

HUMAN RESOURCE STRATEGY –HUMAN RESOURCE MANAGEMENT IMPORTANT PARTS OF MANAGEMENT STRATEGY AND BUSINESS SUCCESS

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HUMAN RESOURCE STRATEGY – HUMAN RESOURCE MANAGEMENT IMPORTANT PARTS OF MANAGEMENT STRATEGY AND BUSINESS SUCCESS A COMPANY VISION DEVELOPED BY INVOLVING WORKERS AND EMPLOYEES

Basic conditions:

On the importance of an organized Human Resource Management

The general objective of HR Management is to enable the company to reach its business objectives through the guidance and the support in all matters concerning employees.

This, for instance, includes making sure that the line management, i.e. the immediate superiors, deal in an effective and responsible way with their employees, i.e. support them in the management of a sector.

In addition to this, HR Management has the task to organize the work system in such a way that the persons working in the company are able to do their best with respect to performance and quality.

Michael Armstrong said the following: „ HR Management is a strategic and coherent approach to the management of an organization`s most valued asset: the people working there...” (Armstrong 2003, p. 3).

HR Managers are not just administrators and guardians of laws and regulations as they used to be, nowadays they shape a company and bear responsibility.

Thus, the role of HR Managers has changed. They are no more merely responsible for specific tasks, but they bear responsibility for the control and the strategic further development of the entire company.

HR Managers have to develop ideas how the business objectives of the company can be reached and how HR Management can provide support.

Being part of this role model, senior HR Managers have to be part of the company management. They have to be involved in all strategic matters, considerations and developments of the company.

The previous allocation of tasks, i.e. that HR Management is just following instructions, has become out of date.

Without doubt, the responsibility for employee-oriented matters is in the foreground, however, social and social political matters in the environment of the company are of course included as well.

The strategic further development of a company always takes place within the context of the basic conditions of the environment.

This goes beyond just the representation of a company in association committees.

A forward-looking strategic further development of a company includes, in addition to product development, market observation, the opening up of financial reserves and the positive integration in the social environment, the positive contact to associations and trade unions. With respect to this task, the most senior HR Manager is somewhat of a “foreign minister” of a company.

This task, however, requires that the senior HR Manager is also a member of the company management.

Against the background of this outstanding responsibility of the HR sector for the overall company, the importance of the internal operation of HR Managers becomes apparent.

Together with senior managers of the various line functions, an HR Manager integrated in the overall development matters of a company, can much better develop, implement and ensure the long-term effectiveness of the establishment of strategic personnel issues.

Integrated in the overall strategy of the company, an HR strategy is developed, which is part of this strategy and which also reflects the philosophy and the standards of the company.

The objective is to improve the performance and the efficiency of the employees. A culture of excellence is to be supported and developed in the company. However, at the same time, it is necessary to develop a sense of satisfaction. The employees are to identify themselves with the company and a company spirit is to be created. Only the combination of this ensures a high performance and great commitment of all employees to the benefit of the company.

In view of this requirement, senior managers have an important function. They are responsible for the operational success and they combine the interests of the employees with operational requirements.

HR Management provides the basic conditions and instruments for this to support the senior managers and the willingness of the employees to play a part in this.

The general task of Human Resource Management is to reach a performance of the company through the employees, which is as high as possible. The point is:

- to integrate the personnel prospect into strategic company decisions and, thus, to help shape the company already when developing the strategy (strategic HR Management),
- to support employee commitment towards the company and the own work tasks (High Commitment Management),
- to support the own initiative of the employees with respect to the continuous improvement of the work and business processes and
- to remove obstacles from the path of the employees on their way to realize their potentials within the company (continuous improvement of efficiency, conditions of performance and willingness to perform).

The characteristic of a future-guaranteeing Human Resource Management has to be the combination of economic and social objectives. This straightens out relations. Human beings want to perform and want to be productive. This should be made possible *in* the company to the benefit of the company.

This management approach underlines the importance of active, committed employees who, in return for their behaviour and their work for the company, expect an appropriate integration in managerial decisions.

Only a company policy taking an employee-based strategic development seriously, fulfils the above-mentioned basics.

A practical experience has shown the potential set free when employees are integrated in strategic considerations.

