THE POWER OF LABOUR MARKET INTERMEDIARIES

On Matching Spaces, Networks and Relations in Sweden's Knowledge-Intensive Sector

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Abstract

Purpose: In the last decade, Labour Market Intermediaries (LMIs) in the knowledge-intensive sector in Sweden have gained increasing attention as important actors in the labour market. As the influence of LMIs most likely will continue to grow, it becomes increasingly crucial to consider their implications for the labour market. The purpose of this study is to increase understanding of the conditions that enable or constrain LMI's possibility to exert control and influence in matching processes and business operations.

Theory: The theoretical framework for this study draws from both social network theory, boundary organisation theory, and the concept of "matching spaces". The combination of theories and concepts enables an explanation of how external input from social network theory affects the internal management practices of LMIs.

Method: A qualitative method was applied for this thesis. The empirical material consists of 12 interviews, observations and document studies. The study analysis utilised an abductive approach to enable flexibility in categorising and interpreting emerging patterns from the data, and iteratively reviewing earlier research and theories.

Result: The findings of this study highlight the significance of LMI's management practices in matters of control and influence within the labour market. It further shows the critical importance of networks and relationships, particularly trust in strong ties as an important condition for LMI's possibility to exert influence in matching processes. Lastly, their most profound impact on structuring labour markets is matching the supply and demand of major power asymmetries.

Foreword

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1. Introduction

In the last decade, Labour Market Intermediaries (LMIs) have gained increasing attention as important actors in the labour market. These intermediary organisations operate in-between workers and firms and mediate, facilitate, inform, and regulate the process of matching workers and jobs (Autor, 2009; Moss et al., 2009; Van der Meulen et al., 2005). By offering activities of search, networking, and risk management, LMIs provide access to information-procession, skills and performance-enhancing knowledge provided by contingent workers on a just-in-time basis (Connelly & Gallagher, 2006; King et al., 2005; Matusik et al., 1998).

LMIs come in various sizes and specialities, and given that the product being sold by them is the availability and quality of certain workers and jobs, one can expect them to become an important influence on the labour market when the demand for this product rises (Bull & Ornati, 1987). For labour markets to operate, employers and workers need to be able to reach each other, gather a significant amount of information about each other's needs and capacities, and develop a level of mutual trust at least sufficient enough for them to enter into a contractual relationship (Benner, 2010). However, as the contemporary economy is characterised by globalisation, rapid technological change and intensified global competition, labour markets are more complex, volatile, and unpredictable than 20 years ago (Benner, 2010; Osterman, 2010). These underlying trends have resulted in issues in job design from the perspective of developments in the labour market, and among these issues are the need for adaptive job design and flexible workforce arrangements.

It is within this context that the evolution and growth of LMIs within the knowledge-intensive sector have occurred. By providing services of search, which is a costly and timely activity for both workers and employers, LMIs perform three labour market functions. First, they reduce transaction costs and offer strategic and financial issues of flexibility, thereby increasing the ability of both workers and employers to adjust according to changing market conditions (Benner, 2010; Coolidge, 1996; Fisher et al., 2008; Wysocki, 1996). Second, they help build social and business networks, essential for strengthening capacity while diversifying opportunities and reducing worker vulnerability (Benner, 2010; Bergström, 2003). Third, they help employers and workers manage the increased risk of volatile economic change (Benner, 2010). Thus, by taking the role of labour market information brokers, LMIs are "market makers" (Benner, 2010), facilitating labour market exchanges (Autor, 2001).

However, the performance and change of LMIs crucially depend on changes in the relationships they meditate, as well as changes in the type and nature of the relationship (Van der Meulen et al., 2005). Participation in these activities of a given LMI is typically voluntary for one side of the market – workers or employers – and compulsory for the other (Autor, 2009). This pattern of voluntary and compulsory participation is largely dictated by the nature of the market imperfections that LMIs address and thus can tell us much about the roles that intermediaries play as "market makers" (Autor, 2009; Benner, 2010).

1.1 *Problem Statement*

Various attempts have been made to explain the growth and role of LMIs within the knowledge-intensive sector from economic and sociological perspectives. From an economic standpoint, the importance of LMIs stems from their function in the labour market by reducing transaction costs, fostering network development, and managing risks in the labour market, ultimately enhancing efficiency and flexibility (Autor, 2001; Benner, 2010; Bergström, 2003; Coolidge, 1996; Fisher et al., 2008; Van der Meulen et al., 2005; Wysocki, 1996). Hence, they are a symptom of the issues the labour market suffers from. As the labour market is constantly disrupted by a variety of market shocks and suffers from information asymmetry, economic scholars have mainly attributed LMI's role and power in structuring labour markets to adjust for such imperfections (Autor, 2009; Bessy & Chauvin, 2013). If labour markets were in a state of equilibrium where the flow of workers and jobs perfectly matched, intermediaries would presumably only replicate client's criteria (Burgess, 1994; King et al., 2005). In the case of these circumstances, LMIs would supposedly become obsolete, as their role as labour market information brokers would no longer be necessary as supply and demand are already provided with sufficient information about each other (Walter, 2005). However, in 'real-world' circumstances, this state of equilibrium is seldom achieved. Therefore, for LMIs to grow and maintain stability lies in their ability to exert influence under such criteria, according to the economist's standpoint, in adjusting information asymmetries and providing market efficiency.

In sociology, the impact of LMIs on the labour market has been studied in relation to individual labour market outcomes rather than their ability to control and exert influence. These studies can be traced back to the dual labour market theory, which posits that industrial economies can be divided into primary and secondary sectors, representing a range of wages, skills, and career stability (Kunda et al., 2002). Most of this research focuses on the debate

between 'stepping stone' and 'dead-end' jobs, particularly contingent work in temporary staffing agencies and its impact on the duration of permanent positions (Filomena & Picchio, 2022). This sociological research emphasises the implication of LMIs in the labour market but does not sufficiently address how this is tied to matters of control or stability of these types of organisations. Research from both disciplines highlights gaps in understanding the perspective of LMIs as organisations, including their management, strategies, and performance. Thus, there needs to be more research on the internal workings of these organisations, and how this is related to implications for labour market outcomes in a contemporary setting. Hence, this study positions itself in the intersection of these two disciplines.

1.2 *Purpose and Research Questions*

The purpose of this study is to increase understanding of the conditions that enable or constrain Labour Market Intermediaries' possibility to exert influence and control in matching processes and business operations.

- What role do networks, social structures, and relations have on the possibility of exerting control and influence in matching processes by Labour Market Intermediaries?
- How are these possibilities of power managed from an organisational perspective?

2. Previous Research

How previous research has attempted to explain the role, mode and impact of market intermediaries provides a broad and intricate range of studies, drawing from both economics and sociology. The following section will present key findings and insights from both disciplines and how they interplay.

2.1 *The Role of Intermediaries for Individual Labour Market Outcomes*

From the supply side of the labour market, the role of intermediaries and contingent employment on labour market outcomes can be traced alongside the dual labour market theory which holds that industrial economies can be divided into sectors of the primary and secondary labour markets as representative of a variety of wages, skills and career stability (Kunda et al, 2002). Regarding the secondary sector of low wages, skills and career stability,

there is extensive research on the so-called stepping stone versus dead-end debate. This research is mainly focused on contingent work in temporary staffing agencies and its relationship to the duration of permanent positions (Filomena & Picchio, 2022). According to their most recent literature review, there is still no clear-cut understanding of these matters but results seem to come in favour of the dead-end hypothesis. The results also seem to suggest the stepping stone effect is less likely under economic uncertainty and difficult times (Filomena & Picchio, 2022). The ambivalence of employment relationships in triangular employment also highlights the ambiguity of employer responsibility. As the secondary labour market is often represented by a large part of ethnic minorities there have been several studies reporting issues of outsourcing discrimination (Green, 2020; Sweeny, 2011; Bendick & Cohn, 2021).

Research on the career trajectory of contingent work of high-skill contractors in the primary labour market is captured to some extent by the research of boundaryless careers, alongside a variety of more critical approaches viewing careers as rather structurally bounded (Guan et al., 2019). The boundaryless career research is predicated on the assumption that individual and contextual factors affect the outcomes of career success (Guan et al, 2019). The strain of research encompasses a variety of ways in which contextual factors influence, challenge or constrain individuals in their career paths. For instance, the agentic perspective emphasises how boundary transitions facilitate new competencies, social networks and other forms of career resources (Arthur & Rousseau, 1996; Weick, 1996). The stress perspective emphasises the mental and physical health-related issues in individuals' experience of career transition i.e., such as the changes or translation of competencies, identities, changes in family life and job duties across career boundaries (Guan et al, 2019).

The particular ways in which intermediaries such as consultancy and recruitment firms are central to "bounded" career trajectories is the research that comes closest to the inquiry of this study. For instance, King et al,. (2005), argue that careers are always bounded by structural factors and intermediaries such as recruitment and consultancy firms are key players in structuring opportunities in the labour market. The authors examine the impact of human capital, prior career mobility and agency relationships on the likelihood of being shortlisted for job vacancies for client or consultancy positions. The findings suggest that the prior history of the agency is a more important factor than human capital, and a high degree of prior career mobility was negatively correlated with being shortlisted for vacancies. The

results seem to suggest that intermediaries as consultancy or recruitment agencies structure labour market opportunities just by virtue of prior history with the agency.

2.2 *Economic and Sociological Perspectives on Market Intermediaries*

As both Bessy and Chauvin (2013) and Bureau and Marchal (2009) point out in their literature reviews, research from economics is mainly concerned with explaining the market function of intermediaries. Such intermediation, described by neoclassical models, is to reduce transaction costs and compensate for imperfect information or limited rationality. For instance, Mellet (2004) argues that the expansion of technologies provides the means for eventually realising such market imperfections, technology that we today could attribute search functions on LinkedIn and various job application apps. Hence, the 'middleman' contributes to the efficiency of the market under the supervision of the "auctioneer" to assist the invisible hand in correcting the price toward labour market equilibrium. Thus, the 'bad' intermediaries contribute to destabilisation and inflation. For instance, Godechot (2006) argues that consultancy firms are such an example. They create a multitude of micro markets, which have destabilising effects and contribute to market segmentation. Gautié et al. (2005) have analysed similar effects on the role of headhunters.

The sociological perspectives on the role and power of market intermediaries draw heavily on network perspectives. For instance, Burt (1992; 1997; 2000) draws on the argument of Granovetter's (1973) idea of "the strength of weak ties" and the concept of Simmel's (1950) *tertis gaudens* – the third party who benefits from intervening between the other two – to develop the idea of 'networks entrepreneurs'. Burt (1992; 1997; 2000) argues that the power of intermediaries is mainly opportunistic and stems from the possibility of controlling the interactions and networks of separated actors – between 'structural holes' of the labour market. Finlay and Coverdill (2000) further explore these ideas in their study of how headhunters navigate risk and opportunities in a competitive market. They argue that headhunters due to their structural positions, meaning that they are not tied to a value chain – develop close ties with their clients and are willing to act opportunistically toward them. The authors argue that developing embedded ties with clients is a "reciprocal opportunism" strategy. This is in line with previous research on the role of trust in client-provider relationships (Dore, 1983; Larson, 1992; Powell, 1990; Uzzi, 1996, 1997) but deviates in the sense of how trust is reciprocal or opportunistic. Finlay and Coverdill (2000) argue that

headhunters are more similar to embedded opportunism in banking sectors, as shown by Eccles and Crane (1988).

