

# Corporate Education and Training as an Instrument of Marketing and Communication for Enterprises in Increasingly Competitive Markets

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## INTRODUCTION

The scope and speed of changes in business have considerably increased in recent years. Customer demands and sales markets are especially subject to rapid change, causing mounting pressure on companies to modify. Companies primarily require creative and highly qualified employees if they want to survive competition. However, indications show that the labour market does not always serve corporations as a steady reserve of qualified persons, despite ongoing high levels of unemployment.

An attempt can be made, via educational marketing and communication strategies, to find and retain qualified staff and to enlist them for additional developmental measures.

The statements set forth in this paper shall especially allude to the situation amongst small and middle-sized companies in Germany. These companies represent the largest group within the German economy, measured in terms of their sheer numbers. Evidence indicates that small and middle-sized enterprises (hereinafter abbreviated as SME) have problems in finding and retaining suitable staff. SME's are often viewed as less attractive employers. Thus it is especially important for them to utilise corporate education as a marketing and communication instrument.

## GROWING COMPETITIVE PRESSURE ON COMPANIES

The scope and speed of structural and procedural changes in business and amongst companies have significantly increased over the past years in highly industrialised, western

countries, including Germany. These changes can be traced to modifications in public policy (deregulation, internationalisation, etc.), in technology (information and communication technologies, etc.), in economics (dynamics of purchasing and sales markets, etc.) and in social fields (modified values).

Three significant changes can be recognised when studying, for example, modifications in customer demands and sales markets:

1. Increasing competitive intensity and dynamics caused by opening of markets and dismantling of access barriers (deregulation and internationalisation).
2. An increasing trend away from a seller's market to a buyer's market. Increase in customer demands regarding inventory availability and product quality.
3. Increased demand for complex services.

Economic units, companies and staff will need to behave in a highly flexible manner in order to meet these new challenges. Modern and dynamic-oriented forms of work, such as, self-organisation and project-related task completion, are replacing traditional work principles (horizontal specialisation by simplifying and breaking down work tasks and separation of planning, execution and monitoring).

## INCREASING SIGNIFICANCE OF EDUCATION AND QUALIFICATION FOR COMPANIES

A high level of flexibility requires higher qualification from staff due to increased production and marketing of highly complex products, and especially of highly complex services. Narrow, specialised training for operating special machinery

Job Level	1995 (in %)	2010 (in %)	Increase & decrease (in %-points)
Non-skilled help work	19.6	15.7	- 3.9
Simple skilled work	16.6	13.6	- 3.0
Qualified skilled work	29.2	30.1	+ 0.9
Skilled work with management tasks	14.6	16.4	+ 1.8
Highly qualified work	20.2	24.1	+ 3.9
Total	100	100	100

Source: Weidig, I.; Hofer, P.; Wolff, H.: *Arbeitslandschaft 2010 nach Tätigkeiten und Tätigkeitsniveau*. Nürnberg 1999, p. 55.

**Figure 1.** Employed persons in Germany (excluding trainees) according to job level 1995 and 2010.

and qualification for performing a specific function are no longer sufficient. Multiple qualifications, ongoing acquisition of market-linked knowledge, self-organised learning and information management are gaining significance.

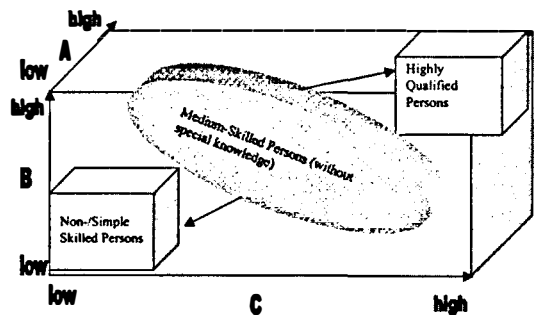
Sector or Job Fields	Absolute in 1000
	<u>Decrease</u>
Manufacturing industries	980
Units of government, social insurance	391
Main building trades	333
Agriculture	313
Railroad	121
	<u>Increase</u>
Consulting, planning, advertising, etc.	943
NPO, private households	424
Media, arts, entertainment, etc.	416
Restaurants & hotels	249
Private sector health services	249

Source: Weidig/Hofer/Wolff, 1999, p. 22.

