

# **THE SMEs' PURSUIT OF TALENTS**

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## **ABSTRACT**

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SMEs are the answer for creating new jobs, for as they grow, they need to increase the number of talents at the company at a fast pace. This effect has a positive impact in the economy and results in higher employment rates in Finland and all over the world. Merus Power as the commissioning company of this thesis felt that attracting talents was a crucial issue for them as an SME, at the point of fast growth. The purpose was to find out how an SME can attract talents, and why talents choose to apply and start working for them.

This thesis began with a theoretical framework, which introduced the topics related to human resource management, recruitment, the state of working life which affects the overall atmosphere where companies and employees operate, and finally motivation which is the foundation which guides people in the choices they make. The research data was collected with a mixed methods questionnaire and distributed on social media. The results were analyzed with an inductive method, and the theoretical framework provided the context for the analysis and recommendations.

The main results and outcome of this thesis are the answers to the research questions, and the recommendations for Merus Power. Employee wellbeing is the foundation of an employer brand, and one piece of a puzzle in the employer brand cycle. The recommendations therefore aim to improve Merus Power's employer brand and to make it more attractive to possible applicants. Eventually, the goal is that when applicants are offered a position, they feel they want to work at Merus Power, thus choosing to work at an SME.

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Key words: talent, hrm, sme, recruitment, employer brand, motivation

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# 1 INTRODUCTION

## 1.1 Background

Much like anywhere else around the world, Finland also was affected when the economy started to decline and underwent challenging times. However, within the past few years, the economy started to improve. According to the Finnish Ministry of Finance (2018, 11), the economic situation in Finland is starting to look up with an expected growth rate of 2% in the coming few years. The export of goods alone grew by 8,3% last year (Ministry of Finance 2018, 26). These indicators create confidence in companies and investors who are willing to take more risks and invest in the future.

However, the established growth is fragile at the moment, and volatile to any political and economic changes that may appear, meaning businesses need to do everything they can to secure growth and continuation. On a national level, the export of Finnish goods has an important position in establishing the economic growth (Ministry of Finance 2018, 11), therefore any Finnish company that does global trade is a key factor in this equation.

With that point in mind, one must set their sights on how companies in Finland can ensure the continuation of global business. One might think that the more large companies a country has, the better its position is. In fact, the key to actually improving the economic situation and ensuring that new jobs are created, is starting up smaller companies.

According to Kuismanen, Malinen and Seppänen (2018, 4), smaller companies, which foster innovations and keep growing, are actually the key components in economic growth. From the company's point of view, they need to secure their position in the markets, and ensure they are fit to operate and grow over the years (Kuismanen, Malinen & Seppänen 2018, 4). Especially for SMEs, competitive edge can be achieved and maintained through talented workforce as the impact of a single worker is much higher than in a larger company.

During the past year, the unemployment rate in Finland has been steadily declining (Ministry of Finance 2018, 12), which is a good indication of the improvement of the economic situation and the willingness of companies to invest and recruit workforce. However, the

fact remains that on some occasions, be that a location or a position, the employees and employers do not meet, or there simply are not any applicants for these positions. It is also suggested that the problem may be due to the generous welfare system Finland runs (Pinomaa 2017). The Ministry of Finance suggest that some industries are simply lacking the applicants with the right kind of talents (Pinomaa 2018, 21). For example, if a company is focusing on a very specific niche of an industry, it may be difficult to find employees who already are familiar with the industry and its practices, and they would need to be fully trained to start working.

Pinomaa (2017) and Pentikäinen (2018) agree that when the companies lack workforce, the right kind of talents that is, it hinders with their growth. Eventually the effects can be seen in the country, where the employers and growing companies are needed. Therefore, it would be worth the effort, and at least some level of investment, to work towards being an attractive company for the said talents.

### 1.1.1 Key terminology

For this thesis, the terminology used needs to be defined to establish a common understanding of what is meant with certain terms.

**Small and medium sized enterprises** or companies are defined in a few different ways based on number of employees, turnover and balance sheet total. They must not employ more than 250 persons, their turnover must be lower than 50 million euros and the balance sheet total has to be less than 43 million euros. On top of these definitions, a company must be an independent enterprise, meaning it cannot be owned by more than 25% by other companies that do not meet the definition of a small and medium size enterprise. (Tilastokeskus, N.A) In this thesis small and medium sized enterprises will be discussed together, and the term SME will be used as an abbreviation.

**Talent and/or talented workforce/employee** are used interchangeably in this thesis. There are many ways to define talent, for example Ulrich and Smallwood define talent with the following formula: competence x commitment x contribution. Their formula explains that a talented person must hold all of these qualities. (Ulrich & Smallwood 2011, 6.)

In this thesis, a talent, a talented worker or an employee is a person with experience and skills needed for the positions that opens up at the company. The case company employs workers from business and engineering background, out of which the latter is the most challenging from the recruitment point of view. The field of power quality is a very narrow niche of engineering; therefore, the supply of experienced and skilled workforce is not large.

**Employee branding** as an idea is similar to a company brand, and ideally it should tell the potential employees what type of an employer a particular company is. Companies seek to improve their employer brand as it makes their recruitment process easier and the success rate higher. Having a positive employer brand is not an easy task to achieve and takes a longer time to develop. Larger companies have the advantage of vast visibility and reach, but smaller companies have been known to achieve the same in recent years. (Torrington, Hall & Taylor 2005, 132)

Employee branding has only recently been raised as a force to reckon with, and companies are waking up to the fact that in order to be attractive to applicants, this is something they need to work on. This thesis discusses employer brand first in theoretical framework, and then again in the context to the applicants and their views regarding SMEs.

## **1.2 Commissioning company**

Merus Power Dynamics Oy (later Merus Power or Merus) was founded in 2008 in Nokia, Finland. Merus Power specializes in improving power quality for different industries, and in commercial sector. The company designs, manufactures and produces all its products, and is a holder of several patents in the industry.

The product categories include active harmonic filters, Static synchronous compensators (STATCOM), Static var compensators (SVC), Uninterrupted power quality solutions (UPQ, a patented solution) and most recently Merus energy storage systems (ESS). With the said solutions, customers in different industrial and commercial sectors can improve their energy efficiency, increase productivity, solve various power quality problems, enable the integration of renewable energy production to the power grid, and improve the reliability of their operations.

Merus Power as a born global company is doing business in 35 different countries, with an impressive array of world-wide references. Close to 65% of sales is made outside of Europe, and 35% in Europe. Currently Merus Power employs 25 persons, and with the fast growth, the staff is expected to be doubled within the next few years. Last year Merus founded an office in Singapore, one of many foreign offices to come in the future.

### 1.3 Research structure

This thesis is divided into five chapters: Introduction, methodology, theoretical framework, discussion and conclusion as seen in Figure 1. To start, the framework and the topicality are introduced in the Introduction-chapter along with the commissioning company of this thesis. The second chapter discusses the methodology, research design and how the research was implemented and analyzed.

The third chapter- Theoretical framework focuses on building a comprehensive theoretical framework for this thesis. In the chapter four- Discussion, the findings of the research are discussed and analyzed thoroughly. Finally, the chapter 5- Conclusions, thus concludes the thesis, by giving answers to the research questions, giving recommendations to the commissioning company and introducing further research ideas.

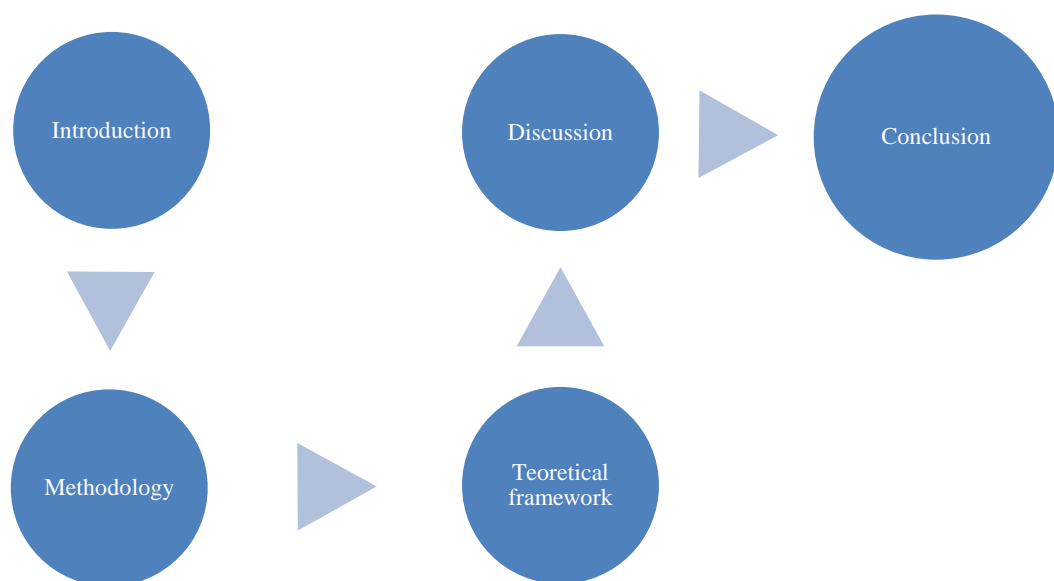


FIGURE 1. Structure of thesis



## **2 METHODOLOGY**

### **2.1 Research topic**

This thesis was done as a part of Master of Business administration- International business management studies at Tampere University of Applied sciences during the year 2018. The topic for this thesis was chosen already at the application stage of the program, as it was part of the selection criteria. The writer is involved in HR and marketing at the thesis' commissioning company. Therefore, it was a natural choice to choose a topic from either of these.

As the case company belongs to the category of an SME, and is heavily growing, it was within the best interest of the company to choose a topic relating to HR. It was recognized in the company that talented workforce as employee capital is one of the most important factors in achieving growth. During the past year, it has been noticed in the company that it is increasingly difficult to find suitable workforce.

In general, Merus Power has a relatively good employee wellbeing rate, which is annually followed based on the employee wellbeing survey. The employee turnover is very low which is a positive indicator. Some of the challenges within the company relating to the staff, are limited resources which means the employees are sometimes strained under their workload. Finding new talents for new positions has not been always easy due to the specified field of business.

Thereafter, the writer suggested this thesis topic to the Managing Director, who is the head of HR. As he accepted the topic, and found it would greatly benefit the company, it was chosen as a thesis development project.

### **2.2 Research questions and objectives**

Research process includes gathering data, testing a hypothesis (if there is one), after which results are gathered and reported (Davies 2007, 17). The first step in the research, however, is to determine the purpose, or more so why the research is done, as this impacts the

whole design of the research project. After this, one can make decisions on which methods to use for research, data collection and analysis. (Patton 2002, 213) The first step was taken when choosing the research topic that had a purpose and use for the company and narrowing it down to a manageable scope.

The objective of this research was to establish a future position where Merus Power as an employer is an attractive option for talented workforce and is able to communicate its employer brand to the applicants clearly. This research aimed to discover just how Merus Power could do that, from the perspective of the potential employees. The research explored what the applicants value in a smaller company; what motivates a person to firstly apply for a position and then accept it.

Therefore, the research question and the two sub questions to support it were chosen as follows:

1. How can an SME attract talented employees?
  - 1.1. What motivates people to apply to an SME?
  - 1.2. Why do people choose to start working at an SME?

### **2.3 Research method**

Choosing between methods for the research is a skill in its own right, and Patton (2002, 12) writes that there is no clear structure or guidelines for it. In choosing the right methods, it is suggested to pay note to purpose, audience of the results, research questions, resources and criteria to evaluate the research. (Davies, 2007, 10; Patton 2002, 10, 12–13) For this thesis, there were plenty of methods that were suitable, but during the process of writing the methodology, the methods that best supported the goals of the thesis were chosen.

A research can be divided into basic or applied research. Basic research usually tends to focus on broad topics and generalizations, whereas applied research seeks to find answers to a specific issue in hand. (Kothari 2004, 3) This thesis is an applied research, as it aimed to find answers to the specific research questions, and the results are not necessarily generalizable.

Research methods can usually be categorized into three categories: qualitative, quantitative or mixed methods, the latter one a combination of the first two. Quantitative research allows for quantifiable answers which can be easily categorized and statistically measured. The research itself is highly structured with pre-determined answers to choose from. It, however, does not allow to search deeper into the matter to find underlying issues, or completely new findings for that matter. (Patton 2002, 14) Quantitative methods can be thought to be easy when one needs to get very clear set of answers that can be easily analyzed. The answers do give much space for analysis behind the answers, but most often the results are described simply based on statistical data.

Validity in a quantitative research process is a matter of a carefully planned process, starting from the research to the evaluation of data. The instrument of measurement, for example a questionnaire, must be carefully designed and once the data has been gathered, it needs to be handled in a pre-determined manner in order for the results to be valid. (Patton 2002, 14) Quantitative methods do not leave much room to work with for the researcher, as the neutrality must be established already at the research phase when for example a questionnaire is drafted. In order to get valid information out of the research, it must not convey a personal bias in any part of the research process.

Qualitative research methods are used to discover people's behavior, inner feelings, their desires and phenomena (Patton 2002, 145). Qualitative methods allow a highly in-depth research of a certain issue because the researcher has the freedom to be open to whatever data they collect in the process. This allows the researcher to generate plenty of data from smaller number of individuals that quantitative methods would allow. (Patton 2002, 14) Common to qualitative research is that it is not based on hypothesis, but rather it focuses on creating an understanding of a certain situation, phenomena or behavior (Patton 2002, 129). Qualitative methods can be thought to be easier for the researcher, as it gives much more room to work with, and the respondents are given the opportunity to, in one way or another, better convey their opinions and the views behind them.

If qualitative research is performed through interviews or questionnaires, the questions are usually always open-ended. This allows the respondent to provide their own view without limitations. This is the whole purpose of gathering qualitative data. (Patton 2002, 20–21) Qualitative data is in the form of direct quotations, which is usually gathered through interviews, observations or open-ended questionnaires. Questionnaires are the

most elementary version of qualitative data, and even though they have some limitations, they are widely used. (Patton 2002, 21) Questionnaires can be, however, a good source for qualitative data when the respondents have the time and interest to formulate their answers and give the researchers valid and purposeful data.

Patton (2002, 4) identifies three types of data-collection methods which will give the researcher qualitative data: Interviews, observations, and documents. The first two are self-explanatory, but the last one includes data from various sources. These can be literacy sources, records, reports and surveys, or a questionnaire that enable open ended answers. (Patton 2002, 4) A research can of course use all three of these to collect data for their research. For example, a researcher can use interviews and observations to gather new data, and documents of former research to compare the results.

Qualitative research requires much from the researcher, in terms of skills in the methodological execution, integrity, and having the eye for observations during the research process. In case of interviews, the interviewer must be able to maneuver beyond strictly the questions that have been planned beforehand. Moreover, when analyzing the data, it requires insight onto the matter as well as expertise in the surrounding theories. (Patton 2002, 5) The reason qualitative research requires much from the researcher is that while they must adapt to the answers, observations and findings during the data collection, this must be done with neutrality in mind.

Validity of a qualitative study is based on the expertise and competence of the researcher themselves, they are the instrument of data collection. They must not show any bias or let other matters affect their data gathering and analysis process. (Patton 2002, 14) As already discussed, bias should be eliminated from the whole research process as much as possible for all types of research, this way the data is most useful. In qualitative research as the data is often in the form that would allow multiple ways of interpretation, the researcher must aim to find the most neutral way to analyze it.

As stated, mixed methods include various methods, and as Patton (2002, xxii) says, it can be the way to go if properly executed. An example of mixed methods being utilized in a research, is a questionnaire where there are open-ended and fixed-choice questions (Patton 2002, 5). The following Figure 2 gives a visual demonstration of mixed methods.

