle Bailey** By Mort Walker

Figure 1. Beetle Bailey and Sarge recognizing the value

of temporary employees. Reprinted courtesy of Mort

Walker, 1998.

Companies have been experiencing flourishing

economies that traditionally accompany a consistently

improving market. As companies continue to grow, the need

for skilled and qualified personnel has increased,

especially in the service sector. The service sector has

been especially sensitive to this growth because high-

technology solutions are inappropriate for the personal

touch typically required by service companies. Locally,

Silicon Valley companies have been experiencing a labor

shortage, turning to the staffing industry for immediate

resolution of this problem (Duan, 1997). How the staffing industry has served this market is of interest to many. Companies have expected staffing agencies to provide fully qualified candidates and satisfactory service. With greater interest in human resource development and the need for organizational training (Schneider & Bowen, 1993; Ulrich, 1993; Fernberg, 1995), companies using staffing agencies for temporary employees increasingly have relied upon the agency to ensure these employees are suitable and appropriate for the task. In many cases, companies have relied more heavily on staffing agencies to provide fully qualified individuals faster than ever. Qualified doesn't mean just having technical skills any longer; it now includes the non-traditional "soft skills" or the abilities to work in a team or individually, to lead, to think systemically, and to be sensitive to the needs of the company. As more companies turn to staffing agencies to provide temporary or permanent personnel with these skills, staffing agencies must ensure customer satisfaction to assure their own long-term existence.

This study focused on the growth in the staffing industry and its need to deliver services that continually satisfy their customers. To this end, many industries

have turned to the use of "quality management" for optimizing operations and streamlining processes, complete with global strategy development (Lovelock & Yip, 1996; Kellogg & Nie, 1995), measuring operational performance (Bear, 1990) and providing "quality services" (Henkoff, 1994). Over the last 50 years, greater emphasis has been placed on the definition of quality in the traditional manufacturing environment. Defining quality enabled companies to begin managing it. "Managing" quality lead to the development of specialized tools such as statistical process control, formal processes such as a customer complaint management process, and structured systems such as document control. Together, these tools, processes and systems resulted in greater optimization of business processes. More effective and efficient processes resulted in faster, better and cheaper products. But what does "quality" mean in the staffing industry and how do staffing agencies operationalize this term?

## Statement of the Problem

The purpose of this study was to evaluate how small staffing agencies in California define quality and how these agencies achieve and measure quality. This study

identified attributes of quality in the staffing industry
so that appropriate process improvement and customer and
employee satisfaction programs, methods or practices can
be customized for specific use in this industry. The goal
of this effort was to help the staffing industry realize
increased profits and to further establish organizational
stability.

## Significance of the Problem

Staffing agencies have been a part of the larger
industrial sector commonly referred to as the service
sector. The service sector as a whole has only recently
been recognized as a substantial contributor to economic
performance. As such, this industry's productivity and
effectiveness have been the focus of a growing number of
research studies, newspaper columns and business school
course offerings. With an opportunity to improve
operational performance within this industry, quality
professionals have focused on understanding the
significant differences from traditional manufacturing and
how these differences affect overall company performance.
In turn, it is believed that an increasing number of
quality professionals have specialized in applying

traditional quality theories and practices to the service sector.

Like other types of businesses within the service sector, staffing agencies have not been well known for the use of state-of-the-art technologies because the resulting "product" and corresponding customers don't demand it. Staffing agency customers typically want simple and fast solutions. Accordingly, staffing agencies want simple systems and underlying philosophies of doing business. New programs or practices must be very inexpensive due to the highly competitive nature of the staffing industry as a whole. Costs must stay low in order to attract new customers as well as to retain existing customers.

In California in 1994, there were 714 small to medium sized employment agencies in Standard Industrial Classifications 7361 and 7363 (U.S Bureau of the Census, 1996). For these agencies, the luxury of investing resources in training, consulting, documentation and fixed equipment does not exist if the risk of obtaining a significant return on the investment is less than the potential benefit obtained from investing the same amount of money, time and resources in other proven areas. For companies in any industry fitting this profile, an

investment in a "quality program" must be associated with proven and known results. Without a clear understanding of what "quality" is, such programs cannot hope to be successful.

Challenges to the quality profession from small businesses have also increased over the last ten years as the growth rate of small businesses has increased significantly during that timeframe. The Small Business Administration has reported increasing numbers of inquiries to Internet web pages and local offices while the number of business loans to sole-proprietor companies has also increased. Methods, techniques and practices developed for use in larger organizations (i.e. Motorola, Hewlett Packard, IBM, etc.) have been recognized as being inappropriate for smaller businesses. Finding proven solutions to quality problems facing smaller companies has become a more interesting and challenging arena for the quality industry professional. Confounding this opportunity has been the inherent differences within members of the small business community.

Over the last 10 years, businesses of all sizes increasingly have identified and implemented many different "quality" programs. Many companies have

selected, implemented and abandoned a wide array of programs because the desired results were not obtained in the time frame originally prescribed. It is believed that many quality programs have been abandoned because many companies do not understand what "quality" means to the business and thus have been unable to define it in such a way that "quality" could be managed. This study explored the definition of quality in a business area becoming recognized for its substantial contribution to other industries, regardless of location, product definition or size.

As the economy continues to boom and the unemployment rate levels or continues to decline, companies throughout California will continue to suffer a labor shortage, especially of skilled professionals or trade-workers. Paralleling this decline has been the growing awareness for companies, of all types, to continually satisfy their customers. A vital link to satisfying customers has been the role, skills and knowledge of the employee, especially the employee that is in contact with the customer. Employees have received more training now than ever and have been required to demonstrate greater skills and knowledge. Accordingly, agencies providing temporary or

permanent employees must understand what their customers need and how to provide for those needs. This understanding could lead to the implementation of formal and effective practices that would assure satisfaction of all stakeholders. Additionally, defining quality in the temporary staffing industry must account for the role of all stakeholders: the customer, the temporary employee (candidate) and the agency as a whole.

The literature showed little evidence of research conducted on quality in the staffing industry to date. Although this study did not research the reasons for business failure or customer dissatisfaction within this industry, it did explore possible interventions that may improve overall business methods. Since an underlying philosophy of all quality management principles and methods is the on-going success and profitability of an organization as well as continuous improvement towards customer satisfaction, this study attempted to uncover key concerns that management within these companies face on a daily basis. A potential benefit of this study was not only to the population defined by this study but also to those who provide guidance and counseling to the management of these companies (i.e. consultants).

Additionally, the results of this study may be of significance to future researchers developing specific interventions for particular industries. Other benefits of this research included the continued addition of information and understanding on the concept of "quality" in order to enhance and further promote formal graduate studies in this field. By looking at how the field of quality is relevant to the service sector, using methods and concepts typically applied to traditional manufacturing, future students of "quality" may benefit by developing a broader range of knowledge and understanding.

## Research Questions

The highly integrated relationship between the staffing agency, the client and the candidate was the primary basis for the fundamental questions asked by this study:

1. How does the temporary staffing agency define quality?

2. What quality factors do temporary staffing agencies perceive are important to achieve satisfaction among all stakeholders?

3. Do temporary staffing agencies measure the degree of success in achieving quality as they define it?

Limitations of the Research

The most significant limitation of this study was the ability to generalize the results of the evaluation within one population (small, temporary staffing agencies in California) across other categories in the staffing industry or agencies located in other geographic locations. The staffing industry consists of companies specializing in one or more of the following areas: Temporary Help (including clerical, light industrial and contract services), Outplacement, Professional Employment and Permanent Placement. This study looked only at the Temporary Help category. Accordingly, generalization of the results of this survey across all categories of staffing agencies may be compromised by a focus only on one area. ("The staffing industry", 1997, p. 56). It may be necessary to draw relative conclusions with other industry categories based on a formal comparison of business concerns, operational characteristics or other attributes that can be associated.

Another limitation was that only agencies in California were targeted. California was selected because of its lowest unemployment rate (5.8%) in 20 years as well as personal interest to the researcher. (Employment Development Department, 1997; "California jobs growth", 1996). Due to the exploratory nature of this study, a purposeful sample was used rather than a statistical sample therefore confounding the ability to generalize the results across the population. The goal of purposeful sampling is to identify and evaluate specific cases that are likely to yield a large amount of information for the purposes of better understanding the population.

Additional limitations of this study included the effect of working with this researcher's particular conceptual framework. It was possible that observations conflicting with the framework prescribed were not interpreted correctly. Validating interviewee responses by using a focus group might add substantial information that would lead to better understanding of the needs of this population. With proper use of the information obtained from a focus group, correlated with the results of a broader questionnaire, the ability to generalize the results would be improved. This study, however, only

opens the door for future research that should include focus group work. Opportunities to clarify unclear responses were followed up via direct conversation with the respondent, when possible (i.e. if the respondent has offered the opportunity for further discussion).

Another factor affecting this study was the inherent variation in the use of the tools being used to evaluate the sample. Specific language used in asking the questions may have resulted in answers different than the question was designed to obtain. Because of the qualitative nature of this exploratory study, information gathered from one interview most likely will affect how future interviews are conducted, with continual refinement of the study questions.

Definition of Terms

Candidate. The individual being placed as a temporary employee.

Client. The company requesting the temporary placement service.

Employee. An employee working for the temporary placement agency in a support, administrative, management or customer service position.

Owner. Individual or group that is ultimately responsible for a business.

Quality of service. Satisfying stakeholders by providing the requested service(s) to meet specified client, candidate and agency requirements.

Service Sector. The sector with businesses falling into Division I: Services of the Standard Industrial Classification Code (Office of Management and Budget, 1987). The organizational sector comprised of companies that deliver intangible products, such as knowledge, information or transitory activities. Examples of service sector companies include consulting, janitorial services, architectural, employment, real estate and turnkey assembly.

Small Business. Companies with less than 50 employees, with annual gross sales less than $10 million.

Staffing Industry. The industry sector that provides staffing and other personnel management services. Four segments of this industry are Temporary Help, Outplacement, Professional Employers and Permanent Placement.

Temporary Help: Light Services. The segment of the staffing industry that provides clerical, trade labor and other non-technical staffing.

Temporary Help: Contract Services. The segment of the staffing industry that provides technical and supervisory staffing, including Information Technology specialists, health care specialists (nurses, therapists, etc.) and accountants.

Chapter 2

Review of the Literature

<u>The Concepts</u>

The review of literature was conducted with a special
focus on information collected over the last five years.
Four areas addressing changes and influences affecting the
concepts of the study were studied: a) definitions of
quality in business; b) quality in the staffing industry;
c) quality in small businesses and the service sector; and
d) the staffing industry. Of these four areas, substantial
information was available about the subject of the concept
of quality and the application of quality in small
businesses. The least amount of research was available on
the staffing industry. This was partially attributed to the
impact of this industry on the economy which has only been
significantly recognized during the last two or three
years. Because there was no direct research found on
assessments in quality in small service businesses or
quality in small staffing agencies, the framework for this

study considered information regarding the traditional application of quality concepts in business.

