

Attracting employees in the Austrian SME retail market

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“Master of Business Administration”

supervised by
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Affidavit

I, **DI PHILIPP WANIVENHAUS**, hereby declare

1. that I am the sole author of the present Master's Thesis, "ATTRACTING EMPLOYEES IN THE AUSTRIAN SME RETAIL MARKET", 63 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

Vienna, 26.10.2023

Signature

Abstract

Introduction

The Austrian retail market is highly competitive and dominated by large companies. For small and medium-sized companies, it has become a challenge to attract talent to the labor market. The “war for talent”(Chambers et al., 1998) has made it even more important for smaller companies to find strategies to attract employees in a sustainable way.

Purpose

The purpose of this thesis is to collect strategies for SMEs to attract talent and stay competitive in the Austrian retail market. This theis used AI to identify the focus topics in literature and then analyze those methods of employee attraction and retention.

Results

The strategies of employer branding, employee experience, employee referral programs, and workplace culture and recruitment processes are discussed. As well as career development opportunities, a strong online presence, diversity and inclusion, and recruitment marketing as tools for companies to attract talent. All strategies have in common that it is easier for a healthy, open and inclusive company to attract and retain employees.

Conclusion

While there are many strategies to attract employees, SMEs should not only focus on the external image, but try to build a strong corporate culture and let their employees do the marketing for them. This way, an authentic and unique employer brand will stand out and be more attractive to potential employees.

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1. Introduction

The Austrian retail market occupies a significant position in the European context due to its strategic location and high purchasing power. It also plays a central role in employment, contribution to GDP and fostering innovation in the national economy. Traditionally, the Austrian retail landscape has been dominated by local and family-run businesses. Over the decades, the retail industry has shifted to larger retail chains and shopping centers, especially in urban areas. Over the years, Austria has seen an influx of international brands, especially in fashion, electronics and luxury. These brands bring with them global trends and further intensify competition for local retailers.

Global online giants such as Amazon and Zalando, as well as Austrian e-commerce platforms, pose a major challenge to traditional retailers. The convenience, variety and often competitive prices offered by these platforms attract a large share of consumers.

Employees are the face of a retail brand, and their interactions with customers shape the shopping experience. A friendly, knowledgeable and helpful employee can greatly improve a customer's impression of a store, and when a problem arises, how they handle the situation can determine whether a customer returns or seeks alternatives.

One of the most widely cited studies on this topic, the Gallup study, has consistently shown that companies with engaged employees outperform their competitors. Their findings suggest that companies in the top quartile of employee engagement have up to 28% higher performance than companies in the bottom quartile. (Gallup, 2023)

A study published in Harvard Business Review shows that companies with high employee satisfaction outperform their peers in the stock market. The study also found that a portfolio of "Best Companies to Work For" outperformed the market by an average of 2.3% to 3.8% per year. (Edmans, 2016)

Modern workers are often looking for more than just a paycheck. They are looking for jobs that give them meaning, provide opportunities for growth, and align with their personal values. Companies that don't offer this will have a hard time attracting

top talent. With the rise of technology companies, startups and innovative sectors, it can be difficult for traditional industries to attract young talent, as these newer sectors often offer competitive salaries, dynamic work environments and perceived "cooler" job roles. Globalization and the ease of international travel and communication have opened up a world of opportunity, and talented people can be attracted by the prospect of working in international centers or for world-renowned companies.

Successful recruitment and retention has far-reaching implications that go beyond the HR department. They touch every aspect of an organization, from financial performance to brand reputation. Companies that prioritize and excel in these areas position themselves for long-term success and competitive advantage.

1.1. Motivation

The pandemic years have shaken the labor market and made recruitment a new challenge. The pandemic years have led to rapid and significant changes in the labor market, some of which may be temporary, but many of which are likely to have lasting effects. The full extent of these changes and their long-term effects are yet to be seen.

One of the most notable changes has been the rapid adoption of telecommuting by businesses. This has also led to a demand for greater work flexibility, with many workers expecting hybrid work models even after the pandemic. The pandemic has accelerated digital transformation across all industries. Companies have had to quickly adopt digital tools and platforms to facilitate remote work, e-commerce, and digital services, leading to increased demand for tech-savvy employees and digital skills. Some sectors, such as travel, hospitality, and traditional retail, experienced significant declines, resulting in job losses. In contrast, sectors such as e-commerce, logistics, and digital services saw growth and more hiring. Many people rethought their career goals and values during the pandemic. In some regions, this led to phenomena erroneously referred to as "The Great Quit," in which large numbers of workers left their jobs in search of a better work-life balance, more meaningful work, or entrepreneurship. While the quit rate has not skyrocketed compared to previous

years, there is a clear trend toward jobs that offer more than just a severance package. (Joseph Fuller, 2022)

Small and medium-sized enterprises (SMEs) have found it more difficult to recruit employees or find suitable employees for the jobs they offer.

Most companies in the EU are SMEs and the outlook for this sector promises turbulent times. (Di Bella L. et al., 2023, p. 1)

„Data from interviews make clear jobs are increasingly scarce even as more people are creating profiles and seeking freelance work online.“ (Stephany et al., 2020)

This paper attempts to highlight the opportunities that SMEs in the Austrian retail market have, to become more attractive to prospective employees while performing better. It looks for solutions that can help sustainably and in the long term.

1.2. Research Gap

There is research gap on the topic of employee recruitment in the context of small and medium-sized enterprises (SMEs). While SMEs can provide a conducive environment for creativity and new ideas, there is a research gap in exploring talent management in SMEs, which is critical to attracting and retaining valuable employees. Most studies focus on U.S. and Anglo-Saxon countries and therefore do not always link to problems in other countries. At the same time, most studies analyze large multinational companies and their structures and hiring practices, while smaller companies are not studied to the same extent. (Krishnan & Scullion, 2017)

Considering that in the EU 99% of companies are SMEs, this is a significant research gap in the field of recruitment for smaller companies. (Di Bella L. et al., 2023)

To make matters worse, there is also a traditional belief that SMEs are unable to adopt and practice social sustainability due to their limited capital and capabilities. This belief would also impact their ability to attract and retain employees, especially when potential employees are looking for socially responsible employers.

(Chowdhury & Shumon, 2020)

The literature suggests that there is a research gap ranging from talent management to competitive disadvantages with larger companies, to corporate aspects and social sustainability practices in SMEs, all of which could impact their ability to attract and retain employees.

1.3. Research Questions

The question of this research work results from the presented problem:

How can SMEs attract employees in the Austrian retail market?

Recruiting employees can be very difficult for small and medium-sized businesses, which often face unique challenges compared to larger companies.

SMEs typically have smaller budgets than larger companies, which can make it difficult for them to offer competitive salaries, benefits and perks that attract employees. At the same time, unlike well-known corporations, SMEs may not have a strong brand presence in the labor market and potential employees may not be familiar with the company, making them less likely to apply or accept a job offer. Many SMEs do not have a dedicated human resource department or sophisticated recruitment processes, and this will lead to less effective hiring strategies and longer hiring timelines. To overcome this SMEs often need to leverage their unique strengths, such as a close-knit community, a more direct impact on the success of the business, and opportunities for multiple roles and responsibilities.

We take a close look at what options these smaller companies have in the Austrian retail market to become more attractive. The tools and strategies for attracting employees are constantly evolving and have undergone major changes in recent years. Priorities have shifted and the attractiveness of older industries such as retail has decreased significantly. SMEs are also not only competing with other SMEs for talent, but they also compete with large companies that have more resources for recruitment.

To look at the topic from different perspectives, we will try to answer the main question with the following three sub-questions:

- 1. How can SMEs attract qualified workers in the highly competitive retail market?*
- 2. What can SMEs offer potential employees that larger companies cannot?*
- 3. What tools and strategies are available to SMEs to attract talent in the labor market?*

1.4. Practical Value

The aim of this paper is to define tools that SMEs can use to increase their attractiveness in the labor market and retain valuable employees longer. These tools and strategies will not only help companies to be better perceived on the labor market, but also to be more future-oriented in general.

Since SMEs have fewer resources at their disposal than larger companies, an efficient method of attracting employees and keeping them in the company longer is all the more important.

2. Literature and Research Methodology

In order to identify the right tools and strategies for SMEs a literature review was conducted with the focus on the following topics:

Employee attraction

Challenges for SMEs in attracting employees

Retaining employees

The gain an unbiased overview and summarize the key theories, artificial intelligence (AI) was used. The AI supported the research initiation phase and was used to hint in

the right direction (Burger et al., 2023). A combination of Chat GPT 4 by Open AI and Consensus AI Beta was used to identify the appropriate topics and literature. The advantage of using machine learning and natural language processing in literature review is not only an unbiased view of the topic, but also the ability to categorize and interpret larger volumes of scientific texts than would be possible without AI.

For this work, the following approach was taken:

Chat GPT 4 by Open AI was first prompted¹ to outline the key focus points of employee attraction, in order to find relevant topics to work with. The following prompt was used: “*Provide the key focus points on the topic of employee attraction*”

This prompt provided fourteen key topics that were used as the basis for the literature research with Consensus AI Beta.

