

## Human Resources Shortage – Decisive Factor in Substantiating the Personnel Attraction Strategy

Micu Angela-Eliza

"Ovidius" University of Constanța

[angelaelizamicu@yahoo.com](mailto:angelaelizamicu@yahoo.com)

Popa Daniel

"Dunărea de Jos" University of Galați

[popadaniel.central@yahoo.com](mailto:popadaniel.central@yahoo.com)

### Abstract

*This paper offers a particular view on the human resources shortage within the organizations providing auto repair services in Galați City, which determines the need of identifying a personnel attraction strategy through specific techniques, accounting for the specificity of the approached field. This step is taken in order to create an overall view of the skilled human resources shortage on the entire national service provision market, which shall constitute the underlying foundation of the strategy to be enforced at national level. Thus, the need to implement a human resources attraction strategy distinguishes itself by using procurement, flexibilization, retaining and restriction plans, but also human resources development coaching and mentoring programmes in order to counter the workforce shortage.*

**Key words:** coaching, mentoring, strategies, workforce, shortage

**J.E.L. classification:** J21, J23, J24, M12, M53

### 1. Introduction

At global level, the workforce market is a complex market influenced by political, demographic and cultural factors. Domestically, the workforce market is tightly connected to the free circulation of workforce within the European space, social marginalisation and demographic decline. Along with the less restrictive travel requirements in the European space, further to the accession on 1 January 2007, Romania, through its capacity of member state acquired both rights and obligations (European Commission, 2019). Thus, such rights and obligations have been automatically transmitted to the Romanian citizens.

One of the rights the Romanian citizens have enjoyed and used was the free circulation of workforce. According to the findings of a previous study, between 2013 and 2016, a shortage of 183 300 people was recorded, due to the migration of workforce. (Micu and Popa, 2018)

Between 2011 and 2016, a significant immigrant inflow was recorded; 870 600 people were recorded in this phenomenon. For the same period, 1 101 000 people emigrated (National Institute of Statistics, 2018, p.51). We consider that the immigrating workforce is over-skilled to a great extent. Generally speaking, immigrants fill in management positions within multinationals or top domestic companies. We believe that a large share of the emigrants are low-skilled people. Such people, through professional reconversion programmes or workplace qualifications, could partially fill in vacancies in industry and services. The human resources crisis in Romania is obvious within industries and services. In order to counter the human resources crisis, Romania is ranked among first countries in the European Union who import workforce from the non-EU space. (Abrihan, 2018)

The growth of the number of immigrants was supported by the approval of the Government's Decision no. 946/2017, which allowed to increase the batch of workers coming from outside the European Union from 7 000, initially approved, to 15 000 for 2018. Further to a package of

measures having similar impact, throughout the last years, Romania is now ranked second in the European Union as to the request of non-EU workers according to the data provided by Eurostat. (Abrihan, 2018)

In order to encourage the employment of non-EU immigrants, the Romanian Parliament adopted in 2018 Law 247, whereby the gross monthly national salary of the non-EU workers was set at the level of the minimum gross monthly national salary, in comparison to the average one previously set. (Parliament of Romania, 2018)

## **2. Theoretical background**

In order to counter the skilled workforce deficit in the technical field, we consider that coaching and mentoring programmes must be implemented within organizations and at national level. The need to enforce this strategy is also highlighted by the fact that recruitment possibilities are limited.

Within organizations, human resources are employed, promoted or transferred from one position to another. Human resources need development as part of a continuously growing professional route. Human resources perceive the training programmes as one of the most effective ways of acquiring new skills and working tools within organizations. The training programmes are but one way to cover the development process shortages. The acquisition, development and retention of good quality human resources are acknowledged by organizations and competitive advantages. Thus, coaching developed as a strong discipline whereby organizations act in order to build and retain human resources. (Homan and Miller, 2008, pg. 3)

Coaching also aims at unlocking the potential of individuals within a company in order to maximize efficiency at the workplace and to reach its objectives. Coaching does not limit individuals in learning but comes to their support. Coaching is a challenge to all the parties involved in the process. (Yeung, 2000, p.8)

## **3. Methodology**

This study was elaborated by using the quantitative survey. The survey form was elaborated in order to identify the workforce deficit within the units providing auto repair services from Galati City. The highlighting of the total capacity of jobs and filled positions has been envisaged. Open questions were used. The research was conducted within the bodywork department, which includes the plate workshop and painting workshop.