Bessy and Chauvin (2013) and Walter (2005) show that market intermediaries can exert power and influence the structuring of labour markets in ways that deviate from the market-function logic of neo-classical economics. Bessy and Chauvin (2013) argue that all intermediaries are engaged in an activity of valuation and constructing economic and symbolic values that shape the market by regulating and translating information. Walter (2005) shows how the logic of matching practices of LMIs consists of the construction of classification systems that must span across the boundaries of the triangular relationship to produce what Bessy and Chauvin (2013) call "a convention of valuation". Such classification systems lay the ground for what Walter (2005) calls "matching spaces", which is the measure of the extent to which the LMIs are allowed to calibrate or suggest changes to the demands of clients and candidates – from what is desired, to what is acceptable to make a match – an exercise described as "calibrations" (Walter, 2005). This ability to exert influence in matching outcomes is explained by either the inherent logic of the matching practices (Walter, 2005) or what kind of the intermediary is and what segment of the market they occupy (Bessy & Chauvin, 2013).

Besides the point that most of these studies are old, previous research does not sufficiently address emphasis on the dynamics of power tied to social structure, networks and relations in matching procedures. When research does emphasise such features as Finley and Coverdill (2000) do, it lacks a perspective of the organisation; how risk and opportunities are managed among many actors in the matching process. Likewise, Walter (2005) made an important ethnographic contribution to studying such organisational practices but stayed agnostic to matters raised by Finley and Coverdill (2000). Hence, there are good reasons to believe that the dynamics of power and influence of the matching work done by LMIs depend on the features mentioned above, and have important organisational components.

3. Theoretical Framework

This study's theoretical framework draws from social network theory and boundary organisation theory and the concept of "matching spaces". This combination of theories and concepts enables an explanation of how external input of trust and information, which is emphasised in social network theory, impacts the internal management practices of LMIs.

Below is a summary of the distinct theoretical elaborations and a model of how these theories form a joint explanatory enterprise to answer the aim and research questions.

3.1 *Social Network Theory*

While social network theory is a complex and extensive topic that cannot be fully covered in this section, the following subsections will provide the most relevant and important parts of this theory for this study. In broad terms, social network theory concerns the interplay of functions and properties in social networks and different network ties. It revolves around how the dynamics of networks affect trust, value and transaction of knowledge and information (Borgatti, 1995). The following sections will delve deeper into Granovetter's "strength of weak ties" (1973; 1983; 2005) and "embeddedness" (1985).

3.1.1 *The Strength of Weak Ties*

An important contribution of social network theory central to this study is Mark Granovetter's theory, "the strength of weak ties" (1973; 1983; 2005). The theory makes a distinction between strong and weak ties, and how properties and transactional content differ between these forms of relations in a social network.

A strong tie is characterised by more frequent social exchanges and the extent to which there is trust. These ties are in many cases also relations shared by other members of strong ties, thus they form social cliques of strong tie network clusters. This tends to give rise to higher homogeneity, reinforcing existing values, beliefs and attitudes. Therefore, the information circulating among a network of strong ties also shares information among others in that group, hence, there is much duplication and a low degree of novelty.

Weak social ties, such as acquaintances, in most situations, play the most important role in acquiring scarce resources, finding job opportunities or utilising other forms of value and scarce information. These ties are the connections between people at a sufficient social distance that occupy other social cliques far outside the personal circle of friends.

As counterintuitive as it may seem, the most noble and important information is not accessed in strong ties, like close friendships with high levels of reciprocity and trust, even though these people have the strongest incentives to provide such resources. The weak ties are the links that connect people with other people and, therefore, in a sense, provide people with a window to the world. Thus, the theory emphasises the *strength* of weak ties in that they stretch across networks and provide access to new and noble information, scarce

resources and opportunities. Below is a replicated figure of Granovetter's (1973) paper displaying the weak tie to network connections.
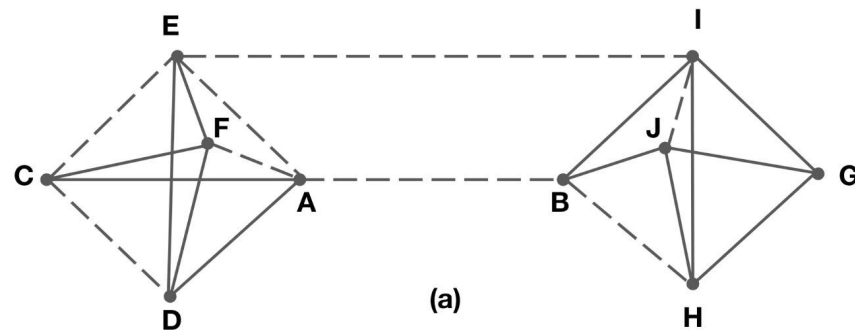
Figure 1. —- = strong tie; - - - = weak tie.
(Granovetter, 1973, p.1365)

3.1.2 *The Concept of Embeddedness*

Granovetter's "strength of weak ties" theory is also closely related to the development and elaboration of the concept of "embeddedness" (1985). Drawing from Polanyi's (1944) concept of embeddedness, which emphasises how social and cultural systems are embedded in economic institutions and not isolated and distinct systems, Granovetter (1985) extends the notion of embeddedness by emphasising how social relationships and networks are embedded in economic institutions and actions.

In his paper from 1985, he criticises two forms of a conception of human action; first, the "undersocialised" conception of man, a view often attributed by economists – portraying individuals as rational economic agents, where social relationships do not matter in an economic context when pursuing self-interests; secondly, he also criticised the "oversocialised" conception of man, a perspective often attributed by sociologist, where people are considered completely regulated by the norms, values and culture they have acquired in their social context. Granovetter argues that these two extremes, seemingly opposite conceptions of man, stir confusion about one another and that both coincide because both views ignore the role of social relations. As many of our economic activities are influenced by social relations, it portrays a different view of the economy. For instance, this becomes crucial in matters of trust, as trust plays an important part in economic activity,

bringing the perspective of weak versus strong tie connections and networks back into the picture.

How the concept of embeddedness converges with the "strength of weak ties" is in that it emphasises the relevance of social relations; it diverges in that embeddedness also points out how social relations and networks are related to broader social structures and institutions. The weak ties argument emphasises how networks and relations as forms of social capital become important in utilising scarce resources and leveraging social mobility. Strong ties, on the other hand, are in most cases equal to embedded ties due to the fact that these ties are characterised by trust and close relationships. Thus, this emphasises that strong ties are therefore considered socially embedded ties, due to relationships being embedded in economic institutions and actions.

3.2 *Theory of Boundary Organisation*

The theory of "boundary organisations" was originally developed by (Guston, 1999, 2001) to identify and explain the stabilising effects of a neglected set of organisations bordering science and politics in the US technology transfer-policy. Its original approach was to explain how the potential chaos of such technology transfer can be stabilised within the interface between these separate domains.

Guston developed this theory through the lens of boundary work theory (Gieryn, 1983) and principal-agent problem/theory (Ross, 1973). Boundary work originated from the sociology of science and aims to understand how boundaries of science and non-science are the results of practices rather than a Popperian demarcation problem. Boundary work is considered the practice of reinforcing, advocating, creating or, in other ways, producing or reproducing boundaries, demarcations or other forms of division that constitute any form of knowledge.

The principal-agent theory is based on the economics of agency theory and addresses problems that arise under circumstances when a principal, such as an employer, has uncertainty about what action an agent, such as an employee, has undertaken or should undertake. The problem involves issues like moral hazards and dependency under circumstances of imperfect information. Guston (1999, 2001) claims that even though these views or theories rest on different theoretical presuppositions, they are complementary. This led him to a theoretical insight that he named 'boundary organisations'. The boundary work these organisations perform is the technology transfer bordering science and politics, which is

supposed to stabilise such boundaries by participating in principal-agent relations and their logic.

Guston (1999, 2001) also claims, that due to the ambiguity of stability and contingency of these boundaries, these organisation needs means of stabilisation such as "boundary objects", which are the translation of divergent viewpoints, ideas, theories, practices or alike that translates across groups within a shared context; meaning that they are adaptable to different viewpoints and robust enough to maintain identity across them (Star & Griesmer, 1989). In addition, Guston claims that boundary organisations are engaged in producing 'standardized packages' which combine several boundary objects with standardized methods in ways which provide co-restrictions and co-definitions and thus leverage greater fact stabilisation, while still performing as an interface in facilitating interaction and cooperation across socially distinct worlds (Fujimura, 1992).

3.3 *The Theoretical Framework and Concept of "Matching Spaces"*

Against the backdrop provided above, Guston (1999, p.93), points out three main characteristics that are critical for boundary organisations and their effectiveness. Firstly, these organisations provide space that legitimises the creation and use of boundary objects and standardised packages. Secondly, they involve the participation of both principals and agents, as well as specialised mediators. Thirdly, these organisations exist at the frontier of two distinct social worlds with defined lines of responsibility and accountability. These characteristics are essential for boundary organisations to effectively address the problems they are designed to solve (Guston, 1999, 2001).

To apply this theory to the research context of LMIs in the knowledge-intensive sector, the main problem is located in which way our sense of boundaries consists, and how it differs from the boundaries of science and politics. The boundaries of this study consist of boundaries of employment, such as boundaries of employer organisations to the labour market, or in more broad terms, the boundaries between supply and demand. Such boundaries are found in the demand of requirements and offerings of jobseekers, and LMIs are the negotiators and mediators of such boundaries much like the organisation interface between science and politics. Thus, the provided *space* that legitimises the creation and use of boundary objects and standardised packages needed an equivalent part to account for how matching versus technology transfer takes place as a form of boundary work.

The support for such space is found in Walter's (2005) study of matching in consultancy firms. He found that the extent to which a match will become difficult to make or find is given the list of provided requirements relative to the state or the market, such as loose or tight labour markets. This is in part what he calls "matching spaces". Walter also claims that by assessing and classifying consultants to assignments and customers, LMIs have some degree of autonomy, right of way and techniques of coupling distinct contexts at a distance - all of which provide conditions for the matching spaces. Matching spaces then become necessary for LMIs to have a high and cost-effective revenue of candidates and consultants to a customer, i.e. a high degree of facilitation across supply and demand. This provides the LMIs with their main source of influence over customers, candidates and consultants, and, therefore, also the labour market.

Walter's (2005) account of matching spaces comes with some caveats – how easy or difficult it is to find a person with the right combination of traits among existing supply on the labour market will entail the bargaining power of candidates and consultants, and, therefore, their requirement lists. Thus, the findings elaborate on the notion of matching spaces and add two conditions to support our analysis; initial and flexible conditions. Initial conditions are equivalent to input values, how many and specified the requirements are to begin with, and how vague or open they are. Flexible conditions refer to more or less what Walter calls "calibrations", when LMIs explicitly ask the customer to adjust their requirements, but with added emphasis that such adjustments exist only within the *frames* of a matching space (to what is acceptable or legitimate). The degree to which such frames can change is what we refer to as flexible conditions.

