

LABOR FORCE TRENDS IN 2019: MANAGERS AND EMPLOYEES' APPROACH

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Annotation

It is important for the long-term success of the company that the right people do the right job at the right time. Company goals and strategies are meaningful only if they are implemented by talented and skilled people. The article presents the theoretical challenges of labor force planning and analyzes trends of the labor force of Šiauliai region in 2019. It has been established that in 2019 the supply of professional employees in Šiauliai region will increase; the most valued features of employees will be considered such as: responsibility, positivity, engagement, teamwork ability; next year employees expect to be more appreciated and more motivated; salaries indicators will grow. The article is practically significant for leaders responsible for survival of companies in competitive turbulent business environment.

Key words: labor force, human resource management, need for specialists, employee's skills, changes.

Introduction

Topic relevance. Due to globalization, the business environment is constantly changing: competition is increasing, international economic cooperation is expanding, technological progress is accelerating and the formation of economic, political and industrial associations is growing as well as needs of the society are growing globally.

These are the problems that business executives make to realize the biggest asset of an organization is human resources – reliable and competent employees, whose personal qualities and competencies meet the needs and values of the company.

Employees' skills and competence are one of the most important factors that can influence not only the effective work of a company, but also influence the whole complex of activities and an image of a company.

Profound research done in the US has shown that human resource planning is one of the most important areas for improvement. Many of the interviewed leaders identified the following major obstacles to successful human resource planning: failure to reconcile human resource planning with the business planning cycle, the tendency to see the labor force anticipation process as short-term activity, the reluctance / inability of department managers to engage in the human resource management process, and the unwillingness to use HR managers' already formed strategy (Vėževičiūtė, 2017).

Thus, an effective human resource planning policy can help prevent rapid personnel change by ensuring that employees feel valued, for example, by defining their career in a particular enterprise.

Research problem. Human resource planning makes a significant contribution to the strategic management process of the company, as it clearly identifies concrete means and ways to achieve the expected results from the planning process.

In order to ensure that the company has the right amount (in time of need) the necessary staff to help it achieve long-term success, contribute to its competitiveness and survive in a changing environment, HR management peculiarities are increasingly analyzed in the scientific literature (Blades, 2018; Gibbings, 2018; Hitman, Valintine, 2018; Mitsakis, 2017; Winn, 2017). Nevertheless, labor force trends research at both global and national level is scarce and fragmented.

In this research it is focused on the question whether labor force trends are adequately perceived by managers and employees?

Research object: Labor force trends.

Research aim: Investigate labor force trends from the point of view of managers and employees.

Research objectives:

1. Define conceptual workforce planning challenges.
2. Investigate labor force trends in Šiauliai region.

Research methodology

Research methods In order to scientifically justify the research problem, the analysis, synthesis and generalization of scientific literature sources were carried out; empirical research was done based on qualitative and quantitative methods – focus group survey (interview),

written survey (test) (prepared authors' questionnaire), statistical data analysis, and graphical data processing method. The data analysis was based on the Krueger and Casey (2015) methodology. The method of structural analysis was used for data analysis. At this stage, it is acquainted with the data several times by reading full transcripts, notes written during the interview and the summary written immediately after the interview. Data is analyzed based on words, context, internal consistency, frequency and extensiveness, comment intensity, accuracy of responses, and *great ideas* criteria. Logical analysis was utilized to summarize and compare the results of theoretical and empirical research and formulate conclusions.

Rationale and procedures of the research. The analysis of labor force trends is based on the analysis of theoretical and practical discourse: analysis of trends in Lithuanian labor market and EU markets and analysis of labor trends in companies of Šiauliai region.

The initial idea of labor force planning guidelines in Šiauliai region was formulated in September 2018 at Šiauliai Region Companies Managers' and HR managers meeting. In order to clarify this idea and to clarify the guidelines for labor force planning in October 2008, two focus groups meetings (leaders and HR managers) were organized.

