

Case Study 2: How to engage the employees of SMEs for material participation (Germany 2018)

Abstract

The case study describes with a highly developed medium-sized company in the engineering and architectural sector. The HR problem is the lack of suitable ways to engage their employees for more material participation. With the help of these participation models employees can be appropriately remunerated for their activities and, if relevant, for their higher risk acceptance.

The practical part of this case study focuses on applying HR knowledge to the employee ownership problem in order to identify possible steps towards more material employee participation.

Introduction

The medium-sized company X-GmbH is a highly developed enterprise in the engineering and architectural sector in Saxony, using the latest technology in order to provide an excellent service to their customers. The company has got a team of specialists who offer services at the highest technical and technological level. Their project has been effectively implemented in different settings. Their purpose is to fully satisfy demands of their customers even when it comes to the most complex projects. But they lack suitable ways to engage their employees for more material participation. With the help of these participation models, employees can be appropriately remunerated for their activities and, if relevant, for their higher risk acceptance. Simultaneously, they can get more responsibility with the consequence that the income differentials derived from work, on the one hand, and from capital, on the other hand, – indeed, depending on the specific model to a different extent - will be reduced and at the same time will lead to a fairer distribution of wealth. This is the special HR problem.

The Company

The X-GmbH is an office for engineering and architectural services. This includes planning services regarding:

- Building construction and statics
- Civil engineering
- Areas such as heating, ventilation, sanitation

A challenge facing the company is the existence of many other companies in the region. These other companies present more attractive employment for young people. The Company views its employees as a valuable resource, which works as a competitive advantage. The SME is highly focused and also dependent on the region they are located in, which is not necessarily a disadvantage, as it can help to improve the employees' identification with the company, which might lead to more motivated employees working for the organisation. This case study is intended to intensify corporate loyalty for this target group for the SME.

The HRM Facts of the Company

The company employs approximately 54 employees. The company shares are held by four associates and each share holds one quarter of votes. Last year, the balance-sheet total amounted to 17,720,000 EUR and the equity portion totalled 2,820,000 EUR. For years, the revenue from ordinary activities amounts to approximately 300,000 EUR. For succession purposes, a circle of senior executives (A-Squad) will be built up.

Findings and Solutions

- Analyse number of employees and executives
- Who holds the company shares?
- How many votes does each share hold?
- Follow the steps of the practical toolkit illustrated below

Practical Toolkit

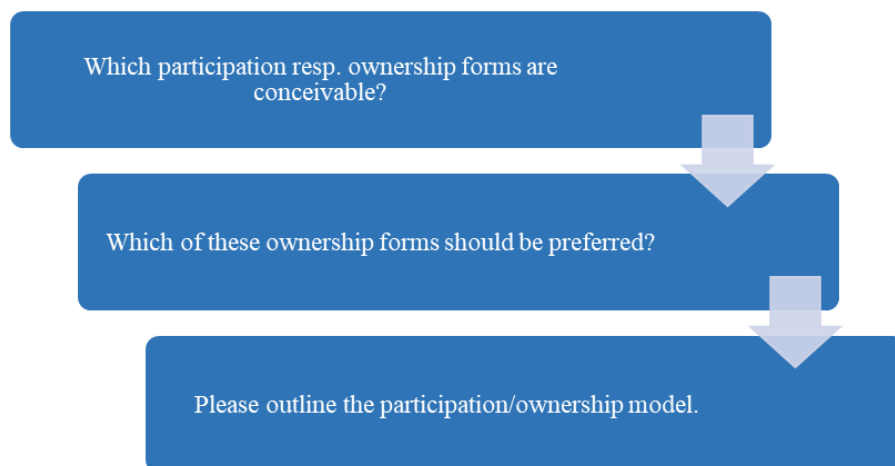


Figure 1: Steps towards more employee participation (source: own elaboration)

Research Methodology

The methodology was based on interviewing the Company's Head of HRM. The methods are interview-based and consist of qualitative and quantitative research methods. The interviews were carried out by using a questionnaire. In addition, accessible corporate documents and online information were analysed.

Literature

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