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A Good Practice Guide To

MANAGING HUMAN RESOURCES IN REGIONAL SMEs



Collective of Authors
Huddersfield 2019



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SHARPEN
HRM4sme_s

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MANAGING HUMAN RESOURCES IN REGIONAL SMEs

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List of Abbreviations

ADHD	Attention deficit hyperactivity disorder
AI	artificial intelligence
CEO	chief executive officer
CIPD	Chartered Institute of Personnel and Development
CSR	corporate social responsibility
EB	employer brand(ing)
EBO	employee buy-out
ESV	employer supported volunteering
EU	European union
EVP	employee value proposition
FB	Facebook
GDPR	General Data Protection Regulation
HR	human resource(s)
HRM	human resource management
ICT	information and communication technologies
IG	Instagram
IT	information technologies
KPI	key performance indicators
MBO	management buy-out
NACE	Statistical classification of economic activities in the European Community
NUTS	Nomenclature of Territorial Units for Statistics
PR	public relations
SHARPEN	SMEs Human Resource Attraction Retention and Performance Enhancement Network
SMART	specific, measurable, attainable, relevant, time-bound
SMEs	small and medium sized enterprises
SWOT	strengths, weaknesses, opportunities and threats
UN	United Nations

Foreword

This SHARPEN publication is a practical guide with useful tools and frameworks for effectively managing people in regional SMEs (small and medium-sized enterprises). It aims to support decent work and competitive advantage in regions outside major cities. Management programmes and new graduates often overlook small businesses yet SMEs employ the majority of workers. This handbook is underpinned by case studies, surveys, and theoretical insights from working with SMEs in five European countries over three years. We discuss topics such as employer branding, ethics, corporate social responsibility, recruitment using social media, workforce integration, development and retention, HR systems, positive employee relations and communications. Our key findings highlight the importance of networking between SMEs, universities and professional associations and policy-makers and the need for flexibility. A key message from this project is the case for social inclusion in the SME workforce, e.g. migrants, the disabled, ethnic-minorities, elderly, volunteers, interns.



Czech Republic

The theme of small and medium enterprises is crucial in Europe's business environment. In several European countries, these organisations face a lack of quality skilled workers. The function of human resource management (HRM) is, therefore, becoming increasingly important. The SHARPEN Project, which linked this topic across five European countries opened up key challenges in managing human resources in SMEs. It has encouraged collaboration between firms, academics, students, and a range of other regional and national institutions to develop both education and practice areas, within and beyond regional contexts. One of the outcomes of the project is this publication, which is intended not only for small and medium-sized enterprises, but also for those who are in charge of human resources and are looking for inspiration about how to acquire and retain workers or wish to educate themselves in this field further. The publication focuses on practice. It details the crucial challenges of HR in terms of literature, as well as practical case studies. And it is this focus – the value placed on human resource management – that can give many companies a competitive edge and advance the productivity of others which have not yet gained that knowledge.

Prof. Ing. Ivan Jáč, CSc., Chamber of Deputies of the Parliament of the Czech Republic. Member of Committee on Science, Education, Culture, Youth and Sport; Member of Committee on European Affairs

Germany



Our region has benefited from the Erasmus+ project SHARPEN. It supports small and medium-sized enterprises directly involved in the project to improve their HR processes. In Germany, regional companies were engaged through interesting conferences and workshops organised by the University of Applied Sciences in Zwickau (WHZ). This helped to promote modern HR practices and to improve digital proficiency as well as cultural competencies. The Chamber of Commerce and Industry Chemnitz believes that companies will also benefit from this project in years to come. The availability of the project outputs, namely the Handbook and SHARPEN survey results, will further support knowledge transfer between the academic world to industry and trade practitioners.

Mr Martin Witschaß, Head of Unit Location Analysis / Labour Market Policy and Deputy Managing Director Site Policy, Chamber of Commerce and Industry Chemnitz

Finland



The SHARPEN project was important to our organisation because it enabled us to develop additional resources. We were able to execute HR projects such as on employee reward management research, employer brand survey etc. which otherwise would have been postponed due to other HR priorities. In addition to extra resources, we were happy to receive some fresh insights from young soon-to-be professionals while the students were able to familiarize themselves with practical HR tasks, and the positive aspects and challenges of managing people. Over the last three years the company's turnover has increased by 30% and according to employee surveys, overall employee satisfaction has increased from 3.67 to 4 on a scale of 1-5.

Ms H. Turunen, HR Manager, ABC Oy Finland



Lithuania

Klaipėda County is one of the leading counties in Lithuania according to its gross domestic product per capita and average wages. The biggest added value for Klaipėda is created by the transport, manufacturing and trade sectors. The structure of companies operating in Lithuania (as well as in the Klaipėda region) is dominated by small companies (0-9 employees); they make up more than 80% of all the companies operating in Lithuania. Thus, these companies are very important for the development of the Lithuanian economy. The SHARPEN project implemented by the SMK University of Applied Social Sciences and Partners has contributed significantly to the improvement of human resource management in small and medium-sized enterprises. The international forum 'Future of Work', organised within the framework of the project, attracted great interest among human resources specialists of small and medium-sized enterprises operating in the Klaipėda region. Participants appreciated both international speakers and practical discussions on human resource management. Klaipėda Chamber of Commerce, Industry and Crafts believes in the benefits of the project for Klaipėda region.

Ms Lina Kavaliauskienė, Head of Foreign Relations Department, Klaipėda Chamber of Commerce, Industry and Crafts



United Kingdom

Many people across Europe are employed in small and medium-sized enterprises. Yet management practices in these organisations are often identified as needing improvement, which might make running a business more stressful for owners and managers while also having implications for employees. Often guidance on management practices can seem to reflect the operations of large businesses rather than considering what might be most effective for small and medium-sized organisations. In its project over the past three years, the SHARPEN team has examined management practices in small and medium-sized organisations and here it presents its findings in a practical and accessible fashion.

Dr Robert Wapshott, Senior Lecturer in Entrepreneurship, Centre for Regional Economic and Enterprise Development, Sheffield University Management School, co-author of the Routledge book 'Managing human resources in small and medium-sized enterprises'

INTRODUCTION



INTRODUCTION

SHARPEN stands for 'SMEs HRM Attraction, Retention and Performance Enhancement Network'. This was a three-year project that started on 1 September 2016 and formally finished on 31 August 2019. It was funded by the Erasmus+ Strategic Partnerships for higher education programme. The project consists of five partner institutions: Kajaanin Ammattikorkeakoulu (KAMK), Finland; Technická univerzita v Liberci (TUL), Czech Republic; University of Huddersfield (UoH), the United Kingdom; Socialiniu Mokslu Kolegija Klaipeda (SMK), Lithuania and Zwickau Westsächsische-Hochschule (ZUAS), Germany.

Many SMEs in the home regions of these institutions are facing similar challenges in human resource management (HRM). Thus, the primary objectives of this project are to leverage the knowledge, experiences and competencies of all the partner universities in the field of HRM applied to SMEs to develop a customised teaching course using technology, innovative delivery methods, and creative resourcing through unique, interactive learning activities. The project also supports the alignment of curricula to the current and emerging labour market needs in the partner regions through research collaboration with key institutions such as Chambers of Commerce, Entrepreneurs Association, and local SMEs. This project also aims to increase digital proficiencies, cultural and language competencies of the partner institutions' staff and students, to better fit in today's globalised and digitalised economy. The partners also joined forces to develop an e-learning module.

SHARPEN HRM4sme_s

The intensive three-year collaboration between the higher institutions, students and regional SMEs have led to the creation of this Handbook. Along with the survey results from the five regions, the project aims to provide a unique comparative international set of data on specifics of HR processes in SMEs in project partner countries to help understand context and develop tools to support SMEs in attracting perspective employees.

The project team sincerely hopes the efforts and outputs from this project will bring new insights and knowledge to help our regional SMEs and other SMEs globally to understand and address key people management challenges in their working environment. We hope this handbook will inspire you with success stories of our partner SMEs who have taken positive actions and shared their journeys in co-creating solutions together with the SHARPEN project team.

Agreement number: 2016-1-CZ01-KA203-023916

About the SHARPEN Handbook

As the Figure 0.1 illustrates, strategic HR is the starting point. Only when you have a clear HR strategy, it is possible to conduct workforce planning and other activities. This is also the fundamental basis for employer branding and CSR. Can you imagine the chaos businesses might face if business owners or managers recruit and develop their employees without a clear strategy or plan? They may end up with too many or too few employees or recruit employees with skills and competencies that are incompatible with their needs. Well, these are just a few of the problems for business owners and managers who lack human resource management experience or competencies. There are many more different serious consequences, such as having a team of disengaged and demotivated employees, encountering a high employee turnover rate, developing a poor employer brand or dealing with employment tribunals (see Figure 0.2).

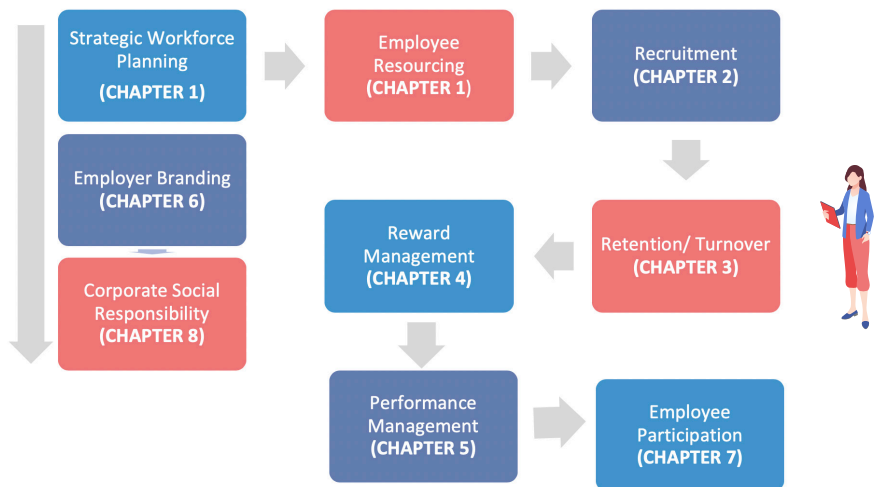


Figure 0.1. An Overview of Human Resource Management Practices for SMEs

Source: Own elaboration

'You can dream, create, draw and come up with the best ideas in the world, but you need people to help you turn your dreams into reality.' Walt Disney

As a rule of thumb, the starting point of any decision in an organisation is its strategic goals. Thus, all businesses, including small and medium-sized enterprises (SMEs) should have a clear mission and vision for their business. Functional goals, including human resource (HR) strategies, should support the attainment of these strategic goals. Each organisation will have its own HR framework, policies and practices created and developed over time to suit their business needs.

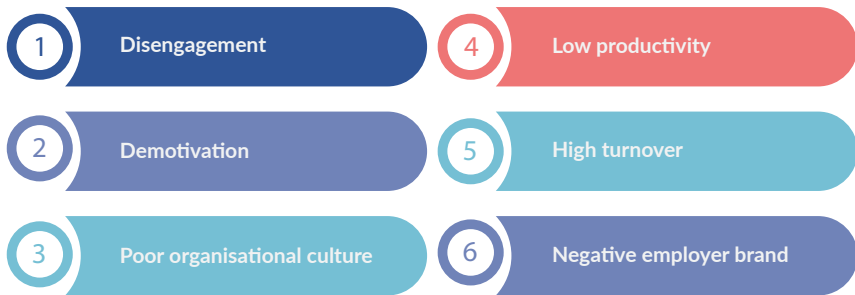


Figure 0.2. Consequences of Poor Human Resource Management Practices

Source: Own elaboration

For large companies, typically there are clear policies and HR frameworks that set out the people strategy and various HR practices. In SMEs, people management is usually less formal and ad hoc. Regardless of the organisation's size, human resource management is a crucial factor in the survival and success of a business. Many SMEs have focused their resources on selling, marketing, and product development. However, the SHARPEN team argues that having the right HR strategy that supports the business strategy is equally important to fuel SMEs' success. In the red ocean of competition, having an excellent team of employees is a source of differentiation to stand out from rivals. Having a team of employees who understand the business, its strategy, the products and services, possess a great passion towards customers to understand their needs and offer appropriate solutions to solve their problems are critical success factors for business sustainability.

Human resource management is not rocket science. We are all human. We need to step into the shoes of an employee and think how we would like to be treated, what we need as an employee, what will make us feel good and motivated, in what kind of work environment we would feel a sense of belonging. There are many HR practices that you can find from various sources such as textbooks and

professional bodies such as the Chartered Institute of Personnel and Development (CIPD). This Handbook is distinct in introducing practical ideas in the context of SMEs based on a rich dataset of recent case studies. The SHARPEN team appreciates the challenges and constraints faced by SMEs and so the solutions and tools suggested in this Handbook are developed with this context in mind and tested by the partner SMEs in the project regions. This Handbook does not cover all HR practices and models but focuses on the most critical gaps faced by SMEs in the partner regions.

Here is a summary of the structure of this HRM Handbook (herein 'Handbook'):

- **CHAPTER 1** promotes the benefits of SMEs adopting strategic workforce planning to inform employee resourcing for competitive advantage. It also provides questions for SMEs to evaluate the current state of practices and the extent to which HR strategies are aligned with their strategic goals.
- **CHAPTER 2** focuses on recruitment. Putting the right person in the right job at the right time is crucial for business success. In this chapter, we look at using social media as cost-effective channels to recruit young talent. Practical tools developed with SMEs in mind are introduced at the end of the chapter.
- **CHAPTER 3** moves on to another crucial topic, namely employee turnover and retention management. Here, some factors of staff turnover are considered with suggestions to help improve employee retention rates in SMEs.
- **CHAPTER 4** introduces the topic of how to improve employee motivation through an effective reward management system. Employees work for money, but they are motivated by many other factors. In this chapter, the emphasis is on non-monetary rewards and various factors that improve the intrinsic motivation of employees, i.e. motivation from the inside of the employee. According to research, non-monetary rewards such as recognition, well-designed jobs, decent work and a positive work climate, empowering employees to take on greater responsibility etc. are more sustainable and effective motivators than pay and financial benefits.
- **CHAPTER 5** looks at performance management. Setting clear, measurable job objectives that help individuals to improve their performance is an integral part of business success. Such objectives support the strategic goals of the business. By meeting and exceeding the goals, business owners and managers can optimise talent and skills. Effective performance management can ensure employees are moving in the right direction. Without a process to measure employees' contributions and performance against clear goals, an SME may well fail.

- **CHAPTER 6** highlights the importance of employer branding. In order to attract the right applicants, to retain good employees and to help employees feel a sense of pride and belonging, SMEs must pay attention to their employer brand. An effective employer brand clearly portrays organisational values, it also supports the corporate brand relating to its products and services, which are used for marketing purposes. A positive employer brand conveys a message to target applicants that this is a 'good place' to work. In order to stand out from crowd in the 'war for talent' and in competition with larger firms, SMEs must carefully consider this topic to become employers of choice.
- **CHAPTER 7** presents ideas and inspirations for employee participation and involvement. First, the terms employee participation and employee ownership are introduced, before we look at different concepts. This chapter also focuses on the benefits of employee engagement observed within organisations, which use a form of employee participation/ownership. Steps aimed at facilitating the implementation of employee participation and ownership concepts are presented.
- **CHAPTER 8** introduces the concept of Corporate Social Responsibility (CSR) and how SMEs can benefit from establishing robust CSR policies. It recommends that SMEs work on their CSR to support their HR. Socially responsible HR activities can lead to happier, loyal and more productive employees. Local SMEs can also use CSR to attract talent and improve their reputation as part of their employer brand. CSR and HRM are interlinked concepts that are ever more useful, or even necessary, in today's world.

We hope this Handbook will inspire and empower SMEs to think and practise HRM professionally and in line with national employment laws and regulation. In this Handbook, the SHARPEN team also wishes to share insightful stories of partner SMEs who have successfully applied the tools developed through this project.

Please take your time to read this Handbook. We invite you to reflect on the topics using the checklists and questions for reflection. Feel free to annotate this handbook with your ideas in the free space provided. Also, please check out the following channels for more information:

- Website: <https://sharpen.ef.tul.cz/>
- Facebook: <https://www.facebook.com/sharpenproject/>

Congratulations on taking this first step to explore ideas to manage your employees more effectively! Be courageous! It is never too late to take the first step. However, failing to act may bring severe consequences to your business such as the loss of critical workers or court cases. Remember, engaged employees mean engaged customers (see Figure 0.3). So please, act now!

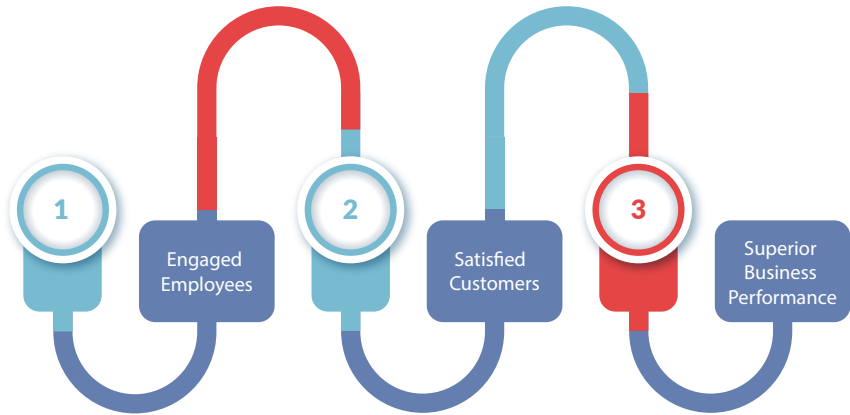


Figure 0.3. The Positive Impact of Engaged, Satisfied and Productive Employees

Source: Own elaboration

METHODOLOGY



METHODOLOGY

The idea to link human resource management topics in this publication was based on a comparison of needs in the five European regions involved in the cooperation before the project SHARPEN officially started (2016). At the beginning of the cooperation of project partners' universities, a number of similar key challenges were identified through deep analysis (including SWOT analysis of the regions). The challenges are shown in Figure 0.4.

- 1 Regions are not seen by the young generation as an attractive place to work and live
- 2 Ageing of population
- 3 Low interest of students in technical programmes
- 4 Decreasing population in small municipalities
- 5 Important share of SMEs in the region (from the point of view of total number and also as employers)
- 6 Educational structure of inhabitants in regions (specilisation, qualification of workforce - shortage of workforce with technical skills)
- 7 Inclusion of disadvantaged groups in the labour market (e.g. immigrants, employees 50+, prisoners etc.).
- 8 Insufficient connection of educational and research institutions and business environment (SMEs)

Figure 0.4. Key Challenges of Human Resources Management in European SMEs

Source: SHARPEN, 2016, own elaboration

If we want to offer examples and recommendations on how to manage human resources in small and medium-sized enterprises, it is first necessary to define the

concept of what is business. John Košturiak, in his book 'A business perspective', provides a few introductory words on the topic of entrepreneurship: "The company needs to have a sense and just making money is not enough" (Košturiak, 2015, p.10). This basically provides a framework for the idea of the following chapters of this book.

The aim of the book is not tracking the historical development of the subject of employee care, even when history shapes our future behaviour. We focus only on the concept of "human resources management", which took hold in the latter part of the 20th century. Following the theme of human resources management, since the 1990s the context of human capital has developed as part of the intellectual capital of the company (together with organisational and customer capital). But this publication does not list a coherent theory or tasks associated with human resource management, and the status, functions and activities of the personnel department in a company, organisation, working time and employment. The focus of the book is affected by the two goals of human resource management, which may seem at first glance to be running counter to each other. It is the performance and social goals of human resources management. The target group of the project and this publication are mainly SMEs, but also academics, students, public professionals and professional institutions joining professionals in the field of HR (see Figure 0.5).



Figure 0.5. Target Audience of the Publication
Source: Own elaboration

The publication objective was based on analysis and identification of the key needs of five European regions to prepare a publication - *Managing Human Resources in Regional SMEs: A Good Practice Guide*, which is based on research findings including survey results and identification of challenges in SMEs in five European regions.

The overview of mutually interconnected outputs of the Sharpen project is shown in Figure 0.6.

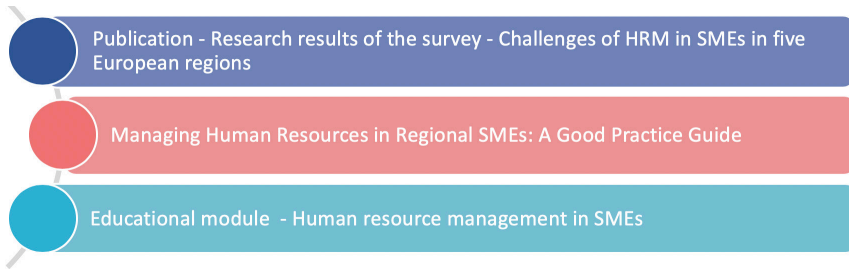


Figure 0.6. Publication Managing Human Resources in Regional SMEs: A Good Practice Guide as an Output of the SHARPEN Project

Source: Own elaboration

Several steps were undertaken to reach the final output of this publication. A timeline can be viewed in Figure 0.7 below.

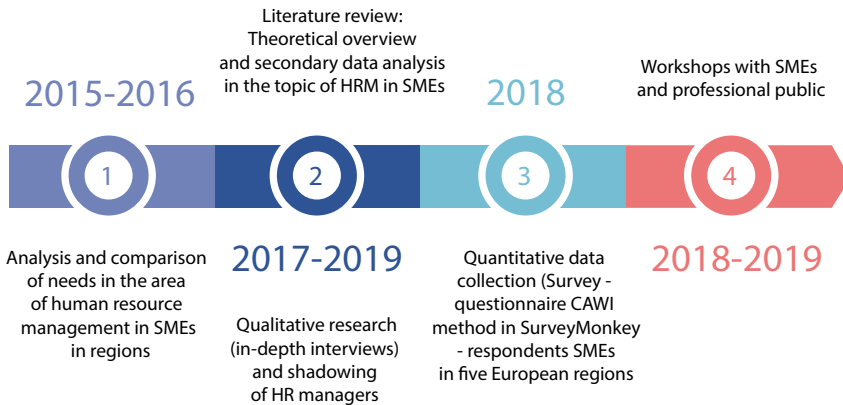


Figure 0.7. The Publication - The Steps

Source: Own elaboration

Following the defined key challenges, firstly research was conducted and available secondary data sources focusing on the topics of human resource management practices in small businesses were identified. In the years 2017 - 2019 quantitative and qualitative secondary data collection was carried out across the five participating European regions (West Yorkshire – United Kingdom, Klaipeda - Lithuania, Kainuu - Finland, Liberec - Czech Republic and West Saxony - Germany).

The case studies, which were based on the cooperation of students and specific to SMEs in these areas across all 5 European regions, proved very valuable content for publications and the fulfilment of the objective. The cooperating companies were diverse, both in terms of the focus of the business or their size. In addition to

qualitative data collection and collaboration on case studies, key topics of human resource management in SMEs were identified through quantitative research. We conducted a questionnaire survey among SMEs in all the regions in early 2018. It turned out that SMEs often solve human resource management informally and to set these processes for them, although this is very important, it is also often quite difficult. The key is to attract and retain qualified, talented, loyal and committed employees. The results of the survey and workshops that encouraged discussion of major topics in the field of human resources in SMEs, showed that support themes (challenges) that SMEs in these five regions addressed are a) how enterprises attract prospective employees (mainly with the support of technology and social networking, with an emphasis on the younger generation) and how to retain them (question of reducing turnover, setting a fair system of remuneration linked to performance and motivation). It is often possible for businesses to work on their employer brand. The structure of the publication topics is outlined in figure 0.3.

Note: The English version of the publication contains abstracts of all attached case studies with a link to the project website, where these case studies are available in English in full version: <https://sharpen.ef.tul.cz/index.php?content=casestudies>.

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CHAPTER 1

Strategic Workforce Planning and Employee Resourcing



1

CHAPTER

Strategic Workforce Planning and Employee Resourcing

The concept of human resource management belongs to the area of strategic management. It has a precisely defined integrative position within the management of the business. It is important to realize that this puts HR managers into a mixed role. On one hand, the HR manager has a role of a strategic partner in the company's management, and on the other it is his/her role to fight for the company's employees. It is these managers who are seen by employees as communication channels with the company's management (Ulrich, 2014).

HR and its involvement in strategic management? Yes, it is necessary to know where the company creates value. Next, it is important to identify which specific positions or people within the company contribute most to value creation. Finally, it is essential to gain buy in when consulting on and implementing organisational strategy. This can only be achieved well when everyone, including HR employees, understand the expectations of the company's customers.

Ulrich (2014) adds that it is the HR department that can help optimise human capital through workforce planning and analysis. In order to optimise human capital, employees' technical and social skills needed for the future of the company must first be defined. The next step is to create a motivating employee value proposition and provide employees with a sense of purpose and usefulness. The challenge in some SMEs, however, is when to appoint a full-time dedicated HR professional.



- What are the particular characteristics of an SME?
- What is the case for spending time on strategic workforce planning?
- What are the steps involved in strategic workforce planning?
- How can local universities work with SMEs to support talent management?
- How might an SME adopt a more socially inclusive approach to workforce planning?

Context matters for human resource management in regional small and medium-sized enterprises (SMEs). Since these organisations employ a relatively small number of employees (in the EU in 2018, SMEs are defined as enterprises with fewer than 250 employees), processes and procedures are often less formal and based on a personal approach (European Commission, 2019). Owner managers of small enterprises are often responsible for HR either solely or together with an HR administrator who has other responsibilities. HR activities are typically shared among the owners, directors, line managers in other departments, administrators or they may be outsourced (based on findings of the SHARPEN project). This makes it harder for SMEs to recruit and retain employees who best fit the organisation. Human resource management (HRM) should be always based on strategic planning of the workforce. This chapter starts by defining small and medium-sized enterprises. Its main aim is to introduce the concept of strategic workforce planning and people resourcing from the point of view of different types of SMEs that wish to recruit and retain key talents. To start thinking about strategic workforces planning please follow steps in the roadmap below (Figure 1.1).

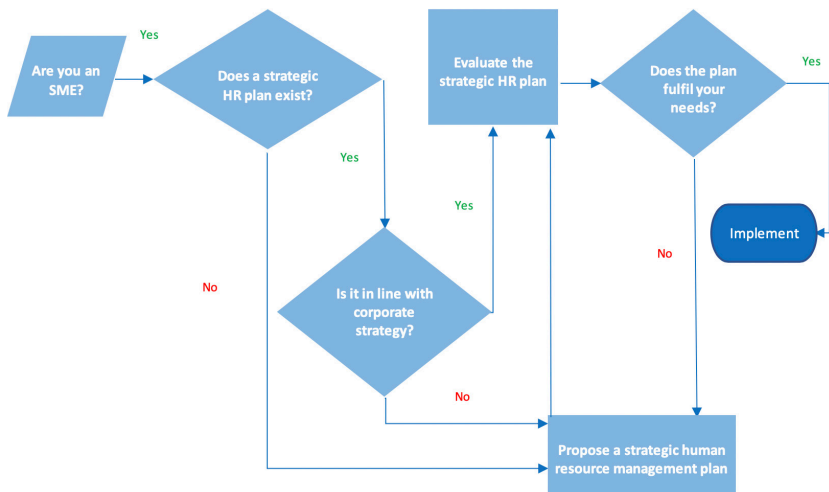


Figure 1.1. Roadmap for Strategic Workforce Planning
Source: Own elaboration

1.1 What Is an SME?

Before we start dealing with the issue of HRM in SMEs, it is necessary to define what SMEs are. The reason for dividing enterprises according to their size is based on characteristics of these enterprises that distinguish how they plan, organise and make decisions. We can divide enterprises according to their size in two different

ways: quantitatively (based on indicators such as the number of employees, turnover, etc.) or qualitatively (how they behave). In the European context, the EU definition of SMEs is key for statistical monitoring, performance comparisons or subsidy allocation. The EU definition has three important parameters: the number of employees, economic criteria and autonomy.

The EU (European Commission, 2019) defines SMEs using the following criteria:

- Number of employees (staff headcount)
- Either turnover or balance sheet total
- Autonomy
- An enterprise is autonomous if it is totally independent, i.e. it has no participation in other enterprises; and no enterprise has a participation in it; or it has a holding of less than 25% of the capital or voting rights (whichever is higher) in one or more other enterprises; and/or any external parties have a stake of no more than 25% of the capital or voting rights (whichever is higher) in the enterprise; or it is not linked to another enterprise through a natural person.
- An enterprise can also be a partner if holdings with other enterprises rise to at least 25% but no more than 50%.
- An enterprise can also be linked: if holdings with other enterprises exceed the 50% threshold.

The European Commission (2019) defines an SME as an enterprise that is autonomous, does not have more than 249 employees and whose turnover does not exceed EUR 50 million or whose balance sheet total is less than EUR 43 million. Some countries define SMEs in a different way for their own needs. SMEs comprise 99% of all enterprises in the EU and are significant employers. The current EU definition of an SME is shown in Table 1 (European Commission, 2019). Liberto (2019) provides definitions for SMEs in other jurisdictions.

Enterprise category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

Table 1.1. European Union's Definition of an SME
Source: European Commission (2019)

From the point of view of HRM, the most important criterion is the number of employees. In many economies, SMEs are crucial to the creation of new jobs. According to Liberto (2019), 80% of jobs created in emerging economies are by SMEs. The same trend can also be seen in developed economies.

1.2 Strategic Workforce Planning (SWP) in Regional SMEs

Strategic workforce planning is a process to stimulate proactive anticipation of both present and future workforce changes and people resourcing. It is a proactive approach which is meant to provide the right people with the right skill / mind set at the right time within budgets to ensure successful implementation of organisational objectives.

For an SME to meet its long-term aspirations, strategic workforce planning should combine analytic tools, financial and human resource data and consultation as well as environmental scanning (market research). Comprehensive strategic workforce planning will support the regional SME in the process of building a sustainable workforce to accommodate and drive changes.

Every SME is different in the way it is structured and the way its internal dynamics work. Different approaches can be encountered due to different industrial sectors and also due to the fact that some SMEs can be family firms, social enterprises, charities, etc. For this reason, a strategic workforce plan should be customised to local needs. Strategic workforce planning is performed in order for the organisation to be able to avoid negative unforeseen events in the future with regards to changes in the workforce.

1.2.1 What Is Strategic Workforce Planning and How Is It Aligned to Strategy?

Strategic workforce planning is the process of evaluating and re-evaluating both present and future workforce and resource needs to achieve positive return on investment. Without an effective workforce strategy, operations may be severely disrupted following the loss of key members of the workforce. Successful succession planning, therefore, can make or break an SME. Many SMEs in developed countries are facing rapid demographic changes due to an ageing population. This makes developing a strategic workforce plan more important to SMEs than ever.

1.2.2 Why Does Workforce Planning Matter?

Workforce planning is an important process. It helps people (HR) managers in SMEs deploy, reorganise and understand how the workforce can be mobilised to executing business strategies and eventually deliver on the companies' business objectives.

SMEs need to plan how recruitment, retention and development of staff are implemented. A person leaving an SME where the SME does not have a strategic workforce plan in place could cause disaster. Replacement of workers can be time consuming and expensive and requires insights into workforce design such as job rotation and job sharing to enhance motivation and performance.

In situations where staff are absent for reasons of sudden illness or when seasonal demand for services is high, proper planning will allow smooth and uninterrupted operations. Other considerations in workforce planning might include how the enterprise integrates interns, experts for short and long-term projects, apprentices, volunteers and how these groups fit into existing internal structures and (sub) cultures.

SMEs should consider strategic workforce plan that accounts for the loss of key workers. Such a policy could specify what step(s) the enterprise might take to provide a counteroffer and prepare for regional, national and international job candidate searches. Former employees such as retirees might be invited back to the organisation as mentors, board members or for staff development.

1.2.3 What Are the Processes Involved in Workforce Planning?

Workforce planning typically involves using a five-step planning model which will help organisations understand what the process entails. SMEs should plan for the loss of critical workers which, in the worst-case scenario, might threaten the organisation's survival.

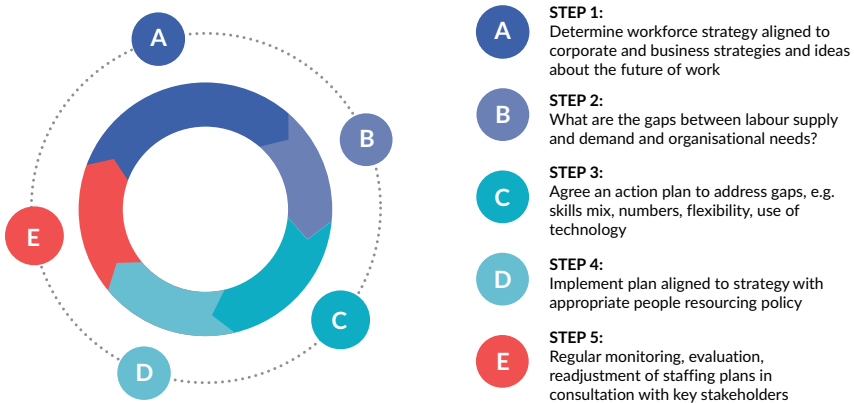


Figure 1.2. Strategic Workforce Planning Model

Source: Own elaboration

'Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients.' Richard Branson (2019)

The five-step model in Figure 1.2 is a useful framework for SMEs to co-ordinate the requirements of the workforce for their business plans. It also helps identify, if any, gaps that might exist in competencies possessed by the workforce and how these competencies will be useful and developed for the future.

The five-steps of this model may be overlapping, iterative and dynamic.

Step 1

Step 1: In this first step of the model, the SME needs to align its workforce planning processes with strategic and business plans intended to achieve the long-term strategic plan, e.g. growth, acquisition, restructuring, merger.

Step 2

Step 2: During the second stage of this process, it is important to evaluate the current workforce and to reflect on how it might change over time through turnover, changes in the skill mix and employee requests for flexible working. Data are needed on skills, staffing numbers and any shift work, performance, retirement ages and business demand projections. This is where potential gaps between the current and forecast workforce need to be discussed. Some questions to assist in determining could be: What is the current labour market situation? How can we improve our workforce's competencies? Does our workforce have the right skillsets? What are our competitors doing? It is also important to consult the with line managers as part of workforce and gap analysis.

Step 3

Step 3: You will, at this stage, analyse how possible gaps can be closed and make plans to implement strategies and measures that will assist in following-up with progress. These strategies can include restructuring, succession planning and use of technology or recruitment and (re)training as well as outsourcing.

Step 4

Step 4: An implementation plan is critical. At this stage, human, financial and other resources with effective communication planning need to be considered. You will

need to know if roles are well understood and communicated properly without causing fear of job loss to the workforce.

Step 5

Step 5: Continuous evaluation and adjustment are important to address ongoing challenges that may arise amongst the workforce. It is crucial to review whether the workforce planning process is effective and in line with corporate and other strategies.

1.3 People Resourcing in Regional SMEs

People resourcing is a human resource management process used internally or externally, to identify the person who best fits a role or the organisation's values. It also focuses on performance management, development and exit. Organisations need a concrete people resource strategy which is aimed at attracting and retaining capable people to gain competitive advantage. Therefore, SMEs need to find people with the right match in terms of attitude, behaviour and values aligned with goals to sustain the enterprise.

People resourcing is a key human resource management function (Taylor, 2008). Regional SMEs should consider diversity strategies by opening their recruitment processes to candidates who fulfil requirements regardless of age, disability, gender, ethnicity using appropriate methods to target suitable candidates. They should also consider implementing flexible working practices and dealing with issues of healthy aging (World Health Organisation, 2018) amongst the workforce. Usage of traditional media in recruitment can be costly and time consuming. New technology should be explored. Educational institutions could be a good source of skilful human capital. For SMEs, funding in educational institutions might be a deterring factor in collaborating with educational institutions. Some organisations combine both in-house and outsourced recruitment processes (CIPD, 2015).

SMEs may experience difficulties in sourcing the right candidates because of skills shortages and workforce shortages with an aging population in many European countries. It is interesting to reflect on which jobs are future proof and unlikely to be replaced by robots, e.g. health care and education (Dodgson, 2018). It is also important for SMEs to reflect how skilful talents are acquired by improving the employer brand (CIPD, 2015). For an efficient and effective people resource strategy and to optimise talent management, human resource strategies need to align corporate, business and functional strategies. Figure 1.3 illustrates key elements in people resourcing.



Figure 1.3. Components of Effective Strategic Workforce Planning
 Source: Own elaboration

To develop a people resource strategy, integration of components needs to be considered. This entails the internal integration of people resource policies and external integration of people resource strategies, shown in Figure 1.4.

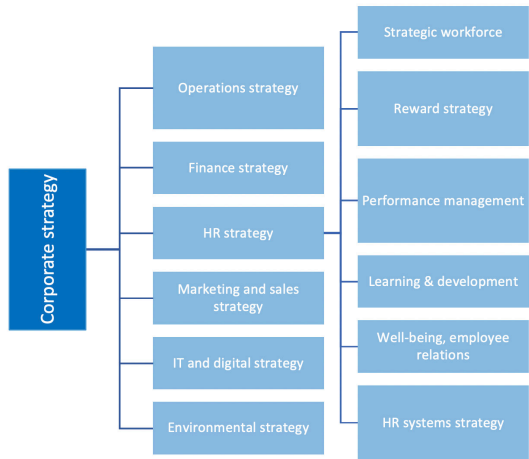


Figure 1.4. How Strategic Workforce Planning (SWP) Is Embedded in Other Strategies
 Source: Own elaboration

1.4 Summary

Although new graduates and experienced workers might consider regional SMEs unattractive, SMEs are the leading job creators in many economies. Strategic workforce planning and resourcing are integral for organisations' successful human resource policies. Changing demographics mean increased competition for talent. For this reason, SMEs are encouraged to actively source members of the workforce through educational institutions and non-traditional sources and to familiarise themselves with new technological and ethical developments. It is important for SMEs to pay attention to diversity and social inclusion in the workforce when implementing their plans. Finally, this chapter emphasizes the need to align HR policies to regional SMEs' corporate, business and functional strategies in turbulent contexts (Psychogios & Prouska, 2019).

CHECKLIST: STRATEGIC WORKFORCE PLANNING



- ✓ Do you have a comprehensive strategic workforce plan in place?
- ✓ Is your workforce plan aligned to the organisation's strategy?
- ✓ Do you have a succession plan?
- ✓ What would you do to retain a member of workforce who received a job offer?
- ✓ Do you analyse your workforce?
- ✓ Do you recruit non-traditional workers?
- ✓ Do you draw on resources from your local university?
- ✓ What are your key challenges in people resourcing?
- ✓ When was the last time workforce competency was evaluated?
- ✓ Do you anticipate changes in the future that might affect business objectives?



Rest Stop: Case Study 1.1 United Kingdom

- SHARPEN Team 2018 Research: Strategic Workforce Planning
- The case study evaluates an SME's role in society and how human capital can be strategically managed to fulfil both current and future needs. In this case, we explore a not-for-profit social enterprise with charitable status. Specifically, we discuss key challenges in workforce planning in a hospice which provides palliative care for in-patients and service users in the community.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH1case1.pdf>



Practical Toolkit from Case Study 1.1

The form (worksheet) below (please see Table 1.2) can be used for workforce analysis and action planning.

Question	Answer
1. Where is our organisation going and what is the context?	
Where are we now in terms of our workforce and changes over the past year or so?	
Where do we want to be in three years' time in terms of our workforce?	
Proposed measurements in your organisation: How these influence your budget and other issues in the organisation	
2. What does a PESTLE analysis (political, environmental, social, technological, legal, and environmental/ethical factors) reveal about the demand and supply for the labour we need?	
To what extent are we prepared for different scenarios?	

What is the current situation at the labour market in relation to your needs?	
What do your competitors do that you do not? Did you research your competition?	
Proposed measurements in your organisation: How these influence your budget and other issues in the organisation	
3. To what extent is there feedback that enables planning that matches your workforce needs?	
The basic question is: Do you have the feedback and the information you need?	
Is your workforce qualified enough?	
How will you address potential workforce gaps with appropriate skills mix, internal talent development, external talent recruitment and training?	
Proposed measurements in your organisation: How these influence your budget and other issues in the organisation	

Table 1.2. Worksheet for Workforce Planning
Source: Own elaboration

Questions for Reflection



1. Will your organisation recruit students and develop them for permanent positions?
2. Do you consider recruiting non-traditional employees as beneficial to your organisation?
3. What forms of competitor analysis do you undertake?