Research instruments. The qualitative survey of the focus groups (interview) was applied in order to anticipate the research areas of Šiauliai region labor force trends. Focus group methodologists Bell, Bryman and Harley (2018), Krueger and Casey (2015) believe that the optimum number of people in the focus group is 6-8, and it is also recommended to invite to focus groups experienced, best-informed informants. Research used a quantitative survey of the respondents (questionnaire). The questionnaire analyses 5 areas: employee' demand trends, the most desired employee' characteristics, employee evaluation systems, pay rise trends, and employee' motivation principles. Investigation period covers November and December of 2018. The survey instrument (questionnaire) was placed in JSC *Personnel management systems* website and e-mailed to enterprises.

The research sample: A representative probabilistic sampling of the cluster is used to select respondents (Gaižauskaitė, Mikėnė, 2014). The choice of company for the research was determined by the nature of the activity (at least one respondent per activity), life span, number of employees (at least 25 employees). The focus group study was attended by leaders of various regional trade, manufacturing, logistics, services and HR selection companies with over 5 years of experience, with an average annual labor force number of at least 15 employees, human resource managers and their delegated individuals, and other responsible persons directly involved with human resource planning processes (10 enterprise leaders, 6 HR managers). *Questionnaire surveys* sample was made by not probability convenient selection. Sample – Šiauliai region top leaders (87) and employees (256) (random selection from different enterprises).

Research ethics. The ethics of the research include the commonly accepted subjects of this study (sample size, sample selection, data collection, generalization, etc.) that led to consideration of alternatives to the whole study process, anticipating their strengths and weaknesses, and selecting the most appropriate research course. The research followed the ethical principles of study: protection, secrecy (anonymity and confidentiality), benevolence, universality, significance, respect for personal dignity, justice, and the right to receive accurate information. The leaders and employees of the companies were focused on the research considering the principle of volunteering, which is provided by the ethics of empirical social research (Bell, etc., 2018; Novelskaitė, Pučėtaitė, 2012).

Labor Force Planning Challenges

Due to constant global development, changes and disturbances that will influence our businesses, human resource managers will have further transform themselves. Human resource managers will need to be aware of the current path and be ready to help their organizations to adapt and flourish.

Globalization, digital disruptions, major demographic changes and technological advances have an impact on all jobs. It is necessary to prepare for many new challenges: the transition from the use of machinery to working with workers, the transfer of people to new roles, the promotion of lifelong learning for a sustainable career.

Human resource planning, also known as labor force planning, is generally perceived as a process that determines the need of a company's human resources and ensures that it has the right number of qualified staff. Professionals consider human resource planning as a system where the company is provided with staff both inside (already working staff) and from outside (those who will be hunted or recruited in the future).

Poor human resource planning leads to negative consequences:

1. Despite efforts of modern technologies companies to find the right person to take the important position of a middle manager, this place has remained empty for almost half a year. Of course, the productivity of this sector has clearly decreased.

2. In another enterprise, due to the unexpected reduction in workload in a specific production sphere, only nine months ago employees were forced to take unpaid leave.

3. In another enterprise, thanks to the huge efforts of a talented marketing manager, the company's profits increased. However, this valuable employee has already reported leaving current position because he does not see any real career prospects (Vėževičiūtė, 2017).

The fundamental mistake of leaders planning their labor force is that they usually focus on short-term goals and do not coordinate that with long-term planning strategies. This complicates labor force planning in the event of one or another management crisis.

Ideally, unit managers and the human resources department work together *to do company-oriented planning* based on close co-operation between HR managers and other unit managers, where HR managers advise the managers of the enterprise or its departments on how to integrate human resource management issues into corporate governance policies. Leaders, in turn, provide HR managers their own business planning strategy.

