

Topic 3: HR Strategy in a Global Environment

Master of Science

22. November, 2018 / Gery Bruederlin





Introduction to your Lecturer

- **Professional Career**

- Human Resource professional with long experience in global leadership positions
- Member of Executive Committee (Global Head of HR) of UBS Asset Management (2003-2007) and UBS Wealth Management (2010-2012)
- Global Head of Human Resources of UBS Group 2007-2010 (80'000 employees with 2000 in HR)
- Since 2013 Professor for HRM at the Institute for Human Resource Management and Organisation, School of Business FHNW, Dean for the “Master of Advanced Studies in Human Resource Management”

- **Education**

- Philosophical Doctorate, University of Zurich / Yale University
- Executive MBA, University of Rochester NY / Berne University

- **Further Activities**

- Consulting
- Family, Sports and Traveling

n|w

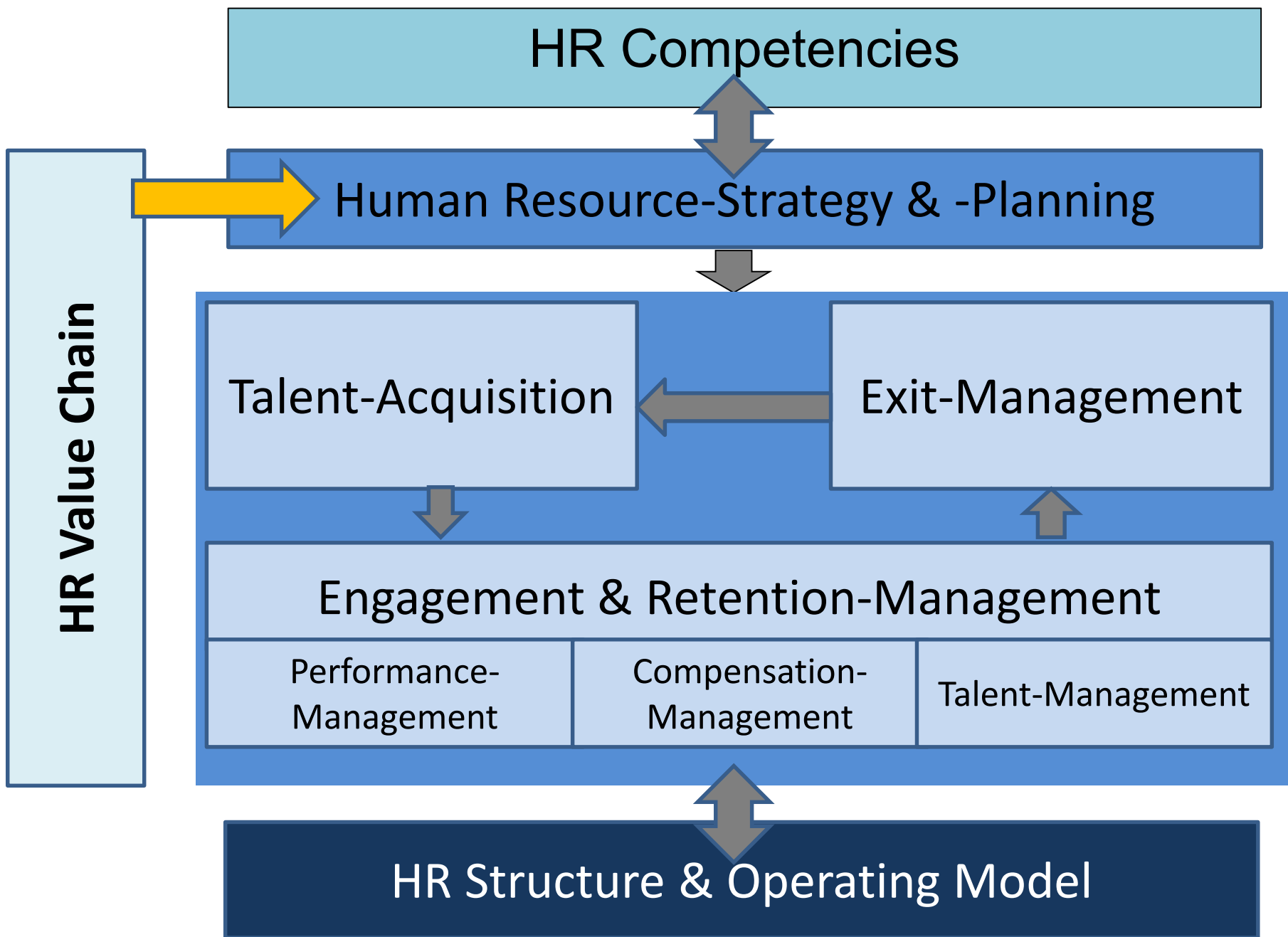
In case of questions now or later....



