

More competition for bright minds

How to pilot qualified professionals into companies

For some years now, the situation on the labour market has been improving perceptively. This is the reason why there have been increased shortages where the recruitment of personnel is concerned, in both regional and in occupation-specific partial labour markets. As a result, enterprises are being forced more and more to reconsider their position as regards competition for qualified labour and to boost their attractiveness as an employer: they can no longer assume that the skilled workers they are looking for will find their way into their company as a matter of course.



With the massive drop in unemployment that has been taking place since the middle of the last decade, the recruitment situation enterprises are faced with has changed noticeably. This becomes particularly clear from the changed relationship between numbers of unemployed and vacant jobs – an indicator for tension on the labour market: if, in 2004, there were on average still more than ten unemployed persons per vacant job – at a growth in the gross domestic product of 1.2 per cent – in 2011 this figure was just a little more than three – but at a clearly higher growth in the gross domestic product of three per cent (see Figure 1). As a study by Martin Dietz et al. from the year 2012 shows, the tension in individual partial labour markets has turned out to be even stronger. For instance, in Federal States such as Bavaria and Baden-Württemberg one can almost talk of full employment in view of the only small difference between unemployment figures and open jobs.

If one looks at the relationship in accordance with occupational level, then it is engineers in particular along with skilled workers in the metal, electrical, health and social professions who are being greatly sought after throughout Germany. The increased tension on the labour market is also reflected in the fact that establishments

Figure 1
Relationship of unemployment figures to vacant jobs and the growth rates of the gross domestic product from 2000 to 2011



Source: IAB – Job Vacancy Survey (Erhebung des Gesamtwirtschaftlichen Stellenangebots), statistics of the BA, Destatis – Volkswirtschaftliche Gesamtrechnungen (official national accounts)

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have recently been reporting increased problems in filling positions, problems which can even curtail production because of the relinquishment of contracts.

From an employer-centred to an employee-centred market

The comparatively comfortable situation employers found themselves in has obviously been relativized markedly after 2004: if, up to then, establishments had been able to recruit their skilled workers from a comparatively large pool of suitable applicants, now workers who are highly sought after have too many – and more and more – opportunities to choose from. This is the reason why one tends to talk increasingly of an „employee-centred market“, one which has already become a reality for well-educated (and trained) junior employees and proven experts.

Much suggests that the demographic development will take the pressure out of the labour market. According to a study by Johann Fuchs et al. of 2011, the number of available and also qualified workers will decrease. This is above all due to the fact that the successive, young cohorts are smaller than the age groups with a high birth rate which are exiting the labour market. Thus the workforces are also noticeably getting older.

As the supply of labour becomes scarcer and at the same time the employment situation improves, the challenges faced by company personnel policy multiply. However, a declining labour supply does not lead to a similarly large drop in unemployment. For instance, the demand for labour might drop because among other things enterprises react to the growing scarcity of skilled workers with wage increases (see also the article by Stephan Brunow et al.).

The requirement for labour could also drop because, at the end of the day, a sinking population throttles economic growth.

Depending upon exactly how strongly the demographic developments will affect the future situation of the labour market, enterprises will have to pursue a forward-looking human resources management. In doing so, it is namely not only a case of avoiding bottlenecks in recruitment or of forestalling a lack of skilled workers, but also and above all of positioning oneself well in the intensified competition for qualified specialists.

One can speak of a shortage of skilled workers in general when establishments cannot recruit the desired employees because of a lack of professional competence – that is, even when they have exhausted their room to manoeuvre as far as wages and the organisation of working conditions

are concerned. This would be the case if recruitable workers or members of the workforce did not exhibit the suitable qualifications and both external and internal persons could not be qualified accordingly. On the other hand, recruitment problems can also arise if the employment offers of the enterprise to potential applicants are not sufficiently attractive and are hence not accepted. This does not however represent a true shortage.

The room that an enterprise has to manoeuvre could nevertheless be restricted because, from its perspective, it is not possible to implement higher wages and better working conditions because of higher costs on the goods markets. What would aggravate matters even more is that not only might eventual additional costs arise for the newly recruited employees but also a review and adjustment of in-house wage structures and working conditions as a whole might

become necessary. Hence enterprises are faced with a balancing act that is not easy to master: they have to remain competitive not only on the product markets but also on the labour markets.

Elements of employer attractiveness

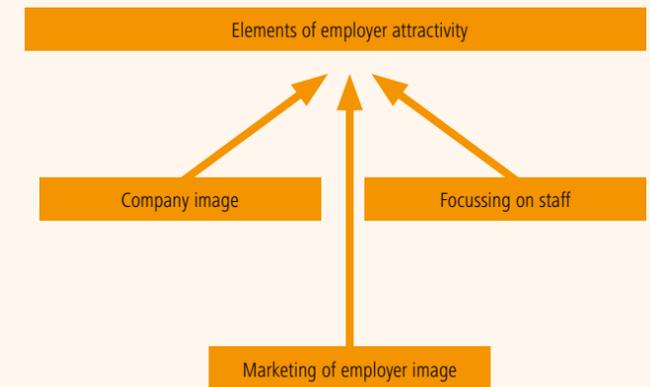
The trend towards a strongly improved labour market means that a human resources policy at enterprises geared towards recruiting and retaining workers is becoming, and must become, more and more important if these enterprises wish to remain successful on product markets in the long run. When recruiting staff, it is above all a question of boosting an enterprise's attractiveness as an employer. In this connection business economics literature cites three essential components: the image of an enterprise; its focus on staff; and the marketing of the employer image (see Figure 2).