**Figure 2.** Decrease or increase of employed persons in Germany between 1997 and 2010 (selection taken from the 5 most highly affected sectors or job fields).

Work landscapes in future will be characterised by an increased number of service companies, more demanding job tasks and higher requirements placed on an individual's qualifications (see Figures 1 and 2), compared with the mid 1990's.

The typically ideal company of the future will be a service company that will operate in a highly flexible manner and will require a highly qualified core staff for performing corporate tasks. However, the core staff will hold a wide number of occupational options, and the staff cost (remuneration) will be correspondingly high (see Figure 3). Thus the individual company may very well incur problems in keeping and safeguarding its core staff.



**Figure 3.** Correlation between employee qualification, level of commitment to the company (A) and level of occupational options (B) and remuneration (C).

### CORPORATE EDUCATION AND TRAINING AS A COMPETITIVE FACTOR FOR SMALL AND MIDDLE-SIZED ENTERPRISES

The term "small and middle-sized enterprise" is defined in different ways.<sup>1</sup> For the purposes of this paper, a SME shall be defined as an independent economic and legal corporation that employs less than 500 staff. Taking the above definition as a base shows that this class of companies predominates in Germany's national economy (see Figure 4).

Corporate classification by number of employees	Number of corporations
1 - 9	298,000
10 - 49	186,800
50 - 499	48,600
500+	5,100

Source: Statistisches Bundesamt (German Federal Statistics Office): Statistisches Jahrbuch der Bundesrepublik Deutschland, Wiesbaden 1996, p. 132.

**Figure 4.** The qualitative significance of small and middle-sized companies in Germany (1997).

The exacerbated competitive situation, as described above, also applies for SME's. They too are forced invest efforts in specific strategic measures for the sake of creating an improved initial environment for involvement on keenly contested markets. A strategic competitive advantage, i.e., a service that is comparatively superior to that of a competitor, is given when: (1) the service is important for the customer, (2) the customer is aware of the service, (3) the service evidences a degree of durability.<sup>2</sup> Three different strategies are available for realising this kind of competitive advantage: (1) cost leadership, (2) differentiation from the competition, e.g., through service, and (3) concentration on focused corporate aims (e.g., occupying niches).<sup>3</sup> A company's chances at success in holding or even generating a durable competitive advantage are greatest when the risk of the competition's ability to imitate or substitute a product or service are low and when corporate specification and the ability to exploit benefits are high.<sup>4</sup>

Services frequently make the difference in distinguishing amongst companies whenever products become more similar and able to be imitated. Services are especially characterised by people and their direct or indirect contact to the customer.

Companies can influence human resource performances via two measures, among others, i.e., accurate selection of human resources and efficient use of human resources. Education and qualification factors play a significant roll in both instances. Companies that require human resources will usually cover their requirement by drawing from the educational system or from the system of employed persons, if they are unable to

internally meet HR needs. The subsequent output of these persons will depend on how well a company succeeds in acquiring high-quality education and qualification in the form of human resources with above average and advanced education and training.

The second essential situation, which is linked to human resource performance, arises when utilising employed staff. In this instance, the task at hand involves using evaluation of performance levels, which are based on education and qualification, to examine and possibly initiate educational measures to offset deficits. There will also be a need to seize upon additional human resource management sanctions and rewards (motivating, financial and disciplinary measures).

#### THE STATE OF CORPORATE EDUCATION AND TRAINING AS A COMPETITIVE FACTOR IN SME'S

A differentiated pole position can be recognised amongst SME's regarding the search for human resources.

SME's are traditionally significant for labour and education markets because of their sheer numbers and diversity. SME's traditionally represent the most significant support institution for education and training in Germany, and they are attractive for school graduates (see Figure 5).