Those fourteen points were the following:

1. ***Employer Branding***
2. ***Competitive Compensation***
3. ***Work-Life Balance***
4. ***Growth Opportunities***
5. ***Company Culture***
6. ***Job Security***
7. ***Location***
8. ***Innovative Technology***
9. ***Social Responsibility***
10. ***Recruitment Process***
11. ***Employee Testimonials***
12. ***Diversity and Inclusion***
13. ***Onboarding Experience***
14. ***Continuous Feedback***
15. ***Recognition and Rewards***

¹ Prompt: In the context of computer programming and artificial intelligence, a prompt refers to an input given to a program to produce an output.

Consensus AI Beta was then used to identify the most relevant literature on those topics, by filtering for recent (2018-2023) systematic reviews as well as comparing those to recent (2018-2023) papers on the topics.

Consensus AI Beta, is a different tool than Chat GPT and designed to find insights in existing research papers for topics that are given.

The key topics were analyzed and partially combined in more overarching concepts of employee attraction.

The key theories on employer branding (Ambler & Barrow, 1996) , Employer Experience (Jacob Morgan, 2017) and Workplace Culture (Joly, 2022) were used as a starting point to find the right tools for SMEs to succeed in the “war for talent” (Chambers et al., 1998). These findings were then applied to the Austrian retail market and examined again in this context.

3. Background Information & Definitions

The pandemic years have introduced a high level of uncertainty into the labor market and the economy. In the following chapters we will have a closer look at the Austrian retail market, the Austrian job market and the situation in SMEs in Austria.

3.1. The Retail Market

“Retail trade refers to the display and sale of new or used goods to consumers for personal or household consumption.” (Statista, 2023)

The Austrian retail market is highly competitive and most of the revenue (32%) is generated by six of the biggest retailers in Austria (Handelsverband, 2020): Rewe Group, Spar, Hofer, Lidl, XXXL Group and MediaMarktSaturn Group.

The Corona Pandemic has solidified the position of the biggest six retailers on the market and made it harder for smaller retailers to stand out.

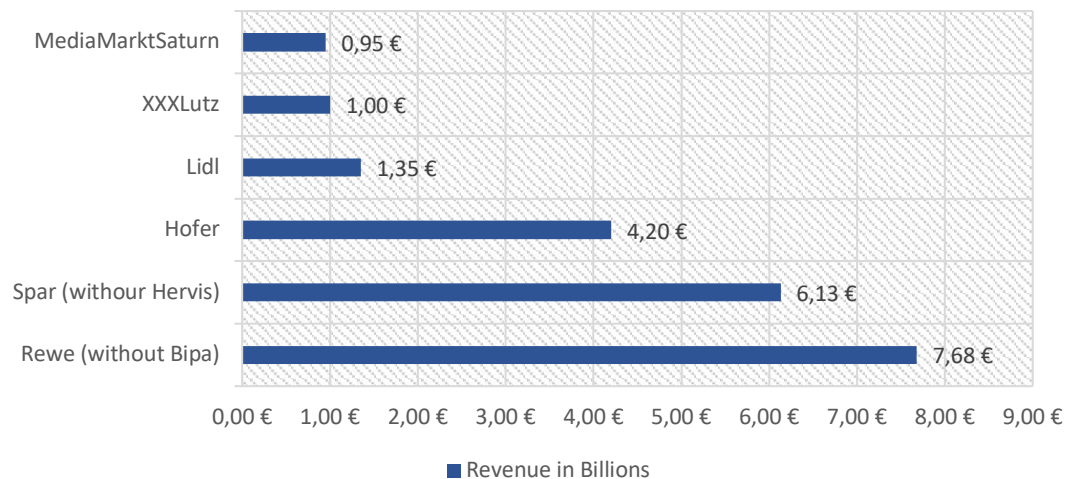


Figure 1 | biggest retailers in Austria (Handelsverband, 2020)

The biggest fields in the Austrian retail industry by revenue are (in billions):

Food 21,2
Furniture 2,9
Clothing 2,8
Construction markets 2,6
Cosmetics, Drugstore & Perfumery 2,3
Electronics 1,9
Sport 1,1

With a total revenue of about 62 billion € in 2019 the retail market is steadily growing while the real purchasing power (EHL, 2022) is going down. Consumers are becoming more price conscious while retails must come up with new strategies to attract customers.

E-Commerce has become an important part of the retail sector with 9% of revenue generated in the retail sector (Handelsverband, 2020). Online stores with a generalist approach, such as Amazon, are starting to play an important role in retail. Statistics for online stores in Austria also show a very uneven distribution of sales in the e-commerce business.

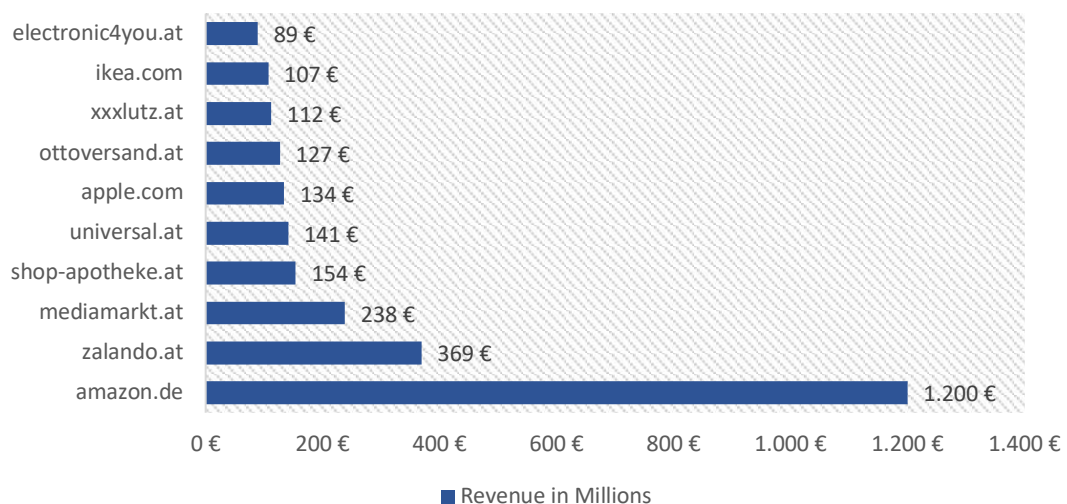


Figure 2 |biggest onlineshops Austria 2021 (ecommerceDB.com, 2022)

The E-Commerce field is steadily growing and had a huge growth spurt during the Corona Pandemic.

Online Revenue in Billions €

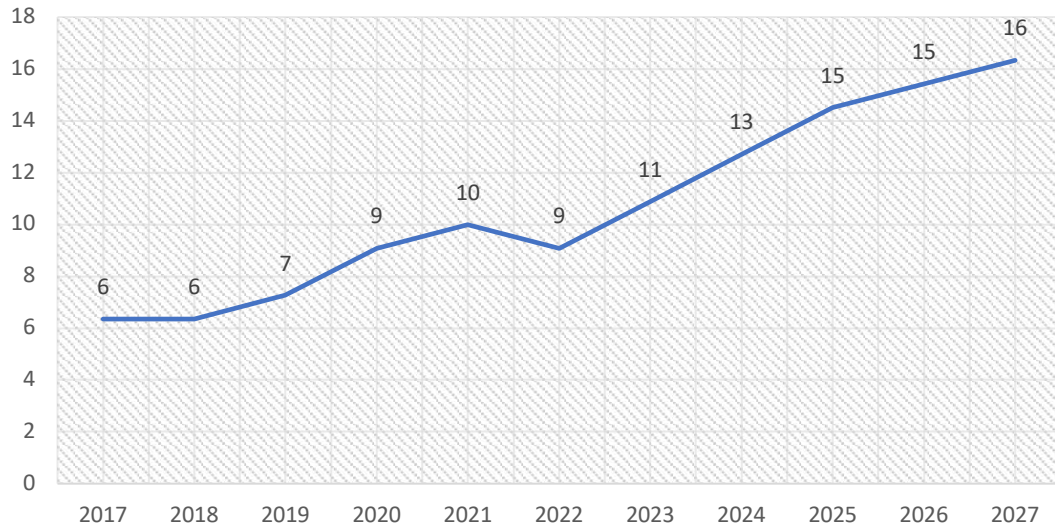


Figure 3 | e-commerce revenue Austria (Statista, 2017-2027)

In Austria, Point of Sale (POS) locations are still one of the most important components of the retail industry (Handelsverband, 2020) with the advantages of haptic product experiences, competent employees and the immediate availability of goods. (Spreer, 2013)

POS sites rely heavily on good employees because they are in direct contact with customers.

The dominance of a handful of large retailers is clearly reflected in the numbers. As a small to medium sized retailer, it is becoming increasingly important to attract a skilled workforce to be competitive in the future.

Small and medium-sized enterprises (SMEs) account for 99% of all businesses in the European Union (EU) and are very clearly defined by the EU. (Di Bella L. et al., 2023)

The EU distinguishes between micro, small and medium-sized enterprises and defines them according to the number of employees, the annual balance sheet total and/or the annual turnover. (EU, 2003, p. 39)

Size	Employees	Turnover (in millions)	Balance Sheet total (in millions)
Micro SME	0 to <10	< €2	< €2
Small SME	10 to <50	< €10	< €10
Medium-sized SME	50 to <250	< €50	< €43

(Di Bella L. et al., 2023, p. 73)

SMEs play an important role in the EU, contributing to 64% of employment, with micro SMEs alone accounting for 46% of employment (Di Bella L. et al., 2023). The annual report on SMEs in the EU mentions the following regarding employment in SMEs:

(...) the lack of skilled workers has also become a prime obstacle for SMEs throughout the entire EU. A foreseen DG GROW Eurobarometer shall shed more light on this problem and on potential policy options.