It is rational to evaluate the following significant factors in the cooperative process:

- production and sales forecasts;
- the impact of technological innovations on the performance of work tasks;
- the impact of training, work research, internal changes in the organization, new motivation on the productivity of the enterprise, productivity and changes of employees' flexibility;
- changes in work practices (i.e. purchasing services of employment agencies or enterprises providing staff rental services, opportunities for enterprise splitting and mergers and their impact on the number of employees, replacement, etc.);
- the issuance of new legislation on labor relations (taxation of salaries or changes thereto, new requirements for the safety and health of workers);
- changes in government policies (investment promotion, regional or trade grants, etc.) (Vėževičiūtė, 2017).

Considering above mentioned factors, the managers of the enterprise should continue to set the profile of the number of employees of a company: to evaluate their number and gender, skills, flexibility, experience and foresee their possibilities in the enterprise.

In 1998 McKinsey scientists have announced that the most important resources for the next 20 years will be talented people. They claimed that the success of an enterprise would depend on its ability to attract and retain talent. And they were right. After twenty years, the basic principles are still applied. Finding the right employee is not as great as it is significant (Jackson, Jackson, 2018).

When choosing the right employee, keep in mind that more than 80 percent of them want to learn and grow. This responsibility lies with the administration, not with the labor force. Hence, all levels of management should be in tune with the goals of their departments, units and business to make the employee mentoring in the company appropriate (Blades, 2018).

It was found that most of the business and other skills are usually acquired in the classroom. The approach to the classic form and possibilities of the development process has changed at the end of 2018. It is believed that classroom learning should take about one third of the overall development process. However, on the other hand, every self-improving individual has different needs that are constantly evolving, so mentoring is best expressed in the classroom. The strangest thing is that, although 72 percent of the senior managers of the companies decide and choose the forms of training for the employees, it was found that only 25 percent of them are involved in the development process themselves, thus forming an objective opinion on the effectiveness of the form of learning (Blades, 2018).

According to Craig (2018), *company culture is a reflection of leadership, so leaders should honestly accept truth how they are assessed by employees, because without constant self-assessment and professionalism, leaders are easy to become not leaders but champions* (Blades, 2018).

On the other hand, toxic culture causes frustration, stress, anxiety, fatigue, staff change, and even health problems. A true leader does not tolerate any person's interests being violated in an enterprise. More than anyone else, leaders need to understand that their personal style of communication must match the communication needs of their employees. For example, when talking energetically and confidently, a leader may appear to be a threat to employees who tend to have more moderate communication because that would be an aggressive entrance in their psychological safety zone. So, one of the main reasons for the enterprise's success or failure is communication.

The global survey of Towers Watson has revealed that enterprises with perfect communication show a four-fold increase in engagement as well as is noticed 47 percent higher return on shareholders. However, it continues to be an area where many leaders and enterprises are trying to keep up. Workplaces are filled with unprecedented five generations

with different expectations and different communication approach. The concept of the team will change in the nearest future. Leaders will continue to have the ability to go beyond technical competence and communicative skills: to inspire people to do the best they can; helping them navigate inevitable changes; increase productivity; promote innovations; ensure their safety, health and the need to be happy (Jackson, Jackson, 2018).

Therefore, it makes sense to initiate the breakthroughs of creativity in the enterprise. As a rule, not many employees in a team walk an extra mile for the company and tend to work faster than others. It is worth investing in those employees who clearly demonstrate that they are not afraid of innovations.

Because if something intrigues people, they feel the need to explore it. And when they are interested enough, they like the intrigue. Following this principle, hired people are enabled to actively and enthusiastically learn and exchange. By initiating interest in the proposal, program or initiative, leaders can uniquely secure the indivisible attention of employees, enabling development of active learning and anticipated changes. (Jackson, Jackson, 2018).

Today's career is smooth, flexible, organic and adaptable. This means that a human resource specialist needs to have perspective thinking, learn continuously, and be ready think out of the box at traditional human resource management functions. It is no longer enough to know the traditional disciplines of human resources. In the future, we are talking about a multi capacity which is familiar with project management, change management, process improvement (*lean* and six sigma), behavioral economics, design thinking. Therefore, when evaluating the perspective, the human resource specialist should look for the optimal future scenario in terms of potential changes and risks, assessing the enterprise's internal and external environment. Based on such scenarios, the human resource specialist would have an opportunity to assess the employed potential, adapt the existing skills base and competences base, and assess whether it is time to introduce change (Gibbins, 2018).