*** NOTES ***

Glossary

HRM/ Human resource management	Human resource management is the process (practice) of recruiting, hiring, deploying and managing an organisation's employees in compliance with labour laws of the land.
People resourcing	The acquisition, development, retention and exit of employees and other workers such as volunteers and interns.
SME/Small and medium-sized enterprises	SMEs are businesses whose staff headcount (number of employees) fall below certain limits and fulfils also other criteria (EU criteria are mentioned in the beginning of this chapter).
Strategic workforce planning	A process to plan for current and future supply/demand of labour.
Succession planning	The process of identifying or selecting and developing individuals to replace workers in cases of promotion, resignation, retirement, or death.
Workforce	A group of people engaging in work either in an enterprise, area or country.

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Video link: United Kingdom SHARPEN. Managing people in small business.
Link: <https://www.youtube.com/watch?v=RRUKMQKc9fU>

CHAPTER 2

Recruitment



2 CHAPTER

Recruitment

RECRUITING FOR SMES

Being small can be tough. Compared with larger competitors, small businesses may have very limited budgets to attract and select individuals as well as little brand recognition. Additionally, a single individual can be a major player in a small workforce so hiring mistakes can hurt you. An important hire can make or break the success of your organisation.

But remember:

'Every business - even the most recognized brands in the world - starts small. No matter what your growth plans, the number one thing you can do to succeed is hire the right talent' (Lock & Reilly, 2018).



- How do you find the right people at the right time for your business?
- How do you identify the skills and competencies for your vacant position?
- How do you attract the right talent to apply for the position?
- What recruitment process should you use?
- How can you do this inexpensively with effective use of resources? What channels can you use?
- How can you leverage the power of social media?

Introduction

Recruitment is a process of finding and hiring job candidates to match vacancies. The overall aim of the recruitment process should be to obtain, at minimum or reasonable cost, the number and quality of employees required to satisfy the human resource needs of the organisation. As part of the process, you need to (see Figure 2.1):

- Analyse the vacancy
- Define whether the job needs to be redesigned or can be done differently and
- Determine the most appropriate method(s) of job advertisement if you are going to advertise for the position.

If you decide to recruit externally, you need to determine appropriate channels to attract suitable candidates. To decide about the recruitment process please see the roadmap (Figure 2.1). All recruitment methods have some advantages and disadvantages. It is crucial to consider which of these methods will be the most effective and efficient to help you find the candidate who is the best fit.

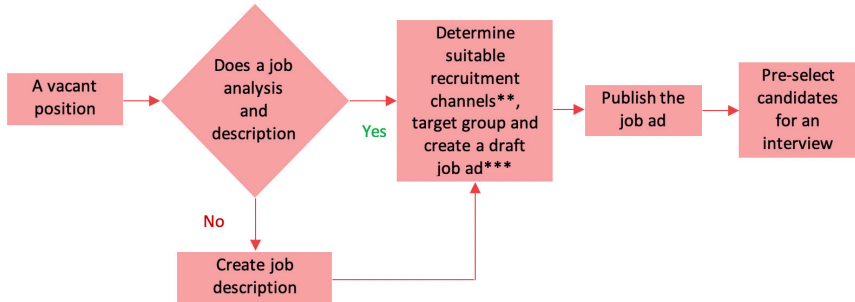


Figure 2.1. Recruitment Roadmap

Source: own elaboratin, adapted from Armstrong & Taylor (2014); Koubek (2012)

* Job description - this defines the role purpose, scope of responsibilities, reporting lines. A person specification details the essential and desirable criteria in terms of how the individual fits the required competencies, skill sets, minimum qualifications, relevant experience.

** Newspapers, university placements, employment agency, employee referral, internal transfer, internet and/or social media recruitment channels.

*** Analyse recruitment strengths and weaknesses to develop an employee value proposition and employer brand (for details please see chapter 6) and ensure channel consistency aligned to corporate values.

For SMEs it is important to consider how much they want to invest into the recruitment process. SMEs very often choose the cheapest ways. Recruitment of staff in SMEs often takes place through networks and informal contacts. Also, many small firms employ members of the owner’s family through a sense of social obligation. Smaller organisations tend to adopt informal approaches to the recruitment of staff (Wapshott & Mallett, 2016). Usually, the larger the organisation, the more sophisticated the recruitment methods.

The following are some of the possible recruitment channels:

LABOUR OFFICE/ JOB CENTRE

- **Advantages** – no costs, you can find employees quickly from a large database of local candidates.
- **Disadvantages** – only few professions, mainly manual workers, for positions which require lower qualification

Be careful, a labour office is often a common tool for recruitment. It is easy to announce the job, e.g., in the Czech Republic services of the labour office are free of charge. In Czech SMEs this tool is used often, however, it is not efficient for all types of jobs and it can be time consuming to shortlist suitable candidates from large volumes of applications.

RECRUITMENT AGENCY

- **Advantages** – targeted selected candidates, fast, saves time because of less administrative work, network of candidates.
- **Disadvantages** – high costs, can produce unsuitable candidates, sometimes they find only temporary employees.

The services of a recruitment agency are useful if you are searching for better skilled and educated workers.

EXECUTIVE SEARCH AGENCY/ CONSULTANTS

- **Advantages** – producing suitable candidates for senior executive positions, quick results, recruiting from or for different foreign locations, can be cost-effective.
- **Disadvantages** – very expensive because of high fees, only for top jobs, candidates outside the headhunter's network could be excluded.

If you are searching for highly qualified candidates, we suggest you opt for **specialised recruitment** service of **executive search agents/consultants** (head hunters). Compare different fee rates for such services and ensure the agency or consultant is thoroughly briefed. It is not common way to search for candidates for SMEs but sometimes it is needed.

ONLINE RECRUITMENT

- **Advantages** – wide range of candidates, lower costs, fast, more information about employer, easy communication, employer brand.
- **Disadvantages** – impersonal contact with candidates, surplus of unqualified applicants, high amount of candidates - long period for sorting of applications, organisation needs to be constantly present on its career websites, job portals and/or social media.

This is a very useful channel which offers **easy access to a wide range of candidates** at minimum costs. However, the channel is less suitable for recruiting highly qualified and specialised employees. In addition, due to the higher number of applicants, be prepared to spend more time to sift applications and to select suitable candidates for your vacancy (for more details on how to use social media

in recruitment please see case study excerpts at the end of this chapter or full case studies online – listed at the end of the Handbook).

COLLABORATION WITH UNIVERSITIES

- **Advantages** – main source of graduates, future talent.
- **Disadvantages** – time-consuming, might be expensive, graduates without work experience may not be suitable for all positions.

For SMEs also cooperation with universities and secondary schools can be seen as very important. It gives SMEs an opportunity to find talents among students and train them in accordance with the organisation's needs.

In addition, on-site notice boards, local or national newspapers, professional journals or recruitment fairs are alternative methods used for searching for (recruiting) the best candidates. Data collected within the SHARPEN project showed that SMEs very often use more informal methods of recruitment such as recommendations/referrals from current employees. Contrary to that, they do not use social media or career websites as often as they could. How to use social media in recruitment is introduced in the following part of this chapter.

2.1 Social Media and Recruitment

Nowadays, social networks are becoming more crucial to everyday life. They are also important for employers for both networking and recruiting purposes. The number of users of social media is rising rapidly and not just among the upcoming generation. Social networking can serve within an organisation for internal communication among employees, between employees and management, and also between the organisation and its client. Social networks can also be used for recruitment (Horváthová, Bláha & Čopíková, 2016).

Online/social media recruitment is one of the most popular sources of candidates. This entails linking recruitment to technology, i.e., using electronic resources to find candidates for particular vacancies. For online recruitment, you can use your websites, career sites, e-recruitment systems, CV databases, job portals, social media, etc. (Armstrong & Taylor, 2014). What makes social media unique is that it allows the users to create a public profile and make their social network visible to others. However, there are some limitations to the use of social media in the recruitment process. It is easy to destroy an organisation's reputation through social media and there is also some uncertainty related to social media and the number of qualified applicants for any particular position. However, if you want to target the young generation (generation Y and Z), using social media is an attractive way to do it. You can use Facebook, LinkedIn, Twitter or even Instagram for recruitment.

2.1.1. How to Use Facebook for Recruiting Workers?

Facebook is one of the best tools to attract young people. Using a paid ad is a straightforward way to reach a target audience. With only a few clicks, any organisation can target suitable job candidates. Facebook collects user information that they not only provide themselves, but also about their activities and their likes (Semerádová & Weinlich, 2019). See Figure 2.2 for a step-by-step guide for FB recruitment.

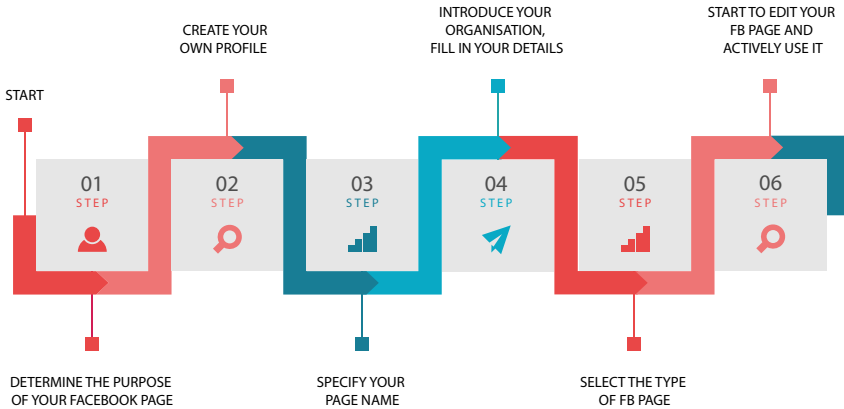


Figure 2.2. Step-by-step Guide to Using Facebook for Staff Recruitment
 Source: Adapted from Foot, Hook & Jenkins, (2016), Prokopová (2018)

‘When recruiting, you can also use social media to get information about prospective candidates. View their social media profiles on Facebook, Twitter, Instagram or LinkedIn. Screening applicants can help you quickly obtain additional information not mentioned in their CVs. But consider the possible risks such as discrimination or personal privacy’ (Foot, Hook & Jenkins, 2016).

2.1.2. LinkedIn

LinkedIn is a social network for professionals. Do consider the value of LinkedIn for recruitment in your organisation as many professionals are passive candidates, not actively job seeking. However, they may be professionals who would consider the life-changing role you have for them if they are looking to move from the ‘rat race’ of a large firm and would be interested in working for an SME closer to home. Working with LinkedIn (Premium), you can contact potential candidates easily. The profile of your organisation is often a candidate’s first interaction with you, so it should be inspiring. The more you can show of who you are and what your organisation does and its values, the easier it is for candidates to engage with

you and determine whether or not your organisation might be an excellent fit for them (Lock & Reilly, 2018). You can also use LinkedIn Jobs. Job offers on LinkedIn are distributed to relevant potential candidates through automatic matching algorithms and via professional communities sharing them. To learn more about using LinkedIn for recruitment in SMEs, go to: <https://business.linkedin.com/talent-solutions#>.

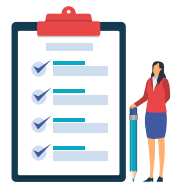
2.2 Summary

As Wapshott & Mallett (2016) point out, SMEs might use different or only selected approaches to recruitment practices described in mainstream HRM textbooks. Needs and expectations of candidates/applicants change over time depending on their family backgrounds, culture, and experiences. Differences in approaches to recruitment may vary between city and regional employers. It is, therefore, essential to regularly check the needs and expectations of those candidates that you are interested in.

Today's world is changing rapidly. What is effective today may not be effective tomorrow. Social networks are a proof of this. Today's generation is accustomed to using certain platforms; the next generation may use others. Besides, communication over social networks needs 'specialist' approaches and due regard for data protection legislation. It may be useful for an SME to ask one of its more socially networked employees to help with attracting suitable candidates using appropriate social media, particularly if the target workers are in a similar demographic.

CHECKLIST: RECRUITMENT

- ✓ Have you analysed and defined what kind of candidates you wish to search for (Have you used a **job description**)?
- ✓ Have you chosen the right **job title**?
- ✓ Do you know what your new employees/candidates expect?
- ✓ Have you decided what **recruitment tools** are the most effective (where to place a job advertisement)?
- ✓ Does your job advertisement include complete information about the job (tasks, skills requirements, salary, contact etc.)?
- ✓ Using social media in recruitment, have you created a compelling profile e.g. on LinkedIn, Facebook or Instagram? If not, use our case study example, which can help you.



Note: In answering these questions, you might consider different approach to XYZ generations from that used for baby boomers (for more about generation Y, please see the Chapter 6 – Employer Branding).

Rest Stop: Case Study 2.1 Czech Republic



- Sharpen Team 2017 Research: Finding Talent on Social Media
- The case study focuses on analysing an SME that is trying to attract young employees.
- Young people nowadays use social media for almost everything and Instagram is one of the favourite social media platforms of generation Z.
- The case study's practical guide advises how to set up and use an Instagram account to engage members of the younger generation, mainly generation Z.

*These days, the question is not whether companies use social media.
The question is how well they do it.*

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH2case4.pdf>

Practical Toolkit from Case Study 2.1



Instagram (IG) is a social network for sharing photos. The basic principle is that people share photos or short videos of up to 60 seconds (mostly using interesting filters which can make it look more attractive). It is not possible to use IG without photos (or videos). How to work with Instagram as an SME brings guides below (see Figure 2.3 and 2.4).

THE BASICS OF USING IG INCLUDE:

- 1 Create a profile
- 2 Keep the user name simple
- 3 Add a profile picture
- 4 Add a self-description
- 5 Share interesting photos/videos
- 6 Share often
- 7 Use hashtags #
- 8 Request feedback
- 9 Reply to comments
- 10 Be original
- 11 Stay on top of the latest IG trends

Figure 2.3. Basic Rules of Using Instagram*Source: Own elaboration*

HOW TO CREATE AN IG PROFILE

1) Keep the username simple

The username should be as simple and as easy to find as possible. Do not use symbols or the word 'official' in the username. You can mention this in the description.

2) Fill in the whole name

People can find you by the whole name, so do not neglect to do this.

3) Add a simple profile picture

The most common corporate profile picture is the organisation's logo.

4) Add a simple description

Again, the emphasis is on simplicity. This is where you can mention that this is your organisation's official profile, but otherwise, let your pictures speak for your brand. Nobody cares that you have the best and cheapest products if your photos are terrible.

5) Create your own unique hashtag

It is important to have a unique hashtag. This way, people can also use it with their photos. For example: Nike - #justdoit

6) Links to websites or other social media sites

It is important to put links to the organisation's website or profiles on other social media. But be sure that your website has a mobile version.

7) CONTENT, CONTENT, CONTENT!

Your profile might be the best, but it will be useless if you do not share quality content!

Tips: use interesting photos, share often, never stop sharing, and engage the community.

Request feedback and remember to reply to your followers' comments.

Figure 2.4. How to Create an Instagram Profile

Source: Own elaboration



Rest Stop: Case Study 2.2 Finland

SHARPEN Team 2019:

This case study focuses on SMEs and their university relations. Based on literature used for this case study, the needs of generation Z are compared with the needs of previous generations. These differences must be addressed if SMEs are to be successful in attracting younger talent. Recommendations include practical ways for SMEs to attract younger workforce, such as attending university events as guest speakers and advertising jobs on an application designed for university students, as well as a checklist for maintaining and increasing existing visibility among the potential workforce.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH2case7a.pdf>



Practical Toolkit from Case Study 2.2

Checklist for maintaining and increasing
SME visibility with university students

Annually	
	Participate in career fairs at the university.
	Inform students about career opportunities.
	Inform students about benefits in the company.
	Send guest speakers to university events.
	Inform students about career opportunities.
	Inform students about jobs and competencies.
	March: Provide information about summer jobs.
	Organise workshops for the target employee group.
	Joint publications (with selected and targeted channels).

Bi-annually	
<input type="checkbox"/>	Organise company visit for students.
<input type="checkbox"/>	Inform students about career opportunities.
<input type="checkbox"/>	Inform students about benefits in the company.
<input type="checkbox"/>	October, March: Provide practical training placements for students.
<input type="checkbox"/>	Offer projects to the target students as a part of their study programme with the help of the university.
As and when (event triggered)	
<input type="checkbox"/>	Offer projects to the target students as a part of their study programme with the help of the university.
<input type="checkbox"/>	Keep company social media platforms and corporate website updated.
<input type="checkbox"/>	Update all necessary information about jobs and corporate opportunities on the university's and the company's web pages.
<input type="checkbox"/>	Provide job information on Tuudo app (Finland-specific) or any other app that the university or school might use.
<input type="checkbox"/>	Joint publications (with selected and targeted channels).
Checklist concerning the recruitment of university students	
<input type="checkbox"/>	Post job ads on social media.
<input type="checkbox"/>	Circulate the information to university staff.
<input type="checkbox"/>	Update job opportunities on Tuudo app (Finland-specific) or any other app that the university or school might use.
<input type="checkbox"/>	Post job information with online agencies such as monster.fi, ovi.fi, mol.fi.
<input type="checkbox"/>	Provide a communication channel between the employer and applicant.
<input type="checkbox"/>	Provide all necessary information about the job.

Points to emphasise:

<input type="checkbox"/>	friendly, open, nice work environment;
<input type="checkbox"/>	space for creative thinking;
<input type="checkbox"/>	career opportunities within the company and the industry;
<input type="checkbox"/>	training support and opportunities that will help develop individuals;
<input type="checkbox"/>	values of the company – including being employee-oriented, green and environmentally friendly.

**Rest Stop: Case Study 2.3 Germany**

This case study is about ensuring appropriate levels of responsibility when hiring younger workers, ensuring they are sufficiently challenged but not overloaded or overwhelmed by working in an SME to the point that they quit soon after starting. It is an unfortunate truth that some young people who are new to the demands of their first job and the discipline of full-time work find the experience a big shock to their system. Employers may find that younger recruits find it hard to adjust. We provide a practical tool as a checklist for you to evaluate these types of potential employees.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH2case8.pdf>

**Practical Toolkit from Case Study 2.3**

The practical human resource tool includes questions that interviewers might find helpful to test the extent to which younger candidates are prepared to take on new responsibilities in the workplace (See Figure 2.5).



Name of the Organisation

Interview evaluation sheet on the candidate's potential to act responsibly

General Information

Name of the Interviewer:	Date:
Name of the Applicant:	

Guidelines

Complete the evaluation form using the following key:	1 = poor answer
	2 = adequate answer
	3 = fair answer
	4 = good answer
	5 = very good answer

Questions about Taking Responsibility

The interviewee should react to the following situations from his/her own perspective. Evaluate the statements on a scale of 5 (very good answer) and 1 (poor answer) to be able to create a rating at the end.

	(5) = very good	(4) = good	(3) = fair	(2) = adequate	(1) = poor
You are reluctant to rely on others, even if you can make your own decisions after you have received a good briefing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If there are conflicts in the team, you are proactive in finding solutions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Although compliance in the company is very important, there are situations where you have to override the regulations to do something good.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

You can do a great deal for yourself to achieve your own goals in life.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sometimes it's best to 'bury your head in the sand' and just wait and see what happens.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You like it when important decisions are made not by you but by your supervisor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Example Situation					
<p>Make the respondent familiar with the following example situation. For easier evaluation, sample answers are given, but they should not be mentioned to the candidate.</p> <p>A project in your department must be completed by the end of the month. The head of the department explains to you, as a responsible employee, that in his/her opinion it is not possible to complete the project within the given time frame and that he/she would rather save the resources until they are needed. You are convinced that it is possible for you to finish the project with the calculated resources in the given period. How would you react to the head of department's explanation?</p>					
<input type="checkbox"/>	(10) 'Even if my superior is against it, I act on my own responsibility'				
<input type="checkbox"/>	(8) 'I convince my supervisor and stick to the project'				
<input type="checkbox"/>	(6) 'I would like to continue the project, but I want to avoid conflict with my supervisor'				
<input type="checkbox"/>	(4) 'I drop the project, but point out to my supervisor that, in my opinion, the project would have been possible'				
<input type="checkbox"/>	(2) 'I listen to my supervisor and drop the project without questioning his/her point of view'				
Final Rating					
The applicant scored _____ / 40 points.					

Figure 2.5. Questionnaire for the Interview
Source: Own elaboration

Questions for Reflection



1. When you recruit, do you use systematic steps to create a job advertisement?
2. Do you think about the advantages and disadvantages of the methods you use for advertising a vacancy, including past experiences?
3. Do you always provide feedback on request to all applicants who contact you, including via social media?

* MY NOTES *

Glossary

Employee referral	When your current employee recommends your organisation to a potential candidate, he/she knows.
Employee value proposition (EVP)	What you offer your employees in return for their hard-work, skills and experience.
Employer branding	The act of building a positive employer brand that attracts and retains good employees.
External recruitment	Filling vacancies with people from outside the organisation.
Internal recruitment	Filling vacancies with current employees of the organisation.
Job analysis	The process of identifying all the relevant information needed for creating job description.
Job description	Detailed description of the job position in the organisation (includes duties, responsibilities, rewards, work-load, qualifications etc. relevant to the job).
Recruitment channels	The channels used for recruiting prospective employees. These includes newspaper, magazine, internet recruitment agency, employment agency, social media, university relations, head hunters, executive search agency etc.
Social media	LinkedIn, Facebook, Instagram etc.
Vacancy	A vacant position in an organisation resulting from resignation, restructuring, business growth or other reasons.

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Czech Republic

SHARPEN. Recruitment theory.

Link: <https://www.youtube.com/watch?v=Dyr4U2R8Ltw>

Germany

SHARPEN. Dealing with responsibility: a recruitment tool.

Link: https://www.youtube.com/watch?v=Ec4Qand_Xq0&t=59s

Finland

SHARPEN. Recruiting young talent through university relations:

Team 1: <https://youtu.be/b2x48EpWF34>

Team 2: <https://youtu.be/b6-eRhC9ALA>



CHAPTER 3

Employee Turnover and Retention Management



3

CHAPTER

Employee Turnover and Retention Management

HOW DO WE RETAIN TEAM MEMBERS?

It was a very hard day for Goda as she received two official resignations. The saddest part is that this is the fourth time in two months that employees have asked to leave. The company is a small leisure and sports centre. The goal of the company is to provide people with specialist quality services in sports and health related activities. It is aiming to be the best place for active leisure services in Klaipeda.

However, at the moment the company is focusing more on searching for new employees and training them than on achieving its own goals and objectives. The company needs specialists who know the specifics of the services provided by the company, so it is costly when an employee leaves in terms of time, finances and the team skills mix. High employee turnover demotivates the remaining employees and reduces productivity.

The company has never experienced such high employee turnover.

How can SMEs deal with this challenge?

SHARPEN research, 2018



- Are you facing the challenge of high staff turnover in your organisation?
- What are the main reasons for staff resignations?
- Do you carry out an employee exit survey?
- How can you improve staff retention?

Introduction

Employee turnover is a fundamental concept in human resource management arguably because employees are the most important asset of an organisation. Losing a key person or team member can have a disproportionate impact on an organisation. It has been said that there is no such thing as a job for life. Often

the employees that an organisation wants to retain are the ones most likely to leave. This creates a major challenge for organisations to retain the workforce as many direct and indirect costs can be incurred when an employee leaves. Because employees are the building blocks of any organisation, the focus must be directed towards their retention as the companies they work for need to maintain a competitive advantage over other firms. In today's business-competitive world, it is of extreme importance that organisations manage their staff turnover, as it essentially correlates to achieving high productivity and organisational goals (Armstrong & Taylor, 2014).

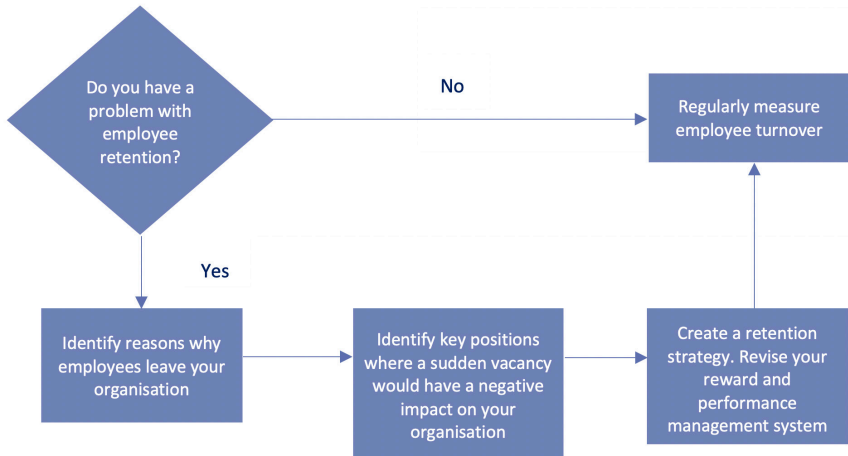


Figure 3.1. Roadmap for Employee Retention Management

Source: Own elaboration

For an SME the roadmap above can help to start conceptual thinking about employee retention (see Figure 3.1).

3.1 What Is Employee Turnover?

There are several definitions of employee turnover but, put simply, it can be defined as the percentage of employees in a workforce who leave during a certain period and are replaced by new employees (Armstrong & Taylor, 2014). Alternatively, employee turnover can be defined as the rotation of workers around the labour market, between jobs, firms and occupations and between states of employment and unemployment (Abassi & Hollman, 2000).

People leave organisations for many reasons, and staff turnover can occur in any organisation. Employee turnover arising in an organisation can be either voluntary or involuntary. Involuntary turnover, i.e., when an enterprise dismisses

an employee, is generally good or at least not bad for the enterprise. Voluntary turnover on the other hand can lead to some problems since it is usually not planned and can disrupt day-to-day operations. It is said that employees leave bad bosses so it is important that line managers are supported to retain staff.



Figure 3.2. Employee Turnover
 Source: Allen, Bryant & Vardaman (2010)

As shown in Figure 3.2, turnover can be categorised as voluntary or involuntary. The employee initiates voluntary turnover. For example, a worker quits to take another job. Involuntary turnover is initiated by the organisation. For instance, an enterprise dismisses an employee due to poor performance or organisational restructuring. Another critical distinction is between functional and dysfunctional voluntary turnover. Dysfunctional turnover is harmful to the organisation and can take numerous forms, including the exit of high performers and employees with hard-to-replace skills, departures of women or minority group members that erode the diversity of your organisation's workforce, and turnover rates that lead to high replacement costs.

By contrast, functional turnover does not hurt an organisation. Examples of this type of turnover include the exit of poor performers or employees whose talents are easy to replace. Finally, some voluntary turnover is considered to be avoidable and some unavoidable. An organisation may be able to influence some causes of avoidable turnover, while unavoidable turnover is not controllable or might be only slightly controllable by the organisation. For example, employee job dissatisfaction could be controlled by the organisation but an employee's decision to leave a job because of health problems may be more problematic (Allen et al., 2010).

3.2 What Causes Employee Turnover?

The theory of organisational equilibrium and the unfolding model help to explain why people leave organisations (Allen et al., 2010). Most people who leave first spend time evaluating their current job against their prospects, developing intentions about what to do, and engaging in job-search behaviours.

3.2.1 Inducements ≥ Contributions

If the employee perceives that he/she is receiving more from the organisation than he/she is giving to the organisation, that person will tend to stay. Moreover, these judgments are affected by both the individual's desire to leave the organisation and the ease with which he or she could depart.

3.2.2 Employees' Paths to Leaving His/Her Job

The unfolding model states that there are four different paths to an employee's decision to leave his/her job. These paths include dissatisfaction; better alternatives; following a plan; and leaving without a plan.

1. *Dissatisfaction*: This is considered to be the most usual type of employee turnover and is based on key turnover drivers impacting key attitudes, which lead to withdrawal and turnover. Key turnover drivers, which could lead to employee turnover are: thoughts of quitting; lack of organisational commitment; poor relationship with supervisor; lack of role clarity; poor workgroup cohesion; poor job satisfaction; lack of participation in decision making; etc.
2. *Better alternatives*: This occurs when an employee leaves for a more attractive position whether or not he/she is dissatisfied with his/her current role.
3. *Following a plan*: This refers to an employee who leaves in response to a script or plan already in place; for example, an employee who leaves when she becomes pregnant.
4. *Not following a plan*: This is a turnover that results as an impulsive action or reaction, generally as a response to a negative shock (for example, being passed over for a promotion).

'It is said that employees don't leave companies, they leave people.'
Dale Carnegie (2019)

3.3 Measuring Employee Turnover

Employee turnover is measured using an index known as the employee turnover rate. It is sometimes also referred to as the 'labour wastage index'. This traditional index is usually calculated annually and is measured because it enables calculations of the future forecast of losses for planning purposes and identification of the reasons for turnover (Armstrong & Taylor, 2014).

$$\frac{\text{Number of employees who quit in a specified period (usually one year)}}{\text{Average number of employees during the same period}} \times 100$$

It is the rate at which people leave an organisation. It is vital to measure employee turnover because of future planning and mainly because of identifying the reasons why people leave the organisation. There are two common methods for measuring employee turnover:

1. *The employee turnover rate* is a traditional formula, and the calculation is: the number of employees who quit in a specified period (usually one year) divided by the average number of employees during the same period, times a hundred (see the formula above).
2. *Survival rate*: This is also commonly used in retention planning. It measures the proportion of employees who, after a certain period, remain in the organisation. For example, if there are ten new trainees in the organisation and, after one year, five remain, the survival rate is 50 per cent. The survival rate is also useful for measuring the effectiveness of the recruitment process.

3.4 Predicting Turnover

Sometimes it is impossible to keep an employee who has already decided to leave. However, it is possible to predict an employee's decision to resign (e.g. using data analytics, checking in with them regularly about their intentions) and take action to prevent it.

Figure 3.3 summarises the drivers of turnover. The predictors can be weaker or stronger and the strength of these predictors depends on job types, companies, industries, and individual situations.

It is also often suggested that pay might not matter as much as you think in turnover decisions, as compensation and pay satisfaction are relatively weak predictors of employees' decisions to leave. Thus, offering pay increases or bonuses to keep

people at your organisation may not be the most efficient way to address retention. Also, demographics (education, marital status, gender, and race) are also relatively weak predictors of turnover (Allen, Bryant & Vardaman, 2010).

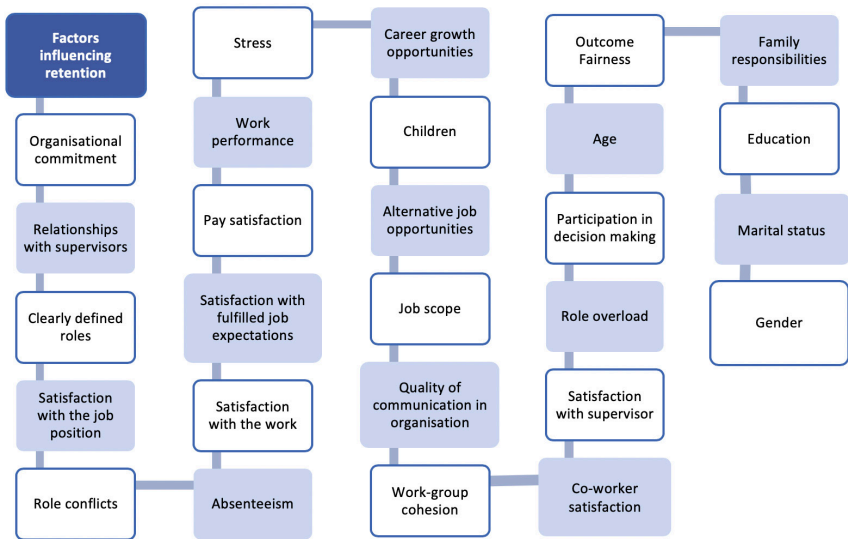


Figure 3.3. Why Employees Leave – Factors Influencing Turnover
 Source: Adapted from Allen, Bryant & Vardaman, 2010

3.5 Retention

Retention is defined as the number of employees who stay in an organisation annually (Armstrong & Taylor, 2014). Low levels of employee turnover are treated as an indicator of effective human resource management (Wapshott & Mallet, 2015). However, it is interesting to ask what then happens to the employees who lack viable and available alternatives elsewhere in the job market? Dissatisfied employees who find themselves stuck in an organisation create a 'staff retention' problem. The retention of an unhappy, dissatisfied and unproductive member of staff who is unable to leave an organisation has the potential to cause debilitating effects especially in small firms (Wapshott & Mallet, 2015).

There are several reasons why employees choose to stay in an organisation. Some of these are attributed to the following:

- feeling valued,
- job perks, e.g., number of holidays or days off given,
- commitment to the employer or organisation,
- availability of alternatives.

3.6 How to Develop a Retention Management Plan

Retention management can be identified 'as the entire human resource management policies for retaining the current or expected high-performing employees within organisations for long periods, enabling them to exercise or develop their capabilities' (Yamamoto, 2011).

A retention strategy takes into account the retention issues the organisation is facing and sets out ways in which these issues can be dealt with. It should fix the problems which force the employees to leave. However, it cannot shield employees from attractive opportunities from outside. So, there are some limits to what the organisation can do. The goal of the retention strategy should be not only to minimise employee turnover, but also influence who leaves and when. The strategy should be based on the risk of leaving analysis.

The risk of leaving analysis is used for measuring the seriousness of losing key employees. This analysis identifies potential risk areas, including the likelihood of the loss occurring, how severe the effects of the loss would be on the organisation, the ease with which a replacement could be made and replacement costs. Each of the estimates can be expressed on a scale, for example: very high, high, medium, low, very low.

The analysis should also find out the reasons why employees leave. Some examples of why they might leave are: a low salary, feeling of insecurity, not enough opportunities to develop skills or poor relationships with colleagues or line managers. The retention strategy should also contain actions regarding the areas where dissatisfaction appears.

3.7 Retention Strategies

Strategies that could be employed in retention management (Al-Emadi, Schwabenland & Wei, 2015):

- effective hiring/selection of new employees;
- favourable working environment;
- top-management support;
- humane treatment of employees through words of encouragement; establishing partnerships with employees;
- training and career development;
- financial incentives and benefits;
- job enrichment initiatives;

- promotion opportunities;
- flexible work;
- performance appraisals and job evaluations;
- equal opportunities training;
- opportunities for sideways job move;
- family-friendly benefits.

The propensity to stay or leave is also affected by the stage of the employees' career and their age (Armstrong & Taylor, 2014), therefore, retention strategies should be based on understanding the factors that affect whether or not employees intend to stay or leave. Some of these factors include:

- The organisation image or employer brand.
- What the employer offers e.g. terms and conditions of employment and quality of working life.
- The effectiveness of recruitment, selection, and deployment of new recruits into a suitable job.
- Leadership - 'Good employees do not leave good organisations, they leave poor managers'. Employees join companies and leave because of managers.
- Social factors - the extent to which individuals get along with their co-workers.
- Learning and career opportunities.

There are many important factors for the retention of employees. Nowadays, human resource work is more and more focused on improving employee well-being, the quality of work life, higher satisfaction of employees and the improvement of employee development and many other factors described below.

3.7.1 Employee Remuneration

One of the most frequently used tools for retention of employees is money. Many organisations use remuneration as their essential weapon for retaining employees, but some evidence suggests that it is less important than other factors. A pay rise is satisfying for employees who are already happy with their work. However, if employees are unhappy, a pay rise will not necessarily persuade them to stay in the organisation (Sturges and Guest, 1999).

The other problem with pay increases is that competitors might match or offer higher pay. More effective than paying base wages is to create a benefits package, which includes, for example, employee discounts, extra holidays, private healthcare programmes etc. The best way to use benefits packages is to make flexible packages for individual employees that also incentivise performance. It is important to consult with staff about what they value. At different stages of their life they might want more free time, more opportunities for paid overtime, international travel opportunities or personal development depending on their domestic and family commitments.

3.7.2 Managing Expectations

It is important to manage employee on-boarding to avoid an induction crisis, for example providing a professional service during the recruitment process and before new employees start. It is essential to provide the candidates with a realistic job preview especially when they do not know much about the job for which they are applying. This can be because of limited previous experience or if the job is relatively unusual. A solution for candidates who do not have previous experience (especially undergraduate students) is to provide them with an opportunity for part-time employment during their studies through placements, research projects and summer internships. When an organisation gives candidates misleading information about a vacant position, it is highly probable that new employees will be dissatisfied and leave the organisation early because the employee feels their psychological contract has been violated.

3.7.3 Induction

Poor induction processes can result in employee turnover at the beginning of the employment relationship. New employees need to be effectively prepared for their new jobs, and the organisation should help them as much as possible to settle in and adapt to the culture and new working conditions. First, new employees need to know basic information about structures, reporting lines, facilities, expectations. Some organisations set up a mentoring system with a peer who is not the person's line manager. The HR department, if there is one, usually helps with these types of issues. New employees should also know information about an organisation's purpose, mission statement, values and key issues, which the organisation faces. Induction generally includes mandatory information and training about health and safety regulations, fire evacuation procedures, data protection and so on. It is useful to create a formal programme for the induction of new employees. The length of the induction process will depend on the role. In some jobs it is a few weeks, in other jobs it can be a few months. The line manager usually helps with job-based induction, and this includes the shadowing of colleagues too. The information can take the form of presentations, or it can use some web-based programmes, which allow new employees to learn about their organisation and the job to encourage person-organisation and person-job fit.

3.7.4 Work-Life Balance and Family Friendly Practices

Many people leave the organisation for personal or family-related reasons because it is difficult for them to manage the demands of work with the needs of their family. For this reason, organisations can try to find ways to be more family friendly. There are some options for achieving work-life balance, but not all of them are suitable for all jobs. They include: part-time work, flexitime jobs or job-sharing. Larger organisations may offer childcare via a kindergarten or crèche. It is important to provide employees with choice and some autonomy over these policies and for individuals who do not have families not to feel that they are being disadvantaged by being treated unfairly.

3.7.5 Social Care Development

Social care development includes caring about employees' life conditions (such as housing, health, recreation, free time activities, care about children of employees, loans, help with personal issues, corporate pensions and so on). These activities are not so common in SMEs, but some, for example high tech, SMEs use them because they know that these benefits are usually a very effective tool for employee retention and increase the attractiveness of SMEs when compared with large multinationals and their competition.

3.7.6 Training and Development

International surveys show that training and development offer an opportunity for current employees to coach new employees. Some employers recruit for potential rather than track record. If the organisation provides its employees an opportunity for personal and professional growth for their career advancement, it shows respect for the employees and their ambitions (see also the video at the end of this chapter). It also demonstrates that the organisation does not just dispense with staff when their skills become outdated. An organisation improves its employees' skills to enhance personal and organisational competitive advantage. One view is that the training and development of employees make them more likely to leave an organisation in order to develop their careers elsewhere. This perspective suggests that money spent on training and development is money wasted because it benefits other employers. However, it is proven that training and development are associated with a lower turnover rate when it is combined with other tools like retention planning and the return on investment can be justified.

3.7.7 Quality of Line Management

Many people leave organisations because of their supervisors. It often appears that people are promoted into a team leader or manager positions without adequate experience or training. The effective way of reducing staff turnover and improving retention planning is to ensure that managers and team leaders have adequate supervisory capabilities and that they are evaluated on how they help others grow. Line managers will need to be trained in the art of effective supervision and have their supervisory skills regularly appraised.

3.7.8 Working Conditions

Organisations should try to enhance working conditions. It is necessary to be aware of the unattractiveness of working at weekends, working shifts or of physically demanding or unpleasant jobs, regardless of the pay preference. Retention of employees can be improved by the permanent improvement of social and hygienic work conditions. Care for employees through the provision of social and hygienic work conditions include well-kept restrooms, catering (there can be a canteen in the organisation or employees can receive meal tickets), car parking, tidy workspaces etc.

3.7.9 Social Ties Within the Organisation and the Social Climate

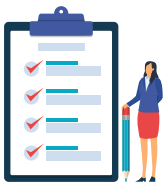
The social climate is associated with the leadership style of the organisation. A participative style of leadership is increasingly being used to promote employee voice as opposed to promoting employee silence. It means that employees have more space for active participation in the leadership of the organisation. There is also more space for independence in decision-making and an individual work approach. There is less command and control in leadership, and the relationship between the superior and subordinate is changing to leader and co-worker, however, this depends on the context in terms of health and safety risks and the level of knowledge of the employee and job complexity. A decent working environment is one where employees' opinions and demands are listened to, and employees are also informed about essential information regarding the organisation. Apart from the relationship between leaders, it is also essential to take into account the relationships between co-workers. Potential candidates are often interested in other people within the organisations and what they are like. Creating a good work team positively affects the retention of employees (Armstrong & Taylor, 2014; Torrington, Hall & Taylor, 2005).