(Di Bella L. et al., 2023, p. 14)

For SMEs, this is a clear sign that the “War for Talent” (Chambers et al., 1998) is underway and that it will not only be more difficult to attract talent, but that there will be much less talent on the market.

In the Austrian retail market, SMEs account for 99% of all retail companies and contribute to 75% of total retail sales. The largest sector for SMEs in Austria is also retail. (Bundesministerium für Arbeit und Wirtschaft, 2023, pp. 22-34)

While the market is strongly dominated by the large retailers, smaller companies play to their strengths and focus on niches where they can excel and provide excellent service to their customers.

The retail market in Austria was estimated at €85.9 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of more than 2% from 2022 to 2027. (Globaldata, 2023) Key sectors within this market include food, apparel and footwear, home, electrical goods, and health and beauty. Among these sectors, grocery accounted for the highest value share in 2022, while apparel & footwear is expected to witness the highest growth rate during the forecast period. In terms of distribution channels, the market is segmented into hypermarkets, supermarkets and

hard discounters, online retail, specialty stores for apparel, footwear, and accessories, food and beverage specialists, drugstores, and health and beauty stores, convenience stores (including independents) and gas stations, specialty stores for home and garden supplies, and other specialty stores. Hypermarkets, supermarkets and hard discounters had the highest value share in 2022. (Globaldata, 2023)

3.2. The Labor Market

The labor market in Austria is slowly regaining momentum in 2022. The Corona pandemic had led to fewer job openings in the market because companies were uncertain about what would happen in the near future. In 2022, there were 15.5% more job openings in the market (Arbeitsmarktservice, 2023, p. 35) than the year before. This increase in new jobs was driven primarily by the tourism and retail sectors, demonstrating the high demand for skilled workers in these industries. In retail alone, there were 13.8% more job openings than the year before (Arbeitsmarktservice, 2023, p. 35). Considering the decline in job vacancies and the rise in unemployment in previous years, these figures come as no surprise.

With post-pandemic economic growth and a low unemployment rate, small and medium-sized businesses are finding it more difficult in the labor market.

3.3. The Retail Labor Market

There is a great need for more employees on the retail labor market in Austria, but as mentioned in the chapter “The Austrian Labor Market,” there are not enough job seekers.

A look at the vacancies in the retail labor market shows that the demand for retail employees is very high. Since most of the retail business in Austria is based on POS, the demand for store employees is high and the competition between the larger and smaller companies is fierce.

The e-commerce sector is steadily growing and in need for employees and can offer a lot more flexibility than POS jobs can offer. (Tamler et al., 2022)

The retail labor market in Austria is part of a broader labor market scenario in the country. As of 2022, the labor market continued to recover from the effects of the COVID-19 pandemic, with an increase in the number of people employed. Total employment in Austria exceeded 3.9 million in 2022 and the unemployment rate is projected to increase slightly to 4.9% in 2023 and to 5.0% in 2024, although nominal wages are expected to increase by 8.3% in 2023 and 6.6% in 2024. (Authority, 2023)

While these findings shed light on the dimensions and segments of the retail market, they do not provide direct insight into the working conditions or challenges faced by retail employees in Austria. However, understanding the market size, growth forecasts, and key retail sectors can provide a context in which to further examine labor market conditions within the retail sector in Austria.

4. Research Problem and Methodology

The literature on tools and strategies for attracting employees is very extensive and some of it can be applied practically. To relate these instruments and strategies to SMEs and to look at them with a view to Austrian retail markets was the aim of this work.

The main topics of employee recruitment were identified through the use of AI² and then systematically analyzed with the available literature and studies on these topics. Small companies have different structures and different opportunities than large corporations, which are mostly described in the literature and studies. Therefore, it was important to find tools and strategies that are suitable for SMEs.

In addition, there is the labor market in Austria, which is highly regulated and different from labor markets in the U.S. and Anglo-Saxon countries. Vacation, working hours, pensions and sick leave are determined by the collective agreement and are binding for employers.

It was important to systematically find strategies that could be applied to smaller companies and the Austrian labor market. Each strategy was examined for its effectiveness for SMEs and its relevance to the Austrian retail labor market. Most of

² Chat GPT 4 by Open AI and Consensus AI Beta

the papers focus on the U.S. labor market and the benefits used to attract employees are not applicable in Austria, as many of them are already a mandatory part of employment contracts.

All the given topics were reviewed with literature. The relevance for SMEs that want to attract employees in the Austrian retail sector was used to determine if they will be adequate for the toolkit for SMEs. Strategies were evaluated individually and either grouped into supercategories or elaborated on their own. Strategies with little relevance to the research question were not examined in detail. This was done in the following way:

Employer branding is an overarching concept that will be highly relevant to SMEs as well as to attractiveness in the competitive labor market in Austria. Since employee testimonials are part of a good EB, this topic is covered in the chapter with the same name.

Competitive compensation will always play an important role in filling a job and should never be overlooked, but also not overrated. This is an area where larger companies have the upper hand and SMEs need to find alternative benefits to attract talent. These alternative strategies are described in this paper.

Work-life balance has been suggested in the literature as a strategy to attract more employees and has become an important topic in the post-pandemic labor market. In this paper, it will be addressed as part of workplace culture and employee experience strategies.

Growth opportunities are of great importance, as the LinkedIn workplace learning report clearly shows. (LinkedIn, 2018) The topic is covered under career development opportunities, as it covers an even broader scope.

Corporate culture, or workplace culture, is an extremely important topic and is covered in detail in Chapter 5.6.

Job security and **job location** were suggested as one of the main topics in the literature review. Although both are extremely important for potential applicants, they can hardly be suggested as strategies for job recruitment by existing SMEs in the Austrian retail sector, but should be taken into consideration when companies struggle to attract talent at all. They are not

discussed in this paper because the control of a small company over these two factors is quite limited..

The topics of **Innovative Technology, Social Responsibility, Continuous Feedback, Onboarding Experience and Recognition and Reward** are all part of Employee Experience (EX) and as such are discussed under this topic. An **effective recruitment process** is a very simple strategy that also helps small companies to quickly find better talent and will be addressed in this paper.

Diversity and inclusion are part of any good business and should always be considered as an integral part of workplace culture. There is a separate chapter in this paper on this topic.

During the extensive literature review, several other strategies emerged that are highly suitable for SMEs in Austria:

Employee referral programs as a tool to leverage the already existing network within the company to find and attract new talent.

A **strong online presence** is essential in the 21st century and should be taken very seriously.

The purpose of this research is to identify the key factors that influence a company's attractiveness to employees and to examine employee preferences. The goal is to provide recommendations for improving employee attraction strategies.

Each of the strategies is not only analyzed, but also tested for its applicability to SMEs in the Austrian retail labor market.

5. Theoretical Background

“Austria's businesses are suffering from staff shortages and Austria has the lowest unemployment rate in 14 years.” (Arbeitsmarktservice, 2023, p. 1)

This situation makes it hard for businesses to find the right employees and in the competitive retail market it is becoming even harder for small businesses to attract qualified labor.

The report on the performance of SMEs in the EU in 2022 states the following:

„The situation for the EU SMEs is perilous and will remain so in the foreseeable future. Since early 2020, due to the Covid-19 pandemic, the 24 million EU-27 SMEs, and more generally, SMEs throughout the world, have faced unprecedented economic uncertainty and turmoil. Moreover, through part of 2021 and 2022, SMEs faced difficulties in hiring new staff to meet an unexpectedly strong rebound in demand, while also having to deal with numerous new challenges. The inflation rates augmented drastically, especially during 2022, also provoking rises in interest rates, which in turn reduces access to finance. The increased energy costs and the increased raw material prices put extra pressure on enterprises.“

(Di Bella L. et al., 2023, p. 13)

In order for SMEs to be able to attract qualified employees, especially in the competitive retail industry, companies can employ various methods. In the competitive retail environment, the “war for talent”, as described by McKinsey (Chambers et al., 1998) is something most retail companies in Austria will have to face.

On the following pages we will have a close look at the different tools and strategies that can help SMEs to attract employees. We will first present the strategy as it is described in the literature and then relate it to the use in a SME in the Austria retail market.

5.1. Employer Branding

Employer Branding (EB) is one of the most obvious tools for companies to attract talent. In 1996 the idea behind Employer Branding was defined by Ambler and Barrow in the following way:

We define the Employer Brand as the package of functional, economic and psychological benefits provided by employment and identified with the employing company.

The main role of the employer brand is to provide a coherent framework for management to simplify and focus priorities, increase productivity and improve recruitment, retention and commitment. (Ambler & Barrow, 1996)

Most companies invest heavily in marketing for their products and their brand (graphics spending marketing retail Austria) and a lot of effort is put into defining the identity of the brand. A similar approach can be used for EB and it should be an integral part of the human resource management.

It is important for companies to understand, that EB is not only part of communication but should be part of the overall employment experience (Dinnie, 2007)

Literature in the field of human resources outlines employer branding as a tri-phase process. According to Backhaus and Tikoo (Backhaus & Tikoo, 2004, p. 502), the procedure for employer branding is as follows:

The firm develops a value proposition that is true to the brand of the company and a real representation of what the company offers their employees.