The implementation of such management approaches is, at the same time, the basis for a continuous further development of the company (change management) and the willingness of the employees to cooperate, which I will discuss later.

Imagining such requirements shows that a company cannot be managed just „from above“ but that involving employees of all hierarchies is of great importance for the overall success of a company.

In many companies the knowledge in swarm intelligence is used for company matters. The known principle that a group is normally more intelligent than its most intelligent member is also valid in the managerial context.

Important for success, however, is that the groups are composed heterogeneously or that the knowledge of different groups is combined by a relevant process and discussed across the groups.

Even the structure of the work groups is important for success, i.e. a differentiation between long-term employees and new, old and young, male and female employees.

All groups must be able to work independently when each member has access to decision-relevant facts - the decision-relevant knowledge.

Even when digitalization today enables the decoupling of real locations, it nevertheless is relevant to integrate steps in a strategy process, where members meet each other in reality to ensure success.

The real meeting of people and working together, talking to each other, seeing and monitoring facial expressions and gestures of other group members is of decisive importance.

For the success of an employee-oriented strategic development, it is necessary to give the members much freedom outside the normal operational hierarchies, to implement short decision-making channels, to provide a high degree of flexibility and to enable intensive networking.

All this shows that such a corporate-policy step, which is also an important step for the further development of the company culture, cannot be made simply by pressing a button but is a process in itself.

This process of development of the company culture may - based on experience - take up to 5 or 6 years.

The duration depends to a high degree on the situation and the level of the existing, actual company culture.

Those coming from a company and a management culture with a strong hierarchy will take longer than persons younger and having worked in an uncomplicated, flat hierarchy.

We should be aware that, according to company surveys of the consulting company Kienbaum, only 16% of the senior managers of 116 companies regard themselves as visionaries or discoverers, whereas 84% of them would rather like to preserve the existing situation instead of making changes.

We surely can derive from this that many senior managers will be reluctant to accept and make changes - even improvements.

Often, vested rights and/or positions of power will be protected.

We, therefore, cannot assume that a changing process will be supported that easily.

From this follows that an intensive preparation, a structured planning of measures and a differentiated transfer and implementation phase need to be planned.

It is the task of the company management/the highest decision makers not only to start such a changing process but to animate such a process. The head of a company, the head of a factory or the head of a service company has to want the planned change in a way that is recognizable for all employees and not just accompany each phase of the changing process. He has to actively shape it.

From the practical experience of the author, these requirements become apparent in the following:

Generally, changing a company identity comes along with inventions, new developments, new technologies but also changes of the basic conditions, environmental aspects, new legal regulations but of course also and considerably comes along with market changes and new, different demands.

A good example for this is the present discussion of new forms of mobility, the importance of electric vehicles, which will significantly change the automotive industry.

The development of a managerial vision has always to be designed in such a way that a precise picture of the future is created, close enough so that implementation is visible but distant enough to draw the interest of the organization for a new reality.

In particular for the inclusion in the business process and drawing the interest of employees, this sense of proportion is required so that new ideas are not rejected as nonsense and absolutely unrealistic and thus “burnt”.

As Saint-Exupéry says: „If you want to build a ship, don't drum up people to collect wood and don't assign them tasks and work, but rather teach them to long for the endless immensity of the sea“.

„The entrepreneurial vision must be achievable, it must not be utopia or a dream”.

The vision must sustainably change the present situation. The vision is always a statement or philosophy and comprises the path of development of a company.

And, finally, the entrepreneurial vision must show a competition arena with the potential of economic success. The background of a company vision should be the idea in which field of competition a company wants to be active in future and which position it will take in this field or with which corporate-political reorientation it will improve its present market position.“ (Source: H.A. Hentzler).

If a company gets on the way to start a reorientation, various different basic conditions need to be observed. Here, the employee-related basic conditions are to be observed and explained by examples how a sustainable change of culture by the integration of employees into the development of the strategy could be achieved.

The economic potential of success and the actual economic success will be shown as well.

Initial position:

The basic entrepreneurial decision to change the philosophy was that a previously mainly centrally controlled hierarchy-oriented company wanted to strengthen for instance its economic power, its willingness to innovate, its cost awareness and the motivation of employees by decentralization.

