

HUMAN RESOURCES STRATEGIES

Master Course

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Building an HR Strategy

— HR as an administrative and strategic field

HR Strategy → Future business of
the company

HR Administration → Daily, operational
issues and topics

— Simple difficult cases #1

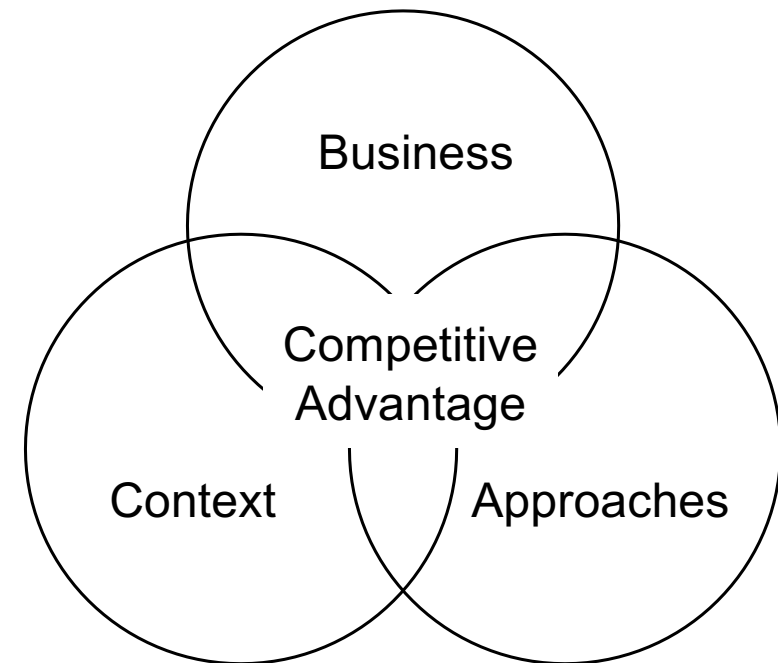
There is an SME operating as a supplier in the automotive industry (3,500 employees). It is desperately looking for software developers. Relying on job ads only doesn't seem to lead to expected results anymore. Engaging an executive search consultancy turns out to be too expensive. What to do?

In recent years a company had to deal with an increasing turnover among its most talented and most motivated people. Further research and discussions made clear that there is a lack of career prospects among most talented employees. At the same time key positions mainly have been filled with external candidates. What to do?

The new externally hired CEO at an insurance company became instantly aware of the lacking ambition and drive for performance in almost all areas and functions. A strong appeal to all managers and employees probably might not be enough. The company is thinking about a new kind of performance management system. Does this make sense? If yes, how could it look like?

A company in the retail sector sees a decline in sales and is continuously losing market share. The new corporate strategy now consistently focuses on digitizing the supply and distribution channels as well as all related business processes. An analysis has shown that the workforce has little knowledge of digitization and is rather reluctant to deal with this topic. What is to be done?

A company's HR strategy refers to all people-related **approaches** that address both strategic business **challenges** and **purpose** in order to strengthen a company's **competitive advantage**. Moreover, the HR strategy defines how all critical approaches are aligned to the structural and cultural **context**.



— Major Pitfalls when developing an HR Strategy

Inside-Out-Thinking. Solutions are pushed into the organization without having involved those who are supposed to benefit from them. Change management follows ignorance

Complicatedness, as an technocratic, sometimes bureaucratic answer to complexity. HR related solutions must be simple. Otherwise they won't work

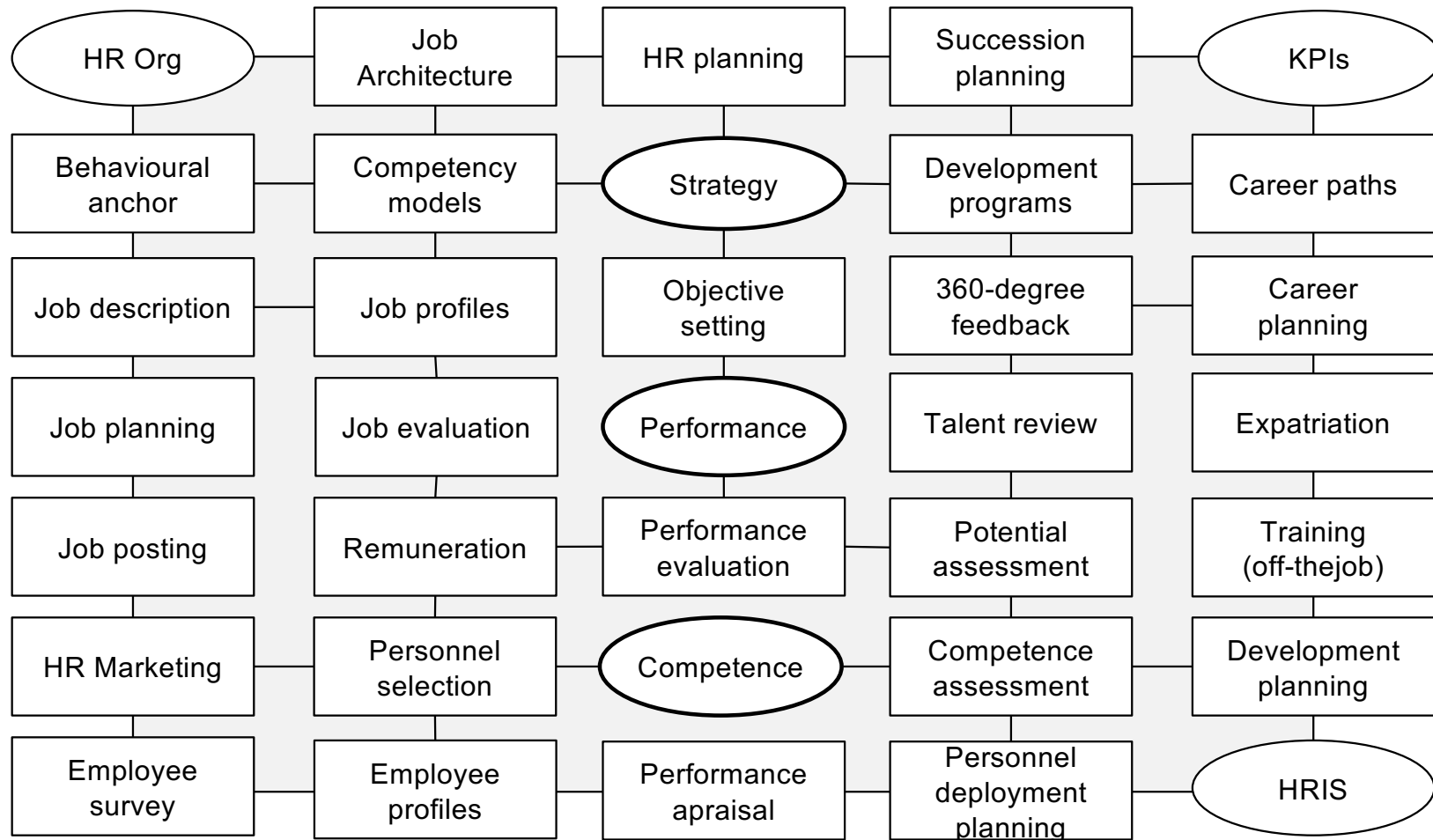
Lacking focus. There are too many top priorities. If everything is critical, nothing is critical.

Arbitrary Strategies. A strategic statement can only be strong only if the opposite could make sense as well

Copying from others. Adapting so called best practices from other companies without taking into considerations relevant internal context

Focusing on solutions. An early definition of relevant solutions and concepts without having understood the problems to be solved

Full-blown central planning and control



— Strategic statements | Example: development

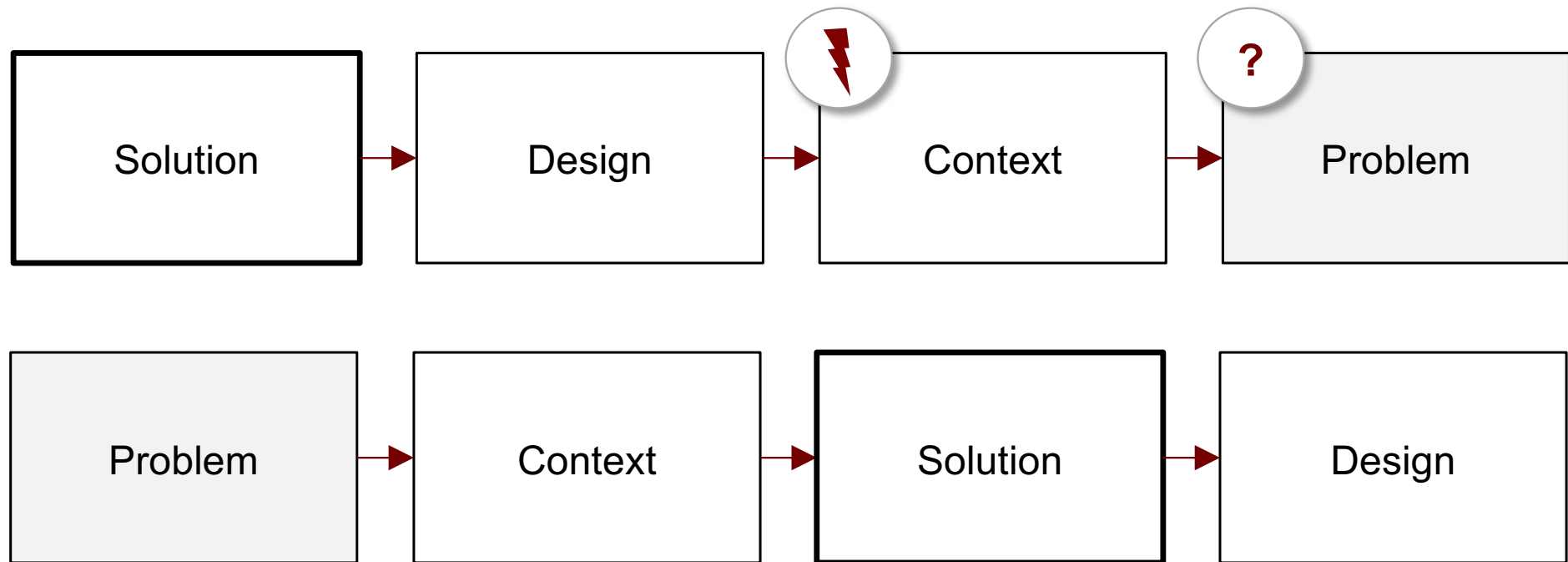
Company and HR

As a company, we have a responsibility to develop our most talented people.

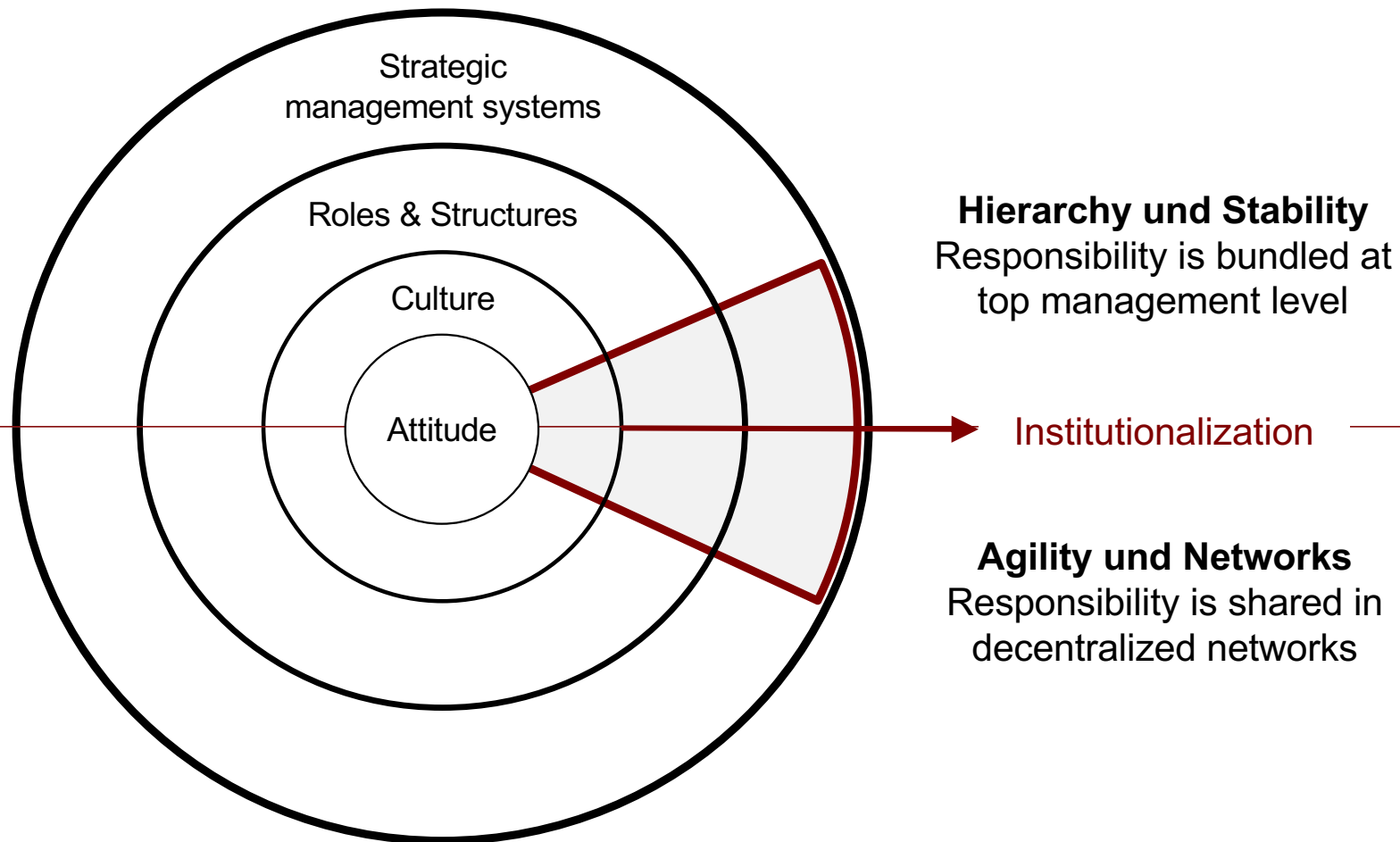
Employees themselves

The responsibility for the development of our employees lies with the employees themselves. We enable them for this where necessary and where desired.

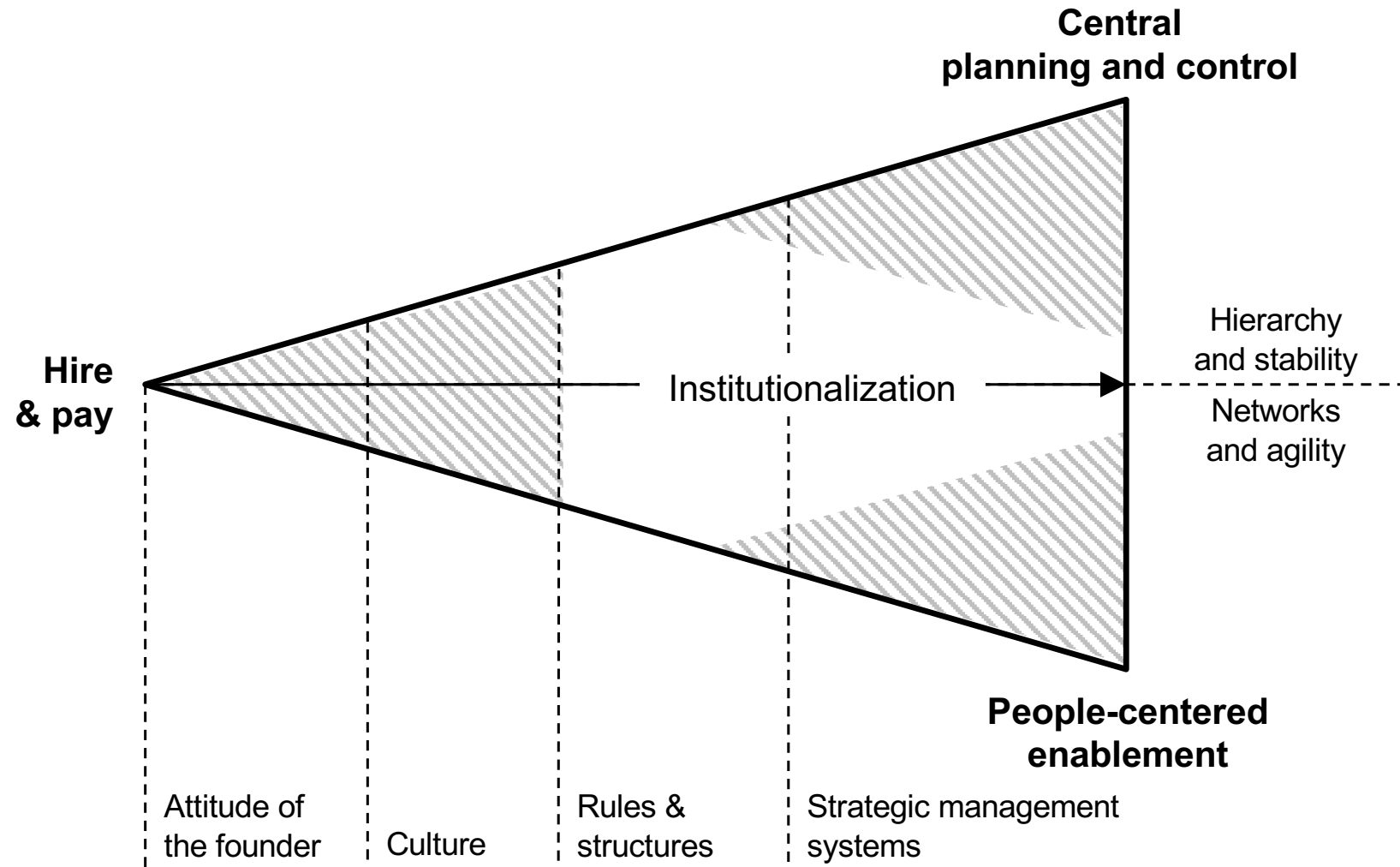
— Solution or problem as starting point



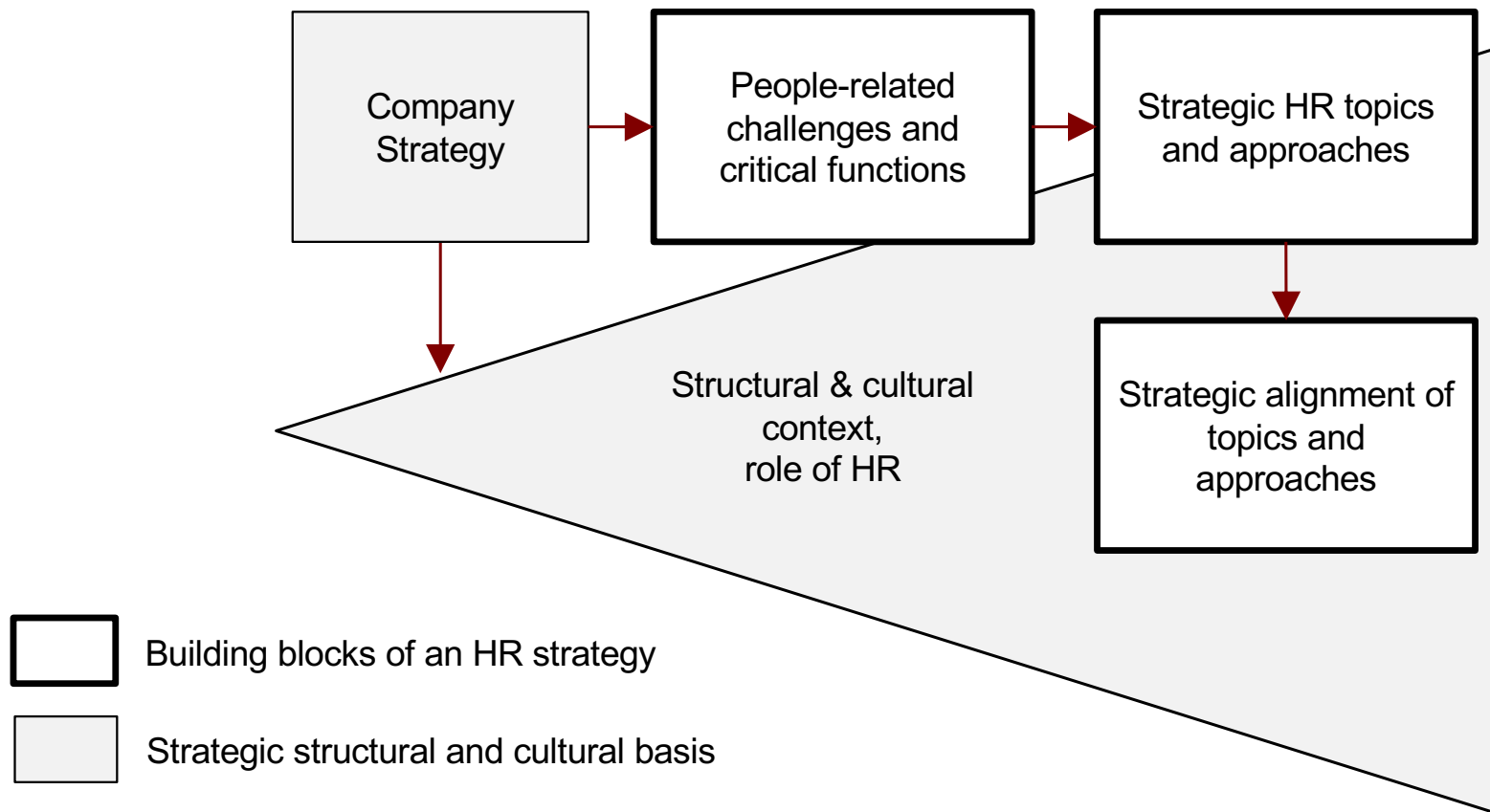
Company development within two hemispheres



Types of HR within the HR playing field (HR triangle)



Building an HR strategy



Decreasing
Purchase Power

Digitization

Changing Consumer Preferences

Changing consumer segments

Disruptive Technologies

Cost Pressure through
Low-Cost-Suppliers

Public regulation

Shifting Consumer Behavior

Decreasing Willingness to invest

Growing Resource Scarcity

Emerging

New Business Models

aggressive Players

Global Competition

Political Uncertainty

— Competitive Advantage

In the future we will be more successful than our competitors because ...

our products and services are more innovative	we are technologically more advanced	we can offer our products at a lower price
our products and services are of higher quality	our products have a better design	we communicate our promise more effectively (brand)
we have a more effective and faster access to markets	we have the largest market share in the world.	...

— Potential people-related challenges

Filling key and expert positions	Filling bottleneck functions	Valid selection of the right candidates	Being fair on compensation	Allowing a balance of work and family
Shaping productive working conditions	Identify and leverage people's potential	Open long-term development opportunities	Sharing relevant knowledge across the firm	Retaining best and high-potential employees
Ensuring broad-based employability	Building relevant skills and competencies	Keeping level of engagement high	Dealing with various generations	Allowing and building workforce diversity

— Potential HR topics and approaches

Talent acquisition and selection

Employer Branding
Candidate sourcing and relation
Selection and fit
Onboarding

Learning and knowledge

Vocational training
Executive education
Continuous learning
Knowledge management

Engagement and loyalty

Working conditions and employer attractiveness
Employee survey
Employee retention

Performance, feedback and appraisal

Objective setting
Feedback
Formal review

Development and careers

Talent identification
Talent development
Expert career

Compensation and reward

Reward strategy
Base pay
Variable pay

— The third level

Level	Content	Meaning
1	General HR fields	Are largely identical for all companies: sourcing, recruiting, talent development, learning etc.
2	Key HR topics ("Register")	Strategic selection (the what) of HR topics that appear to be particularly effective in addressing critical HR-related challenges.
3	Strategic alignment of key HR topics	Strategic decisions on how to align key HR topics. This is where the desired type of HR comes into play.
4	Operational Design	Operational design of processes, instruments, KPIs, technology and responsibilities.

— Strategic statements | Example: employer branding

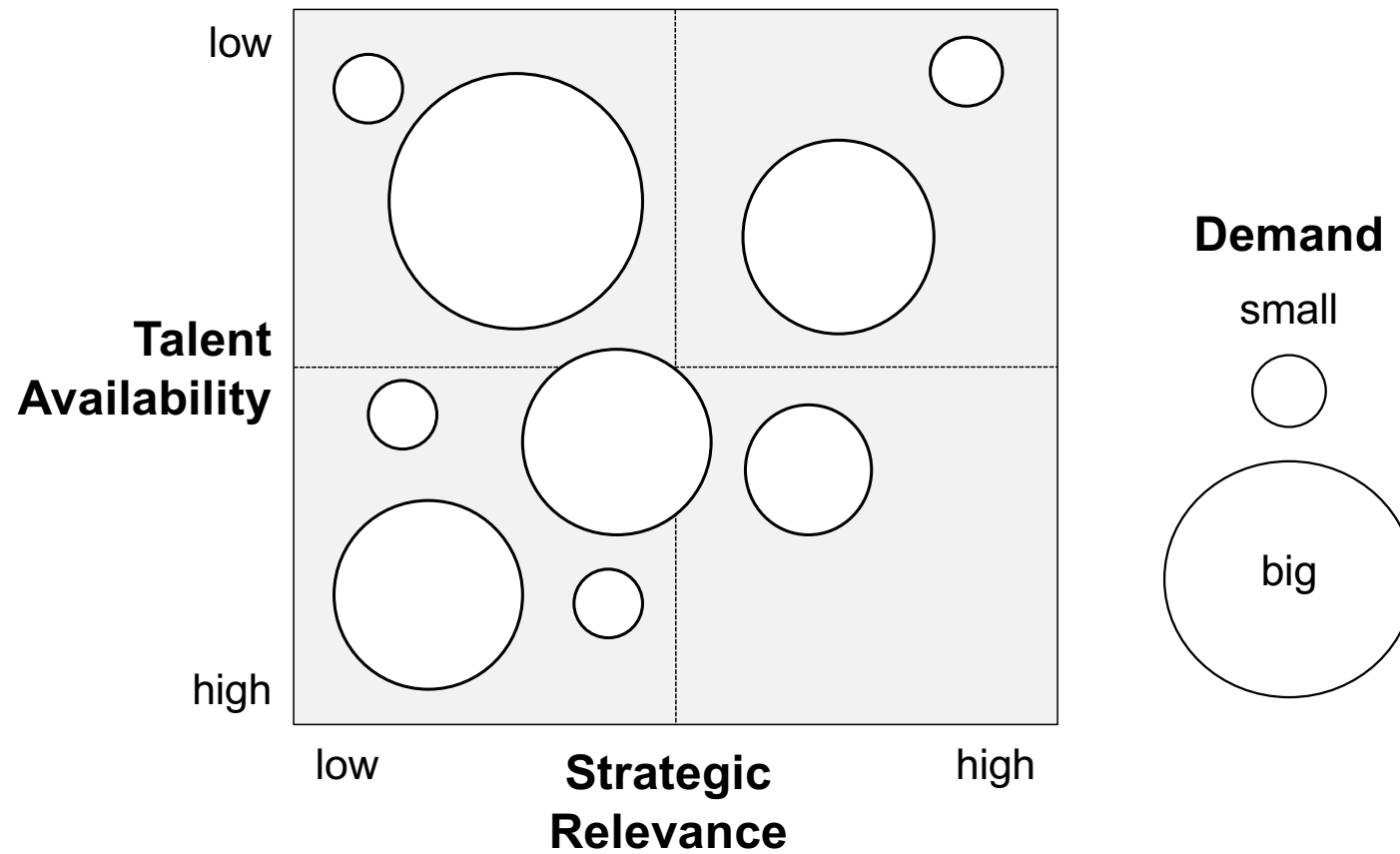
Loud and dominant

In order to be perceived as an attractive employer, we display the fire-works. We appear as a whole, very self-confident, and visible from afar.

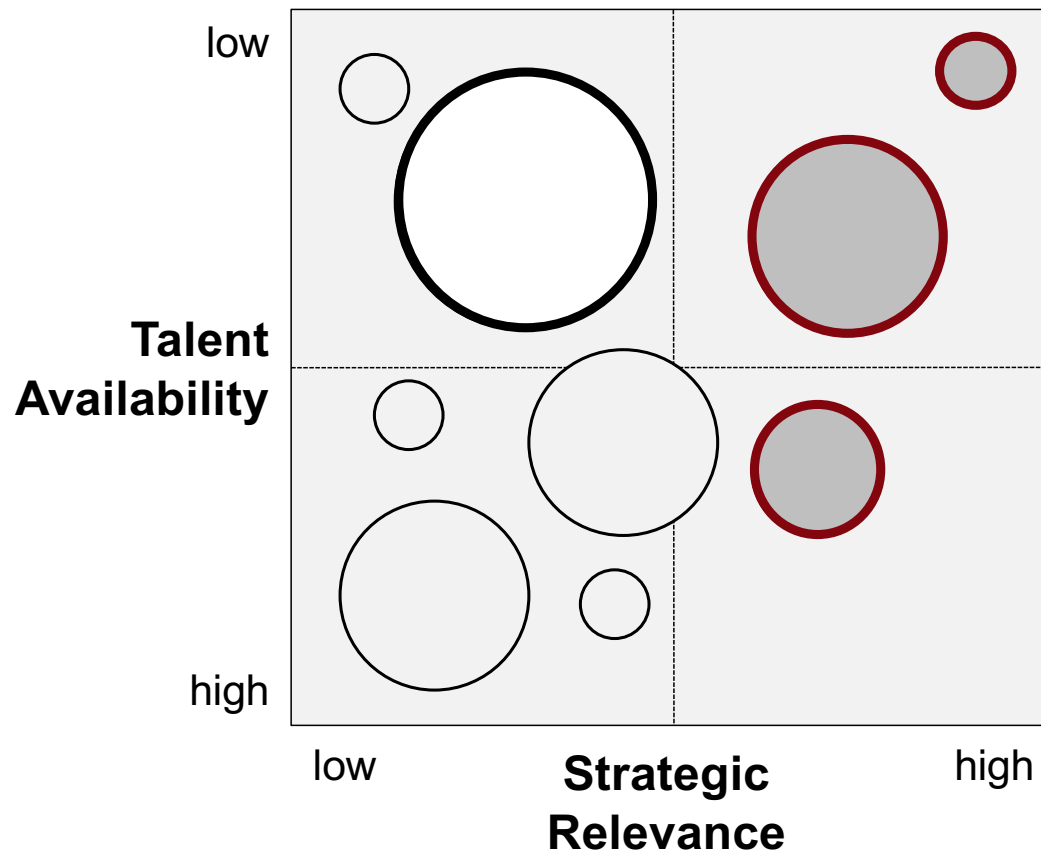
Quiet and personal

We appear as rather quiet and discreet and convince above all in personal communication. We do not urge but offer good reasons to everyone who might be interested.

— Classifying various functions



Critical key and bottleneck functions



Bottleneck Function
Big demand (volume) hard to be filled and replaced (low availability)

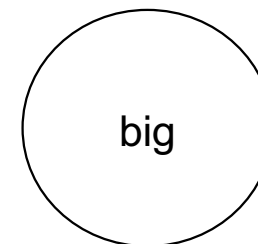
Key Function
High strategic relevance

Demand

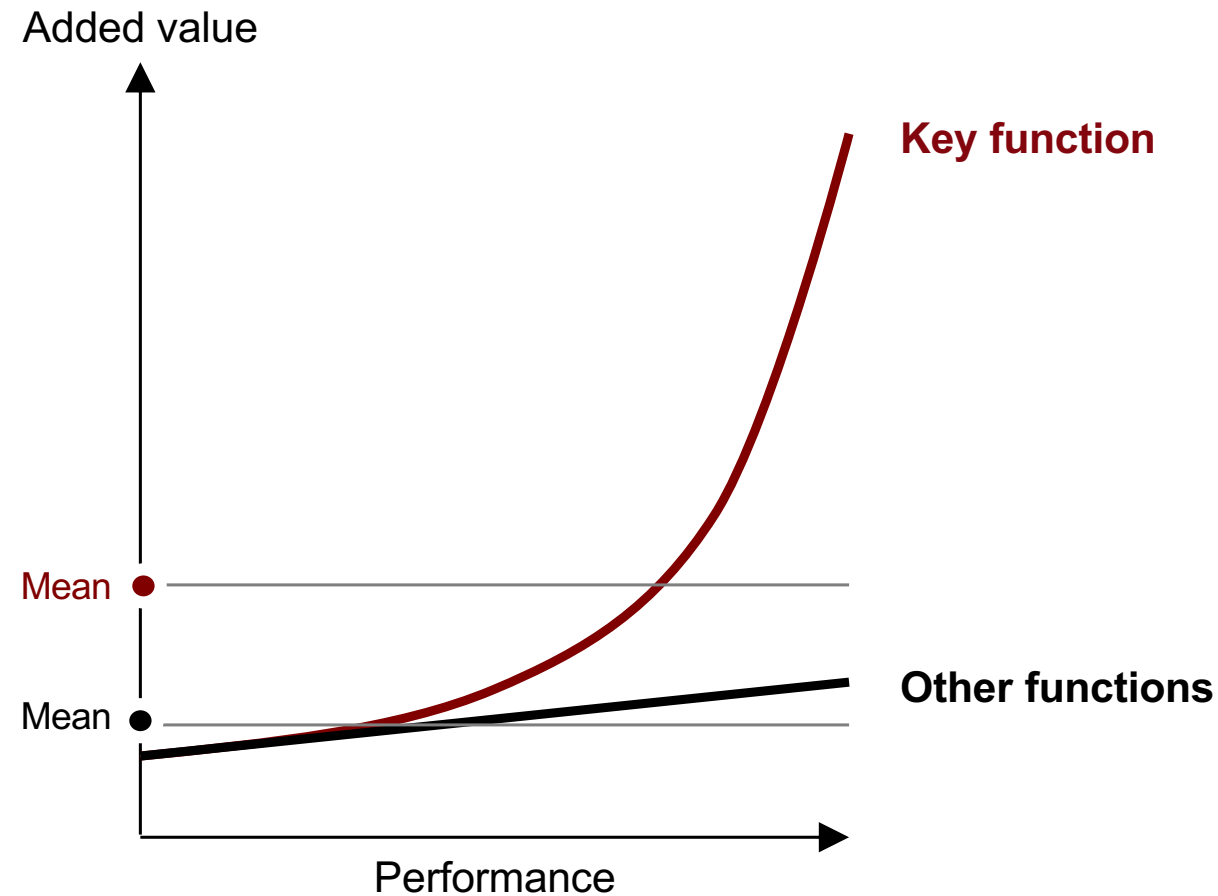
small



big



Added value in key functions compared to others



— What a key function is – and what not

A function is a **key function**, if ..
the future competitiveness of the
company directly depends on it
high performance in the function
makes a significant or dramatic
difference to the company's
success
you need to hire and develop the
best – not just the suitable
related costs for hiring,
development and retention don't
matter
it is on the radar of the CEO

A function is **not** necessarily a key
function, if ..
high performance in the function
has a big impact on the success of
the company but does not relate to
it's strategy
the entire company would suffer,
when getting rid of it
related pay grades are high
if related positions are hard to be
filled from the in- or outside
the need to place a position is
urgent

— Bottleneck functions

A function is a **bottleneck function**, if its demand is of high volume and hard to be met due to labour market conditions

There are less candidates searching for jobs actively than new hires needed

Bottleneck functions often are not of high strategic relevance but they could be. Then a function is both, a bottleneck **and** a key function

Often bottleneck functions refer to a **common** pain (need) across different decentral entities (e.g. divisions, locations, subsidiaries)

For bottleneck functions very often **homogeneous target groups** with comparable profiles are supposed to be addressed (e.g. graduates of mechanical engineering)

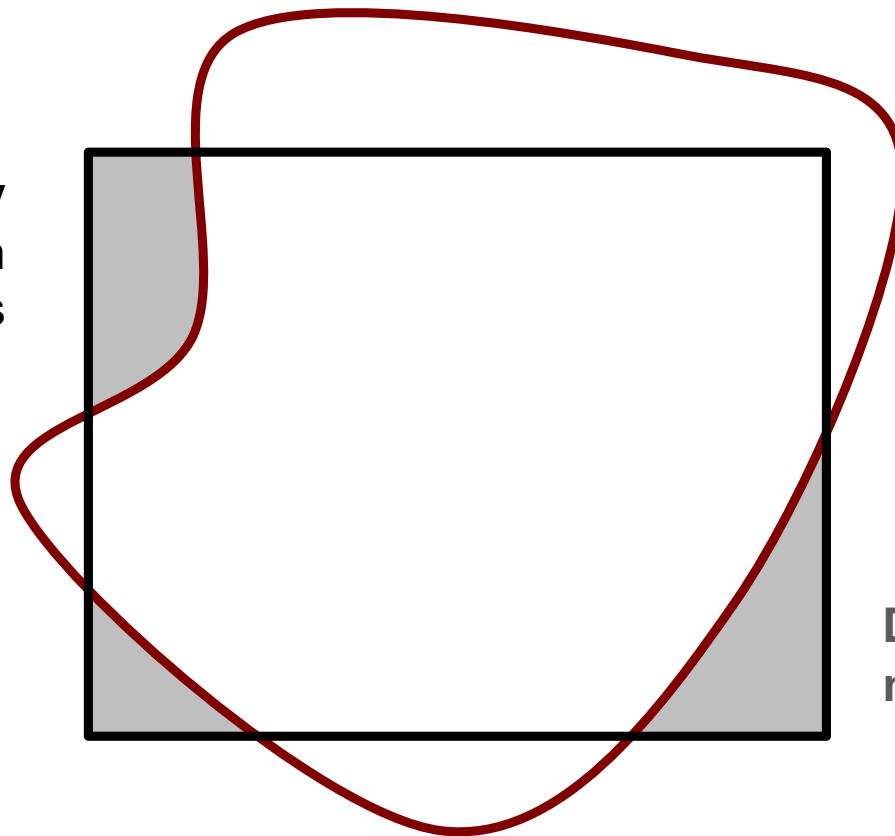
The structural and cultural context

Cultural and structural framework conditions

Employees	Tasks	Leadership	Organization
Individuality Appreciation Concept of man Dependency	Optimization versus disruption Task certainty Thinking and acting	Professional superiority Dominant leadership style Autonomy and self-regulation	Division of labour and task dynamics Consequences and commitment

— Diversity versus conformity

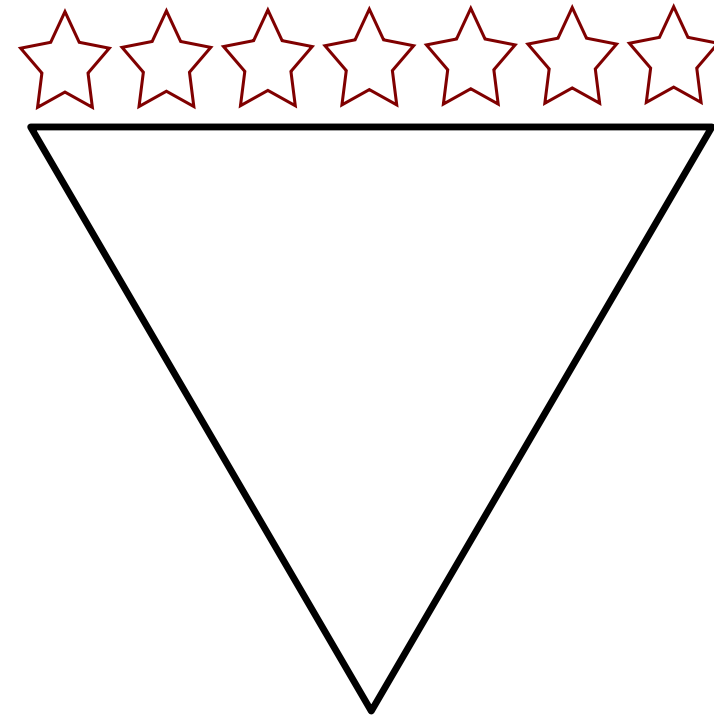
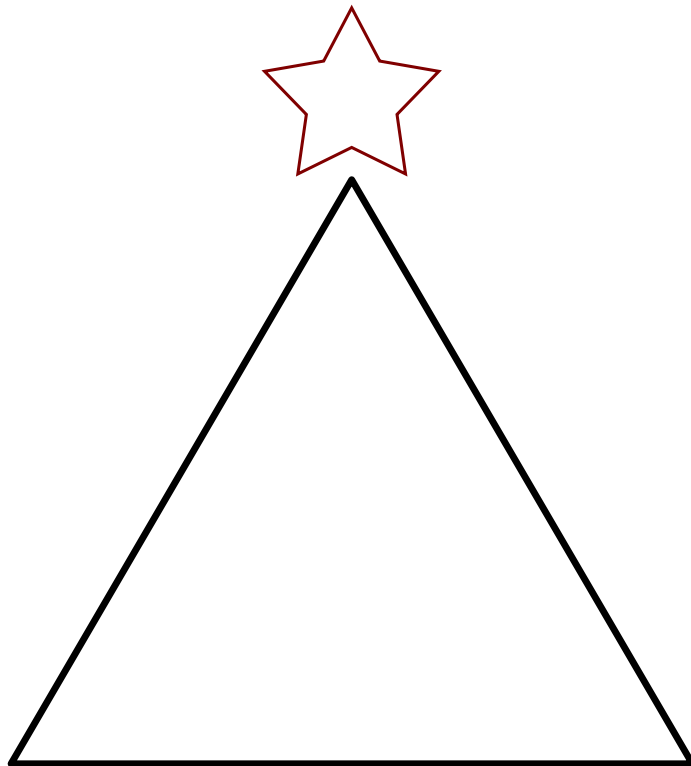
Conformity
Fit with common
standards



Diversity
Value of individuality

**Developmental
needs**

— Appreciation: Traditional and inverted pyramid



Inverted Pyramid

Theory X

People have an inherent dislike for work and will avoid it whenever possible.

People must be coerced, controlled, directed, or threatened with punishment in order to get them to achieve the organizational objectives.

People prefer to be directed, do not want responsibility, and have little or no ambition.

People seek security above all else.

Source: McGregor, D. (1960). The human Side of Enterprise. New York: McGraw-Hill.

Theory Y

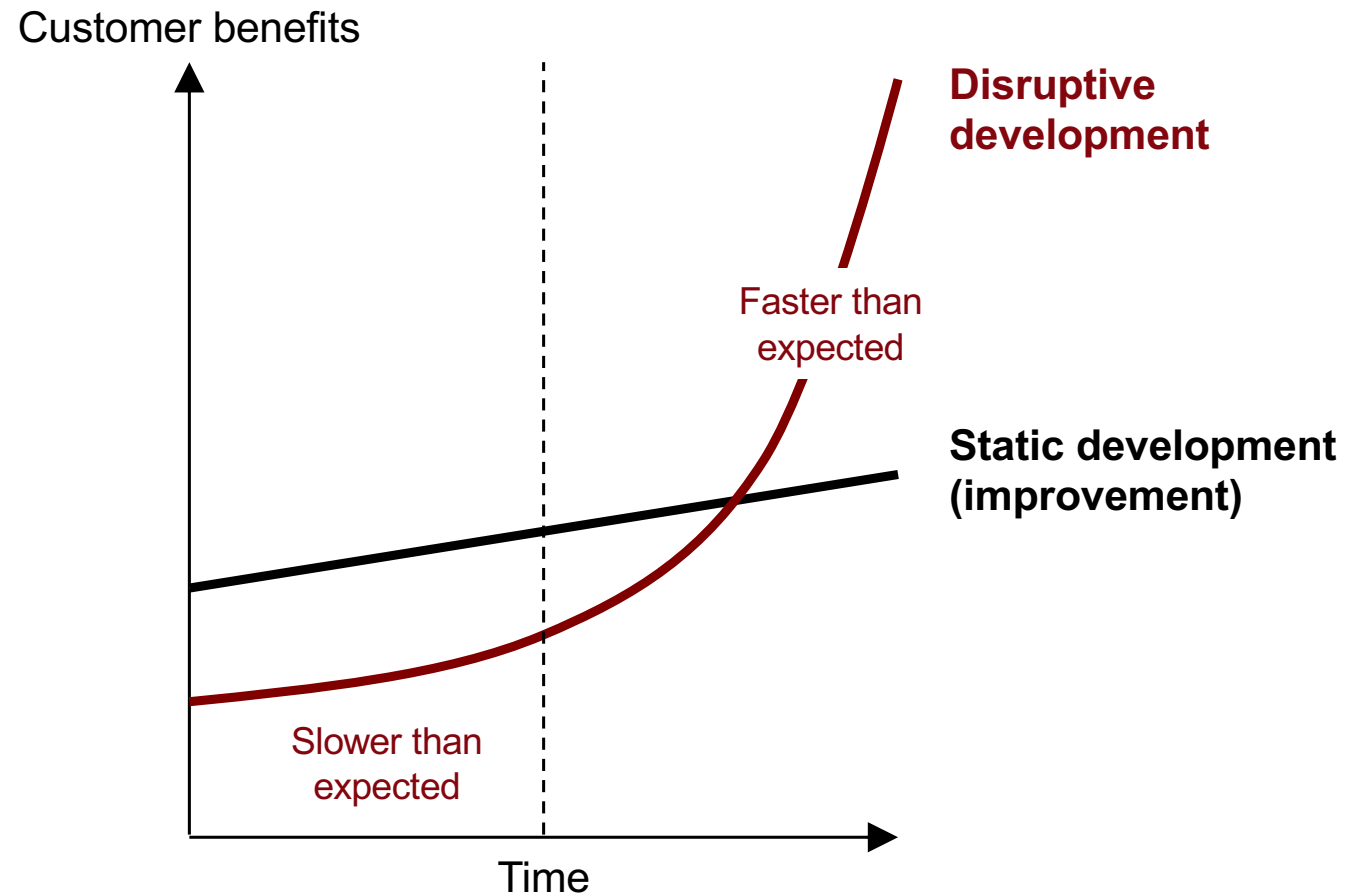
The expenditure of physical and mental effort in work is as natural as play or rest

Man will exercise self-direction and self-control in the service of objectives to which he is committed.