3.8 Summary

As much as an organisation can make its work environment pleasant and rewarding, there are still specific problems or factors that might push people away. Unfortunately, most organisations cannot counter the pull of the market, simply put, they cannot shield their employees from aggressive recruiters and attractive opportunities. With this regard, the goal of human resources needs to evolve, from the traditional aim of minimising the number of overall employee turnover, to influencing who leaves and when they leave; because in today's highly competitive and globally interactive world, there is no such thing as a job for life.

CHECKLIST RETENTION MANAGEMENT

If employee turnover and retention management are a concern for your organisation, use this good practice checklist for strategies that can help you rectify problems:



- ✓ Know your workforce. Plan and constantly utilise employee surveys because it helps you to better understand your employees' intentions, plans and expectations. That helps create better retention management strategies.
- ✓ Test whether your engagement and communication routes with managers around people management issues are effective.
- ✓ Review recruitment and selection processes, induction and apprenticeships.

- ✓ Review your organisation's health, work and wellbeing strategy and its effectiveness.
- ✓ Look at your whole reward package and how you describe this to potential employees as well as your current workforce.
- ✓ Review your retention management plan and its effectiveness. Upgrade it if needed. Your organisation's retention management plan always needs to be up-to-date and employee oriented.



Rest Stop: Case Study 3.1 Lithuania

This case company experienced high employee turnover which has significant impact on the motivation and productivity of its remaining employees. The research results are used to develop the following toolkit which is a checklist of highly valued factors by employees in SMEs (please see Figure 3.4).

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH3case1.pdf>



Practical Toolkit from Case Study 3.1

Opinion of employees

- To involve employees in the process of forming the system of motivation and payment, thus providing them possibilities to express their opinion on personal needs and expectations which must be reflected by motivation elements. This can lead to employee loyalty and decrease of turnover.

Payment for work and career opportunities

- The organisation should pay a lot of attention to the setting of salaries based on clear and objective criteria and to the planning of career possibilities of employees in the company. Many employees want to change job because they desire to find new possibilities. When employees do not see a real future perspective and a possibility to climb career ladder in the present workplace, they tend to look for different jobs.

Safety and stability at work

- Employers should create a system which would help employees feel safe at work. The employer should take care of all social guarantees. For instance, providing life insurance or accident insurance. Employee duties and responsibilities, performance appraisal system, remuneration and other aspects in the company should be clear and constant.

Adequate workload

- Workload should be regulated so that every employee is busy, but not too busy, because tiredness and stress causes job dissatisfaction and many problems related to this phenomenon.

Attracting new and loyal employees

- The company should pay an exceptional attention towards attracting new and, most importantly, loyal employees. Taking into account what has attracted the current loyal employees to the company - a friendly employee, positive experience when using the product or service provided by the company or a target search for employees among students showing them future career perspectives.

Selection of employees

- To implement a thorough selection process, so that only employees oriented towards a long-term perspective are accepted in the company, instead of people who only search for a temporary job.

Figure 3.4. Checklist of key factors to increase employee retention rate

Source: Own elaboration

Rest Stop: Case Study 3.2 Czech Republic



This case study is based on cooperation with a medium-sized enterprise within the Sharpen project in 2017. To prevent employee turnover and retain employees it is very important to pay attention to their induction process (see the chapter 3.7.3). Based on an analysis of the approach towards new employees in this company, we proposed to systemize the induction process and use several tools. In the following practical toolkit, there are examples of tools which are recommended to use within the induction process (employee evaluation form after the induction

process, employee self-evaluation form). These proposed tools were implemented in the company and the whole process was evaluated as successful after this systematic approach.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH3case3.pdf>



Practical Toolkit from Case Study 3.2

Use of Evaluation Forms for Induction Process

EMPLOYEE EVALUATION FORM – INDUCTION PROCESS

1. Explain and introduce the evaluation system during induction process to the new employees and to their superiors or mentors.
2. Complete the form in the middle and at the end of the induction process.
3. The form is to be completed by the superior or the mentor assigned to the new employee.
4. Compare the results – between forms from the middle and the end of the induction process.
5. Compare the results – between forms, which are completed by the superior or mentor and by the new employees.
6. Suggest solutions for improving new employee´s work or behaviour.
7. Implement these suggestions.
8. Subsequently check and evaluate these suggestions.
9. Archive these forms.

→ See 'Employee evaluation form – induction process' below

EMPLOYEE SELF-EVALUATION FORM – INDUCTION PROCESS.

1. Explain and introduce the evaluation system during induction process to the new employees and to their superiors or mentors.
2. Complete in the middle and at the end of induction process.
3. Completed by the new employees as it is their own evaluation.
4. Compare the results – between forms from the middle and the end of induction process.
5. Compare the results – between forms, which are completed by the superior or mentor and by the new employees.
6. Suggest solutions for improving new employee´s work or behaviour.
7. Implement these suggestions.
8. Subsequently check and evaluate these suggestions.
9. Archive these forms.

→ See 'Employee self-evaluation form – induction process' below

INDUCTION PROCESS EVALUATION FORM

1. Explain and introduce the induction evaluation system to the new employees and to their superiors or mentors.
2. The form is to be completed by the new employees after attending the induction process.
3. Evaluate the feedback e.g. which parts of induction process are well evaluated and which are not?
4. Notice the answers that occur frequently – these will indicate potential problems.
5. Suggest improvements for the induction process based on the answers received.
6. Subsequently check and evaluate these suggestions.
7. Produce some statistics based on the answers, which could also be used in the future for improving the induction process.
8. Archive these forms.

→ See 'Induction process evaluation' below

EMPLOYEE EVALUATION FORM – INDUCTION PROCESS		
Employee:		
Name:	Position:	
Work area/department:		
Superior:		
Superior's name:	Mentor's name:	
<p><i>Please complete the following employee evaluation form during the induction process. Consider your own opinion as a superior, but also qualitative and quantitative data related to the employee's performance. The evaluation should match the current state of the employee's skills.</i></p>		
ACHIEVING GOALS		
Goals	Achieved	Comment
Please, mark the level that in your point of view best describes the new employee's skills and behaviour:		

Organisation of work	
<input type="checkbox"/> systematic organisation of work	<input type="checkbox"/> plan sometimes
<input type="checkbox"/> plan only rarely	<input type="checkbox"/> does not plan
Workload	
<input type="checkbox"/> quick	<input type="checkbox"/> adequate workload
<input type="checkbox"/> slow	<input type="checkbox"/> quick at the expense of quality
Skill and dexterity	
<input type="checkbox"/> high skill and dexterity	<input type="checkbox"/> normal skill and dexterity
<input type="checkbox"/> low skill and dexterity	<input type="checkbox"/> unskilfulness
Reactions in exacting and crisis situations	
<input type="checkbox"/> quick coping with the situation	<input type="checkbox"/> slow coping with the situation
<input type="checkbox"/> uncertain coping, slow reactions	<input type="checkbox"/> not coping with the situation
Behaviour towards colleagues/co-workers	
<input type="checkbox"/> willingness to help	<input type="checkbox"/> help only sometimes
<input type="checkbox"/> disinterest	<input type="checkbox"/> intolerant
The level of initiative	
<input type="checkbox"/> above-average initiative	<input type="checkbox"/> average initiative
<input type="checkbox"/> very low initiative	<input type="checkbox"/> no initiative
The level of responsibility	
<input type="checkbox"/> highly responsible	<input type="checkbox"/> responsible
<input type="checkbox"/> not very responsible	<input type="checkbox"/> irresponsible
Cooperation in the team	
<input type="checkbox"/> works for the team	<input type="checkbox"/> cooperates but displays no initiative
<input type="checkbox"/> passive attitude, does not disturb the team	<input type="checkbox"/> inability to cooperate, disturbs the team
Only for administrative staff and executives	
Usage of theoretical knowledge in practice	
<input type="checkbox"/> frequent usage	<input type="checkbox"/> average usage
<input type="checkbox"/> occasional usage	<input type="checkbox"/> no usage
Treatment and behaviour skills	
<input type="checkbox"/> adequate treatment with respect	<input type="checkbox"/> adequate behaviour only with some
<input type="checkbox"/> not realising deficiencies	<input type="checkbox"/> almost no behavioural skills

Communication skills	
<input type="checkbox"/> listens patiently	<input type="checkbox"/> impatient during listening
<input type="checkbox"/> irritated reactions	<input type="checkbox"/> inability to listen to others
What are the employee's main strengths?	
In which area should the employee make improvements?	
Superior's or mentor's signature:	Date:
Employee's signature:	Date:

EMPLOYEE SELF-EVALUATION FORM – INDUCTION PROCESS		
Employee:		
Name:	Position:	
Work area/department:		
Superior:		
Superior's name:	Mentor's name:	
<i>Please complete the following employee self-evaluation form according to your opinion on your current skills and behaviour achieved as a result of the induction process.</i>		
ACHIEVING GOALS		
Goals	Achieved	Comment
Please mark the level that in your point of view best describes your skills and behaviour:		

Organisation of work	
<input type="checkbox"/> systematic organisation of work	<input type="checkbox"/> plan sometimes
<input type="checkbox"/> plan only rarely	<input type="checkbox"/> does not plan
Workload	
<input type="checkbox"/> quick	<input type="checkbox"/> adequate workload
<input type="checkbox"/> slow	<input type="checkbox"/> quick at the expense of quality
Skill and dexterity	
<input type="checkbox"/> high skill and dexterity	<input type="checkbox"/> normal skill and dexterity
<input type="checkbox"/> low skill and dexterity	<input type="checkbox"/> unskilfulness
Reactions in exacting and crisis situations	
<input type="checkbox"/> quick coping with the situation	<input type="checkbox"/> slow coping with the situation
<input type="checkbox"/> uncertain coping, slow reactions	<input type="checkbox"/> not coping with the situation
Behaviour towards colleagues/co-workers	
<input type="checkbox"/> willingness to help	<input type="checkbox"/> help only sometimes
<input type="checkbox"/> disinterest	<input type="checkbox"/> intolerant
The level of initiative	
<input type="checkbox"/> above-average initiative	<input type="checkbox"/> average initiative
<input type="checkbox"/> very low initiative	<input type="checkbox"/> no initiative
The level of responsibility	
<input type="checkbox"/> highly responsible	<input type="checkbox"/> responsible
<input type="checkbox"/> not very responsible	<input type="checkbox"/> irresponsible
Cooperation in the team	
<input type="checkbox"/> works for the team	<input type="checkbox"/> cooperates but displays no initiative
<input type="checkbox"/> passive attitude, does not disturb the team	<input type="checkbox"/> inability to cooperate, disturbs the team
Only for administrative staff and executives	
Usage of theoretical knowledge in practice	
<input type="checkbox"/> frequent usage	<input type="checkbox"/> average usage
<input type="checkbox"/> occasional usage	<input type="checkbox"/> no usage
Treatment and behaviour skills	
<input type="checkbox"/> adequate treatment with respect	<input type="checkbox"/> adequate behaviour only with some
<input type="checkbox"/> not realising deficiencies	<input type="checkbox"/> almost no behavioural skills

Communication skills	
<input type="checkbox"/> listens patiently	<input type="checkbox"/> impatient during listening
<input type="checkbox"/> irritated reactions	<input type="checkbox"/> inability to listen to others
What are your main strengths?	
In which areas do you think you could make improvements?	
Are you satisfied with your current position? If the answer is NO, which other position would suit you?	
Superior's or mentor's signature:	Date:
Employee's signature:	Date:

INDUCTION EVALUATION QUESTIONNAIRE	
Employee:	
Name:	Position:
Work area/department:	
Superior:	
Superior's name:	Mentor's name:
PLEASE, ANSWER THE FOLLOWING QUESTIONS:	
Have appropriate policies and procedures important to your job (e.g. health and safety regulations, work processes, superiors, ...) been shown to you and explained to you?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No

Comment:

Were you personally introduced to your new colleagues, managers and other appropriate people during your first few days in the post?

Yes

No

Comment:

Do you think you have been made feel welcome in the company and/or in your department?

Yes

No

Comment:

Have you met all the members of your team and others that you work closely with?

Yes

No

Do you feel you are part of the team?

Yes

No

Comment:

Has your induction helped you understand your job, responsibilities, and performance standards?

Yes

No

Comment:

Do you think the induction process has helped you to do your job more effectively?

Yes

No

Comment:

What aspects of your induction were most useful and why?

Please write:

Do you feel there was any part that could be improved or that was missing from your induction process?

Yes

No

If the answer is YES, please explain:

Can you identify other information/advice/resources that could have been useful to you during your induction?

Please write:

What is your overall impression/reaction to your induction process?

very low-level
standard

standard

very high-level

Any other comments:

Superior's or mentor's signature:

Date:

Employee's signature:

Date:

Mentor's signature:

Date:

Questions for Reflection



1. How would you define employee turnover?
2. What is the difference between voluntary and involuntary turnover?
3. What are some of the factors attributed to low turnover?
4. How is employee turnover measured?
5. Why do SMEs struggle to retain employees?
6. Name some strategies that could be used to retain staff.
7. Define the term risk management and why is it important in HRM.

*** MY NOTES ***

Glossary

Employee retention	Current staff remaining with the organisation.
Employee turnover	The measurement of the number or rate of employees who leave an organisation during a specified time period, typically one year.
Inducement	An enticement that persuades or leads someone to act.
Involuntary turnover	When an employer chooses to terminate an employee's employment contract, possibly because of poor performance, toxic behaviour, or other reasons.
Organisational climate	The individual employee's perception of the psychological impact of the work environment on his or her own well-being.
Retention management plan	A systematic effort by employers to create and foster an environment that encourages current employees to remain at the same employer, having policies and practices in place that address their diverse needs.
Retention strategies	Policies and practices that organisations follow to reduce employee turnover and attrition and ensure employees are engaged and productive long-term.
Turnover prediction	Data analysis to forecast employee turnover.
Voluntary turnover	Any instance in which an employee actively chooses to leave an organisation of their own accord. This can happen as a result of better job opportunities elsewhere, conflict within the workplace, disengagement, and more.

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Finland

SHARPEN. Employee Turnover and Retention.

Link: <https://youtu.be/kSEcl0gULRE>

Czech Republic

SHARPEN. Learning and Development (important process as a part of employee retention).

Link: https://www.youtube.com/watch?v=2JCa_QNIGu4

CHAPTER 4

Employee Motivation and Reward Management



4 CHAPTER

Employee Motivation and Reward Management

I LOVE MYSELF, I LOVE MY JOB

Janus could not have felt better. He had a huge grin on his face stretching from ear to ear. He had just come from a meeting with his boss, Pekka, who has just offered him two hours paid leave for a job well done.

Janus works for a small IT company with 40 employees in a small region in Finland. The company pays the minimum wage and cannot offer a more competitive rate or annual salary increments. However, he still loves his job and the firm. A few of the key reasons include his manager, who is also one of the founders of the company, who shows appreciation and recognises his employees' contributions. Pekka understands he cannot offer more financial compensations or rewards. However, he uses his discretion to be flexible in order to meet his employees' needs.

For example, Janus has a small child and a working wife. He also enjoys outdoor activities. As such, having a bit of extra free time in addition to statutory leave is always a bonus. In addition, he feels good when his work is being appreciated. With additional paid hours of vacation plus the recognition given, he felt always motivated to give more effort to his company.

As Janus walks towards his workstation, he is already planning a fun morning with his child tomorrow before sending her to the nursery. A big, satisfied grin is seen again, and the positive spirit is also infectious to his fellow colleagues who share the same happy smiles as he breaks the good news.

SHARPEN Research, Spring 2017



- What is employee motivation?
- How do you motivate your employees?
- What are the differences between intrinsic and extrinsic motivation?
- How can you design a reward system to enhance employee motivation?
- What are the non-financial rewards you can offer?

Introduction

What determines the success of your business? Some might say it is all about the customer, cash flow, the product or service but others would argue that business is about employees first. Companies cannot survive in the long-term without adequately using the knowledge or the activity-specific experience of their people or employees. People are the bearers of knowledge, skills and competence.

Considerations should be given to the goals, desires, needs and interests of employees and these should be in line with the strategy and structure of the business. Social changes over the past decades have meant that employees' goals, desires, visions, attitudes and interests have changed. With this background in mind, the aspect of employee motivation in the workplace is becoming increasingly important and thus it is vital that managers in organisations take time to understand the needs of their employees to ensure they optimise the best potential of their workforce. This is crucial in the companies' pursuit of success. The workplace, in general, is different and they must adapt to stay successful.

This is the basic requirement for survival in the market. Business success is influenced by many different factors: a promising product, economic action and the systematic use of existing technical possibilities are just as critical for success as the experience and qualification of available human resources. In an organisation with different rankings, employee motivation is significantly influenced by the prevailing corporate culture, leadership, and leadership style. Motivated employees as vital stakeholders in an organisation are a key source of competitive advantage.

4.1 What is Employee Motivation?

Motivation means that human behaviour is purposeful. In everyday life and at work, everyone can experience what motivation means and how important it is (Business Dictionary, 2018). You can refer to Figure 4.1 for an overview of this topic.

4.2 Intrinsic and Extrinsic Motivation

Intrinsic motivation refers to motivation that arises from a task itself, for example, because it is perceived as meaningful and offers scope for decisions. It means by doing an activity, the inherent satisfaction can create a positive drive in a person by the feeling of rewarding content, challenge or their combination. Individuals who demonstrate intrinsic motivation behaviour are more content with their work (enjoying the process) than extrinsically motivated individuals; they pursue their goals more persistently, are more excited about achieving a goal, and better cope with failure. Thus, cultivating intrinsic motivation within employees is likely to be beneficial.

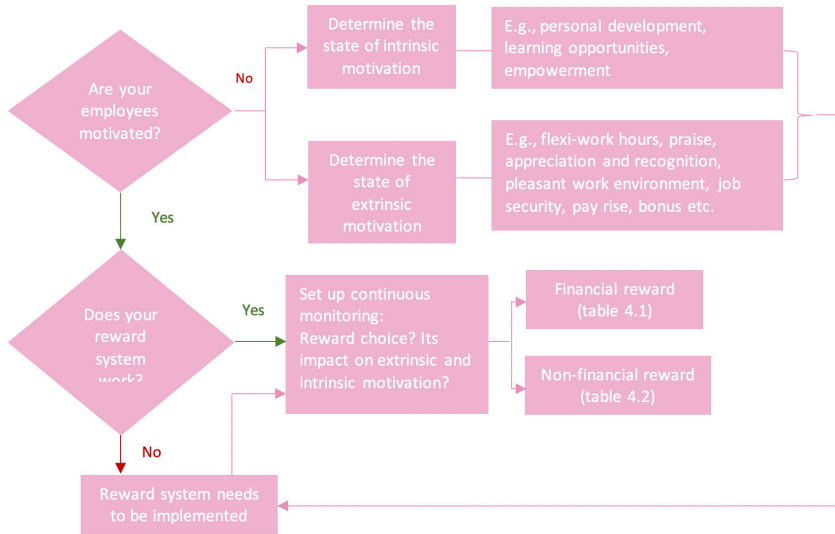


Figure 4.1. Roadmap for Motivating Your Employees and Reward Management
 Source: Own elaboration

Extrinsic motivation feeds on the results of behaviour (such as a high-quality result) and additional external consequences - typically incentives such as money or penalties. Also, praise and recognition from others are classic extrinsic incentives. This includes everything that comes from outside a behaviour itself to motivate behaviour.

Figure 4.2 illustrates an imagined WhatsApp discussion between ‘HRM’ and ‘SME’ to illustrate how SMEs can use different type of rewards to motivate their employees without straining resources significantly.

4.3 What Is Reward Management?

It has been suggested that reward management systems have a major impact on organisations’ capability to attract, retain and motivate high-potential employees in order to achieve higher levels of performance (Barber & Bretz, 2000). Work motivation is a factor that sustains and manages employee behaviour (Steers & Porter, 1991). On the other hand, studies about employee performance have found that recognition and reward of employee performance lead to a differentiation between the productivity of the employees (Bishop, 1987).

A reward management system covers the organisation's policies, processes, practices for rewarding its employees in accordance with their contribution and abilities. When this is managed carefully, it can affect an employee's performance and the overall performance of the organisation. This must be aligned with the organisation's HR strategy, and support the organisation's vision, strategic objectives and goals.

HRM:

Hey SME, how are your employees?

SME:

My employees are disengaged and demotivated

HRM:

Try to review your reward scheme.

Use extrinsic motivation, e.g. set clear goals, offer competitive salary and bonuses, give praise and show recognition for a job well done, create a positive work environment.

Stimulate their intrinsic motivation by providing meaningful tasks, enrich their job scope, provide opportunities to learn and develop, empower them.

**SME:**

Yeah, you are right! Each person has different needs. I can offer creative and flexible reward choices within my limited resources, such as praise, recognition, coaching, redesigning their jobs to be more interesting and challenging, as well as increasing their level of responsibility so they feel more empowered.

Figure 4.2. How Can SMEs Reward Their Employees

Source: Own elaboration

4.4 Types of Rewards?

Armstrong & Taylor (2014) have divided rewards into two broad categories: monetary and non-monetary rewards (see Table 4.1).

1. Monetary rewards include base pay, merit pay, commissions, bonus, allowances etc.
2. Non-monetary rewards include recognition, praise, flexible work hours, job-enrichment and enhancement etc.

Monetary rewards/pay in-kind benefits	Non-monetary rewards and incentives
<ul style="list-style-type: none"> • Basic salary • Bonus schemes • Stock options • Profit sharing plans • Gainsharing plans • Discounts on company's or partner company's products and services • Free coffee • Subsidised or free gym and other memberships • Shopping vouchers • Luncheon vouchers 	<ul style="list-style-type: none"> • Job enrichment • Job rotation • Flexible hours • Good working atmosphere • Pleasant and safe work environment • Empowerment through delegation • Job security • Praise and recognition • Work-life balance • Training and development opportunities

Table 4.1. Reward Categories and Examples
 Source: Adapted from CIPD (2013); Armstrong & Taylor (2014)

Robbins, Odendaal & Roodt (2003) discussed the concept of money as a reward. Their research findings suggested that money is crucial as it serves the basic needs of people and it is a flexible instrument to meet different needs at different times. However, when the basic needs are satisfied, many seek higher level needs, which are driven internally such as job satisfaction, feelings of achievement, recognition, a sense of belonging and identification, etc. Also, Langton & Robbins (2007) argued that the reward must be perceived as necessary by the individual to increase the effectiveness of the reward to his or her motivation to achieve the desired performance. This is consistent with the Expectancy Theory (Vroom, 1964). Güngör (2011) noted the mediating role of motivation in creating a positive relationship between reward management systems and employee performance.

4.5 Motivating and Rewarding Employees in SMEs

The fact that motivated employees represent a key factor in achieving economic success has been increasingly recognised by large companies in recent years. In SMEs, however, this knowledge is still very often missing. Targeted and modern motivational tools for employees are rarely found here. Yet, within this category of enterprises, enormous potential exists. With motivational tools, it is possible to ensure that employees commit to the employer in the long-term and thus contribute more to the success of the organisation. There are risks, however, of rewarding one individual and this results in the demotivation of others. It is also interesting to consider rewards to motivate teams with team bonuses and recognition prizes. In motivational strategies, one classically distinguishes between the motivation coming from within and the motivation determined by external factors. Even though the employer cannot directly control what drives an employee from within, there are still ways to promote this type of motivation indirectly such as through nudge techniques:

- Using the right person in the right place: Identify what skills, characteristics and preferences a person has and use them accordingly, provide them with decent work that is sufficiently challenging.
- Provide opportunities for personal development. By leading with goal specifications, the employee is given a certain amount of room for manoeuvre to incorporate his/her own decisions in his/her work. Like at 3M, there may be opportunities for employees to experiment with their own projects.
- Ensure a positive working atmosphere. The motivation of the employee starts with the motivation of the manager who can be a role model, who can encourage and support their subordinates and create a friendly, open, equal and professional work environment.
- Leverage tools to create flexibility: Allow flexible working hours, paid hours as rewards, enrich the scope and responsibilities to those who are ready so that the job becomes more interesting and the level of challenge gradually increases.

Extrinsic motivation can be controlled much more easily by external factors. The drive to perform well is not on the job but in the result of the job. Typical motivational factors include:

1. Financial incentives: for better performance, the employee receives a higher salary or other forms of reward for achieving measurable objectives. This motivational tool can be well combined with intrinsic motivation through personal development.
2. Recognition and Praise: praise by managers, supervisors, etc. can serve to increase motivation. Regular feedback on the performance level offers the employees an indication of their performance.

Summary

Offering flexible rewards including flexible hours and free time during work hours are highly appreciated by many employees, in addition to job enrichment and empowerment through delegation. However, ensuring that this is done fairly and equitably is important in consultation with different stakeholders. On the one hand, it is important to be flexible and offer a more personalised reward system. On the other hand, it is vital to act fairly within national legislation and organisational guidelines and policies to ensure all employees feel the system is available to everyone if they have achieved clearly defined, communicated and agreed goals/objectives. Policies and practices need to be reviewed regularly to ensure they are fit for purpose.

In SMEs, financial resources are quite often scarce. We encourage managers and business owners to consider non-monetary rewards. The simplest option is to give praise, recognition and a pat on the back when an employee has clearly delivered results that bring the organisation a step closer to its strategic goals (see Figure 4.3). On this Figure, the example is illustrated using the popular 'Snakes and ladders' game. The example illustrates the impact on employee after a merger between two SMEs. The crucial questions to be addressed include, 'Which impact has such decision on employees?'; 'How to motivate them to accept such a change?' The Figure 4.3 shows positive or negative effects of such change.

'The true genius of a great manager is his or her ability to individualize. A great manager is one who understands how to trip each person's trigger.' Marcus Buckingham

'People work for money but go the extra mile for recognition, praise and rewards.' Dale Carnegie (2019)

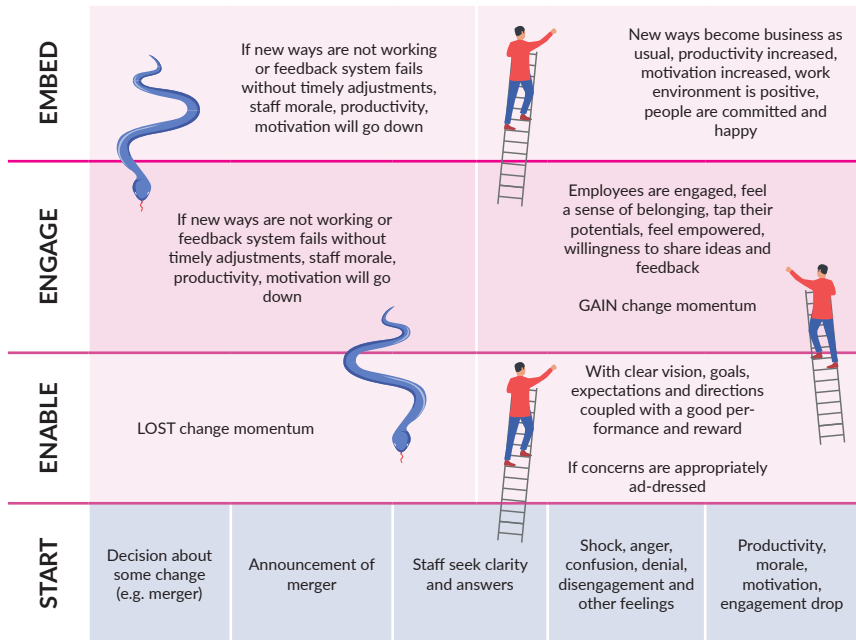
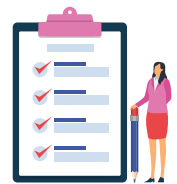


Figure 4.3. Snakes and Ladders: The Effect of Rewards on Employee Motivation

Source: Own elaboration

CHECKLIST: EMPLOYEE MOTIVATION AND REWARD MANAGEMENT

- ✓ Has your organisation set clear vision, mission and strategic goals?
 - Have you communicated the vision, mission and goals to your employees?
- ✓ Do you have a reward management system that reinforces performance that supports the achievements of the vision, mission and goals?
 - Have you explored and used non-financial rewards and incentives to motivate your staff? If YES, which ones? If NOT, why not?
 - Have you praised or recognised at least one employee in the last four weeks?
 - How do you motivate your staff to bring out the best in them? Conduct an honest review.
 - Are your staff engaged and satisfied with their jobs? Why or why not? Conduct an honest reflection. How is this changing over time?



If your answer is 'NO' to at least one of the above questions, please consider using our practical toolkit to help you develop or enhance your reward management system. See Figure 4.4.

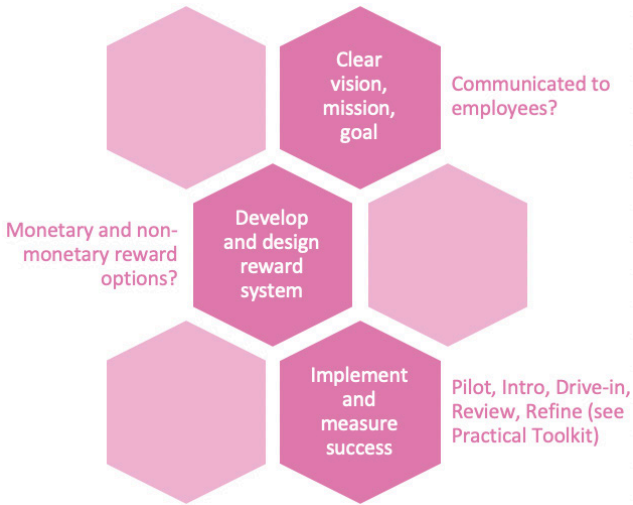


Figure 4.4. Honeycomb Checklist to Enhance Employee Motivation and Reward Systems

Source: Own elaboration

Rest Stop: Case Study 4.1 Finland



SHARPEN Team 2017 Research: I don't just work here, I belong here!

- Case Study Updates: A follow-up study was carried out with the SME that collaborated in the research above. Since the SHARPEN research in May 2017, the following progress has been made:
 - ✓ Managers are providing appropriate recognition and praise to staff who have achieved targets or goals. Such praise and recognition are given on an individual basis, as an announcement to the team, and via emails and broadcasts.
 - ✓ The reward process is transparent and understood by the employees.
 - ✓ The strategic vision, mission and goals are more precise, and as a result, rewards are now used to reinforce achievements that link to these.

- ✓ Non-financial rewards are widely used, such as flexible work hours, one or two hours paid free time from work, praise and recognition, conscious efforts by management to create an equal, open, secure and friendly work atmosphere, social Fridays.
- The CEO provide an impact statement on this project (23 August 2018): 'Your research has provided a great deal of information on the gaps in our reward management system, a systematic approach to implement the system and a useful non-financial instrument we can offer our staff to make them feel valued. Our recent Employee Happiness survey shows clear signs of improvement and we will continue to make this a better workplace for our employees. We are striving to be the best employer in the industry.'
- Figure 4.5 shows the motto of this case study.

'When a person is motivated, he or she will be engaged and willing to go the extra mile!'



Figure 4.5. Impact of Motivation on Employee Discretionary Effort
Source: Own elaboration



Practical Toolkit from Case Study 4.1: Implementation of a Reward Management System



Figure 4.6. Steps of Reward Management System Implementation
Source: Own elaboration

Figure 4.6 shows the phases of a reward management system implementation. Details of each step are written below.

PHASE ZERO: PILOT

Duration: at least one person-month to develop, 2-4 months to test.

- ✓ Identify one team or department suitable for the pilot test.
- ✓ Formulate job objectives and performance criteria for each employee and team based on the organisation's vision, mission and strategic goals.
- ✓ Obtain views from all employees.
- ✓ Develop a flexible reward and incentive system, which support the goals and objectives.

HOT TIP: You can use gamification concept (Figure 4.7), e.g. points system where an employee can earn points for future redemption of rewards of their choice. Offer a cafeteria menu with different reward options so that the employee can gather points over a defined period and redeem according to their preferences.

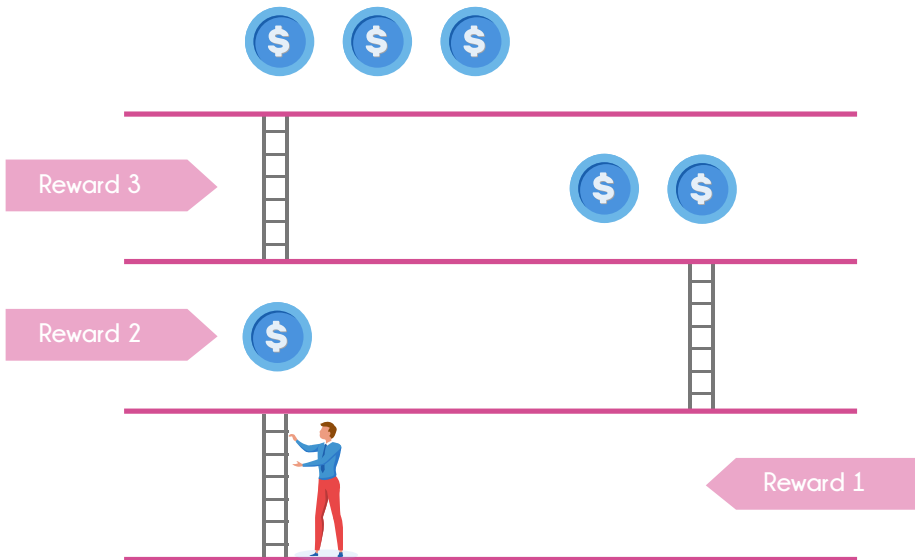


Figure 4.7 Gamification of Rewards System

Source: Own elaboration

- ✓ Clearly defined, measurable SMART objectives.
- ✓ Review the reward system process and refine it together with the team.
- ✓ Prepare and train the managers to pilot run the system.
- ✓ Gather feedback and have monitoring meetings about the workability of the system.
- ✓ Adjust and improve where necessary.

PHASE 1: INTRODUCTION (when the pilot test is successfully evaluated and adjustments made)

- ✓ Plan the next phase of implementation: team by team, or a couple of teams per batch or taking the big bang approach implementing to all teams.
- ✓ Prepare and train the managers to implement the new/updated reward management system.
- ✓ Implementation, provide on-going support.
- ✓ Review the reward system process and refine it together with the teams and employees.
- ✓ Gather feedback and have monitoring meetings about the workability of the system.
- ✓ Adjust and improve where necessary.

PHASE 2: DRIVE-IN

- ✓ Pay special attention to the usage – how frequent, smoothness and fairness of the process, collect feedback formally through statistics, employee surveys, performance meetings, development meetings, team meetings etc. and informally through discussions or over a coffee.
- ✓ Support from senior management is crucial.
- ✓ Role modelling by senior management is a critical success factor (i.e. they must also walk the talk, use the reward system on their managers).
- ✓ Gather feedback, adjust and improve where necessary.

PHASE 3: REVIEW

- ✓ Evaluate the rewards system's usage.
- ✓ Evaluate the results against expectations (defined measurable goals).
- ✓ Review the process together with the teams and employees.

- ✓ Gather feedback and have monitoring meetings about the workability of the system.
- ✓ Adjust, refine and improve where necessary.

HOT TIP:

- ✓ Is the system being communicated to employees? Are all the employees aware of the system?
- ✓ Has the system been used by the managers and employees?
- ✓ Has it been used in a fair manner?
- ✓ Are the rewards valued by the employees?
- ✓ Are the rewards linked to SMART goals of the organisation?
- ✓ Are the goals SMART (Specific, Measurable, Achievable, Relevant and Time-bound)
- ✓ Evaluate achievements against measurable SMART goals (individual, team and business level)

PHASE 4: BUSINESS-AS-USUAL (NEW NORMAL)

- ✓ Continue to use the system and improve it as it embeds.
- ✓ Business-as-usual mode.

Rest Stop: Case Study 4.2 Germany



SHARPEN Team 2019: Motivation – A Key Factor

This case study deals with the topic of motivation in a medium-sized enterprise in Saxony, Germany. The HR problem is a decrease in satisfaction, which could be explained by a lack of motivation amongst the employees. The research problem is to establish if and why the employees in the case study company are not as motivated as they used to be. The practical part of this case study focuses on applying HR theory to the case study company. A survey with specific motivation-focused questions has been designed.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH4case5.pdf>



Practical Toolkit from Case Study 4.2

The proposed practical HR tool is a questionnaire, with questions that are based on intrinsic and extrinsic motivation. Intrinsic motivation relates to achievement, responsibility and the employee's opportunity to develop skills. Extrinsic motivation relates to behaviour being driven by external reward, such as money, praise and grades. The questions cover matters like the professional relations between an employee and their supervisors, whether the employee enjoys teamwork and which incentives are preferred. Other questions concentrate on the satisfaction of the way in which work is organised and if personal and professional development is important to the employee. With the help of this survey, the supervisor will be able to find out which actions and rewards motivate his/her employees.

GENERAL INFORMATION FOR THE EMPLOYEE SURVEY

Please mark the appropriate fields with a cross.

Age:

<20 years	
20 - < 30 years	
30 - < 40 years	
40 - < 50 years	
50 - < 60 years	
60+ years	

In which enterprise division are you employed?

Senior management	
Middle management	
Commercial area	
Manufacturing area	
Technological area	
Other	

SURVEY FOR INTRINSIC EMPLOYEE MOTIVATION

Please answer the following questions. Choose one answer unless otherwise instructed. If none of the given answers match your opinion, please comment in the box at the end of the page.

1. I see my work as:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
important	interesting	challenging	motivating

2. The organisation of my work contributes to the preservation of my motivation.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree	disagree	agree	fully agree

3. In my work, fixed goals motivate me to approach my tasks.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree	disagree	agree	fully agree

4. I like to work with my colleagues / in my team.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree	disagree	agree	fully agree

5. I am satisfied with communication within the company.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree	disagree	agree	fully agree

6. Professional and personal development are important to me.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree	disagree	agree	fully agree

What I would like to add:

SURVEY FOR EXTRINSIC EMPLOYEE MOTIVATION			
1. Financial incentives are important to me.			
<input type="checkbox"/> important	<input type="checkbox"/> interesting	<input type="checkbox"/> challenging	<input type="checkbox"/> motivating
I prefer:			
<input type="checkbox"/> Fixed & regular incentives	<input type="checkbox"/> Variable & performance-based incentives	<input type="checkbox"/> A combination of both	
2. For my efforts in the workplace I feel appropriately remunerated.			
<input type="checkbox"/> important	<input type="checkbox"/> interesting	<input type="checkbox"/> challenging	<input type="checkbox"/> motivating
3. Non-financial incentives are important to me.			
<input type="checkbox"/> important	<input type="checkbox"/> interesting	<input type="checkbox"/> challenging	<input type="checkbox"/> motivating
4. At regular intervals I use the offers provided by my employer.			
<input type="checkbox"/> important	<input type="checkbox"/> interesting	<input type="checkbox"/> challenging	<input type="checkbox"/> motivating
Which offers do you use? (More than one check possible)			
<input type="checkbox"/> gym	<input type="checkbox"/> massages	<input type="checkbox"/> company car	<input type="checkbox"/> company smartphone/ Laptop
5. I feel valued by my supervisor.			
<input type="checkbox"/> important	<input type="checkbox"/> interesting	<input type="checkbox"/> challenging	<input type="checkbox"/> motivating
What I would like to add:			

Questions for Reflection



1. Have you recognised or appreciated your employees' contributions or good work in the last four weeks?
2. Have you used your discretion as a manager to reward your employees/ staff?
3. Do you know your employees/staff value? Does your organisation have reward options that could address these needs?

* MY NOTES *

Glossary

Extrinsic motivation	External factors which affect the motivation of a person such as recognition, praise, performance-based bonus.
Intrinsic motivation	Internal individual drivers e.g., the satisfaction arising as a result of accomplishing a challenge or an output for which the person is proud.
Motivation	The factors that drive an individual to act or behave in a specific way.
Rewards	These can be monetary or non-monetary incentives given to employees. Examples include recognition, praises, promotion, enriching the person's job, providing greater autonomy and decision-making power (non-monetary) or pay rise, bonuses etc. (monetary)

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Finland

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SHARPEN. Rewards and Incentive for SMEs.