This entrepreneurial approach could, as described above, only be achieved, when all employees across all levels of hierarchy of the organizational unit, in this case a factory, could be convinced of the benefit of the change of philosophy to take part in the planning of the changes.

During a multitude of preparatory workshops in the various sectors, the basics of the reorientation, the significance of the new strategy, expected success potentials, etc. were explained and discussed with the employees.

Already during this phase, it is important to point out and discuss the chances, risks, new opportunities and new challenges for each individual.

Each new chance includes new requirements, new challenges.

The seriousness to shape the new „world“ of the described case had to and was supported by the noticeable commitment of the head of the factory.

Employees have a keen sense for the seriousness of the willingness of the management; this is especially important, in addition to the senior managers on all levels, to the company management.

There is no point in written words in high-gloss brochures.

In the described process, the aspects of the „iceberg syndrome“ were observed, according to which, as regards the development/change of a company, 90% of the efficiency and acceptance are transported through feelings and psyche, whereas only 10% of the employees can be reached by the necessity of a change, by facts and intrinsic logic should it be effective in the long run.

Thus, the process had to be started with a vast participation of the employees.

The company described has a workforce of approx. 3000. In addition to the managing director there are 6 division managers and 15 departments. The majority of the employees was working in the production sector (approx. 2100). About 900 were working in the technical and service sector. The structure of the workforce was as follows: 75 % wage earners, 25% salary earners.

This information is of importance because the different possibilities of direct participation and IT-supported participation had to be considered for the planning of the process.

For the success of such a strategic development, a clear project structure is mandatory.

The objective of the above case was to integrate all employees across all hierarchy levels, i.e. from the highest management level down to the

production worker. As it is a German company, the integration of the works council had not only been required by was mandatory for success. The institution workers council is important for success in many cases in a company not because it is a necessary evil, but it is a part of management of the company. To take the members seriously and to discuss decisions with them is necessary.

To start the overall project, the company management explained the entrepreneurial objective, the expected success, the willingness to change and the openness of the management during a kick-off meeting to all employees.

Such an integration of the various groups of employees of course requires a stringent and clear structure. The internal project group was supported by an external team of consultants.

Naturally, not all employees could be integrated personally, however, it had been ensured that each group of employees was represented.

A total of 10 groups consisting of 10 persons each were formed. 8 of these groups represented employees of various levels of hierarchy, different age levels and different functional areas. A dominance of any particular group had been avoided. Members of the works council did not form an individual group but were distributed over the groups.

In addition to the groups described above, a „youngster” group, i.e. young employees employed not yet for a long time and with a high creative potential, and a group of the heads of the divisions were formed.

Facilitated by the consulting team, these work groups had several meetings and discussed questions concerning

- Analysis of strengths and weaknesses
- Description of future challenges
- Elaboration of practical measures/reaching of objectives
- Concept proposals for the diffusion of the vision of the future

Naturally, the ideas/proposals/measures were characterized by the corresponding status of the employee. Of course, machine operators viewed things differently than heads of a division but each of them, even those from the lowest level, was able to explain his perspective and - particularly important - could bring it in - and it was sought after.

In general, it is important that the period to elaborate strategy proposals is not too long. There should be a certain pressure of time, to make use of the full force.

Thus, a period of four weeks was scheduled during which the work groups could work with focus and full force.

Working on the strategic development was paid, even for simple production workers and office workers; for this, a special payment schemes had to be introduced for a certain period.

At the end of a four-week conception period, the results were summarized in a uniform and thus general form.

For the presentation of the results, various forums moderated by the external consultants were performed, during which the results were presented, discussed and - after several “loops” - brought into a shape accepted by all.

It has to be pointed out that the management had the power of veto in some particular issues. For instance, for issues concerning the strategy of the overall group of companies.

Of great importance during this phase of discussing the contents was to maintain a continuous communication among all employees. For this, a special communication concept was elaborated with which a fast communication and information in writing and orally could be reached.

Information boards, for instance, were installed in all areas of the factory showing in a specific colour (yellow) the important information on the status of development and elaboration. One employee of each sector was responsible for the timeliness of the information.

Great importance was attached to the intensive elaboration process as all employees had to be able to find their ideas in the mutually elaborated vision of the future.