So, how do matching spaces and boundary organisation theory go together with social networks theory? The concept of matching spaces provides the very glue on which the external input of networks and relations impacts the requirements in a matching process. Whether the traits and skills of candidates and consultants can be conceived and reconceived as legitimate within the given frame of a given matching space and its requirements is related to the extent to which the LMIs have the ability to construct boundary objects, standardized packages and conduct boundary work, or as best they can replicate customers requirements and across the boundaries. In other words, matters of influence and control are located in the office practices of boundary organisation theory, which can be dynamically expanded and constrained by how external input from social network theory impacts matching spaces. Figure 2 displays the relationships between theories and concepts:
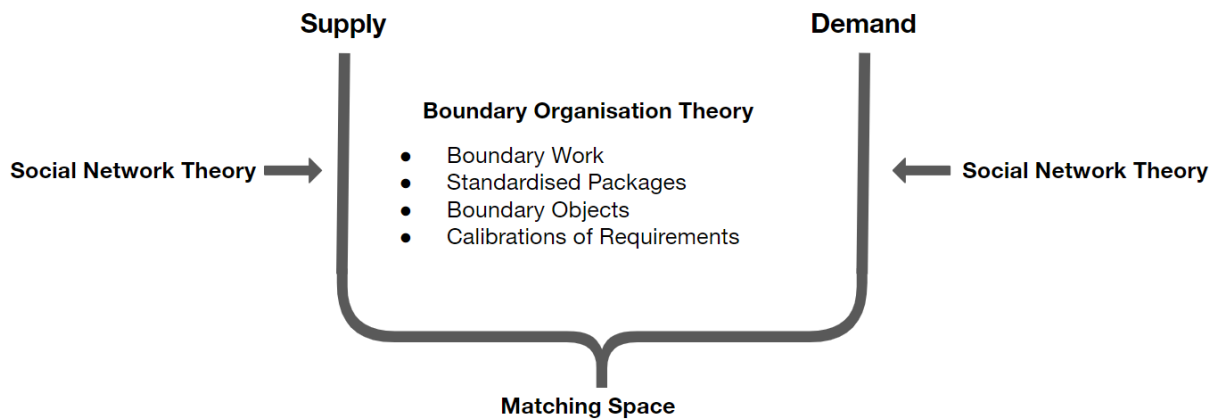
Figure 2. Figure of the relationships between theories and concepts as a theoretical framework.

4. Method

To be able to say something about the conditions that enable or constrain LMI's possibility to exert influence in matching processes, it is necessary to examine the clusters of activities that coincide with different types of social networks within LMIs. To analyse these conditions, a qualitative interview study was conducted to allow for a nuanced exploration of the experiences, perspectives, and practices of different individuals involved in LMIs, shedding light on the complex dynamics and mechanisms involved in exerting influence and establishing organisational control. The use of a qualitative approach provides an opportunity to capture the complexities and nuances that can generate valuable insights and, at the same time, inform both theory and practice in the field of LMIs.

4.1 *Research Context and Sampling Methodology*

The empirical foundation of this report comprises recruiters, consultant managers and key account managers of LMIs operating in the knowledge-intensive sector in Sweden. As there are various sizes and specialities among LMIs, data was collected from both the consultancy and recruitment firm sides. These firms both share common internal structures as they both have sales functions, dedicated to attracting customers and assignments, and a recruitment function, focusing mainly on the inflow of candidates. What sets these firms apart is that consultancy firms typically employ in-house consultants and provide temporary staffing solutions to client companies for a contracted period before recalling them and assigning them to new client companies and tasks. Recruitment firms, on the other hand, offer an

assignment-based recruitment model, which involves a 'trial and hire' period for the consultants. This means that the recruitment firm manages the recruitment process for the client organisation, hires the consultant for a specified period, and then transfers the contract to the client organisation. This means that the matching process for a recruitment firm starts with a linear customer-focused guidance, while the consultancy firms exhibit a non-linear relationship in their matching processes, as they most commonly opt for long-term employment of consultants. These characteristics are the primary differences between the two types of organisations for this study, forming the base for the initial research context.

The respondents for this study were selected based on their current function in the LMI (i.e., the practice of matching). To get access to participants who met the sampling criteria and could provide valuable insights into the study's research questions, we initially reached out to individuals in personal and professional networks who worked in LMIs within the knowledge-intensive sector in Sweden. These individuals were asked if they knew other professionals who met the study's criteria. Through these methods, we could reach 12 people: three consultant managers, one recruiter and one partner relationship manager in consultancy firms, five consultant managers and two key account managers within recruitment firms. The data includes key account managers because they are the initial contact person with potential customers, creating the base for possible future matching processes.

4.2 *Data Collection*

The collected data consists of interviews, observations and document studies. The interviews followed a semi-structured interview guide that addressed the following areas and themes (among others):

- Background questions (e.g. current position, characteristics of a typical work week).
- The recruitment process (e.g. the structure).
- The role of competence of consultants (e.g. hard/soft values).
- Relational aspects of intermediaries (e.g. client/consultant relations, short/long-term relationships).
- The matching (e.g. outcomes, the extent of influence).
- Responsibility in the triangular employment relationship.
- External market conditions (e.g. the swings in the economy).

The open-ended questions in the interview guide allowed for a responsive approach to exploring emerging themes while ensuring equal participation for all the respondents. The interviews were conducted online via Microsoft Teams, ranging from 50 to 75 minutes. Additional phone calls complemented one interview with one of the consultant managers from consultancy firms. This call was made to delve deeper into their organisations' selling functions.

In addition to conducting interviews, the researchers accessed various internal documents due to previous and current employers, such as evaluation plans, measurement systems and internal websites. Integrating these diverse sources of information allowed for a comprehensive understanding of the context in which the discussions occurred and enriched the analysis by providing deeper insights into the organisation's internal processes and perspectives. By triangulating data from interviews and internal documents, the study's findings attained a robust and multi-faceted foundation.

Furthermore, having experience in the research setting gave us, as researchers, "interactional expertise" (Collins, 2004). This refers to the ability to converse about a practical skill or expertise learned through linguistic socialisation among the practitioners (ibid, p.125). This enabled us to navigate, engage, and effectively evaluate what was happening in the research setting.

4.3 *Data Analysis*

The study's data analysis utilised an abductive approach, which involved categorising data and interpreting emerging patterns and reviewing earlier research and theories iteratively. This approach enabled a flexible approach with the respondents and the information that arises during the study, using the participant's language and ideas and connecting with the theoretical framework (Ormston et al., 2014).

The empirical data were collected and analysed iteratively. Initially, we conducted a couple of interviews to start mapping out the field, which was then open-coded to identify and categorise various aspects of the recruitment process and how it is carried out in practice. This initial coding enabled us to revise the interview guide before the following interviews. By working iteratively with coding and collecting data, themes gradually emerged, forming the foundation for the study's analysis. In the coding process, different colours were used to highlight the theoretical connection of the quotes, enabling us to build upon multiple theories

and integrate their various aspects, contributing to a more comprehensive understanding of the subject.

4.4 *Ethical Considerations*

As qualitative research is produced with someone, ethical considerations are necessary to balance the value of expected knowledge addition against possible negative consequences and tensions for affected study participants (Webster et al., 2014). An information letter with adequate information was presented upon initial contact to enable the participants to decide whether to participate in the study. This included information about the study's aim and the interview, how the data will be kept confidential and how anonymity will be maintained. Participation was also voluntary, both during and after the interview. This was also repeated during the interview. In presenting the results, the respondents are referred to by the function of their role rather than specific pseudonyms. Statements have been handled cautiously to make identifying participants and specific companies difficult. The transcripts and recorded data are deleted after the approval of the thesis.

4.5 *Scope and Limitations*

The scope of this study aims to address the growing demand for skilled labour and the corresponding increase in flexible staffing arrangements within the consultancy and recruitment business in the knowledge-intensive sector in Sweden. This sector is characterised by rapid technological advancements and a knowledge-intensive nature, and as many organisations seek the same skills in today's knowledge-based economic climate, this makes it difficult for organisations to find desired employees. As the use of contingent work arrangements has increased over time (International Labour Office, 2022), the matching work done by LMIs in the knowledge-intensive sector can become of important influence on the labour market when the demand for this product rises. By addressing this growing, dynamic labour market following the expansion of the consultancy business within the IT and tech sector, this study contributes to the ongoing discourse on workforce transformations (Frey & Osborne, 2015). However, findings and conclusions drawn from this study should be applied with caution when making broader generalisations about the entire labour market or other industry sectors due to variations in labour market dynamics.

As all research designs have inherent limitations, this section will acknowledge two key limitations recognised. First, as the empirical insights of this thesis draw from twelve interviews, the issue of the generalisability of the findings should be raised. While the two distinct types of LMIs, and the multitude of roles included in the sample selection bring important insights into the business of LMIs in Sweden, it also limits the ability to conclude generalisability outside of the research context. While the insights shed light on the practices of LMIs within the IT and tech sector in Sweden, the findings could resonate differently in other contexts. Secondly, as our personal experiences in the field have contributed valuable insights to the study, this also introduces the potential for researcher bias. The interpretation and analysis of the data are at risk of the influence of our familiarity with the field. However, as the results show, the field of LMIs is complex, and our experiences have been shown to differ during the study. This led us to explore each other's perspectives and assumptions about the data and the participants. Being open to adjusting our interpretations of the data and considering alternative explanations helped us mitigate this risk.

5. Results and Analysis

The consultancy and recruitment firms in this study have varying structures and organisational functions depending on what social groups they facilitate in the labour market. However, there are unifying common denominators of organisational functions that they all perform, primarily because they are located and operating on the boundary of supply and demand. The following section will explore the LMI's diverse activities and strategies before delving deeper into the matching work and relations of these organisations.

5.1 *Networks, Weak Ties and Information in Sales and Recruitment*

Sales and recruitment are the organisational functions responsible for identifying the desires, needs, demands, values, attitudes, technical skills and other necessary information about potential customers. These are necessary functions to assess whether the LMI could provide a potential match, as well as whether the customer is apt for the niche and segment of the labour market the LMI occupies. Thus, these functions are responsible for identifying and putting together elements from both sides of the boundaries to create a match.

All of the LMIs in the study use advertising in sales and recruitment to acquire customers and candidates. However, three other ways are reported as important to get the upper hand in the competitive landscape of the recruitment and consultancy business. The

next section will delve deeper into how networking influences candidate and client acquisition, the role of weak ties in acquiring new information, and how social relationships impact the success of sales and recruitment practices.

5.1.1 *Recruitment and Sales as Information Channels*

In most cases, the recruitment and sales functions are finding customers and candidates who are previously unknown to them – they are what Granovetter (1973) referred to as weak ties and come with the advantages of new, noble information, scarce resources and opportunities – which for LMIs manifests in terms of access to scarce information or new business opportunities. There are two ways in which LMIs acquire these relationships and are manifested in both the recruitment and sales functions.

For the sales function, the most commonly reported way to acquire customers is through the activity of 'prospecting'. This is the practice of finding *new* customers who could potentially be interested in the competencies the LMI is recruiting for. The respondents report that there are many ways in which prospecting can be done and the techniques, strategies and tools are developed and used to be apt towards different businesses and organisations to create the best opportunity for connection which can lead to a new customer relation. With smaller organisations, the best tool is reported to be the phone, allowing for more informal and personal contact. With bigger organisations, they report using formal channels of communication, such as emails or messages on professional networks like LinkedIn.