## Quality in Business

"Quality" has been the most over used and misunderstood term in American business (McDermott, 1993; Reeves & Hoy, 1993). With so many definitions empirically stated, it is no wonder many people are still trying to define this term as it applies to the unique realities of their organization. With the rise of small to medium sized businesses, especially in the service sector (Kelleher, 1995), theories and methodologies once developed and applied successfully in large, well-funded organizations must now be re-evaluated to determine the applicability to a small to medium sized company.

What "quality" has come to mean to companies of all types, sizes and locations, has been unique to every business effort and process. The only similar definition shared across most industries has been the recognition that without satisfying the customer, the risk to the organization is significant enough to put the business out of business. Thus, quality has become directly associated with customer satisfaction. This is evident in the

increasing number of state and national quality award
programs (Malcolm Baldrige National Quality Award,
California Governors' State Quality Award, Tennessee State
Quality Award) as well as a growing number of quality
standards such as ISO 9001, AS 9000 and QS 9000, all of
which focus on delivering goods and services that satisfy
the customer.

Defining quality, therefore, has become the task of
the business owner, manager or management team. How
quality is defined must consider the needs, expectations
and requirements of all stakeholders such as the customer
and the business itself, as well as any applicable
regulatory requirements. How businesses define quality
depends on the degree to which the organization is familiar
with the work processes in place, the tools that are
available to the staff and the role the customer plays in
the entire delivery process. Regardless of how quality is
defined, what is necessary is that every business
eventually must define this term to ensure sustained growth
and improved organizational performance.

Practical research and industrial studies performed by
leaders in organizational and quality management processes
such as Tom Peters, Phil Crosby, Deming and Juran, have

lead to considerable emphasis on the role of the customer in the organization's delivery cycle. Accordingly, understanding quality has lead to understanding the customer. Specific to the service sector, research on the gaps between customer perceptions of quality and customer expectations of quality (Herman, 1997; Parasuraman, Zeithaml & Berry, 1988, 1994; Cronin & Taylor, 1992) has highlighted the problems in concretely defining the service quality construct. Differentiating the impact of service quality from product quality was commonly addressed with respect to the timeliness of delivery of the service and corresponding impact to the customer:

> Service quality relates to the more direct or immediate aspects or impact on the client. For most companies this is better described as quality of service delivery, rather than of service outcomes. Examples of components of service quality include timeliness, amount or volume, accessibility and convenience, availability or continuity, accuracy, safety, and appropriateness or suitability. Other qualitative factors are also important like pleasantness and simplicity. (Organization for Economic Co-operation and Development [OECD], 1997, p. 1)

Staffing agencies differ from all other types of service providers in terms of the appropriateness or suitability of the final "product". Staffing agencies can only succeed if they match the right company with the right employee. Regardless of whatever else is done right, if this is not, the delivery process cannot be successful. The dynamics of matchmaking in this industry are unparalleled by any other business because of the human relationships that are developed and nurtured through time. In no other legitimate industry is the "product" a human being with individual, specific and unique demands and needs. Thus, simply meeting the needs and requirements of the traditional direct paying customer is not enough for the staffing agency's success; they must also provide satisfactory services to the individual being placed at the customer's site. The traditional definition of quality as meeting customer requirements was expanded to recognize both the client customer as well as the candidate employee. Additionally, the need for the organization to satisfy its own needs for growth and sustenance expanded the list of key stakeholders in this business category. Accordingly, the definition of the customer can be rephrased in terms of all stakeholders involved in the service delivery cycle.

There were limited resources available to define the optimal vision for this segmented industry. One example relative to the service sector is portrayed in the video, "Beating the Bottom Line", a part of the Surviving the Bottom Line series (Koch, 1998). This video introduced the need to create a bill of rights for capitalism based on collaboration with and caring for people as well as partnering with non-traditional sources to solve problems. Demonstrating this idea is the piece on the revitalized Dutch work system. Building on a clear vision to ensure enough jobs are available for the middle class, the Dutch paradigm includes using temporary, fully benefited employees as a major part of the workforce. In fact, 40% of the Dutch workforce is comprised of temporary or part-time workers. The paradigm also allows for careers to be adapted to family needs instead of the opposite, ensuring a balance of life's requirements. This vision ensures people don't have to worry about the future and can focus on what's really important such as family life, doing a good job and being a happy person. Inherent to Dutch society as well as all the companies in this video are the following characteristics:

1.   Have a clear vision.   Demonstrating commitment throughout all levels of the organization and incorporating broad consensus on the direction of policies and practices is necessary to define the future of the company.

2.   Don't focus on the numbers alone.   Increasing profits by decreasing costs without considering the impact on outgoing product or service quality is not desired.

3.   Care about employees and in turn, care about society.   Creating a family of employees based on establishing pride in the workplace, job loyalty and job satisfaction are vital to organizational success.

4.   Share information; communicate.   Use the "open kimono" policy of sharing financials or whatever other information is needed to solve problems.   Involve all people in critical decisions, especially those directly affecting them.

5.   Understand processes:   Work on the manufacturing or service delivery line; talk to people doing the job and get to understand what's needed to make it better, faster, cheaper.

6.   Consider all the various interests of society, all stakeholders, and in turn you'll address the entire

enterprise. Without such consideration, the system will fail.

These characteristics helped Dutch companies to frame the development of stakeholder focused business policies, processes and systems. This 21$^{st}$ century mentality complements the theoretical framework for this study.

Small Businesses

Immediately apparent in the problem statement of this study was the broad interpretation of "small business". Because the staffing industry is grouped within the service sector, how services have embraced the quality revolution must also be considered.

There was considerable debate regarding the exact cut off for a small business (Haksever, 1996), ranging from companies with less than 25 employees to companies with less than 500 employees (Chadwell, 1996). Adding to the confusion was the argument regarding gross annual sales volume, with figures ranging from less than $25 million in gross annual sales to less than $50 million (Kelleher, 1995).

There was some discrepancy to the definition of "small business". The Small Business Administration defined a

small business as an organization with less than 500 employees with annual sales less than $50 million. Another definition provided by The Committee for Economic Development (Broom & Longenecker, 1993) was that a small business is characterized by at least one of the following:

1. Management is independent; usually the manager owns the business;

2. Capital is supplied and ownership is held by an individual or a small group;

3. Local area of operations;

4. The business is small compared to the biggest units in the field.

Because the definition was not consistently applied through various research studies, any study looking at small businesses must carefully consider how to define the population of the study.

There has been a lot of research conducted over the last several years addressing the management needs of the service sector (Begley & Boyd, 1992; Hatton & Raymond, 1994; Murphy & Young, 1995; Maclachlan, 1996). The definition of a service organization, however, was somewhat confusing, with most service industries being recognized as the non-manufacturing areas of consulting, public relations

and employment (Kelleher, 1995). Even though the growth of the service sector is being recognized (Wyckoff, 1996), the numbers and types of companies categorized as services were especially confusing considering that so many inaccuracies exist in the current methods of reporting business statistics. According to the article written by J. Peterson for the Los Angeles Times:

> Key facts trickle in from hundreds of sources. There is no comprehensive survey of the growing service sector…. Services, from electronic financial information to white-collar enterprises, present other challenges. "How do you measure the output of a lawyer?" (A. Young, Commerce Department's Bureau of Economic Analysis). (September 4, 1993 Part A, p. 1)

Peterson continued by adding that additional service industries include hospitals (and other health care providers) as well as utilities. This was supported by the research of Dr. W.E. Deming who also included hotels, education, transportation of goods and passengers and construction in his studies throughout this century (Deming, 1992). The vague definition of services must also

account for the broad range of "industry sectors", ranging from the provision of turnkey assembly, a physical solution, to the provision of professional legal services, a knowledge solution. The staffing industry fell into this latter category, selling knowledge solutions in the form of people rather than physical solutions in the form of tangible products. By focusing on this industry, consideration was given to its growth and obligation to provide conscientious service to its stakeholders.

Finally, the consideration of quality, as it affects small service sector industries was no more clearly defined than it is for big business. "How quality fits into corporate strategy is not especially clear and has caused some confusion because quality is a term that has been used in a variety of ways" (Belohlav, 1993, p. 55). Considering the works of the leaders in the quality industry, such as W.E. Deming and J. Juran, quality was defined as meeting requirements established mutually among all stakeholders. Stakeholders in the temporary staffing industry include not only the customer but also temporary employees and the organization as a whole. Whereas Deming wrote that "Some characteristics of quality of service are as easy to quantify and to measure as the characteristics of quality

of manufactured product" (Deming, 1992, p. 186), other characteristics were not as succinctly identified and understood. Additional work has focused on the significance of effectively delivering good service quality and the difficulties associated with this goal (Zeithaml, Berry & Parasuraman, 1988, 1996). This study first had to address how staffing agencies define the stakeholders then investigate how agencies satisfy the stakeholders by meeting or exceeding requirements.

A lot has been written about the service sector industries growth in California ("California jobs growth", 1996; Pritchard & Perri, 1997; "The ups and downs of services", 1996). Additionally, much has been written about the need to apply sound, practical and realistic management philosophies to all types of businesses, not just service sector industries (e.g. Bear, 1990; Cronin & Taylor, 1992; Teas, 1994; Deming, 1992; Lovelock & Yip, 1996). Unfortunately, little quantitative or qualitative research has been done on the staffing industry within this sector.

Staffing Agencies

Information regarding the staffing industry has been primarily anecdotal (Diesenhouse, 1993; Duan, 1997; Crowe, 1997) or statistical ("California jobs growth", 1996; U.S. Department of Labor, 1997; U.S. Bureau of the Census, 1996). Although not based on quantifiable or formalized research methods, these stories did offer direct feedback from staffing agencies and their perspectives on how the changes in the economy are affecting their operations. In a report on the 1996 Service Awards, Hugh J. O'Boyle, a British staffing agency, was recognized not only for its on-going commitment to customer satisfaction but its use of modern day quality methodologies and approaches. ("Hugh J. O'Boyle training", 1996). John Chuang, CEO of Mactemps, a growing East Coast temporary staffing agency, recognized early that employee satisfaction was key to operational performance:

> What makes the whole thing worthwhile, Mr.
> Chuang says, is that good benefits attract
> and keep good people eager to please. Also,
> temps who work the most hours for his company
> are the most profitable. (Diesenhouse, 1993,
> p. F3)

This raised the question whether or not staffing agencies in general recognize the role of the candidate employee as a stakeholder in the delivery cycle. Considering that the stakeholder includes both the candidate employee as well as the client company, the agency's definition of quality must address the needs of both these entities.