Time Management

- 1. Lecture: 8.15 – 9.00
- Break: 9.00 – 9.10
- 2. Lecture: 9.10-10.00
- Break: 10.00 – 10.30
- 3. Lecture: 10.30– 11.20
- Break: 11.20 – 11.30
- 4. Lecture: 11.30 – 12.15





Program Topic 3: HR Strategy in a Global Environment

1. Vision – Mission – Strategy: Personnel Policy and HR Strategy

2. The Development of an HR Strategy

1. Personnel Policy as First Driver of an HR Core Strategy
2. Corporate Strategy as Second Driver of an HR Core Strategy
3. HR Core Strategy Matrix and its Relation to Different Industries (STEP I)

3. Changes in an HR Core Strategy

1. Becoming Agile
2. Becoming Mature
3. Becoming Digital
4. Becoming International

4. The Final Objective: The Strategic HR Portfolio

1. Deduction of an HR Strategy from the Business Strategy
2. Global Megatrends and their Impact on HR
3. Action Priorities on the HR Value Chain (STEP II)
4. SWOT- and Gap Analysis, Strategic HR Portfolio and Strategic HR Roadmap (STEPS III-V)

Program Topic 3: HR Strategy in a Global Environment

1. Vision – Mission – Strategy: Personnel Policy and HR Strategy

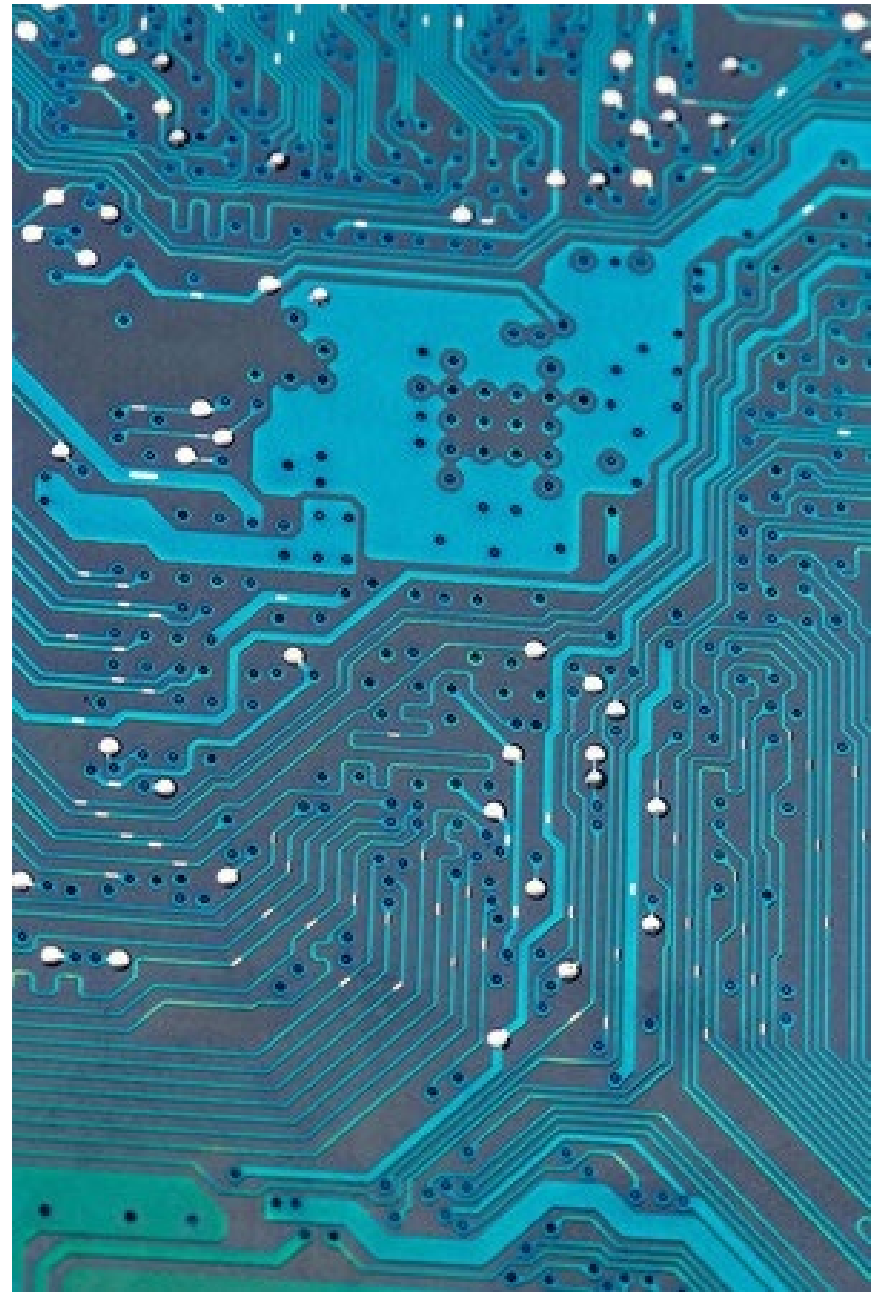


Learning Goals for Today



- You know and understand:
 - The definition and the objectives of Strategic HR Management
 - The connections between a firm's vision, mission, policies and strategies
 - HR policy and corporate strategy as fundamental drivers of HR strategies
 - The essential HR core strategy types and their derivation
 - Key transformations as HR strategy changes
 - Strategic HR action areas as result of a deduction process
 - The global megatrends relevant to a business strategy and an HR strategy
 - The strategic HR portfolio and the strategic HR roadmap as final result of the strategy development process

The big picture of interconnections



Vision



- «The vision is a concrete image of the future, near enough to see that it can be realized, but already distant enough to kindle the enthusiasm of the organisation for a new reality»



- «If you want to build a ship, do not gather the men to collect wood, prepare tools and assign tasks, but teach them the yearning for the endless sea»



- «We will build a computer, which the user will be able to understand intuitively, which will be user-friendly and with which work will be fun.»



Mission Statement



- Description of the purpose of the organisation
- Explanation why the organisation exists leading to a contribution to the realization of the vision
- Ultimate statement what the organisation is required to do to achieve the vision
- Establishment of benefits for the various stakeholders of the organisation

Mission Statement

Internal Focus

Where do we stand as a community (Mission)?

What do we want to achieve together (Vision)?

What values and principles will guide our activities?

Objective:

- Employee Motivation

External Focus

What does the organisation stand for (Identity)?

Objectives:

- Positive Public Relations
- Positive Image Effect
- Foundations for further development of the organisation



A Quick Question 1



You have learned about the objectives and the contents of a mission

