

HELMUT DORNMAYR

Personnel Development in Viennese Businesses Status Quo and Willingness to Outsource

The ibw conducted a study commissioned by the WIFI Vienna to examine the status quo of the personnel development in Viennese businesses and the willingness to outsource personnel development agendas. The results of the study show a wide-spread use of a large variety of instruments for personnel development that (as was to be expected) depend strongly however on the size of the company. The attitude towards outsourcing can be seen as being ambivalent. For most of the businesses a mixture of internal and external input in the area of personnel development seemed to be the optimal solution. This is because in addition to the many advantages (e.g. neutral, new perspective of an outsider), outsourcing is seen as having various disadvantages as well. In particular the optimization of the “interface difficulties” (i.e. the efficient organization of the additional communication effort) can be viewed as the central challenge for external providers of services in the area of personnel development.

Research Method

The study¹ described below consists on the one hand of n=15 qualitative detail interviews (face-to-face) with those responsible for personnel development (or if not available with the head of the personnel department or the managing director) of companies from a wide variety of fields, and on the other hand of mostly standardized and highly representative survey of n=300 randomly selected Viennese businesses. This quantitative survey was conducted by telephone from the middle to the end of May 2006. The total n=300 interviews were stratified according to company size (100 interviews in companies with 2-49 employees, 140 interviews in companies with 20-249 employees and 60 interviews in companies with 250 and more).

Only one-man businesses were excluded since they do not have “personnel” in the sense of possible personnel development. Public institutions were included in the study however. The population size of the study can therefore only be estimated.

With regard to the representativeness of the survey, the following could be determined: based on an estimated population size of roughly 50,000 business and public institutions in Vienna that employ more than one person, a maximum sampling error of $\pm 5.8\%$ can be ensured with 95% certainty under the simplified assumption of a simple random sample. The results of the survey can therefore be considered sufficiently representative.

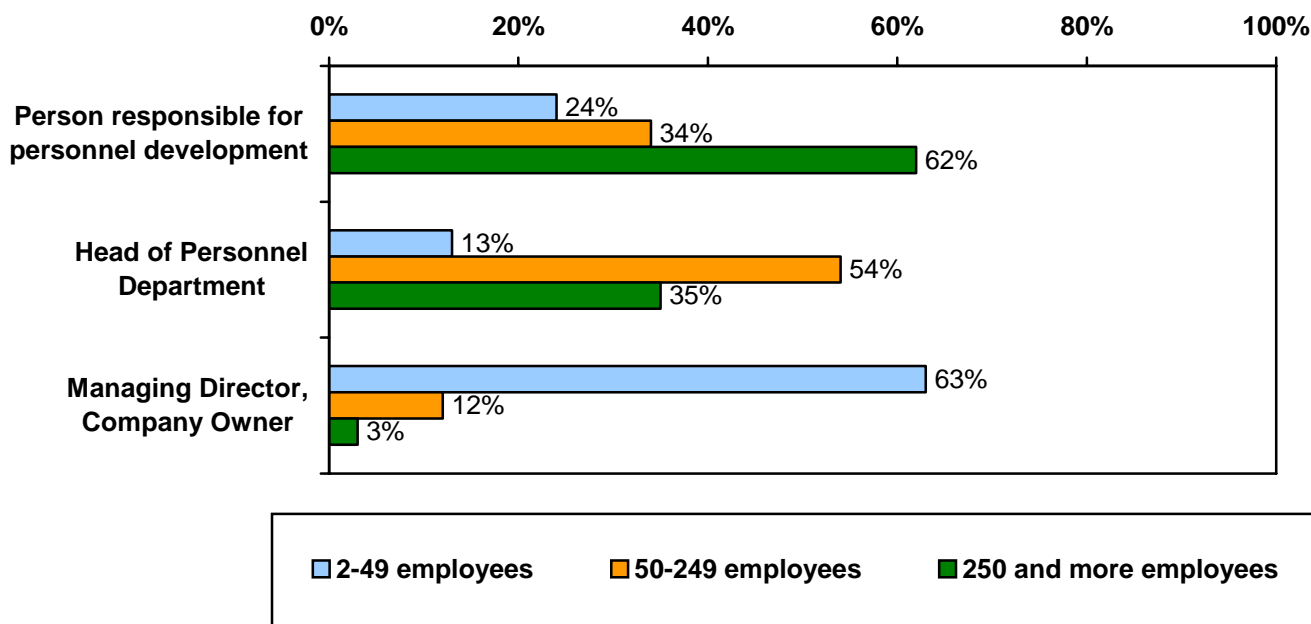
Illustration 1:

Division of Competencies in the Area of Personnel Development

36% of those questioned were company employees specifically responsible for personnel development. In **37%** of the companies there was no one specifically responsible for personnel development, in which case the **head of the personnel department** was surveyed. In **27%** of the companies the interview took place with the **managing director or the company owner** since (mostly due to the small size of the company) there was neither a person specifically responsible for personnel development nor was there a personnel manager. Thus those surveyed provided clear information concerning the **responsibility and division of competencies in the area of personnel development** in the companies questioned.