Classes of corporate size measured by number of staff	Distribution of trainees (in %)
1 - 9	18.6
10 - 49	33.1
50 - 499	27.8
500+	20.4

Source: Bundesministerium für Bildung, Wissenschaft, Forschung und Technologie (Federal Ministry of Education, Science, Research & Technology), 1997, p. 146

**Figure 5.** Distribution of trainees over various classes of corporate size.

The situation is different for graduates of institutions of higher learning. This target group prefers large corporations as their desired employers (see Figure 6).

Company	Ranking 1995 among students in different subject fields	Ranking 1996 among students in different subject fields	Ranking 1999 among students in fields of engineering
BMW	1	1	4
Siemens	3	2	1
Mercedes Benz, i.e., Daimler Chrysler	2	3	2
Lufthansa	4	4	0
McKinsey	7	5	
Boston Consulting Group	6	6	0
Bertelsmann	9	7	0
Deutsche Bank	0	8	0
Hewlett-Packard	5	9	0
Bosch	0	10	5
DASA	0	0	3
Audi	0	0	6
Porsche	0	0	7
Volkswagen	0	0	8
ABB	0	0	9
BASF	0	0	10

Source: Gallup Institute/Institute Universum AB, 1997, quoted from a supplement in the Süddeutsche Zeitung, Sup. 97, p. IV. Trend – Institut für Personalmarketing, quoted from Die Zeit, 7/10/99, p. 69).

**Figure 6.** Desired employers in Germany as viewed by graduates of institutions of higher learning.

Amongst the group of formally, highly qualified college and university graduates, SME's fail to rank amid the most desired employers in Germany, despite the fact that SME's offer a series of advantages compared with large corporations. These advantages include: high level of interaction amongst staff, swift rapport between corporate management and subordinate staff. It may be assumed that the group of college and university graduates does not perceive SME's as offering the same career opportunities and postgraduate training options as offered by large corporations. College and university graduates view appropriate human resource development options as very attractive.

Important Items	Ranking
Corporate atmosphere	1
Demanding job	2
Postgraduate training opportunities	3
Career opportunities	4
Teamwork	5
Quality of products	6
Management style	7
Corporate culture	8
Flexible working hours	9
Safety at the workplace	10

Source: *Absolventenreport* (Graduate Report) 99 CS Ploentzke, quoted from Die Zeit, 11/11/99, p. 59.

**Figure 7.** Items important to graduates of German colleges and universities in the fields of business and engineering for choosing a workplace.

Efficient human resource utilisation will depend, among others, on employees' levels of education and qualification and their willingness to participate in education and training measures. A series of studies show a difference in the level of qualification at SME's compared with large corporations in terms of less academicians, broader technical knowledge and less specialised knowledge amongst

employees, and a larger share of skilled labour.<sup>5</sup> It is questionable whether this constellation constitutes an acceptable qualification base.

The following questions arise for SME's, assuming that human resources with above average and advanced education represent a significant competitive factor for SME's, which is necessary for generating the features of a unique market position:

- How can we recruit human resources with above average and advanced education on external markets (labour and employment markets)? The response to this question will need to consider that this target group holds a number of occupational options and tends to lean toward large corporations.
- How can we retain human resources with above average and advanced education? In this case, it will be necessary to thwart the fluctuation risk (employee migration to other companies) and to pursue updating of qualifications (willingness to participate in post-graduate and advanced training).

### **EDUCATIONAL MARKETING AND COMMUNICATION STRATEGIES FOR SME'S FOR ASSURING COMPETITIVENESS**

The goal of educational marketing and communication strategies is to recruit and preserve "qualified staff"<sup>6</sup> as a competitive factor. In the case of recruitment, a distinction needs to be made between external recruitment measures (enticing potential staff from external educational and recruitment markets) and internal recruitment measures (re-assignment / retraining). External recruitment causes infusion of new qualifications into the company from the outside. Marketing and communication strategies **by** education should help the company to appear attractive on the recruitment market.