According to Blades (2018), a talented leader hires not only those who are acceptable to him, i.e. a similar type of person, as this gives the company more potential. Such leaders, noticing the employee's efforts or progressiveness, will allow for a regular statement of employee's critical opinion, because it is important for him/her that changes would be initiated not only by those who occupy the highest positions in the enterprise. In the case of promising insights, leaders should personally thank the employee.

The role of human resource managers in time of transformation is usually two-fold. The first is the main activity. The second is redesign and new search for your business / activity model to achieve the transformational goals.

Human resource managers are responsible for the largest assets and risks of the organization its people. Managing people and organizations during the transformation period will be much more than moral management. Here are just a few things that will be needed to be assessed.

- *Generation gaps* (for many years age and work time were inseparable, so now HR managers will have to think about new ways to attract, engage and assess people to keep the most valuable);
- *Team players* (when *cooperation* becomes the name of the game, human resource managers have to create a culture of cooperation and build the necessary mechanisms; in order to achieve new transformational goals, they will have to work together in different functional groups (innovative recruitment processes, new contract signing procedures, induction systems for accelerating the matching of people and culture);
- *Talent gaps* (HR managers play an important role in the organization of organizational talent management strategies);
- *Differences in opinions* (this is another area where human resource management is important. Research shows that diversity of opinions has enormous benefits in terms of effective decision-making, innovation and survival) (Hitman, Valintine, 2018).

Summarizing the company's Human Resource planning errors, have consequences: insufficient number of employees in the company cause a decline in business volume and specialization, affecting the number of orders received by the company and the number of potential customers; excessive staffing causes huge extra costs; existing legislation and the Labor Code provide for a large number of employee protection measures, such as redundancy in payments, termination benefits, a minimum period before the employee should be informed of the future dismissal. As a result, company leaders have to consider the number of human resources, thus preserving business productivity and competitiveness.

Research results

Analyzing Šiauliai region labor force trends research (Labor Market Forecast, 2018, 2019), it is noted that, in terms of labor force compatibility, all the experts in the focus group

research stressed that it is very important to have a good understanding of following key areas in today's market environment: employee' demand trends, identify the most desirable characteristics of employees, find out employee' evaluation systems, salary trends and employee' motivation principles.

The results of the research revealed that supply of professional staff will increase. In comparison to the previous year, the labor market in Šiauliai region in 2019 remains more active (Labor Market Forecast, 2019). Although the season of work and employee' hunting traditionally starts in autumn, both employees and employers are active throughout the year. Employers are trying to find the right specialists in ever-decreasing Lithuania, while employees are looking for the better job offers.

Šiauliai region labor force survey revealed that 42 percent of the population of enterprises expect an increase in the employees' demand. Even 41 percent of employees are planning and 29 percent of employees consider to change job in the next 12 months (see Figures 1 and 2).