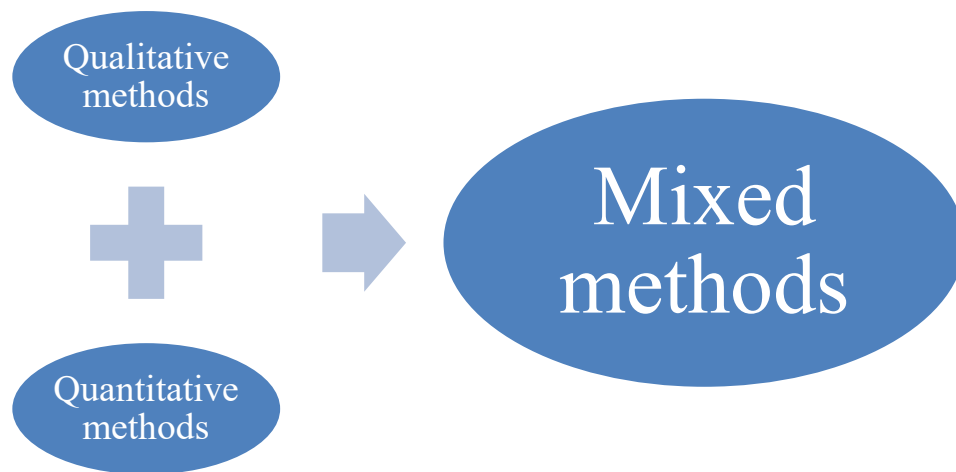


FIGURE 2. Visualization of mixed methods

This thesis utilized mixed methods approach, as using both, quantitative and qualitative methods can support each other and bring out the best results, as opposed to using strictly one type of a method. In a research like this, it was important to allow different answering types to gather data that was most purposeful.

#### 2.4 Research design and limitations

A mixed methods questionnaire combining qualitative and quantitative questions is a common method and the resulting data can be analyzed and presented together or separately depending on the purpose (Patton 2002, 5). The research in this thesis focused on motivations of talents, based on which an analysis was made, and suggestions given for the case company to better attract these talents.

In this research mixed methods were used in the form of an online questionnaire, which was designed with Google forms, a free platform. Qualitative, open ended questions were used to find out the motivation of talents, and quantitative questions to get a better understanding of their priorities in work life and job search. The questionnaire was distributed through Facebook and LinkedIn.

In the questionnaire, the topics of employer branding, recruitment, and hiring processes were touched. Questionnaire attempted to find out whether or not they were familiar with the company before application process and what was their image of the company, if they had one. During the application process it was asked what happened to their image of the

company and what was their perception of the recruitment process. Finally, the questionnaire aimed to find out what they value in working life, and why they accepted the position.

The different fields this thesis touched: talent management and recruitment among others, were combined together for a limited purpose; to find answer to the research questions and find out how small and medium sized enterprises can attract talents. This thesis was limited by research questions and did not touch specifically other matters relating to these topics. This thesis did not aim to develop any written HR practices or standards for the company.

Relating to the sample selection, Patton (2002, 7) states that on some occasions, the quality of the data is more relevant than quantity. This means that even though the sample size (number of the respondents) would be smaller, the information might be more relevant and informative if the data has been gathered from a sample relevant to the research. (Patton 2002, 7) Therefore, a research can be successful with only few high-quality findings when the sample group is correctly defined (Davies 2007, 53). This is especially relevant when doing a smaller scale research such as a thesis, when there might not be enough time and resources to gather data from a large sample.

The results in theses are often not generalizable on a larger scale, however good the data would be (Davies 2007, 53). This is due to the same point given previously: theses are often smaller scale and cannot provide large enough data to formulate generalizable results. Similarly, this thesis did not aim to generalize, and the results were applied only for this thesis.

Davies (2007, 54–55) suggests considering a few matters regarding sample sizes. First matter is to decide what amount of answer will be needed to have a quality research, in the set timeframe, and within your reach. (Davies 2007, 54–55) It was expected that the sample for this thesis would be relatively low, considering that the time period for data collection was roughly one month. The aim was to get between 20-30 replies, which was deemed to be an adequate amount for a thesis, when the purpose was not to do generalizable research.

This research utilized purposive sampling which, according to Davies (2007, 57–58) is where you define the characteristics of the ideal sample, and then strive to find the persons who best epitomize these qualities. By filling the prerequisites, the respondents represent the typical “talent”. The selection method does employ some features of convenience sampling (Davies 2007, 55–56), where the respondents are anyone who happens to respond, as in this research anyone who filled the prerequisites was able to answer the questionnaire. For the purpose of sampling, some prerequisites needed to be defined in order to find suitable respondents. Firstly, the respondents had to be working at an SME. As talent can occur in everyone regardless of gender or age, the remaining prerequisites were solely based on education and work experience, and were as follows:

1. Master’s degree (UNI or UAS degrees) and 3 years of work experience in their own field
2. Bachelor’s degree (UNI or UAS degrees) and 5 years of work experience in their own field.

The research was conducted in both Finnish and English and limited to those individuals working in Finland. The researcher translated results and quotes for the purpose of this thesis and strived to remain true to the original meaning of the respondent.

It is advisable to have a piloting stage of any research that includes questionnaires or interviews, whether one uses qualitative or quantitative methods. Piloting stage is an ideal way to ensure the questionnaire is designed properly to provide answers to the research questions. Davies (2007, 47–48) suggests doing pilot testing with an audience that is similar to the sample that is used in the actual research. This helps to either make fixes or assure the researcher. With piloting, it is also possible to get feedback on the language and phraseology. This will help ensure neutrality, and that all the points are understood by the respondent the way the researcher is aiming. (Davies 2007, 47–48)

The questionnaire was tested and piloted in two stages. Once the draft of the questions was done, they were sent to independent parties for comments, along with research questions to ensure the questionnaire was within desired scope. Once the comments arrived, and the final questionnaire was made in Google forms, it was piloted, and comments were considered for the final questionnaire design.

The questionnaire was distributed on Facebook and LinkedIn through the researcher's personal accounts with a request for contacts to share it on their accounts. The final research material containing the text to market the questionnaires, and the actual questions can be found from appendices 1-4.

Open ended questionnaires provide usually full sentences as answers, whereas quantitative type of questionnaires provide statistical data. When a research is either qualitative or quantitative, these two types have their own analysis methods, but very often the research has both types of questions and therefore deductive and inductive analyses can be combined (Patton 2002, 56–57). An analysis was made after the data was collected, combined and gone through.

Deductive analysis is usually performed in a research that has a hypothesis, and that produces statistical data. For descriptive and open data, inductive analysis is needed. Inductive analysis is a way of gathering and exploring data, after which the researcher starts discovering patterns that may exist. This type of a research does not require a hypothesis to be defined beforehand, but allows the important dimensions to be found through data analysis. (Patton 2002, 56) For this research, inductive analysis was used, because the purpose was to find patterns in the answers from which conclusions could be drawn. The statistical data this research provides was a smaller portion of the questions asked, and therefore it was well justified to use inductive analysis methods. Finally, the research process that was followed as can be seen from Figure 3.



FIGURE 3. Visualization of research process.



## **2.5 Research validity**

The researcher must remain as neutral as possible towards the subject they are researching. However, unconscious bias is always present and cannot be fully avoided. Objectivity also defines the credibility of a research; thus, it is important to take measures to ensure that the researcher is aiming to remove bias as much as possible. (Patton 2002, 50–51) Validity of this thesis was ensured through neutrality. The researcher remained neutral in questionnaire design, and piloting stage helped to make the questions as neutral as possible.

Any bias during sample selection was avoided by having the questionnaire online, limited only by prerequisites. This way the researcher did not have an effect on who replies, but everyone who met the prerequisites had the possibility to reply. The researcher, and the employees of the case company remained neutral parties and did not participate in the research. The researcher remained a neutral party throughout the research and analyzed and evaluated the results from this standpoint.

### 3 THEORETICAL FRAMEWORK

#### 3.1 Transitions of working life

Until the end of the 20th century, the job descriptions were very narrow, and a person would train into one profession, which they would do their whole lives. By the 21st century the job descriptions had become more versatile, and one person would know how to perform multiple different tasks. (Airo, Rantanen, Salmela 2008, 18–19) Nowadays, the work life is changing increasingly, with changes towards automation and robotics and the utilization of artificial intelligence. Jobs requiring talent and expertise are remaining, and these positions are referred to as knowledge work. Artificial intelligence is said to one day make all jobs made by humans unnecessary, which remains to be seen.

The changes will be more evident when comparing industrialized and developing countries. Through automation and cheaper labour, the manufacturing industry is moving increasingly to cheaper countries, leaving industrialized countries with knowledge and innovation-based businesses for example in technology. This is a new development also for employees, as in the future they will be evaluated and employed based on their own potential and knowledge, and what they specifically can offer the company. (Torrington et al. 2005, 21) Self-development and education will have an increasing importance when developing one's own talent, to be first attractive employee and then to remain one.

Aaltonen and Lindroos (2012, 20) state that as Finland is experiencing a steady decline in workers, it is important to improve their efficiency in order to sustain growth. This will need to be properly managed in order to provide necessary services. There have been implications that working life would prefer younger, dynamic performers while seasoned and experienced workers do not get the same opportunities.

As a contrast, younger people may or may not be able to determine their competences and capabilities and on some occasions can struggle in the position they have taken too early on. (Airo, Rantanen & Salmela 2008, 11) Raising retirement age has been on the map in Finland, as in order to continue to sustain the current system, people need to continue their careers beyond current retirement limits. Unless the work life is made meaningful, there might not be a motivation to stay in a fast-paced working life for those close

to retirement age. (Aaltonen & Lindroos 2012, 31–32) Moreover, companies need to rely on the strength and resilience of elderly talents and encourage them to also distribute their knowledge to younger generations to make sure the knowledge and talent is not forgotten.

In work life, the positions do not have exactly the same meanings anymore. Those who do manual labor are now in charge of their own work and are their own managers, resulting in a greater feeling of motivation, responsibility and accountability, and also making the classical societal classes redundant (Airo et al. 2008, 22). Positions have, and will lose their significance, or rather they will simply tell others outside of the organization what are the functions within a company or whom to contact when the need occurs.

The perspective towards working life, and life itself has been changing. No longer do people perceive work as something that just needs to be done in order to survive and they seek fulfilment, experiences, and appreciation. As the scheme is changing it is also more and more challenging to find the perfect job, which creates a strain in people's minds as well as within companies when motivation and commitment are lacking (Airo et al. 2008, 10–11). It is more difficult for a person to do work that does not give them a feeling of fulfilment but only enables them to provide food on the table. In these cases, the employer should aim to encourage their employees to find motivation from small accomplishments.

Torrington et al. (2005, 18) mention such a term as “a psychological contract” which means expectations the company and the employee have of each other. This is in contrast to regular type of a contract where agreed terms are put on paper and finalized with signatures. (Torrington et al. 2005, 18) As an example of a psychological contract, the employee expects development opportunities in the position they will undertake. The employer expects that the employee will perform in their role and provide results which were promised. When both parties fill the contract of minds, the employee feels fulfilment in their position, and the company benefits. This contract, that exists only in the minds of two parties, is beginning to grow its importance, as employees are nowadays not seeking a safe and constant workplace, but they are seeking for opportunities to develop themselves. This does not mean that they need to do this in one place only.

The shift towards psychological contract may be closer to future job markets with knowledge-based employment. The companies may not be able to give permanent posi-

tions (Torrington et al. 2005, 21), but work could be for example performed through projects. For those individuals seeking for fulfilment, development, and balance this comes as good news, but for those seeking for a job that gives them security in life, the development is not positive.

Good social skills, the way we interact with other people with our words and gestures, have been in high demand, but in order to be successful, efficiency is nowadays one of the sought-after qualities of an employee as work life is getting more hectic. Moreover, many companies are now based all over the world which demands much more from employees and can put the importance of social skills behind efficiency. Communication is rather something that would need to be downsized, as inboxes are drowning with the overflow of mail, and to top these off there are meetings and conferences, driving people away from actually performing their job. (Airo et al. 2008, 27–28) The key point would be to know what is essential, and only communicate this information. If an employee can attain time management skills and manage their communication efficiently it is a real asset and a competitive edge. From a company's point of view, when they focus on qualities that may not be needed to perform and succeed at a position, they might end up hiring a right person for a wrong job.

In the future the competition won't be only one sided. Employees are competing for good and stable jobs as they have thus far, while companies are competing to get talents. (Viitala 2009, 16) Employees have been known to shift towards a more individualistic approach, where their interests lay in their own benefits, instead of mutual benefits. The employees want to focus on their own development at work places and maintain a good balance between personal and work life. (Torrington et al. 2005, 17) This will challenge the companies to put into scale not only their own aspirations, but also those of their employees. These both need to be counted in, in order to create the best results.

### **3.2 SMEs as employers**

In the past few years there has been a notable change in the job recruitment and application markets. The employees are seeking for personal fulfilment and inspiration and sense of pride from their work. Even highly experienced persons are now seeking a position in a small company (Kettunen 2012). Previously smaller companies were not that desirable

places to work at, as people were looking for stability and security of a large company. There was a stigma, that it was difficult to advance your career in a small company, which may be true in those that remain the same size but with the start-up hype that is going on, many smaller companies are growing quite fast. This of course brings in new challenges in terms of change and growth management.

Koch and de Kok (2009, 5–6) have identified some features that SMEs have in common in terms on human resource management and as an employer. Though they share some characteristics with larger companies, they manifest themselves in different ways and the same principles cannot be directly applied (Koch & de Kok 2009, 5-6). For instance, smaller companies may not have any management, but only the entrepreneur, which means the strategy building is a different process entirely. Whereas larger companies focus on shareholder value and higher profits each year, smaller companies focus on process thinking, and maintaining or growing their business to ensure survival. (Koch & de Kok 2009, 9–10) Examples of such are in the news ever so often, when larger companies aim to improve their results and one of the methods is cost cutting and layoffs. Smaller companies with already limited resources do not have this option.

An SME often lacks resources, and because of this, the employees need to be multitalents and manoeuvre multiple different roles within the company (Koch & de Kok 2009, 17). Responsibility is not shared but falling on the shoulders of a single employee and they need to be sure tasks are performed and deadlines met by themselves (Kettunen 2012). For some this in fact is a perk, as it gives the employee a possibility to grow their own skills in multiple areas at once. For those more inclined to focus on something specific, this is not an ideal option. They might feel more comfortable in larger companies. There the structures are in place, roles set, and management to support employees.

In terms of recruitment, the smaller the company, the more often the process is very simple, and the entrepreneur may be the only one in charge. In medium sized companies, there are already managers who do their own recruiting with the HR team. However, the smaller the company, means the employer aims at having the right types working for them to keep the good spirits in the work place (Koch & de Kok 2009, 39) Moreover, smaller companies may be more inclined to give less importance to the level of education (Koch & de Kok 2009, 35) and focus on the potential and talent of the applicant.

Responsibilities, multitasking-roles, and low hierarchy are often the reasons to choose a smaller company to work at. This type of an organization also conveys a certain feeling to the customers, and the flexibility and good attitude can bring in new customers and motivate employees to improve their own performance. (Kettunen 2012) Working in a smaller company can give a greater sense of fulfilment and influence as one's own input is visible, and this is the feeling that is conveyed inside and outside of a company.

### **3.3 Human resource management**

The relationship between workers and the employers has shifted dramatically from earlier days of mere utilization of labor force to caring and building a mutually beneficial relationship. The perception that people can only be motivated with wage and other external measure also has been overturned by the concept of internal motivation. (Viitala 2009, 40) It is a thing of the past for employees to only appear at their workplace to simply make the ends meet, though of course it is a factor. No longer employees are needed to be paid to actually return to their position after their holidays, though the remaining of this habit are still in place in the remuneration system.

One of the earlier reforms took place in England where the first personnel managers were appointed in the 19th century (Torrington et al. 2005, 11–12). Over the years the benefits for employees began to surface, as companies started to realize it made sense to commit the persons to a company by treating them better. These changes indeed improved commitment and productivity as it gave a sense of togetherness among the employees and the employer. (Viitala 2009, 40–41) Although the situation around the world is much better these days, there is still room to improve globally.

Modern days have brought in different roles in personnel management, as well as different ways to manage the resources. Companies are beginning to realize that their operations are dependent on their personnel who work towards company goals, with a pre-determined strategy. Moreover, their personnel can be their key competitive edge. Though companies may not realize it, their position with their staff is fragile and if their key personnel suddenly left the company, the operations would take a serious hit. (Viitala 2009, 8) Sudden departure of all key persons is not that likely, but if it occurs, especially

in smaller companies the effect is imminent. This is why planning and strategies are needed, and human resource management steps in.

