

Case Study 6: Employer Branding - Gravitare Workers as Small or Medium Enterprises (Germany 2017)

Abstract

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 in which a company in a comparably unattractive and competitive branch can be more attractive, despite low wage levels. The case study 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.

Introduction

Many companies complain about a lack of sufficient motivated and qualified applicants. The shortage of skilled workers will exacerbate in the coming years. The labour market conditions are going to change, and a new situation of competition will establish. As a result of this development, only highly attractive companies will assert themselves as employers. A well-established employer brand, according to corporate strategy, can be a useful way to meet these new challenges (Wolf, 2015).

The Company

Established as a one-person-company, the Fast Logistics Ltd. now employs more than 150 people after 30 years of operation. The two-man-handling of heavier items sold by mail order houses (e.g. furniture, white goods) constitutes the company's core business. Furthermore, a moving department takes care of private and business customers. Even evictions are carried out. A few years ago, several million Euros have been invested to obtain, to renovate and to modernise the now used company site located in a large town in Thuringia. The new large storage halls allow the safe storage of lots of items, in cooperation with online platforms for temporary storage. Another department is responsible for installing kitchens sold by a national furniture retailer. If any warranty issues occur, a separate service department takes care of them.

The fleet, consisting of about 50 lorries, light trucks, pool cars and special-purpose vehicles, is serviced by an internal maintenance group. All actions have to take place in coordination with the respective vehicle manufacturer, to avoid intersections with concluded service contracts, which are common in modern fleet management. The company is owner-managed and has an accordingly flat hierarchy. The CEO, Head of Operations and Head of HR form the management team. Every department has its own team leader, who is usually involved in daily operations. A pressing challenge is to meet the increasing demand for employees that own a driver's license for medium trucks or at least a driver's license at all. Since the cessation of universal conscription in Germany, fewer and fewer truck drivers are available and people who have benefited from armed services decades ago, are reaching an age that makes them unable or unwilling to carry bulky goods anymore.

The premises of Fast Logistics Ltd. are located near a highway on the town outskirts. A bus stop and tram stop are accessible by foot within under five minutes. A large personnel parking lot is available at no cost; additionally, there are two free-to-use electric vehicle charging stations. This location is rated as suitable for any kind of employee – regardless of whether commuter or town inhabitant going by public transport.

The HRM Priorities of the Company

There are a lot of different tasks related to human resource management (HRM), like the whole recruiting process including contract conclusions, the organisation of training, payroll processing and vacation administration. Furthermore, internal processes have to be supervised in the CEO and Head of Operations' absence. The main task of HRM is to permanently ensure a sufficient number of delivery staff so that all announced deliveries can be carried out, ideally keeping a small number of drivers and carriers on standby, who can be used in case of sickness, for example. A high turnover rate entails a continuously running recruiting process; the same applies to bookers. Some years ago, Fast Logistics Ltd. tried to face this challenge with the use of temporary workers for simple carrier tasks. Though carriers do not need any qualification at all, they have direct contact with customers and at the very least, some basic employee washing facilities must be provided. Unfortunately, in several cases this expectation was already too high. The main channel for recruiting is the local employer exchange. Jobs are also advertised on the company's website. In accordance with the increasing use of social media, a company profile has been created on Facebook. Some advertisements were published there, but permanent maintenance of the profile does not take place, so the impact is not that strong. Predominantly, good experiences were made with drivers recruited in the eastern adjacent countries. Ordinarily, these people have basic knowledge of the German language and possibly an EU driver's license, so that they can start working instantly without any training. Usually their main residence is still in their respective homeland, what should be respected in the duty rota (bridge days, extended weekends, no standby possible). At the beginning of the prevailing migration wave from South-western Asia and Africa, employment agencies set up activities for integration. Fast Logistics Ltd. took part in one of those actions. A group of ten grant-aided foreigners were supposed to carry out simple warehouse work. Of the four persons that appeared the first day, none was left by the third day. Since that experience, Fast Logistics Ltd. has been rejecting such requests by local institutions.

