

# NEMZETI KÖZSZOLGÁLATI EGYETEM

## Hadtudományi Doktori Iskola



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**Applicability of Employer Branding  
in the Hungarian Defence Forces –  
from a cross-national comparative Aspect**

Doktori (PhD) értekezés

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## **PREFACE**

The demographic development in Hungary and Germany is characterized by a population decrease that leads to an enormous competition among employers for the most talented candidates in the corresponding labour market. The topic of becoming an attractive employer therefore appears as up-to-date and important to be analyzed. Employer Branding in turn can be considered as a successful tool to answer that challenge by increasing the employer attractiveness as well as the employee commitment and engagement. However, until today a comprehensive Employer Branding has only been successfully conducted in civil organizations, leading to the question if this instrument also could be applied by the military.

The plan to answer this question and to demonstrate the applicability of Employer Branding in Armed Forces can be considered as the origin respectively the motivation to do this research. Using the example of the Hungarian Defence Forces, an institution undergoing a period of transition (including the challenging task to find the appropriate number and quality of candidates) thereby appears as meaningful and beneficial.

Due to the fact that the author represents a German reserve officer, this doctoral thesis argues from a cross-national comparative aspect recognizing particularly relevant aspects of the Bundeswehr. Besides the above-mentioned intention to demonstrate the applicability of Employer Branding in the military world including the development of an own EB-model, the aim of this project furthermore appears as the desire not only to close the therewith-connected scientific gap, but also to generate practical output for the affected militaries and other interested organizations. Concluding that, this dissertation appears as a value added for theory and practice.

While closing this work, it is the right moment to say thank you to everybody who supported me when realizing this dissertation during the last five years. First of all, I would like to express my sincere thanks to my supervisor Prof. Dr. Zoltan Laszlo

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In addition, I would like to express my appreciation to my father for reviewing this thesis.

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Kalenborn, Germany

Olaf Christian von Roeder

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# **I. Introduction**

## **1. Actuality**

*“The one thing we can be sure of is that the world that will emerge from the present rearrangement of values, beliefs, social and economic structures, of political concepts and systems, indeed, of world views, will be different from anything today imagined.” (Peter Drucker, “Post Capitalist Society”)*

## **1.1 Hungarian Defence Forces – Impacting Factors of Transformation**

### **1.1.1 Introduction**

The fundamental change of the world order in 1989, which had its highlight in the breakdown of the Soviet Union in 1991, has created a world that seems or even is more peaceful than before. The permanent fear of an atomic world war has been eliminated and changed against new threats particularly caused by an increased globalization. Examples of those challenges are the danger of terrorism, the competition of new economic actors and a possible “Clash of Civilizations”<sup>1</sup>.

The Hungarian Defence Forces<sup>2</sup> – like most of the western militaries – try to find adequate answers to these new challenges through “transforming”, a quite frequently used expression. But what exactly does transformation in terms of developing armed forces mean? And what are the key factors that drive the transformation process? The following chapter shall analyze the current and future challenges that shape the transition of the Hungarian Defence Forces not only to better understand the complex environment the organization operates in, but also to have a sound basis for further considerations regarding their future planning, especially when questioning which technology and even more what kind of personnel is needed then. The “Human-strategy of the Hungarian Defence Forces”, published by the Minister of

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<sup>1</sup> See: Huntington, Samuel P. (1997): The Clash of Civilizations and the Remaking of World Order, London/UK

<sup>2</sup> Hungarian: *Magyar Honvédség*

Defence in 2008, even states, that “*recruiting and retaining personnel with the adequate quality markers in required number is a great challenge*”.<sup>3</sup>

According to Roxborough the “Transformation of Armed Forces” today basically can be divided into two major scientific directions describing this challenging topic. The first approach delineates a transformation as a “continuous, forward looking process of change to increase the efficiency of the military during operations and to constantly keep the level of ambition.”<sup>4</sup> The German Bundeswehr uses this comprehensive approach due to the – still ongoing – necessity to develop the military from an “Army of the Cold War” to a “Military of Operations”.<sup>5</sup> According to this, the German Armed Forces consider any local point in the world as their area of possible operations, as long as the scenario takes place under the frame of one of the country’s alliances (NATO, UN, EU) – however emphasizing the slogan “NATO first”.<sup>6</sup>

In comparison, the second scientific set about “Military Transformation” is more focused. It includes the aim to use the most modern high-tech military systems available – in order to conduct a state-of-the-art warfare. Its main protagonist is the US-military that can be seen as a benchmark in terms of military technology. The main reason for other militaries to adapt this approach is the desired interoperability with their American partner.

Focusing this approach, transformation originally was called “Revolution in Military Affairs”<sup>7</sup>; its realization has strongly influenced the outcome of wars since 1991, especially since Kosovo 1991, Afghanistan 2001/02 and Iraq 2003.<sup>8</sup> The literature

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<sup>3</sup> Minister of Defence of the Republic of Hungary (2008): The Human-strategy of the Hungarian Defence Forces, p. 3

<sup>4</sup> Roxborough, Ian (2002): From Revolution to Transformation. The State of the Field, in: Joint Forces Quarterly 32: Autumn 2002, p. 68

<sup>5</sup> See Bundesministerium der Verteidigung (2004): Grundzüge der Konzeption der Bundeswehr, Berlin

<sup>6</sup> Until today, Germany has not formulated a National Security Strategy yet. No „Region of Special Interest“ has been formulated so far. The „2006 Weißbuch of the Bundeswehr“ only speaks about increased demands regarding the personnel due to the enlarged spectrum of operations. This includes homeland defence as well as international missions including the fight against natural catastrophes like forest fire or floodwater.

<sup>7</sup> Sometimes the Phrase „*Revolution in Security Affairs*” is used.

<sup>8</sup> Originally, the RMA-approach covered all aspects of human life, not only the impact of information and technology. Among the key representatives of RMA are the futurists Alvin and Heidi Toffler, who divide civilization into only three parts – a First wave agricultural phase, a Second Wave industrial phase, and a Third Wave informational phase “now” beginning. See Toffler, Alvin (1980): The Third Wave, New York, N.Y.



today, uses both expressions, “Revolution in Military Affairs” and “Military Transformation” more or less synonymously.

However, the majority of western armed forces favours the second, more technological based approach, although it must be said, that no country can fulfil this completely - simply because it is too expensive. Additionally, it must be underlined, that both named approaches are not contradictory; they just have a different focus.

By addressing the political, economical, socio-cultural, technological and environmental impacts and trends, it is guaranteed that no relevant external influence is left out.<sup>9</sup> In terms of conducting a SWOT-analysis of the HDF, the following part represents the elaboration of the organizational opportunities and threats.<sup>10</sup> Besides having an impact on the HDF, the influencing factors are also touched by each other – more or less – permanently, as well as intensively. Following a deductive approach in the single paragraphs, the respective analysis begins with the factors` general environment leading to the concrete impact on the Magyar Honvédség.

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<sup>9</sup> The analysis of the political, economical, socio-cultural, technological and environmental impacts also known as the „PESTE-Analysis“ – is a sound and frequently proven tool to elaborate the future influences and potential of an organization. See Henley Business School (2004): Foundations of Management, University of Reading/UK.

<sup>10</sup> The overall evaluation of an organisation`s strengths, weaknesses (internal environment analysis), opportunities and threats (external environment analysis) is called SWOT analysis. See Kotler, Philip (2003): Marketing Management, Upper Saddle River, New Jersey/USA, p. 104

### **1.1.2 Political Impacts**

The political impacts on the transformation of the HDF are particularly characterized by defence and security dimensions. According to the Bundeswehr Transformation Centre, the global security challenges of the 21<sup>st</sup> Century will be the following:

- **Method and success of integration of the European Union;**
- **Instability of the Region “Greater Middle East”;**
- **The rise of China and India;**
- **Transnational conflicts in Sub Sahara-Africa;**
- **Inner development of South America;**
- **Role of the USA and**
- **The future of Turkey.**

The main political actors in the next two decades again will be the USA, the European Union, Russia, India, and China.<sup>11</sup> A further future global development will be the increased influence of non-governmental, private and international organizations that often get more trust than governments and/or their organizations. Even today there exist already 63,000 multinational companies that have more capital available than the majority of nations.<sup>12</sup> Those profit-driven organizations represent a heavy political weight, although they are not committed to any national loyalty. Due to the progressing globalization their influence will grow even more.

Finally, there are armed/terrorist groups and networks in a quantity that can only be guessed. Supported by modern communication and weaponry systems, these groups can severely influence a regional or even the global security. The risk potential, they represent, will grow; the same applies to the organized crime.<sup>13</sup>

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<sup>11</sup> Zentrum für Transformation der Bundeswehr (2006): Abschlussbericht zur Studie „Mensch im TransfWorkshop Z“, p. 20

<sup>12</sup> Ibid.

<sup>13</sup> According to the Bundeskriminalamt „National Situation Report about Organised Crime“ the total losses reported in 2011, for Germany amounted to approximately 884 Million €. The highest losses again sustained were caused by crime associated with the business world, followed by customs and tax offences.

Future military operations will mainly be characterized by the avoidance of war (to keep peace and stability) and the control of (trans)-national conflicts. The aim will be the prevention of violence and the “Civilization” of its protagonists. Security will be a global and an interdependent topic. Its realization therefore can only be organized in a joint and international way. War and peace will coexist also where stability apparently occurs. Stability again will be timely and limited.<sup>14</sup> In this context, a sound knowledge about the enemy and its vulnerability will be precondition for success.<sup>15</sup> In order to avoid costly and long-term deployments with unclear outcomes, governments might also insist on more clearly defined criteria to launch operations and demand a direct link to their national security in order to build domestic support for the deployment.

The controversial debates about the NATO-led mission in Afghanistan and the dropping support for it in many European countries underline the difficulty.<sup>16</sup>

According to the above mentioned global security challenges of the 21<sup>st</sup> century, one can state, that Hungary – due to its geographical vicinity – could be affected primarily by the “Instability of the Region “Greater Middle East” or by the “Transnational Conflicts in Sub Sahara-Africa” directly or indirectly (e.g. by refugees or large migration movements) (*see chapter 1.1.6. “Environmental Impacts”*).

Furthermore, its neighbouring Balkan States could affect the country; the Balkan Peninsula that is characterized by a living together of diverse nationalities, cultures and religions, can politically be described as mainly “calm” following years of military aggression. Nevertheless, the Kosovo, which Serbia – in opposition to the majority of the local population – still considers as its own territorial province, can be characterized as “critical” in terms of possible ethnical-based violence and aggression.<sup>17</sup>

Concluding the above, Eastern- and south-eastern Europe can be defined as Hungary’s near region of special interest, due to its geographical situation and the

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<sup>14</sup> Helmig, Jan / Schörnig, Niklas (2008): Die Transformation der Streitkräfte im 21. Jahrhundert, Frankfurt/Main, p. 57

<sup>15</sup> Ibid.

<sup>16</sup> Some governments choose to focus the threat emanating from regional instability; others emphasize terrorism or international narcotics trade, whereas others in turn stress humanitarian and reconstruction tasks. Sceptic opinions increasingly take the view that neither there exists a reason to justify the expenditure of blood and treasure.

<sup>17</sup> Even today the Kosovo Force with about 4,000 soldiers is locally present with the task to enable a safe return of refugees based on the UN resolution 1244 (see Kosovo Force, [aco.nato.int/kfor](http://aco.nato.int/kfor)).

general impacts by this area. In this context particularly the Hungarian membership in the Visegrád-Group must be mentioned, an organization that favours not only a further economic integration into the EU but also a collective security. Besides Hungary, members are Poland, Check Republic and Slovakia.<sup>18</sup>

Furthermore, the political impact on the transformation of the HDF is intensively carried by the Hungarian security architecture; fundamental here is the “National Military Strategy” that was signed in 2013. It is mainly an update of the old document stressing threats like terrorism, proliferation of weapons of mass destruction, vulnerability of information systems, and natural and industrial catastrophes besides the special meaning of energy security. In addition, the “National Military Strategy” describes six major tasks of the HDF: Defence of Hungary, host nation support, fulfilling of allied and other international obligations, countering natural and industrial disasters, maintaining international military relations, as well as conducting the tasks in order to be well prepared for wartime, crisis management and peacetime activities.<sup>19</sup> The relevant basis of the military strategy (still) is the country’s integration in international (security) Organizations, like NATO, UN and EU, as well as the bilateral cooperation with other allies and partners.<sup>20</sup>

The close cooperation between Hungary and Germany regarding security as well as non-security matters shall generally be intensified in the coming years as declared during the German-Hungarian consultations on foreign affairs on the occasion of the 20-year anniversary of the fall of the Berlin Wall. The European Union again is and will be relevant for Hungary primarily in an economical/political meaning, which could be observed in the dispute between Budapest and Brussels about the independence of the Hungarian Central Bank. Here, Prime Minister Orbán followed the EU-directive keeping the organization’s autonomy due to the connected consultations about further financial aid from the International Monetary Fund.<sup>21</sup> Regarding security matters, the European Union will probably play a minor important role. For example, the internal discussions about the military operation

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<sup>18</sup> It is planned, that the Hungarian Defence Forces will participate in a EU Battlegroup (under Polish leadership) under the frame of the Visegrád Group with about 300 soldiers in 2016.

<sup>19</sup> Ministry of Defence of the Republic of Hungary (2012): Hungary’s National Military Strategy, p. 17

<sup>20</sup> Hungary became a member of the UN in 1955, of the NATO in 1999, and of the EU in 2004.

<sup>21</sup> Disputes between the Orbán-administration and the EU also exist regarding the independence of justice and data protection, which the EU-Commission plans to take to the European Court.

considering Libya and the Gadaffi-regime (just recently) demonstrated the difficulty of a “Common European Foreign and Security Policy”.<sup>22</sup>

Although having “politically” demonstrated the will for a strengthened solidarity and cooperation regarding security matters, the national egoism among the European countries is unfortunately unchanged.

For Hungary, the memberships in the above-mentioned organizations not only constitute the primary guarantee for the security of the country but also express its responsibility towards the alliance. This again, Budapest constantly demonstrates through an extensive engagement in international missions abroad. Currently 900 soldiers of the Hungarian Defence Forces operate in ten areas of operations worldwide.<sup>23</sup>

The impacts of the Hungarian Internal Politics are mainly determined by the given economic parameters.

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<sup>22</sup> The EU has conducted several military and civil missions with different output since 2003. An Example is the military Operation „Artemis“ with the task to bring political stability to the Republic of Congo following riots and civil war (supporting the UN-mission MONUC).

<sup>23</sup> At present, the nation’s main focuses are the contingents in Afghanistan (370) and on the Balkan (425). In the ISAF’s Regional Command North, Hungary is leading the Provincial Reconstruction Team (PRT) in Pol-e-Khormi (PeK) since 1. October 2006. See European Defence Information: Hungary, in [armedforces.co.uk](http://armedforces.co.uk)

### 1.1.3 Economic Impacts

Economies of western societies – from a security point of view – can be characterized by a growing vulnerability in the future. Reasons for that are the growing work-share, the structures of modern work and finally the permanent risk-potential of modern industries, the dependency on (the continuous delivery of) strategic natural resources. For instance the crude oil is often delivered from regions that already today can be considered as insecure. Here, even small turbulences can lead to fluctuations in trade and therefore to severe disturbances of the world economy.<sup>24</sup> If the future prospects are right, China will be the biggest political economy soon, followed by the USA and India. Reasons for that are the estimated size of the GDP, the economic market potential and a hunger for development and economic prosperity. The last argument particularly applies for the BRIC-countries.<sup>25</sup> The other side of the coin although is that this growth is attended by many negative social and ecological consequences (*see chapter 1.1.6. “Environmental Impacts”*).

Normally one can state if the global economy is strong, the national economies participate more or less intensely. The same applies to Hungary that experienced market liberalization in the early 1990s as part of the transition from a socialist economy to a market economy, similarly to most countries in the former Eastern Block.<sup>26</sup>

*“After being in recession in 2012, Hungary has returned to growth. Gradual monetary easing has helped the recovery without preventing a decline in inflation expectations. Progress in fiscal consolidation helped the country return to international bond markets in early 2013. Amidst more benign global financial conditions and reduced external vulnerabilities, interest rate spreads have trended*

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<sup>24</sup> Hungary has a relatively high share of natural gas in the consumption of primary energy (2010: 37.8%). Therefore, the protection of imported gas plays an important role in the Hungarian foreign energy policy. According to this, Hungary supports the South-Stream-Pipeline, initiated by the Russian energy-company Gazprom.

<sup>25</sup> BRIC (Brazil, Russia, India, China)

<sup>26</sup> Hungary is a member of the Organization for Economic Cooperation and Development (OECD) since 1995, and a member of the World Trade Organization (WTO) since 1996. The country’s main industries are mining, metallurgy, construction materials, processed foods, textiles, chemicals (especially pharmaceuticals), and motor vehicles. Hungary’s main agricultural products are wheat, corn, sunflower seed, potatoes, sugar beets, pigs, cattle, poultry, and dairy products (See CIA – The World Factbook; [cia.gov/library/publications/the-world-factbook/geos/hu.html](http://cia.gov/library/publications/the-world-factbook/geos/hu.html)).

*downwards for most of the past 18 months and the forint has remained broadly stable since early 2012. However, (...) looking ahead, growth potential remains worryingly low. Deleveraging and policy instability keep private investment depressed, while high barriers to entry and other restrictive product market regulations hamper productivity growth.*<sup>27</sup>

Intensively connected with the overall economic situation of the country is the national defence budget, which accounts for 811 million € in 2012 (2011: 891.3 million €).

In the following years (2013-2015) the defence budget shall stay on the same level as in 2012. A yearly increase of 0.1% of the GDP shall happen from 2016 on.<sup>28</sup> Possessing a sound national economy basically enables a higher defence budget. On the other hand a successful economy shows, that the potential number of candidates for a career in the military decreases due to the higher earnings one can get in the civil job market (*see chapter 1.1.4. "Socio-cultural Impacts"*). Therefore one can say, that the shape of the national economy has a major impact on the Hungarian Defence Forces' structure, the one or the other side. Furthermore, the economic approach also supports the hope, that economic methods as well as economic thinking could increase the efficiency of military processes. This again can be considered as being part of a general trend among the public sector that can be demonstrated in almost all OECD countries. The idea behind it is that the military (respectively the public organization) shall concentrate itself on its key competencies. Someone, who can operate the rest, at least at the same quality level – more efficient and more cost-effective, should do it. For instance the Bundeswehr, also influenced by necessary savings of the MoD budget, launched the so-called "Basic Agreement about Innovation, Investment and cost efficiency in the Bundeswehr" already in 1999, which was the starting point for an enforced cooperation between the profit sector and the military following the model of Public-Private-Partnerships.<sup>29</sup>

Until today many companies have signed this contract; a lot of cooperation-projects have been established, many processes have been optimized, and a large amount of

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<sup>27</sup> OECD Economic Surveys Hungary, January 2014, p. 14

<sup>28</sup> Ministry of Defence (2012): Hungary's National Military Strategy, p. 15

<sup>29</sup> Besides Public-Private-Partnership concepts, Outsourcing is also a frequently used economic method for cost reduction.

money has been saved.<sup>30</sup> In Hungary first steps for a stronger cooperation between the military and the private sector have been settled, although a large potential for increasing the economic efficiency of the military is left. Further possibilities for optimizations regarding the HDF could be the timely coordinated usage as well as maintenance of jointly operated weapon systems and material. The expected output would be less fix costs for the material as well as a synergetic operational benefit for the HDF and the respective partner. Another opportunity for the HDF would be the build-up of weapon system pools like a rental car service. Here, different military units could rent the respective material for a specific operational need, also timely coordinated with other units. In doing so, the amount of fix costs would decrease due to the fact that less number of systems is in use. At the same time a relatively high number of personnel could be trained. This economic approach is commonly called “Pooling and Sharing”, which is also part of the NATO’s “Smart Defence”.<sup>31</sup>

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<sup>30</sup> However, there are still many examples for waste of public funds in the Bundeswehr like the cost-intensive own military production of cosmetics including sun cream – identical with commercial equivalences – criticized by the German Bundesrechnungshof (see Jahresbericht, November 2012).

<sup>31</sup> As a consequence of shrinking defence budgets the NATO leaders agreed to share the costs of weapons and equipment as part of a so-called “Smart Defence” initiative (NATO Chicago Summit 2012).



### 1.1.4 Socio-cultural Impacts

Globally, demography will be the dominating socio-cultural factor impacting the security stability, including huge adjustments among the human population.<sup>32</sup> A strong demography often goes along with a strong religious devotion as demonstrated primarily in Muslim countries.<sup>33</sup> Religious fanaticism again often is the origin for military conflicts. There is no sign that this will change in the future.

The tendency towards urbanization and agglomeration increases together with its social and ecological consequences. In Europe, respectively Hungary, the demographical trend is negative although.<sup>34</sup> To keep the current economic level along the social systems, in the long-term comprehensive immigration will be necessary including possible consequences for the Europeans and their self-conception. The Hungarian labour market of the future can be described as an “employee job market”, where personnel will change the workplace consciously and selectively; the expectancy towards the responsibility of employers for instance in terms of work-life-balance will grow. Therefore, profit and non-profit organizations need to find ways not only to be an attractive employer but also to keep the respective personnel. Even in 1997, a groundbreaking McKinsey study exposed the *“War for Talent”* as a strategic business challenge and a critical driver of corporate performance<sup>35</sup> (see chapter 1.3.5 *“War for Talent”*).

At the same time, the pressure on the economic actors to operate cost efficient e.g. to produce outside of Hungary or even outside of Europe increases connected with a tendency among companies, to conduct the core business only and to outsource all other tasks to service providers. This again could lead to another loss of jobs in the homeland.<sup>36</sup>

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<sup>32</sup> According to the United Nations Populations Fund, the World Population has reached the number of 7 billion already in 2011; it is expected to reach between 7.5 and 10 billion by 2050 (See [unfpa.org](http://unfpa.org)).

<sup>33</sup> Strüning, Felix (2011): Muslimische Bevölkerungsentwicklung 1990-2030, in Citizen Times, 1. Feb. 2011 ([citizentimes.eu](http://citizentimes.eu))

<sup>34</sup> The total birth rate of Hungary was 1.3 children (2007), 1.4 (2008) and 1.3 (2009). See Country OECD Statistical Profiles Hungary 2011.

<sup>35</sup> See Michaels, Ad; Handfield-Jones, Helen; Axelrod, Beth (2001): *The war for Talent*, Boston, Massachusetts/USA

<sup>36</sup> Groups that are significantly under-represented in the labour market include the low skilled, the youth, the elderly, women of childbearing age, the disabled and the Roma. See Country OECD Statistical Profiles Hungary 2011.

According to the demonstrated development above, the pressure on the HDF to conduct a sufficient recruiting will increase in the future. Although the HDF were transformed into a non-conscription army in 2004, no bigger problems have occurred yet. Reasons for that are – besides the respective job market situation – the strong contents of the HDF`s social services including medical support, support of accommodation, support of families, recreation, ergonomic working conditions and the taking care of pensioners.<sup>37</sup> Obviously the social benefits of the HDF are strong assets that need to be taken under consideration, when thinking about recruiting personnel in the future. The use of various media programs including social networks like facebook to reach a relatively large number of young persons seeking employment is reasonable because of the fact, that the large majority of the target group not only is familiar with the new media but also because they are “online” almost every day. Anyhow, as demonstrated by Kiss, the decision to choose the military as a potential employer certainly goes along with the corresponding image among the society.<sup>38</sup>

According to the personnel, which already serves in the military, it can be stated that the motivation among them still can be considered as “satisfactory”, however they hope to benefit from the transformation process somehow; many soldiers fear financial disadvantages resulting from the cost cuts. One weakness of the current HDF-HR-Management apparently is to keep the contracted soldiers in the military after their training, because the contract situation enables them to quit with a short-term notice and to leave the HDF. Certainly, there is a need for flexibility; the contract time must be that long, that the military benefits from the education that has been offered to the respective person. Vice versa, the service time should be that short, to be attractive for potential candidates. In addition, the military needs to be open for candidates already having obtained a degree, often connected with an advanced age. Concerning the participation in military missions, like in Afghanistan, no problems to reach the necessary number of troops for the respective operations have been registered so far, which means that the rather critical approach of the Hungarian Public towards a participation of own troops in international military operations does not have any negative impact yet.

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<sup>37</sup> Minister of Defence of the Republic of Hungary (2008): The Human-strategy of the Hungarian Defence Forces, Budapest/Hungary, p. 26

<sup>38</sup> See Kiss, Zoltan Laszlo (2003): Changes in Hungarian Public Opinion on Security, Defence and the Military, in: The Public Image of Defence and the Military in Central and Eastern Europe, Geneva/Belgrade

Considering a reserve concept, there has been almost none in the last years. Just recently, in January 2012, a new reserve concept has been installed with the aim to have over 8,000 soldiers of the military reserve.<sup>39</sup> This not only enables the HDF to build up the necessary number of troops, e.g. for homeland defence but also offers a further HR-pool for required tasks like military missions or holiday replacement.

Certainly related to the recruiting topic is the question, how the potential personnel should be characterized. This again leads to the matter, what the soldier of the future should be, respectively what his or her future tasks will be. In addition to the classical military tasks (*see chapter 1.1.2. "Political Impacts"*) the future military personnel basically should be cultural open minded, able to speak at least English as a foreign language, and possess an increased empathy for critical situations. Furthermore a certain feeling for technology should exist due to a future increase of high-tech military material. In addition, there exist considerations about a "Cyber-Warrior" as described by the Defence Advanced Research Projects Agency of the Pentagon that conducts a lot of research including the development of special drugs, artificial implants and prostheses to increase the physical and cognitive abilities.<sup>40</sup> Although those considerations towards an "optimized soldier" still may be theoretical, the desired optimization of command systems is real. Currently, this could be reached easier by excluding the human being from the respective decision processes. This again could be realized through the development of machines that not only passively collect data but also actively analyze them. By filtering data, important information would be separated from unimportant information not only in order to display the operational theatre, but also in order to make decisions. In the German Bundeswehr one discusses the "Infanterist der Zukunft", although this solely includes considerations about the relevant future equipment and weaponry. Neither the "Human-strategy of the Hungarian Defence Forces 2008-2017" nor the "Hungarian Defence Forces: Human Resources Strategy 2012-2021" discusses a "Cyber Warrior" (topic).

Anyhow, the citizens of western countries are not any longer willing to accept own soldiers killed in action, as long as this has not happened under the frame of national survival or indisputable national interest. Besides the fear considering own victims,

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<sup>39</sup> Ministry of Defence of the Republic of Hungary (2011): Facts and Figures on the Hungarian Defence Forces, p.19

<sup>40</sup> Helmig, Jan / Schörmig, Niklas (2008): Die Transformation der Streitkräfte im 21. Jahrhundert, Frankfurt/Main, p. 84

there also exists an increasing sensibility towards civil victims of the opponent (harmlessly described as “collateral damage”). This sensibility however is below the concern towards own citizens – a rather general evaluation regarding the public opinion of western societies that also applies to Hungary. In Germany former President Horst Köhler transcribed this position of the German society as “friendly disinterest”. Military routine recognizes this aspect knowing that civil victims possess the potential to erase a worldwide negative media or heavy public protests. Besides the fact, that the media again not only has a huge potential in influencing the outcome of wars, it can also control the military to a certain extent. In this context the media can be understood as the “watchdog of the society”.<sup>41</sup> No bigger military conflict can be solved without the respective media support. This will even increase in the future.

For political decision makers this means an extreme constriction considering their political doing, because every military operation comprises the risk, that the public opinion about the military operation changes – caused by an unexpected number of casualties. In this context, transformed armed forces enable the best condition for fast and decisive military victories, with “minimized own victims”.

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<sup>41</sup> In many countries the media still can be considered as the “supervisors of power”, but their influence especially caused by the increased competition and the enormous cost pressure has decreased clearly.

### **1.1.5 Technological Impacts**

Technological superiority has been a dominating factor in military conflicts in the past; often even the decisive parameter. In the last years however, a tendency occurs: The relevance of conventional weapon systems and their firepower as well as quantity decreases. In contrast, the importance of interconnectedness, digitalization, as well as the penetration of IT increases. In order to raise the quality of better communication and digital data processing, the commonly called “Network Centric Warfare” was created. Its application will strongly influence the outcome of military conflicts in the future. Here, it will not only be necessary to possess the respective material and systems particularly to be able to cooperate with the US-military (from a western point of view), but also to possess the relevant knowledge to operate those in terms of having trained personnel.

In the same way the defence-industrial logic has changed. Today, a lot of the military technological innovations arise as spin-offs from the civil sector, have dual-use characteristics or are adapted for the military as commercial “off the shelf”-solutions. In addition, the military-political thinking has been hardened in terms that technology must help to save own victims or “collateral damage”.

According to the Hungarian Defence Forces’ Army, the adaption of command systems and operational procedures towards NATO-standards has started. Although having eliminated many old weapon systems, a lot of the systems and equipment in use is soviet-built and only partly or even sometimes no more ready to operate.

In terms of procurement, projects to adapt NATO-standards or to fulfil immediate operational requirements have priority (like the acquisition of the Link 16 terminals ensuring tactical data link to substantially increase the tactical value of the 14 JAS-39 EBS HU GRIPEN fighter jets).<sup>42</sup>

In order to increase the command and control ability for instance modern Norwegian built radio sets by Kongsberg were procured and introduced by several military units.

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<sup>42</sup> Ministry of Defence (2011): Facts and Figures on the Hungarian Defence Forces, p. 52

The Hungarian Defence Forces' Air Force again is more advanced in the field of command and control systems. Highest priority here has the optimization of organizational structures, in order to continue further modernization on a sound basis.<sup>43</sup> However, the modernization requirements of the Air Force can only be fulfilled in a limited way. The tight financial budget allows only limited expenditures for innovations; therefore, the current focus is rather set on the upgrade of the overhang of allied military material to demonstrate its solidarity with the alliance.<sup>44</sup>

Nevertheless, technological innovation only is not enough for a successful transformation of armed forces; to succeed in (future) wars, more than technological superiority is necessary. The fight for "Hearts and Minds" is at least of the same importance. This particularly applies to the important "post-war-time" following the direct military conflict. A stealth fighter aircraft does not support the monitoring of elections; and peacekeeping operations do not need "integrated-networked" Special Forces; even precise weaponry in a robust peace-enforcement operation is only of limited benefit. Also in operations against insurgents like in Afghanistan high-tech enables only a limited advantage.<sup>45</sup> Considering military operations below the classical warfare level, the variety of options regarding transformed armed forces appears to be over dimensioned, partly even counterproductive. Therefore, one can say, that technology is only a necessary factor in the art of war, however an important one. Regarding the transformation of armed forces, the technological component is a necessary condition.

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<sup>43</sup> With the introduction of the JAS-39 EBS HU GRIPEN, the Hungarian Air Force possesses for the first time an all-weather multirole fighter jet that is able to conduct air-to-air refuelling as well as to operate with precise weaponry. The aircraft is therefore able to defend the Hungarian airspace with its own tools. The leasing contract covering the JAS-39 EBS HU GRIPEN from Sweden was extended in early 2012 for 10 more years until 2026. Besides its air-to-air operations (AIM-120 and AIM 9 air-to-air missiles) the weapon system has also the ability to support ground forces (Close Air Support).

Ministry of Defence (2011): Facts and Figures on the Hungarian Defence Forces, p. 22

<sup>44</sup> For example, 10 military trucks (Unimog 1300) and 500 helmets were transferred from the Bundeswehr to the Hungarian Defence Forces in July 2012 (Staatssekretär Schmidt übergibt Wehrmaterial an Ungarn, in BMVg.de, 26.07.2012)

<sup>45</sup> US-General John deFreitas III already in 2004 noticed: "Insurgents don't show up in satellite imagery very well", in: Helmig, Jan / Schörnig, Niklas (2008): Die Transformation der Streitkräfte im 21. Jahrhundert, Frankfurt/Main, p. 50

### 1.1.6 Environmental Impacts

The climate change, the increasing destruction of fructuous soil and important drinking water resources, the overfishing and pollution of the seas including the extinction of species, as well as the increasing number of conflicts about shortening energy and natural resources, demonstrate that the edge of a critical growth limit is already exceeded.<sup>46</sup> The results will bring severe consequences for the human population including large migration movements. For instance, in previous liveable areas, like the Sub-Sahara and Northern Africa, the Middle East and Central Asia, the temperature will rise up to conditions where living is no more possible. Furthermore in some urban areas in Asia the sea level will reach altitudes, which again make (previous) living unrealistic. The environmental impact however is more significant when the different factors of migration, climate change *and* demography coincide (*see chapter 1.1.4. "Socio-cultural Impacts"*). A comparative review of demographic stress, climate change risk and physical water scarcity shows that major affected areas overlap.<sup>47</sup> Some of those areas (Sub-Sahara and Northern Africa, the Middle East and Central Asia) are also net sources of migration towards the EU.<sup>48</sup> Pressures from climate change impacts, commodity price rises and demographic pressures may further weaken the fragile statehood in many of the EU neighbouring countries. In 2025, three of every four youth-bulge countries will be located in Sub-Sahara Africa; nearly all of the remainder will be located in the core of the Middle East (*see chapter 1.1.2. "Political Impacts"*).<sup>49</sup> Those developments possess a big conflict potential, like the possible break-up of societies and its related consequences.

The planners of military transformation increasingly discuss the growing dangers resulting from the environmental impacts particularly in terms of how armed forces

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<sup>46</sup> See The Club of Rome (2012): Wachstum, ja bitte – aber 2.0! in: clubofrome.de

<sup>47</sup> Georgiev, Vihar (2010): Towards a common European border security policy, in European Security, 19 (2010), Vol. 2, p. 263

<sup>48</sup> The International Organization on Migration (IOM) forecasts that by 2050 between 25 million and as many as 1 billion people may migrate or be displaced due to environmental degradation and climate change events. Even today up to 80% of young people in countries in Northern Africa and the Middle East would consider immigrating to the EU, in: Georgiev, Vihar (2010): Towards a common European border security policy, in European Security, 19 (2010), Vol. 2, p. 263

<sup>49</sup> Ibid.

can position themselves appropriately against sudden environmental disasters, forced migration movements and other catastrophes. The creation of armed forces that are in the position rather to react on emergency cases and catastrophes than on military threats was not in the foreground in the past although. Nevertheless, operations besides the classical military tasks are an important part of what armed forces are already doing.

The counted number of asylum seeking persons in Hungary was 2,095 in comparison to a total number of 257,815 in the EU 27 (2010), which demonstrates that the country has not been hit badly by the above shown environmental developments so far. This of course could change. One option to avert a “migration to Europe” is an increased development aid like practiced by the European Union. This again has a strong relationship to the “Common European Foreign and Security Policy” (*see chapter 1.1.2. “Political Impacts”*).

An already existing example for a transformed military unit in terms of a possible future environmental impact is the Hungarian Engineer Battalion 37 (assigned to the multinational Engineer Battalion THEISS). It is prepared to support when flooding in the countries Romania, Slovakia, Ukraine, and Hungary occurs.<sup>50</sup>

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<sup>50</sup> See Ministry of Defence (2011): Facts and Figures on the Hungarian Defence Forces, p. 41



### **1.1.7 Conclusion**

This chapter focuses on the current and future impacts and trends that influence the transformation of the Hungarian Defence Forces by addressing the political, economical, socio-cultural, technological and environmental key factors. The major conclusions of this analysis respectively the organizational opportunities and threats appear as follows:

The political impacts, that influence the HDF's transformation are particularly characterized by defence and security factors; those are multifaceted and complex. Hungary has successfully realized these challenges by focusing on two core areas,

- **National Security and**
- **Regional / international Stability**

that again interact. The first core area is put into practice e.g. by its demonstrated loyalty and commitment to NATO (conducted through its participation in the ISAF-mission). The second core area again is realized by its contribution to the EU-respectively Visegrád-Group missions, like the planned Battlegroup engagement.

In terms of transforming its Armed Forces, it looks like Hungary aspires to adopt the "US-American-Approach", harmonizing its military to NATO-standards. If and when this can be reached entirely, particularly depends on the economic situation of the country respectively the defence budget.

The economic pressure on the HDF is the biggest challenge among the factors influencing its transition. Without a strong increase of the defence budget, a realization of the "US-American Approach", as demonstrated in the beginning, will be difficult. Neither the national economic situation, nor the defence budget can be influenced by the HDF (completely). Nevertheless, the Magyar Honvédség could increasingly shape their structures and inner processes by applying economic approaches. The shown examples like Private Public Partnership or an increased cooperation with allied partners, for instance in terms of using joint weapon systems, could be a beneficial opportunity.

The socio-cultural impacts on the transformation of the Hungarian Defence Forces like demography, large migration movements among the Human Population as well as the public image of the military will especially influence the Hungarian society. Additionally, those factors will influence potential candidates, who think about a career in the military. It is important to realize these effects and therefore to deal with them appropriately. In terms of a sound recruiting, it particularly means to be aware considering a fair and neutral reporting about the HDF's work. With the focus to reach potential future servicemen and women, the Hungarian Military should increasingly tell the public, how real military life is alike, including all its advantages and challenges. From a marketing point of view this is extremely important in terms of "selling" the right "content" to avoid misunderstanding and wrong expectations. Furthermore the HDF need to increasingly underline their assets like the social benefits one gets through the military. Those factors will be fundamental for a successful recruitment in the future.

The Hungarian Defence Forces are on the right way in terms of transforming themselves technologically towards NATO-Standard. However, it should be stressed that the technological benchmark set by the USA is not only difficult to achieve due to budget restrictions, but also, that the technological dimension is not the (only) decisive factor to succeed in a military conflict. Rather, the HDF should strengthen their non-technological-based assets gained in military operations like in Afghanistan. Here, Hungary, responsible for a Provincial Reconstruction Team, is not only in charge of an entire province but also providing security, handling the humanitarian situation, initiating reconstruction projects and facilitating the information flow from the Afghan Central Government to the local leadership level. This expertise is of high value for the alliance.

Focusing the Environmental Impacts, it becomes clear, that the HDF will be confronted with additional tasks in the future that do not belong to classical military tasks yet. Those new challenges also need to be focused when transforming the Hungarian military. The number of troops that are trained to fight natural disasters, generated by any of the above-demonstrated effects, need to be increased. The same applies to the relevant equipment, which again needs to be analyzed in terms of number and structure. For a sound future planning, it is furthermore meaningful to choose possible geographical areas of operations including potential scenarios.

Overall, the Hungarian Defence Forces are on an excellent way in transforming themselves. By addressing the known future opportunities and threats appropriately, they will succeed in the future.