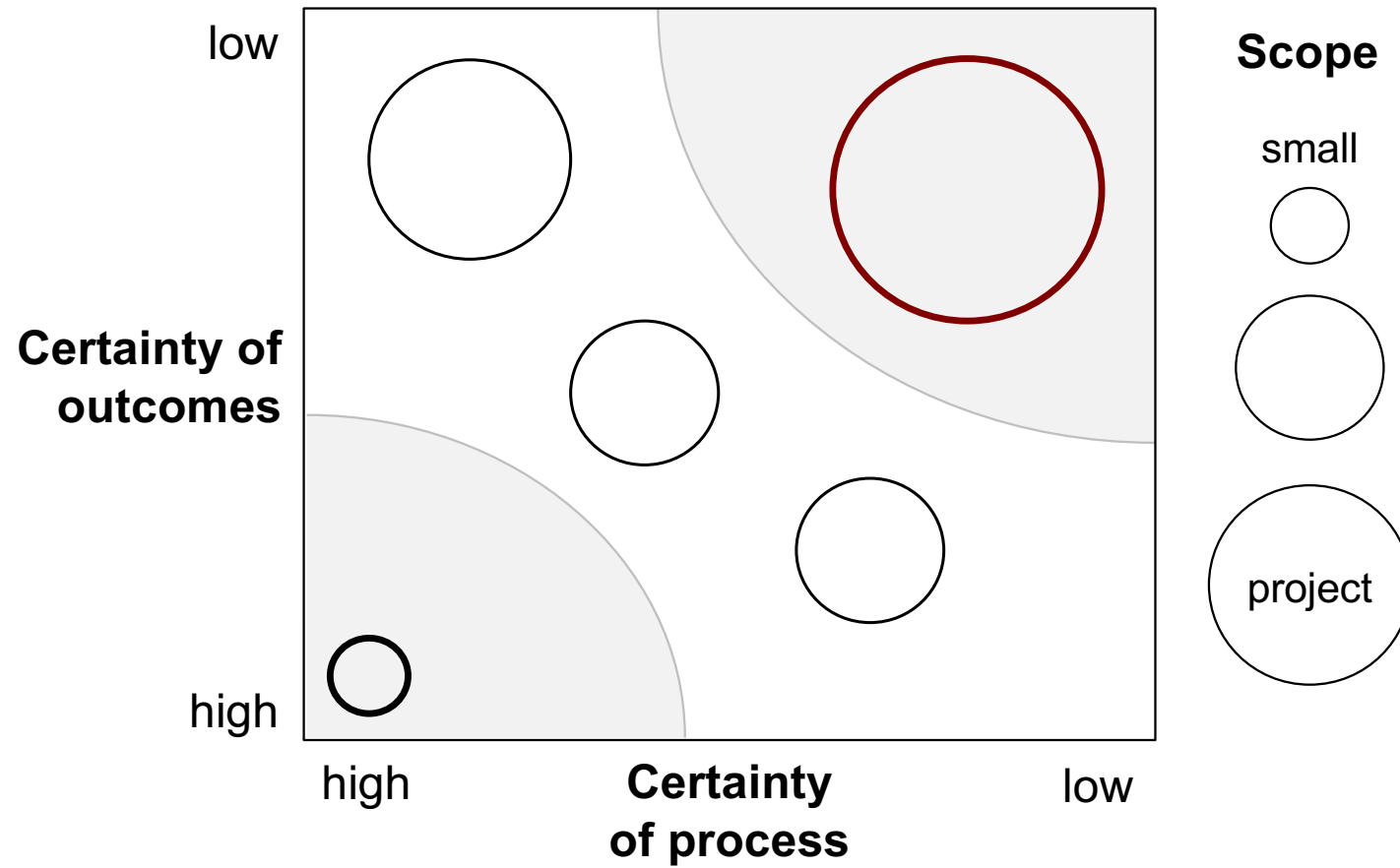
The average human being learns not only to accept but to seek responsibility.

The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.

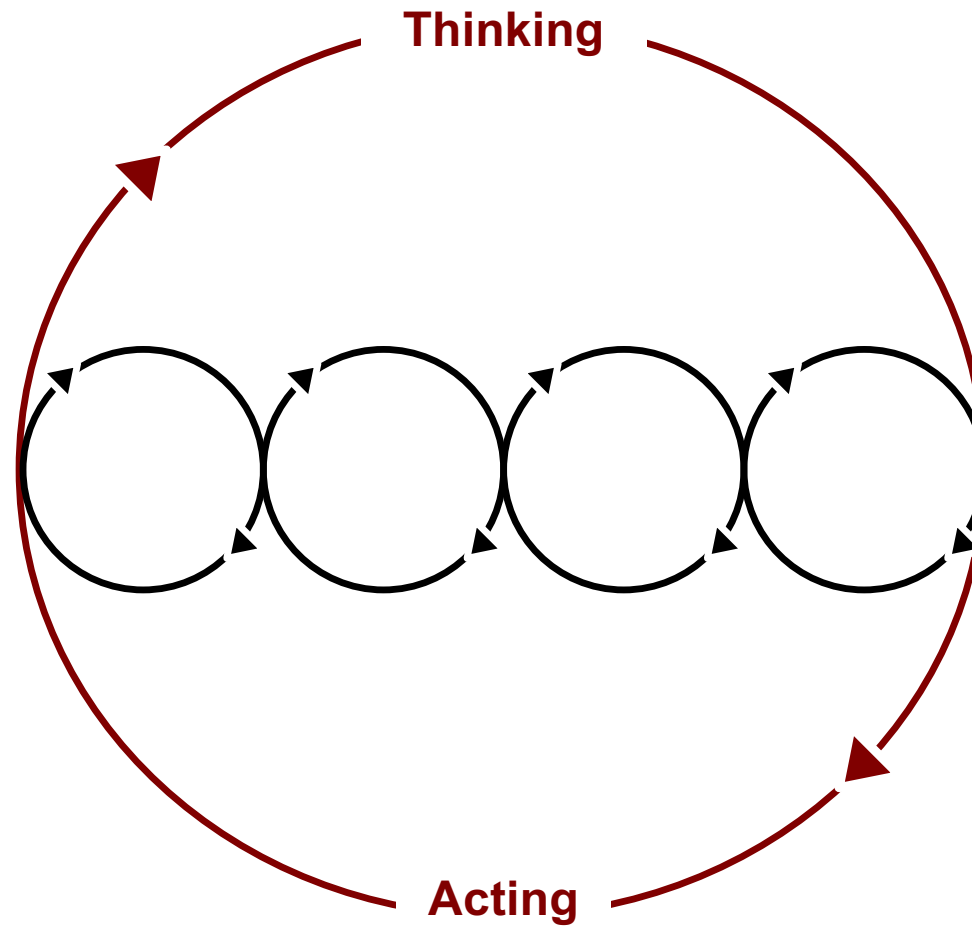
Static versus disruptive development



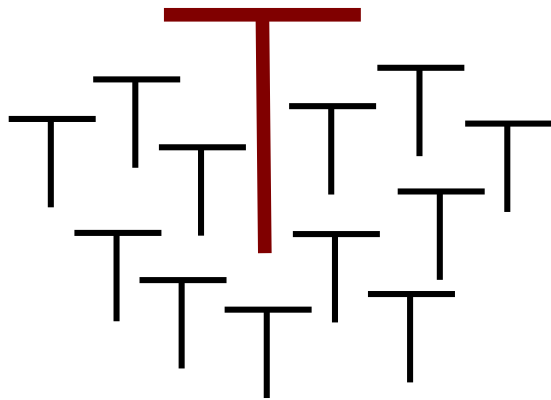
Task certainty



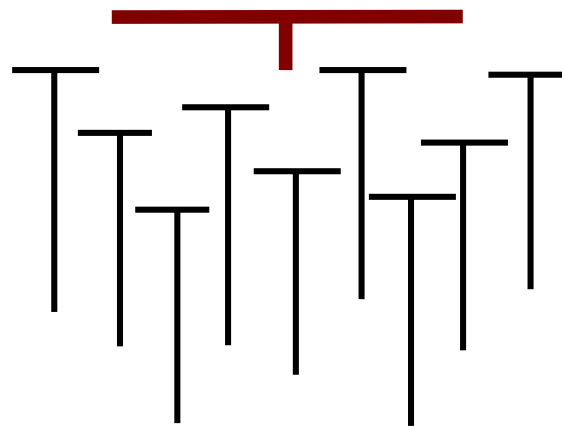
Thinking and acting in extensive and short cycles



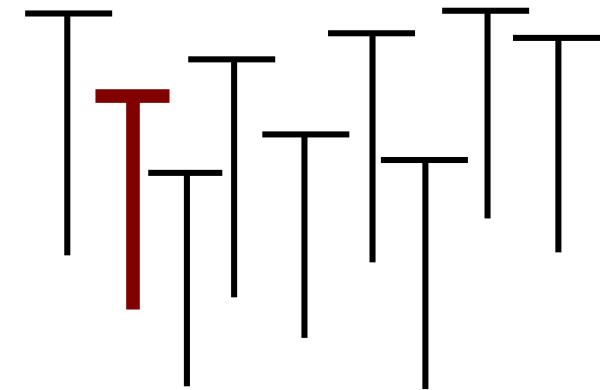
Managers' and employees' general knowledge and expertise



Manager as the master being superior to employees by any means

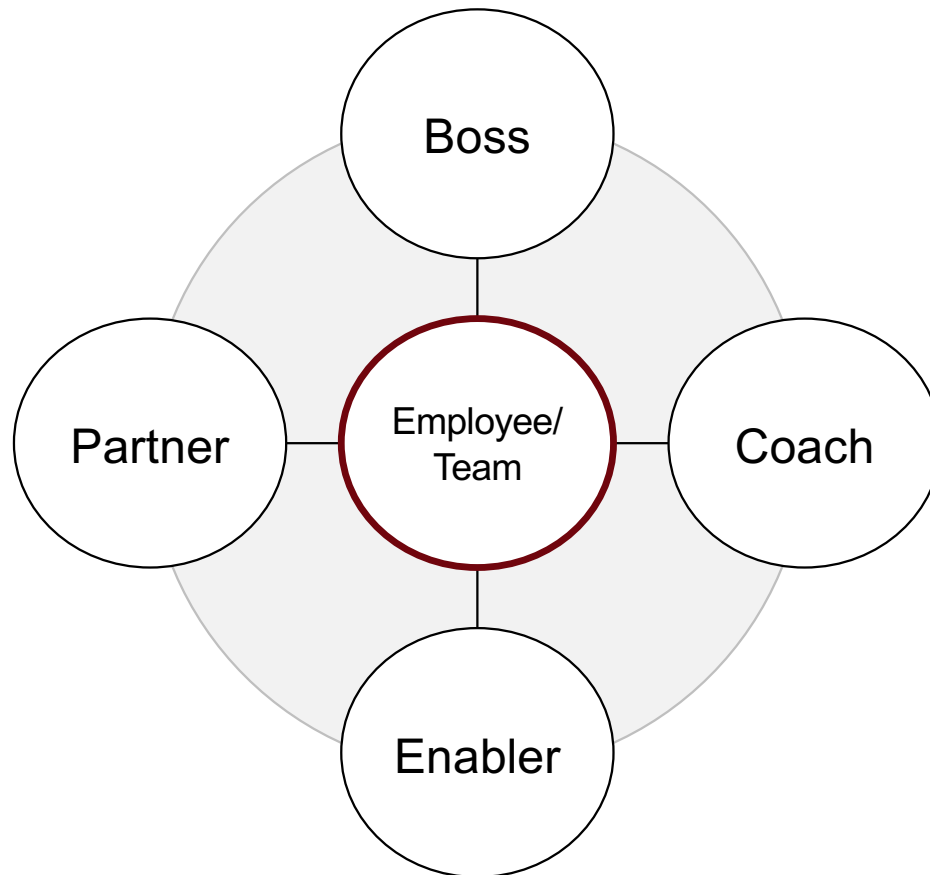


Manager has general view and understanding.
Employees superior in terms of deep understanding



There are experts only. One of them (temporarily) takes over leadership role

Four options of dominant leadership roles



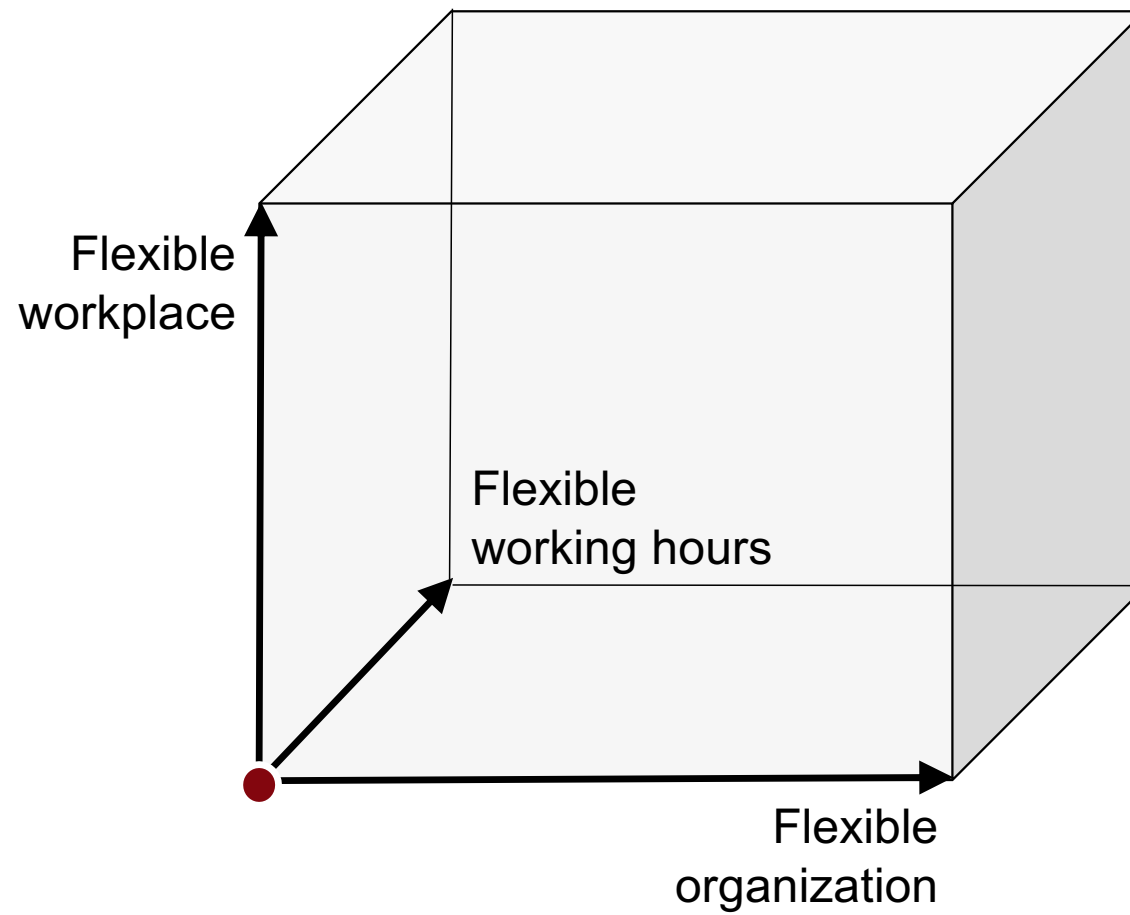
Bosses give direction, control and own responsibilities

Coaches leave or push back responsibilities to their teams

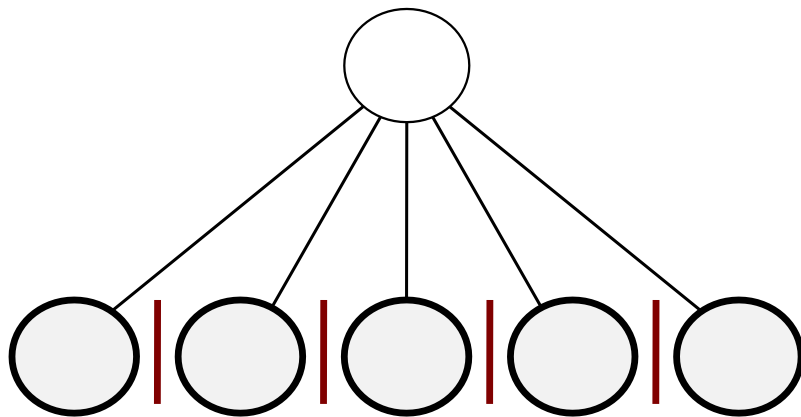
Partners share responsibilities with their teams and facilitate on same eye-level

Enablers make sure employee have everything they need to do a good job

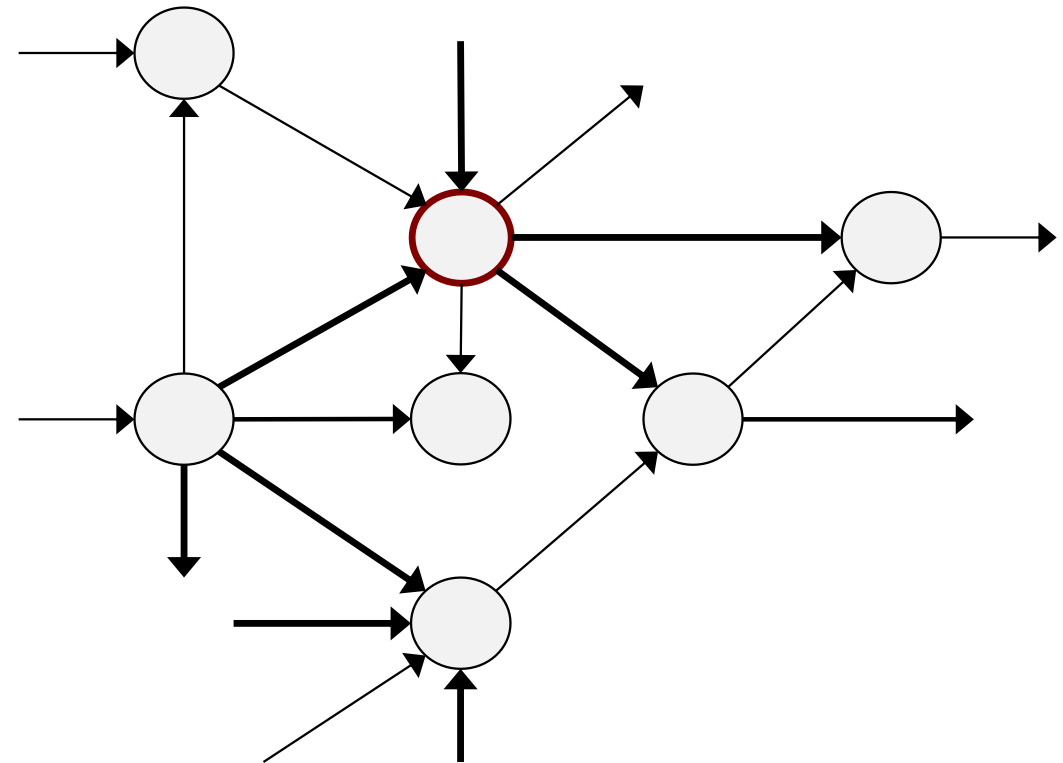
— Autonomy and self-regulation



— Division versus task dynamic

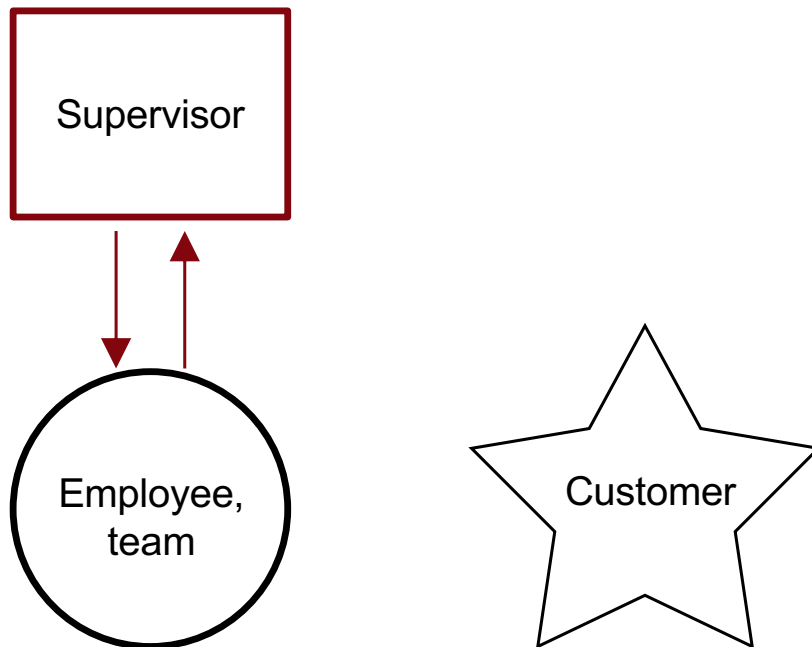


Division of labour

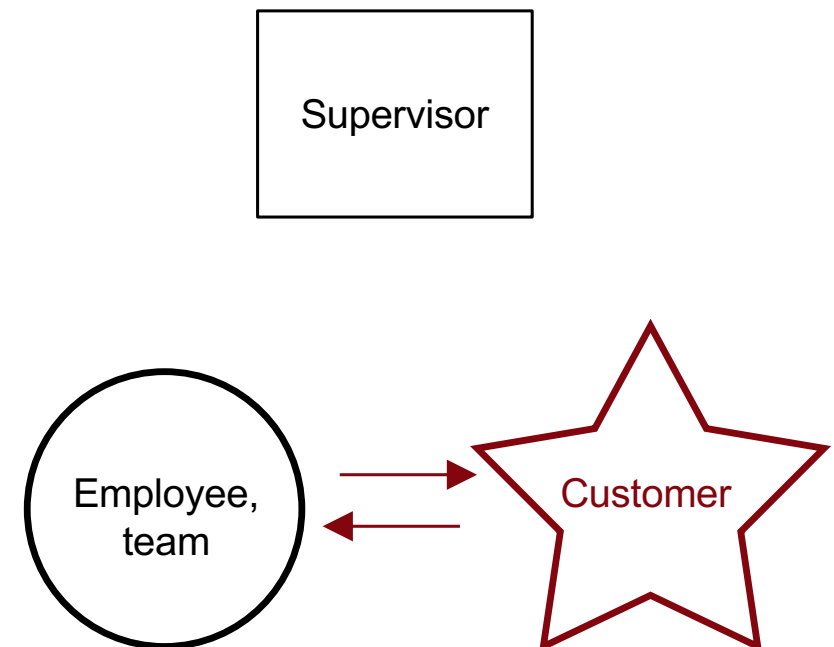


Task dynamic

— The commitment of employees and teams

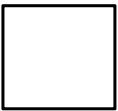

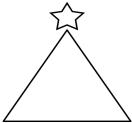

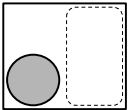
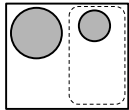
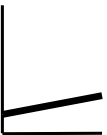

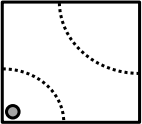
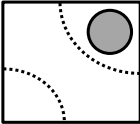


Vertical thinking

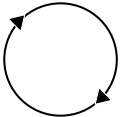
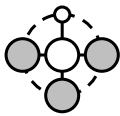


Lateral thinking

— All dimensions of the structural and cultural context

	Conformity	Individuality	Diversity	
	Executives	Appreciation	People	
X	dependent, small	Concept of man	self- actualizing	Y
	high	Employee Dependency	low	
	Optimization	Optimization versus disruption	Disruption	
	high	Task certainty	low	

— All dimensions of the structural and cultural context

	long cycle	Thinking and acting	short cycle	
	Supervisor	Professional superiority	People	
	Boss	Dominant leadership style	Partner, Coach, Enabler	
	little	Autonomy and self-regulation	much	
	Division	Division of labour and task dynamics	Dynamic	
	vertical, Boss- centered	Consequences and commitment	lateral, customer- centered	

Talent Acquisition

— A strong Talent Acquisition Strategy is supposed to answer the following questions

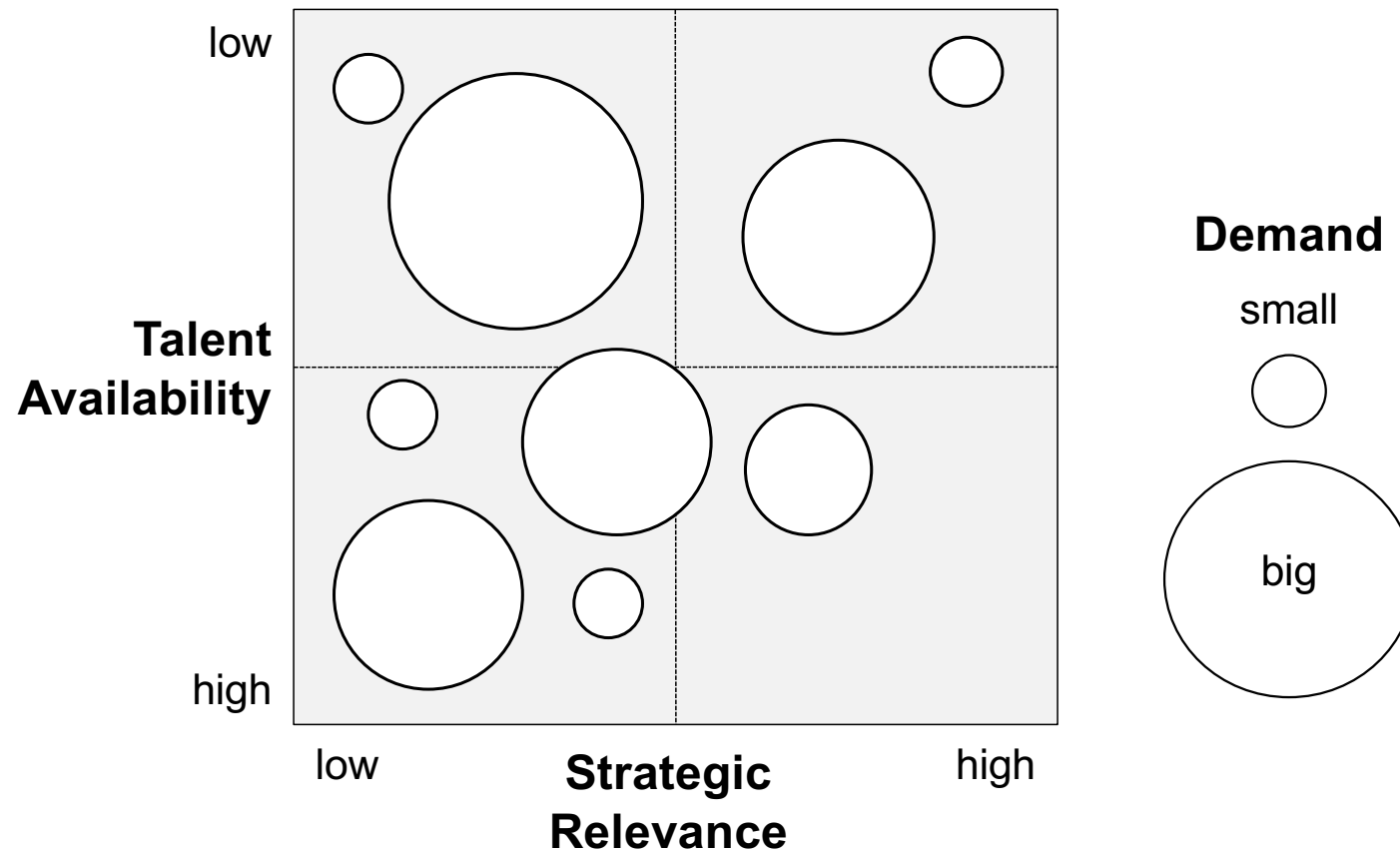
Which parts of all talent acquisition activities are critical to the **competitive advantage** of your company and its long-term **success**?

What are major **challenges** in talent acquisition and how does your company allocate **resources** to these?

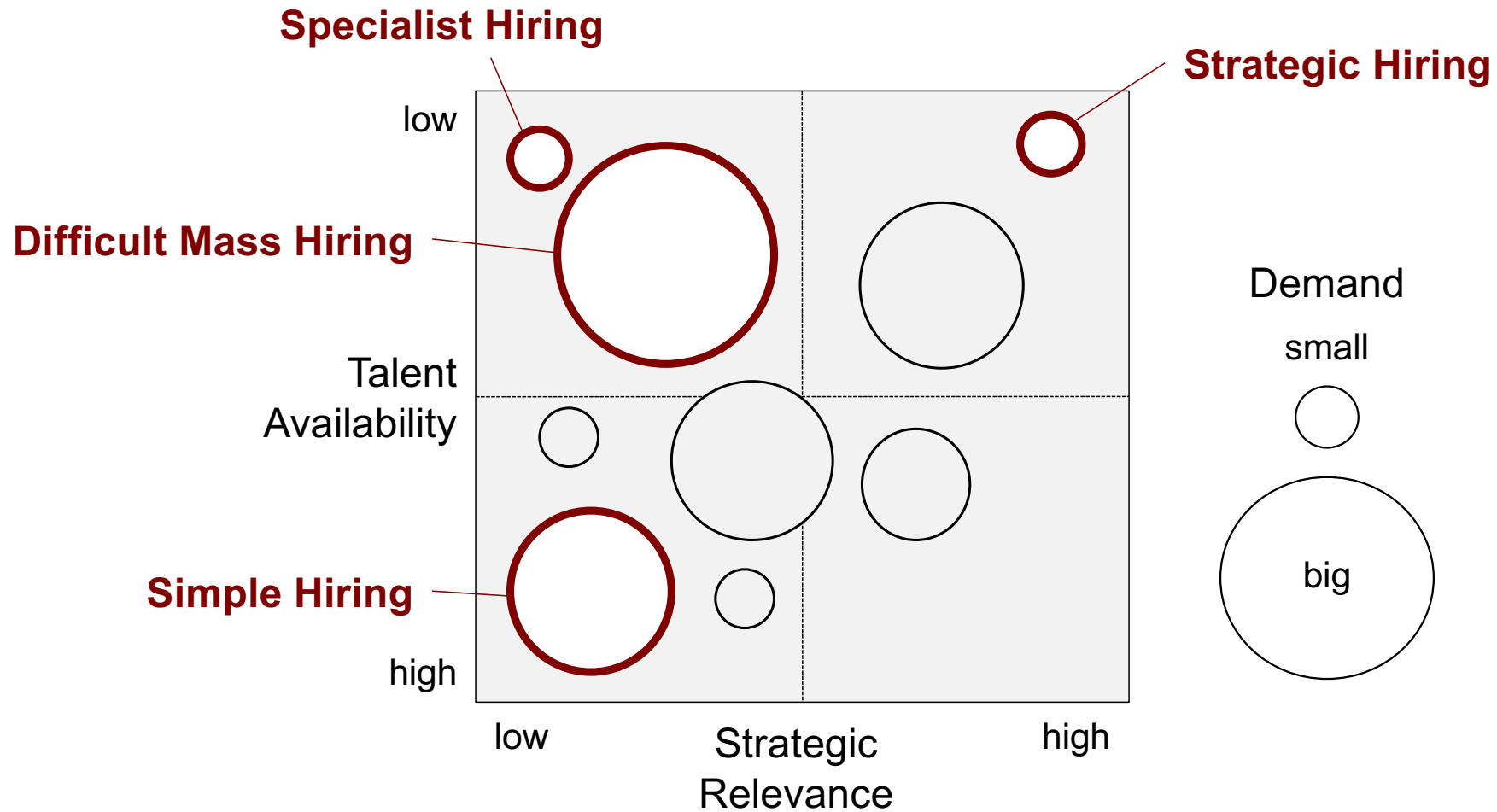
Related to the given challenges and goals, what are **key approaches** in talent acquisition?

How are those key approaches **strategically aligned** given the internal cultural and structural context?

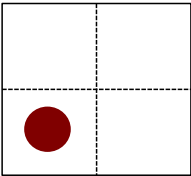

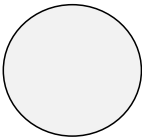
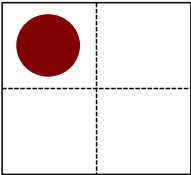
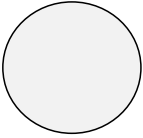


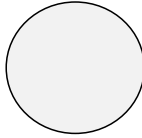
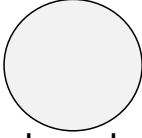
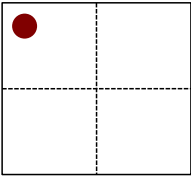


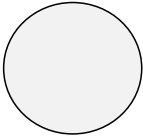

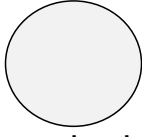
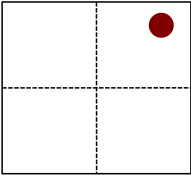

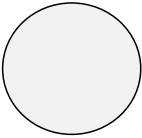

- Definition and prioritization of current and future demands (critical target functions, roles, jobs or areas) ...



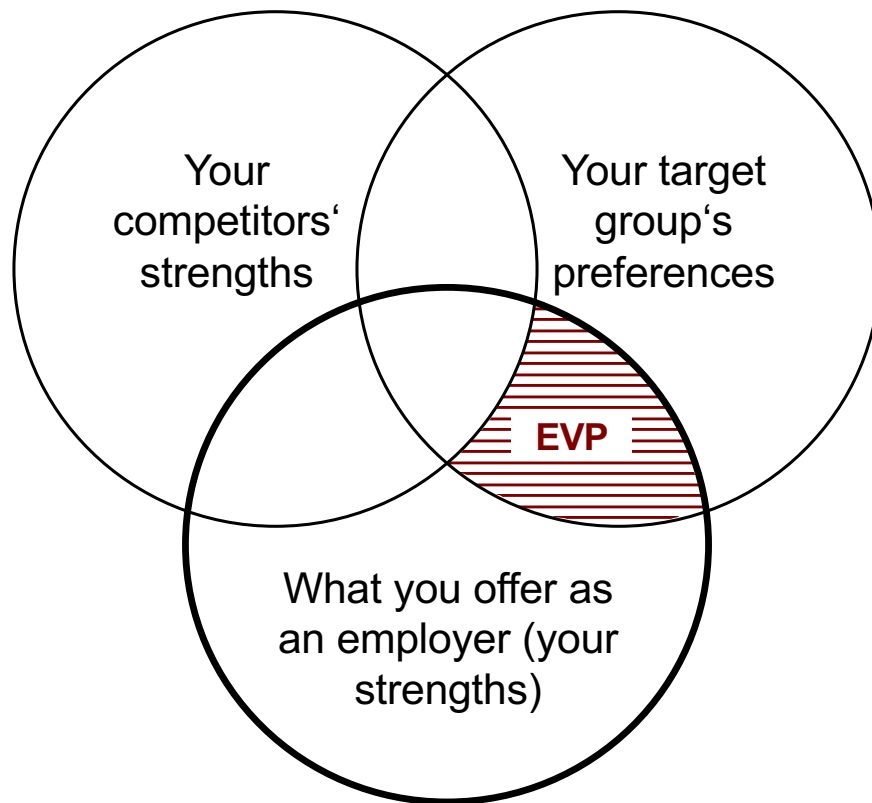
— ... lead to distinct Hiring Scenarios



Talent Acquisition Strategy (shortened example)

	EVP	Job Ads	Active Sourcing	Executive Search	Talent Community	Hirings per FTE	Line Engagement	Priority
	 general					50		Efficiency & validity
		 supportive				20	 broad	Scale & Effectiveness
	 Job-spec.	 supportive				10	 pushed	Effectiveness
						5	 C-Level	Excellence

— Employee Value Proposition (EVP)



An **Employee Value Proposition (EVP)** provides an authentic, unique and relevant answer to the question, why anyone should be interested in working at a particular **employer** or why anyone should apply for a specific **job**



Picture: Endurance final sinking in Antarctica
(1915) Royal Geographic Society (public domain)

” Men wanted for
hazardous journey.
Low wages, bitter cold,
long hours of complete
darkness. Safe return
doubtful. Honour and
recognition in event of
success

Ernest Shackleton

Source: The 100 Greatest Advertisements 1852-1958: Who Wrote
Them and What They Did by Julian Lewis Watkins (Mineola, NY:
Dover Publications, 1949) p. 1.

Job Ads – Selection or Marketing Tool?

Application Support Engineer (w/m)

Location: Austria, Linz Type: Unbefristet

Application Deadline: 30/05/2024 Please visit us

General

Wir erweitern unser Team um einen Application Support Engineer. Nach einer Einarbeitungszeit in unserem Team und nachdem Sie das nötige interne Know-how gesammelt haben werden Sie Ihren eigenen Kundenstock für unsere flexiblen Verpackungsmaschinen betreuen. In Ihrem Verantwortungsbereich befindet sich die technische Betreuung, die Weiterentwicklung unserer Anwendungen sowie die Unterstützung unserer Kollegen bei Bedienung der Technost Toolbox.

Die Verantwortungsbereiche umfasst:

- Die Wünsche unserer Kunden zu erkennen und geeignete Lösungen für ihre Bedürfnisse zu entwickeln
- Kundenwünschen und Analyse der Problemlösungen, damit wir aufstehende Schwachstellen proaktiv vermeiden können
- Dokumentation unserer Kundenwünsche
- Weiterentwicklung unserer Prozesse um neue Module und Verschönerungsmöglichkeiten zu kreieren
- Aktive Betreuung unserer Prozesse von der Bedienung bis zur fertigen Kundenlieferung
- Hilfestellung und technische Betreuung rund um unsere Anwendungen und unsere Dokumentation für Kollegen im Verkauf, Marketing, Forschung & Entwicklung, Produktion bis hin zur Prozessanpassung

Die Anforderungsprofile:

- Abgeschlossenes technisches Studium und mindestens 1-3 Jahre Berufserfahrung
- Deutsch und Englisch in Wort und Schrift
- Kundenorientierung und proaktives Handeln
- Kundenbewusstsein
- Proaktives Handeln
- Hervorragende Kommunikationsfähigkeit und Freude am Networking
- Sehr gute EDV-Kenntnisse
- Flexibilität

Bevorzugter Standort ist Linz (Donauwerk), weitere mögliche Standorte sind Schwechat (Donauwerk), Bregenz (Bregenz) oder Pöchlarn (Pöchlarn).

Für mehr Informationen wenden Sie sich bitte an: recruiting@technost.com oder an den Personal-Development und Technical Service Team unter Customer Products mit der Nummer +32 470887632.

Simple Hiring

General

Responsibilities

Employee Value Proposition (job-specific)

General

Difficult Hiring

Landing Page (job-specific)

Job Insights

Responsibilities

Requirements

— Focus in job advertisements

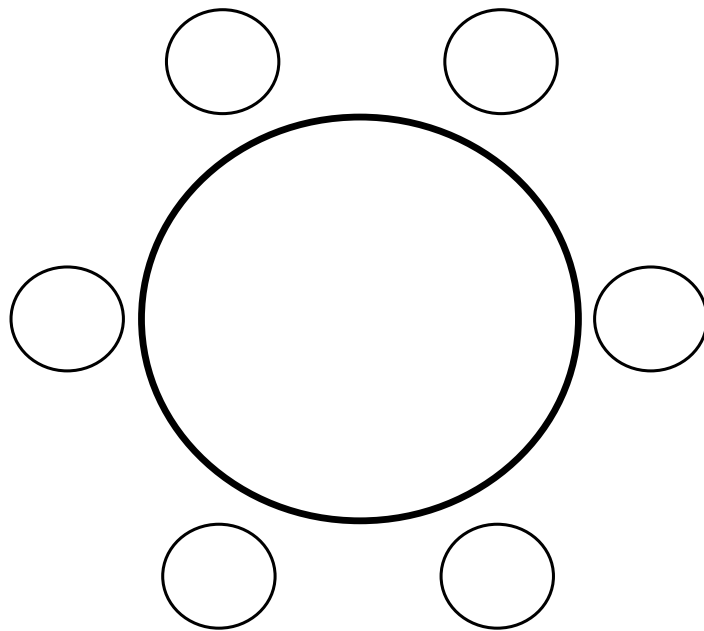
Requirements

In our job advertisements, we primarily communicate the responsibilities and requirements associated with the position in question.

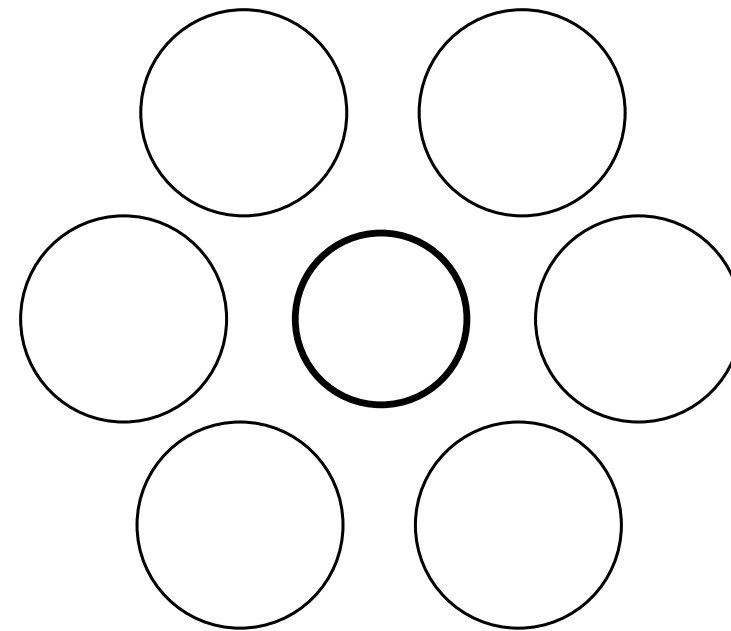
Employee Value Proposition

In our job advertisements, we primarily provide reasons why a suitable candidate should be interested in the job.

— Low versus strong differentiation of the employer brand



Little differentiation
Branded House



Strong differentiation
House of Brands

General

Our employee value proposition represents us as one employer to all relevant target groups. We have only one core proposition to which we are fully committed.

Differentiated

We have developed a separate employee value proposition for each critical target function because we have to reach heterogeneous target groups. A single proposition would not do justice to diversity.

Running Job Attraction Interviews – A good question

Would you recommend a friend to work here? If yes, please name three **strong reasons** why.

or

Give three **strong reasons** why any talented, suitable and ambitious person is supposed to work at your company/do this job?

What do you concretely mean by this reasons?

Give me a real example demonstrating this reason.

Related to this reason, give me proofs, stories, situations.

Why do you consider this reason as being special?

— Employer Branding starts by listening and feeling

Assume the job in question is the most **boring** job in the world. Then actively find the **proof** for being wrong.

Consider the (learned) **expectation level** of the interviewee. He/she might over- or underestimate reality

You must be deeply **curious** about the job and its incumbent

It's about persistently digging for **stories**, **emotions** and **evidence**

As long as you don't get **goose bumps**, you probably didn't get it

You are supposed to be an “**employer/job whisperer**”

Theories about leadership, culture and organization help

— Reach in the labour market

Large range

We want to be known and liked as an attractive employer in the labour market as a whole. Basically, everyone should want to work for us.

Focused target groups

We do not want to be attractive to everyone at all. Only with certain selected target groups do we want to appear on the radar as an attractive employer.

— Let's start with a question

What will you do if **job ads** won't work anymore and **executive search** turns out to be too expensive?