The **relationship to company size** is clearly evident (see illustration 1): In 62% of the companies with 250 and more employees there was a company employee specifically responsible for personnel development who could be questioned, yet only 24% of the companies with less than 50 employees had someone specifically responsible for personnel development. In contrast, the managing director or company owner was interviewed in 63% of the companies with less than 50 employees, yet the managing director or company owner were only interviewed in 3% of the companies with 250 and more employees.

Responsibility for Personnel Development (Interview Partner) and Company Size



Source: ibw company survey (n = 300 Viennese companies)

It must also be mentioned that even if a company has an employee responsible for personnel development, in most cases it is the immediate superior of the employee who is the decision-making authority on issues related to personnel development. The **person responsible for personnel development** fulfils **above all an advisory and supervisory**, and sometimes also an instigative and motivational, **function**. This is clearly supported by the results of the qualitative interviews.

Further Education

Further education can still be considered the **most essential and centralized form of personnel development**. 91% of the n=300 Viennese companies questioned in this study provide some form of further education, whereby in-house training by experienced colleagues is of particular importance. Courses and seminars are predominately profession-specific, followed by sales training and customer orientation seminars. Computer training seminars were the third most common seminars and already in fourth place, ahead of management training and foreign language courses, was safety training.

Other Forms of Personnel Development

Even if the definition of personnel development is considered to reach far beyond the boundaries of further education, it is clear that a **wide-spread use of a large**

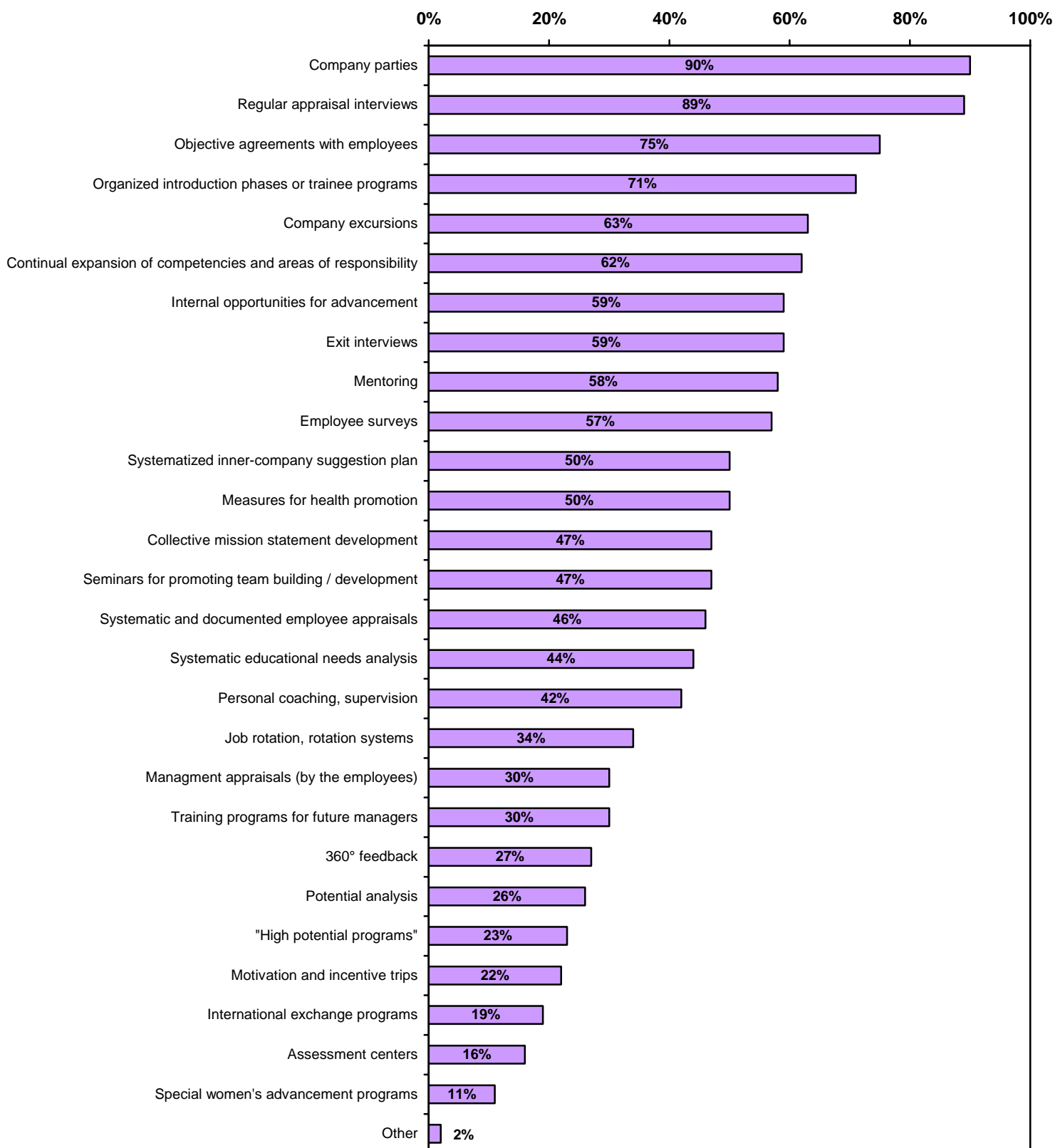
variety of instruments for personnel development are already in use (see illustration 2). After all, **89%** of the businesses interviewed conduct **regular appraisal interviews** and a further **75%** also combine these with **an agreement on objectives with their employees**. Almost three quarters (**71%**) of the businesses interviewed also have **organized introduction phases and training programs for new employees**.