**HDF's Number of Personnel<sup>51</sup>**

<b>Army</b>	<b>Air Force</b>	<b>General Staff/MoD/Joint Forces</b>	<b>Total</b>
<b>10,900</b>	<b>5,600</b>	<b>8,500</b>	<b>25,000</b>

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<sup>51</sup> See European Defence Information: Hungary, in [armedforces.co.uk](http://armedforces.co.uk)

## **1.2 Research Problem - Aims and Objectives**

### **1.2.1 Introduction**

The aim of this doctoral thesis is to demonstrate the applicability of Employer Branding in Armed Forces using the example of the HDF. Its result in turn shall lead to an increased employer attractiveness of the Magyar Honvédség (and other organizations) through enhanced elements of *Recruitment, Retention and Employee Engagement/Commitment*.

After having demonstrated the organizational environment of the HDF that needs to be recognized when conducting this research (*see chapter 1.1. Hungarian Defence Forces – Impacting Factors of Transformation*), the next milestone of this dissertation is a comprehensive analysis of the HDF's (*current*) HR-Management, including a conducted benchmark with other relevant public and private institutions, as well as a review focusing the relevance of this study including its motivating factors.

This chapter in turn will be followed by the main body of the thesis concentrating on the central research questions and the therewith connected testing of the (previously created) hypotheses in order to bring the scientific theory forward (*see chapter 2 “Central Research Questions”*). This again will be supported by an empirical research-study involving questionnaire-based interviews that will be reviewed, respectively measured and discussed.

The thesis furthermore rests on a comprehensive analysis of the *“Tendencies and Opportunities at the European Labour Market”* (*see chapter 4*). In addition it is based on a substantial documentary review taking into account the most recent and recognized theories and approaches about Employer Branding (including its Critical Success Factors). By focusing the driving factors of EB, the potential output as well as the benefits for the HDF shall be elaborated. Those considerations in turn result in an own developed model focusing the implementation of EB in the Magyar Honvédség (*see chapter 5 “Employer Branding – theoretical and empirical Findings”*). Finally this thesis contains a concluding chapter at the end of this work summarizing and interpreting its results, as well as naming the encountered limitations and addressing recommendations for future practice.

Due to the fact that the author – as a reserve officer of the Bundeswehr – has an inside look into the German military, this work is done from a cross-national comparative aspect eventually elaborating the one or the other objective that appears as a good example, worth to be adopted.

## 1.2.2 Hungarian Defence Forces` HR-Management

In the following paragraph the HDF's *current* HR-management, particularly comparing HR-theory with the organization's practice, shall be analyzed. This in turn is essential in order to find out how effective the HR-Management is conducted in the HDF respectively where to begin with improvements. When analyzing the HDF's current HR-Management it is essential though to recognize all HR-instruments recommended by theory, because these are dependent on each other and interact.

### HR-Instruments<sup>52</sup>



Through reviewing those instruments, *strengths and weaknesses* of the HDF's HR-Management shall be identified, which in turn enable a profound basis for the following benchmark. Here, the HR-approaches of other relevant institutions (including the German Bundeswehr, the U.S. and the Polish Armed Forces, as well as the United Nations, profit and non-for-profit organizations) shall be elaborated and compared resulting in possible and meaningful HR-Management alternatives for the HDF. Through elaborating the strengths and weaknesses of the HDF's HR-management the second half in terms of a SWOT-analysis will be generated,

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<sup>52</sup> Some academic literature puts "planning" and "marketing / recruiting" in one frame and calls it "resourcing". Other academic literature again presents "reward management" and "social policy" as separate HR-elements. However, the presented table seems to be most appropriate in order to demonstrate the correlation and changing impacts of all HR-instruments.

although (only) focussing the organizational HR-management (and not the entire organization as done above, when having conducted the PESTE-analysis).

The last part of this chapter then contains the concluding result addressing, which approaches for an effective HR-management should be maintained respectively adopted by the HDF.

### 1.2.2.1 Planning

As defined by Bulla and Scott, HR-planning is “*the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements*”.<sup>53</sup> Here it appears as important, not only to analyze the internal HR-demand, but also to screen the external and internal labour market situation, because any employer interacts with the relevant job market.

The aim of an effective (future) planning though is to attract and retain the number of people required and/or to reduce the dependence on external recruitment; furthermore, its goal is to develop a well trained workforce *as well as* to anticipate the problems of potential surpluses or deficits of people. However, a reliable examination regarding the organizational future needs can only be based on simulations and/or experience.<sup>54</sup>

According to Armstrong (2007), HR-planning consists of three clear steps:<sup>55</sup>

- **Forecasting future needs;**
- **Analyzing the availability and supply of people; *and***
- **Drawing up plans to match supply to demand.**

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<sup>53</sup> Bulla, D. N. / Scott, P. M. (1994): Manpower requirements forecasting: a case example, in: Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 25

<sup>54</sup> A frequently used example for a HR-planning simulation is the utilization of case studies for instance in terms of taking the role as a HR-director of a company including incidents (e.g. turnover, accident rate, or absenteeism) affecting the performance.

<sup>55</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 371

Referring to that, the *future needs* of the HDF and their *forecast* are defined in the National Military Strategy (2012). The respective contents primarily result from the tasks connected to national security and military defence of the country, besides their duties in connection with the commitments facing NATO, UN and EU.<sup>56</sup>

The current size of the HDF covering 25,000 Army, Air Force, General Staff, MoD and Joint Forces people shall be maintained for now, after years of heavy reductions and reorganizations.

Anyhow, the personnel strategy of the HDF is described in the “Human-strategy of the Hungarian Defence Forces 2008-2017” as well as in the “Hungarian Defence Forces: Human Resources Strategy 2012-2021”. Basically, the first paper lists many details about the HDF’s HR-management, which are analyzed in the following. The second paper although is kept rather general without adding any fundamental new information. This paper will be focused too, when discussing the single areas of HR-management.

Considering the *availability and supply of people*, one can state that, following the structural conversions in 2007 there still exist tensions inside all military career categories. Regarding the officers as well as the NCO-personnel, there exists a lack of the middle-aged respectively older groups due to many servicemen and women quitting the military service in the past years.<sup>57</sup> The age-composition and internal structure of the enlisted personnel also shows a conflicting picture; the proportion of the age group below 25 years is relatively low, while the presence of those above 45 years is worrying, if not “alarming”.<sup>58</sup> Nevertheless, the situation of the public and civil servants, or civil employees extra to the military personnel is stable and practically problem-free.

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<sup>56</sup> Ministry of Defence of the Republic of Hungary (2012): Hungary’s National Military Strategy, p. 17

<sup>57</sup> The NATO distinguishes between „Officers“ (NATO Code OF-1 – OF-10) and „Other ranks“ (NATO Code OR-1 – OR-9); NATO Codes OR-5 – OR-9 inclusive are considered „Non Commissioned Officers“ (NATO STANAG 2116-2010: NATO Codes for Grades of Military Personnel ED6, published 25.02.2010). Nevertheless, in order to have a more precise analysis about the HDF’s „other ranks“ this dissertation in turn distinguishes between „Non-Commissioned Officers“ and „Enlisted Personnel“.

<sup>58</sup> See Minister of Defence of the Republic of Hungary (2008): Human-strategy of the Hungarian Defence Forces 2008-2017, p. 8



The top-heaviness that particularly resulted from the suspension of conscription was effectively reduced through attractive early-retirement offers. Overall, the rank structure has been adapted according to the HR-needs as far as possible.

Considering the *plans to match supply to demand* of human resources, there are *currently* no big problems in terms of finding the expected quality and quantity of people. The actual number of personnel amounts to 90%; the missing 10% are mainly justified by the higher earnings one gets in the profit-oriented sector (*see chapter 1.2.2.5. "Reward Management and Social Policy"*). However, it is planned to increase the proportion of the contract NCOs and the enlisted personnel. Considering professional positions, where an explicit military knowledge is not required, the employment of civilians shall be privileged though.<sup>59</sup>

In order to realize a sound succession planning, the possibilities of horizontal movements shall be strengthened; in addition, the filling of vacant positions should basically be conducted through open competition – following the principle of progressivity and methodical order.<sup>60</sup>

Furthermore, the HDF work on the development of a more authentic and transparent career image and –model that again shall be based on suitable HR-development options; the current promotion system however shall stay.

Finally, a modernized IT-system shall provide information of the qualitative and quantitative personnel-parameters enabling various analyses, for different leadership levels – from the company to the MoD.<sup>61</sup>

Overall, one can conclude, that the HDF's HR-planning currently works well; the analysis and resulting decisions considering the internal as well as the external job market appear as appropriate and flexible. (New) initiatives to satisfy the organizational requirements in order to get the right number and quality of people are on the right track; however, in order to satisfy *future needs*, the organization's assets (*see chapter 1.2.2.7. "Concluding strengths and weaknesses of the HDF's HR-management"*) increasingly need to be recognized in a HR-marketing strategy. However, recognizing the organizational social service system as a major asset, even the new HR-Strategy of 2011 does not say a word about the necessity of an increased marketing of the HDF's real assets.

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<sup>59</sup> Ibid. p. 12

<sup>60</sup> Ibid. p. 29

<sup>61</sup> Ibid.

### 1.2.2.2 Marketing and Recruiting

The aim of *HR-marketing* is to attract and select appropriate candidates. It has its origin in the classical marketing subject and works almost in the same manner as described through the following Marketing Mix Strategy:

#### Marketing-Mix Strategy<sup>62</sup>



Usually, HR-marketing should be a permanent process; however, in reality it often appears as a single event. The *product* in the field of human resources represents the respective professional position that appears vacant. Here, it is necessary to choose the preferred way of *promoting* it, for instance internally to already existing employees or outside the organization in the regular job market through advertising or recruiters. The therewith-connected challenges are well described by Dowling:

*“The aim of corporate advertising is to project the desired image of the organization to create an overall feeling of familiarity, confidence, and trust. The job of product advertising is to focus on the functional, psychological, and economic benefits of the product/service. The exception to this “rule” is when advertising products to very knowledgeable buyers. For these people, the message should concentrate on (the features of the) product because these buyers know all about its benefits. That, of course is the theory. In practice, it is difficult, in many such advertisements, to find the link between attributes of the organization and benefits of the product.”*<sup>63</sup>

<sup>62</sup> Own creation by the author on the basis of the Marketing-Mix Strategy by Philip Kotler, in: Marketing Management (2003), p. 16, Upper Saddle River, New Jersey/USA

<sup>63</sup> Dowling, Grahame (2002): Creating Corporate Reputations, Oxford New York, p. 129

Anyhow, the next step in the HR-marketing process represents the *place*, where the position is to be marketed, the location or the coverage. Examples for it are schools, colleges of further education, or universities – wherever he or she is expected. The *customer* in turn appears as the person to be *targeted* in terms of being addressed.

The Marketing process though ideally works in the following sequence: At the beginning, the *attention* (for instance regarding the own organization) should be created, then the *interest* (about a job) ought to be inspired, followed by the wished *desire* to obtain the product (to get the job) and finalized by the *action* in a way of buying the product (applying for a concrete position). This process, also known as the “*AIDA*-model”, is a well-proven tool in the field of advertisement respectively economic sciences.<sup>64</sup>

Basically, *marketing* has a strong relationship with *hiring* of new personnel, however it is not the only reason for an organization. Marketing also happens in order to increase profit and/or to get a better image. This again can have a positive impact on the HR-management in terms of getting more applications than organizations having a negative image. However, HR-marketing, in order to be continuously eye-catching, needs to be conducted not only when there is a high demand for recruiting people, but also when there exists a bigger choice of applicants in relation to vacant positions. This means that HR-marketing should be practiced independent of the economic cycle.

In contrast to *HR-marketing* that concentrates on existing *as well as* on future employees, recruiting actually focuses future employees. Its definition derives from the military-historical meaning in terms of hiring new soldiers. However, the academic literature today uses both terms, “HR-marketing” and “recruiting” more or less equal. Recruiting personnel, who contribute to the organisation’s success, can be achieved by such means as generally improving the image of the company as an employer through the employer brand by offering:

- **Remuneration, which is at least the market average**
- **More opportunities for learning, development and careers**
- **Employment conditions which address work-life balance issues**

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<sup>64</sup> Elmo Lewis founded the AIDA-model in 1898, which described at least three basic principles for marketing (a supermarket) that are still valid today.

- **A cooperative working environment**
- **A scope for improvement.**

Concluding the above, one can state, that the ultimate goal of HR-marketing *and* recruiting is “*to become an employer of choice, and to target recruitment and selection in order to obtain the sort of people the organization needs*”.<sup>65</sup>

The *general marketing practice* of the HDF happens in order to increase the acceptance of and the confidence in the HDF – by addressing the Hungarian public.<sup>66</sup> In doing so, a positive reporting also has a beneficial impact on the number of applications regarding a military career – corresponding to HR-theory. However, the main interest of the HDF’s *HR-marketing* is to effectively recruit people - either internally out of the organization or externally from the public job market.

Referring to the *Marketing-Mix Strategy* presented above, one can say that the HDF’s-“*product*” that is *offered*, appears as a position respectively a career as an officer, an NCO or an enlisted person (including the tasks, demands and opportunities). Basically the Hungarian military uses the *promotion*-elements mentioned in the Marketing Mix (including the role of advertisements, direct mails, and public relations), although, emphasizing the more important role of recruiters, who are in face-to-face contact with potential recruits. Here, the personal appearance, respectively the own experience is more powerful than pure paper/picture advertisements (in the long run), because they are more authentic. Considering the *place* of marketing, among others “*the regional offices of military administration are the HDF Western Hungarian Augmentation and Recruiting Command (Veszprém) and HDF Eastern Hungarian Augmentation and Recruitment Command and their subordinates: The recruitment and Trade Union Centres and Recruitment and Trade Union Offices.*”<sup>67</sup> Anyhow, the Human-strategy of the HDF places more initiative on the labour market for augmenting personnel. This means, that the Hungarian military shall intensify its relations with regional labour centres,

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<sup>65</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 383

<sup>66</sup> Here, the broadcast of military operations abroad is a popular topic in the media.

<sup>67</sup> Ministry of Defence (2011): Facts and Figures on the Hungarian Defence Forces, p. 47

educational institutes, as well as youth organizations.<sup>68</sup> Here, the HDF plan to intensively reach a relative large number of young persons seeking employment through various programs. Overall, this is a reasonable decision.

However, when focusing the – considering the recruiting of personnel – important generation Y (18 to 25-year-olds), HR-managers need to realize that those people spend three times more online than with any other media.<sup>69</sup>

Concluding that, (not only) the HDF need to think about the whole communication mix, including recruitment websites, blogs and online communities.<sup>70</sup> The (new) HR-Strategy of the HDF (2011) although does not deal with this topic either.

In addition, when approaching potential personnel, it should be recognized that *“Individuals` identification with work is complex. Why people work and what they expect from work varies from person to person. However, there is evidence that there is a growing divide between those who identify with their work and those who do not.”*<sup>71</sup>

Beyond those considerations about recruiting, a resolution regarding a planned modernization of the HDF`s infrastructure with the aim to increase the workplace`s attractiveness can also be understood as part of the HDF`s HR-marketing.

Regarding the Hungarian military`s *recruitment and selection content*, it can be stated that all servicemen and women are expected to display high levels of:

- **Integrity (reflected in their honesty, sincerity, reliability and unselfishness);**

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<sup>68</sup> See Minister of Defence of the Republic of Hungary (2008): Human-strategy of the Hungarian Defence Forces 2008-2017, p. 29

<sup>69</sup> *“No generation since their baby Boom parents represents as large a demographic bulge or will have as great an impact on meeting their expectations than Generation Y. This group has grown up in a post-vinyl LP age of mobile communications, 3D video games, cable stations and high-speed Internet access. Generation Y have been playing with digital toys since the age of three. Raised with a joystick, remote or mouse in hand, Generation Y consumers are always one click away from taking a brand interaction one level deeper – or switching allegiance to a competitor`s product. They want to know they can trust products and services but also knowledge and relationships. Moreover they will force their definition of trust into the employment contract. As a result of their “power-user” media savvy, Generation Y tends to be cynical of, if not immune to, traditional brand marketing tactics. By the time they come of buying-power age, their finely honed media filters will screen out most commercial attempts for their attention. Already, many long-time youth-oriented brands, such as Virgin, Coke, Levi Strauss and Nike, are struggling to remain credibly on-message and relevant with Generation Y”* (Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 26).

<sup>70</sup> Cooper, Natalie (2008): Brand on the Run, in Personneltoday.com, 22. January 2008

<sup>71</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 149

- **Courage (both physical and moral);**
- **Selfless commitment (putting the needs of the mission and of their team ahead of their own interests);**
- **Professionalism and pride;**
- **Loyalty (to their commanders, their comrades, those they command and their duty); *and***
- **Self-discipline and respect for others.**

They are also expected to maintain high standards of conduct, where they must:

- **Abide by the civil law, wherever they are serving;**
- **Abide by military law and laws of armed conflict;**
- **Avoid any activity that undermines their professional ability, or puts others at unnecessary or unreasonable risk, or any behaviour, which damages trust and respect between them and other members of their team; *and***
- **Respect and value every individual's unique contribution, irrespective of his or her race, ethnic origin, religion or gender and without reference to social background or sexual orientation.**

The HDF have their-own unique culture, where the main focus is rather on *teamwork* than on individual performance.

According to the different *levels of culture* by Schein, in the HDF (as a military organization) they include such things as uniforms, insignia of rank, parades, ceremonies and regimental history – things that one sees, hears and feels when one looks at the organization for the first time.<sup>72</sup> In addition, the HDF's comradeship, including the meaning to treat the other (colleague) with respect in a supporting manner, emphasizing the team spirit, can be defined as the organization's *beliefs, values and attitudes*. They are not quite so visible but they are still apparent; they are "*intimately connected with moral and ethical codes, and determine what people think ought to be done*".<sup>73</sup> This might include integrity, honesty, openness, small group cohesion, regimental spirit, sacrifice and duty – all sound assets that – in

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<sup>72</sup> See Schein, E.H. (1992): *Organizational Culture and Leadership*, Jossey-Bass, in: Alexandrou, Alex / Bartle, Richard / Holmes, Richard (2001): *New People Strategies for the British Armed Forces*, London/UK, p.27

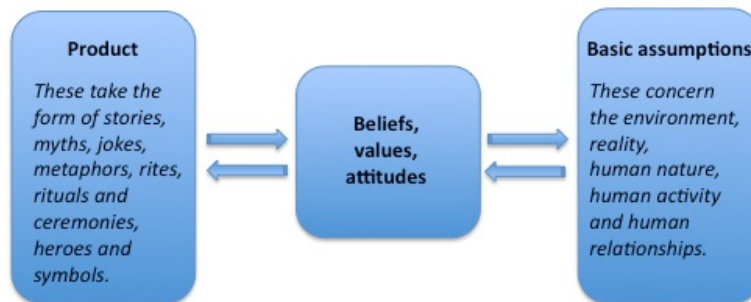
<sup>73</sup> See Brown, A. (1995): *Organizational Culture*, Pitman Publishing 1995, in: Alexandrou, Alex / Bartle, Richard / Holmes, Richard (2001): *New People Strategies for the British Armed Forces*, London/UK, p. 27

terms of employer attractiveness – should increasingly be marketed on the Hungarian job-market.

*Basic assumptions* again can best be described as generally ingrained, unconscious behaviour, which in this context would mean the general willingness to serve in the (Hungarian) military.

In addition, the following model demonstrates the connection between the product and basic assumptions:

### Levels of culture<sup>74</sup>



Overall, the HDF's HR-marketing and recruiting approach is in the right direction, although its content needs to be realigned in terms of stronger stressing the "real assets" – which the HDF *definitively* possess. Here, particularly the *organizational culture* represents a convincing, beneficial value that intensively needs to be marketed. In addition the professional experience one gets in the HDF is something special, one cannot obtain in a civil job. Unfortunately the HR-Strategy of 2012 does not include any improvements on the "organizational asset marketing subject" either, which demonstrates the necessity to focus this topic (further in this dissertation).

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<sup>74</sup> See Schein, E.H. (1992): *Organizational Culture and Leadership*, Jossey-Bass, in: Alexandrou, Alex / Bartle, Richard / Holmes, Richard (2001): *New People Strategies for the British Armed Forces*, London/UK, p. 27

### 1.2.2.3 Employment

An employment can be defined as the completion of a job in form and content at a certain location under specified conditions based on a written contract between two parties: one is called the employer, the other is named the employee. The employee's tasks should be (anyhow) fulfilling.

The basic information that should be included in a contract of employment varies according to the level of job; but the following check list sets out the typical headings:<sup>75</sup>

- **Job title;**
- **Duties preferably including a flexibility clause such as: “The employer will perform such duties and will be responsible to such person, as the organization may from time to time require”, and, in certain cases: “The employee will work at different locations as required by the organization”.**
- **The rate of pay, allowances, overtime and shift rates, method and timing of payment;**
- **Hours of work including lunch break and overtime and shift arrangements;**
- **Holiday arrangements;**
- **Sickness;**
- **Grievance/disciplinary procedure, work rules (or reference to it);**
- **Arrangements for union membership (if applicable); and**
- **Special terms relating to confidential information.**

However, according to Zaman, *“employers and employees also have a psychological contract with each other. This is based on the expectation that both employer and employee have of the other in terms of their working relationship. The psychological contract is the mutual expectation, which both parties have of each other.”*<sup>76</sup>

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<sup>75</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 858

<sup>76</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 140



Anyhow, the employment also covers all administrative duties related to the employee's function in the organization, including the management of the respective personnel record, the responsibility for the monthly payment, as well as the supervision of any personnel development activities. Therefore, HR-employment and administration are closely linked with each other. In addition, HR-employment should take account of the requirements of relevant legislation and case law.<sup>77</sup> Recent acts and regulations that are important include those concerning the minimum wage, working time and part-time workers.<sup>78</sup>

Considering the employment options as a military in the HDF respectively the *job title* there exist three career categories including different tasks and responsibilities:

- **Officers**
- **Non-Commissioned Officers**
- **Enlisted Personnel**

An additional opportunity exists as a civil servant that again enables different career levels. However, every employment is connected to certain restrictions respectively requirements, e.g. the academic/school background. Through written tests, assessment-centres and direct interviews the candidates are evaluated – focusing the desired career option. The contract time depends on the respective career category too.

Considering the career as an *officer* within the HDF, it can be said that this group is defined as “*graduated individuals, who can fill commanders` and experts` positions (...), who are in the possession of high level professional and general culture*”.<sup>79</sup> Officers of the Magyar Honvédség serve in headquarters and other leading military organizations, as well as in the Armed Forces academic institutes. Based on the respective level of authority, they “*plan, command and control the activities of the*

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<sup>77</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 858

<sup>78</sup> Ibid.

<sup>79</sup> See Minister of Defence of the Republic of Hungary (2008): Human-strategy of the Hungarian Defence Forces 2008-2017, p. 17

*responsible units and subordinated organizations*".<sup>80</sup> The HDF place greater emphasis in their officers' selection process on characteristics, such as integrity and selflessness, than most other professions do on their management. In addition, those who join are required to subscribe to core values and standards, which in some cases are different and more demanding than in the rest of society (see chapter 1.2.2.2. "Marketing and Recruiting").

The Hungarian military is still able to regenerate new officers constantly, although, particularly dependent on the country's economical situation, the civil labour market will always appear as a serious competitor – fighting for the best talents. To maintain performance in the future, the HDF need to increase their attractiveness. If not, it might become difficult to get the best personnel.

Considering a career as a *NCO* it can be stated, that one minimally has to have a secondary school graduation in order to "fulfil commanders' and experts' positions in the military".<sup>81</sup> NCOs basically work as the responsible trainers and combat commanders of the enlisted personnel; they are the functional liaison between the command and control of the officers and the enlisted men and women.<sup>82</sup> Due to their often-existing huge experience, including theatre operations, the preservation of this personnel category is a special issue.<sup>83</sup>

In contrast, the *enlisted personnel* represent the basis of the military hierarchy with elementary education at least. Their task is to operate, to handle and to support various armaments and combat equipment. Furthermore, they are responsible for the support of the activities of the military organizations.<sup>84</sup>

Considering the *public and civil servants personnel*, it can be said, that this category plays an increasing role in the leadership and administrative system as well as in the supply system of the HDF. However, the civil employees are required to have the potential to be highly proficient and committed experts. Many of those tasks do not require any military knowledge.<sup>85</sup> Eventually, in the future, civil employees must

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<sup>80</sup> Ibid.

<sup>81</sup> Ibid.

<sup>82</sup> Ibid.

<sup>83</sup> Hungarian Defence Minister Csaba Hende even stated that „the armed forces rely on the NCOs and are held together by the NCOs, who carry them on their back“, MoD Press release, 07.07.2012

<sup>84</sup> Minister of Defence of the Republic of Hungary (2008): Human-strategy of the Hungarian Defence Forces 2008-2017, p. 17

<sup>85</sup> Ibid.

also demonstrate the capability to excel in peacekeeping operations, which makes it more difficult to regenerate the necessary personnel.

Regarding the places of work, the HDF`s servicemen and women need to be ready to fulfil their duty worldwide. Particularly for the older servicemen and women, that development appears as a new challenge – in contrast to the rather “static” operations during the “Cold War”.

The hours of work including lunch break and overtime as well as shift arrangements are clearly socially acceptable regulated by the respective directives. The same applies to the annual holidays. Their numbers depend on many factors (e.g. military rank-level, position, place of duty).

Considering the case of sickness/medical care, the soldiers need to consult a military medical doctor; this also applies for the soldiers` families.

The grievance/disciplinary procedure as well as work rules are also arranged in detail through respective regulations.

A union membership for soldiers is possible, although a party membership is prohibited.

The handling with confidential information naturally plays an important role for the (Hungarian) military. Here, special security checks for the servicemen and women apply.

Basically, it can be stated that all employment practices in the HDF work well. Exceptions however are the rate of pay for officers, which is less than in comparable civil employments. In contrast, the remuneration rate for enlisted- and NCO personnel is above the civil market average. The new HR-Strategy of the HDF (2011) describes an improved more-flexible remuneration system, however not saying anything about an increased pay.

The military duties, particularly connected with theatre-operations, physically and mentally demand a lot. Preparing the personnel before their deployment must be intensified in terms of being ready for potential cultural differences. Furthermore, the return of personnel from theatre missions increasingly needs to be guided – particularly from the medical viewpoint. Here, many soldiers need support in reintegrating them properly in the home culture. Coming home appears as a big

challenge when the living-together in a military camp, linked with a completely different culture including severe personal experiences, has been the norm for the past months. The Bundeswehr e.g. is heavily confronted with the post-traumatic stress disorder (PTSD)- syndrome, an illness from which many returning soldiers suffer.

The HDF need to enforce the support of families, while a member is abroad. Here, first activities, like a telephone-hotline are on the way. Considering the conducted transformation of the HDF it can be stated, that the basic structure of employment-categories will stay. However, the related tasks will partly change in terms of being more technology-oriented (based on advanced military systems and IT).

Overall, it can be concluded that an employment in the HDF demands more than a comparable job in the civil labour market. Furthermore, a job in the HDF includes some “specialties” like military “operations abroad”, a “paid academic education” or “responsibility for subordinates and material in early years of age”, which are an asset. These “advantages” increasingly need to be marketed.

#### **1.2.2.4 Performance Management**

Performance management offers the responsible person/organizational unit a tool to effectively review or (re)align (the current) achievements; it can provide feedback, increase motivation, identify training needs/potential or let individuals know, what is expected of them.<sup>86</sup> Through that, the affected person is enabled to improve oneself. According to Armstrong, “performance management is about aligning individual to organizational objectives and ensuring that individuals uphold corporate core values”; furthermore, it takes place under the agreed framework of planned goals, standards and competency requirements.<sup>87</sup> In doing so, objectives describe what has to be accomplished and a possibility to measure expectations respectively performance is given. In practice, many organizations use the following well-known “SMART” mnemonic to summarize the criteria for objectives:

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<sup>86</sup> Torrington, D. / Hall, L. / Taylor, Stephen (2002): Human Resource Management, Essex / Great Britain, p. 263

<sup>87</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London / UK, p. 496

**S = Specific / stretching – clear, unambiguous, straightforward, understandable and challenging;**

**M = Measurable – quantity, quality, time, money;**

**A = Achievable – challenging but within the reach of a competent and committed person;**

**R = Relevant – relevant to the objectives of the organization so that the goal of the individual is aligned to corporate goals; *and***

**T = Time framed – to be completed within an agreed time scale.**

Objectives that could be measured are for instance “quality”, “contribution to team” or “skills/learning targets”. Appraisal systems again formalize those objectives mostly on an annual, monthly or even quarterly basis. In addition, an organization that (permanently) evaluates and reopens itself can also be described as a “learning organization”.

Overall, performance Management can be described as the controlling of individual, team or organizational performance.

A well-proven instrument to monitor performance is the *performance cycle* by Torrington, Hall and Taylor that effectively describes the day-to day process of performance management:

### **Performance Cycle<sup>88</sup>**



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<sup>88</sup> Torrington, D. / Hall, L. / Taylor, Stephen (2002): Human Resource Management, Essex / Great Britain, p. 263

Furthermore, it is worth to mention two other major scientific influences on (European) performance management. First, the *Japanese thinking* that is particularly characterized by commitment, effort and loyalty. A key theme here appears to be people development and continuous improvement or “kaizen”.<sup>89</sup> Much of this thinking has been adapted by European organizations, although often not recognizing the cultural differences. That approach only appears to be successful, where initiatives are developed and modified for their location.<sup>90</sup>

The second major influence is described as the *American “excellence” school*, characterized by Peters and Waterman, who identified eight characteristics that they found to be associated with “excellent companies”. The characteristics they identified were:<sup>91</sup>

- **A bias for action – rather than an emphasis on bureaucracy or analysis;**
- **Close to the customer – concern for customer wishes;**
- **Entrepreneurship – where innovation and initiative are encouraged;**
- **Productivity through people – employees are seen as the key resource, and the value of the employees` contribution is reinforced;**
- **Hands-on, value-driven – strong corporate culture promoted from the top;**
- **Pursuing the core business rather than becoming conglomerates;**
- **Simple form, lean staff – simple organization structure and small HQ staffing; and**
- **Company values strongly emphasized.**

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<sup>89</sup> Another common management approach to continuously improve the quality of products and processes is the Total Quality Management (TQM) philosophy. Its concept was developed based on the teachings of the American management consultants W. Edwards Demming, Joseph M. Juran and Armand V. Feigenbaum.

<sup>90</sup> Torrington, D. / Hall, L. / Taylor, Stephen (2002): Human Resource Management, Essex/Great Britain, p. 263

<sup>91</sup> Peters, T. / Waterman, R. (1982): In Search of Excellence, Harper and Row, New York, in: Pranit, Kumar (2010): Human resource Management, New Delhi/India, p. 189

Considering the application of performance management in the Magyar Honvédség, a „*realistic and objective performance appraisal has a motivating effect on workforce retention and workforce performance enhancement*” too.<sup>92</sup>

Furthermore, it can be stated, that the “*SMART*” *mnemonic* applies to all HR-objectives of the HDF, demonstrating the fairness and equality in order to make a successful career. That in turn represents a strength of the HDF’s HR-management, which increasingly needs to be emphasized/marketed.

According to the above mentioned *performance cycle*, the HDF’s performance management more or less works successfully, too. Its *performance planning* is based on fair and defined regulations that are transparent for the personnel. Furthermore, every employee backs the *support of performance*, no matter if superior or subordinate. Strongly connected to it is the promotion topic, which has not been satisfactory for many military personnel in the past years. As a consequence of organizational transformation(s), the personal career progress many times has not corresponded to the anticipation. That development had a negative impact on the employee satisfaction/commitment, resulting in a high turn over rate. Today, those circumstances are not as critical anymore, although some effects still exist.

Considering the *performance review* it can be said, that the regular appraisal of the employees happens according to the legal standards. Based on this assessment, further trainings and career options are planned, as well as leadership talents are identified.

A further critical factor for the *organization’s performance* is the management of diversity, which again represents the multitude of individual differences and similarities that exist among people. At the HDF, these are for instance “male / female”, “old/young”, or “soldiers of different career categories” (officers, NCOs, enlisted personnel). Dealing with diversity particularly requires superiors to integrate the collective mixture of differences and similarities that exist within the organization. According to the Human Resources Strategy of the HDF, the

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<sup>92</sup> András, Klara (Mrs. Kiss) (2013): Comparative Analysis of the motivation of the professional and contracted personnel of the Hungarian Defence Forces and the business sector, Doctoral (PhD) Dissertation, Thesis summary, Budapest, p. 10

realization of equal opportunities for men and women shall continuously be developed.<sup>93</sup>

Performance measurement is one of the few areas that have been improved comparing the HDF` Human Resources Strategies of 2008 and 2011. Particularly the connection between performance and career development shall increasingly be recognized respectively honoured.

The content of “*excellent companies*”, as above described by the *American excellence school*, also partly applies to the HDF, e.g. in terms of *being close to the customer* through considering the political order and understanding the public as the customer.

*Pursuing the core business rather than becoming conglomerates* is current practice, although a huge potential in terms of privatization-tasks that are not pure military, is left. Here, the Bundeswehr has made successful experiences for instance through founding public private partnership companies, which took over non-military tasks from the armed forces.<sup>94</sup>

The *organizational structure* of the HDF can be considered as *lean and simple*. However, they have to be aware, not to create an enlarged MoD/General Staff (currently 8,500 persons).<sup>95</sup>

Furthermore a *strong corporate culture promoted from the top* besides strong “*company values*” are a real asset of the HDF (*see chapter 1.2.2.2. “Marketing and Recruiting”*). The military personnel increasingly need to be seen as the *key resource* though. That particularly applies to the already contracted persons, where follow-up costs of (unexpected) terminations need to be avoided. Here, it is necessary to intensify the internal marketing *and* to increasingly take care of the (own) personnel for instance by offering development options – in order to raise satisfaction and commitment.

In addition, an *emphasis on bureaucracy* still exists, although intentions to minimize that and to increase the *bias for action* apply. Particularly, regarding the personnel

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<sup>93</sup> See Szabo, Andrea: Hungarian National Report, Committee on Women in the NATO Forces, Budapest, 2003, p. 1

<sup>94</sup> An example for a PPP-founded company is the HIL Heeresinstandsetzungslogistik GmbH that manages and conducts the maintenance for all land-based weapon-systems as well as for all armoured vehicles of the Bundeswehr.

<sup>95</sup> See European Defence Information: Hungary, in [armedforces.co.uk](http://armedforces.co.uk)



administration, the often-bureaucratic nature shall be reduced. For example, an increased usage of HR-IT shall replace (or at least reduce) paper based, obsolete personnel procedures with modern, electronic actions; the aim is to increase the efficiency of the HR-management in terms of being faster, more cost-efficient and transparent for the military people. In doing so, personnel decisions can be followed and understood that in turn leads to an increased employee satisfaction.

Another example for reducing bureaucracy is currently practiced by the Bundeswehr, which launched an ideas-competition in order to deregulate unnecessary complex directives focusing military operations.<sup>96</sup>

Regarding the *Japanese influence*, it can be stated that the service in the (Hungarian) military also demands strong *commitment, effort and loyalty*, which, in a life-threatening situation, one can pay with one`s life. *Continuous improvement* actually happens every day, although it is mostly based on existing shortage and not due to a drive for improvement. *Entrepreneurship and innovations* by the militaries are not as honoured as they would have deserved. This current, deficient attention about improvement projects, initiated by the servicemen and women, appears as a weakness of the HDF`s HR-management. Here, the military should install/reinforce a “Continuous Improvement Program”, where the personnel as well as the HDF would have a benefit. The German Bundeswehr for example works with a continuous improvement program (Kontinuierliches Verbesserungsprogramm = KVP), which enables optimizations in quantitative terms through savings, as well as in qualitative terms e.g. by realizing a better ergonomic working environment or by increasing processes efficiency.<sup>97</sup> Beyond that, KVP provides the personnel the possibility to directly influencing the organizational performance, leading to an improved employee satisfaction and commitment.

Overall, the performance management of the HDF has a huge potential left that should be optimized in order to enhance recruitment and retention. Particularly, the improvement topic comprises many options to be enforced. A rebuilt improvement program, including a comprehensive approach covering all military personnel, in connection with a sound evaluation and incentive system would strongly enhance the personnel` commitment.

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<sup>96</sup> Here, all soldiers as well as civil employees of the armed forces can participate. Ideen-Wettbewerb: Deregulierung im Einsatz; Bundeswehr.de; 02.04.2013

<sup>97</sup> For possible savings, bonuses are paid up to 25,000 €; for qualitative optimizations, bonuses are paid up to 3,000€.

### 1.2.2.5 Reward Management and Social Policy

Generally speaking, reward management remunerates the employees for the value they create. In addition, rewarding people also happens in order to motivate them as well as to obtain their commitment and engagement. Remuneration principally happens through (regular) wages. Some employers additionally pay task-respectively bonus-wages.<sup>98</sup> The grade and pay structures are basically based on the contract of employment between the employer and the employee. The employee again is committed to job performance and the employer is committed to pay the manpower. “A grade structure can also serve as a medium through which the organization communicates the career and pay opportunities available to employees.”<sup>99</sup> The wages can change for instance in correspondence with a happened promotion or a new position. In addition, wages can develop due to the comprehensive organizational situation. In doing so, e.g. “reduced working hours” can be the reason. Instruments to cut down the labour costs, for example when there is an economic downturn, can be early retirements or a “golden handshake”.<sup>100</sup>

A sound social policy includes for instance “ergonomic advantageous job conditions”, “flexible working hours”, “and a monthly/annual ticket for the public transportation or paid day-offs for special anniversaries” (such as marriage, moving, etc.). Even the annual holidays are part of non-cash pay benefits.

In addition, social policy also occurs when an establishment is planned to be shutdown. Here, the social policy’s task is to enable sociable-acceptable conditions for the personnel involved. This can be a severance package or another position/task at another organizational site.

The result of an effective social policy can be considered as a high return-on-invest in terms of increased happiness, job satisfaction and less sick days. A well-conducted reward management and a well-executed social policy therefore help to attract and retain the high quality people that the organization needs.<sup>101</sup>

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<sup>98</sup> Exaggerated bonuses are highly controversial. They are seen as one of the reasons for the financial crisis after the crash of the Lehman Brothers Bank in 2008. A reform package of the EU, whereas the bonuses shall not be higher than the basic salary, shall have a stabilizing affect.

<sup>99</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 689

<sup>100</sup> Ibid, p. 729

<sup>101</sup> Ibid, p. 530

Overall, the *reward management* of the HDF works effectively. All HDF's personnel possess a fixed salary, including federal pension as well as health insurance. The salary though varies depending on the military rank (or the civil service scales). A motivating performance bonus does not exist.