Supporting the concern that companies need qualified and skilled employees, whether temporary or permanent employees, a survey conducted by Towers-Perrin of the National Association of Manufacturers indicated that "five of every six applicants are rejected, mostly due to gaps between applicants' skills and job requirements" (Fernberg, 1995, p. 16). Further supporting these survey results, Mr. Fromstein of Manpower, one of the largest staffing agencies in the United States, quoted: "Big customers now assume that whoever we send out is skilled. They are now looking for better methods of inserting people, for how to make them more soluble (sic)." (Feder, 1995, p. 37). Not only does this information support the distinction between the staffing industry and other service sector businesses, it further reinforced the need for additional formal research in this industry, especially in the field of quality and

quality management where these relate to stakeholder satisfaction.

Statistical information about the staffing industry was available from a number of sources including Staffing Industry Analysts, National and California Associations of Temporary and Staffing Services (NATSS and CATSS), and the National Association of Personnel Services (NAPS). All these sources have conducted industry studies mostly in the areas of growth of business, including number of companies served, as well as in segmentation (i.e. amount of business in each staffing industry segment). Other studies regarding growth in the industry were performed by staffing agencies such as Robert Half, Olsten, TAD Resources and Manpower. ("The staffing industry", 1997). Information provided by the National Association of Temporary and Staffing Services [NATSS] reported that between 1991 and 1996, Average Daily Employment, the number of temporary personnel in placed positions, rose from less than 1.25 million people to over 2.3 million people placed. (National Association of Temporary and Staffing Services, 1997). Total payroll of temporary personnel increased from $3.75 billion dollars to almost $10 billion dollars between 1992 and 1997. Without a doubt, this industry has grown rapidly

and consistently with an increasing need to operate more efficiently. In a comparison of temporary placement receipts against payroll for the same timeframe (1992 to 1997), the difference ($1.77 vs. $3.77 billion dollars) more than doubled, indicating that the cost of providing the services plus profit have increased. Components of such costs include employment taxes, fringe benefits such as health insurance, statutory coverages such as worker's compensation and unemployment insurance, skills testing and training programs for temporary employees, overhead, selling and general and administrative costs normally associated with the operation of the business (National Association of Temporary and Staffing Services, 1997). With continued decreases in the available workforce, the ability to satisfy client, candidate and employee needs more economically will be vital to achieve successful organizational performance.

Theoretical framework

There were a number of theoretical frameworks available for analyzing the definition of quality management methods or philosophies. These ranged from the more conservative "package" theories of Total Quality

Management (TQM) to the very liberal idea that without a radical change in management behavior, no method or philosophy will work (Deming, 1992).

The concept of quality as achieving customer satisfaction requires that organizations have clearly defined the customer and have not limited that definition to just the direct paying, external customer. By expanding this definition to include all process stakeholders, a connection has been made between process activities and outputs, regardless of whether the customer of that process is external or internal to the organization as a whole. Figure 2 shows a simplified process cycle and identifies the key stakeholders in the process as the supplier of input to the process, the processor performing the process and the customer of the output of the process.

Supplier          Processor          Customer

| Inputs | → | Process | → | Outputs |
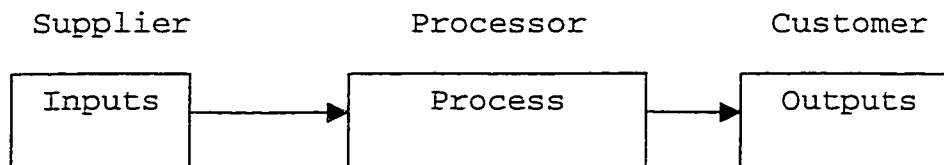
Figure 2: A simplified Supplier - Customer chain showing key stakeholders in the process and direction of process flow. Adapted from International Organization for Standardization (ISO), p. 10.

Although at an atomistic level employee and customer
satisfaction are vital, at a more holistic level, all key
organizational stakeholders must be satisfied including the
organization itself.  Figure 3 depicts this relationship
where the output of every process is delivered as inputs to
the next process.

Supplier                    Organization                 Customer

```
┌──────────┐   ┌─────────────────────────────────────────┐   ┌──────────┐
│ Process  │   │  ┌──────────┐      ┌──────────┐          │   │ Process  │
│    1     │──▶│  │ Process  │─────▶│ Process  │──────────│──▶│    4     │
│          │   │  │    2     │      │    3     │          │   │          │
└──────────┘   │  └──────────┘      └──────────┘          │   └──────────┘
               │                                          │
               └─────────────────────────────────────────┘
```
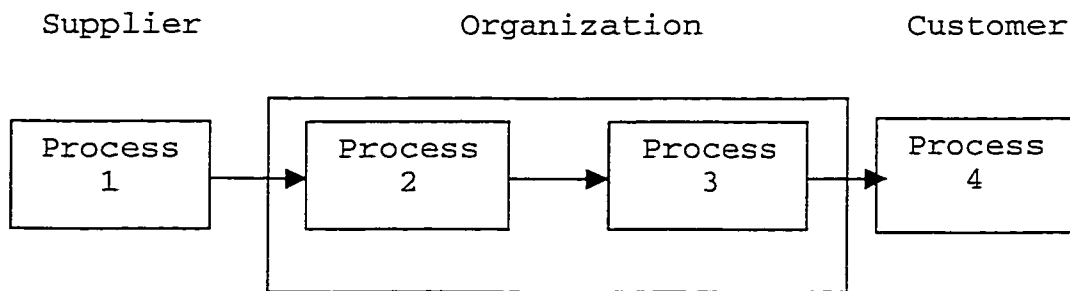
Figure 3: The "supplier - customer" relationship in
perspective with the organization, where Process 1
represents the supplier's process, Processes 2 & 3 are
performed within the Organization and Process 4 represents
the customer's process. Adapted from ISO, p. 7.

Each participant in the supplier-customer chain performs different activities. Some activities are independent of the other stakeholders while others are highly dependent on one or all stakeholders (Heskett, Jones, Loveman, Sasser & Schlesinger, 1994; Zeithaml et al., 1988, 1996). This study asked staffing agencies what factors are important in achieving the satisfaction of all stakeholders, including the agency itself. Figure 4 (p. 35) shows the interrelationship of the key stakeholders in the temporary help employment cycle with the supplier-customer model applied. Simplifying this model, three stakeholders were identified: a) the "customer" company, also known as the Client, requesting a placement; b) the candidate employee requesting to be placed; and c) the organization providing the placement service. Defining quality within the staffing industry accounted for the roles played by these three key players in the success of the temporary staffing agency. Stakeholder satisfaction has been commonly studied when assessing "quality" in an organization and thus formed the structure of this study of the staffing industry.

| Supports | Participants | | | Constraints |
|---|---|---|---|---|
| | Candidate Employee | Staffing Agency | Client Company | |

```
┌──────────┐                                    ┌──────────┐
│ Economy  │====================================│ Business │
│ Improves;│===================================>│ Increases│
│ Customers│                                    └──────────┘
│ satisfied│
└──────────┘                                    ┌──────────┐        ┌──────────┐
                                                │ Need more│<======│  Labor   │
                                                │ employees│       │ Shortage │
                                                └──────────┘        └──────────┘

                                                ┌──────────┐
                                                │Streamline│
                                                │Operations│
                                                └──────────┘

                                                ┌──────────┐
                                                │ Outsource│
                                                │Recruitment│
                                                └──────────┘

                                    ┌─────────────────────────┐
                                    │ Select/negotiate w/ Agency│
                                    └─────────────────────────┘

                                    ┌─────────────────────────┐
                                    │   Define staffing needs  │
                                    └─────────────────────────┘

                    ┌──────────────────────────┐              ┌──────────┐
                    │ Select & qualify appropriate│<==========│  Labor   │
                    │         candidate          │            │ shortage │
                    └──────────────────────────┘              └──────────┘

                 N  <  Agree on Candidate?  >
                                    Y

                    ┌──────────┐
                    │ Performs │
                    │  tasks;  │
                    │ submits  │
                    │ timecard │
                    └──────────┘
                              ┌──────────────┐    ┌──────────┐
                              │ Bills Company│───>│ Accepts &│
                              │              │    │ Pays Bill│
                              └──────────────┘    └──────────┘

                 Y  <      Renew?      >
                            N      ( End Process )
```

Figure 4. Temporary Help Cycle showing interfaces with key stakeholders (Candidate Employee, Staffing Agency and Client Company).

Chapter 3

Methodology

Subjects

With a basic customer - supplier model and the definition of quality defined earlier in this study, it was necessary to define the population in order to structure the interviews. Defined as small staffing agencies providing temporary placement services located in California, a source of companies fitting this profile was needed.

California was selected based on statistics over the last three years reflecting significant growth in service sector industries in this state. According to the Office of San Francisco Economic Analysis and Information, a department of the U.S. Department of Labor, in 1996, there were 4,634 agencies in Standard Industrial Classifications 7361 and 7363, the classifications covering Employment Agencies and Help Services (T.H. Johnson [personal communication, May 25, 1998]). 1997 data were not available at the time of this study. To identify the total number of temporary staffing agencies in 1996, the total number of entries in the California State Pacific Bell

Business-to-Business Yellow Pages (730) were averaged with the current number of CATSS members (517) for an average of 624. To determine how many of these employed less than 50 permanent employees, a more difficult search was made. Because there was no published data yet available on the number of agencies by size, an approximate percentage was calculated using 1994 data. By comparing the number of agencies with less than 50 employees to the total number of agencies in 1994, approximately 58% of the agencies in 1994 employed less than 50. This 58% was applied to the previously calculated 1996 total number of temporary agencies for a total of 362 agencies fitting the defined population. The literature had shown a trend in acquisitions in this industry, resulting in significantly fewer small temporary agencies in 1997. The most comprehensive source of data was the 1997-98 CATSS Membership Listing, which reflected 517 temporary agencies fitting the defined population. Another listing referenced was the 1995 California Services Register and the 1997 Directory of California Wholesalers & Services, each of which had a approximately 300 agencies listed. Contact with the editor of these listings indicated several reasons for the significant discrepancy between this and the

previous two listings. The most significant reasons were that agencies had to pay to be listed in their directory and that census data and phone listings were not always accurate. The latter statement was supported by other literature (Peterson, 1993).

A review of the Pacific Bell Yellow Pages for the listings of Employment Agencies, Employment Services - Employee Leasing, Employment - Technical and Employment - Temporary showed a total of 1462 located in California as of March 1997. Other staffing industry representative organizations (e.g. National Association of Professional Staffing, Staffing Industry Association) maintain lists of paid members that were no more up-to-date. These lists were only available to paid members and editors were unwilling to discuss possible inaccuracies and in fact asked for updates obtained during this study in order to correct their errors.