— Three types of candidates in the external labour market



Active Candidate

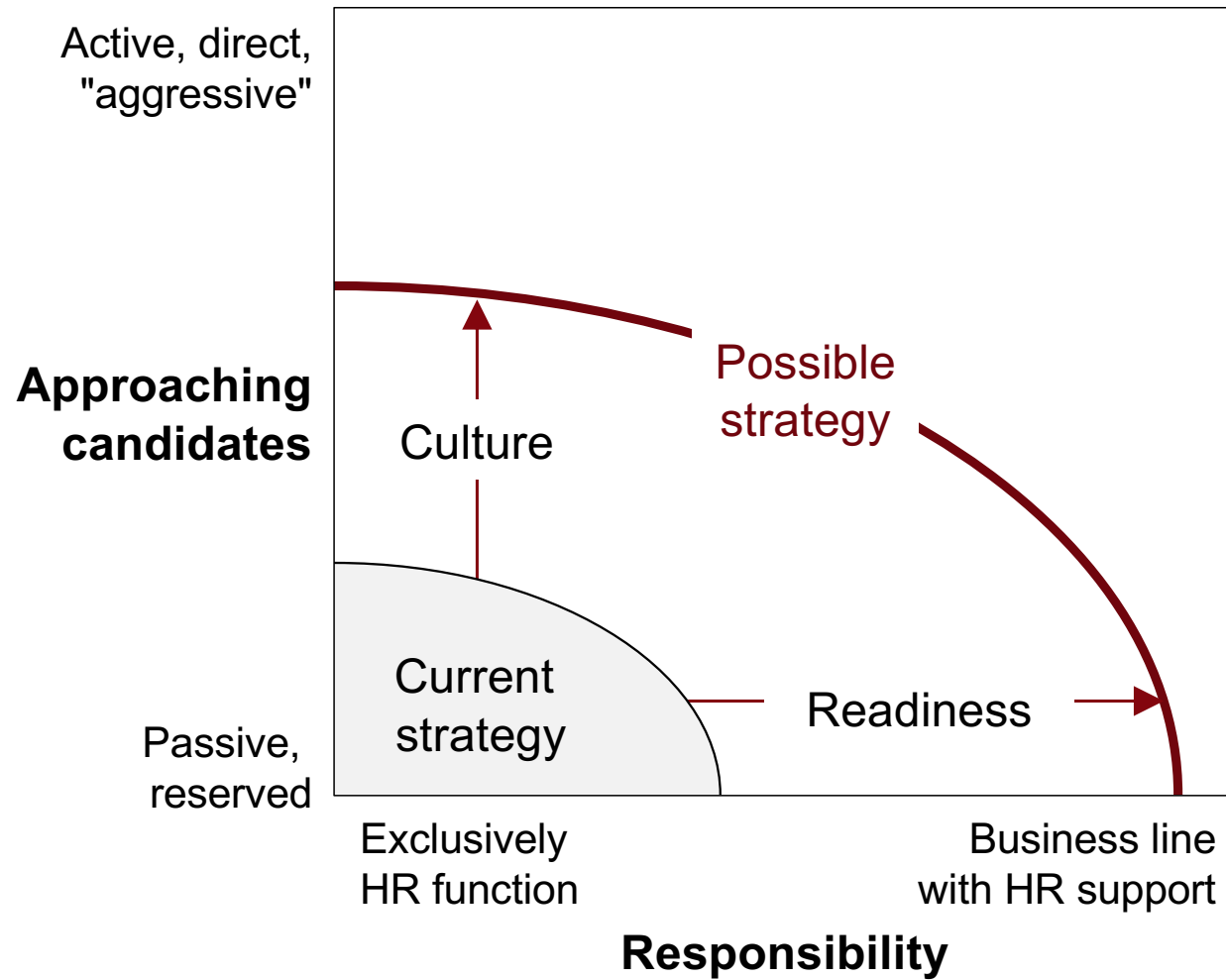


Passive Candidate



Not Seeking

Current and possible sourcing strategies



— Activity of search and approach

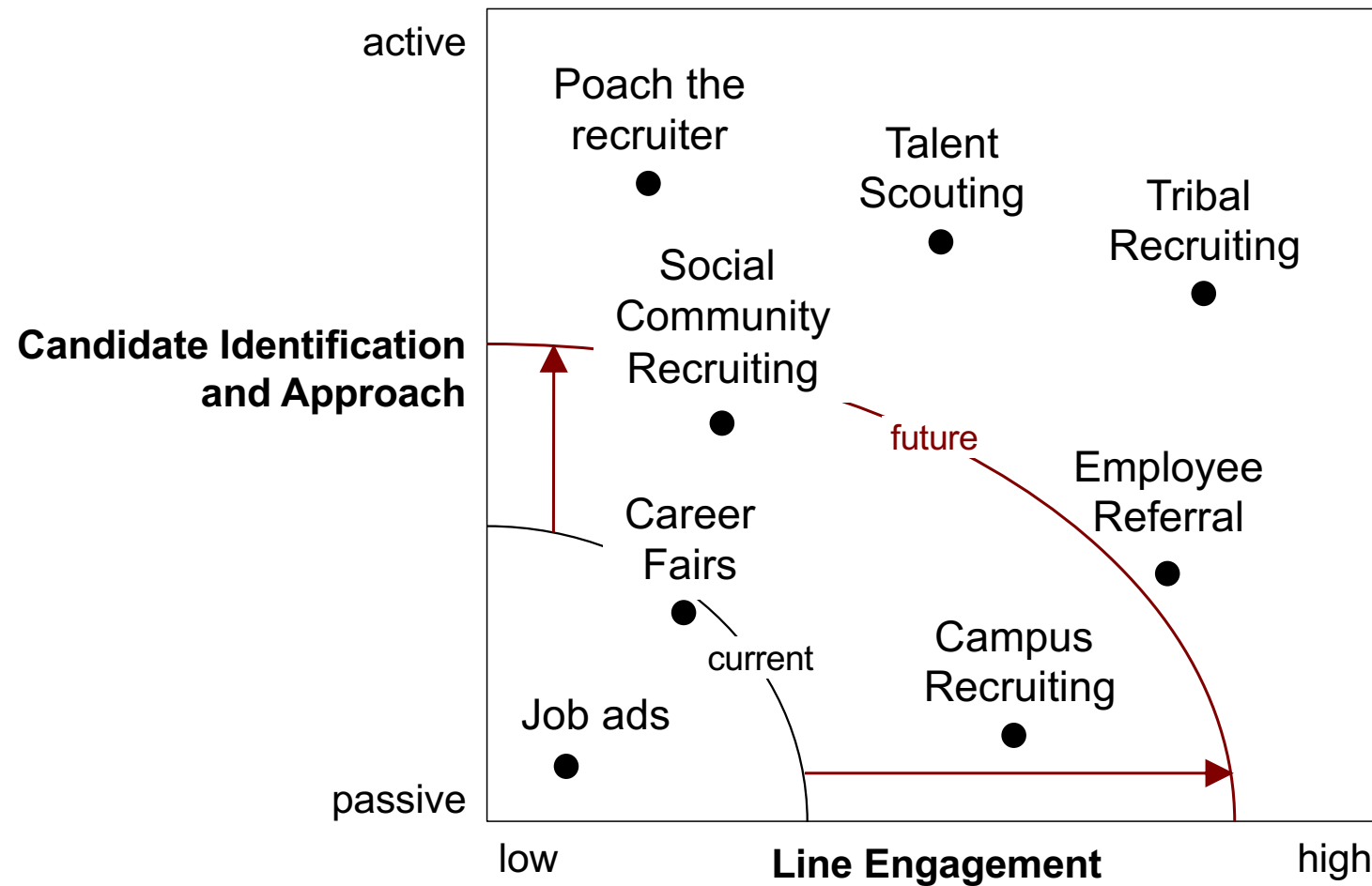
Restrained

In sourcing candidates we are above all cautious. We do not impose ourselves and rely on the initiative of interested applicants. Any form of aggressiveness would not correspond to our values.

Active and courageous

We're heading straight for candidates. We take the "war for talent" literally. Our search strategies are cheeky, courageous, and sometimes at the limit of what is ethically and legally justifiable.

Passive and active Sourcing Strategies



Intense Specialist Hiring Action Plan

- Setup a project-team consisting of sourcing-experts (HR) and the business line
- Make sure, all project team members have at least 10% of their working time available for this particular specialist hiring project
- Run workshop and interviews with current job incumbents to develop a strong and job-specific EVP related to the job in question
- Together with the line, define gold criteria for selection. Focus on as few requirements as possible (competence versus potential)
- Have a referral (rolodex) workshop with line representatives to identify potential candidates
- In the project team identify relevant channels and media to attract the relevant target groups
- With the business line agree on ways and responsibilities to approach potential candidates
- Prepare selected colleagues in the business line for active sourcing activities (e.g. approaching candidates)
- Have enough time-slots for candidate-calls and interviewing reserved before sourcing activities will actually begin

— Active Sourcing – success factors

A **culture** of being competitive in the labour market (“poaching is fine”)

Active sourcing is considered as being **legal** and in line with internal rules of **compliance**

Readiness of **line representatives** to actively find and approach potential candidates

Business line is ready to allocate reasonable **resources** to it

Business line is convinced about active sourcing being the most **appropriate** approach

HR (HRBP, TA specialist) demonstrates seniority and strength of to guide hiring managers (“either we do it that way or we drop the whole thing”)

During implementation a few **successful cases** (higher quality, lower time to fill, less costs) might be beneficial

— Responsibility for candidate search

HR Function

Searching for and approaching candidates is primarily the task of the HR department. The business lines take care of their own business

All employees

With us every employee is a recruiter at the same time. When looking for and approaching candidates, we consistently rely on the networks and commitment of all our colleagues.

Labour Markets are Networks

Employees already know their next new hire even before hiring activities begin

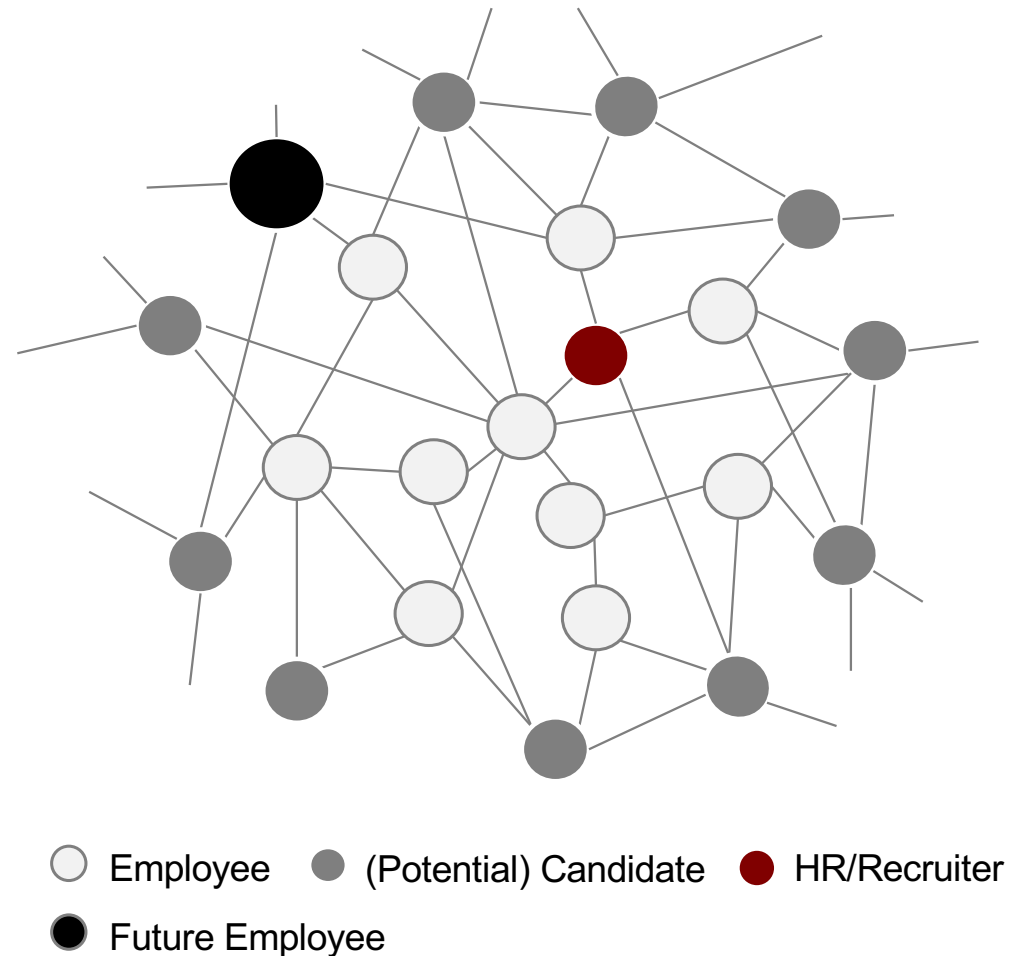
We tend to underestimate the power and volume of **weak ties**

A-Player know **A-Player**

On average **7** referrals lead to **3** hiring

Referral programs are most suitable for **difficult hiring**

In case of simple hiring referrals may lead to **nepotism**



— Referral Program – Design Options

Who is supposed to refer potential candidates?

For which **jobs** is the referral program applied?

Will referral be **incentivized**? If yes, is it financial? If yes, what's the bonus?

How will employees be **informed** (push or pull) about open positions?

Is the referral process **integrated** into the existing recruiting solution (how)?

Technically how are employees supposed to refer a candidate?

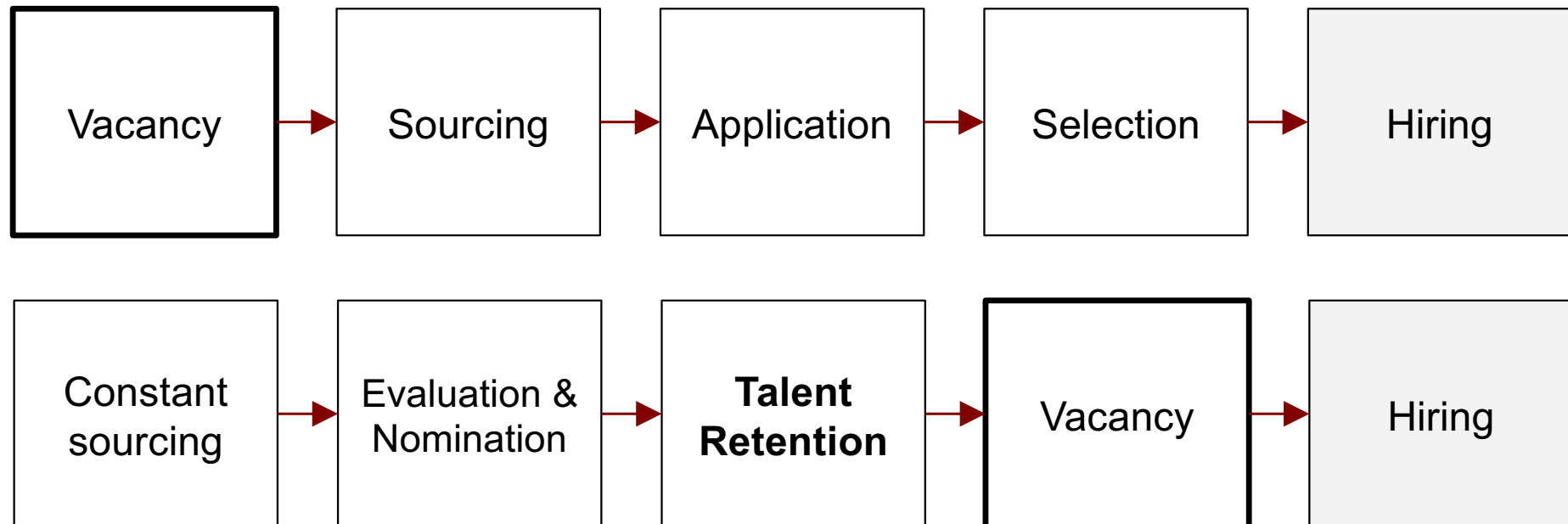
How will referred candidates be **approached** and by whom?

Is referring candidates **mandatory** (push) or **voluntary** (pull)?

How and when is a referral seen as being **successful**?

Who will be informed (how) on any **status** related to each referral?

— Vacancy versus Talent Focus



Reason for candidate search

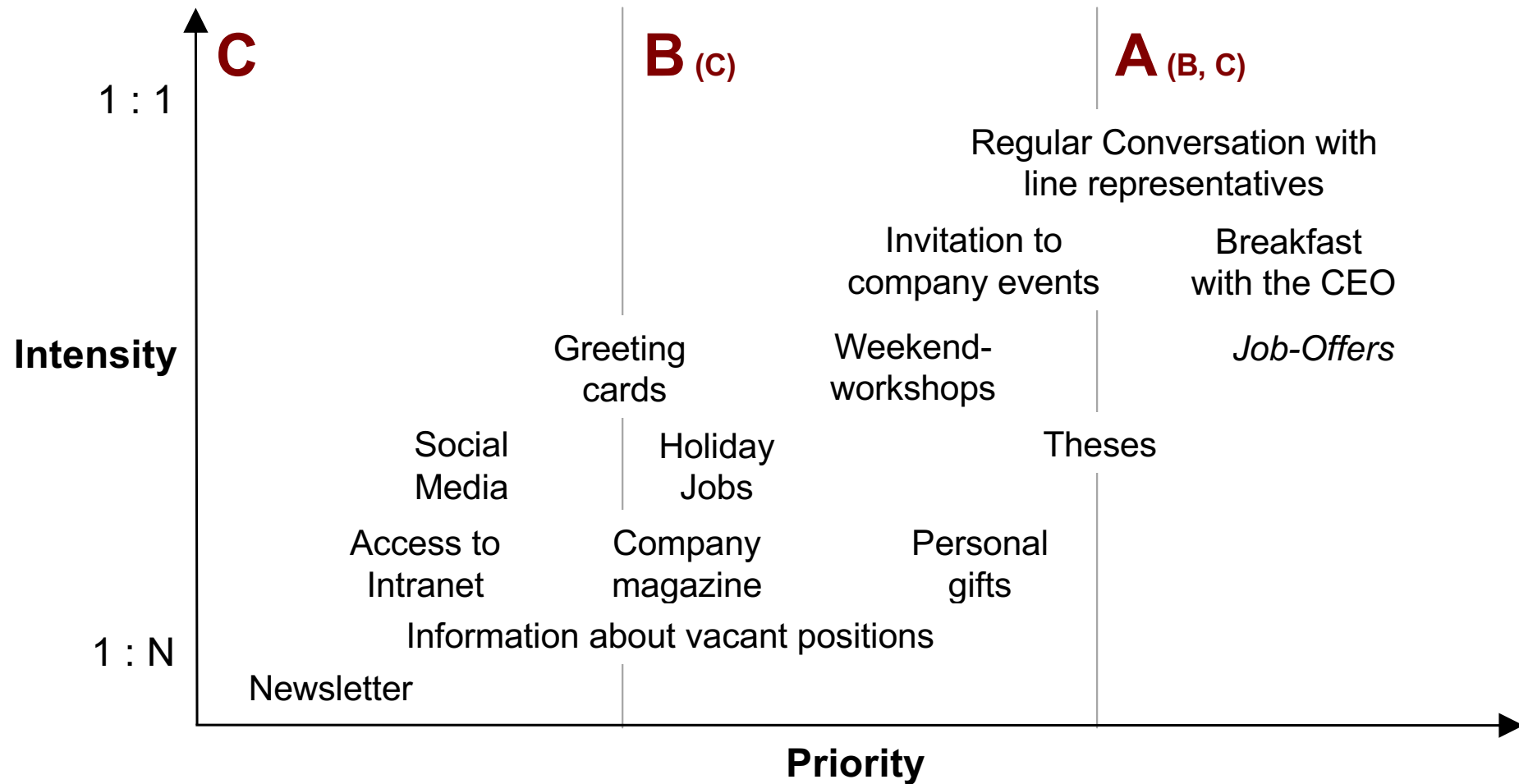
Vacancy focus

We search for candidates once we face an acute need. As soon as a vacancy is filled, the process is completed.

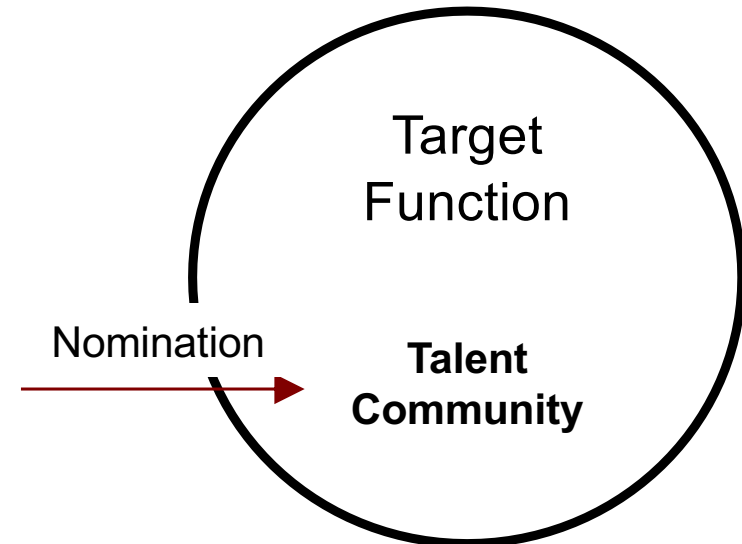
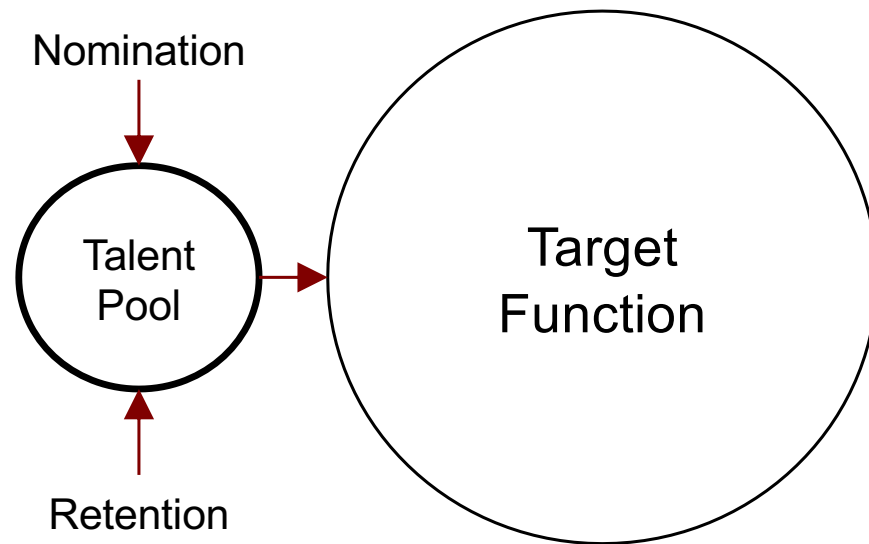
Candidate focus

We are constantly sourcing candidates independently of acute needs. Whenever we have found good candidates, we maintain long-term contact with them.

Candidate Retention Measures



— Talent Pool or Talent Community



— Management of candidate pools

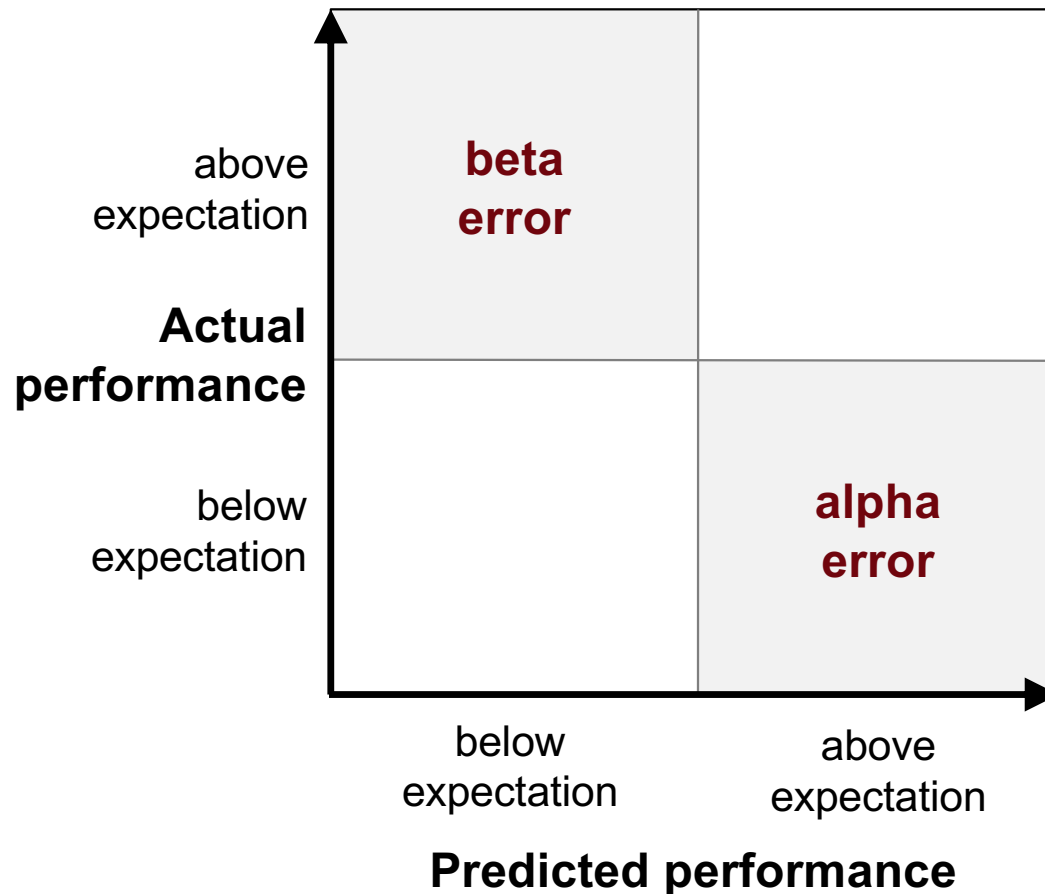
Entertain

We (HR) built pools of promising candidates, which we "keep warm" in the long term to cover needs in the line.

Networking

We offer promising candidates exclusive opportunities to network independently with the specialist departments.

Alpha error, beta error and the meaning of validity



Beta error. Dismiss the suitable candidates

Alpha error. Hiring candidates that are not suitable

Validity relates to the extend to which right candidates are hired and unsuitable candidates are dismissed

— Specificity of requirements

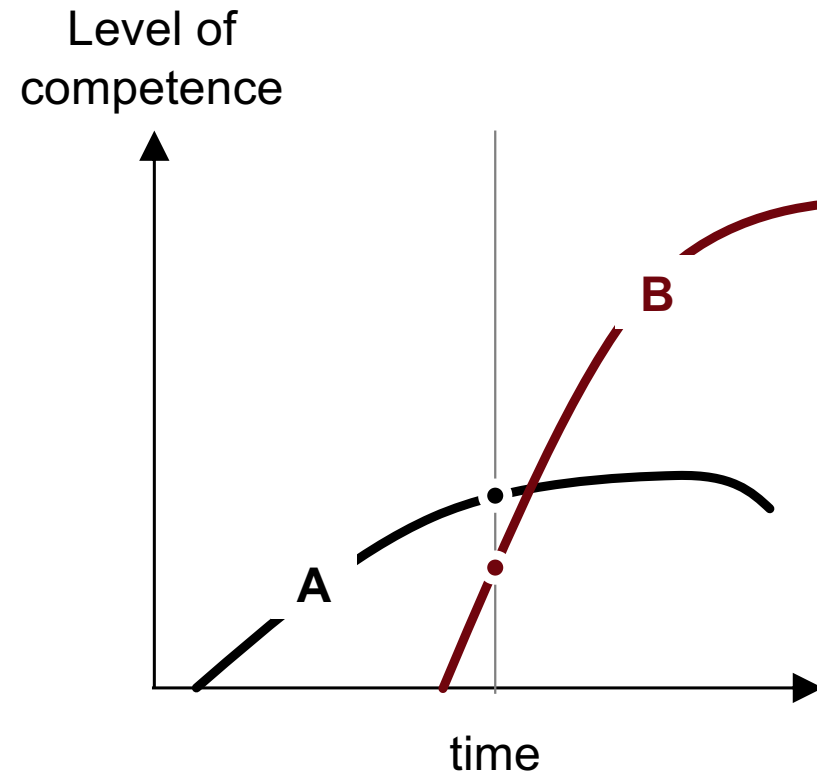
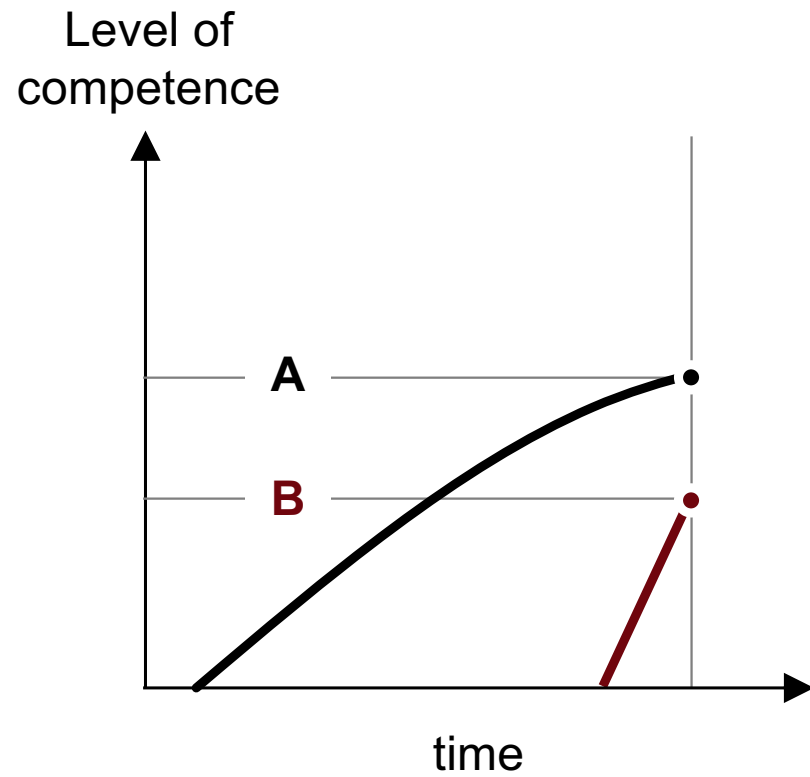
Specific and job-related

We fill vacancies. The starting point for this is always the most detailed possible description of job-specific requirements. Finding requires knowing what you are looking for

Careers and companies

We enable careers the developments of which are always uncertain. Therefore, our requirement profiles are always as generic as possible. Above all, candidates must fit the company.

— Potential versus competence



— Requirements to be met by the candidate

Current competencies

We hire employees so that they can perform their assigned tasks well in their respective positions within the shortest possible time. Anything else would be a waste of resources.

Future potential

Potential is more important in personnel selection than current competence. This enlarges the relevant target group and is more promising in the long term.

— Who primarily benefits from the selection procedure?

Department

Managers and their teams are the customers of personnel selection. We make every effort to ensure that they are satisfied with the process, methods and decisions as a whole.

Candidates

We treat applicants as customers and do everything in our power to be faster, more transparent and more appreciative than our competitors in the selection process.

— Positive candidate experience

Speed

The company's reaction on incoming applications and all steps throughout the entire recruiting process are faster than those of the competitors

Transparency

The candidate is always clear about current status. He/she understands why certain selection instruments are used and gets appropriate feedback

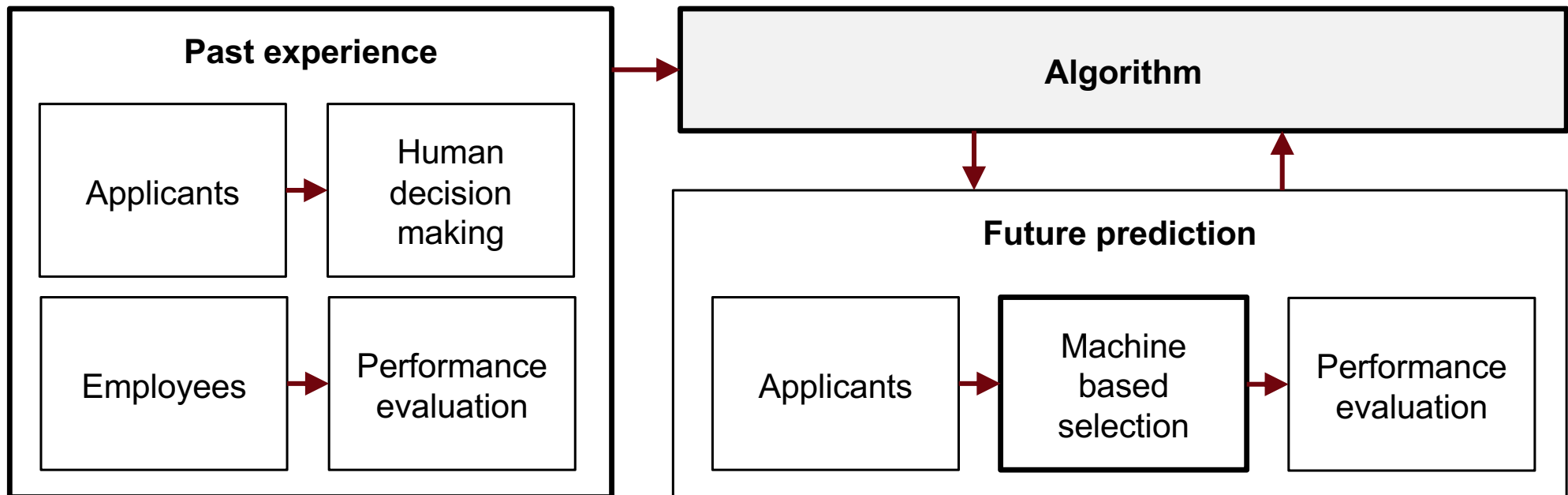
Appreciation

The candidate is treated with full respect. The company consequently demonstrates its interest in those candidates it (potentially) wants to hire.

— Candidate experience – best practices

Speed	Transparency	Appreciation
<p>It will take no longer than ten minutes to submit an application.</p> <p>An interview appointment within a few days after the application. Corresponding time slots are provided at an early stage.</p> <p>A personal appointment (with the applicant) is arranged for the signing of the employment contract.</p>	<p>Before applying, the applicant will be taught how the selection process works in concrete terms.</p> <p>Participants after an assessment centre receive personal feedback and a written report.</p> <p>Via an app, applicants are informed about the status of their application on a real-time basis.</p>	<p>Introduction of all interview participants being communicated along with the invitation to the interview appointment.</p> <p>The applicant will be greeted by the receptionist with his name and accompanied (with a golf cart) to the interview location.</p> <p>A personal contact during the entire process.</p>

Using artificial intelligence when selecting candidates



— Use of artificial intelligence

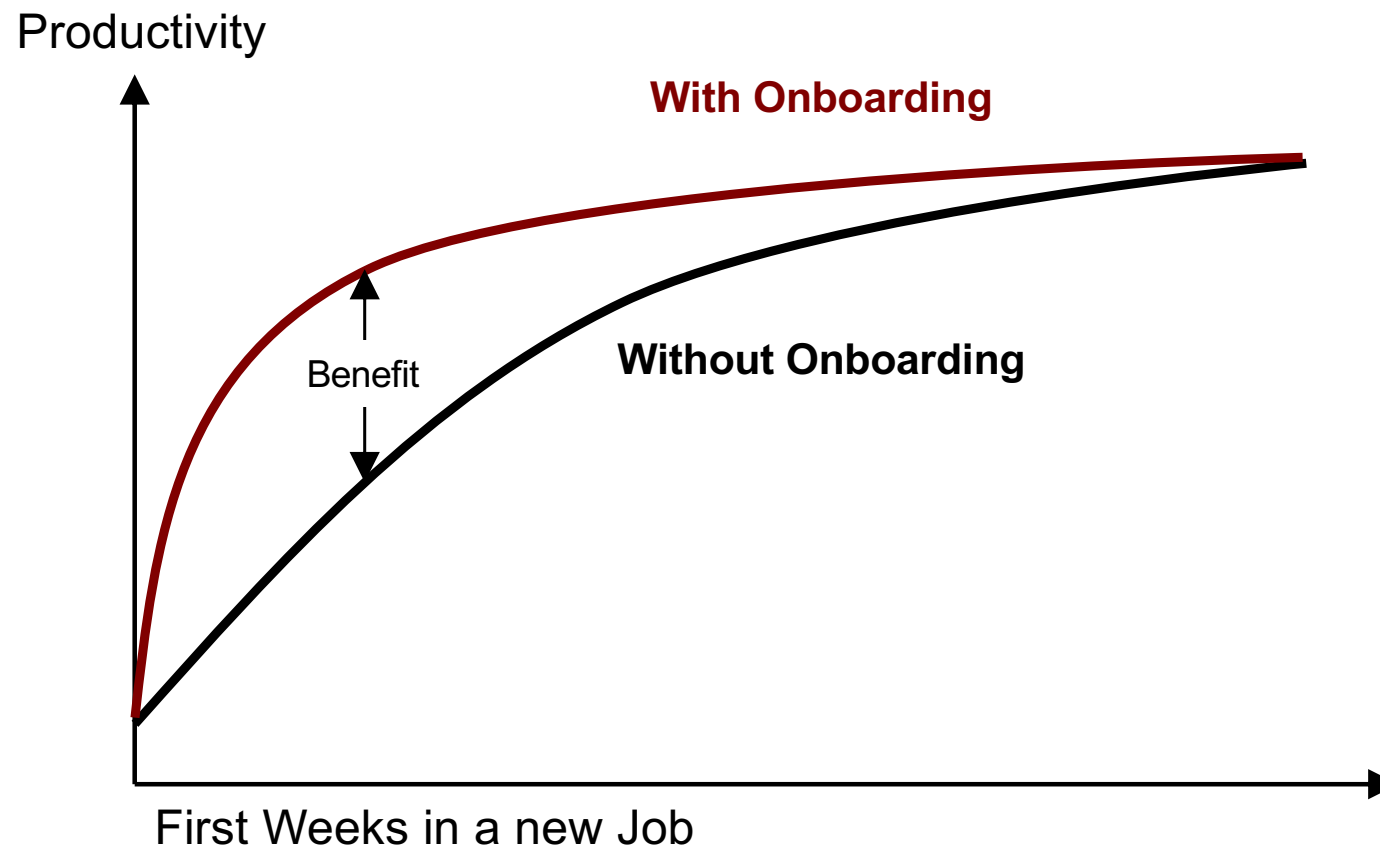
Maximum usage

We strive to make personnel selection decisions based as far as possible on artificial intelligence, appropriate algorithms and big data. This enables us to achieve greater efficiency and objectivity.

People over Systems

Decisions about people and their future are always made by people. Such decisions require the assumption of personal, interpersonal responsibility.

Benefit of structured onboarding



— Time frame of onboarding

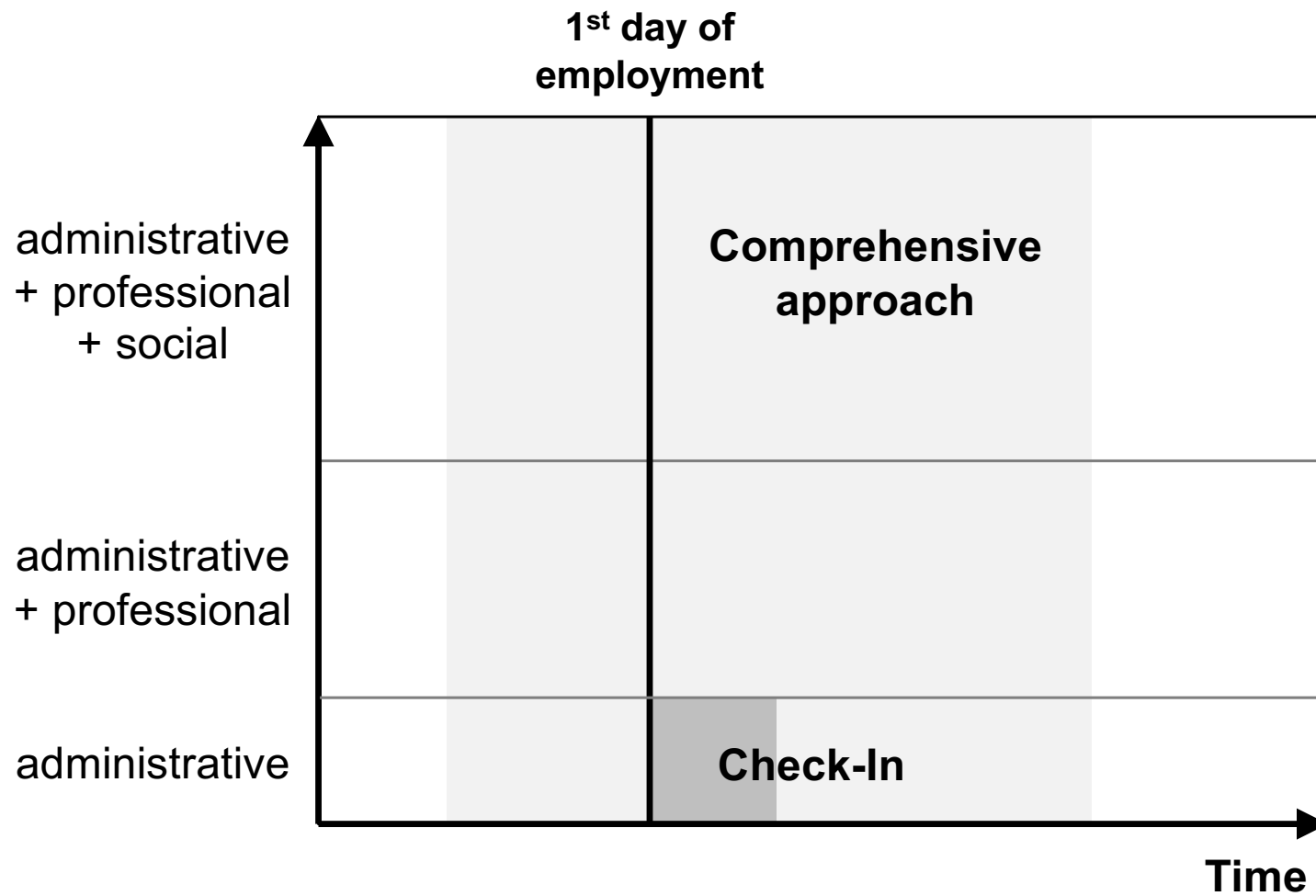
Short-term

We see onboarding more as a kind of check-in that starts when the employee has actually arrived.

Long-term

We regard onboarding as a comprehensive, social and professional process that begins long before the first day of work.

— Scope of onboarding



— Learning mode as part onboarding

Babysitting

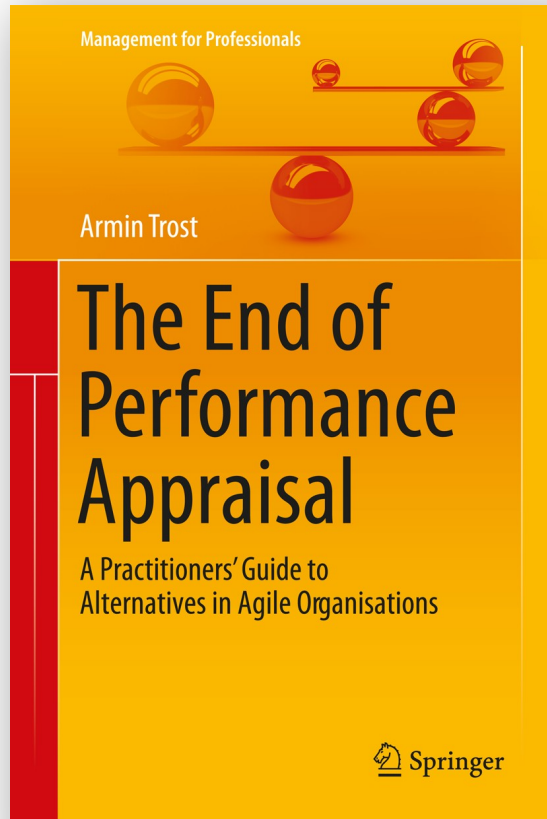
We take new employees by the hand for the first few days and weeks. This helps them to reduce their insecurity.

Cold water

So that our new employees learn quickly, we encourage them to leap into cold water or throw them into it. Anyway, we are at their side.

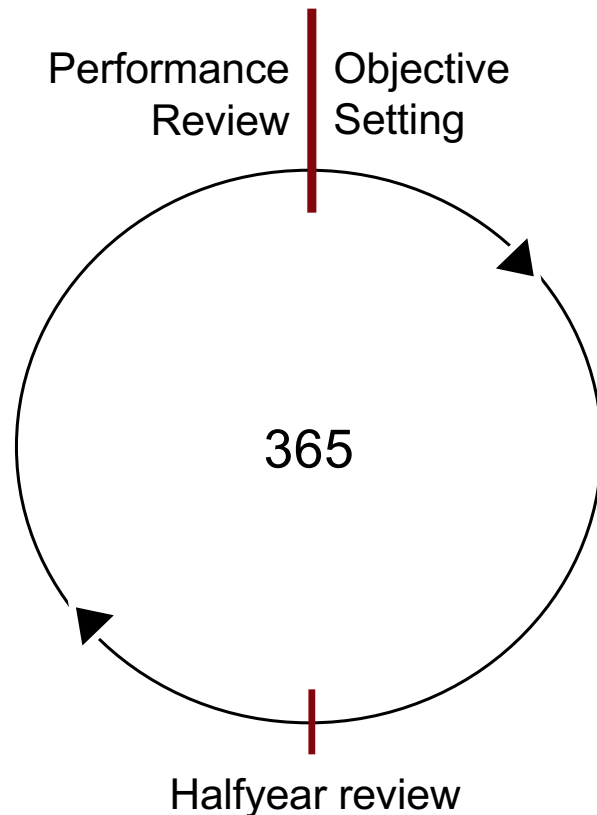
Performance Appraisal

— My book on Performance Appraisal



Trost, A. (2017) The End of Performance Appraisal. A Practitioners' Guide to Alternatives in Agile Organisations. Heidelberg: Springer.

Classic performance appraisal



Annual **dialog** mainly dealing with individual **future** and **past** performance

It happens between individual **employee** and his/her immediate **supervisor**.