Considering the remuneration of officers, it can be stated that it is less compared to wages in the civil life (in relation to equivalent tasks). However, those circumstances apply to almost all militaries (including the Bundeswehr). For the HDF, it appears as a situation that will not seriously change – apart from minor rises. In contrast, the remuneration of enlisted- and NCO personnel stands above the civil market average.

Concluding that, it must be said, that the rate of pay for enlisted- and NCO personnel represents an asset. The income-rate of officers although represents a weakness of the HDF's HR-management.

Considering the success of the HDF's reward system, the following factors seem strongly related to it: The right choice mix of specific rewards (in terms of what motivates the servicemen and women), the personnel` involvement in designing and operating the reward system, and a continuous communication with the personnel about the reward system. Nevertheless, according to the plans of the HR-strategies of the HDF (2007 and 2011), the reward management of the HDF should become more performance based; in doing so, it shall increasingly interact with a comprehensive system of result-evaluation. The competition among the personnel shall be raised and a fair system of competitive rewards be implemented. This again includes a complete review of the current reward and incentive system.<sup>102</sup>

Currently conducted reward systems in the HDF are:

- **Recognition;**
- **Prizes or non-cash gifts;**
- **Merit pay; and**
- **Time off.**

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<sup>102</sup> See Minister of Defence of the Republic of Hungary (2008): Human-strategy of the Hungarian Defence Forces 2008-2017, p. 22 / Hungarian Defence Forces (2011): Human Resources Strategy 2012-2021, p. 10

The HDF's *social policy* again currently covers several areas in order to provide suitable life and work conditions for the own personnel. That includes social welfare, recreation and health care measures, covering the active as well as the retired personnel and their families.

Elements of the HDF's social policy are:<sup>103</sup>

- **Medical support;**
- **Support of accommodation;**
- **Support of families (including various support programs in order to relieve social problems for instance ease the return of personnel from operations abroad);**
- **Recreation (sports, leisure, cultural and public education – according to the individual demands);**
- **Ergonomic working conditions (in order to preserve their state of health);**  
*and*
- **Taking care of pensioners (through various social systems with the aim to establish corporate identity between different generations of servicemen and women).**

Those elements represent a huge asset in terms of being an attractive employer. Despite this, the rate of personnel that quit the military (service) in the past years was relatively high. In doing so, obviously, the social policy of the HDF (often) could not offer convincing personal/professional strategies. For instance, in connection with the organizational transformation during the past years, even the offer of another position in the same garrison, sometimes was refused.<sup>104</sup> Similar situations occurred in the Bundeswehr, as a result of the “static” “Cold War” deployments, when personnel were forced to move following new operational structures after 1990. Referring to those experiences, it can be concluded that the services given to the servicemen and women (including the *social policy*) as well as the demands (for instance to move to another garrison according to the organizational needs) should be clearly defined at the beginning of the job contract, or at least be stated in any official document (*see chapter 1.2.2.3. “Employment”*).

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<sup>103</sup> Hungarian Defence Forces (2011): Human Resources Strategy 2012-2021, p. 16

<sup>104</sup> See Minister of Defence of the Republic of Hungary (2008): Human-strategy of the Hungarian Defence Forces 2008-2017, p. 5

Considering the personnel that leave the HDF due to the end of the contracted time, the reintegration into the civil labour market is actually more or less well prepared. However, many former militaries of the HDF fail to successfully enter the civil (profit-oriented) job market, which makes it necessary to increasingly need offer trainings/degrees that are (completely) accepted in the civil labour market. This particularly applies for recognized occupations requiring formal training. Here, the HDF need to offer opportunities, not only because they have a responsibility for (former) personnel, but also in terms of representing an attractive asset for potential military people.

Concluding the above, the HDF's *reward management* and its efforts to improve itself are on the right track, particularly in terms of becoming more competitive. Their *social policy* already represents an extensive asset in order to appear as an attractive employer. However, those strengths increasingly need to be marketed targeting an enhanced recruitment.

#### **1.2.2.6 Development**

HR-development includes the provision of learning, development and training opportunities within an organization with the aim to increase performance.<sup>105</sup> Examples for it are e.g. coaching, mentoring, or classroom training. The opportunities for HR-development can be located inside or outside the organization. Beyond that, HR development opportunities (including *career development*) enhance the image of the military. Development opportunities are stimulating for the personnel and therefore represent an asset in terms of employer attractiveness.

Particularly, in times of increasing personnel shortage the systematic development of servicemen and women's competences is a central challenge.

Considering (not only the HDF) Hegedüs argues, "*the so-called soft competencies of the personality, through the development of which the penetrability between the civil and the military spheres can be assured, should be placed in the focus of the talent management.*"<sup>106</sup>

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<sup>105</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 530

<sup>106</sup> Hegedüs, Henrik (2010): Talent Management, development of human resources in the Hungarian

According to the HDF's Human strategy (2007), HR-development in the Magyar Honvédség covers the following content:<sup>107</sup>

- **School system training – various educations provided in vocational schools and institutes specified in the laws on public and higher education under the supervision of the MoD.**
- **Course system training– national or foreign systems courses, outside the school system for providing preparedness necessary for filling up higher positions, knowledge required by the specialties of the position, or acquiring (or maintaining) the expected language competency.**

However, depending on the respective career category, there exist different demands.

For the *officers*, one of the consequences of the organizational transformation(s) represents the dismissal of persons with inadequate academic qualifications. Today, an academic degree is an essential part of the officers' education. Apart from that, a significant percentage of the officers are in the possession of more than one foreign language certificate. Regarding the higher military education, a flexible, modular educational structure, built on the linear education system, shall be introduced.<sup>108</sup>

Considering the educational level respectively the training demand of the *non-commissioned personnel*, also a favourable picture appears. According to the Human strategy of the HDF (2007), the proportion of the secondary vocational school and secondary grammar school educated NCOs is relatively high; and the number of college and university graduates is increasing.<sup>109</sup> However, considering the career development, most of the NCOs serve in sergeant-major ranks that result in an upward push of ranks including disadvantages for some of them. Regarding the training opportunities, it is particularly foreseen, to increase the vocational training of the NCOs according to their role as instructors.

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Defence Forces, Summary of PhD-thesis, p. 2

<sup>107</sup> See Minister of Defence of the Republic of Hungary (2008): Human-strategy of the Hungarian Defence Forces 2008-2017, p. 25

<sup>108</sup> Ibid. Page, p. 6

<sup>109</sup> Ibid. Page, p. 8

Regarding the *enlisted personnel's HR-development* opportunities, there exist some tensions due to the availability of a relatively large group within this personnel category committed to a long service time. Caused by promotion restrictions, progress is limited. In addition, the reconversion of enlisted personnel to the civil labour market appears difficult due to missing (accepted) degrees.

According to the increased demand for the enlisted personnel to speak foreign languages in operations abroad, this training shall increasingly be enforced.

The HDF` development area is obviously the most improved subject comparing the HR-Strategy from 2008 with the HR-Strategy of 2012. However, the increased application of civil training systems is particularly focused on the tasks covering the time in the military and (still) not preparing the personnel for a profit-oriented civil career outside the HDF afterwards. Nevertheless, what has definitely been improved is the creation of synergies with other public service institutions of the country enabling the servicemen and women of the HDF an easier entry into other public service organization after their military time. This is a step in the right direction, however not entirely preparing the respective candidate for the complete job market.

Overall, the HDF`s HR-development approach works well according to the operational demands. The deficits of the HDF`s HR-development are identified and about to be optimized through additional development offers.

#### **1.2.2.7 Concluding Strengths and Weaknesses**

The analysis of the HDF`s single HR-instruments (Planning, Marketing and Recruiting, Employment, Performance Management, Reward Management and Social Policy as well as Development) in relation to HR-theory demonstrates, that the following fields appear as the organization`s strengths:

- **Own unique culture (including beliefs, values and attributes)**
- **Lived team spirit**
- **Opportunity of operations abroad**
- **Paid academic education**
- **Responsibility for subordinates and material in early years of age**

- **Fairness and equality to make a successful career**
- **Sound reward management**
- **Extensive social policy; *and***
- **HR-development / learning opportunities**

Those topics represent serious assets particularly in terms of *enhancing recruitment, retention and employee engagement / commitment*. However, this result does not say anything about the way those strengths are transmitted (to the public/job market); because, here is a huge potential left for optimization: The current way of communicating/marketing the HDF`s assets in terms of *getting and keeping the best personnel* mirrors a weakness though that needs to be improved.

In addition, as a result of the above conducted analysis, the following factors appear as the identified weaknesses of the HDF`s HR-management:

- **Marketing of the organization`s (real) assets**
- **Remuneration rate for the management personnel (officers) below the (civil) market average**
- **Too many non-core (non-military) tasks**
- **Existing bureaucracy**
- **Less (outside the own organization) accepted degrees**
- **The supporting HR-management of demanding operations abroad; *and***
- **Less structural space for improvements / entrepreneurship**

Those deficits in turn shall be benchmarked with other relevant organizations in the following with the aim to identify effective alternatives reasonable to adopt.



## **1.2.3 Benchmarking the Hungarian Defence Forces' HR-Management**

### **1.2.3.1 Theoretical Foundations**

Benchmarking (that stands for “scale”, “criteria”, or “standard”) is a well-proven management method, which elaborates the best performing organization by a target-oriented comparison. It is the continuous arrangement of products, services as well as processes and methods with multiple organizations, to systematically close the performance gap to the “class winner” (organizations that do an excellent job in terms of products, methods and processes). Its aim therefore is to identify the “best practices”, and to adapt these to the own situation respectively to implement them.<sup>110</sup>

Benchmarking is one of the most effective ways to bring external knowledge into the own organization; it is extremely practice-oriented and therefore an adequate tool for the planned analysis. Generally speaking the scientific literature names four types of different benchmarking:

- **Internal benchmarking**
- **Competitive benchmarking**
- **Functional benchmarking**
- **Generic benchmarking**

Considering the following analysis, the *functional* approach appears to be most appropriate, because it compares different organizations in the same field (HR-Management). It is the most-universal way of comparing different approaches, and it enables a high learning potential in order to offer new ideas and suggestions.

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<sup>110</sup> The term “benchmarking” only in the 1980s became popular through the publications of Robert C. Camp describing benchmarking projects at the US-American Xerox Corporation. However, the applied benchmarking methods were created much earlier, when modern industrial production evolved. Here, the transformation of the assembly-line principle from a slaughterhouse into the automobile production by Henry Ford can be described as the beginning of it.

## Benchmarking Process<sup>111</sup>



Considering this work, HR-management appears as the object to be selected – with a special focus on enhancing *recruitment, retention and employee engagement / commitment*.

This thesis focuses the *HDF*'s HR-management, therefore, it is obvious to choose *this* organization to be benchmarked. Based on the aim of this review *to learn from others*, it is important to choose benchmarking partners that make sense (from different points of view).

In this context, the Bundeswehr plays an important role as a reference for the HDF – not only because this is a study from a cross-national comparative aspect, but also because of the fact that the Bundeswehr is a member of NATO, UN and EU – just as the HDF.

Furthermore it makes sense to have the US Military as a reference, because it is *the* benchmark among militaries in terms of transformation respectively *Revolution in Military Affairs* (see chapter 1.1. “*Hungarian Defence Forces – Impacting Factors of Transformation*”).

Additionally, it is worth it to analyze the Polish Armed Forces in this study's benchmark due to the fact that this country has many similarities regarding its youngest history respectively its military (former “Warsaw Pact” country, now full member of NATO and EU). Furthermore, Poland, as a CEE-partner, plays an important role for Hungary as a member of the Visegrád Group.

Just because the HDF are a non-profit organization, it makes also sense to examine the HR-management of other not-for-profit organizations, in terms of learning from them.<sup>112</sup>

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<sup>111</sup> Own Creation by the Author.

<sup>112</sup> Examples for non-profit organizations are the German Institute for Economic Research, the Atlantic-Brücke, the Deutscher Entwicklungsdienst, the Deutsche Lebensrettungsgesellschaft

The United Nations organization shall also be analyzed, first because it is an international organization, where Hungary is also a member, and second because there exist many operations, like *peacekeeping missions* (led by the UN), where Hungary participates or could participate (in the future).<sup>113</sup>

Finally it is worth it to compare the HDF's HR-management with the HR-management of for-profit organizations simply because the fight for the best talents focuses on the same job market.

Through this benchmarking analysis, the HDF gain a sound overview of multiple alternatives that again need to be reviewed in terms of finding the most appropriate for the own organization.

The benchmarking itself will be presented through a chart, which contains the identified weaknesses on the y-axis and the different organizations on the x-axis. This again also includes a breakdown regarding the following levels

- **Macro- (= external / outside the organization);**
- **Mezzo- (= internal / MoD / Corporate); and**
- **Micro- (= internal / battalion / department) level.**

Through that classification, a better comparability respectively operational perspective is given in order to get clear and differentiated results. The table format presentation is a well-proven tool in social and economic sciences. It enables a clear and comprehensive analysis.

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(DLRG), the Society for Threatened People, or the Leibniz Institute of Agricultural Development in Central and Eastern Europe.

<sup>113</sup> An example in doing so is the United Nations Interim Force in Lebanon.

### 1.2.3.2 Empirical Findings

#### Marketing of the Organization's (real) Assets

Level	Hungary (HDF)	Germany (Bundeswehr)	USA (US-Armed Forces)	Poland (PAF)	Public/ Government Org.	United Nations (UN)	Non-for-profit Organizations	For-profit Organizations
Macro	Real assets more or less identified, however not marketed effectively; insufficient branding of the own organization (external). An Employer Branding is not realized.	Real assets are identified; marketing the organization (emphasis is put on adventure, action and academic training options) functions through recruitment bureaus/ public media. Insufficient branding of the own organization (external).	Real assets are identified; the need for a professional marketing is realized, e.g. through the founding of the Army Marketing and Research Group to connect Soldiers to public, and strengthen brand strategy. The chosen marketing approach can be considered as a first step towards an <i>Employer Branding</i> .	The military has realized the necessity to offer attractive and competitive conditions (including a professional job remuneration system) as an employer, compared to the civil labor market. An EB-approach (external) does not exist.	Purely exists (exceptions are the own homepage); vacant positions are sometimes offered via professional job sites. Real assets, like an irredeemable contract of employment, or social services are rarely marketed. <i>An Employer Branding</i> approach barely exists.	Real assets are identified; marketing the UN happens through the own marketing division, which fosters the dialogue with global constituencies such as academia, civil society, the entertainment industry, educators and students to encourage support for the ideals and activities of the UN.	Works effectively; however marketing non-for-profit organizations needs an efficient profile (approach, corporate identity), an effective performance in communication/ the procurement of financial support (donations, fees, grants) by its members/ employees. Whether a non-profit institution succeeds or fails is its ability to attract and to hold committed people.	Effectively conducted; People-focused; employees are seen as the organization's capital. The keyword is „Employer Branding“ (Building a brand by being an attractive employer). For-profit organizations do everything to keep the personnel – and to develop them constantly. Particularly the external marketing works well.
Mezzo	See above; however, the demand of future personnel is identified. Insufficient branding of the own organization (internal). An Employer Branding is not realized.	See above; the future need for personnel is identified, although concrete measures do not yet exist. Job advertisements for NCOs and enlisted personnel subside; officer positions are not openly advertised. Insufficient branding of the own organization (internal).	See above, the marketing strategy of the US military focuses the external as well as internal (job) market.	See above; the military has identified the necessity to keep expensively trained personnel; however, concrete measures do not exist yet. An EB-approach (internal) does not exist.	In addition to the internet-based homepages, internal sites exist, where vacant positions are offered.	See above; vacant positions are offered through the official UN-homepage; already existing labor contracts can be extended. The UN are unique and therefore represent a certain brand. This again makes marketing a lot easier.	Marketing of the organization's assets respectively profile happens effectively; however, the employees are usually more committed, than in any other organization.	See above; however, the internal marketing is often weaker than the external marketing.
Micro	See above; however, marketing efforts on the battalion level rarely exist. An EB-approach would also have an effect on the battalion level.	See above; however, marketing efforts on the battalion level rarely exist. Personnel retention and development are practiced effectively.	Marketing / recruiting experts visit the battalion level in order to hire personnel particularly for strongly demanded positions.	Marketing actions on the battalion level do not exist yet.	Marketing the organization's real assets seldom applies.	See above; however the effort to market the organization's real assets on the department level is limited.	Marketing the organization's real assets on the department level is limited. The employees' respectively members' efforts are directly apparent.	See above; however, it depends on the respective organizational situation.

## Remuneration Rate for the Management Personnel (Officers) below the (civil) Market Average

Level	Hungary (HDF)	Germany (Bundeswehr)	USA (US-Armed Forces)	Poland (PAF)	Public/ Government Org.	United Nations (UN)	Non-for-profit Org.	For-profit Org.
Macro	Applies; a fundamental change of the current situation is not foreseen; however it should become more performance based.	Applies; however, certain positions (e.g. medical doctors, fighter pilots, special forces) are increasingly remunerated in order to counter the civil market competition.	Applies, however, the gap has been identified and the income for officers particularly in the last years has been risen.	Applies; however, the gap has been identified. The necessity to improve the pay structure has been realized, particularly when considering an increasing competition with other for- and non-for-profit organizations. This again makes it necessary to increase the employer's attractiveness.	Applies; a great competition with the profit-oriented sector about the best talents exists.	Remuneration is attractive and therefore represents an asset in terms of employer attractiveness.	Applies, however, one of the big strengths of a non-profit organization is that people do not work for a living, they work for a cause (not everybody, but a good many). From a marketing perspective, potential employees are focused targeting their ideals.	Remuneration is adequately, often performance oriented. For many employees of for-profit organizations the pay represents an important factor considering the employer's attractiveness.
Mezzo	The situation has been identified; first measures to increase performance are under way. HDF-members are provided with various benefits and allowances.	Bundeswehr-members are provided with various benefits and allowances. The above-described remunerations for special tasks are realized.	The basic salary for officers is comparable to the income in civil positions. On top of the basic salary, there are allowances, bonuses and educational benefits.	PAF-members are provided with various benefits and allowances. Improvement measures (e.g. to increase the remuneration) have not been realized yet.	Applies; although, the possibilities to increase pay are limited due to legal restrictions. A performance approach barely exists. However, the social benefits in public/ government organizations are considerably.	UN staff members are provided with various benefits and allowances like assignment grant, dependency allowance, education grant, danger pay, home leave and family visit, language scheme, mobility and hardship scheme, rental/ travel subsidy.	Remuneration is seldom attractive due to financial restrictions respectively due to the organizational dependence on donations and contributions.	Remuneration is attractive and represents the benchmark.
Micro	An increased remuneration would also impact the battalion level.	Remuneration for special tasks has also an effect on the battalion level.	The pay structure is also valid for the battalion level.	Improvement measures would also have an effect on the battalion level.	The remuneration structure is also valid for the department level.	The benefits and allowances are also valid for the department level.	The uncomely remuneration is also valid for the battalion level.	Remuneration and performance structure is also valid for the department level.

## Too many non-core (non-military) Tasks

Level	Hungary (HDF)	Germany (Bundeswehr)	USA (US-Armed Forces)	Poland (PAF)	Public/ Government Org.	United Nations (UN)	Non-for-profit Organization	For-profit Organization
Macro	Predominantly applies; a budget pressure to reduce costs exists. First steps to privatize previous (military) tasks have been made.	Applies; a budget pressure to reduce costs exists. However, many non-core tasks still exist due to traditional or other reasons (e.g. media centers or communication/ historical research institutes). A common criticism is the total number of Bundeswehr personnel (180,000) in relation to the "only" 6,000 soldiers ready to operate in military missions.	Applies; a budget pressure to reduce costs exists. P3-projects have been identified as a beneficial alternative. E.g. the Army Materiel Command supervises 350 P3-businesses generating more than \$370 million in revenue and supporting 3,500 government and industry jobs.	Applies; a budget pressure to reduce costs exists. The situation has been identified first P3- co-operations are in place.	Applies; a budget pressure to reduce costs exists. However, P3-projects or privatization initiatives occur.	Partly applies; first steps to reduce non-core tasks are made e.g. by the emphasis to modernize the UN. Regarding P3-projects, the United Nations' main objective is to increase the expertise of governments (to identify, negotiate, manage and implement successful P3-projects.) Hereby, the UN looks externally for optimization.	Not applicable; non-for-profit organizations concentrate on their core business due to the cost framework, which depends on donations and contributions.	Not really applicable, due to cost efficiency reasons. However, particularly large companies often operate non-core activities. Hereby, e.g. outsourcing is a frequent method to lean the organization.
Mezzo	See above; Initiatives to outsource former military tasks are on its way. Several areas for P3-projects have been identified (logistics, maintenance, security patrols, catering). A huge potential for optimization is left.	Initiatives to realize P3 concepts/ privatizations occur. Examples are the HIL GmbH (maintenance of army material/ armored vehicles/ weapon systems) or the LH Bw Bekleidungs-gesellschaft mbh (clothing and equipment).	Examples for realized P3-projects are depots, arsenals, or ammunition plants.	Further areas for co-operation need to be figured out.	Examples are the transformation from the Deutsche Bundespost into the Deutsche Telekom AG, Deutsche Postbank AG).	Internally the UN are concentrated on its core tasks. However, an own section is in charge to develop P3-projects.	Non-for-profit organizations can't afford to execute other tasks than their core business. Therefore, they intensively co-operate with external service providers (including the military).	Non-core activities only appear together with marketing campaigns (e.g. sports or corporate social responsibility events).
Micro	Privatization/ outsourcing would have an effect on the battalion level in terms of changes regarding the employment relationships (e.g. reduction of personnel, employee buy-out). P3-projects would also have an effect on this level e.g. through increased co-operation with civil service providers.	Co-operations with local companies/ institutions regarding joint trainings exist (e.g. driving schools).	P3-projects also have a beneficial effect for the battalion level.	P3-projects also have a beneficial effect for the battalion level.	P3-projects or privatization particularly impact the department level in terms of the labor contracts. Hereby, former public servant positions are now filled with salaried employees.	The department level also handles the support of P3-projects.	Co-operations with external services providers like the military are conducted by the departmental/ operational level on site.	The reduction of non-core tasks affects the department level in terms of labor contracts. Hereby, dismissals or socially acceptable measures can be the case.

## Existing Bureaucracy

Level	Hungary (HDF)	Germany (Bundeswehr)	USA (US-Armed Forces)	Poland (PAF)	Public/Government Org.	United Nations (UN)	Non-for-profit Organization	For-profit Organization
Macro	Predominantly governmental efforts to reduce bureaucracy exist, also in the military. A cost pressure to reduce bureaucracy is present.	Applies; governmental efforts to reduce bureaucracy exist. A cost pressure to reduce bureaucracy is present. In order to enhance a modern, performance-oriented image, a contest to reduce bureaucracy is marketed outside the organization.	Applies; governmental efforts to reduce bureaucracy due to cost pressure exists.	Applies; governmental efforts to reduce bureaucracy due to defense budget reductions exist.	Applies; bureaucracy is still <i>the</i> image of public/government organizations. Therefore, the necessity to increase the image of public/government organizations (not only as an employer) exists. Furthermore, a cost pressure to reduce bureaucracy is present.	Applies; the 2007 reform on UN bureaucracy included changes in management structure. This includes a positive impact on the organization's attractiveness (as an employer).	Applies; however often connected with organizational restraints. A cost pressure to reduce bureaucracy exists.	Applies, particularly large organizations often contain a large bureaucracy. In contrast to non-for-profit organizations, bureaucracy has no negative impact on the attractiveness as an employer.
Mezzo	First efforts to counter bureaucracy are on its way e.g. by obtaining/ utilizing modern IT-systems.	One result of minimizing bureaucracy is the reduction of the MoD personnel from 3,000 to 2,000.	MoD initiatives to fight bureaucracy are launched.	One topic to reduce bureaucracy are personnel cutbacks; another identified subject is the change of the military education system (also due to cost reasons).	Initiatives to reduce bureaucracy are realized; however a performance orientation is missing and obviously hard to conduct.	For the organization's work, reform results were the establishment of executive committees covering four central areas: <i>peace and security, economic and social affairs, development operations and humanitarian affairs</i> .	One example for reducing bureaucracy/ process optimization is teambuilding, because this usually implicates problems. In fact, non-profit organizations most often fumble and lose their way (despite great ability at the top and a dedicated staff) because they fail to build teams.	Measures against bureaucracy are e.g. lean management, or personnel reductions (often supported by consulting companies).
Micro	Improvement measures to reduce bureaucracy also have an impact on the battalion level. Often, the willingness to change habits/ processes is missing.	Applies; initiatives to reduce bureaucracy often do not reach the battalion level. Often, the willingness to change habits/ processes is missing.	Bureaucracy is unwieldy and very difficult to navigate; as a consequence, promotions are rarely merit based. Often, the willingness to change habits/ processes is missing.	Applies; initiatives to reduce bureaucracy often do not reach the battalion level. Often, the willingness to change habits/ processes is missing.	Applies; initiatives to reduce bureaucracy often do not reach the department level. Exceptions are caused by the official reform initiatives.	The essential reason, why non-for-profit organizations often fail to build a team is the often failing collaboration of employees, who get pay for their work and employees, who do not get any pay for their work. Often, the willingness to change habits/ processes is missing.	Often, the willingness to change habits/ processes is missing.	

## Less (outside the own Organization) accepted Degrees

Level	Hungary (HDF)	Germany (Bundeswehr)	USA (US-Armed Forces)	Poland (PAF)	Public/Government Organizations	United Nations (UN)	Non-for-profit Organizations	For-profit Organizations
Macro	Applies; accepted degrees would be a huge asset increasing the HDF's attractiveness as an employer. Furthermore it would be a very beneficial part of a marketing campaign.	Applied; co-operations with chambers of commerce/ academic institutions have been implemented with successful results.	Intensive co-operations with the civil economy exist; restrictions regarding the leave of the military respectively a position after the service time hardly subsist.	The necessity for an increased co-operation with civil institutions is identified – particularly to increase the military's attractiveness (as an employer).	Applies; however for public servants the necessity to possess (outside the own organization) accepted degrees does not really apply due to their work as a (lifetime) public servant. The necessity, to look for a job somewhere else does not exist.	Applies; however, the UN are a unique organization. Therefore, a necessity to be accepted somewhere else hardly exists. Nevertheless, the UN-degrees are similar to civil degrees and vice versa.	Seldom applies; it depends on the respective degree. Many non-for-profit organizations offer trainings, which are demanded from people outside the organization e.g. lifesaving trainings. This again increases the organization's attractiveness (as an employer).	Not applicable; all degrees are approved by official/ general accepted institutions. Certainly this represents a huge asset, which also has a positive impact on the organization's brand image.
Mezzo	First considerations are made; however the co-operation with civil institutions needs to be increased.	Examples are the newly implemented master/bachelor degrees at the Bundeswehr Universities recognizing the Bologna Process.	Professional training certificates are offered in order to excel in a civilian career after the military service time.	First considerations are made. However, military degrees increasingly need to be harmonized with civil certificates.	Co-operations with civil institutions partly exist.	The UN offer their own degrees according to the employees's position.	Most of the non-for-profit organizations train their own people including the award of own degrees.	The majority of the for-profit institutions train their own personnel. Some even offer trainings for external people.
Micro	Particularly for the enlisted personnel accredited degrees would be important in order to find an adequate job after their military service time.	Local co-operations with federal/ private institutions (companies) have been implemented. Training co-operations have been arranged.	There exist multiple opportunities to earn professional and trade certifications.	On the battalion level, a co-operation with civil companies focusing e.g. a joint training is not realized yet.	Applies; however there is no real necessity to harmonize the existing degrees towards civil degrees.	Employees are trained basically on the job. However, the <i>United Nations Institute for Training and Research (unitar)</i> offers multiple, diverse courses focusing for the UN's work relevant topics.	The department level is affected in terms of training external people in order to gain an officially accepted degree.	The department level is affected either by being trained or by offering/ conducting trainings.



## The supporting HR-Management of demanding Operations abroad

Level	Hungary (HDF)	Germany (Bundeswehr)	USA (US-Armed Forces)	Poland (PAF)	Public/ Government Organizations	United Nations (UN)	Non-for-profit Organizations	For-profit Organizations
Macro	Needs to be improved; Particularly regarding a marketing campaign. This topic is very crucial, due to an intense perception among the Hungarian public.	Meanwhile effectively conducted e.g. through information/ service hotlines.	Well conducted; it represents the benchmark in supporting the own troops.	Well conducted; also marketed as an organizational asset.	Well conducted; nevertheless, most tasks of public/ government employees are conducted in the homeland.	Well conducted; however the UN are an international organization and therefore very experienced in sending people abroad.	Many non-for-profit organizations are international active. Sending people abroad plays a big role for them. Therefore the planning and support of respective missions is well done most of the time.	Well conducted; many for-profit organizations are internationally institutionalized.
Mezzo	The preparation for the mission and the location abroad (in advance), the support on site, as well as the post-processing basically works satisfactorily. However, particularly the family support service (including child care service) needs to be improved.	The preparation for the mission and the location abroad (in advance), the support on site, as well as the post-processing basically works satisfactory. However, massive problems still exist with traumatized soldiers as a consequence of their mission. Hereby, a lack of psychologists and psychotherapists applies.	Well conducted; however, there are advantages in supporting the own military personnel / families due to the organizational size; best practice.	Well conducted; the effective support of the own troops represents a positive signal, how strong the own personnel and their families are supported.	Regulations for operations abroad are clearly defined and well executed.	Regulations for operations abroad are clearly defined and well executed. This includes the preparation for the new location in advance, the support on site, as well as the post-processing.	Regulations for operations abroad are clearly defined and well executed. This includes the preparation for the new location in advance, the support on site, as well as the post-processing.	Regulations for operations abroad are clearly defined and well executed. This includes the preparation for the new location in advance, the support on site, as well as the post-processing.
Micro	The personal (family) support service needs to be enforced.	Meanwhile effectively realized through the respective battalion (service personnel, military chaplains).	Individual, exemplary support service.	Well conducted; the support of the own troops as well as their families particularly applies for the battalion level.	Operations abroad also apply for the department level. Their realization happens with the same standard of quality as within the organizational level.	The procedure of sending personnel abroad also applies for the department level in the same qualitative manner.	Some non-for-profit-organizations supervise their personnel adequately; some do not prepare their employees according to the real situation e.g. regarding the security status on site.	Well conducted; often in co-operation with external organizations (e.g. language schools).

## Less structural Space for Improvements / Entrepreneurship

Level	Hungary (HDF)	Germany (Bundeswehr)	USA (US-Armed Forces)	Poland (PAP)	Public/ Government Organizations	United Nations (UN)	Non-for-profit Organizations	For-profit Organizations
Macro	Applies; a drive for improvement intensively needs to be established/ marketed. This again would lead to an increased employer attractiveness and therefore to a higher employee commitment.	The outside appearance considering an individual <i>space for improvement</i> at the employer Bundeswehr is still bad; however, the perception of the German public regarding the Bundeswehr as an organization is, that it continuously improves itself again and again. To increase employer commitment, the German military should stronger pay attention to their employees' ideas.	Partly applies; However, the necessity to possess an improvement tool is not as necessary as in other militaries, due to a large financial budget. Anyhow, the employees are invited to bring their ideas into the organization.	The necessity to create <i>space for improvement</i> particularly due to cost reasons/ savings is clearly identified; Hereby the already started "Reform program/ process of technical modernization" plays an important role.	The outside appearance of public/ government org. considering a <i>space for improvement</i> is still bad; the public realizes respective institutions as "the opposite of improvement". Therefore, a well-conducted improvement tool would increase not only the employees' satisfaction, but also the organizational attractiveness.	Applies; however, in order to maximize impact and make the most of UN resources, one is improving the efficiency and effectiveness of operations, rationalizing the structures, building a global and dynamic work force, and therefore trying to encourage innovation in every area.	<i>Space for improvements/ entrepreneurship</i> is essential for non-for-profit organizations, due to a basically little budget.	Most for-profit organizations demand an improving engagement; some for-profit organizations have a continuous improvement program.
Mezzo	A continuous improvement program should be reinstalled including interesting incentives. Through that, the HDF could not only save a lot of money but also invest in the employees' commitment.	A continuous improvement program (KVP) including interesting incentives (e.g. monetary awards or holidays) exists. However, an effective conduction of the continuous improvement program depends on the respective situation on site (representative's engagement, commanding officer's support etc.).	An official improvement tool exists with the "Continuous process improvement" (CPI), which is a strategic approach for developing a culture of continuous improvement in the areas of reliability, process cycle times, costs, quality, and productivity.	A modern improvement program shall be implemented.	A continuous improvement program exists theoretically. However, its conduction often is not divers circumstances (particularly the missing support of the persons in charge).	Constant emphasis is put on transparency, accountability, integrity, efficiency and flexibility; furthermore, creating an environment in which improvement is expected and innovation is welcomed.	Improvement is expected and innovation is welcomed. E.g., volunteers are given responsibility including their own improving ideas; through that people are recognized and developed.	Continuous improvement is necessary for for-profit-organizations in order to manage the permanent competition (as a provider of goods and services as well as an employer). Employees' <i>space for improvement</i> theoretically exists.
Micro	Points of contact for a continuous improvement program insufficiently exist. Their engagement is crucial for a successful realization.	The quality regarding the continuous improvement programs' representatives differs depending on their engagement. This again is crucial for a successful realization.	An effective conduction of the CPI depends on the respective situation on site (representative's engagement, commanding officer's support).	The realization of a CPI would have a beneficial effect.	A CPI seldom works efficiently. The respective points of contact insufficiently exist. However, their engagement is crucial for a successful realization.	Improvement is expected and innovation is welcomed.	Improvement is expected and innovation is welcomed.	Employees' <i>space for improvement</i> often is not practiced. However, its performance depends on the respective (organizational) situation.

## 1.2.4 Result

This chapter has demonstrated the necessity to focus the managing of people in the HDF in general as well as the enforcement of *recruitment, retention and employee engagement/commitment* in particular. By comparing the actual HR-management with theory, strengths and weaknesses were identified. The analyzed performance gaps again have been benchmarked against similar approaches of other relevant institutions in order to elaborate concrete alternatives for the HDF worth to be adopted. The results considering the single subjects appear as follows:

### *Marketing of the Organization's (real) Assets*

On the macro level, particularly the for-profit-organizations market their (real) assets effectively, people focused. Through the execution of *Employer Branding* they do everything to get and to keep the best personnel. Employees are seen as the organization's capital.

Among the militaries, the US-Armed Forces can be considered as the benchmark regarding the self-marketing. They have realized the necessity to approach this topic seriously, for instance through creating a special organization like the *Army Marketing and Research Group*, which is only there, to connect soldiers to the general public, respectively to strengthen the military brand. This approach is already close to Employer Branding.

Another organizational category that was analyzed and, which is of relevance for the HDF was the not-for profit organizations (which the HDF are itself). Here, the output was, that the ability - to attract and to hold committed people – particularly depends on the organization's success. This again is caused by the fact, that those organizations don't pay their employees as much as for-profit organizations do. At not-for-profit organizations one has identified the need to market and enforce the organizational brand.

Considering the mezzo as well as the micro level, no further distinct features could be named. The German Bundeswehr again practices an insufficient branding of the own organization. Even here, the Employer Branding approach would be worth to be initiated. Overall, the for-profit sector, including its realized Employer Branding,

represents the ultimate benchmark in marketing the organizations assets (particularly from the HR-perspective). Regarding the HDF, this way of conducting the employer branding is worth to be further investigated.

### ***Remuneration Rate for the Management Personnel (Officers) below the (civil) Market Average***

In this field, the analysis of the not-for-profit organizations generated an additional, interesting aspect. One of the big strengths of not-for-profit institutions is that (the majority of) people do not work for a living, they work for a cause. This in turn means two things: First, that money for (most of) the HDF's personnel obviously is not the ultimate driver, and second, that the "cause" to work for the HDF appears as an asset and needs to be strengthened, when thinking of a marketing campaign. Considering the remuneration rate for the management personnel (officers) in the HDF, a change of the basic situation is not foreseen though. For instance, in the US Armed Forces, the remuneration for officers has intensively been increased in the recent past in order to fight the strong competition from the for-profit sector. Considering the pay for management personnel (officers), the US military can be considered as the benchmark among the different militaries.

The Bundeswehr has not found a clear answer to this challenge yet, however, certain positions, like medical doctors, fighter pilots, or special-forces are extra remunerated to compete with the civil labour market.

Considering the HDF, one can conclude, that the professional tasks of the HDF increasingly need to be marketed. Through that the right personnel, who work for a "cause", can be reached.

### ***Too many non-core (non-military) Tasks***

On the macro level, the benchmarking result at this topic has demonstrated that most of the militaries face the same problem. However, the Bundeswehr has successfully initialized P3-concepts and outsourcing; effective solutions have been launched. The same applies to the US-Armed Forces. In contrast to the militaries, other not-for-profit-organizations, usually concentrate on their core activities and don't have too many non-core tasks.

On the mezzo as well as on the micro level, the Bundeswehr has implemented different successful initiatives, like the HIL Heeresinstandsetzungslogistik GmbH that manages and performs the maintenance of army material, vehicles and weapon systems (previously done by the military itself). The increased co-operation with the industrial sector also has a beneficial marketing effect for the German military in terms of combined, harmonized trainings and accepted certificates for the servicemen and women.

In this field, the Bundeswehr as well as the US-Armed Forces act as the benchmark. The HDF in turn should intensively aim to get inside-information, how P3-projects or privatization campaigns effectively work.

### ***Existing Bureaucracy***

Interestingly, the bureaucracy phenomenon applies to all (different) organizations analyzed. However, in contrast to the for-profit institutions, public respectively government organizations basically possess a bad image regarding this topic among the public perception. The negative image certainly has a disadvantageous effect on the employers' attractiveness. Overall, the initiatives to reduce bureaucracy differ from one organization to the other, depending on the respective situation.

Therefore, it is difficult to recommend for the HDF the adaption of a specific strategy.

The Bundeswehr has implemented a contest among its militaries to fight bureaucracy in combination with structural reforms including the reduction of personnel – similar to the HDF.

In this field, the Hungarian military should go its own, individual way in finding appropriate answers. None of the benchmarked organizations possesses *the* concept.

### ***Less (outside the own Organization) accepted Degrees***

This situation particularly applies for the militaries benchmarked. However, the Bundeswehr as well as the US-Armed Forces have implemented successful co-operations with chambers of commerce or academic institutions in order to harmonize / accept professional and academic degrees.

