

HUMAN RESOURCES RELATED PROBLEMS IN A FOUNDRY

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Abstract

The current labour market is characterized by the lack of qualified candidates for all industries. There are ever less students of technical branches in all levels of the education system and this fact has negative influences mainly on manufacturing sectors. Czech foundries have had problems in finding suitable employees even during times of a higher unemployment rate, when the labour market was offering more candidates, so today the lack of candidates for them is really critical. Although foundries often offer higher than average salaries, young people prefer physically less demanding work for lower salaries and their fluctuation has been significantly increasing. The paper therefore focused on the main problems of human resource management in the selected foundry with the aim of finding, discussing and proposing potential solutions for more effective employee recruitment and motivation.

Keywords: Human Resource, Recruitment, Motivation, Foundry

1. INTRODUCTION

According to hierarchisation of location factors for largest enterprises in the Czech Republic, the local work force quality belong among six most important factors for company location [1]. A decreasing unemployment rate means that the economy and people prosper better. Nevertheless, such a trend causes bigger and bigger problems for the managers of companies looking for high-quality employees. An even worse situation dominates in industries which have been facing a lack of qualified candidates for many years. These are mainly industries which depend on qualified employees with vocational and secondary education. Industries where graduation opens the door to physically demanding jobs have been becoming more unpopular among the young people in the Czech Republic for many years. The Czech Republic mainly lacks young people across all technical branches. The technical fields are studied by only about 35 % of high-school students. The most popular branches are management, economy and humanities [2].

Graduates of technical and IT fields of study have the biggest chance on the labour market. Moravian-Silesian Region, where large metallurgical, engineering and mining companies are based, was lacking almost one thousand graduates of engineering fields of study back in 2011, including more than 200 graduates in the mining and foundry categories [3].

Large companies, such as Škoda Auto, manage this situation by establishing their own secondary schools. Třinecké železářny responded to the lack of graduates of mining fields by establishing their own private secondary school back in 2009.

The current low unemployment rate and minimum interest of children and young people to study foundry fields make the situation even worse for foundry and other metallurgical industries, despite the fact that Czech foundries have a long tradition and their products have an excellent reputation in the world, and this industry will certainly not disappear from the Czech market for a long time; more to the contrary. Nevertheless, the panel discussion of foundry experts from the Czech Republic and Slovakia held on November 2016 identified the lack of qualified personnel, both hourly and salaried employees, as the main weakness of this industry in both countries. [4]

Recruiting, educating and retaining qualified employees became the main task of personnel management not only in the foundry industry.

2. PROBLEM SPECIFICATION IN A PARTICULAR COMPANY

The foundry, the personnel situation of which this paper deals with, is situated in Moravian-Silesian Region. The foundry is a private company with more than one hundred years of casting tradition. The foundry makes castings of grey cast iron and ductile cast iron for major industrial companies all over Europe. It employs 130 people on average. Over the past four years, the fluctuation has ranged from 8 - 16 % [5], whereas a healthy fluctuation rate comprises values from 5 to 7 %.

The major unemployment rate decrease has stronger and stronger negative impacts on the fluctuation rate of the company, because even the small qualified labour force currently has a chance to secure a job under much less demanding working conditions under identical or only slightly worse financial terms.

What makes the situation even worse is the fact that only a minimum of newly hired employees have qualifications or at least some experience in the foundry industry. Therefore, a company that needs to perform concluded contracts only invests in a new employee in the first few months. This includes the labour costs, social security and public health insurance and employee benefits, costs of induction examinations, required safety and on-the-job training, but also the time of the site mentors who need to pay extra attention to the newly hired employees for several weeks before assigning them independent work. Such an adaptation period when such a new, mostly unqualified and inexperienced, employee is more an expense than revenue to the company lasts for 2 - 4 months on average, based on the position, ability and motivation of the employee.

Another problem for the company management is the poor work attitude and dedication of most of mostly young or newly hired employees. They often already have debts or are burdened with executions, so most of their income is deducted and, after making the statutory payments, they are left with the same amount whether or not they achieve the performance incentives. At present, young people start a family later in general, they often live with their parents, and thus lack the internal motivation to perform better in order to earn a higher wage. And, for the same reason, they go for financially less advantageous sickness leave more often than responsible and experienced employees with obligations towards their families and mainly with a different attitude to the employer's obligations.