This honest value proposition is then being marketed to potential employees, on job platforms and in business networks. This is focused on promoting the employer brand and should mainly speak to potential employees but at the same time, it will also promote the company on the market. It is important to mention that the employer brand should be consistent with all the other marketing the company is doing.

The third layer of EB is the internal marketing, where the message that was conveyed to the outside before is also incorporated into the companies culture and promoted within the workplace. (Backhaus & Tikoo, 2004)

The idea behind employer branding is to promote the workplace and basically answer two very important questions :

Why would someone want to join your company?

And how will you keep them for more than a few years?

(Chambers et al., 1998, p. 2)

Those two questions were asked by McKinsey in their paper on the “War for talent” in 1998 but are still as relevant today as they were back then. The attention that companies pay to their customers is equally as important as to their employees. Just the same way that customers research products, reviews and opinions online before they make decisions, future employees will do the same.

As I want to focus on SME in this paper, I will have a closer look at the EB options that are catered towards smaller enterprises. While the challenges are similar to bigger cooperation’s there are some differences between smaller and bigger businesses, when it comes to employer branding:

Smaller budgets: Small companies or even startups, don’t have the same financial possibilities when it comes EB and have to come up with more creative approaches

Smaller size: Due to the size of the overall company, it is easier to communicate the values within the company

Lesser known brand: Smaller companies are less established in the market and can use their lack of recognition as an advantage to market themselves better.

Lower salaries: Smaller companies are, in most cases, not able to pay the same salaries as their bigger competitors and will have to offer other opportunities to their future employees

The goal of effective employer branding is to achieve competitive advantages that make it easier to attract and retain talent. Companies can use various marketing channels, especially the Internet and social networks, to strengthen their employer branding and enhance their company's reputation. Although social media platforms

offer new opportunities for recruitment, there are also challenges, including potential damage to a company's reputation and uncertainty about the quality of applicants. Nonetheless, the use of social media for recruitment is widely accepted due to its cost-effectiveness and faster response times. (employer branding SM)

A study focused on Norwegian engineering students to investigate the factors influencing their perceptions of three well-known Norwegian engineering companies as potential employers. The results suggest that employer branding campaigns and recruitment efforts should emphasize non-monetary factors and emphasize psychological values, opportunities for innovation, and the opportunity to apply one's skills and knowledge. These aspects are critical to building a positive reputation for the company and increasing the likelihood of applications from potential employees. The study highlights the importance of social media in the recruitment process and suggests that companies should focus on the same non-monetary factors when promoting themselves to potential employees through these platforms. Overall, the findings provide valuable insights for managers and HR practitioners in developing effective recruitment strategies to attract top engineering talent. (employer branding SM)

While most companies are able to use analytics data to understand their customers and what their need are, they are struggling with understanding what their future employees might be looking for.

Homepages like Glassdoor or Kununu are used by millions of people to research future employees and also rate their current or former workplace. These homepages collect employment related data directly from the source: the employees.

Amir Dabirian wrote in his paper “A great place to work!? Understanding crowdsourced employer branding” about employer branding value propositions that are important to current, former, and potential employees when they collectively evaluate employers (Amir Dabirian, 2017). For his paper he used 38,000 reviews of the highest and lowest ranked employers on Glassdoor and analyzed them using IBM Watson. He identified the following employer value propositions:

Social Value: it is important for employees to have meaningful work and people they can get along with at work. It is important that everyone shares

the same values and solves problems together. The company should also value its employees accordingly.

Interest Value: What matters to employees is how interesting the work is. Tasks should be novel, require some innovation, and be challenging without being too demanding.

Application Value: Glassdoor users wanted to be able to use their skills and expertise in their work and excel through this. Being able to apply their knowledge was an important aspect for them.

Development Value: For Glassdoor users, it was very important that their employer recognize their contributions and give them feedback so that they can develop and advance within the company.

Economic Value: The main issue here was compensation and additional rewards. While the financial compensation was important, the additional perks were equally important to Glassdoor users.

Management Value: Management's influence on employees should always be considered. Employees rarely leave a company because of the company itself, but mainly because of their bosses. The impact that management can have on the workplace culture and work-life balance of employees should always be considered.

Work/Life Balance: For Glassdoor users, it was important to have a life alongside work. This balance should make it possible to reconcile the two and still identify with the company. (Amir Dabirian, 2017, p. 201)

Those insights can help to companies that are struggling to attract talents from the job market and are very helpful guidelines for building a cohesive employer branding strategy.

As described by Brayan Adams (2022) the three main pillars of an employer brand should be (Adams, 2022):

Reputation

As shown by Dabirian in his paper (Amir Dabirian, 2017)), it is important for companies to have a good reputation online and offline as well. Given the reach of social media and review portals like Glassdoor and Kununu, potential employees will consider a company's reputation as it will affect their own.

Will working at the company advance their career? Does the work culture at the company match my own? What is the impact on the community and society?

Not all of these aspects will be equally important for every candidate, but they should all be considered.

Proposition

As mentioned earlier, the Employer Value Proposition (EVP) will define the relationship between employer and employee. The question that future employees might ask themselves might be: “Is this work worth the effort?”.

Building up a strong EVP will also help to develop a strong employer brand.

Experience

Work experience in the organization will be the final piece of the puzzle in building a strong EB. With a good EVP and reputation, positive work experience will solidify the employer's reputation. The best public relations will come from former employees, and if they speak positively about the company, it will attract more talent.

(Adams, 2022)

The overarching concept of EB is very well suited for SMEs to make them more attractive on the labor market. While smaller companies usually focus on marketing to customers, the concept of employer branding should be considered and integrated into the overall marketing plan. When looking at it from the retail market side, EB is also a great way to promote the products that are being sold, while elevating them through the showcase of the firms culture. These behind-the-scenes looks at retail

companies are very interesting for potential employees and are also well received by customers, as they add another dimension to the company's brand.

5.2. Competitive Compensation and Benefits:

This seems to be the most obvious way to attract employees: How is the work compensated and are there additional benefits?

In Austria, a large part of this is regulated by the collective agreement (“Kollektivvertrag”), which is binding and governs all important mutual rights and obligations arising from an employment relationship. These are primarily regulations on remuneration (minimum wages or salaries), special payments (holiday and Christmas bonuses) and working hours (Wirtschaftskammer, 2023).

Although much is set forth in the collective agreement, an employer can offer more in terms of compensation.

The personnel cost share in the retail industry is between 20-30% in Austria, making it hard for SMEs to pay higher wages in uncertain times.

As Sivertzen points out in the article on employer branding, it is important to remember that while compensation is an important part of the job, it should not be the main selling point:

„First, the focus on employer branding campaigns and recruiting should be on non-monetary factors and avoid focus on, for example, compensation as a key element for the organisation.“ (Anne-Mette Sivertzen, 2013, p. 479)

As holidays, social insurance and retirement plans are already covered by the collective agreement in Austria, it is important to think of other benefits that would set the company apart from others.

To attract talent in the labor market, retail SMEs should consider to offering flexible compensation packages. These include options such as remote work, part-time work and flexible holiday arrangements. Offering more flexibility with work will significantly improve well-being and job satisfaction (Ray & Pana-Cryan, 2021) and will help to attract the right talent for the job.

A buzz word in the last years has been the four day work week, it may not be suitable for all retail businesses, but it is a very attractive option for prospective employees.

The general assumption about the four-day week is an increase in productivity and improved work-life balance.

A qualitative case study of the four-day week in New Zealand (Helen Delaney, 2021) showed that the four-day week appears very attractive to employees and that this would also be the case in the labor market.

“While some raised concerns about heightened stress levels, on balance, the majority of research participants expressed a desire for the four-day working week to be implemented on a permanent basis.” (Helen Delaney, 2021, p. 185)

In Austria, the four-day week has become possible for a full-time employee, as the daily working time can now be 10 hours.

The benefits of a four-day work week might be outweighed by the longer hours, but if the concept fits the company, it would be attractive to potential employees and can make the company stand out in the job market.

A very different form on compensation could be done in the form of shares.

Offering employees, a stake in the company has always been an attractive option for startups and small businesses. It is important to understand the options that companies have and their consequences for the companies and the employees. In principle, there are two ways in which this can be done:

Equity Share

When employees receive an equity stake in the company, they become part of their workplace and gain more control. These shares are usually accumulated over a vesting period and help the employer build a closer relationship with its employees. With this kind of share there are usually also voting rights and the shares are entitled to participate in dividends.

In detail, this would work in the following way:

Companies offer their employees a portion of stock as part of their compensation package. This stock offering is usually included in the employment contract or in a separate stock agreement. Shares are linked to a vesting schedule that specifies how and when employees will become owners of the shares over time. A common vesting schedule provides for a four-year vesting period with a one-year cliff. This means

that the employee must remain with the company for at least one year to receive shares. The remainder then vests monthly or quarterly over the following three years. When employees are granted stock options, they have the right to purchase shares at a predetermined price (exercise price) after their options have vested.

Employees may exercise their options to purchase shares at the exercise price, and they may then hold or sell those shares. The tax treatment of stock compensation can be complex and varies depending on the type of stock, the timing of exercise and other factors. It is advisable that employees consult a tax advisor to understand the tax implications of their stock compensation. If the company is publicly traded, employees may be able to sell their stock on the open market. If it is a private company, the options for selling stock may be more limited and may include repurchases by the company or sales to private investors.

Employees may also benefit from liquidity events such as an initial public offering (IPO) or acquisition of the company that could significantly increase the value of their shares or provide opportunities to sell them.