Other not-for-profit organizations (besides the militaries) or the for-profit-sector don't have a severe problem in this field. Considering other public/government organizations, this problem not really applies because (lifetime) public servants usually have no need to look for a job somewhere else.

On the mezzo as well as on the micro level, also the Bundeswehr and the US-military offer professional training certificates to enter a career after the military service time.

Therefore, it can be concluded, that the Bundeswehr as well as the US-military represent the benchmark.

Here, the HDF should try to get further information on how for instance an increased co-operation with chambers of commerce works. It is obvious, that further accepted degrees one could get in the HDF would mean an additional asset in terms of the employer's attractiveness.

### ***The supporting HR-Management of demanding Operations abroad***

Generally, this topic is more or less managed by all organizations benchmarked. However, the United Nations (as an international institution) and the US-Armed Forces can be named as the ultimate benchmark. On all levels, the support of the own personnel as well as of their families is well conducted; the organizational size of the US-military might explain this.

Smaller militaries, as the Bundeswehr, at this topic are getting better, although the German military particularly faces problems with traumatized soldiers and the consequences.

In addition, it is worth to mention the Polish Armed Forces, who have built up an effective support of their affected personnel, including families.

Considering the HDF one should focus the US-military as well as the UN for further recommendations, respectively additional information.

### ***Less structural space for Improvements / Entrepreneurship***

Interestingly, all organizations compared have identified the necessity to foster (space for) improvements and entrepreneurship. The reason for it might be that those

characteristics are often put on the same level with employer's attractiveness. In addition, almost all institutions invite their employees to bring their ideas into the organization.

At the mezzo level, particularly the US-Armed Forces and the Bundeswehr possess an effective tool for improvement, where the personnel are rewarded for their ideas for instance through monetary or non-cash benefits.

The reality on the micro level differs; a positive approach towards space for improvement / entrepreneurship often is not effectively conducted.

Overall, the HDF should (re)establish an own improvement program adopting the German "Kontinuierliches Verbesserungsprogramm" that contains not only the possibility to make processes more efficient and save costs, but also represents a huge asset in terms of engaging the military people for the organization's success. In doing so, the personnel feel respected and incorporated.

## 1.3 Relevance of the Study

### 1.3.1 Motivating factors

As previously elaborated there are plenty of reasons to focus the HDF's HR-management in general, respectively to analyze possibilities to raise the employer's attractiveness in particular. This chapter shall summarize those factors that strongly justify this study. In detail, these are the following issues:

- **Demographical development;**
- **Openness of the European Labour Market;**
- **Abolishment of Conscription;**
- **High Fluctuation Rate;**
- **“War for Talent”;**
- **Increased Sophisticated Technology; and**
- **Intensified International Co-Operations.**

In the subsequent paragraphs, the single factors will be analyzed, followed by a concluding result.

#### 1.3.1.1 Demographical Development

In Hungary and other European countries like Germany, HR-management will strongly be affected by a severe population decrease in the future (*see chapter 1.1.4. “Socio-cultural Impacts”*).<sup>114</sup> The labour market situation in those countries has already started to change from an “employer job market” to an “employee job market”, where applicants can choose their employer of choice (in contrast to the increasing unemployment in southern Europe). That development appears all over,

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<sup>114</sup> In the European Union, besides Hungary (9.9 to 9.2 Mio. inhabitants) and Germany (81.8 to 71.5 Mio. inhabitants), a negative demographical impact will also apply to Poland (38.2 to 34.9 Mio. inhabitants), Romania (21.4 to 18.5 Mio. inhabitants), Bulgaria (7.2 to 5.7 Mio inhabitants), Slovakia (5.4 to 5.3 Mio. inhabitants), Lithuania (3.2 to 2.7 Mio. inhabitants), Latvia (2,0 to 1.6 Mio. inhabitants) and Estonia (1.3 to 1.2 Mio. inhabitants) comparing the years 2012 and 2050 (See Statista 2014 [statista.com](http://statista.com)).



among all branches, even in segments where one would expect rather low professional qualifications.<sup>115</sup> For government/public organizations like the HDF, which usually depend on the situation that only national citizens can become military people, this development is even worse.

### **1.3.1.2 Openness of the European Labour Market**

A developing national economy and openness of the European labour market that also generates new jobs make it easier for the Hungarian people to think respectively to take a job outside the military or even abroad. Seven years after joining the EU, people from Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia, Czech Republic and Hungary are free to work (respectively live) anywhere in Europe without an extra permission. Except for Germany and Austria though, all other European countries already permitted access much earlier, like Great Britain in 2004.

However, one consequence of (potential) employees leaving (not only Hungary) is, that those persons are not anymore available for the national job market. The Orbán-administration tries to counter this fluctuation through a planned modification of the constitution. By doing that students shall be bound to stay and work a certain time in Hungary after obtaining their degree. According to those plans, a tuition fee shall apply in case of not following this directive. Anyhow, being more attractive than other possible employers will be crucial (not only) for the Hungarian military that needs to react adequately to those new increased labour market requirements.

### **1.3.1.3 Suspension of Conscription**

In addition to the external market for obtaining people, the internal market of the organization (including the employees who can be promoted, trained, or redeployed to meet future needs) is an essential source from which people can be recruited.<sup>116</sup>

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<sup>115</sup> Füller, Christian: Gehätschelte Mitarbeiter, nie waren sie so wertvoll wie heute, in Spiegel Online, 21. February 2012, [spiegel.de](http://spiegel.de)

<sup>116</sup> Armstrong, Michael (2007): A Handbook of Human Resource Management Practice, London/UK, p. 367

Through the suspension of conscription that has been a huge potential for staffing in the past (considering a longer time of military service), an extra pressure is put on the HDF in order to get the right number and quality of people. Compared to the recruitment of conscripts, the hiring of “external” personnel is more difficult, due to the fact that their knowledge about the HDF is relatively low in comparison. The rate of “former external people” leaving the HDF during their probation time is much higher than the rate of former conscripts leaving the HDF has been.

#### **1.3.1.4 High Fluctuation Rate**

It is not only important to “get” but also to “keep” the necessary personnel, because a high fluctuation rate produces needless costs and consumes extensive resources. According to the Frankfurt Chamber of Commerce, the follow-up costs of (unexpected) termination most of the time exceed one annual salary of the employee. Alternatively, unhappy employees just do their duties according to the rules including less output. Certainly, those persons would not recommend this organization as an employer to work for.<sup>117</sup> To avoid miscasts, the responsible HR-personnel should change the word “ideal” candidate against the expression “the most appropriate”; one should recognize that it is hardly possible to find *the* expert or manager who will do an excellent job independent of the outer context. Rather, one should recognize that also an outstanding employee develops his/her talents and abilities “on the job”. Precondition however is to define the right profile for the candidate to be found.<sup>118</sup>

Another important reason to avoid a high fluctuation rate is the necessity of an effective passing of professional knowledge from one generation to the other, because this is critical for success too. To be well prepared, a well-balanced age structure among the employees is desirable. Due to multiple changes within the HDF’s organization, followed by a high turnover rate in the past, this topic appears as a weak point.

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<sup>117</sup> Meyer, Anke-Sophie (2011): Firmen müssen an sich arbeiten (Interview with Wolf Reiner Kriegler), in: Karrierewelt (02.07.2011), p. 4

<sup>118</sup> May, Ronald (2011): Den passenden finden, in: Karrierewelt (02.07.2011), p. 5

### 1.3.1.5 “War for Talent”

The so-called “War for Talent”, whose expression is based on a study by the consulting company McKinsey, describes the HR-factor as one of *the* business challenges respectively drivers of corporate performance concerning the competition with other employers.<sup>119</sup> This however mirrors the already existing situation of the HDF that in turn compete with for-profit organizations as well as with not-for-profit organizations for the most talented employees.

According to Erickson and Gratton, *“the best strategy for coming out ahead in the war for talent isn’t to scoop up everyone insight, unless one want to deal with the fallout: high turnover, high recruitment and training costs, and disengaged, unproductive employees. Instead, one needs to convince the right people – those who are intrigued and excited by the work environment one can realistically offer and who will reward the institution with their loyalty.”*<sup>120</sup>

The (Hungarian) military though is a special employer due to many characteristics, like “a physical and mental challenge”, (for some) “an underpaid job”, “a great collective experience”, and potentially “dangerous to life”. Those qualities – from a marketing perspective – basically include advantages and disadvantages, although their mixture appears unique. Their uniqueness in turn increasingly needs to be emphasized and demonstrated.

### 1.3.1.6 Increased Sophisticated Technology

In addition to those job employee/market conditions, HR-management is also influenced by the organizational wants that continuously advance as well. At the HDF, these are for instance professional specifications that candidates to the military service will have to fulfil in the future. In doing so, particularly the tasks of homeland defence as well as the obligations to NATO, UN and EU in terms of peace-support, peace-enforcement and peacekeeping missions apply (*see chapter*

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<sup>119</sup> See Michaels, Ad; Handfield-Jones, Helen; Axelrod, Beth (2001): *The war for Talent*, Boston, Massachusetts/USA

<sup>120</sup> Erickson, Tamara J. / Gratton, Lynda (2008): *What it means to work here*, in: *Harvard Business Review on Talent Management*, Boston, Massachusetts/USA, p. 4

1.1. “Hungarian Defence Forces – Impacting Factors of Transformation”). According to Biró, “the new personnel management system or policy will need to support the management of recruiting soldiers and also deal with the management of active military personnel.”<sup>121</sup> That development can also be considered as part of the “Revolution in Military Affairs” (see chapter 1.1. “Hungarian Defence Forces – Impacting Factors of Transformation”). An example for sophisticated technology though is the Hungarian Air Force’s fighter aircraft Saab JAS-39 EBS HU GRIPEN. Concluding the above, it can be stated that the demands on the qualification of (future) employees respectively regarding an effective recruitment will rise.

### 1.3.1.7 Intensified international Co-Operations

Another reason to focus the HDF’s HR-management and the recruiting topic in particular are increased international military co-operations. One example for the HDF’s engagement in doing so is the operation Althea of the European Union Force (EUFOR), (since 2004).<sup>122</sup> Another example for international engagement of the Hungarian military is its commitment in Afghanistan including all the challenges and risks. As part of the International Security Assistance Force (ISAF), Hungarian soldiers here support the Afghan government in the fields of security, governance, reconstruction, health care and education that demonstrates the large spectrum of different tasks – apart from a strange cultural working environment.<sup>123</sup> Here for instance Hungary has been operating a Provincial Reconstruction Team in the Baghlan Province, Northern Afghanistan, since October 2006. According to a Hungarian MoD press release, more than 2,500 Hungarian troops already served with the PRT contingent; some of the soldiers have completed three or four tours of duty there though.<sup>124</sup> “We built schools, handed over roads, and improved the level of health care for the population by building medical institutions. In the field of security, together with our American ally, we helped setting up military and police

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<sup>121</sup> Biró, István (2005): National Security Strategy and Transformation of the Hungarian Defence Forces, U.S. Army War College Strategy Project, p. 11

<sup>122</sup> European Union Force Althea is a military deployment in Bosnia and Herzegovina to oversee the military implementation of the Dayton Agreement. It is the successor to NATO’s SFOR and IFOR.

<sup>123</sup> More than 100,000 troops from 50 countries participated in the operation within the ISAF mission, which was launched by NATO under an UN Security Council mandate (Hungarian Mod press release, 29.03.2013).

<sup>124</sup> Hungarian MoD press release, 29.03.2013

*forces in the province and enabled the Afghan National Security Forces (ANSF) to take over responsibility for security in the country”, as László Domján, (former) commander of the HDF Joint Forces Command states.<sup>125</sup> Those challenging conditions of work demonstrate the importance for the HDF to find adequate personnel, not only that is willing to work under difficult environmental (and international) conditions, but also that has the mental and physical capability to fulfil those responsible tasks in an effective manner.*

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<sup>125</sup> Hungarian MoD (2013): Handover of Hungarian Camp Starts in Afghanistan, press release (28.02.2013), Budapest

### **1.3.2 Conclusion**

This chapter has demonstrated the necessity to focus the employer attractiveness of the Hungarian Defence Forces in general and the benefits of a strengthened Employer Brand in particular. In doing so Employer Branding appears as the appropriate answer to increase the organization's specialty, uniqueness and attractiveness as an employer. Its applicability in the Hungarian Defence Forces needs to be investigated further.

The dissertation's topic is therefore relevant and important to be explored. The above-analyzed factors underline the relevance of this study.

## II. Main Body of the Thesis

### 2. Central Research Questions

#### 2.1 Research Questions

Usually a research process starts with the formulation of the research problem respectively with the definition of the research question(s). The subject to be focused though can be the result of a contract research or the conclusion of a self-defined consideration.

However, the research topic of this dissertation is the outcome of the author's own studies respectively observations, but also the result of intensive discussions and exchange of ideas with the author's academic supervisor.

According to those considerations the comprehensive analysis of the current HR-Management practice in the HDF and other relevant institutions as well as a sound literature review focusing HR-Instruments can be considered as the starting point of this work. The result of those analyses can be summarized in the necessity to raise the organizational attractiveness of the HDF as an employer and to enhance *recruitment, retention and employee engagement/commitment* justified by the following features and their consequences: demographical development, openness of the European labour market, abolishment of conscription, high fluctuation rate, "War for Talent", increased sophisticated technology, and intensified international co-operations (*see chapter 1.3. "Relevance of the Study"*).

Almost at the same time when analysing the Hungarian Defence Forces' HR-Management, the author conducted a literature review about Employer Branding that demonstrated the benefits (generated through Employer Branding) especially in the fields of *Recruiting, Commitment, Corporate Culture, Corporate Branding and Performance* (*see chapter 5 "Employer Branding – Theoretical and Empirical Findings"*).

This in turn lead to the consideration to combine both topics in order to develop a new approach meaning an Employer Branding for the HDF (and other militaries) to effectively solve the (research)-problem of a deficient employer attractiveness.

Concluding those studies and considerations, the following issues have been defined as the research questions of this dissertation:

1. **“What measures are necessary to make the HDF more attractive as an employer?”**
2. **“What measures are necessary to keep the soldiers within the HDF?”**
3. **“What measures are necessary to help the soldiers changing successfully to the civilian labour market?”**
4. **Could the Employer Branding approach be adapted by the HDF?**

Besides those above-mentioned necessities to do this research, also practical thoughts were considered at the beginning of this work, like the question of how this research could be conducted, respectively how to get relevant information in order to produce meaningful results.

Both objectives were possible to realize though, due to the professional (German military) background of the author as well as due to the academic proximity to the HDF through conducting this work at the National University of Public Service at Budapest/Hungary.

Having managed all those necessary requirements in order to answer the above-stated research questions, the actual work could start. Due to the fact that this thesis represents an analysis from a cross-national comparative aspect, particularly the experiences of the German Bundeswehr – besides other organizations – are recognized.

The dissertation’s result though should lead to an increased attractiveness of the Hungarian Defence Forces as an employer, resulting in enhanced *Recruitment, Retention and Employee engagement/commitment*.



### 2.1.1 Outcome

The answers to the above stated research questions were gained through a survey among Hungarian as well as German militaries (*see chapter 3.4. "Interviews"*). The elaborated answers to it are presented in the following:

#### Research Question 1

The answer to the question, what measures are necessary to make the HDF more attractive as an employer can be identified as follows. Generally speaking, through offering remuneration, that is at least the market average, more opportunities for learning, development and careers, as well as employment conditions that address work-life balance and issues of a cooperative working environment could be created. The importance of this topic is underlined by the fact that even the new HR-Strategy of the HDF (2011) speaks about an improved remuneration system – however not mentioning a remuneration increase.<sup>126</sup>

In addition, the topic of increased learning opportunities is addressed by Hungary's National Military Strategy (2012): *"Complex military challenges of our time can only be tackled by an armed force whose personnel has received high-level education and training, has adequate physical and psychological endurance, is capable of high-level performance in an international environment, and is motivated and committed to executing its tasks. For that, secondary and tertiary education, courses, training and drills preparing for the successful implementation of tasks and fulfilling the requirements of our age and an adequate selection system for the selection of leaders are required. The transforming officers' training focusing leadership capability and the aligned training of non-commissioned officers must establish the condition for the convertibility between public service careers."*<sup>127</sup>

In doing so, the HDF's attractiveness as an employer would rise.

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<sup>126</sup> See Minister of Defence of the Republic of Hungary (2011): Human Resources Strategy 2012-2021, p. 16

<sup>127</sup> Ministry of Defence (2012): Hungary's National Military Strategy, p. 16

In particular, although the answers to this research question elaborated, that the performance management of the HDF has a huge potential left. This again should be optimized in order to enhance *recruitment, retention and employee engagement/commitment*.

In addition, this research result can be stressed by the fact that even the HDF themselves have identified the high value of that subject: *“A precise definition of priorities, a close cooperation between organizations, less bureaucracy, task based planning, consistent, yet appropriately flexible implementation, responsiveness to novelty and an innovative approach are needed.”*<sup>128</sup>

Here, a revised improvement program (like the Bundeswehr’s Kontinuierliches Verbesserungsprogramm), including a comprehensive approach covering all personnel, in connection with a sound evaluation and incentive system would strongly be supportive.

According to Dunay, the HDF` popularity in society tends to rise, when their activities are publicly visible. Therefore, the HDF should (also) increasingly communicate their success stories.<sup>129</sup>

## **Research Question 2**

Considering the answer to the research question, what measures are necessary to keep the soldiers within the HDF, it can be stated that the military basically should maintain respectively develop its major assets in terms of employer attractiveness. Particularly the HDF`s social policy (including medical support, support of accommodations, support of families), recreation possibilities (sports, leisure, cultural and public education – according to the individual demands), as well as ergonomic working conditions (in order to preserve their state of health) can be considered as worth to keep, respectively to be intensively marketed.

Another example, which supports this result is the HDF` trade union Honvédszakszervezet and its service for servicemen and women that *„provides financial assistance to commissioned and contract soldiers and their dependents*

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<sup>128</sup> Ibid. p. 22

<sup>129</sup> Dunay, Pál (2005): The Half-Hearted Transformation of the Hungarian Military, in European Security, Vol. 14, No. 1, p. 28

*getting in disadvantageous or in crisis situations through no fault of their own (individuals in social need, single parent with children, families with many children, pensioners, persons with multiple disadvantages or in severe living conditions) up to 30,000 €/year.” In addition the Honvédszakszervezet “provides free of charge legal assistance services. It will provide legal representation for the commissioned and contract personnel in case of service legal problems and will cover the expenses. It will maintain relations and co-operate with every administrative body, which is responsible for the protection of human and personal rights.”<sup>130</sup>*

Those results need to be communicated more intensively, too.

### **Research Question 3**

Considering the answer to the question, what measures are necessary to help the soldiers changing successfully to the civilian labour market, it can be named that an increased cooperation with civil institutions (including professional/academic degrees from the military that are (also) accepted in civil life) appears as the most meaningful way. The most obvious reason for that is the fact that the soldiers at the end of their military service time compete with (other) candidates from the civilian labour market. This result is stressed by Benkő: *“In order to accomplish an effective reconversion of former militaries into the civilian labour market and to improve the effectiveness of the training programs, full-time work and up-to-date information are demanded. This concern requires the human service to be re-established, the reconversion activities of the Hungarian Defence Forces be mapped, the possibilities of training be exploited and the question be tackled at a social level as well.”<sup>131</sup>*

Anyhow, the necessity to generate new or to improve existing job assistance tools, e.g. through offering civilian diploma (in parallel with the military certificate), in

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<sup>130</sup> Czövek, Janos (2014): Honvédszakszervezet: Main facts and changes 2013-2014, presentation under the frame of the XVI. Meeting of representative organization of soldiers of Visegrád Group states, Pákozd-Székesfehérvár, 11.-13. September 2014

<sup>131</sup> Benkő, Tibor (2010): Experiences from the harmonization of reconversion and secession, in AARMS, Vol. 9, No. 1 (2010), p. 85

order to support the change of (former) military personnel into the civilian job market has already been demonstrated by Kiss.<sup>132</sup>

#### **Research Question 4**

Considering the research question if the Employer Branding approach could be adapted by the HDF, the answer is a straightforward “yes”, because basically EB is an effective tool for any employer who wants to increase the (HR-Management’s) performance. Beyond that it appears as meaningful to adapt Employer Branding to the HDF (and other militaries like the Bundeswehr) because Employer Branding would particularly foster the military’s transparency to the (Hungarian) public in a way that is accessible and shows how truly extraordinary the military and the (Hungarian) servicemen and women are. It would enable the military to transmit the desired picture about the organization - offering a clear and sound illustration. And last not least, the EB approach should be adapted by the HDF because it has effectively been demonstrated through the developed model as part of this doctoral thesis (*see chapter 5.4 “Model development and applicability for the Hungarian Defence Forces”*).

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<sup>132</sup> Kiss, Zoltan Laszlo (2006): Experiences of Re-Integration attempts of former Hungarian military personnel to the civilian labour market – in the mirror of empirical data, in Military Sociological Researches, Conversion 2006, Budapest, p. 59

## 2.2 Hypotheses

### 2.2.1 Creating

Hypotheses basically apply as a research tool in order to generate a new concept respectively a new theory through being confirmed (or eventually by being refused). Generally, hypotheses can be considered as statements that describe the relationship of at least two variables. According to Bryman hypotheses can be defined as “*an informed speculation, which is set up to be tested, about possible relationships between two or more variables*”.<sup>133</sup>

Referring to the Grounded Theory (see chapter 3 “*Research Strategy and Research Design*”) hypotheses are called “*initial hunches about relationships between concepts*”.<sup>134</sup> In addition, theories are a system of statements that covers multiple hypotheses.

One major content when doing research though is the development or creation of concepts respectively theories, which shall also be done through this work respectively through testing hypotheses.<sup>135</sup> Before doing so, those hypotheses need to be generated though recognizing certain aspects. For instance, a hypothesis should have no reference to time or space. In addition a hypothesis should involve a certain area of focus, a statement considering the validity focusing all objects in the area of focus and two ratings that describe the characteristics of the individuals in the area of focus.<sup>136</sup> Following that, through constant comparisons of indicators and concepts categories (focusing certain topics) are generated (according to the Grounded Theory).

Those summarizing categories in turn are the basis for formulating the hypotheses that shall be the basis for the enhancement of the research topic. Considering this thesis and recognizing the above mentioned analysis about the HR-Management of the HDF and regarding (the expected benefits of) Employer Branding, the following

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<sup>133</sup> Bryman, Alan (2001): *Social Research Methods*, Oxford University Press, Oxford, New York, p. 540

<sup>134</sup> Ibid.

<sup>135</sup> It is sometimes suggested that, as a qualitative data analysis strategy, it works better for generating categories than theory. In part, this may be because studies purporting to use the approach often generate grounded concepts rather than grounded theory as such (Bryman, Alan (2001): *Social Research Methods*, Oxford University Press, Oxford, New York, p. 405)

<sup>136</sup> Mayer, Horst O. (2002): *Interview und schriftliche Befragung*, München, p. 18

categories (topics) have been identified as the basis for the formulation of hypotheses respectively as meaningful for the further research process:

1. **“Armed Forces possess a different HR-demand today and in the future (than in the past)”**
2. **“Employer Branding – an effective tool for Armed Forces, too”**
3. **“Benchmarking the HDF and the Bundeswehr – in terms of HR-Management”**
4. **“Employer Branding Benefits”**

According to the Grounded Theory, a category is defined as *“a concept that has been elaborated so that it is regarded as representing the real-world phenomena”*.<sup>137</sup> That again shall apply when creating the hypotheses.

Relationships between categories are explored in such a way that hypotheses about connections between categories emerge. In addition the hypotheses shall recognize the above stated research questions in order to answer them or at least support answering them.

Having recognized the above stated thoughts as well as having included the requirements considering the creation of hypotheses the following different although relating statements represent this dissertation’s hypotheses:

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<sup>137</sup> Bryman, Alan (2001): Social Research Methods, Oxford University Press, Oxford, New York, p. 403

- **No 1: „The missions of NATO / EU-militaries are getting more and more dangerous and challenging and require a better trained and highly motivated workforce. Therefore it is increasingly difficult to get adequate personnel for such joint missions.”**
  
- **No 2: “Employer Branding is a well proven management tool in civil organizations. Considering the recruitment of potential military employees, Employer Branding also raises the attractiveness of military organizations.”**
  
- **No 3: “The Benchmarking of differences and similarities in the applicability of Employer Branding in the Hungarian Defence Forces and the Bundeswehr (including further military, profit and not-for-profit organizations) can lead to increased employee satisfaction and a higher social prestige of the respective group.”**
  
- **No 4: “Employer Branding supports (and interacts with) the employees` commitment and motivation.”**

Having created the hypotheses, the next step (according to the Grounded Theory) would be to collect the data as the basis for the confirmation respectively rejection of the respective hypothesis. This in turn makes it necessary to obtain necessary valuable input. According to this dissertation though, the information shall be generated through a comprehensive documentary analysis respectively through a semi-structured self-completion survey in which relevant persons (five Hungarian high ranking Officers and five German high ranking Officers) are interviewed (*see chapter 3.4 “Interviews”*).

### 2.2.2 Testing

After having collected the necessary data (through a comprehensive documentary analysis as well as through conducting a survey with relevant people) the next step (according to the Grounded Theory) would be the testing of the hypotheses (based on the collected data), which shall be explained in the following:

Basically every hypothesis shall be tested against the outcome of the documentary analysis, as well as against the Hungarian respectively German respondents' answers. Through testing the hypotheses against multiple statements a high validity is generated, which in turn underlines the scientific outcome of this research.

Due to the fact that this research represents a qualitative approach though only the frequencies respectively the quality of answers and thereby particularly the words will be analyzed. This approach is supported by Bryman who argues that limited-quantification is meaningful in cases where *“the researcher is injecting greater precision into the extent to which certain beliefs are held or a certain form of behaviour occurs respectively where the researcher is injecting greater precision into estimates of frequency that can be derived from quasi-quantification terms”*.<sup>138</sup>

The results of testing the hypotheses are presented in the following:

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<sup>138</sup> Bryman, Alan (2001): Social Research Methods, Oxford University Press, Oxford, New York, p. 449



### **2.2.3 Outcome**

#### **Hypotheses No 1**

Considering the statement that the missions of NATO/EU-militaries get more and more dangerous and challenging and require a better trained and highly motivated workforce as well as referring to the assertion that it is increasingly difficult to get adequate personnel for such joint missions, the result of the documentary analysis is quite extensive and confirms it.

First of all, the considerations about a better trained and a highly motivated workforce are confirmed saying that theatre-operations, physically and mentally demand a lot. Particularly the intensive engagement of the Hungarian as well as of the German military including all the challenges and risks besides the public criticism, appears as a challenge considering the recruiting of a highly motivated workforce. Furthermore the documentary analysis clearly shows that the mental and medical assistance before during and after a military operation needs to be intensified. At the moment particularly the German literature in this context focuses the effects of the post-traumatic stress disorder (PTSD)- syndrome, an illness from which many returning soldiers suffer. Considering the comparison with other professions the documentary analysis clearly argues that an employment at the HDF demands more than a comparable job in the civil labour market. This in turn underlines the necessity to intensify the recruiting efforts. Following this viewpoint, the next position stresses the general existing “War for talents”, focusing the competition with other employers, particularly in view of the demographical development. In doing so, the HDF competes with for-profit organizations as well as with not-for-profit organizations for the most talented employees. Another result of the documentary analysis also confirms the above stated hypothesis. Due to missing personnel in the future, some former military tasks eventually must be performed by civil employees of the military (that need to demonstrate the capability to excel in peacekeeping operations). These considerations are also supported by the conducted interviews.

Four out of five Hungarian and all German respondents (without exception) accepted hypothesis No 1 though. Concluding those results hypothesis No 1 can be considered as clearly “confirmed”.

## **Hypothesis No 2**

Referring to the statement that Employer Branding is a well-proven management tool in civil organizations, respectively the assertion that – considering the recruitment of potential military employees – Employer Branding also raises the attractiveness of military organizations, the documentary analysis is quite clear. *“Employer Branding can be considered as an identity-based, internal as external effective development and positioning of an organization as an authentic and attractive employer.”*<sup>139</sup> This in turn does not imply any exclusiveness for civil (profit-oriented) organizations, or vice-versa, Employer Branding could be applied by any employer.

Another confirming argument for the above stated hypotheses is the fact that the Bundeswehr (as a military organization) was rated No 3 at the “trendence *Student Barometer 2013*”, asking for the employer of choice. Since 1999 trendence asks young talents about their employers of choice and their career plans. More than 50,000 students, graduates and young professionals annually participate in the surveys to justify the “trendence Employer Branding Award”.<sup>140</sup>

A further argument confirming the above stated hypothesis is the fact that although Employer Branding hasn't been applied to armed forces yet, the US military, as the pioneer in modern military transformation has founded an own Marketing and Research Group to connect soldiers to the general public, and strengthen brand strategy, which at least comes close to an own Employer Branding.

Referring to the conducted survey four out of five Hungarian respondents and three out of five German respondents accepted hypothesis No 2. Concluding those results hypothesis No 2 can be considered as “confirmed”.

## **Hypothesis No 3**

Considering the statement that the Benchmarking of differences and similarities in the applicability of Employer Branding in the Hungarian Defence Forces and the

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<sup>139</sup> Kriegler, Wolf Reiner (2012): *Praxishandbuch Employer Branding*, Freiburg/Germany, p. 23

<sup>140</sup> See trendence.com

Bundeswehr (including further military, profit and not-for-profit organizations) can lead to increased employee satisfaction and a higher social prestige of the respective group, the documentary analysis argues as follows:

Employer Branding is not limited to certain organizations. Much more it possesses advantages as stated by Aaker that create value to any organization and its consumers through helping to process, respectively to retrieve, information or to create positive attitudes. Last not least, Employer Branding helps to differentiate respectively to position oneself or the organization.<sup>141</sup>

Through benchmarking, different organizations (including different militaries, profit- and not-for-profit organizations) the respective quality of Employer Branding or at least the current HR-Management could be analyzed and compared. Possible benefits of the other organizations eventually can be adapted. This in turn makes clear that successful employer brands also appear outside the for-profit world. Examples here are the Red Cross or the THW.<sup>142</sup>

From the documentary analysis view that hypothesis can be considered as confirmed.

Referring to the conducted survey four out of five Hungarian and three out of five German respondents accepted hypothesis No 3. Concluding those results hypothesis No 3 can be considered as “confirmed”.

#### **Hypothesis No 4**

Considering the assertion that Employer Branding supports (and interacts with) the employees` commitment and motivation, the documentary analysis is quite clear, too. Through Employer Branding the employees` commitment increases and the employees` identification is strengthened. Furthermore through Employer Branding employers are enabled to position themselves as an attractive organization *and* as an employer of choice. In addition, according to the Deutsche Employer Branding Academy, “*Employer Branding (even) increases the organizational business and*

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<sup>141</sup> See Aaker, David A. (1995): Building strong Brands, New York: The Free Press Ggf anderes Aaker, p. 79

<sup>142</sup> As a Federal agency, the THW belongs to the department of the German Federal Ministry of the Interior. However, only one percent of the staff works full-time for the authority. 99 percent of the THW-members work on a voluntary basis for THW (See thw.de)

*the corporate Brand value; it always appears as an instrument of an integrated management and acts as a guideline for the development of an increased Employer quality”.*<sup>143</sup>

Anyhow, Employer Branding directly targets the long-term optimization of employee *recruitment, commitment and performance*. Therefore, from the documentary analysis perspective the above stated hypothesis can be considered as confirmed.

Referring to the conducted survey three out of five Hungarian and three out of five German respondents accepted hypothesis No 4. Concluding those results hypothesis No 4 can be considered as just “confirmed”.

Considering the overall conclusion of the above named research results, it can be stated that all hypotheses were more or less “confirmed”. That in turn represents the development respectively the creation of a new concept. From a scientific point of view the conducted work therefore appears as successful.

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<sup>143</sup> Deutsche Employer Branding Academy, Berlin, 05.06.2008 (employerbranding.org)

### 3. Research Strategy and Research Design

*...with the help of argument, we can in time obtain something like objectivity... (Popper, 1971)*

#### 3.1 Introduction

According to Metcalfe “*the word research is used to mean a careful, thorough, acceptable collection of convincing evidence which uses observation and measurements whenever possible*”.<sup>144</sup> Another definition of research describes it as “*an organized, systematic, data based objective, scientific inquiry or investigation into a specific problem, undertaken with the purpose of finding answers or solutions to it*”. In essence, research provides the needed information that leads to further decisions.<sup>145</sup> Those definitions (of research) are quite similar, complement one another and describe the chosen research approach of this dissertation.

Based on the previously conducted comprehensive literature analysis and the fact that Employer Branding hasn't been applied (completely or partly) towards Armed Forces yet (and due to the situation that a scientific study about this topic hasn't been conducted either), the aim of this dissertation (from a scientific perspective) is to make a contribution to the enhancement of research in general and to the area of Employer Branding in particular.

Through realizing this work the demonstrated research gap shall be closed. Concentrating on the example of the HDF, the applicability of Employer Branding in Armed Forces shall be shown from a cross-national comparative aspect. This work shall not only produce a contribution to theory though, but also generate new findings and recommendations for the practical HR-work. The study in its final version should look as a structured, argument-based body with a clearly stated purpose, including the analysis of reasonably collected data, supported by theory and practice. Finally, this work should contain clear suggestions or solutions from the author drawn in the concluding part.

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<sup>144</sup> See Metcalfe, Mike (1996): Business research through Arguments, Kluwer Academic Publishers, Norwell, p. 6

<sup>145</sup> See Sekaran, Uma (2000): Research Methods for Business: A Skill-Building Approach, New York, p. 4

## **3.2 Data Sources**

Considering the collected data it can be stated that primary as well as secondary data collection methods are used in this dissertation. Secondary data, mainly the books, articles and other publications, are necessary and very useful for understanding the behaviour and background of the military environment and organizations under study. Beyond that, literature about Employer Branding and HR-Management intensively demonstrates how those topics theoretically function. In addition, information provided by organizations' web pages or other online services also essentially contribute to the data collection. Besides that, primary data collection method is used to obtain valuable input from the practice side through conducting a survey, respectively using a questionnaire.

### 3.3 Applied Research Methods

In order to optimize the HR-management-needs, respectively the HR-management practice of the HDF and other relevant institutions, like the Bundeswehr, effectively, the right choice regarding the research methodology is important. The purpose of the methodology on the other hand is to give an explanation and justification of the methods, strategies, designs and/or approaches used in the research. Basically one distinguishes between qualitative research and quantitative research.

Quantitative research usually emphasizes quantification in the collection and analysis of data. Qualitative research in contrast usually emphasizes words rather than quantification in the collection and analysis of data. Due to the topic of this dissertation and its therewith connected necessity to effectively recognize all qualitative aspects when adapting EB towards the HDF, the usage of the qualitative research in this dissertation appears as more appropriate than the quantitative research. The appropriateness of the qualitative research for this dissertation is also supported by the characteristics (of the qualitative research) that are defined by Saunders as:<sup>146</sup>

- **Meanings, expressed through words.**
- **A collection of results in non-standardized data requiring classification into categories.**
- **An analysis conducted through the use of conceptualization.**

Qualitative research as a research strategy is inductivist, constructionist, and interpretivist, but qualitative researchers do not always subscribe to all three of these features.<sup>147</sup>

Considering this thesis though only the constructivist research strategy, that asserts that social phenomena and their meanings are continually being accomplished by social actors, appears as meaningful and will therefore be concentrated on further.

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<sup>146</sup> See Saunders, Mark / Lewis, Philip / Thornhill, Adrian (2009): Research Methods for Business Students, Essex, England, p. 482

<sup>147</sup> Bryman, Alan (2001): Social Research Methods, Oxford University Press, Oxford, New York, p. 542

Beyond that, the constructivist approach can be considered as an ontological position dealing with the questions concerning what entities exist, or can be said to exist and how such entities can be grouped, and subdivided according to similarities and differences.<sup>148</sup>

When planning respectively conducting a research, it is necessary to choose the appropriate work plan. This again is called research design. The research design deals with logical problems and serves as a tool that addresses the initial research problem. Furthermore, it is the logical sequence that connects the empirical evidence with the initial research problem, and finally conclusions.<sup>149</sup> The research design provides the framework for the collection and analysis of data.

A proper and widely used framework for analyzing qualitative data, that perfectly goes along with the constructivist research strategy, is called Grounded Theory.<sup>150</sup> Consequential Grounded Theory will apply in this thesis to describe the research process. According to Strauss and Corbin, Grounded Theory can be defined as “*theory that was derived from data, systematically gathered and analyzed through the research process. In this method, data collection, analysis, and eventual theory stand in close relationship to one another*”.<sup>151</sup>

Based on the Grounded Theory the research process of this dissertation that in turn goes along with the theoretical sampling and collection of data starts with the Research Questions (*see chapter 2.1 “Research Questions”*). According to Glaser and Strauss, theoretical sampling can be considered as “*the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyzes his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges*”.<sup>152</sup> For Charmaz, theoretical sampling is a

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<sup>148</sup> Steele, Brent J. / Acuff, Jonathan M. (2012): Theory and Application of the Generation in international Relations and Politics, New York, N.Y./USA, p. 222

<sup>149</sup> See Yin, Robert K. (1994): Case Study Research: Design and Methods, Thousand Oaks, CA/USA, p. 29

<sup>150</sup> The book that is the chief wellspring of the approach, The Discovery of Grounded Theory: Strategies for Qualitative Research by Barney G. Glaser and Anselm L. Strauss (published in 1967), is one of the most widely cited books in the social sciences.

<sup>151</sup> Strauss, A. / Corbin, J. M. (1998): Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory, Thousand Oaks, California, in: Bryman, Allan (2001): Social Research Methods, Oxford/UK, p. 387

<sup>152</sup> See Glaser, B. G. / Strauss, A. L. (1967): The Discovery of Grounded Theory: Strategies for Qualitative Research, Chicago, in: Bryman, Allan (2001): Social Research Methods, Oxford/UK, p. 387



*“defining property of Grounded Theory and is concerned with the refinement of ideas, rather than boosting sample size”*.<sup>153</sup>

Based on those considerations the data collection and sampling has been conducted through the comprehensive analysis of the HDF (and other organizations like the Bundeswehr), as well as through a fundamental literature review of HR-management in general and Employer Branding in particular. The next step in the Grounded Theory process is called *coding*, which is one of its most central steps. Strauss and Corbin again distinguish between three types of coding (open coding, axial coding, selective coding), in which open coding defined as *“the process of breaking down, examining, comparing, conceptualizing and categorizing data”* for this work appears as most appropriate.<sup>154</sup> That categorized information recognizing the research questions in turn represents the basis for the hypotheses to be formulated.