To yield interest or unidentified need, the respondents report the importance of gathering as much information on organisational structure, key performance indicators (KPIs) and other relevant details of the potential customer. One respondent reported the importance of collecting information:

But information, it's a bit like asking how their vacation was. You need to know as much as possible, not only where they went, but rather where did you go? What did you do? What drinks did you have? What restaurants did you visit? So, yeah, it creates an interest. It's very much about understanding how the organisation is structured. (Key account manager 1, recruitment firm)

To ask open-ended questions helps the key account manager to obtain tacit information about the client organisation, which is needed to adapt potential strategies for creating a matching process. Gathering customer-specific information also becomes an important part of establishing other new relationships which also provide access to and discovery of new

business opportunities. This acquired information about one market segment is used to yield interest or wake an unidentified need of a customer that otherwise never had reached out. One key account manager reported about this as follows:

> So, as time goes on, you discover a lot. I didn't know about roughly 90% of the companies in my customer portfolio that I have today. I had no idea who they were even a year ago. When you prospect, you learn what to look for. You develop an eye for it, and learn to recognise warning signs and positive indicators, as well as what methods usually work and which individuals to try to contact.
> (Key account manager 2, Recruitment firm)

The recruitment functions have similar strategies to acquire candidates, where the activity of 'prospecting' takes the form of 'search' using professional networking platforms like LinkedIn. These activities take the form of mirroring practices covering the supply aspect for recruitment and the demand aspect for sales. Both practices are about making 'cold calls', meaning that there is no previous relationship or contact when reaching out. One key account manager reported about the mirror analogy to recruitment as follows:

> Yes, it's exactly the same way, just as you say. It's like, search is equivalent, so search, what the recruiters call search is our prospecting. Making cold calls like they do, we also make cold calls to people who we have no contact or relationship with. (Key account manager 2, recruitment firm)

The practice of 'search' has less emphasis than prospecting on extracting candidate-specific information at first, but more on yielding interest using tactics like talking about the personal interests of the candidate to establish a weak relationship and subsequently a first interview. However, information gathering about the current state of the labour market is reported as crucial, where the interaction between the recruitment and sales functions is important to make sure they are apt to changing market conditions. One key account manager reported about the importance of sales and recruitment interaction as follows:

> As a salesperson, there's a constant need to have the ear against the ground, not only with the market but also with our internal capacity. We need to understand what we can deliver because we can't make extravagant promises without being able to follow through. It's like creating ripples in the water, and so on. (Key account manager 2, recruitment firm)

A similar statement is reported by a recruiter in a consultancy firm who explains the cooperation between the recruitment and sales functions, and the importance of staying in tune with changing market conditions of supply and demand:

So, we're literally just a few meters away from each other, which means we have a very close dialogue. We receive a report every week, outlining what's in demand. These criteria are important, but additional updates can come up continuously, especially with the current global situation. A lot is happening, and that includes our industry. In such cases, it's essential to stay updated, and more can happen beyond the weekly check-ins. Not radical changes, of course, but adjustments, naturally. It's important to keep an eye on this so that we can bring in the right people, plain and simple. (Recruiter, consulting firm)

The quotes above show the importance of sales and recruitment as information channels, as they are the organisational functions establishing and collecting the necessary means to provide the LMIs with their window to the labour market as well as new business opportunities and acquisitions of customers and candidates.

5.1.2 *Social Networks and Credibility*

While cold calls in search and prospecting are ways to acquire new relationships and are important channels of information, these practices have shortcomings in mitigating high competition and the issue of operating under generally a tight labour market segment. One way to bypass this issue is through contacts established via mutual connections or social networks. A mutual connection incentivises a potential customer to believe that the key account manager holds credibility, enabling the key account manager to pitch his or her business. Connections with a wide network of people are shown to have high importance in acquiring new customers, and one respondent explained this advantage as:

I always connect with people I have met, regardless of the situation. It signals to other potential clients that we are connected on LinkedIn. It builds more credibility, and it becomes a bit more personal. I can refer to it as saying something like, 'I noticed we have a mutual connection with this person, and we talked about this topic. It would be great to establish a connection with you too.' (Key account manager 2, Recruitment firm)

The quote also shows that utilising already existing networks as a strategy in prospecting helps with the purpose of this practice as the connection is first and foremost non-business oriented, even though the purpose is similar – to establish a new business relationship. The key account manager does so by emphasising how their relationship is socially constituted and purposefully aims to cultivate relationships using existing ones. This lends networks the possibility to function as resources in breaking free from the benchmark of prospecting, using

the logic of how most people meet new people through mutual and trusted friends, meaning that friendships evolve in what is referred to as triadic closure (Granovetter, 1973).

The role of 'embeddedness' (Granovetter, 1985) is reported in how CEOs of recruitment firms use existing social networks and non-business-related relationships where trust is a feature. The duality between social networks and economic relationships is how embeddedness is related to utilising existing trust in social relationships to short-cut the difficulties of gaining trust when recruiting new customers, and one respondent reported this as follows:

Yes, well, it feels like our approach to acquiring new customers relies on the CEO, you know, it's built on those types of relationships. Personal relationships people have, especially those who have been here longer and have worked in this industry for a while, they have more relationships. Maybe someone who was in your class and now works as the Head of R&D in a company, those connections can result in a new customer. It's very rare that something just emerges from a random conversation. So, the approach to acquiring new customers is based on tips and relationships. (Consultant manager 1, recruitment firm)

We also see that the recruitment functions utilise social networks in the same manner as the sales functions. Based on our own experience working in consultancy and recruitment firms, one effective strategy to cultivate new candidates involves using existing employee networks and bonus referral systems. This approach is when employees receive compensation for recommending individuals they are acquainted with for job openings. One of the consultancy firms took this approach a step further by initiating an internal employer brand campaign. The objective was to communicate the success stories of bonus referrals within the organisation, to encourage more employees to tap into their social networks and contribute to enriching the candidate pool with individuals they would not otherwise reach.

5.2 *How a Match is Made*

After enrolling a customer, candidate or consultant for an assignment, the next step involves taking the collected information from sales and recruitment to find an equivalent part, i.e. subsequently and hopefully 'a match'. To make a match, all parties have to ascribe meaning to the set of criteria on the one hand, and the competencies and personalities on the other as a reasonable alignment of a joint enterprise without significant interference. How a match is made, therefore, is dependent on orchestrating sufficient cohesiveness among all involved actors.

5.2.1 *Wishlists and the Importance of Setting Expectations*

Both recruitment and consultancy firms initiate the assignment and matching process by formulating a requirement profile with the client. This profile is an agreed-upon list of essential information about the qualifications, skills, and attributes for a specific role. These details are usually established through discussions in meetings with representatives from the client. This initial step is especially critical for recruitment firms, as it is the foundation for creating job advertisements and identifying candidates. On the contrary, consultancy firms negotiate and construct requirement profiles with both available consultants and potential candidates in mind. When recruiting new customers, the requirement profile is negotiated and constructed together with either line managers or HR of the client organisation and with a consultancy manager and account manager from the recruitment or consultancy firm.

In the requirement profile meetings, many respondents reported that the customers often put forward a very difficult or almost impossible 'wishlist' of qualities of a candidate or consultant. Such wishlists generally position the LMIs in a difficult situation for the following reason. Suppose the customer provides a long list of carefully specified combinations of formal and non-formal skills and traits, which is then supposed to correspond to a single candidate or consultant. The problem is that each combination is supposed to be instantiated in a real person exactly how a customer imagines. Thus, the likelihood of finding such a person diminishes with every added requirement to the list. This is what Walter (2005) has referred to as the "combination problem" and often gives rise to a narrow "matching space". If such a person is found, that person might have their own list of requirements. LMIs are then found in an even narrower "matching space" of extensive lists of requirements. To match under these conditions of extensive requirements becomes very difficult and leaves the LMIs in a situation where it becomes hard to make matchmaking cost-effective and profitable, thus strategies to mitigate this issue are needed.

Respondents report about one such strategy as the importance of challenging the customer and their expectations early in the matching process. This is reported as a necessary strategy as it helps to ensure a manageable list of requirements that could impede finding suitable candidates or consultants. By reducing, broadening or even making the customer expectations less specific and vague, the LMI can establish appropriate conditions for the matching process. One respondent emphasised the significance of 'setting expectations' in these meetings as follows:

But it's alot about both aligning with what they're seeking, but also setting expectations and perhaps even being able to challenge the client a bit. Partly, when I talk about expectations, it's about how easy it is for us to find this profile. Some clients may say, 'Well, you'll send candidates within three weeks, right?' And there, we have to set the expectations, like, 'But this developer is a very challenging profile, we'll do everything we can, but it might take a while.' And when it comes to challenging, with some clients, it's like, 'Yes, and we'd like the candidate to have three years of experience', and then you have to ask why, like 'Well, there are people who haven't worked for that long, but they have done hobby projects that can compensate. How do you view that?'. Then the customer might say, 'Oh, well, that's true, it might work.'So it's not just about sitting there and just agreeing, it's about setting expectations and challenging the client. (Consultant manager 2, recruitment firm)

The statement shows that setting expectations involves explicitly asking the customer to rethink or reformulate the requirements to a list that posits the LMIs with more favourable matching conditions. Such explicit forms of attempts to make changes to the requirement are what Walter (2005) has described as 'calibrations' of requirements. The quote also shows that the time and requirements of a matching space need to be adjacent to both what the customer is seeking or expects and to what is cost-effective and profitable for the LMI. This raises the question of how the consultancy manager knows what calibrations are the right ones. Such decisions are dependent on necessary information on both customer-specific information and more general information about the market in order to know what changes should or can be made. Setting expectations and the performance of calibrations therefore also emphasises the link to sales and recruitment as information channels to make such decisions of changes.

Furthermore, the same consultancy manager as above shared a good example of such a decision by emphasising hobby projects as a compensator for professional experience, which is one commonly reported tactic in 'setting expectations'. With new customers, who are reported to be suspicious and reluctant to lower their requirements, a common tactic is to try to convince them of the advantage that comes with the reduction in time finding a junior candidate versus someone with more experience. That time could instead be invested in the vocational training of a more engaged junior candidate for a lower price:

But then you can also ask the question back to the clients, that yes, it might be quicker to train someone with three years of experience, but it will probably take an additional three months to find that person, and during the time we're searching, you could have trained a slightly more junior person. So many people just say something like, 'Three years is good', without really thinking it through.

That's when you have to, and this is what I mean, start asking counter questions. (Consultant manager 2, recruitment firm)

5.2.2 *The Alignment of Actors; Constructing a Match*

Whilst setting expectations and creating sufficient matching spaces is a necessary strategy for profitable matching conditions, LMIs face other problems in finding and presenting a candidate and consultant. LMIs need to align what the customers are seeking to more implicit and contextual matters, and other things that might be difficult to express with words or other things the LMI only learns after many matches with a customer. In other words, how customers primarily ascribe meaning to their stipulated requirements. This can be like how a trait is supposed to fit company culture, align with some theory-laden assumption, or other implicit reasons for why a trait or skill has meaning in relation to a particular assignment. One respondent reports how a list of requirements provided is still not always sufficient for a match:

> I had one meeting about this today - a really nice guy, with a good education, but the customers want him to have a bit more drive. And there, maybe I should have asked the question, "What does drive mean to you?" so that I could understand what that drive is. So, I believe it's [a mismatch] about miscommunication or not having understood or listened. It's impossible to create a good match in such a situation. (Consultant manager 3, recruitment firm)

The quote shows that the task of the matchmaker is to decipher what is of importance and why, and what the customer *means* by the provided list of requirements to orchestrate a sufficient overlap in ascribed meaning or cohesion between the candidate and the customer. Hence, the consultancy manager is involved in a practice of translation of emphasised parts – a creation of overlap Guston (1999; 2001) calls the creation of "boundary objects". A boundary object is an object of an intersecting social world, characterised as having different meanings in different social worlds but similar enough to be translated across social boundaries. A trait like" drive' has to be operationalised, assessed and presented to satisfy the meaning of such trait for the customer and attributed assignment, and have sufficient overlap of sensemaking for both the candidate and the LMI.

Hence, the traits and competencies of candidates, and the priorities and requirements of customers first become boundary objects when they are being constructed and translated into an assembly of elements – what Walter (2005) calls a "matching object". This is rather

better understood as a "standardized package" as it depends on a constellation of boundary objects, i.e., formal and non-formal skills and traits and the agreed upon legitimised ways of assessment and measurements. For instance, soft skills, like personality traits, are measured and assessed in qualitative interviews, and hard skills, like coding skills, with a quantitative coding test. This standardisation allows LMIs to easily classify candidates and provide legitimate means of assessment and measurement which is apt to each skill or trait.