Besides the salary, the foundry management offers a number of other mandatory and voluntary wage components and employee benefits to the personnel. However, they do not help attract and stabilize the labour force in the company, either. They realize that external motivation incentives represent the valuation of work by the enterprise, whether financial or non-financial. The motivation to do most activities including work is a combination of both. [6]

3. PROPOSED SOLUTIONS

Based on an analysis of the long-term experience of the foundry obtained from internal documents and consultations with the company manager and chief personnel coordinator, and using the outcome of the above-mentioned panel discussion and own scientific exploration of case studies, the authors recommend the foundry management consider the following suggestions:

The first area the foundry needs to focus on is its image as a responsible employer taking care of its employees. A competitive advantage of the foundry is its location in the region with hard-working people adherent to the region in the long term. At the present time of excessive demand from companies for a labour force, company goodwill plays a critical role and may induce the candidate to choose this company. In addition, it is less risky for the foundry if it obtains a new employee based on the recommendation of an existing employee, as it is more likely that they will be a reliable employee. And, only a satisfied employee recommends working for the

same employer to his friends or family. In this respect, the foundry does its best, investing huge financial amounts in production modernization on a continuous basis. It has completely refurbished buildings and sanitation facilities and tries to make the working environment more pleasant for its employees to the extent possible in the given field and production technology, performing further refurbishments. It is a responsible and highly perspective long-term employer. However, the company promotes these competitive advantages insufficiently. This is attractive information for potential employees and it should definitely be clearly visible not only on the company website, but also in all job advertisements.

It is a small-scale company. This is an advantage as both the director and personnel manager have the opportunity to meet all employees in person relatively often. They can utilize the open door method, perhaps at certain times, in order to individually focus on their needs and continue to adjust the working conditions and incentives for the employees to perform optimally and not to leave the company. The authors further recommend conducting an employee satisfaction survey in two- to three-year intervals, which will help them induce measures in the areas of working conditions or financial and non-financial motivation. The company already introduced some incentives throughout the company in the past, without surveying the employees' interest. This, for instance, includes contribution to sports activities or vitamins. The interest was minimal, and the expenses and work of the personnel department went astray. An anonymous survey among employees would help avoid such unsuccessful activities and focus on more efficient forms of support of the employees' performance.

In the authors' opinion, the company does not optimally apply the system of financial incentives. It is suitably split into a fixed and variable part; however, most employees are not able to calculate themselves how much they are supposed to have on their payroll slips for the given month, because there are many items and those which are supposed to be variable are paid on a regular basis and the employees rely on them. But, when the company does not reach sufficient sales, the management might cancel or reduce the variable component. However, such a step causes the employees to feel highly disincentive and dissatisfied because they consider the variable component to be mandatory as well.

One of the wage components is also the premium for not exceeding the absenteeism rate. Many of the employees learn about this at the time when they are sick and they miss "something" in their wage in an otherwise identical amount and they do not know what. The problem of insufficient employees' awareness of their wage and benefits consists in poor promotion and communication with employees concerning their wage components; in particular, which of them reflect an eventual increase or decrease in performance of the foundry or of the employees. The foundry has thoroughly worked out the remuneration system, with motivation potential and it is financially very interesting compared to other possible local employers, but it is not using it as it could, i.e. for attracting and retaining well-performing employees.

This is the reason why the paper's authors recommend the foundry management generates a simple and clear manual describing all wage components and all employee benefits so that they can compare what the employer offers them and what they would perhaps not receive in another local company or in case of decreased performance.

Better loyalty of employees can also be achieved by presenting company products, the creation of which the employees contribute to. An employee should be proud of what the company produces. It is appropriate to post pictures or parts of products or components in the buildings so that the employees can see how the management appreciates their work.

The foundry is a company with a long tradition. Despite which, it is a company which uses state-of-the-art trends and technologies, a company with a broad portfolio of prestigious customers and great plans for the future. It is still more and more difficult for it to obtain the required labour force despite these strengths. Therefore, the management should already think of labour force sources in the perspective of 10 or more years. The manager or personnel specialist may take advantage of the foundry's good will and contact students

of the second degree of local and regional elementary schools and present the job opportunities in their company. A proper presentation directed at children emphasizing all of the above-mentioned competitive advantages or describing the incentives (such as financial or non-financial benefits upon commencement of the field of study) may help the students to decide on the respective field of study at a vocational or secondary school and it thus might be easier for the foundry to obtain new employees in the future.

4. CONCLUSION

The evaluated foundry has been facing a lack of qualified labour force like the other manufacturing and mainly metallurgical companies.

The authors have discovered that the management and personnel specialist are responsible in this respect, actively taking a number of measures which help them recruit the required number of employees. However, the outstanding issue comprises the qualification, experience and work attitude of new employees, the associated higher fluctuation range, and the constant need to hire new labour.

Therefore, the authors recommend that the foundry focus its employee motivation on maximum utilization of its competitive advantages, the possibility of an individual approach to the relatively low number of employees, and on receiving and evaluating feedback from its employees. The company must think in a longer term perspective and begin influencing elementary school pupils.

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