This „fine tuning“ of the strategy lasted approx. three months - always accompanied by the above-mentioned steps of information.

Such a process, where all employees - from the production worker up the managing director - collaborate, needs a „big bang“ to release implementation.

This was done during a grand meeting of all 2700 employees and the board of management of the entire company.

To underline the seriousness of the involvement, a brochure explaining the main idea of the strategy was given to each employee the next day.

The involvement of the employees and sustained effectiveness can only be achieved when the paper is not written in “consultant language” or looks like a high-gloss brochure. The style of the texts should reflect all levels of employees - including the workers.

.The following had to be observed when creating the texts:

- No prose
- Short sentences
- Striking key messages
- no or only few foreign words

The brochure had to be designed as follows:

- No high-gloss brochure
- Simple design of the pages
- A6 format
- Optically outstanding compared to standard company brochures
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The proposal to print the brochure in the A6 format was made by a production worker work group, as such a brochure can be easily put into the breast pocket of a smock.

As all other company brochures had a blue cover, this brochure was printed in pink; noticeable and easy to recognize.

As described above, it is a German company. Therefore, the opinion of the works council needed to be considered.

For success, the active support of the works council was mandatory. It showed that the early and open involvement in the overall process had been correct.

For sustainability, the get-up-and-go atmosphere created by such an employee-oriented activity has to include - to be successful - several subsequent steps. It must not be a flash in the pan and the employees should not have the feeling that they had been asked once but never again - back to the old methods. Such a mistake will result in blocking in the event of any future project.

To avoid this, a concept was prepared to make sure that the idea could be maintained.

With the strategical concept, a common framework for the entire company was created. A subsequent measure was to create the awareness in the individual sectors that optimization measures within the sectors in the context of the overall concept had been the target.

During the strategic development, the employees had been asked with respect to the entire company. Now, the own sector was in the spotlight.

The proven instrument of an employee attitude survey was used for this. Subject matter of the attitude survey were:*

- My work area
- Professional development and appreciation
- Cooperation with colleagues
- Behaviour of superiors
- Cooperation of divisions
- Management and organization
- Implementation of the strategy

The resulting 10 tops and 10 flops were made public. The 10 flops, subsequently, were subject matter at various division workshops resulting in clear obligations.

The employee attitude survey was made an inherent instrument of the division and company management to be repeated every two years.

To establish the „new thinking“, various modules were developed, now forming an integral part of the management culture.

For instance:

- *Dialogue between senior managers and employees*; a structured dialogue process was installed to make sure that employees meet their superior at group discussions at fixed periods. Such meetings take place in addition to regular technical meetings, etc.

- *Feedback from employees*, i.e. a structured procedure for the feedback of employees to their superiors

- *Structured visualization* of important company data and information in all divisions at the same time, establishment of information terminals in the production sector

- Institutionalization of the described *employee attitude survey*

- Intensification of the consisting *team development process*

- Development and implementation of *target agreements* as management instrument

By nature, such a process implicates an upheaval of the company culture resulting in considerable requirements on employees and senior managers.

Employees actively participating in company matters help shaping the company, bear responsibility in addition to their usual work on site. Senior managers are called upon in a very different way as, in the course of time, another type of employee is formed. Their management task gets different.

For both groups, training measures have to be provided so that each employee will be able to cope with the new responsibilities.

The implementation of these measures had been monitored by the employees with much interest and comments regarding negligence, errors or inconsistencies make clear that the employees had understood their contribution to strategic development, their integration in the overall process and to regard the strategy as “their” strategy. Comments such as “...we didn’t discuss the strategy and the vision of future this way ...” clearly reveal this.

As mentioned earlier, the development of a new strategy serves of course and with priority for the reorientation of the company with the objective of an economic optimization.

This of course also applies to the integration of the employees, because it is to increase motivation and increase the contribution of the employees to economic success.

Some examples show that this could be achieved to a great extent.

At first, after the strategic reorientation, a restructure of the operational organization was required. Due to the new objective, e.g. a new division was set-up, existing divisions were restructured and one division was discontinued by merging with another division.

Here, in an offensive manner, open and again with the inclusion of the participating/affected employees, the reorientation, its purpose, pros and cons were revealed and a new concept was mutually developed.