Human resource management (later HRM) is basically the act of managing the flow of workers in an organization, to meet the financial and strategic goals of an organization, while also managing employee aspirations towards their career and development. (Torrington et al. 2005, 4–5) Large companies have these processes documented by guidelines and process charts, while SMEs may not always have these as formal processes. In any case some of these elements appear even in small companies in one way or another.

As seen in Table 1, strategic HRM differs from basic personnel management in a way that their actions are more strategically focused, with a long-term orientation. Personnel management performs smaller, everyday actions while HRM aims to manage the resources. (Torrington et al. 2005, 10–11) The strategic aspect of HRM is not that often recognized, but their ability to manage resources, and train and develop them to meet the company strategy is the backbone in supporting the organization. (Viitala 2009, 10) This strategic function of HRM is the key issue that often is not present in SMEs. While HRM might be present, it is not necessarily a strategic component.

TABLE 1. Personnel management versus HRM (Torrington et al. 2006)

|                                | Personnel management                                  | Human resource management                    |
|--------------------------------|---|--|
| Time and planning perspective  | Short term, reactive, ad hoc, marginal                | Long term, proactive, strategic, integrated  |
| Psychological contract         | Compliance  | Commitment                                   |
| Control systems                | External controls                                     | Self-control                                 |
| Employee relations perspective | Pluralist, collective, low trust                      | Unitarist, individual, high trust            |
| Preferred structures/systems   | Bureaucratic/mechanistic, centralized, formal defined | Organic, devolved, flexible roles            |
| Roles                          | Specialist/professional                               | Largely integrated into line management      |
| Evaluation criteria            | Cost minimization                                     | Maximum utilization (human asset accounting) |

Some of the basic actions of HRM are recruitment, training, following up with the performance, and maintaining the competitive advantage of the company through its employees. (Torrington et al. 2005, 7–8) Figure 4 illustrates the role of HRM in a visual form (Torrington et al. 2006, 9) It must be noted, that the organization portrayed in Figure 4 is one of a larger organization. Smaller companies may not have a specific HR function in-house, nor do they need it. It is very possible they are using outsourced services for recruitment, while keeping the managers closer to the operations.

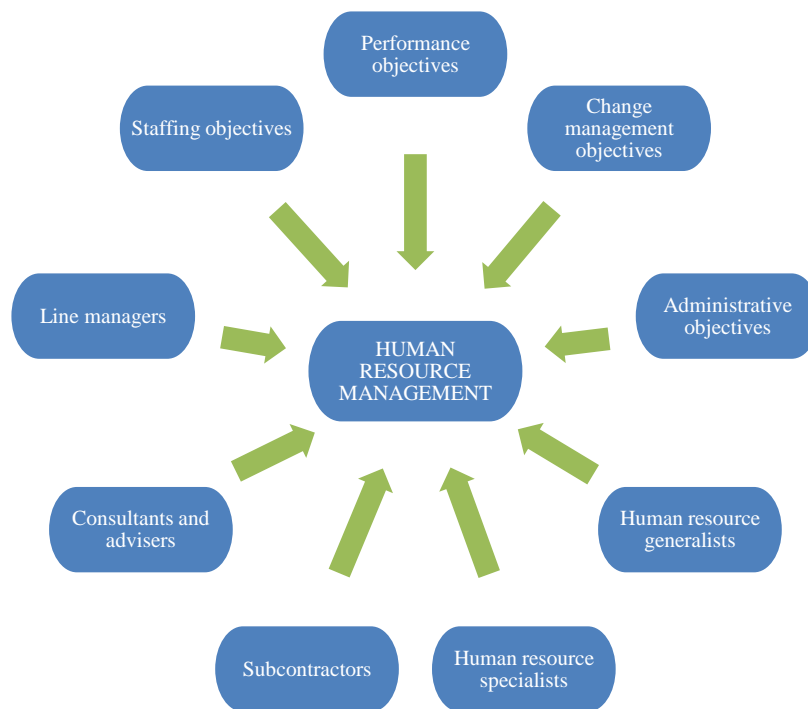


FIGURE 4. Formation of HRM roles and objectives (Torrington et al. 2006)

Managers in other functions in a company often have a vast array of actions they can take when faced with changes or new issues. Human resource managers often have their hands tied with the kind of actions they can take, and the decisions are often not that easy to make. (Torrington et al. 2005, 15) At times the strategic HRM decisions a company has to make are not the best to increase employee motivation, or employer brand. These can include downsizing, layoffs, and outsourcing which have been the ways for a company to focus on their core competences and improve efficiency. (Torrington et al. 2005, 4–5; Viitala 2009, 10) Cost cutting is also a slippery slope, as at some point the scales of efficiency may tip, and the art of maintaining the balance is what HR managers need to focus on.



Companies of all sizes are becoming global forces to be reckoned with, challenging the larger, older players in the markets. Suddenly it is the job of each company to maintain their competitive edge, manage workforce globally, all the while remaining as a flexible organization which can meet the market demands in a heartbeat. This is a new type of a challenge for HRM which needs to maintain and update policies and manage ever so immense array of workers all over the world. Moreover, HRM as a section of business operations is essentially in charge of attracting, bringing in, maintaining and improving talents. This all needs to of course be achieved by not changing or minimizing the employee costs, and to remain competitive in terms of cost-base. (Torrington et al. 2005, 16) Companies however must be mindful that in their endeavor to keep costs to a minimum, they must not compromise the future development opportunities by minimizing the amount of talent coming in the company as new employees.

A further global development in the job markets is the unbalance between incoming young workers and the number of retirees. There are fewer talents in the markets than in the past because for years now the birth rates have been decreasing. This creates a shortage in the recruitment markets. The companies are all diving in to the small pool of talents and fighting for the same catch. The scales are shifting, and the companies are now forced to make themselves attractive in the eyes of the applicants whereas in the past it was the opposite. (Torrington et al. 2005, 17) Nowadays when employees can choose where they want to work, the employers need to make themselves as presentable as possible to attract as much workforce and applicants as possible. Fundamentally this is the issue of a whole organization, but one that HRM must manage as they set and act on the policies regarding recruitment, development and rewarding of employees.

In terms of how much HRM actions can add to the bottom line, there are two schools of thought: Best practices and best fit. The first one claims that an organization is able to gain competitive advantage through the best-known practices of human resources, such as selection methods, committing and involving the employees, training and reward. The idea is that no matter which company, or where they are located, if they follow these practices the effect is imminently positive. This way the company would always be able to recruit talents, retain them, and further develop them which ultimately affects the company results. (Torrington et al. 2005, 19–20). For an SME, this would mean they would need to utilize a much heavier HRM process than they normally would, to gain maximum benefits.

The second option is best fit, which of course is not entirely different in terms of practices from the first, but it aims to tailor the practices for each organization and employee based on needs and purposes. Torrington et al. (2005, 20) and Viitala (2009, 8) agree that innovations and new products and services are created by the personnel. Torrington et al. (2005, 20) gives an example of a smaller company which competes and thrives through innovation: They need to tailor their HR practices to suit their line of business, their stakeholders, and the job markets where they scout from. It can be claimed, that the reason some employees may be drawn towards smaller companies, is in fact the best fit practices, and the non-existing bureaucracy that larger companies harbor.

### **3.3.1 Recruitment and resourcing**

The vision and strategy of the company not only affect the financial, product, and marketing related operations, but also recruitment. Strategy needs to trickle down to every function and guide them in every decision that is made. (Viitala 2009, 100) Recruitment is one of the most challenging aspects of HRM, as there needs to be a balance between short term and long-term goals, as well as with flexibility and stability of resourcing. Companies need to be able to utilize their personnel inside the company flexibly, if operational needs change. (Viitala 2009, 9) It can be that the HRM policies of a small company cannot always follow the strategy and persons cannot be hired simply when need occurs. This is the balance that needs to be considered: when do the employees stop feeling motivated by the amount of work they have, and when is it feasible to hire new helping hands?

Torrington et al. (2005, 84) have recognized the reactive approach companies have in resourcing, rather than being proactive and linking the HR strategy and resourcing into the company strategy and goals. They also acknowledge how much harder it will be to recruit talents, especially younger ones in the future. (Torrington et al. 2005, 84) Understanding the operational environmental is crucial to make the recruitment strategy, and therefore maximizing the organizational performance. (Torrington et al. 2005, 90) In SMEs the approach is indeed often reactive. There are differences between companies of 5 to 200, but each company has grown from one or few persons as founders and first employees. After this the approach is often reactive. The small company either needs skills the owners do not poses, or they have too much work to handle themselves.

Traditional recruitment is ultimately about filling a new vacancy when one is created or when someone leaves the company. The most basic way to recruit a new person is to post a job add stating the job description and what qualities the company is looking for and proceed with the process until they have found the right match. A more modern and flexible approach is to seek for a person who has the right talent, meaning the specific characteristics this job requires. (Torrington et al. 2005, 122–123) A more person-oriented approach, one might say.

The recruitment methods in Finland have been widely researched by the Ministry of Economic Affairs and Employment, and different recruitment services among others. The following Figures 5 and 6 have been derived from an analysis made by the Ministry of Economic Affairs and Employment. The research data itself derives from Statistics Finland. As can be seen from Figure 5, the most common recruitment channel for new positions is through networks and staff, accompanied by mol.fi services which the Ministry of Economic Affairs and Employment. (Koponen, Räsänen, 2013 16) Similar results were found in Duunitori's research in 2017 (2017, 9), where TE-services were the dominant search channel followed by networks, own organization, and web pages.

However, Duunitori's (2017, 11) research shows a steady decline of the importance of TE-services as a recruitment channel, and LinkedIn and Facebook have fast arisen to the top. Even Recruitment service providers are falling behind the social media platforms as recruitment channels.

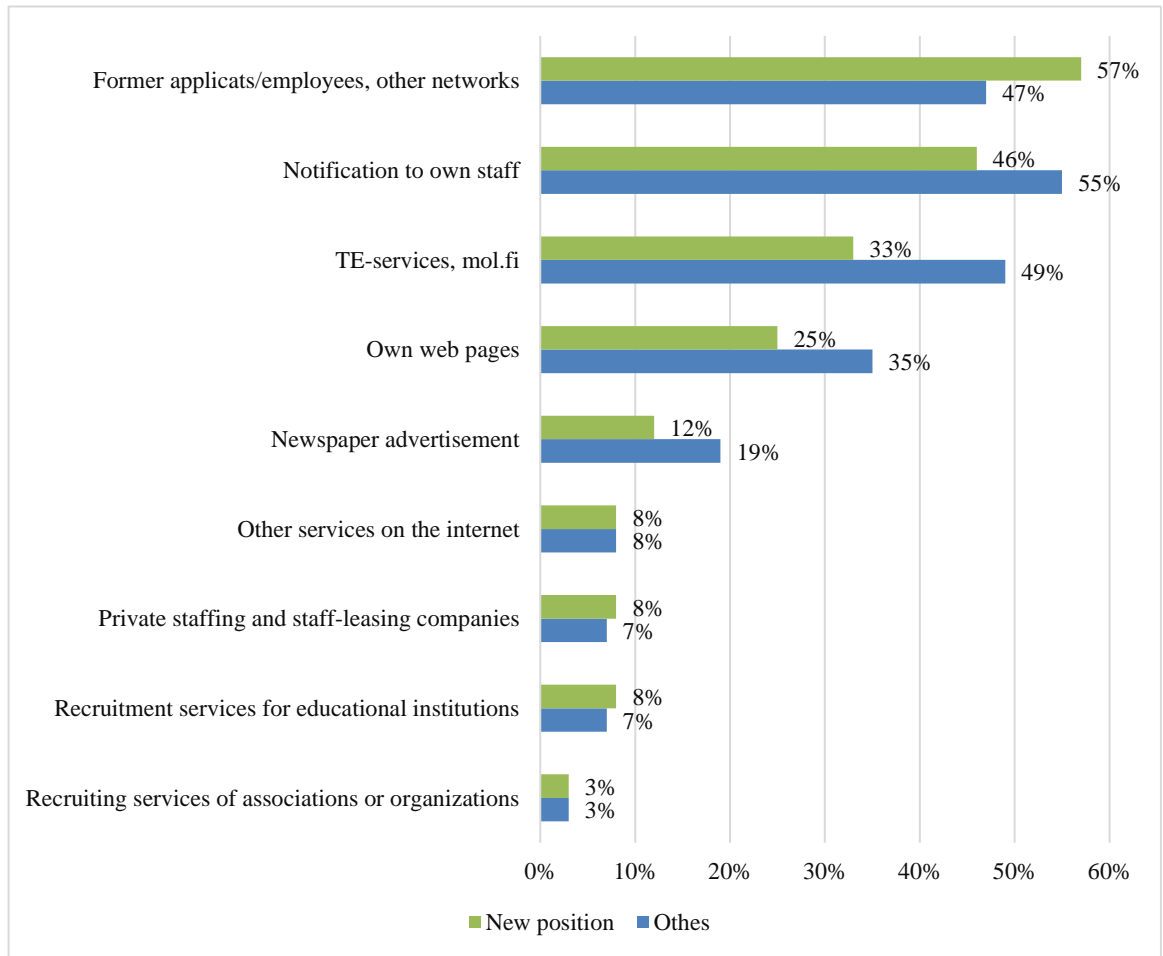


FIGURE 5. The use of search channels in new positions and other recruitment situations, in percentages (Koponen, Räsänen, 2013)

The use of certain recruitment channels is one matter, the second is the perceived effectiveness of these channels. In Figure 5 it is visible that Mol.fi was found the most effective channel amongst others in 2013, while frequently used channel of networks proved to be less successful method. Newspaper advertisements and other recruitment services were also high on the list, and paid services, while used less, have proven to be effective.

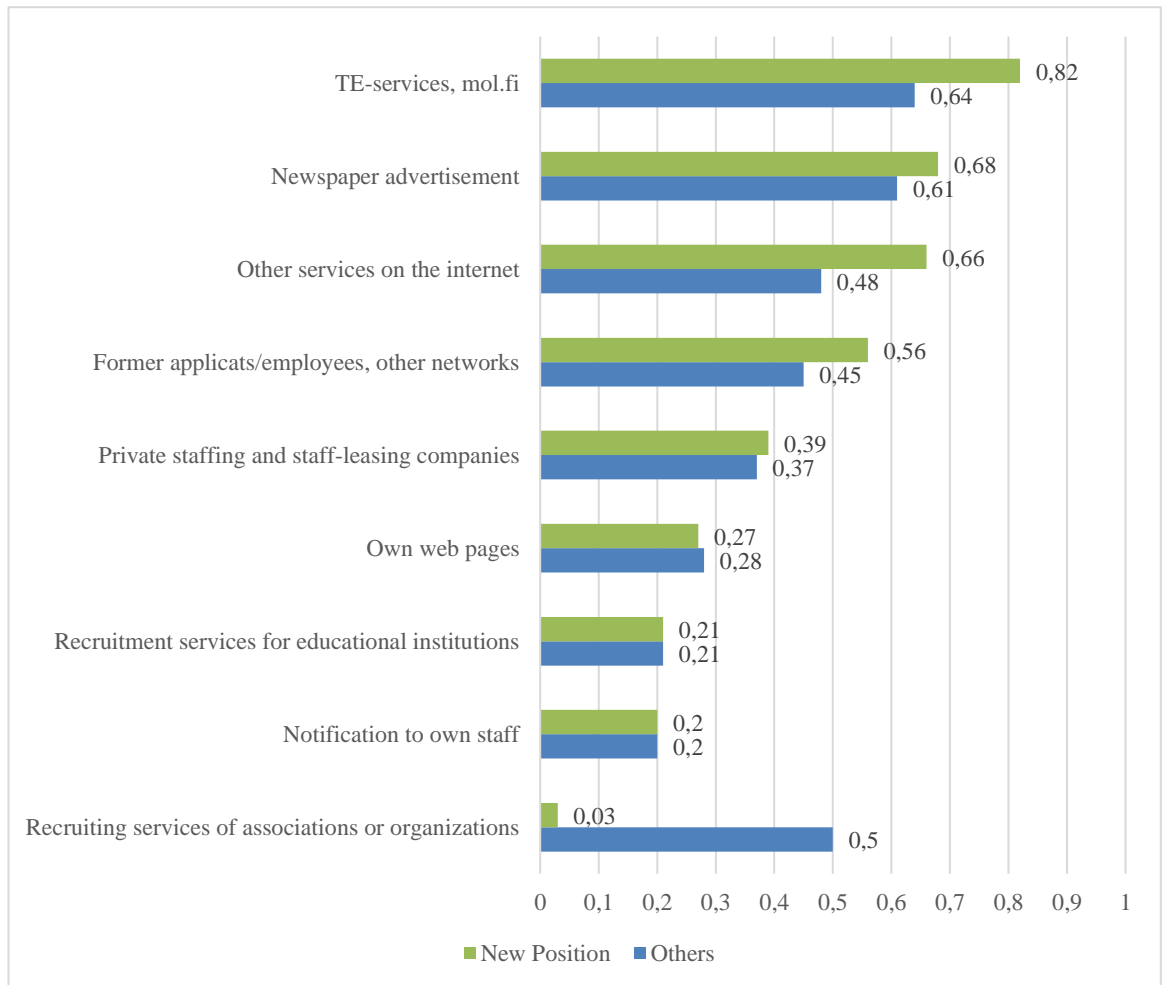


FIGURE 6. Effectiveness of search channels with new positions and other recruitment situations. (Koponen, Räisänen, 2013)

The federation of Finnish Enterprises (2007, 5) conducted a research of the recruitment of SMEs back in 2007. It was found that in 84% of the cases, the managing director is in charge of the recruitment process, along with the manager/superior. The recruitments mostly take place when the need occurs, and it is common not to have a written HR-plan. (The federation of Finnish Enterprises 2007, 5) The respondents identified also the most common channels of recruitment, which were word of mouth, TE-services and notifying current staff.