Typically there is an annual formal dialog

Results of are **judgements** and **decisions**

Supervisor is **leading** through the procedure

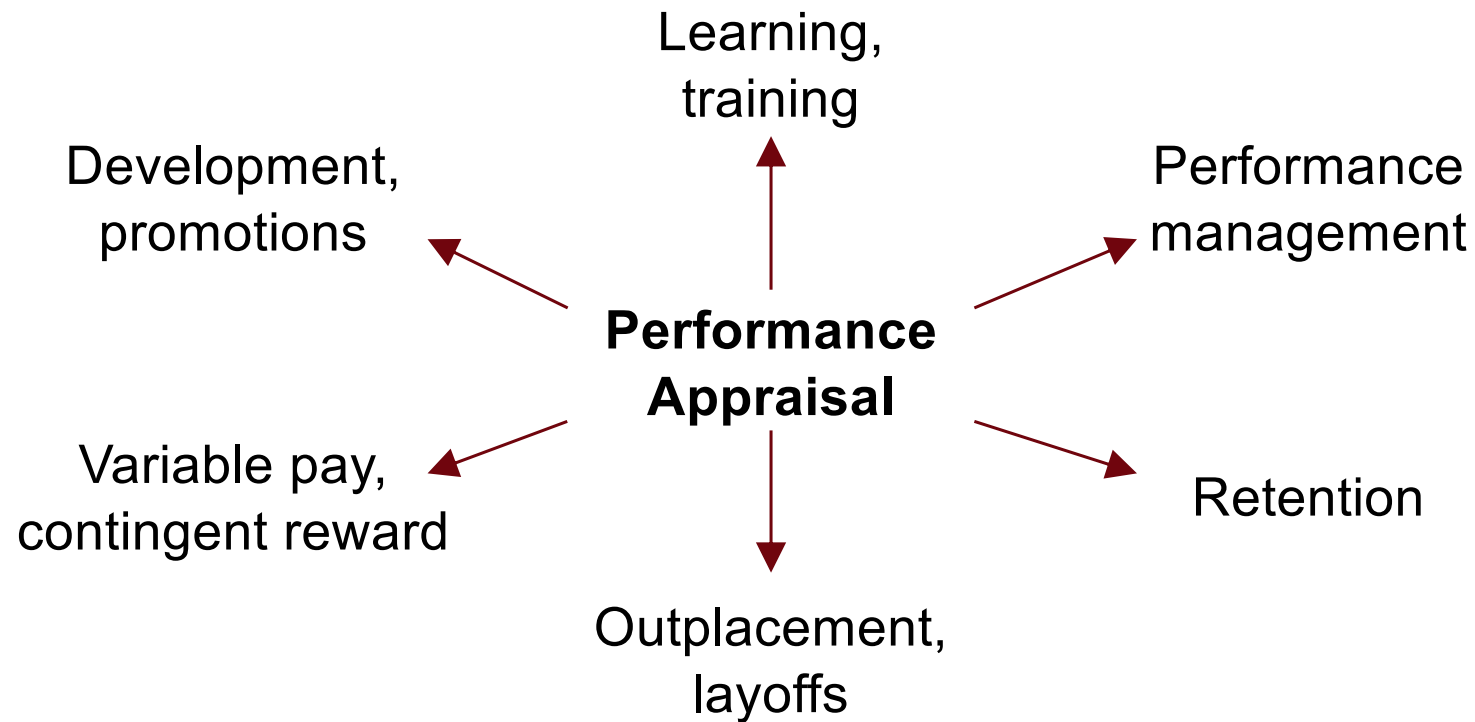
Common formats, rules and standards are defined across units and levels

It's a management **system** with **interfaces**

Reasons for performance appraisal as often reported

Understand flight risk	Strengthen relationship	Reward high-performers	Treat low-performers
Motivate through objectives	Judgments & Decisions		Identify future potential for development
Manage by expectations (objectives)			Track suitability and competences
Plan learning activities	Identify learning needs	Give and take feedback	Clarify career perspectives

— Interfaces of performance appraisal



— Some views on performance appraisal

You can't manage an organization well without it

Anything else would mean chaos and lack of orientation

It's one of the most important procedures in management

Even when it's painful people treasure it on hindsight

Managers don't communicate with their people otherwise

It's a complete waste of too much time for everybody

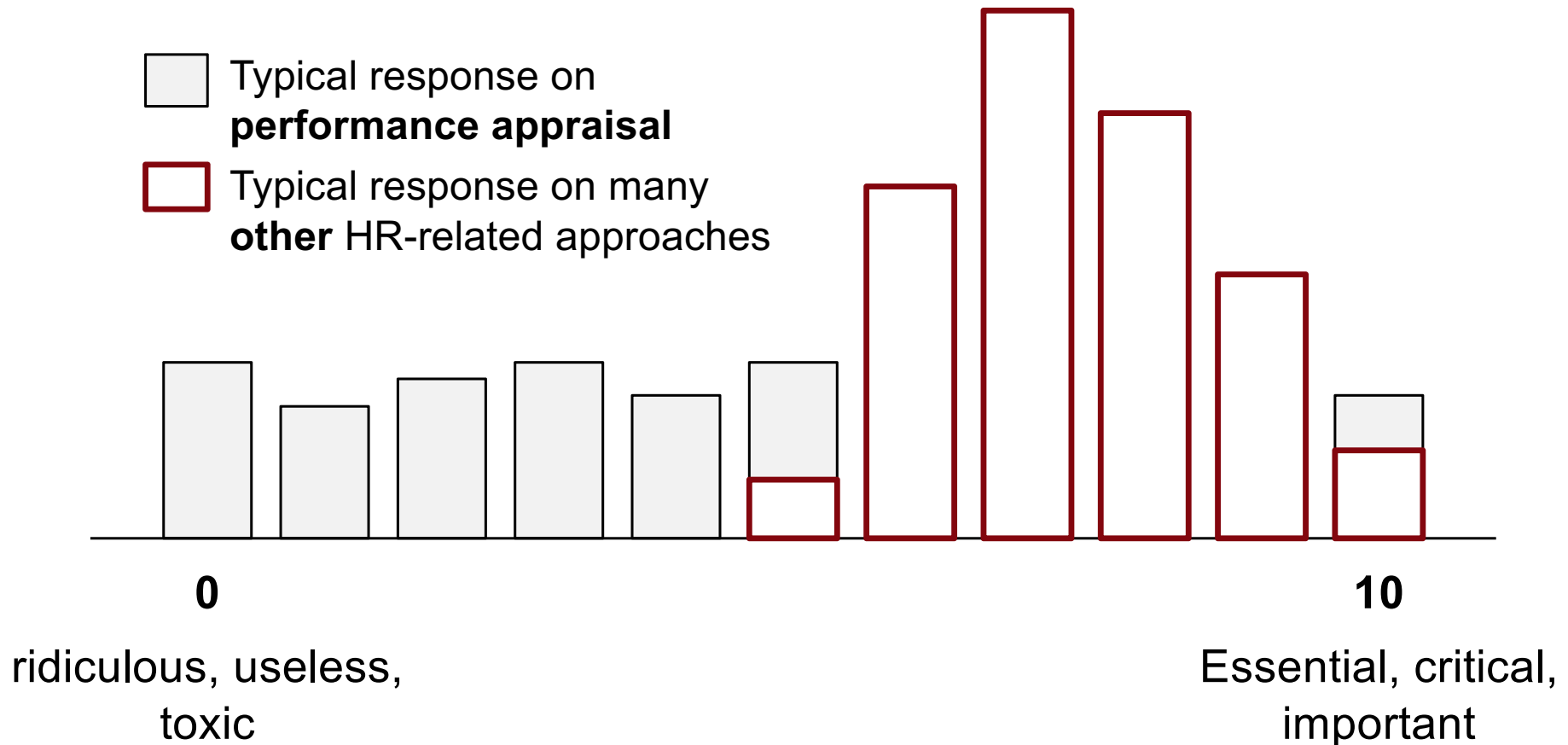
It does not fit to the way we lead and cooperate

People get demotivated against all good intentions

It's a ridiculous idea invented by HR people without any clue

Abolish it completely and nobody will miss it

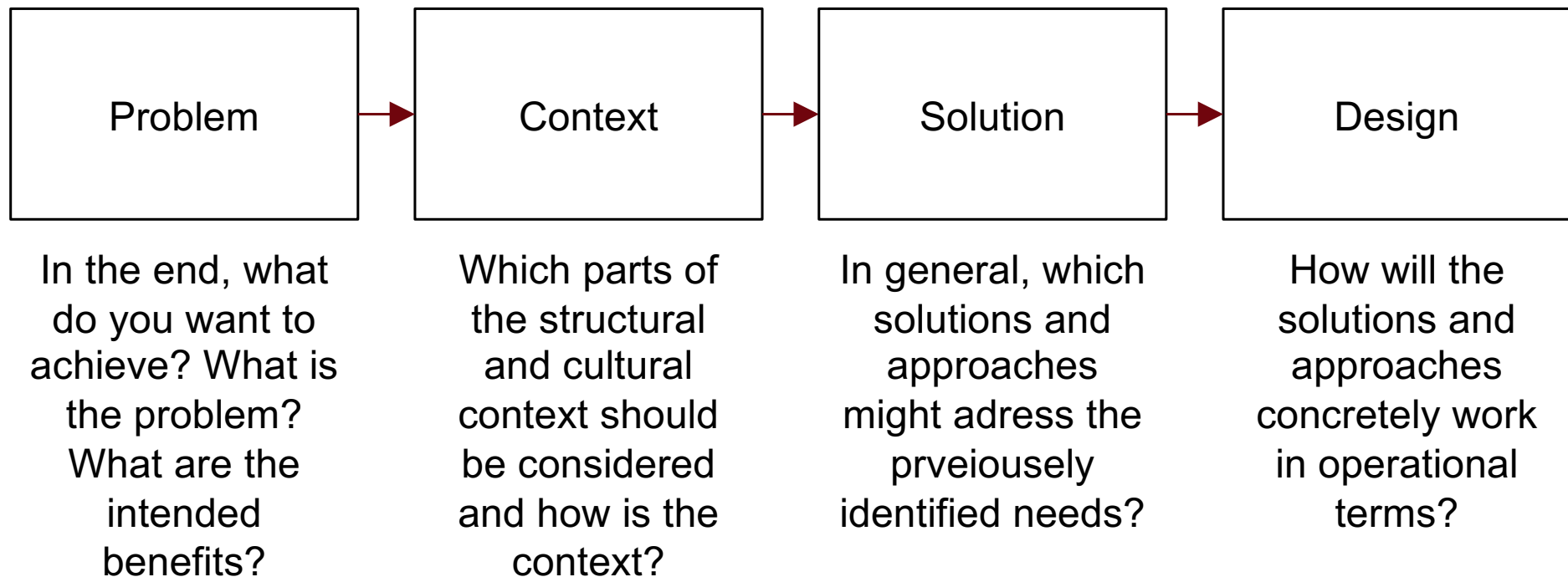
Which ranking would describe your experience the best?



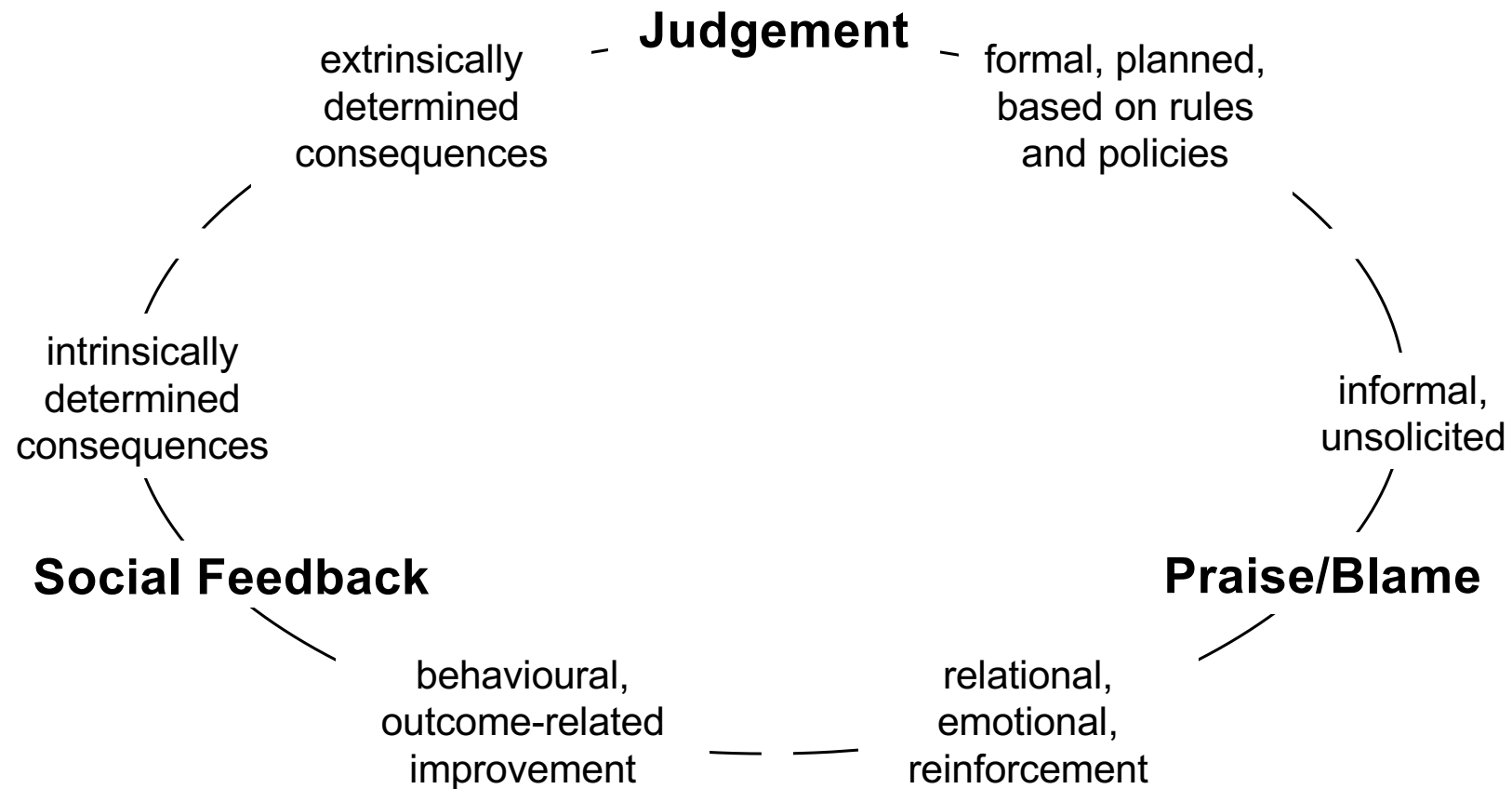
— A current and typical case

Since many years we run a traditional form of performance appraisal. It did never run so well but we hoped it might get better. But it does not. The opposite is true. More and more supervisors and employees share doubts about our current approach. Now, even the CEO requested a complete or radical change. She [CEO] asked me [CHRO] to develop something new, something different.

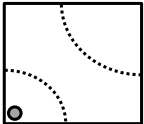
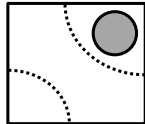

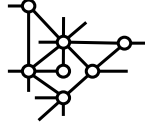
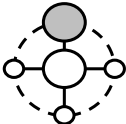
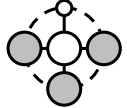
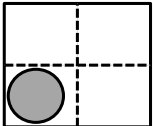
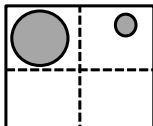

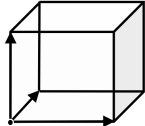
— Roadmap towards a new approach



Feedback versus praise versus judgement



Relevant context dimensions

	Stability		Agility	
	high	Task certainty	low	
	low	Task dynamic	high	
	Boss	Dominant leadership role	Coach, Partner, Enabler	
	Simple, employee depend	Talent availability, dependency	Difficult, employer depends	
	low	Autonomy and flexibility	high	

General design dimensions

	Hierarchy & stability	Agility and networks
Responsibility and Ownership	HR function, Managers	Employees, Teams
Rules and formats	Standards and common formats	Openness and self-direction
Organizational direction	vertical, according to reporting lines	lateral, along the value chain
Trigger	cyclic, annual	on demand

— Specific and individual objectives might do harm

Objectives are a way to reduce complexity. They set **focus** on the few or one thing that matter most

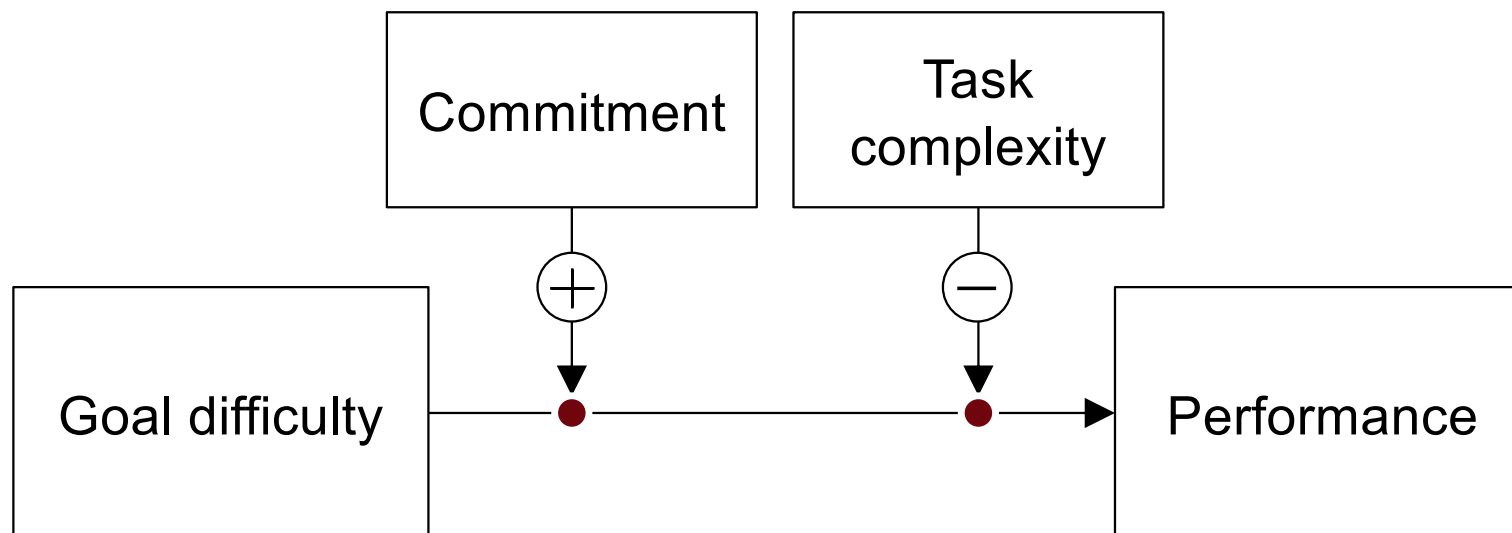
If working well, objectives may **distract** from other priorities (e.g. ethical standards, overall purposes) and from exploration

Objectives when set on individual basis might lead people to reject **team-work**

Objectives, when clearly measured might lead people to start **corrupting** and cheating – “you might get what you measure”

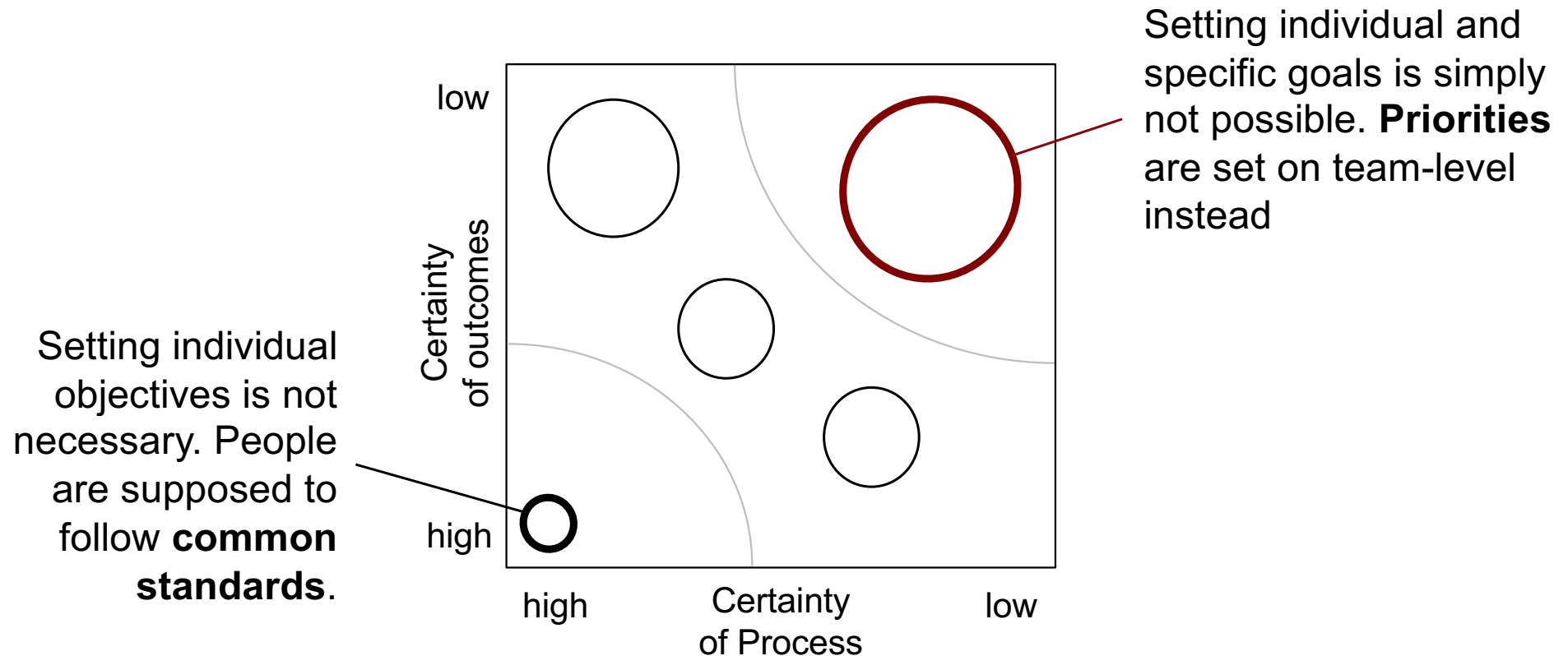
Once achievement of objectives is linked to variable pay, people may commit themselves to objectives that are **easy** to be achieved only.

— Goal Setting Theory



According to: (1) Locke, E. A., & Latham, G. P. (1984). Goal Setting: A Motivational Technique That Works! Prentice Hall. (2) Locke, E. A., Latham, G. P., & Erez, M. (1988). The Determinants of Goal Commitment. Academy of Management Review, 13 (1), 23-39.

Where specific objectives might work or not



— Practical approach for repetitive settings

Activity and outcomes	Shared definition of performance and quality standards always with an eye towards the relevant customers
Active players and responsibility	Responsibility lies in the teams. They define all standards. Supervisor acts as a coach only All outcomes belong to the team only
Time	Will be decided by the team but could at any time be requested by the supervisor
Documentation and formats	No official formats, templates or tools. Results might be published in an internal wiki

— Time-frame of setting objectives and expectations

Regular cycle (annually)

Objectives are agreed regularly (annually). This allows synchronization with other internal processes, which also follow a regular cycle.

Demand-oriented

Performance expectations can always be defined if it appears to be appropriate for the respective partners

OKR stands for **Objectives** and **Key Results**

Became famous through the legendary CEO of Intel **Andy Grove**

O refer top priorities for teams or entire organizations. They should not be measurable

KR refer to interim outcomes on the way towards reaching the goals on individual and group level

While O typically are of **long-term** and generic nature are KR supposed to be regular adapted on **short-cycle** (executional heartbeat)

KR are always **ambitious**. They are **measurable**

KR as well as all related initiatives are **transparent** across units and functions

OKR are a part of the **business operating system**

— Relevant unit of setting objectives and expectations

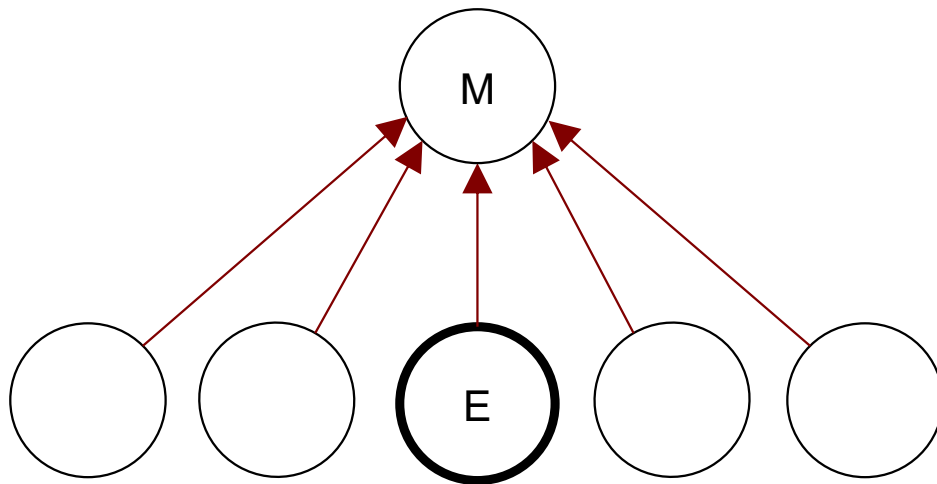
Individual employees

Objectives are agreed individually with each employee. This ensures personal commitment and clear responsibility.

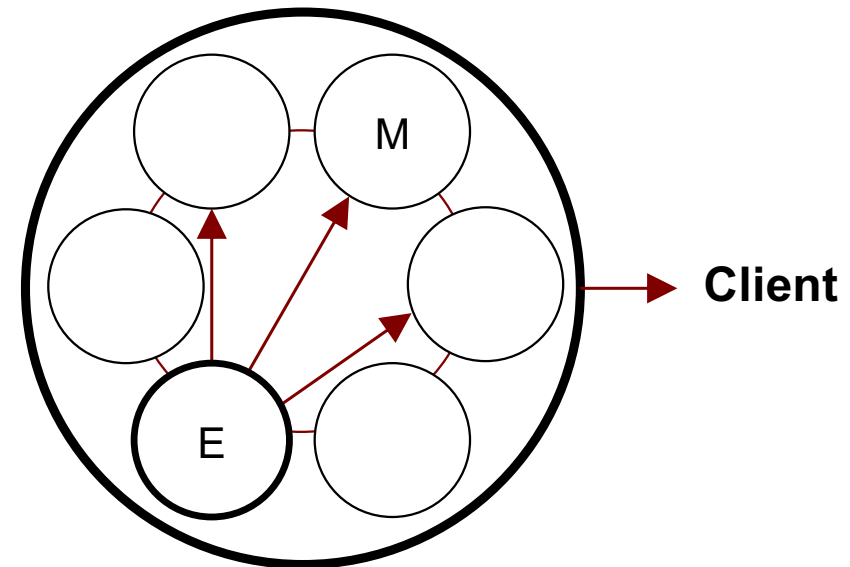
Teams

Performance is only achieved by whole teams. This is why performance expectations are only defined with teams as a whole.

— Commitment and dedication



Employees are committed
to their manager



Team is committed to its internal/external client.
Employee is committed to colleagues

— Vertical or horizontal commitment

Next level manager (vertical)

The agreement of objectives always takes place with the next higher manager. He or she has the overview and bears the overall responsibility.

Internal and external customers (lateral)

Teams are primarily committed to their (internal and external) customers. They are therefore also used to define performance expectations.

— Giving and taking feedback

Feedback is external information about past behavior often used to improve behavior

Feedback is essential for **learning** and **improvement** as it is for any system

Feedback effectiveness is a matter of the **receiver** only

There is feedback and social feedback. **Social feedback** is given by another person or group

Feedback can occur on four different **levels**: results, person, process and self-regulation

Feedback effectiveness is determined by the **social setting**, who gives feedback to whom and why?

Feedback might be given by different **stakeholders**: supervisor, peers, customers

In many companies there are tools, systems, policies and processes to **manage feedback**

— Feedback or what?

“ By the way, I really liked your presentation. Well done!

“ You use to start your pitches by presenting the solution. If you would start with customers' needs instead they might feel better understood.

“ On a scale from 1 (poor) to 10 (excellent) I see your presentation skills on level 8. I now add the mark to your skills profile in the app.

Note: All marks will be considered in the yearly skills appraisal run by the immediate supervisor

— Levels on which feedback may occur

Level	Meaning	Simple examples (salesperson)
Person	The person and its attributes, characteristics relevant for achieving things	“You really are an awesome salesperson”
Self-regulation	The way someone deals with his/her performance, including failure and success	“Once you successfully closed a deal you better focus on what you can learn for the future instead of just celebrating yourself”
Process	The actual, visible behavior that led to any outcome – the way of doing things	“When opening a pitch you’d better start by recalling the needs of the potential client. This would strengthen your credibility”
Results	What actually is achieved in terms of tangible and/or measurable outcomes	A deal is successfully closed

— Responsibility for feedback

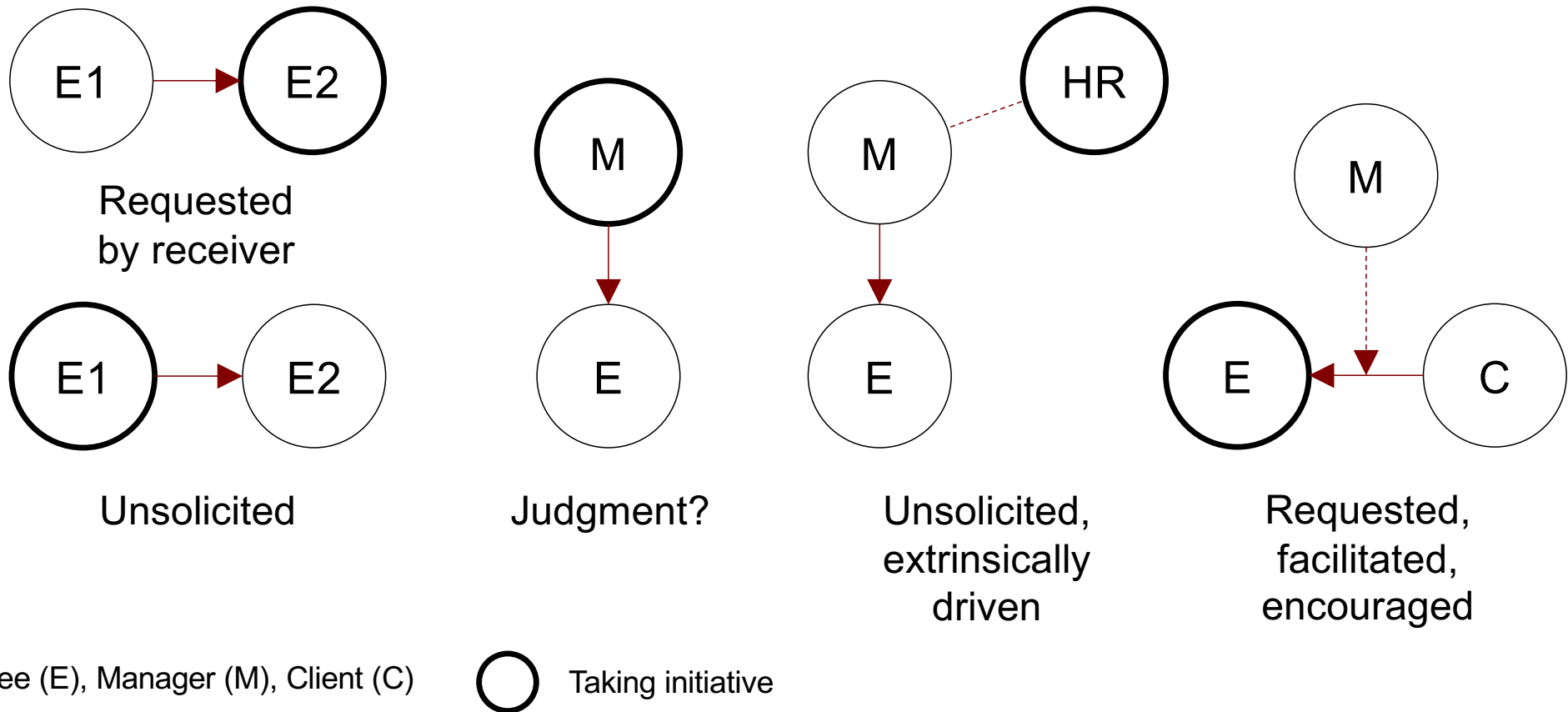
Company

As a company, we are responsible for ensuring that our employees receive regular feedback.

Employees

The employees themselves are responsible for obtaining feedback.

Social settings influence the effect of social feedback



Primary feedback provider

Direct manager

Employees receive feedback primarily from their direct manager. Giving feedback is one of the most important management tasks.

Internal and external customers

Employees primarily ask for feedback from their (internal/external) customers or colleagues.

— Feedback Apps. Good or bad idea?

After having abolished our classic performance appraisal we decided to put more focus on continuous feedback. Through a **Feedback App** people now share the opportunity to easily give and take feedback on a lateral or horizontal level at any time. The feedback comes as a kind of like, star, virtual applause.

As HR we can track the amount of positive feedback people receive over the course of a year. Based on this we can make better decisions upon salary increases and promotions.

— Trigger for feedback

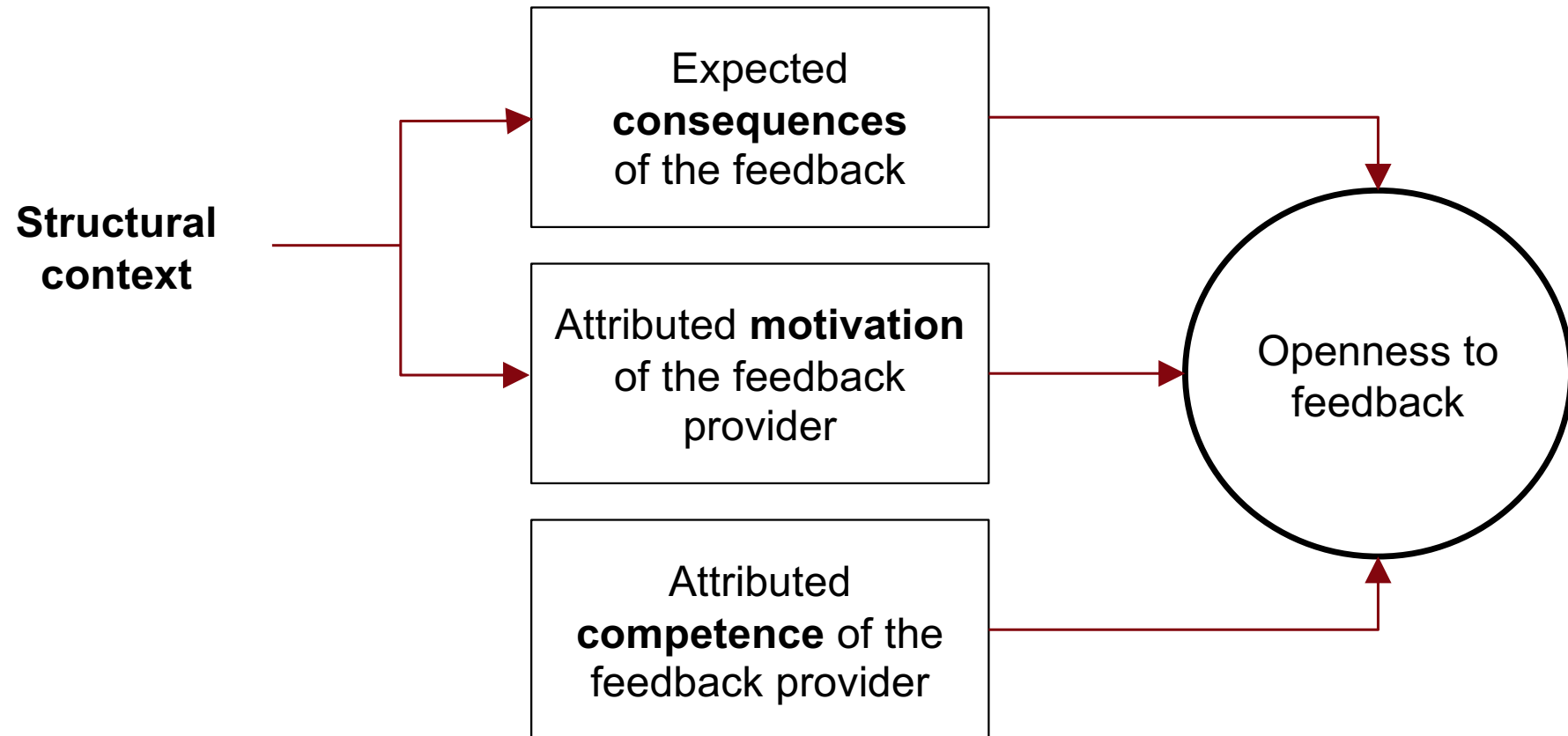
Cyclical and passive

Employees receive regular feedback. There is a fixed (annual) cycle for this purpose.

On demand and active

Employees always ask for feedback when they think it makes sense. Good employees do this frequently and promptly.

Factors of openness to feedback



— The role of the supervisor

Formal assessment

One of the central tasks of a manager is to formally evaluate employees at regular intervals.

Coaching and Reflection

Leadership is at eye level.
That is why our managers do not judge their employees, but encourage critical self-reflection.

— Limitations of individual top-down judgment

In any well managed organizations people will be judged at some points

Judging team-players, might lead to less collaboration and to more competition among peers

Competition among colleagues might be most likely when **forced ranking** is applied

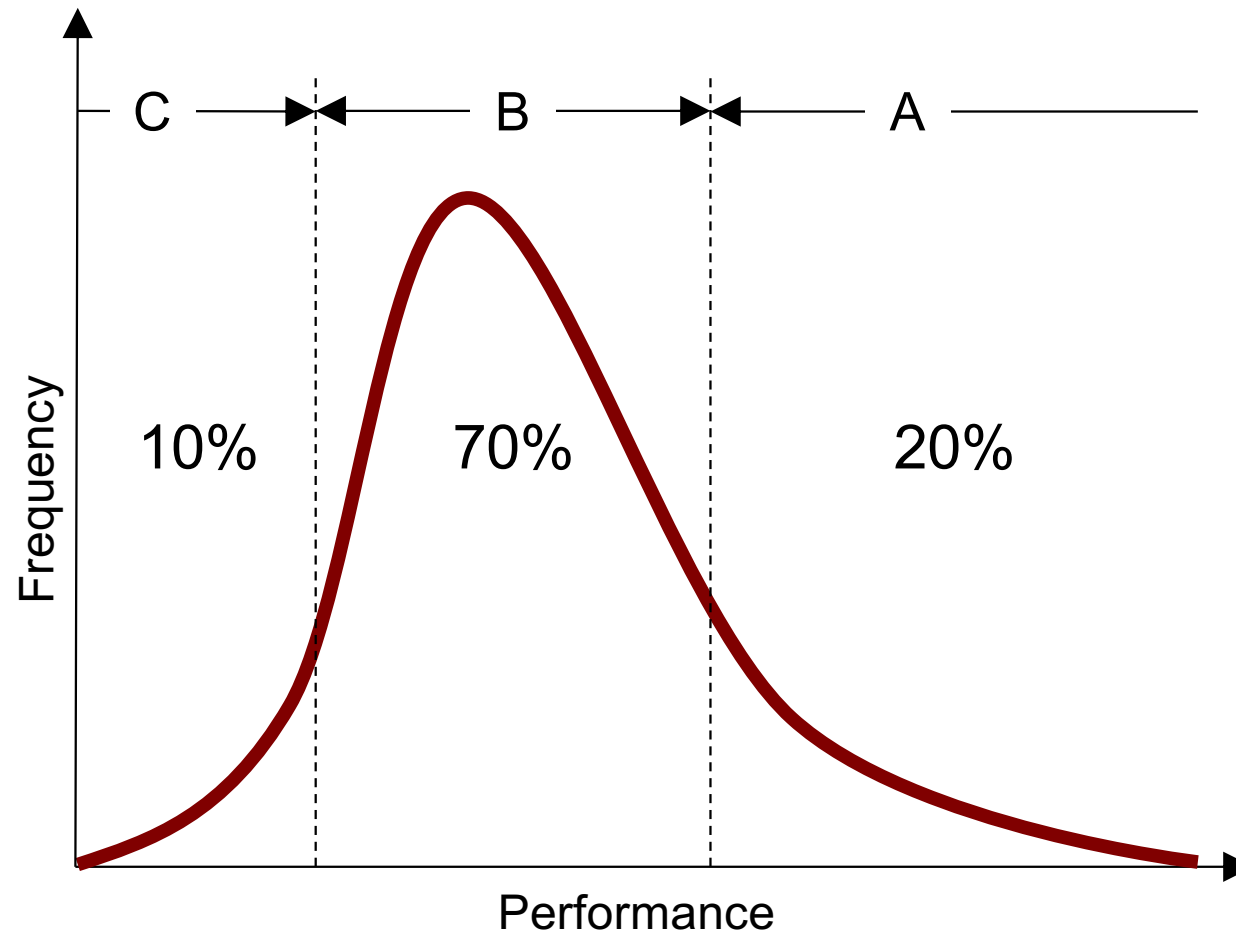
Formal judgement is often a difficult social and cognitive process. It often happens on an intuitive level

Evaluation perceived as negative might hurt future collaboration and retention

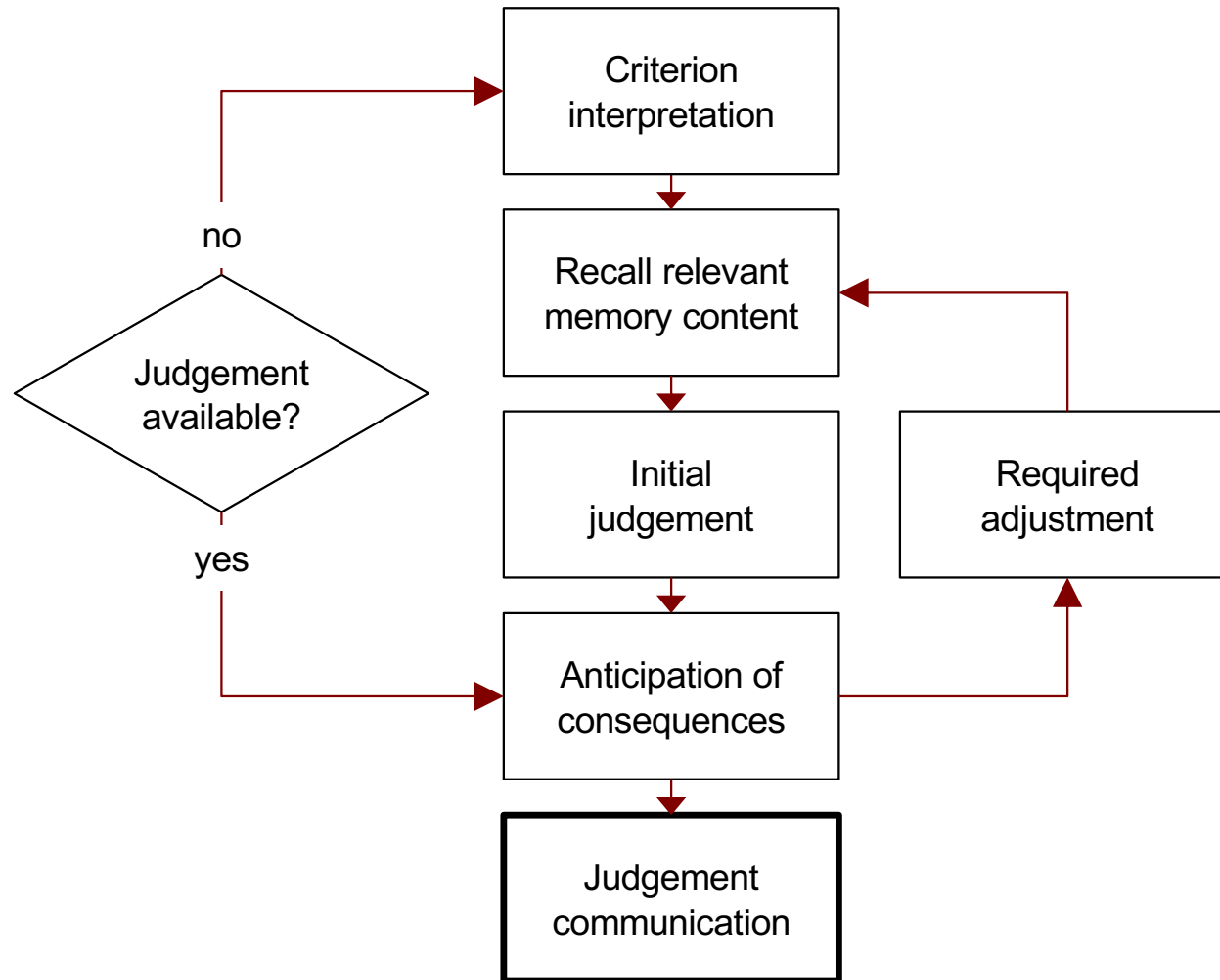
Managers who act as coach, partner or enabler do not want to judge their employees (colleagues). The roles of coach and judge are incompatible (McGregor)

In an agile world, employees are only accepted as A-players if their colleagues and customers think so too

— Forced distribution, forced ranking



Social judgement process – a cognitive view



Structured and top-down

The performance of our employees is formally assessed once a year by their direct superiors on the basis of structured guidelines.