The personnel development instruments that are employed less frequently certainly also deserve attention: 59% of the companies questioned for example conduct systematic exit interviews with employees who are leaving the company and 58% carry out mentoring (i.e. new employees are specifically supported by experienced colleagues). 57% organize employee surveys and 42% offer the possibility of personal coaching and supervision. Even comparatively costly and innovative personnel development instruments such as 360° feedback – i.e. an evaluation of the performance by specialists and management personnel from various perspectives (superiors, colleagues, fellow employees and customers) as compared to self evaluation – are still used in more than a quarter (27%) of the companies.

GRAFIK 2:

Personnel Development Instruments in Use

(note: used regularly or often)



Source: ibw company survey (n = 300 Viennese companies)

Note: Assessment centers only considered within the framework of personnel development (i.e. not in the framework of personnel recruitment)

As expected, the personnel development instruments implemented are **strongly dependent on the company size** (for example, particularly with regard to internal opportunities for advancement and health promotion measures). However, even in companies with just 2-49 employees already 88% conduct regular appraisal interviews and 63% also combine these with an agreement on objectives with their employees. The difference according to business sector is for the most part decidedly less significant than the difference according to company size.

Outsourcing

The use of, and basic willingness to use, **outsourcing** must be **viewed in a differentiated manner** in the area of personnel development agendas. Outsourcing often brings many advantages, but at the same time it also brings some serious disadvantages. For just over half of the companies surveyed (56%), outsourcing is (still) completely unimaginable. This attitude appears however to not be completely irreversible and resistant to the attractive offers or positive experiences. Even many outsourcing sceptics have come to recognize the advantages of outsourcing. In the end, the number of absolute outsourcing skeptics will only shrink as the willingness to outsource takes on the form of individual concrete personnel development instruments such as customer satisfaction analysis, moderation of processes of change, management development and coaching etc. However it must be clearly pointed out that personnel development agendas are fundamentally sensitive to outsourcing and it is therefore optimally carried out in close cooperation between internal and external inputs.

In general, a relatively balanced mix of advantages and disadvantages can be seen for outsourcing in the area of personnel development. The statement “outsourcing causes a marked increase in communication effort”, applies the strongest (51% strongly applies, 31% somewhat applies), because many things that are known internally must be communicated externally (keyword: “**interface difficulties**”).

The statement that already applies second strongest according to the survey (44% strongly applies, 28% somewhat applies) follows the situation previously mentioned, namely that a **combination of internal and external inputs** in the area of personnel development would be the best solution to make use of the advantages of outsourcing while avoiding the disadvantages.

The biggest advantage of outsourcing is considered to be the fact that it makes a **valuable, neutral and new perspective of an outsider** possible (41% strongly applies, 39% somewhat applies).

In general, the (high) percentage values of agreement with the advantages of outsourcing show that certain pro-outsourcing arguments are apparently also recognized by those (56%) who in principle actually rejected outsourcing. Only a minority of those surveyed (19% strongly applies, 25% somewhat applies) agreed with the statement that outsourcing in the area of personnel development as a whole brings more disadvantages than advantages.

On the other hand, the possibility of cost savings through outsourcing in the area of personnel development is only perceived by about one quarter of the companies questioned (6% strongly applies, 18% somewhat applies). In fact most generally believe the opposite: the majority of those surveyed assume that outsourcing in the area of personnel development would bring about an increase in costs.

In summary the following can be determined:

It appears that personnel development agendas are fundamentally sensitive to outsourcing and it is therefore optimally carried out in close cooperation between internal and external inputs. The **optimization of the resulting “interface difficulties”** and the efficient organization of the additional communication effort necessary for outsourcing can be viewed as the central challenge for external providers of services in the area of personnel development.

¹ Dornmayr, Helmut: Personnel Development in Viennese Businesses: Status Quo and Willingness to Outsource, Research report of the ibw, Vienna 2006

The entire study with all the detailed results is available free of charge from:

Mag. Dagmar Grafeneder

Team Leader for Personnel Development WIFI Vienna

Tel.: +43 (1) 47677-556

grafeneder@wifwien.at

Publisher

ibw – Institut für Bildungsforschung der Wirtschaft

Rainergasse 38, A-1050 Vienna

Tel.: +43/1/545 16 71-0, Fax: +43/1/545 16 71-22

E-Mail: info@ibw.at, Homepage: www.ibw.at