Constructing a candidate profile thus relies on collecting information about the candidate's skills and attributes, packaging it and transforming the candidate into an employable consultant. What information they choose to emphasise, include or exclude when writing and presenting a specific candidate to a customer increases the LMI's chances of creating a match. These standardised packages of consultants facilitate LMI's influence when trying to create a successful match as a stabilised fact. Another respondent reported the importance of having the opportunity to emphasise, highlight or in other ways, orchestrate the consultant presentation. The example below is taken from when their ability to adjust these presentations is stripped away, such as when customers shortcut the consultancy manager and access resume databases directly:

> And then he [the consultant] is supposed to present a CV. So it's kind of like, when someone applies for a job, like in a database like this, there's nothing I can present in my own words. I can't really modify or highlight any particular parts. Sometimes I might highlight things in the CV or try to present it in an educational way. (Consultant manager 1, consultant firm)

The respondent highlights that the customer-specific knowledge obtained by the consultancy manager cannot be used to highlight or diminish candidate or consultant-specific skills and attributes in the performance of translating the resume. The consultancy manager's role in such construction is also highlighted by a consultancy broker – a role positioned in LMIs whose business model is facilitating consultants as self-employed or via consultancy firms mainly to the public sector. This respondent describes how the role of a key account manager and, sometimes, consultant manager can be opportunistic in presentations of resumes and consultant presentations. As they broke the relationship of freelancing consultants, not recruitment firm consultants, this quote is only in relation to them:

> That's why it's always great to have a dialogue with either the consultant manager or, ideally, with the consultant themselves. Often, I find that consultants are very clear and honest about what they can and cannot do. When you talk to a key account manager or a consultant manager, it can be a bit like, 'Yes,

we can handle that, no problem', but when you speak directly with the consultant, you get a better understanding of whether they feel they are a good fit for the role. (Partner relationship manager, consultant firm)

The calibrations of requirements and the sense-making apparatus of translation into boundary objects and standardised packages are not completely detached from each other. As shown earlier in the section on requirement wishlists and matching spaces, consultancy managers convince customers to rethink the assignment rather than the profile in relation to the time it would take to find the skill that is asked for. By providing a fictional candidate in a fictional scenario, the consultant manager is able to emphasise the advantages that would come with changing the requirements. In cases like that of the consultancy manager mentioned earlier, when this approach is employed, the requirements undergo a shift. The customer agrees to allocate the time originally designated for searching for a specific candidate towards providing vocational training for a junior candidate instead. The consultancy manager does not explicitly ask the customer to rethink the requirements, as in the case of calibrations, but the way this is done is by providing a fictional candidate and emphasising the advantages that comes with this individual. In this study, several accounts are found of the same thing with real candidates later on in the process, where some traits are emphasised and some diminished as the performance of translation is made to have an effect on the requirements.

Calibrations, therefore, can only occur within the frames of matching spaces, i.e., what is considered legitimate for the customer. However, if there is a shift in what is considered acceptable or legitimate, the LMIs can convince the customer to rethink the assignment, and, at the same time, a new set of requirements with demarcated responsibilities, this is what we have referred to as a flexible condition of a matching space. Thus, LMIs actively work to expand the scope of the requirements by influencing what is considered legitimate. By having information about the state of the labour market, the consultant manager uses these insights to negotiate the boundaries of the matching space and the associated requirements. This entails that LMIs strive for wider matching spaces through a change in sensemaking; they inevitably change what is seen as legitimate and therefore perform a boundary work on the boundaries between supply and demand, as roles and responsibilities are tied to how assignments can be re-conceived.

5.3 *Social Structures and Relations of Labour Market Intermediaries*

This far, the findings have shown the significance of having adequate information and the necessity of conducting requirement calibrations, as well as the orchestration of sense-making processes to achieve a successful match. However, the influence of external input, stemming from various actors and relationships, on the matching space and the associated management practices has not yet been examined. Thus, in the following section, the role of social structure and power relations in the labour market will be addressed.

5.3.1 *The Role of Trust and Strong Ties*

In customer relationships, the role of trust reports to be an important part of successfully conducting matching work as well as affecting volumes of candidates and consultants. With new customers, where there is little to no trust, matching work is reported to be more prone to error, as this is predicated on the uncertainty of sufficient information about the customer in this early state. Even if asking questions in the sales process and early in the matching process, the respondents in this study report about difficulties and the high risk of making errors and losing a new customer in the early state of the relationship. One respondent reported the differences between well-established versus new customers in matching as follows:

> With a new customer, I would still say that the fear of making mistakes makes everything so overwhelming. It's like a first date in a way. And that fear of making mistakes, based on what I feel, maybe not everyone feels the same way, but I don't want to, I don't want to make a mistake in the beginning. In a longer relationship, yes, you made a mistake, but it's completely okay. (Consultant manager 1, recruitment firm)

Whether a match or error will be made is here dependent on correct and necessary guesswork. The respondents also stressed the point that if the relationship is strong, it is not only easier to match, but attaining and obtaining customers pose themselves in a position of competitive advantage. This is evident in their struggle to attain new customers, as many already have strong relationships with other LMIs. One respondent reported the importance of personal relationships as follows:

> We actually conduct business based on relationships, no matter what we do. I mean, now I'm specifically referring to the recruitment industry, but even our competitors, they struggle with that too.

So, if someone has a better relationship with a competitor, it's clear that they would go there. (Key account manager 1, recruitment firm)

The role of trust and how to acquire it is an important part of attaining and obtaining control against the otherwise highly competitive market and leveraging more flexible matching conditions. Furthermore, as these strong ties provide more stability than new information to LMIs, it is important to have strategies to manage these types of relationships to not lose them to competitors. For example, one consultant manager of a recruitment firm shared that she always takes the opportunity in a consultant meeting to look for clues to find additional sales opportunities.

This begs the question of how weak customer ties become strong. Respondents report that there are a variety of ways in which trust-building is conducted. One way is through successfully matching over time. Trust can, in analogous terms here, be addressed as a barrier dismantled bit by bit for every match the LMI can make. If the LMI does not possess the information they need to conduct a successful match, the risk of losing a new customer becomes high. One respondent reported about this problem, how they attempt to gain information to aim better, and thus short-cut trust:

When we have a job profile, we receive certain requirements, and then we present three candidates, out of which only one is interesting. By doing so, we can aim even more accurately. This also contributes to building relationships in the long run. Now we have a process underway, but in 5 years, for example, we might have had seven processes underway, and by then, we already know how to aim precisely, making us more and more accurate in our selections. (Key account manager 1, recruitment firm)

The tactic of presenting several candidates to extract information about the customer is to avoid risky matching ventures in newly acquired relationships. This is related to a certain kind of cost-benefit calculation when there are parallel matching processes of well-established trusted and newly acquired customers going on simultaneously. The LMIs need to think about which candidates to present to which customers, and in which order to navigate risk and opportunities among a multitude of customers. Similar to the quote above, other respondents reported that when customers request similar demands but differ in matters of trust, the LMIs often present the best candidate to the new customer to see how they react before presenting any candidates to the well-established customer. One consultant manager

reported about the flexibility of matching spaces when asked whether there are differences in well-established versus new customers when presenting candidates:

But that's true for all relationships, that you trust those you already know, and you have more to say, and then you have more candidates. Like, if we have Pelle, Kalle, Sara, and Agnes here, but with someone I had maybe sent to an existing customer I already know, then I could have, or we could have a conversation, or he knows that I wouldn't just present candidates to do it because we have that type of relationship. Whereas with a new customer, I might save Agnes and Kalle a bit, who don't have these skills, to see what the customer says about the other two who have these skills, for example. (Consultant manager 5, recruitment firm)

Well-established customers with stronger ties tend to have lower entry requirements as there is less need for the LMI to set expectations. This gives the LMI more to choose from in terms of potential candidates, as the matching space is impacted by the trust between the parties involved. With new customers, the tactic is rather to meet the expectations of the assignment, and thus earn the trust needed to continue the relationship. Thus, by only presenting candidates that fall in line with the requirements, LMIs can extract information about the new customer. While with well-established customers, the trust allows them to have more flexibility in the matching space. Thus, the level of trust between the parties impacts the LMIs ability to navigate risk and opportunities. This leaves the opportunities open in the cases where there are parallel processes with new and well-established customers of similar requirements to use the trust of the well-established customer as a buffer in winning the trust and completing a match with a new one.

Trust can also be gained quickly if the key account manager or consultancy manager has successfully deconstructed value-laden assumptions and managed to impress the customer over pre-existing expectations. Such tactics are reported to be used if such opportunities are available and could be utilised. One respondent reported his experience with a very reluctant potential customer and how he gained trust using such a tactic:

Oh, well, in any case, there's this customer in the consumer products industry. We had been in contact with them for several years, but never landed a job. And then, he tells me, 'If you have someone who is an expert in corrugated cardboard and packaging, because our products are shipped in these packages, and sometimes they get lost, and we want to, you know, account for that packaging and the protective effect it has.' He asks me this just so I can say that we don't have anyone like that, and then he can brush us off and never have to talk to us again. But, by some stroke of luck, there's a person sitting in my neighbouring group who has a doctorate in corrugated cardboard. This person even has

expertise in crash simulations, you know, when something is dropped and it either gets dented or breaks, and knows all about it and has 10 years of experience. So, I sent the CV and we set up a meeting. He says, 'Yeah, okay, great,' but he says they don't have a need right now, but he'll get back to me. But then, what happened was that it was just a test, you know, to see if we were up for it or not. And then we got in and have been working with them for the past 8 years. I've had a team of 3, 4, or 5 consultants working with them the whole time. (Consultant manager 1, consulting firm)

The example demonstrates the importance of accurate deconstructing and unpacking the hidden message when the potential customer poses an impossible task.

In the example above, breaking the trust barrier is located in the circumstances of having access to this particular consultant. This access gave the consultant manager the opportunity to earn trust in providing a consultant against the very narrow matching space in a short time. The respondent further explained how this trust breaker manifested itself in how the relationship proceeded, what impact it had on matching spaces and his ability to exert influence on later matching processes with that customer:

It needed an entry point like that, and the interesting thing is that when we hadn't won any assignments from them and then I came in with a perfect fit like this, with someone in Sweden who can do it, he's still hesitant about giving us the project. Now, we come to your question. But then, when they have a need, maybe they say yes, a need for someone like this. And I say, 'Well, I have two people you can have who will meet this need.' He says, 'But we're only looking for one.' I say, 'Well, unfortunately, I can't sell them separately because I have a junior and a senior, and they will be sold as a package deal because it will be difficult without proper training otherwise.' He says, 'Okay, we'll take both.' They hadn't even considered bringing in two consultants for the project. But, because of the well-established relationship, things change. We moved from him rejecting the perfect fit project to being flexible with competence, experience, and even volume. That's the power of a cultivated relationship. As long as we don't stand out and demand an extra three hundred bucks per hour or whatever it may be, and stay within the boundaries, he will call the number that's at the top of the list. That's how you get the call. (Consultant manager 1, consulting firm)

The example above, again, shows the relationship between trust and matching spaces; requirements from the customer, like competencies, years of experience, price and volume of candidates for the assignment, can change under circumstances with high degrees of trust. The consultancy manager is not trying to perform various ways of translations to emphasise or diminish aspects of a consultant, but performing calibrations of the requirements of the customer explicitly. The wider and flexible conditions of the matching space provide the

consultancy manager with the ability to use it to his advantage. Although, as the respondents also clarifies, it is important to know the limits or to 'stay within the boundaries' of what is considered legitimate. The consultancy manager would otherwise risk losing the customer. The quote also displays interesting aspects of exchange; the respondent shows that the client's right to say no even though the respondent provides a perfect match leverages the way the respondent charges extra in exchange where there is a need, something that the customer is inclined to accept knowing what the consultancy manager can provide.