As opposed to the research by Ministry of Economic Affairs and Employment, in the research by federation of Finnish enterprises, (2007, 7) SMEs found word of mouth (from acquaintances) the most effective method to find personnel, by 27% of the respondents. This is closely followed by inquiries from their own personnel with 17%. It is clear that

some practices and methods differ when it comes to only SMEs. While in general companies tend to find their employees through services, smaller companies trust and hire through word of mouth.

### **3.3.2 Employer branding in recruitment**

Employer branding was briefly touched in key terminology, but is discussed further in this chapter as it is a type of employer marketing channel that companies are nowadays utilizing even more. Company brand tells the consumer what type of a company it is, and the message is mainly conveyed through company marketing and customer experiences. Similarly, employer brand tells the applicant what type of an employer a company is, how they treat their personnel, and if it a desirable place to work at.

Therefore, it is important for companies to develop and maintain a positive employer brand (Viitala 2009, 104). In the past, the companies held the power of who to recruit from an ample selection, but nowadays the situation is the opposite. Employees need to market themselves to attract the employer with their skills, and the employers need to work towards a better image. (Aro et al. 2008, 9)

Creating an attractive employer brand does not come easy, especially for smaller companies with limited resources. However, maintaining one is not easy either, and it requires that the company has set practices and working experience in place to maintain the quality of the employer brand.

Employer brand gives something for both the applicant and the employer. For the applicant it is easier to determine if they want to work in this type of a company, and what kind of a company culture they have. For the company, this is a way of also making their recruitment more efficient when right type of talents apply, assuming the employer image is positive. (Torrington et al. 2005, 132–133) Moreover, a visible employer brand means they have a better chance of getting recognized in the job application markets by creating an attractive image of their company culture.

Company culture is actually a key component of an employer image, because it is exactly what employers want to “market” and convey to the possible applicants. Company (or an

organizational) culture differs from for example microculture, which is a national culture of a country, in that it exists within a company, and it may also have subcultures (Schein 2010, 2). Company culture is formed by personalities who work within a company. For an SME, each employee has a strong impact in the culture and they can help make it a positive and inviting environment, or quite the opposite. In a larger company there can be one general company culture, and smaller teams or sections can have their own sub-cultures.

Alvesson (2002, 1) states that a company culture is such a complex entity that management does not very often have an idea how they could maneuver it for the company's benefit. Often for large companies the company culture is such a stable and massive being that it takes a lot of work to change it, and very often in the attempt to do so there is change resistance. One would imagine that the start of a company culture is within the entrepreneur and their first employees. They hold the key to creating and fostering the kind of company culture that is inviting, inspiring, and supportive.

When considering company culture in context of employer brand, it can be harvested for its interest. If a company seeks to improve or create a positive employer brand, it all starts from within the company, through HRM. Viita (2009, 105) states that the personnel and the resigning employees are good sources for development ideas, and co-operation with different parties like educational institutions are a suitable way to put the brand to a test. Younger generations can be more inclined towards choosing a position at a company that they themselves are attracted to.

Moreover, when companies co-operate with educational institutions such as universities, they will be able to shave the cream on top and find talents straight from the source (Viita 2009, 105). In essence, it would be important for the company to acknowledge the type of a company culture they have, and then how they could further use it for their own advantage in recruitment.

A company culture should be visible in recruitment process and the material that is created for it. Universities are not the only recruitment channels, though useful places for testing the company brand and creating employer brand knowledge. If a company chooses to use a more traditional path to recruit, there are always job adds for the internet and newspapers, job fairs, current employees, and other social networks (Viita 2009, 112).

The internet is nowadays one of the most cost-efficient way to reach potential employees. The disadvantage is, that while it makes the job application easier, it also opens the channel to those who are merely applying to multiple positions, regardless of their potential suitability. (Viita 2009, 112) The companies need to really put their thoughts into the recruitment process and try to find those applicants who are most motivated and would be the best fit for the particular company culture.

### **3.4 Motivation**

Motivation comes in many shapes and sizes, and a person should be able to recognize what motivates them on individual level. (Airo et al. 2008, 56) There are three blocks inside motivation: direction, amount, and quality. When one knows what they want, how badly they want it, and how much they are willing to work for it, they can define their level of motivation within. It is imperative to recognize these in oneself to be able to guide one's career into desired direction. (Airo et al. 2008, 52) Fundamentally this is the job of both the employee and their manager or a leader. Employees must be aware of what motivates them and convey this message to their managers who can then better foster this motivation.

Though the ultimate purpose of working is to make a living and support oneself (Viitala 2009, 19), humans tend to seek for jobs that motivate them and give them a feeling they are doing something meaningful. The search for meaningfulness can apply in other actions as well, but it is especially true when talking about motivation at workplaces. If a person does not feel motivated, challenged, and goal oriented, they are less likely to commit.

Motivation is a key aspect when trying to get the best performance from personnel, skills and talent are not enough alone. (Viitala 2009, 16) Moreover, people may feel that if the work they do is fulfilling, they do not find it strenuous even though they work hard, and they may even accept smaller compensation if meaningfulness can be found. The exact opposite appears if the work is considered a burden, something a person just has to do. (Aaltonen & Lindroos 2012, 21) Having to perform seems to be killing motivation and time pressure sometimes has the same effect. Some excel under pressure, but for most the



best results are achieved while being motivated and having enough time and resources to finish a job.

Happiness is a sum of many things, but most of all it is a sum of the things we choose to have in our lives and being able to live up to one's values. When a person is able to fulfill their lives according to their key values, they remain happier (Aaltonen & Lindroos 2012, 103). A position gives people purpose, the same way as interaction with other persons when one gets appreciation, feedback, and support. A human being is an adaptive creature and will make different situations work for their benefit, but the inevitable fact remains that we need to feel necessary, motivated, and in balance. (Aaltonen & Lindroos 2012, 54–55)

Basic motivational theory is about intrinsic and extrinsic motivation, first being what motivates a person from within, and the second is motivation from external factors. Intrinsic motivation is what makes a person strive for better, need to develop and getting a satisfaction from achieving goals and accomplishments. This means a person is satisfied with themselves, and therefore motivated, not needing any external reward to feel this. (Viitala 2009, 17) Basic motivational theories are of course that: basic, and while they do explain motivation in a very simple way, there are multiple methods for motivation analysis that pay note to different things.

Often people feeling strong intrinsic motivation choose careers in areas where they can have an impact, for example in nursing (Airo et al. 2008, 57). External motivation means other types of rewards such as wage, bonuses, and other rewards. A person needs to work towards achieving these, and if they feel the need for external rewards, they are motivated to achieve them. (Viitala 2009, 17)

Person's intrinsic motivation profile usually stays relatively same throughout the years, but their extrinsic motivation changes as when they have met their goals, they will look for other ways to feel motivated. However, age can make a person more selective in what they feel motivates them. They may have already worked the long days to achieve a higher position and have been challenged enough in their career to not feel a great need for it anymore. Nor do they feel the need to compete and are more likely to engage in cooperative work. (Airo et al. 2008, 66–67)

More often than not, the amount of work and strain-factor are the two defining issues when defining if work is considered tough. However, work life is moving towards knowledge-based work, and the leaders should make sure there is a balance in work life and time to do things properly. (Aaltonen & Lindroos 2012, 21) A person can be motivated when work content is very versatile and gives enough challenge, but if the demands exceed the current expertise level it can also be a cause of stress and demotivate them. Therefore, it is important to have a balance between work content and the employee's own expertise. (Viitala 2009, 18)

There are a few matters which define what a good position means; however, the importance might differ for each individual. The workload and demands should develop and challenge the person with the right amount and give a sense of meaningfulness. Job content versatility, ability to make choices, and influence while providing still the routines are important. Last but not least the person needs to have feedback and be able to give it in return. (Viitala 2009, 18)

### **3.4.1 Maslow's hierarchy of needs**

Motivational models are often based on human needs, and while they may be good indication to what kind of a job someone is looking for, the models do not help in determining behavior or finding actual tools to increase motivation at workplaces. (Airo et al. 2008, 62) They can, however, provide answers on how the employer can improve their attractiveness in the job markets, if the motivation and needs of applicants are known. Maslow's hierarchy of needs is presented in Figure 7.

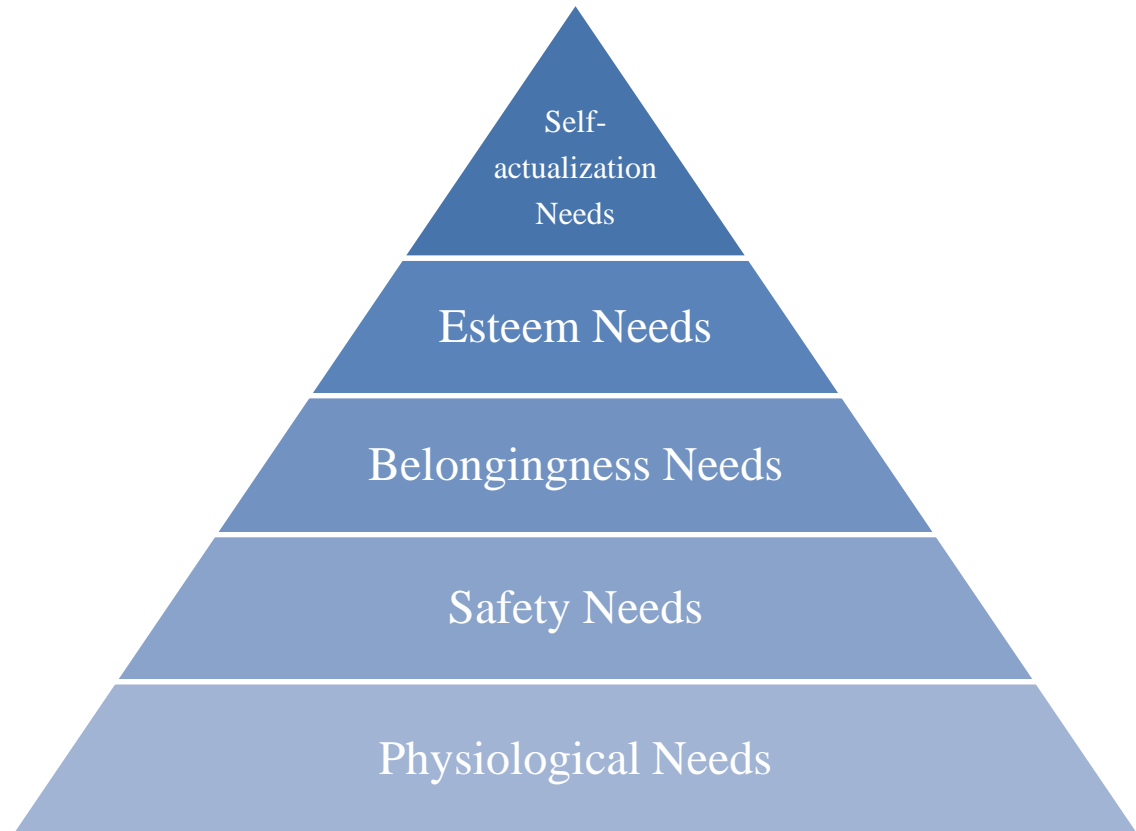


FIGURE 7. Maslow's hierarchy of needs (Hiriyappa 2009, 151)

There are multiple motivational theory models, out of which Maslow's hierarchy of needs is one of the most well-known. Maslow believed that people are motivated only by those needs that have not yet been met, and there is a level of importance of the needs in people's minds (Hiriyappa 2009, 151). He separated the first four into deficit needs which are a necessity, and the last one on the top as a being need, which comes from within the person. Figure 7 illustrates the pyramid of needs by Abraham Maslow and the hierarchy (Poston 2009, 348). Maslow believes that a person cannot move up the pyramid, less the current need is filled first.

The lowest two needs represent the most basic needs a human has which are the need to have food and shelter, and the feeling of safety. Once a person does not have to constantly make an effort to be fed and feels safe in their surroundings, they are motivated to move up the pyramid to the next two levels. Love and belonging needs are fulfilled when a person has friends and loved ones, and relationships to fulfill the psychological need. Esteem needs are filled when a person feels they are appreciated, leaving the self-actualization last. When one's basic and psychological needs are met, they feel motivated to work towards meeting their full potential in whatever motivates them. (Poston 2009, 348)

It can be said, that in order to know how to motivate someone based on Maslow's theory, one must know the other person well to know on what level of the pyramid they stand, and what are they striving for.

Airo, Rantanen and Salmela (2008, 60–61) suggest that since humans' basic needs are so well secured nowadays, the hierarchy should be turned upside down. They claim the need to fulfill self-actualization needs has grown to be the largest of the pyramid as people do not have to fight for the basic needs anymore. (Airo et al. 2008, 60–61) This may be true in a modern society, as people are free to fulfill their needs according to the self-actualization. People may be more drawn to actions based on their wants and desires rather than the need to survive and struggle ahead.

### **3.4.2 Herzberg's Two-factor theory**

Frederick Herzberg based his motivation theory on an extensive study he performed on workers, where he inquired situations where they felt exceptionally good about their jobs and when they felt exceptionally bad about their jobs. He came to the conclusion that there are two factors affecting satisfaction and motivation, as can be seen in Figure 8. First category named Hygiene factors are those that must be present in order to maintain satisfaction. If these are lacking, the result is dissatisfaction. The second are the motivators, which can increase a person's motivation. (Sims 2002, 59–60) The theory categorizes the motivators into two easily understandable categories and makes it easier to analyze either one's own motivation or someone else's.