Considering this work, the most appropriate way to obtain the desired categorized information appears the usage of a semi-structured self-completion survey (*see chapter 3.4 “Interviews”*). That way not only can be considered as the most effective path to present those results against theory, but also to identify what is happening respectively what issues are necessary among the militaries’ HR-Management. The survey’s result can be considered as a useful and wide-based contribution to completing this study.

After having completed the survey, its generated input besides the results of the documentary analysis will be used to test the previously defined hypotheses (in terms of confirming or rejecting them) as well as to answer the previously set up research questions. According to the Grounded Theory (again) the confirmed hypotheses in turn lead to a new concept respectively theory. The concluding results of this dissertation will be presented in the final summarizing chapter.

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<sup>153</sup> See Charmaz, K. (2000): Grounded Theory: Objectivist and Constructivist Methods, in N. K. Denzin and Y. S. Lincoln (eds), Handbook of Qualitative Research, Thousand Oaks, CA/USA, in: Bryman, Allan (2001): Social Research Methods, Oxford/UK, p. 387

<sup>154</sup> Criticism of Grounded Theory was done e.g. by Coffey and Atkinson (1996) who mentioned that Grounded Theory is very much associated with an approach to data analysis that invites researchers to fragment their data by coding the data into discrete chunks. However, in the eyes of some writers this kind of activity results in a loss of a sense of context and of narrative flow (see Coffey, A. / Atkinson, P. (1996): Making sense of Qualitative Data Analysis: Complementary Research Strategies, Thousand Oaks, California); in: Bryman, Allan (2001): Social Research Methods, Oxford/UK, p. 574

## 3.4 Interviews

### 3.4.1 Introduction

Considering this work, a semi-structured self-completion survey (*see Annex: Questionnaire*) in which all respondents are asked exactly the same questions in the same order appears as the most appropriate tool to generate excellent qualitative data. Beyond that, the usage of a self-completion questionnaire enables the possibility that all respondents can answer deliberately and in a written form.

This technique is chosen because it allows the interviewees to choose the answer to the respective question in their own words. This approach that provides the freedom to investigate interesting aspects of the discussion, offers the level of data required for the study. In addition, it enables easier analysis and comparison and goes well with the conducted constructivist research strategy, respectively with the above-mentioned Grounded Theory.

However, various studies have demonstrated that characteristics of interviewers (and respondents) may affect the answers that people give. Obviously, since there is no interviewer present when the self-completion questionnaire is being completed, interviewer effects are eliminated. Probably of greater importance to the presence of an interviewer is the tendency for people to be more likely to exhibit social desirability bias when an interviewer is present.<sup>155</sup> Furthermore, self-completion questionnaires do not suffer from the problem of interviewers asking questions in a different order or in different ways. Furthermore, self-completion questionnaires are more convenient for respondents, because they can complete the questionnaire when they want and at the speed they want.<sup>156</sup>

Beyond that, open questions as used in this thesis' survey do have certain advantages over closed ones, as outlined in the list below:

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<sup>155</sup> Bryman, Alan (2011): *Social Research Methods*, Oxford University Press, Oxford, New York, p. 133

<sup>156</sup> *Ibid*

- **Respondents can answer in their own terms. They are not forced to answer in the same terms as those foisted on them by the response choices.**
- **They allow unusual responses to be derived. Replies that the survey researcher may not have contemplated (and that would therefore not form the basis for fixed-choice alternatives) are possible.**
- **The questions do not suggest certain kinds of answer by respondents. Therefore respondents' levels of knowledge and understanding of issues can be tapped. The salience of issues for respondents can also be explored.**
- **They are useful for exploring new areas or ones where the researcher has limited knowledge.**

In addition to the answers concerning the questions of the survey, it is important to get to know the experiences and the needs of the affected organizations and persons.

The survey is divided into the four above-mentioned categories of interest (including one hypothesis and three questions each), at which the interviewees (should) give their answers and opinions (*see chapter 2.2. "Hypotheses"*). This again happens (most easily) through words, because it is the simplest way to communicate the own position, respectively message.

The questionnaire is generated on the basis of the previously conducted literature review about HR-management and on the basis of the previously conducted analysis about the HDF and other relevant institutions like the Bundeswehr. In addition, the aim is to generate a questionnaire that is clear and smart, where the layout is well placed, the answering instructions are clear, the structure is logical, and the questions are numbered.

All questions, respectively categories, in the survey are structured in a way, which enable the interviewee not only to confirm or refuse the hypotheses but also to answer the question in his/her own words.

Section 1 of the survey enables the interviewees to get an entrée into the structure of the survey respectively into the survey's topic. Furthermore, the topic, if there exists "*a demand among Armed forces considering a new approach in the field of HR-Management at all*", is named. Through that, the author can find out, if there – according to the respondents – exists a need for Armed Forces to become more attractive as an employer. Named (possible) reasons to become more attractive are the "*increased dangerous missions of the NATO / EU-militaries*", respectively "*a more sophisticated military technology*" resulting in a smaller group of potential candidates. The decision, whether to agree with this opinion or to deny, respectively to answer that there might exist a different HR-demand (today and in the future), is open to the interviewee. Basically the respondents can answer in their own words including their own point of view. In addition, it is taken into consideration, that there are no ready answers possible; rather there are no answers prepared at all. Beyond that, the asked persons can tell their own ideas, respectively which measures they would suggest to make militaries more attractive as an employer.

Section 2 of the survey deals with the topic of adapting Employer Branding (an HR-approach from the civil labour market) to the military world. This again not only represents the core of this dissertation but also means a complete new approach for militaries (as a public institution – even when having their own HR-Management including an own recruiting area). Through answering the questions of this section the respondents could address, if elements of Employer Branding should/could (partly) be adapted by public institutions like the HDF or not. Furthermore, the questions of this section also ask, what measures could lead to an increased employer attractiveness of militaries as well as what measures would help keeping the soldiers within the military.

Section 3 of the survey again analyzes which possible synergies focusing the HR-Management (and potential Employer Branding) of the HDF and the Bundeswehr

could be realized/enforced. In addition, this section also covers the topic of how to raise employee commitment in the militaries, as well as the area of how to support the servicemen and women changing successfully into the civil labour market. Furthermore, in this section the interviewees are asked about precise recommendations considering how a continuous improvement program could be invented besides what new marketing slogans the respondents could think of – everything with the aim to increase the military’s attractiveness as an employer.

Section 4 of the survey focuses the benefits of Employer Branding, respectively analyzes the assets of the military as an employer. In doing so, the respondents can make suggestions, which organization-related features should increasingly be utilized considering an effective HR-Management, respectively regarding an (increased) EB. Overall, also those contributions should support the aim to increase the militaries’ attractiveness as an employer as well as their employees’ commitment.

Before starting the survey, a pilot test was necessary to safeguard the proposed process. Basically this reveals the importance of how to ask the questions without bias and without closing the question, but keeping it open for the interviewee. It furthermore reveals if the questions are e.g. too complicated, or lack focus, or are overlapped with other questions.

Anyhow, the pilot test analyzed the appropriateness of the number of questions and additionally the average interview time, which is important for the pre-interview-communication (“How long will it take...?”). Furthermore the pilot test provided input which could be used to rephrase, regroup and re-design the questions, enabling better information retrieval and analysis as well as a smoother survey process.

### 3.4.2 Implementation

The respondents were contacted by e-mail including a consistent briefing and explanation about the objective of the dissertation and the subject to be covered. Furthermore, the importance of taking part in the survey was underlined. In addition, the respondents were told that the answering of the survey's questions would take about 30 minutes (which has been determined through the pre-testing). Beyond that, it was requested to finish respectively return the filled out survey until a specific date, three weeks after the initializing e-mail was sent. This time frame is considered as long enough for the respondents to answer the question without ruffle or excitement; however the time frame is considered short enough to stress the importance of the scientific output of the survey.

After this date was reached, a second e-mail was sent to remind the persons who had not answered yet. (However, the returning rate was quite high, which indicates that the survey is clear and meaningful). Beyond that, the contact data of the author was named including the readiness to answer questions considering the survey. The purpose is to provide every interviewee the same expectation when the survey starts. Finally, all interviewees were offered the opportunity to receive a copy of the finished doctoral thesis.

Altogether, the survey was conducted with five persons of the Hungarian military and five persons of the German military. Out of the respondents, on each side one person is a General Officer, one person is a member of the MoD, one respondent is responsible for the strategic HR-planning including recruiting, and another person is responsible for the continuous improvement process of the military. All respondents are (or have been) in charge considering HR-planning matters.<sup>157</sup> Due to the high-ranking professional positions of the interviewees and the therewith-expected high valuable output the number of respondents was considered as effective for this survey. Any further interviewee results wouldn't have produced additional findings.

The survey sample enabled the confirmation or the rejection of the respective hypothesis. Furthermore, the survey sample (and especially its input) provided a

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<sup>157</sup> In order to realize the necessary objectivity of this analysis respectively to keep the promised anonymity of the interviewees no further personal or professional information about the respondents is given.

meaningful exploration of the organizations` HR-Management in practice, respectively of the important matters considering current / future HR-demand. The survey therefore offered a very thorough and significant input for this dissertation.

Furthermore, the delivered answers of the respondents were categorized referring to the respective sections and questions in order to have a clear correlation between questions and answers. In addition, the overall importance of the issues was illustrated and commented based on the frequency and the containment of the answers. The respondents` comments are explained as follows.

### **3.4.3 Results**

#### **Findings Section 1 “A different HR-demand today and in the future”**

***Q1: Should the military recruiting increasingly assess the “cultural awareness” of future personnel and why?***

#### **Q1 HUN Respondents**

Considering this question all interviewees agreed in the necessity that soldiers need to possess a “cultural awareness”, particularly having in mind operations far away from the home country. However, one respondent mentioned that this depends on whether one recruits enlisted or officer personnel. Following that interviewee, enlisted soldiers – in contrast to officers – only need basic knowledge about cultural awareness. One respondent even answered that when recruiting new personnel one should intensively focus people with a migrant background in order to easily obtain “cultural awareness” (particularly “concentrating on applicants “with a Muslim, Afghan or African background”). According to another interviewee the HDF already today put an extensive emphasis on the “cultural awareness” of their personnel.

#### **Q1 DEU Respondents**

Most of the respondents agree that military personnel should increasingly possess a “cultural awareness”, due to the fact that military operations intensively become more international. That internationality again is justified through two reasons. First, there increasingly exists an internationality considering the place of action. Most of the military missions take place not in the home country but rather at an unknown location (potentially outside of Europe). The second reason considering an increased internationality and therewith an increased necessity for “cultural awareness” is the fact that military operations today in fact actually only take place together with international military partners. Also in this case it is important to deal with that subject. Those factors intensively need to be recognized when recruiting young people. Three respondents even mentioned that candidates possessing a migrant background (carrying foreign cultural expertise) should intensively be focused in order to easily get “cultural awareness” through the labour market. However, one



respondent showed a rather critical position saying that at the moment of recruiting someone it is not clear where and what kind of a military operation in the future will take place. Furthermore, the same interviewee considered it quite difficult to test the “cultural awareness” of young people at the age of 17-20. All respondents in turn agreed considering the necessity to prepare and train the soldiers right before the military mission to obtain the knowledge about the respective (foreign) culture (as already practiced).

***Q2: Would you consider a psychological toughness, regarding (potential) soldiers, as important? Has this changed?***

#### **Q2 HUN Respondents**

Considering this question all respondents agreed about the importance to possess a psychological toughness. One interviewee argued that this ability is particularly important due to the increased potential of an asymmetric and therewith psychologically more demanding warfare. The relevance of this topic is also underlined by the fact that the HDF introduced a psychological test in 2004 in order to analyze the mental ability of (potential) soldiers. In doing so not only the mental strength is analyzed but also the physical condition is checked (respectively the combination of both).

#### **Q2 DEU Respondents**

All interviewees agreed that a psychological toughness of soldiers is necessary in order to fulfil the respective tasks effectively particularly in crisis situations. This demand appears especially important in comparison with other professions. All other skills again rest on a certain psychological toughness. For two respondents particularly the interplay between deadly dullness and rapidly appearing stress represents the biggest mental challenge. In contrast to a conventional war perhaps one is not as rapidly mentally ready today. Another respondent described the biggest mental challenge with the fact that most of the military missions today take place in a seemingly peaceful environment (like observer missions under the frame of a UN

mandate). However some respondents demanded an increased training in leadership focusing psychological challenges. Another interviewee mentioned that not only a psychological toughness is essential but also a psychological empathy e.g. for the analysis and work with conflicting parties. One respondent mentioned a fundamental new aspect considering psychological toughness of soldiers. In past (potential) military conflicts (for instance during the Cold War) soldiers *and* usually civilians (from a German perspective) would have been affected. Today normally the soldier acts in a mission far away from the home country. Back there, the normal life although continues. Considering the personality and the psychological capacity for many soldiers this appears as enormously difficult.

***Q3: Do you think that due to an increased sophisticated military technology a minimum of IT-affinity should be required for future soldiers? Which areas are particularly affected?***

### **Q3 HUN Respondents**

Considering this question all interviewees agreed that a minimum of IT-affinity is necessary. However, one respondent considered this topic as a more future-related task connected to the planned “Digital Soldier Equipment System”. A further interviewee considered this topic rather as an officers` subject. Another respondent argued that IT-skills are essential anyway today – not only considering command and control of the military but also regarding the everyday communication and information of the soldiers. .

### **Q3 DEU Respondents**

Considering this question, the answers of the interviewees differed. One half of the respondents considered it as necessary to intensively recognize the IT-skills during recruiting, based on the fact of an increased sophisticated military technology. However, one respondent distinguished between the personnel that serve in a rather administrative environment and the soldiers that operate in a combat respectively technical area. Beyond that, another respondent added that easy tasks like guarding

are more and more outsourced with the consequence that only specialized tasks remain in the military. That again leads to the situation that a change between different areas of duty increasingly gets difficult. The second half of the respondents mentioned that a testing of IT-skills during recruiting is not necessary at all, due to the fact that the young people bring their IT-expertise with them anyway. Considering young people those interviewees regard IT-knowledge rather as “a given”. One respondent even mentioned that this topic should be focused the other way around. Military technology should be as easy to handle that every person is able to use it in a conflict / crisis situation. Military technology mustn't be that complicated that in a conflict / crisis situation nobody knows how to operate it.

## **Findings Section 2 “Civil organizations vs. military organizations”**

***Q4: Would an increased remuneration of military employees have a positive effect on the military's image as an employer? Which (additional) drivers could have a positive impact?***

### **Q4 HUN Respondents**

Regarding that question all respondents agreed that an increased remuneration of the soldiers would lead to a positive effect on the HDF's image as an employer. One interviewee explained this by the impression that higher wages mean a higher level of appreciation, which in turn has a positive impact on the organizational attractiveness. Another respondent even argued that many people think of becoming a soldier although the bad remuneration hinders them in finally realizing this aim.

### **Q4 DEU Respondents**

In answering this question all respondents agreed that an increased remuneration would not lead to a bettered image of the military. However all said that an increased remuneration would lead to a higher number of applicants. Furthermore the interviewees agreed that the image could rather be increased through

measurements covering the areas of “compatibility of family and job” and by “politically well-explained operations”. Another respondent noted that accepted professional degrees would support a better image. Anyhow, all interviewees agreed that the Bundeswehr as an institution in the public appearance has no bad image. Rather general the profession as a soldier shows a negative picture influencing the German military’s image in turn. A position change among the German public would immediately affect the image of the military. Despite this all respondents agreed that an adequate pay is essential. One interviewee even mentioned that soldiers accept fewer remuneration because he / she is compensated through special immaterial values like symbols, uniforms, history, etc.

***Q5: Do you think that an increased marketing of the military’s “real assets” (like the organization’s social benefits) would have a positive effect on the organization’s public picture?***

#### **Q5 HUN Respondents**

Basically all respondents agreed that an increased marketing of the military’s “real assets” (like the organization’s social benefits) would have a positive effect on the organization’s image. However, one respondent answered that it is not the problem of a deficient marketing; rather it appears as a problem of an undersized military budget (in order to employ the necessary number of personnel). Anyhow, one interviewee stressed respectively justified the necessity in having strong social benefits due to the fact that soldiers (possibly) risk their life (for the home country).

#### **Q5 DEU Respondents**

Considering this question the interviewees did not answer with one voice. One respondent fully agreed with the statement that an increased marketing of the military’s real assets (like the organization’s social benefits) would have a positive effect on the institution’s public picture. He even described it as the organization’s “unique selling proposition”. Another interviewee negated this statement and compared the situation with the offers of the US Armed Forces that provide a lot

more social benefits than the German Armed Forces. A further interviewee position mentioned that the social benefits in civil (profit-oriented) organizations are even bigger than in the military. Furthermore the same respondent argued that the social benefits offered by the military primarily go to the soldiers' families (and not to the soldiers in a military mission). Anyhow, another interviewee said that the profession as a soldier for most of the young people in Germany is not compatible with the desire for a secure existence and a settled family life.

***Q6: Do you consider that transparent and clear career options would have a positive impact on the militaries appearance?***

#### **Q6 HUN Respondents**

All respondents agreed that transparent and clear career options would have a positive impact on the appearance of the HDF. One interviewee e.g. mentioned that a more transparent and predictable life cycle model would support a positive appearance of the HDF. Another respondent although criticized that the new career model for the HDF is not clear yet, and that detailed rules and procedures to implement the new model are still missing.

#### **Q6 DEU Respondents**

When answering this question all respondents basically agreed that the Bundeswehr already possesses transparent and clear career options, which has been proven through many surveys. The consequence out of this good assessment although is that there is almost no space for further transparency left. Anyhow, career promises in the past often were not kept due to structural changes (including severe personnel reductions). Those circumstances at those times often led to discontent among the respective persons. All respondents agreed that considering a clear expectancy management promises should only be made that can later be realized. Nonetheless, the illustration of career perspectives all respondents considered as essential in order to (further) motivate the employees and potential candidates.

### **Findings Section 3 “Benchmarking the HDF and the Bundeswehr – in terms of HR-Management”**

***Q7: Would an increased cooperation with civil institutions (including professional / academic degrees from the military which are (also) accepted in civil life) foster the organization’s attractiveness? Which areas would you think of?***

#### **Q7 HUN Respondents**

Considering that question most of the respondents agreed on the necessity to increase the cooperation with civil institutions, in order to foster the organization’s attractiveness. One interviewee even mentioned that this would not only be beneficial for the HDF from a recruiting perspective, but also in terms of marketing the organization as a whole. He argued that an increased cooperation with civil institutions also leads to an improved and more valid impression about the military’s work. A further respondent argued that the employer has a certain responsibility for the personnel’ future and therefore needs to offer adequate training possibilities (e.g. offered though an increased cooperation with civil institutions).

#### **Q7 DEU Respondents**

All respondents agreed considering the necessity about an increased cooperation with civil institutions (including professional/academic degrees from the military that are (also) accepted in civil life). Here all interviewees mentioned that the soldier should possess a higher (academic/professional) degree at the end of his/her service time than when entering the military. In addition all respondents agreed that the military must offer accepted degrees due to the fact that it competes about the best employees with other civil (e.g. profit oriented) organizations. One interviewee argued that the military must offer training options in order to have no disadvantages compared to civilian competitors on the labour market when re-entering the civil labour world. Ideally, the soldiers even should have advantages compared to the civilian competition. The same respondent argued that the Bundeswehr should aim to strengthen its profile through excellent training opportunities. For example should the Bundeswehr Universities try to become one of the leading universities in

Germany. Another respondent mentioned that the marketing and communication about the civil-military cooperation in the field of professional trainings should be fostered. A further statement was that this cooperation not only supports the affected persons, but also the respective organizations in terms of a knowledge exchange and therefore representing a win-win situation.

***Q8: Do you consider that an employees` suggestion / improvement program including financial incentives would raise the personnel` motivation? What factors should be realized?***

#### **Q8 HUN Respondents**

Regarding this question all interviewees agreed that an employees` suggestion / improvement program including financial incentives would raise the personnel` motivation. Although some respondents doubted that a realization of an employees` suggestion/improvement program in the HDF would take place in the near future. Anyhow, one respondent even considered a continuous improvement (program) as part of a life long learning.

#### **Q8 DEU Respondents**

Considering this question most of the interviewees agreed that an employees` suggestion/improvement program including financial incentives would raise the personnel` motivation. For example awards, realization of suggestions and a positive feedback by the superior (independently of the suggestion, if the suggestion is accepted or not), support the encouragement. One respondent argued that starting from a certain hierarchical level, superiors should be able to reward improvements financially. However, one interviewee questioned that an employees` suggestion/improvement program including financial incentives would raise the personnel` motivation. The effect of such programs is rather small. Anyhow, two respondents stated that meaningful structures that rather support than hinder you as well as reasonable felt work, are the greatest motivator for employees. Having in

mind the organization's goals, every employee should rather be able to develop his/her skills.

***Q9: Do you think that the military's brand should be connected to a (new) marketing slogan in order to foster the organization's attractiveness? Can one learn from the civil world?***

### **Q9 HUN Respondents**

Considering that question the respondents' answers differed. While some interviewees agreed that a new marketing slogan would foster the organization's attractiveness, another respondent considered that the HDF already today use changing slogans to increase their popularity. A named example is "Be part of the best". One interviewee suggested that the HDF should orientate the marketing slogan(s) to the military's history, due to its continuous link to prestige. Another respondent mentioned that a slogan must meet the therewith-connected expectations at any rate. In doing so, credibility and authenticity appear as decisive.

### **Q9 DEU Respondents**

This question was answered rather differently by the interviewees. The current slogan of the Bundeswehr "Wir dienen. Deutschland" ("We serve. Germany") two respondents really liked. One of those added that based on this slogan a discussion among the German society was generated that still keeps on going on many levels and the media. General agreement among the respondents although existed that with the slogan one shall distinguish oneself from others. Anyhow, another respondent suggested that the military should use statements of popular and merited military leaders as slogans. The same respondent, however, remarked that one will be measured by the slogan and therefore suggested to use a slogan on the regimental level than considering the entire Armed Forces. The possibility not to reach pre-defined targets appears high. A further interviewee answered quite similar, suggesting not using a slogan for the entire military but rather for a certain branch of



service (e.g. Air Transport Personnel, Mountain Troops, etc.). All respondents agreed that the slogan in any case must fulfil the personnel` expectations.

#### **Findings Section 4 “Employer Branding benefits”**

***Q10: Would an increased support of military families during the time of missions abroad raise the employees` commitment? Which objectives should be covered?***

##### **Q10 HUN Respondents**

Basically all respondents followed the statement that an increased support of the military families during the time of missions abroad raises the servicemen and women`s commitment. One interviewee for example argued that the fact about knowing the own family being well supported back home, largely helps to concentrate on the military mission`s tasks. Another respondent although mentioned that the HDF`s soldiers have less and less opportunity to participate in military operations abroad. Anyhow, all respondents agreed that the support of military families already today could be considered as successful.

##### **Q10 DEU Respondents**

Considering this question all interviewees agreed that the military should do everything to support the families of soldiers serving in a military mission (abroad). That includes the communication with the family members, for instance considering the latest up-to-date news about an assault (if the respective soldier was affected or not). Furthermore, it includes the support of families in the home country. One respondent mentioned the US Armed Forces as an example, where the families back home stay together as “one family” and exchange news or share fears. A further aspect that was mentioned is an optimal communication for instance via phone, e-mail etc. between the soldier abroad and his/her family back home. Anyhow one respondent was rather critical considering the current situation and demanded a fundamentally increased support of military families (not only during the time of being on a foreign mission). Named examples were the support for the partner

searching a job, house-hunting assistance, support in the search for a school, and childcare assistance.

***Q11: Would a forced communication of “military” characteristics (like “integrity”, “honesty”, “openness”) positively influence the organization’s presence? Which factors would you communicate?***

### **Q11 HUN Respondents**

Basically all respondents agreed that a forced communication of the HDF’s characteristics (like “integrity”, “honesty”, “openness”) would positively influence the organization’s perceptance. One interviewee mentioned that stable values and a strong culture are very important for the military. Another respondent although underlined that a positive campaign alone is not enough. Rather the than created expectations must be met. Another interviewee, who argued that those values need to be demonstrated in reality, in turn supported this.

### **Q11 DEU Respondents**

Regarding this question all respondents agreed on that communication needs to stress the special characteristics and military values. One interviewee answered that it is necessary to portray an image, which makes the candidate feel that several years in the military for the further life planning are beneficial for him / her. The characteristics of “Integrity”, “honesty” and “openness” were reviewed rather differently. While some of the respondents supported the contents of all phrases, one interviewee refused all of them. Instead, it was suggested to use the term “loyalty”. Anyhow, all respondents considered the communication issue as highly sensitive. First because one should always keep in mind, whom one wants to reach and second because reductions to a single phrase always contain a risk due to the loss of information. One respondent however answered that a communication following the American example wouldn’t be desirable. Another interviewee even stated, what should be communicated, namely that in the military everyone starts at the bottom line and everyone could reach the top. Military career advancement doesn’t depend

on connections. In addition the same respondent suggested to increasingly communicating the comradeship topic, because it is a military uniqueness. Even the relationship between the ordinary soldier and a high-ranking officer is based on comradeship.

***Q12: Would organizational initiatives like the possibility to make suggestions in order to reduce bureaucracy increase the employees' satisfaction? Can you give examples?***

### **Q12 HUN Respondents**

Basically all respondents agreed that organizational initiatives like the possibility to make suggestions in order to reduce bureaucracy, would increase the personnel' satisfaction. One interviewee explained that soldiers are trained (and ready) to fight in a military conflict, however they do not want to fight in a "paper war" characterized by bureaucracy. Nevertheless, one respondent answered that bureaucracy reduction basically appears as a positive effect except one thing: a therewith-connected loss of a workplace.

### **Q12 DEU Respondents**

All respondents agreed that organizational initiatives, like the possibility to make suggestions in order to reduce bureaucracy, would increase the personnel' satisfaction. Anyhow, one interviewee mentioned that a short process time and fast decisions are necessary when looking at military operations (abroad). Another respondent recommended an increased usage of IT to realize an IT-based workflow (e.g. considering travel and expenses management). A further interviewee even recommended a system of a continuous waste disposal in order to not generate bureaucracy at all (following the lean management principle).<sup>158</sup>

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<sup>158</sup> Lean Manufacturing is a management philosophy derived mostly from the Toyota Production System that considers the expenditure of resources for any goal other than the creation of value for the customer to be wasteful, and so a target for elimination.

### **3.4.4 Conclusion**

After having analyzed the theoretical structure and execution of an effective HR-Management, this chapter demonstrated the answers to the survey questions. Those in turn have delivered a high valuable inside look considering the HR-Management practice, respectively the current needs and therefore represent an intensive valuable input for this thesis especially for the development of the HDF` Employer Branding process. Although being different and multifaceted, these answers are recognized when analyzing the Critical Success Factors of Employer Branding in general and when designing the EB-model for the Hungarian Defence Forces in particular (*see chapter 5.3. “Critical Success Factors” and chapter 5.4. “Model Development and Applicability for the Hungarian Defence Forces”*).

## 4. Tendencies and Opportunities at the European Labour Market

### 4.1 Introduction

According to Elliot the market for labour can be considered as an analytical construction used to describe the context within the buyers and sellers of labour come together to determine the pricing and allocation of labour services.<sup>159</sup> In doing so, a distinction can be made between the external and the internal labour market concentrating either on the inner organizational sphere or on the outer organizational context. Labour itself can be considered as the aggregation of all physical and mental efforts inserted to create goods or services. Labour related topics like employees` rights or general work conditions are negotiated through the respective interest groups like trade unions (from the employee side) or employer representatives. The increasing globalization and interconnectedness of businesses and economies though leads to certain requirements that are increasingly demanded by the HR-Management departments of the respective organizations. Particularly in the fields of recruitment, commitment and development one can see an increased emphasis on intercultural competence considering the (future) workforce. Furthermore, technical changes and shorter product life cycles also have an influence on the selection of possible employees resulting in the demand for highly-qualified people. Discussing the labour market phrase one has to keep in mind though that there doesn't exist *the* labour market by which everything could be described. In addition, one cannot speak about the labour market as one homogeneous entity. Rather, there exist *many* and *different* labour markets categorized corresponding with their profession (like the labour market for IT-specialists or the labour market for lawyers, or the labour market for engineers – all differing from each other), their branch (e.g. the labour market of the automotive branch or the labour market of the chemical industry) or their region (respectively country).

Due to the fact that this dissertation focuses the applicability of Employer Branding in the HDF from a cross-national comparative perspective, it is meaningful to

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<sup>159</sup> See Elliot, R. F. (1991): Labour Economics: A comparative Text, McGraw-Hill, London, p. 4

review the Hungarian and the German (respectively the European) job market.<sup>160</sup> In doing so similarities and differences can be identified in order to present supportive experiences from countries abroad. Although recognizing that the impacts on each country are different, the single labour market approach can be abetting. Here the discussion process considering (big) labour market reforms could be positively influenced recognizing all relevant matters. Beyond that, mistakes in terms of inefficient improvement activities can be prevented.<sup>161</sup>

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<sup>160</sup> The phrase *job market* is synonymously utilized to describe the *labour market*.

<sup>161</sup> Eichhorst, Werner (2013); *Der Europäische Arbeitsmarkt – Erfolg durch Flexibilität und Mobilität*, in Konrad Adenauer Stiftung / Centre for European Studies, p. 5

## 4.2 General Trends

The European labour market is confronted with great challenges particularly due to a continuously increasing unemployment rate (since 2008) with over 25 million people being jobless.<sup>162</sup> The individual *national* job markets although develop differently. Here particularly the countries of Spain, Greece, Portugal and Italy have unemployment rates up to 21% combined with an extensive economic crisis. In contrast, countries like Germany, Austria, Luxemburg and the Netherlands have historically low numbers of unemployment, partly below five percent. Hungary in turn had a jobless rate of 11.8% in 2013.<sup>163</sup>

*General tendencies* again that have a strong impact on the European labour market are the change of values among the societies, the increasing individualization and the enforcing demand considering a well-balanced work life balance. The demographical development that contains a forecasted shortage of qualified employees as well as the challenge for aging employees to remain up-to-date qualified can be considered as relevant topics, too.

However, due to a continuous change in the employment and population structures, and based on an increasingly knowledge-based production order besides changing employment biographies, the previous labour market policies are decreasingly appropriate to save employment, to hinder unemployment and to protect people from social risks.<sup>164</sup>

Unemployment (not only in Europe) creates major damages for the respective society as well as for the individual. Degrees as well as practical knowledge that are not used for a longer time easily become obsolete. It takes professional perspectives away and hinders the social participation in (a performance oriented) society. At the same time, increasing expenditures for social services burden the (respective)

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<sup>162</sup> Ibid, p. 4

<sup>163</sup> It was 11.2% in 2010, 11.0% in 2011, and 11.9% in 2012; (See: OECD Economic Surveys Hungary, March 2012, p. 4).

<sup>164</sup> Zirra, Sascha / Preunkert, Jenny (2009): Die Europäisierung nationaler Arbeitsmarktreformen, in: Arbeitsmarkt und Sozialpolitik (Verlag für Sozialwissenschaften), Wiesbaden, p. 287

national economy and therefore decrease future growth perspectives and finally prosperity.<sup>165</sup>

Considering the unemployment rate among *young* people in Europe, the EU has recognized the necessity to solve this problem. Here 6 billion € are invested to build up the so-called "Employment initiative for young people" covering the years 2014 and 2015.<sup>166</sup>

The affected countries however have decided to take *different* ways to answer unemployment. For instance in southern Europe unemployment in the past was mainly fought with passive job market activities concentrating on the social support of the less productive employees and protecting the mainly male, well-qualified people. The consequence was that women or employees with minor qualifications often were excluded from an equal participation in the job market. This again led to a concentration of the costs for the social security system on fewer shoulders. Consequently, this approach can be considered as economically less efficient, difficult to be financed and socially decreasingly accepted.<sup>167</sup>

In 2003 the European Union presented a *new* approach through the *European Employment Strategy* (based on the founding strategy of 1994) particularly to better adapt the needs of an ageing population as well as to increase women's participation in the labour market. The two largest economies of Europe have chosen *different* ways though to fight unemployment. While in *Germany* the activation of *all* possible employees, including an improved federal employment service organization, was and still is the focus, *France* particularly concentrated on the assistance of the existing employment through financial aid (e.g. by supporting

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<sup>165</sup> Eichhorst, Werner (2013); Der Europäische Arbeitsmarkt – Erfolg durch Flexibilität und Mobilität, in Konrad Adenauer Stiftung / Centre for European Studies, Brussels, p. 4

<sup>166</sup> Fischer, Konrad / Haerder, Max / Wettach, Silke (2013): Taugt die duale Ausbildung zum Exportschlager? in: Wirtschaftswoche, 03.07.2013, wiwo.de

<sup>167</sup> Thereby, a very important role played the employment strategy of the OECD, which favoured a far reaching deregulation of the job markets as the solution for an increased employment (OECD 1994). Implicitly here the examples of the USA and Great Britain were suggested as worth while to copy. Less social security services and less-distinctive job protection in the past in these countries were connected with an increased dynamic on the job market (see Eichhorst, Werner (2013); Der Europäische Arbeitsmarkt – Erfolg durch Flexibilität und Mobilität, in Konrad Adenauer Stiftung / Centre for European Studies, Brussels, p. 9).



young people and migrants searching a job).<sup>168</sup> In doing so financially insecure situations should be avoided (in the future).<sup>169</sup> In the case of France the elements of the *European Employment Strategy* however only acted as an *inspiration* for potential future measures.<sup>170</sup> A higher employment rate in Europe can only be achieved through *structural reforms* (of the national economies respectively of the national labour markets).

The single appropriate approach though, every nation should decide independently, because of differing impacts and unequal structures. Those again can be seen particularly in the public welfare situation, the power and understanding of the social partners, as well as in the economic structure and culture of the respective society. The one and only way to improve a labour market (therefore) does not exist. However, successful (national) labour market reforms can be a positive example for other countries (of the European Union).<sup>171</sup>

Another possibility to reduce unemployment in the respective labour market could be the readiness of the European people to look for a job abroad.<sup>172</sup> Through an increased mobility of the employees, already in a short period of time, the problems of the crisis states could be minimized. Through every unemployed person finding a job abroad, the national jobless rate could decrease and the welfare state be relieved. At the same time the economy of the boom region would be supported and the shortage of skilled workers be minimized. The readiness to work somewhere else would not only foster the stability of the countries' economy in question but also support the option for the respective persons to obtain professional experience, to learn a foreign language and to get cultural knowledge.<sup>173</sup> *Flexibility* and *mobility* of the workforce as well as careful demands of the social partners can be considered as

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<sup>168</sup> Examples thereby are special integration activities.

<sup>169</sup> Zirra, Sascha / Preunkert, Jenny (2009): Die Europäisierung nationaler Arbeitsmarktreformenten, in: *Arbeitsmarkt und Sozialpolitik* (Verlag für Sozialwissenschaften), Wiesbaden, p. 301

<sup>170</sup> Furthermore, due to a powerful position of the trade unions in France, the protection against dismissal could not be liberated too.

<sup>171</sup> Eichhorst, Werner (2013); *Der Europäische Arbeitsmarkt – Erfolg durch Flexibilität und Mobilität*, in Konrad Adenauer Stiftung / Centre for European Studies, p. 4

<sup>172</sup> Ibid, p. 5

<sup>173</sup> Ibid.

the decisive factors for a prospering and economic strong European labour market though.<sup>174</sup>

In addition, employee expectations and commitment (in Europe) are changing. There is a clear challenge for organizations to understand how employee expectations and commitment do change:<sup>175</sup>

- **Indifference of staff is the cause of 68% customer defections**
- **80% of employees lack commitment to their work**
- **Only 5% of organizations have the trust of their works**
- **An undercurrent of tension is coming to the surface, made apparent by escalating workloads, increases in workplace conflict, bullying and job insecurity and the growing use of office politics**
- **Managers considering a move to a different organization want an opportunity to broaden their skills (53%), more challenging work (44%), greater appreciation (43%), more money (41%) and a better match between their own values and those of their organization (37%).**
- **88 % of managers want their organization to act socially and environmentally responsibly, for example, through respecting diversity.**

**Internal rivalry, hidden agendas, lack of trust and strained working relationships were rife in the workplace in 2002. Specifically:**

- **Lack of trust in organizations is acting as a barrier to high performance, resulting in inappropriate management styles, harassment, conflict, espoused but not practiced values and resistance to change**
- **The majority of employees feel less loyal to their employer than in the past and they are no longer prepared to put work ahead of everything else**
- **Work-life balance is becoming such an important issue for managers that many are prepared to downshift in order to gain more time for their out-of-work interests**
- **Of respondents, 67% claim their organization embraces diversity, though this often means they merely have an equal opportunity policy.**

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<sup>174</sup> Ibid.

<sup>175</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 139

What people expect from their employer changes. However, concluding the above, one can say that the high unemployment rate in Europe appears as (one of) the biggest economic challenges for the community.<sup>176</sup>

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<sup>176</sup> Eichhorst, Werner (2013); Der Europäische Arbeitsmarkt – Erfolg durch Flexibilität und Mobilität, in Konrad Adenauer Stiftung / Centre for European Studies, Brussels, p. 4

## 4.3 Hungary

### General situation

After a moderate economic growth in the past few years, a slight recession and a limited economic growth are expected for 2014. More or less in correlation with the current *economic* trend in Europe (in contrast to the overall negative labour market situation), the negative trend on the Hungarian job market slows down.<sup>177</sup> Risks and uncertainties however exist due to the delay regarding the credit negotiations with the international monetary fund. Here a possible crisis in monetary liquidity could increase the already high level of interests. This in turn would particularly hinder the medium sized companies to do investments. Nevertheless, Hungary is one of those European countries that are most affected by the economic crisis.

However, pessimistic economic growth expectations have a negative effect on the decrease of the high public debt. In addition, the increase of the value added tax from 25 to 27% as well as the widespread indebtedness of private Households prevents private consumption. Therefore, huge economic growth impulses currently are quite limited.

However, *Germany Trade and Invest* identifies the following sectors as *the* growth branches in Hungary:

- **Manufacturing**
- **Automobile**
- **Information and communication technology**
- **Environmental engineering**
- **Chemical.**

In those areas qualified employees, technicians and engineers could find excellent job perspectives. Particularly in the construction industry further job cuts will occur

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<sup>177</sup> Arbeitsmarkt in Ungarn, in Pester Lloyd, 29.05.2013, pesterlloyd.net

though. It can be considered as the most critical branch.<sup>178</sup> According to Eurostat, 30.7% of the Hungarian employees work in the industrial sector, 64.9% in the service sector and 4.4% in the agriculture sector.<sup>179</sup>

According to the statistical central office of the country 3.869 million people were employed in 2013, which means 1.2% respectively 58,000 more than in the year before.<sup>180</sup> However, the jobless rate of young people was 27.5% high.