Internal recruitment involves retaining and/or producing qualifications. In this case, marketing and communication strategies **by** education and for education are necessary.

In the process of external HR recruitment, SME's compete with other companies for especially qualified graduates from the educational system (graduates of institutions of higher learning) and for persons from the employment system with

professional and field-related experience and who want to switch companies (e.g., from another company in the same field of business). The subsequent quantitative and qualitative output of these persons will depend on how well a company succeeds in recruiting required persons who are qualified and willing to perform. Educational marketing and communication strategies can be employed to acquire a beneficial position in competing for these persons. A SME, for example, can offer potential-developing measures to new employees, such as options for further development via training and qualification programs. The higher the significance of education and qualification in the eyes of a potential employee for his or her personal advancement, the more attractive an employer becomes when the employer facilitates education and training measures. Comprehensive into-the-job (e.g., job training and trainee programs), on-the-job (e.g., learning workplaces) or near-the-job (seminars and training courses) measures can be utilised as an object of marketing and communication strategies.

The second essential situation regarding educational marketing and communication strategies arises when retaining employed staff. In this instance, the task at hand involves offering interesting education and training measures to employed staff that promote their careers and to design the advantages of such measures in a transparent manner. The fact that companies participate in development linked to the individual and guarantees the promotion process via qualification measures is significant for employed staff. Educational marketing and communication strategies can be employed in a dual manner for internal human resource recruitment or for retaining human resources, if human resource development is understood as an internal form of HR recruitment<sup>7</sup>. This means that educational marketing systems can be used to avoid an employee's actual resignation from a job (quitting) or inward resignation (giving up) and to promote the willingness of individual employees to reduce existing training deficits (discrepancy between existing actual qualification and required target qualification). Fluctuations are dysfunctional for SME's when employees, who are deemed top performers in the company, leave the company on grounds of lacking developmental options. This consequently results in fluctuation expenses and lost production. This risk is relatively high among

SME's due to limited promotion opportunities. Inward resignation constitutes a problem that is similar to fluctuation. Employees may adopt this attitude because the claims of the individual are not fulfilled, e.g., for additional qualification or increased self-organisation in designing work processes. Inward resignation results in declining motivation and reduced production.

Developmental options need to be created and the motivation or job satisfaction of the individual need to be increased for the sake of deterring a person from formal resignation or inward resignation. In addition to career and advancement schemes, measures that involve work organisation, which offer opportunities for self-organisation, are growing in significance as means of retaining personnel and motivating their job performance. On the one hand, education and training measures are to be used as individual development tools that positively impact on motivation and job satisfaction. On the other hand, they are to be seen as constituting the requirement for other kinds of developmental options. Requirements are initially created, partially through measures involving training and post-graduate and advanced training, that enable a person to advance on a developmental path. In order to enable self-organisation, which results in both individual and corporate advantages<sup>8</sup>, measures involving corporate education and training could be used to promote the specific skills, conduct and attitudes required for this purpose.<sup>9</sup>

The process is different when using marketing and communication strategies to achieve the target of reducing discrepancies between existing actual qualification and required target qualification. A developmental requirement will remain open, with negative consequences for the company, if a deviation is established between an employee's current qualification on date  $t_0$  (present) or  $t_1$  (future) and the target qualification  $t_0$  or  $t_1$ , which results from the job, and if the company fails to motivate the individual to successfully attend an education or training measure. In this case, the task of educational marketing and communication is to advertise **for** education and not **by** education. The individual needs to be convinced of the necessity of an education or training measure by dismantling or changing his or her reservations and attitudes, e.g., caused by negative training experiences in the past.<sup>10</sup>

The following distinctions need to be made:

- (1) SME's can use marketing and communication strategies **by** education for HR recruitment on education and recruitment markets and for quantitatively oriented HR retention. The sites for these measures will be external markets, in the first instance, and within the company, in the second instance.
- (2) Marketing and communication strategies **for** education are aimed at qualitative HR retention, i.e., at reducing the discrepancy between the actual and target qualification. The company will constitute the site for these measures.