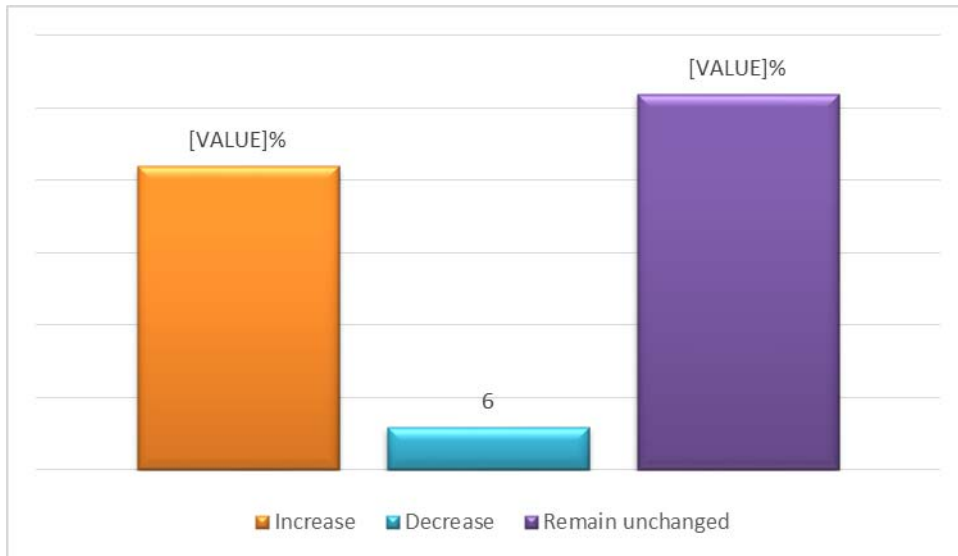


Fig. 1. Assessment results of demand for new employees in 2019 (management opinion), %

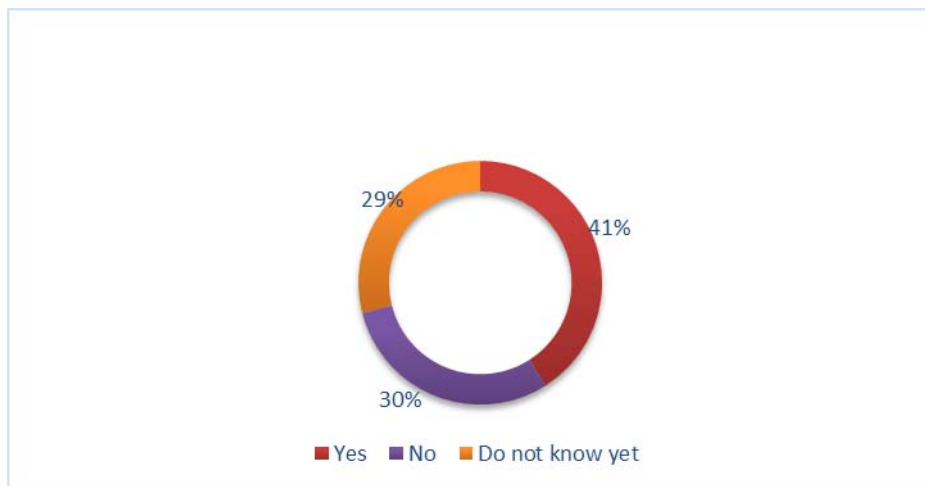


Fig. 2. Assessment results of employees planning to change job in the next 12 months (employee' approach), %

According to the survey participants, both employers and employees value the same *the most significant characteristics of the employees* such as, *responsibility and ability to work in a team*. But employers will continue to expect employees to have *more positivity and involvement in the enterprise's activities*. Meanwhile, employees still pay close attention to their own *productivity, emotional resistance, critical thinking and communication* improvement. Employees still expect to create a more proactive, courageous employee image while the personal qualities of the candidate become more and more important for the employers (see Figure 3.4).

According to employers, 2019 year will be economically stable, but will demand more investments, not only related to geopolitics, but also to technologies. Employers in big cities are increasingly preparing for the advent of artificial intelligence, robotization, and digitalization,

without changing the number of employees in companies, increasing wages and investing in enterprise technologies and equipment. Employers emphasize the importance of employees' competencies and life-long professional development, which is also the most important factor in sustaining technological advancement in the labor market. It is important to note that in a changing and flexible working environment, competences are limited and must be constantly reinforced with additional knowledge and skills. Despite the already existing specific professional knowledge, effective work and teamwork skills (Labor Market Forecast, 2019) are also very important for the employee.

When choosing new employees, employers noted that the most important factor for them: professional skills – 76.6 percent; qualification and education – 48.5%; knowledge of foreign languages – 6.6%; computer literacy – 11.5%; working experience – 57.3%; experience gained abroad – 1.2%; personal attributes, motivation – 76.4% (Labor Market Forecast, 2018).