It was decided to combine information from both the Pacific Bell Yellow Pages as well as the CATSS Membership listing. The total number of California agencies meeting the definition of small companies stated in Chapter 2 was 362. From this combined source, agencies would be contacted and asked to confirm demographics prior to being

surveyed. If the agency did not fit the criteria, they would not be surveyed.

The number of agencies contacted depended highly upon the availability and willingness of the participant to respond therefore no exact sample size was predetermined. This approach is validated by concepts of qualitative research found in educational references: "In qualitative research, determining sample size is entirely a matter of judgment; there are no set rules." (Gall, Borg & Gall, 1996, p. 236). Yet another qualitative researcher suggested that an ideal sampling procedure is to keep selecting cases until redundancy is obtained (Gall et al., 1996, p. 237). This study was considered an initial evaluation of quality in an area previously unexamined. Interviews were conducted until responses became similar.

To assure consistency, a principal (Branch Manager, Owner or experienced Recruiter) within the agency was interviewed with the intent to capture experience and knowledge in the unique and specific agency practices.

Next, it was necessary to contact external stakeholder representatives to determine the attributes of quality from the customer and employee perspective. Interviewees were selected by the author via personal and professional

networking activities. The result of this step was a list of factors used for analysis. To the extent possible, specific examples and situations were captured to better explain the agency's perspective.

Procedure

As seen in the literature review, there was very little information available to answer the research questions raised in Chapter 1. Simply applying results from studies conducted in traditional manufacturing companies did not account for the unique role of the candidate employee. The approach for this study consisted of five steps. The first step was a review of literature and work conducted in the field of quality. The second step was the development of a simple and concise survey tool. The third step was to interview staffing industry representatives. The fourth step was the analysis of the interview results. The final step was the correlation of information obtained from staffing agencies to information obtained from sample client companies and placed employees.

Because this study is designed to uncover meaning or understanding within the target population, an exploratory

design approach was selected to reinforce the purpose to gain information rather than to prove theory.

The Concepts. It was first necessary to define who the stakeholders of the temporary staffing agency are. The unique matchmaker process involved is highly dependent on the satisfaction of all stakeholders. Unlike a product based company, the staffing agency's "inventory" is human and could be considered a customer with specific requirements, needs and expectations. Further, because placed individuals are the "product" or the output of the staffing agency's processes, it was important to differentiate this stakeholder from the permanent staff employed by the agency. As the literature shows, many staffing agencies employ full-time staff assistants as recruiters, administrative assistants and management, similar to traditional manufacturing organizations.

This study narrowed the definition of the customer as the company being provided a temporary placement, referred to as the client. The candidate was defined as the individual being placed. The organization was defined as all entities within the domain or ownership of the agency, including permanent staff. Due to the relatively little amount of information regarding quality in this industry,

it was anticipated that respondents may have difficulty categorizing key stakeholders. Responses were recorded and questions re-framed as necessary to target the response into one of the three groups defined.

This study applies theories and concepts developed in the quality industry to evaluate how the staffing industry defines quality in terms of stakeholder satisfaction. As shown in the review of literature, the principles of quality are highly dependent on how quality is defined for a given application. What makes the temporary staffing industry so unique was the incorporation of "live" inventory: human beings placed in temporary positions. Appreciating the continued decrease in the unemployment rate and the added burdens on companies needing to fill vacant positions, how staffing agencies recognize the need to satisfy both the customer and the placed individual is significant. The emphasis in this study was that quality is defined as stakeholder satisfaction because if all stakeholders are not satisfied, potential gaps between individualistic departmental needs and overall company needs ultimately affect the final delivery of product or service to the customer. These gaps may initiate a series of events beginning with a loss of customer satisfaction,

which in turn creates loss of revenue for the company and thus a possible loss of value to the company's employee. Accordingly, this loss of perceived value is passed on to vendors and others involved in the delivery cycle.

The Affinity Process/KJ Method. This study was based on qualitative research methods and gathered data directly from staffing agency representatives. In order to generalize the results of the research across the defined population, it was necessary to analyze the data content. Building on quality management principles, the method selected for this content analysis was the Affinity Process method, introduced as one of the Seven Management Tools by the organization GOAL/QPC (King, 1989):

> This tool gathers large amounts of language data (ideas, opinions, issues, etc.) and organizes them into groupings based on the natural relationship between each item. (King; 1989, p. 4-2).

Known also as the KJ Method, from the individual recognized as the creator of this method, Jiro Kawakita, the Affinity Process has been used extensively as a management planning tool since the 1950s. The output of the Affinity Process is an Affinity Diagram. One of the

key benefits of using the Affinity Diagram has been its ease of use in a wide range of situations, ranging from commercial applications such as at Hewlett-Packard's Yokagawa facility in 1970 (King, 1989) to previous graduate student projects from state universities (Abell, 1992). Recognized as a more creative than logical process, successful application of the Affinity Diagram is not dependent upon special expertise or direct experience with the issue being studied. "The KJ Method is an excellent way to get a group of people to react from the creative 'gut level' rather than from the intellectual, logical level" (Brassard, 1989). The instructions for using the Affinity Process to create an Affinity Diagram are provided in Appendix A.

The Affinity Diagrams used within this study were created by a team of individuals who reviewed interview responses and constructed the diagrams by grouping individual responses together based on the team member's "gut feel". The process was conducted in silence and allowed all team members to participate free from judgement apt to skew their creation of the groups.

Selection of team members does not require any particular expertise. It was recommended that team members

have appropriate knowledge necessary to analyze the various aspects of the issue or problem being addressed. (King, 1989). Accordingly, based on the needs of this study, the team members had to meet the following criteria:

1. be aware of the issues surrounding the topic of quality;

2. have some experience or understanding of the uniqueness of the staffing industry; and

3. also have experience or understanding of the role of the stakeholder in the delivery cycle.

To satisfy this, five individuals were invited to participate. These participants had been responsible for ISO 9000 registrations and internal customer satisfaction aspects within their organizations. Both ISO 9000 and customer satisfaction are recognized as significant aspects of the quality profession. All participants had a minimum of five years of experience working in customer service or service delivery positions. Two participants held direct customer service positions, each with 10 years of experience. One participant held a Bachelor of Arts degree, had twelve years of experience and was an internal quality improvement manager. Another participant held a Bachelor of Arts degree, had more than 20 years of

experience in customer service positions and 5 years experience working as an ISO 9000 Auditor and audit coordinator. The last participant held a Masters of Science in Organizational Development, had more than 20 years experience in a range of customer service positions, with candidate interview and selection responsibilities, and had five years as an ISO 9000 Lead Auditor.

The Instrument

To answer the research questions, a survey instrument was developed, pre-tested with a local staffing agency and refined. Because this survey was applied to representatives of organizations, a Human Subjects Approval was requested and obtained from the Office of Graduate Studies and Research (Appendix B). Based on the initial responses from staffing agency representatives, the survey questions were slightly reworded and reordered. It was interesting that when asked to define quality before asked the other questions, respondents had great difficulty answering the question. Once the questions were reordered, the survey was re-tested and the results determined to be repeatable. The survey was determined to be valid after

the rephrasing of the questions in order to get consistent responses from the same individual.

As the literature has shown, this industry as a whole has not endured many qualitative studies such as this. Accordingly, to prevent participant bias, it was important that the survey tool did not emphasize the role of any one of the stakeholders defined. Because little previous work had been conducted in this area, it was also important to consider the willingness of the participant to respond. The questions were designed to be short and allow the participant to drive the conversation.

Current philosophies and commitments to achieving customer satisfaction have resulted in the development, application and analysis of several questionnaires (Keaveney, 1995; Enterprise Quality Academy, 1997; Organizational Learning Center, 1997; Parasuraman, Zeithaml & Berry, 1991; Parasuraman et al., 1998, 1994; Cronin & Taylor, 1992; Heskett et al., 1994), some more effective than others (Cronin & Taylor, 1994). In determining the questions to be asked, these and other tools were reviewed. The service quality tools developed by Parasuraman et al., and Cronin & Taylor, included questions especially relevant

to the service sector as a whole but did not focus on staffing industry concerns or small business issues.

An important criteria in developing the survey was the use of clear and exact terms while also avoiding more ambiguous terms such as 'good'. Survey questions were very simple and specific relative to the research questions. It was anticipated that participant interest and curiosity would lead to additional questions.

To ensure a concise yet effective interview, and because the concepts were closely related, similar survey questions were asked. Drawing upon the theoretical framework for this study, all questions focused on factors influencing satisfaction. To effectively collect data from staffing agencies, it was first necessary to rephrase the research questions into questions that would make some sense to the respondent. Building on the theoretical framework, the research questions were modified to address a stakeholder-satisfaction perspective, resulting in five groups of questions:

1. Who are your stakeholders?
2. What factors do you perceive are important to achieve employee satisfaction? What factors do you perceive are important to achieve customer satisfaction?

3. What factors do you believe are important to achieving satisfactory organizational performance?

4. How do you measure whether or not satisfaction was achieved?

5. How does your agency define quality?

Although most market researchers suggested that direct, personal interviews result in the most favorable responses, there was further indication that this type of interview may in fact skew results, adding to external threats of validity to the research since human behavior may influence the actual response. Arguments for direct interviewing included the ability of the researcher to ensure proper understanding of the question being asked at the time it is asked. It is recognized that for a novice researcher, there is a tendency to bias the question in order to support a more detailed understanding that may affect the response. Additionally, initial research and interviews with the pilot agency revealed that few written surveys had been conducted and therefore there may be resistance to a written survey. With all factors considered, it was decided to conduct telephone interviews in order to assure timely response, establish personal

rapport with the interviewee and to assure proper understanding of questions being asked.

All participants were informed of the nature of the survey and the purpose behind it. All agencies contacted were offered the results of the study, once completed. A copy of the survey and script is in Appendix C.

Chapter 4

Results

## Overview

The results were presented in three sections.  The first section summarized the data collection process.  The second section presented the answers to the survey questions.  The third section presented the results of analyzing the data with respect to the research questions. The results were arranged in the order the questions were asked during the interviews.

## Treatment of Data

Analysis of Data.  All data collected was analyzed for content using the Affinity Diagram process.  Participants of this process were selected based on their diverse experience in customer service and extensive experience in the quality profession.  All participants had a minimum of five years experience developing customer-focused services or analyzing and solving problems using traditional total quality management principles.

Once the results were analyzed and groups identified, the results of the three Affinity Diagrams were compared. The objective of this activity was to identify same or similar groups between the staffing agency's perceptions and the customer's and the employee's perceptions, respectively.