Employee ownership aligns the financial interests of employees with those of the company and its shareholders. As the company grows and increases in value, the equity held by employees also increases.

Equity ownership can be an effective tool for attracting, motivating and retaining employees, especially key talent and leaders. It offers employees a tangible stake in the company's success, which can foster a culture of ownership and long-term commitment.

Phantom Shares

Phantom stocks are similar to equity shares, except that employees have no voting rights with their shares, but can still profit from the company's success. Those virtual shares can be paid out as soon as certain liquidity events are being triggered.

An employee share ownership can be attractive to potential employees, when comparing job offerings.

It should also be considered that the motivation for employees does not seem to be influenced by a share program.

An analysis by McConville of the relationship between employee stock programs and psychological ownership found that issuing stock may not lead to harder-

working employees and may not even improve feelings of ownership.(McConville et al., 2016). A similar result was found in a study on employee share ownership and organizational performance by Witfield (Whitfield et al., 2017) in which was shown that a share ownership program itself wont lead to higher performance in the company. McConville suggests in his study “What do people think employee share ownership schemes do for them?” that the effectiveness of an employee share program is closely linked to how well the benefits are communicated. (McConville et al., 2020). This is consistent with the results of the other studies, as an employee share program alone is not a sufficient motivator.

It is important that the compensation policy is transparent so that employees, as well as future employees, fully understand it. In this way, it can have a significant impact on the perception of the company.

As SMEs can generally not offer higher pay then bigger competitor, it will be important to find additional benefits that are important for the companies employees and align with their interests. Those benefits don’t have to be monetary and could include big discounts at the company’s own stores. As the pay should not be the main selling point (Anne-Mette Sivertzen, 2013), and the collective agreement in Austria already makes a lot of the benefits mandatory.

5.3. Career Development Opportunities:

Possibilities to grow within the company and even get a career path laid out is extremely important for future employees. The “2018 Workplace Learning Report” by LinkedIn showed that 94% of employees would stay at a company longer, if it invested in their career. (LinkedIn, 2018)

Companies should help their employees develop and even chart a career path together with them. Offering mentoring or even development meetings at regular intervals can help employees find their way and help companies build stronger employee loyalty.

Giving employees opportunities and supporting them to find their future role in the company. This will only work if learning opportunities are provided, and additional practice is possible. All is then tied together with good feedback and coaching if necessary. (Westerman, 2023)

SMEs have unique career development opportunities, even if they operate differently compared to larger companies. As Employees in SMEs often wear multiple hats and take on a variety of roles within the company, this broad range of responsibilities can lead to a more rapid accumulation of diverse skills and experience. At the same time the smaller size of the company also allows for closer interaction with senior leaders, who can provide valuable mentorship and learning opportunities. Achievements and contributions are more visible in smaller companies, which can lead to faster recognition and promotion.

The entrepreneurial environment in SMEs can foster a culture of innovation and continuous learning that enables employees to take on new challenges and grow. As SMEs grow, opportunities for internal promotions and leadership positions will arise and employees may get the chance to lead projects earlier than in larger companies, gaining valuable leadership and management experience.

Working on cross-functional teams is common in SMEs and can broaden the understanding of different business areas. The close-knit environment of an SME facilitates networking and relationship building that can be beneficial for career advancement both inside and outside the company.

A big advantage of an SME is that it can offer more flexible or customized career paths that are tailored to individual strengths, interests, and career goals. SMEs may not have the same resources as larger companies, but they can still provide valuable career development opportunities. Because of their smaller size and more flexible structures, SMEs may also be easier to implement personalized career development plans. In addition, exposure to the different facets of a business in an SME can be a valuable career development experience.

For SMEs in Austrian retail, this is a very relevant tool to show future employees how far they can take them. Show options for career development and advertise them accordingly in the job ad. On the other hand, if the company is still too small and

does not currently offer growth opportunities, the focus can be on employees growing with the company and being part of the overall progress.

5.4. Effective Recruitment and Selection Processes:

In order for a company to outperform the competition, it is essential to hire the right people for the job. (Kodden, 2020) A company can only keep up a good performance over time if the team as a whole performs well together.

Although this paper is on the topic of attracting talent for SMEs it is essential to understand who the company is looking for and how to select the right applicants. This process is extremely important for the future success of a company and especially for SMEs, as there are smaller teams, the question “who do we hire?” will have significant impact on everything. In constantly changing world, as we have seen in the last years, it is more important to focus on the “who” when hiring then on the “what”, because this way the company will be able to easily adapt to new situations. (Collins, 2001)

As the goal of hiring new employees, is to sustainably increase the performance of the company Kodden suggests in his Book “The Art of sustainable performance” to focus on those three areas when conducting an interview (Kodden, 2020):

- the degree of talent present

- the degree of presence of certain personality traits: self-efficacy, adaptability, and intrinsic motivation

- the degree of fit with the organization: and estimate the fit with the supervisor

In order for a new hire to be sustainable, the book points out that after some time, the following criteria should also be assessed and monitored (Kodden, 2020):

- the degree of work engagement

- the degree of fit with the (physical and mental) requirements

With those criterias in mind a job advert should be tailored to the applicants a company is looking for. The advert will be the first contact point of an applicant and should help to picture to job, workplace and culture of the company. (Perrin, 2022). As today job platforms and digital blackboards are covered in generic and vague job adverts, it became more important to stand out and give insights of the job that is offered. Being clear on working times, compensation and benefits is as important as sharing the values of the company. It is important to describe the workplace, teams and daily life in really great detail so that applicants can imagine working there. This is an area where videos, stories from employees, or even some photos of typical work days can go a long way in conveying this. It would be best to have a dedicated section on the homepage that you can link to, to really show what it's like to work for the company and what to expect. (Perrin, 2022, p. 112)

How important this process can be, is shown in a study by Umar Lawal Aliyu on the impact of the recruitment process on a company's productivity and summed up in these two recommendations:

- i. *„In order to achieve organizational success, a company must hire the right employees because with the right employees fitted in their respective positions, the company will move faster and achieve its targeted objective goals.*
- ii. *Selecting the right employee helps increase the effectiveness of a business. Therefore, organizations should always employ correct recruitment and selection processes in order to attract the best workforce for their organization as this will lead to effective growth and development of the organization. „(Aliyu, 2021, p. 184)*

At this point it has to be pointed out that selecting the right employees might be one of the most important decisions a company might have to make. As shown by Edih University in the paper on “Selection Strategies and Organizational Management in the Private Sector” this is nothing to take lightly:

“It was observed that many organizations are failing due to weak and casual selection strategies. Therefore, the stage of selection in the recruitment process is

key to organizational management and performance.“ (University et al., 2022, p. 429)

Setting up effective procedures and reevaluating those regularly should be the goal of every company and will lead to a continuous improvement in performance. (Nanor et al., 2022)

For SMEs in the Austria retail market this should be one of the first tools to use, in order to fill open positions better. Defining roles and responsibilities clearly and promoting it in a comprehensive way. It is important to have a clear recruitment process that is transparent and focused on the employees the company is looking for. Investing more time to formulate job positions well and creating appealing job adverts with the future employee in mind, will help SMEs stand out of the mass of job adverts on the market.

5.5. Employee Referral Programs:

The easiest way to find well-suited applicants is through employee referrals, as the companies employees can best communicate the work culture and what to expect at the job. In order to boost this, companies can encourage employees to promote job positions through an employee referral program (ERP). An ERP program rewards employees for bringing applicants for open job positions.

An ERP program has a multitude of effects for the company, but also for their employees. Employees feel more involved in the hiring process and tend to refer higher quality applicants, because they know that they will have to work together with them.

A good ERP should not incentivize mass sharing of applications, but rather focus on close connections and referrals from people the referrer knows well. In this way, the quality of applications is increased, and the quantity reduced. (Gautier & Munasinghe, 2020)

Another interesting indirect benefit from ERP programs is a reduced turn over rate and better return on investment (ROI) compared to more traditional hiring practices. (Friebel et al., 2023)

An ERP is a very good concept to incentivize employees in order to participate in the hiring process, while also bringing in higher quality applicants. (Ashenfelter & Card, 2011)

A common way to run an ERP is to advertise open positions in the company and then follow up on the referrals the company receives. If one of those referrals becomes an employee and stays longer than six months, the employee who referred that person is paid a bonus. In this way, it is also in the referrer's best interest to only forward open positions that can be filled in the long term.

To build a good employee referral program, it is important to structure it well.

It should start by defining the goals to be achieved, such as attracting high-quality candidates, reducing hiring costs, or filling hard-to-fill positions.

The next step is to create clear guidelines and regulations for the program. Who is eligible to participate, what positions are included, and other relevant rules should be established. Then, the reward and incentive structure should be designed to motivate employees to participate. This may include cash rewards, gift certificates, additional days off or other perks. It is important that the referral process is simple and easy for employees to follow, and that they have a platform or form to submit referrals.

Once all of this is in place, the program should be communicated to employees through various channels such as emails, company meetings and the company intranet. It is important that the benefits and how participation works are understood. This is an area where many ERP fail and should not be overlooked.

A small detail is also the resources that should be made available, such as email templates or social media posts that your employees can use to refer their networks to the company.

Once an ERP has been implemented, it is important to keep the process transparent and keep employees informed of the status of their referrals and the hiring process.

Training sessions to educate employees on the ideal candidate profile and the referral process are necessary to ensure high quality applicants. Finally, it is important to recognize employees for successful referrals and reward them promptly, as recognition of their contribution to the company should also be communicated.