### MARKETING AND COMMUNICATION STRATEGIES BY EDUCATION: GOALS AND ACTIVITIES

The goals of marketing and communication strategies by education, for human resource recruitment on education and recruitment markets, are to recruit new qualifications from outside the company by promising that the company will guarantee retention, expansion and up-dating of such qualifications. In the first case, (education market) the company will need to address the market segment of graduates from general education and vocational training schools (e.g., technical schools) and institutions of higher learning. In the second case, (employment market) the company will need to address the market segment of persons with desired or required job experience. The goal for the education market will have to distinguish between the divergent attractiveness of SME's amongst the target groups, i.e., that SME's appear, as a rule, less attractive to college and university graduates compared with other corporations, and that SME's are more attractive for school graduates who are seeking a training position in a company. SME's will need to recognise that competition will be high with large corporations on the education market for qualified and performance-oriented persons.

The goals of marketing and communication strategies by education for (quantitative and qualitative) human resource retention consist of implementing and describing qualifying developmental measures in such a manner that thwarts fluctuation and inward resignation. Qualification measures are to be offered as an alternative or supplement to classical career planning because certain developmental options

(rise in the corporate hierarchy) can not ensue within SME's to the extent possible within large corporations.

Relevant markets (education or recruitment market), the client (potential employees) and the competition (other companies looking for the same type of employees) need to be included during market exploration. Exploring the education market should begin in the forefront of any human resource requirement. Attendance by SME's at job fairs sponsored by schools and institutions of higher learning for their graduates, or offering limited qualifying measures within the company, such as, introductory courses or in-company internships, support the option of systematically acquiring information on the education and training interests of potential employee groups. As a rule, SME's explore the employment market via secondary research by turning to studies on occupation and educational developments and educational and qualification expectations. These studies are prepared, for example, by associations or official agencies (e.g., the Federal Labour Office or the Institute for Labour Market and Occupational Research). By exploring the education and employment market, SME's can obtain information on the kinds of incentive potential that qualifying developmental options have from the viewpoint of the target group. SME's can subsequently offer appropriate qualification options to address the market by obtaining information from the market on whether acquisition of specific professional qualifications, or training graduation certificates (e.g., final qualification as a tax consultant or acquisition of entitlements in compliance with the Trainer Qualification Directive) embody high incentive potential

Exploring competition can be performed with two aims in mind, i.e., where is delineation from the competition necessary, and where is co-operation with competition necessary. The first instance calls for examining the attracting potential related to education or training as evidenced by a competitor, which the SME does not – yet – possess. The second instance calls for examining whether co-operation with competitors in the education and training field (e.g., supra-company training and advanced training alliances or joint financed supporting institutions for training) can be enlisted for attracting applicants. Exploring the training need constitutes the point of focus on the internal market. This means the requirement for establishing

need according to specific in-house knowledge, experiences and skills (e.g., handling certain hardware and software within the SME).

Measures geared to communication, products and conditions can be used to implement strategies. Education and training measures can be described as products. The products include measures with general education content (e.g., languages) and vocational training content (e.g., handling new software) as well as measures for initial training (apprenticeships) and advanced training. When designing products, successful educational marketing and communication strategies need to consider both the situation on markets as well as the individual person (potential employee). The education product will become more attractive if a (potential) employee perceives or suspects a high level of gain from the product. Educational assets of this kind can be created, among others, by innovation (e.g., training positions in new information and communication professions), awareness level (e.g., head office training), utility value (rise in income, increased job security), durability or stability of value (timely and interdisciplinary educational contents) and useful efficiency (transferability). Product-based policy measures for implementing educational marketing and communication strategies should not, as a rule, pursue separate beneficial aspects, rather they should pursue combinations of beneficial aspects. In the course of rapid organisational changes and increasing complexity of job-related tasks, educational products will gain in attractiveness when they evidence future and inter-disciplinary orientation and when they are organised in a manner that permits basic augmentation (modularised and component systems).