Another respondent reported similar experiences on the emphasis the flexibility trust provides in already stated profile requirements. How to ask the customer to reprioritise the demands to the competencies consultancy manager finds equal or good enough, and how this differs in customers where there is trust and where there is not:

It's all about having the confidence to be able to say that even if, let's say, the candidate doesn't meet all the requirements today, often customers have a wishlist of the perfect person that hardly exists. But if you have a good relationship with the customer, it becomes much easier to present a candidate who might lack, for example, skills in Excel if that has been a requirement. Then we can say, 'But this person has accomplished these things that compensate for it, and we believe it outweighs the requirement.' If they already have trust in us from previous experiences, they will be more willing to listen to us, of course. (Consultant manager 5, recruitment firm)

Trust is here shown to be an important part of how the consultant manager is presenting the evaluation and assessment of the candidate's skills and attributes, in other words as a standardised package. A change in requirements is accomplished in translating and emphasising certain traits and diminishing others, which make changes in requirements seem legitimate. This shows that trust in strong tie relationships is the impacting factor that provides flexible conditions to the matching space which make boundary work possible.

Similar circumstances occur when trust is gained long-term after having several successful matching procedures. In these relationships, the matching space is impacted by the trust in that there are lower stipulated entry requirements. This is exemplified by one respondent as follows:

You have probably read about the difference between working in the public and private sectors. In the public sector, there's a lot of emphasis on procurement and formalities, while in the private sector, it's primarily about building relationships. So, when I'm on my eighth consultant and still delivering excellent work, the client can eventually say, 'Here, you can bring in someone from Company C.'

They don't need to see a CV or conduct an interview. They know that it's in my interest to maintain a good relationship. So, in the end, it's up to me. If I see that it won't work out, I have to be honest and say so. We have candidates, but I don't think it will be productive. However, I can stretch it as much as I'm comfortable with. (Consultant manager 1, consulting firm)

Furthermore, as customers establish personal connections with either the key account manager or the consultancy manager, that specific individual often assumes the role of being the primary contact responsible for providing and selling new candidates or consultants to these customers. This person eventually becomes a link encompassing both business and social aspects within the customer relationship. The type of relationship plays a role in transforming new customers into long-standing ones. One respondent stated that "*I would say that the customer probably calls the person they last had contact with, or the person they see, or the person they feel like calling*". Hence, the personal dynamics play a role in transforming new customers into long-standing ones.

This transfer of responsibilities in business relationships tied to personal relationships is reported to be problematic when the contact person of the client organisations quit, or there is a new person taking over the responsibilities of a position. The same is reported when there is a transfer or replacement of a consultancy manager or key account manager who already acquired the personal contact with a customer. The respondents report that this has led to a repealed contract as new contacts are brought with their own personal network. This is also the case with larger organisations. Even if these pose great constraints and demand in the requirements, the firm that eventually will get the assignment is still reported to be highly dependent on the personal relationship. One respondent reported this as follows:

It's whoever has the best relationship with the person who will win. If there are 10 competing to get into this department, the one with the best relationship will get it, and that's why it's constantly shifting. If Josef or Sara or someone in a high-ranking executive moves, that contact goes along with them. So, it's incredibly interconnected, especially in larger organisations. A bit like House of Cards, you could say. It's a political game in many ways, I would say. So involved, but at a higher level, I'm just a puppet. (Consultant manager 1, consulting firm)

The concept of embeddedness (Granovetter, 1985) in business relationships is based on conditions of both business and social aspects. Consultancy firms emphasise the importance of building personal relationships with newly acquired consultants and customers. This emphasises that trust is not only earned through recurring business relations; it is also

established by embedding customers socially, which will provide the same advantages of trust in matching conditions to and revenue of consultants that has been shown in previous quotes. This will involve engaging in various forms of social activities and discussions outside the domain of business, which is more related to social and personal context. One respondent reported about this as follows:

> Not just talking about what we have to offer and what they can do, what their hopes are, but actually building a relationship and, well, it's clear that there's a sales aspect to it all the time, but it's not just about talking sales. There's something more to it, and it's like the same thing when we hire people. We strive to find that personal touch in the relationship. Of course, the professional aspect is absolutely crucial, but we also need to be able to have a connection. That's when it becomes easier to, let's say, grab a coffee or have a chat, and then incorporate a small sales aspect even if you want to build something even when there's nothing there. Especially in a tough market like the current one. But the key is to continue staying in touch until things start to flow again, and to also remember our customers when things are going well for us. (Consultant manager 2, consulting firm)

Thus, the role of trust in customer relations is reported to be an important part of gaining a competitive advantage. This is especially the case for recruitment firms, as their business operations are more or less similar to other recruitment firms, making it difficult to distinguish themselves in a highly competitive market. When there is trust established and the LMI has sufficient knowledge of the customer, matching processes run more smoothly. Acquired knowledge and gained trust lower the justification the customer has in standing their ground to enter high and specified requirements in each process. Trust and customer specific knowledge can therefore be said to be fundamental for success in an industry characterised by similarities.

5.3.2 *The Role of Power Relations and Social Structure*

Depending on the size, scoop and the specific context in which an LMI operates, they posit different levels of power as mediators or negotiator in the matching process. To understand the different conditions they encounter when these firms conduct matching work, one must look at the power dynamics of the labour market, as these posit LMIs with different possibilities or constraints of creating flexible matching conditions. The term power dynamics refers to how the need for resources of one party, and the possessed resources of the other, create a power-dependent relationship – as participation in these activities of a given LMI is typically voluntary for one side of the market – workers or employers – and

compulsory for the other (Autor, 2009). These relationships can either restrict or enable negotiation or exert control and influence over others. These power dynamics are mainly related to the size or power of the customer and the level of expertise, education or age of the candidate, and where the LMI position themselves in between these power relations in the labour market.

The size of the customer highly affects the LMIs possibility to create flexible matching conditions. How the LMI goes about creating and maintaining a relationship is shown to be affected by the customer they have in front of them. For example, large customer organisations tend to be characterised by bureaucratic governance with large purchasing organisations, and less prone to create a relational business relationship with the LMIs. This means that the LMI usually receives a requirement profile or assignment description from the customer which they are not invited to discuss, but rather as a manual for them to follow. One respondent says that large customer want the matching process to be extremely smooth, and described the relational aspect and the characteristics of the interaction as follows:

> Sure, I can say, the major customers have a large purchasing organisation that doesn't care about personal relationships. So there, one has to, well, adhere more to the rules of the game. Or like, yeah, you have to stick more to the set limits per person, that it's very clearly specified like that, while with the smaller customers, things happen a bit more quickly then. (Consultant manager 4, recruitment firm)

In contrast, the respondents report that with smaller companies processes go faster, and this is partly due to the channels of communication being more close and informal. The LMI can act more based on the relation they have with a specific customer. Thus, the organisational structure of the client organisation provides different incentives for the customer in their expectations and interactions styles with the LMI at hand. Larger organisations are reported to have a more extensive requirement list with little room for adjustment, negotiation, or re-prioritisation of the matching condition, or what we previously been alluding to as narrow matching spaces. Smaller customers are more reliant on the actual knowledge-enhancement a consultant can provide, and thus are provided with more relational incentives when it comes to their interaction styles with the LMI. One respondent, in line with this, says that they are more of an expert help to the smaller organisation. This allows the LMI to provide suggestions of adjustment to the matching conditions, thus allowing them to create more flexible matching conditions.

The bigger organisations are important for LMIs for two identified reasons: firstly, the recruitment firms business model is built on these big organisations taking in high volumes of candidates, and: secondly, they provide LMIs with 'power by proxy', meaning that having a visual relationship in place with bigger customers enables them to use this relationship when building new ones with new customers. Having relationships with big customers is a trade-off regarding flexible matching conditions, but is important in LMI's ability to acquire new customers and candidates, and the creation and maintenance of trustworthiness as an actor in the labour market.

Furthermore, the LMI's possibility to create wider matching spaces is also related to the candidate's level of expertise and their own structural position in the labour market. This is best understood from the inherent power dynamics of the labour market itself and what these conditions enable or constrain the market as a whole. The recruitment firms, who mainly focus on junior profiles, report that these profiles are more moldable as they are junior, meaning that they can match them to more customers.

...but usually, for those who are fresh graduates, like the ones we call from the university class lists for example, there we don't always have a specific assignment in mind, but they are still very attractive as they probably could fit for 10 of our clients. (Consultant manager 3, recruitment firm)

This is partly due to the supply side having fewer requirements among these candidates, providing entry positions with limited responsibilities. Basic technical skills are sought for by customers, but more focus is on the candidate's personality. Personalities rely on qualitative means of assessment, such as interviews, hence facilitating the degrees to which the LMIs can translate or implicitly adjust the presentation of the profile. When recruitment firms match to senior positions, they face problems controlling the matching process as neither the consultant nor the customer needs an intermediary, as the power asymmetries between the customer and the candidate are more equal. In these regards, they are only an assignment provider:

We also have direct recruitment, and it's perhaps more common for slightly more senior candidates where they may not want a probationary period at all, but rather want to negotiate directly with the companies. From our business perspective, it's more profitable for us to have a consultant who works for a year and then transitions, if we look at turnover and such. However, we always adapt it a lot based on what the candidates and the client want. (Consultant manager 2, recruitment firm)

Thus, recruitment firms lose their function as mediators and negotiators when middle or senior profiles enter their candidate stream. However, these profiles are vital for the relationship between the LMI and the customer to remain stable over time. Middle and senior profiles are harder to find, which one responded explains might take months to find. So when these types of individuals enter the stream of these organisations by chance, they take the role of only facilitating the contact between the supply and demand side, losing their power of influence.

Thus, the structural position that the LMI holds enables them access to different types of human capital, providing them with different incentives to act concerning their human capital. Looking toward consultancy firms, these organisations hire more based on building their human capital with diverse skills applicable to multiple assignments and projects, thus incentivising them to build strong ties with their consultants:

And here it's easier to send in juniors because they don't have the same specific requirements for what kind of assignments they want. It's more like, 'I want to enter the workforce and find an assignment.' A senior profile can have very specific preferences, like which area in Gothenburg they want to work in, and which exact group or company. So, it becomes a different kind of dialogue with the employee as well. You have to sell this assignment to them. But with juniors, it's more about selling the junior profile to the client. So, it's a bit different, also a lot of relationship-building towards the employees, so they trust that you're sending them to good assignments and such. (Consultant manager 2, consulting firm)

Thus, the consultancy firms' incentives to keep their human capital is partly due to their profiles being highly attractive in the labour market. Building strong ties with their consultants is one way to make sure that they stay within the organisation.

When matching individuals holding positions of power, it significantly impacts the input values and the degree to which the LMI can perform calibrations on these requirements. The recruitment firms operate within a segment of the labur market where both customers and candidates more often have less extensive requirements, and candidates hold low bargaining power due to their level of expertise. Thus, this affects the matching space, as skills and traits of a junior candidate are shown to be easier to translate to more than one assignment at a time. Consultancy firms often match powerful actors on both the supply and demand side, with more extensive requirements and bargaining power making both input values and calibrations of requirements difficult. This is also shown by the respondents emphasising the importance of socially embed relationships with both customer and

candidates to mitigate the narrow matching space inherent to their specific labour market segment and positioning. This entails that trust and strong ties are the only means consultancy firms have in leveraging matching spaces, whereas recruitment firms have inherent advantages in their business model by focusing on junior candidates.

6. Discussion

In this section, the findings will be discussed to address the research questions of this study, which is followed by a discussion of the implications and how the findings stand in relation to previous research.

6.1 *RQ1: What Role do Networks, Social Structures, and Relations Have on the Possibility of Exerting Influence in Matching Processes of Labour Market Intermediaries?*

6.1.1 *The Role of Networks and Weak Ties as Sources of Information and Credibility*

LMIs are as much in the business of bringing in candidates and customers as they are in bringing them together in a matching process. The results of the study shows that networks and new relations play the most important part in the organisational functions of recruitment and sales processes.