In the meantime, several people from abroad asked for work without any governmental pressure and those who really seem to be willing to work and have some basic knowledge in German language, get hired. It rapidly got around that Fast Logistics Ltd. hires foreigners without any prejudices, so, at least twice a week, groups of two or three people appear asking for a job. Of course, by and large this is a positive development but does not contribute to a solution regarding the lack of skilled workers, because qualified immigration practically does not take place (Brecke, 2015). To gain access to potential junior employees, local employer fairs are used for company presentations. The need for apprentices is basically covered by former student interns, children of employees and their children's friends or school mates (via word-of-mouth). A peculiarity of the logistics branch is a low return on sales. Increasing competitive pressure in combination with steadily increasing costs, especially operating costs for vehicles, result in a low wage level. This condition makes it hard to attract workers, even if

the required level of qualification is relatively low. Other benefits of Fast Logistics Ltd. should be revealed and integrated into a strong employer brand – an additional challenge that requires an HR focus, amongst others.

Findings and Solutions

Relating to the identity, and the reputation of a company from inside as well as to the outside is essential. Primarily, reputation is defined by performance – market leaders tend to have a higher reputation in general. A positive reputation to the outside (external image) as well as from the inside (internal prestige), make the existing workforce and potential employees proud to be a part of the company (RKW, 2011).

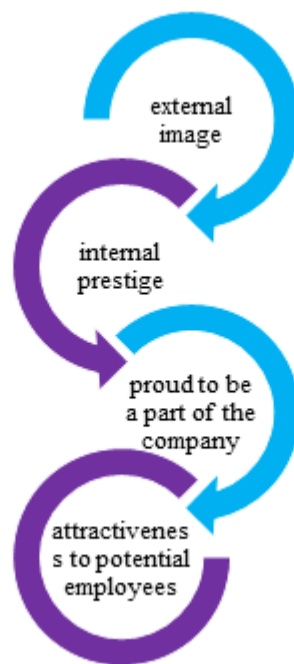


Figure 1: Reputation management (source: RKW, 2011)

An effective employer brand should stress which special working conditions a company offers in comparison to competitors. It is all about an authentic and realistic presentation of employer attractiveness. Employer branding is closely connected to the identity of a corporation, so top management has to ask itself about characteristics and what separates its company from others (van Dick, 2011). Such factors might be special product quality, innovation, flexibility or strong regional roots. When companies state these factors and their unique identity is clear, candidates with the same values and attitudes should be attracted to work there. Consequently, they will identify themselves with the company and stay true to it. Such employees live the employer brand in everyday life and contribute to strengthening and spreading the image by e.g. customer contact or word-of-mouth.

The processes that cause organisations to attract and choose certain people to work there are called gravitation (Nerdinger et al., 2014). Gravitation processes can be explained based on the Attraction-Selection-Attrition Model (ASA Model). Members of an organisation are often alike regarding personality, what is reasoned in the following similarities (Schneider, 1987; Schneider et al., 1995):

ALL EMPLOYEES...



applied to the same company ("attraction" = people attracted by values or image of the company)

were selected out of a pool of applicants and classified as suitable ("selection")

have decided to stay with the organisation or rather who doesn't fit the organisation, gets worn down and quits ("attrition")

Figure 2: Attraction-Selection-Attrition Model (ASA Model) (source: Schneider, 1987; Schneider et al., 1995)

Of course, applicants will not fit 100% to a new organisational culture. The final adaption by conveying knowledge, attainments, beliefs, values and standards, is called socialisation (Nerdinger et al., 2014). After the entry of a new employee, some kind of metamorphosis sets in that finally leads to productivity, commitment or fluctuation (van Maanen and Schein, 1977). Gravitation and socialisation are complementary processes. An essential task concerning employer branding in an SME is to strengthen and to communicate employer attractiveness internally and externally. SME can provide clear advantages, because in contrast to big corporations, career paths can be shaped flexibly and individually. Other advantages are often:

- flat hierarchy
- bandwidth within positions
- taking responsibility instantly
- deputising arrangements with adjacent work sectors

Practical Toolkit

But how can a company's core values, identity or organisational culture be communicated? Or even be measured at first? Figure 3 can provide some valuable insights for SMEs.