Link: <https://www.youtube.com/watch?v=8Fz8SHedBnQ>

Germany

SHARPEN. Employee motivation practical tool.

Link: <https://www.youtube.com/watch?v=xtJnb4UG8eo>

CHAPTER 5

Performance management



5 CHAPTER

Performance Management

EMPLOYEE SUCCESS MEANS BUSINESS SUCCESS: MANAGEMENT BY NO SURPRISES

BIG E: I just had my performance discussion.

SMALL E: What's that?

BIG E: Usually, this is an annual meeting with my team manager to discuss my performance against the set of objectives we agreed at the beginning of the year. However, we also have other interim meetings as deemed necessary. For example, at the end of a project or specific tasks, or when I have excelled or fallen behind with my objectives. Do you carry out the same discussion with your manager or subordinates?

SMALL E: No, I have never had these types of discussions formally with my manager. I have also not implemented the process with my team of staff. Maybe you can tell me more about it. It sounds very interesting, but I just don't know where and how to start such a discussion.

BIG E: Sure! Let me share some tips with you based on the materials I received from my partner university, which is one of the participants of the SHARPEN project focusing on HRM issues for SMEs!



- What is the meaning of performance management?
- Why is it important to manage the performance of employees on a timely basis rather than just undertake an annual performance evaluation?
- What tools/techniques/methods are used to manage employee performance efficiently and effectively?
- What are the steps in employee performance evaluation discussion? (Preparation, implementation, follow up)

Introduction

Performance management is an ongoing systematic process for improving organisational performance. It focuses on developing the performance of

individuals and teams within an agreed framework of planned goals, standards and competency requirements, in order to ensure the achievement of organisational objectives in an effective and efficient manner. In simple terms, performance management can be defined as the process of maintaining and improving the performance of employees and aligning individual performance with the strategic objectives of the organisation (see Figure 5.1).

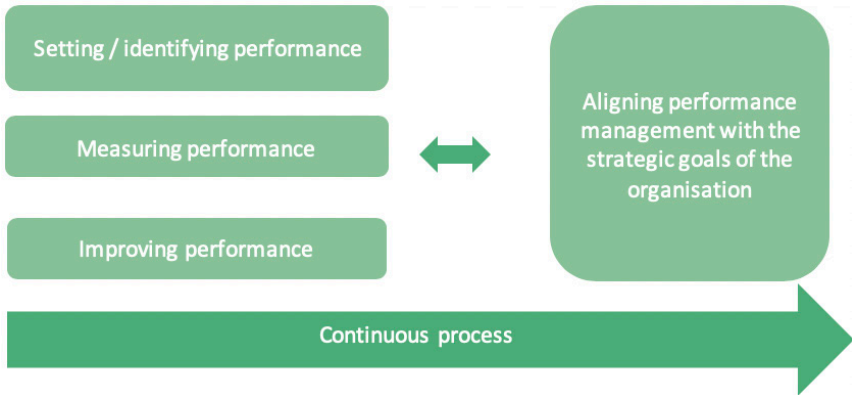


Figure 5.1. The Definition of Performance Management

Source: Adapted from Armstrong & Taylor (2014)

There are five elements in performance management: **Agreement, Measurement, Feedback, Positive reinforcement, and Dialogue** (Ahmad & Alaskari, 2014).

Performance management is mainly concerned with:

- aligning individual objectives with organisational objectives and encouraging individuals to uphold corporate core values;
- enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities, skills and behaviours;
- providing opportunities for individuals to identify their own goals and develop their skills and competencies.

It is important to highlight that performance management and the reward system are closely related to each other. An effective reward system should be linked with the performance development system, which focuses on performance-based pay and offers sample learning opportunities along with a healthy work environment. Variable pay can play a crucial role in boosting performance. See Figure 5.2 for the roadmap of performance management.

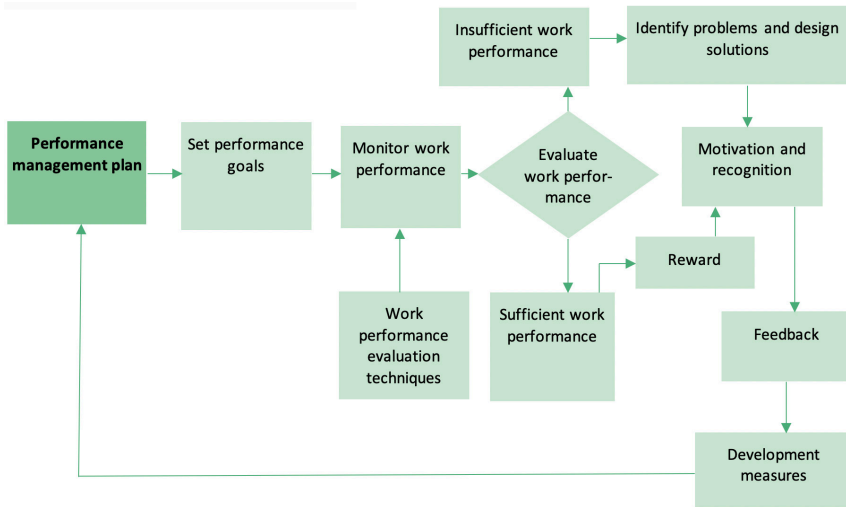


Figure 5.2. Performance Management Roadmap
Source: Own elaboration

5.1 Objectives of Performance Management

The overall objective of performance management is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organisation.

Further major objectives are discussed below (Garengo, Biazzo & Bititci, 2005) and summarized in Table 5.1:

- To enable employees to achieve superior standards of work performance.
- To help employees to identify the knowledge and skills required for performing the job efficiently.
- Boosting the performance of employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- Promoting a two-way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organisational goals, providing regular and transparent feedback for improving employee performance and continuous coaching.

- Identifying barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions
- Creating a basis for several administrative decisions: strategic planning, succession planning, promotions and performance-based payment.
- Promoting personal growth and advancement in the career of the employees by helping them in acquiring desired knowledge and skills.

Individuals	Management
<p>They will:</p> <ul style="list-style-type: none"> • understand what is expected of them; • know where they stand; • know what they need to do to reach their goals; • be able to discuss with their manager their present job, their development and training needs and future aspirations. 	<p>The opportunity to:</p> <ul style="list-style-type: none"> • integrate individual, team and corporate objectives; • guide individual and team efforts to meet overall business needs; • motivate and engage employees; • recognise individual contribution; • plan individual careers; • introduce relevant and effective learning and development programmes to meet identified needs.

Table 5.1. What Can Individuals and Management Gain from Effective Performance Management?

Source: Armstrong (2015)

'Most employees want direction, freedom to get their work done, and encouragement not control. The performance management system should be a control system only by exception' Egan (1995).

5.2 Guiding Principles in Managing Performance

It is necessary to identify any causes that are external to the job and outside the control of either the manager or the individual. Any factors that are within the control of the individual and the manager can then be considered.

First, the entire performance management process – **agreement, measurement, feedback, positive reinforcement, and dialogue**, and so forth – should encourage

development. Ideally, team members grow and develop through these interactions. Second, when managers and team members ask what they need – to be able to do to do more interesting and exciting projects – they move to strategic development. Practitioners also make the following recommendations about performance management (Tutorials Point, 2019):

- It is a management tool which helps managers to manage.
- It is driven by corporate purpose and values.
- Its purpose is to obtain solutions that work.
- It should determine what is in the employee's control and can be influenced.
- It focuses on changing behaviour rather than paperwork.
- It's people management – it's not a tick box exercise.
- Performance management is what managers do: a natural process of management.
- It is based on accepted principles but operates flexibly and fairly.
- Success depends on the organisation's performance culture.
- Allow subordinates to decide for themselves how they achieve goals.

It is important that performance management is **not** performance appraisal. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers, usually at an annual review meeting. In contrast, performance management is a continuous and much broader, more comprehensive and more natural process of management that clarifies mutual expectations, emphasises the support role of managers who are expected to act as coaches rather than judges and focuses on the future. See Figure 5.3 for a typical performance management cycle.

5.3 The Performance Management Cycle in SMEs

Creativity and innovative managerial practices are key to the successful development of SMEs. Due to a lack of resources, many SMEs tend to create new techniques with the available resources and no major investment. SMEs are likely to focus on short-term planning and issues such as cash flow, rather than to take a long-term view (Ates, Garengo, Cocca & Bititci, 2013).

Hence, planning seems to be the most crucial phase of the identified closed-loop process. SMEs may have difficulty in taking time out to develop an effective and efficient mission, vision and values. Many SMEs simply never formalise their strategies. SMEs should be encouraged to develop a long-term mission and vision supported by appropriate managerial practices and methodologies that fit the characteristics of SMEs (Garengo, Biazio & Bititci, 2005).

REVIEW

Joint analysis of performance

- Dialogue and feedback
- Performance assessment
- Agree strengths
- Build on strengths
- Agree areas for improvement

PLAN

Performance planning – performance agreement

- Role definition
- Objectives
- Competencies
- Performance improvement
- Personal development



MONITOR

Manage performance throughout the year

- Monitor performance
- Provide continuous feedback
- Provide coaching
- Deal with under-performers

ACT

Performance activities

- Carry out role
- Implement performance improvement plan
- Implement personal development plan

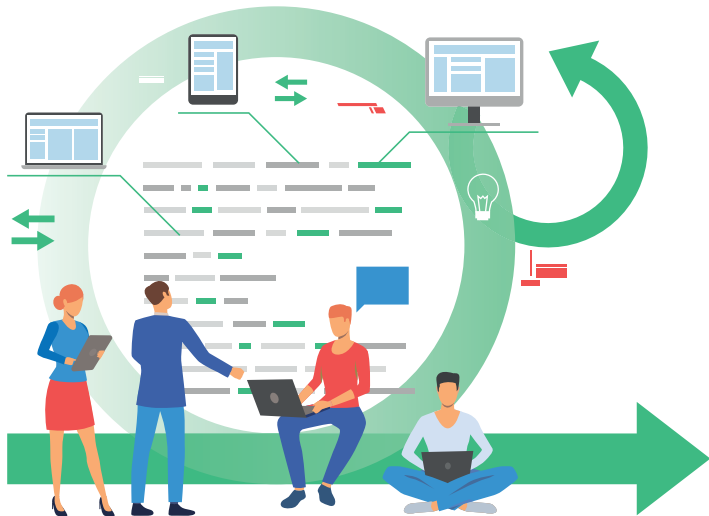


Figure 5.3. Performance Management Cycle

Source: Armstrong (2014, 2015)

A second key barrier that SMEs should tackle to develop their managerial practices are internal and external communication process. SMEs need to develop their performance practices drawing on useful data to enhance the impact of employees' efforts, knowledge and skills.

Thirdly, special attention should be given to communicating internal and external change initiatives. SMEs should proactively make changes based on a strategic and long-term vision (Ates et al., 2013).

5.4 Why is It Important to Manage Performance in SMEs?

As a human resource management process, performance management can promise more than it achieves. However well-designed a performance management system is, its effectiveness mainly depends on the commitment and skill of its line managers.

Low managerial capacity, limited capital resources, a reactive approach, ad hoc processes, and misconceptions about performance management are the main issues faced by SMEs in the context of performance management. This explains why SMEs may take short cuts in terms of managing performance but the risks include under-performance, disciplinary and grievance cases and employment tribunals.

An efficient and regular practice of performance management is important to improve the growth of SMEs. The following are some key points to consider (Ahmad & Alaskari, 2014):

- Performance management practices should include SMART (Specific, Measurable, Achievable, Realistic, and Time bound) goal-setting. Setting objectives for individual employees becomes a collaborative process when performance management is involved.
- Through performance management, real-time feedback can be received from the employees, enabling significant steps to be taken towards better working conditions immediately.
- Collaboration, co-operation and co-ordination among the employees and the employer can be improved with the help of performance management practices.
- Non-monetary performance management practices can help to improve the HR standing of the SME, internal environment of the organisation and employee morale.

5.5 How to Execute Performance Management in SMEs

The fact that motivated employees represent a key factor in achieving economic success has been increasingly recognised by large companies in recent years. In SMEs, however, this knowledge is still very often missing. Targeted and modern motivational tools for employees are rarely found here. Yet, within this category of enterprises, enormous potential exists. With motivational tools, it is possible to

Since many SMEs do not have substantial capital resources, it is important to Figure out the potential and sustainable ways of implementing performance management practices. Performance management software is a good example of implementing the performance management practice with a low amount of capital.

Underperformers can be dealt with in an effective and efficient manner with the help of performance management or coaching. The following series of steps can be adopted (Armstrong, 2015):

- Identifying and agreeing on the problem faced by the employee.
- Establishing the reasons behind the performance shortfall.
- Deciding and agreeing on actions required to solve the problem.
- Implementing actions.
- Monitoring performance and obtaining feedback from the employee.

Performance assessment is also important to keep track of the progress made by the employees and to encourage them to maintain good performance.

It is important for employers to monitor and notice the work of their employees and appreciate them on a regular basis. This builds high morale among the employees. Employers should also invite the employees to participate in decision making. Ask them about their problems (if any) in the organisation and create a friendly yet responsible environment around them.

Although many SMEs cannot offer substantial bonuses to reward the performance of its employees, a simple 'thank you' can fill the day and heart of an employee with a sense of achievement (Ahmad et al., 2014) to enhance the affective commitment.

In Japanese culture, it is a tradition to thank employees for their work every day, regardless their occupation and workplace. This sustains employee morale and they feel motivated about their work.

5.4 Summary

Performance management is the continuous process of maintaining and improving the performance of the employees in the workplace. Effective reward management and performance management go hand-in-hand to enhance employee morale. Performance management is a continuous process that happens throughout the year. It helps in achieving the strategic goals, reviewing progress, and developing the skills, knowledge, and abilities of the workforce. Performance management is a key process that helps to get work done through communication about expectations and essential goals.

Small and medium-sized enterprises tend to have fewer capital resources and less formal culture than many larger organisations. In SMEs, HR performance management activities are likely to be ad hoc as it was also confirmed in the SHARPEN project research.

Implementation of performance management practices can help SMEs to improve growth and collaboration among their employees. At the same time, there are many performance management issues faced by SMEs, such as insufficient managerial capacity, reactive approaches, short-term vision, and misconceptions about performance measurement policies and practices.

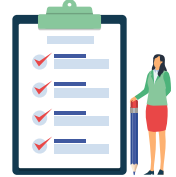
Hence, it is important to understand the value of non-monetary performance management methods, as well as their effective and efficient execution. The process of managing the output of underperformers without any further investment has been addressed; performance management software is one of the most sustainable performance management tools. Since SMEs have a relatively smaller base of operations than larger organisations, it is easier for SMEs to monitor the effort put in by their employees, as well as maintain morale by regularly showing appreciation.

Initial implementation of performance management practices can be quite a challenge in the SMEs. Breaking the ice is never easy at first, but once it is done, the results of performance management practices in SMEs will be noticeable.

CHECKLIST: PERFORMANCE MANAGEMENT

- ✓ Does your organisation use a formal human resource performance management system?
 - Does your organisation have a person who is responsible for performance management processes?
 - Do your employees know what performance management processes are being conducted in the organisation and who is responsible?

- ✓ Do you have a year-round performance management cycle in your organisation?
 - Do you plan employee performance, set their roles and discuss objectives with your employees?
 - Do you plan your employee's performance improvement and personal development?
 - Do you monitor your employee's performance throughout the year? Monitoring must be a continuous process with opportunities for immediate and regular feedback.
 - Do you provide feedback after every monitoring activity to your employee with face-to-face dialogue in order to create a development plan with your employee?



If your answer is 'NO' to at least one of the questions above, please consider using our practical toolkit to help you develop or enhance your reward management system.

'To be effective and yield results for your business, performance management must be a year-round process with no end,' Teala Wilson (2015)



Rest Stop: Case Study 5.1 Czech Republic

A medium-sized enterprise found out that they need a systematic approach to employee appraisal and decided to implement a systematic employee performance management system. The aim is to support motivation and reward management system and identify potential for learning and development. The practical toolkit in the case study 5.1 brings a step-by-step guide how to implement the system of performance evaluation (please see Figure 5.4).

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH5case1.pdf>

Practical Toolkit from Case Study 5.1



Figure 5.4. Implementation of Employee Performance System Guide

Source: Own elaboration



Rest Stop: Case Study 5.2 Lithuania

SHARPEN Team 2018 Research:
Performance Management System

The aim of this study is to determine the system of employee performance management existing in the company and to foresee the possibilities for its development.

The company has an established system of employee performance management, but it is informal, non-regulated and unknown by employees; therefore it is not always efficient. In order to improve the results of employee performance, it is important to find out the gaps in the existing system of the company and to foresee the possibilities for improving the system.

The best solution for most HR challenges in this company is the formalisation of performance management, as it could lead to better communication and better understanding between the company and its employees.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH5case3.pdf>



Practical Toolkit from Case Study 5.2

1. Develop a formalised employee assessment system by answering these questions.
 - a. What is the frequency of assessment?
 - b. Who will assess which employees?
 - c. What criteria are the most important to evaluate?
 - d. What will be the action points arising from the results?
2. Make these answers known to all employees.
3. Get acquainted with the job description for each employee.
4. Use a standard tool for employee assessment. The example is illustrated in Figure 5.5.
5. Consider employee self-evaluation.
6. Give feedback individually and create activity goals agreed with the employee so that they have a sense of ownership.

EMPLOYEE INFO			
EMPLOYEE NAME		ASSESSOR NAME	
POSITION HELD		ASSESSOR TITLE	
LAST ASSESSMENT DATE		TODAY'S DATE	
CURRENT RESPONSIBILITIES			
CHARACTERISTICS			
QUALITY	UNSATISFACTORY	SATISFACTORY	EXCELLENT
Works to Full Potential			
Quality of Work			
Work Consistency			
Communication			
Independent Work			
Takes Initiative			
Group Work			
Creativity			
Honesty			
Integrity			
Co-worker Relations			
Technical Skills			
Punctuality			
Attendance			
PERFORMANCE ASSESSMENT			
Evaluate performance and achieved goals.			
Discuss areas of excellence within performance.			
Discuss areas of improvement.			
Develop future goals with set expectations.			
COMMENTS AND APPROVAL			
Employee comments		Assessor comments	
EMPLOYEE SIGNATURE		REVIEWER SIGNATURE	

Figure 5.5. Employee Assessment Form
Source: Own elaboration

Questions for Reflection



1. Do you have a performance management plan?
2. Have you monitored your employees' performance in the last four weeks?
3. Do you know your employees' strengths and weaknesses? Do you have a plan how to improve your employees' performance?
4. Have you given feedback and support to your employees in the last four weeks?

* MY NOTES *

Glossary

External communication	The transmission of information between a business and another person or entity in the organisation's external environment.
Functional goals	These relate to the specific functions of an organisation (e.g. marketing, operations, HRM, finance) and which are designed to support the achievement of corporate objectives. A well-established business will divide its activities into several business functions.
Internal communication	The transmission of information between organisational members or parts of the organisation.
Reward management	The formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organisation.
Self-efficacy	An individual's belief in their innate ability to achieve goals.
Strategic objectives	The specific financial and non-financial objectives and results an enterprise aims to achieve over a specific period of time. Also called organisational goals.
Strategic planning	Strategic planning is an organisational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals for long-term sustainability.

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Further Reading

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Finland

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Link: <https://youtu.be/nnVd3pDPxbY>



CHAPTER 6

Employer Branding



6

CHAPTER

Employer Branding

THE 'HOTTEST' JOB IN THE 'COOLEST' PLACE ON EARTH!

HighTech is a growing ICT company located in a tiny city with 38,000 inhabitants. The population in this city has been aging rapidly over the past few decades and young talent is emigrating for 'perceived' greener pastures in larger cities. HighTech realises that if they fail to act, they will have severe difficulties in attracting young people to work for them. They need this talent to ensure the company's sustainability. With rapid expansion into global markets, HighTech also needs new blood with flexibility, English language proficiency and other competencies which are critical for the company's success.

The management came together to explore different options to improve their attractiveness to the right talent for their vacancies. They realised HighTech cannot offer higher financial incentives compared with large corporations. Also, they did not believe candidates who are looking for more money are the right people for their organisation. They wanted to attract candidates who fit HighTech's organisational values and cultures. As a small company, the management decided that one effective way is to communicate HighTech's employees' values clearly in their employer brand, both internally and externally. Also, they realised they must improve their employer brand image in digital channels and through deeper collaborations with the local university.

These are actionable items within their limited resources and proven effective to attract suitable candidates to join their workforce. Also, the solution was effective to retain existing employees who identified clearly with these values and organisational culture.

SHARPEN Research, Spring 2018



- What is an 'employer brand'? How does this differ from your corporate brand?
- Why is an 'employer brand' crucial for an SME?
- How can you develop, maintain and strengthen your employer brand, internally and externally?
- What tools are there to achieve this effectively and in a cost-efficient way?
- What are the values and culture prospective or current employees are looking for?
- What employer brand characteristics do you focus on to build your employer brand?

Introduction

What is an 'Employer Brand'?

'Employer brand' (EB) is a term that was firstly used in the early 90's. It represents the features of the organisation's image communicated to its own employees and to those who are associated with the organisation from the outside. The art and science of creating an employer brand is based on initiatives of attraction and cooperation. Employer branding works on maintaining the organisation's current employees and on improving the organisation's image in the minds of job-seekers. Many have heard of a product or service brand, but may be less familiar with the term 'employer brand'. So, what is an 'employer brand'?

A corporate brand is a means for an organisation to deliver characteristics of its corporate identity towards its internal and external stakeholders. Balmer (2001) describes corporate brand as 'the interface between self-portrayal and external perception' of the organisation'.

Similarly, in addition to supporting its corporate brand generally, an employer brand also addresses two audiences: the existing employees and the prospective employees the organisation intends to attract. The employer brand focuses on stimulating the employee experience. The employer brand reflects the way people - including potential employees - perceive an organisation's reputation. It is influenced by everything from internal communication strategies to organisation-specific solutions for employee recognition.

Nowadays there are many definitions of employer brand. The following are just two of the many that had been explored. Employer branding is:

- 'a set of attributes that make an organisation distinctive and attractive to those people who will feel an affinity with it and deliver their best performance within it' (Guest & Conway, 2006).

- 'the image of the organisation as a great place to work in the minds of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders)' (Balmer, 2001).

It is well known that a high employee turnover and internal conflict may cause severe damage to productivity and income. In order to prevent that, employer branding focuses on gaining an excellent reputation for both current and future employees.

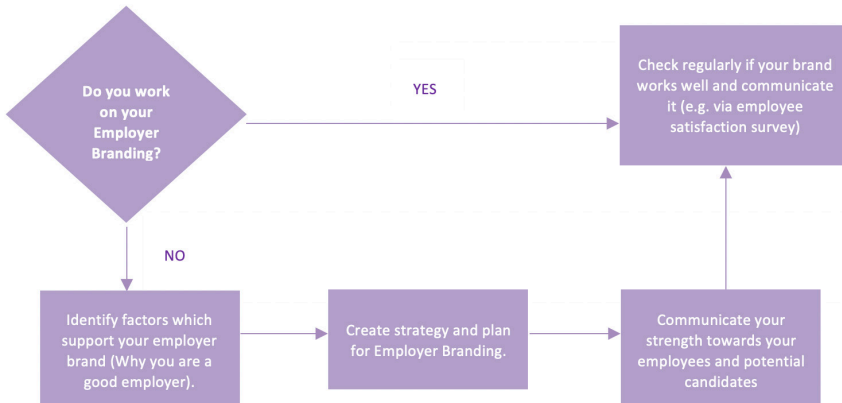


Figure 6.1. Employer Branding Roadmap

Source: Own elaboration

First, we highlight key branding concepts:

- According to Swystun (2007), 'a brand is a mixture of attributes, tangible and intangible, symbolized in a trademark which, if managed properly, creates value and influence'.
- 'Employer branding is about delivering an authentic and compelling experience to candidates and employees alike by breathing the corporate values' (Edwards, 2010). That means that an employer branding strategy is a 'focused corporate message to current and potential employees that conveys the company's culture and identity in a truthful and compelling manner'. A long-term vision is needed to nurture your organisational culture. This cannot be just a quick fix or an advertising campaign to generate a rush of new applicants.
- 'Employer branding is an activity where principles of marketing are applied to HR activities'. Edwards (2010) compares employer branding with product branding; the latter considers how a product is represented to customers, while employer branding considers current and potential employees as 'branding targets' (Edwards, 2010).

Refer to Figure 6.1 for an illustration of the employer branding roadmap.

6.1 Reasons for Developing a Compelling Employer Brand

Employer branding is an organisation's ability to differentiate and promote its identity to a defined group of candidates. It creates a unique image which makes the organisation stand out to win the battle for talent. An employer brand plays a significant role in securing long-term recruitment needs, to differentiate one enterprise from its competition.

The purpose of employer branding is to persuade current and prospective employees a particular organisation is a great place to work (McLeod, 2013). Employer Branding processes entail sending out a message that 'this is a great place to work' and an employer of choice to the target audience of potential recruits. It entails emotional engagement. Employer Branding can also be viewed as a story-telling process that leverages the employer's image to bring the employer closer to the candidate pool (Rudhumbu, Chikari, Svtowa & Lukusa, 2014).

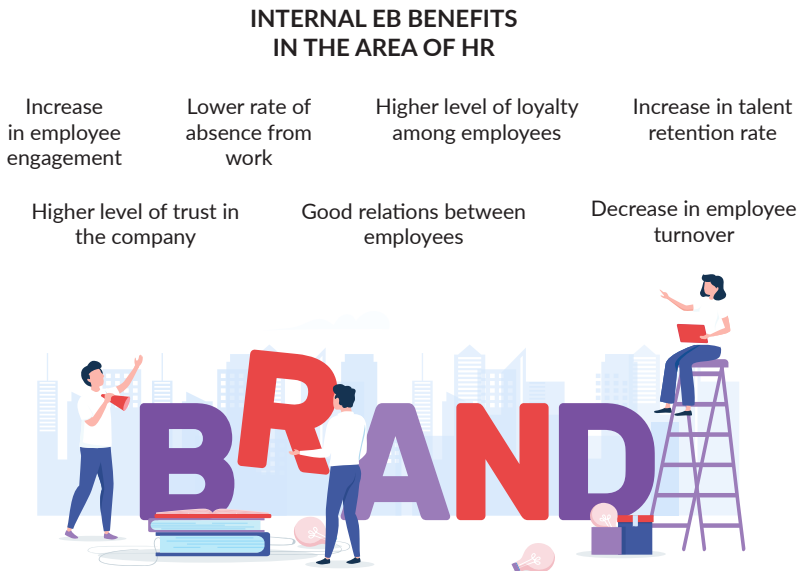


Figure 6.2. Internal EB Benefits for the Organisation in the Area of Human Resources

Source: Adapted from Figurska & Matuska (2013)

A well-considered and implemented strategic employer brand strategy can deliver significant effects in enhancing the organisation’s competitive advantage, improve talent pipelines, increase employee engagement levels, create a culture of diversity, and strong corporate culture using an effective PR tool kit. It enhances support for the organisation’s brand, shareholder value, and so on (Figurska & Matuska, 2013). Figure 6.2 outlines the key benefits of internal employer branding and Figure 6.3 illustrates the benefits of external employer branding.

EXTERNAL EB BENEFITS IN THE AREA OF HR



Figure 6.3. External EB Benefits for the Organisation in the Area of Human Resources
Source: Adapted from Figurska & Matuska (2013)

Both external and internal branding can ensure that organisations achieve competitive advantage. They support effective communication of the organisation as a desired workplace to prospective job applicants, thus reducing recruitment costs.

6.2 Why Employer Branding is Vital for SMEs

Considering an employer brand, it is important to create a strategy based on an enterprise's personality and its uniqueness. In general, there are many positives for SMEs to promote. The employer brand of SMEs is often based on a more personal and individual approach, more variable work and possibilities of faster career advancement.

SMEs are more agile and quicker to respond to new technology and working methods, they can be more flexible when implementing new policies and initiatives, while employees can gain a much wider experience and a better understanding of a business than they could working in a bigger corporate machine. These positives should be emphasised by SMEs communicating their employer brand internally and externally. SMEs must capitalise on these advantages to enhance their employer branding and attract the best talent into their organisation (Carlini, Coghlan, Thomson & O'Neil, 2018).

The development of a strong employer brand is a mean for an organisation to distinguish itself from its competitors in order to attract the desired calibre of candidates. Its importance is expanding within company communications and it encompasses every step of the recruitment experience, employees' management processes and the practices that motivate current employees. It is also important to create a suitable reward system in accordance with the employees' efforts and commitment. This will eventually motivate them to perform well as they realise that their work is being recognised and their well-being taken into consideration. As this activity might appear to be going on between the organisation and its employees, some people might not see how important it can be, as they do not realise that it has a major impact on the organisation's overall image. Indeed, we all know of organisations that have lost employees because of the way they treated them.

6.3 Elements of an External Employer Brand

There are different models an SME could consider to enhance its employer brand. We will select one developed by Ümit, Esra, Kültigin & Serhat (2012). In this model, there are six key values an SME must present in its employer brand to an applicant:

1. **Social value:** individual attracted because of high possibility of gaining career-enhancing experience, good feeling about themselves (employee) as an element of the organisation, feeling accepted and belonging, good relationship with superiors, valued and maximised employee's creativity, good promotion within the organisation, feeling appreciated, and job security.
2. **Market value:** individual attracted because the organisation produces innovative and high-quality products and services, the high opportunity to apply what the employee has learned, and the organisation is customer-focused.
3. **Economic value:** individual attracted because of the above average basic salary, attractive overall compensation package.
4. **Application value:** individual attracted because the organisation is people-focused, giving the employee the chance to share/ teach others what they learned/ know.
5. **Cooperation value:** individual attracted because the organisation has hands-on inter-department experience, supportive and encouraging colleagues.
6. **Working environment:** an individual attracted because the organisation has a fun or exciting working environment.

6.4 Process of Building Your Employer Brand

Figure 6.4 shows the main steps in creating your employer brand. They include identification, planning and strategy development, execution and communication of the employer brand, its importance internally and externally, and measuring Key Performance Indicators (KPIs).

1. **IDENTIFY:** First, the organisation should go through the process of self-identification. During this analysis, it should answer questions, such as:

**What is the most appealing feature of my enterprise?
Why do my employees stick around?**

On the other hand, find out reasons why employees leave:

What causes that my employees leave?

Research has found that it is possible to decrease employee turnover by up to 28% by investing in employer branding (Gultekin, 2011). Employers are capable of specifying the success rate of their business projects according to the way they keep their employees and the reasons that lead them to resign. Employees can leave the enterprise for several reasons, whether it is because of their low salary, lack of respect or because of a low return for a heavy task(s). Understanding the reason can lead the employer to work on finding a solution to reasons why employees resign. Yet if the employer is facing a problem with hiring employees, this can be a direct indication that the employer brand needs to be strengthened. This includes identification and analysis of your potential for the employer brand.

2. **STRATEGISE AND DEVELOP PLAN:** Once you have analysed and identified the strengths and weaknesses of the brand for existing and prospective employees, it is imperative to set an employer branding strategy. This includes identification of your corporate culture, core values, and an offer of tangible values (benefits) for your employees.
3. **EXECUTE, ALIGN AND COMMUNICATE:** It is very important to communicate your employer branding strategy internally and externally and thus attract new talent or ensure to retain them in your SME.
4. **MEASURE KPI INDICATORS of EB:** It is also important to gain feedback, which means to measure the awareness and effectiveness of your employer brand (e.g. recruitment and retention KPIs, an employer ranking, employee satisfaction and engagement).



Figure 6.4. Process of Building of an Employer Brand

Source: Own elaboration

6.5 Managing an Employer Brand: Who Is Responsible?

Building and maintaining an employer brand is not a one-person job. It involves every employee and manager with the support of an organisation's senior management team. Typically, the managers and senior management develop the organisation's vision, mission and goals and deliver these to the employee through meetings, as well as turn these into aligned action. The planning and setting of employer branding strategies should be done mainly by people from this group, but every single employee is responsible for building and sustaining the employer brand. They can be a marketing channel to either strengthen or worsen the organisation's reputation.

Using marketing tools to support internal and external employer brand can complement HR marketing policies and practices.

6.6 HR Marketing and Employer Branding

HR marketing incorporates a set of tools and activities which communicate the employer brand to employees and prospective candidates. It can be considered as an HR approach that supports the creation of a strong employer brand. Figure 6.5 depicts the 4P model that comprises:

1. **HR PRODUCT** is what employees gain from working in an organisation or what the organisation can offer them.
2. **PRICE** refers to both monetary and non-monetary costs (such as physical and emotional costs). It includes mainly working hours, time and effort spent to do a job, stress levels, insecurity, work safety, risks.
3. **PLACE** from the point of view of HR marketing means location but also the facilities of the workplace including corporate culture.
4. **PROMOTION** means presentation and communication of jobs and employer brand towards customers (employees and candidates).

Personnel (HR) marketing involves the use of traditional marketing tools for promotion and sales, but in this case, the product is a job. SMEs have to find innovative ways to promote their vacancies. Not all of them have to be modern though. Word-of-mouth can be a powerful tool in hiring talent. The advantage of direct communication (face-to-face) is that a positive image of the organisation can be created to support positive employee relations.

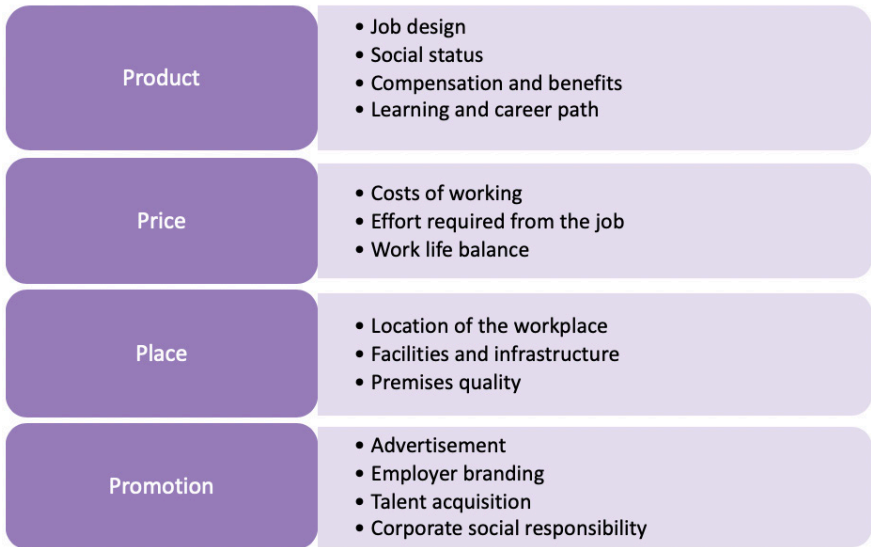


Figure 6.5. 4Ps Applied to HR Marketing and Employer Branding

Source: Adapted from Myslivcová et al. (2017)

6.7 Employee Value Proposition

An employee value proposition (EVP) includes the employee's salary, compensation, and benefits that are provided by the enterprise in return for an employee's skills, capability, and experience (Minchington, 2006). It is considered as an employee-centered approach in highlighting the organisation's differentiation through aligning EVP strategies with the organisation's strategic development. A clear corporate brand and EVP, which reflect an employee's motivation and satisfaction (from being taken care of and their well-being), can attract and retain talented staff. Fair pay, personal development and growth, meaningful work and making contributions, a good reputation, and friendly colleagues are the main features of EVP (Minchington, 2006).

As pointed out there are three main factors reinforcing the benefits of strong employer branding, namely enhanced attraction, retention, and engagement. Consequently, a strong EVP plays a crucial part in constructing a strong employer brand. EVP contributes to the conversion of a prospective job seeker to an engaged, motivated and fully committed employee.

6.8 What Strengthens an Employer Brand?

It is crucial that with the EVP, the external promise and the internal employment experience complement one another. This creates the brand strength as depicted in Figure 6.6.

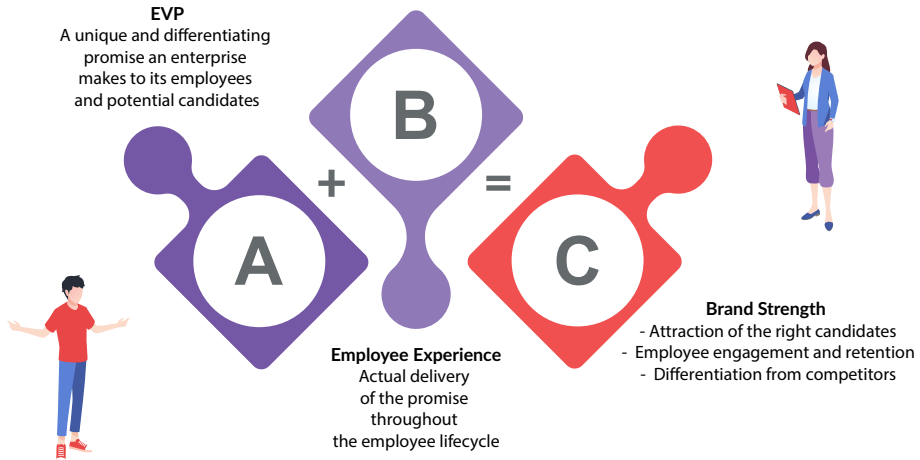


Figure 6.6. Brand Strength

Source: Adapted from Myslivcová et al., 2017; Rosethorn, 2009

6.9 Strategic (International) Employer Branding for SMEs

The employer brand also needs to target potential international workers. The demand for quantitative and qualitative specialists and executives has grown steadily because of the problems of demographic change and the changes in economies of different countries in Europe and worldwide. In summary, employer branding is critical for strategic HRM to raise an SME's profile and to attract new talent aligned to strategic objectives. Figure 6.7 indicates the components of strategic HRM which should also include the employer branding strategy.

These required entrepreneurial actions are clearly necessary for strategic employer branding, especially in small and medium-sized enterprises. In this respect, strategic requirements assessments play a decisive role, indicating strengths and vulnerabilities.



Figure 6.7. Strategic HRM

Source: Adapted from Armstrong & Taylor (2014)

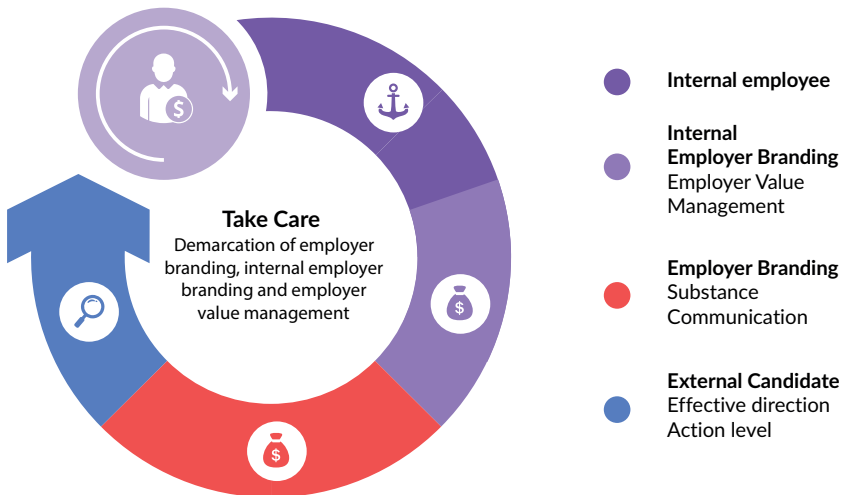


Figure 6.8. Demarcation of Employer Branding, Internal Employer Branding and Employer Value Management

Source: Adapted from Armstrong & Taylor (2014)

Regional enterprises that successfully sell their products and services internationally, must always establish themselves as an attractive employer in order to be able to survive nationally and internationally, with appropriate measures as an attractive employer. See Figure 6.8.

6.10 Importance of Employer Branding in Recruiting Generation Y

The topic of recruitment was already introduced in chapter 2. However, it is also necessary to have a look on this topic from the point of view of the employer brand and specifics of different generations of employees. Generation Y are people born approx. between years 1983 and 1995. We can say that this generation knows what they want and what they are worth. Moreover, employees from Generation Y tend to have very clear views about work-life balance. This is a complex challenge for human resource management practitioners (Domsch & Ladwig, 2011). Gen. Y, or millennials, are digital natives. Accordingly, members of this generation quickly gain access to knowledge and information and cope with adapting to a constantly changing environment.

To appeal to Generation Y, it is important for SMEs to design an attractive company page, social media (e.g. Facebook, Instagram – to know more please see chapter 2 and case studies) and other platforms to attract suitable candidates from this particular demographic.