The survey was strictly conducted in order to highlight the workforce shortage for the position of automotive body repairer – COR code 721303, sometimes called auto plater and, auto painter – COR code 713205. (Ministry of Labour and Social Justice). The survey was conducted between 01 Oct. 2018 and 15 Dec. 2018, on a sample of ten representative auto repair shops.

According to the work methodology, the notion of repair shop designates an organisation at least 10 years old, with a business area of at least 1 000 sqm. The survey included both independent multi-brand repair shops as well as mono-brand and multi-brand repair shops agreed directly by the car manufacturers, which operate together with or near sales dealers or concessionaires for certain car brands. For a more succinct expression throughout the paper, we shall designate the first category of repair shops as multi-brand and those in the second category mono-brand. From the ten repairs shops participating in the survey, six are mono-brand and four are multi-brand. All repair shops that participated in the elaboration of the survey have been authorized by the Romanian Automotive Registry. (Parliament of Romania, 2013).

Several stages have been gone through for the elaboration of the survey, comprising the preparatory documentation and the effective achievement.

The first stage consisted in the identification of the repair shops available in Galati City by accessing the website <http://service.auto.ro/>. Further to applying location filters, it resulted that there are ninety-one repair shops in Galati City. Well-known repair shops on the local market have been selected from the filtered results. They were included in the next survey stage.

The second stage consisted in testing the sample eligibility from the viewpoint of the incorporation year of the companies holding repair shops. In this stage, the web portal [mfinante.gov.ro](http://mfinante.gov.ro). (Ministry of Public Finances) was accessed. For the verification, the company number from the Trade Register was checked. (National Trade Register Office).

In the third stage, the presence of the R.A.R. (Romanian Automotive Registry) authorization was verified by using the on-line database [rarom.ro](http://rarom.ro).

The eligibility of the available area for conducting the business was tested in the fourth stage. The testing was done by going to the physical address of the workpoint. Thus, the location area could be estimated for each particular case.

The fifth stage represents the survey itself. First, the companies' decision makers were contacted and the survey reasoning was given. Then, the data was collected through the survey sent by e-mail.

#### 4. Findings

The obtained results were summarized in the table below:

*Table no. 1. Status of available jobs and filled in positions within the auto body repair workshop*

No.	Service unit	Plate workshop jobs	Plate workshop employees	Painting workshop jobs	Painting workshop employees	Service type
1	Unit no.1	3	4	3	4	mono-brand
2	Unit no.2	5	5	4	3	multi-brand
3	Unit no.3	2	1	2	1	multi-brand
4	Unit no.4	4	4	4	5	mono-brand
5	Unit no.5	8	5	3	3	mono-brand
6	Unit no.6	5	3	4	2	mono-brand
7	Unit no.7	4	4	4	6	mono-brand
8	Unit no.8	9	2	4	4	multi-brand
9	Unit no.9	4	2	4	2	mono-brand
10	Unit no.10	6	4	4	2	multi-brand
<b>TOTAL</b>		<b>50</b>	<b>34</b>	<b>36</b>	<b>32</b>	

*Source:* Table processed by the authors based on the collected survey data

Further to the analysis within the plate workshop, a shortage of 16 employees was found, since the total number of jobs is 50 and the number of filled in positions is 34. Thus, there is a 32% shortage in this case. It can be seen that three repair shops are working at normal capacity. Only one repair shop has personnel in excess while the personnel shortage is present within six repair shops.