Fig. 3. Results of key labor force assessment (managers' approach), %

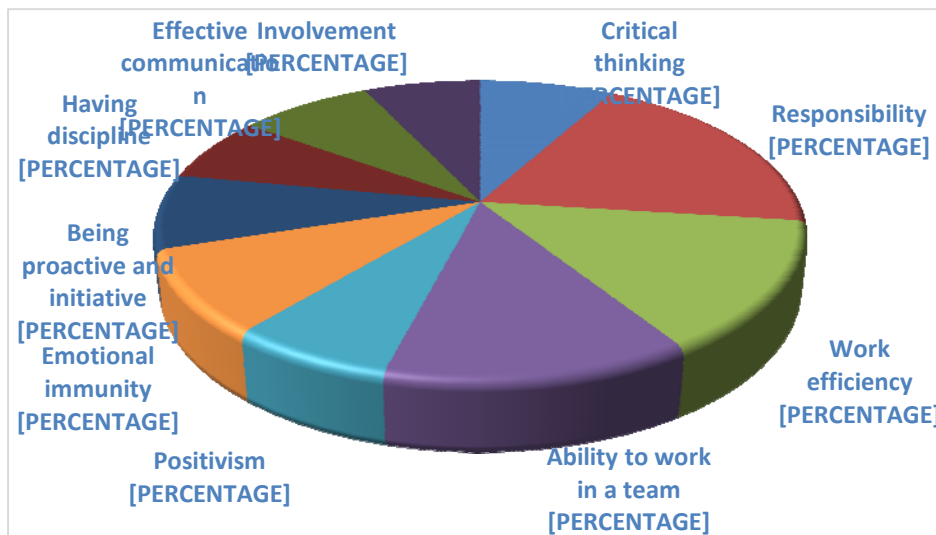


Fig. 4. Assessment results of employee' qualities desired by employer (employee' approach), %

Research revealed that this year employees felt safer and next year expect to be even more appreciated. It was noted that employees no longer worry about their workplace as few years ago. Labor market survey data showed that 66 percent of employees feel valued, their ideas and suggestions are applied in companies. But 34 percent employees say that their work and suggestions are not taken seriously. Leaders revealed that 81 percent of them have implemented individual employee evaluation systems. Although only 36 percent of the enterprise leaders in the survey stated that they have clear evaluation criteria systems for

employees. It is important to note that 19 percent leaders do not even consider the need for employee' assessment systems (see Figure 5, Figure 6).



Fig. 5. Results of leaders' approach to employees' assessment systems used in companies, %

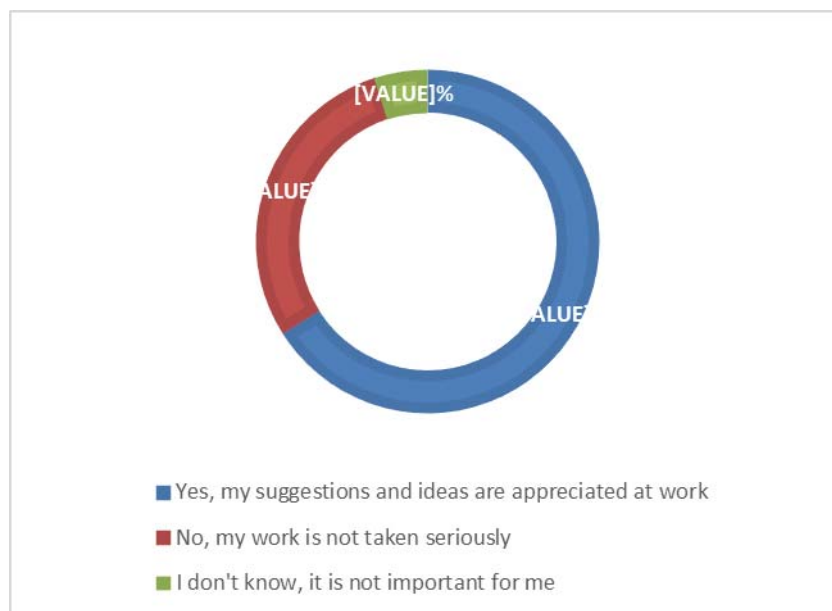


Fig. 6. Results of whether employees feel appreciated at workplace (employees' approach), %