Lateral and qualitative

We assess (joint) performance continuously and within teams. We primarily use qualitative formats but use indicators where it seems reasonable

— Dealing with low performers and low performance

Well led companies actively deal with low **performers** and low **performance**

Low **performance** should be addressed instantly during an occupational dialogue

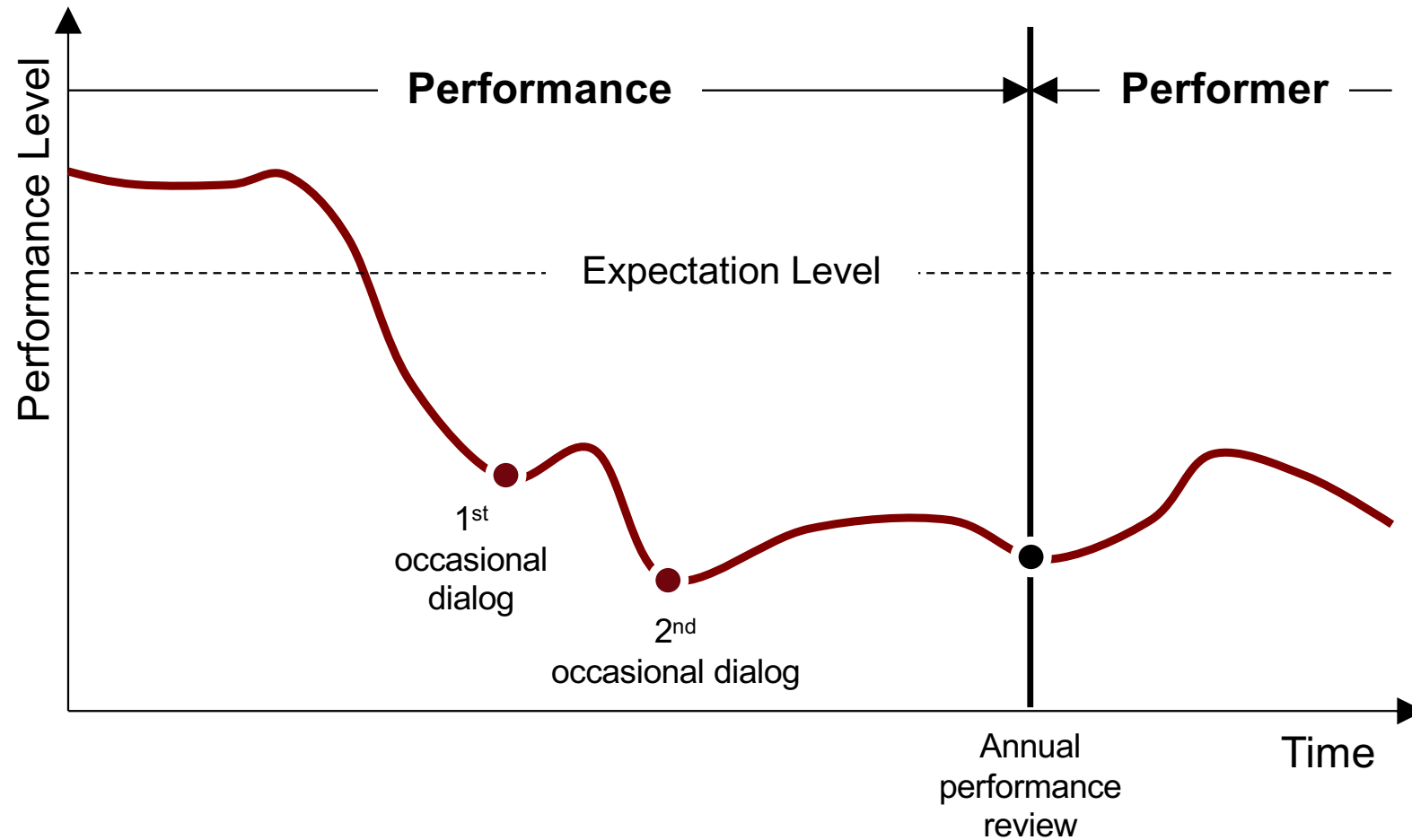
When dealing with low **performance** a process of reflection should be triggered and specific solutions should be found to overcome low performance

Most well led companies either replace low **performers** internally or lay them off

Annually identification of C-players only makes sense once decisions upon employees (**performers**) need to be made

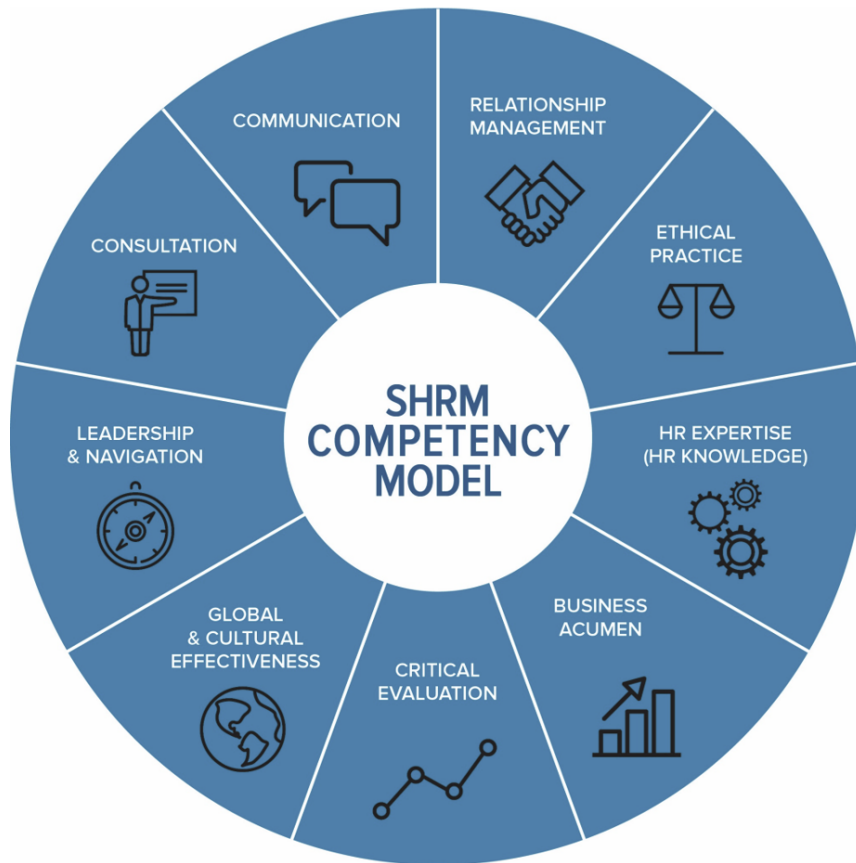
There is often no reason to inform **medium or regular performers** about being a B-Player. It might just kill motivation while there are no formal consequences anyway

■ Dealing with low performance and low performers



Learning

Competency model for HR professionals



Relationship Management
Ethical Practice
HR Expertise (HR Knowledge)
Business Acumen
Critical Evaluation
Global & Cultural Effectiveness
Leadership & Navigation
Consultation
Communication

— Drivers for learning

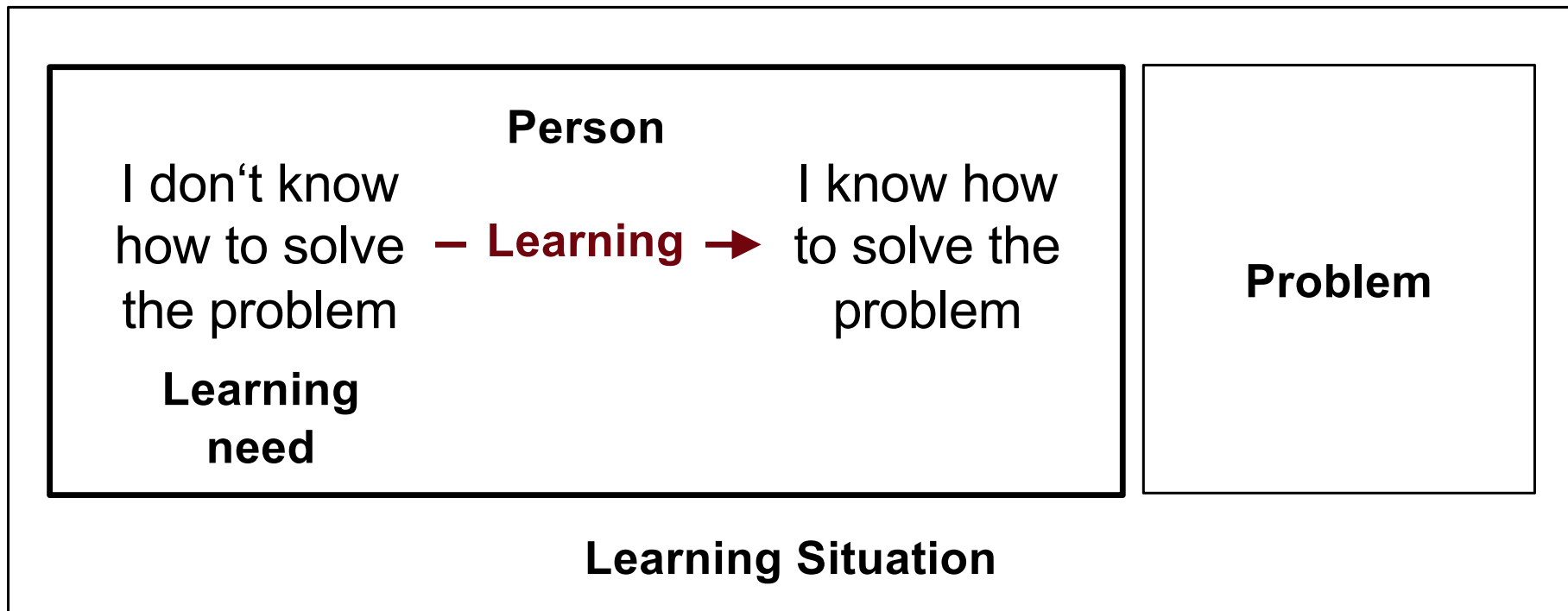
Formal requirements

The most important drivers for learning are the given work-related requirements, which are documented in the job description.

Relevance

The most important drivers for learning are relevant uncertainty coupled with curiosity.

— A simple and practical view on learning



— Learning needs

A **learning need** refers to a situation where somebody (an individual or a group) is supposed to solve a problem but at the same time is lacking required capability in doing so

Learning needs always relate to specific **target groups** or individuals

Probably the best way to understand learning needs is to look at so called **critical incidents** first, situations where people obviously feel overwhelmed

There are all sorts of learning needs. Learning **characteristics** help to classify learning needs into distinct learning cases

— Learning is a universe

Learning happens in many different ways

Learning may involve various needs, activities, formats, resources, relations, outcomes, roles, responsibilities etc.

The right setting of any managed learning activity depends on the nature of a particular **learning case**

These learning cases are core elements in a **corporate learning strategy**

formal	informal
conscious	unconscious
individual	social
unique	repetitive
short-term	long-term
strategic	operative
planned	on-demand
voluntary	forced
expensive	free
local	global
structured	experimental
creative	consuming

— Learning characteristics

Learning	Learner	Learning Scope	Scalability
Mediation of available knowledge through experts, teachers etc.	Individuals , even when taught in groups. Persons improve	Short-term , quick, micro-/nano-learning, simple content	Unique , special learning needs, on-demand
Learning as creation , required knowledge is still not available	Groups , units, entire company. Groups improve as a whole	Long-term , weeks-years, programs, comprehensive	Recurring learning needs, continuous demand

— Learning cases

Need	Characteristics		Case	Activity
An employee does not know how to use pivot tables in Excel	Learning	Mediation	Micro-learning on demand	Watch a tutorial on Youtube
	Learner	individual		
	Scope	short-term		
	Scale	unique		
Some employees need to improve their project management skill	Learning	Mediation	Standard group learning	Standard classroom seminar
	Learner	individual		
	Scope	mid-term		
	Scale	recurring		

Learning cases

Need	Characteristics		Case	Activity
Some managers don't know how to deal with critical situations	Learning	Med./Creat.	Behavioural and situational reflection	Regular and facilitated peer coaching
	Learner	Group		
	Scope	mid-term		
	Scale	recurring		
A team has to develop a new product but it is in the beginning	Learning	Creation	Complex problem solving	Creative project work
	Learner	Group		
	Scope	long-term		
	Scale	unique		

- A corporate learning strategy is supposed to answer the following questions

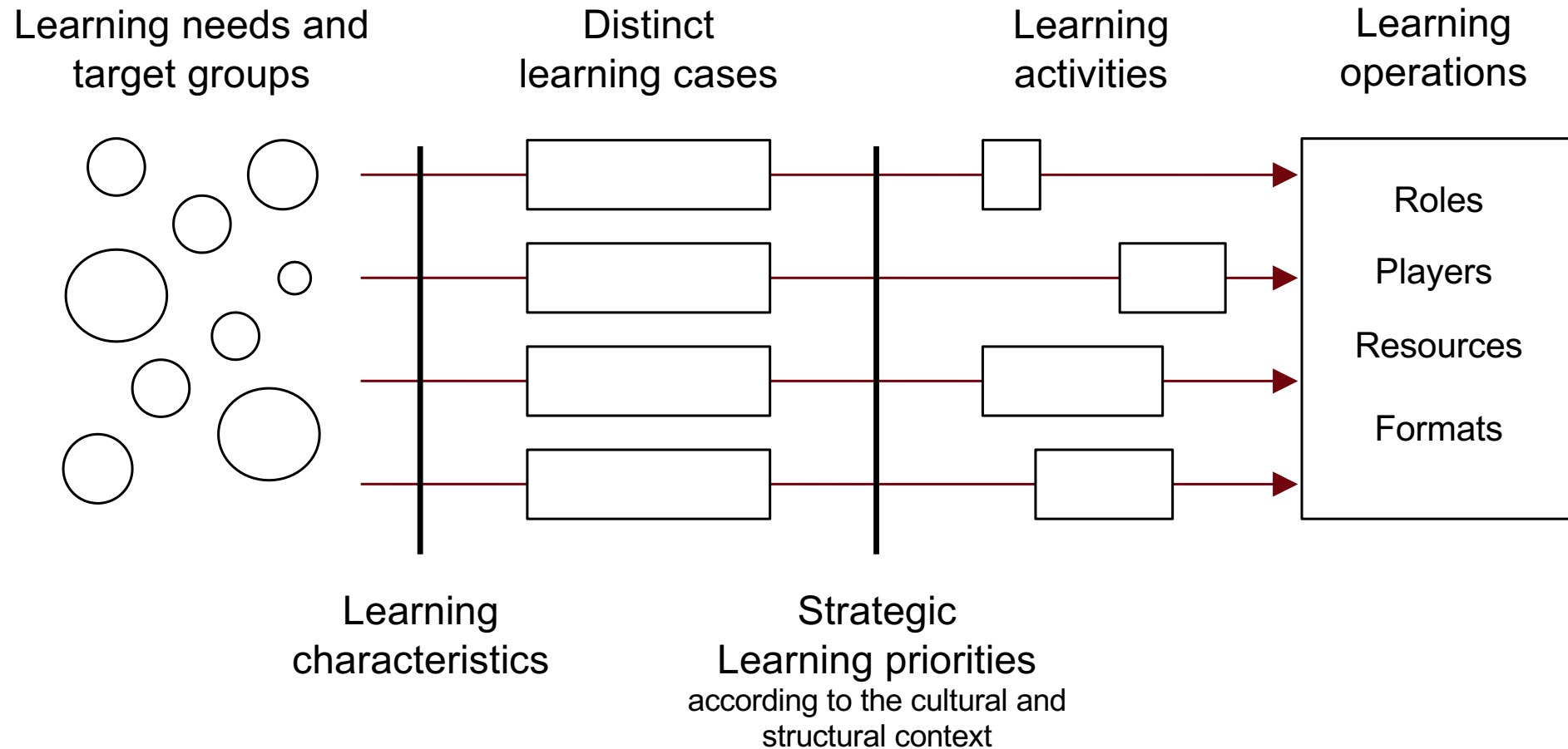
How do we understand and identify **learning needs** of specific target groups and related learning situations?

How do we classify any learning situation according to predefined criteria into **distinct learning cases**?

How do we translate learning situations and cases into specific learning activities based on **strategic learning priorities**?

What is the role of the **HR function** and the role of **others** related to distinct learning cases?

From learning needs to learning operations



— Strategic learning priorities

Strategic learning priorities refer to the general tendency on how a company intends to deal with learning

While different learning cases might require different priorities, **strategic** priorities serves as a kind of default setting

They could also be seen as the corporate **learning philosophy**

Strategic decisions on learning must always relate to the cultural and structural **context**

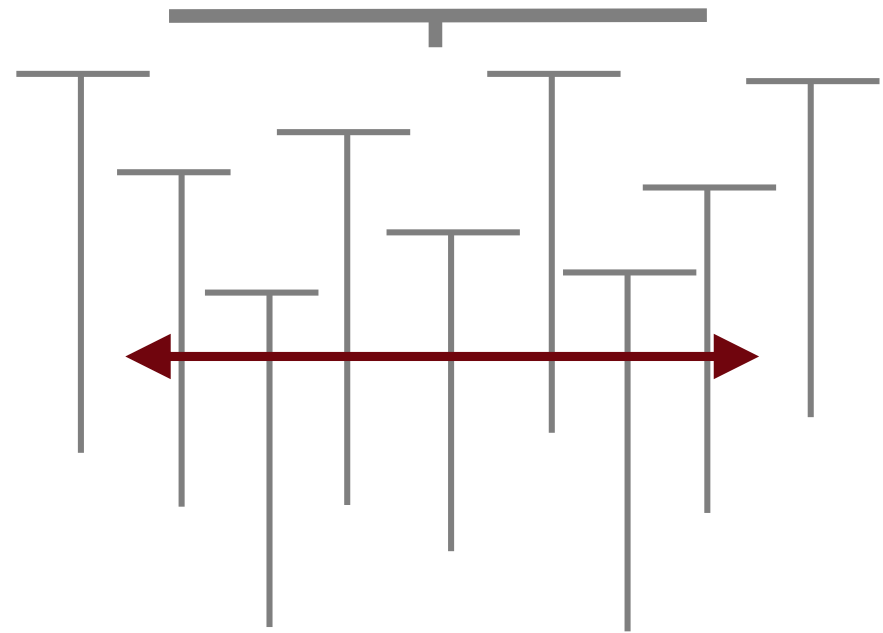
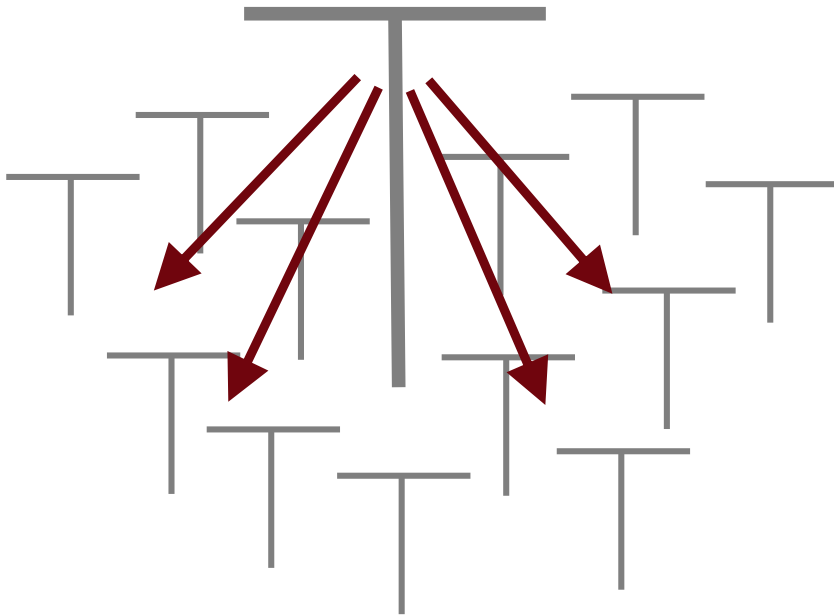
Strategic learning priorities are essential to decide upon roles, resources and formats relevant for the **operation** of learning activities at a later stage

Strategic learning priorities can be expressed in terms of **strategic statements**

— Differing views on learning in organizations

Stability	Agility
individual learning	+ social learning
from managers & trainers	+ from and with others
off-the-Job	+ on-the-Job
planned	+ on demand
formal	+ informal
ordered	+ employee driven
long cycles	+ short cycle
requirements	+ curiosity & uncertainty
learning transfer	+ to work = to learn

Teachers and learners



— From whom employees learn

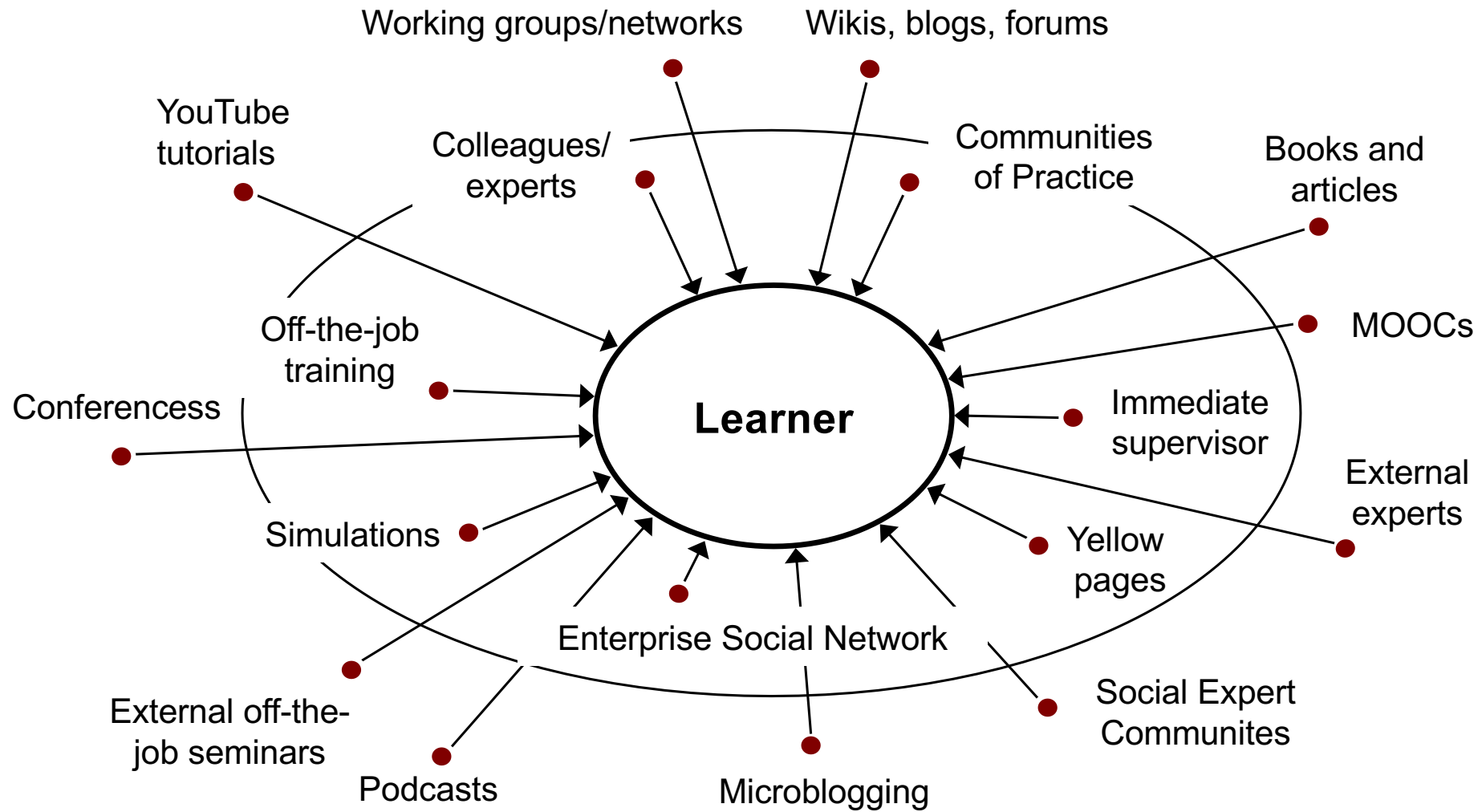
Learning from Experts

Employees learn from professional trainers who have professional superiority and didactic experience.

Learning from others

Employees learn from and with others. They are teachers and learners at the same time.

Environment for learning on demand



Learning on stock

Our employees learn in advance so that they have relevant knowledge available when they need it.

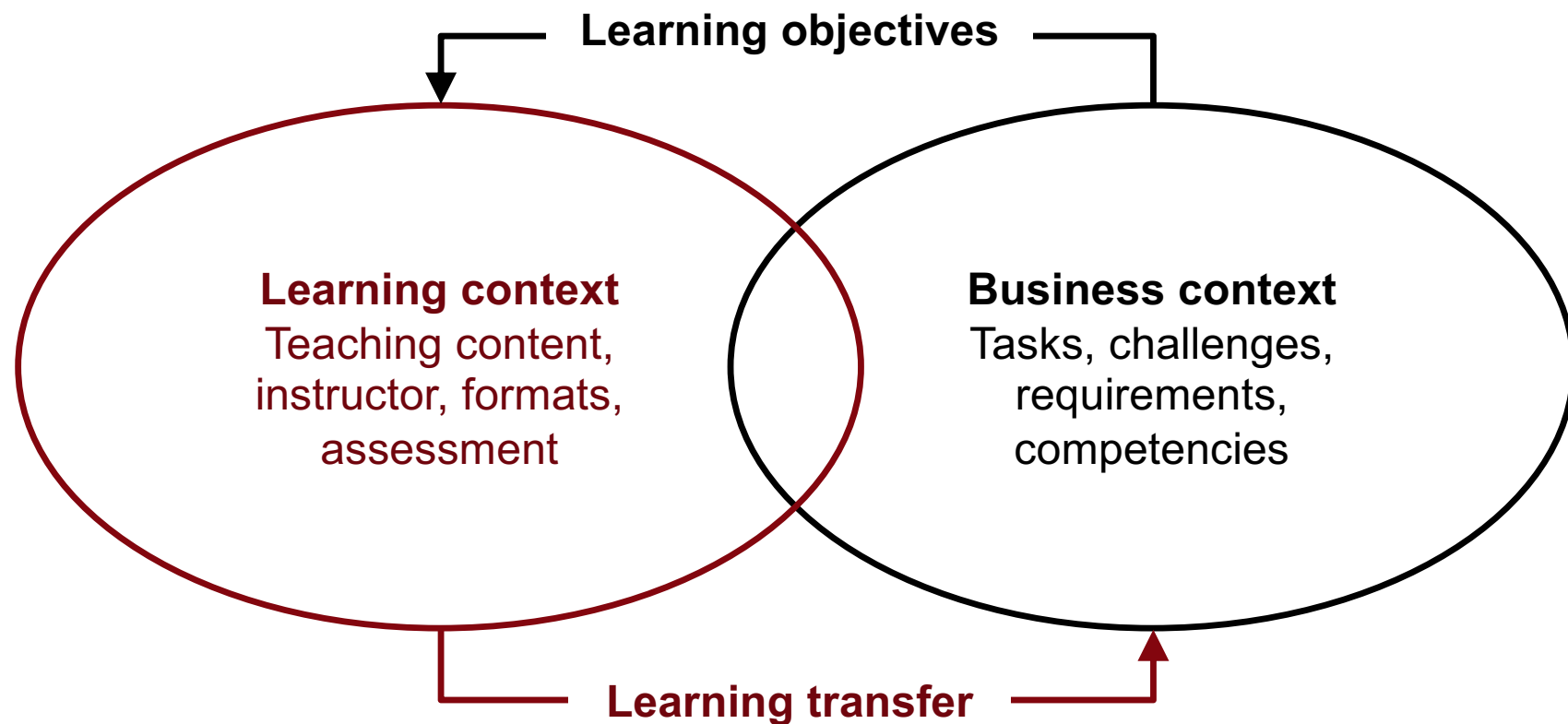
Learning on demand

Learning takes place on demand and at short notice, when employees and teams recognize their learning needs.

— Learning operation | design options

Roles	Players	Resources	Formats
Organizer	Employee	Infrastructure	Classroom
Facilitator	Trainee	Budget	Webinar
Instructor	Supervisor	Internet	Coaching
Decider	HR function	Material	Stretch Jobs
Learner	Externals	Universities	Literature
Evaluator	Executives	Platforms	Workshops
Mentor/Coach	Customers		Work

— Separation of learning context and business context



— The context and case of agile Learning

The context

There is both a low task certainty and high task dynamic

Only experts are involved.

There is no superior hero or boss

You use to think and act iterative in short cycles

People have much autonomy and self-direction

The learners are primarily dedicated to their clients

The learning case

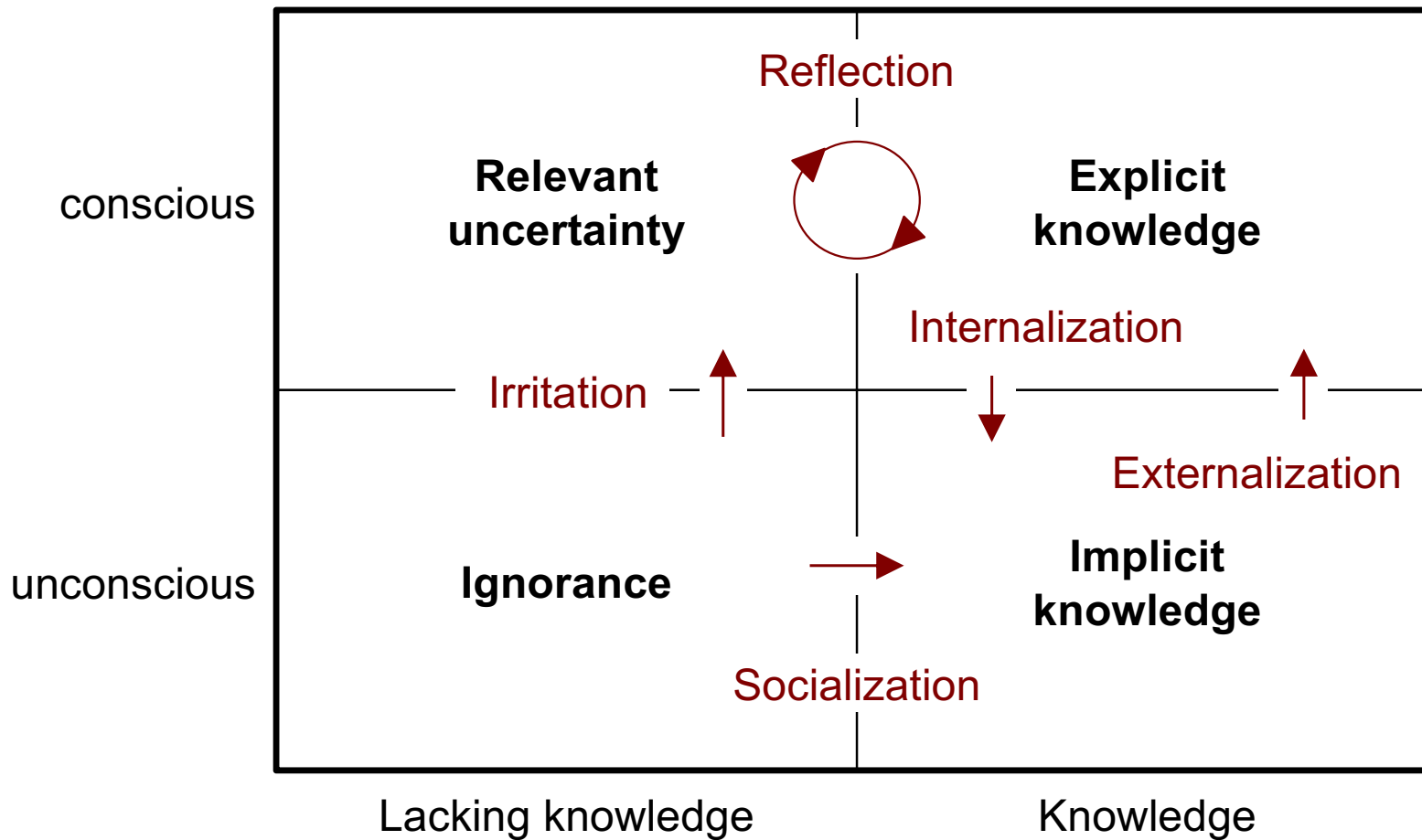
Learning is about **creation**, not mediation

The **group** is the learner, not the individuals

Learning is supposed to happen **long-term**, not short-term

It is a **unique** learning situation, not a recurring one

Agile learning



— Relation of learning to work

Off-the-job and transfer

Learning requires a protected area outside the daily work environment. Then we hope for the transfer of learning.

Real working context (on-the-job)

Learning is best done in a real working context. We see no difference between learning and work. Work = learning, learning = work.

— Activities in agile Learning

Use iterative and agile project management technique, like **Scrum**

Use **design thinking** to make ideas as tangible as possible

Prototype early to better involve the client and to ask for feedback

Conduct **pre-mortem analyses** to challenge ideas and solutions early

Use all sorts of **creativity techniques**

Use **collaborative tools** to encourage and enable learning from an with others

Run so called **fuck-up events** so that others could learn from your mistakes, and failing receives a stage

Avoid any hierarchical reporting structure

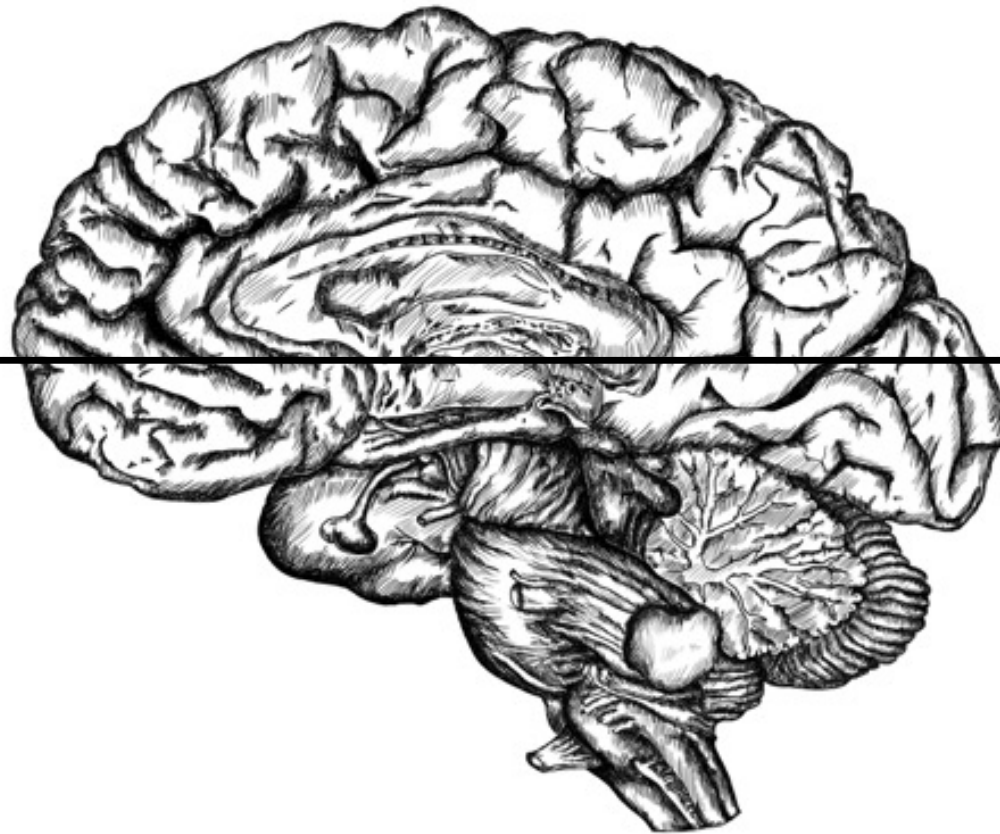
— Cognition und intuition of those being led

Rational layer

Thinking,
understanding,
reasoning

Intuitive layer

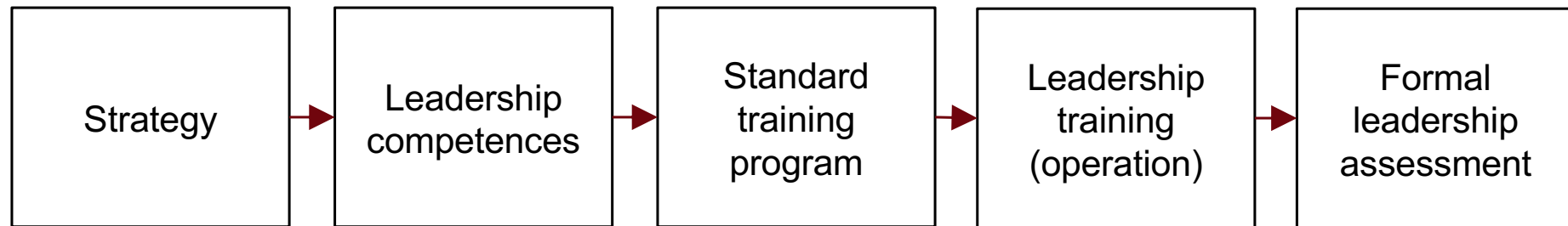
Feeling, liking,
trusting



- Psychological fields good leadership must address | a very simplified view

	Presence	Future
rational layer	Behaviour in a critical and social situation based on a role	Strategy Well elaborated priorities, plans and values
intuitive layer	Relation Trust, charisma, body expression, language	Vision Appealing and simple translation of strategy

— Classic approach of leadership development



Leadership models | Example Merck



Example Merck: Be purposeful, future-oriented, innovative, result-driven, collaborative, empowering

Trait-theories of leadership propose characteristics of successful leaders.

"Be like this and you will succeed"

Most leadership competence models are very generic and not very unique

Two more examples that don't differ too much



<https://rma.uk.com/project/nestle-leadership-framework.html>, April 20, 2020



<https://www.canada.ca/en/treasury-board-secretariat/services/professional-development/key-leadership-competency-profile.html>, April 20, 2020



A good manager ...

is a good coach, empowers teams and does not micromanage, expresses interest/concern for team members' success and personal well-being, is productive and result-oriented, is a good communicator, helps with career development, has a clear vision/strategy for the team, has important technical skills that help him/her advise the team

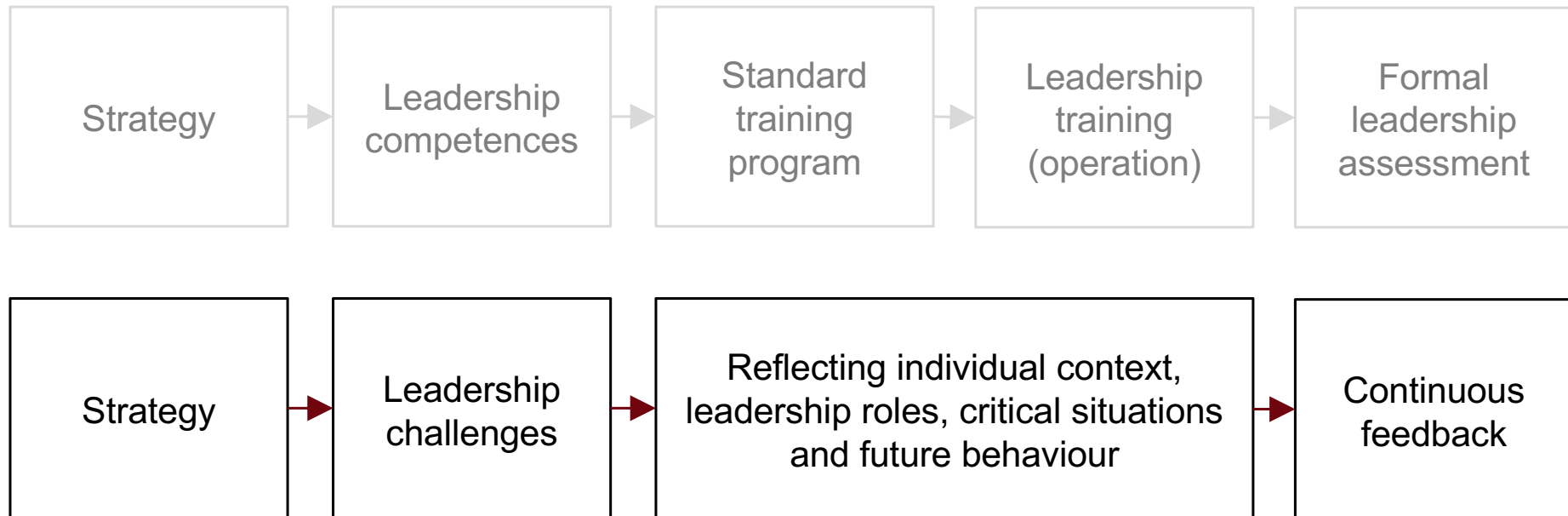
Strategic Default

Leadership competencies are defined top-down. They are part of the strategic priorities of the company as a whole and describe how leaders should be.

Self defined and reflected

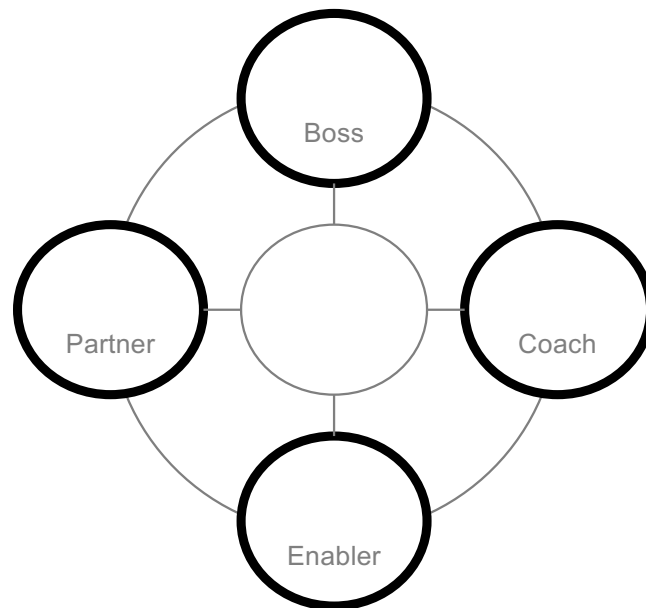
Managers define their required competencies independently. They should reflect who they are, how they want to be and how they could be effective in the company.

Classic approach of leadership development

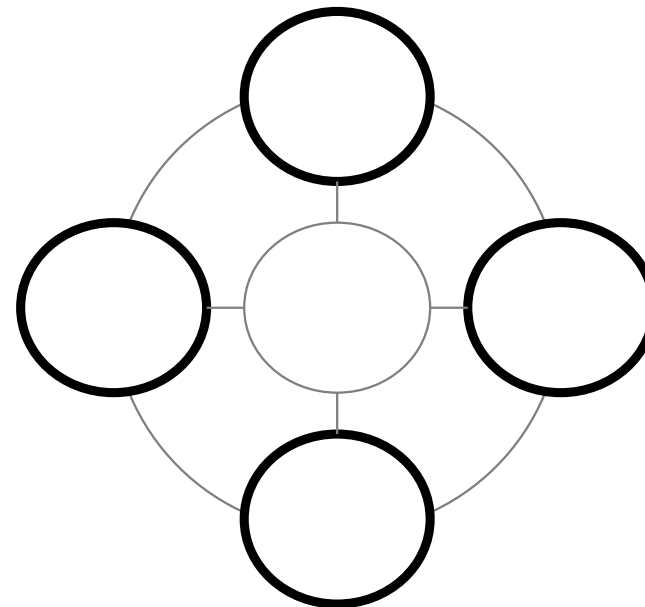


— Reflect how you could be effective

How I understand my
role as a leader



My role expected by those
being led?



(a) Distribute ten points each on the left and right side to the different roles. (b) What are the differences between your own understanding of the role (left) and the expectations of those being led (right)? (c) What situations result from a possible discrepancy?