Correlating Results. The task of correlating results built upon the phenomenological approach of this study, comparing feedback from the customer and the employee to that from the agency. In an ideal situation, what was reported as important to the customer and employee would be recognized by the agency as being important to its success. Further, in an ideal situation, this recognition would lead to the implementation of formal practices to ensure success in terms of customer and employee satisfaction and not just financial performance. As important as it was to have first hand customer/employee feedback, if the agency doesn't define its success in measurable and meaningful terms relative to satisfying all stakeholders, the organization will have difficulty achieving quality. Finally, during this activity the research questions were answered.

The results of the study were presented in tabulated fashion as well as documented explanations of the findings. The research questions formed the basic structure of the responses.

Analysis. Because this was not an experimental study, the analysis of data was conducted on the actual results. A statistical approach was not used. Results were presented in a tabular fashion with repetitive answers identified when necessary.

Threats to Validity. The most obvious threat to validity was the effect of answering interview questions. It was possible that the questions caused to bias the respondent to adopt certain philosophies that were not relevant. To counteract the potential influence of such threats, interviewees were instructed to take a reflective look at their organization and asked to respond to questions based on years of experience rather than a moment of time.

The second significant threat to validity was the limitation presented by incomplete and inaccurate sources of data on the members of the targeted population. To counteract this threat, an attempt was made to solicit

feedback from as many agencies as possible, with a minimum of 15.

## Contacting the staffing agency

A total of 104 phone calls were placed of which 44 messages were left with no reply, 16 were the wrong number or listing and 14 were the wrong population. Of the remaining 30, 12 stated that they were not interested in participating.

There were two significant barriers to collecting data. The greatest struggle encountered was finding individuals with sufficient agency experience who had time to talk and interest in the goal of this project.

Of the 104 phone calls placed to staffing agencies, 18 representatives were willing or had time to talk about quality in their organization. In five other contacts, respondents who were not within the defined population were also very interested in the study and wanted to participate. These results were not considered in the final analysis. In two cases, representatives from the agency returned calls to continue the discussion. Twelve individuals either responded that they didn't have time and said they would call back and never did or they stated they

weren't interested in discussing this subject at all. Of

the 44 messages left, it could be asserted that a lack of

response was equivalent to not being interested in

participating, bring the total "lack of interest" category

to 56, more than 50% of the total sample.

The second barrier to success was due to a very large

number of company acquisitions during 1997, as projected by

the Staffing Industry Association in 1996 ("The staffing

industry", 1997). It was not possible to confirm the

number of agencies affected by acquisitions but at least 6

agencies interviewed had experienced name changes and in

many cases management changes as a result of acquisition.

Presentation of Data

Defining the Stakeholders. The literature has shown a

highly choreographed relationship among all stakeholders in

the staffing industry. Accordingly, it was determined that

a clear differentiation was needed between the external

customer (client), the employee being placed (candidate)

and the company as a whole. Figure 4 (p. 35) depicts this

relationship with respect to key functions in the temporary

employment cycle. The need to ascertain the degree to

which staffing agencies understood this relationship formed

the basis of this research question. The initial question asked to all respondents was "Who are your stakeholders?" As the data showed, this question was difficult to answer. Table 1 shows the responses to this question, indicating the number of responses received for each. Building on the theoretical framework that quality means satisfying all stakeholders, attributes of perceived customer, employee and organizational satisfaction were then investigated with the agency representative.

Table 1

Responses to question 1: Who are your key stakeholders?

| Response | Number of times reported |
| --- | --- |
| Candidates, clients and the company | 7 |
| Owners | 5 |
| Candidates & clients | 3 |
| General marketplace | 2 |
| Owners & employees | 1 |
| Clients | 1 |

Client satisfaction. Of the 18 agencies contacted, all recognized the need to satisfy the direct paying

customer, also referred to as the client or "customer"
company.  Attributes perceived by the agency to be
important to the client were collected and grouped using
the Affinity Process; results are shown in Table 2.  "Right
Service" captures agency responses of being sensitive to
the client's needs, representing what's been sold, ability
to respond to unique requests and find quick solutions.
"Treatment/attitude" captures responses of "make client
feel #1", keep it personal, make the client feel special.

Table 2

Responses to question 2a: What quality factors do you
perceive are important to achieve client satisfaction?

| Client perception of quality |
| --- |
| Right individual for the job |
| Speedy service and follow-up |
| Reasonable & affordable rates |
| Agency is able to match the right candidate |
| Right service |
| Treatment/attitude |

When asked how the agency determines whether or not it has achieved customer satisfaction, five agencies reported that they conducted formal customer satisfaction assessments or evaluations. Only two of these agencies performed global analyses of the feedback from customers. Only one reported implementation of an overall systemic approach to process improvement as a result of feedback. A second agency recognized the need to implement a systemic improvement approach and believed that formal methods were being developed.

Table 3

Responses to question 2b: How does your agency measure client satisfaction?

| How client satisfaction is measured | Number times reported |
|---|---|
| Repeat business/referrals | 7 |
| Customer survey | 5 |
| Formal follow up w/client | 3 |
| Formal guarantee program | 3 |
| Activity of placements | 4 |
| Incentives/awards | 1 |
| Informal feedback/methods | 3 |
| Not formally measured | 2 |

Not all agencies identified the need to formally evaluate both technical and soft skills of the candidate although many respondents mentioned this as being critical to the client. Table 3 presents the results to this discussion. The total number of responses exceeds the number of interviewees since some companies did respond with more than one method.

Candidate satisfaction. Applying the theoretical framework again, questions to the agency focused on their perception of what factors influenced candidate satisfaction with their agency. The attributes defined by the agencies as important to the candidate were also collected and analyzed using the Affinity Process. The results are shown in Table 4. Proper service includes "placed when the candidate wanted", "obtain a permanent job if they wanted it, in less than the 90 day industry standard", good preparation for job interviews, "attended to properly". Feel valued included "they are the center of our universe", "our product; what we sell", "see them and us as 'real people'", respected, "treat like they want to be treated" and good communication.

Table 4

Responses to question 3a: What quality factors do you perceive are important to achieve candidate satisfaction?

| Factors perceived important to candidates |
| --- |
| Suitable compensation |
| Right duration |
| Right environment |
| Right job |
| Feel valued |
| Proper service |
| Opportunity to develop skills |

Only three agencies had conducted formal employee satisfaction surveys. One of these mentioned that nothing was done with negative responses to the survey and therefore the value of that process was in doubt. Table 5 shows the number of times respondents mentioned how candidate satisfaction was measured. The number of responses (21) exceeded the number of respondents because some agencies reported using multiple evaluation methods. It was not possible to obtain copies of the employee satisfaction surveys that have been used but respondents

stated they were based on the same attributes they reported.

Table 5

Responses to question 3b: How does your agency measure candidate satisfaction?

| How candidate satisfaction is measured | Number of times reported |
|---|---|
| Not formally measured | 5 |
| Formal survey | 3 |
| Formal feedback/follow-up | 5 |
| Repeat business/referrals | 5 |
| Informally measured | 3 |

Organizational performance. The responses to questions regarding what factors were important to the agency were unsupported by reported measures of satisfactory agency performance. As shown in Table 6, some factors reported reflected a dependency on all stakeholders. People captures responses ranging from tenacity to diversity of task; teamwork captures responses of "feeling of family",

common goals, "lots of governors", "everyone knows what everyone's job is - like the arms and legs of a person".

Table 6

Responses to question 4a: What quality factors do you believe are important to achieving satisfactory organizational performance?

| Factors influencing satisfactory performance |
| --- |
| People |
| Good work environment |
| Teamwork |
| Repeat business |
| Good upper management support |
| Reputation |
| Consistent, long-term customer base |
| Communication skills |

Although measures of organizational performance did include non-financial methods such as employee, candidate and client evaluation forms, few respondents reported measures aligned with the factors influencing performance.

Table 7, shows that measures used to determine satisfaction in the agency primarily focused on financial factors.

Table 7

Responses to question 4b: How does your agency measure organizational performance?

| Measures of quality |
| --- |
| Formal, non-financial methods: |
|     Personal goals |
|     Evaluation forms |
|     Formal customer/employee satisfaction process |
| Formal, financial objectives: |
|     Quotas |
|     Stock performance |
|     Meet the budget |
|     Billable sales |
|     Collections from companies |
|     Gross profit in dollars |
| Other formal reporting methods: |
|     Track number of repeat clients |
|     Number of clients lost & gained |
|     Reports weekly |

Satisfactory operational performance for all agencies except four was measured by fiscal measures alone. Although several agencies did state that a long-term client relationship was the true measure of success even if not measured, only these four agencies measured their organization's success in terms of client satisfaction. One agency had implemented a client satisfaction assessment in 1998; early results of the measurement system had already indicated positive results leading towards identifying process improvement activities within the agency. Another agency formally measured organizational success in terms of employee and candidate satisfaction with positive results.

Affinity Diagrams resulting from the specific responses provided during interviews are presented in Appendix D.

Defining Quality. When asked how the agency defines quality, the answers ranged from anecdotal statements such as having a minimum set of requirements to a simple statement that the respondent didn't understand the question. To help clarify the question, this question was asked after a discussion of the clients and candidates and

Table 8

Responses to question 5: How does your agency define quality?

| Definition of quality |
| --- |
| Delivering results that the customer has asked for |
| I haven't put it to paper |
| Do what the customer wants |
| Make sure candidates are right; good people, quality of temps |
| Exceed Customer Expectations |
| Minimal requirements |
| Don't want to look bad - make sure candidates are screened and tested |
| Dependability, professionalism, ethics |
| Anything that helps to improve client relationships |
| Creating an atmosphere that results in customer satisfaction |
| Suit client; suit the candidate; creating good matches |
| Successfully meeting the needs of the client and providing stable income for the candidate |
| Excellence; what sets us apart from the competition |
| Referrals; repeat business |

how they each define quality. Table 8 shows the ranges of answers provided.

Achieving Quality. During the interviews, several respondents took the opportunity to explain how their agencies were attempting to implement "quality". This information was deemed very relevant to this study because the majority of the responses indicated a very traditional, pre-1980's quality inspection approach. By "inspecting-in" quality, the agencies hoped to improve their overall processes. When asked whether the results were improving work processes, the agencies replied that they did not yet have specific quantifiable results.

Although respondents stated that many specific "quality" activities were performed, they were hard pressed to correlate the activity with any of the perceived quality factors reported. It was not apparent that specific "quality" activities were planned to achieve an increase in stakeholder satisfaction or were the result of problems from the past. Agencies were doing a lot of things to ensure that the right individual is on the job. Whether or not these things constitute a formal approach or were ad hoc was difficult to determine.

The results of this dialogue are included in Table 9 as additional information potentially beneficial to further research efforts.