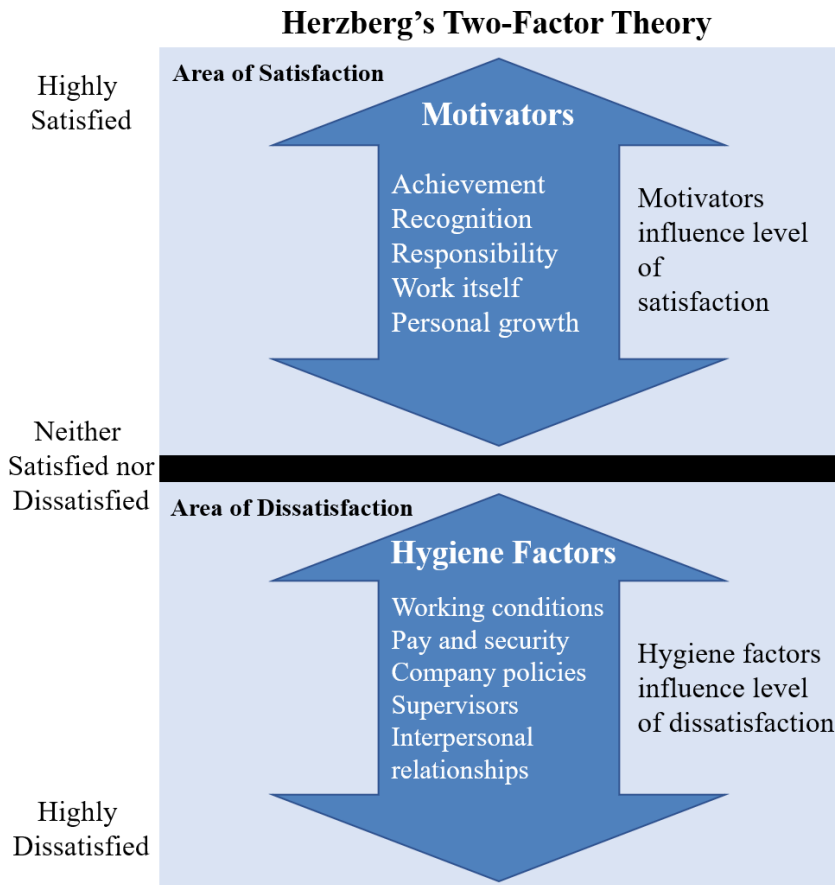


FIGURE 8. Herzberg's Two-Factor Theory (Hiriyappa 2009, 154)

As can be seen from Figure 8, the factors that help sustain satisfaction are very concrete. When a person is in a reliable company, can trust their position is stable and they are happy with the pay, among others, they feel satisfied. They also need to be comfortable around their co-workers and leadership. It is worth noting, that meeting hygiene factors alone does not ensure motivation, merely satisfaction. (Sims 2002, 60) Satisfying the hygiene factors is not a difficult task nowadays at least in western countries. Companies in their initiatives to be socially responsible are spreading these basic factors to their suppliers and off-shore offices across the world.

The motivators are factors that are related to how a person feels they are challenged, if they get satisfaction from their performance, and how they perceive their career advancing (Sims 2002, 60). This is where the leadership steps in, and it is important that the managers and superiors in the company have open conversations with their employees. Emotional intelligence is useful to interpret what really motivates an employee.

When comparing to Maslow's pyramid, Herzberg's theory expects that all hygiene factors are on the acceptable level, and all need to be met. It could be stated, that some of the matters that belong to hygiene factors, are a combination of Safety and belongingness needs and the motivators are close to self-actualization. Nevertheless, both theories have similar items that Maslow and Herzberg have identified as needs.

### 3.4.3 Vroom's expectancy model

Vroom's expectancy model does not aim to identify what needs a person has and categorize them, like the previous two motivation theories. Instead he sees motivation as a compilation of what a person strives to do or a reward to have, times the cost for them (such as work and expectations of the company), as seen in Figure 9. (Sims 2002, 62) The model also expects that a person can pick and choose what actions to take, and that different people see factors differently. The equation is not the same to all individuals. (Hiriyappa 2009, 156)

In this model, as seen in Figure 9, the amount of motivation is the result. When a person can see that they can fill a personal need by doing something, they are motivated. (Sims 2002, 62) Then again, when a person does not want to achieve something, but if an organization expects it heavily, they will need to do it anyway despite the lack of motivation.

$$\begin{array}{l} \text{Valence (Strenght} \\ \text{of individual's} \\ \text{desire for goal)} \end{array} \quad \times \quad \begin{array}{l} \text{Expectancy (ease of} \\ \text{accomplishment and} \\ \text{strenght or others'} \\ \text{expectations)} \end{array} \quad = \quad \begin{array}{l} \text{Motivation and} \\ \text{job satisfaction} \end{array}$$

FIGURE 9. Desire for a Goal (Sims 2002, 63)

One example of how Vroom's model may appear in practice are sales incentives. If a person sells 100 pieces, they will not get any compensation, if they sell 200, they get one week's salary, and so on. According to Vroom's model, the person thinks to themselves how much work they are willing to put in, to get the reward. In other words, a person may or may not see the reward adequate for the amount of work they need to put in. A person also must factor in how much they need the extra reward available.

Vroom's model can be thought to compliment Maslow's and Herzberg's theories. When a person has a need, or is presented with an opportunity to fill a need they did not know they yet had, their motivation to accomplish this is weighed. The benefit of this theory for managers is that they need to understand that a person needs to see the effect of their input to be motivated (Sims 2002, 62).

### **3.5 Summary and discussion of theoretical framework**

The theoretical framework for this thesis span from HR, recruitment, topical matters in working life to employee motivation. Employee motivation is central in all matters relating to the business. First whether they are motivated to choose to work in a company, and after if they are motivated to give their best. When the company is able to not only provide the employees with suitable work surroundings, but also motivate their employees, the employees will feel enriched. The quality of work is better, and the company gains commitment and increased efficiency. Motivation in general may be a reason to switch positions. If the current workplace does not meet the needs, or does not allow to meet further needs, the employee may want to switch to a different company.

As an SME, the company sizes can span from a few persons to few hundreds and the companies may not be well known, their recruitment processes may not be top notch, and have a weaker employer brand. If an employer brand is not strong, it may put off workers from applying to a company. Moreover, the applicants have not heard of them at all which prevents them from completely applying to a position. Employer branding is one of the key themes that is rising in the field of recruitment. As the work life scene changes rapidly, the companies are all fighting for the same talents.

This theoretical framework in mind, the thesis aimed to do research on the motivation and opinions of said talents, and answer to the research questions.

## 4 DATA ANALYSIS

### 4.1 Data collection

Before the questionnaires were distributed, they were designed by giving special importance to make sure both questionnaires (in Finnish and in English) conveyed the same meaning with their questions, despite the language differences. The tool used for questionnaire design and implementation was Google forms, as it is a free tool, and it gives the researcher multiple design options. The questionnaire was checked and piloted by trusted individuals who gave useful feedback to improve the wording and content. The questionnaire was also piloted by testing the functionality and make sure it worked as it should. These answers were not included in the actual data collection.

The data was collected during a time period of 17.8-15.9.2018, so the questionnaires were out roughly 21 business days and four full weekends. Social media was chosen as a distribution method as opposed to email distribution. The questionnaire was distributed both in Finnish and in English because the nationality and language of the recipient did not matter, but that they work in Finland. The questionnaire was shared on LinkedIn and on Facebook by the current network also. The network was a great help in distributing the questionnaires and expanding the reach.

As a small incentive to answer to the questionnaire, a small prize was promised to one of the recipients after the data collection period was over. The recipients had the possibility to leave their email addresses on a separate window, so the actual questionnaire remained completely anonymous. The winner was randomly selected, and personally contacted to provide the prize.

After the data collection period was over, the data was extracted from Google forms, and processed in Excel into manageable form. The questions with statistical data such as age, and answers like yes and no, were translated into English for the purpose of creating charts and statistics to be used in the analysis. Quotes were translated when needed, to have them within thesis text, otherwise they were analyzed side by side with the English content.



## 4.2 General data

The first section of the questionnaire was to find out general data of the respondents and to see what kind of talents there are on the markets. In total the data collected was 25 persons (Figure10), 19 respondents to the Finnish language questionnaire and six to the English language questionnaire. The majority of the respondents were male by 64% and female by 36%. None of the respondents identified themselves in the category “Others”, but it was well justified to provide this alternative too.

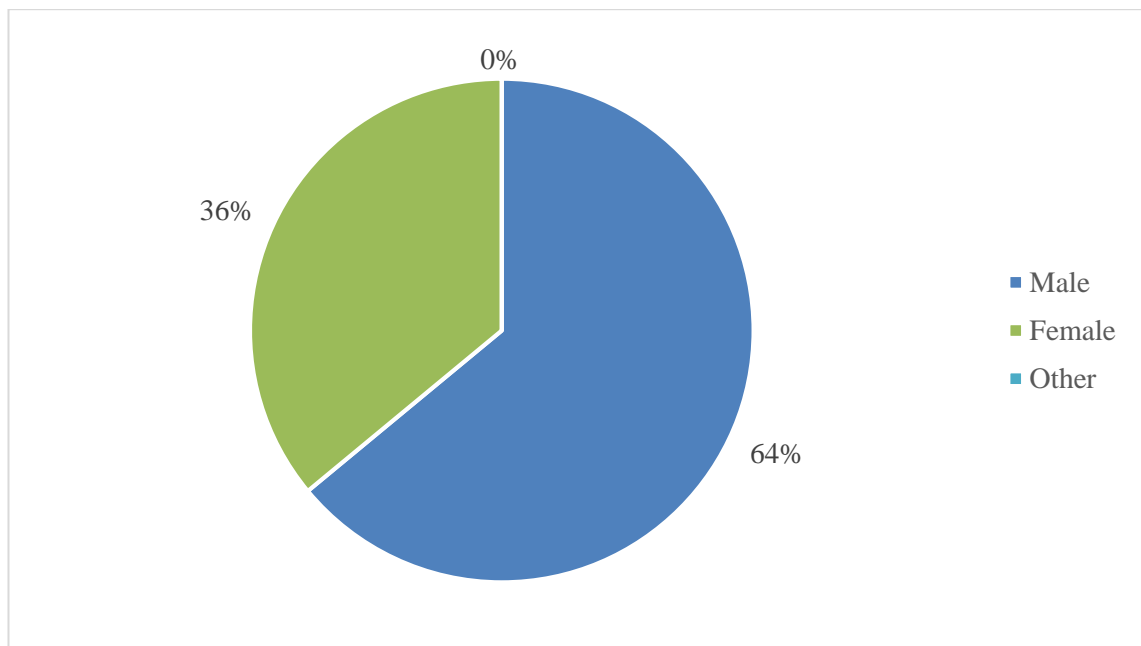


FIGURE 10. Gender distribution

The respondents were also asked what kind of degrees they held and what was their current position in the company. This was to find out what kind of talents there are, that fit the criteria set in this thesis, as it was based on education and work experience in years, not specifically the position they are in.

Of the respondents, 13 had a technical/engineering education and seven had business degrees. The remaining five other degrees were either not specified or of other fields. Of the male respondents, there were three managing directors, three in other director level positions, six in manager positions and four in other expert roles. Of the female respondents, one was in a director level position, five in managerial positions and three in other expert roles. All of the respondents fit the category of talents for the purpose of this thesis, and as was defined by the criteria in the questionnaire.

As seen in Figure 11, over half of the respondents were in the category of 30-39, young adults. The age distribution in the questionnaire by gender was quite equally distributed. The next biggest group was 40-49 by four respondents. The other replies were otherwise distributed but none of the respondents were in the category of over 60 years. This may be because they were not reached through social media questionnaire. The questionnaire had three male respondents in the category of 50-59 years, and three in the category of under 30.

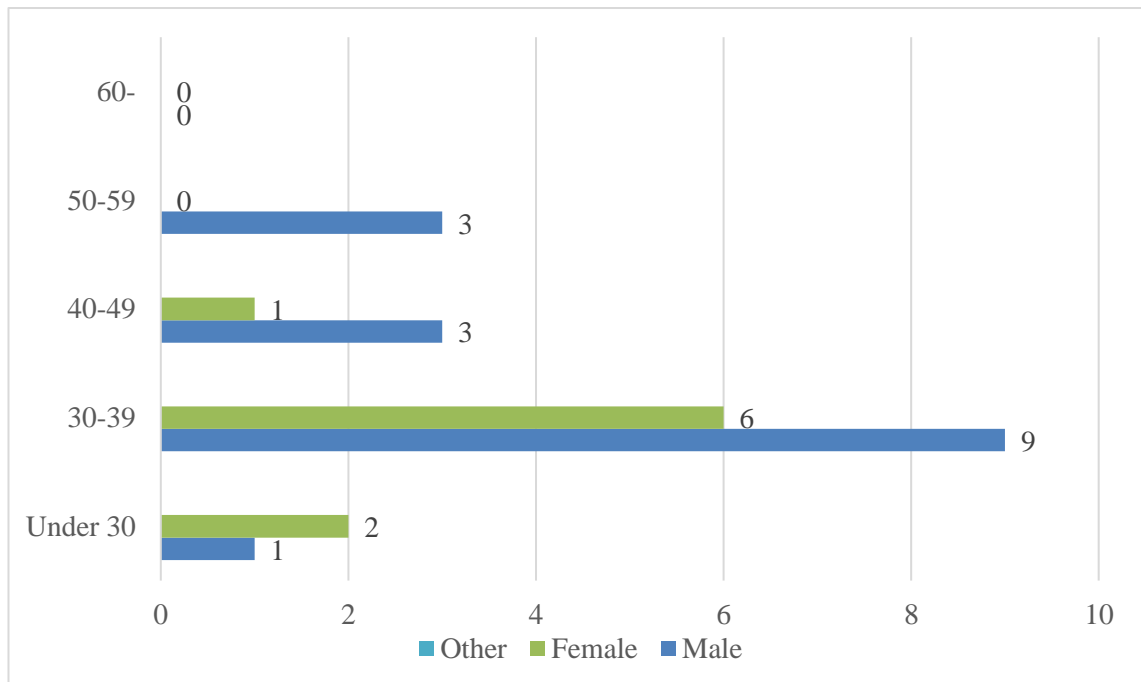


FIGURE 11. Age distribution by gender

The fact that there were respondents in multiple categories is a good reference that talents can be found in all age groups. Talent is not only a person with multiple years of experience, but a person with ability and potential can be just as much of an asset to a company as someone with a lot of experience. Having years of experience has its perks, undoubtedly, but the attitude and the passion are good motivators for becoming and remaining a talent.

### 4.3 Employer brand

This section of the questionnaire focused on the employer brand. The aim was to find out the respondents' opinions of the current employer's employer brand, and what they value

in one. The first question “Was the current company familiar to you prior to applying?” was to find out if the respondents had heard of the company they applied to. The results can be seen in Figure 12. It can be indicated that the company is either present in Finnish media or otherwise known if the company is familiar. The distribution of the respondents was quite equal in terms of the respondents and gender had no difference in these replies. As Alvesson (2002, 1) stated, companies may not know how to utilize their employer brand. This seems to be true with SMEs, and it can be concluded, that SMEs still have some work to do to be more familiar for applicants, and be present in the discussions, media, and social media to be seen.