Furthermore, social networks are found to provide the LMIs access to valuable resources in two ways. Firstly, there is a trivial sense in which networks are a resource; they represent many established relationships where businesses can be carried out repeatedly, and they can quickly provide access to clients in terms of already allocated resources in current networks. Nevertheless, more importantly, networks provide access to another resource that is scarce due to the competitive LMI markets and highly imitable business models, namely credibility and trustworthiness. A network of established relations lends the LMIs reasons for why candidates or customers should show interest in their offers other than what their competitors can provide – a vast network holds more 'intermediary and trusted actors' to refer to in leveraging the interest of new customers or candidates – a network then becomes a resource in how to acquire more and new relationships. This is an example of what has been called "social capital" (Lin, 2001).

Drawing on Granovetter (1973), weak ties give people access to new, noble information, scarce resources and opportunities. Using current relationships and networks for

the cultivation of weak ties provides LMIs with the information needed about market conditions, which becomes important in the dynamic and fast changing labour market of the knowledge-intensive sector.

For example, if a LMI only relied on strong tie customers with existing customers, they would quickly lose their window to the labour market. The information that flows in strong tie relationships are seldom noble or require any need to negotiate, as in the cultivation of a new relationship. As LMIs are both collectors and gatekeepers of information, the role of networks and weak ties are important for maintaining their competitive advantage as it feeds LMIs with necessary and new information about the markets they are operating in.

Without sufficiently vast and diverse networks, LMIs risk losing their role as the "canary of the labour market coal mine", meaning that they run the risk of losing their role as early indicators of changing labour market conditions. Without the information and knowledge LMIs gain from these networks, they would no longer be able to inform clients about the right decision, be effective in prospecting and lose their ability to adapt to extremely fast-changing market conditions of the knowledge-intensive sector. Thus, without the information they gain from weak tie relationships, LMIs cannot know the extent to which a matching space is narrow or wide, because the combination problem of skills and requirements that occurs in extensive requirements are always relative to the state of the labour market.

Thus, the role networks and weak tie relationships are essential, as they provide LMIs with the necessary information they need to attain control and influence in matching processes and navigate in the fast-changing knowledge-intensive sector that they operate in.

6.1.2 *The Role of Relations and Social Structure in Matching Processes*

Whilst networks and access to new relationships are important in controlling uncertain and competitive markets, strong relationships, i.e., "strong ties" (Granovetter, 1973), and social structure, i.e. "power relations" (Granovetter, 2005), are found to play the main part in LMIs possibilities to affect matching outcomes.

The role of relations holds a dual emphasis as it involves both new "weak ties" relationships, as well as well-established strong tie relationships. The findings show that when customer relations change from new to well-established, the content of information changes, becoming more affirmative and having a higher degree of trust. This affects the

impact of more freedom in the practices that facilitate influence and control in the matching processes.

The input values and the flexibility of demands are what we have referred to as the two conditions of "matching spaces" – a space of sufficient freedom to act in ways that are in the interest of the LMI, which are both affected by strong ties. The impact happens by either customers or candidates entering the matching process with lower and more vague requirements, which provide LMIs with more freedom in searching, selecting and constructing presentations with sufficient degrees of overlap. When customers enter with extensive lists of requirements, the findings show that strong ties also impact the degree to which they are inclined to re-prioritise, reformulate or change requirements, i.e., perform calibrations. The results also show that to emphasise or diminish traits and skills of candidates/consultants in line with requirements needs to be translated in ways that makes changes in requirements seem legitimate, and customers are shown to be more inclined to trust such translations in strong tie relations.

Social structure and power relations, on the other hand, is referred in this study to how the dynamics of markets change the power and dependence of actors in the labour market. On the supply side, it manifests in high or low demand for a specific competency, posing consultants and candidates with different levels of bargaining power concerning their years of experience, age and education. On the demand side, it manifests in the degree of power the customer holds due to their size and influence in the labour market.

Social structure and power relations have shown to affect matching spaces as well but in different ways. Firstly, it is related to the category of LMI; recruitment firms in this study occupy a certain intersection of power relations between junior candidates and often big industry clients of the engineering and IT sector. The customers have a long-term permanent employment plan for these less experienced candidates and pay more attention to personality than top coding scores in a test. Matching these market segments leaves the recruitment firms with lower input values of the matching spaces - candidates have little to no experience and low bargaining power, and customers that are aware of this and do not put forward too extensive requirements as the expert consultancy firms. Secondly, as these customers also value soft competencies, the recruitment firms have to assess and interpret these attributes before constructing a presentation they think might fit. The recruitment firms are here in a position where they have more freedom in searching, selecting and constructing candidate presentations. However, the results show that when big, powerful customers put forward their

demands, and there is little to no inclination to re-prioritise or change their demands – they impact matching spaces in a negative way in the sense that the recruitment firms have less ability to suggest changes, i.e perform calibrations.

When turning to consultancy firms, things appear a bit different. These firms occupy a space between powerful actors of the labour market, where customers and consultants are reported to put forward strong demands and only show inclinations to be flexible with these terms once there is trust in place. The findings show that the consultancy firms report it as equally important to build strong ties with candidates as with customers due to the advantages of trust that come with it from both sides in the matching process of assignments.

The role of strong ties and the trust that they contain is thus an important aspect of LMI's ability to exert influence in matching processes. This capacity allows LMIs to affect the character development of the matching process, enabling them to create matching conditions that are easier to meet and, in the end, create a match sufficient for all parties to engage in a contractual relationship.

The following two figures illustrate the distributions of strong and weak ties in matching processes within recruitment and consultancy firms, and how that impacts matching spaces.

Figure 3. Illustrates how weak and strong tie matching processes affect the initial and flexible conditions of a matching space. In Matching Space A, which is under influence of a weak tie matching process, there are more small circles than in Matching Space B, which is under influence of strong ties. The number of circles in each matching space represents how extensive the list of requirements are, or, in other words, the degree to which there is a combination problem. Each one of these circles in the matching spaces represents how requirements from customers are supposed to merge an overlap with one corresponding trait of skills of consultants. Thus, what is illustrated in the figure is how matching conditions differ within different tie strengths. For example, in Matching Space B, the circle overlap between customer requirements and consultant traits or skills are smaller. This is due to strong tie matching requiring less overlap between a stipulated requirement and a trait or skill.

In strong tie matching with trust (Matching space B), the customer's requirements that do not overlap with a consultant's traits or skills can be "trimmed off" by either suggesting changes to requirements, such as calibrations; or traits and skills can also be translated in such a way that make a change in requirements seem legitimate; or by translating the

candidate's traits and skills closer to such a requirement to merge the circles to overlap in a boundary object. These can then be constructed and presented into standardized packages.
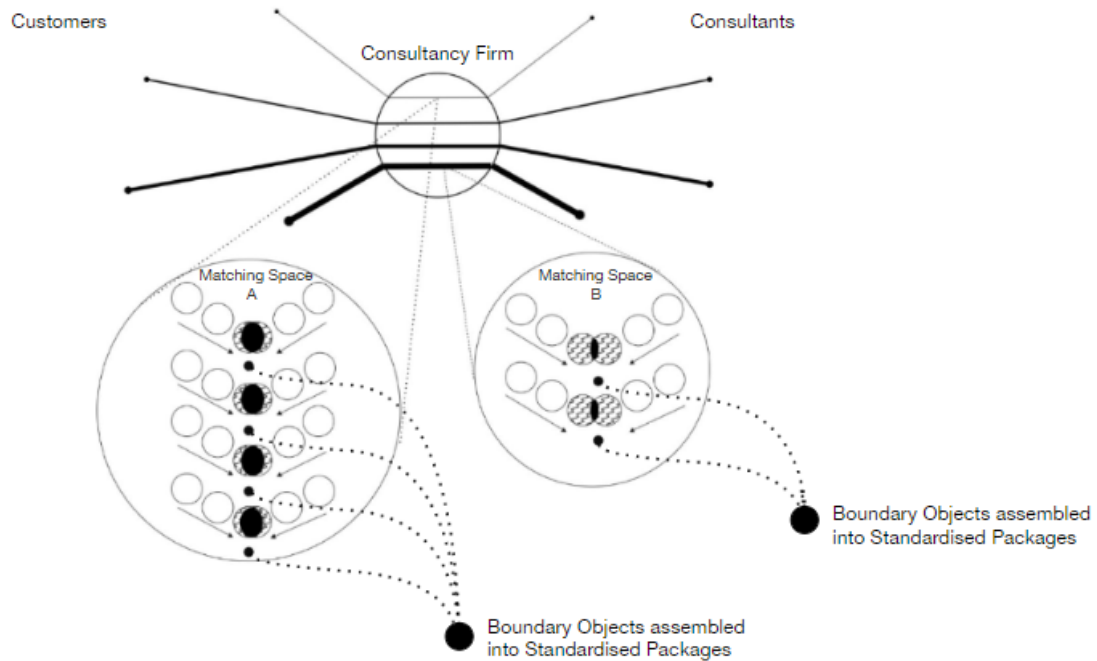

Figure 3. The Consultancy Firms

In Figure 4, the matching spaces follow the same logic as in Figure 3. However, the differences here are concerned with the positioning of the recruitment firms within the labour market, their specialisation in matching junior positions, and the impact social structure and power relations has on matching spaces. In Matching Space C, there are three requirements that are supposed to merge with three traits (illustrated as circles), which is one less than in Matching Space A of Figure 3. This difference is due to recruitment firms specialisation in matching junior and less experienced consultants and candidates. Thus, their customer requirements tend to be less extensive, in other words, having lower input values and initial conditions.

Additionally, due to the recruitment firm's business model revolving around assignment-specific recruitment, meaning that the recruitment firm typically engages with the consultants for relatively short periods before transitioning to work directly for the customer. Hence, there is no incentive to make strong ties with candidates/consultants which is illustrated towards the consultant-side of the figure.
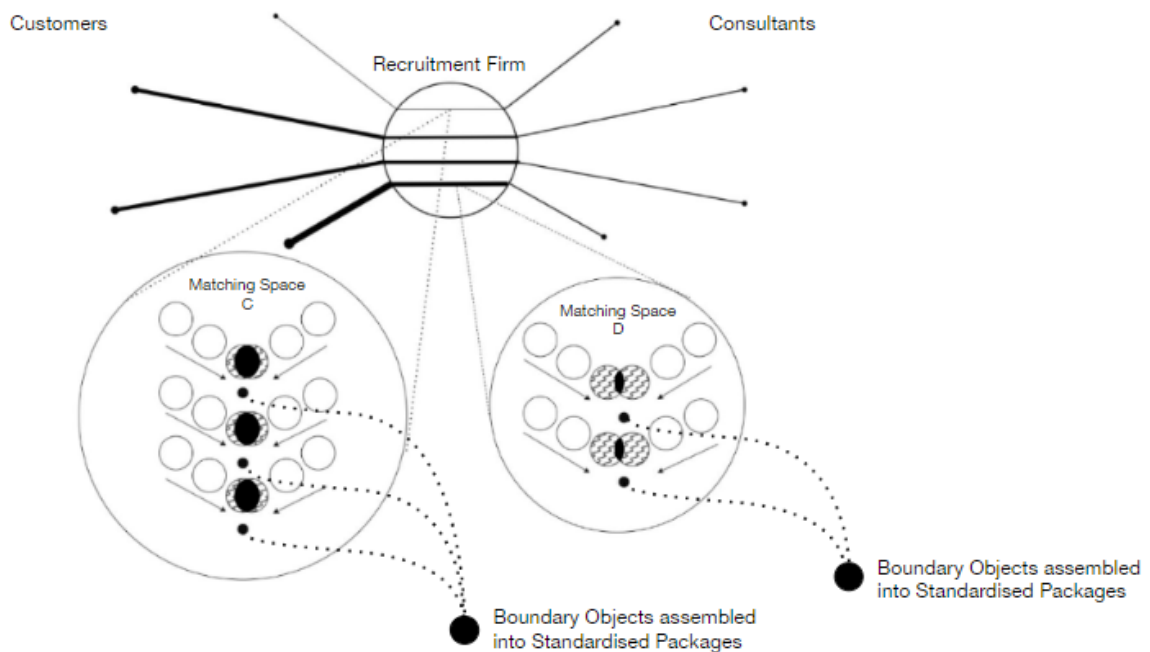
Figure 4. The Recruitment Firms

6.2 *RQ 2: How are these Possibilities of Power Managed From an Organisational Perspective?*

6.2.1 *Management of Parallel Matching Processes*

The respondents in this study report that difficulties they face in trying to make a match with new and weak tie customers is related to mainly two problems. The first issue is that the customers are reported to have a low degree of trust and are inclined to control the LMIs in the matching process; the second is that the LMIs do not have sufficient knowledge about the customer – they do not yet know what a match with this customer looks like.