RECRUITMENT ADVERTISEMENT

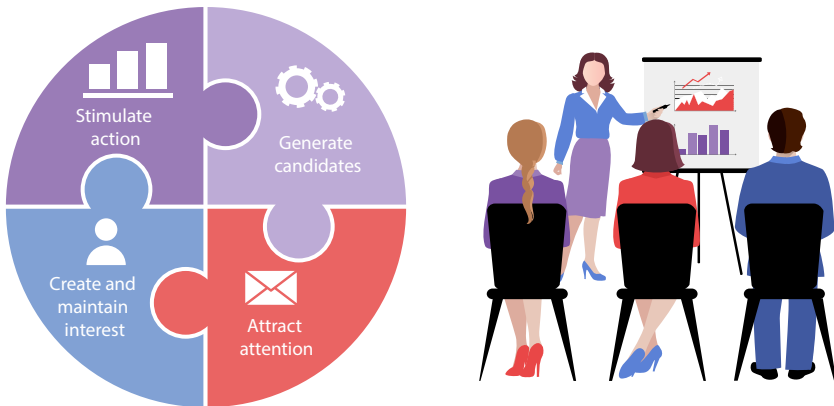


Figure 6.9 The Cycle of Recruitment Advertising for SMEs
Source: Adapted from Armstrong & Taylor, 2014

Figure 6.9 outlines the goals of a successful recruitment drive. Generating as many suitable applicants as possible cost-effectively can be facilitated by on-line advertisements. The job advertisement must appeal to potential applicants with details about the organisation, benefits on offer and the skills needed for a particular role.

Integration and Identification

In many Western and developed countries, the shortage of skilled workers is likely to intensify in future. Labour market conditions will change and new forms of the war for talent will emerge. Neurodiversity and mental health are current discussion points in HRM, with a focus on employing individuals with autism, ADHD, bipolar disorder, depression, schizophrenia and anxiety.

There are already bottlenecks in particular industries, with staffing shortages threatening livelihoods and the sustainability of SMEs and some regions. SMEs need to be resourceful and innovative in finding new ways to retain existing staff flexibly and attract new types of workers and design jobs to match organisational needs and individuals' preferences (see Figure 6.10).

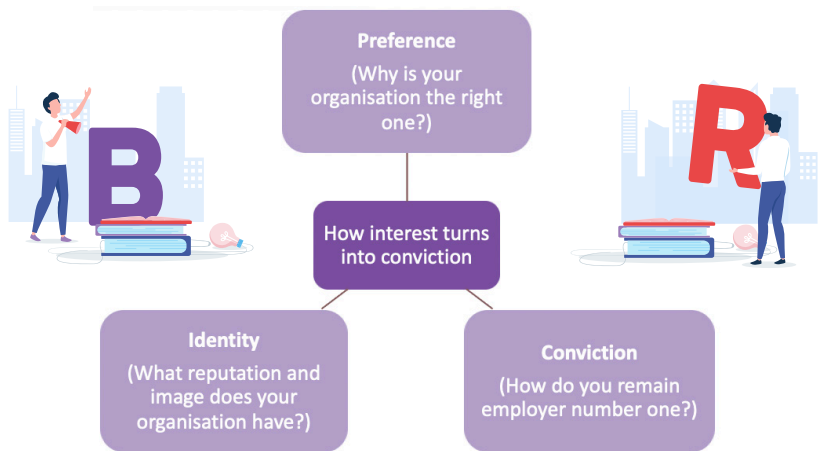


Figure 6.10. Enhancing Employer Attractiveness

Source: Adapted from Oerter & Montada (2008)

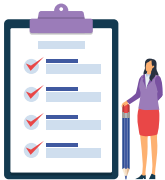
Today, jobs do not just represent social capital, work is a source of self-actualisation. Additionally, one of the main problems facing companies are language barriers and ensuring the necessary constant communication and exchange of information between companies and the new employee. Employee socialisation processes are very important (Nerdinger, Blickle & Schaper, 2014) as well as the integration of people and machines such as AI (artificial intelligence).

Further, the role of the HR practitioner is not merely as an administrator supplying tea and tissues but about proactively supporting the CEO, line managers and employees to build a compelling brand to attract, develop and retain key workers. If an employee is asked at a cocktail party whether they would recommend their employer as a place to work, the real test of the employer brand would be whether the employer replies with an enthusiastic 'yes'.

6.11 Summary

Understanding the role of the employer brand is important to create successful organisation recruiting and retention competencies in terms of effectiveness and cost-efficiency, especially when the talent war is intensifying in some industries such as ICT (Mäntylä, 2017). By achieving a strong employer brand, SMEs can be firmly positioned in the candidates' eyes. However, building a strong employer brand is a long-term process requiring consultation, a concrete plan, good communication within the organisation, continuous follow-up, and evaluation. A clear mission and compelling EVP should be well designed and communicated both internally and externally to encourage alignment and to influence the decisions of prospective candidates and customers to engage with an SME.

CHECKLIST: EMPLOYER BRANDING



- ✓ Know your workforce. Plan and constantly utilise employee
Do you know what is an employer brand? If not, please read the introduction of this chapter.
- ✓ Have you ever thought about what makes your organisation attractive to current and potential employees?
- ✓ Have you taken advantage of your employer brand to attract and retain your talents/ employees?
- ✓ Is your employer brand consistent with your corporate brand?
- ✓ What are the values of your employer brand? How have you communicated these values internally and externally?
- ✓ What activities do you perform to develop, maintain and strengthen your employer brand?



Rest Stop: Case Study 6.1 Finland

SHARPEN Team 2017 Research: The 'hottest' job in the 'coolest' place on earth!

The partner SME faced challenges to attract and retain young talents in the company. In this research, the SHARPEN team researched and identified gaps and provided solutions to help the partner SME improve its employer brand in the eyes of young talents and professionals.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH6case4.pdf>



Practical Toolkit from Case Study 6.1

	Step	Action	Self-assessment and actions
1	Generate awareness, form EB team	<ul style="list-style-type: none"> • Sell the idea across managerial levels to get the time, budget and resources. • Gather the right representation to form the EB team. 	
2	Review the insight	<ul style="list-style-type: none"> • Assess current recruitment materials, the candidates and their employment experience. • Clear understanding of the companies' current characteristics, behaviours, and personality to construct a differentiated brand (refer to the research findings for the top five items highly valued by employees and outsiders). • Align EB strategy with the organisation's strategy. • Identify the target (talented student/ skilled candidate/ customer) and their expectations and aspirations. • Conduct a periodic employee survey. • Conduct periodic external surveys. • Benchmark with competitors' EB experience. • Bring the marketing team on board and align the brand values (marketing and employer brand). 	

3	Design a compelling EVP	<ul style="list-style-type: none"> • Engage employee participation in the development, implementation and all other phases. • Identify key differentiators to develop a persuasive employer brand. • Analyse the strengths of the current Employee Value Proposition (EVP). • Identify the every day 'live and breathe' values. 	
4	Implement	<ul style="list-style-type: none"> • Communicate clearly on a timely basis any changes via workshops, discussions, and team meetings. • Walk the talk, live through actions. • Reward those who contributed to the active implementation of the brand values. • Convert every single employee to become a valuable ambassador to all stakeholders. • Blend them as part of the corporate culture. 	
5	Control, measure, and follow-up	<ul style="list-style-type: none"> • Measure success. • Review and adapt for continuous improvement. • Incorporate performance objectives and the appraisal system. 	

Source: Own elaboration

Recommendations and Solutions

1. **Social media:** Increase quality content and engagement with target and prospective job seekers, ensuring this fits diversity and social inclusion policies to attract a diverse range of candidates.
2. **Employer Brand Guide:** Create a brand guide so that all employees are aware of the brand values, live and walk them, spread them through their words, actions, behaviours in a consistent manner as part of their professional practice in work-related matters (e.g. how they work or communicate with each other internally, or with external counterparts, such as prospective employees, interviewees, customers, students in universities, the society at large etc.). This will facilitate more effective role-modelling, communication across the workforce and during recruitment initiatives (refer to the practical toolkit for details).
3. **CSR:** More efforts to emphasise corporate social responsibility for stakeholders, which includes current and prospective employees, customers, suppliers, regulators and the society at large. Reinforce the image of a caring and socially responsible employer.

4. **University relations:** Work on joint initiatives such as guest lecturing, collaborate to create common outputs, such as a newsletter or publications. This will provide opportunities for the students to know the company, the type of technology, environment or industry it is operating in, and help to develop a professional image of the company to stakeholders. They can also be a vehicle to spread the word.
5. **Remuneration package:** Develop a performance-linked reward system, a fair appraisal system, offer appropriate remuneration for the level of job responsibilities and rank benchmarked against competitors.

When a young graduate or talented individual is looking for a job, the location of the company and its size are not the most important factors for consideration. They seek opportunities for autonomy, challenge, career advancement and development, fair and competitive compensation and empowerment to work independently. In addition, they are more interested to work in a place perceived as open, friendly and sincere where honesty is emphasized, where competencies are valued and rewarded and where innovative and creative thinking are encouraged and valued.

These are attributes that an SME should consider in job design.



Rest Stop: Case Study 6.2 Germany

SHARPEN research 2018: How to be an attractive SME for future vocational trainees.

- Deals with employer branding in a medium-sized enterprise in Saxony, Germany.
- The HR problem is to increase the employer brand for future vocational trainees.
- The research problem is to find ways that the case company can compete against other attractive employers and to identify potential barriers that could prevent young people from applying to the SME.
- The practical part of this case study focuses on applying theoretical HR knowledge to the case study company.
- A strategy and specific methods for emphasising and communicating to the target audience are recommended.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH6case1.pdf>

Practical Toolkit from Case Study 6.2: Attracting Generation Y to SMEs



The topic of employee attraction was already introduced in the Chapter 2. In this practical tool the scope covers not only methods used for candidate attraction but also a perspective of employer branding factors related to Generation Y. In order to develop a strategy and specific methods for emphasising and communicating to the target audience, Generation Y, SMEs should keep different aspects in mind. Figure 6.11 explores some ideas.

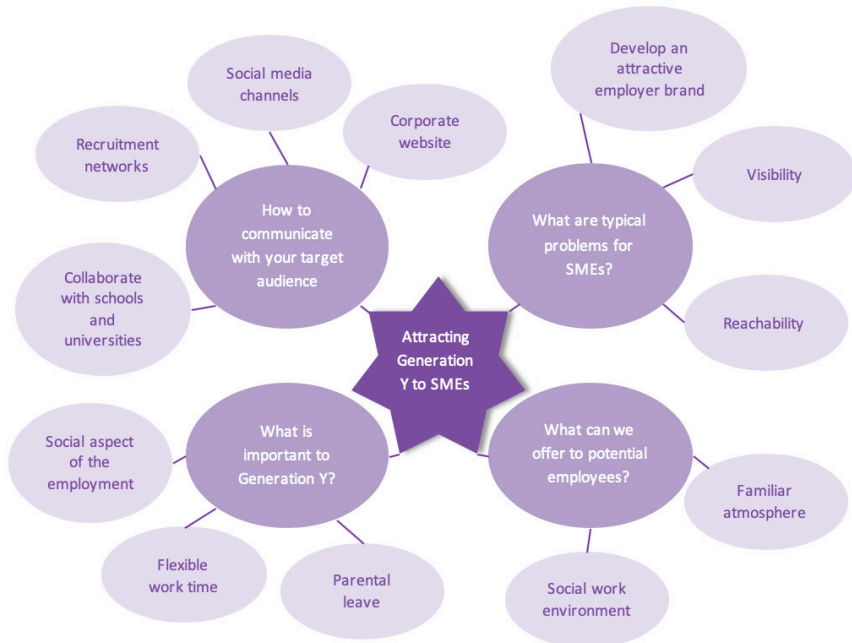


Figure 6.11. Attracting Generation Y to SMEs

Source: Own elaboration

Practical Toolkit Description:

First, the social aspect of employment is very important to Generation Y employees, which can be an advantage for SMEs. Often, decent working conditions (e.g. flexible work time, parental leave and frequent communication with the employees) are expected by Generation Y and these aspects need to be communicated explicitly. The advantages the company can offer have to be made visible on the corporate website or on other channels like the company's social media profiles, often using peer recommendations. The SME's accessibility (location) for young prospective

employees could also be problematic. A solution to this problem might be to help young people financially with their driver's licences or to facilitate carpool arrangements.

Overall, it is essential to be transparent and provide detailed information on the SME. Optimising search engines, using multiple social media channels and testimonials from Gen Y employees can help to attract individuals in this demographic profile. The SME should also consider presenting a friendly image with visuals of teams and benefits of working in the organisation to attract young talent.

Another important step for SMEs is widening the range of their collaborations with educational establishments. At universities, SMEs can present guest lectures and workshops for students on career days or place advertising posters. Regarding schools, the SME could offer placement opportunities and work experience placements for pupils.



Rest Stop: Case Study 6.3 Germany

SHARPEN research 2018: How to make your SME is attractive to international employees

- Describes an HR issue relating to employer branding in a medium-sized enterprise in Saxony, Germany.
- The research problem is to find ways that a regionally attractive employer can also become attractive to international job candidates and what contribution HR in the company can make to this.
- Aims to establish a recruitment process (see also Chapter 2) to help SMEs be more attractive to international employees.
- The practical part of this case study focuses on applying theoretical HR knowledge to the case study company and to establish a step-by-step instruction to enhance recruitment processes.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH6case2.pdf>

Practical Toolkit from Case Study 6.3: Steps for SMEs to Attract International employees



A step-by-step guide for SMEs on how to attract international employees is illustrated in Figure 6.12.

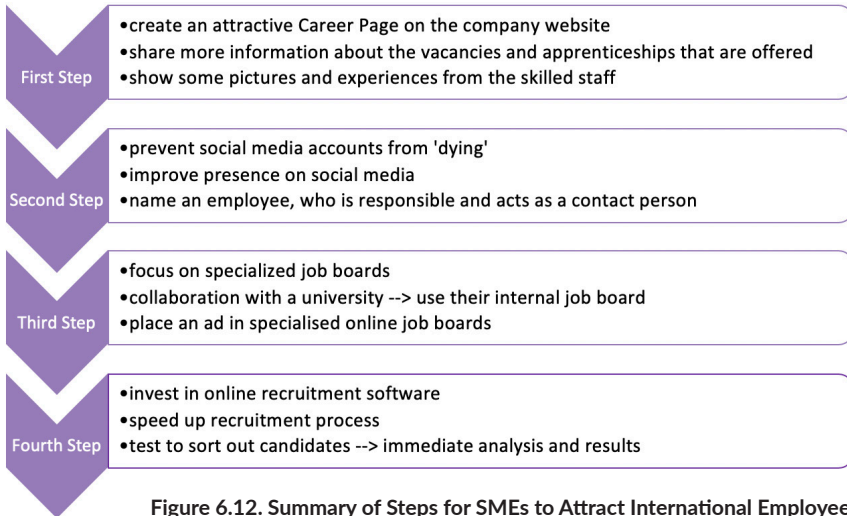


Figure 6.12. Summary of Steps for SMEs to Attract International Employees

Source: Own elaboration

Rest Stop: Case Study 6.4 Germany



SHARPEN research 2018: Employer Branding – Attracting workers to SMEs.

- Describes an HR issue relating to employer branding in a medium-sized enterprise in the logistics sector in Saxony, Germany.
- The research problem is to find ways that a company in a relatively unattractive and competitive branch can be more attractive, despite low wage levels.
- Aims to identify the benefits of the case company and establish a strong employer brand.
- The practical part of this case study focuses on applying theoretical HR knowledge regarding reputation management to the case study company.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH6case3.pdf>



Practical Toolkit from Case Study 6.4: What to Consider When Attracting Workers to Work for an SME

How can organisation's core values, identity or organisational culture be communicated? Or even measured? Figure 6.13 can provide some valuable insights for SMEs.

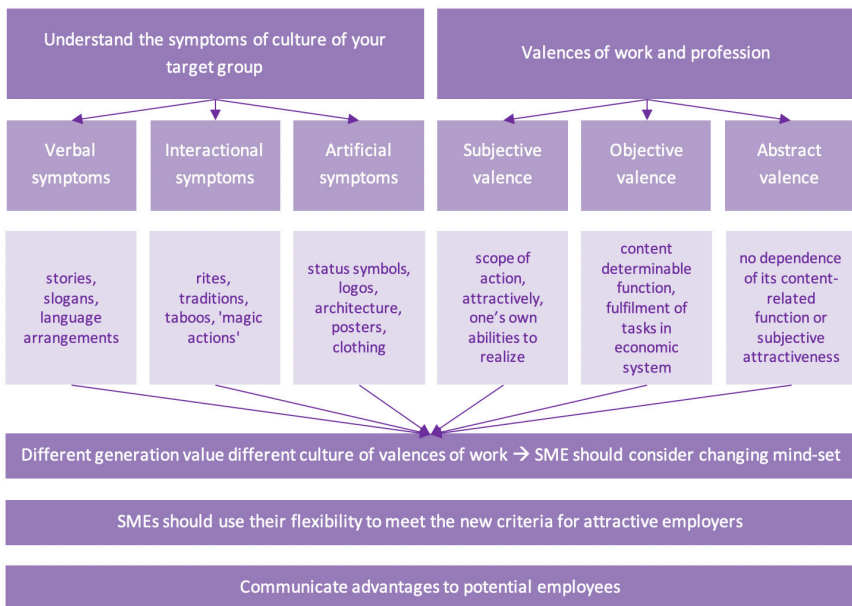


Figure 6.13. What to Consider When Attracting Workers to an SME

Source: Adapted from Neuberger, 1989; Oerter & Montada, 2008

Practical toolkit description:

Organisational culture consists of: verbal features (stories, slogans, language arrangements), interactional elements (rites, traditions, taboos, 'magic actions') and artificial components (status symbols, logos, architecture, posters, clothing). Organisational culture encompasses deeply anchored values and assumptions that commonly are not apparent (Neuberger, 1989). Economic success can shape an organisation's culture. There are different subcultures in an intergenerational

workforce. The view of work has changed. Today, work is seen as a potential for self-realisation. Valences of work and profession can be structured in three levels: a job has subjective valence through scope of action, its attractiveness and an employee's own abilities to realise their ambitions. So subjective valence serves a sense of self-efficacy. Throughout a content determinable function within society and the fulfilment of tasks within the economic system, a job has objective valence. It has to do with the role that assigns people a place in their society. If a job is valuable independently of its content-related function or subjective attractiveness, it has abstract valence. Whilst baby boomers and Gen Xers predominantly embody objective and abstract valences, Gen Yers shift what they value from objective to subjective valence. As a result, social values and the concrete economic function of work play an inferior role (Oerter and Montada, 2008).

To attract young, skilled workers, enterprises – especially for top management positions – should pay attention to this changing mind-set and consider how they adapt their approach. As stated earlier, corporations gravitate towards people with the same or at least similar values. SMEs should adopt an open mind to attract employers. These include development perspectives, vocational training, job enlargement, job enrichment, possibilities for employees to shape the work process, part-time models, home-based working etc.

The notion that money does not matter to Gen Yers is not always the case. An appropriate payment and appreciation of work performance are important prerequisites. To evaluate the current status, tools like SWOT analysis are suitable. If SMEs do not have the required resources, consulting firms may offer support. Student projects may also provide valuable insights or recruitment may be outsourced. Today's student consultants can offer valuable insights into attracting younger workers. SMEs need to be more aware of changes in society and employee demands and become aware of what they can offer to attract new employees and consider communicating the advantages that are available.

Questions for Reflection



1. Do you use social media in human resource management and for your employer branding presentation?
2. Do you have a set of rules how to work with your employer branding (defined values in accordance with the corporate strategy)?
3. Do you have a fair reward management system related to the employee performance?
4. Do you cooperate with universities (schools) when searching for talents and do you present yourself as an attractive employer?

*** MY NOTES ***

Glossary

Employer Brand (EB)	The image of the organisation that comprises unique attributes depicting it as a great place to work in the minds of current employees and key stakeholders.
Employee Value Proposition (EVP)	The EVP includes employee salary, compensation, and benefits that are provided by the organisation in return for an employee's skills, capability, and experience using an employee-centred approach that will help the organisation differentiate its employer brand more successfully.
HR Marketing	Human Resource Marketing, also personnel marketing. Using marketing techniques to attract new employees.
Trademark	Legally registered symbol, word or words.
Corporate brand	A tool or a way of presenting your corporate identity both internally and externally.

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Germany

How an SME can attract talents with its employer brand.

Link: <https://www.youtube.com/watch?v=Pm2FJLE2V0w>



Attracting international employees.

Link: <https://www.youtube.com/watch?v=ZRR6BvnwStk>

Attracting generation Y practical tool.

Link: <https://www.youtube.com/watch?v=QuVWrpgZcOQ>

Finland

Employer Branding Theory.

Link: https://youtu.be/VAY6ORt8_UM

CHAPTER 7

Employee Participation and Ownership



7 CHAPTER

Employee Participation and Ownership

HOW CAN WE RAISE EMPLOYEE PARTICIPATION?

Our company offers engineering and architectural services in Saxony, Germany. This includes planning services in building construction and civil engineering in the areas of heating, ventilation and sanitation. The existence of similar companies located in the region can be a challenge as they need to be more attractive for young people. This case study illustrates the challenge of improving corporate loyalty from this target group. Furthermore, we need to be aware of problems that could prevent young people from applying to our company. We view our employees as a valuable resource through which we can gain competitive advantage. As an SME, we are operating in a specialised sector and mostly recruit regionally. This is not necessarily a disadvantage as it can help to improve employees' identification with our company.

SHARPEN Research, 2018



- What is employee participation/ownership?
- How do you implement employee participation/ownership?
- What are the differences between the various forms of employee participation/ownership?
- What are the benefits of increased employee participation?

Introduction

The aims of employee participation and ownership are to increase the participation of employees in operational and entrepreneurial decisions (Kreuzhof & Muschol, 2015). One advantage is a more intense integration of employees into business processes. This includes extended rights, which could then increase obligations and possibly risks. The goal of employee participation and ownership is to achieve high economic and ethical relevance, especially in human resource management in SMEs. Employees are considered a key stakeholder group and vital to enact the social activities and policies of the organisation (Slack, Corlett & Morris, 2015).

In order to enhance employee participation to support corporate objectives, we discuss the terms employee ownership and responsibility. Ockenfels (1989) points out that ownership, also of the company's assets, is significant for the company in several respects as shown in Figure 7.1.



Figure 7.1. Significance of Employee Participation/Ownership
Source: Ockenfels (1989)

Figure 7.1 shows an understanding of people and property, which contains a comprehensive potential to entrepreneurial action including social responsibility and business ethics. Against the backdrop of the previously discussed social-ethical aspects, it is now the task to identify the fields of application for employee participation, especially for small and medium-sized enterprises, which could benefit from employee participation as a means to increase their attractiveness towards current and future employees.

7.1 Employee Participation/Ownership Roadmap

Figure 7.2 illustrates the roadmap of employee participation/ownership.

* **MBO = Management buy-out** is a type of acquisition where a group led by people in the current management of a company buys out the majority of the shares from existing shareholders and take control of the company (The Economic Times, 2019).

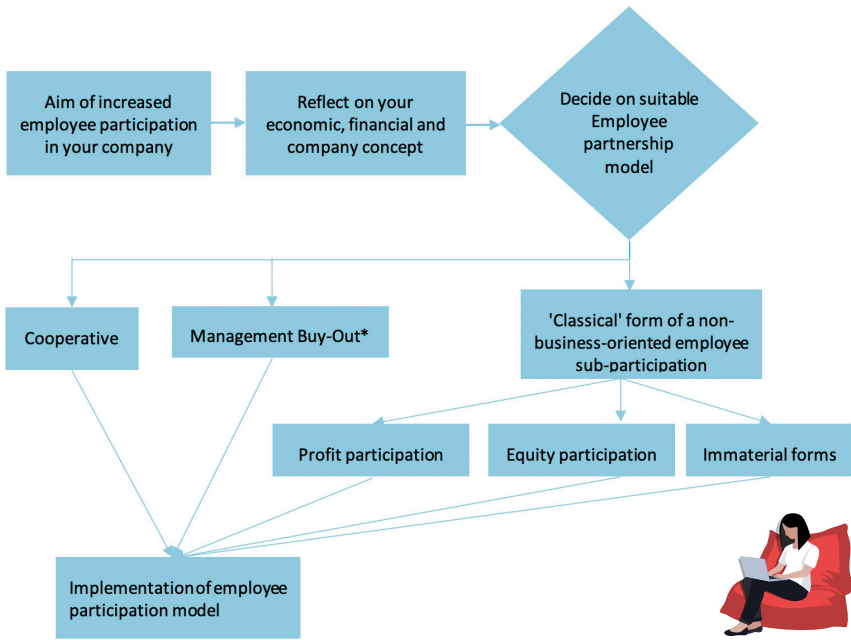


Figure 7.2. Employee Participation/Ownership Roadmap
 Source: Own elaboration

7.2 Economic Objectives

Intrapreneurship	The striving for business success by entrepreneurial thinking and acting by employees (Meyer, 2013).
Shortage of skilled workforce	In the course of demographic development and an increase in skills shortages, it is primarily necessary to recruit and retain qualified staff. Employee participation can be used as an instrument adequate for problem-solving in SMEs (AGP, 2011).
Succession management	The company succession is a multi-stage process starting with a draft of the transfer-conception and ending up with the complete transfer of the power of governance and control of a company from one person, or a group of persons, to another.

Table 7.1. Economic Objectives
 Source: Adapted from Meyer, 2013; AGP, 2011

Employee ownership and participation are implemented in order to achieve different economic objectives such as intrapreneurship, countering a shortage of skilled workers and also succession management. Please refer to Table 7.1 for a summary.

7.3 Possible Forms

A broad spectrum of different forms of employee participation programme exist (see Figure 7.3). They range from the co-operative as the partnership-based company (like John Lewis - a UK department store), through management-buy-out, to the 'classical' forms of a non-business-oriented employee sub-participation (material/monetary or immaterial). For a more detailed overview of the different forms, please refer to Table 7.2. The different monetary and immaterial forms are presented in Figures 7.4 and 7.5.

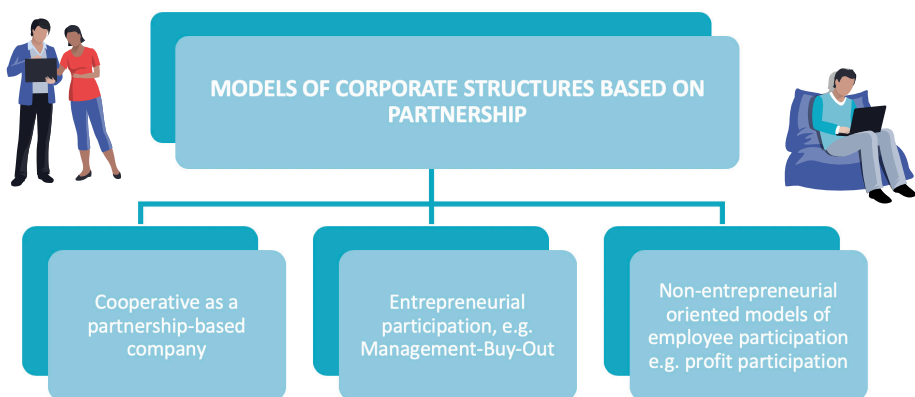


Figure 7.3. Corporate Structures Based on Partnership

Source: Own elaboration

Co-operative as a partnership-based company

- possibly the most intense form of employee participation
- recent studies on partnership companies develop similar standards (Leitner, 2011; Ostrom, 1999)
- criteria: free acting on the free market, enrichment ban (interdiction of unreasonably high remunerations/ withdrawals), promotion and protection of members instead of profit maximisation, co-determination of the members, warranty of a management function which is able to act

Management-buy-out	<ul style="list-style-type: none"> • special relevance can be seen in ensuring company successions • leads to a win-win situation between previous owners and acquiring employees • an employee-buy-out (EBO) is the acquisition of the company not exclusively conducted by the management, but by at least a majority by the staff (Muschol, 2009)
Non-entrepreneurial models of employee participation	<ul style="list-style-type: none"> • relevant method for involving as many employees as possible in profit participation and to implement business ethics principles • material/monetary and the immaterial employee participation

Table 7.2. Possible Forms of Employee Ownership and Participation
 Source: Adapted from Leitner, 2011; Ostrom, 1999; Muschol, 2009

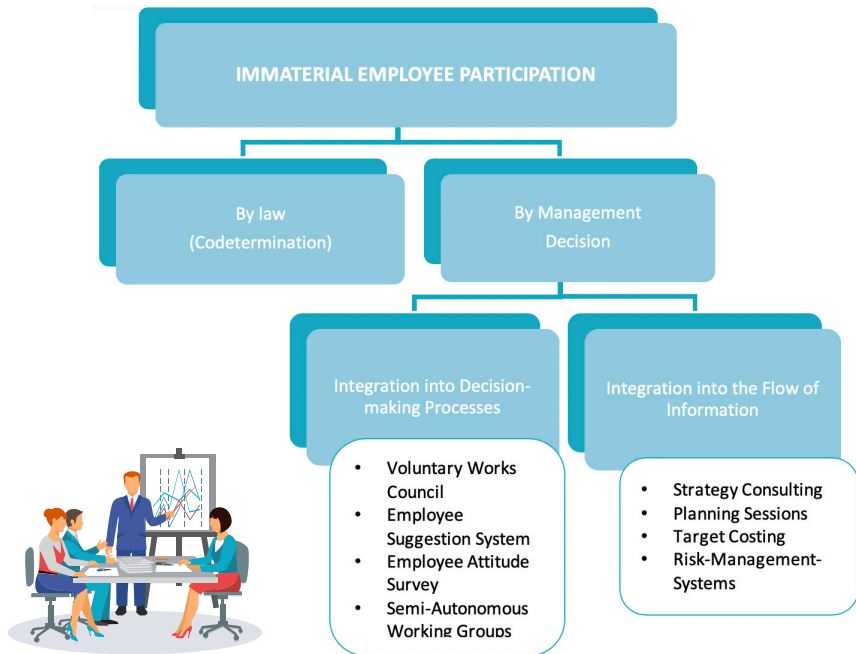


Figure 7.4. Immaterial Employee Participation
 Source: Own elaboration

A frequently implemented non-financial form of employee participation are works councils. Although they are often depicted as an alternative to unions, it is argued that they assist unions, especially when given many responsibilities (Markey et al., 2001).

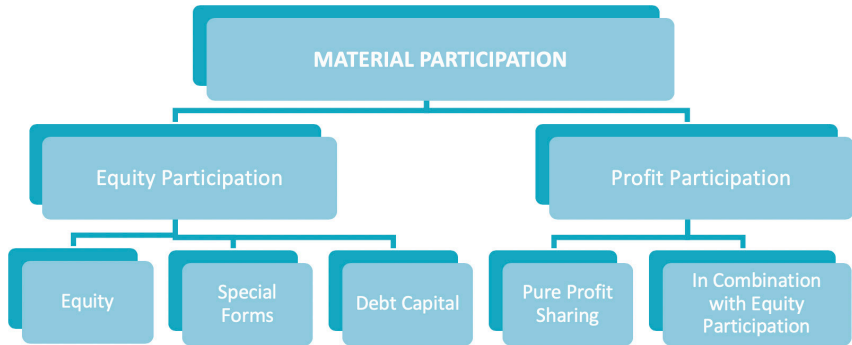


Figure 7.5. Spectrum of the Material/Monetary Employee Participation

Source: Own elaboration



7.4 Implementation Issues

Employee participation programmes should be ethical (especially regarding the going concern principle, business ethics) and the national economic moment, economically reasonable and feasible. For this purpose, calculations and estimates must be made within three different areas. This is especially important for SMEs as they need to be resistant to failure (see Table 7.3 and Figure 7.6).

- Economic concept: Is the business model of the partnership company profitable and thus reasonable?
- Financial concept: Is the company formation e.g. the share purchase financing solid and secure?
- Company concept: Optimal legal form (regarding fiscal and commercial law issues)?

INPUT Data Collection and Analysis regarding:	MODELLING	OUTPUT
Corporate Objectives	1. Determining the Circle of Participants	1. Introduction of the Participation Model
<ul style="list-style-type: none"> Employee Motivation 	- All Employees vs - Selected Employees	- Organisation
Financial Resources	2. Limiting possible Ownership Models	- Human Resources Management
<ul style="list-style-type: none"> Cost- and Profit-Planning 	3. Selecting the Ownership Model	- Contract Administration with Draft Contracts
<ul style="list-style-type: none"> Financial Requirement Planning 	- Determination of Parameters, e.g. Investment Amount, Tax Effects, Financial Effects, Effects regarding Commercial Law	- Financing
Employees' Objectives	- Poss. Insolvency Insurance	- Controlling
<ul style="list-style-type: none"> Additional Remuneration 	- Rights and Obligations of Participants	2. Closing the Contract of Participation
<ul style="list-style-type: none"> Saving-up final Purchase Price 	4. Fine-Tuning	- Poss. individual Contract Clauses
Know how	- Draft Contract - Legal and Fiscal Examination	- Individual Plans
<ul style="list-style-type: none"> Own Shaping-Competence 	5. Definition, Schedule and Responsibilities	- Poss. Individual Objective Agreements
<ul style="list-style-type: none"> Consulting 		3. Employee Ownership Controlling
Societal Intentions		

Table 7.3. From Input to Output
 Source: Own elaboration

It is essential to include employees in the company's information processes to inform them about business achievements and personal performance goals. The following questionnaire (see Table 7.4) could be used to facilitate an understanding of progress related to internal and external accounting, quality management and market adaptation. Also, principles of business ethics and inclusion of employees with additional needs can be implemented by adapting the questionnaire to an SME's specific needs.

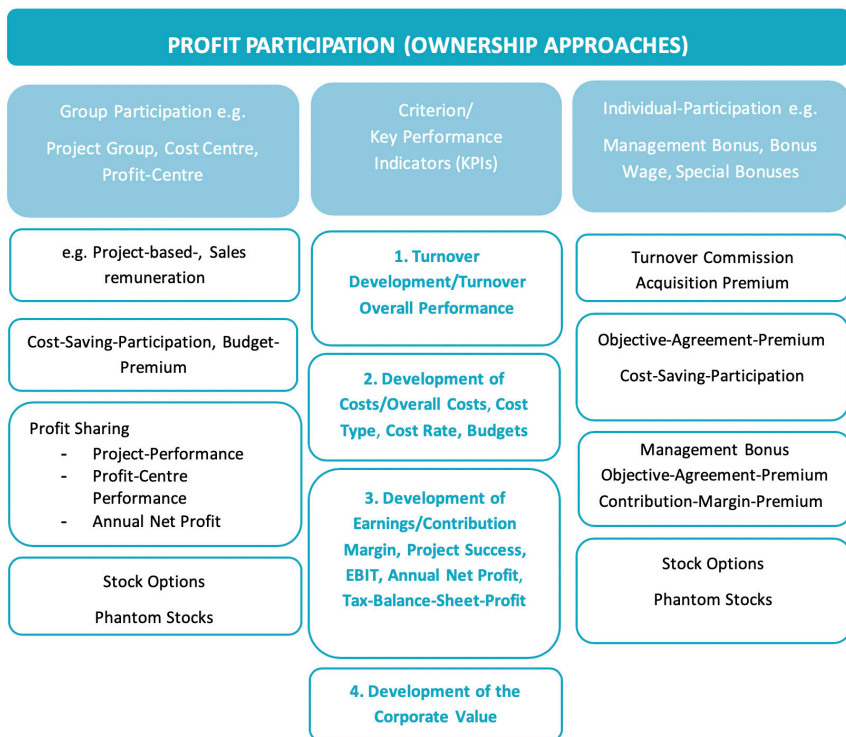


Figure 7.6. Approaches to Employee Ownership and Participation in SMEs

Source: Own elaboration

Specific Objectives		Evaluation		
		very important	important	less important
Employee-oriented Objectives	Higher motivation Improved Working Atmosphere Identification with the Company More Entrepreneurial Way of Thinking Reduction of Employee Turnover Greater Willingness to Inovate Greater Customer Focus Cost Awareness Reduction of Sick Leave ...			
Financial Objectives	Greater Equity Basis Strengthen the Cash Flow and Liquidity Investment Financing Reduction of Financing Costs Ensuring Staff Cost Flexibility ...			

Specific Objectives		Evaluation		
		very important	important	less important
Other Objectives	Social and Socio-political Commitment			
	Appropriate Succession Management			
	Bankruptcy Prevention			
	...			

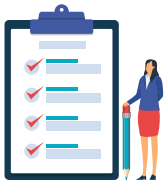
Table 7.4. Objective Criteria
 Source: Voß & Wilke (2003)

7.5 Summary

In order to be beneficial for all stakeholders involved, employee participation schemes should be economically viable beyond the ethical and the macroeconomic considerations. Employee ownership and participation are mainly implemented in order to achieve different economic objectives such as intrapreneurship, countering a shortage of skilled workers and also succession management.

As shown in this chapter, it is important for companies to carefully consider the different employee participation and ownership forms available and to carefully plan the implementation. Apart from the company culture, regional preferences also need to be kept in mind.

CHECKLIST: EMPLOYEE PARTICIPATION AND OWNERSHIP



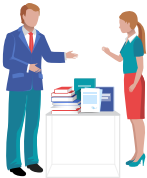
- ✓ Does your organisation have a form of employee ownership in place?
 - Have you implemented employee participation as a co-operative, management-buy-out or a 'classical' form of non-business-oriented employee sub-participation?
- ✓ Do you have a system for employee participation in your organisation that reinforces performance, responsibility, human dignity and autonomy?
 - Have you explored and implemented non-entrepreneurial models of employee participation? If YES, material/monetary or immaterial forms? If NOT, why?
- ✓ Have you reflected on economic, financial and organisational perspectives?
 - Is the business model of the partnership company profitable?
 - Is the company formation (e.g. the share purchase financing) solid and secure?
 - Does your company have its optimal legal form (regarding fiscal and commercial law issues)?