In general, a positive image for an enterprise is the most important characteristic to have in the contest for coveted specialists. This is what awakens the desired interest in potential applicants on the labour market. What particularly creates image are aspects such as being well known, economic success, enterprise culture, orientation towards the future and innovative power, internationality, size of company, position on the market, and the attractiveness of the products.

Establishing a positive image for an enterprise is a long-term task for the leadership in question. This does not only apply to internationally active large-scale concerns; medium-sized enterprises can, and indeed must also build up a positive image at the regional and local levels if they wish to develop as great an attractiveness for potential applicants as possible (see, in this connection, the article by Oliver Ludewig and Ekaterina Kouli with concrete examples of in-house practice).

A further contribution to employer attractiveness is made by focussing on the staff of the enterprise. The way working conditions are organised is decisive. This covers a number of obvious factors: the level of the entry salary, safety at the work station, career opportunities, possibilities of further training, and the attractiveness of the location.

Figure 2



Source: Based on Katja Beyer, personalmarketing (personnel marketing) 2.0

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Added to this are three further vital elements whose significance is often underestimated and which are not only important to large companies if they wish to position themselves well vis-à-vis the competition as regards skilled workers. Firstly, the relative attractiveness of a job is increased if the components making up the activity are interesting; these are characterised by the meaningfulness of the work, the matching of job requirements and staff qualifications, and the degree of own responsibility an employee has.

In view of demographic change, two further aspects are gaining more importance: Firstly, it is a question of reconciling private life and professional life, that is, the so-called „work-life-balance“. In particular employees with children or with dependents in need of care require to have a lot of control over their time and the flexibility of their place of work as well as reasonable confidence that phases when their employment is interrupted or of part-time work will not mean a career setback.

On the other hand, the higher age of pension entry currently supported in political circles presupposes that establishments provide workplaces that are not only appropriate for older persons but ones that also accommodate the aging process. If nothing else, employer attractiveness

manifests itself in the experience of the newly recruited – and thus usually younger – employees that their older colleagues enter retirement with dignity and with as good health as possible.

Communicating employer attractiveness to the outside

And, finally, how attractive an employer appears also depends on how this is made apparent to the outside. Along with traditional ways such as applicant/job exchanges, advertisements or brochures, the Internet and social media are now playing a prominent role. The new media not only offer numerous possibilities of positioning an enterprise on the market but also of a targeted monitoring of how employer attractiveness is being perceived. Despite more acute competition for skilled workers, it is not a question of promising potential applicants „everything under the sun“. It would even be harmful if newly recruited personnel were to find out that promises about payments were not going to be adhered to or that the public image of the company did not correspond to reality. A successful „employer branding“ must first and foremost be sincere. To do this one requires the continuing development of the employer branding and the corresponding marketing.



Attractive employers do not only have better chances of recruiting good personnel but also of binding qualified and motivated personnel to their enterprise. That is why measures to increase the external attractiveness also as a rule pay off for its existing members of staff. An enterprise would gain little if it enticed bright minds but snubbed the traditional workforce – or even possibly risked staff handing in their notices because „newcomers“ had been given special treatment.

Conclusions

From the microeconomic perspective there is no patent recipe through which to ensure the attractiveness of an enterprise as an employer. Using the respective market position of an enterprise as a starting point, it will always be a question of compiling a suitable, credible and attractive portfolio.

Enterprises can by all means set different accents in the range of offers they make. For instance, a study by Frank Huber et al. from 2009 in which students at the University of Mainz were interviewed showed that the entry salary was by far not given highest priority by all applicants. More important were often the opportunities of advancement, varied offers of further training, or a sustainable work-life balance.

That is the reason why small and medium-sized companies – if they wish to position themselves correctly in the competition for bright minds – do not have to see themselves on the loser side from the very beginning. This also means that enterprises agree to make reasonable compromises when recruiting new staff. As studies by Hannah Brenzel et al. and Lutz Bellmann et al. on the basis of IAB surveys such as the Establishment Panel (Betriebspanel) or the Job Vacancy Survey (Erhebung zum Gesamtwirtschaftlichen Stellenangebot) show, establishments are indeed willing to make considerable concessions, most notably as regards accepting lower qualifications.

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Any possible deficits can be eradicated in various different ways such as by continual training on the job, further in-house training or the offer of specific advisory and support services aimed at gaining qualifications, such as those provided by the Federal Employment Agency (Bundesagentur für Arbeit, BA) with its special programme Further Training of Low-skilled and Elderly Employees in Enterprises (WeGeBAU, Weiterbildung Geringqualifizierter und beschäftigter älterer Arbeitnehmer in Unternehmen) or the Initiative to Flank Structural Change (Initiative zur Flankierung des Strukturwandels, IFlaS).

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