As with most strategies the data to measure the effectiveness of the program should be collected and compared against set goals, so that the quality of new hires, cost effectiveness, and employee participation can be evaluated.

Since no program will be perfect from the start, it is important to solicit feedback from employees and human resources professionals to understand the strengths and weaknesses of the program. The feedback should then be used to make the necessary improvements.

A structured, transparent and rewarding employee referral program can not only help attract quality candidates, but also foster a positive company culture. Remember to regularly review and update the program to ensure it remains effective and aligns with your business goals.

SMEs in the Austrian retail market should consider an ERP as it leads to higher quality applicants and a better involvement of the employees. An ERP Program can easily be set up and with a better ROI than traditional hiring practices it will help to find better employees quicker.

5.6. Positive Workplace Culture:

Culture is the essential element of the behavior, beliefs and principles of an organization and its employees. (Joly, 2022)

Workplace Culture could be described as the soul of a company and defined through the alignment and connectedness of the employees with the company. Alignment with the company means that employees understand the workplace culture and believe that it's right for them. ("Revitalizing Culture in the World of Hybrid Work", 2022).

Workplace culture is difficult to grasp and develops by itself if not shaped by the leader in the company. As culture has effects on performance, employer branding, employee retention and even employee health, it is important to build a positive and inspiring workplace culture.

The so-called "Hawthorne effect" describes the increase in performance and productivity as soon as more attention is paid to employees:

In 1924, Western Electric had a team of consultants change the lighting in its manufacturing plant by bringing more light to the assembly line. As expected, productivity increased, and it seemed clear that there had not been enough light before. Later, they changed the lighting again and reduced the lighting on the

assembly line. Interestingly, productivity increased again, although it was back to the original level. This was called the Hawthorne effect because the amount of light was irrelevant. It was the attention the consultant team paid to the workers that led to an increase in productivity. *(Camp, 2022, p. Introduction)*

But in today's workplace it goes far beyond just paying attention to the companies' employees. The biggest problem that a company can get into, is a toxic workplace culture, as it will make employees dread going to work and the performance will suffer accordingly.

One effect of a poisoned workplace is that employees feel they cannot speak openly with their managers, which will lead to more problems at work. To put the problem into numbers, toxic workplaces lead to more turnover in companies, and that alone cost U.S. employers \$223 billion between 2014 and 2019. This sum can be attributed to poor human resource management and a toxic workplace culture, and it clearly shows the importance of getting the culture right.

One of the main reasons for a toxic workplace culture is poor communication between managers and workers. It is a manager's job to foster a positive workplace culture and listen to their employees. Leading by example is just as important as defining expectations, because that's the only way you can avoid a toxic workplace culture and build a sustainable workplace culture. *(Alonso, 2019)*

Workplace culture in a hybrid work setting:

To create a good workplace culture, it is important that open communication and trust is prioritized. Different perspectives and diversity should be valued as well as performance rewarded and recognized. Work-life balance is a key element for a good workplace culture.

Investing in teamwork and networking events and learning opportunities is an important foundation for a good workplace culture. But the most important point a leader needs to understand when it comes to building a good workplace culture is: lead by example and emphasize respect and collaboration.

It is easier for SMEs to create a strong and fruitful workplace culture because the company is still a manageable size. It's important to really focus on culture, as it will directly impact the company's performance and ability to attract new talent.

5.7. Strong Online Presence:

The majority of job searches take place online on job platforms or in company networks. A strong and well-maintained online presence is the business card of any company in the 21st century. This online presence can be used as a tool to paint a complete picture of the company. The use of multimedia makes it a great tool to showcase what a company has to offer and what employees can expect.

The online presence should be used to communicate and talk about:

1. **Workplace Culture:** You can introduce the company's values, mission and culture, and talk about topics such as innovation, diversity, teamwork and work-life balance. It is important to show how it feels to work for the company.
2. **Employee Stories:** Provide insights into the workplace and have current employees share their experiences. Topics such as career growth and positive experiences are good for this part.
3. **Open Positions:** A list of all available positions with clear descriptions of each position. It should be easy for candidates to find and apply for positions that match their interests and skills. Clearly show how the application process works.
4. **Career Development Opportunities:** Show how the company invests in the growth of its employees.
5. **Workplace Environment:** Online presence is a great place to showcase the workplace and introduce it to prospective employees and customers with pictures and videos.
6. **Awards:** If the company has won awards, this should be shown in the online presence.
7. **Community Involvement:** Highlight any corporate social responsibility initiatives, volunteer work, or community involvement. Many candidates are attracted to companies that give back to society.
8. **Diversity and Inclusion:** This is part of the workplace culture and is highlighted as an important commitment of the company.

9. **Events:** The online presence is a great place to talk about past and future company events and give a full picture of what life at the company can feel like.
10. **Communication:** Aside from contact information and phone numbers, employees should be encouraged to reach out if they have questions that were left unanswered on the application page.

It is important that the picture the company paints of itself online is genuine and a good representation of the real company. The online presence has to be seen as more than just a homepage. A strong online presence should be managed consistently over multiple platforms. The basics would be:

Company Homepage: this is the business card of the company and it should be paired with a regularly updated blog or News about the company.

Business networks: Networks for professionals and a great place to communicate with potential applicants or showcase the many facets of the company. For example: LinkedIn, Xing and similar networks.

Social Media: Platforms to showcase workplace culture, events and employee stories as well as a good place to get in touch with potential employees. For example: Facebook, Instagram and similar sites.

Workplace Review sites: Employees can anonymously rate and review their employers here and it is important to be present here. For example: Glassdoor, Kununu and similar sites.

For SMEs in the Austrian retail market, a strong online presence should be the foundation for most of their marketing efforts. It is one of the best ways to promote their company and products, and will most likely be the first touchpoint for potential employees when they inquire about jobs or the company.

5.8. Recruitment Marketing:

Recruitment marketing is still a new field of recruitment and heavily influenced by the discipline of marketing. (Kandoth & Shekhar, 2022) The idea is to reach potential

employees through multiple channels that they use on a daily basis. Modern marketing techniques help identify ideal candidates and target them.

Targeted recruitment marketing campaigns are a very effective way to strengthen the employer brand while attracting candidates. Recruitment marketing can be a proactive approach to attracting quality candidates and when used effectively, it can significantly improve a company's ability to attract and retain top talent. It creates a positive experience for candidates from the very first interaction so that companies can build a strong employer brand that resonates with the type of employees they want to attract.

Recruitment marketing has the advantage of being more targeted than a general job ad and can help direct applicants to a specific career site. Once the applicant is there, a well-structured and efficient application process can begin. This is very similar to a marketing funnel used for customers and the customer journey, and the same principles can be applied here. If this is set up correctly, it will work by itself and result in a constant, well-filtered influx of applications.

The most important component of recruitment marketing is the employer brand used to attract talent, along with content created to inform, educate or entertain potential candidates. After this social media platforms are used to share job openings and employer brand content and connect with potential candidates. Social media can be a powerful tool to reach and interact with a wide audience of potential candidates. At the same time job postings are being optimized with relevant keywords to ensure they rank well in search engine results so job seekers can easily find them. Search Engine Marketing (SEM) can also be used to promote job ads through paid advertising. A cornerstone of recruitment marketing is Candidate Relationship Management (CRM), which is basically the same as Customer Relationship Management (CRM) from a more traditional marketing perspective. The idea behind this CRM is to build and maintain relationships with potential candidates even before they apply for a job. This may include contacting them through email marketing, events or on social media.

Just as with traditional marketing the effectiveness of recruitment marketing can be measured using analytics to understand what is working and what is not. This data can be used to refine strategies and improve return on investment.

Recruitment marketing is a very specific tool that can be used by SMEs in Austrian retail who are familiar with targeted marketing campaigns. If the expertise for these types of marketing campaigns to customers already exists within the company, this is a great way to focus recruitment efforts on the talent the company is looking for.

5.9. Promote Diversity and Inclusion:

The Management of diversity and inclusion is an important part of any modern company. It should help to manage and retain a diverse workforce and help to create an inclusive company.(Ashikali & Groeneveld, 2015)

Many studies have shown the positive effect of diversity and inclusion on the employees job satisfaction as well as on the employees job performance. (Ohunakin et al., 2019)

The Management of diversity and inclusion is an important part of any modern company as it will determine if the company benefits from the diversity or not (Olsen & Martins, 2012). With a more diverse workforce it is essential for companies to actively engage in inclusion as it will also affect the behavior of their employees. (Rabl et al., 2020).

“For organizations it is therefore important to implement diversity management practices that do not focus on specific-target groups, but create an environment that is inclusive for all employees.”(Ashikali & Groeneveld, 2015, p. 772)

Promoting diversity and inclusion in SMEs is important for numerous reasons and has a positive impact on various areas of the business (Ohunakin et al., 2019):

A diverse workforce brings a variety of perspectives, ideas and experiences that can foster innovation and creativity, while different backgrounds can inspire new ideas and bring solutions to challenges. For a small business, this can help foster a highly innovative workplace culture that enables it to outperform the competition.

Diverse teams are also known to make better decisions because a variety of perspectives are considered and more informed and thoughtful decisions are made.

At the same time, a diverse workforce can help better understand and meet the needs of a diverse customer base, which can increase the company's attractiveness and competitiveness in the marketplace.