Rest Stop: Case Study 7.1 Germany

- SHARPEN 2018 Research: How to engage your employees for more (intangible) participation
- Building-Design-Ltd.: office for engineering and architectural services
- Challenge: the existence of many other companies in the region, representing more attractive employers for young people
- Goal: intensify corporate loyalty for this target group
- Employee structure: 77 employees, different divisions

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH7case1.pdf>



Practical Toolkit from Case Study 7.1 Implementation of a System for More (Intangible) Employee Participation



Figure 7.7. Implementation Phases to Enhance Employee Participation

Source: Own elaboration

PHASE 1: Analysis

- ✓ Conduct a SWOT analysis --> this can be done by a consultancy company
- ✓ Determine aims by finding out what demotivates non-management employees
- ✓ Possible observations to look out for:
 - Fluctuations in performance
 - Raised sickness absence and presenteeism, in particular, due to illness
 - Low employee satisfaction
 - Decrease in employee productivity

PHASE 2: Survey

- ✓ Design an employee attitude survey to ask employees about which forms of non-financial employee participation would be attractive to them
- ✓ Explain the concept of employee participation before distributing the survey
- ✓ Ensure all opinions are heard
- ✓ Ensure all questions are answered
- ✓ The survey feedback should be anonymous
- ✓ Focus on the following aspects regarding employees' thoughts and feelings regarding their workplace:
 - Work climate
 - Strategic alignment
 - Authority of the company management (circle of leading employees)
 - Improvement system
 - Process flows

PHASE 3: Evaluation

- ✓ Evaluate suggestions for improving employee motivation
- ✓ Cluster feedback
- ✓ Sort measures into categories
- ✓ Popular measures can include:
 - Voluntary Works Council
 - Employee Attitude Survey

PHASE 4: Choose Measures

- ✓ Determine which of your own and your employees' ideas will be implemented
- ✓ Consider your budget and general possibilities when choosing measures
- ✓ Keep this process transparent
- ✓ Remember to communicate your decisions and reasons for your decisions

PHASE 5: Implementation

- ✓ Integrate your participation measures into your regular company structure
- ✓ Frequently implemented measure example: Voluntary Works Council
- ✓ Voluntary Works Council = a works council comprising five people is formed, which will take care of:
 - Employee's concerns
 - Complaints
 - Aspirations
 - Suggestions for improvements

**Rest Stop: Case Study 7.2 Germany**

- SHARPEN 2018 Research: How to engage SME employees for material participation
- Medium-sized company Building-Design-Ltd.
- Highly developed enterprise in the engineering and architectural sector in Saxony, Germany
- Uses the latest technology in order to provide an excellent service to its customers
- What the company needs: suitable ways to engage their employees for more material participation
- Benefits: employees can be appropriately remunerated for their activities, employees can attain more responsibility

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH7case2.pdf>

Practical Toolkit from Case Study 7.2: Implementation of a System of Financial Employee Participation



- Analyse number of employees and executives
- Who holds the company shares?
- How many votes does each share hold?
- Follow the steps illustrated in Figure 7.8:

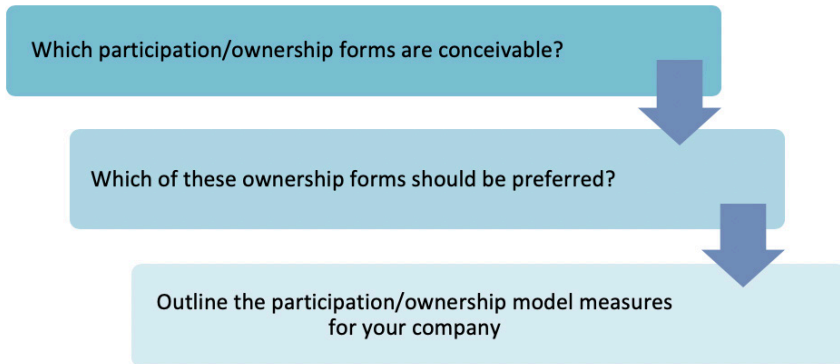


Figure 7.8. Implementation Phases Material Participation
Source: Own elaboration

Rest Stop: Case Study 7.3 Germany



- SHARPEN 2018 research: How to engage employees for material participation and to ensure company succession
- Medium-sized company Building-Design-Ltd.
- Highly developed company in the engineering and architectural sector in Saxony, Germany
- The long-term existence of the company is to be secured through entrepreneurial investments

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH7case3.pdf>



Practical Toolkit from Case Study 7.3: Implementation of a System to Ensure Company Succession

1. Obtain organisational data for the last two years on:
 - a. key performance indicators
 - b. assets
 - c. liabilities
 - d. equity
 - e. profit and loss account
2. Which participation/ownership forms are conceivable?
3. Which of these ownership forms are preferable?
4. Which employees should be involved?
5. Outline the participation/ownership model.
6. Develop a concept for financing various forms of participation by different employees.

Questions for Reflection



1. Have you thought about how to engage your employees in greater participation?
2. Have you determined which forms of employee participation could be beneficial for your company?
3. Have you asked your employees about their opinion and wishes?
4. Have you analysed the effects of the participation measures taken?

MY NOTES


Glossary

Co-operative	A partnership-based enterprise. The enterprise is owned, controlled, and operated by a group of users for their own benefit. Each member contributes equity capital, and shares in the control of the firm on the basis of a one-member one-vote principle (and not in proportion to his or her equity contribution) (Business Dictionary, 2019).
Employee participation and ownership	Programmes aimed at increased participation of employees in operational and entrepreneurial decisions
Intrapreneurship	Employees strive for business success by entrepreneurial thinking within the organisation.
Management buy-out	A type of acquisition where a group led by people in the current management of a company buy out the majority of shares from existing shareholders and take control of the enterprise.
Ownership model	A model of employee participation/ownership (e.g. co-operative as a partnership-based company, management-buy-out, non-entrepreneurial models of employee participation).
Strategic alignment	The process of bringing the actions of an organisation's business divisions and staff members into line with the organisation's planned objectives.
Succession management	A process for identifying and developing new leaders who can replace leaders when they are promoted, leave, retire or die.

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Germany

SHARPEN. Material participation.

Link: <https://www.youtube.com/watch?v=9791BwpvTXU>

SHARPEN. Introduction to employee ownership.

Link: <https://www.youtube.com/watch?v=UeT7jkoe3po>

SHARPEN. Intangible participation tool.

Link: <https://www.youtube.com/watch?v=8rPPFjfA6TA>



CHAPTER 8

Corporate Social Responsibility



8

CHAPTER

Corporate Social Responsibility

CSR FOR SMES

Corporate social responsibility? That does not concern us. It's something that multinationals and mega-corporations do, not SMEs. Right?

Well, yes...and no. As customers become increasingly 'aware' of climate change and ethical issues, they demand responsible behaviour from all companies, big and small. This does not apply only to customers. An increasing number of employees want to achieve work-life balance, work for ethical companies, do jobs that have meaning and contribute to society.



- What is CSR?
- What kind of CSR activities can you promote to complement your HR policies and practices in regional SMEs?
- How do you present your CSR achievements to your employees and the general public?
- How do you do all this without going bankrupt?
- Do you believe you can do well (financially as an SME) by doing good?

Introduction

Corporate social responsibility (CSR) is an important topic in the world of business today. Together with sustainability, it is not only demanded from organisations but can also be beneficial for them. Even though the effects of CSR on organisation financial performance are not yet fully understood, many believe that CSR is vital for employer branding and to attract Generation Z in particular as well as customers. As a first step, CSR should become an integral part of HRM. The union of CSR and HR can lead to motivated, loyal, committed and engaged employees who bring prosperity to the organisation they work for. Figure 8.1 illustrates the CSR roadmap.

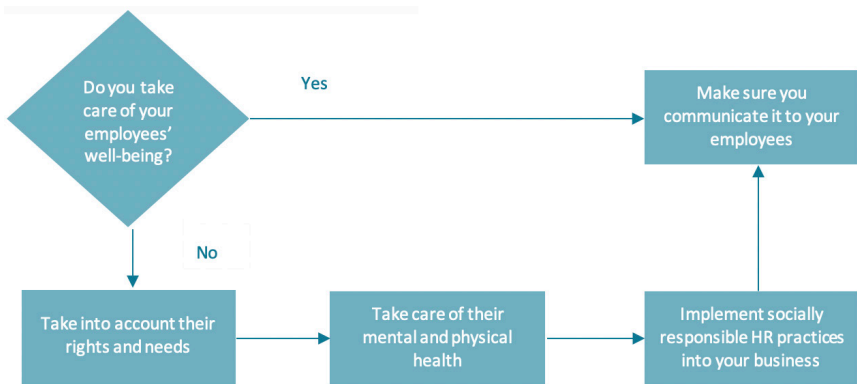


Figure 8.1. CSR Roadmap
Source: Own elaboration

8.1 What Is CSR?

To get started, first let us review some of the important terms surrounding this topic. Ethics, business ethics and corporate social responsibility are related terms all of which are becoming more and more significant for today's HR professional. Simply put, **ethics** is concerned with principles of right and wrong. **Business ethics** then deal with these principles and ethical problems in the business environment. **Corporate social responsibility** is a voluntary commitment of an organisation to act in a more socially responsible manner, i.e. to take responsibility for its impact on society and the environment. It is mainly those actions that are **above and beyond** law that constitute CSR.

A term often associated with CSR is corporate **sustainability**. The United Nations define corporate sustainability as 'a company's delivery of long-term value in financial, environmental, social and ethical terms.' (UN, 2015).

8.2 Stakeholders

Stakeholders are part of almost every definition of CSR. Stakeholders are all subjects that are **affected by or have an interest in an organisation**. In the widest sense, the term incorporates shareholders, employees, unions, business partners, customers, suppliers, creditors, government, local authorities, interest groups, media, and international and non-governmental organisations. Stakeholder theory claims that if the needs of stakeholders are not sufficiently satisfied, organisations cannot achieve long-term prosperity and trouble-free operations (Freeman, 1984). Employees are one of the most important stakeholders for organisations. They have a direct effect on the success of the business through their productivity, creativity,

treatment of customers and much more. As such, it is in an organisation's interest to take good care of employees. The combination of CSR and HRM can provide ways of doing so.

8.3 Socially Responsible Human Resource Management

Human Resource professionals are in a key position in every organisation to help implement, maintain and promote CSR. HR professionals can help managers in organisations treat their employees in a fair and responsible manner and they can also make sure that employees are involved in and committed to CSR. From an HR perspective, CSR can bring many benefits to your enterprise. It has been documented that CSR is able to:

- + improve employee attitudes, lower absenteeism rates and diminish the tendency for individuals to quit an organisation (Bučiūnienė & Kazlauskaitė, 2012);
- + increase employee motivation, commitment, engagement and organisational identification (Brammer, Millington & Rayton, 2007; Cooke & He, 2010; Kim et al., 2010; Shen & Zhu, 2011);
- + improve employee job satisfaction, workers' sense of belonging to an organisation and their productivity (Bashir, Hassan & Cheema, 2012);
- + increase retention and reduce recruitment and training costs, increase attractiveness to top candidates, save costs and increase income through improved employee morale and productivity (Strandberg, 2009);
- + encourage employees who bring innovation and growth opportunities, improve supplier-client relations (Vázquez-Carrasco & López-Pérez, 2013);
- + in some cases, enhance an SME's reputation internationally (El Baz, Laguir, Marais & Stagliano, 2016) helping in international recruitment to win the war for talent (Bhattacharya, Sen & Korschun, 2008).

As we can see, CSR can help organisations in many ways. However, in order to optimise benefits, CSR must be implemented appropriately to fit the organisation's context. This is where HR professionals can help. HR professionals can support an organisation in maintaining and promoting core values and sustaining a corporate culture that demands ethical behaviour.

CSR – HR = PR.

'If employees are not engaged, Corporate Social Responsibility becomes an exercise in public relations. The credibility of an organisation will become damaged when it becomes evident that a company is not 'walking the talk'
Mees & Bunham (2005).

'Human resource management is an inherently ethical activity in that its fundamental core is concerned with the treatment of humans.'
(Greenwood, 2013)

8.4 What Can SMEs Do?

Section 8.3 talks about HR professionals and how they can enable CSR in organisations. HR functions in SMEs are, however, often performed by someone other than an HR professional. We also know that for many SMEs, HRM is not the most important part of their business (Bacon & Hoque, 2005) and as such does not warrant an employee who is dedicated to the role. Nevertheless, this does not mean that CSR cannot be and is not done in SMEs. It just takes different forms. Compared with formal codes of conduct, structures and strategies in large organisations, SMEs tend to base CSR more on personal integrity, informal behaviours, intuition and cultures (Wickert, 2016). As the owners, managers or employees responsible for HR processes, you can start by following Armstrong and Taylor's guidelines:

- Recognise that the strategic goals of the organisation should embrace the rights and needs of employees as well as those of the business.
- Recognise that employees are entitled to be treated as full human beings with personal needs, hopes and anxieties.
- Do not treat employees simply as a means to an end or mere factors of production.
- Relate to employees generally in ways that recognise their natural rights to be treated justly, equitably and with respect (Armstrong & Taylor, 2014).

Once HR is more established, you can start integrating HR processes that are in line with CSR. Barrera-Martínez et al. (2017) list eight socially responsible HR practices that can be implemented internally to improve employee resourcing, a sense of fairness and openness, and support workplace well-being based on positive values:

1. Attraction and retention of employees
2. Training and continuous development
3. Management of employment relations
4. Communication, transparency and social dialogue
5. Diversity and equal opportunities
6. Fair remuneration and social benefits
7. Prevention, health and safety at work
8. Work-life balance

Overall, every member of the management should be concerned about fair and just treatment of employees, as well as about business needs.

Soundararajan et al. (2017) emphasise the need to be context- and size-aware when considering what is feasible for small business social responsibility. Clearly, an SME with limited resources needs to be careful about the amount of time and energy available for extra curricula activities. On the other hand, an organisation's reputation is very important to sustain. It can be an important source of an individual worker's moral identity and feelings of being competent (Opoku-Dakwa, Chen & Rupp, 2018).

Many CSR initiatives can be implemented even without financial resources. Open-door policy, a family-friendly atmosphere and policies, clear codes of conduct, support for employees in times of need are all inexpensive examples of activities with high levels of returns on investment.

Other policies can help you in difficult market situations, for example, employing ex-offenders or current prisoners can be effective in times of high employment to support non-traditional individuals to work. Charities, non-governmental organisations or prisons themselves are usually happy to help businesses and other organisations with such efforts; e.g. by reducing administrative burdens. The case study at the end of this chapter provides a tool to help organisations decide whether to employ current or former prisoners.

8.5 Communicating CSR

It may be that an SME is a great place to work and very socially responsible but does not communicate this effectively (Murillo & Lozano, 2006). A **regular newsletter, publicity on social media and in the press, official sponsorship and testimonials** with examples in job advertisements, might convey more accurately and positively the employer brand of your business. Employer-supported volunteering (ESV) can be a useful source of skills development for workers at all levels, e.g. for middle managers to gain broader experience, or teams to work in local organisations and get to know each other better. Overall, managing successful HRM-CSR-PR link is a constant balancing act.

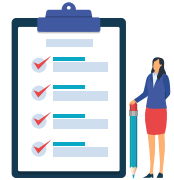
8.6 Summary

Corporate social responsibility is becoming a must for organisations. We expect businesses and other organisations to be good citizens, to operate responsibly within the law and to focus on people and the planet. This is good business, we assume. But in small organisations where there may be limited resources in terms

of funding, time, expertise and attention social responsibility may not be a priority. In regional enterprises, however, social responsibility may be key for attracting customers and staff, gaining competitive advantage and being a good member of the community.

CHECKLIST: CORPORATE SOCIAL RESPONSIBILITY

- ✓ Do the health and safety requirements in your organisation go beyond legislative compliance to ensure employees are both productive and satisfied?
- ✓ Do you take care of your employees' well-being?
- ✓ Are you making sure that your employees are being treated justly and fairly?
- ✓ Do you communicate CSR activities to your employees and the general public?



Rest Stop: Case Study 8.1 Czech Republic

SHARPEN 2018 research: Where to look for employees, when there are none?
Case of prisoners' employment in the Czech Republic.

This case study deals with a traditional Czech SME that was considering hiring prisoners as employees. This SME had a hard time finding new workforce since unemployment in the Czech Republic hit almost record-breaking low levels. Other employers, both from the region and from the whole Czech Republic, already employed a large portion of the prison population and this firm wanted to know whether it would work for her as well.

Employing prisoners can be quite beneficial for organisations. They can save costs and get employees who will work in tough conditions or do jobs that are unpopular or when it is hard to find 'conventional' employees.

The practical tool developed in this case study (see Figure 8.2 and Table 8.1) and presented below can help managers decide if employing prisoners is the right way to go.

Link to full case study: <https://sharpen.ef.tul.cz/upload/CH8case1.pdf>

Practical Toolkit from Case Study 8.1

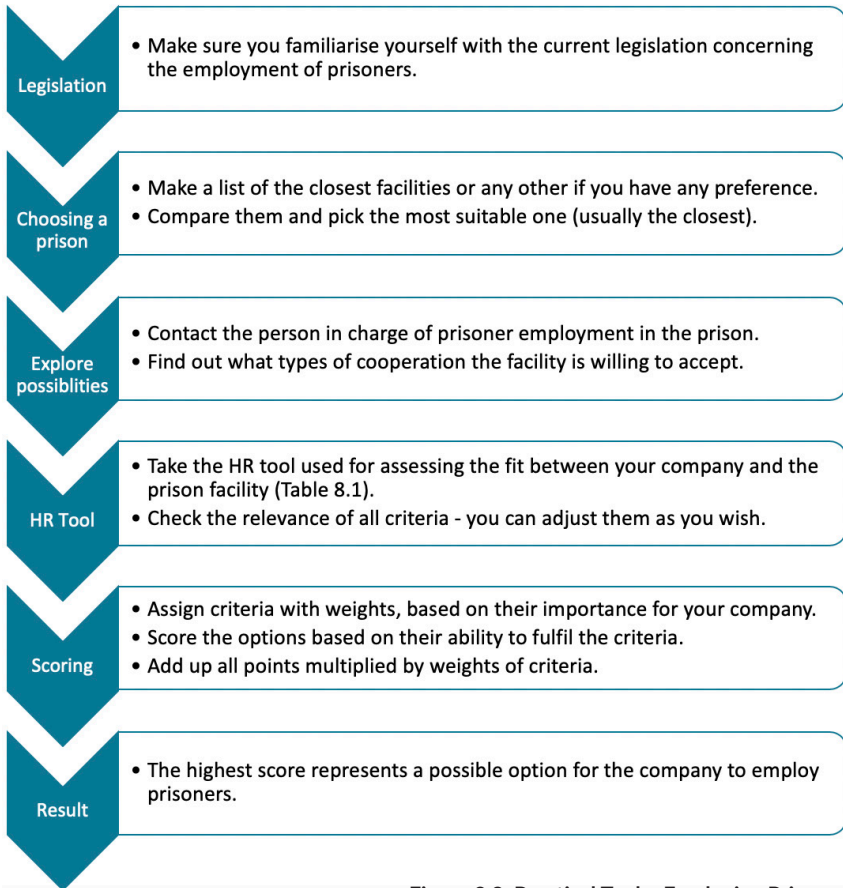


Figure 8.2. Practical Tool – Employing Prisoners
Source: Own elaboration

EXAMPLE APPLICATION OF THE TOOL:

Use this tool in the Table 8.1 according to the steps described on the previous page.

Criteria	Weight*	Score**		
		Option 1	Option 2	Option 3
Need and cost of additional transport between prison and the company	4	3	2	5
Availability of prisoners in partner prison	4	1	2	5
Availability of guards in partner prison	1	1	3	5
How long does it take to train new employees in this position? (prisoners often fluctuate)	2	4	3	2
Availability of space for production (in prison or factory)	3	5	0	5
Compatibility with corporate culture and atmosphere (consider pushback from current employees)	4	4	3	3
Improving CSR (how would it affect company reputation?)	4	4	2	3
Savings on wage costs	1	4	4	1
Change in administrative burden (different administrative procedures than with regular employees)	2	4	3	1
Costs associated with production adjustments (changes)	2	3	3	4
Total	x	90	61	99

Table 8.1. Employment of Prisoners – Decision Criteria

Source: Own elaboration

Option 1 = Prisoners transported to company's production facility

Option 2 = Part of production moved to the prison facility

Option 3 = Employment of people after imprisonment (ex-offenders)

* Weighting = how important is the criterion to your company (on a scale of 0-5, 0 = very insignificant, and 5 = very significant)

** Score = points showing the extent to which the option meets the criterion (on a scale of 0-5, 0 = absolutely does not meet, and 5 = meets the maximum)

Questions for Reflection



1. Does your organisation embrace the rights and needs of employees in its strategic goals?
2. Does your organisation provide fair pay to all employees?
3. Does your organisation care about the health and well-being of its employees?
4. Do you strive to be a good employer?

* NOTES *

Glossary

CSR	Corporate social responsibility means that organisations take responsibility for their impact on society.
Code of conduct (ethics)	Document that tells employees how to behave and what the values of the organisation are.
Employer-supported volunteering	When an organisation supports its employees' participation in volunteering projects (e.g. charity fundraising, waste collecting).
Open-door policy	When employees can come to talk to their superior at any time without the fear of being turned down or punished.
PR	Public relations can be considered part of marketing. It deals with how the general public views your organisation.
Stakeholders	All parties that are in any way affected by an organisation or that can in any way affect the organisation.
Sustainability	Sustainability in its widest sense means that we focus on long-term value.
Well-being (of employees)	Positive state of being. Focus on employee physical and psychological health, satisfaction, comfort and happiness.
Work-life (family) balance	How well employees balance their work and their personal lives.

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Czech Republic

SHARPEN. Corporate social responsibility (and HRM).

Link: <https://www.youtube.com/watch?v=tyNPc9-N6t0>

CHAPTER 9

Descriptions of the Five Regions Involved
in the SHARPEN Project



9

CHAPTER

Descriptions of the Five Regions Involved in the SHARPEN Project

As this project was aimed at solving specific regional problems impacting human resource management in regional SMEs, each of the regions involved in the SHARPEN project will be introduced in this section (see Figure 9.0). General facts about the regions include size and location, age structure, unemployment and migration. These vignettes enable cross-country comparisons across the different SHARPEN project regions.

The total population of the European Union is steadily increasing (Statista, 2019). In 2014, there were approximately 506.97 million Europeans. Three years later the total population increased to 512.6 million people (Statista, 2018). However, observed migration trends influence certain regions negatively, which also impacts the SHARPEN project regions and regional companies.

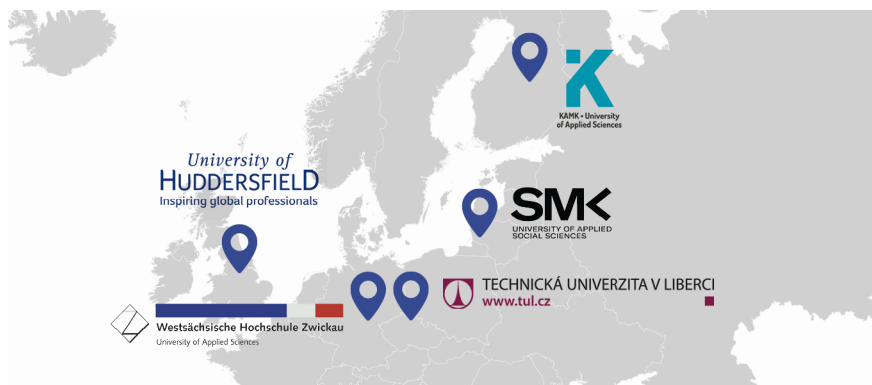


Figure 9.0 Universities involved in the SHARPEN project
Source: Own elaboration

9.1 Facts about Klaipėda Region



Klaipėda County is made up of Klaipėda City, Klaipėda District, Palanga City, Neringa, Kretinga District, Skuodas District and Šilutė District Municipalities. Klaipėda County distinguishes itself from other counties of Lithuania in the

following features – four municipalities are at the Baltic Sea. A long time ago, maritime business traditions were formed, leading to the development of tourism and recreation sectors. The Baltic Sea, Curonian Lagoon and Curonian Spit Peninsula – are unique elements of the landscape, distinguishing Klaipėda County from the others. The driving force of the economy in the County is Klaipėda seaport which is the northernmost ice-free port on the Eastern coast of the Baltic Sea. A strategically convenient geographical position develops two main advantages for Klaipėda County. The County is the most popular among all the counties in Lithuania for developing both incoming and local tourism. It is Lithuania's most important transport hub, connecting the West and the East. Various types of transport are developed here, including sea and internal water transport, railway, road and air transport. An important factor is that the county borders the Republic of Latvia in the north and the Kaliningrad County of the Russian Federation in the south.

Size and Location of the Region

The area of the territory of Klaipėda County is 5,222 km². By area it is one of the smallest counties in the country, by the number of residents (317.742 thousand, according to data of 1 January 2019) it is the country's third largest county in size after Vilnius and Kaunas counties. The density of residents (60.8 res. /1 km²) in Klaipėda County is lower than in Vilnius County (82.8 res. /1 km²) and Kaunas County (69.6 res. /1 km²) (as at 1 January 2018). Klaipėda City is the centre of the county.

- Area of Klaipėda City – 98 km² (1.9% of the county's area);
- Population of Klaipėda City – 147 898 (46.5% of the county's population).

Labour Force Structure and Unemployment

In 2018, the Klaipėda region birth rate was approximately the same as in 2014 with 3,504 live births. In comparison, the death rate was also stable from about 4,195 deaths in 2014 to 4,180 deaths in 2018. In the regional population 17.9% of people are 0-17 years old, 64.9% are 15-65 years old and 19.1% are older than 65 years old. In comparison with Lithuanian and European averages, the Klaipėda region has a higher percentage of 0-14-year olds (see Figure 9.1).

In 2018, the unemployment rate in the Klaipėda region decreased by 1.7 percent compared with 2017. In the first half of the year 2018, compared with 2017, there were 1,600 more free job vacancies registered in Klaipėda region and that might have influenced a decrease in the unemployment rate (see Figure 9.2).

As the unemployment rate in Lithuania grew from 7.1% in 2017 to 7.7% in 2018, in the Klaipėda region the unemployment rate decreased from 6.6% in 2017 to 4.9% in 2018.

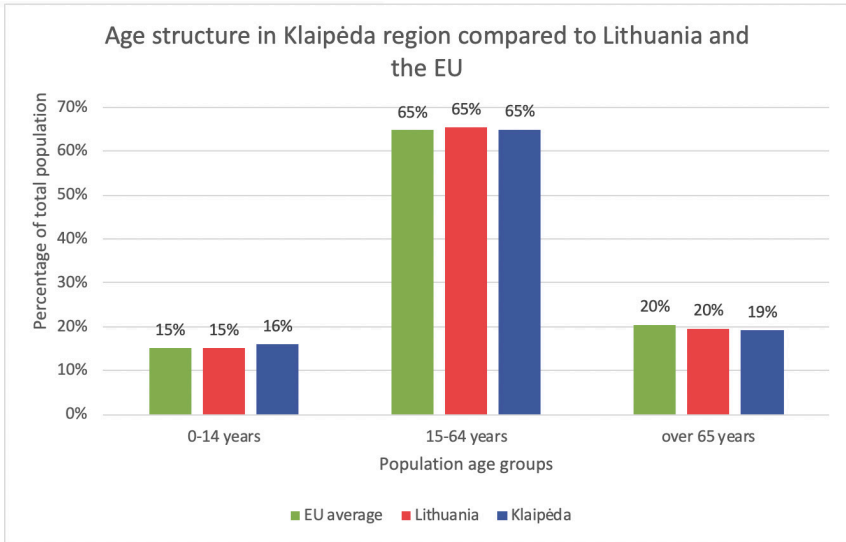


Figure 9.1. Age Structure in Klaipėda Region Compared to Lithuania and the EU
 Source: Lithuanian Department of Statistics (2019)

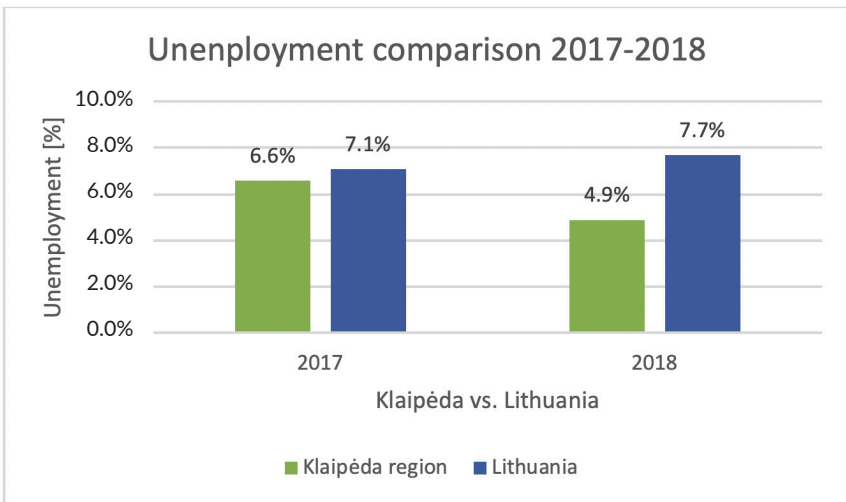


Figure 9.2. Klaipėda region and Lithuania Unemployment Comparison 2017 and 2018
 Source: Lithuania Labour Exchange Office (2019)

Migration Trends

Since 1990, the number of residents living in Lithuania has dropped by 883,000 people, which constitutes about 24% of the entire population. It is worth noting that out of the aforementioned number, 177,000 can be attributed to natural causes (birth/death rate), but the vast majority (707,000) is due to emigration. Even though in and of itself emigration is not a negative phenomenon, the immense emigration and disproportionately low immigration rates present an array of challenges in Lithuania: the demographic structure is changing (i.e. the population is ageing), the country is starting to lack enough workers, and the so-called 'brain drain' is occurring.

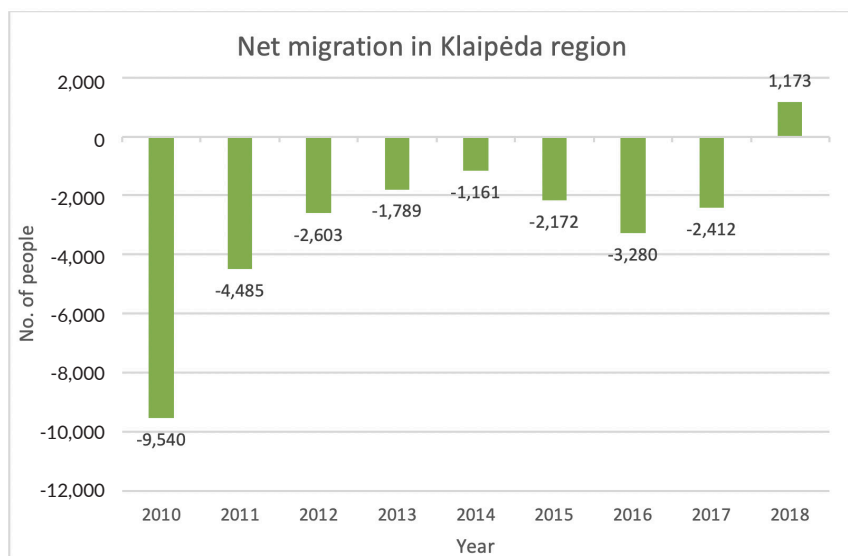


Figure 9.3. Klaipėda Region Net Migration 2010 to 2018

Source: Lithuanian Department of Statistics (2019)

As can be seen in Figure 9.3, in Klaipėda region, emigration has dropped since 2010 and in 2018 the region finally saw a positive net migration.

Figure 9.4 shows that the number of people moving to the Klaipėda region has increased from 2014 to 2018. The number of emigrating people has risen as well, peaking in 2016. In 2018, the number of immigrants overcame the number of emigrants.

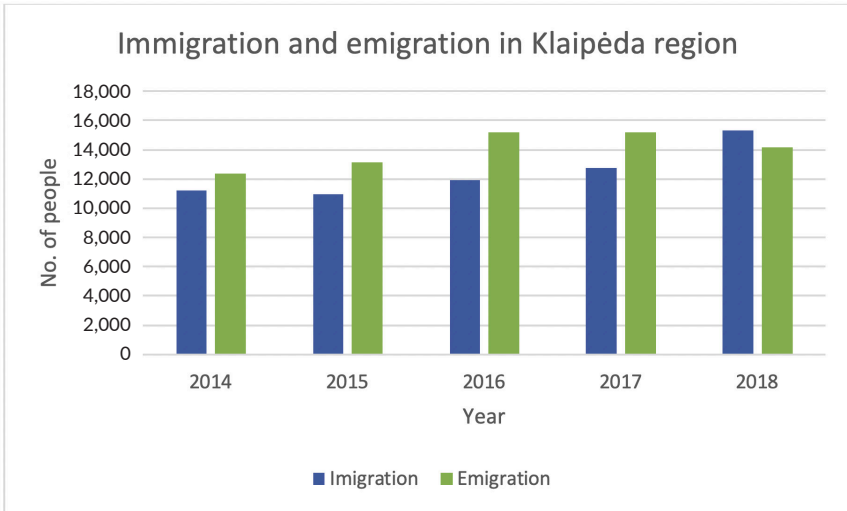


Figure 9.4. Klaipėda Region Immigration and Emigration 2014 to 2018
 Source: Lithuanian Department of Statistics (2019)

Number and Structure of SME's in Klaipėda Region

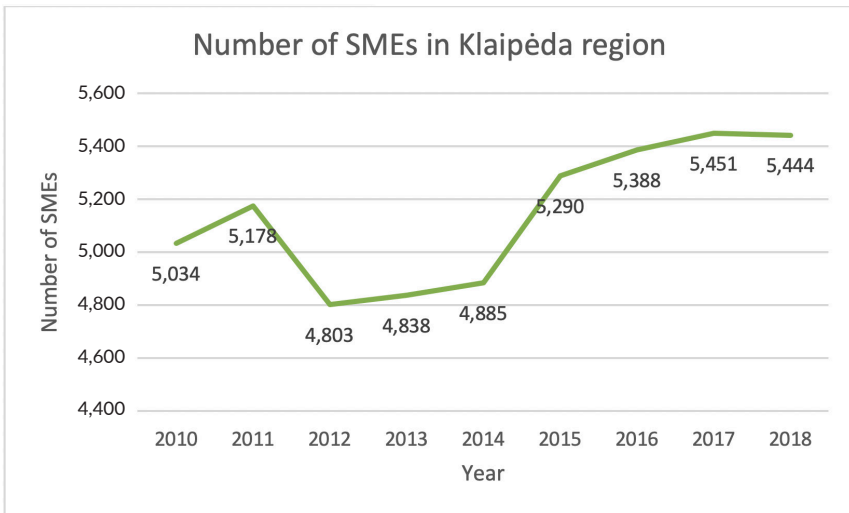


Figure 9.5. Number of SMEs in Klaipėda Region from 2010 to 2018
 Source: Lithuanian Department of Statistics (2019)

The structure of enterprises operating in Lithuania is dominated by micro enterprises (0-9 employees); they comprise more than 80% of all the enterprises operating in Lithuania. Thus, these enterprises are very important to the development of the Lithuanian economy. Enterprises, which have 10-19 employees make up 10% of the total, organisations with 20-49 employees represent approximately 6%, and those with 50-249 employees make up approximately 3% of all enterprises. Organisations with 250 and more employees represent less than 1% of the total.

As can be seen in Figure 9.5, the number of SMEs in Klaipėda region has grown significantly from 2010 to 2018. According to the Lithuanian Department of Statistics (2019), there were 5,444 SMEs operating in Klaipėda region during 2018.

Industrial Structure of the Klaipėda Region

A large variety of different industries exist in Klaipėda region. The State Statistical Office summarised the most important industries contributing to Klaipėda region's industrial turnover in 2017 (Figure 9.6).

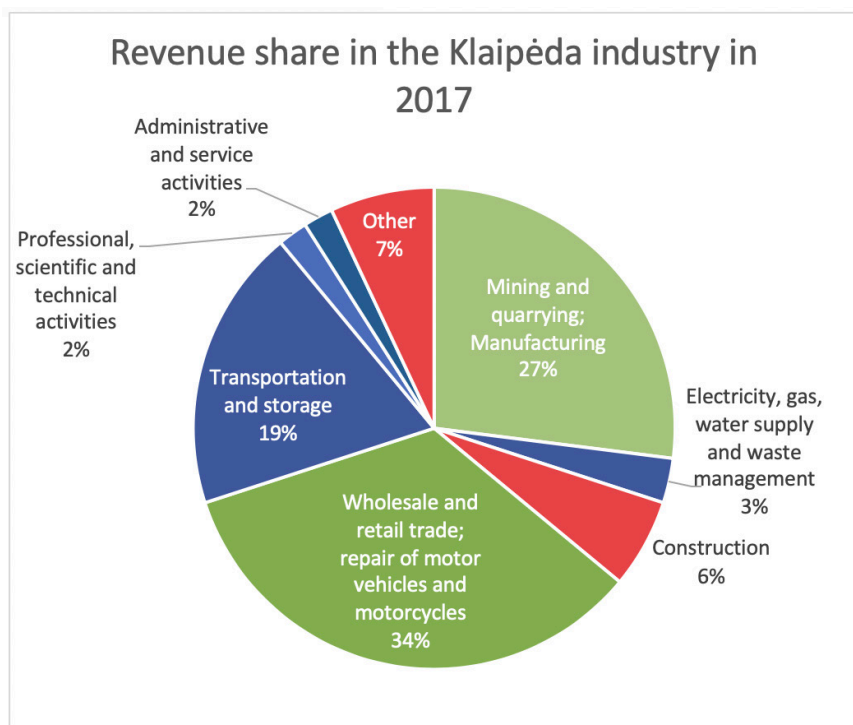


Figure 9.6. Sales Shares in Industry in Klaipėda Region
Source: Lithuanian Department of Statistics (2019)

The most important industry sector is wholesale and retail trade, repair of motor vehicles and motorcycles (34%), followed by mining and quarrying, manufacturing (27%). The third most important industry sector is transportation and storage, which accounts for 19% of all Klaipėda region's industry. This clearly demonstrates that Klaipėda region's industry is closely related to maritime business as Klaipėda city has the only commercial port in Lithuania.

Conclusion and Future Perspective of Klaipėda Region

There are three factors that will shape the employment structure in Lithuania in the long-term.

Technological Change

Automation, ICT systems implementation etc. trends will lead to: a) a further decline in demand for lower-skilled workers; b) an increase in demand for higher-skilled workers able to create, manage and service complex technology needs; c) the most valued employees will be the ones who have the technical knowledge and skills, as well as good general competencies – researcher, developer, employees with good communication skills and emotional intelligence, and so on, all of which in the near future cannot yet be delivered by machines. Although the industrial added-value in Lithuania is likely to continue to grow, it does not have to lead to increased demand for employees. Technological modernisation will affect service sectors dominated by routine work – logistics and transport, trade etc., by the automation of routine jobs (e.g. driving vehicles). Hence, the need for such employees will decrease, whilst increasing the demand for professionals able to create and manage complex systems.

Demographic Change

The ageing Lithuanian and Western European population will increase the demand for health care, palliative care and social work specialists. It is likely that Lithuania will face the lack of such workers not because of small number of vocational training, but because of wage differences between Lithuania and Western European countries leading to emigration.

International Trade Flows and Location of Lithuanian Economy in the International Value-added Chains

Lithuania's economy is small and open, and participation in the international exchange of goods and services has a significant impact on the economic structure and demands for employees. Under the optimistic scenario, the global trade volume will not decrease in the future and Lithuanian enterprises will continue to successfully foster an increasingly high added value in global supply chains, e.g. it will produce more and higher value-added products and will be acting not only in manufacturing but also in creating and developing new products and brands; high-value added service centres will be established in Lithuania. This would lead to a demand for employees with higher-level competencies and an increase in wages, thus fostering the return of emigrants, and immigration. On the other hand,

there are more and more signs that show that the volume of international trade could decrease in the future and its directions could change. This is illustrated by the increasing number of Western European voters opposing free trade, Brexit, and emerging disintegration tendencies in the EU. If disintegration tendencies do occur, they will have a significantly negative impact on Lithuania's economic growth prospects, unemployment and wages, and will change its economic structure (Lithuanian Labour Exchange Office, 2019).



9.2 Facts about Kainuu Region

Kainuu is a region in eastern Finland. The SHARPEN project partner in this region was the Kajaani University of Applied Sciences situated in Kajaani, the largest city in Kainuu (Kainuun Liitto, 2019).

Size and Location of the Region

Eastern Finland is located approximately in the middle of the country. The region borders with Northern Ostrobothnia, Northern Savonia and North Karelia regions. In addition, Kainuu shares a national border with the Russian Federation.

The region's size is only 22,687 km², which is roughly comparable to Belgium. Kainuu region has 73,959 inhabitants (31.12.2017) (Tilastokeskus, 2018b). According to forecasts, the population in Kainuu will decrease in the future in spite of a positive amount of migration (Tilastokeskus, 2018a; Kalliokoski, 2018). It is anticipated that in year 2036 there will be approximately 67,100 inhabitants. (Tilastokeskus, 2018a)

Labour Force Structure and Unemployment

The population in Kainuu is one of the fastest decreasing in Finland. Forecasts suggest that the depopulation trend will continue in the future (Tilastokeskus, 2013). Emigration from the region, especially of 15-24-year-olds, can partly explain this (Kalliokoski, 2018). In 2018, 14% of the population in Kainuu was aged 0-14 years. A further 58% were aged 15-64 years. There is a drastic difference between Kainuu and the EU average. For example, 20.4% of the population is over 65 years old in the EU, compared with 27% in Kainuu region (see Figure 9.7) (Tilastokeskus, 2019; Statista, 2019).

Currently, the older generation is reaching retirement age, which means there is going to be a significant change in the structure of the workforce in Kainuu. Many immigrants are needed to fill the gap created by workforce changes (Tilastokeskus, 2018a; Kalliokoski, 2018).

The employment rate in Kainuu in 2017 was 65.1%, while across the entire country it was 70.5%. The difference is notably smaller than at the beginning of the century when the difference was approximately 10 percentage points (Tilastokeskus, 2017). The unemployment rate of the workforce began to rise in 2011, reaching around 19% in 2014. Ever since this peak, the rate has been decreasing. In 2017, the unemployment rate was 14.7% (Tilastokeskus, 2017).