In those cases the respondents have both a strong tie and a weak tie customer asking for similar competencies, the strong tie can be used as a buffer to extract information about the weak tie client. The LMIs know that the matching space is wider and more flexible with the strong tie client than with the new, and can therefore present the candidates that they know tick all boxes of the requirements to the new customer. The strong tie client can then function as a buffer to get more matches while navigating the risk associated with matching with a new customer.

Furthermore, a tactic that is reported to extract valuable and noble information from a customer is to present multiple candidates at the same time. This allows the LMI to observe what the customer selects, and thereby gain new information about the customer. This understanding can then be applied in the next matching process with the same customer, making the aim of matchmaking more precise and easier as the ties get stronger by each match. Thus, from an organisational perspective, the possibility of power that comes with strong tie customers can be used in other matching processes to mitigate problems of risk that comes with low trust and a lack of sufficient information, particularly present in weak ties.

6.2.2 *The Management of Trade-Offs and Relationships*

Relationships of strong and weak ties, and large and small customers come with advantages and liabilities, and the LMIs need apt strategies to either reinforce or mitigate for the type of relationship they have at hand.

Strong ties are something that are developed between people rather than organisations. This raises the question of how these strong interpersonal relationships are managed across different functions and managers in LMIs. The findings of this study show that work responsibilities are distributed, and the value of strong customer relationships and the potential for influence depend on a specific approach to dividing relationships management tasks that can extend across different work responsibilities. As a management practice, LMIs are therefore allocating these responsibilities based on who possesses the strongest relationship with the customer. This is one example of how a possibility of power is managed from an organisational perspective.

Another example of how a possibility of power is managed from an organisational perspective is related to the fact that the advantages in strong ties also come with liabilities. For instance, the information exchange in strong ties also tend to be less noble or new, as conversations here tend to be more social than business-oriented. This can lead to important business information and opportunities being overlooked, potentially leading to a loss of the strong tie customer to competing LMIs. This particular problem is similar to what Uzzi (1996) has addressed as the paradox of embeddedness. Respondents report that by using follow up meetings tied to the joint employer and work environment responsibility, the respondent reports making it a routine to ask questions to gain new and noble information that otherwise run the risk of being left out. This becomes important as a strategy to ensure that future business opportunities are not missed.

Strong ties are thus important for LMIs possibility to exert influence and control in matching processes, but needs to have organisational strategies apt for managing the advantages that comes with these types of ties.

6.3 *Why do Changes in Requirements Occur?*

The main contribution of this thesis is providing insight into what previous research pointed out as a problem: how and why requirements change, because in the perfect labour market, LMIs would only replicate client's criteria (King et al., 2005; Autor, 2009). The findings show that requirements can change under the influence of particularly strong ties and trust, and that weak ties are more resistant to such changes. Furthermore, the results support previous research findings in the sense that the participation in the activities or services of the LMIs is dictated by who holds the bargaining power of the market (Autor, 2009; Benner, 2010). Thus, changes resulting from power relations are a less surprising part of the findings. If an actor holds high bargaining power, it gives no incentives for why that actor should change their requirements. However, if trust characterises the relationship, as in the case of strong ties, it becomes easier for LMIs to make the actor change their requirements.

From the economist's perspective, changes to requirements are expected for the same reason the growth of the intermediaries market is expected – labour markets are constantly under incomplete and asymmetrical information, and intermediaries can improve the market operations by profiting from its imperfections (Autor, 2009; Bessy & Chauvin, 2013). Asymmetrical information will evidently lead to misinformed requirement profiles, and LMIs will need to have sufficient means to reduce the costs of production for such perfect information (Bessy & Chauvin, 2013). The findings follow the notion of LMIs as information providers and the business model that comes with it. Particularly concerning the importance of weak ties and bridging structural holes (Burt, 1992), these relationships provide access to information the non-intermediary actors cannot access, and it poses them in a gatekeeper role to that information. Nevertheless, the findings deviate from the neoclassical presuppositions that social relations are essentially peripheral to economic performance, linked by arm-length in an idealised atomistic market (Uzzi, 1996). Our findings show that the role of trust and social relations are important to understand why a change in requirements happens and how it is tied to matching outcomes.

With regard to the role of trust, previous research shows a dual account of the role of trust in client-provider relationships. From the literature on trust as reciprocal and grounded

in exchange (Dore, 1983; Larson, 1992; Powell, 1990; Uzzi, 1996, 1997) to the role of trust as opportunism in the bank sector (Eccles & Crane, 1988) – and more closely related to our study in Finley and Coverdill's (2000) where headhunters strategically make strong ties with clients and act opportunistically towards them.

The opportunism perspective is supposed to be justified by LMIs 'low structural autonomy' – as any identical player can easily replace them, and there is no real 'client dependence'. The findings of this study support the argument for low structural autonomy due to the very imitable businesses LMIs conduct – all LMIs do, more or less, the same thing with the same means. However, we would like to challenge the notion of 'no real client dependence' for the following reason. This study shows that, in most cases, trust often builds up incrementally; it is the deconstruction of weak customer ties in matching processes and reported tactics to extract information that will lead LMIs to know how to aim and match for the relationship to become strong. Trust is, therefore, something to *earn*, not only a feature of a social network. Such acquired knowledge reduces transaction costs and the time it takes to match, as well as correct a mismatch. Hence, it provides flexibility – all of which holds economic value for the customer. It is not completely clear if such a value is exchanged for loosening in matching conditions. If that is the case, the LMI provides a positive negotiation space between consultant and customer through acquired customer-specific knowledge. The customer is then prepared to lower the requirements for flexibility or cost reduction in exchange. The implication of this is that it creates some level of semi-dependence in the customer-provider relationship.

Trust from the exchange perspective also shows support in how customers are acquired from previously established social networks. Most prominently, it reflects who gets the call or deal from customers from embedded social networks. In these cases, trust and credibility are already in place before entering any economic exchange and probably reflect more of the reciprocal nature of embeddedness claimed by Uzzi (1996; 1997). Such embedded ties provide an important competitive advantage as the norms of reciprocity and loyalty limit other LMIs entering the competition in an arm's-length fashion. Embeddedness as a strategy to get close to customers seems more from the opportunism perspective as the social and economic exchange seems to favour the matching conditions of the LMI. At last, the results show one example of what Finley and Coverdill (2000) refer to as "reciprocal opportunism" between customer and LMI, where opportunistic behaviour is exchanged. On at least one occasion, an example of an exchange of opportunistic behaviour was when a

respondent reported being transparent with his opportunistic behaviour to the customer. The reverse could be acted in exchange depending on the needs of the other.

The findings further show that parallel processes between weak and strong ties pose the LMI in a situation of navigating risks and opportunities. What candidates or consultants that are being presented, and how, matters to navigate these issues. This is a tactic to skew or alter information at hand to make sure that all matches are executed without the risk of losing new customers. For instance, King et al., (2005) show that when it becomes imperative to surpass customer expectations, LMIs only present 'sure bet' candidates – which, in the study case, is equivalent to weak tie matching. Gautié et al., (2005) show that LMIs can present a selection of candidates to create 'artificial scarcity' for customers to complete the task quickly. The findings do not support the fake scarcity, but show similarities in how they alter or skew information for customers.

Our findings thus support the argument from Gautié et al., (2005), and Bessy and Chauvin (2013) that LMIs contribute to a form of cognitive segmentation of the labour market – something we argue is similar to how LMIs contribute to change in the perceptual and conceptual sense-making on the boundaries of supply and demand, i.e., boundary work (Guston, 1999, 2001). These findings contribute to this argument on how cognitive segmentation is played out and distributed among different kinds of customers. This has implications for customers in the sense that LMIs can skew information about human capital supply, to the advantage of powerful or weak tie customers at the expense of strong tie or less powerful customers. It also shows that whether a candidate or consultant ends up with employment or for which customer, depends on which social relationship they have with the LMIs. As King et al. (2005) have pointed out, LMIs are, therefore, very much in the business of structuring labour markets on both the supply and demand side. Thus, the findings do not support the economist's perspective on LMIs as neutral institutions operating at arms-length in an atomistic market. Rather, LMIs in this study are influencing and adapting to the labour market dynamics, operating in a manner that supports the argument from economic sociology about the importance of social relations and networks in the economy (Granovetter, 1985).

7. Conclusions

As LMIs are taking an increasingly stable role in the knowledge-intensive sector, researchers are turning their attention to issues related to the control and influence of these organsations.

This study addresses the existing research gaps concerning LMIs by providing insights on their management practices, roles, and the extent to their power as intermediaries.

The aim of this study is to increase the understanding of the conditions that either enable or constrain LMIs ability to exert control and influence in matching processes and business operation. In doing so, this study underscores the role of LMIs in shaping the modern labour market.

The significance of this study points both to the management practices of the office of LMIs, and also to how matters of control and influence within these practices are interconnected with broader social structures and external relationships in the labor market. Furthermore, the study highlights the critical importance of networks and relationships, emphasising their critical importance for LMIs as they serve as essential means of exerting influence within the labour market. Specifically, trust established in strong interpersonal ties emerges as one of the most crucial factors enabling LMIs to exercise control and influence.

The study highlights that LMIs have the most profound impact in structuring labour markets when they are matching supply and demand of major power asymmetries. In this study, recruitment firms particularly stand out in this regard due to their specialisation on junior candidates, a group that stands out to benefit the most from being identified and translated into talents.

To explore the question of control and influence requires further analysis, and the central point of this thesis has been to provide an improved understanding of the internal workings of these organsations. A qualitative approach comes with constraints, primarily as it relies on in-depth data that is challenging to collect and test when examining the relationship between influence and control from external actors. A quantitative research design could attempt to operationalise the concept of "matching spaces", derive hypotheses from this study's conclusions to test the relationship to various actors and relationships. This approach would make it possible to draw more broad and generalisable results from a larger sample.

The insights from this study provide valuable implications for policymakers, businesses, and individuals as they navigate the modern employment system. By offering services of both short- and long-term contracts, as well as flexible work arrangements, LMIs are contributing to a more adaptable labour market. Thus, it is in light of the ongoing economic and technological changes that we can expect these types of firms to continue to grow. The Swedish model of work as we know of today is challenged by these firms. Consulting- and recruitment firms are actively influencing the definition of how employment

is defined and the conditions surrounding it. This is achieved by their offering of flexible and project-based employment opportunities. As a result, conversions about regulation and balance of the labour market need to continue to ensure that the impacts of these firms on the labour market are carefully considered.

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