As to the analysis undergone within the painting workshop, a 4-employee shortage was noticed. The total number of jobs is 36 while there are 32 employees. In terms of percentage, the shortage is of 11%. We could speak of total job coverage in the case of two repair shops. Three repair shops have excess personnel while five repair shops are facing personnel shortage.

Further to the global analysis of the shortage, it was found that eight repair shops faced this issue. From the two analysed units, only two are operating at optimum or in excess personnel level. The global human resources shortage arising from the survey is of 23%.

In the first stage, in order to fix the personnel shortage issue, the targeted organizations need to adopt a viable human resources strategy. We consider that the most readily available variant is to enter into a collaboration with "TraianVuia" Technical College of Galati, which trains students in the automotive field. According to the "School action plan for 2013-2018", "TraianVuia" Technical College envisages the creation of an external horizontal collaboration network in order to improve graduates' employment level and extend their vocational horizon. (Homner *et al*, 2015)

Another stage referring to human resources is flexibilization. This involves training the human resources in order to perform a varied range of works. Considering the technological evolution, it might be said that the training formation represents the essential support of flexibilization (Borza *et al*, 2006). Thus, the recruited workforce needs to be updated with the new repair technologies, such

as: repair of aluminium items, cosmetic repair of rims and chrome or nickel-plated items, paintless dent repair – PDR etc. Training may be performed internally – by know-how transfer from the experienced employees or externally – participation in specialised courses, a generous offer being available to this effect.

Retaining human resources plays an important role in an organization's strategy, since this might provide a competition advantage. After selecting the human resources meeting the requirements and making time and material investments, the retaining strategy is important. Human resources may be retained by proper incentive and providing a friendly work environment. If motivation falls exclusively to the management by performing an input/output analysis, the provision of an adequate environment is up to the other human resources involved in the work process. Thus, the benefit of the entire team in the process of integrating a new employee must be pointed out.

Once the human resources shortage has been covered, a shrinkage plan could be enforced with the clear purpose of improving productivity and cutting expenses. The impact of work processes' optimization has a major impact on the organization's figures. A strategy could be employed, which provides employees' freedom to establish the works' execution order if they have high organization capacity. Therewith, a duty assignment strategy providing the execution of repetitive actions could be selected. Both strategies must be enforced in order to improve productivity so that, subsequently, the restriction plan does not affect the company's results.

When the team has been homogenized and the shortage covered, the need to implement coaching and mentoring strategies could be considered. Their purpose is to improve employees' productivity when the space extension business possibilities are limited or the workload is volatile. Thus, business development is pursued without arrangement/technology refurbishment investments, and on the other hand, human resources are trained for the peak periods, when the workload matches the potential of that moment.

In order to attract already qualified and experienced human resources, we consider that another strategy should be approached. Within the same organization, by using the Delphi technique, we have elaborated a study about competitive benefits packages that the management teams should agree to award the employees as part of the workforce procurement and retaining strategy. The service director of each entity was contacted – who knows the needs of the entire organization's employees, as well as the head of the body repair department – who has intimate knowledge of the employees' needs, who were included in the previously calculated shortage study.

Further to the first research stage, it was found that the studied organizations awarded as benefits Easter and Christmas premiums, as well as the employees' possibility to repair their own cars after the working hours. It was also found that, in general, the multi-brand repair shops awarded an additional benefit, in that they offered the employees the possibility to purchase parts for the repair of their own cars at a low mark-up. In exchange, the mono-brand repair shops do not employ this strategy due to the price scales imposed by the organizations they are affiliated to and to the price policy elaborated by the local management. It was also found that, to a great extent, employees having under their care children aged up to 14 years-old, receive additionally, on the occasion of the Christmas holidays, gifts for each child consisting in sweets and fruits. The managers who do not choose this variant consider that it is equitable that the other employees should be awarded as well an additional bonus in order to establish a balance, which would significantly impact on the forecast budget. Moreover, within the mono-brand repair shops, on the occasion of the New Year, the practice of giving personalized items such as agendas, calendars, wine bottles, key fobs, car sun shields and T-shirts was found, considering that significant quantities of such products are ordered in order to offer them to collaborators for marketing purposes.