Critical leadership situations

A critical leadership situation refers to a situation, where a leader feels being challenged and is facing a decent dilemma

Critical leadership situations are perfect and real cases to reflect and share reasonable behavioural options in relation to different leadership roles

Two employees have an ongoing personal conflict. They paralyze the team

Your team sends you a concept proposal and asks whether you agree with it

An average performer insists on a salary increase. He is hard to replace and he knows it

A key client escalates a problem. You need to react instantly

An employee makes a serious mistake. You notice this while the employee tries to sweep this mistake under the carpet

— From whom executives learn

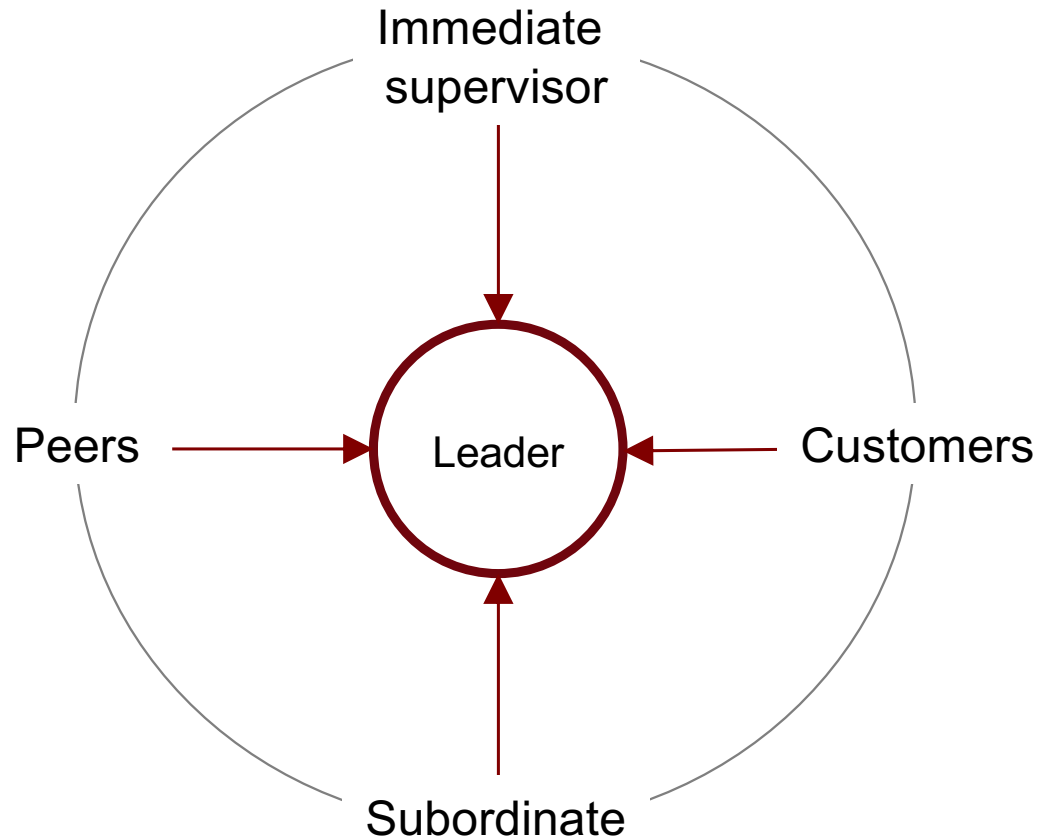
Teachers, (external) trainers

Managers (learner) learn from professional management trainers and mentors (teacher) who have professional superiority.

Other executives

Leaders learn from and with others in the course of joint reflection. They are teachers and learners at the same time.

— Leadership evaluation or feedback



With any leadership evaluation or feedback system the fundamental questions are:

Who is supposed to receive the report? Who is the customer of this procedure?

The **leaders** him-/herself?
That's feedback (people-centred enablement)

HR, Executive Board? That's judgement (central planning & control)

— Management evaluation

Formal assessment

Through regular, structured management evaluation and feedback, we (HR) identify the development needs of our managers.

Feedback

Structured management feedback offers our managers the opportunity to identify their own development potential.

— Potential problems of not managing knowledge

Not having a knowledge management system is not a problem. It's a financial saving in the first place

30% of key experts will retire in the next 5 years. We will lose significant and critical expertise

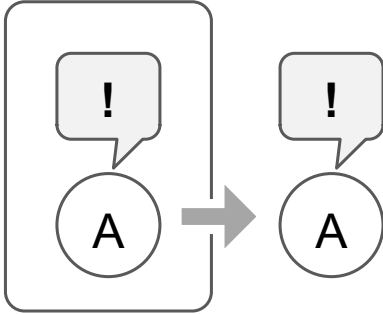
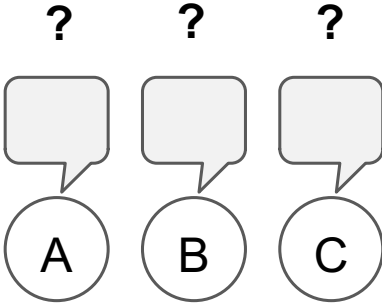
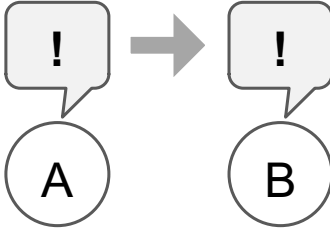
We constantly reinvent the wheel in different places within our organization and our customers pay for it

It takes too much time to build up relevant expertise in a given project, while the expertise is already there

We fall into the same traps over and over again and do not learn from each others' mistakes and successes

Colleagues do not learn from other colleagues with whom they do not directly collaborate

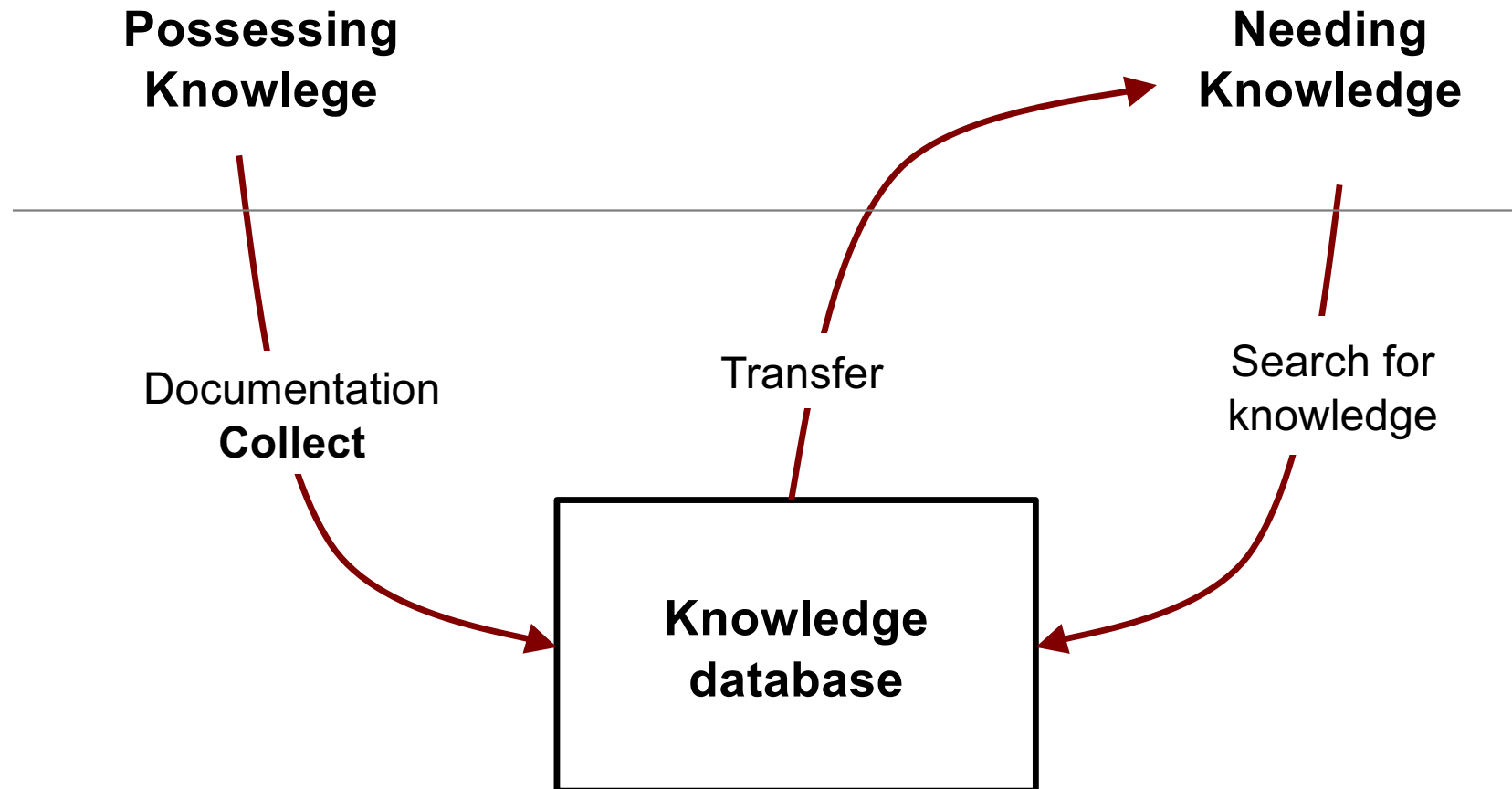
Three challenges of managing knowledge

Knowledge Retention	Knowledge Identification	Knowledge Transfer
<p>How can the employees' knowledge be retained inside the company even when employees leave it?</p> 	<p>How can a company and its employees know what the (other) employees know?</p> 	<p>How will the knowledge of one employee be transferred to another employee?</p> 

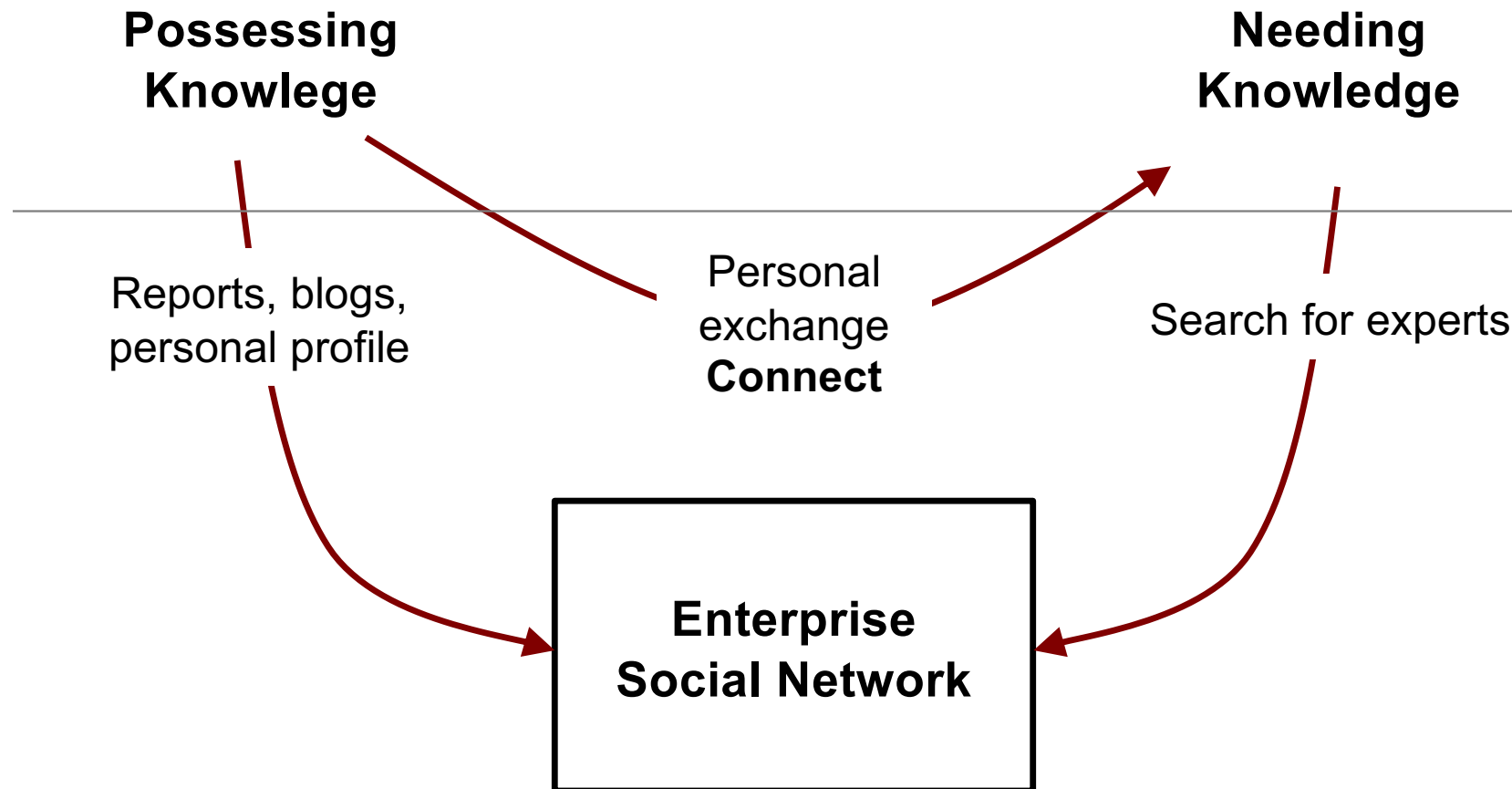
Strategic dimensions of knowledge management

Scope	Focus on key areas Knowledge management concentrates on as few strategically important key areas or functions as possible. It is the only place that is worth the effort.	Focus on relevance We regard knowledge management as a comprehensive initiative, which is more or less relevant for all employees of the company.
General approach	Collect Approach In order to make knowledge permanently available to others and to become independent of individuals, knowledge must be documented centrally.	Connect approach The transfer of knowledge takes place through interpersonal, personal and problem-related exchange.
Motivation	Commitment Employees have a duty to share knowledge and to take care of relevant knowledge. This is monitored and controlled from a central location.	Empowerment and incentives Employees are empowered to share knowledge and take care of relevant knowledge. There are interpersonal incentives for this.

Collect approach of knowledge management



— Connect approach of knowledge management

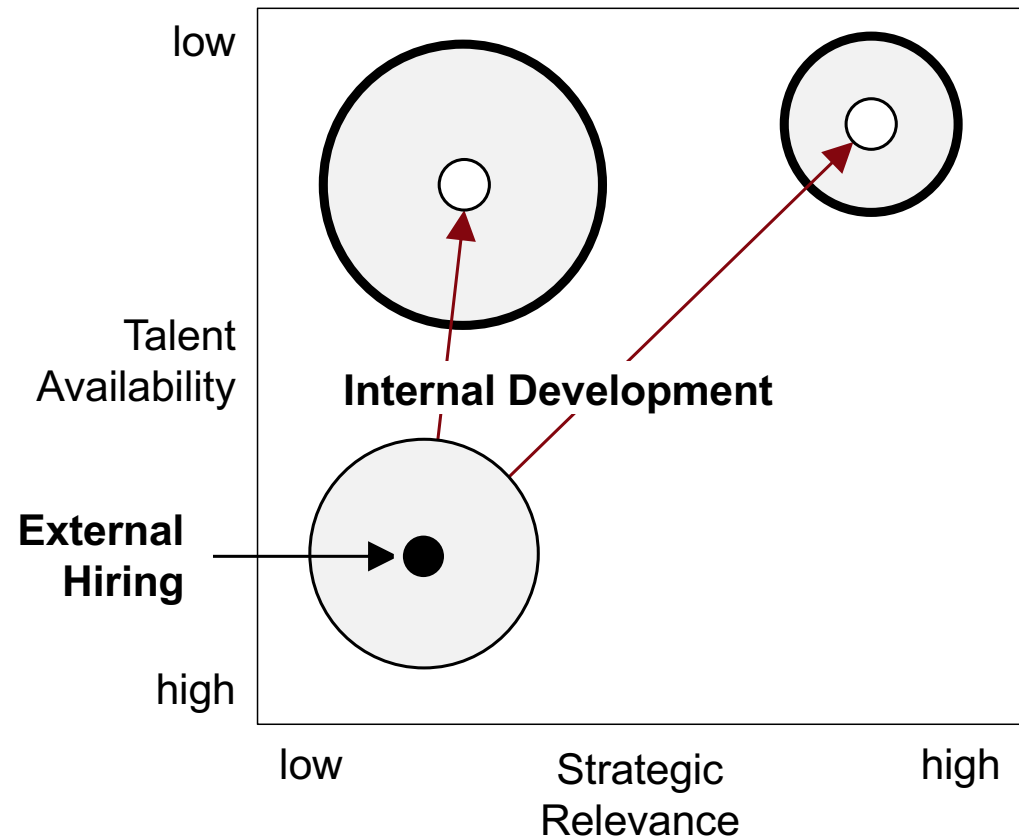


Development

— The problem of talent development

Bottleneck functions are hard to be filled from the outside. For **key functions** you need the best of the best.

One solution might be to build an **internal supply** through function easier to be filled (simple hiring) and to develop most **talented people** into key and bottleneck functions

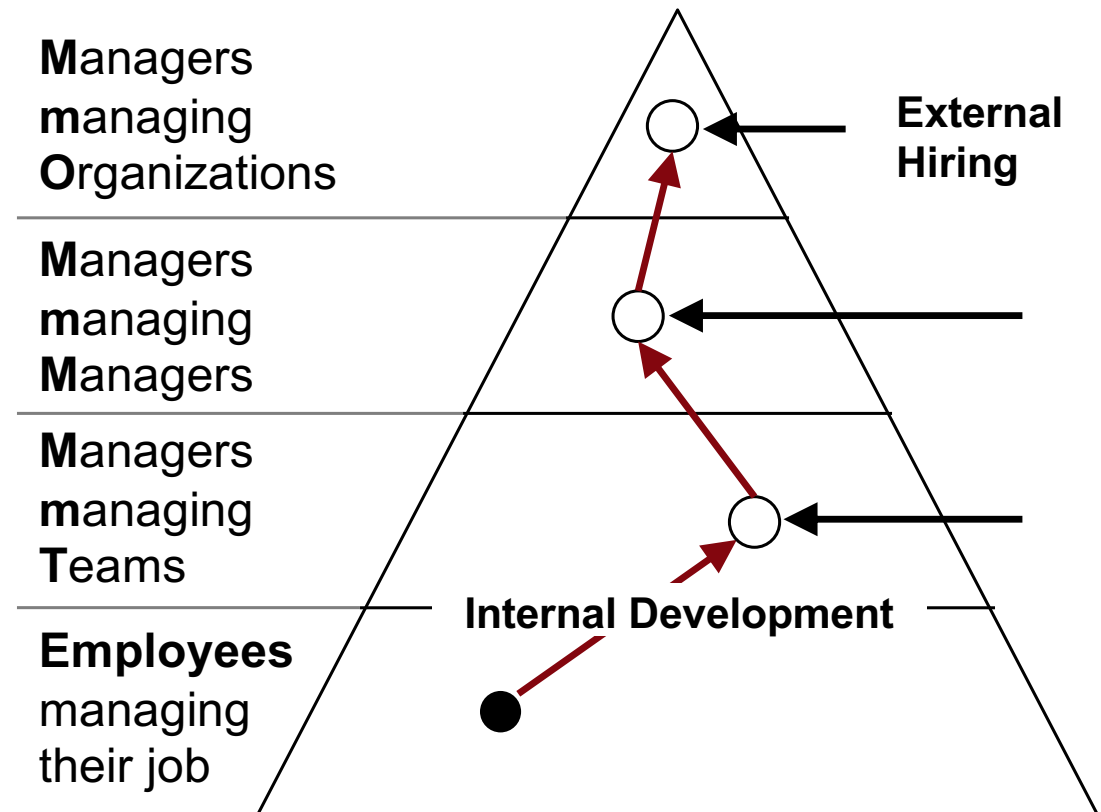


— The problem of talent development

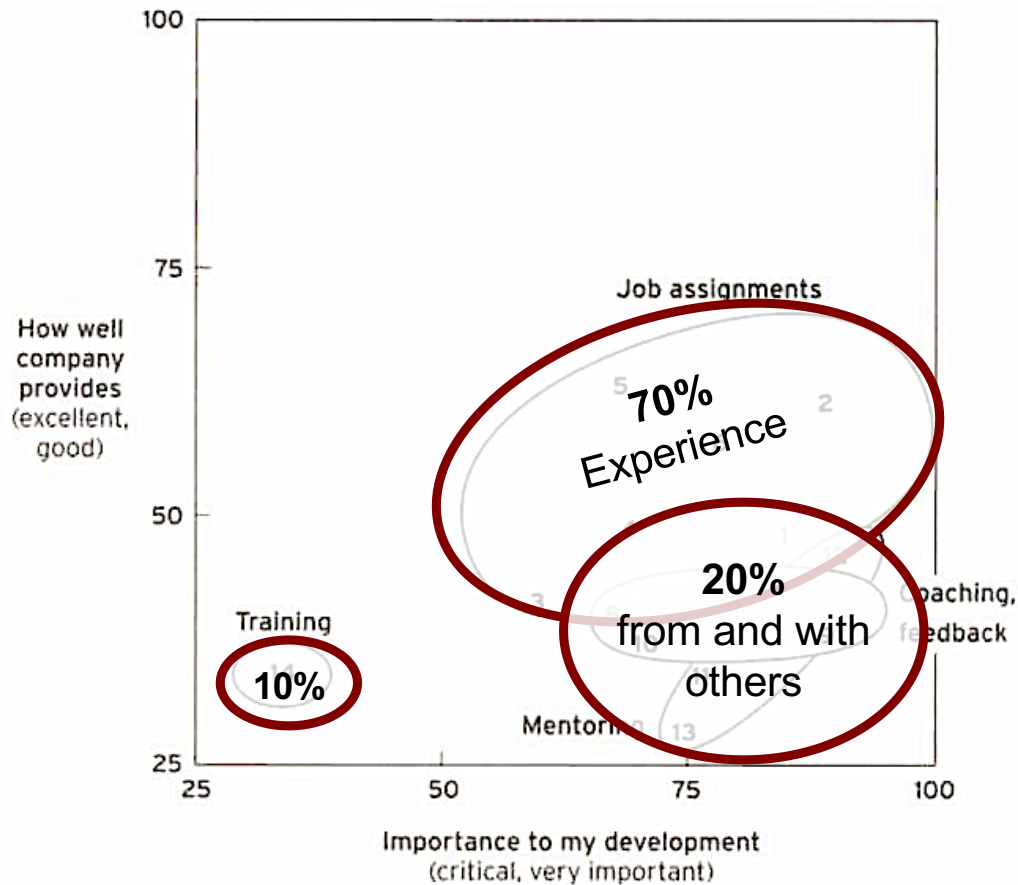
Management layers differ completely with regards to context and duties

Many companies go for a high **internal placement rate** when it comes to manager and executive position.

This requires two major steps: (1) **identification** of talent and (2) long term **development**



Relevance of various development measures



Job Assignments

- 1 Promote high performers quickly
- 2 Build skills to boost career prospects
- 3 Fast rotation and advancement
- 4 Roles with P&L responsibility
- 5 Special project opportunities
- 6 On-the-job training

Coaching Feedback

- 7 Told my strengths and weaknesses
- 8 360° feedback
- 9 Candid, insightful feedback
- 10 Informal coaching from boss

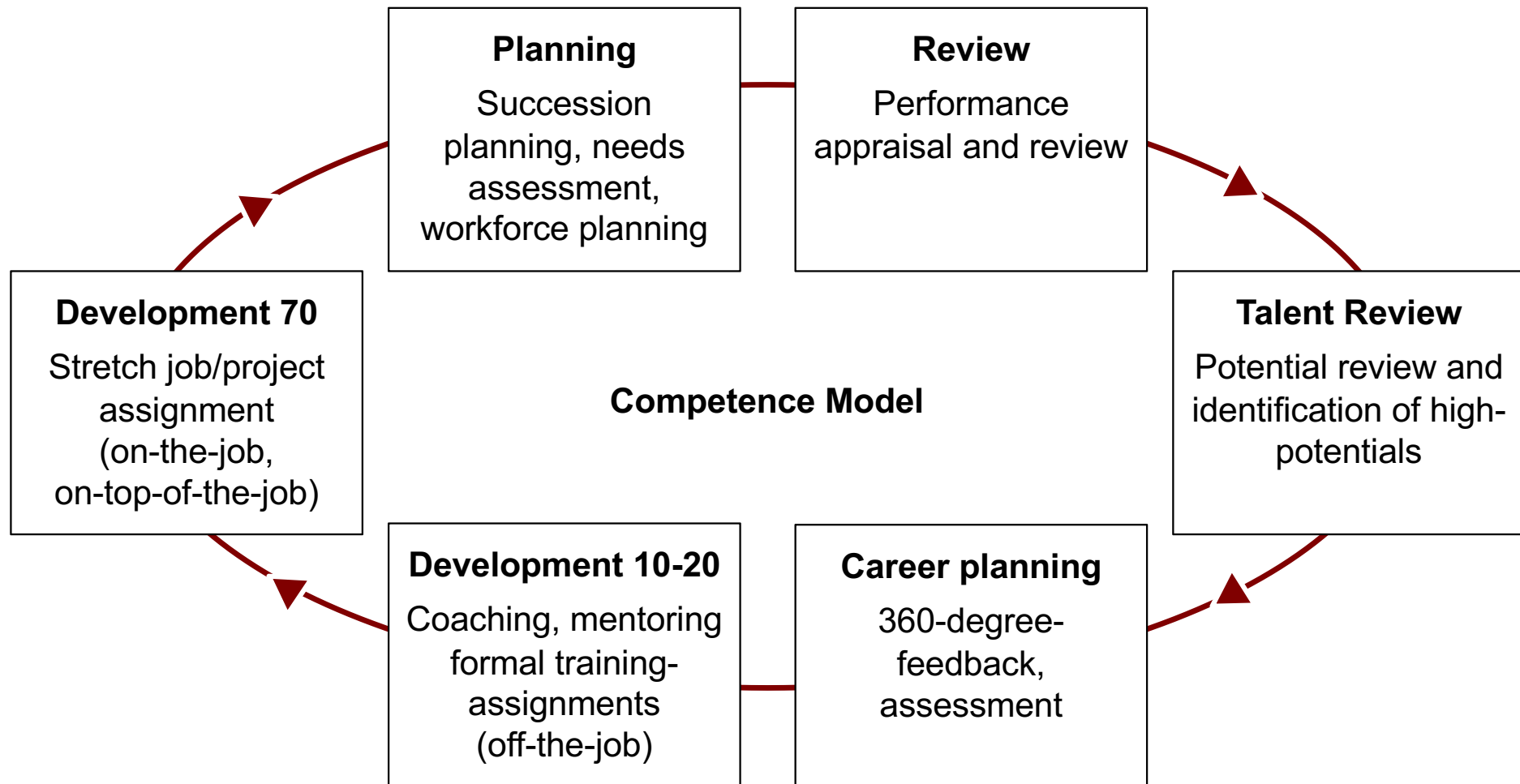
Mentoring

- 11 Great mentor
- 12 Great senior role models
- 13 Mentoring advice on development

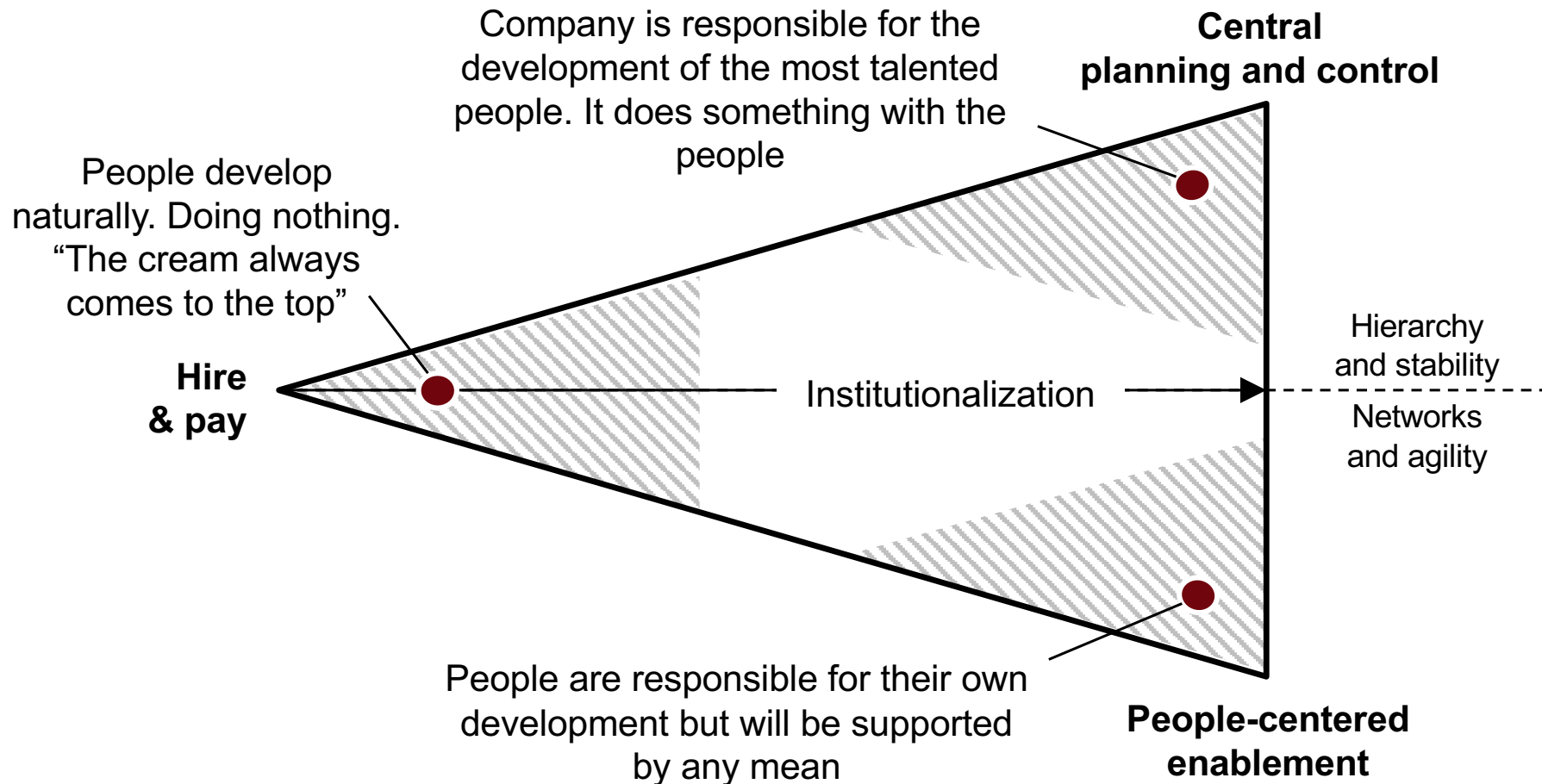
Training

- 14 Traditional classroom training

Traditional talent development approach



Types of HR within the HR playing field (HR triangle)



Competence models

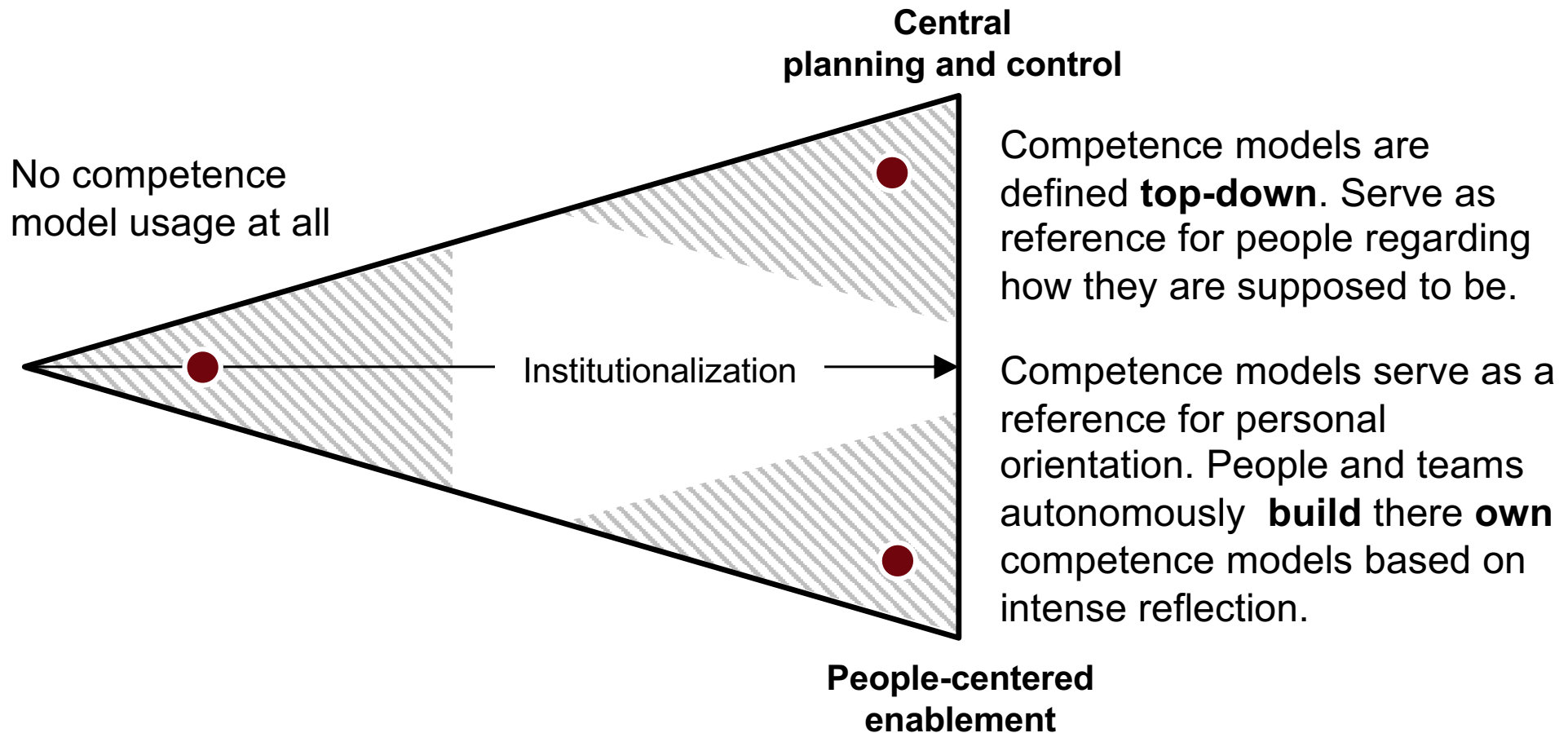
Competence models often describe **attributes** (traits) of successful leaders

Sometimes good **behaviour** is included or a mixture of both traits and behaviours

Competence models serve as strategic **frameworks** for the selection, promotion, development and evaluation of current/future leaders



Two institutionalized ways of using competence models



— Limitations of competence models

Competencies might be **hard to be measured** in a valid way

Who is supposed to and capable of evaluating competencies?

Different sets of competencies might lead to similar outcomes

Competence models might be too **static** and ignore changing requirements

Performance is often demonstrated in **teams** rather than on individual basis (external compensation)

Competence models **avoid diversity** by reproducing what's already there

Weaknesses on an individual basis might be **internally compensated** through strengths

Depending on a given situation a strength might turn into a **weakness** and vice versa

The possession of a competence does not necessarily lead to its application. One could but **wouldn't**.

— Having or being a talent

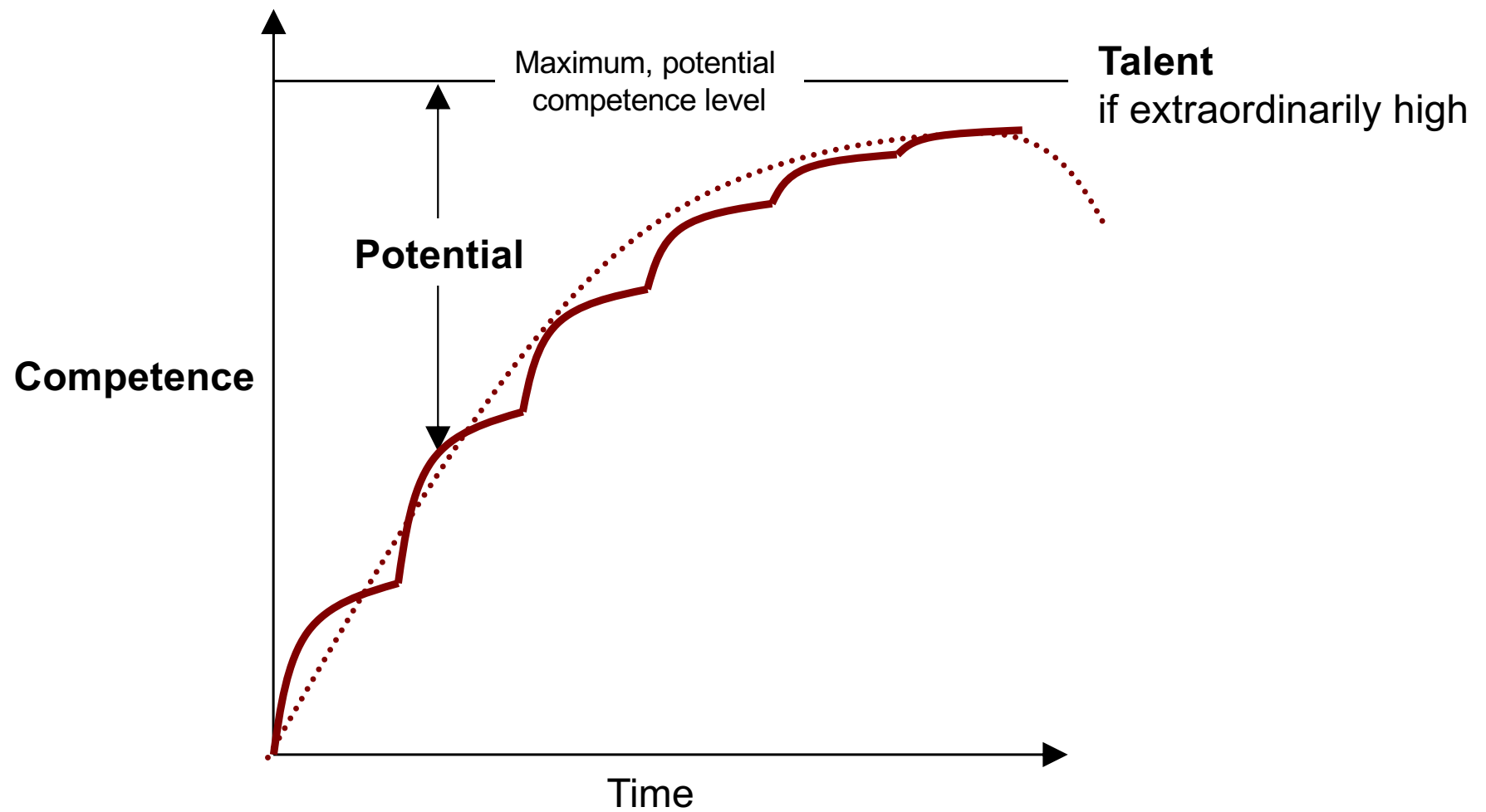
A talents is part of an elite

For us, a talent is someone belonging to a selected elite: employees to whom we attribute the long-term potential to master challenges of strategic importance.

Everyone has talent

Every employee has a special talent. In the end, it is all about discovering this talent, developing it and using it within the company, wherever it may be.

— Competence, potential and talent



Commonly used criteria for estimating potential

Personality	Performance	Motivation
<p>Can the employee, due to his or her character, be a role model for others in the long term?</p> <p>Does the employee have a mature and stable set of values?</p> <p>Is he/she good in self-regulation and reflection?</p>	<p>In the past did the employee demonstrate an extraordinary growth in his/her ability to meet challenges?</p> <p>Did he/she demonstrate strong capabilities to learn and grow fast and easily?</p>	<p>Is he/she eager and hungry to take over more responsibility relevant to the entire organization?</p> <p>Does she really love what the company is standing for?</p>

According to: Silzer, R. F., & Church, A. H. (2009). The pearls and perils of identifying potential. In Industrial and Organizational Psychology: Perspectives on Science and Practice, 2(4).

— Responsibility for talent identification

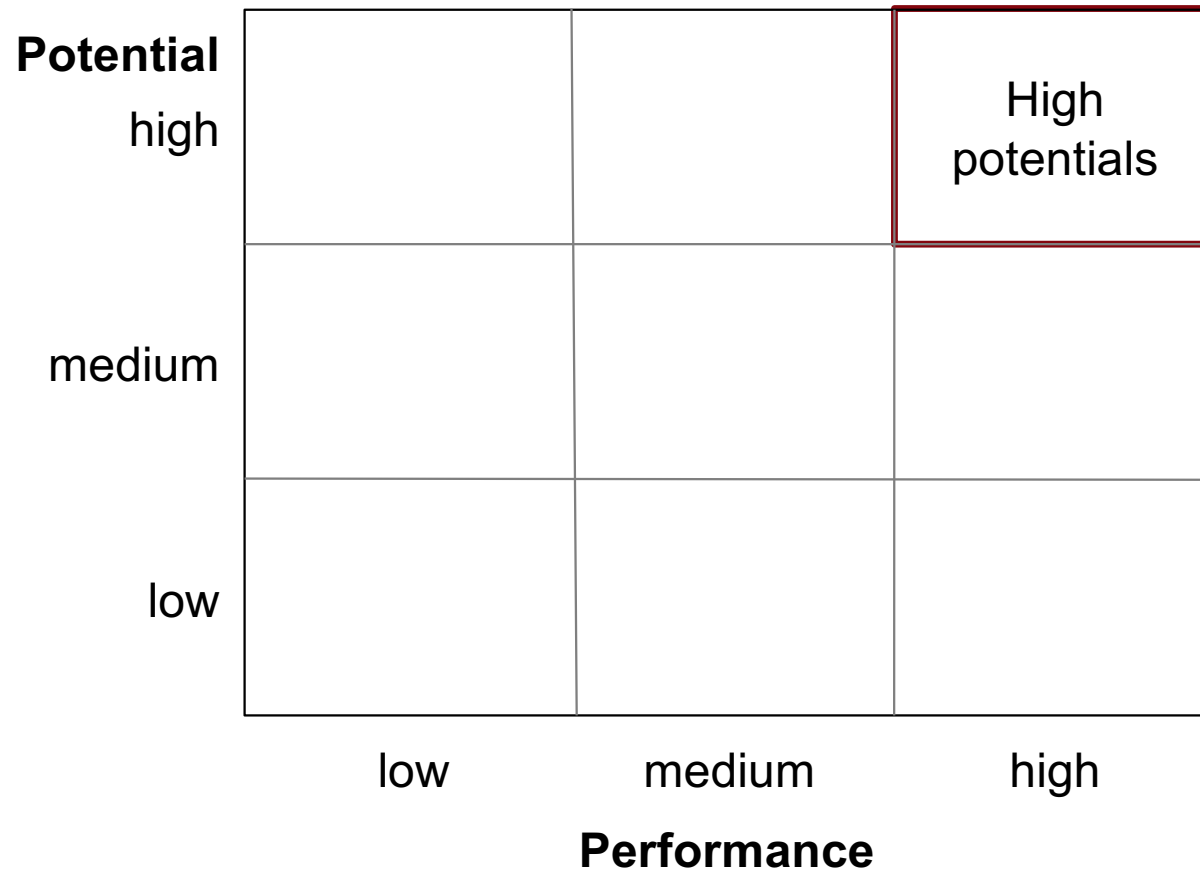
Executives

We regard it as a central leadership task to recognize talent within the company. We have the appropriate procedures for this.

Employees themselves

Employees should recognize their special talents themselves and bring themselves into play on their own responsibility. We in turn actively promote this.

■ Performance Potential Grid (9-Block)



— Risks of talent nomination done by immediate supervisor

Immediate supervisor couldn't or wouldn't **recognize** an employee's true potential

Employee finds him-/herself being **dependent** from his/her supervisor (bottleneck) regarding his/her future career

A supervisor's formal power position (boss) does not correspond with real **leadership style** (coach, partner)

Supervisor is not capable to evaluate potential for a leadership level he/she has **never reached**

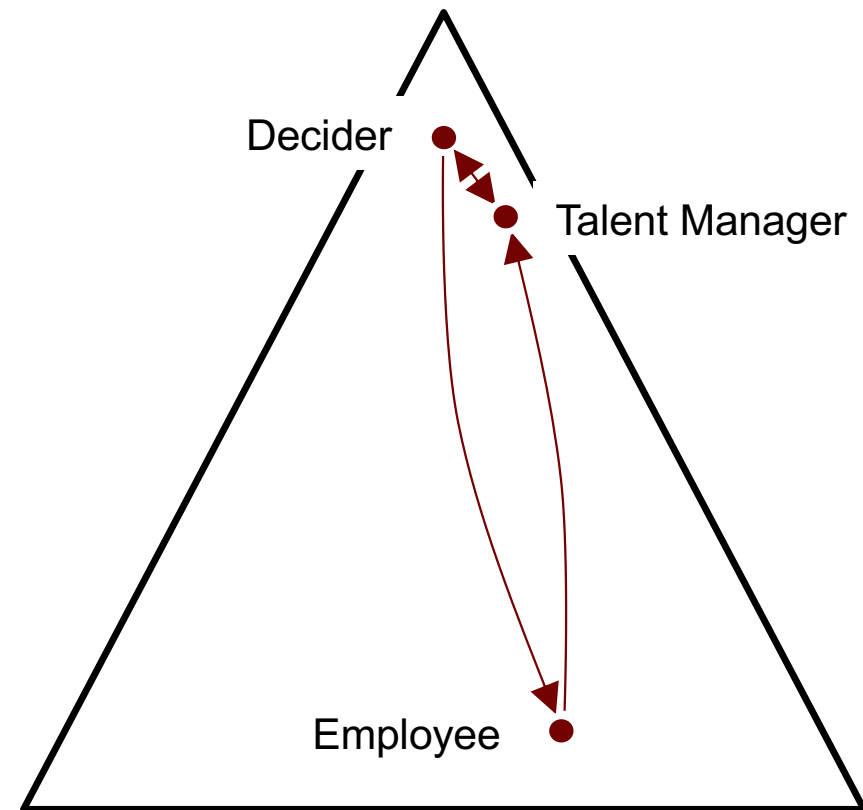
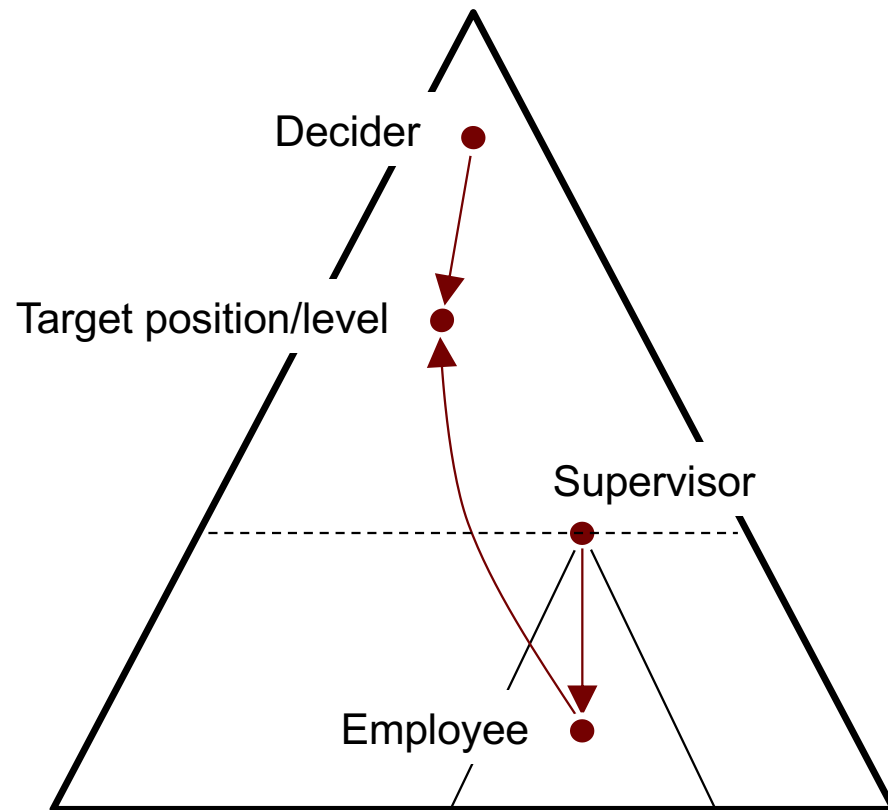
Supervisor is faced with the risk of **loosing** his/her **best employee** through talent nomination

Through talent nomination the supervisor feels the risk of **breeding** his/her **future competitor**

Processes of **political negotiations** might lead to nominations not being rational (playing games)

Talent nomination might be misused by the supervisor to comfortably get rid of shiny (over-ambitious) **B-players**

Talent identification



— Responsibility for talent development

Company and HR

As a company, we have a responsibility to develop our most talented people.