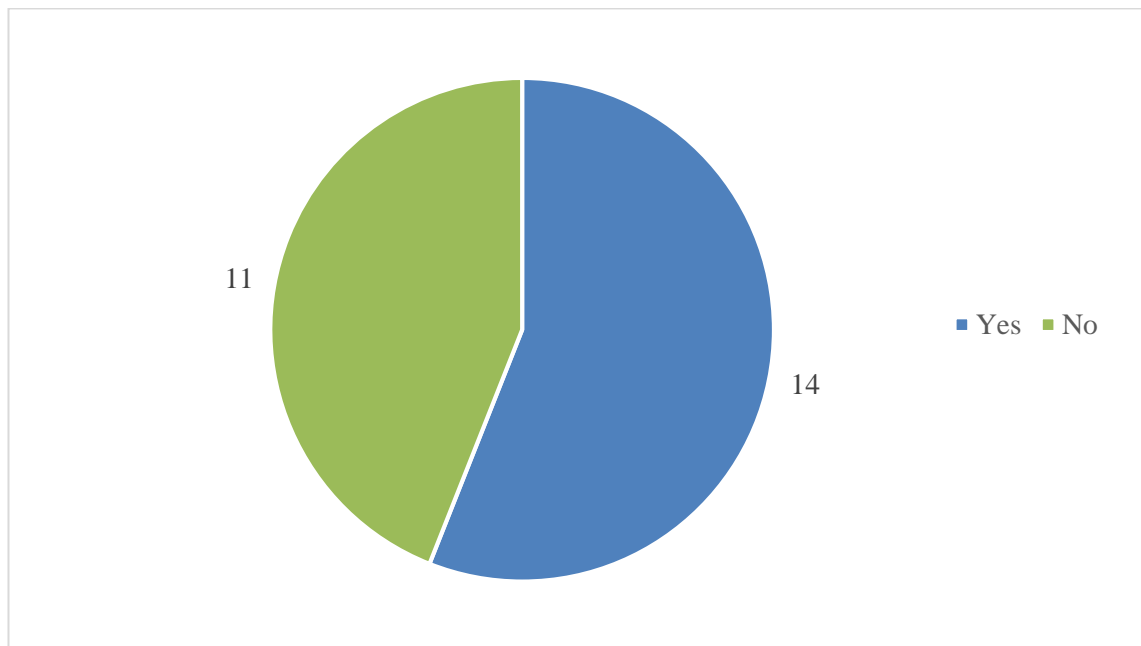


FIGURE 12. Familiarity of the current employer upon applying

The respondents that were familiar with the company prior to applying already had formed an opinion of the company. Only one respondent who had heard of their current employer before, had not formed an opinion of the company as an employer. The respondents made the following statements, to mention few:

*“Young, innovative, enthusiastic, knowledgeable”*

*“Young, dynamic, knowledgeable, daring, aspirational”*

*“Start-up, with high quality products”*

Some of the respondents had slightly less attractive image of the employer, they did not know about the company much, and thought it was very small. For one person the products were the only familiar thing, and for one respondent the products were not so appealing. The same respondent mentioned that he did not find the working environment that appealing either.

A positive employer brand would be important to maintain (Viitala 2009, 104) and mostly the opinions of the current employer were positive. However, some of the respondents thought the company was mediocre or just interesting. However, the company they chose seemed to have been somewhat interesting because they eventually chose to apply and work for these companies.

The respondents who were not familiar with the company before, were asked if they did research on the company, and if yes, what they thought of it afterwards. Four out of 11 persons said they did no research of the company. One person mentioned they did as much research as they possibly could, but they found it extremely difficult to find any information of them as an employer. This is in contrast to recommendations by Torrington et al. (2005, 132-133) who feel that recruitment can be made more efficient if applicants are aware of the company culture. This is especially a problematic issue for smaller companies, as they could be more attractive as employers if their company culture and employer brand was more well known.

One respondent mentioned that the current company was “*known by quite many people and had LinkedIn activity online.*” LinkedIn being a professional social media platform seems like an ideal place to build the employer brand as this is the place where talents interact more and more these days.

Some of the other responses were, that the company seemed interesting in regard to products and technology, one person found the company actually very challenging scientifically, and thought it might be too challenging. Evidently this person decided to take the challenging job.

Mainly the company image was positive, whether the respondents were familiar with the company previously or not. Only a few persons were not able to get much information of

the company or had a neutral image of the company. It seems the technology, innovativeness, and young are the buzz words that seem to interest the applicants. Companies that operate in a new and fresh field or environment are the ones that attract applicants.

The next section was about finding out what factors people notice, and pay attention to, in regard to an employer brand. A company may be doing all of these, but whether it is noted and appreciated is another matter. Figure 13 presents the combined results of what factors are important to applicants when they are forming their opinion of an employer brand. Figures 14 and 15 represent the views by female and male, as there were some differences of what they stressed as important.

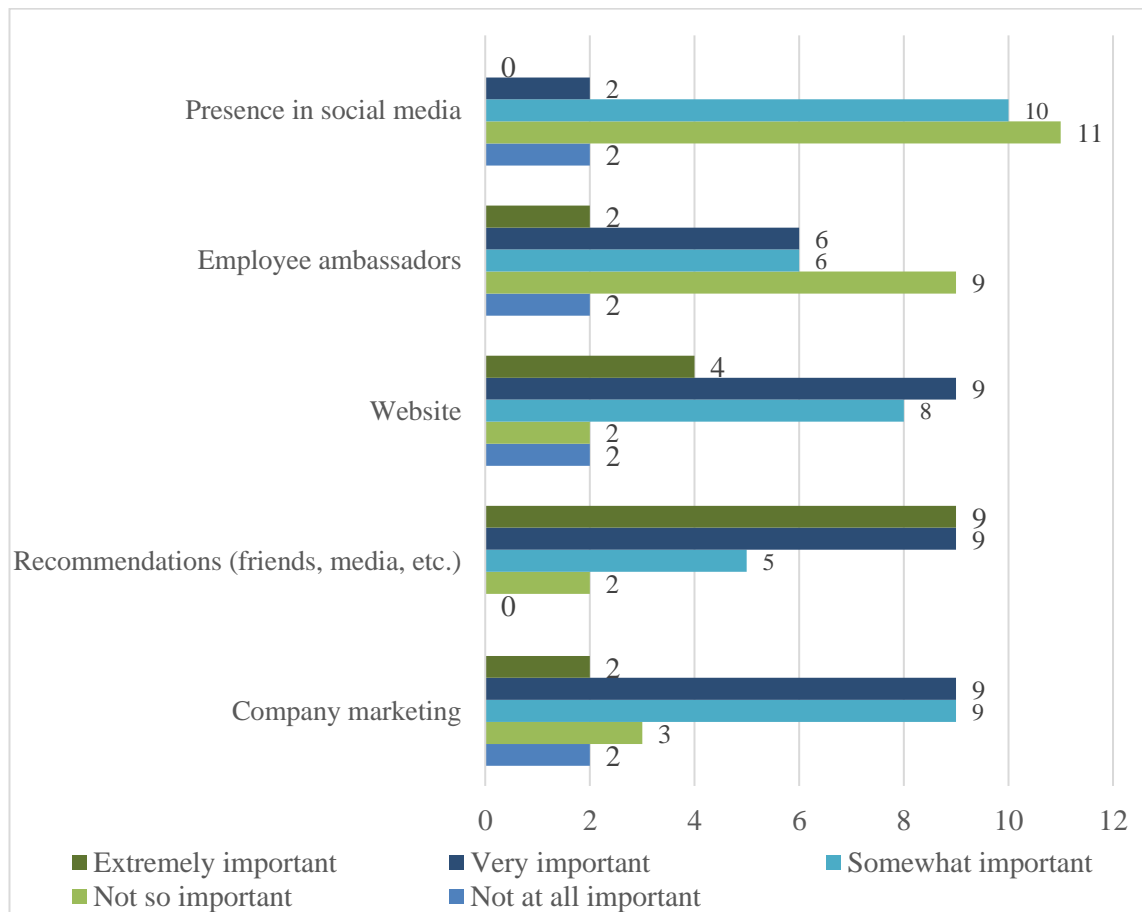


FIGURE 13. Importance of factors in forming an employer brand

In general, recommendations were the most important for respondents. This was also the found the most effective recruitment channel by SMEs in a research by federation of Finnish enterprises (2007, 7). The respondents also mentioned company website and company marketing. As opposed to what one might think, social media is only somewhat, or not important criteria to form an opinion. Surprisingly enough company marketing is

also less relevant, although more relevant than social media. These two can of course be interlinked to some level, therefore it could be concluded that both are needed to gain maximum visibility, though not they are not the most important influencers.

Based on the results, companies should have a credible website to convey the right image to the applicants. SMEs may not always see the benefit in having modern, up to date and fresh website, but they may create something simple to just have the basic contact details and company story online. Clearly it would make sense to invest some resources to what essentially is a company business card online.

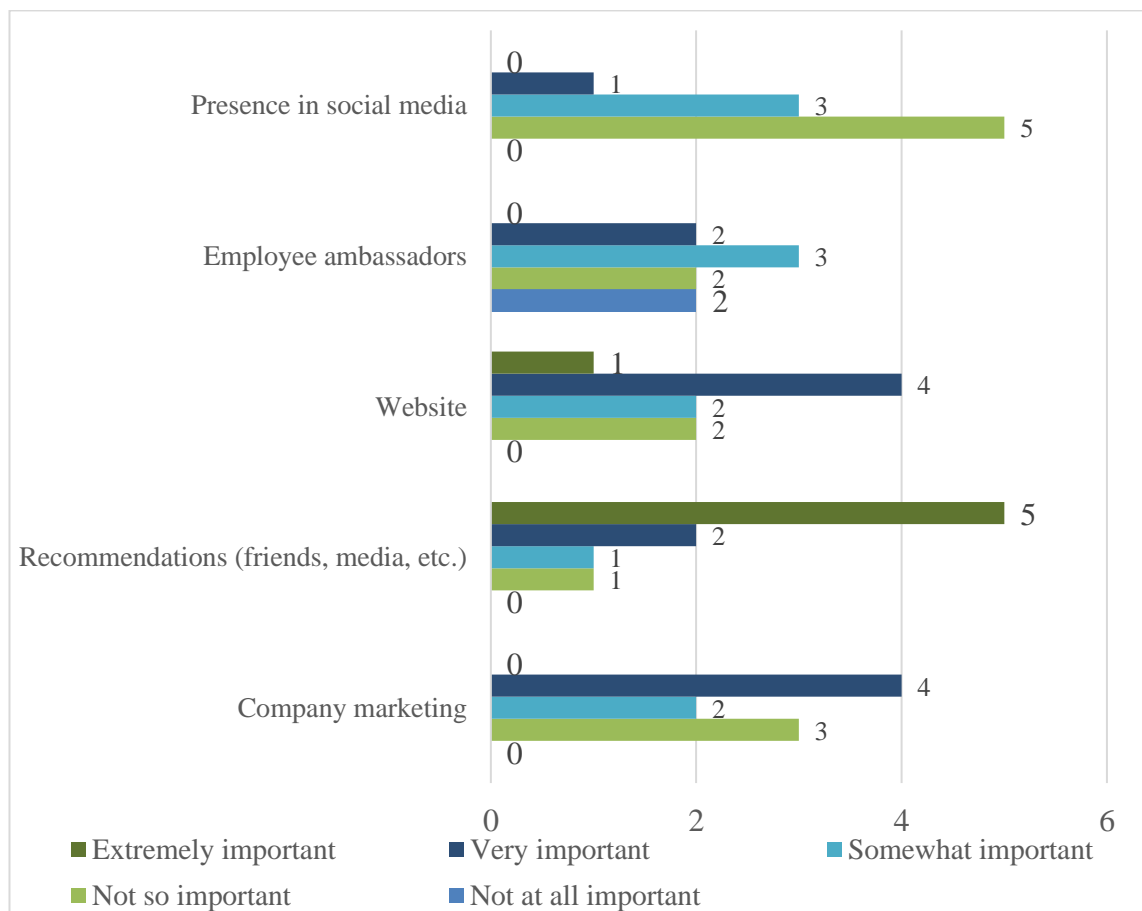


FIGURE 14. Importance of factors in forming an employer brand- Female perspective

When comparing the different factors of importance, both groups had strong opinions of recommendations and their importance. Naturally this is one of the best ways of getting up to date information of the company and what they are like as an employer: straight from the source. Majority of the females though recommendations were extremely important, while majority of males thought it was very important.

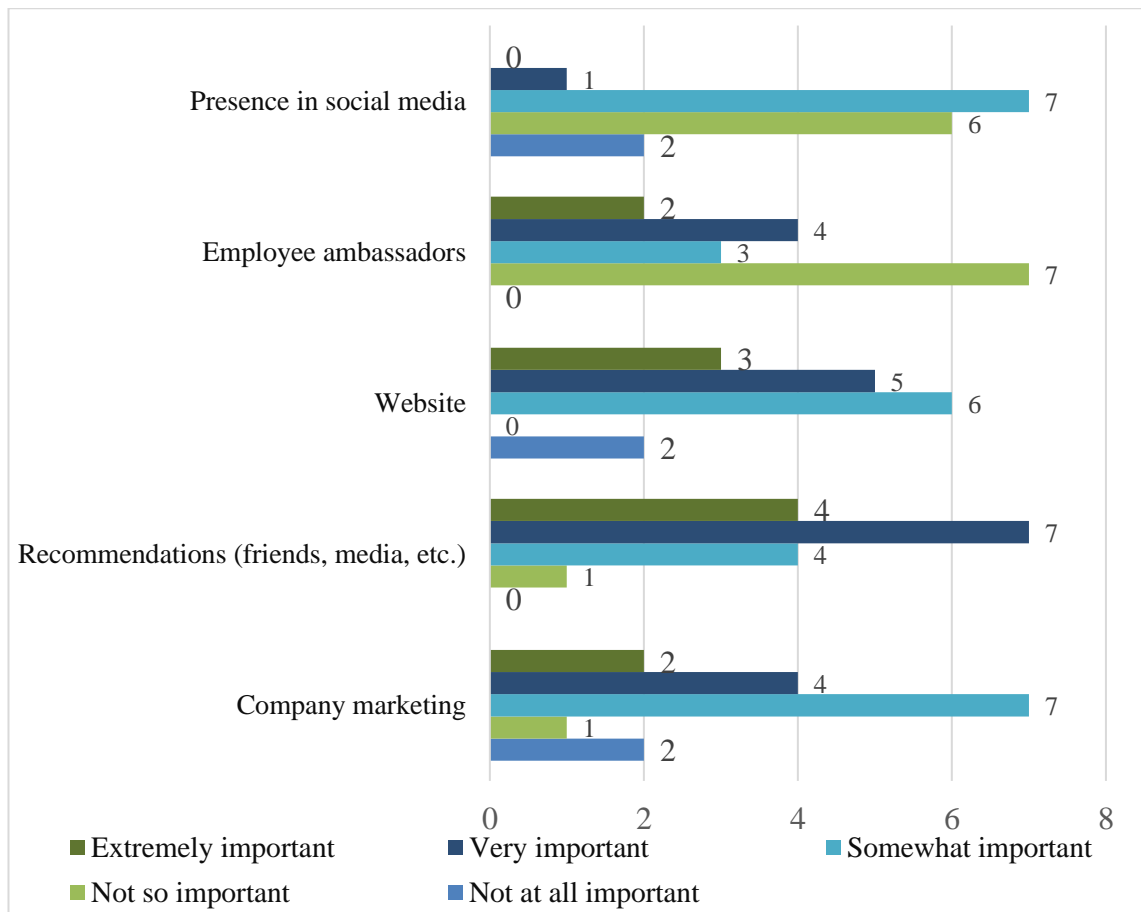


FIGURE 15. Importance of factors in forming an employer brand- Male perspective

Opinions on employee ambassadors deviated, as males found them slightly more important than females did. The same deviation applied with company website and company marketing, where women appreciated these two slightly less than males. Company marketing and employee ambassadors were the two categories where most deviations appeared.

Something to note, is that while females have majority of their replies in either closer to extremely important-category or not so important-category, for males the answers settled around somewhat important-category.

#### 4.4 Application and interview process

This section focused on the application and interview processes. The connection is to the research questions to find out why the applicants chose to apply, and whether or not the

size of the companies affected their choice. It was also important to know about the recruitment process: what do the SMEs do right, what points the applicants pay attention to, and if the recruitment channels reach the applicants in the right way.

The respondents were asked why they chose to apply for this company, and the most common response was the desire to develop, which means they believed in possibilities the new company could offer them. This is in line with Kettunen's (2012) findings, who said that different responsibilities and low hierarchy are attractive features in a smaller company. In total eight different respondents felt this way and expressed that they wanted to apply for a new position because they wanted to develop professionally, and one respondent mentioned: "*Desire to change the world by doing something others cannot*".

Four respondents mentioned they chose to apply because they either knew someone from the company, or the company was recommended to them. This result can be drawn back to the Figure 14, where respondents felt that recommendations were one of the key things that affects the formation of an employer brand in applicants' minds. People are more likely to believe a recommendation when it comes from someone they know, and they can personally discuss about the possibilities and what the company is like. This may be the reason SMEs also found this method the most useful (Federation of Finnish enterprises (2007, 7).

Job description was also given by four respondents as a reason to apply, though one might argue it is closely connected with the need to develop professionally. Appealing job description can mean many things, it can be a position on the same level but simply more interesting. It can be challenging, and it can be something where a person can develop. Nevertheless, it can be drawn from these two factors as a conclusion that people are after interesting positions where they can develop their professional knowhow.