In addition, at close to 18%, Hungary had the lowest employment rate of youth aged 15-24 in the OECD in 2010, where the corresponding (weighted average) was close to 40%.<sup>181</sup> Furthermore, almost 12% of those aged 20-24 and 16.5% of those between 25 and 29 were inactive or not in education (in 2009).<sup>182</sup> Considering the young people, Hungary therefore faces a double challenge: To avoid a further increase in the share of young people disconnected from the labour market and to reform the education system as well.<sup>183</sup>

### **Reasons for unemployment**

The Hungarian labour market strongly differs depending on the respective region, resulting in different employment rates. Areas with the lowest unemployment rates are Central Hungary (Közép-Magyarország) and the Western Trans-Danube area (Nyugar-Dunántúl). In contrast, the unemployment rate in the Northern Great Plain region (Észak-Alföld) as well as in Northern Hungary (Észak-Magyarország) appears as three times as big.

Another reason for the relatively low jobless rate in Hungary is the fact that the retirement entry age de facto has more and more decreased. This in turn is also caused by a high amount of older unemployed, who don't register at the federal employment administration. The same occurs for a high number of school graduates. A further reason for a relatively low unemployment rate is the large quantity of self-employed people. In comparison with other Central Eastern European Countries the

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<sup>178</sup> Ibid.

<sup>179</sup> Ibid.

<sup>180</sup> Ibid.

<sup>181</sup> Kierzenkowski, Rafael (2012): „Towards a More Inclusive Labour Market in Hungary“, in OECD Economic Department Working Papers, No. 960, OECD Publishing, p. 21

<sup>182</sup> Ibid.

<sup>183</sup> Ibid.

number of self-employed people in Hungary is rather high, which could be traced back to the fact that even in times of reform communism, an entrepreneurial spirit was highly developed.

As a consequence of the system change in 1990, more than a quarter of all jobs were cut back (until 1996). During that phase (of transformation) many privatizations and many company shutdowns occurred. Not till then foreign investments started. The rate of women participating in the Hungarian labour market is 48% though and therefore clearly below the rate of men (62%). In addition, the employment structure has changed in the last two years too. Two-thirds of all employees already work in the service sector. Thereby, part-time jobs exist quiet seldom, which makes it particularly for women difficult to harmonize private *and* working life. Another reason for the relatively low participation rate of women is the fact that mothers in Hungary enjoy a lot of privileges, with the consequence, that many of them stay away longer from the labour market. This in turn makes it difficult for them to effectively return. Beyond that, parents are generously supported by the Hungarian government through several social benefits, for instance by a child-raising allowance.<sup>184</sup>

Another consequence of the system change for the Hungarian labour market was the clearly decreased number of jobs for minor qualified people. Particularly in the industrial and in the agricultural sector, those jobs often disappeared still leading to many problems especially among the Roma population.

Considering the high-qualified people only a small number leaves the country compared to Poland or Romania. One reason for that is that the number of possible jobs for them in Hungary is relatively high. In addition, many formerly emigrated Hungarians return. A so-called Brain Drain therefore does not exist.

The employers' social security contributions in Hungary continue to be high, at 22% of the labour costs in 2010, against an OECD average of 14%. (Temporary) cuts in

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<sup>184</sup> This applies in case of not working until the 18. Month of life.

labour costs may also support job creations in the early stages of recovery and labour demand.<sup>185</sup>

According to the OECD, the government's contributions for instance through the "Start-program", providing subsidies for the employment of career-starters, have been widely increased. Besides, programs for parents returning to work after parental leave ("Start plus") and for older, low skilled or long-term unemployed ("Start extra") appear to be well targeted and therefore have been continued respectively replaced by a new program ("Start bonus").<sup>186</sup> The level of subsidies for the high-skilled youth more recently has been lowered though.

*"The rules of labour law are regulated in Act I of 2012 (Labour Code). The regulation is very similar to the labour laws of other European countries in that it has only minimum requirements as to the content of employment contracts. Employment contracts, modification and termination of employment must be incorporated in writing. Employment contracts are usually concluded for an indefinite period of time.*

*At the beginning of the employment relationship, the parties may specify a probationary period for a maximum of three months, or in case of a collective bargaining agreement for a maximum of six months. Employment contracts may also be signed for definite terms but the extension thereof requires the existence of the legitimate economic interest of the employer, and the period thereof may not exceed 5 years together with the extension of the contract.*

*Termination of employment is usually based on mutual agreement of the parties or a unilateral notice given by one of the parties. Note that the employer is required to provide a reason for its termination of the employee's contract and that the reason must be realistic and rational. Employees may terminate their employment by notice without the obligation to provide a reason. In case of termination with immediate effect, both the employer and the employee are required to provide a substantial and verified reason. Employees have a 30-day forfeit period for legal remedies if the reason provided for the termination with notice or with immediate effect is contrary*

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<sup>185</sup> Kierzenkowski, Rafael (2012): „Towards a More Inclusive Labour Market in Hungary“, in OECD Economic Department Working Papers, No. 960, OECD Publishing, p. 21

<sup>186</sup> Ibid, p. 11

*to the law.*<sup>187</sup>

Considering the remuneration, Hungary belongs to the countries having relatively low remunerations compared to other European countries. In contrast to the central regions of Hungary, in the North, South and East of the country one gets a decreased income. In Greater Budapest one gets the highest pay. Besides the personal qualification also the organization's size influences the remuneration height. Basically, the bigger the organization is the higher the income occurs.

### **Measures to fight unemployment**

Considering the official activities to fight unemployment in Hungary, the OECD suggests to shift from a “work first” to a “learn/train first” approach for those who have difficulty in finding a job and a low level of education. In addition, non-employed people are a heterogeneous group that requires a careful profiling (not only in Hungary).<sup>188</sup> According to the OECD, a threat of moderate benefit sanctions could strengthen the effectiveness of activation measures. The OECD furthermore states, that the recent tightening of eligibility conditions for unemployment benefits that have been cut to three months (against an OECD average of 15 months in 2010) and capped at the level of the minimum wage, may have negative social consequences when labour demand is weak.<sup>189</sup> That again could turn cyclical unemployment into structural, which would call for an extension of the duration of unemployment benefits.

The Hungarian authorities have put significant emphasis on direct job creation though through the public “Pathway to Work” program as a temporary substitute for insufficient labour demand. Targeting the long-term unemployment (more than

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<sup>187</sup> Even though the law has provisions for part-time employment and distance working (“home office”), these methods are not yet widely used. Regular working hours are 40 hours per week, Monday to Friday. Working time conditions (e.g. the ceiling) and extra payment for overtime are strictly regulated by the law. The annual paid holiday is 20 workdays, which increases with the age of the employee in categories with the maximum being 30 days. Pregnant women are entitled to 24 weeks of maternity leave. By the main rule (i.e. in the case of one healthy child), childcare benefit is available until the child reaches the age of 3. The labour law protects women on maternity leave and those receiving childcare benefit against regular termination of their employment. The age limit for the full old-age pension varies between 62 and 65 years depending on the date of birth (Labour Law, see EUGO Hungary, [eugo.gov.hu](http://eugo.gov.hu)).

<sup>188</sup> Kierzenkowski, Rafael (2012): „Towards a More Inclusive Labour Market in Hungary“, in OECD Economic Department Working Papers, No. 960, OECD Publishing, p. 12

<sup>189</sup> Ibid, p. 12



100,000 affected per year) it was introduced in early 2009 and updated in 2011 and 2012.<sup>190</sup> The aim is to identify those long-term unemployed who have the physical capability to work and second to financially support them depending on their participation in the program. Its content is essentially centred on low-skilled, low value-added jobs and manual tasks. Beyond that, even trainings to obtain a vocational qualification are offered to some participants. Empirical evidence although shows that various public work programs experimented in the past have failed to improve the employability of participants and to provide a foothold in the labour market.<sup>191</sup> Therefore, the effectiveness of the public works program should be fostered by providing significantly scaled up training and skill-upgrading services for participants in order to ease their transition to the *primary* labour market.

### **Significant Emigration**

*“Hungary has granted tens of thousands of passports to people in neighbouring countries, making them automatic citizens of the EU with all the advantages that brings. There are only two conditions - a direct ancestor who was a Hungarian citizen, and a basic knowledge of the language. While Romania and Slovakia are already in the EU, the value of a Hungarian passport is inestimable for a Serbian citizen. It is seen as a chance to escape the domestic economic crisis and - regardless of the EU's own deep unemployment - to live and work anywhere in the bloc.”*<sup>192</sup> Besides those new Hungarian citizens, who emigrate towards western Europe also a lot of people from the homeland emigrate particularly to Austria, Germany and Great Britain in order to find better options to work and earn money. *“It is a historical wave of emigration, which is currently spreading from Hungary. It is due to the deep economic and political crisis of the country.”*<sup>193</sup> However, exact figures on the current wave of emigration are unknown as many Hungarians when leaving the country continue to have the Hungarian residence. György Matolcsy, the former economy minister and appointed Fed chairman, estimates that *“half a million*

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<sup>190</sup> Ibid, p. 8

<sup>191</sup> Ibid.

<sup>192</sup> When it passed the new citizenship law, the Fidesz government in Hungary explained that the purpose was to give Hungarians around the world, and especially those in neighbouring countries, the chance to belong to the motherland again (See Thorpe, Nick (07.11.2013): Hungary creating new mass of EU citizens, in BBC News Europe).

<sup>193</sup> Csekö, Balazs (14.03.2013): Die stille Migration der Ungarn, in: daStandard.at

*workers*" are employed outside the Hungarian borders. According to calculations by the Hungarian Ministry of Economy 50,000 of them work in Austria.<sup>194</sup>

The consequence of that large migration movement although is that those people are missing on the Hungarian labour market.

Concluding the above – and despite all impacting factors – one can state that the Hungarian labour market is slowly turning into a positive trend particularly due to severe efforts of the government and synonymously to the overall national economic development.

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<sup>194</sup> Ibid.

## 4.4 Germany

For decades the German labour market was characterized by a severe structural unemployment including long-time unemployed people. For a longer period of time institutional rigidities at the job market as well as a too expensive social security system were considered to hinder the competitiveness of the national economy. In addition, due to strong entrance barriers, the employment of minor qualified persons was low. Germany was even considered as the “sick man of the Euro” from inside as well as from outside the country.<sup>195</sup>

In the middle of the two thousands a reform-oriented change started though. Since then the German labour market has intensively turned into a best practice example for other countries.<sup>196</sup> Although having a difficult economic surrounding it was realized to reduce the unemployment rate for 50%.<sup>197</sup> Following the example of foreign success stories, the German reform process however created its own way.<sup>198</sup> Particularly the Anglo-Saxon model that is characterized by a less comfortable social system and a minimized job security, as well as the so-called “Flexicurity” model represented the examples. The “Flexicurity” model in turn is characterized by a sound welfare state in combination with a strongly activated labour market policy including increased sanctions, respectively financial services based on target agreements, besides monitoring the job search. Particularly in Great Britain, Denmark, Switzerland and the Netherlands the “Flexicurity” model was a success story.<sup>199</sup>

The German reform package that included the 2002 and 2005 initialized “Hartz-reforms” as well as the “Agenda 2010” mainly focused the *activation* of unemployed people as well as the *flexibility* of the labour market.<sup>200</sup> For example the monetary transfer services of social expenditures were reduced through a reduction

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<sup>195</sup> See Germany’s labour market Wunderreform, in The Economist, 16.03.2013

<sup>196</sup> Eichhorst, Werner (2013); Der Europäische Arbeitsmarkt – Erfolg durch Flexibilität und Mobilität, in Konrad Adenauer Stiftung / Centre for European Studies, p. 8

<sup>197</sup> Ibid.

<sup>198</sup> Ibid.

<sup>199</sup> Ibid, p. 11

<sup>200</sup> Ibid.

of the benefit time. Furthermore, the (previously separate) “jobless payment” and the “social security payment” were put together. Additionally, the public assistance for people searching a job was intensified and the federal employment agency covering several labour market instruments was reformed including the formulation and implementation of demands from the receiver of monetary social transfer services. This for instance contained (as part of the active job search activities) the duty to accept appropriate job offers.<sup>201</sup> The reform of the social security system has only partly been realized though, because the more qualified workers still benefit the most (from the modernized federal employment agency). In contrast, the situation of the minor qualified people has not really changed. Here, reforms rather reproduced the education specific segmentation (of the labour market).<sup>202</sup> However, this reform process was even covered by the *European Employment Strategy*.

Today the German labour market can be considered as more liberal than before, although being more effective.<sup>203</sup> One example for this development is the possibility of temporary employment that in turn is controversially discussed (until today). On the one hand the temporary employment enables many unemployed an entrance into the regular labour market; and it has increased the competitiveness of the German economy due to an increased flexibility on the employers` side. In doing so, the employer can easily (temporary) employ or when necessary lay off people based on the actual economic situation, respectively the concrete demand. On the other hand, the placement of temporary employed people into regular jobs still is limited. In addition, cost-sensitive areas, like the services branch, intensively utilize the possibility of temporary employment. In this case those “Minijobs” mostly don’t offer big careers or a huge remuneration though. Here, the temporary employment rather often appears as employee exploiting.

One barrier to a real *placement* into the regular job market still is the fact that a temporary employee hasn’t the same rights as a permanent employee. In addition, newly created labour agreements and the possibility to be sent into almost any

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<sup>201</sup> Ibid.

<sup>202</sup> Zirra, Sascha / Preunkert, Jenny (2009): Die Europäisierung nationaler Arbeitsmarktreformen, in: *Arbeitsmarkt und Sozialpolitik* (Verlag für Sozialwissenschaften), Wiesbaden, p. 307

<sup>203</sup> Ibid, p. 12

business foster the creation of income structures below the standard wages. The temporary employment in many branches is used as an enduring instrument of flexibility or even to generally reduce the income. In most cases it is not used as a recruiting-instrument considering a permanent employment.

Concluding this, one can say that the temporary employment only appears as a limited-appropriate instrument for unemployed to change into the regular job market, respectively into a regular employment.

Another example for the more liberal labour market in Germany is the increased support of self-employment activities in various fields.<sup>204</sup> For example, the existing barriers considering self-employed handcraft jobs were broken up. Here, one now is able to found a company without a master craftsman's diploma. In other areas, the definition of a *self-employed* job in contrast to an *employed job* was released. In addition, the possibilities to employ timely limited employees for newly founded companies were widened.<sup>205</sup>

Considering the educational development among German companies it can be stated that they invest about 27 billion € every year for the training of their own (junior) employees. The so-called “dual training” in Germany can be considered as an additional example for the European labour market – worthwhile to copy – as stated by the British Economist.<sup>206</sup>

In Germany the working hour costs 30€ though, which represents number seven in the EU-ranking among the 27 EU-countries. A huge difference again can be stated between the industry and the services branch. In the industry the working hour costs 34€, and in the service sector the working hour amounts to 27€. The reason is that

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<sup>204</sup> Ibid.

<sup>205</sup> Ibid.

<sup>206</sup> Ibid.

the so-called low wages jobs are primarily located in the service sector, whereas the industry still pays standard wages.<sup>207</sup>

Anyhow, the *European Commission* constitutes four *trends* that are responsible for the changing labour situation in Germany: Sustainability, feminization (caused by the increased participation of women), individualization and the value change of people younger than 35. For those, a sound work–life-balance has an important meaning. The social change of values though strengthens the thinking in sustainability-categories. In doing so the scepticism against conventional economic growth thinking is fostered and making a career appears not as the ultimate professional goal anymore.

Another severe tendency in the German labour market is the demographical development. Considering the average age of its population it can be stated that Germany possesses the second oldest population in Europe and the third oldest of the world; meanwhile 21% are over 64 years of age and a near baby boom is not expected. The problem is well known though. The Germans get fewer children and become older. In addition, already today, a skills-shortage particularly in technical, engineering and medical jobs exists. Therefore, the development and mobilization of *all possible* employees is necessary. This particularly means an increased focus on the education of younger people, as well as the participation of women and older people. Considering women, enhancing child-care options and flexible working times need to be increased.

Another therewith-connected reform area is the employment of older employees. This has increasingly been focused in the last years, however mainly concentrating on improved possibilities of early retirement (focusing the jobless insurance and the retirement system). In doing so, Germany has reacted sooner and more consequent than other countries.<sup>208</sup> Here, the retirement entry age has been increased from 65 to 67 (also due to the increasing life expectancy). Without any further support the

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<sup>207</sup> Fischer, Konrad / Haerder, Max / Wettach, Silke (2013): Taugt die duale Ausbildung zum Exportschlager? in: Wirtschaftswoche, 03.07.2013, wiwo.de

<sup>208</sup> Eichhorst, Werner (2013); Der Europäische Arbeitsmarkt – Erfolg durch Flexibilität und Mobilität, in Konrad Adenauer Stiftung / Centre for European Studies, Brussels, p. 23

number of employed people in Germany will decrease by about 5.5 million people (12 %) until 2030. If the retirement entry age won't rise any further, the number of potential employees would even decrease by another half a million.

This development should keep on going towards a more flexible retirement entry age, depending on the respective branch or the entire time of a working life (following the example of Finland). A longer working life also means an age related design of work places and a systematic training of (older) employees. Some examples for that one can find in companies in Germany. However, those are more frequently realized in Austria and Scandinavia.<sup>209</sup> Particularly affecting the employers, the demographical development makes clear that the employer market will change into an employee market.

The integration of long-time jobless people as well as of minor-qualified persons should be increasingly recognized too. Here, programs fostering activity and qualification should be focused. Still one can say that most of the vacant positions are successfully filled although in some cases the recruiting process takes longer than before. A basic school and professional education is essential for young people in order to enter the German job market (particularly when aiming for a permanent job).

Germany represents a good example in mastering an economic crisis (like the last one) because it has kept the employment rate on a solid level, even reaching an all time high today (since reunification).<sup>210</sup> Through flexible working time models and the reformed instrument of short time work, most of the employees could keep their jobs during the crisis.<sup>211</sup> The critical success factors for the competitiveness of the German economy during and after the crisis though can be considered as the modernization and flexibility of labour agreements and a long lasting retention, considering salaries (negotiated by the employers' and employees' representatives).<sup>212</sup> Germany has found its own, successful labour market approach to master the challenges of globalization. However, even when those measures work

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<sup>209</sup> Ibid.

<sup>210</sup> Ibid, p. 19

<sup>211</sup> Ibid.

<sup>212</sup> Ibid.

in Germany, they cannot be adopted one-on-one by other countries. The German experiences though could help the European partners to find their own way in reforming the national labour market.



## **4.5 Result**

This chapter has demonstrated the economic situation in Europe including its differing circumstances. Particularly the labour market condition, which has been identified as Europe's biggest economic challenge, varies from country to country. Hungary and Germany though have initialized several substantial labour market initiatives to foster the general economic situation and to reduce unemployment. Both countries are affected by similar challenges like the impacts of a decreasing population rate, which intensively needs to be answered in an effective way. In doing so, possible options here would be an increased migration (of qualified employees) or an intensified participation of women respectively of older people in the labour market.

Those considerations apply to the HDF and the Bundeswehr as well. Here, one also should increasingly consider the above named groups as (additional) target groups for the military service. In doing so, Employer Branding could help representing the militaries as an employer of choice.

## 5. Employer Branding – theoretical and empirical Findings

### 5.1 Literature Review

At the beginning of this chapter it is meaningful to elaborate the term “branding” respectively its impact and significance on organizations and people in order to better understand the origin of “Employer Branding”. Considering the term “Brand” it can be stated that there exist many (different) definitions, from which the most important approaches and discussions shall be analyzed in the following. The American Marketing Association (AMA) as the leading organization for marketers defines a Brand as “a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of a competitor”.<sup>213</sup> Some other definitions in contrast stress the profitability character like offered by Ray, who define a Brand as “a relationship that secures future earnings by creating customer loyalty”.<sup>214</sup> Further experts on Brands De Chernatony and McDonald even say that the really successful organizations adopt a holistic perspective by regarding their Brand as a “strategic instrument”. In other words, organizations in doing so analyze the forces that can influence the returns of their Brand, identify a position for it that stresses the unique advantages and defend this position against competitors.<sup>215</sup> This also includes that an effective Brand can be very beneficial for long-term success. According to Upshaw, the two most crucial variables that dictate a brand’s *identity* are how a Brand is positioned within the minds of consumers and the living personality of the Brand.<sup>216</sup> Beyond that, Roth specifies a Brand *image* as the meaning that people develop about a Brand as a result of the organization’s marketing activities.<sup>217</sup> A Brand *association* again is anything linking to memorize a Brand; it can be a key

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<sup>213</sup> The American Marketing Association was established in 1937; see [marketingpower.com](http://marketingpower.com)

<sup>214</sup> See Ray, Carolyn (6 June 2005): Integrated Brand Communications: A powerful new paradigm, in: [brandchannel.com](http://brandchannel.com)

<sup>215</sup> De Chernatony, Leslie / McDonald, Malcom (1998): Brand Management, The Open University Business School, p. 280

<sup>216</sup> See Upshaw, Lynn B. / Taylor, Earl L. (2000): The Masterbrand Mandate: The Management Strategy that unifies Companies and multiplies Value, New York, p. 2

<sup>217</sup> Roth (1994): p. 495 Roth, M. S. (1995). Effects of global market conditions on brand image customization and brand performance. *Journal of Advertising*, 24(4), p. 55–72.

competitive advantage, provide credibility and confidence as explained by Keller.<sup>218</sup> Usually there exists a positive relationship between the knowledge one has about an organization and his/her relationship to the Brand in question. Using or working with a Brand in turn can be defined as “Branding”. Branding’s core however is differentiation; products are seen to be different because of their Brand.

Considering the practical use of Branding, it can be stated that consumers more and more not only desire “a good product”; they also want it to be produced by a “good organization”. Transmitting that into the HDF would mean that, the Hungarian public not only seeks a sound national security; the Hungarian public even expects a secure environment guaranteed by a professional and effective organization. Here, one can see that an effective Brand *Positioning* is decisive for the respective organization. Upshaw even says “*a Brand’s positioning is the compass of its identity, pointing it toward the place where it can leverage the most powering category in which it competes, and establish the most powerful leverage within the lives of its potential users.*”<sup>219</sup> He furthermore defines a Brand positioning as “*the part of the Brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands.*”<sup>220</sup> What all Brand approaches have in common although is the consumer’s “value added” aspect. Concluded by Aaker, a Brand can create value to an organization and its consumers in many ways like:<sup>221</sup>

- **Help process / retrieve information;**
- **Differentiate / position;**
- **Give a reason to buy;**
- **Create positive attitude / feelings; *and***
- **Enable a basis for extension.**

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<sup>218</sup> Keller, Kevin L. (1998): Strategic Brand Management, p. Building, Measuring and Managing Brand Equity, Upper Saddle River, New York, p. 595

<sup>219</sup> See Upshaw, Lynn B. / Taylor, Earl L. (2000): The Masterbrand Mandate: The Management Strategy that unifies Companies and multiplies Value, New York, p. 2

<sup>220</sup> Ibid.

<sup>221</sup> See Aaker, David A. (1995): Building strong Brands, New York: The Free Press, p. 257

This list includes, that Brands can help processing and interpreting facts, for instance when making a purchase decision or even when considering a potential future employer. Branding traditionally derives from the consumer market. However, there exist diverse successful brands in the non-profit area like the Red Cross or the THW.

The term “Employer Brand” respectively “Employer Branding”, entered the debate among experts in 1996 through the ground breaking article “The Employer Brand” by Tim Ambler, former professor at the London Business School, and Simon Barrow published in the Journal of Brand Management.<sup>222</sup> Caused by the skills shortage in many branches leading to a lamed economic growth, the need to effectively recruit people in the 1990s increased. Through possessing an (own) “Employer Brand”, organizations should be brought into the situation to master this challenge; they basically should be enabled to position themselves as an attractive organization *and* as an employer of choice. Here, the focus for the first time was not only put on building up a strong image, but also on developing the quality as an employer. In addition, Ambler and Barrow already at that time demonstrated the advantage of applied leadership principles referring to an Employer Brand.<sup>223</sup> Nevertheless, it needed about 10 years until Employer Branding, starting in 2006, began its triumphal procession and practice.

Today there exist many definitions of Employer Branding: Some are too short-sighted, some are not detailed enough, and others are appropriate. One of the most frequently used definitions in scientific works however is the following: “Employer Branding is an identity-based, internal as well as external effective development and positioning of an organization as an authentic and attractive employer.”<sup>224</sup> In addition, according to the Deutsche Employer Branding Academy, “*Employer Branding (even) increases the organizational business and the corporate Brand value; it always appears as an instrument of an integrated management and acts as*

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<sup>222</sup> See Ambler, Tim / Barrow, Simon (1996): The Employer Brand; Working Paper No. 96/902, August 1996, London Business School

<sup>223</sup> Ibid.

<sup>224</sup> Krieglner, Wolf Reiner (2012): Praxishandbuch Employer Branding, Freiburg/Germany, p. 23

*a guideline for the development of an increased Employer quality*".<sup>225</sup> Furthermore, following Kriegler, Employer Branding is present "when the relevant stakeholders have a predominantly consistent and differentiating image of the organization as an Employer". He continues, "The goal of Employer Branding is the creation of an Employer Brand."<sup>226</sup> However, "when talking about an Employer Brand, it should always be clear that it is not about a different Brand – the Employer Brand is part of the corporate Brand", Kriegler explains. Actually the term "Employer Brand" mustn't exist. In addition, following Zaman, "the Employer Brand establishes the identity of the organization as an employer. It encompasses the organization's values, systems, policies and behaviours toward the objectives of attracting, motivating and retaining the organization's current and potential employees."<sup>227</sup>

The "Deutsche Gesellschaft für Personalführung" in contrast argues, "the aim of Employer Branding is to create a differentiated, authentic, consistent and attractive Employer Brand that again has a positive impact on the corporate Brand."<sup>228</sup> Anyhow, Employer Branding directly targets the long-term optimization of employee recruitment, commitment and performance.

Considering the relationship of Employer Branding and HR-marketing, there exists a vivid discussion, too. Is HR-marketing part of Employer Branding or vice-versa? Which term is higher- or lower ranking? Which is more strategically and what is more operationally focused? In practice, both terms are increasingly synonymously utilized.<sup>229</sup> One of the most-common misunderstandings although is, that Employer Branding is equal to HR-marketing – it is not. Employer Branding fundamentally differs from HR-marketing just as branding from marketing; its creation touches far more fields of interest than marketing. Employer Branding particularly is a process of the organizational- and identity development, and only partly a marketing process.

Basically, one can distinguish between the *external* Employer Branding that has its focus outside the institution and the *internal* Employer Branding concentrating on the inner organization. The internal Employer Branding's target is to give the

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<sup>225</sup> Deutsche Employer Branding Academy, Berlin, 05.06.2008 (See employerbranding.org).

<sup>226</sup> Kriegler, Wolf Reiner (2012): Praxishandbuch Employer Branding, Freiburg/Germany, p. 27

<sup>227</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 161

<sup>228</sup> Deutsche Gesellschaft für Personalführung (2012): Die Arbeitgebermarke gestalten und im Personalmarketing umsetzen, Düsseldorf, p. 12

<sup>229</sup> Ibid.

(already existing) employees the relevant orientation that concentrates on an increased joint identity and understanding of values that create team spirit, loyalty and commitment. The external Employer Branding approach again tries to increase an attractive, differentiated and particularly authentic Employer Brand (focusing e.g. potential employees). Besides those two directions, one can state that Employer Branding features two perspectives: An employer- and an employee perspective.

Their tasks are (From the employer perspective)

- **To differentiate the own brand from the competition;**
- **To create a preference for candidates and employees on the basis of a precise benefit analysis; *and***
- **To build up strong entrance barriers for the competition through a strong emotional basis.**

(From the employee perspective)

- **To give support in the search for the right employer;**
- **To reduce information costs; *and***
- **To minimize the risk of quitting.**

Concluding the above, one can say that the scientific literature clearly names the benefits of Employer Branding.

### Positive impacts of Employer Branding

<b>Recruiting</b>	<b>Commitment</b>	<b>Corporate Culture</b>	<b>Corporate Branding</b>	<b>Performance</b>
<p><b>Increased employer's attractiveness</b></p> <p><b>Applicants' fitting enhanced (professional and cultural fit)</b></p> <p><b>Recruiting costs decreased</b></p>	<p><b>Employees' commitment increased</b></p> <p><b>Strengthened employee identification</b></p> <p><b>Know-how preservation</b></p> <p><b>Return on development increased</b></p> <p><b>Turnover costs reduced</b></p>	<p><b>Organizational values can be experienced</b></p> <p><b>Enhanced working atmosphere</b></p> <p><b>Number of ill staff reduced</b></p> <p><b>Enforced team spirit</b></p> <p><b>Effective internal communication</b></p>	<p><b>Strengthened organization's image</b></p> <p><b>Marketing synergies are developed</b></p>	<p><b>Enhanced quality of work results</b></p> <p><b>Increased employees' motivation</b></p> <p><b>Strengthened employees' loyalty</b></p> <p><b>Increased commitment considering the organization's goals</b></p> <p><b>Intensified self-responsibility (organization citizenship behaviour)</b></p> <p><b>Reduced leadership expenditure</b></p>

## **Corporate Reputation, Identity and Image**

In order not to leave out similar expressions (to Employer Branding) the meanings of *corporate reputation*, *identity* and *image* shall be explained in the following. *“Consultants, managers, and many academics use the terms corporate identity, corporate image, and corporate reputation interchangeably. It is important, however, to make a distinction between these three concepts. One of the most common mistakes that managers make is to change their organization’s identity symbols (and nothing else) in the hope that this will automatically improve the images and/or reputations people hold. Such an outcome seldom happens. The definitions given and the relationships between them, suggest why. These working definitions differ somewhat from the more formal definitions found in some recent academic papers. However they reflect the traditional origins of these concepts. Corporate identity helps people find or recognize an organization. This is extremely important when “high street visibility” is necessary. Corporate image is a set of beliefs and feelings about an organization. Corporate reputation is a value based construct. In effect, the individual’s corporate image is compared to his or her freestanding values about appropriate behaviour for this type of organization. Values are enduring beliefs that a specific mode of conduct or end-state of existence is personally or socially preferable to some other conduct or end-state.”*<sup>230</sup>

The respective working definitions are demonstrated in the following:<sup>231</sup>

- *Corporate Identity: the symbols and nomenclature an organization uses to identify itself to people (such as the corporate name, logo advertising slogan, livery etc.).*
- *Corporate Image: the global evaluation (comprised of a set of beliefs and feelings) a person has about an organization.*
- *Corporate Reputation: the attributed values (such as authenticity, honesty, responsibility, and integrity) evoked from the person’s corporate image.*

Considering the Hungarian Defence Forces, HR-management and recruiting in particular are conducted more or less successfully, although not recognizing the

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<sup>230</sup> Dowling, Grahame (2002): *Creating Corporate Reputations*, Oxford New York, p. 18

<sup>231</sup> Ibid.



entire features Employer Branding enables; here a further investigation focusing best practices appears as meaningful in order to learn from the other. Therefore, the following paragraph reviews the actual situation.

## 5.2 Lessons Learned and Best Practice

This paragraph shall elaborate what employers with regard to Employer Branding practice, respectively analyze, which expectations applicants considering a (possible) future employer have.

The German as well as the Hungarian economy are threatened by a skills shortage, particularly caused by the demographic factor. The employers including the HDF and the Bundeswehr recognize that they need to enhance their effort to fill the vacancies with adequate personnel.<sup>232</sup> The „War for Talents“ is not anymore just a slogan; the fight about adequate Human Resources is already ongoing (*see chapter 1.3.1.5. “War for Talent”*).<sup>233</sup> However, how do organizations react to that challenge? What are their answers? Basically, it can be stated that most employers do something in order to master the situation. A couple of organizations, however, has realized an effective Employer Branding, like Audi, BMW, Volkswagen, PricewaterhouseCoopers, Deutsche Bahn, Ernst&Young, AOK and Noerr LLP. Those organizations have been the winners of the so-called “trendence Employer Branding Award 2013” in the categories “best career advertisement”, “best appearance at job fairs”, “best college marketing”, “best career website”, “best social media impact”, “best student marketing” and “best Employer Branding in the field of law”.<sup>234</sup> Basis for the nomination among other things was the “trendence Graduate Barometer 2013”, Germany’s biggest Graduate survey covering 37,000 participants of over 130 colleges/universities in the country. Interestingly, at the “trendence Student Barometer 2013”, asking for the employer of choice, the Bundeswehr ranks no. 3.

According to Thomas Sattelberger, Head of Human Resources at the Deutsche Telekom, one of the biggest German corporations, “Employers are at the beginning of a new era, in which talent becomes more important than capital”. Following him, “organizations need to be more attractive by offering training and development

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<sup>232</sup> Since many years already, employers in Europe criticize the shortage of qualified employees, like engineers or IT-specialists.

<sup>233</sup> Meyer, Anke-Sophie (2011): Firmen müssen an sich arbeiten (Interview with Wolf Reiner Kriegler), in: Karrierewelt (02.07.2011), p. 4

<sup>234</sup> Since 1999 trendence asks young talents about their employers of choice and their career plans. More than 50,000 students, graduates and young professionals annually participate in the surveys (See trendence.com).

times.” At the Telekom employees can enhance their career by qualifying themselves in and outside the job for instance through completing Master- or Bachelor studies.<sup>235</sup> Some institutions even invite their applicants for a skiing trip; others are very generous with gifts. Overall it can be stated that investments (e.g. in the quality of the working environment) to increase the attractiveness as an employer are necessary.

According to Kriegler though, the demonstrated efforts of the employers are not enough: Good career opportunities, flexible working hours, as well as soft and cultural drivers are important, too. Following him, many organizations haven't found out yet, what the decisive factors exactly are.<sup>236</sup> When organizations try to present their uniqueness, they too often confine themselves to traditional diversity categories – gender, race, age, ethnicity, and the like.<sup>237</sup> Those efforts are laudable; however differences in perspectives, habits of mind, and core assumptions are at least the same important.<sup>238</sup>

Interestingly many organizations currently choose an “emotional” pitch of the voice in their advertisements. For instance, the German airline Lufthansa, in its promotion, tells to „BE Lufthansa“, and the consulting company McKinsey puts the focus in its Employer Branding campaign “passion wanted” on passion.

In addition, many organizations in practice recognize not only to focus future employees, but also the existing staff in order to increase their commitment or to prevent them from resigning. A further impacting factor is the age-related changing employee structure. “How can we make older employees feel comfortable?” asks an HR-manager of the Bayer AG. The chemistry giant urgently needs to ask this question, due to the fact, that one third of the employees are over 50 years of age; in 2020 it will be 57%.<sup>239</sup>

Concluding the above one can say that the complete personnel situation has changed: Organizations increasingly need to apply for the applicants now, in

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<sup>235</sup> Füller, Christian: Gehätschelte Mitarbeiter, nie waren sie so wertvoll wie heute, in Spiegel Online, 21. February 2012, [spiegel.de](http://spiegel.de)

<sup>236</sup> Meyer, Anke-Sophie (2011): Firmen müssen an sich arbeiten (Interview with Wolf Reiner Kriegler), in: *Karrierewelt* (02.07.2011), p. 4

<sup>237</sup> Goffee, Rob / Jones, Gareth (2013): Creating the Best Workplace on Earth; in: *Harvard Business Review*, May 2013, p. 101

<sup>238</sup> Ibid.

<sup>239</sup> Füller, Christian: Gehätschelte Mitarbeiter, nie waren sie so wertvoll wie heute, in Spiegel Online, 21. February 2012, [spiegel.de](http://spiegel.de)

contrast to the situation in the past.<sup>240</sup> According to Erickson and Gratton successful organizations understand not to be everything to everybody.<sup>241</sup> Those employers recognize that not all employees want the same things. An organization is successful in terms of getting and holding the right personnel when being attractive to them. This again means that different organizations attract different people. An organization cannot (be) attract(ive to) everybody.<sup>242</sup> Recruiting therefore should recognize that every candidate has individual needs considering a job.<sup>243</sup> In their aim to find and keep the best people on the market, many organizations try to copy compensation schemes, health care benefits, training programs and other talent-management practices. According to Erickson and Gratton, this strategy might bring the people to the front of the organization's door, but it is not the effective way to get the right people. *"The right people are passionate and enthusiastic about their work and very loyal to the organization and its mission."*<sup>244</sup>

However, what do applicants expect from a (possible) future employer in practice? According to Goffee and Jones, people want to do good work and to feel that they matter in an organization. *"They want to work in a place that emphasizes their strengths, not their weaknesses."*<sup>245</sup> Furthermore, they say employees expect the organization to be *"coherent, honest, and open"*.<sup>246</sup> It is necessary to tell what it means to work at the organization, to tell the values and attributes of the organization, and to describe what makes the organization unique.<sup>247</sup> Following Erickson and Gratton again *"a realization of these objectives creates the foundation for highly productive employee-employer relationships."*<sup>248</sup> Considering the candidates' perspective, a convenient organizational atmosphere and an interesting job content appears as most desirable. For students – in addition – job security, good career opportunities and a sound pay are relevant when talking about employers of choice. The organizational size though for most candidates is not that important. In

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<sup>240</sup> Meyer, Anke-Sophie (2011): Firmen müssen an sich arbeiten (Interview with Wolf Reiner Kriegler), in: Karrierewelt (02.07.2011), p. 4

<sup>241</sup> Erickson, Tamara J. / Gratton, Lynda (2008): What it means to work here, in: Harvard Business Review on Talent Management, Boston, Massachusetts / USA, p. 2

<sup>242</sup> Ibid, p. 3

<sup>243</sup> Ibid, p. 12

<sup>244</sup> Ibid, p. 2

<sup>245</sup> Goffee, Rob / Jones, Gareth (2013): Creating the Best Workplace on Earth; in: Harvard Business Review, May 2013, p. 106

<sup>246</sup> Ibid.

<sup>247</sup> Ibid.