Obviously, a time-consuming process, but a process which, on the one hand had not been possible without the previous integration of the employees in the strategy process and, on the other hand, would not have been successful without such intensive participation.

Making persons concerned to persons involved! A credo also for the appreciation of employees. Also for this, accompanying measures were required. For instance, an intensive team development process was started, which particularly improved the development of a new "we" feeling, particularly when combining previously separated divisions.

New procedures were not ordered but developed mutually.

Two particularly significant and cost-reducing results are to be emphasized as an example.

On the one hand, the *optimization of the continuous improvement process, the idea management* and, on the other hand the *absenteeism of employees*.

The improvement process (employee suggestion scheme) was restructured, procedures were simplified, responsibilities newly regulated, but above all, the responsibility of the individual employee for the improvement at his workplace, in his direct environment was made clear and emphasized. And all this, with great success.

Through this bundle of measures, participation could be increased. With respect to the group of companies, approx. 30% of all employees took part in the idea management. During the years after the new thinking, approx. € 70 million could be saved, whereas, according to a specific premium system, approx. € 18 million were paid as premiums.

One of the problems attacked in the course of the reorientation was the absenteeism of the employees, particularly in the production area.

It is beyond dispute that sick employees do not appear at work. But investigation has shown that a great part of the sick notes is a result of poor motivation.

The decision not to go to work in the event of, for instance, headache, also depends on the well-being at work, how one is integrated in a work group and whether you care that the foreman or your colleagues might have problems with your absenteeism.

These soft facts, for a large number of employees, are relevant to cost and it makes sense to look for an improvement in this respect.

By integrating the employees in the important components of a strategy, by the cooperation regarding the vision of the future of the company, part of the responsibility has been transferred to each employee resulting in a different behaviour compared with the behaviour without such an integration.

Transferred responsibility for the development of the strategy was reduced to the component „absenteeism“. For this, a strategy to reduce absenteeism was developed, a continuation of the basic idea “strategic development by the integration of employees”.

Previously, sick notes were handed over and filed, without any feedback and without any interview.

A work group as „germ cell“ of the new thinking addressed the employees with the situation, the arising problems, costs, etc.

Managers were trained, visualization was started and, most of all, employees were integrated in the process of handling absenteeism - another form of employee-oriented management.

Absenteeism now was not just a figure to be handled at the human resource department or by the foremen but was a fact important to everyone.

This transferred responsibility was not considered as a burden but as an impression of appreciation expressed across all levels of hierarchy from the company management down to the foreman.

Such an alteration, which is also an alteration of the culture, cannot be started at the push of a button.

It has to be assumed that such a process takes several years. For the project described, a preparation time of two years was set. Upon that, the individual steps of implementation were started.

Finally, over the period of five years, absenteeism of production workers could be reduced by 6%, i.e. from 11% to 5%. A reduction by 1% saved € 1 million, i.e. a reduction of costs of € 6 million over this period.

In conclusion, a mobilization campaign, an employee-oriented company management with the integration of employees into the managerial strategic development are not only important factors for the satisfaction of the

employees and resulting in an increase of the identification of the employees with the company but is also an important economic factor.

Satisfied, motivated employees do not only have - as described above - low absenteeism rates but are more committed to improve work procedures, produce much less waste and are significantly more friendly towards customers.

Another factor not to be underestimated is that such employees less often change their job and thus the costs for recruiting replacements would be less. They talk about their company much more positively and thus provide a positive marketing.

Appreciation by the company management from the development of the future up to the smallest step in operations.

Nowadays, all companies have access to new technologies and new trends. Transfer and implementation periods are decisive. The human being factor looms large.

And that will endure, when looking forward to industry 4.0!

Employee-oriented principle of leadership will have validity in this new world, when employees/workers and robots will work together, Worker will never be Robot number two!

But in a digitized working system leaders will have significant changes in leadership roles!

Hierarchy oriented leaders will lost influence more and more; the challenges will be, to be a teamplayer, to use networking, to be flexible in special situations, to give the employees freedom of decisions. For a leader it will be important to be a kind of talent manager, who is able to develop special abilities of the groupmembers and to integrate them in the process chain and to increase to effectiveness of the group.

That means a new role of leadership, but a employee oriented leadership nevertheless.

Furthermore it is right and important: People make the difference!