The employer brand should also be considered, as job seekers often look for employers that value diversity and inclusion. By promoting diversity and inclusion, small businesses can attract a larger talent pool and retain employees who value inclusion. A reputation for a positive, inclusive culture can strengthen the company's employer brand and make it a desirable place to work and do business. (Amir Dabirian, 2017)

It should also be mentioned that diversity and inclusion also help ensure compliance with legal requirements related to equal opportunity and nondiscrimination, mitigating the risks associated with legal liabilities. Employees tend to feel more valuable and engaged when they work in an inclusive environment where they can be themselves and contribute fully (Alonso, 2019).

Diversity can improve adaptability, as a diverse workforce can better respond to an evolving marketplace and changing customer needs. Promoting diversity and inclusion is not only the right thing to do, it's a smart business strategy that can contribute to SMEs growth, innovation and sustainability.

As diversity and inclusion should be part of any good workplace culture, this is an essential part for a SME in the Austrian retail sector and essential for attracting talent on the labor market.

5.10. Employee experience (EX)

The overarching theme of the above solutions is an organization that is as focused on its employees as it is on its customers. The employee experience (EX) is what holds everything together and must be an integral part of the organization to make it work. After the pandemic years, good compensation with a bonus program alone will not be enough to attract qualified employees. Work must become an experience that not only leverages employees' unique skills, but also empowers each employee. Employee well-being will be the most important factor in standing out from the

crowd and gaining a competitive advantage. (Sivapragasam Panneerselvam, 2022, p. 201)

Most companies know very well how to create a good customer experience, as this is the core of their business. EX is not much different, as it is a long-term approach that leads to greater employee engagement and a more positive workplace overall.

The book “The Employee Experience Advantage” Jacon Morgen (Jacob Morgan, 2017) outlines the three environments that employees experience their work in:

Physical Workspace:

The place where the employees work has a big impact on how they feel about work.

Apart from the architecture, this also includes the following:

Can you bring your friends to work?

Does it offer Flexibility? For example remote work or flexible work times.

Are the values of the company reflected on the workplace?

Can your employees choose their workspace?

Culture:

The culture is something that can be felt within the company and cannot be seen. As mentioned in chapter 5.6. Positive workplace culture should be actively created as it will otherwise develop by itself.

Technological Environment

The tools the employees use should be easy, functional and useful. It is important to listen to the employees and even include HR in IT discussions to be able to focus on the people who will work with the technology.

All of these three environments are equally important and also have a big impact on each other.

	Variable	Cost	Type of cost
Technological Environment	Consumer grade technology	some costs	Some costs associated with shifting to or creating beautiful modern technologies vs. legacy tools
	Technology available to everyone	minimal to moderate	Potential cost associated with getting technology to more people
	Technology focused on employee needs	free	Some time cost associated with understanding how employees work and focusing on the right technologies
Physical Environment	Multiple workspace options	some or high costs	Costs for design and implementation of new workspaces but costs usually offset by saved real estate expenses
	Physical space reflects the values of the organization	free or some costs	Potential design changes
	Proud to bring in a friend or visitor	some or high costs	Potential design changes but no or minimal cost to bring in friends or visitors
	Flexible work and autonomy	free or minimal costs	No cost for freedom and autonomy but some cost associated with required technology
	Sense of purpose	free	No cost for helping people understand how their contribution affects the company and the world
Cultural Environment	Being treated fairly	free	No cost associated with treating people fairly
	Feeling valued	free	No cost for helping people feel valued
	Managers are coaches and mentors	free or some costs	No cost for having the right managers in place, some potential cost for training
	Being a part of a team	free	No cost for employees feeling like part of a team
	Opportunity and resources to learn new things and advance	free or minimal costs	No cost for giving employees opportunities, potential cost for learning and education programs
	Referring others	free	No cost for referring others
	Diversity and inclusion	free	No cost for hiring a diverse group of people
	Strong brand perception	free or minimal costs	Some charge a fee to be evaluated and reviewed for a "best of*" list. No cost for treating people well and being ethical
	Employee well-being (physical and mental)	minimal or some costs	Costs associated with things like gym memberships, classes, and trainings

Figure 4 (Jacob Morgan, 2017, p. Chapter 13)

Understanding employees is critical to creating a functional and sustainable employee experience.

For SMEs in the Austrian retail sector, the strategies described by EX are of high practical value and should definitely be taken into account. As figure 3 shows, they are relatively easy to implement and can have a major impact on the overall EX.

5.11. Generational Preference

Companies are faced with generational differences in values, goals and work preferences and have to address those.(Westerman & Yamamura, 2007) In order to attract and also retain different generations in the company it is important to understand the differences and develop according strategies.

The generations in the workforce today are generally classified as following:

1. Baby Boomers (Born 1946-1964):

- Baby Boomers are loyal to their employer and value stability above all
- They prioritize traditional benefits such as retirement plans and healthcare coverage.
- Research suggests that they prefer in-person communication over digital channels.
- Because of the size of the generation they are very competitive and had a big influence on society, business and the economy (Westerman & Yamamura, 2007, p. 152)
- Awaiting retirement or already retired

2. Generation X (Born 1965-1980):

- Generation X values work-life balance and seeks flexibility in their roles.
- They are seen as more independent and self-reliant (Groen & Lub, 2015)
- Gen X is less loyal to their employees and would change jobs for a challenge or a better salary (Groen & Lub, 2015).

3. Millennials Y (Born 1981-1996):

- Millennials value work that aligns with their personal values and a company's social responsibility efforts.
- They seek advancement opportunities and rapid career growth.
- Research shows that Millennials prefer constant feedback and recognition for their work. (Tulgan, 2016)
- Flexible work arrangements and a strong emphasis on work-life balance are critical to them.
- Millennials enjoy collective work (Groen & Lub, 2015)

4. Generation Z (Born 1997-2012):

- Generation Z has grown up with technology and is comfortable with digital communications.
- They prefer career opportunities that offer learning experiences and skill development.
- Research shows that they value a diverse and inclusive work environment with social responsibility (Nieżurawska et al., 2023)
- Generation Z values authenticity and transparency in the employer's communication and actions

These classifications between generations may seem like stereotyping, but it is important to understand the differences between the generational groups, as they will help to manage and attract them accordingly.

The biggest differences between generations can be found in the use of technology and tolerance for different lifestyles. (Campbell et al., 2015)

The key topics when it comes to generational preference are:

Technology: As each generation has a different approach to technology it is important to keep this in mind when choosing work processes and communication methods.

Leadership and Management: In order to effectively manage, motivate and engage with the employees it is important to understand the preferences of each generation.

Work-Life Balance and Job Flexibility: Work-life balance is an important topic for all generations, but the definition of balance may differ. It can be more about managing workload, while for other generations its about flexible worktimes and remote work options.

Communication Preferences: Communication is key in every business, but the forms of communication is different between different generations.

Baby Boomers: prefer face-to-face conversations

Gen X: prefer face-to-face conversations

Gen Y: are more comfortable with digital communication

Gen Z: is very comfortable with digital communication

Recognition and Feedback: Feedback is a very important managing technique but it has to be considered how it should best be given to different Generations.

Baby Boomers: prefer a more private feedback and acknowledgment

Gen X: prefer more private feedback and acknowledgment

Gen Y: regular feedback and public recognition

Gen Z: regular feedback and public recognition

The literature on generational preferences emphasizes the importance of understanding and addressing the unique needs of each generation in the workplace. Companies that take these differences into account can create a more inclusive and engaging environment that improves employee attraction and retention.

As a SME in the Austria retail sector those differences should be taken into account when looking for new employees, as well as trying to manage employees. With Gen Z flooding into the workplace it will be important to be able to meet their needs and become an attractive workplace for this generation as well.

The Generation Y and Z are said to be *“The Most High-Maintenance Workforce in the History of the World . . . and Likely to Be the Most High Performing”* (Tulgan, 2016, p. 1)

Keeping this in mind, it will become even more important in the future to be able to cater to the younger generations needs without alienating the older generations.

While meeting an employees need to sustain his living through work is an essential it will not be a driver for more engagement in the company. The non-financial

motivators are key to increasing engagement and retention. Ultimately, whether or not an employee is satisfied with their company depends on work-life balance and workplace culture. (Nieżurawska et al., 2023, p. 109)

6. Recruiting strategies for SMEs in the Austrian retail market

As discussed in chapter 3.1. the Austrian retail market is dominated by big retailers and the marketing budgets of those companies can hardly be matched by SMEs in the same market. To attract the right talent and remain competitive, it is important for SMEs to have a clear strategy on how to attract and retain talent. Although SMEs have less employees and generally smaller budgets, there are advantages that SMEs have over bigger enterprises.

Some of the recruitment strategies mentioned in Chapter 5 can help SMEs attract better talent, while others are more appropriate for larger companies. Below, we will take a closer look at the different strategies and how they can help smaller companies recruit better.

Employer branding (EB) is a great strategy for SMEs to become better known and stand out in the job market. While larger companies are usually well known, this is an area where SMEs need to work hard to stand out. In the “war for talent,” the importance of EB has proven to be an effective strategy. The EB should be developed in conjunction with employees and be a realistic reflection of the company and its culture. If done well, a coherent EB can not only help attract the right talent, but it will also help SMEs shape their identity in the labor market.(Elving et al., 2013). In the retail labor market, this is a strategy where SMEs can really focus on their niche, their uniqueness, or even their smaller size to differentiate themselves from the dominant retailers.