Questionnaire survey data showed that *salary indicators will rise in 2019*. Research revealed that 55 percent of employers claimed that the wages of employees in their companies have increased in the last year. Employers continue to expect their increase. 45 percent of employers are convinced that salaries in their companies will remain unchanged. But 47 percent employees are not satisfied with the salary, saying that it does not match the workload and the level of responsibility. Employers will have to continue to look for suitable instruments to properly assess employees for their work (see Figure 7, Figure 8).

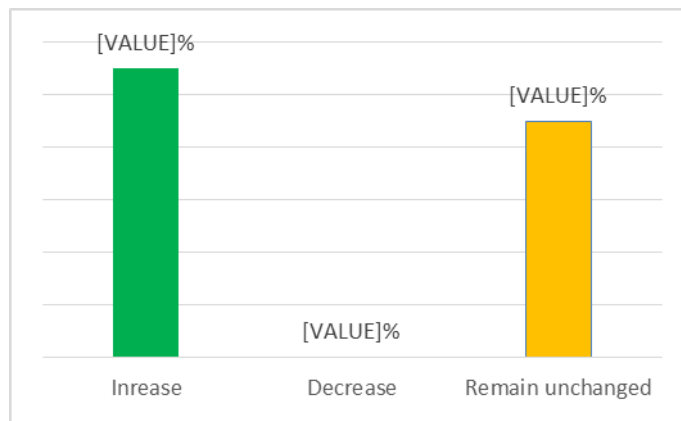


Fig. 7. Assessment results of trends in salary increases in 2019 (managers' approach), %

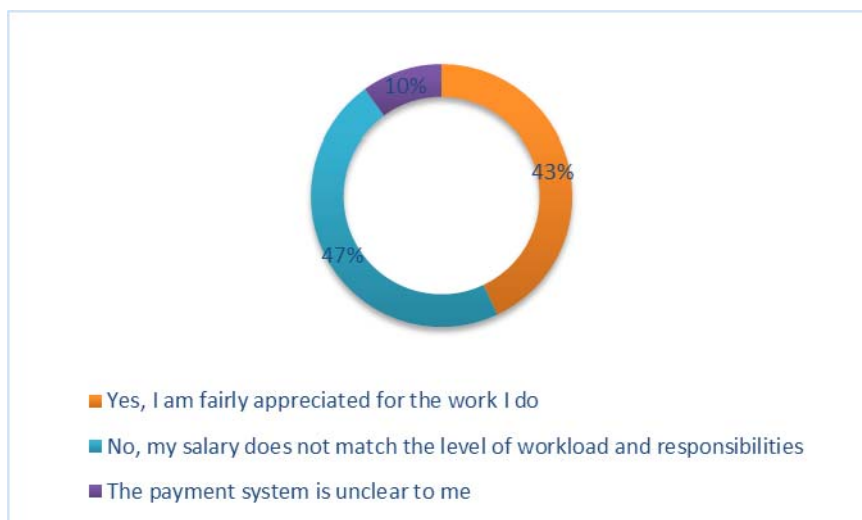


Fig. 8. Results of assessment of payment for work system (employee' approach), %

Finding the proper employee is often a difficult task. However, keeping the employee in the company is no less significant task.

The results of the labor market survey have shown that in the future, salary remains one of the most important criteria for maintaining and motivating employees. Even 77 percent employers and 28 percent employees emphasize the importance of payment seeking for employee engagement. Both employers and employees believe that, without pay, the biggest motivators are *self-realization*, *working conditions* and *microclimate* (see Figures 9, 10).