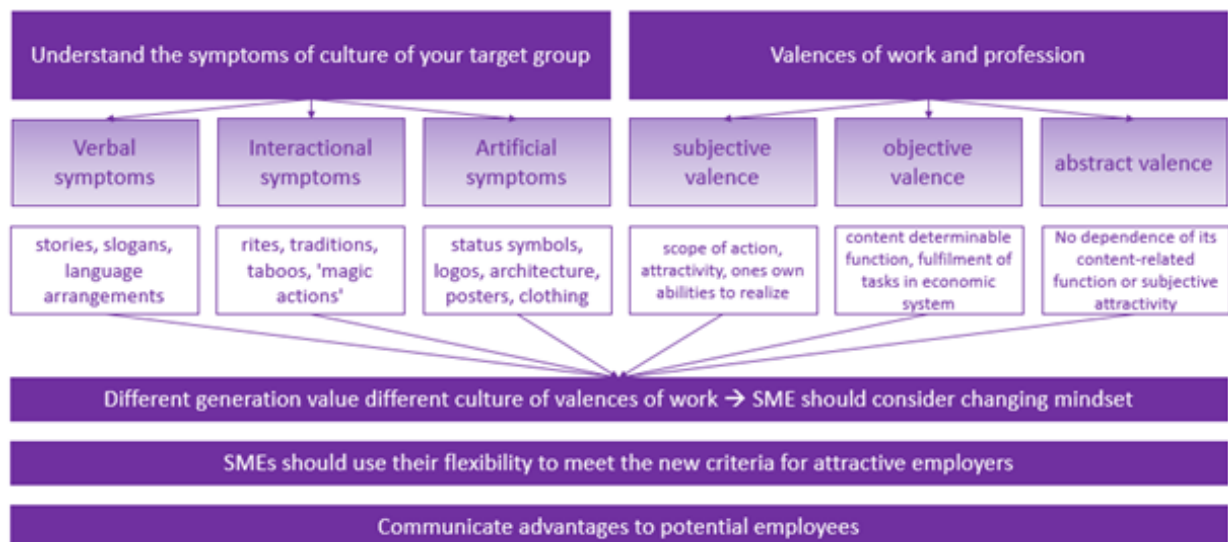


Figure 3: What to consider when gravitating workers as an SME (source: Neuberger, 1989; Oerter and Montada, 2008)

There are three symptoms of culture: verbal ones (stories, slogans, language arrangements), interactional ones (rites, traditions, taboos, 'magic actions') and artificial ones (status symbols, logos, architecture, posters, clothing). Organisational culture encompasses deeply anchored values and assumptions, that are commonly not spoken about but are nevertheless known (Neuberger, 1989). Symptoms of organisational culture usually depend on economic success. Meanwhile, members of Generation Y (years of birth 1980s up to early 1990s; data differs depending on source) pour into the job market. It is said that Gen Y focuses on different factors relating to work than members of Generation X and Baby-boomers.

The view of work has changed. Today, work is seen as a potential for self-realisation. Valences of work and professions can be structured in three levels: A job gets subjective valence through scope of action, its attractivity and one's own abilities to realise. So subjective valence serves the empowerment of self-efficacy. Throughout a content determinable function within society and the fulfilment of tasks within the economic system, a job owns objective valence. It has to do with the role that assigns people a place in their society. If a job is valuable without dependence of its content-related function or subjective attractivity, it gets abstract valence. In our society, profession and work have a high value – working people with a profession are respected as wholesome members of society. Whilst Baby-boomer and Gen X predominantly embody objective and abstract valences, Gen Y shifts 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 at top management level – should pay attention to this changing mindset and consider accommodating it. As stated earlier, people gravitate to corporations with the same or at least similar values. SMEs should use their flexibility to meet the new criteria for attractive employers. These include development perspectives, vocational training, job enlargement, job enrichment, opportunities to shape the work process, part-time models, home office and others. The circulating rumour that money has a low attraction to Gen Y members is mostly wrong or maybe stems from some kind of wishful thinking. 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 offer competent help. A special form is represented by student consultancies, that can be found at most universities and universities of applied sciences. Today's student consultants can give important insights to SME management, because they are representatives of Gen Y and partially the following generations. There is one crucial finding: future potential employees have a different perception of work and profession. To maintain future viability, SMEs need to broaden their horizons and become aware of what they can offer to attract new employees; or at least consider communicating the advantages that are available.

Got it?

CHECK LIST FOR SME



- Which channels should Fast Logistics Ltd. use to reach young potential employees?
- What are available positive aspects, that Fast Logistics Ltd. should communicate in order to attract new workers?
- What could be done to successfully integrate people from abroad?
- What are requirements for satisfactory HRM (in regard to the job)?
- What are key factors for attracting members of Gen Y?

Figure 4: Employer branding checklist (source: own elaboration)

Research Methodology

The methodology was based on interviewing the company's CEO, Head of Operations and Head of HR. The methods are interview-based and consist of qualitative and quantitative research methods. The interviews were carried out with the use of a questionnaire. In addition, accessible corporate documents and online information were examined.

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