As the use of social media has increased significantly in recent years, it is beneficial for SMEs to communicate EB via social media channels. In this way, the company can talk about its culture, values, and goals, providing better insight into the

company and helping future employees better identify with the company. EB also helps employees better identify with the brand and leads to better employee retention. It is also easier to recruit interested talent without the need for a large budget. (Bharadwaj et al., 2022)

While **competitive compensation and benefits** are something that large companies can more easily offer, this is an area where SMEs will need get a little more creative in order to compete. Since compensation is one of the most important and sensitive factors in attracting employees, this should not be ignored. SMEs should try to develop a structured compensation system as they grow larger, as Balogh (2021) points out in his paper on compensation incentives for SMEs. The goal for a growing SME should be to start with an informal system and slowly develop a formal and well-structured compensation system. In this way, small businesses remain competitive without investing too much, too soon. (Balogh et al., 2021)

However, it should be kept in mind that even with creative approaches to benefits and compensation, the larger retailers have the upper hand in this area and can offer higher wages and better compensation.

SMEs should consider more customized compensations and benefits to their employees, as larger companies cannot offer this in the same way. This strategy works very well when combined with **professional development opportunities**, as SMEs can offer a more entrepreneurial career path and tasks can be adapted to employees. The less rigid structure of smaller companies provides opportunities that larger companies will not be able to facilitate. Ideally, a company can customise the role, career path, and even compensation to an individual employee. It is important for small businesses to take this into consideration and take the time to work with employees to map out their future plans and how they can grow with the company. Since this can be very personal and tailored to the employee, this is one of the great strengths of SMEs.

Since efficiency is the key to success for smaller companies, an **effective recruitment and selection process** should be implemented as early as possible. There is a strong correlation between an SME's performance and its employee recruitment and selection process. Great importance should be placed on this strategy, as it has a direct impact not only on the company's performance, but also on

its competitiveness against other companies. Attracting the right talent and then also selecting the best applicants will be the key to success in the highly competitive retail labor market. (Klepić, 2019)

Establishing a clear process and criteria for hiring will already greatly improve the quality and experience of applicants. This is an area where just a little extra work up front will result in significantly better applications and less turnover in the long run. Facilitating all resources and avoiding wasted time should be one of the key cornerstones of smaller businesses. Therefore, an **employee referral program (ERP)** is an easy-to-implement strategy for small businesses to attract the right talent, while also being very beneficial to workplace culture. Not only does this strategy help attract better-suited candidates, but it also has the side benefit of making employees feel more engaged with and valued by the company. Giving employees the opportunity to be involved in the hiring process has a positive impact on the overall EX and workplace culture.

A well-communicated employee referral program also indirectly lowers costs by reducing turnover by 15-20% by giving employees the opportunity to choose who they will work with. (Friebel et al., 2023)

Something SMEs are generally very good at is creating a **positive workplace culture**, because a smaller company feels more personal, almost like a family. With the right amount of attention to a good workplace culture, this is one area where SMEs can stand out and become a place where their employees enjoy working. In order to foster a good workplace culture, it is important that the culture is something that the entire company lives and breathes every day. Because smaller companies are more cohesive and feel more like a family, this can be achieved very well. It has also been shown that a positive workplace culture can help SMEs be more flexible and adapt to markets. Companies with a strong culture have an easier time adapting to turbulent markets and have a competitive advantage. (Anning-Dorson, 2021)

As workplace culture develops on its own, it is important for SMEs to really put energy into creating a workplace that aligns with the company's values and goals, and where all employees feel welcome and included. A good workplace culture can be communicated to the outside world by EB or even by the employees themselves.

This conveys an authentic image of what it is like to work for this company and makes it much more attractive to applicants.

To **promote diversity and inclusion**, a company should create the right environment and encourage inclusion of all employees. This is something that a smaller company can implement more easily than larger companies, but it should be an integral part of the workplace culture and the company itself. For this to work well, there should be a culture of openness to diversity. This will foster a very positive workplace culture and diversity will be seen as an asset to the company. While this should be part of any modern company, it can also be used as a strategy to attract talent and value the uniqueness of each employee. (Groggins & Ryan, 2013)

A **strong online presence** is something most companies cannot do without in today's business world. SMEs can use this tool to become more visible and stand out from the crowd. A strong online presence can give a very good picture of what it is like to work in the company and what to expect. A company's online presence is the equivalent of its business card in today's world and should never be overlooked. A mature and well-designed online presence can help SMEs compete with larger companies (Louw & Nieuwenhuizen, 2020) and can help attract not only new customers, but also employees in a variety of ways. Online presence is a good starting point for recruiting, employer branding and communicating corporate culture.

For SMEs in the retail sector, this is a strategy they need to spend a lot of energy on, as they can gain a lot of traction in the job market through their online presence.

Combined with **recruitment marketing**, a strong online presence is an even better strategy. It helps to always target the right talent and to use the company's resources efficiently. If used correctly, it can help small businesses to always receive a constant stream of applications without having to invest too many resources in this direction. This is a relatively new area, but the tools used are the same tools that have been used for customer marketing for years. These tools are now being used to find the right candidates and target them accordingly.

Recently, artificial intelligence (AI) has been used to streamline the application process and filter out the right candidates. (van Esch et al., 2020)

When used properly, recruitment marketing can help SMEs channel their efforts in the right direction and get better applicants from the competitive job market.

For SMEs, the **employee experience (EX)** should not be overlooked and is something that can make a small business very attractive to potential employees. Employee experience is a very important topic that is also shared in online networks (e.g. Glassdoor or Kununu) and therefore has an impact on job applications and the employer brand. (Landy & Vasey, 1991)

As discussed in Chapter 5.10, there are many ways to improve EX and these should always be considered as they make the work more fulfilling and rewarding.

SMEs should always keep EX in mind as it not only has a positive impact on the company's performance, but also helps to make the company a place where employees enjoy going to work. This will also translate into more job applications and a better position on the labor market.

When looking for strategies to attract talent, SMEs should play to their strengths.

The biggest advantage of small and medium sized companies is their flexibility. With their smaller and less rigid structures an SME can adapt quicker to changing environments and cater to different customers in a more personalized way.

As SMEs also have less resources at hand, they tend to make use of external networks and are also more resource efficient.

An SME can quicker respond to a market change and respond to better to new challenges than bigger cooperation's.

While SMEs face challenges due to their size, their agility and ability to quickly pivot can sometimes compensate for these limitations. (Narula, 2004)

Keeping those differences in mind there are also advantages for employees in SMEs compared to a bigger cooperation. As SMEs have smaller and less rigid structures the working relationships are a lot closer. This leads to broader responsibilities and a more entrepreneurial spirit throughout the company.

The closely knit community in an SME leads to less bureaucracy and quicker recognition of individual contributions.

An SME can feel more like a family and can give its employees the option to grow with them and see the direct impact they can have on the “bigger picture”. (Narula, 2004).

7. Conclusions

This paper attempted to find ways in which SMEs in the Austrian retail sector can attract employees. In the beginning we formulated three questions that we will now try to answer:

How can SMEs attract qualified workers in the highly competitive retail market?

As shown in this paper, there is not just one solution, but a whole range of tools and strategies to increase the attractiveness of the company in the labor market.

It is important for retail SMEs to understand and play to their strengths: more flexible, smaller, and therefore a closer community, and greater impact through individual contributions. Understanding the strengths of a smaller company is an important starting point when trying to attract talent.

The core elements that SMEs should address first are: Workplace Culture, Employer Branding and Employee Experience. These areas also have a big impact on the overall performance of the company and make it a place where people like to work. An efficient recruitment and selection process helps a company find and filter the right candidates faster, but a good ERP on top has proven to be an easier way to find qualified employees who will stay with the company longer.

What can SMEs offer potential employees that larger companies cannot?

The smaller size of SMEs can be their advantage and should be used as such. It is easier to build a good workplace culture and actively involve all employees in the growth of the company. In this way, SMEs can offer their employees a more entrepreneurial approach to their work and a wider scope of responsibility.

Because SMEs can be highly specialized in a niche, they can better serve not only specific customers, but also their employees. The company can feel more like a family than a workplace, and the employee experience, which is heavily influenced by workplace culture, can be very positive.

These strengths should be leveraged by SMEs, and the better they are understood, the more attractive smaller companies can make themselves.

What tools and strategies are available to SMEs to attract talent on the labor market?

This paper has shown that the best way to attract talent in the labor market is to make the company a place where employees enjoy working. The best way to do this is to improve EX by promoting it with employer branding.

Once this is in place, a targeted employer marketing program along with an ERP would be an ideal starting point for a company to sustainably attract talent.

The foundation for all of this is a strong online presence that can promote the employer brand accordingly.

It is important to remember that recruitment is an ongoing process, and it is important to continually evaluate and refine recruitment strategies based on feedback and changing market dynamics.

7.1. Limitations

While this paper aims to provide some recruitment tools for SMEs, it acknowledges that this is not without limitations. General factors that can make a company more attractive in the labor market have been considered and can be well implemented in SMEs, but direct implementation is highly dependent on the company, the exact business model and the employees needed.

Most of these strategies have been well researched and analyzed, but the application of these recruitment strategies to SMEs is still an area for further research, as most studies found in the literature focus on larger companies or even multi-national corporations.

Attempts have been made to apply most of the solutions to retail, but this is not possible for all in detail and is again very company specific.

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