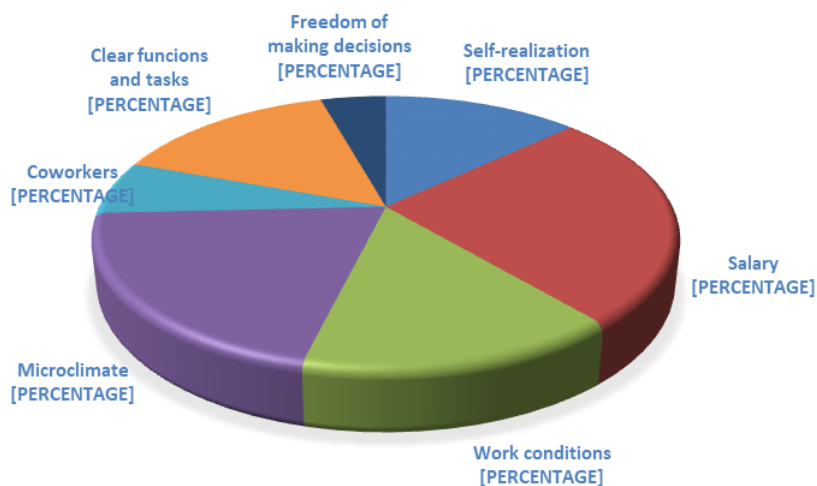


Fig. 9. Results of employee' engagement and motivation assessment (managers' approach), %

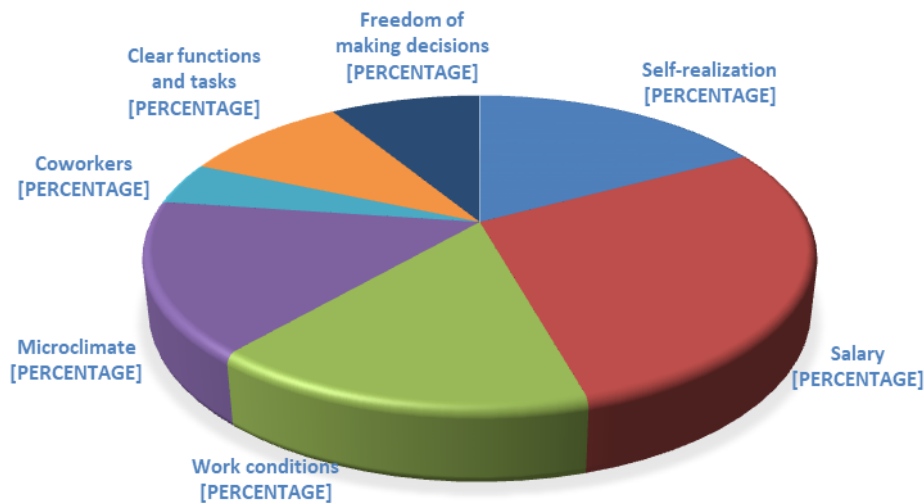


Fig. 10. Results of work motivation (employee' approach), %

According to the research, the forecast for the coming year is positive because employers are planning to create new jobs for new professional and competent employees. The need to apply the latest employee' assessment systems, more flexible working conditions and more interesting means for employee' involvement will continue. The attitude of employers and employees towards future perspectives remains positive.

Conclusions

Considering the issues of labor force planning, a clear picture of the current human resource situation should be created and a logical schedule for its supplementation is foreseen. Actions such as training, (re-) qualification, reduction of staff or optimization of the use of the labor force will help to avoid surprises and work together to achieve a common goal. However, this is not a one-day solution, but a long-term process of human resource planning that requires constant review of data and an overview of the current situation and new future forecasts.

The following essential labor force trends of Šiauliai region was distilled in 2019: In Šiauliai region *supply of professional staff will increase*; the most desirable features of employees will remain such as: *responsibility, positivity, engagement, teamwork ability*; this year employees felt safer and expect next year to be even more appreciated; salary indicators will rise; employees continue to expect a clearer motivational system.

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