Further to a subsequent survey, a list of additional benefits that might be awarded was elaborated. By summarizing the experts' opinions, we found that additional benefits to employees might be included, such as: hobby-recreational training courses in the manufacturing and artistic field (pottery, painting etc.), spare parts discounts and free repairs, shopping vouchers, one-day trips or recreational activity vouchers with the entire team (their families included), subscriptions to fitness or massage centres, medical insurances, subscriptions to play areas or entities the profile of which is children's development. It was also found that the budget would allow the award of a

monthly benefit package amounting to 100 lei, maximum 150 lei without impacting on the level of the already awarded premiums. To a very small extent, there were also subjects who considered that in the months when Easter and Christmas premiums are awarded, award of the previously stated benefits should be suspended.

In the second round, due to budget reasons, the experts ruled out from the seven possible activities the participation in hobby-recreational training activities and the shopping vouchers. The reason was that those activities would have led to budget overrun.

In the third round, experts waived the activities that would have led to varied incentive variants for various categories of employees. In this case, it was considered that employees had children of various ages or not at all. At the end of the round, four personnel incentive packages remained eligible: spares discounts and free repairs, one-day trips or recreational activity vouchers with the entire team, subscriptions to fitness or massage centres, medical insurances.

In the end, experts unanimously agreed that only two benefits packages could be implemented:

- Awarding spare part discounts and free repairs – because they do not generate high costs to the organizations, the only costs referring to the wear and tear of the materials used in the repair process and utilities expenses. Considering the cost level, the idea that these are negligible was accepted;
- One-day trips or recreational activities with the entire team – a large group being considered the costs are low compared to the other activities. Moreover, in the case of travels on distances under 50 km it was agreed that the renting of common transportation means was not required. In this case, the trip could be made through one's own forces since, generally each family has a car. Otherwise, two colleagues could use the same car. On the other side, the variant was also agreed because it would be more suitable for the hot season than the cold season, the creation of such monthly event being impossible.

As to the temporal extent, experts unanimously agreed that the strategy could be applied on a permanent basis since the costs are low and the impact on employees is strong. Moreover, experts also considered that socialization and participation in joint activities outside the working hours strengthens interpersonal and workplace relationships, which brings direct benefits on the work process. Experts also agreed that the strategy be enforced with immediate effect. The mono-brand repair shop experts also found a solution to the issue of granting spare part discounts: spare parts can be purchased from parallel import networks as well, which trade spares manufactured under license, not only original spares.

## 5. Conclusions

Through this study, we highlighted the personnel shortage that the field of the organizations from Galati City, the business object of which is automotive repair, is facing. The study reveals the human resources crisis at national level.

In order to point out the authenticity of the study, we collected statistical data regarding the registration of road vehicles between 2015 and 2018. The data was selected from the "New road vehicle registrations" statistical bulletins for the years 2015, 2016, 2017 and 2018, published by the National Institute of Statistics and exposed in the table below:

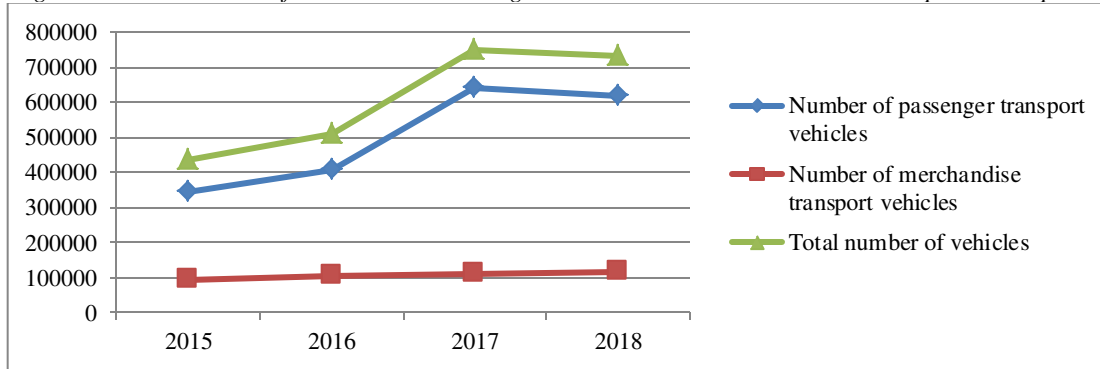
*Table no. 2. New road vehicle registrations between 2015 and 2018 expressed in pieces*