<sup>248</sup> Erickson, Tamara J. / Gratton, Lynda (2008): What it means to work here, in: Harvard Business Review on Talent Management, Boston, Massachusetts/USA, p. 4

addition the location of the organization for many applicants is not decisive either. Erickson and Gratton categorized workers into different segments on the basis of why and how they like to work. *“Some care deeply about the social connections and friendships formed in the workplace, for instance. Others just want to make as much money with as much flexibility and as little commitment as possible. Some have an appetite for risk. Others crave the steadiness of a well structured, long-term climb up the career ladder.”*<sup>249</sup> According to a scientific study by Goffee and Jones again, the response from hundreds of executives all over the world (to the question, how their dream organization should be characterized) was:<sup>250</sup>

- **You can be yourself;**
- **You are told what’s really going on;**
- **Your strengths are magnified;**
- **The organization stands for something meaningful;**
- **Your daily work is rewarding; and**
- **Stupid rules don’t exist.**

Those demands seem like common sense, but few organizations exemplify all six. Some of the attributes conflict and many are complicated, costly or time-consuming to implement.<sup>251</sup> Thus the list stands as a challenge. Following the two scientists *“it’s an agenda for organizations that aim to create the most productive and rewarding working environment possible”*.<sup>252</sup> That goal also applies for the Hungarian Defence Forces and the Bundeswehr. Therefore it is worth-while to keep those answers in mind for further considerations regarding the attractiveness of the own organization.

Overall one can conclude that most organizations in practice have recognized the necessity to increase their attractiveness due to the demographic impact, respectively because of an increased competition. Some organizations have reacted appropriately

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<sup>249</sup> Ibid, p. 10

<sup>250</sup> Goffee, Rob / Jones, Gareth (2013): Creating the Best Workplace on Earth; in: Harvard Business Review, May 2013, p. 100

<sup>251</sup> Ibid, p. 101

<sup>252</sup> Ibid.

realizing an effective Employer Branding; and others have not. Accordingly, it appears as necessary to demonstrate how an effective Employer Branding is realized and what its critical success factors are.

## 5.3 Critical Success Factors

CSF can be considered as components that determine whether an objective develops successfully or not. The identification, respectively recognition of these issues, thus appears as necessary not only for an effective Employer Branding. Considering the literature as well as practical examples, the following topics can be regarded as the determining factors for a successful realization of a powerful Employer Branding:

- **Knowledge of the corporate strategy;**
- **Identification of the desired image;**
- **Integration of the top-management from the beginning;**
- **Building-up and implementation of an Employer Value Proposition (including a competitor analysis);**
- **Configuration and realization of a benefit package;**
- **Comprehensively-executed communication;**
- **Being authentic: Live your Brand – internal and external; *and***
- **Measuring of the critical success factors.**

Those issues shall be presented, respectively analyzed, in the following not only to demonstrate their importance in detail, but also to enable a guideline for further planning. Beyond that, a list of the most common failures and misunderstandings about Employer Branding shall be presented in order to prevent the user from doing that.

### **5.3.1 Knowledge of the corporate Strategy**

The corporate strategy describes the organization's long-term perspective, considering its purpose, respectively goals. The organization's impacting internal and external factors that need to be analyzed constantly influence it. The corporate strategy therefore needs to be (re)aligned from time to time. It can be considered as the Employer Branding's framework. Changes in the corporate strategy accordingly have an impact on the elements of Employer Branding. For example, if the corporate strategy becomes more internationally, than the required personnel would need to have (for instance) further language skills. That again would affect the focused target group, respectively the appropriate communication (channels). Concluding that means knowing the corporate strategy is essential for the organizational success.



### 5.3.2 Identification of the desired Image

Basically, here again, the so-called SMART mnemonic (*see chapter 1.2.2.4. "Performance Management"*) applies giving criteria in the setting of an objective. The desired picture of the organization (therefore being *specific, measurable, attainable, relevant and time-bound*) represents the desired status considering how the employer wants to be recognized. An analysis about the organization's respectively about the HR-management's *strengths* and *weaknesses* can be supportive. Anyhow, the desired image of the employer mirrors the organization's current quality at least, usually although the desired picture differs from the current perception of the organization, due to the fact that its environment continuously changes. *"When an organization builds its desired image from the inside out, that is on its values, policies, capabilities, commitments to stakeholders, and culture, it has an opportunity to present itself as authentic, concerned, unique, reliable, honest, and trustworthy. Because these values are also widely held personal values, an image designed on these foundations can be easily built up into a good corporate reputation or brand. Also this is the only option for many organizations. Consider a Light & Power organization."*<sup>253</sup>

In addition, it is meaningful to define, what the employer *not* wants to be. Once a desired image has been identified, it should be continuously checked against the current situation.

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<sup>253</sup> Dowling, Grahame (2002): *Creating Corporate Reputations*, Oxford New York, p. 61

### **5.3.3 Integration of the Top-Management from the Beginning**

Being supported by the top-management from the beginning is decisive. By that, the topic is addressed as “important”; eventual resistance in the organization can be overridden. Anyhow, “normal” resistance against anything new can happen. Beyond the top-management’s integration, Employer Branding should also be understood as a cross-sectional task. The then created network appears as fruitful, leading to new perceptions and budget synergies, from those the brand can only profit. A round table should bring together the relevant fields of reference like Human Resources, Public Relations and the organization’s top management. If this support is missing, any Employer Branding approach will find its end sooner or later.

### **5.3.4 Employer Value Proposition**

The EVP can be considered as the heart of the Employer Branding process because through creating it, the Employer's uniqueness can clearly be demonstrated. At the same time it is necessary to consider possible predefined structures and future demands of the organization. The organizational culture, besides a competitor analysis, should be reviewed too. Due to their importance for the EVP, those objectives shall be focused in detail in the following.

#### ***Predefined Structures***

Considering predefined structures and processes, for instance to find, recruit and to train employees, it should be checked, how far they reflect the image as an employer that one wants to communicate. In doing so, relevant process groups need to be analyzed. Examples for process groups are

#### **External oriented:**

- **HR-marketing**
- **Applicants selection**
- **Recruiting**

#### **Internal oriented:**

- **Appraisal**
- **Design of work environment**
- **HR-development**
- **Pay and incentives**
- **Employment of staff**
- **Succession planning**
- **Turn-over**
- **Reporting**

Eventually the quality of those groups needs to be adjusted, aligning them towards the aspired public perception.

### ***Organizational Future Demands***

Strongly connected to the desired public perception are organizational future demands, due to the fact that an organizational strategic direction is usually planned for a longer time. Here, it is essential to conduct a qualitative and a quantitative analysis of the current situation to identify the gap between future targets and actual figures. The following objectives could act as a guideline in the process:

- **Number of hired personnel (for instance considering professional experience, age, position etc.)**
- **Demographical aspects of the employees (age, gender, etc.)**
- **Future demand of the organization (degree of experience and relevant training)**
- **Knowledge considering deficient qualification: e.g. key and bottleneck qualifications**
- **Personnel tasks and functions in combination with personality types and characteristics**
- **Internal exchange between business units**

Having analyzed those factors, eventually new core areas can be identified, respectively focused.

### ***Organizational Culture***

In addition to the above stated factors also the organizational culture has a remarkable significance for the creation of the EVP, because it always appears as individual and unique, and therefore presents an excellent opportunity to distinguish oneself from the competition. Organizational culture is expressed by different specifications – apparent and automatic, whereby only 10% of the employees`

behaviour is influenced by formal characteristics; informal, unconscious features again influence 90% of the employees' behaviour.<sup>254</sup>

### Attributes of organizational culture

Apparent and formal	Automatic and informal
<b>Policy guideline, vision, mission, statement</b> <b>Official values</b> <b>Rules, processes and structures</b> <b>Rituals</b> <b>Legends</b> <b>Ways of salutation or rewarding</b> <b>Phrases (e.g. in meetings)</b>	<b>Practiced values</b> <b>Attitudes and feelings</b> <b>Concealed rules and taboos</b> <b>Good manners</b> <b>System of relationships</b> <b>Patterns of thought</b>

To better understand the importance of a vision, respectively mission, as part of the organizational culture, Dowling describes it as follows: *“In every organization people have a vision, that is an ideal that represents or reflects the shared values to which the organization should aspire. It has no set time limit or use-by date, and it should have broad appeal to both internal and external stakeholders. Vision should also have a feel-good tone and purpose. (...) Mission, on the other hand, is more specific. James Collins and Jerry Porras suggest that a good corporate mission has three elements: (a) It should have a finishing line so that you know when you have achieved the goal, (b) it should be risky – attainable, but only with effort, and (c) to have a time limit, which should be short enough to be within the reach of present employees. A mission’s goals are often externally focused, sometimes on a competitor. As a way of communicating an important theme in the mission, some companies develop an internal slogan. For example, PepsiCo’s mission has long been simply to “beat Coke”. Sony sums up one of its mission goals with its internal slogan: “BMW – Beat Matsushita Whatsoever”. The Japanese earthmoving*

<sup>254</sup> Dowling, Grahame (2002): Creating Corporate Reputations, Oxford New York, p. 61

*equipment company Komatsu`s mission is to “Beat Caterpillar”. Every employee in PepsiCo, Sony, and Komatsu (and probably those of Coke, Matsushita, and Caterpillar) knows why they come to work each day.*

*Some organizations capture their vision and mission in a single formal document. This may be called a Vision Statement, Purpose Statement, Mission Statement, Credo, or Charter. The choice of title does not really matter – it is the substance, and in some cases the heritage, that is important.”<sup>255</sup>*

### ***Competitor Analysis***

Finally, when creating the Employer Value Proposition, the relevant competitors need to be analyzed too, first in terms of learning from the other and second considering a desired differentiation. In doing so, the following questions should be answered:

- **What is the core message of the competitor?**
- **How does the profile and differentiation quality of the core messages look like?**
- **What about the consistency and the creativity of the employer’s appearance?**
- **Which feedback is posted on the competitors’ evaluation platform?**

A successful EVP appears as the key for the organization to really bring its operational activities (HR-marketing, talent-management, recruiting, HR- and organizational development) into service.

Concluding the above analyzed objectives, it can be stated that a well-practiced Employer Value Proposition:

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<sup>255</sup> Dowling, Grahame (2002): Creating Corporate Reputations, Oxford New York, p. 69

- **Is always authentic, and therefore accepted by the majority of employees and by the management;**
- **Differentiates, one can distinguish the employer in the labour market from its competitors; and**
- **Is forward-looking, supports change in the organization and is forced by the top management.**<sup>256</sup>

In addition it shall be remarked that *“some major corporate brands such as Coca-Cola have suggested an emerging “return to first principles” – e.g. a re-focus on the true distinctiveness of offerings and the deployment of resources into areas that create genuine utility and therefore, differentiation. In other words, a narrowing of the gap between brand values and organizational values.”*<sup>257</sup>

The importance of a properly executed configuration and realization of a benefit package – in terms of being unique or at least better than the competition – shall be shown in the following.

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<sup>256</sup> Ibid.

<sup>257</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 24

### 5.3.5 Benefit Packages

The configuration respectively realization of a benefit package is a further important element considering an effective Employer Branding, because investments in employee benefits can create a high return for the entire organization. According to a survey by Spreitzer and Porath, happy employees produce more than unhappy ones in the long run; thriving employees are even “energized”.<sup>258</sup> Which kind of benefit might be appropriate depends on the individual situation of the employer. Is an organization, for instance, located in a metropolitan area, own parking lots or a job ticket would be an advantage. Is the employer difficult to reach with public transportation, travelling allowances would be rather appropriate. Particularly when having long distance approaches, flexible work conditions are meaningful. However, flexible working times, an organization’s kindergarten etc. are far more than just private pleasure. Employees who can arrange business and family life are motivated and committed and therefore more beneficial for the organization’s success.<sup>259</sup> In addition, Spreitzer and Porath, particularly consider “learning” as a key employee benefit. They describe it as a “growth that comes from gaining new knowledge and skills”, and “people who are developing their abilities are likely to believe in their potential for further growth.”<sup>260</sup>

The most-often discussed benefit topic although is the employee’s salary. Is it important or not? How high must it be to be happy? Of course the answers to it are individually different just as human beings are. But for all that, it can be said that money is not the ultimate driver for happy employees (anymore). Particularly, when considering an employer of choice, other factors like friendly colleagues respectively a welcome atmosphere (meanwhile) appear at least as important.

*“In a knowledge-based competitive environment, organizations must mobilize and motivate their employees` latent entrepreneurial talent, encourage them to bring forward innovative ideas and then see them through to launch. At the same time,*

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<sup>258</sup> Spreitzer, Gretchen / Porath, Christine (2012): Creating Sustainable Performance, in: Harvard Business Review, January-February 2012, p. 93

<sup>259</sup> Pilger, Nicole (2008): Strategisch vergüten: Employer Branding entwickelt sich zum zentralen Aufgabenfeld in den Personalabteilungen; in Personal: Zeitschrift für human resource Management. 60 (2008). No. 11, p. 8

<sup>260</sup> Spreitzer, Gretchen / Porath, Christine (2012): Creating Sustainable Performance, in: Harvard Business Review, January-February 2012, p. 94



*organizations must avoid distracting or de-motivating the core business. A key element of this is the management of reward systems which can build and bind internal and external reputation.*"<sup>261</sup>

According to Kriegler, an organization representing an effective Employer Brand doesn't need attractive salaries. Following him, an excellent example for an effective Employer Branding would be "an applicant who refuses a higher remunerated position at the competitor because he / she is committed to the own organization, or an applicant who refuses a company car because he/she has the certainty to gladly go to the own workplace everyday".<sup>262</sup> Despite those considerations, reasonable salaries and social benefits are of big importance to (potential) employees, leading to an increased identification with the organization. Employees who identify themselves with the employer are more performance oriented, loyal and productive and therewith a key for the organization's success. Once a benefit package has been created, it should be continuously checked, focusing the employees' expectations, respectively the organization's interests.<sup>263</sup>

Having demonstrated the necessity of a well-conducted configuration and realization of a benefit package, the significance of a comprehensively executed communication shall be demonstrated in the following.

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<sup>261</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 53

<sup>262</sup> Kriegler, Wolf Reiner (2012): Praxishandbuch Employer Branding, Freiburg/Germany, p. 125

<sup>263</sup> Spreitzer, Gretchen / Porath, Christine (2012): Creating Sustainable Performance, in: Harvard Business Review, January-February 2012, p. 94

### 5.3.6 Communication

A sound communication appears as another critical success factor relating to an effective Employer Branding; without informing the target groups right, even the best Employer Branding wouldn't be successful. Here, first of all, it is important, to conduct a wise, individual segmentation of the addressees, because different target groups can have diverse ways of communication, respectively their own style of getting informed. Many future employees for instance visit job-fairs or on-campus presentations for professional orientation. Internet based social networks in turn are primarily used by younger users; older people who already work for several years use social networks rather seldom.<sup>264</sup>

Anyhow, according to Zaman, *“despite the popular depiction of the Internet as a channel for commerce, the public views it mostly as a source of information and these uses continue to explain its popularity much more than its utility as a way to shop, bank or invest. Moreover people who use the Internet are becoming more conservative, visiting a smaller number of websites to get their information.*

*Building and maintaining trust is a fundamental part of any e-business strategy. Among e-business partners, trust is the product of each organization's history, reputation, track record and patterns of behaviour. Organizations that fail to assure third parties of the integrity, security and reliability of their business processes run a very real risk of failure. This is a point worth emphasizing as companies interact with consumers at unprecedented levels and across channels, such as e-mail, text chat, Voice over Internet Protocol, and multi-functional call centres, just to name a few.”*<sup>265</sup>

Basically, one distinguishes between the external and the internal communication (commonly called *external* and *internal* Employer Branding), which again depends on whether the focus is inside the organization (like already existing employees) or outside the organization (e.g. potential future employees).

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<sup>264</sup> Meyer, Anke-Sophie (2011): Firmen müssen an sich arbeiten (Interview with Wolf Reiner Kriegler), in: Karrierewelt (02.07.2011), p. 4

<sup>265</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 53

### ***External Communication***

Considering the external communication, respectively the outer organizational target groups, it can be said that the structure of the so-called information society permanently changes and the expectations of the generation Y rise. This again means that an increased focus on networking and relationship management (focusing chosen target-groups) is necessary. In doing so, social-media channels enable an effective way to start a dialogue with the relevant group.<sup>266</sup> Examples are online assessments (to find the right job) or video-employee-testimonials, where employees report about their normal workday. Those employee recommendation programs, also known as referrals, are important to find adequate personnel. Easy to implement are the so-called alumni-programs enabling a network for (former) employees. However, the organization and its image as an employer can be best delivered through success stories that derive from the employees or are initialized by the organization itself. If for instance the message shall transmit the values “team spirit” and “responsibility” (under the frame of corporate social responsibility) a school building project jointly realized by the employees and the management would be a good example.<sup>267</sup>

In order to get a large quantity of job applications, organizations should get in contact with potential applicants at an early stage though. This could be realized e.g. through the offer for students to write their diploma thesis in cooperation with the potential employer. Other options to present oneself, respectively to get to know each other before a permanent work contract, are internships or scholarship programs.

Authenticity is essential though: The communicated image and the real quality need to harmonize because the subject “place to work” is very touchy respectively sensitive. Here, for the potential employee the own future, eventually the complete family, is affected.

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<sup>266</sup> Deutsche Gesellschaft für Personalführung (2012): Die Arbeitgebermarke gestalten und im Personalmarketing umsetzen, Düsseldorf, p. 57

<sup>267</sup> Ibid, p. 58

## Possible ways of external communication<sup>268</sup>

<b>Classical</b>	<b>Digital</b>	<b>Dialogue</b>	<b>Live</b>	<b>Public Relations</b>
<b>HR-image advertisements</b>	<b>Career website</b>	<b>Social networks (face book etc.)</b>	<b>Congresses and business meetings</b>	<b>Press report</b>
<b>Employment ads</b>	<b>Online job-exchange</b>	<b>Talent relation management</b>	<b>Recruiting events</b>	<b>Editorial comments</b>
<b>Media</b>	<b>E-recruiting systems</b>	<b>Alumni program</b>	<b>Web conferences</b>	<b>Specialized press</b>
<b>Career press</b>	<b>Banner advertisement</b>	<b>University study trip</b>	<b>Job-Webcasts, Live-Webcasts</b>	<b>Career press</b>
<b>Posters, blow-ups, placards</b>	<b>Applicants' newsletter (e-mail)</b>	<b>University guest lecture</b>		<b>Business press</b>
<b>Employer image film (TV, exhibition, trade shows)</b>	<b>Employer blog</b>	<b>Own events</b>		
<b>Recruiting videos</b>	<b>Business networks (Xing, LinkedIn, etc.)</b>	<b>Internship</b>		
<b>Event sponsoring</b>	<b>Newsgroups</b>	<b>Interviews (with applicants)</b>		
<b>Public transport advertisement</b>	<b>Media sharing (YouTube, Pinterest, etc.)</b>			
<b>Outdoor advertising</b>	<b>Micro blogs (Twitter etc.)</b>			
<b>Regional advertisement (indoor / outdoor)</b>	<b>Mobile devices: smart phones, tablets</b>			
<b>Giveaways</b>	<b>Recruiting games</b>			
	<b>Search engine optimization (SEO)</b>			

<sup>268</sup> Krieglger, Wolf Reiner (2012): Praxishandbuch Employer Branding, Freiburg/Germany, p. 264

### ***Internal Communication***

In addition to the external communication, the internal communication shall create a clearly authentic Employer Brand that the own employees can identify with; it should give orientation and guarantee social media success.<sup>269</sup> When employees share the values of their employer, and they identify themselves with the organization, than they are intrinsic motivated. Those employees position the employer during their personal social media use automatically well in the social web and defend him when necessary. Furthermore, they market the own employer not only when they are in front of their computer or smart phone but also in real life, during direct oral conversation that still is and will be the best place for recommendations and advocacy.<sup>270</sup>

### **Possible ways of internal communication<sup>271</sup>**

<b>Classical</b>	<b>Digital</b>	<b>Dialogue</b>	<b>Live</b>	<b>Public Relations</b>
<b>Employee magazine</b>	<b>Intranet / extranet</b>	<b>Appraisal interview</b>	<b>Employee events</b>	--
<b>Internal guidelines and FAQ</b>	<b>Online employee attitude surveys</b>	<b>Internet chats</b>	<b>Participation at public events</b>	
<b>Employee videos</b>	<b>Employee blog</b>	<b>Internal social networks</b>		
<b>Internal job market</b>	<b>Employee newsletter (E-mail)</b>	<b>Social networks (face book etc.)</b>		
<b>On-site advertisement (indoor/outdoor)</b>	<b>Online feedback channels</b>			
<b>Giveaways</b>	<b>Info screen</b>			

<sup>269</sup> Ibid, p. 235

<sup>270</sup> Kriegler, Wolf Reiner (2012): Praxishandbuch Employer Branding, Freiburg/Germany, p. 235

<sup>271</sup> Ibid.

Although recognizing the above-demonstrated factors, in reality most employers don't even try to position themselves with employer specific subjects. They rather leave their career pages to more general organization-related topics. Basically, the internal and the external communication are equal considering their importance. If the one or the other should be focused, depends on the organizational (future) demands.

**The most frequent positioning subjects**

<b>Employer-focused</b>	<b>Employee-focused</b>
<b>Training, talent support, personal development</b> <b>Career options</b> <b>Attractive multiple and changing tasks</b> <b>Work-life balance</b> <b>Compatibility of family and profession</b> <b>Attractive working atmosphere</b> <b>Pay and social benefits</b> <b>Team spirit</b>	<b>Size, growth, success</b> <b>Sustainability</b> <b>Organizational values</b> <b>Internationality</b> <b>Pride considering the own products</b>

Anyhow, it should be recognized that, *the communication process is at the heart of the psychological contract (meaning the mutual expectations which both parties have of each other). This is because it is directly responsible for influencing employees` perceptions of the content of the deal: both, what they are required to do, and what they are entitled to expect.*"<sup>272</sup>

Concluding that means the applicability of authenticity is necessary in both directions – from the employer towards the employee and vice versa.

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<sup>272</sup> Zaman, Arif (2004): Reputational Risk: How to manage for value creation, Harlow/UK, p. 26

## **Crisis Communication**

In order to protect desired images and reputations also the crisis communication topic should be explained. *“Organizations encounter a wide range of unforeseen circumstances that have the potential to damage their desired images and reputations. A few are totally unexpected and outside the control of management (e.g., an earthquake), but most are directly or indirectly caused by management actions (e.g. white collar crime, hostile takeover, industrial relations dispute, customer service problems, faulty products, incorrect waste disposal, chemical spills and leakages, etc.). A crisis where management can be implicated provides fertile ground for investigative media reporting.*

*Unfortunately, there is a natural tendency for many managers to think that a major crisis can't happen to our organization. Sometimes a lack of crisis planning, or the failure to implement existing plans, results from management overconfidence. (...)*

*The Chinese characters for crisis denote two words – danger and opportunity. From the point of view of an organization's desired reputation, it is the danger component that is the primary focus of this chapter. While opportunities may arise as the result of a crisis the effects on corporate images and reputations are mostly negative. Inevitably, the publicity surrounding a crisis undermines many of the attributes of the organization such as being well managed, and carrying out stewardship functions. This will degrade the organizational image. If the crisis also leads to the erosion of respect and esteem, and ultimately, trust and confidence, then the organizational reputation has suffered. (...) Over the years, public relations firms have taken the lead in helping companies communicate with stakeholders during crisis situations. It is common practice for many organizations operating in the high-risk areas such as chemicals, food production, mining, pharmaceuticals, and transport to have crisis communication plans which have been developed in conjunction with their PR advisers.”<sup>273</sup>*

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<sup>273</sup> Dowling, Grahame (2002): Creating Corporate Reputations, Oxford New York, p. 252

### **5.3.7 Being authentic: Live your Brand**

Authenticity is particularly important when living the Employer Brand, because this is what finally will be measured by the public and by the employees. Therefore, the Brand should only deliver a picture that really represents the organization. Wrong parameters about the organization or empty promises will take revenge. Premature dismissals and an even worse public perception can be the consequence. Accordingly, being authentic is the best way to avoid employee turnover. Authenticity enables the organization to be seen as desired, following the motto “You get, what you see, and/or hear or feel”.

To underline the importance of being authentic, a conducted research study (also) by Erickson and Gratton shall be quoted. In doing so, it was shown that organizations, which were successful in hiring (new people), were everything but the same; for instance, some employers paid their employees well above the average, some paid well below. However, these organizations presented themselves just as what they were.<sup>274</sup>

Therefore, the output of this study was, that the individual variation respectively authenticity obviously are decisive keys to master the “War for Talent”.

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<sup>274</sup> Erickson, Tamara J. / Gratton, Lynda (2008): What it means to work here, in: Harvard Business Review on Talent Management, Boston, Massachusetts/USA, p. 4



### **5.3.8 Measuring the Critical Success Factors**

Employer Branding represents a process of value creation, which needs to be controlled. Even during the analysis phase organizations should develop/find success indicators and objectives to be evaluated. Examples for that are

- **Number of employees;**
- **Share of female employees;**
- **Rate of personnel being trained;**
- **Employee satisfaction ratio;**
- **Employee development ratio;**
- **Employee health and safety ratio;**
- **Rate of part-time jobs;**
- **Employee income ratio; *and***
- **Absence rate.**

In addition to the above-stated critical success factors of Employer Branding, it is also worthwhile to discuss often-practiced misunderstandings and failures (in the following). Through knowing those aspects mistakes can effectively be avoided.

### 5.3.9 Misunderstandings and Failures

When implementing something, new misunderstandings and failures arise. Accordingly, it is meaningful to study frequent problems. As mentioned by Kriegler, Employer Branding can fail, if the following basics aren't recognized: <sup>275</sup>

- **A joint understanding of Employer Branding including therewith-connected expectancies;**
- **Involvement of all relevant colleagues and business units (stakeholders);**
- **Mutual understanding of all stakeholders considering structures and processes of EB;**
- **Clarification regarding roles and competencies of all process-involved persons including decision structures;**
- **Definition of project goals and success criteria;**
- **Naming of internal and external organizational consequences of EB;**
- **Readiness to honour even disagreeable project results; *and***
- **Regulation of the information policy towards employees and management.**

In addition, an excellent list of misunderstandings about Employer Branding (including the best arguments for it) designed by the Deutsche Employer Branding Academy shall be presented in the following:

***“We are not a brand!”***

Certainly it is an advantage (considering the Employer quality), if the organization has established itself as a Brand. However, the corporate and the Employer Brand result from the same source, the organization's strategy. The systematic development of the Employer Brand is therefore possible even independently from the existence of a strategically elaborated corporate Brand.

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<sup>275</sup> Kriegler, Wolf Reiner (2012): Praxishandbuch Employer Branding, Freiburg/Germany, p. 40

***“We have nothing much to offer!”***

Due to previous experiences it can be said, that almost every organization possesses potentials that are deducible considering the Employer Value Proposition. However, particularly when it seems that an organization can't offer much, it must optimize its positioning. Here a consistent and for the organizational strategy supportive Employer Value Proposition is decisive.

***“We are not well-known!”***

The comparison with international well-known brands sometimes is misleading, particularly due to the fact, that for most organizations only the own market appears as relevant. When concentrating on specific segments of the labour market, deficits considering the public profile are not as severe. Through Employer Branding a high public profile can be built up in the long run. In small market segments however, the knowledge about strengths or weaknesses is spread fast. Not only because of that it is recommended to use Employer Branding; its improvements strongly amortize the invested resources.

***“We have a bad image!”***

Particularly organizations that have a negative image can collect image points through Employer Branding. Often permanently ignored deficits of the employer can be the deeper reason for a bad image. In this case, Employer Branding is an excellent tool to improve the organizational positioning.

***“We currently don't hire anyone!”***

Many successful Employer Brands were developed and established in times were the pressure considering employment was relatively low. However, the positive

effects of Employer Branding are particularly important in periods when they are needed (e.g. skills shortage). Therefore, anti-cyclical investments most of the time appear as successful. Apart from this, Employer Branding not only focuses employee recruiting. In addition, it also has a positive effect on commitment, organizational culture, performance and the corporate Brand. Therefore, one can state that Employer Branding generally appears as reasonably independent from the imminent recruiting demand.

***“We can’t convince our management about EB!”***

Employer Branding is a strategic investment, where one can save a lot of costs. It is not necessarily cost-intensive as many organizations believe. A well-conducted Employer Branding is individually designed dependent on the respective employer. Turnover related costs and recruiting efforts are reduced. Furthermore, Employer Branding enforces a culture of performance and therefore fosters the organization’s success. Apart from the financial return on investment, Employer Branding furthermore appears as an instrument of integrated leadership, respectively as an opportunity for the management.

***“Employer Branding only focuses high-potentials!”***

Employer Branding not only focuses the best possible employees, but also the best among the appropriate candidates. Certainly one also can find “high-potentials” through Employer Branding, basically however, it focuses the “right potentials”. Those can be people of all career levels.

After having demonstrated the critical success factors for an effective Employer Branding, including the most common failures and misunderstandings, the next paragraph contains a practical Employer Branding approach focusing the Hungarian Defence Forces’ HR-Management in order to realize the expected benefits.

## **5.4 Model development and applicability for the Hungarian Defence Forces**

This paragraph demonstrates how an effective Employer Branding for the Hungarian Defence Forces could be implemented. Basically, enabling communication and marketing options, the developed model represents an effective way to demonstrate the HDF as an attractive organization worthwhile to work for.

In addition it appears as a sound tool for the HDF to effectively plan and conduct their HR-Management in general and their recruiting in particular. Basically, the developed model for the HDF is based on the previously elaborated CSF, although recognizing the organizational specialties. Its implementation also appears as a meaningful way in order to realize the aspired benefits as demonstrated before and to become an “Employer of Choice”.

At the beginning of the Employer Branding process for the Hungarian Defence Forces, it is necessary to create a *plan* including the identification of relevant stakeholders. Following that, management attention needs to be generated integrating the heads of the General Staff, of the MoD, as well as of Army and Air Force. Only through their involvement a comprehensive success appears possible.

In addition, knowing the corporate respectively the HR-strategy is essential due to the fact that those are influenced by the internal as well as by the external framework that changes. That in turn means Employer Branding needs to be based on a sound strategic groundwork. In doing so, the “National Military Strategy” (2012) can be considered as the HDF’s “*corporate strategy*”, which particularly focuses the following objectives: terrorism, proliferation of weapons of mass destruction, vulnerability of information systems, and natural and industrial catastrophes, besides the special meaning of energy security. Regarding the aspired personnel composition of the HDF, the National Military Strategy describes a three-

pillar structure: professional soldiers, contracted soldiers and a voluntary reservist force.<sup>276</sup>

The respective organizational qualitative *and* quantitative HR-demand is severely influenced by those topics, which is clearly described through the following example by Hende: *“A system of voluntary reserve officers had been set up, a body which “passed the test” during major flood protection operations last year. He added that the current number of 5,300 officers was to be increased to 8,000 through a recruitment campaign starting in the near future. All Hungarians who felt “a commitment to protecting the homeland” within the military while retaining their jobs, were welcome to volunteers.”*<sup>277</sup>

While the entire size of the HDF particularly in the last 20 years has intensively decreased, the HR-strategy to recruit appropriate candidates has not changed though. Unfortunately, the new HR-strategy (focussing the years 2012-2021) hasn't produced any major improvements compared to the former HR-strategy of the HDF (covering the years 2008-2017). New approaches e.g. in terms of performance management are kept rather general and details are rarely mentioned. However, the increased co-operation with other (national) public (service) institutions, particularly in the field of (academic) trainings, is innovative. Here, synergies are created, especially enabling (former) military personnel easier changing into other civil public (service) institutions.

This again represents a (new) asset that should increasingly be recognized when focussing the corporate strategy, respectively when planning the Employer Branding process.

Anyhow, recognizing the corporate strategy should take place during the complete Employer Branding process.

The next step in the HDF's Employer Branding process would be to analyze the actual status of the *Employer Value Proposition* including a review of eventual predefined structures of the organizational culture, of the organizational future demand, and of the competition. This process step is well described e.g. by demonstrating the HDF' decision to create the conditions for a “networked centric

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<sup>276</sup> Poti, Laszló (2014): The evolution of the National Military Strategy of Hungary in the light of NATO and EU accessions: lessons for Ukraine, 16. April 2014

<sup>277</sup> Hende, Csaba (2014): Sovereign Hungary needs strong armed forces, says defence minister, Interview by MTI in politics.hu, 18.06.2014

warfare” (as part of the organizational future demand): *“As part of the cyber defence, the Hungarian Defence Forces must be reinforced, which requires the development of conceptually grounded regulations, the acquisition of modern devices and the adequate preparation and training of personnel.”*<sup>278</sup>

Cyber Defence in this case is not only “unique” in terms of distinguishing oneself from the competition but also describes the *qualitative* future demand. Furthermore, the term “cyber” gives an impression of being ahead and future oriented (as an organization). Those are characteristics that increasingly should be marketed to the general public and to potential personnel.

In addition, the National Military Strategy clearly states the necessity to continuously analyze current and future (potential) impacts: *“The experiences of today are insufficient in themselves to prepare us for the conflicts of tomorrow; we also have to timely recognize the changes that will shape the future.”*<sup>279</sup> This approach obviously is in line with the Employer Branding’s demand to continuously recognize the impacting factors.

Considering the organizational culture, it can be stated that the HDF are clearly unique; there is no other organization in Hungary characterized in the same way as the HDF are. Certainly there exist other employers, but no one offers the same quality of employment. The Hungarian military distinguishes itself from other competitors particularly through an own special culture and identity and a team spirit (that is extraordinary).

Furthermore, the HDF possess a system of social benefits that is excellent. And finally, the HDF are an organization offering physically and mentally challenging professional tasks, normally in combination with modern military technology.

Their competitors in the labour market are for-profit institutions as well as public and government organizations, of which the Hungarian police represents the HDF’s main competitor.

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<sup>278</sup> Ministry of Defence (2012): Hungary’s National Military Strategy, p. 22

<sup>279</sup> Ibid, p. 1

This distinctiveness increasingly needs to be emphasized meaning to communicate this specialty particularly in terms of what the HDF are doing, what their successes (e.g. the PRT in the Baghlan Province of Afghanistan or any victories over natural disasters like flooding catastrophies) are and what the benefits for the single employee would be. This in turn appears as one of the results of the conducted survey, where it was said that the military should clearly name, what the candidate could expect in terms of a “life planning”. Particularly the factor of combining professional and private life obviously appears as an important topic (for the generation Y, which represents the majority of the focused candidates).

Based on that situation, the identification of the desired *image* appears as the next step in the implementation process. In doing so, particularly the analysis about the HDF’s HR-management’s *strengths and weaknesses* would be supportive (*see chapter 1.2.2.7. “Concluding Strengths and Weaknesses”*).

Basically, the Hungarian military should be publicly recognized as an international-oriented organization representing (and when necessary defending) national interests. Furthermore, it should appear as an organization enabling and offering an attractive work environment that is especially characterized by an own unique culture, a lived team spirit besides extensive social services.

All over the HDF should arise as a friendly, open-minded, and challenging place of work. That image should be communicated though. Here, authentic stories of HDF’s servicemen and women would be beneficial. This again means that existing personnel should intensively be engaged in the marketing and recruiting process e.g. during exhibitions or other marketing events. Getting in contact with “real military personnel” would support an effective recruiting, because their stories sound different than pure theoretically told professional possibilities of real recruiters.

However, the HDF as an employer mustn’t be attractive to everybody. The HDF possess many assets in terms of their EVP; and being “everybody’s darling” only to get the signature of a future employee, will be counter productive. If the reality of military life differs from the stories, the candidate has heard from a recruiter he/she will sooner or later quit the service. Therefore, authenticity is necessary when approaching potential candidates.



Usually the gap between the current EVP and the desired image has become apparent at this stage. Following that, the next step is the building up of the (new) EVP in order to close the gap between the desired and the current quality/situation. Anyhow, the EVP has to be realistic – in terms of quality but also in terms of time; and the defined EVP needs to be achievable for the HDF in terms of representing the reality. The servicemen and women recognize and measure those things. However, if the HDF` reality appears as more attractive than the previously defined EVP, it has a surprising, positive effect on the organization`s appearance.

Key to an effective EVP is differentiation, which in turn means that the HDF should emphasize their unique aspects. Here, through the realization of an individual benefit package the aspired EVP could easily be built up, because in this field the HDF are already well positioned. Particularly the organization`s social policy appears as very attractive. This in turn is also stressed in the new HR-Strategy of the HDF, which demonstrates that the HDF here are on the right way.

Through developing (new) professional/academic training options that are issued/accepted by civilian institutions, as part of creating the Employer Value Proposition not only job assistance tools are developed, but also the employer`s attractiveness is increased. Through the developed EB model, the previously demonstrated necessity to find new job assistance tools has directly been addressed.

Some deficits although exist in the remuneration (particularly of officers). Hence, an increase would lead to an improved employer`s attractiveness. Unfortunately, the new HR-Strategy of the HDF doesn`t say anything about increased salaries, however mentioning an improved, more flexible remuneration system.

Having built up the EVP, another analysis of the (new) EVP should take place comparing it to the desired image. If the gap has been closed, the next step would be a well-executed comprehensive communication including the determination of core messages, wording and the tone quality.

The realization of a sound communication in turn should be planned through a target group-differentiated strategy of measures by including all departmental areas. The target groups need to be chosen depending on the respective career path in the

military though. Accordingly, for the Enlisted Personnel, secondary schools would be selected as a place to effectively market the own organization. In addition, considering officers, grammar schools would apply.

Regarding core messages, wording and the tone quality, it is important not only to be individual but also authentic. This is probably the key to success, because it only directs personnel to the HDF that knows what to expect. That again leads to an overall high employee satisfaction among servicemen and women (and civil servants) of the HDF.

An excellent example for this process step are *“the so-called “Open days” organized regularly every 5 years, which are of high importance from the point of view of career orientation and increasing of applicants for joining the Hungarian Defence Forces, and this program of events gives opportunity to the military educational institutes, military organizations to introduce themselves, as well as to introduce their job, activities and operation, as well as to make popular and more attractive the Hungarian Defence Forces for the civilian population. The interest of the youth and the adults towards national defence has been inspired not only by the activity of recruitment offices, but by the observation of military traditions, war games, cultural programs, summer camps and extraordinary history classes in schools.”*<sup>280</sup>

Here, one can see that the HDF` communication works effectively. The combination of pure informative events about the organization (e.g. focussing the Hungarian public) and recruiting talks (to potential servicemen and women) can create synergetic impacts.

In addition, happy employees are the best and most effective advertisement that an organisation can have, because their stories towards friends or in their families are recognized as real and true. Considering the *communication channels*, the HDF should be found on almost every relevant Internet platform available, recognizing the fact that young adults are avid users of the world wide web (focusing students and apprentices). Furthermore, the HDF should also utilize blogs, social networks like MySpace and facebook, and text messaging to personalize the communications with potential recruits.