Conditions-based policy instruments should follow the principles of flexibility. All other educational products, except for vocational training, which is strongly regulated in Germany, can be extensively designed in a flexible manner. This relates to temporal conditions (training measures during or after working hours), financial conditions (full or partial assumption of costs by the company) and methodological conditions (knowledge acquisition organised in-house or by vendors). Partial assumption of costs or partial release from work, e.g., long-term leave for acquiring special qualifications, can be used to recruit or retain employees. Conditions-based policy instruments should be harmonised with human resource policy

instruments within the SME (e.g., remuneration policy, work organisation).

A SME's communication policy needs to consider limited financial, human resource and temporal resources that, as a rule, apply as conditions within these companies. Hence it is primarily recommended to pursue face-to-face communication. Personal discussions primarily emerge within this context. They can arise, on the one hand, with opinion leaders (e.g., teachers at general education schools when recruiting trainees) or with employees (when querying their training needs). Mass communications and the dissemination of information amongst the broad public is less called for and promises only less success. However, announcement by SME's, for example, of training offers in times of traineeship and workplace shortages, can, as a rule, be portrayed in a very effective manner, also for middle-sized companies, when performed in collaboration with professional organisations and industrial association, if required.

### MARKETING AND COMMUNICATION STRATEGIES FOR EDUCATION: GOALS AND ACTIVITIES

The goal of strategies is to recruit persons for qualifying measures who indicate low or no willingness toward education and training.

Market exploration is essentially aimed at the internal employment market. The two-pronged objective within the scope of the education and training analysis is to establish the corporate education and training deficit and to establish the actual individual level of education and training. Another ancillary objective is to discover those persons who indicate little or no willingness to reduce the education and training requirement. As a rule, market exploration will draw those persons into the focal point of marketing considerations who are capable of performance and qualification, however, who are currently not deemed as willingly disposed toward performance and qualification. Thus those employees who come into question for education and training measures, yet who do not or can not indicate any initiative in education and training issues, e.g., based on lack of information or future required target (qualification) are to be viewed as clients. In this case, the

competitors of SME's are other companies, which in the employee's opinion, are better able to dissolve motivation and training blockages than their current company.

The focal point of measures for strategy implementation rests in the field of communication policy. Advertising for education and training, linked to the well-known AIDA formula, should induce four lines of actions amongst persons being solicited:

1. *Attention*. The person being solicited becomes aware that there are or will be changes in education and training that are relevant to him or her and that education and training measures are offered at or through the company that are tailored to his or her needs.
2. *Interest*. The interest of the person being solicited grows in the offer of education and training measures.
3. *Desire*. A requirement for education and training arises with the person being solicited.
4. *Action*. The person being solicited attends an education or training measure subject to the proviso of fulfilling a demand.

Communication between the SME and its employees regarding the conditions of an educational asset (temporal, financial and spatial) and regarding the correlation between actual education and training and target education and training constitutes the important requirement for arousing demand. Measures linked to communication policy should produce transparency, i.e., they should convey education and training information. Lack of interest in education and training can often be traced to the inability to recognise the discrepancy between an actual qualification and the current or future target qualification due to absence of information on specific developments relevant to education and training (work organisation, product modifications and market changes, etc.). The success of education and training solely results from an active process of coming to grips with educational contents. This is why communication measures ought to elucidate necessity. It is necessary to highlight the attractiveness of education and training measures in terms of their quality, immediate importance and developmental potentials in addition to communicating a sense of urgency in meeting a requirement.

Finally, it needs to be pointed out that education and training not only represent a competitive factor for a company as an economic unit but also



represents a competitive factor for the employed person as an economic unit. Possibly several education and training strategies can be pursued that emerge from different objectives (corporate versus individual goals). For this reason, it is necessary to harmonise a definition of the goals of corporate education and training early on between the economic units in order to recognise and clarify divergences in goals as they might emerge in early stages.

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