<b>Year of reference</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Number of passenger transport vehicles</b>	342 058	406 058	638 485	617 208
<b>Number of merchandise transport vehicles</b>	91 595	103 091	110 134	116 887
<b>Total number of vehicles</b>	433 653	509 149	748 619	734 095

*Source:* Table processed by the authors (National Institute of Statistics, 2016 – 2019)

Further to the processing of the collected data, the following graph was elaborated for better highlight the evolution:

Figure no. 2. Evolution of new road vehicle registrations between 2015 and 2018 expressed in pieces



Source: Table processed by the authors (National Institute of Statistics, 2016-2019)

Thus, an increase in the number of registered road vehicles is noticeable between 2015 and 2017, while it stagnates in 2018. We wish to emphasize the fact that from 2015 until 2017, the total number of registered vehicles almost doubled. This led to the increase of the number of customers of the repair shops. Thus, the hypothesis that vacancies are due to the lack of customers is excluded.

In order to strengthen the number of potential customers for the repair shops, we decided to analyse the evolution of the number of damage files opened on the automobile liability insurances. The data was collected from the webpage of the Financial Supervision Authority. Although the data is not quantitatively significant, they sufficed for undertaking an approximative survey. Thus, reality could be accurately highlighted.

In the "Status of Automotive Liability Insurance damage files opened in the 2<sup>nd</sup> semester of 2015" press release (Financial Supervision Authority, 2016), it was specified that in that period 116 585 damage files were opened. It results that on average, approximately 634 files were open every calendar day.

According to the "Status of Automotive Liability Insurance damage files opened in the 1<sup>st</sup> semester of 2016" (Financial Supervision Authority, 2017) and "Status of Automotive Liability Insurance damage files opened in the 2<sup>nd</sup> semester of 2016" (Financial Supervision Authority, 2017) it arises that the number of opened damage files is of 135 709 namely 119 623. Thus, we could conclude that in 2016, approximately 698 files were opened on each calendar day.

Considering that for 2017 no data was found, we proceeded to the calculation for the year 2018, approximately 959 damage files opened on the Automotive Liability Insurance policy on each calendar day. In this case, the "Status of Automotive Liability Insurance files opened and approved by the insurance companies in Q1 2018" (Financial Supervision Authority, 2018) was considered.

Therefore, making the direction connection between the number of damage files opened on the Automotive Liability Insurance policy and the number of potential customers of the automotive service units, we considered we brought an additional argument whereby we prove the need to employ personnel due to the increase recorded by the market of the industry.

We would like to emphasize the fact that a physical job could be filled in by two people, considering that organizations having excess personnel have been identified. In this case, the time allotted to each order is reduced.

We consider that we managed to substantiate a personnel attraction strategy that could settle to a great extent the human resources shortage in the studied field. The strategy refers both to the freshly qualified people and those with work experience. This strategy can be adapted to any other economy field, the Delphi technique being an effective surveying method regarding the competitive benefits packages that might be awarded to employees. Moreover, by surveying the opinions of various experts in a certain field, a homogenous environment having a direct impact on the improvement of the offered services' and products' quality. Thus, together with other human resources attraction and retention methods, the possibility for a permanent and sustainable development in this envisaged field is created.

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