Table 9

What have staffing agencies done to achieve quality?

| What's being done |
| --- |
| Developed team work |
| Customer survey |
| Learned new tools |
| Formal internal policies & procedures with specific requirements and what we need to do |
| Quality control methods based on candidate performance |
| Screen & test candidates |
| Reference checks |
| Interview the candidate |
| Perform skills testing and training |
| Employee evaluation form (used to evaluate employee performance weekly) |
| Staff manager visits candidate monthly |
| Employee satisfaction survey |

Clients and candidates.  Representatives of both these groups were easy to contact, perhaps in part to their

interest in improving agency practices. Four past employees agreed to be interviewed. Six companies agreed to be interviewed of which three were able to respond.

The response factors were analyzed using the Affinity Process, the results of which identified eight factors used to determine whether or not a staffing agency had satisfied these two stakeholders (Table 10). These results were used as a basis for comparison with the results obtained from the agencies directly.

Table 10

Factors influencing client and candidate satisfaction with staffing agencies

| Clients | Candidates |
|---|---|
| Pricing | Process efficiency |
| Employee selection | Total compensation |
| Service Expectations | Information transfer |
| | Feel valued |
| | Able to make placements |

Correlating Results

The results of the Affinity Diagrams were compared by reviewing the resulting lists and looking for similar

topics on each list.  First, the Agency's responses to question 2a (Table 2) were compared to the Customer's interview responses (Table 10).  Then, the Agency's responses to question 3a (Table 4) were compared to the Client's interview responses (Table 10).  This analysis was correlated by comparing exact responses (pre-Affinity Diagram) to determine if the Affinity interpretation had skewed the results.

The results showed that staffing agencies have, for the most part, recognized the key factors influencing satisfaction among customers and placed individuals. Tables 11 and 12 show the correlation between the main groups from the Affinity Diagrams.  The greater discrepancy came in the comparison between the agency's response and the candidate's response.  This gap may indicate that satisfying candidates is less important than satisfying customers because the unemployment rate is not yet zero and thus there is a perception of a large "supply" of candidates available to agencies.

Table 11

Comparison of perceived factors influencing client

satisfaction and client indicated factors

| Client Indicated | Staffing Agency Perception |
|---|---|
| Pricing | Reasonable & affordable rates |
| Service expectations | Speedy service/right service |
| Employee selection | Right individual for the job |

Table 12

Comparison of perceived factors influencing candidate

satisfaction and candidate indicated factors

| Candidate Indicated | Staffing Agency Perception |
|---|---|
| Process efficiency | (not recognized) |
| Total compensation | Suitable compensation |
| Information transfer | (not recognized) |
| Feel valued | Feel valued |
| Able to make placements | (not recognized) |

<u>Analysis of results.</u>  What became evident during the conversations with the agencies was that other than the exceptions noted, formal, defined work practices designed to address factors recognized as important to all stakeholders were not readily apparent in the agency work place.  Further and more significant is that although these agencies recognized the importance of satisfying all groups, only seven had realized the need to measure their organization's success in terms of satisfying all stakeholders.  When asked how the agency defines quality, five could provide an answer in terms of satisfying clients and candidates but only three recognized the need to satisfy all stakeholders: the client, the candidate and the organization.  The remaining agencies either could not answer the question or provided anecdotal responses.  This lead to the conclusion that if the agency hasn't formalized quality in terms of stakeholder satisfaction and translated that definition into effective work practices, ensuring a sustaining stakeholder-focus was not readily apparent as a primary objective for the organization.

The correlation of factors perceived to be important from the staffing agency's perspective and those reported as being important to the client and candidate were closely

aligned.  As shown in Tables 11 and 12, staffing agencies appeared to be sensitive to the needs of their clients and to some degree, the needs of their candidates.  This information suggests that although agencies may not have a clear understanding of how to achieve sustaining, long-term stakeholder satisfaction, they definitely recognize the need to do so.

Staffing agencies in Silicon Valley have experienced stiff competition.  High employment levels have resulted in a shortage of qualified staff and increased competition in the market place, creating additional burdens for staffing agency managers.  The research into quality improvement efforts has shown that agency managers are preoccupied with survival.  There was little evidence of agency managers establishing long-term improvement objectives or planning to do this.

Chapter 5

Conclusion

## Introduction

Like many industries, the staffing industry has been
in a tremendous state of growth as the 20<sup>th</sup> century comes
to close.  Preparing for the new millenium has become a
time consuming task and has been the focus of many
organizations over the last few years.  "Where are we
headed" and "How will we get there" have been questions
often asked by managers of all types of organizations in
all industries.  Recognizing the dynamic role of the
customer and the employee in the total delivery cycle has
been the key to the answer of these questions, regardless
of industry type.  The unique definition of the customer as
both the client and the candidate has provided additional
challenges for staffing agencies.  Applying a customer-
focused approach to creating vision and defining a path
towards the vision has been vital to sustaining long-term
success and achieving world class recognition of business
processes.

Summary

Answering the Research Questions. Interview results were analyzed to answer the primary research questions. The answers were summarized as follows:

1. How does the temporary staffing agency define quality? In general, small staffing agencies in California recognized the need to satisfy all stakeholders. Although converting this awareness into action is primarily intuitive, several agencies have recognized the need for formal practices and have started to develop formal methods.

As presented in this study, it is vital that an organization has an understanding and awareness of the needs of its key stakeholders in order to assure and implement processes that result in satisfying these stakeholders. This definition of quality is the framework around which this study is based. The results presented in Table 1 (p. 56) reflect a general awareness that candidates, clients and the company as a whole are most often recognized as the key stakeholders. As shown in Figure 4 (p. 35), this understanding is in alignment with the theoretical foundation of this study.

When asked directly to define quality, the results showed a mix of responses as shown in Table 8 (p. 65). Although most responses reflect an understanding of some of the criteria for satisfying stakeholders, few responses actually stated the need to satisfy stakeholders.

2. What quality factors do temporary staffing agencies perceive are important to achieve satisfaction among all stakeholders? Without exception, the most significant factor perceived to be important to all stakeholders was to provide the client with the most appropriate candidate. Although other factors such as candidate follow up and timeliness were also cited often, agencies must be able to effectively evaluate both the needs of the client and the needs of the candidate in order to ensure proper placement. Table 2 (p. 57), Table 4 (p. 60) and Table 6 (p. 62) reflect a general understanding of what a staffing agency must do to ensure continuous stakeholder satisfaction. These results also reflect alignment to one another, further reinforcing the staffing agency's understanding.

3. Do temporary staffing agencies measure the degree of success in achieving quality as they define it? In general, small staffing agencies have continued to react

to informal feedback rather than to solicit formal feedback. Only seven agencies had implemented formal feedback systems of any type and although others recognized the benefits of this activity, few cited enough interest to develop or pursue the use of satisfaction surveys.

Table 3 (p. 58), Table 5 (p. 61) and Table 7 (p. 63) indicate that most measures of success are based on informal or financial tracking methods such as repeat business, guarantee programs or quotas. Overall, responses indicated that most agencies were aware of the need to prioritize tracking financial measures over other types of client or candidate satisfaction measures.

Results & Conclusions

The results of this study indicated that small staffing agencies were not aware of the value of many quality approaches. Total Quality Management and ISO 9000 may be skills listed on employee resumes but the industry as a whole has only been slowly awakening to the endless possibilities that modern process improvement and customer satisfaction principles provide.

One thing became apparent throughout this study: the role of staffing agencies in serving the industrial market

is increasing continually as manufacturers and other service providers desire easier, more cost effective methods of obtaining personnel. It is likely that these companies, which globally form the staffing agency's customer base, will continue to outsource recruitment and employee management activities, nurturing this growth and with it, the continual need to satisfy the market by providing appropriate personnel in a timely fashion.

On another dimension, the emphasis on employee satisfaction is especially critical in this industry since the vital ingredient, the main "inventory" item, is the human interested in placement at a company. Without this resource and without recognition of the role this resource plays in the total staffing agency delivery cycle, it will be difficult for an agency to achieve world class status let alone stay in business.

Implications for future research

A major conclusion from this study was learning that the staffing industry is interested in additional formal research that may lead to overall operational improvement with the benefits of increased employee and customer satisfaction. Literature suggested that little research

has been previously conducted in this industry and that the use of some service quality measures is appropriate for use in staffing industry studies. Although a qualitative approach was used, successful studies may need to look at hard, quantitative data useful to staffing agencies.

In designing this study, an effort was made to minimize the number and type of limitations on the study. Generalizations of the results beyond the targeted population as well as among any other group within the staffing industry are tenuous at best. Any generalization to other service sectors should be avoided since this study revealed a very unique and specific stakeholder inter-relationship, with the staffing industry having multiple types of stakeholders (i.e. employees, candidates, clients and potential stockholders). Although all organizations essentially have both customers and employees, the line differentiating these two categories of stakeholders is not clearly defined in the staffing industry. Although all business sectors have unique stakeholder relationships, the specific nature of the staffing industry significantly affected how data was collected. Limiting the study to small staffing industries may also have affected the design of the study as well as the data collected, especially in

light of the large number of acquisitions affecting this industry. Finally, the intent of this study was to obtain the perception of quality from within the agency; by cross correlating agency results with data from the employee and customer perspective, the validity of the survey may have been compromised.

## Recommendations for future research

As a result of the analysis of the results, it was determined that adding a fourth question would be of value this and future studies:

What quality practices and principles might be successfully applied to the staffing agency in order to develop a high performing organization focused on stakeholder satisfaction?

A proposed approach to answering this question is suggested as possible future research and is offered in Appendix E.

Additional research with the potential for significant impact in this industry would be the evaluation of the use of employee, candidate and client satisfaction survey tools. Use of the many existing tools or the customization of these tools for the specific and unique needs of the agency would greatly enhance the transfer of information

from the traditionally product-focused world of quality and process improvement professionals to this rapidly growing industry.

Future studies should also look carefully at the unique segregation within the total staffing industry population. During the process of collecting data to create the initial survey, it was learned that the target population of small staffing agencies was significantly smaller then projected. According to the industry journal SI Review, 1996 projections of company acquisitions throughout the United States was especially realized in the Bay Area. Further discussions indicated that this trend was expected to continue during 1998 in order to meet increasingly competitive market needs, especially with respect to making more placements faster, more efficient with less cost to the organization and more effective in terms of evaluating and placing appropriate employees in jobs. Further research in the area of quality in the staffing industry may need to account for this trend and not limit the population to small companies.

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Appendix A:   The Affinity Process Defined

Taken from the GOAL/QPC, the following are the steps of the
Affinity Diagram process:

1. Assemble the Right Team

2. Phrase the issue to be considered

3. Generate and record ideas

4. Display completed cards

5. Arrange cards into related groups

6. Create headers

7. Draw the finished diagram.

The data collected from the phone interviews was tabulated.
A group of five professionals with extensive training and
experience in quality concepts and principles were
instructed on the Affinity process. The results of the
Affinity Diagram process are described in Chapter 4,
Results.