Employees themselves

The responsibility for the development of our employees lies with the employees themselves. We enable them for this where necessary and where desired.

— Career paths and learning from others' careers

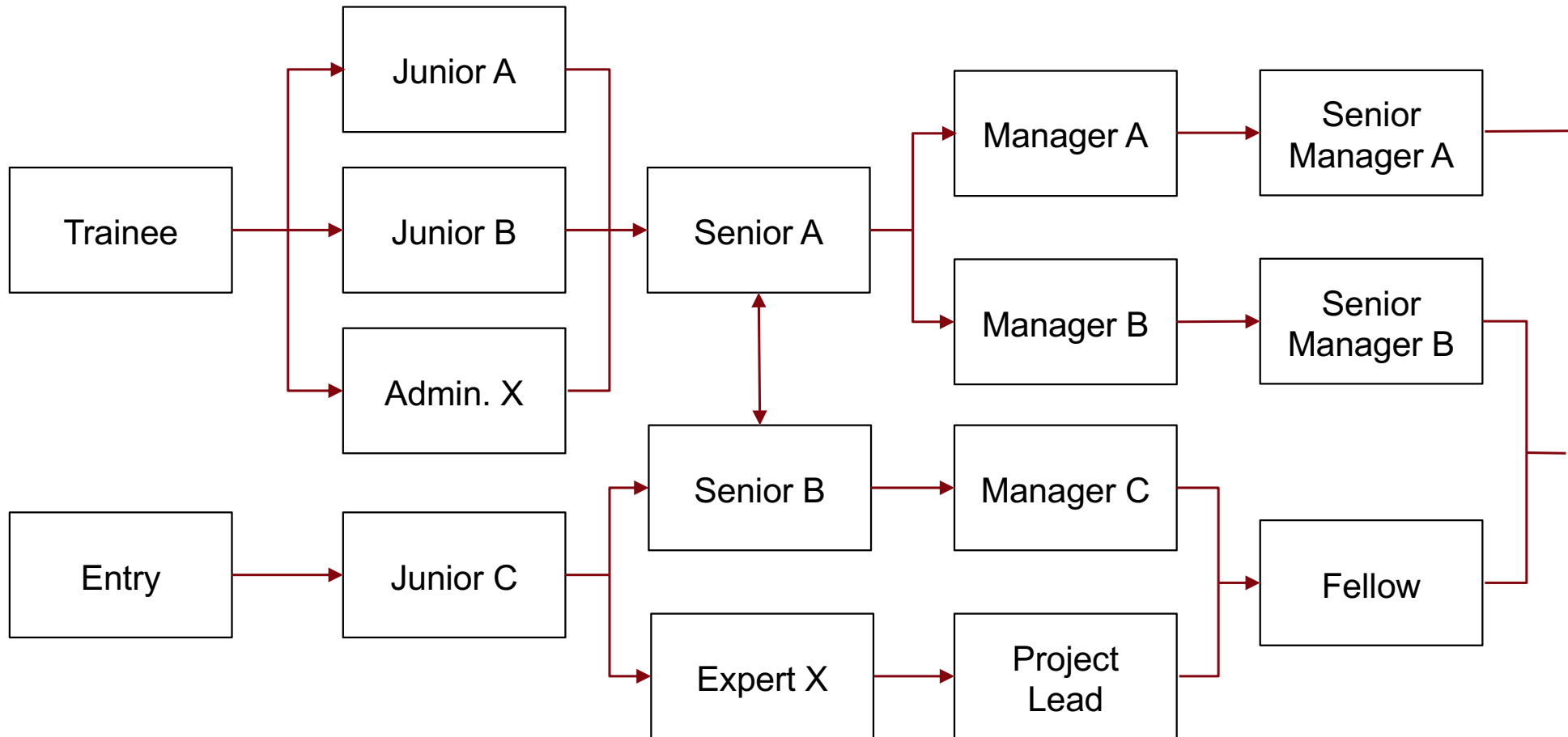
Standardized and normative

Employees expect clear perspectives and (normative) career paths. That is why we describe and prescribes precisely as possible how one could achieve a target position in the long term.

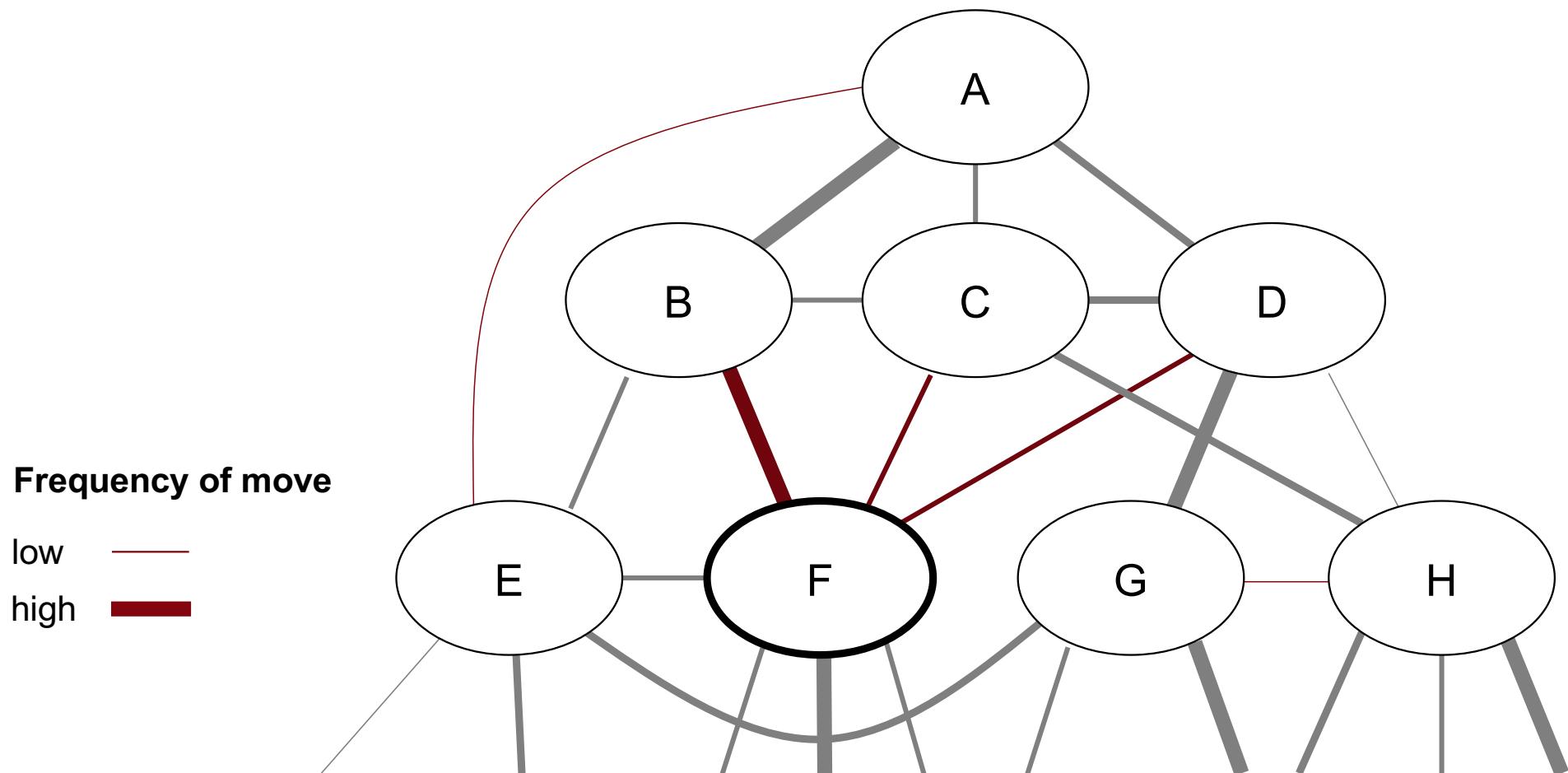
Individual and descriptive

There are as many career paths with us as there are employees. We offer our employees transparency and orientation about previous experiences and careers of others.

Standardized and normative career paths prescribe the way to go



- Descriptive career paths summarize past moves for future and individual orientation



— Coaching and mentoring

Mentoring	Coaching
<p>Common responsibility</p> <p>Gives advice and answers</p> <p>Power through experience and authority</p> <p>Mostly senior, not in the reporting line</p> <p>Both must belief in each other</p> <p>Both must benefit from each other</p>	<p>Coachee keeps responsibility</p> <p>Asks questions to reflect on</p> <p>Power through mere presence</p> <p>Could be anybody, except the boss</p> <p>Coachee must trust the choach</p> <p>Coachee must benefit</p>

— Mentor-mentee relationship

Structured assignment

We assign a mentor from senior management to each talent. In doing so, we systematically pay attention to the correct fit.

Social mediation

Talents must convince their mentors themselves. If they can't, they will have little chance to succeed in the long run.

— Stretch roles (cold water)

Assigned

To ensure that our high potentials learn as quickly as possible, we throw them in the deep end when and where it makes sense from the company's point of view

Opened

Talents search for cold water on their own and jump in by themselves. We create transparency, trust and reduce obstacles.

Communities of practice are informal groups of employees who meet to exchange knowledge and experiences

On **Enterprise Social Networks** employees and teams are connected and find easy ways for exchange

Buddy programs help those who might benefit from experienced colleagues from senior ones

With **job sharing** two employees sharing the same job learn from each other

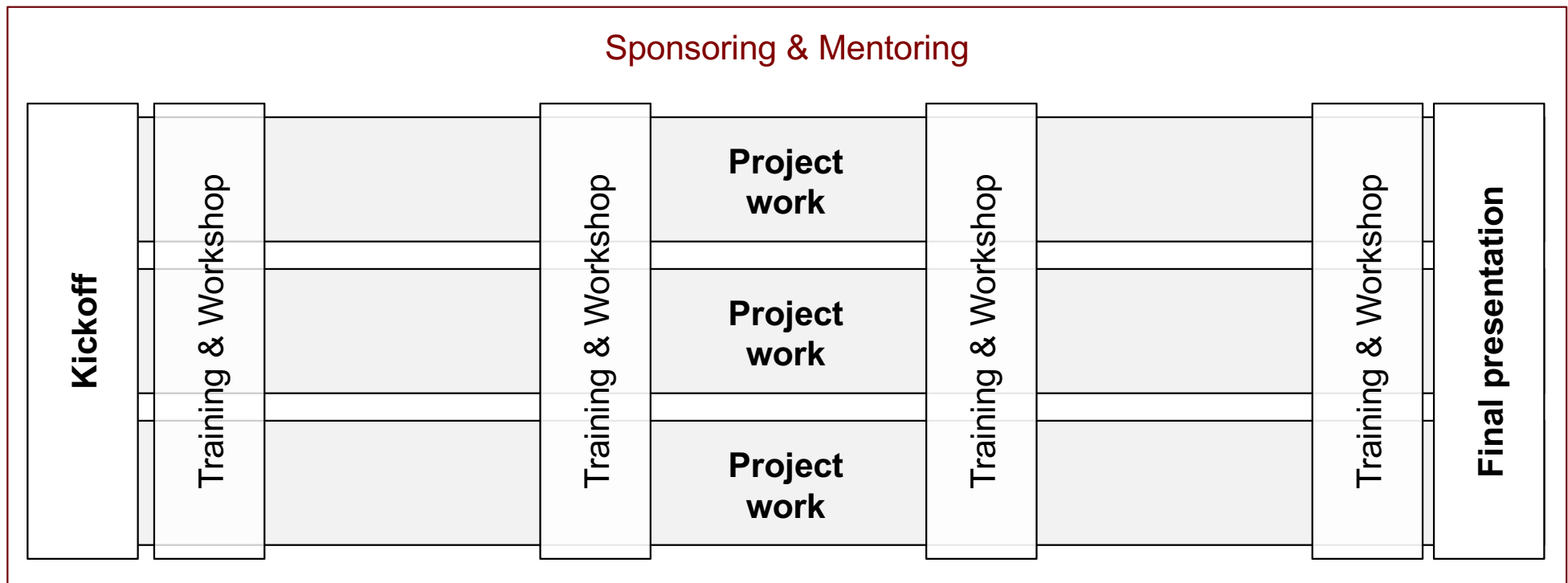
Reversed mentoring allow senior people (e.g. executives) to learn from junior people

Knowledge management following the connect approach. Knowers get connected to those who seek knowledge

Internal **Blogging** or Micro-Blogging makes expertise and experts visible

Any sort of collaboration, communication, networks both informal and formal

■ Action learning | a common approach



Assigned, on-top-of-the-job

Our high potentials learn from and with each other on the basis of strategic tasks or learning project that are assigned to them in addition to their regular work (on-top-of-the-job).

Part of natural work (on-the-job)

For our high potentials, learning from and with each other on the basis of strategic problems is a natural part of their daily work.

How employees and learning projects meet each other

On-top-of-the-job	Learning projects proposed by the employees themselves A	Top-down assignment of strategically defined projects B
On-the-job	Current projects brought in by the employees C	Assigned challenges and project naturally being part of daily work D
	naturally/ self-selected	defined/given/ assigned

— Agile development activities

Limit administrative **obstacles** for employee-driven lateral moves and expatriation

Offer opportunities for internal **internships** and trial periods

Any kind of **social event or activity**, where people from various functions meet and share their work content and experiences (e.g. fairs, brown-bag-meetings, working out loud, lunch roulette)

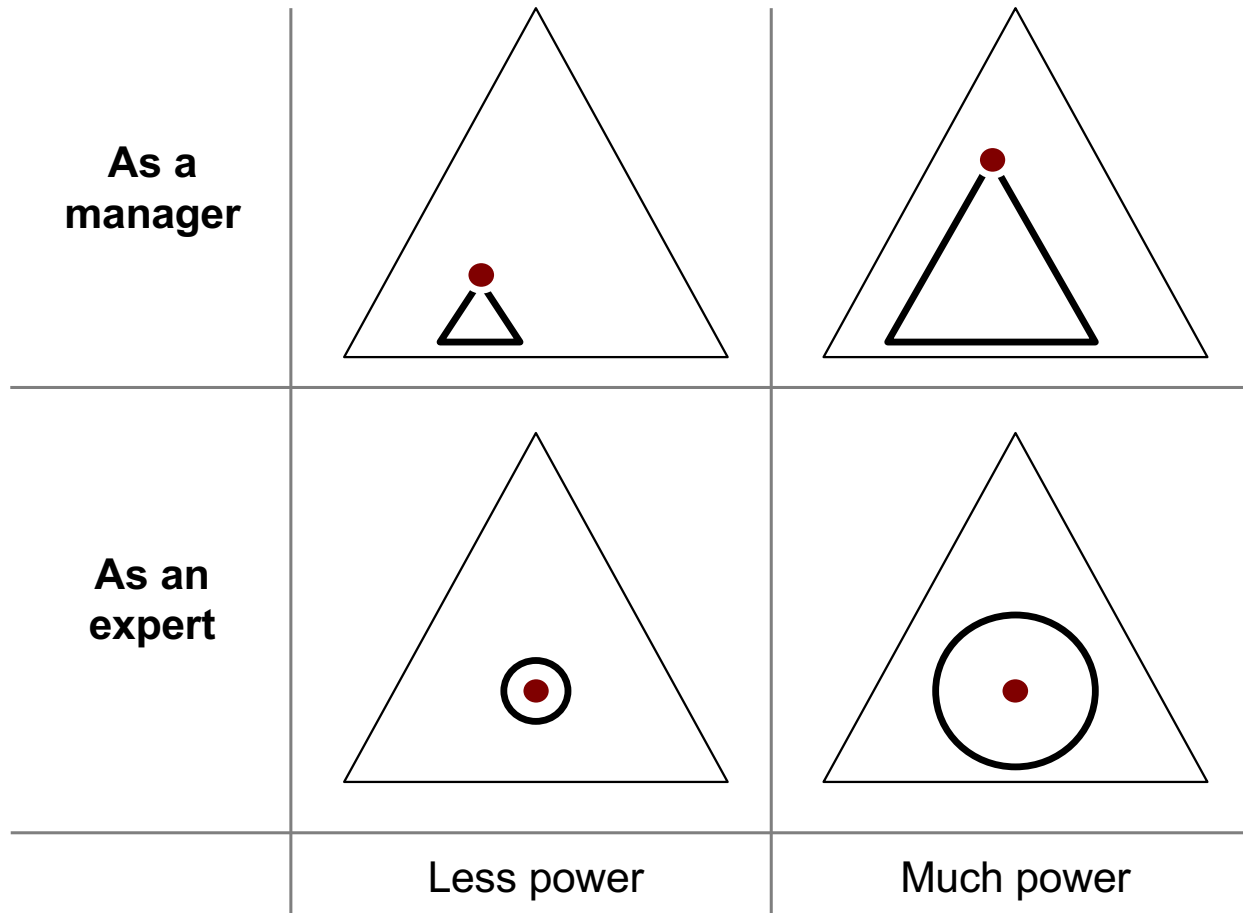
More **Coaching** than **Mentoring**

Employees are encouraged to act as (reversed) **mentor** or **coach** in various projects not related to their job

Employees are encouraged to spend a proportion of their time on **projects** or **tasks** not related to their official job

People are encouraged to work as **deputy managers** in various functions

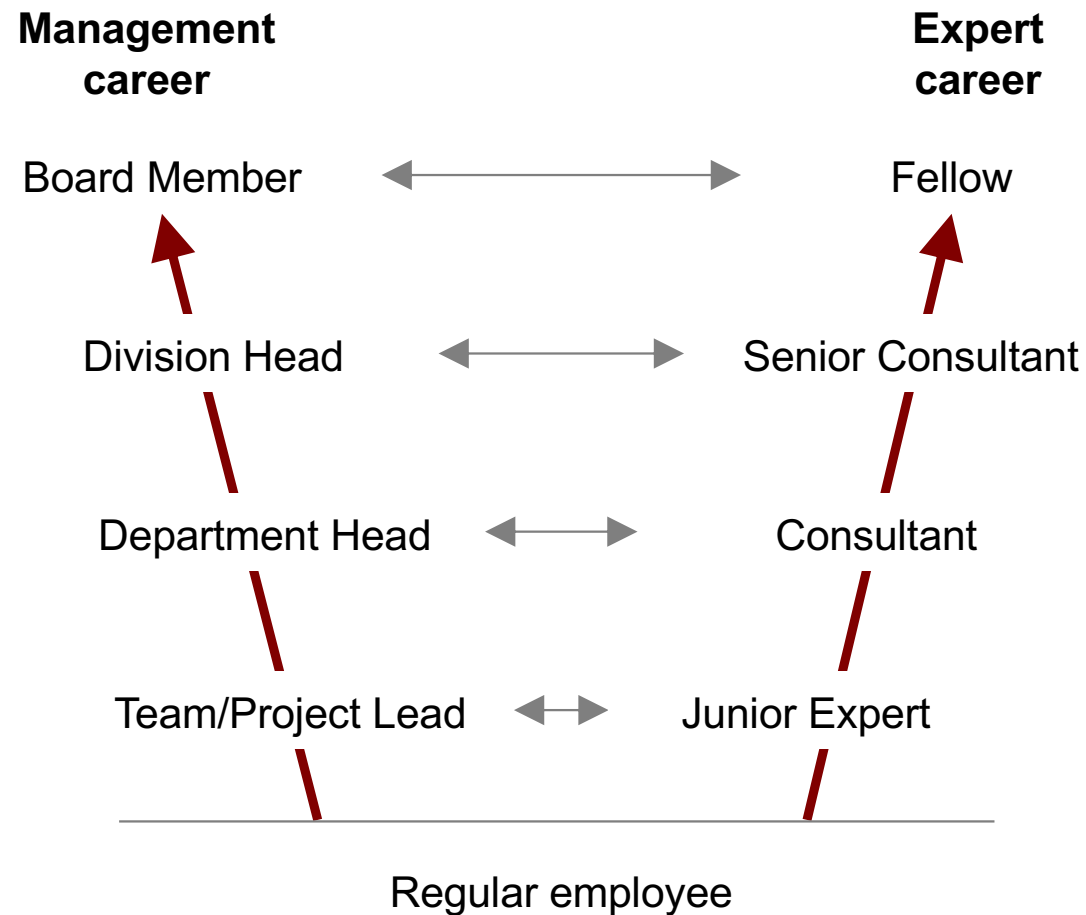
Power of managers or experts



Managers or executives are responsible for people, budgets and business outcomes. Their power relates to their superior position in the hierarchical pyramid

Experts are responsible for developing and delivering valuable knowledge being critical for the company's success. Their power relates to their superior expertise

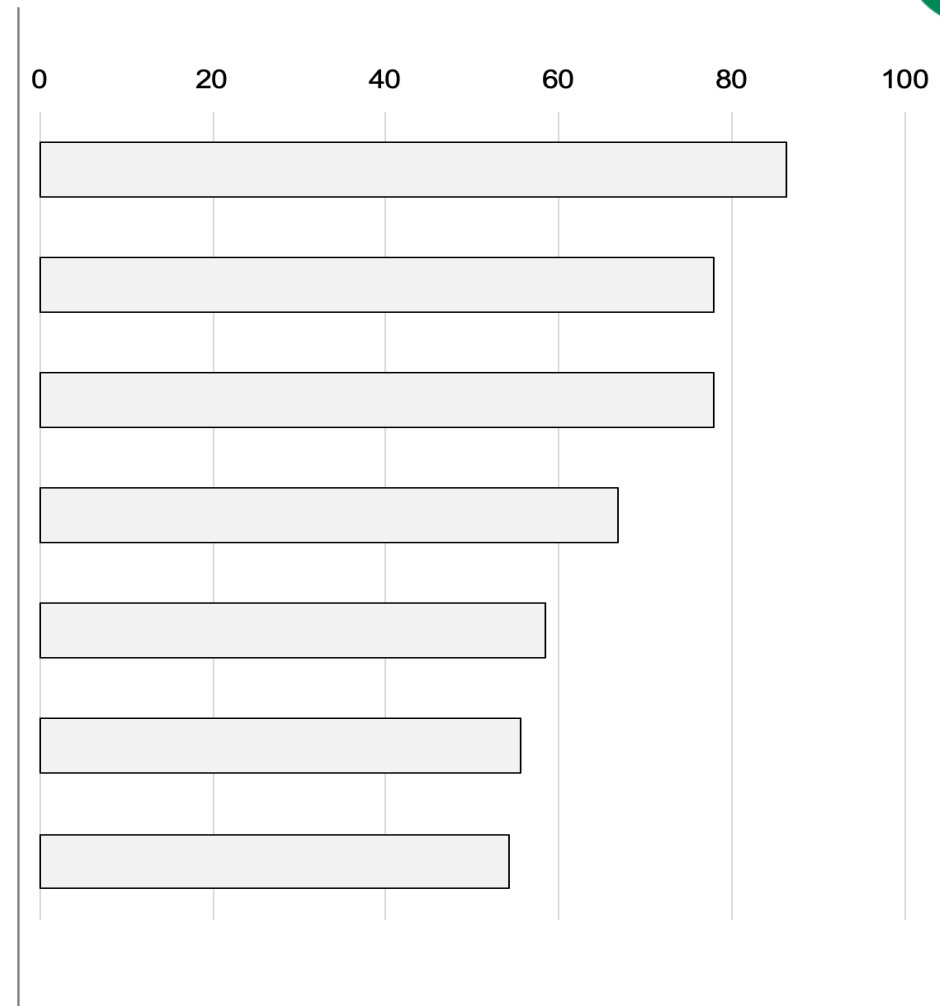
Management versus expert careers



Reasons for expert careers

- Offer alternative career opportunities to experts within a flat hierarchy
- Offer perspectives to valuable experts who aren't capable for a management career
- Retain key employees
- Strengthen employer attractiveness
- Show appreciation to valuable experts
- Retain knowledge
- Motivate employees

Answers (in %) from 72 German HR executives to the questions:
What does your company want to achieve with expert careers?
(DGFP, 2012)



— Focus and priority of expert careers

Experts

We want to offer important experts who seem unsuitable for a management career a development perspective and thereby retain them in the company.

Expertise

By means of expert careers, we ensure the availability of critical expertise within the company.

— Focus and priority of expert careers

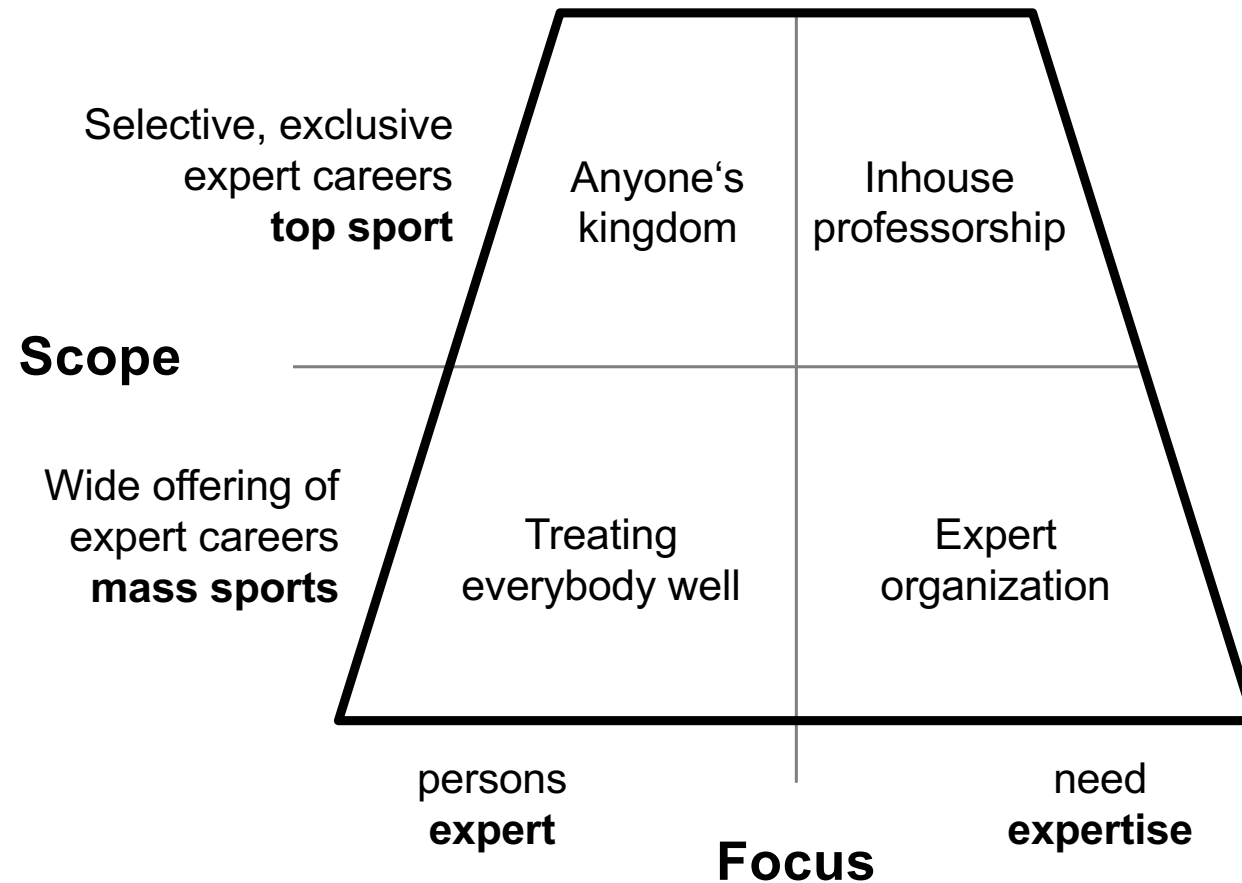
Mass sports

All employees above a certain level have the opportunity to pursue a management or expert career.

Top sport

Only a few selected experts are deprived of expert careers with us. In this respect, we treat this possibility only very selectively.

Four basic types of expert careers



— Influence and power within the organization

Formal influence

The influence of experts in the company is formally defined. Certain experts are part of certain decision-making bodies and project groups.

Informal Influence

The influence of an expert always depends on the expert him or herself. He or she must develop his or her own influence and thus his or her own acceptance

— IBM Fellows

Each year a very few people are appointed as IBM Fellows by the **CEO**

Being an IBM Fellow is the highest **honour** one might achieve within IBM

The program has been founded by the legendary CEO **Thomas Watson Jr.**

IBM Fellows received five **Nobel Prizes** and generated 1,000s of patents, scientific articles etc.

through its Fellow program IBM could strengthen its **competitive advantage**

IBM Fellows act like **professors** and are free to focus on whatever they see as being relevant within IBM and within their field of expertise

All IBM Fellows at IBM are listed on **Wikipedia**.

https://en.wikipedia.org/wiki/IBM_Fellow

— Organizational integration

Hierarchical Integration

With us, every expert reports to a line manager, as do all other colleagues. Accordingly, objective setting is also made with experts.

Independence

Our experts all report to the CEO and are otherwise independent. This gives them the freedom to make a difference for the company as a whole.

Remuneration

Reward

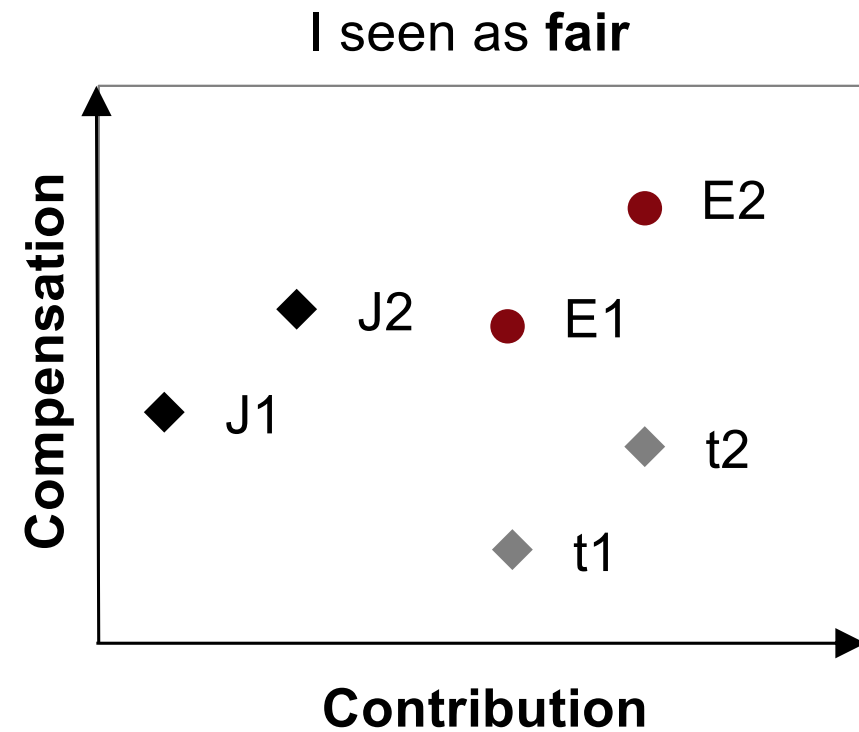
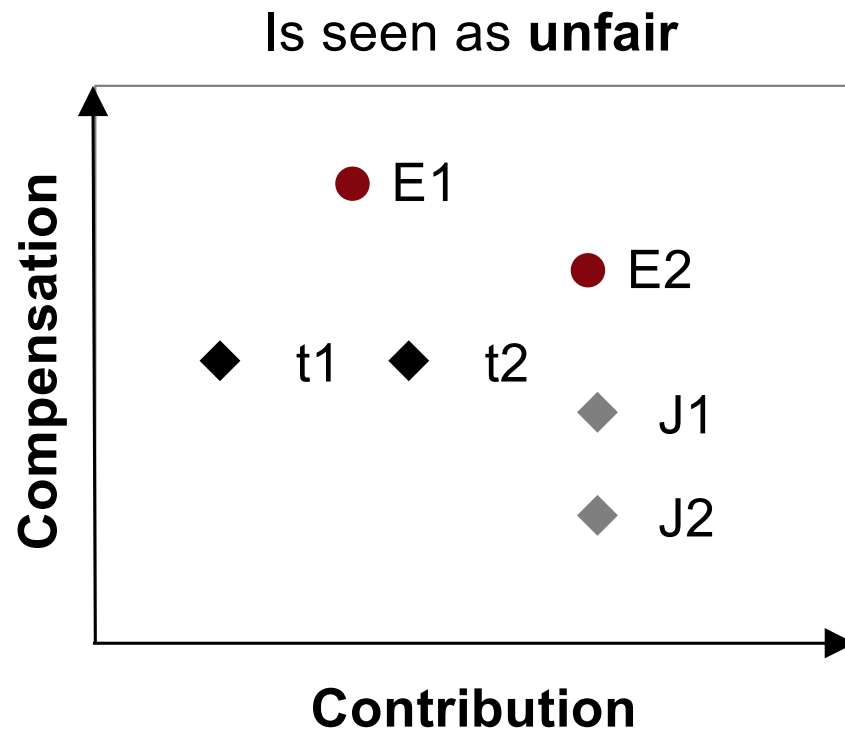
is the **reason** for
is **equal** to
is the **price** of
is the **precondition** of
turns an activity into

Work

— Four relevant themes related to remuneration

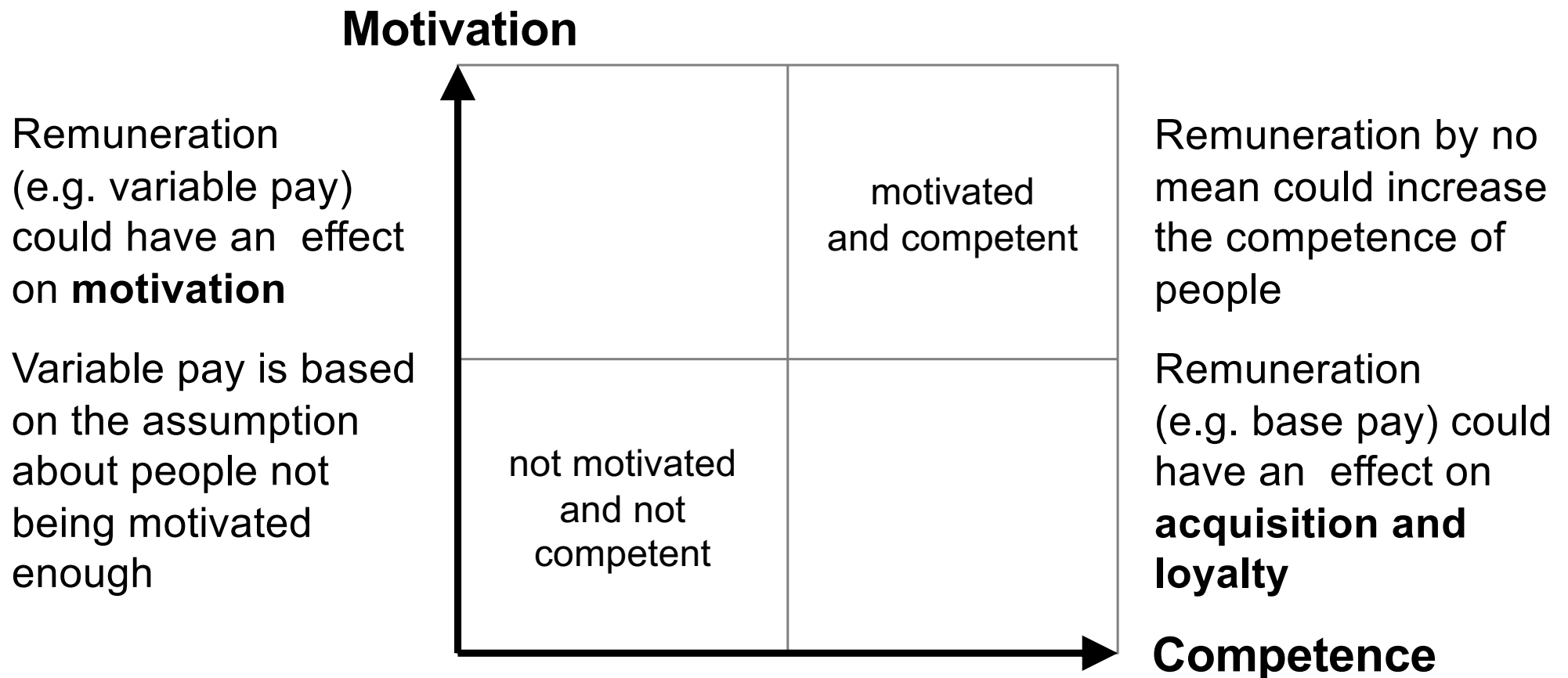
Equity or fairness	Motivation	Social dynamics	Acquisition and loyalty
Balance between employees' contribution and remuneration compared to others	Motivating or demotivating effect of remuneration on employees' performance and behaviour	Influence of a compensation system on leadership and cooperation within and between teams	Significance of compensation in attracting and retaining employees

Fairness and Equity



Employee (E), Time (t), Job (J)

— The Effects of Remuneration on Motivation and Competence



— Base pay

Base pay refers to the fixed salaries employees receive on a regular basis (kind of flat rate)

Base pay is essential with regards to **acquisition** and **retention**

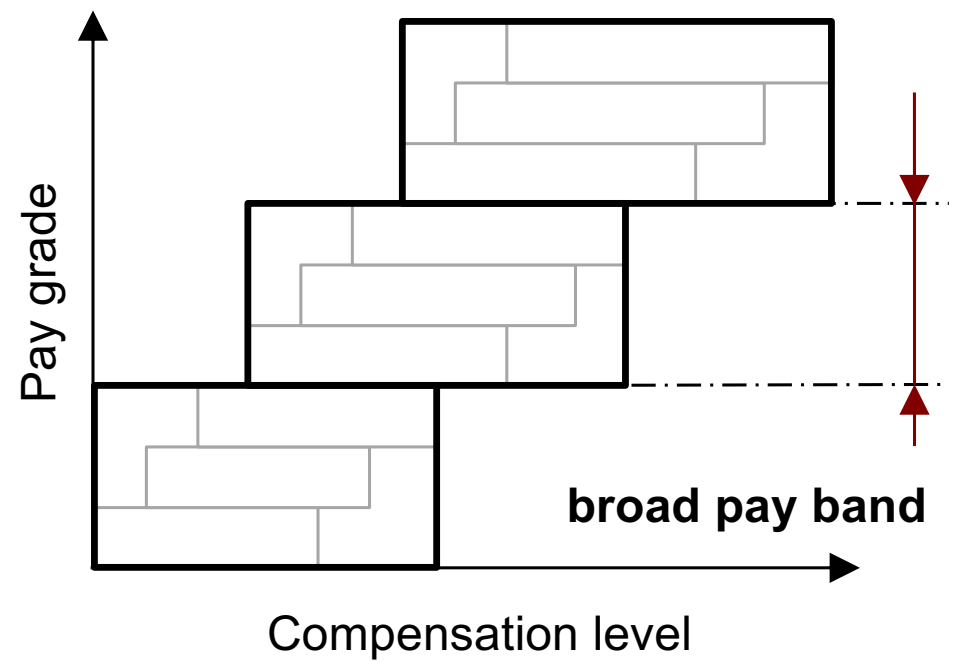
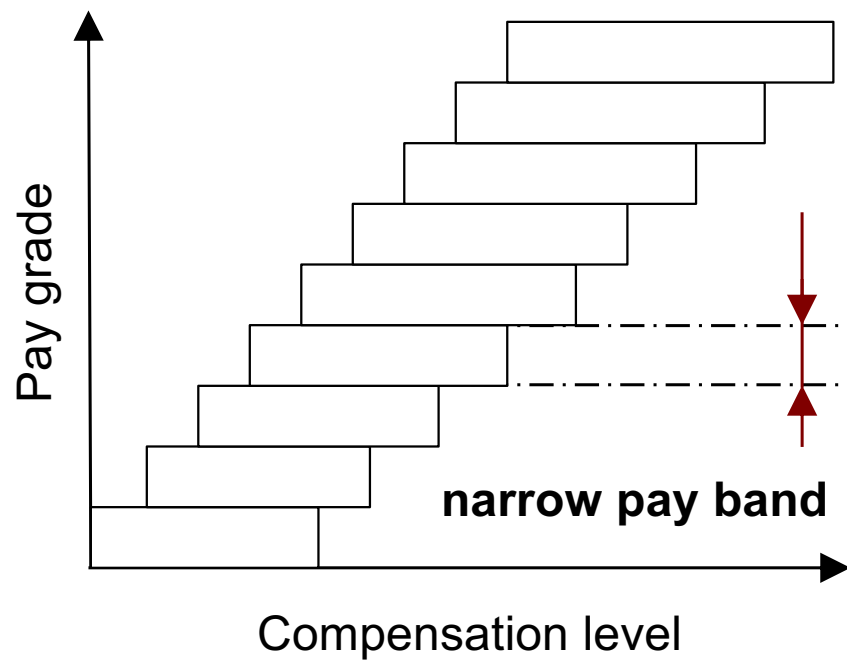
Base pay that is perceived as being unfair (too low) might lead to **demotivation** (sucker effect)

The individual pay usually depends on the **pay grade**, which in turn depends on the degree of **responsibility**

Most companies use **pay structures** where salary bands are defined along with different pay grades

Merit increases are very often based on past performance and on compa ratio

Broadbanding



— Pay grade differentiation

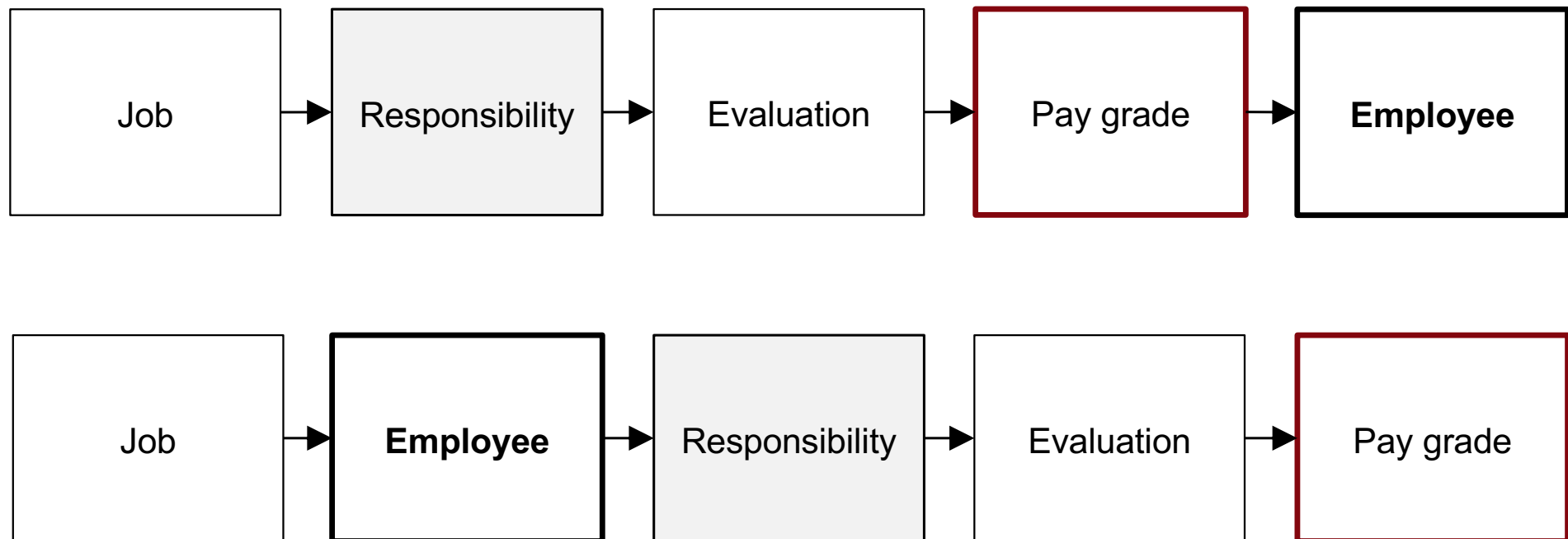
Narrow, many grades

We differentiate according to as many (narrow) pay grades as possible. This enables us to optimally meet the respective responsibilities of different jobs.