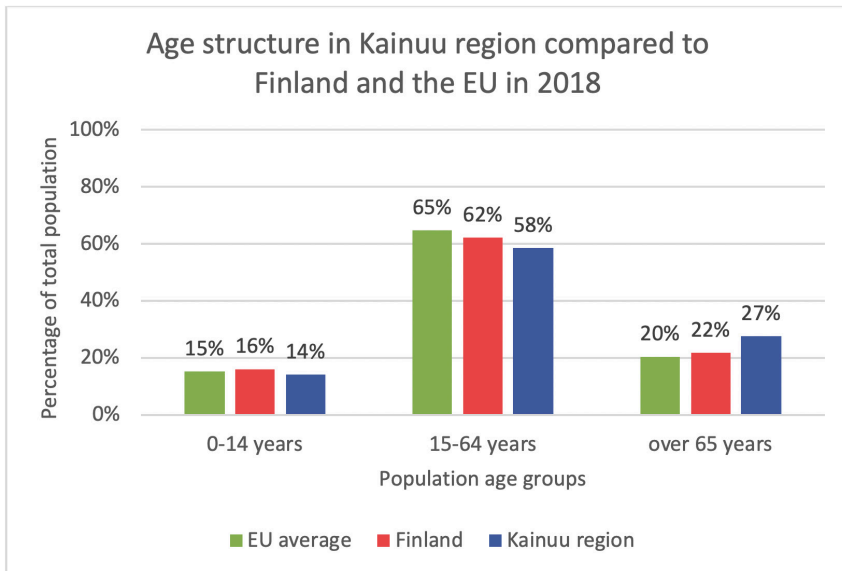


Figure 9.7. Age Structure in the Kainuu Region Compared with Finland and the EU
 Source: Adapted from Tilastokeskus, 2018b; Tilastokeskus, 2019; Statista, 2019

Migration Trends

The population in Kainuu decreased by 832 people in 2017, of whom 509 migrated to other Finnish regions. This resulted in a total population of 73,971 at the end of 2017 (Kalliokoski, 2018). In 2016, the population declined by 534, meaning there is a significant increase in the rate (Ponnikas, 2017). Despite the population declining, there has been growth in immigration. 152 people migrated to Kainuu region in 2017 (Kalliokoski, 2018). Even if there is a larger amount of immigration, forecasts suggest that the population in Kainuu will continue to decline. It is predicted that the population will drop to nearly 67,000 by the end of year 2036 (Tilastokeskus, 2018a).

Number and Structure of SME's in Kainuu Region

In 2016, there were 4,109 registered enterprises in Kainuu. Over 50% of these enterprises were micro-enterprises with no employees. SMEs are an important

part of the region's economy, employing over 60% of Kainuu's working population in 2016 (Kainuun liitto, n.d.1).

Industrial Structure of the Kainuu Region

Kainuu's most notable industries among the service industry are technology, tourism, mining and bioeconomy (Kainuun liitto, n.d.1; Kainuun liitto, 2017). The technology industry is a critical employer, and it is responsible for over 50% of total exports in Kainuu. Tourism is important for Kainuu's SMEs. Over 80% of Kainuu's tourists visit ski resorts Vuokatti, Paljakka and Ukkohalla. Mining employs workers in Kainuu directly and indirectly, and there are four mines in the Kainuu region. According to Kainuu Programme, bioeconomy is Kainuu's largest private-sector industry. The different sectors in bioeconomy are: renewable energy, food and blue economy, forest-based bioeconomy and tourism based on well-being services. (Kainuun liitto, n.d.1).

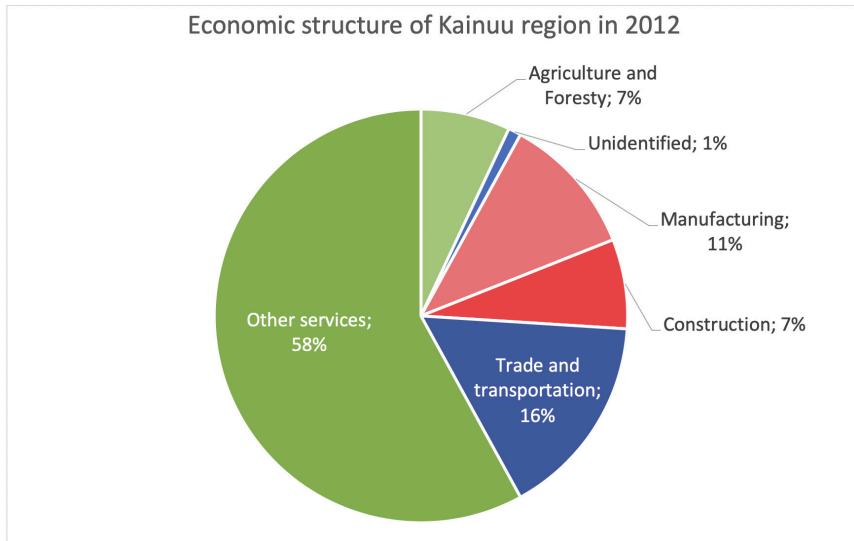


Figure 9.8. The Economic Structure in Kainuu in 2012

Source: Kainuun Liitto (2015)

As can be seen in Figure 9.8, other services represented the largest percentage of Kainuu's economic structure. Trade and transportation, as well as manufacturing were the next largest industries in Kainuu. The agriculture and forestry, along with the construction industry, were each liable for 7% Kainuu's economic structure. The remaining 1% was unidentified.

Conclusion and Future Perspective of Kainuu Region

Kainuu's population is decreasing, young people are moving away from the region and the older generation is retiring. Kainuu's workforce structure is undergoing a major change. Although the workforce structure is changing, the unemployment rate is decreasing. According to Kainuu Programme, it is important to maintain the already existing enterprises' efficiency as well as support the creation of new enterprises. It is also important to focus on education and efficient recruitment processes to prevent the absence of qualified workers (Kainuun liitto, 2017).

9.3 Facts about Huddersfield and the Kirklees Council Region



Huddersfield town is located in West Yorkshire in the north west of England. Huddersfield is the 11th largest town in the United Kingdom and it is based in the metropolitan borough of Kirklees near the Pennines, a range of mountains and hills. Kirklees is characterised by former textile mill towns such as in the Colne Valley. Huddersfield has iconic listed Victorian architecture, e.g. its railway station. The region also includes rural villages and moorland. Huddersfield has excellent rail links to Leeds and Manchester.

Yorkshire is the UK's largest county. In the past, textile and dyeing industries were dominant and attracted migrants, especially from Pakistan. Huddersfield University (18,000 students, 1,900 employees) which was established in 1825 is the main employer in Huddersfield. Other current major employers include Syngenta, Cummins, Kirklees Council, Huddersfield Royal Infirmary and Mamas & Pappas. Huddersfield is the birthplace of rugby league football team and Huddersfield Town was a Premier League football team in 2017-2019. Retailing in the town centre has significantly declined and many shops have closed, for example the major high street retailer Marks & Spencer. In July 2019, Boris Johnson announced plans to launch a high-speed Leeds-Manchester rail link to boost local transport in northern England.

Size, Location and Population of the Region

Table 9.1 shows that the population of Kirklees was 437,145 in 2017. This has grown steadily since at least 1971 (see Table 9.2). Growth is projected to reach a population of 455,300 in 2027 (Table 9.3). Huddersfield is situated 23 km southwest of Leeds, 39 km northeast of Manchester and 263 km from London. Kirklees is England's third largest Metropolitan District in area covering 408.60 km² with 45.74 km² or 11.2% of the district being in the Peak District National Park (Kirklees Council, 2017).

Age Group	Total No.	% of Total	Male No.	% of Male	Female No.	% of Female
0-4	27,944	6.4	14,365	6.6	13,579	6.2
5-15	61,566	14.1	31,233	14.4	30,333	13.8
16-24	48,865	11.2	25,143	11.6	23,722	10.8
25-44	110,975	25.4	55,267	25.5	55,708	25.3
45-64	112,021	25.6	56,297	26	55,724	25.3
65-84	66,627	15.2	31,232	14.4	35,395	16.1
85+	9,147	2.1	3,118	1.4	6,029	2.7
Total	437,145	100.00	216,655	100.00	220,490	100.00

Table 9.1. Kirklees Population 2017*Source: Kirklees Council (2017)*

Year	Population
1971	374,200
1981	377,100
1991	379,000
2001	389,000
2011	422,500
2017	437,000

Table 9.2. Kirklees Population Growth During 1971-2017*Source: Kirklees Council (2018)*

The cost of living in Huddersfield is much cheaper than in Leeds and Manchester. In Huddersfield, the average price of a semi-detached house was £152,534 in April-June 2017 compared with a UK average of £234,244. Huddersfield serves as a commuter town to these two major cities as earnings are lower in Huddersfield, e.g. £488.70 full-time on average per week compared with £536.10 in the rest of Great Britain (April 2017). There are plans for HS2 to make faster rail connections between Manchester, Leeds and London and to regenerate the 'northern powerhouse'.

According to Kirklees Factsheets 2017 and 2018 (Kirklees Council, 2017;2018), the population of Kirklees has experienced steady growth since 2017 and a sharp increase since 2011 with an increase of 17% in the age group 65 and older and 20% increase of under 15 (in 2016). Projections for 2026 indicate a 37% increase in inhabitants aged over 85. In terms of ethnicity, the population in Kirklees of

white British is lower than in England and Wales: 76.7% compared with 80.5%. Additionally, the Pakistani ethnic group represents 9.9% of the local population compared with 2% in the general population in England and Wales (see Table 9.4).

Age Group	2017	%	2022	%	2027	%	Change from 2017
	No.		No.		No.		
0-4	27,900	6.40%	26,800	6.00%	26,500	5.80%	-0.60%
5-15	61,600	14.10%	63,600	14.20%	62,200	13.70%	-0.40%
16-24	48,900	11.20%	49,100	11.00%	52,200	11.50%	0.30%
25-44	111,000	25.40%	112,400	25.10%	110,900	24.40%	-1.00%
45-64	112,000	25.60%	113,500	25.40%	113,500	24.90%	-0.70%
65-84	66,600	15.20%	71,800	16.00%	78,300	17.20%	2.00%
85+	9,100	2.10%	10,200	2.30%	11,700	2.60%	0.50%
All ages	437,100	100.00%	447,400	100.00%	455,300	100.00%	

Table 9.3. Kirklees Projected Population 2017-2027

Source: Kirklees Council (2018)

Ethnicity	Kirklees		England and Wales
	No.	%	%
White British UK	323,890	76.7	80.5
Asian/Asian British Pakistani	41,802	9.9	2.0
Asian/Asian British Indian	20,797	4.9	2.5
White Other	7,587	1.8	4.4
Mixed White Black Caribbean	5,167	1.2	0.8
Black British Caribbean	4,626	0.6	1.1
Asian/Asian British Other Asian	3,000	0.7	1.5
Mixed White Asian	2,714	0.6	0.6
White Irish	2,635	0.6	0.9
Black British African	2,364	0.5	1.8
Any other ethnic group	1,497	0.3	0.6
Asian/Asian British Chinese	1,452	0.3	0.7
Mixed Other	1,268	0.3	0.5
Arab	1,214	0.2	0.4

Black British Other Black	915	1.1	0.5
Asian/Asian British Bangladeshi	731	0.2	0.8
Mixed White Black African	641	0.2	0.3
White Gypsy/Irish Traveller	158	0	0.1
All categories	422,458	100	100

Table 9.4. Population in Kirklees by Ethnic Group*Source: Kirklees Council (2017)*

Labour Force Structure and Unemployment in Kirklees

The main economic activities in Kirklees in terms of numbers of employees are based on manufacturing, health, retail and education (see Table 9.5).

	Employees			Full-time Employees			Part-time Employees		
	Kirklees		GB	Kirklees		GB	Kirklees		GB
	No	%	%	No	%	%	No	%	%
Manufacturing	25,500	17	8	22,500	22	11	2,800	5	2
Health	19,000	12	13	11,000	11	11	8,000	15	18
Retail	17,500	11	11	8,500	8	6	9,500	18	17
Education	16,500	11	9	9,000	9	7	7,500	14	13
Accommodation, food services	10,000	7	7	3,300	3	5	7,000	13	13
Wholesale	9,500	6	6	6,000	6	5	3,500	7	2
Professional, scientific, technical	9,500	6	8	7,000	7	10	2,300	4	5
Business administration, support services	9,500	6	9	5,500	5	9	4,000	9	10
Construction	8,000	5	5	6,500	6	6	1,000	2	2
Transport, storage incl. postal	7,000	5	5	6,500	6	6	1,000	2	2
Arts, entertainment, recreation, other services	5,500	4	5	2,800	3	4	2,800	5	7
Public administration, defence	5,000	3	4	3,800	4	5	1,400	3	3
Motor trades	4,000	3	3	3,500	3	2	600	1	1

Information, communication	2,800	2	4	2,100	2	6	700	1	2
Property	2,500	2	2	1,800	2	2	700	1	1
Financial, insurance	1,900	1	4	1,400	1	4	500	1	2
Mining, quarrying, utilities	1,100	1	1	1,100	1	2	0	0	0
Agriculture, forestry, fishing	300	0	1	200	0	1	100	0	1
Total	155,000	100	100	10,200	100	100	53,000	100	100

Table 9.5. Employment in Kirklees in 2017

Source: Kirklees Council (2018)

Table 9.6 indicates unemployment rates by age structure which is highest for 25-34-year-olds at 27% of all unemployed. During the 12 months of 2016, 163,300 people were employed in Kirklees which reduced to 162,200 in 2017. The number of people registered as self-employed increased from 29,400 in 2017 to 32,200 in 2018. Unemployment in June 2018 (Kirklees Council, 2018) was around 3% compared with 2.2% in the rest of the UK. The population age range 25-34 represents 27% of people out of work who are claiming universal credit from the government in Kirklees.

Age	%
16-24	20
25-34	27
35-44	19
45-54	20
55-59	8
60+	6

Table 9.6. Age Structure of Unemployed in Kirklees in June 2018 (Based on Individuals Receiving Jobs Seekers' Allowance and University Credit; Percentage Is Based on % of All People Unemployed)

Source: Kirklees Council (2018)

Migration Trends

In May 2004, migration to Kirklees increased following the inclusion of Lithuania, Poland, and other eastern European countries in the EU. At this time, a Kurdish community also started to form in Kirklees. Asylum seekers have also moved to Kirklees and in 2010 it became a 'Town of Sanctuary'.

In a 2016 survey (Kirklees Council, 2017), 78.2% of respondents in Huddersfield and 78.6% in Kirklees said they were satisfied with living in the local area. Anecdotally, the challenge for regional SMEs, however, is that they choose to work elsewhere, especially in the major cities of Manchester and Leeds.

Number and Structure of SME's in Huddersfield

Huddersfield has high performing SMEs in furniture and clothing design, financial services, pharmaceutical and engineering sectors. In March 2018, in Huddersfield there were 14,520 SMEs employing 143,296 people. Of these, micro-enterprises with up to nine employees employed more people than any other type of SME (see Table 9.7).

Enterprise Size (no. of employees)	Count	Employees
0-9 Micro	12,815	27,145
10-49 Small	1,415	26,794
50-249 Medium	240	22,976
250+ Large	50	66,381
Total	14,520	143,296

Table 9.7. Enterprises in Huddersfield in March 2018

Source: Kirklees Council (2018)

In its blueprint to regenerate Huddersfield, Kirklees Council (2019a, 2019b) is encouraging more SMEs that provide agile services and high-tech companies. The University in Huddersfield is positioning itself to provide graduates in these fields and to incubate and grow research-led enterprises. Of the 19,000 students who study at the University of Huddersfield, 11,700 live in Kirklees domicile and approximately 76% of graduates move on into local employment. Huddersfield has a strong manufacturing history and Kirklees is renowned for its advanced manufacturing credentials, thanks to the presence of large firms such as Syngenta (now part of ChemChina, and US-owned Cummins Turbo Technologies) which provide work for local SMEs.

The textile industry is also an important part of the region's heritage. Independent designers and makers are now emerging in Huddersfield. The town centre office market is relatively small with low levels of activity with demand primarily stemming from SME local occupiers. There is potential for small scale commerce and businesses to move into vacant retail units. There is a growing creative industry sector in Huddersfield demonstrated by the presence of internationally recognised designers, gaming industries and other creative industries. The Media Centre in Huddersfield opened in 1995 and now provides managed offices, meeting and exhibition space across three buildings, accommodating around 500 people in

120 small businesses. There has been some successful activity to stimulate the entrepreneurial skills of young people. The creative and digital economy offers growth potential within Kirklees for SMEs.

Conclusion and Future Perspectives of Huddersfield

A 10-year vision to consult on a blueprint and draft economic strategy to regenerate Huddersfield was launched in 2019 (Kirklees Council, 2019a; Kirklees Council, 2019b). In addition, Huddersfield is due to be the UK's first Gigabit Town (City Fibre, 2019) with next generation full fibre broadband provided by City Fibre. This is recognised as critical for a vibrant SME community and public infrastructure to support the town's transformation. The Federation of Small Businesses in the Yorkshire, the Humber and North East England (FSB, 2019) continues to support more businesses in the region as well as the Mid Yorkshire Chamber of Commerce (2019). The 3M Buckley Innovation Centre at the University of Huddersfield facilitates business growth, business-to-academia collaborations and actively promotes innovation.

9.4 Facts about the Liberec Region



Liberec is one of the regions in the SHARPEN project and one of 14 regions in the Czech Republic. It is located around the city of Liberec in the north of the Czech Republic, bordering Germany and Poland. The Liberec region is the second smallest region in the Czech Republic. The Liberec region is industrial. It is famous for glassmaking, jewellery production, mechanical engineering, and manufacturing industries with close ties to automobile production. In the past, the traditional textile industry had a dominant position, however, its dominance has eroded over the last two decades. As the centre of the region, Liberec is a university city – the Technical University of Liberec was established more than 65 years ago.

Size and Location of the Region

According to the classification of territorial units, the Liberec region belongs to NUTS 3. The northern part of the region forms a 22.7 km long state border with Germany, followed by a 133.5 km long border with Poland. The eastern part of the region borders the Hradec Kralove region, the southern with the Central Bohemian region and the western border with Usti region (Czech Statistical Office, 2018b). Liberec region accounts for only 4.0% of the territory of the Czech Republic. Apart from the capital city of Prague, the Liberec region with a total area of 3,163 km² is the smallest region in the country. 442,356 inhabitants lived in the region on 31st December 2018, representing around 4.2% of the country's population. The average density of residents 139.5 res./ 1 km² exceeds the national average of 134.5 res./1 km² (Czech Statistical Office, 2019a).

Labour Force Structure and Unemployment

The average age of the region's population in 2018 was 42.1 years, which is 0.2 years less than the average age of the population of the Czech Republic. However, compared with the previous year, the age of the region's population grew by 0.2 years. The trend of an ageing population is confirmed by the increasing value of the ageing index and the index of economic dependence. Since the year 2011, the age index (the number of persons aged 65 years and over per 100 children aged 0-14 years) has been gradually increasing. At the end of 2018, there were 122.6 seniors per 100 children (Czech Statistical Office, 2019e).

In 2018, the Liberec region's birth rate was 4,725 live births, i.e. 0.6% less than the previous year when 10.7 children per 1,000 inhabitants were born. In comparison with other regions of the Czech Republic, the Liberec region has the fourth highest birth rate. At the same time, the death rate was approximately the same in 2017 with 4,707 deaths compared with 4,705 deaths in 2018 (Czech Statistical Office, 2019d). The region's population comprises of 16.2% of people aged 0–14 years old, 63.9% of people aged 15–64 years and 19.9% of people who are older than 65 (Czech Statistical Office, 2019e). Figure 9.9 shows the age structure of the region compared with that of the whole Czech Republic and the EU. As the figure illustrates, the age structures of Liberec, Czech Republic and the EU are almost the same.

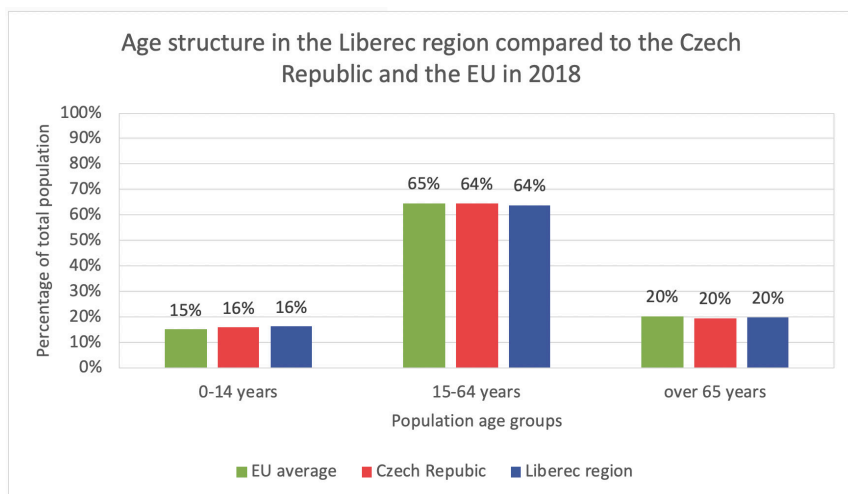


Figure 9.9. Age Structure in the Liberec Region Compared with the Czech Republic and the EU

Source: Adapted from Czech Statistical Office, 2019e; Czech Statistical Office, 2019f; Statista, 2019

From April 2018 to April 2019 the rate of unemployment in the Liberec region dropped from 3.33% to 2.88% (Figure 9.10). Despite this, it is slightly higher than the average unemployment rate in the Czech Republic, which was about 2.75% in April 2019 (Czech Statistical Office, 2018a; Czech Statistical Office, 2019c).

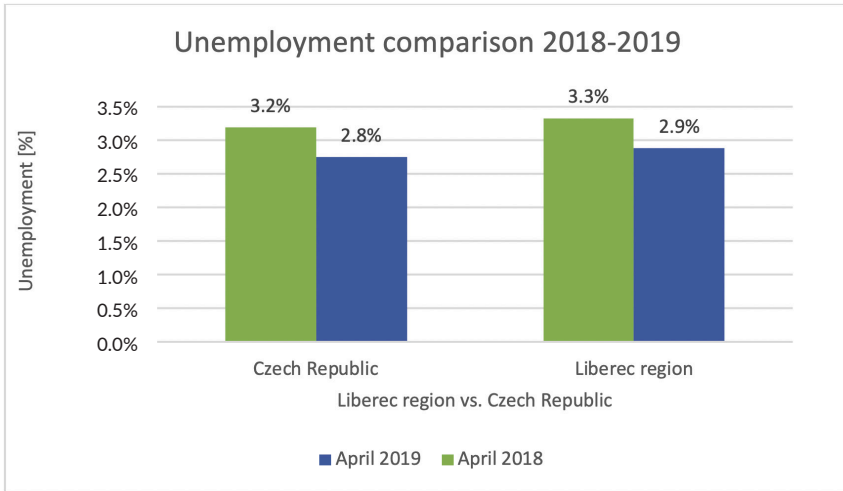


Figure 9.10. Liberec Region and Czech Republic Unemployment Comparison in 2018 and 2019

Source: Adapted from Czech Statistical Office, 2018a; Czech Statistical Office, 2019c

Area of Work	Number Employed
Manufacturing	80,600
Wholesale and retail trade - repair of motor vehicles	19,400
Education	14,300
Construction	14,200
Human health and social work activities	12,500
Public administration and defence; compulsory social security	12,200
Transportation and storage	12,200
Professional, scientific and technical activities	6,100
Accommodation and food service activities	5,600
Administrative and support service activities	5,000

Table 9.8. Number of Employed Inhabitants Based on CZ-NACE Categories in 2017

Source: Czech Statistical Office (2018b)

The region's number of unemployed people was 9,304 as of 30 April 2019. Unemployed women dominated with a share of 53.4% (Czech Statistical Office 2018a; Czech Statistical Office, 2019c). The Table 9.8 above shows the structure of employment in the Liberec region according to NACE (Statistical classification of economic activities in the European Community) categories in 2017.

Migration Trends

Although the population of the region is ageing, the population change in 2018 was positive, i.e. the population grew by 1,056 people (0.2%). This increase was mainly due to foreign migration (1,036 people). Conversely, due to internal migration, the Liberec region lost 599 people. However, even the natural population change was positive with live births slightly overtaking deaths (Czech Statistical Office, 2019d). As can be seen in Figure 9.11, the number of people moving to the Liberec region has increased by 12.1% from 2017 to 2018 and reached 5,560 persons. About 40% of them came from abroad, others came from inside the Czech Republic. Most people arrived from Ukraine (511 persons), Mongolia (329 persons) and Slovakia (143 persons). Overall, 4,254 people left the Liberec region in 2018, i.e. 4.2% more than in 2017. Most of these (87.1%) moved to other regions of the Czech Republic (Czech Statistical Office, 2019d).

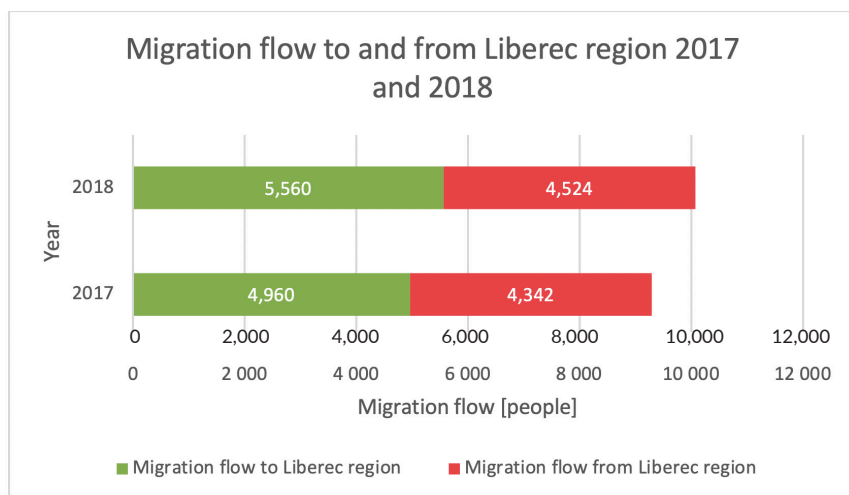


Figure 9.11. Liberec Region Migration Comparisons 2017 and 2018
 Source: Czech Statistical Office (2019d)

Number and Structure of SME's in Liberec Region

In total, 118,509 enterprises were registered in the Liberec region in 2018. Only 74 (0.06%) of these can be classified as large enterprises according to the

EU definition. This means that 99.94% of all enterprises in the region are SMEs. Table 9.9 shows the number and share of enterprises in the Liberec region since 2016 (Czech Statistical Office, 2019b).

Size of the enterprise by number of employees	2016		2017		2018	
	Number	%	Number	%	Number	%
*Not specified	71,925	61.65	72,816	61.78	72,705	61.35
Without employees	35,230	30.19	35,508	30.12	36,319	30.65
Micro (0-9)	7,570	6.49	7,543	6.40	7,512	6.34
Small (10-49)	1,488	1.27	1,504	1.28	1,479	1.25
Medium (50-249)	388	0.34	405	0.35	420	0.35
Large (250 and more)	74	0.06	78	0.07	74	0.06
Total	116,675		117,854		118,509	

Table 9.9. Number and Percentage of Enterprises in the Liberec Region in 2016-2018

Source: Czech Statistical Office (2018b)

(* not specified means that the business has not reported its number of employees. However, as most of them are sole traders, the expectation is that they have no or very few employees).

Industrial Structure of the Liberec Region

The economic structure of the Liberec region is principally of an industrial nature. For decades the textile industry dominated the region together with glass and imitation jewellery (bijouterie) industries. The prominence of the textile industry has, however, been gradually decreasing and nowadays manufacturing is mainly focused on machinery, rubber and plastic products and manufacturing linked to the automotive industry. Agriculture is mainly focused on the growth of cereals and forage crops for cattle breeding. The number of SMEs rose dramatically in the 1990s. These SMEs are mainly centred on the automotive industry, construction and services. In recent years, trade and logistics industries recorded a significant growth. Tourism is also a major contributor to the Liberec Region's economy (Czech Statistical Office, 2018b). Figure 9.12 shows the distribution of enterprises according to the NACE classification.

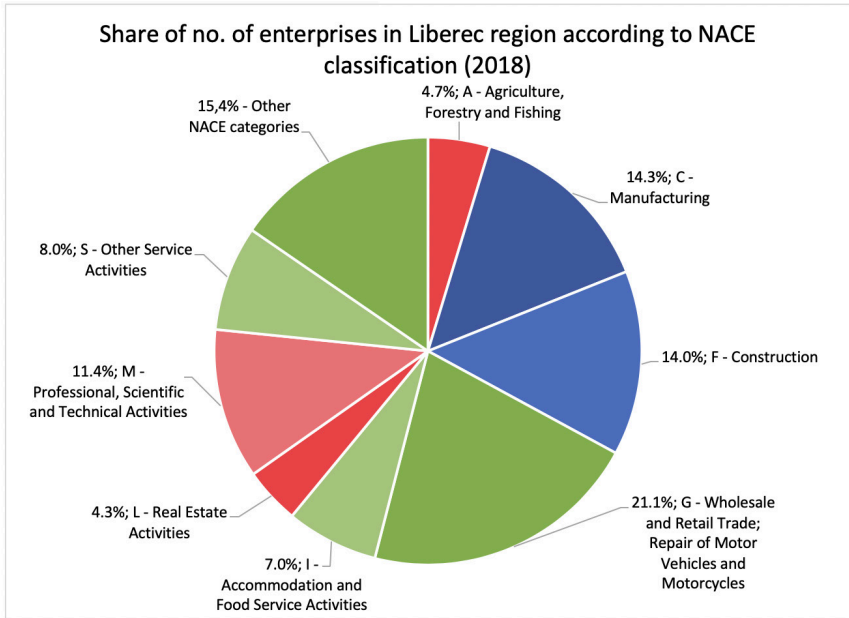


Figure 9.12. Share of No. of Enterprises in Liberec Region According to NACE Classification

Source: Czech Statistical Office (2019b)

Conclusion and Future Perspective of Liberec Region

The Liberec region can be characterised as an industrial region with the fifth highest average monthly wage amongst 11 Czech regions; 1,223 EUR/month in 2018 (CzechInvest, 2019). As in the rest of the Czech Republic, there is low unemployment and the region has been facing the challenges of an ageing population. Based on SHARPEN survey findings, SMEs in the Liberec region view their main challenges as key employees leaving, a lack of new employees (attracting the right candidate to vacant positions) and building their employer brand. SMEs, which are crucial employers in the Liberec region, have started to realise this and have begun to work on their employer brand and employee retention. Emigration has been increasing and will probably continue to increase in the future. Another challenge can be also seen in attracting talented people to the region (either graduates to stay in the region or attracting new people to move to Liberec). As a border region, people are also attracted to cross-border employment (often as commuters) in Germany because of higher earnings abroad. Due to the lack of key qualified people in the labour market, SMEs in Liberec also have to start attracting candidates from abroad, so the importance of the cross-border labour market is increasing. Key challenges for the Liberec region will be to attract highly qualified workers and retain current staff.

9.5 Facts about Saxony Region



One of the regions in the SHARPEN project is Western Saxony which is part of the Federal State of Saxony in Germany. The SHARPEN project focused on Zwickau, the fourth most populous city (STLA, 2018a) in Saxony after Leipzig, Dresden and Chemnitz.

Size and Location of the Region

The Federal State of Saxony is located in the east of Germany. It is bordered by Poland and the Czech Republic on its national borders. It is one of 16 federal states in Germany with the capital in Dresden.

The area of the state covers approximately 18,450 km² and around 4,081,308 people live in Saxony, including 185,737 foreigners (31.12.2017). The share of foreigners (4.6%) is lower than in the rest of Germany (12%) (STLA, 2018c). According to forecasts, the population will continue to decline to 4,019,200 inhabitants by 2020 and 3,851,400 inhabitants by 2030 (STLA, 2016).

Labour Force Atructure and Unemployment

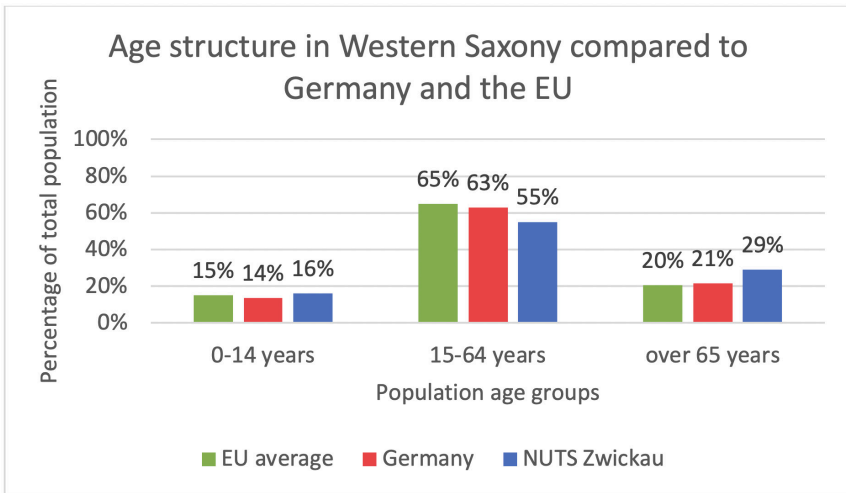


Figure 9.13. Age Atructure in NUTS Region Zwickau (DED1C) Compared to Germany and the EU

Source: Adapted from STLA, 2018b; Statista, 2019

In 2017, Saxony's birth rate was one of the highest since 1990 with 36,834 live births. In comparison, the death rate decreased from about 67,934 deaths in 1990 to 54,689 deaths in 2017 (STLA, 2018d). In the regional population, around 14.3% are aged 0–18 years old (school age), 57.7% of people are aged 18–65 years (working age) and 28% of people are over 65 years old (retirement age). In comparison to the German and European average, Western Saxony has a higher percentage of over 65-year olds (see Figure 9.13) (STLA, 2018b; Statista, 2019).

Forecasts predict significant growth in the number of inhabitants aged over 65 (up to 31% of the total population by 2030), leading to a substantial loss of potential labour (STLA, 2016). Currently, Saxony benefits from a strong economy thanks to its long tradition as a business location and early industrialisation. In mid-19th century, the industrial cities of Chemnitz, Zwickau and their surroundings were regions with the highest per capita income in Europe. There has been a steadily decreasing rate of unemployment over the course of the last 12 years. From the year 2017 to 2018 the rate of unemployment dropped from 6.7% to 6.0%. As most of the unemployed people are between 25 and 55 years of age, Saxony had a youth unemployment rate of people aged 15 to 24 years of 6.5% in March 2019 (see Figure 9.14) (STLA, 2019).

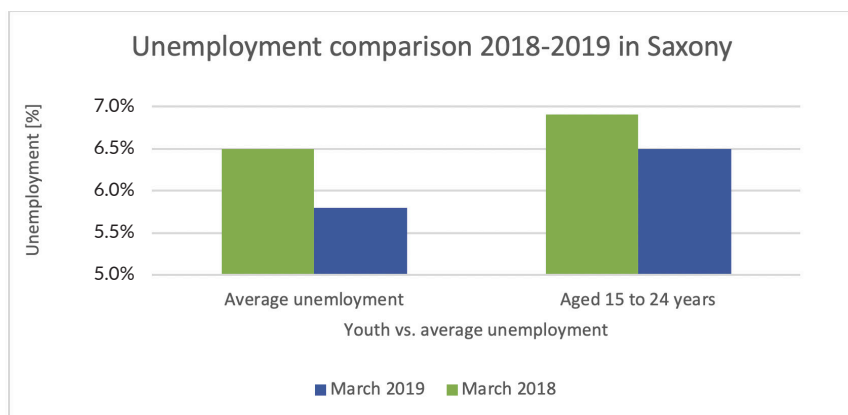


Figure 9.14. Youth and Average Unemployment in Saxony 2018 and 2019

Source: STLA (2019)

As the labour force structure shows, Saxony is facing a substantial loss of working-age population which could negatively impact enterprises in the region of Western Saxony. This presents serious challenges for managing people in local SMEs.

Migration Trends

In Saxony, the number of inhabitants decreased from 5.45 million Saxons in 1961 to 4.05 million people in 2013. In 2017, Saxony's total population increased again to 4.08 million people (STLA, 2018a). The migration restrictions in the former

German Democratic Republic (GDR) is one of the reasons why thousands of people emigrated from eastern Germany after the fall of the Berlin Wall. Consequently, the federal states in eastern Germany have to deal with a relatively high rate of elderly people and a low quota of women. Figure 9.15 illustrates migration flows from and into Saxony in 1990 and 2017 (STLA, 2018f).

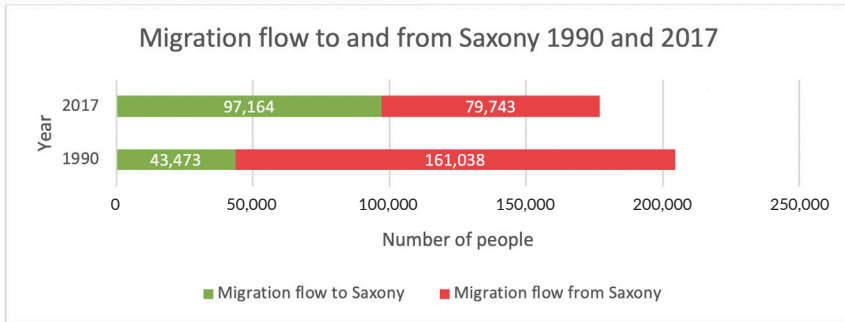


Figure 9.15. Migration fFows From and to Saxony 1990 and 2017
Source: STLA (2018f)

As can be seen in the Figure 9.15, the number of people moving to Saxony has increased from 1990 to 2017 (STLA, 2018f).

Number and Atructure of SME's in Saxony Region

In total, 150,174 enterprises were registered in Saxony in 2013 of which only 220 cannot be classified as SMEs according to the EU definition. This means that 99.9% of Saxon enterprises qualify as small or medium-sized enterprises. Saxony's small and medium-sized enterprises rank highly in sectors such as the automotive industry, microelectronics, mechanical engineering and plant engineering (SMWA, 2015). Table 9.10 shows the high number of SMEs in comparison with large enterprises. This supports the common belief that SMEs are the backbone of the Saxon (and German) economy.

Enterprise Size	Number of enterprises	Percentage of total number of enterprises
Micro enterprises	142,401	94.82%
Small enterprises	6,275	4.18%
Medium-sized enterprises	1,278	0.85%
Large enterprises	220	0.15%
Total	150,174	100.00%

Table 9.10. Enterprise Atructure in Saxony in 2013
Source: SMWA (2015)

Industrial Structure of the Saxony Region

The State Ministry for Economy, Work and Traffic aims at establishing a modern and internationally-oriented industry with high economic productivity. A large variety of different industries exists in Saxony. The State Statistical Office of the Free State of Saxony summarized its industrial structure in 2017 (see Figure 9.16) (STLA, 2018e).

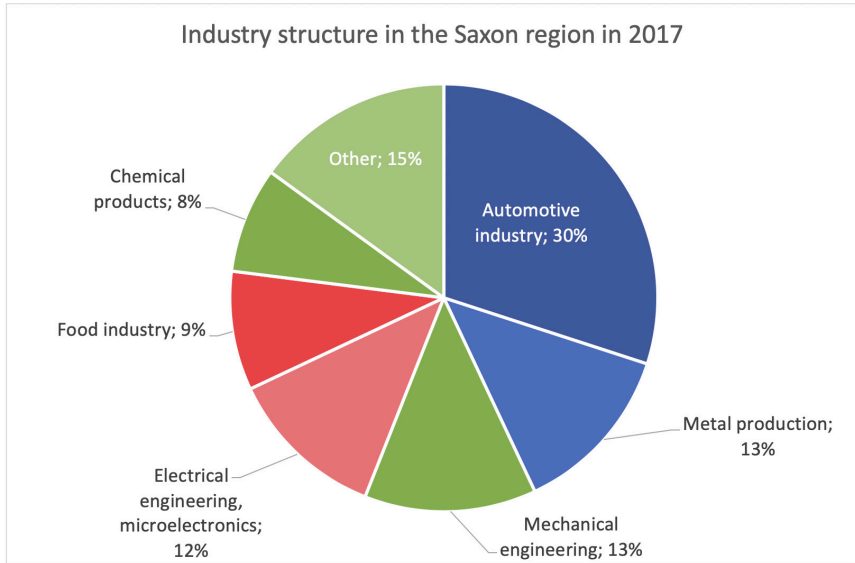


Figure 9.16. Industry Structure in Saxony in 2017 (Sorted by Revenue Share)
 Source: STLA (2018e)

The most important industry sector is the automotive industry followed by metal production, mechanical engineering, and electrical engineering and microelectronics. This clearly supports the strong position of the automotive industry in Saxony (Volkswagen, Porsche etc.) (STLA, 2018e).