Factors influencing the success of the Affinity
process on employee data were discussed and identified as
follows:

• Data was too vague and terms not clear

• There was too much data

• Participants personalized the data

- Participants were tired from having performed the
  Affinity process on the customer's viewpoint data and
  ran out of enthusiasm at the end of the workday.

Overall, without exception, the participants agreed that
the Affinity process was a valuable process for making
unbiased connections from rather scattered data.

Appendix B: Human Subjects Review Letter

**San José State**
UNIVERSITY

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TO:        Carrie Kathleen Cabak
            13810 La Paloma Road
            Los Altos Hills, CA 94022

FROM:    Serena W. Stanford
            AVP, Graduate Studies & Research

DATE:    April 23, 1998

The Human Subjects-Institutional Review Board has approved
your request to use human subjects in the study entitled:

        "Defining Quality in the Staffing Industry"

This approval is contingent upon the subjects participating in
your research project being appropriately protected from risk.
This includes the protection of the anonymity of the subjects'
identity when they participate in your research project, and
with regard to any and all data that may be collected from the
subjects. The Board's approval includes continued monitoring
of your research by the Board to assure that the subjects are
being adequately and properly protected from such risks. If at
any time a subject becomes injured or complains of injury, you
must notify Serena Stanford, Ph.D., immediately. Injury
includes but is not limited to bodily harm, psychological
trauma and release of potentially damaging personal
information.

Please also be advised that all subjects need to be fully
informed and aware that their participation in your research
project is voluntary, and that he or she may withdraw from the
project at any time. Further, a subject's participation, refusal to
participate, or withdrawal will not affect any services the
subject is receiving or will receive at the institution in which
the research is being conducted.

If you have any questions, please contact me at
(408) 924-2480.

The California State University:
Chancellor's Office
Bakersfield, Chico, Dominguez Hills,
Fresno, Fullerton, Hayward, Humboldt
Long Beach, Los Angeles, Maritime Academy,
Monterey Bay, Northridge, Pomona,
Sacramento, San Bernardino, San Diego,
San Francisco, San Jose, San Luis Obispo,
San Marcos, Sonoma, Stanislaus

Appendix C: Data Collection Worksheets

### Worksheet for developing Staffing Industry Survey

Company: _____

County: _____

Size (people): _____

Type of customers: _____

1. Who are your key stakeholders?

2. Customer Satisfaction:

    a.  What quality factors do you perceive are important to achieve customer satisfaction?

    b.  How do you measure whether or not your customers are satisfied?

3. Employee Satisfaction

a. What quality factors do you perceive are important to achieve employee satisfaction?

b. How do you measure employee satisfaction?

4. Organizational Performance Satisfaction

a. What quality factors are do you believe are important to achieving satisfaction in organizational performance?

b. How do you measure organizational performance?

5. How does your agency define quality?

## Customer Satisfaction Worksheet

Company: _____

Contact: _____

Staffing Agency Experience: _____

What factors influenced your satisfaction with the agency?

## Employee Satisfaction Worksheet

Staffing Agency Experience: _____

What factors influenced your satisfaction with the agency?

Appendix D: The Affinity Diagram Results

The following four tables present the results of the
Affinity Process.  These tables are referred to as
Affinity Diagrams, as described in Appendix A (p. 87).


There are two Affinity Diagrams (Tables D1 and D2)
for the results of the Affinity Process using Candidate
or Employee responses.  Two diagrams were created
because the group decided that the process instructions
were not clearly presented for the first diagram
created.  The group requested a second process using the
same data.  It was decided that this was an appropriate
action based on the necessity for the group participants
to fully understand the Affinity Process in order for
the results to have validity.

Table D1

First Affinity Diagram of Employee's view point

| Group | Data Items |
|---|---|
| 1 | Personal Agency |
| | Were interested in me as an individual |
| 2 | Agency Domain |
| | The type of job they found |
| | Wide variety of contracts in wide variety of industries |
| 3 | Must be able to produce opportunities |
| | "I get the work I want for the rate I want" |
| | Agency evaluates skills via testing (establishes credibility) |
| | Willingness to work with me after placed |
| | The training I received prior to placement |
| | How well I felt understood as far as the type of job I wanted |
| | Continued information given while on the job |
| | How quickly they were able to make placement |
| 4 | Knowledge of industry terms, lingo |

Table D1 (continued)

| Group | Data Items |
|---|---|
| | Knowledge of industry needs |
| 5 | 1, 2 or 3 people working on application |
| | The information I was given about the company where I was placed |
| | The information I was given about the job |
| | The information I was given about the people I would be working with |
| | Ensure skills are matched between "employee" and job/company |
| | Provide information about where you are going (placed) before you get there |
| 6 | Level of pay |
| | Good benefits from Agency |
| | Benefits offered |
| | Paid on-time |
| | Willing to pay competitive rate w/acceptable markup (~27%) |
| | Pay decent wage |

Table D1 (continued)

| Group | Data Items |
|-------|------------|
| Outliers | Reasonable transfer to full-time with no break in service |
| | The facilities |
| | How well I was treated prior to and after placement |
| | How fast they found the type of job I wanted |
| | Reputation for placing people |
| | Good customer service |
| | Courteous staff |
| | Convenient location |

Table D2

Second Affinity Diagram of Employee's view point

| Group | Title | Data Items |
|-------|-------|------------|
| 1 | Process Efficiency | Agency evaluates skills via testing (establishes credibility) |
| | | Ensure skills are matched between "employee" and job/company |
| | | How quickly they were able to make placement |
| | | How fast they found the type of job I wanted |
| | | 1, 2 or 3 people working on application |
| 2 | Total Compensation | Good benefits from Agency: 401K, Vacation, etc. |
| | | Level of pay |
| | | Paid on-time |
| | | Reasonable transfer to full-time with no break in service |
| | | Willing to pay competitive rate w/acceptable markup |
| | | Pay decent wage/ Benefits offered |
| | | "I get the work I want for the rate I want" |
| 3 | Information transfer | Provide information about where you are going (placed) before you get there |
| | | The information I was given about the job |

Table D2 (continued)

| Group | Title | Data Items |
|-------|-------|------------|
| | | The information I was given about the people I would be working with |
| | | The information I was given about the company where I was placed |
| | | Continued information given while on the job |
| 4 | "Makes me feel good" | Personal agency |
| | | Were interested in me as an individual |
| | | How well I felt understood as far as the type of job I wanted |
| | | Willingness to work with me after placed |
| | | How well I was treated prior to & after placement |
| | | Courteous staff/ "Good Customer Service" |
| 5 | Able to Place | Must be able to produce opportunities |
| | | Reputation for placing people |
| | | "Agency domain" |
| | | Wide variety of contracts in wide variety of industries |
| | | What type of job they found |
| | | Knowledge of industry needs, terms, lingo |

Table D2 (continued)

| Group | Title | Data Items |
|-------|-------|------------|
| Out-liers | | Convenient location (the agency) |
| | | The facilities (the company) |

Table D3

Affinity Diagram of Customer's view point

| Group | Title | Data Items |
|-------|-------|------------|
| 1 | Pricing | Good Value |
| | | Competitively priced for skill level |
| | | Reasonable rates |
| 2 | Employee Selection | Employees w/ good human relation skills |
| | | Employees w/good technical skills |
| | | Good technical skills |
| | | Satisfactory work behaviors |
| | | Employee flexibility to "go the extra mile" |
| | | Employee sensitivity to company business needs |
| | | Employee commitment to company goals |
| | | People show up for work |
| 3 | Service Expectations | How agency returns calls |
| | | Quality of person - ability to send right person |
| | | Quick response from the agency |
| | | How well the agency understands our requirements |

Table D3 (continued)

| Group | Title | Data Items |
|-------|-------|------------|
|  |  | Fair option to transition to full-time |
|  |  | Ability to end relationship w/agency if not working |
|  |  | Speed of filling position |

Table D4

Affinity Diagram of the Agency's view point

| Group | Title | Data Items |
|:-----:|:------|:-----------|
| 1 | Fiscal Measures | Financial Performance |
| | | Fiscal measures |
| | | Good bottom line |
| | | Quantity of placements |
| | | Meet budget; billable work; collections |
| 2 | Management Support | Good upper management support |
| | | Aren't told how to do our jobs; flexibility to run the office |
| | | Good selection of management |
| 3 | Operational Practices | Time to develop teamwork |
| | | Learning new communications skills |
| | | Given the tools to do the job |
| | | Good match between employee placed and customer company |

Appendix E: Answering the "fourth question"

It was decided to answer the "fourth" question by identifying a recommended path for improving quality in terms of stakeholder satisfaction that would be appropriate for staffing agencies interested in achieving and sustaining high performance levels.

Drawing from the review of literature and previous research conducted by organizations such as the Juran Institute and quality professionals such as Walter Shewart, recommendations were made for staffing agencies interested in improving overall business processes. Specific recommendations were based upon knowledge gained from the San Jose State University MSQA program of study and a review of quality improvement processes successfully implemented in similar environments. Information provided by the Organizational Learning Center in San Jose, CA, was particularly valuable in developing the recommended approach.

## Recommended Approach

The prescribed approach was based on the Shewart "plan-do-check-act" cycle and consisted of five steps, as represented in the Figure E1.
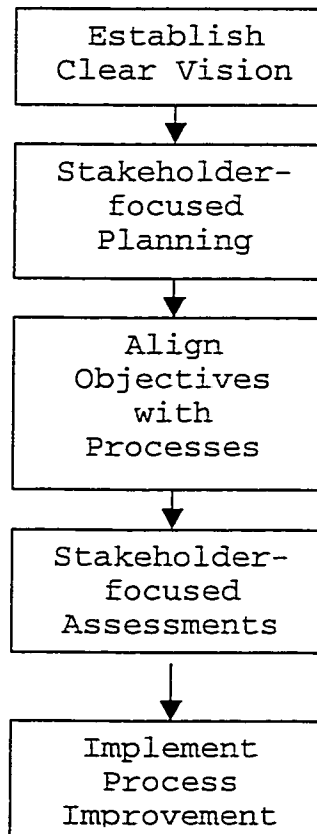
```
┌─────────────────┐
│   Establish     │
│  Clear Vision   │
└─────────────────┘
         │
         ▼
┌─────────────────┐
│  Stakeholder-   │
│    focused      │
│    Planning     │
└─────────────────┘
         │
         ▼
┌─────────────────┐
│     Align       │
│   Objectives    │
│     with        │
│   Processes     │
└─────────────────┘
         │
         ▼
┌─────────────────┐
│  Stakeholder-   │
│    focused      │
│  Assessments    │
└─────────────────┘
         │
         ▼
┌─────────────────┐
│   Implement     │
│    Process      │
│  Improvement    │
└─────────────────┘
```

Figure E1. Recommended approach to establish vision and
implement stakeholder-focused process improvement.