Other respondents mentioned they chose to apply because of the location of the company and two persons were headhunted and possibly were not looking to switch before opportunity arose. Some of the factors that were also mentioned were "*Freedom*", ability to make a difference and really have an impact with what they do. One respondent had stayed in the company after finishing a thesis, and some were drawn to the interesting product the company had.



The respondents were asked if the size of the company affected to their choice to apply. Majority of the respondents said it did not matter at all. Those respondents who said it mattered, were of the opinion that they preferred a smaller company. Kettunen (2012) also mentioned that in the search of personal fulfillment, even also experienced persons are looking to work in smaller companies.

A few of the respondents had previously been employed by large companies and were looking to switch to something smaller and more flexible. One respondent mentioned they weren't hesitant about the size of the company, but rather the survival possibilities as it was a start-up at that point. Another said they believed the small company had a huge growth potential during the time of the application. One respondent knew the owner of the company, and this seems to have been a reason to have faith in the company. One person identified themselves as an entrepreneur, and therefore the owner of the small company.

Regarding the choice of recruitment channel in Figure 16, it seemed to have very little impact on the male respondents, while over half of the female respondents thought it was important and it matters. Those nine respondents who felt it mattered, and three respondents said they feel that particularly job adds at mol.fi do not give a very good image of the company. Facebook job-add is considered a bit more laid back.

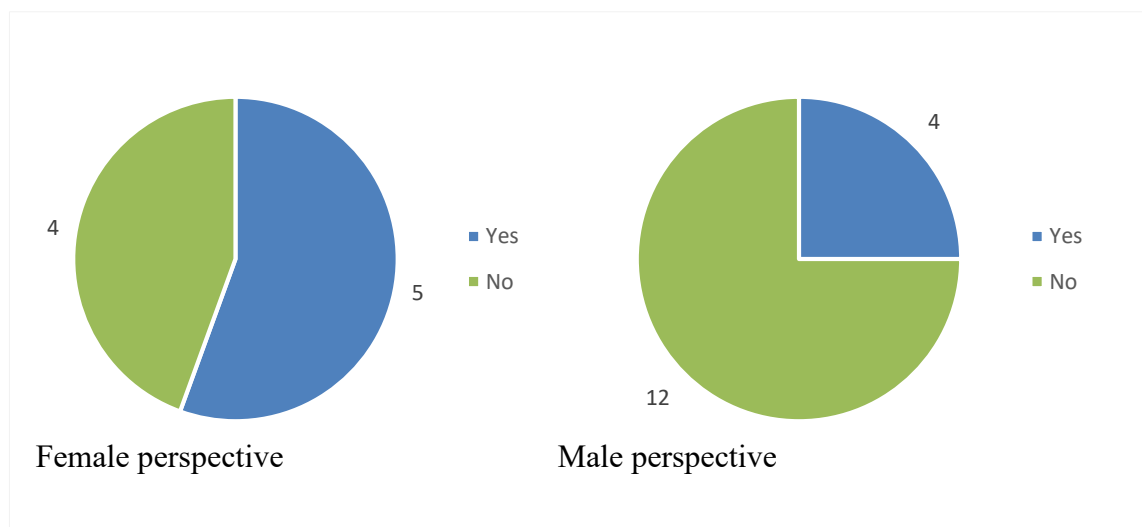


FIGURE 16. Importance of recruitment channel

LinkedIn was mentioned as a channel through which one respondent found their current position. The respondents felt that the choice of the channel affects the image the company wants to convey and that the company personality needs to show in the process. Based on research data, it can be concluded that a company can further expand and portray their employer brand by choosing proper recruitment channels and by conveying their job adds in a way that is interesting for applicants and gives information of the company as well.

Possibly the most important part of the recruitment process is the interview, where the applicants get a better feel of the company, and the company can see if the person will fit well into the company culture and the position. The respondents were asked what their impression of the recruitment process was, to see how SMEs handle the process. Furthermore, they were asked if their employer image of the company changed, and how.

In general applicants had a good impression of their interview processes, the impressions were not always that professional but more laid back and relaxed. One respondent explained: *“Good, felt like they knew what they really needed.”* and another *“Relaxed, kind and gave a feeling that they were interested of me and my expertise was appreciated.”*. It is typical for SMEs to not have a very formal HRM process like in Figure 4 in chapter 3.3, and formal recruitment and interview processes as part of it. This was witnessed by majority of the respondents.

One respondent was even offered the place without any interview process, as the current employer was aware of their skills and the person, so they knew what they wanted. Four persons had no interview process whatsoever and did not further elaborate in the answer why this was the case. However, when connecting the dots one can tell that the persons were in higher positions or recommended by friends, and therefore either their qualifications or recommendations spoke on their behalf.

Contrary to others, two applicants had a more formal, long and strategic interview process. The applicant who had been headhunted had two interviews with the headhunters and one interview with the board members. This respondent also had to provide three recommendations. Another applicant did not have a very good impression of their process and said that the process had too many parts and it was apparently made more tough than was necessary.

When asked if their image of the employer brand strengthened or changed, 13 respondents replied that their image of the company improved to the positive, and in the words of one respondent: *“I got much more interested during recruitment process”*. One respondent mentioned their image of the employer strengthened, but also said: *“But I didn't see the actual working conditions before starting. That might have made me decide otherwise”*.

Eight respondents said their employer image did not change in the process. Four out of these eight were not familiar with the company beforehand, nor did any research of the company prior to applying for a job. Therefore, it is difficult to say what kind of an image they got out of the company, or what was their image afterwards. The remaining four persons were familiar with the company beforehand, and they seemed to have created the kind of image of the company that did not change during the recruitment process. It can be drawn from that, that the companies have been successful in creating and conveying their employer image.

Overall, the application and interview processes seemed to have been handled well by SMEs, though the processes may not have been thoroughly planned and thought through. Whereas in larger companies there is a very strategical approach (Torrington et al. 2005, 4-5), and process thinking is at the core. The lack thereof, does not seem to bother applicants and some even prefer this approach as it means lower hierarchy and less bureaucracy than in large corporations.

#### **4.5 Employment choice**

The last section was to find out why the respondents chose to work in the current company, and what matters affected it. It was also important to know if the respondents were happy with their choice. As has already been pointed out, recommendations are the key component for someone looking for a job at an SME, therefore, if the personnel are happy with their choice this means it will draw in more talents. Moreover, as they now have been working for an SME, they were asked what they think the companies could do to improve their employer brand.

As an open-ended question, the respondents formulated their answers in their own words. The greatest reason for respondents to start working at the current employer was undoubtedly development opportunities the position provided. This was brought up by 13 respondents, and the next reason was that the position was interesting which can mean that it was something different or challenging. The first major categories had 19 respondents. They are in fact categories quite close to one another; therefore, a person will be willing to switch jobs when there is an opportunity to develop further and be able to do something that is really interesting to a person.

Some of the respondents felt they did not have opportunities to develop with their previous employer, and one person specifically said they were not happy with their previous position and therefore wanted to switch. When a person knows the components of their motivations, what they want and how they will get there, they can guide the direction of their career (Airo et al. 2008, 52) Aspirations for something better were a big influence for many, and one respondent said the reason was: “*Own desire to develop and be a part of doing something new and revolutionary*”. Companies are founded based on an idea and this can be a big selling point for future employees. When they see the importance, meaningfulness or an opportunity of the company they are willing to be a part of the story.

“*The organization seemed like a good fit to me*” sums up how the respondents felt about their new employers and why they chose them. One commented “*Personal chemistry between key persons,..*” and another “*Goof feeling about the company.*”. One can connect the dots of the interview process and the willingness to choose the position. The SMEs made a good impression and were able to convince the applicants they would be a good fit together. Something to note, is that only one person mentioned that the position offered a good wage. Either it was adequate in all the other positions, or it was not a key issue for these respondents.

After all was said and done, the respondents chose the new position and started working at an SME. By taking a look at the results, it is not that surprising that all of the respondents were happy with their choice to start working at their current employer. Not one respondent replied they hadn't been at all happy. The persons least happy with their choices said they were mainly happy, and one respondent was: “*Happy about some things, upset about others. Been content enough not to seek employment elsewhere yet.*”. On the other end, there were comments such as “*Very!*”, “*Absolutely*” and “*Yes very much*”.

Overall, can be said that the SMEs that were the employers for these respondents had managed to convey the right image of the position and the company, because most of the employers were satisfied with their choice. With happy employees the cycle of positive will continue and they will recommend the company further, like they themselves received these recommendations.

The two final questions in this questionnaire were about the factors that are important when choosing a place of employment (in general) and what the respondents feel the SMEs could do differently to improve their employer brand. The first is presented in Figure 17.

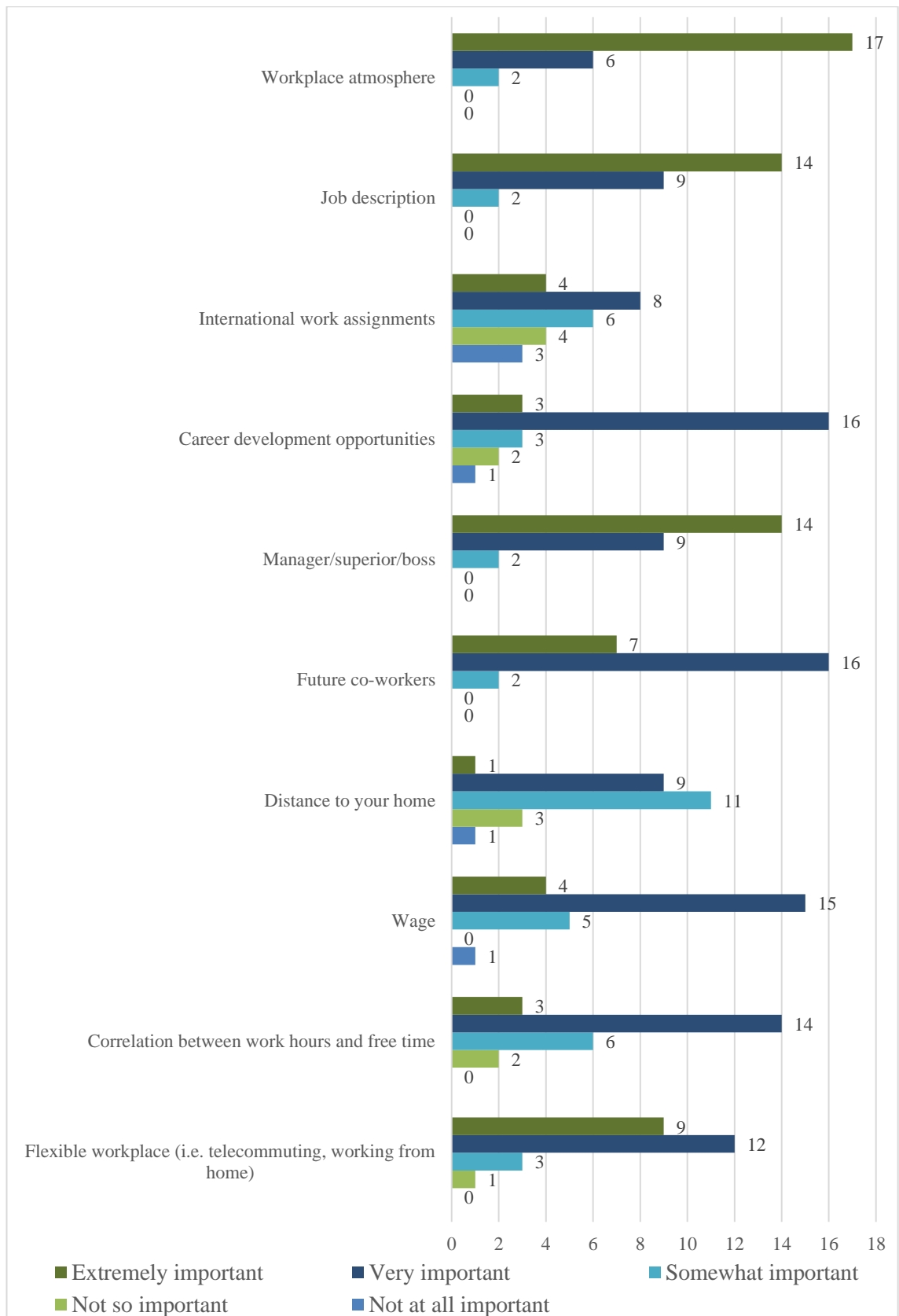


FIGURE 17. Importance of factors when choosing a place of employment.

The replies that are presented are a combination of the results for female and male because the replies were mostly in sync with each other. The greatest difference was in distance

of the workplace to home. For females it was much more important as they had majority of answers in Very important and Somewhat important categories while males had replies in all categories, majority being in Somewhat important-category. The replies could be due to many things. A person may already live at a convenient place, so they do not consider it an issue, and others may have for example family issues why location is important.

As can be seen from Figure 17, workplace atmosphere single handedly gathered the strongest importance. While only time will tell how one fits into a company culture, there is a possibility to get an idea of it already in the interview phase. Especially in a small company, people affect the company culture so much more as all the employees usually interact or know each other. This not the case in companies with thousands of employees. Feeling good about your surroundings at work and being comfortable around your co-workers affect the job satisfaction greatly.

Besides workplace atmosphere, job description, the manager/superior/boss, and future co-worker categories were the second biggest issues. Choosing these makes sense, as the respondents spoke in earlier questions about switching jobs because they wanted to develop, and the job description was important. Something SMEs can offer is usually a challenging position where one can perform beyond their job description. As the companies grow, the development opportunities are also there for the taking. The manager and future co-workers are tied in with workplace atmosphere, showing evident correlation that people want to work in a place where they feel comfortable with their co-workers and the atmosphere is welcoming.

As one might gather, the respondents chose quite a few points as important factors to weigh in when choosing a workplace. Only distance to home- and international work assignments-categories arose less significance for the applicants. In contrast, 16/25 respondents felt career opportunities were a big factor, whereas 19/25 felt the wage was important, and one respondent thought it is not an important factor at all. When considering all the factors that applicants chose as important, it is clear an SME needs to attract the applicants in more categories than one, as each category plays a role in the decision making.

In the final part of the questionnaire, the respondents gave their view as “insiders” on how the SMEs could change their actions to improve their employer brand. The respondents felt the companies should be more present, more open and prouder to be small, and not be too shy to talk about what they have to offer. Small companies are considered on some levels better than large companies as the processes are flexible, and employees get the chance to multitask in their roles. It was also advised to bravely seek for multitalents and when they have been hired, give them the freedom to be the talent they are. Management should be more leadership styled, focused on guiding and growing instead of managing top down. A respondent summed up their thoughts as follows:

*“Company is the sum of the employees and since you spend most of your daytime there it is extremely important that people are treated well. All employees are ambassadors of the company and how they treat and behave towards their colleagues, customers, suppliers and competitors form the employer brand. It is very likely that new applicant comes from one of these groups or if doesn't, then at least has contact in one to ask an opinion of the company.”*

Employee wellbeing was mentioned in different ways by many respondents, and it is true that the employer brand is built from within. When employees are led, well taken care of, and able to develop they remain happy, productive, and help in building not only the employer brand, but the company results in a sustainable way. Talent stays in house with the knowledge built.

As practical advices, it was said that companies could attend more exhibitions and conferences where they are able to share knowledge of themselves and their values, the opportunities they offer. Originality and personability as a company are advisable to be clear about the company culture. When company culture is visible, the right applicants will apply and will be able to adapt to the company well.

From all the answers that were provided in these questionnaires; it can be said that the respondents had really put some thought into answers and the trails of thought could be seen throughout the answers. SMEs seem to attract people with open mind for new things, desire to develop and on some level fearlessness to jump into something new and possibly unsure.



## 5 CONCLUSION

### 5.1 Answering the research questions

The findings derived from questionnaire material thoroughly provide the answers for the research questions. The research questions that were chosen for this thesis were:

1. How can an SME attract talented employees?
  - 1.1. What motivates people to apply to an SME?
  - 1.2. Why do people choose to start working at an SME?