Broad, few grades

We differentiate according to as few (broad) pay bands as possible. This enables us to be flexible and saves time-consuming discussions and conflicts.

— Focus on employees versus job when defining pay grade



— Focus on job or employee

Job evaluation

In the beginning there is always the job, the associated responsibility, its evaluation and grading. Only then a suitable employee could be hired.

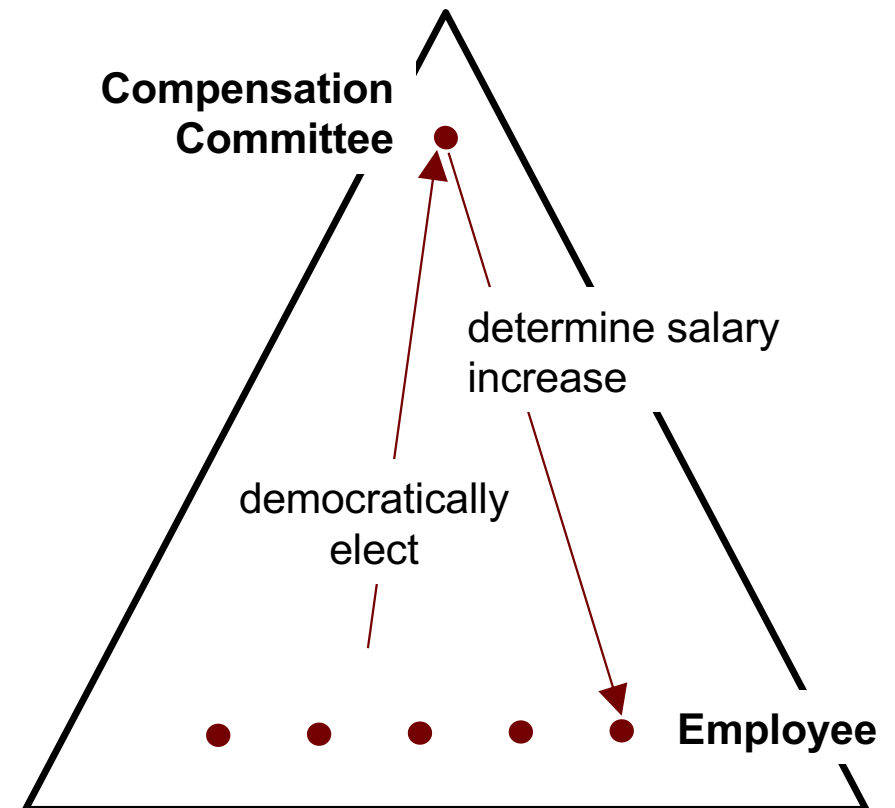
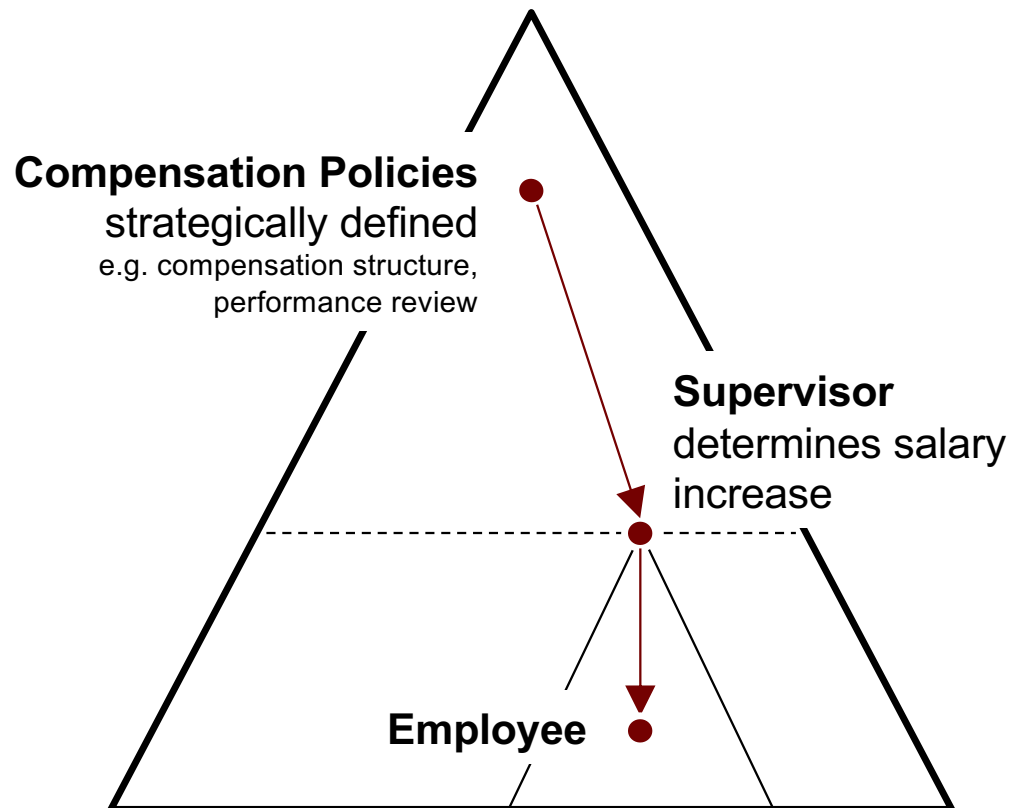
Employee responsibility

When grading jobs, we are guided by the responsibility that an available employee can assume. This enables us to react flexibly to given labour market conditions.

— Merit increase

	Compa Ratio Ratio between an individual's actual pay level and the mid-point of his/her assigned pay band				
Performance Review	0.8	0.9	1.0	1,1	1.2
Outstanding	5.0%	4.0%	3.0%	2.0%	1.5%
Exceeds expectations	3.0%	2.5%	2.0%	1.5%	1.0%
Meets expectations	1.5%	1.0%	0%	0%	0%
Below expectations	0%				
Unacceptable					

— Elected compensation committee



— Six hypotheses about contingent pay

Rewards turns an activity into work in the eyes of the ones being rewarded

Rewards may affect behaviour. But they rarely change people's competence or attitude.

Pay for performance increases productivity in cases of boring, standardized, measurable and non-creative tasks

In case of creative tasks extrinsic rewards lead to lower performance, avoidance of risk (the easy way) and too much focus

Extrinsic motivators kill intrinsic motivation (easily)

Rewards only motivate when they come unexpectedly

Tom Sawyer effect

Money turns an activity into work. “*Work consists of whatever a body is obliged to do. Play consists of whatever a body is not obliged to do*”.

Frame an activity as something really special. “*Only one in a thousand, maybe even two thousand boys can do this*”.

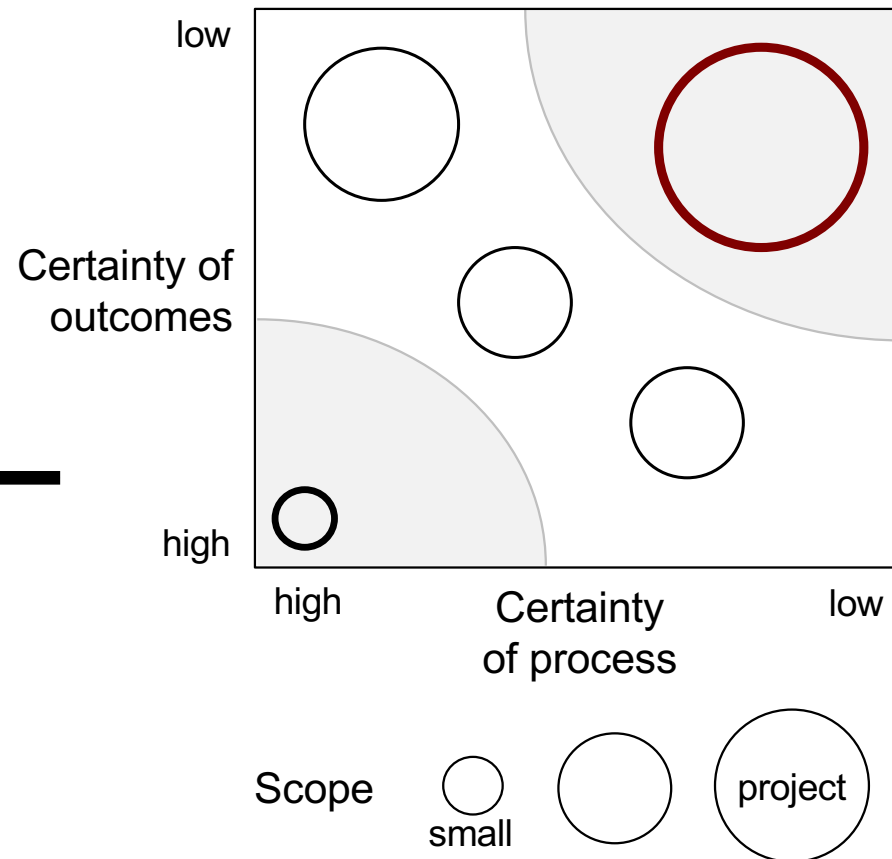


— 2 Field-Studies, 2 Measures, 2 Outcomes

	Safelite	City of Albuquerque
Business	Car Windshield Repair Service	City Cleaning
Before	Fixed hourly wages	Fixed working hours and wages
After	Piece rate system. Employees get paid based on how many windshields they install	Employees where free to leave when job is done (more leisure time as incentive)
Effects	44% increase in productivity, long-term growing effect. Higher productivity of newly hired employees. Average wage went up by 7%	Increase in illegal truck overload, more traffic accidents, less service quality, less time spent on work not related to regular job (truck repairing etc.)

Contingent pay and task certainty

Use contingent
pay and highlight
the purpose of
work



Pay competitive
base salaries.
Avoid variable
pay. Get money
out of people's
mind

Classic experiment on the Overjustification Hypothesis

Children where asked to draw pictures		Children had the chance to voluntarily draw pictures	Mean percentage of free-choice time subjects chose to draw	Quality of picture rated by independent judges 1 (very poor), 5 (very good)
Expected "Good Player Award"	Few weeks later	No award	8.59	2.18
Unexpected "Good Player Award"			16.73	2.85
No award			18.09	3.01

Lepper, M. R., Greene, D., & Nisbett, R. E. (1973). Undermining children's intrinsic interest with extrinsic reward: A test of the "overjustification" hypothesis. *Journal of Personality and Social Psychology*, 28(1), 129-137.

— Pay for performance might work when ...

The task to be rewarded has clear outcomes and clear procedures to get there (high task certainty)

There is no need for creativity, complex problem solving or any kind of exploration

Level of performance could be measured in an objective way

Extrinsic motivation is enough to complete the task well (no hidden costs of extrinsic reward)

Intrinsic motivation might not be assumed as a precondition anyway due to the boring nature of the task

Individuals to be rewarded are capable enough to do the task. Performance is just a matter of motivation

Performance on the task are mainly dependant on the employees own effort – less on external circumstances.

- Treating team player differently might be a mistake.
Not doing so might be a mistake too

Complex tasks with high level of uncertainty require collaboration of diverse teams (high team dynamic)

In those cases managers better act as partners, coach or enabler.

They won't judge

Even in a team setting there might be high performers who play a critical role within their entire team

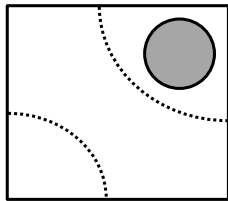
Treating employees differently based on their individual performance might transform colleagues into competitors

Once high performers feel treated unfairly they tend to either leave the team or reduce their individual performance (sucker effect, social comparison)

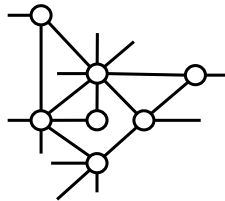
There even might be the risk of attracting low performers and not attracting high performers

Treating differently requires formal judgement, which often is done by bosses. They might not do this

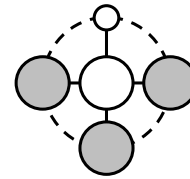
— The context we are talking about



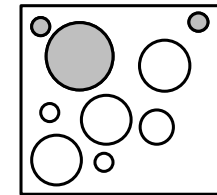
Employees are faced with high level of task uncertainty. Outcomes and processes are unclear



Employees depend on each other. They work as a team. One can succeed if the entire team succeeds



Supervisors act more in the roles of coach, partner or enabler than in the role of boss. They won't formally judge



Some or even all team members are hard to be replaced. Some roles might even be strategically relevant

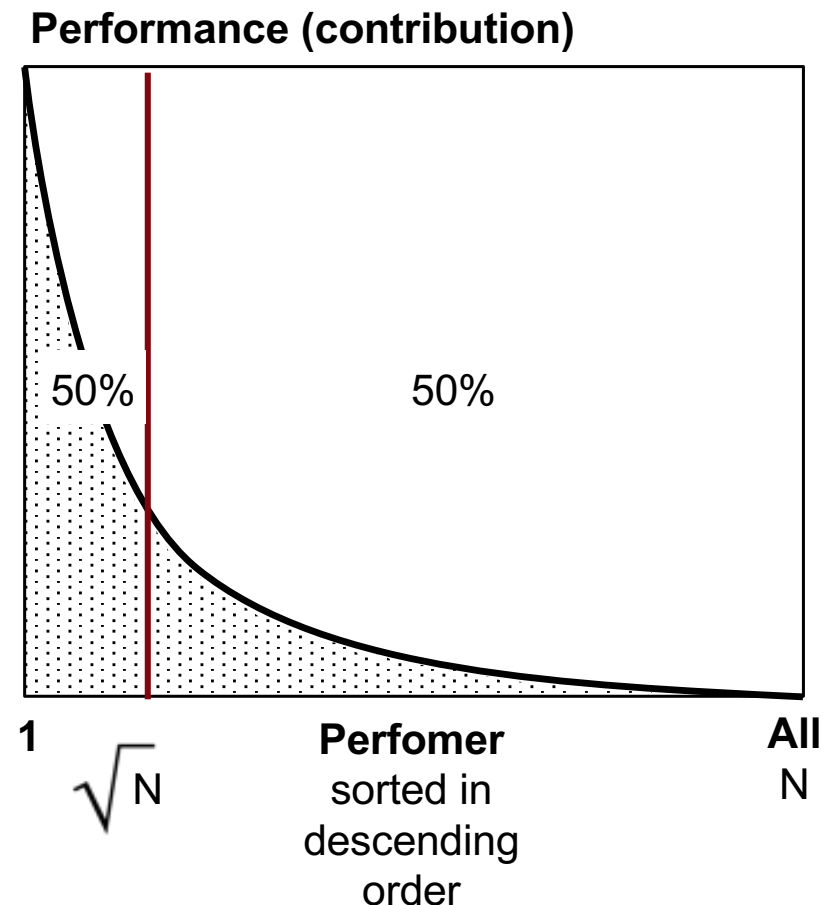
Price's Law

Price's law states that in a group of N (e.g. 100) members, the square root of N (e.g. 10) produces half of the total output

Few people are responsible for the totality of relevant creativity

The **generalization** of this law depends on the type and division of tasks

Over time the **Matthew principle** applies: For to every one who has will more be given; but from him who has not, will be taken away. (Matth. 25, 14ff)



— Pay difference

Much difference

Employees on upper salary levels must earn significantly more than employees on lower salary levels. This creates incentives for development and more responsibility and make them possible.

Less difference

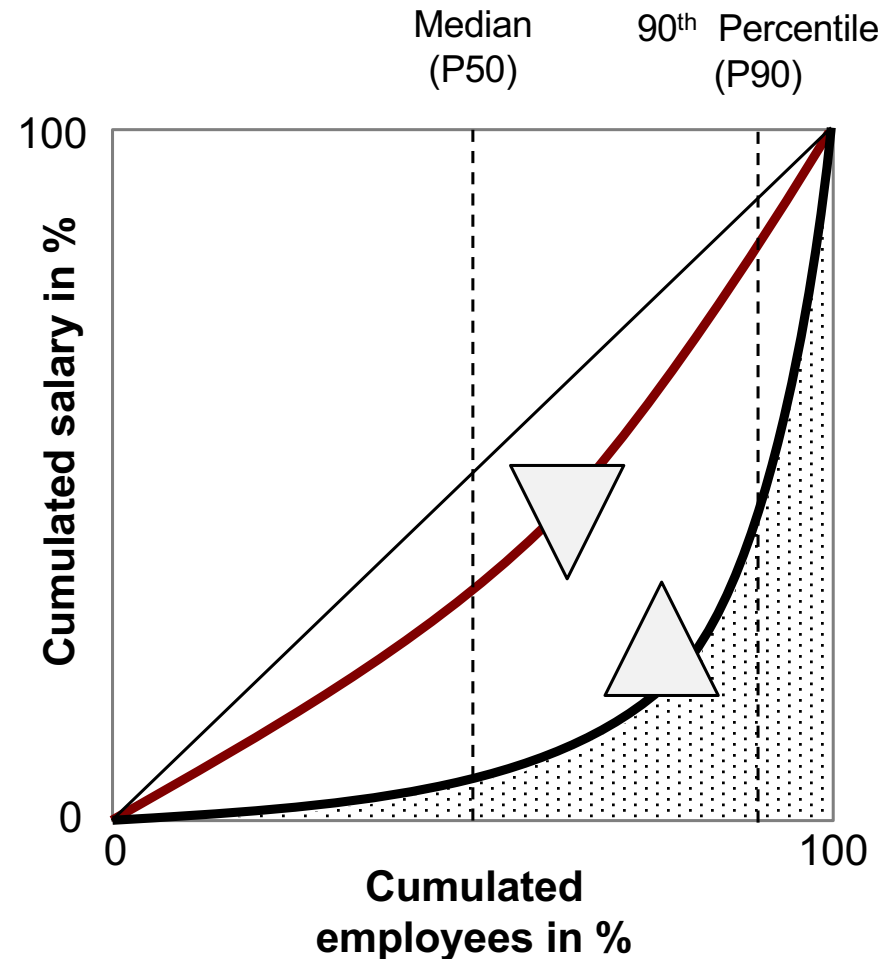
We aim to keep the differences in base pay between upper and lower pay levels as small as possible. This reflects our appreciation of our employees.

Pay difference

The **Gini-coefficient** is based on the **Lorenz curve**. It indicates differences in statistical terms

Big pay differences indicate differences in importance within the organization. They provide employees with opportunities and aspirations to move to higher levels

Less pay differences go along with a culture of the **reversed pyramid**, where employees are the “real heroes” and leaders are there to serve



— Equality versus differentiation

Equality

There is no such thing like individual performance. There is team performance only. That's why we do not differentiate between team members with regards to their individual level of compensation

Differentiation

Even teams depend on the performance of one or a few high performers within the team. We have to compensate these high performers differently in order not to demotivate and to attract and retain them

— How contingent pay might do less harm

Pay employees fairly and according to market (base pay). But then try to get money out of their minds

Use different, non-financial rewards (e.g. privileges, exposure)

Do not differentiate between different pay grades too much (e.g. broadbanding) in order to avoid continuous negotiation

Make sure compensation policy is transparent. There is no need for transparency of individual pay unless individual performance is transparent either

Take decisions about merit increase or variable pay away from the supervisor if he/she tends to be a coach, partner or enabler (e.g. compensation committee, peer evaluation)

Make sure others in the team accept a higher compensation level of the high performer. They must feel the high performer deserves it

Make performance and reward equal (e.g. the reward for reading a book is getting another book)

Employer Attractiveness

— Being an attractive employer

“ As a key component of our **employer-of-choice** strategy, we communicate to potential employees that this is a great place to work. We offer a positive work climate, rich career-opportunities and competitive benefit-packages. We are proud that we have won a number of awards and rank high in most of currently existing employer-rankings. As a result, our applications are up and turnover is down across the firm.

— Being an attractive employer – or not

“ The last thing we want to be is an „employer of choice“. All that does is dramatically increase the number of unqualified or marginal applicants, which increase both the probability of selection errors and cost-per-hire. Our strategy is to hire **choice employees** or to seek the market-place by having them self-selected even before they apply. We want all applicants to understand that this is a demanding, high-performing organization. To achieve this, we try to communicate in every possible interaction that this is a place that values talent and exceptional effort. For those employees, we provide exceptional rewards and career opportunities. We cannot be everything to everyone, and we do not want to be.

— Priority related to employer attractiveness

General attractiveness

We want to be seen as an attractive employer overall and are striving to be so.

Realistic attractiveness

We do not want to and cannot be an attractive employer in everything and for everyone. We also deal with this very openly and authentically.

Job satisfaction

There is the widespread idea about **job satisfaction** being the ultimate indicator for employer attractiveness

Level of control refers to the degree to which people believe in their ability to change their situation (also known as locus of control)

Dissatisfaction is not always a bad thing. Neither is **satisfaction** always good.

Level of control	high	Passion, confidence, self-efficacy	Revolution, strive for improvement
	low	Feeling comfortable and well treated, passive	Mental resignation, “doing my job”
		Satisfaction	Dissatisfaction

— Fundamental values and the moral matrix (Jonathan Haidt)

Care	Fairness	Loyalty	Authority	Sanctity	Liberty
Take responsibility for those who need help, compassion	Equity, reciprocity, get what you deserve	Stay with your group, set group goal above your own, cooperate	Respect those being higher in the hierarchy	Purity, respect god, be and live clean, avoid any disgust	Rights are good, people should be responsible
Harm	Cheating	Betrayal	Subversion	Degradation	Oppression
You're not responsible for the state of others	Only the losers stick to the rules	Live your own life, not the one of others, be selfish	Authority is evil, we are all equal	Not to hurt others is all that matters	People need and want clear and straight rules

According to: Haidt, J. (2012). The righteous mind.

Objective attractiveness based on general standards

Normative models propose objective and general standards about what it means being an attractive employer (e.g. The Great Place to Work Model)

They are **theories** about what people want at work or what they expect from their employers

The often and primarily reflect the values of those who created them

Dimensions of a Great Place to Work®



CREDIBILITY

Communication—Communications are open and accessible

Competence—Competence in coordinating human and material resources

Integrity—Integrity in carrying out vision with consistency



RESPECT

Support—Supporting professional development and showing appreciation

Collaborating—Collaboration with employees in relevant decisions

Caring—Caring for employees as individuals with personal lives



FAIRNESS

Equity—Balanced treatment for all in terms of rewards

Impartiality—Absence of favoritism in hiring and promotions

Justice—Lack of discrimination and process for appeals



PRIDE

Personal Job—In personal job, individual contributions

Team—In work produced by one's team or work group

Company—In the organization's products and standing in the community



CAMARADERIE

Intimacy—Ability to be oneself

Hospitality—Socially friendly and welcoming atmosphere

Community—Sense of "family" or "team"

— Understanding employer attractiveness

Based on standards

In developing our attractiveness as an employer, we are guided by objective, (scientifically) recognized standards. We try to implement these throughout the company.

Subjective and individual

Employer attractiveness is an individual, subjective matter. Therefore, we can only be attractive if we create space for the needs of the individual.

— Hypotheses on individual employer attractiveness

People differ with regards to their preferences, personalities, needs, life statuses, competences etc.

So do their **expectations** towards attractive working conditions

What might be attractive to one employee might not be attractive to another one

Attractivity is **subjective**

So, there is no such thing as a general attractiveness of employers

Valuing individuality is equal to **diversity**. And diversity matters

Valuing individual concepts of lives and careers is equal to **work-life-balance**, which matters too

One answer to employer attractiveness probably are **flexible work arrangements**

— Regulation of working conditions 2nd order

Authorities decide

A higher authority (e.g. company management) decides about the regulations of the working conditions.

Employees decide

Our employees themselves decide on the regulations governing working conditions within the framework of a democratic process.

— Employees' reaction on (sudden) freedom, which has been given by authorities

People often do **not make use** of long demanded flexibility. They fear being socially sanctioned by both managers and peers when following up on individual preferences

While formal rules did change, **inwritten rules** and norms might not

People might be **overwhelmed** when being left to own responsibility of structuring daily life and duties

Morning bias refers to the stereotypic negative perception of people who begin the day's activities late

Work-private-boundaries might diminish. One domain of life diffuses into another

Spillover refers to the diffusion of behaviour, emotions, attitudes, or stress of one life domain (e.g. work) into another (e.g. life)

Flexible work arrangements (rules of 1st and 2nd order)

Who decides? Rule of 2nd order

Top authority	A Prescribed rigidity	B Allowed and dosed flexibility	C Strategic sovereignty
Organizational unit/team	D Rigid team	E Semi-autonomous team	F Self-directed team
All employees	G Voluntary rigidity	H Self-directed flexibility/rigidity	I Democratic decided autonomy
	No autonomy	Partial autonomy	Full autonomy

Level of autonomy
Rule of 1st order

Structural measures

In order to achieve work-life balance, we rely on appropriate programs and structural measures (e.g. flexitime, job sharing, company kindergarten).

Attitude and culture

To achieve work-life balance, we tell our employees that family and friends are more important than work.

— Open and flexible workspace

Bernstein and Waber (2019) provide widely recognized evidence that "open offices" seem to lead to a decline in collaboration

The architecture must match the nature of tasks (task certainty and dynamics etc.)

Open working environments require structural flexibility and lateral thinking to be effective

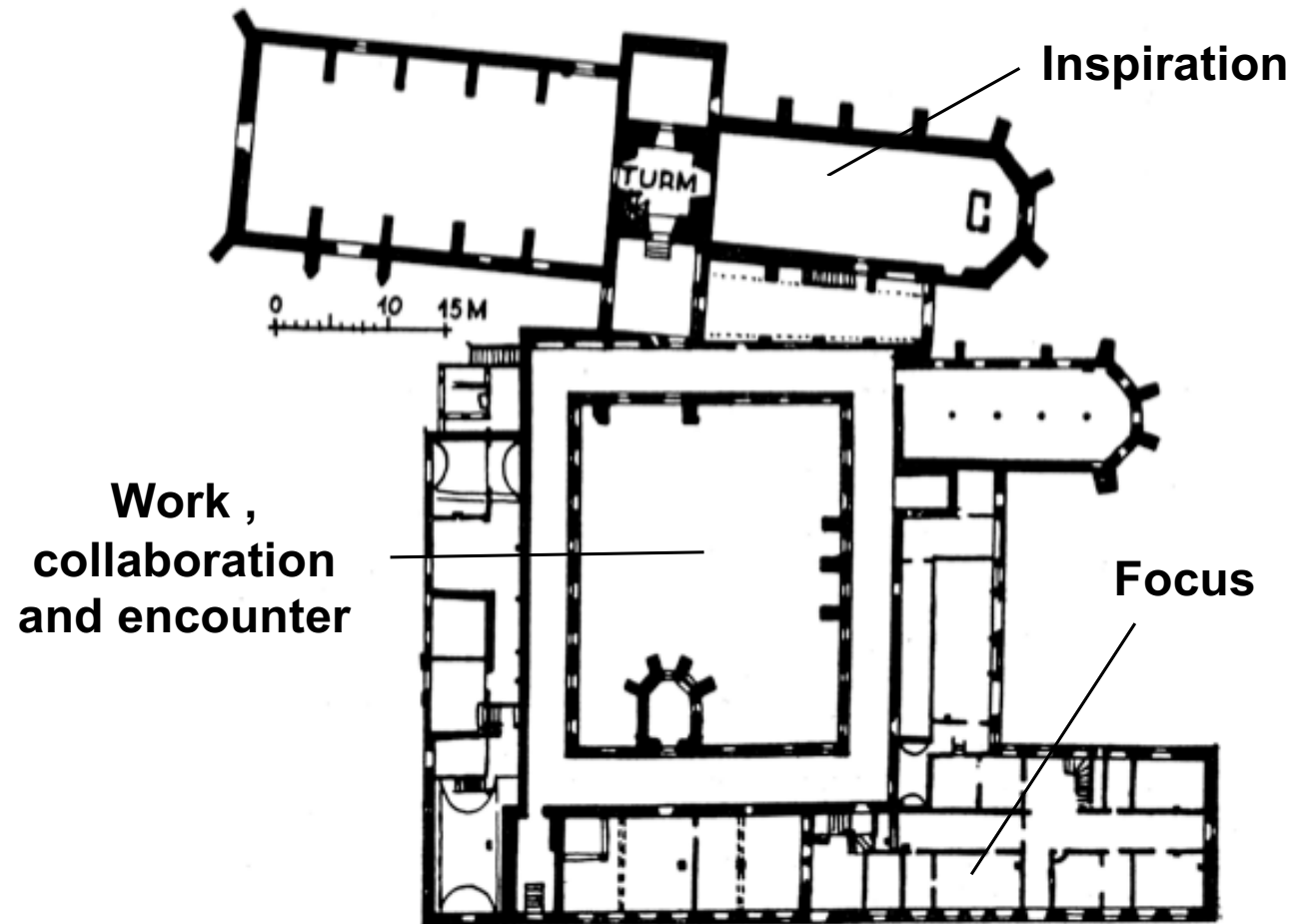
Source: Bernstein, E, & Waber, B. (2019). The Truth about Open Offices". In Harvard Business Review, Nov/Dec 2019.
Also: <https://hbr.org/2019/11/the-truth-about-open-offices>

Open working environments must be compatible with cultural beliefs about spontaneous encounter being essential

Common approaches are non-territorial workspaces, hotelling (booking of workspaces and rooms), coworking spaces

Combinations of various spaces for (1) concentration (focus), (2) meeting, cooperation, encounter and (3) inspiration seem to make sense

- Modern architecture is supposed to be like cloisters



— Customers of the survey

Many stakeholders

Very different stakeholders benefit equally from our employee surveys. Sometimes even all employees

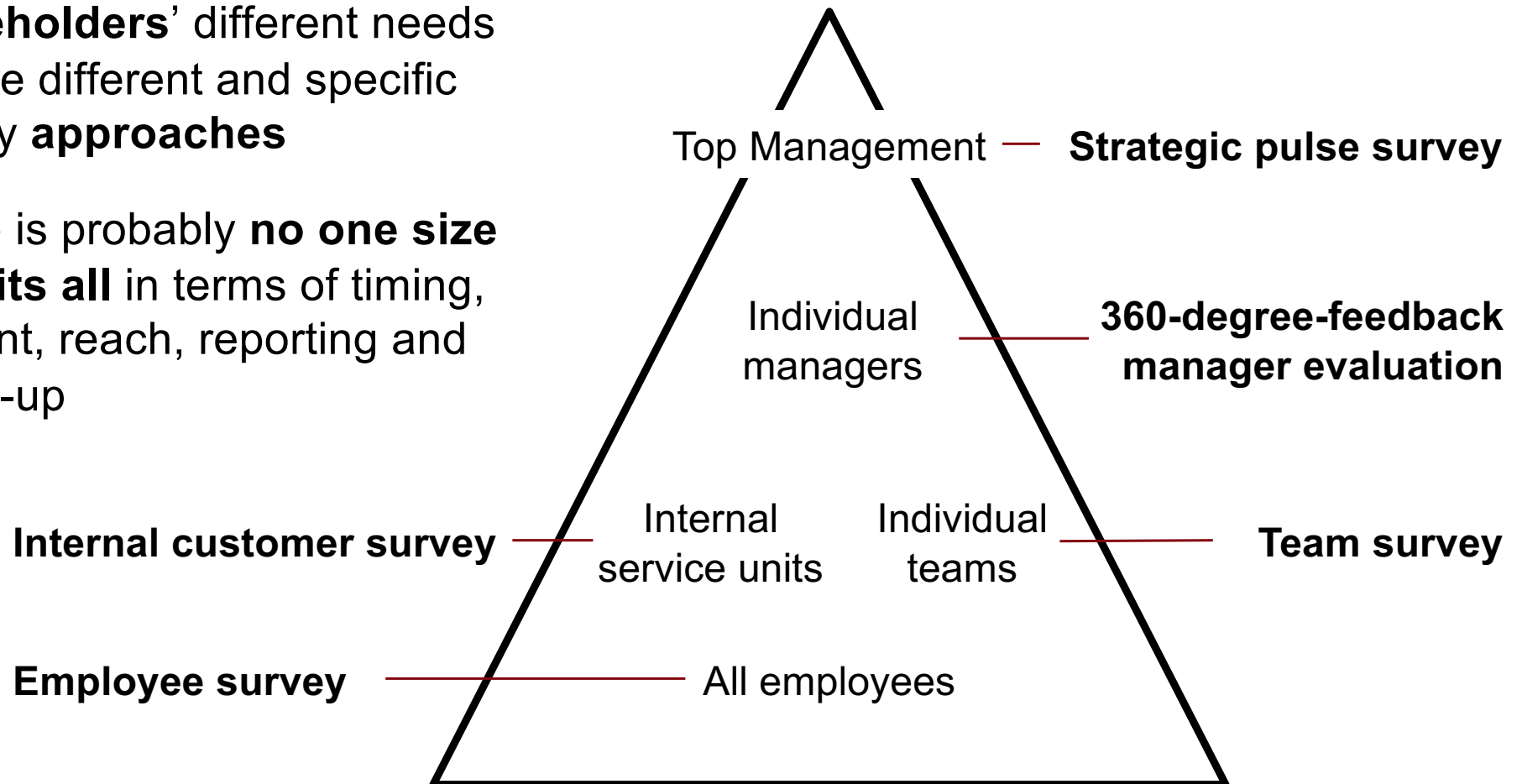
Selected stakeholders

In any employee surveys, we concentrate on the focal and relevant points of one particular stakeholder

Stakeholders and survey approaches must match

Stakeholders' different needs require different and specific survey **approaches**

There is probably **no one size that fits all** in terms of timing, content, reach, reporting and follow-up



Survey feedback cycle



— Priorities in terms of content

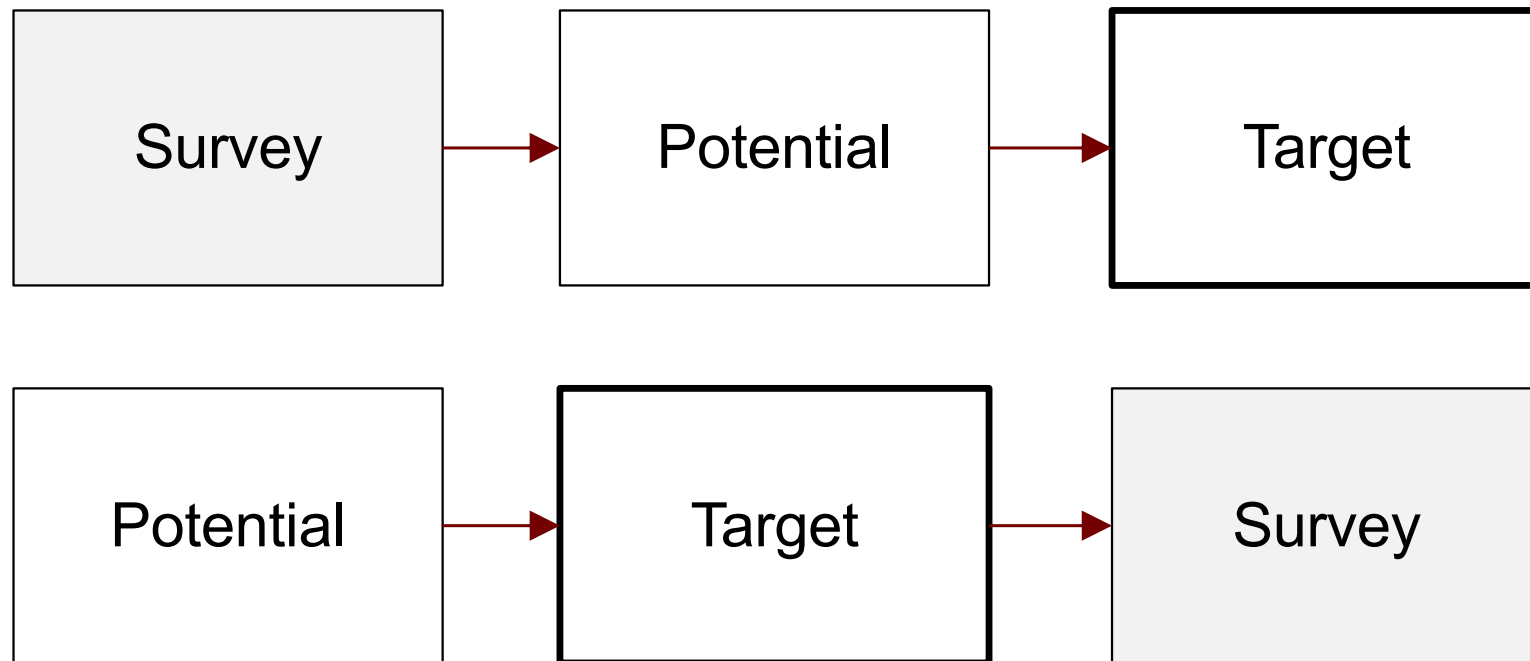
Broad range of topics

We consider a wide range of topics. From the results of an employee survey, we then draw conclusions about the need for improvements and derive priorities.

Focus on what's relevant

In employee surveys, only those topics are taken into consideration that have a high priority even before the survey. Only what is important before the survey is also important after the survey.

— Targets set before versus after the survey



Anonymous and structured

Honest answers require anonymity in an employee survey. That is why we use structured questionnaires, which also makes it possible to compare the results.

Open and interpersonal

Honest answers within the scope of an employee survey are obtained above all through direct, trusting dialogue. That also conveys honest interest.

— Employee survey – dos and don'ts

Never ask about things that you do not intend to seriously change. You just frustrate the people. Better set priorities in advance to a survey

Whenever possible choose personal conversation over anonymous questionnaires in order to really value people's view

Never compare results absolutely. You otherwise would ignore many biases. Better compare results against targets being set in advance

Be always clear, why whom is asked about what. There is often no need to ask everyone about everything

Ask questions by asking questions (no statements). Make sure people understand what you want to know

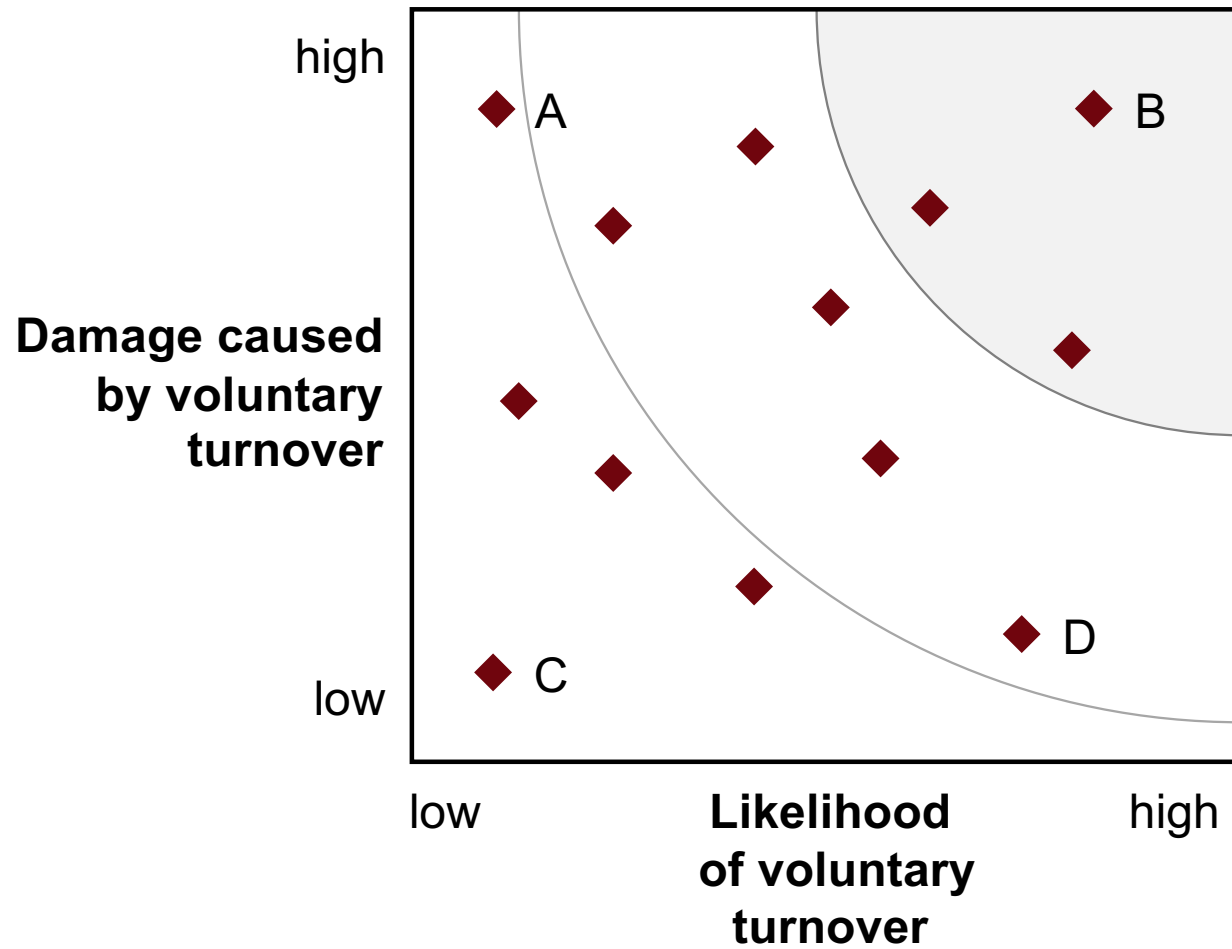
Make sure the questions reflect the company's understanding of leadership and collaboration

Never rely on statistics only. Understanding requires deep and reflected personal conversation and listening

Never hide results even though they might be disastrous

Never link variable pay with survey results. You simply might get what you want to measure.

Simple risk analysis



— Two ways to look at employee retention

People join companies and leave bosses

After quitting we run exit interviews to analyse turnover intentions

We use data and analytics to predict turnover

Only a low turnover rate is a good turnover rate

We expect loyalty and ban those traitors who dare to leave us

We build walls to protect us and our people

People stay with people. Social relations matter

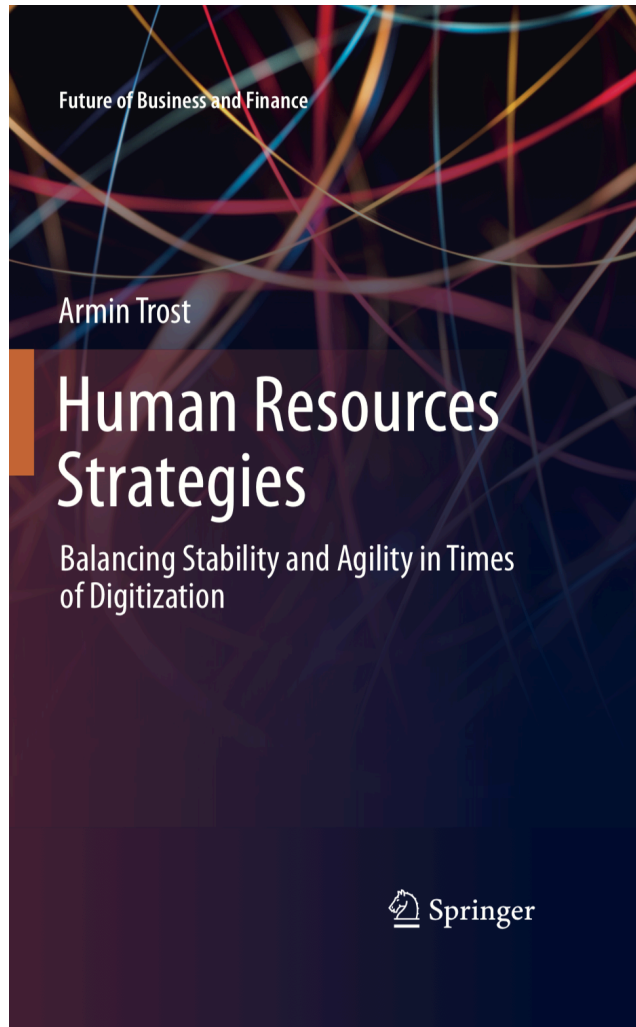
Above anything else, people must be clear about why they leave

There are no surprises. We talk about turnover intention honestly

There is a chance in every person leaving the company

People leave and that's ok. We don't own them

We retain people by letting them go. We even support them



Human Resources Strategies Balancing Stability and Agility in Times of Digitization

Heidelberg/Germany: Springer, 2019
Future of Business and Finance