Establish Clear Vision. An organization must first
define where it is going before it can figure out how to
get there. With a clear sense of vision emanating from
the highest levels of management and drawing from
participants throughout the company, resources can be
aligned to meet objectives supporting this vision. To

establish a clear vision, activities facilitating development of shared purpose may be helpful to the company. Such activities include conducting a SWOT (strengths, weaknesses, opportunities, and threats) review of the company's performance over a defined time frame. Analyzing why previous plans or actions did not achieve sustaining results may also be a good start, drawing upon the tools of root cause analysis and prioritization. The value of this step is to get a clear picture of what the company should look like.

Perform stakeholder-focused planning. Once established, a clear vision allows an organization to plan how it will accomplish this vision. Activities such as Hoshin Planning or Key Objectives Planning facilitate the development of customer-focused organizational vision.

Align key objectives to business processes. Once clear and specific objectives are defined, it is vital that the company identifies which business processes contribute to the success and failure of each objective. With this information, it is possible to focus resources on improving processes that directly influence the objective. Further, a focus on processes contributing

to objectives also identifies which processes are not
"value-added". Non-value added processes offer
opportunities for improvement in other ways such as
process streamlining or reduction. The increasing need
to manage internal costs of doing business requires that
all business processes must add value to the final
process output.

Perform stakeholder-focused assessments. By
measuring the gap between existing and desired
processes, organizations can determine which processes
need specific improvement. Furthermore, gap assessments
identify available resources to help the company define
the optimal business process. Available resources
include benchmark studies, case histories and process
re-engineering methods.

Implement process improvement. The final step is
to act on the gap. The recommended approach for this is
to implement effective process improvement. Using the
same resources used to measure the gap between desired
performance and undesired process performance, process
improvement implements basic industrial engineering
approaches towards developing the most streamlined,
value added process cycle. Finally, not only is it

necessary to evaluate the success of the process improvement effort through a reassessment of the gap, it may be necessary for the company to evaluate the success of the process improvement process itself, thus building internal organizational competencies.

Organizations rarely possess all the competencies necessary to effectively perform process improvement. The recommended steps imply that an organization is open to learn what competencies may be needed, which are missing and then seek to remedy the situation. Competencies that must be considered range from the technical, easily measurable skills to the more difficult yet critical skills of teamwork, leadership, systems thinking and change readiness. Figure E2 shows a collection of competencies that organizations need for successful process improvement. Each set of competencies works in conjunction with the others to support the overall organizational mission, vision and objectives. Without a balance of skills and abilities in all areas, organizations are apt to pursue inappropriate business practices.

Developed over eight years of extensive research by the Organizational Learning Center, these competencies

are recognized as vital to the long-term success of all
organizations. Although this study is not examining
these competencies at this time, it is important to
consider the value this information provides to any
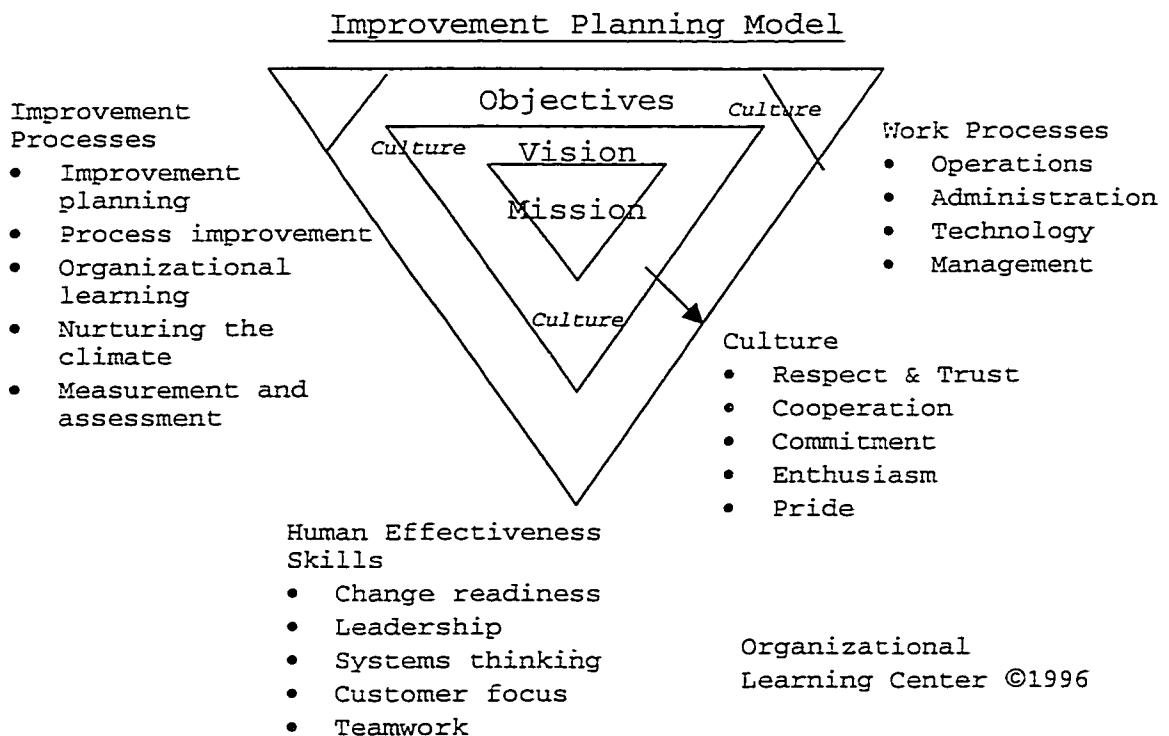organization seeking overall business process
enhancement.

Improvement Planning Model



Improvement
Processes
• Improvement
  planning
• Process improvement
• Organizational
  learning
• Nurturing the
  climate
• Measurement and
  assessment

Work Processes
• Operations
• Administration
• Technology
• Management

Culture
• Respect & Trust
• Cooperation
• Commitment
• Enthusiasm
• Pride

Human Effectiveness
Skills
• Change readiness
• Leadership
• Systems thinking
• Customer focus
• Teamwork

Organizational
Learning Center ©1996

Figure E2. The Improvement Planning Model showing the
necessary organizational competencies required for
successful process improvement. Used with permission
from The Organizational Learning Center.

The recommendations are a response to the gap
between the current state of the staffing industry as
determined during this study and the desired state,
based on work performed in other, similar industries.
Drawing from this study and the many works of masters in
the quality profession over the last century are steps
that agencies interested in long term success might take
as part of journey. Regardless, if an agency chooses
only one step, then let it be to establish clear vision.
Quoting from Joel Barker, a self-proclaimed futurist,
consultant and trainer focused on long-term
organizational success:

> "Vision without action is merely a dream; action
> without vision just passes the time. Vision with
> action can change the world." (Neal, Christensen &
> Christensen, 1990).

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You have my permission to use my cartoon in your thesis.
Mort Walker

**organizational
learning
center**

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April 7, 1998


Ms. Carrie K. Cabak
Master's Degree Student
San Jose State University


Re:  Authorization to use OLC copyrighted material in Master's Degree Thesis
     Document


Dear Ms. Cabak:

This letter authorizes your use of the Organizational Learning Center's
Improvement Planning Model (attachment 1) as an integral part of your thesis for a
Master's Degree from San Jose State University.  This letter also authorizes San Jose
State University to copy this model as an integral part of your thesis and distribute it
as a part of the University's normal distribution of thesis documents developed as
part of their Master's Degree program.

We are please to be a part of your research and the advancement of greater levels of
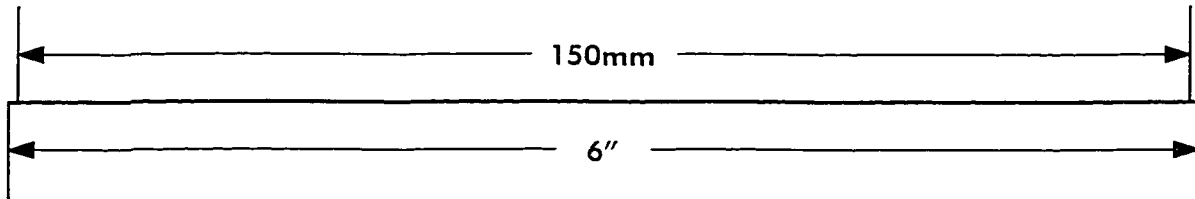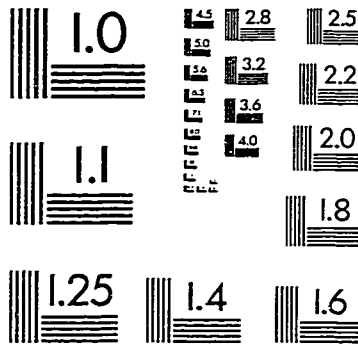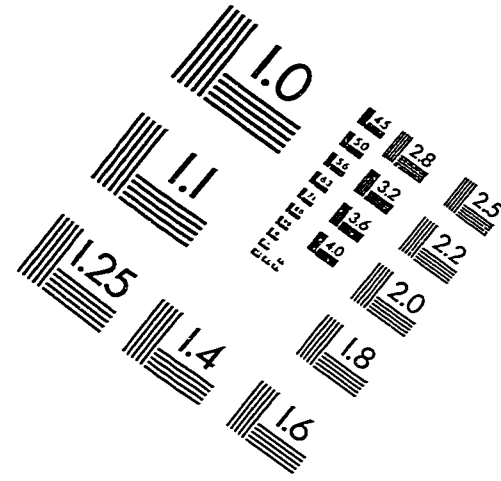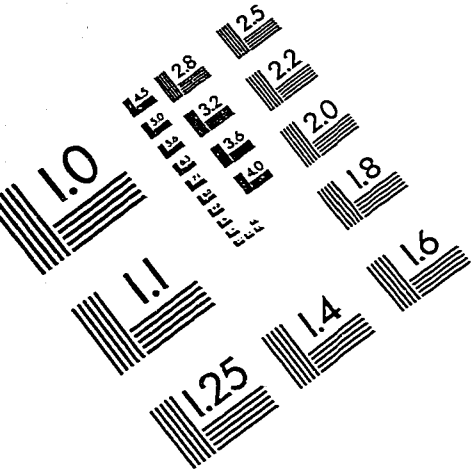learning.

If you have any questions or need further information, feel free to contact me at
(408) 288-8200.

Yours truly,


Ron Murata
General Manager

Encl.:  Attachment 1:  Improvement Planning Model

# IMAGE EVALUATION
## TEST TARGET (QA-3)

150mm

6"