For logical purposes, the answers to the sub-questions are discussed first. In general, the respondents' motivation for both applying and accepting the position can be summed up in wanting to develop professionally and having been offered that possibility. SMEs were seen as places where one can have an actual effect with their position, and what they accomplish at work. When drawing a connection to Herzberg's motivational theory (Sims 2002, 59-60), the respondents felt their Motivation-factors were filled by working in a small company, as they were able to gain personal development, growth and responsibility.

There are always general factors that affect when a person is choosing whether to apply or choose a position. These basic questions such as distance to home, work hours, and wage will remain in every position, in every company. The SMEs winning factor was in being able to show the development opportunities, and the workplace atmosphere and company culture. In a smaller company, it is easy to grasp during an interview.

As to the main research question on how SMEs can attract talented employees, the answers can be summed up in what can be described as an employer brand cycle. Employer brand is tied to employee wellbeing, and in turn these both are tied to the attractiveness and appeal of a company. Therefore, a cycle is born, and is visualized in Figure 18.

In the employer brand cycle one thing leads to another. When an SME makes its first recruits, the company culture and employee satisfaction start to formulate. When employ-

ees of the company are satisfied with their roles and the atmosphere, they become employee ambassadors. In this context, employee ambassador is not a person promoting the company in social media, but those who are genuinely satisfied and independently promote their employer.

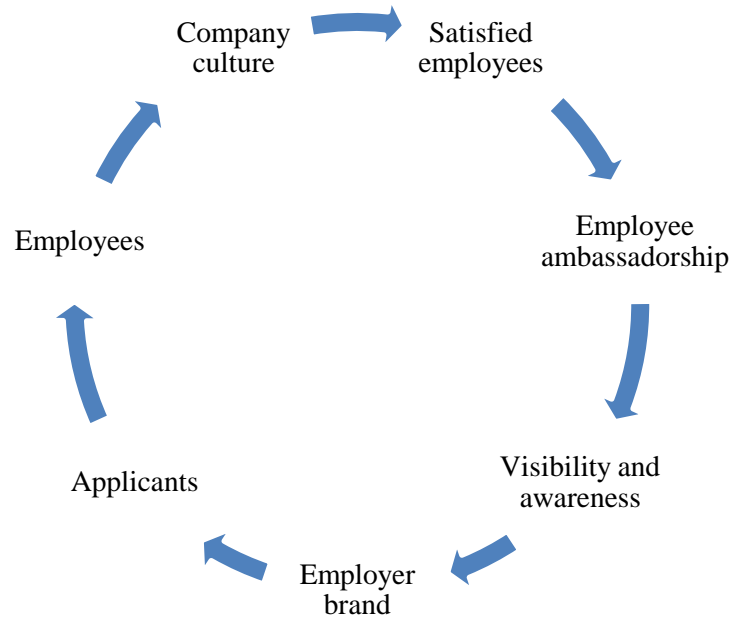


FIGURE 18. Employer brand cycle

This type of promotion eventually results in visibility for the company, and the public employer brand starts to formulate. In this context, when the employer brand is attractive, applicants notice the company either through recommendations or through other channels. Eventually applicants turn into employees who in turn give their input to the company culture, and the cycle continues.

The employer brand cycle is the answer to the research question: How can SMEs attract talented employees. From the theoretical framework, and the research data it was clear that the word of mouth, and recommendations were the most appreciated and effective way to attract the employees. Other matters had an effect, but these are also derivatives from employee wellbeing which causes recommendations. Once an employee is satisfied with the place of the employment, they spread the message. People tend to foster the kind of friendships and acquaintances, the way they are themselves. Talent attracts talent, and once one talent is satisfied the word will start to spread.

Therefore, the most important thing a company, and SME can do is to pay special attention to their employee wellbeing and company culture to attract as many talents as they

can. While improving their attractiveness in the eyes of talents, they also improve talent retention. The latter is of course its own subject matter, but of course employee wellbeing is related to it.

## **5.2 Recommendations**

The purpose of this thesis was to find out answers to the research question, and from those to derive recommendations for the commissioning company of this thesis; Merus Power. As an SME, Merus Power is struggling with the same issues as any other SME: How it can attract talented employees. Furthermore, based on the research data, the challenge does not seem to be so much about the attractiveness of an SME. More so, it is about being noticed and being visible for these talents. The recommendations will start from smaller and more at hand issues, and end with the largest entity.

As has been established already in the theoretical framework, and supported by research material, the employee wellbeing is the place to start building the employer brand. For the case company, employee wellbeing is at a relatively good level, but scarce resources have had its effect. The first step would be to try to salvage the situation by hiring more staff. This will definitely help in building a stronger, more positive company culture when each employee has the time to focus and perform their work on the high standards they seek for.

Company culture takes time to build and enhance, and during this process new employees, new talents are needed. It is advised to show the company culture, and the company atmosphere already in the application process. The culture and the message should be thoroughly analyzed to make sure it gives a true impression in the job-add. The company culture should be visible also in the interview process. For example, later in the recruitment process, perhaps in a second interview, the applicants could be introduced to some of the members of the staff who work in the same function such as R&D. To see how the company has performed and how the process could be improved, a recruitment process questionnaire could be sent to the applicants (both chosen and not chosen).

As a suggestion to improve the current recruitment process, and to better reach talents, it would be advisable to put some thought into recruitment channels and communication. The respondents did not care so much about the recruitment channel, but considering the

other research data, social media is growing its popularity and it would be wise to consider channels such as Facebook and LinkedIn for this purpose. Also, it would be important to think of which channel is most useful for which position and where the sought-after talents are.

The final recommendations are related to the biggest entity: company culture and employee wellbeing. Yearly employee wellbeing questionnaire could be improved to have a stronger focus on matters which affect the company culture. The results should actually lead to actions, presented to the employees so they know the company is making an effort for them. The actions should be such, that they require mutual input, so both the employees and the employer are vested in the matter.

The cycle of positive starts from the managers, and leadership is something that could be developed so each individual employee feels that their manager is leading them to develop. This will help also in employee retention and knowledge management, as a happy employee is more likely to stay and speak positively about the company.

Employee ambassadorship is something every SME need, but for the message to be true and believable, it should be authentic. The employees should not be pushed to say positive things about the company, but rather encouraged to speak up if they see a potential talent who they think would be a good fit for the company. As most recruitment and HR professionals know, in an SME there is most often a hidden job opening looking to be filled.

None of the recommendations given in this thesis provide a fast fix, because the suggestions, when made into actions, take some time to build into patterns and habits in the company. However, if consistently implemented, the results can be fruitful and help the employees grow, with the company.

### **5.3 Further research topics**

During the period of collecting theoretical material for this thesis, the researcher did not find prior research of the exact same topic. Motivations of applicants had been widely researched, and so had SMEs as employers but this specific topic seemed to have been a unique research topic. This research, though commissioned for an SME, and its results

cannot be generalized, but are utilizable for the purpose of this thesis only. Therefore, for future research, it would be interesting to do a more extensive research on a national scale. Though the results of this thesis may be somewhat beneficial for other SMEs, a wider research with respondents from all over Finland would provide generalizable results.

For the commissioning company, it would be a smart idea to do follow up research on how the suggestions were implemented and what were the results. It would be also interesting to see if the applicants have seen a difference, and if Merus Power seems more attractive to the applicants than before. Moreover, after these topics have been covered, it would be interesting to research talent retainment in an SME.

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## APPENDICES

### Appendix 1. Text to advertise the survey in Finnish

Saa jakaa!

Hei, sinä pienessä tai keskisuuressa yrityksessä suomessa työskentelevä korkeakoulu-tettu, minulla olisi sinulle muutama kysymys.

Maisterinopinnot TAMK:n IBM linjalla ovat opinnäytetyötä vailla, jonka aiheena on selvittää kuinka pienet ja keskisuuret yritykset pystyvät houkuttelemaan talentteja. Haen kyselyyni vastaajia, jotka täyttäisivät alla mainitut ehdot.

Sinun työnantajasi on pieni tai keskisuuri yritys: Alle 250 työntekijää, liikevaihto alle 50 miljoonaa euroa, lisätietoja: [https://www.stat.fi/meta/kas/pienet\\_ja\\_keski.html](https://www.stat.fi/meta/kas/pienet_ja_keski.html)

Koulutuksesi:

1. Ylempi AMK tai Maisteri, sekä vähintään 3 vuotta oman alan työkokemusta.
2. AMK tai kandi, sekä vähintään 5 vuotta oman alan työkokemusta.

Kyselyn täyttämiseen menee 5-10 minuuttiin vastauksistasi riippuen. Kaikki vastaukset käsitellään anonymisti ja luottamuksellisesti. Vastaajilla on mahdollisuus osallistua palkinnon arvontaan, ja sähköpostiosoitteet käsitellään erikseen ja luottamuksellisesti. Arvonta suoritetaan viimeistään 15.9.2018.

Kyselyn löydät täältä: \*linkki kyselyyn\*

Kiitän mitä kauneimmin ja toivotan aurinkoista kesää! :)



## Appendix 2. Text to advertise the survey in English

Please share!

Hey you working in a small or a medium size company in Finland and having a higher education, I have a few questions for you!

As a part of my master's studies in international business management I am writing my thesis about how small and medium sized enterprises can attract talents, and I am looking for respondents to my questionnaire, who fill the following terms:

Your employer is an SME: Less than 250 employees, turnover less than 50 million euros, more information here: [https://www.stat.fi/meta/kas/pienet\\_ja\\_keski\\_en.html](https://www.stat.fi/meta/kas/pienet_ja_keski_en.html)

Your education:

1. Master's degree, with at least 3 years of work experience in your own field
2. Bachelor's degree, with at least 5 years of work experience in your own field

It takes about 5-10 minutes to fill, based on your answers. All the answers will be handled anonymously and in confidence. All the respondents have a possibility to participate in a draw to win a prize, and their email addresses will be handled separately and in confidence. The draw will be held latest 15.9.2018.

Please find the questionnaire here: *\*link to questionnaire\**

Thank you and have a sunny rest of the summer! :)

**Master's thesis questionnaire***Part 1/12*

How can small and medium sized enterprises attract talents?

If you have any questions, please do not hesitate to contact me at: \*email address\*

**General information***Part 2/12*

Age

Under 30

30-39

40-49

50-59

60-

Gender

Female

Male

Other

What is your latest degree?

What is your current position/work title?

**Employer brand image before application***Part 3/12*

Was the current company familiar to you prior to applying?

Yes (Move to part 4/14)

No (Move to part 5/14)

*Part 4/12*

What was your image of the current company as an employer?

*Part 5/12*

Did you research the current company? if you did, what was your image of company as an employer?

*Part 6/12*

How important are the following to you when you are forming an opinion of the employer brand?

(Scale: Not at all important, Not so important, Somewhat important, Very important, Extremely important)

Presence in social media

Employee ambassadors

Website

Recommendations (friends, media, etc.)

Company marketing

**Job application period***Part 7/12*

What matters most affected your decision to apply for the position in your current company?

Did the size of the company affect your decision to apply? Why?

Did the recruitment channel (such as social media, TE-services, and other services) affect your interest in applying?

Yes (Move to part 8/12)

No (Move to part 9/12)

*Part 8/12*

In your own words, please describe why the choice of recruitment channel mattered to you?

**Interview**

*Part 9/12*

What was your impression of the recruitment/interview process?

Did your image of the employer brand strengthen or change during the recruitment/interview process?

**Job selection**

*Part 10/12*

Why did you choose to start working for your current employer?

Have you been happy with your choice?

In general, when you are choosing a place of employment, how important are the following to you?

(Scale: Not at all important, Not so important, Somewhat important, very important, Extremely important)

Workplace atmosphere

Job description

International work assignments

Career development opportunities

Manager/superior/boss

Future co-workers

Distance to your home

Wage

Correlation between work hours and free-time

Flexible workplace (i.e. telecommuting, working from home)

**To conclude**

*Part 11/12*

In your opinion, how could small and medium sized enterprises change their actions to improve their employer brand?

**Thank you, please remember to send your answers!**

*Part 12/12*

If you would like to participate in the draw, please leave your email address. The link will open in a new window: *\*Link to the draw\**

Please remember to finalize the questionnaire by choosing "Lataa" or "Send". If you have any questions, please do not hesitate to contact me at: *\*email address\**

**Opinnäytetyön kysely***Osio 1/12*

Kuinka pienet ja keskisuuret yritykset pystyvät houkuttelemaan talenteja?

Mikäli kysymyksiä ilmenee, voit olla minuun yhteydessä: \*sähköposti\*

**Yleisiä tietoja***Osio 2/12*

Kuinka vanha olet?

20-29

30-39

40-49

50-59

60-

Sukupuoli

Nainen

Mies

Muu

Mikä on viimeisin tutkintosi?

Mikä on nykyinen asemasi/tittelisi?

**Työnantajamielikuva ennen yritykseen hakua***Osio 3/12*

Oliko nykyinen yritys sinulle tuttu ennen yritykseen hakemista?

Kyllä (Siirtyminen osioon 4/12)

Ei (Siirtyminen osioon 5/12)

*Osio 4/12*

Millainen mielikuva sinulla oli yrityksestä työnantajana?

*Osio 5/12*

Teitkö tutkimusta yrityksestä? Jos teit, millaisen mielikuvan sait yrityksestä työnantajana?

*Osio 6/12*

Työnantajamielikuvan muodostumista ajatellen, kuinka tärkeitä seuraavat asiat olivat sinulle?

(Asteikko: Ei lainkaan tärkeä, Ei kovin tärkeä, Melko tärkeä, Tärkeä, Erittäin tärkeä)

Läsnäolo sosiaalisessa mediassa

Työntekijälähettiläät

Nettisivut

Suosittelijat (Ystävät, media, etc.)

Yrityksen markkinointi

**Työnhaku***Osio 7/12*

Mitkä asiat vaikuttivat eniten mielenkiintoosi hakea töitä kyseisestä yrityksestä?

Vaikuttiko yrityksen koko päätökseesi hakea töitä yrityksestä? Miksi?

Vaikuttaako työpaikkailmoituksen hakukanava (esim. sosiaalinen media, TE palvelut, ym. palvelut) kiinnostukseesi hakea yritykseen töihin?

Kyllä (Siirtyminen osioon 8/14)

Ei (Siirtyminen osioon 9/14)

*Osio 8/12*

Kerro omin sanoin miksi hakukanavalla on sinulle vaikutusta.

## **Haastattelu**

*Osio 9/12*

Millainen mielikuva sinulle jäi haku/haastatteluprosessista?

Vahvistuiko tai muuttuiko aiempi työnantajamielikuvasi rekrytointi/haastatteluprosessin aikana?

## **Työpaikan valinta**

*Osio 10/12*

Mistä syistä päätit ottaa vastaan nykyisen työpaikkasi?

Oletko ollut tyytyväinen päätökseesi ottaa vastaan työpaikka?

Yleisesti ottaen, valitessasi itsellesi työpaikkaa, kuinka tärkeitä seuraavat asiat ovat sinulle?

(Asteikko: Ei lainkaan tärkeä, Ei kovin tärkeä, Melko tärkeä, Tärkeä, Erittäin tärkeä)

Työilmapiiri

Työn sisältö

Kansainväliset työtehtävät

Urankehitysmahdollisuudet

Esimies

Tulevat työkaverit

Etäisyys nykyiseen asuinpaikkaasi

Palkka

Vapaa-ajan ja työn suhde

Joustavan työpaikan käsite (esim. etätöiden mahdollisuus)

## **Lopuksi**



*Osio 11/12*

Miten pienet ja keskisuuret yritykset voisivat mielestäsi muuttaa toimintaansa parantaakseen työnantajamielikuvaansa?

**Kiitoksia, muistathan lähettää vastauksesi!**

*Osio 12/12*

Mikäli haluat osallistua arvontaan, jätä sähköpostiosoitteesi arvontaa varten. Linkki aukeaa uuteen ikkunaan: *\*linkki arvontaan*

Muistathan viimeistellä tämän kyselyn valitsemalla "Lataa" ja lähetä vastauksesi. Mikäli kysymyksiä ilmenee, voit olla minuun yhteydessä: *\*sähköposti\**