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<sup>280</sup> Szabo, Andrea: Hungarian National Report, Committee on Women in the NATO Forces, Budapest, 2003, p. 3

In addition, every service person of the HDF should understand him/herself as a recruiter. In doing so, the military demonstrates that it understands the need for everyone to be involved in recruiting.

Those facts should increasingly be recognized by the HDF. In addition, this “non-official” advertisement through military personnel is basically for free.

Last not least, the HDF need to present an excellent website containing features including downloadable podcasts, interactive forums and video streams.

And finally, the impacts of Employer Branding need to be rated considering corporate culture, employee commitment, recruiting, organizational performance, corporate Branding, as well as regarding the Employer Brand. This again should happen by measuring predefined figures. Only through that process one is able to readjust the current focus.

Through the implementation of success ratios, the HDF easily can justify Employer Branding as an effective tool to increase organizational performance and employee satisfaction. For example the HDF` National Military Strategy has clearly named aspired figures to be rated: *“In order to implement the National Military Strategy and especially the objective targeting the establishment of a sustainable military force, we must seek to ensure that a 40-30-30% proportion of personnel, operation and maintenance, and procurement costs be realized in the mid-term within the defence budget.”*<sup>281</sup>

Successes in terms of having achieved previously defined ratios should be celebrated though, because it demonstrates that the HDF have not only realised previously planned targets but also that the organisation has made the right decision; this is basically important for the organisation`s future, not only as an employer.

Three to five years of consequent Employer Branding practice are necessary though, until a clear picture has been established. Even if one or the other effect will be

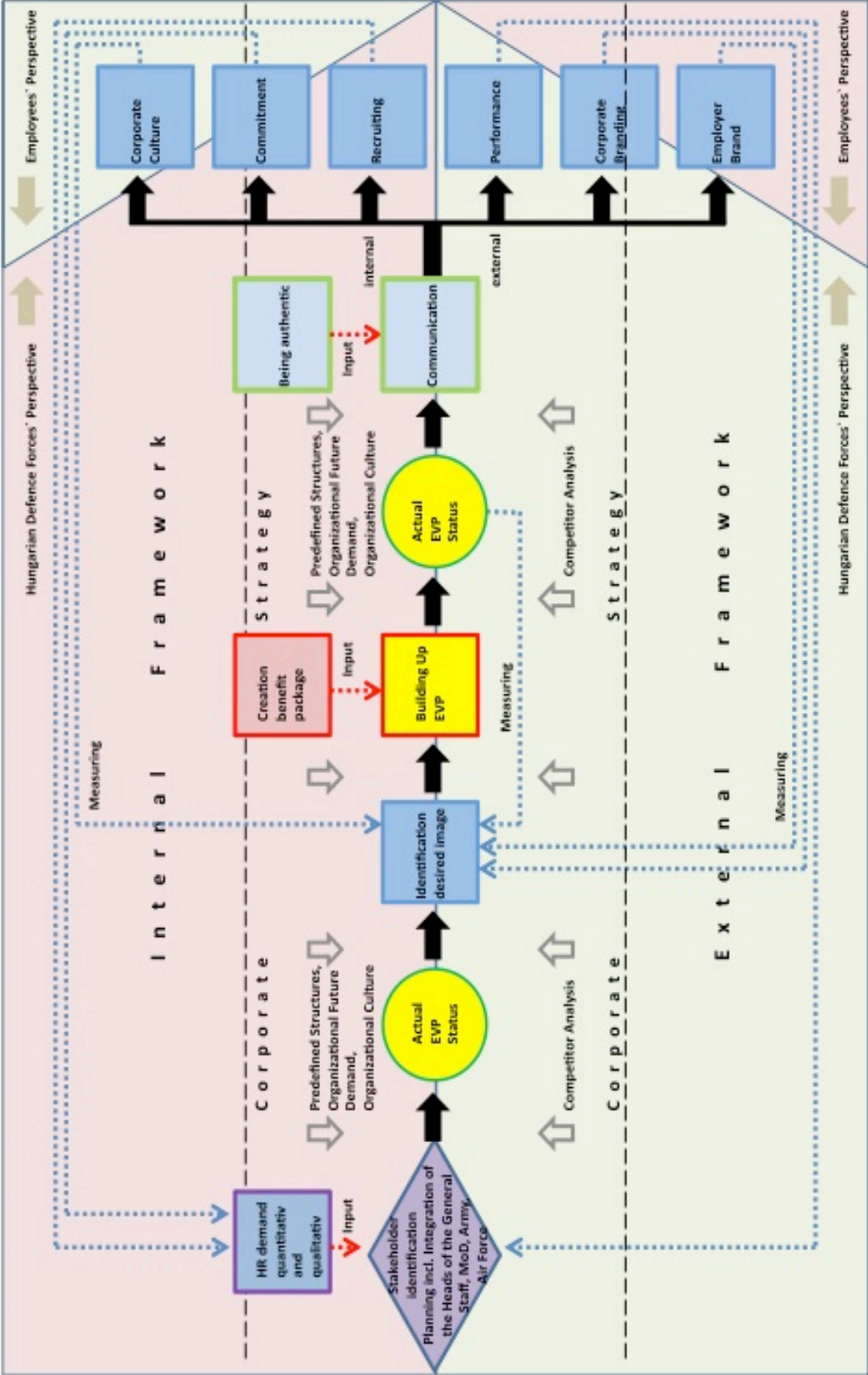
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<sup>281</sup> Ministry of Defence (2012): Hungary`s National Military Strategy, p. 15

reached sooner, Employer Branding takes time. Recognising this, it should be stressed that Employer Branding is a process that continuously goes on - being depended on divers impacts.

Concluding that, EB perfectly goes along with the previously analyzed approach of military transformation.

Hungarian Defence Forces' Employer Branding Model<sup>282</sup>



<sup>282</sup> Own creation by the author.

### **III. Conclusion, Limitations, Recommendations**

#### **6. Conclusion**

##### **6.1 Summary and Interpretation of the Results**

###### **Theoretical mindset**

This doctoral thesis started with the analysis of the HDF` chosen transformation as a consequence of the fundamental change of the world order in 1989 and the therewith-connected question, which technology and even more what kind of personnel will be needed in the future. Following those considerations the theoretical mindset of military transformation was elaborated through two scientific approaches; first as a continuous forward-looking process of change and second as a more focused approach aiming to use the most-modern high-tech military systems available. Anyhow, the HDF aspire to realize the second (“US-American”) approach in order to effectively conduct (joint and combined) missions (abroad). This decision is clear, future oriented and absolute meaningful particularly when focusing the country`s membership in NATO and EU.

###### **Opportunities and threats**

Beyond the theoretical mindset, current and future impacts and trends that influence the transformational change of the Hungarian Defence Forces were evaluated by addressing the political, economic, socio-cultural, technological and environmental key factors. That analysis was not only necessary in order to categorize the different factors, but also to enable a sound basis for this work in terms of better understanding the organization`s surrounding. In addition, those impacts represent the “external framework” of the HDF. Its importance in turn, as a part of the HDF` Employer Branding model, is also discussed in the concluding Employer Branding chapter.

Considering the political impacts, basically all defence and security related factors affecting Hungary appear as relevant. In doing so, the HDF particularly focus the national security, respectively the regional and the international stability. Having stated several new powerful political actors in this chapter, it was elaborated that the HDF focus operations under the frame of UN, NATO and EU. That elaboration in turn was important for this work, because it made clear the strategic direction of the HDF representing – more or less – what scenarios respectively what contents – among other things – a professional life in the HDF could mean. Considering this result and the, later in this work, discussed communication towards future military personnel, this dissertation has furthermore developed that an authentic messaging is important in order to keep the previously kept promises, respectively not to produce a high number of resignations.

The economic pressure on the Magyar Honvédség though appears as the biggest challenge among the factors influencing their transition. In doing so, without a strong increase of the defence budget, a realization of the desired “US-American Approach” appears difficult.

However, it was pointed out that the Hungarian military could increasingly shape its structures and inner processes by fostering the already (partly) existing economic approaches. In doing so, the shown examples like Private Public Partnerships (particularly in the fields of civil-military co-operation) or an increased liaison with allied military partners, e.g. in terms of jointly using weapon systems or vehicles, were identified as beneficial opportunities. Here particularly the Bundeswehr’s KVP represented a meaningful example.

Due to the fact that the technological dimension not longer appears as the (only) decisive factor to succeed in a military conflict, this thesis (also) recommends that the HDF should (rather) strengthen their non-technological-based assets (like infrastructural or educational work) as well as the valuable results gained in military operations (like in Afghanistan where the HDF are responsible for a Provincial Reconstruction Team also responsible for establishing governmental structures). That expertise represents a high (practical) value for the NATO-alliance. This in turn appears as a meaningful (alternative) possibility for the HDF to generate

benefits for the organisation's alliance respectively partners – particularly when recognizing the fact that the technological benchmark set by the US Armed Forces is hard to imitate.

Considering the socio-cultural impacts on the HDF's transformation, particularly the decreasing demographic factor as well as large migration movements, were identified as the most significant challenges. That subject in turn was important for this dissertation particularly because of the fact that the HDF's HR-management is confronted directly with a smaller choice of potential candidates. The demographic factor and the therewith-connected situation of an increased competition on the labour market represents one of the major factors to do this work and to identify/analyse possibilities to solve this problem.

Referring to the environmental impacts, the conducted analysis elaborated that the HDF will be confronted with additional (new) tasks in the future that up to now were not defined as (classical) military tasks; for example fighting natural disasters (like floodwater). Those considerations (also) gave a good impression about a (future) professional life in the HDF, respectively about organizational tasks of the future.

All in all, the Hungarian Defence Forces appear to be on an excellent way having adopted the necessary transformation process (including the recognition of the above stated impacts). Anyhow, those named influences (also) have an effect on potential candidates, who think about a career in the HDF. This in turn needs to be recognized when organizing an effective recruiting of future personnel.

### **Aim of the thesis**

The next chapter (1.2. Research Problem – Aims and Objectives) then presented the aim of this thesis, namely to show the applicability of Employer Branding in Armed Forces using the example of the HDF in order to increase the attractiveness as an



employer (and therefore to demonstrate a benefit for the Hungarian military). In doing so, particularly the elements of *Recruitment, Retention and Employee engagement/commitment* were identified as key for success.

Furthermore, in that part the academic need to conduct this work was analyzed, particularly due to the situation that Employer Branding as a HR-tool for armed forces had not been scientifically elaborated or adapted before.

Beyond that, in that section it is mentioned that this work was undertaken from a cross-national comparative aspect, due to the fact that the author represents a reserve officer of the Bundeswehr possessing an inside look into the German military.

In addition the value-added aspect of the dissertation's output in terms of an enhanced practical benefit is explained.

### **Strengths and weaknesses**

Based on the analysis of the HDF's *current* HR-management, particularly comparing HR-theory with the organization's practice, the HDF's HR-management's *strengths and weaknesses* were identified. The following fields though were identified as the organization's strengths:

- **Own unique culture (including beliefs, values and attributes)**
- **Lived team spirit**
- **Opportunity of operations abroad**
- **Paid academic education**
- **Responsibility for subordinates and material in early years of age**
- **Fairness and equality to make a successful career**
- **Sound reward management**
- **Extensive social policy; and**
- **HR-development / learning opportunities**

Those factors' situation therefore was considered as good, although not telling anything about the respective quality of communication.

Anyhow, the elaborated *weaknesses* again were benchmarked against other relevant organizations in order to develop concrete alternatives and recommendations for the Hungarian military (worthwhile to be adopted). The analysed organizations (Bundeswehr, US Armed Forces, Polish Armed Forces, United Nations, Profit and Not-for-profit organizations) were chosen in order to have relevant benchmarks for the HDF, that make sense in multiple meanings – however focussing a potential benefit worthwhile to be adopted or at least to be concentrated on by the HDF. Those results appear as follows:

- Referring to the weakness of *not marketing the organization's (real) assets (like the social benefits) enough* – among the militaries – the US-Armed Forces can be considered as the benchmark, because they (realize the necessity to) seriously work on this topic. Another organizational category that was analyzed and, which appears as relevant for the HDF, is the not-for profit organizations issue (that the HDF are themselves). Here, the result shows, that the ability – to attract and to hold committed people – particularly depends on the organization's continuous success, respectively on the possibility to work for something meaningful. That again is supported by the fact, that those organizations don't offer their employees as much as for-profit organizations do. In doing so, it has been found out that having respectively enforcing the organizational brand particularly needs to be based on a strong Employer Value Proposition. The German Bundeswehr though practices an insufficient branding (of the own organization). In marketing the own institution, the for-profit sector including its realized Employer Branding represents the benchmark (particularly from a HR-perspective) worthwhile to be investigated further (by the HDF). The elaboration of those possible alternatives is important for the HDF, particularly when focussing the organisational Employer Branding and the therewith-connected subject of marketing and communicating the organization's assets.
- Considering the analyzed weakness of having *a remuneration rate for the management personnel (officers) below the (civil) market average*, the analysis of

the not-for-profit organizations also generated an additional, interesting aspect. One of the big identified strengths of not-for-profit institutions is, that (the majority of) people there do not work for a living; they want to work for a cause. Due to that finding, two things can be concluded. First, that money for (most of) the HDF's military personnel obviously not appears as the ultimate driver, and second, that the "cause" to work for the HDF needs to be strengthened, when thinking of a marketing campaign. Considering the HDF, it can be concluded, that the military's (professional) tasks increasingly need to be communicated. In doing so, the right personnel, who work for a "cause", would be reached more effectively. That result in turn is important for the HDF and their HR-management, particularly when focussing the organisation's recruiting (as part of the developed Employer Branding).

- According to the weakness of having *too many non-core (non-military) tasks*, it was demonstrated that the majority of militaries face the same problem. However, the Bundeswehr has successfully initialized P3-concepts and outsourcing projects, where effective solutions have been launched. The same applies to the US-Armed Forces. Considering that subject, the two named militaries represent the benchmark. In contrast to armed forces though, it was analyzed that other not-for-profit-organizations usually don't have too many non-core tasks. They obviously (do) concentrate on their core activities. The HDF in turn should intensively aim to get inside-information, how P3-projects or privatization activities effectively work focusing the named examples. A solution of that "weakness" would lead to an increased attractiveness of the HDF as an employer. Its analysis for this dissertation's output therefore was important, particularly when creating the (new) Employer Value Proposition. Here, P3-projects as "something special" represent a good example worthwhile to be adopted by the HDF.
- Considering the deficiency of having *too much bureaucracy*, it was analyzed that the bureaucracy phenomenon applies to all (different) organizations (that have been focused). In contrast to the for-profit organizations though, public and government

institutions basically possess a bad image regarding this topic (among the general public perception). This negative picture in turn certainly implies a disadvantageous effect on the employers' attractiveness. The initiatives to reduce bureaucracy differed from one organization to the other, depending on the respective situation. The Bundeswehr for example has implemented a contest among its personnel to fight bureaucracy in combination with structural reforms including the reduction of personnel – similar to the HDF. None of the benchmarked institutions possesses *the* concept though.

In this field, the Hungarian military should go its own, individual way in finding appropriate answers. Anyhow, an improvement of this topic would (also) lead to increased employer attractiveness. Particularly when considering the organization's desired image (as part of the EB-process) it makes sense to deal with, respectively to improve, this matter.

- Referring to the weakness of *less (outside the own organization) accepted professional and academic degrees* it has been identified that the Bundeswehr as well as the US-Armed Forces have implemented successful co-operations with chambers of commerce or academic institutions in order to harmonize respectively accept relevant degrees. The Bundeswehr as well as the US-military again represent the benchmark considering this topic. The HDF should try to get further information about the realization of an increased co-operation with chambers of commerce. It is obvious, that further accepted degrees one could earn in the HDF would mean an additional asset in terms of the employer's attractiveness. The elaboration of those results was important for this work, because this subject has a major impact on the candidates' decision, whether to become a member of the HDF or not. Particularly for a life long planning, that many young people consider as relevant (as analyzed through the conducted interviews), the question of what kind of (professional/academic) degrees can be earned, appears as important. Considering the developed HDF` EB-process, this topic is especially affected when creating an organisational benefit package.

- Considering the weakness of a *deficient HR-management regarding demanding operations abroad* it has been found, that more or less all organizations are affected by this topic. However, the United Nations (as an international institution) and the US-Armed Forces in doing so turned out as the benchmark. On all levels, the support of the own personnel as well as of their families appears as well conducted (by them); the organizational size of the US-military might explain this though. Smaller militaries, like the Bundeswehr, get better at this topic, although the German military particularly faces problems with the consequences of traumatized soldiers. In addition, here it is worth to mention the Polish Armed Forces that have built up an effective support of their affected personnel including their families. The HDF though in doing so should focus the US-military as well as the UN for further recommendations respectively additional information about a comprehensive HR-management, focusing their personnel (in military operations) and families. Nevertheless, the HDF's HR-management concerning demanding operations abroad, appears as effective. However, an improved implementation of this subject would lead to increased employer attractiveness – particularly due to the fact that all military operations-related topics are intensively reported by the media (recognized by the Hungarian public – including potential personnel).
- Referring to the identified weakness of *less structural space for improvements and entrepreneurship*, it was analyzed that all organizations compared have identified the necessity to foster (space for) improvements and entrepreneurship. However, particularly the US-Armed Forces and the Bundeswehr possess an effective tool for improvement, where the servicemen and women are awarded for their ideas e.g. through monetary or non-cash benefits. The HDF in turn should (re)establish an own improvement program, adopting the German “Kontinuierliches Verbesserungsprogramm” that contains not only the possibility to make processes more efficient and save costs, but also represents a huge asset in terms of engaging the personnel for the organization's success. Through that, the personnel feel respected and incorporated. Besides an increased employer attractiveness focussing potential military people, this subject particularly affects already existing personnel

and their commitment towards the organisation. This result in turn is important for the elaborated EB-process due to the fact that it particularly addresses already existing servicemen and women of the HDF.

### **Research questions and hypotheses**

In the next chapter of this dissertation (1.3. “*Relevance of the Study*”) multiple factors were named that justify this study, beginning with *the HDF’s need to recruit the adequate number and quality of personnel*. Further arguments in this connection were *demographical development, openness of the European labour market, abolishment of conscription, a high fluctuation rate, “War for Talent”, increased sophisticated technology, as well as increased international military co-operations*.

Concluding that, this chapter demonstrated the necessity to find an adequate answer to those approaching challenges.

And last not least, Employer Branding was presented as the appropriate answer to increase the organization’s specialty, uniqueness and attractiveness as an employer.

Its benefits were especially identified in the fields of *Recruiting, Commitment, Corporate Culture, Corporate Branding and Performance*.

Following that, the detailed research questions (that should be answered particularly through the conducted survey) of this thesis were presented:

1. ***“What measures are necessary to make the HDF more attractive as an employer?”***
2. ***“What measures are necessary to keep the soldiers within the HDF?”***
3. ***“What measures are necessary to help the soldiers changing successfully to the civilian labour market?” (and)***
4. ***Could the Employer Branding approach be adapted by the HDF?***

The next chapter (2.2. *Hypotheses*) introduced the (with the content of the research questions interconnected) dissertation's hypotheses as the major research tool of this work in order to generate a new concept, respectively a new theory, by being confirmed (or eventually by being refused). When creating the hypotheses, not only the theoretical framework about elaborating hypotheses was recognized, but also the dissertation's research questions. In detail those hypotheses were stated as:

- ***No 1: „The missions of NATO/EU-militaries are getting more and more dangerous and challenging and require a better trained and highly motivated workforce. Therefore it is increasingly difficult to get adequate personnel for such joint missions.”***
- ***No 2: “Employer Branding is a well proven management tool in civil organizations. Considering the recruitment of potential military employees, Employer Branding also raises the attractiveness of military organizations.”***
- ***No 3: “The Benchmarking of differences and similarities in the applicability of Employer Branding in the Hungarian Defence Forces and the Bundeswehr (including further military, profit and non-for-profit organizations) can lead to increased employee satisfaction and a higher social prestige of the respective group.” (and)***
- ***No 4: “Employer Branding supports (and interacts with) the employees' commitment and motivation.”***

The hypotheses were tested through comparing their statements with the results of the previously conducted documentary analysis, as well as by comparing the statements with the answers of the conducted survey.

Concluding those research results though, it can be stated that all hypotheses were confirmed, which in turn means the development respectively the creation of a new

concept. From a scientific point of view, the conducted work therefore appears as successful.

In addition, through the conducted survey all research questions were answered in detail:

1. The question, *what measures are necessary to make the HDF more attractive as an employer* was answered in the following: Considering the performance management of the HDF, a huge potential obviously still is left that should be optimized in order to enhance the organizational attractiveness in general and the recruitment and retention in particular. Here, especially the improvement topic comprised many options to be enforced. In doing so, a rebuilt improvement program, including a comprehensive approach covering all personnel, in connection with a sound evaluation and incentive system would (in addition) strongly enhance the (existing) personnel` commitment. For the dissertation`s output though, this result was important, particularly when creating the EB-process for the HDF and concentrating on the desired image of the organisation. In addition, the creation of a benefit package for the HDF, respectively the generation of a (new) EVP, are intensively affected by this research question`s result.

2. Considering the answer to the research question, *what measures are necessary to keep the soldiers within the HDF*, it was stated that the military basically should maintain, respectively keep its major assets in terms of employer attractiveness, like the organization`s social policy (including medical support, support of accommodation, support of families, recreation, and ergonomic working conditions). In addition, here the possibility to obtain officially accepted professional and academic degrees was named. Those results again have an impact on the creation of a benefit package, respectively the generation of a (new) EVP for the HDF. Fortunately, the HDF` new HR-strategy considers these factors as important, too.



3. Referring to the answer of the question, *what measures are necessary to help the soldiers change successfully to the civilian labour market*, it was determined that an increased co-operation with civil institutions (including professional and academic degrees from the military that are (also) accepted in civil life) would be the most meaningful way. That argument in turn was supported by the fact that the servicemen and women then compete with candidates from the civilian labour market. This result in turn needs to be recognized when defining the desired organizational image, respectively the EVP (as part of the EB process). An adequate communication of those results is important, too.

4. Considering the research question if the *Employer Branding approach could be adapted by the HDF*, the answer was a straightforward “yes” because EB basically is recognized as an effective tool for any employer that wants to increase the (HR-Management’s) performance. Beyond that it appears as meaningful to adapt Employer Branding to the HDF (and other militaries like the Bundeswehr), because it also would foster the military’s transparency to the (Hungarian) public in a way that is accessible and effectively shows how truly extraordinary the military and the (Hungarian) servicemen and women are. Anyhow, that result represents the basic answer to this dissertation’s research topic, namely that EB can be adapted not only by armed forces in general, but also by the HDF in particular. In addition this output supports the realization of the HDF` EB process including all its demonstrated benefits.

### **Qualitative research**

In the next chapter (“*Research Strategy and Research Design*”), this thesis even offered a definition of research by Metcalfe who describes it as “something that is used to mean a careful, thorough, acceptable collection of convincing evidence which uses observation and measurements whenever possible”.<sup>283</sup> Due to the topic

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<sup>283</sup> See Metcalfe, Mike (1996): *Business research through Arguments*, Kluwer Academic Publishers, Norwell, p. 6

of this dissertation and its therewith-connected necessity to effectively recognize all qualitative aspects when demonstrating the applicability of EB in the HDF, here also the usage of the qualitative research (in this thesis) was justified. Furthermore, the applied constructivist research strategy as well as the conducted Grounded Theory was explained. In addition, the realized semi-structured self-completion survey was analyzed as the most appropriate tool to generate excellent qualitative data for this work's needs. Particularly the choice and number of respondents was explained, respectively justified, through their high-ranking professional positions and their connection to the organisations' HR-management.

The results of the interviews (with the Hungarian as well as with the German respondents) turned out as multifaceted and comprehensive. Their impacts were recognized when the own EB-model for the HDF was developed.

In detail though, the interviews, respective their answers, were divided into four parts covering different topics relevant for the outcome of this thesis especially important for the development of the EB-process:

The first section focused the subject "A different HR-demand today and in the future" particularly questioning what type of servicemen and women is necessary for future operations of the HDF. Most of the answers here were quite similar, considering a psychological toughness for (potential) servicemen and women as important. Through the outcome of this section not only the introducing question of this dissertation was answered, but also practical input was given in terms of whom to recruit.

Section 2 covered the topic "Civil organizations vs. military organizations" particularly questioning, which actions should be undertaken in order to increase the organizational attractiveness of the military. Here, the single answers differed, although - more or less telling - e.g. that an increased marketing of the organizational "real" assets, like social benefits, would increase the militaries' attractiveness. Those answers provided a valuable input, especially for the creation of the EB-process. Here again, the social benefits represent an Employer Value

Proposition of the HDF, that needs to be recognized when realizing the organization's recruiting in the future.

Section 3 in turn focussing the topic of "Benchmarking the HDF and the Bundeswehr – in terms of HR-Management" developed significant input for this dissertation in terms of the possibility to learn from the other (in both directions). Here, particularly the increased cooperation with civil institutions (including professional/academic degrees from the military, which are (also) accepted in civil life), or an personnel suggestion/improvement program including financial incentives, were identified as meaningful to copy. Furthermore, this section delivered a valuable output in terms of having demonstrated that a scientific work "from a cross-national comparative aspect" concentrating on two militaries' HR-management is meaningful and beneficial.

The fourth and final section of the conducted interview covered the "Employer Branding" topic and its applicability in the military. Here again practical value was generated through questioning, e.g. if a forced communication of "military" characteristics (like "integrity", "honesty", "openness") would positively influence the organization's presence. In doing so, not only the EB-topic "communication" was covered (by this interview section) but also the EB-subject "EVP" was elaborated demonstrating, which factors the HDF should recognize, when developing the EB-model. In addition, this section stressed another major result of this work namely that Employer Branding can (also) be applied by the military.

### **European labour market**

Considering the *Tendencies and Opportunities at the European Labour Market*, the next chapter showed the structural differences and challenges between the various countries; also demonstrating effective measures conducted by the Hungarian and the German governments to fight unemployment. Those results intensively help the responsible persons considering future HR-planning in general, and the creation of

the EB-process in particular, because those external factors have an influence on the (HDF) corporate strategy too.

## **Employer Branding**

Chapter 5 (“*Employer Branding – theoretical and empirical findings*”) again started with the results of the previously conducted literature review about Employer Branding, analyzing the term “brand” to better understand the term “Employer Branding”. In addition, the groundbreaking article “The Employer Brand” by Tim Ambler and Simon Barrow (published in the Journal of Brand Management), was presented as the very beginning of this topic.<sup>284</sup>

Furthermore, it was explained that Employer Branding has a positive influence on the organization’s recruiting. Beyond that, this chapter presented lessons learned and best practices (like conducted) by Audi, BMW, Volkswagen, PricewaterhouseCoopers, Deutsche Bahn, Ernst&Young, AOK and Noerr LLP that already have realized an effective Employer Branding. This chapter also presented the most common failures and misunderstandings about Employer Branding in order to avoid them.

Finally, the own developed model considering the *applicability of Employer Branding in the HDF* (and other militaries) including the previously analyzed critical success factors, is presented, recognising the developed results of this work. It therefore appears as a practical tool that’s content has been elaborated respectively proven.

In order to realize the aspired benefits of Employer Branding, as shown before, and to become an “Employer of Choice”, the developed tool constitutes a sustainable instrument. Its realization appears as an intensive support for the HDF’s HR-Management.

In doing so Employer Branding constitutes a substantial share of an effective *military transformation*.

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<sup>284</sup> See Ambler, Tim / Barrow, Simon (1996): The Employer Brand; Working Paper No. 96/902, August 1996, London Business School

Overall, the mission of this doctoral thesis to demonstrate the “Applicability of Employer Branding in the Hungarian Defence Forces” therefore has been accomplished.

## 6.2 Limitations

Research limitations basically can be divided into methodological limitations and limitations of the researcher himself. Referring to the methodological limitations of this thesis it can be said that the sample size of the conducted interviews (five persons on the Hungarian as well as on the German side each) could be considered as not big (enough). However, the author in doing so put the focus on the quality output of the interviews, which is justified through the high professional positions of the respondents in the respective militaries. Furthermore, an enlarged number of interviewees and the herewith-connected gained data would not necessarily lead to more information. The author therefore considers the sample size of the interviewees as appropriate. In addition, the self-reported data gained through the interviews could be stated as a methodological limitation as well, due to the situation that self-reported data rarely can be independently verified. In other words, one has to take what people say, as truthful.

Another objective that could be considered as a methodological limitation is the lack of prior research studies on this topic (the applicability of EB in militaries). However, particularly this identified lack of prior research studies on this topic can be considered as *the* scientific reason to do this work and to fill this gap as previously explained (*see chapter 1.2. "Research Problem – Aims and Objectives"*).

Another methodological limitation might be the fact that only one institution (except the Bundeswehr in terms of the comparative aspect) has been the main focus, considering the applicability of the Employer Branding approach. Other organizations in this dissertation have been analyzed with regard to their HR-management practice. However, this objective (the applicability of Employer Branding for instance in non-European militaries or other public institutions) enables options for further future research.

Considering potential limitations of the researcher it can be stated that the author is not a trained interviewer (as a professional opinion research centre would be).

Despite those limitations though, the author believes that, due to the chosen research strategy, the data gathered is valid.

### **6.3 Recommendations for future Practice**

Basically this dissertation has demonstrated the benefits for the HDF that could be gained through the adaption of the Employer Branding approach. Due to that and because of the demonstrated benchmarking of the HDF and the Bundeswehr in terms of adapting the one or the other asset it appears as meaningful to regularly come together in order to exchange the latest information and experience in the area of HR-Management in general and Employer Branding in particular. Both institutions don't appear as competitors on the labour market, in spite of having similar tasks and challenges as demonstrated. This in turn enables the Hungarian as well as the German military to learn from the other in terms of creating synergies.

Therefore as a result of this dissertation, the recommendation for future practice would be to establish an own Employer Branding Round Table for the Hungarian and the German military (also inviting other Armed Forces) to exchange views and experiences. Possible subjects of these gatherings could be the above named HR-management's weaknesses including their practical approaches. The result of those meetings would generate a beneficial impact for the participating organizations.



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## Abbreviations

AIDA	Attention, Interest, Desire, Action
AMA	American Marketing Association
ANSF	Afghan National Security Forces
CSF	Critical Success Factors
CPI	Continuous Process Improvement
EB	Employer Branding
EU	European Union
EUFOR	European Union Force
EVP	Employer Value Proposition
DLRG	Deutsche Lebensrettungsgesellschaft
GDP	Gross Domestic Product
HDF	Hungarian Defence Forces
HIL	Heeresinstandsetzungslogistik GmbH
HR	Human Resources (Management)
IFOR	Implementation Force
ISAF	International Security Assistance Force
IT	Information Technology
KVP	Kontinuierliches Verbesserungsprogramm
MoD	Ministry of Defence
NATO	North Atlantic Treaty Organization
NCO	Non-commissioned officer
OECD	Organization for Economic Co-Operation and Development
PAF	Polish Armed Forces
PPP, P3	Public Private Partnership

PRT	Provincial Reconstruction Team
PTSD	Post-traumatic stress disorder (syndrome)
RMA	Revolution in Military Affairs
SFOR	Stabilization Force
SMART	Specific, Measurable, Attainable, Relevant, Time-bound
THW	Technisches Hilfswerk
TQM	Total Quality Management
UAV	Unmanned Air Vehicles
UK	United Kingdom
UN	United Nations
US	United States (of America)
WTO	World Trade Organization

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<sup>285</sup> See European Defence Information: Hungary, in [armedforces.co.uk](http://armedforces.co.uk)

<sup>286</sup> Some academic literature puts “planning” and “marketing / recruiting” in one frame and calls it “resourcing”. Other academic literature again presents “reward management” and “social policy” as separate HR-elements. However, the presented table seems to be most appropriate in order to demonstrate the correlation and changing impacts of all HR-instruments.

<sup>287</sup> Own creation by the author on the basis of the Marketing-Mix Strategy by Philip Kotler, in: *Marketing Management* (2003), p. 16, Upper Saddle River, New Jersey/USA

<sup>288</sup> See Schein, E.H. (1992): *Organizational Culture and Leadership*, Jossey-Bass, in: Alexandrou, Alex / Bartle, Richard / Holmes, Richard (2001): *New People Strategies for the British Armed Forces*, London/UK, p. 27

<sup>289</sup> Torrington, D. / Hall, L. / Taylor, Stephen (2002): *Human Resource Management*, Essex / Great Britain, p. 263

<sup>290</sup> Own creation by the Author.

<sup>291</sup> Kriegler, Wolf Reiner (2012): *Praxishandbuch Employer Branding*, Freiburg/Germany, p. 264

<sup>292</sup> Ibid.

<sup>293</sup> Own creation by the author.

# List of Publications

## Articles

- von Roeder, Olaf Christian (2013): Applicability of Employer Branding in the Hungarian Defence Forces, in Társadalom és Honvédelem, A Nemzeti Közszolgálati Egyetem, Hadtudományi és Honvédtisztképző Kar folyóirata, 2013. XVII. évfolyam 3-4. szám, p. 615-671, English language, 100% Participation
- von Roeder, Olaf Christian (2010): “Cold War” at the North Pole, in AARMS (Academic and Applied Research in Military Science), Vol. 9, Issue 2, p. 361-375, English language, 100% Participation
- von Roeder, Olaf Christian (2013): Impacting Factors of Transformation, in Társadalom és Honvédelem, A Nemzeti Közszolgálati Egyetem, Hadtudományi és Honvédtisztképző Kar folyóirata, 2013. XVII. évfolyam 1-2. szám, p. 247-264, English language, 100% Participation

## Speeches given on scientific conferences

- German Army Logistics: HIL – A Public Private Partnership Project, English language, 100% Participation, Danish Embassy, Berlin, 24.01.2012
- German Army maintenance of Multiple Launch Rocket System (MLRS) – A European Perspective”, English language, 100% Participation, NATO Maintenance and Supply Agency (NAMSA) Conference Salisbury/United Kingdom, 31.05.2012
- IDM – Das Ideenmanagement der HIL Heeresinstandsetzungslogistik GmbH, German language, 100% Participation, Bildungszentrum der Bundeswehr, Mannheim, 07. 05.2014

**Other scientific activities**

- Presentation: “Germany`s participation in EU-led missions”, English language, 100% Participation, PhD-Seminar, ZMNE, Budapest, February 2012

# Annex: Questionnaire

*Dissertation's Survey  
„Applicability of Employer Branding in the Hungarian Defence Forces – from a cross-national  
comparative Aspect“  
by Olaf Christian von Roeder, Lieutenant Colonel (Reserve)*

**Name, Rank:**

**Military Occupation:**

## Survey Questions

**No 1: „The missions of NATO/EU-militaries are getting more and more dangerous and challenging and require a better trained and highly motivated workforce. Therefore it is increasingly difficult to get adequate personnel for such joint missions.“**

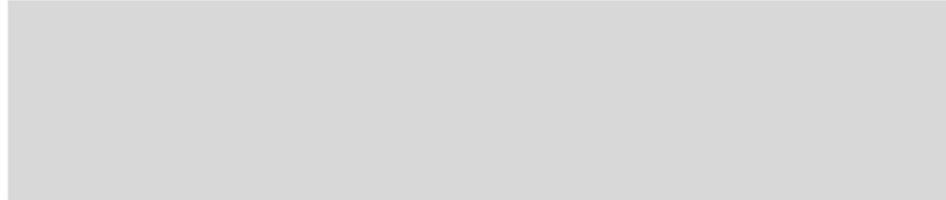
Q1: Should the military recruiting increasingly assess the “cultural awareness” of future personnel and why?

Q2: Would you consider a psychological toughness, regarding (potential) soldiers, as important? Has this changed?

Please return Survey to [ovroeder@aol.com](mailto:ovroeder@aol.com) until 24. March 2014


*Dissertation`s Survey*  
*„Applicability of Employer Branding in the Hungarian Defence Forces – from a cross-national comparative Aspect“*  
*by Olaf Christian von Roeder, Lieutenant Colonel (Reserve)*

Q3: Do you think that due to an increased sophisticated military technology a minimum of IT-affinity should be required for future soldiers? Which areas are particularly affected?



**No2: “Employer Branding is a well proven management tool in civil organizations. Considering the recruitment of potential military employees, Employer Branding also raises the attractiveness of military organizations.”**

Q4: Would an increased remuneration of military employees have a positive effect on the military’s image as an employer? Which (additional) drivers could have a positive impact?



Q5: Do you think that an increased marketing of the military’s “real assets” (like the organization’s social benefits) would have a positive effect on the organization’s public picture?

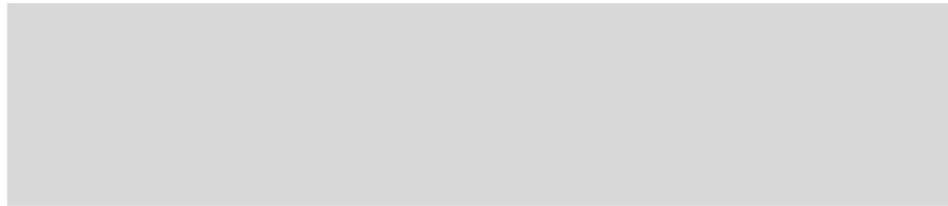


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Q6: Do you consider that transparent and clear career options would have a positive impact on the militaries appearance?



**No3: “The Benchmarking of differences and similarities in the applicability of Employer Branding in the Hungarian Defence Forces and the Bundeswehr (including further military, profit and non-for-profit organizations) can lead to increased employee satisfaction and a higher social prestige of the respective group.”**

Q7: Would an increased cooperation with civil institutions (including professional/academic degrees from the military which are (also) accepted in civil life) foster the organization’s attractiveness? Which areas would you think of?



Q8: Do you consider that an employees` suggestion/improvement program including financial incentives would raise the personnel` motivation? What factors should be realized?



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Q9: Do you think that the military’s brand should be connected to a (new) marketing slogan in order to foster the organization’s attractiveness? Can one learn from the civil world?



**No4: “Employer Branding supports (and interacts with) the employees` commitment and motivation.”**

Q10: Would an increased support of military families during the time of missions abroad raise the employees` commitment? Which objectives should be covered?



Q11: Would a forced communication of “military” characteristics (like “integrity”, “honesty”, “openness”) positively influence the organization’s presence? Which factors would you communicate?



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Q12: Would organizational initiatives like the possibility to make suggestions in order to reduce bureaucracy increase the employees` satisfaction? Can you give examples?



***Thank you for your support.***

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