Conclusion and Future Perspective of Saxony Region

The SHARPEN project survey showed that enterprises in Saxony struggle with specific regional human resource management issues such as migration and demographic development. The past few years showed a positive development in the labour force structure as well as migration in-flow for the Saxony region. However, factors such as demographic change mean that the population is forecast to decline in the course of the next decades. This indicates that SMEs in Western Saxony will likely need to compete for qualified employees in the future. Although recent years showed a population growth, this has slowed and is forecast to decline substantially in the future due to demographic change.

9.6 What European SMEs Need in HR? Key Challenges in 5 European Regions SHARPEN Survey Results

Key topics in this Handbook were underpinned from feedback provided in our survey on human resource management in SMEs in five European regions. Collaboration and co-production of insights from SMEs, universities (academics and students) as well as regional institutions provided very interesting comparisons. The collection of primary data was designed to offer a comparative analysis in order to contribute to gaps in our understanding of HRM in regional SMEs. The main focus of the survey which was carried out in 2017 and 2018 was to reveal current HRM challenges in the five selected regions – the Liberec region in the Czech Republic; the Kainuu region in Finland; Saxony in Germany; Huddersfield town and Kirklees in the UK and the Klaipeda region, Lithuania.

Results presented in this chapter are based on responses from 426 SMEs in these five regions (see Figure 9.17).

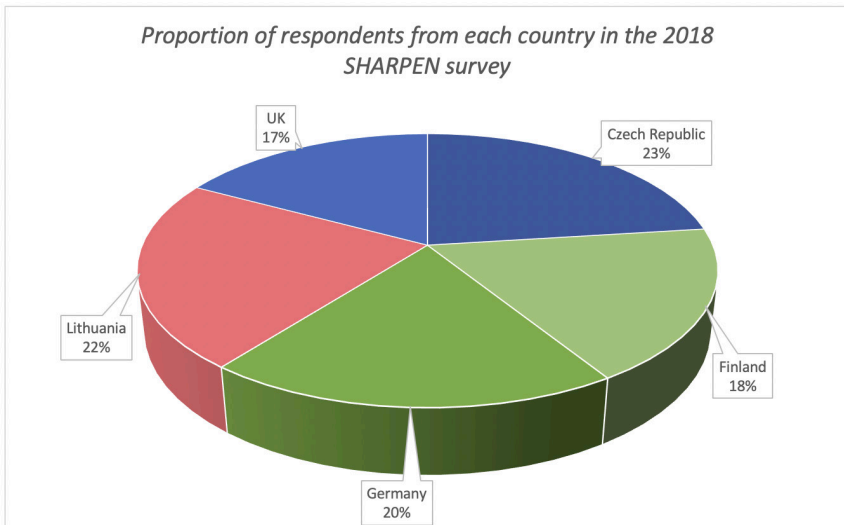


Figure 9.17. Proportion of Respondents from Each Country in the 2018 SHARPEN Survey

Source: Own elaboration

Survey results confirmed that SMEs are often family enterprises and owners often play a key role in their HRM processes, which are often set much less formal than in corporations, or have a mixed level of formality and informality

The larger the enterprise, the more likely it is that HRM activities are supported by an HR specialist. From the point of view of the importance of HRM activities, HR administration (complying with legal requirements) was confirmed as the most important priority, together with employee satisfaction and engagement, recruitment and employee selection, performance evaluation, and employee wellbeing. These findings, together with topics discussed in our case studies, helped to structure this Handbook.

HRM Challenge	CZ	Finland	Germany	Lithuania	UK
Key employees leaving	3.30	3.15	3.64	2.49	3.73
Lack of new employees (attracting the right candidate to vacant position)	3.25	3.16	3.59	2.98	3.34
Greater employee demands (demand for pay increase, benefits, working environment, etc.)	2.94	2.87	3.06	2.75	2.88
Inability to offer market competitive wages (inability to compete with large companies in terms of wages)	2.83	2.57	3.06	2.60	3.00
Building your employer brand	2.97	2.77	2.85	2.55	2.92
Lack of HR expertise in our organisation (lack of HR specialist)	1.93	2.29	2.25	2.46	2.35
Lack of resources (financial and time) for HRM	2.32	2.49	2.46	2.48	2.67
Attracting graduates to work in our SMEs	2.63	2.48	2.96	2.25	2.40
Insufficient usage of technologies in recruitment	1.97	2.02	2.23	2.30	2.22
Outflow of potential new employees (especially from generation Y/Z) from our region (e.g. to large cities)	2.41	2.57	2.78	2.42	2.11
Increase in minimum wage	2.31	2.54	1.99	2.54	2.58
Ageing of economically active population	2.54	2.42	2.65	2.34	2.41

Table 9.11. Which HRM Challenges are Important to SMEs?

Source: Own elaboration

Social media is a topical issue nowadays. The survey confirmed that although social media platforms become more important for the recruitment process, they are used much less readily for employer branding and internal communication by most of the regions' SMEs. It is surprising that SMEs do not see this as an important issue.

One of the key questions, which also helped to prepare topics for this Handbook, was related to the importance of challenges currently facing SMEs.

As the Table 9.11 shows, key employees leaving and lack of new employees, together with finding the right way to attract the right candidates to fill vacant positions, were identified as key challenges and very important issues in all the regions questioned except Lithuania. To evaluate the level of importance, intervals were given by authors in the Table 9.12.

Importance	Interval evaluation		
Below-average	1.00	–	1.99
Average	2.01	–	2.99
Above-average	3.00	–	4.00

Table 9.12. Importance of Challenges – Interval Evaluation

Source: Own elaboration

The importance of people management challenges in regional SMEs was also identified in the need for competitive wages and greater employee demands for benefits and rewards. There are challenges which are similar across the regions, such as key employees leaving and finding employees with the right skills. How to deal with these challenges is a topical issue not limited to SMEs. How do you develop your employer brand? How and why do SMEs use social media for recruitment? How does an SME structure and manage reward schemes etc.? The SHARPEN Handbook is here to offer suggestions to address these questions and more.

For detailed information about the survey, go to: <https://sharpen.ef.tul.cz/index.php?content=outputs> or read Maršíková at al. (2019).

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CONCLUSION



CONCLUSION

The Erasmus+ Project **SHARPEN** SMEs Human Resource Attraction Retention and Performance Enhancement Network was developed as an innovative HR needs assessment in response to the problem of demographic change and the exodus of young people from various European regions. These issues affect entire business sectors and large enterprises, but especially small and medium-sized organisations. Regional SMEs were the main target group of this project, with a focus on the human resource management policies, practices and practitioners within these enterprises. The aim of SHARPEN was to find new ways to create impact through innovative learning modules, cross-cultural workshops and knowledge transfer in collaboration with HR professionals.

The five participating universities – SMK University of Applied Social Sciences (Lithuania), Kajaani University of Applied Sciences (Finland), University of Huddersfield (United Kingdom), Technical University of Liberec (Czech Republic) and Zwickau University of Applied Sciences (Germany) - identified the following key issues in human resource management in small and medium-sized enterprises:

- uncertainty regarding future staffing and skills mix requirements in the context of an aging society;
- current focus primarily on technical skills and a lack of appreciation of succession planning;
- problems in finding and integrating young professionals/graduates and non-traditional and disadvantaged workers;
- lack of knowledge about the expectations of young people in the workplace;
- lack of knowledge about the importance of non-monetary rewards for employee participation;
- using social media for recruitment and employer branding;
- employee retention.

In collaboration with enterprises and universities from five different countries in the EU, the SHARPEN project aimed at assessing, developing and recording theoretical and practical methodologies and approaches to the above-mentioned problems. Through this interaction, it was possible, for the first time ever, to develop, share and obtain innovative key and cross-sectional competences from each region. These competences include, amongst others, social skills, language and intercultural skills, methodological components as well as practical experiences

and approaches. The SHARPEN project generated three innovative and publicly accessible outputs, which can be used by academics, SMEs, and professional bodies.

Firstly, the joint development and implementation of an **English-language learning module** with integrated practical case studies deals with the recruitment, selection and integration of new employees from the SMEs regional labour market. Another important point was the ability to enhance employer attractiveness and to facilitate SME employer branding. The learning module, as all SHARPEN project results, will be publicly accessible. Consequently, universities all over the world can benefit from three years of in-depth research on HRM in regional SMEs whilst developing future HR professionals.

Secondly, this **Handbook** was compiled through intensive collaboration, networking and company shadowing in the respective project regions. Knowledge, good practice proposals, and experiences gathered during the entire period of the SHARPEN project can be found in the chapters and case studies with practical tools. This Handbook is particularly suitable for SMEs due to its innovative plug-and-play approach, enabling SMEs to adapt the tools provided to their specific situation and needs.

Thirdly, an extensive **survey of human resource management in SMEs** was conducted in the five project regions using a standard questionnaire. The HR management surveys carried out in the project regions reflect a diverse range of opinions, provide useful facts and promote the importance of attending to managing people in regional small organisations. The enterprises that participated in the surveys benefited from interesting insights that they would otherwise receive only from their own market research. The survey findings provide a unique insight into staff-specific areas (e.g. recruiting, employer branding, etc.), thus opening up opportunities for SMEs to tackle challenges for the first time. Small and medium-sized employers are enabled to access innovative approaches to differentiate themselves from other organisations, especially large corporations, by drawing on these findings.

To sum up, the SHARPEN project has provided an innovative and hands-on approach. It has enabled SMEs and HR professionals to access state-of-the-art HR knowledge and research, thus strengthening regional SMEs and in general the European Union. The SHARPEN project also provides a model for the future through the strong networking links and strategic partnerships fostered between the participating institutions to support future projects.

The international collaborations and company shadowing in the SHARPEN project have generated in-depth knowledge that can inform future case studies. The shared knowledge and experiences will be extremely useful for enterprises and universities going forward.

APPENDIX



LIST OF SHARPEN PROJECT CASE STUDIES

Key:

CZ = Czech Republic

LIT = Lithuania

GER = Germany

UK = United Kingdom

FIN = Finland

Chapter 1: Workforce Planning

1. KIRKWOOD HOSPICE CASE STUDY: Effective workforce planning, well-being and attracting younger workers in a social enterprise

While approaches to HRM in SMEs often differ from managing people in large organisations, it is important to note that SMEs are also diverse in terms of size, mission, history and governance. In this case, we explore a not-for-profit social enterprise with charitable status. Specifically, we discuss key challenges in workforce planning in a hospice which provides palliative care for in-patients and service users in the community. Importantly, we reflect on the importance of workforce well-being, in particular the risks of burn-out in context of high levels of compassion. We also note the need to attract younger workers. The lone HR Manager in this kind of SME needs to ensure that they take steps to manage their own self-care. One impact from the case has been discussions with Hospice UK and its HR managers' network to establish a national virtual randomised virtual coffee trial to support mentoring.


Country	Year
UK	2019
https://sharpen.ef.tul.cz/upload/CH1case1.pdf	



2. DEVELOPMENT PROGRAMMES TO SUPPORT CAREER PATHS AND TALENT MANAGEMENT

This case study of an engineering SME in Holmfirth addresses talent management in SMEs. Talented employees are a key resource for enterprises to support their competitive advantage. This case shows how the SME created talent management programmes to support its corporate strategy. The SME invests in and organizes study trips, courses, training and open lectures for its staff to support their learning and on-going growth.


Country	Year
UK	2019
https://sharpen.ef.tul.cz/upload/CH1case2.pdf	



3. CHALLENGES FACED WITH LEADERSHIP SUCCESSION PLANNING IN A BRITISH SME: A teaching case study

The purpose of this case study is to explore leadership talent management at an SME, which operates as a bespoke manufacturer of components for the construction industry, operating as a business to business (B2B) trade entity within Yorkshire. The HR Director is facing a predicament on leadership succession planning at a senior level, reviewing the resources and support required to ensure an effective talent management programme. Following guidance provided by the Chartered Institute of Personnel and Development, the case recommends that individuals who are responsible for succession planning need to be highly knowledgeable about how the business is likely to evolve, and how such change might affect the numbers involved in succession planning and the skills they must possess. This requires a close relationship at a senior level between top managers responsible for shaping the future of the business (including the chief executive) and HR. It is important for employers to avoid talent tunnel vision where the focus is purely on current skills needs, and to ensure they develop a good understanding of future business needs for leaders, managers and business critical positions.

Country	Year
UK	2018
https://sharpen.ef.tul.cz/upload/CH1case3.pdf	



4. HOW TO IMPROVE HRM SYSTEM IN SMALL BOUTIQUE HOTELS

This case study of a small boutique hotel considers some of the HRM activities associated with a relatively small (boutique) style hotel. We suggest recommendations that can be implemented to increase employee motivation within the scope of the hotel's available resources and organisational structure. We recommend a step-by-step improvement approach: create formal appropriate HRM system; formalize the HR manager's role; formalize staff meetings; organize a suggestion box.


Country	Year
LIT	2017
https://sharpen.ef.tul.cz/upload/CH1case4.pdf	



5. EXPANDING AN ARTS BUSINESS: from a terraced house to a global SME

The case illustrates internationalisation in an SME and the people management implications. It highlights the importance of employee engagement to enhance productivity and to integrate HRM policies and practices with other business functions. This case shows that when an SME grows to around 150 people it is time to consider employing a dedicated HR specialist who can be proactive in working with line managers and members of the workforce to improve the organisation's competitive advantage through effective motivation and performance management tools.

Country	Year
UK	2018
https://sharpen.ef.tul.cz/upload/CH1case5.pdf	




Chapter 2: Recruitment Management

1. SCREWS PRODUCTION AS AN ATTRACTIVE CAREER FOR GRADUATES

The case study focuses on recruitment challenges in a manufacturing SME and creates recommendations to increase the attractiveness of the company as an employer especially for students and graduates, Y and Z generation members. The practical part of the case study focuses on the application of theoretical knowledge within the selected company. The main attention is paid to creating a company page on the social network Facebook.


Country	Year
CZ	2017
https://sharpen.ef.tul.cz/upload/CH2case1.pdf	



2. FACEBOOK JOB ADS: how to attract job candidates

The case study aims to describe the recruitment process and identify challenges connected with hiring through social media in a selected company in the bakery industry. The paper focuses on proposing recommendations which could help the company to build a strong employer brand, attract potential candidates and get new users on its Facebook business page. Findings in this paper confirmed an importance of using Facebook for finding new employees, as well as a need of sharing information about corporate culture, lifestyle and working activities with active Facebook users. The main attention is paid to creating a job advertisement and presenting possibilities for sharing posts with job offers through Facebook.

Country	Year
CZ	2019
https://sharpen.ef.tul.cz/upload/CH2case2.pdf	



3. CHALLENGES IN RECRUITMENT OF YOUNG MANUAL WORKERS

This case study deals with a problem that is relevant to many companies today, namely challenges in recruiting young manual workers. The problem was analysed in a Czech SME from the Liberec region that operates in the metal industry. To solve this problem, it is necessary to analyse the needs and expectations of a different generation. This case study provides a manual on the proper content for communications, including job ads, choosing the optimal communication channel, and adjusting benefits.

Country	Year
CZ	2017
https://sharpen.ef.tul.cz/upload/CH2case3.pdf	



4. FINDING TALENT ON SOCIAL MEDIA

This case study describes the story of an SME located in the Liberec region, Czech Republic and its human resource management challenges. It is a company with a 20-year tradition in the ecological recycling of refrigerators and other electrical and electronic waste. Right now, the SME is facing a lack of new, young talented people. Thus, the challenge is to start engaging young people, especially generation Z. To that end, this case study is trying to provide a short guide on how to start using social media for communicating with this generation. A practical tool is provided in the appendix: a step-by-step guide for how to start using Instagram.

Country	Year
CZ	2017
https://sharpen.ef.tul.cz/upload/CH2case3.pdf	




5. HOME SWEET HOME IN KAJAANI

At times, it is not easy for SMEs located in a remote location to recruit the right talent to fill vacancies. This is the case for the partner SME in this case study.

This SME is growing rapidly and needed experienced programmers in mobile games development. However, such talent is scarce for several reasons: first, the SME is in a new industry sector; secondly, the location is far away from bigger cities or other ICT clusters; thirdly, experienced software engineers with specific programming language are needed. Thus, the partner SME decided to attract talent from abroad. To support foreign employees to settle successfully into the new environment, the SME has collaborated with the SHARPEN project to study the phases of on-boarding and to develop a practical tool that will help the HR manager to support the new foreign employees and their families through a systematic approach. The objective is to help these workers to settle as quickly as possible so that they can feel at home in the new working and living environment.


Country	Year
FIN	2018
https://sharpen.ef.tul.cz/upload/CH2case5.pdf	



6. STAFF SELECTION PROBLEMS

The case study describes a medium-sized freight forwarding company, which provides sustainable solutions in logistics as well as services for supply chain management. To achieve good results, the company needs to have determined employees with good skills in spoken English. The aim of this study, therefore, is to determine the level of English language of job applicants and offer solutions for better employee selection. The company faces several challenges: there is no precise system to check a person's level of spoken English. After analysing the results, it was concluded that the best way to find out the English knowledge of a job candidate is verification of both speaking and writing. Candidates were required to write a letter to a client or to another company on a job-related topic and text perception tasks.

Country	Year
LIT	2019
https://sharpen.ef.tul.cz/upload/CH2case6.pdf	




7. HOW TO ATTRACT YOUNG GRADUATES THROUGH UNIVERSITY COLLABORATIONS

SHARPEN Team #1:

This case study focuses on SMEs and their university relations. Based on literature used for this case study, differences in the needs of generation Z compared with previous generations must be addressed if SMEs want to attract young talent. To learn more about this, a survey was conducted with university students, and interviews were held both with university students and the case study company's CEO and HR manager. The survey results concurred with what was learned from the literature. Recommendations based on the survey and interviews included practical ways for SMEs to attract a younger workforce, such as attending university events as guest speakers and advertising jobs on an application meant for university students, as well as a checklist for maintaining and increasing existing visibility among the potential workforce.


Country	Year
FIN	2019
https://sharpen.ef.tul.cz/upload/CH2case7a.pdf	



SHARPEN Team #2:

The case study describes the challenges with recruitment and retention of young graduates at a regional SME, ABC Oy. The case study focuses on how to attract new graduate students to the company and how ABC Oy could collaborate better with its local university to increase the SME's visibility and employer brand toward students and graduates. To understand the situation, key staff in the university and the CEO and HR manager of the case study company were interviewed. A survey was also carried out with university students.


Country	Year
FIN	2019
https://sharpen.ef.tul.cz/upload/CH2case7b.pdf	



8. DEALING WITH RESPONSIBILITY CHALLENGES IN SME'S


This case study is about responsibility and how to deal with it in growing medium-sized enterprises. In this case it is an unfortunate truth that young people in particular quit their job because they were overwhelmed with a rapid rise in the level of responsibility that is required from them. Their personal development cannot keep up with the increased levels of responsibility. To find out whether or not job applicants possess the competences required for taking on responsibility, please refer to the practical tool in the case appendix.

Country	Year
GER	2019
https://sharpen.ef.tul.cz/upload/CH2case8.pdf	


9. MANAGING PEOPLE WITHOUT AN HR DEPARTMENT IN A SPORTS BAR SME: a teaching case study

This case study explores the perspective of a part-time training manager in a long-established SME and members' only sports bar where there is no formal HR Manager. The focus is on customer service training for bar staff. The case explains that the role is extended to enhance the recruitment and selection of new staff. This case discusses the importance of providing more than just basic HR benefits and the benefits of leveraging the organisation's brand to support new staff recruitment.

Country	Year
UK	2019
https://sharpen.ef.tul.cz/upload/CH2case9.pdf	



Chapter 3: Employee Turnover and Retention Management

1. EMPLOYEE TURNOVER

The case study describes a small-sized company which is a leisure and sports centre for all. The company faces a problem of employee turnover; in the last year the majority of employees have changed. Because of the high turnover of employees, the present employees lose motivation and consequently labour efficiency decreases. The research revealed that the most common reasons for employee turnover are financial, alternative job opportunities and personal issues. As the results of the survey have shown, the majority of employees indicated tangible means of motivation to be more effective as incentives to remain in the organisation.

Country	Year
LIT	2018
https://sharpen.ef.tul.cz/upload/CH3case1.pdf	



2. EMPLOYEE TURNOVER AND RETENTION

The case study describes a medium-sized company in transportation industry. The aim of the study is to reveal the challenges that the company faces in the area of staff turnover and retention. After analysing the results, a form of employee needs assessment was offered. Moreover, the means for implementing employee retention (work, environment, means of work, development and career opportunities, relationships with managers, work and free time balance, reward, relationship with colleagues) were recommended in the study.

Country	Year
LIT	2019
https://sharpen.ef.tul.cz/upload/CH3case2.pdf	



3. WELDING OF INDUCTION PROCESS

This case study deals with HR issues in a selected company operating in the welding industry. First, the company, its HR processes and HR challenges are introduced. Its most important challenge is its induction process. Based on the company's needs and other secondary data, the case study suggests solutions. Some tools to improve an induction process are proposed. If the induction process is not properly established, it can lead to large problems. One result is that more employees tend to leave jobs with poor induction processes during their first year.

Country	Year
CZ	2017
https://sharpen.ef.tul.cz/upload/CH3case3.pdf	



4. HOW TO GET THE HARD SKILLS SOFT?

This case study deals with an issue which is specific for companies in science and technology industry. Unlike most companies in the Liberec region, the company from this case study does not have a problem with recruiting new employees. It does not even lack skilled employees. There is, however, a lack of soft skills in the company. Soft skills such as communication, management, presentation and leadership skills are crucial for SMEs in order to compete with large companies. This case study describes the company's situation, gives basic information about learning and development and soft skills in the company. It also introduces two practical tools that can be used when employees lack soft skills.

Country	Year
CZ	2018
https://sharpen.ef.tul.cz/upload/CH3case4.pdf	



5. LEARN TO USE INTERNAL COMMUNICATION EFFECTIVELY

The following case study describes a chosen company - its purpose, the structure of the organisation and its internal communications. The objective of the study is to focus on communication, analyse the attitudes, communication channels and challenges inside the company. Solutions based on a questionnaire are then proposed. The chosen solutions should be correctly used to effectively help in the chosen area.

Country	Year
CZ	2019
https://sharpen.ef.tul.cz/upload/CH3case5.pdf	



6. HOW COULD THE TRADITIONAL TEXTILE INDUSTRY BE MORE ATTRACTIVE TO THE EMPLOYEES?

An organisation managed with competent employees can propel any organisation to greater heights through the retention of valuable employees and the development of a good employer brand. This case study analyses the human resource management challenges faced in a selected company operating in the carpet production industry. The case study is aimed at proposing practical tools and strategies to aid in the minimisation of employee turnover, ultimately bettering the status of the company as an employer of choice. Besides proposing tools and strategies, the paper also examines the importance of building a strong employer brand as a tool to increase loyalty and reduce the turnover rate. Based on an analysis of the company's needs, we created a short, structured set of questions to be used as a part of the exit interview process. A proposal for exit interview process was created for the purpose of improving the employer brand, employee loyalty and to provide a benchmark to ensure continued improvement.

Country	Year
CZ	2019
https://sharpen.ef.tul.cz/upload/CH3case6.pdf	




Chapter 4: Employee Motivation and Reward Management

1. I DON'T JUST WORK HERE, I BELONG HERE!

The merger of two sister SMEs had impacted the motivation and productivity of the surviving, post-merger SME. The CEO and the HR Manager believed the development of a good reward system linked to clearly defined business goals would help motivate the employees to excel again. The case study explains some basics about employee motivation and how the reward system can be linked to performance. It also identifies a selection of non-financial rewards which are suitable for SMEs.


SHARPEN Team #1:

Country	Year
FIN	2017
https://sharpen.ef.tul.cz/upload/CH4case1.pdf	



SHARPEN Team #2:


Country	Year
FIN	2017
https://sharpen.ef.tul.cz/upload/CH4case1b.pdf	



2. IS EMPLOYEES INTRINSIC MOTIVATION IMPORTANT IN SMES?

The case study describes medium-sized company working in service and food production and supply sector. The HR problem is emigration of the labour force. The general trend of emigration influences the labour force in this company, it is becoming more and more difficult to find new employees and to keep them. The company has to compete not only with the local companies, but also to stick to the general trends in the labour market in the European Union. The practical solution for this company was to rise employee motivation by: regular feedback and attention to every employee; employee involvement in company’s improvement and decision making; monthly employee plans.


Country	Year
LIT	2018
https://sharpen.ef.tul.cz/upload/CH4case2.pdf	



3. WHAT ARE THE BEST WAYS TO MOTIVATE YOUR EMPLOYEES?

The case study describes a medium-sized company that specializes in customs services: it provides customs intermediary services in all customs posts in Lithuania, it carries out an audit of customs procedures, organizes trainings and consults on the issues of the law of customs, making intrastat accounts. The study analysed HR motivation practices applied in the organisation. The company’s SWOT table was created. The company’s organisational structure, the most important employee motivation methods and opportunities were analysed. Improving motivation can contribute directly to the improvement of economic and financial results of the company: growth of employee job satisfaction, employee loyalty, labour efficiency, turnover and other financial indices.


Country	Year
LIT	2018
https://sharpen.ef.tul.cz/upload/CH4case3.pdf	



4. EMPLOYEE MOTIVATION

The case study describes a medium-sized publishing and printing house. The SME deals with a lack of employee motivation and an ineffective employee motivation system. This causes a decrease in employee performance and does not inspire employees to remain in their workplaces. Analysis of the motivation system the SME lead to a conclusion that the company has to improve its existing motivation measures. Action planning for improving motivation measures include: extra payments depending on results; gratitude, appraisals; improved wages; positive relationships with colleagues; lack of data on the organisation's motivation system.


Country	Year
LIT	2019
https://sharpen.ef.tul.cz/upload/CH4case4.pdf	



5. MOTIVATION – A KEY FACTOR

This case study deals with the topic of motivation in a medium-sized enterprise in Saxony, Germany. The HR problem is a decrease in satisfaction, which could be explained by a lack of employee motivation. The research problem is to establish if and why the employees in the case study company are not as motivated as they used to be. The practical part of this case study focuses on applying theoretical HR knowledge to the case study company. A survey with specific motivation-orientated questions has been designed.

Country	Year
GER	2019
https://sharpen.ef.tul.cz/upload/CH4case5.pdf	




Chapter 5: Performance Management

1. WASTE OF PERFORMANCE

The case study deals with the issue of employee performance appraisal in a chosen SME operating in a recycling industry. The case study focuses on challenges in the process of employee performance appraisal. The case study brings a literature overview of performance evaluation process. Solutions, based on the needs of the company and secondary data, are introduced as well as tools to improve the evaluation process.


Country	Year
CZ	2018
https://sharpen.ef.tul.cz/upload/CH5case1.pdf	



2. EMPLOYEE EVALUATION

The case study describes a successfully growing medium-sized furniture making and sales company. The aim of the study is to analyse the specifics of the system of employee assessment in the organisation and opportunities for development of this system. The main problem the furniture company faces is the poor quality of work produced by employees who are members of generation Y. Most representatives of this generation communicate very well amongst their peers in finding general solutions, but the quality of work often suffers in terms of meeting specific quality requirements. Step-by-step suggestions for the improvement of employee performance assessment are offered: to specify the assessment criteria more clearly; to include the opinion of co-workers being assessed in the assessment results; to improve motivation systems; to change formal assessment with more effective methods such as regular daily conversations; to set clear goals for the coming period of assessment; to ensure a performance evaluation system that is fit for purpose.


Country	Year
LIT	2018
https://sharpen.ef.tul.cz/upload/CH5case2.pdf	



3. PERFORMANCE MANAGEMENT SYSTEM

The case study describes a medium-sized wholesale and retail trade company. The aim of this study is to analyse the system of employee performance management in the company and to foresee the possibilities for its development. Solution 1: to formalize the employee assessment system. Solution 2: to create a formal system of planning employee performance which would be oriented towards an individual contact with an employee to support corporate goals and collaboration that is jointly agreed.


Country	Year
LIT	2018
https://sharpen.ef.tul.cz/upload/CH5case3.pdf	



4. NO COMPETENCY MODEL NO SUCCESS IN A GLASS WORLD

This case study is focused on the analysis of strengths and weaknesses of a chosen company that is working in the glass industry. The company's HR challenges were analysed, and a suitable solution was proposed based on the results. The main challenge identified in this company's human resource management was the structure of their competency model. The practical tool suggests how to create or improve an effective competency model.

Country	Year
CZ	2017
https://sharpen.ef.tul.cz/upload/CH5case4.pdf	



Chapter 6: Employer Branding

1. HOW TO BE AN ATTRACTIVE SME FOR FUTURE VOCATIONAL TRAINEES

This case study deals with employer branding in a medium-sized enterprise in Saxony, Germany. The HR problem is to increase the attractiveness of the employer for future vocational trainees. The research problem is to find ways how the case company can compete against other attractive employers and to identify potential problems that could prevent young people from applying to work for them. A strategy and specific methods for emphasizing and communicating to the target audience are recommended.

Country	Year	
GER	2017	
https://sharpen.ef.tul.cz/upload/CH6case1.pdf		

2. HOW TO MAKE YOUR SME ATTRACTIVE TO INTERNATIONAL EMPLOYEES

This case study describes an HR issue relating employer branding in a medium-sized enterprise in Saxony, Germany. The research problem is to find ways how a regionally attractive employer can also become attractive on the international labour market and what contribution HR in the company can make to this. The case study aims at establishing recruitment process steps to help SMEs be more attractive to international employees. The practical part of this case study focuses on applying theoretical HR knowledge to the case study company and to establish a step-by-step instruction for an ideal recruitment process.

Country	Year	
GER	2017	
https://sharpen.ef.tul.cz/upload/CH6case2.pdf		


3. EMPLOYER BRANDING - GRAVITATE WORKERS AS SMALL OR MEDIUM ENTERPRISES

This case study describes an HR issue relating to employer branding in a medium-sized enterprise of the logistics sector in Saxony, Germany. The research problem is to find ways how a company in a comparably unattractive and competitive branch can be more attractive, despite low wage levels. The case study aims at identifying benefits of the case company and establish a strong employer brand. The practical part of this case study focuses on applying theoretical HR knowledge regarding reputation management to the case study company.

Country	Year	
GER	2017	
https://sharpen.ef.tul.cz/upload/CH6case3.pdf		

4. THE 'HOTTEST' JOB IN THE 'COOLEST' PLACE ON EARTH!


The partner SME faced challenges to attract and retain young talent in the company. In this research, the SHARPEN team identified gaps and recommended solutions to help the partner SME improve its employer brand in the eyes of young talent and professionals.

Country	Year	
FIN	2018	
https://sharpen.ef.tul.cz/upload/CH6case4.pdf		

Chapter 7: Employee Participation and Ownership

1. HOW TO ENGAGE YOUR EMPLOYEES FOR MORE (INTANGIBLE) PARTICIPATION

This case study deals with a highly developed medium-sized company in the engineering and architectural sector in Saxony, Germany. The problem to be addressed is the SME's lack of suitable mechanisms to engage its employees for more active participation. The practical part of this case study focuses on applying HR knowledge to the employee ownership problem in order to implement measures for more immaterial employee participation.

Country	Year	
GER	2018	
https://sharpen.ef.tul.cz/upload/CH7case1.pdf		


2. HOW TO ENGAGE EMPLOYEES IN SMES FOR MEANINGFUL PARTICIPATION

The case study discusses employee engagement in a highly developed medium-sized company in the engineering and architectural sector. The HR problem is the lack of suitable ways to engage their employees for more material participation. The practical part of this case study focuses on applying HR knowledge to the employee ownership problem in order to identify possible steps for more substantive employee participation.

Country	Year	
GER	2018	
https://sharpen.ef.tul.cz/upload/CH7case2.pdf		

3. HOW TO ENGAGE EMPLOYEES FOR MATERIAL PARTICIPATION AND TO ENSURE COMPANY SUCCESSION

The case study describes a highly developed medium-sized company in the engineering and architectural sector. The HR problem is to find ways for the SME to ensure the long-term existence of the company through entrepreneurial investments. The practical part of this case study focuses on applying HR knowledge to the employee ownership problem in order to explore new ways of employee participation in order to achieve four goals in particular: (i) to make the company attractive for new employees; (ii) to deepen the loyalty of current employees to the company; (iii) to management succession in the company from within its own ranks and thus (iv) to secure the company's survival.

Country	Year	
GER	2018	
https://sharpen.ef.tul.cz/upload/CH7case3.pdf		

Chapter 8: Corporate Social Responsibility

1. WHERE TO LOOK FOR EMPLOYEES, WHEN THERE ARE NONE?

This assignment addresses the issue of shortage of workers, a problem affecting an increasing number of companies. The problem has been inspected in a Czech SME from the Liberec region that manufactures chemicals. A cooperation with nearby prison facility was suggested and three options were considered and evaluated. First two options were associated with the employment of prisoners during their imprisonment, either in the factory or in the prison’s facility. Last type of examined cooperation represented the option of employing prisoners after their release from prison. The practical tool should help the management with choosing the best option of employing prisoners.


Country	Year
CZ	2018
https://sharpen.ef.tul.cz/upload/CH8case1.pdf	



2. THE INTEGRATION OF DISABLED PEOPLE

The case study describes a medium-sized branch of a retail company in the Klaipėda region. The aim of this work is to analyse a company’s strategies in the integration of disabled workers and the challenges that the company faces. The company, which has recently started to employ disabled staff faces difficulties in integrating these new workers. This is a successful example of a company helping disabled workers to adapt to the workplace. The case demonstrates the importance of a permanent line manager responsible for disabled workers. It emphasizes that the line manager also needs help to support these workers. The case includes a checklist table which can be used by a line manager as a guideline in the process of supervision. The checklist helps to ensure that both the new employee and their line manager know what has or has not been covered at any given time. Both line manager and employee use a copy of this checklist which needs to be kept up-to-date, so they can track progress. The checklist serves as a reminder of anything that needs particular attention.


Country	Year
LIT	2019
https://sharpen.ef.tul.cz/upload/CH8case2.pdf	



3. RECRUITMENT AND WELL-BEING IN EARLY YEARS CHILDCARE

A family-run private nursery chain is operating in the context of a UK staffing crisis for nurseries. This case identifies the key HRM challenges. It shows that employee attraction can be enhanced by providing more realistic information on website job boards, e.g. YouTube videos and testimonials. Opportunities for student placements should be promoted using multiple social media to support the search engine optimisation activities that are outsourced. The rise in mental health difficulties, resulting in increased employee absence, indicates that increasing employee awareness of the mental health issues is an HR priority to enhance employee well-being, e.g. through peer support and to reduce pressure on the owner manager.

Country	Year
UK	2019
https://sharpen.ef.tul.cz/upload/CH8case3.pdf	



4. DIVERSITY MANAGEMENT AND PROFESSIONALISING HRM IN DELUXE BEDS LTD.

This case SMS is an ethnic minority family owned, manufacturing company established in Huddersfield, West Yorkshire (UK) in 1995. Operating on a business-to-business (B2B) basis, DB is one of the leading beds and mattresses manufacturers in the UK, with nearly 100 staff members employed. This case study illustrates the benefits of diversity management and social inclusion in ensuring an employer reflects diversity in the local community. This is the story of the appointment of a new female managing director who has benefited from working closely with the local university in a Knowledge Transfer Partnership to professionalize HR practices. This case highlights the challenges of managing people in a family-owned SME.

Country	Year	
UK	2018	
https://sharpen.ef.tul.cz/upload/CH8case4.pdf		

SHARPEN Project

2016 - 2019



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Contribution to Knowledge

I am pleased to have been asked to provide an independent review of the above named output of the EU Erasmus + funded Project SHARPEN. I am not a HRM specialist, but I can see quite clearly that the output is of high quality and meets accepted academic standards.

The handbook provides a very good overview of the main areas of HRM and particularly those which are particularly relevant to the operations of regional SMEs.

There are many practical “tips” presented which SMEs will find helpful. There is also further reading provided which those who require more in depth input can pursue.

The international nature of the project is reflected in the interesting case studies provided of regional SMEs in the five countries which make up the project consortium.

The project consortium and the authors, in particular, are to be congratulated on the production of a high quality Good Practice Guide from Project SHARPEN.

Prof. John R Anchor
Professor of International Strategy
University of Huddersfield

25 July 2019

Summary

Human resources and employee relations significantly influence sustainable competitive advantage in small and medium-sized enterprises (SMEs). We argue, however, that the implementation of human resource management (HRM) and human resource development (HRD) policies and practices in SMEs can differ considerably from approaches in large firms. Often informal and less complex procedures without a strategic dimension prevail in SMEs. In smaller organisations with fewer than 250 employees, human resource management is typically provided not by internal HR experts but by the owners together with managers of other functional areas. On the one hand, this allows for greater flexibility. On the other hand, SMEs may face a number of challenges in the development of human resources management systems as professional approaches to managing people may be seen as an afterthought. This may result in ad hoc and impoverished forms of transactional personnel administration carried out by junior staff rather than proactive, transformational strategic HRM (SHRM) that really adds value to the employer brand, bottom line and a sustainable corporate strategy.

There is a stereotype that SMEs have limited resources (financial, material and human) and focus on cash flow, products and customers rather than employees. The SHARPEN survey findings conducted in five EU regions suggest this is the case in some smaller and micro enterprises. Our survey results and case studies also offer excellent examples. The purpose of this book, therefore, is to bridge the gap between how SMEs might like to manage their workforce using various tools and networking and how they currently approach HRM and HRD.

This publication provides innovative and practical perspectives (underpinned by theory and university-SME collaborations) to support regional SMEs in managing people. It is based on the assumption that SMEs should enhance decent work and working lives to impact organisational performance positively as well as local economies. It we recommend readers contextualise this knowledge and adopt a 'best fit' application to the ideas discussed in the text.

This publication includes nine chapters structured as follows. The methodology is explained first, with the core sections focusing on the main topics identified for SMEs as key in these five regions (countries). The authors' own research, literature review, and mapping of specific needs of SMEs with whom we have collaborated in five European countries were used to identify key topics: HR strategic planning and people resourcing, recruitment and retention of qualified workers (along with a system of reward management and performance evaluation), building of the employer brand and corporate social responsibility. In the first eight chapters, the topic is always presented in the context of literature, followed by mini case

studies with practical tools. These are based on findings from both quantitative and qualitative research, from intensive collaborations with HR managers and students in selected SMEs and from the shared international insights gained from SHARPEN partnerships in the regions of the Czech Republic, Finland, Germany, Lithuania, and the United Kingdom.

The final chapter presents region specific details from the five SHARPEN partners, e.g. commonalities and differences and specific human capacity building challenges. This chapter also contains the main findings of a survey conducted by authors among SMEs in these regions on the topic of human resources management. Inter alia, the publication offers suggestions of good practice and space for reflections.

The appendices comprise case studies from SMEs, which provide more detailed information on practical solutions to specific challenges based on the key themes in this publication. Five European countries and tens of SMEs in selected regions have participated by sharing their experiences for this book. The uniqueness of our publication is also in the sharing of international insights in this area, transferring and adapting lessons from one region to another such as employee ownership.

Keywords

- Human resource management,
- human resource development,
- small and medium-sized enterprises (SMEs),
- European regions,
- SHARPEN project,
- research,
- case study.

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The theme of small and medium enterprises is crucial in Europe's business environment. In several European countries, these companies face a lack of quality skilled workforce, and therefore, the area of human resources management is becoming increasingly important. SHARPEN Project, which linked this topic across five European countries, opened up key issues and specifics of human resource management in SMEs, and encouraged collaboration between the firms, academics, students, and a range of other regional and national institutions to develop both education and practice areas, not only in a regional context. One of the outcomes of the project is this publication, which is intended not only for small and medium-sized enterprises, but also for those who are in charge of human resources and are looking for inspiration on how to acquire and retain them or wish to educate themselves in this field further. The publication focuses on practice; it details the crucial challenges of HR in terms of literature, as well as practical case studies. And it is this focus - this lead in human resource management - that can give many companies a competitive edge and advance of others which have not yet gained that knowledge.

prof. Ing. Ivan Jac, CSc.

Chamber of Deputies Parliament of the Czech Republic
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