What kind of company is behind the following mission statements?

«The mission of is to organise
the world's information and make it universally
accessible and useful»

“The’s
objective is to be one of the world's
leading producers and providers of
entertainment and information,
using its portfolio of brands to
differentiate its content, services
and consumer products. The
company's primary financial goals
are to maximize earnings and cash
flow, and to allocate capital toward
growth initiatives that will drive
long-term shareholder value”

Program Topic 3: HR Strategy in a Global Environment

2. The Development of an HR Strategy

1. Personnel Policy as First Driver of an HR Core Strategy
2. Corporate Strategy as Second Driver of an HR Core Strategy
3. HR Core Strategy Matrix and its Relation to Different Industries (STEP I)



Personnel Policy as a First Driver of an HR Core Strategy





Fundamental Positioning in the HR area and its integration in the corporate management and -policy

Fundamental Decisions which define the practical actions in the HR area, ie. the general direction and the principal behavioural norms of human work and of the HRM in the company

Design and Cultivation of the Relations between the employees as individuals and group with specific requirements on the one hand and the corporation as an institution and a work environment on the other

The Relevant Contents of a Personnel Policy

often vague and overall: how the firm treat its people



pay fair for all genders

1. Social Policies and Rewards
2. Working Design and Working Time Policy allow flexible working hours
3. Participation Policy and Employee Influence
4. Hiring, Promotion and Dismissal Policies
5. Education Policy
6. Communication and Evaluation Policies
7. Leadership Style
8. Relations Policy

Pre-view: Connection between Personnel Policy and HR Strategy



- HR strategies differ along differentiating personnel policies:
- **Stability (longterm) Focus**
 - motivating working forms and working time
 - high job security
 - internal development of employees
 - high fixed salaries, small performance bonus, participation plans
- **Flexibility (shortterm) Focus**
 - less important working forms and working time
 - higher job risk
 - high number of external recruitings
 - relatively equal treatment of employees referring to compensation
 - fixed salaries at or below market, relevant variable compensation

Corporate Strategy as a Second Driver of an HR Core Strategy



Corporate Strategy Number One



c by G. Bruederlin
Master of Science 2018

Corporate Strategy Number Two





- The **HR strategy** is an integral part of the business strategy
- It represents the mid- to longterm plan to manage and steer the personnel resources which the firm requires for all its processes
- It encompasses the HR political objectives and results to be achieved as well as the concepts, instruments and measures to achieve these
- Consequently, HR strategy has **a tight connection with both personnel policy and corporate strategy**

1st Connection: between Business/Corporate Strategy and HR Strategy



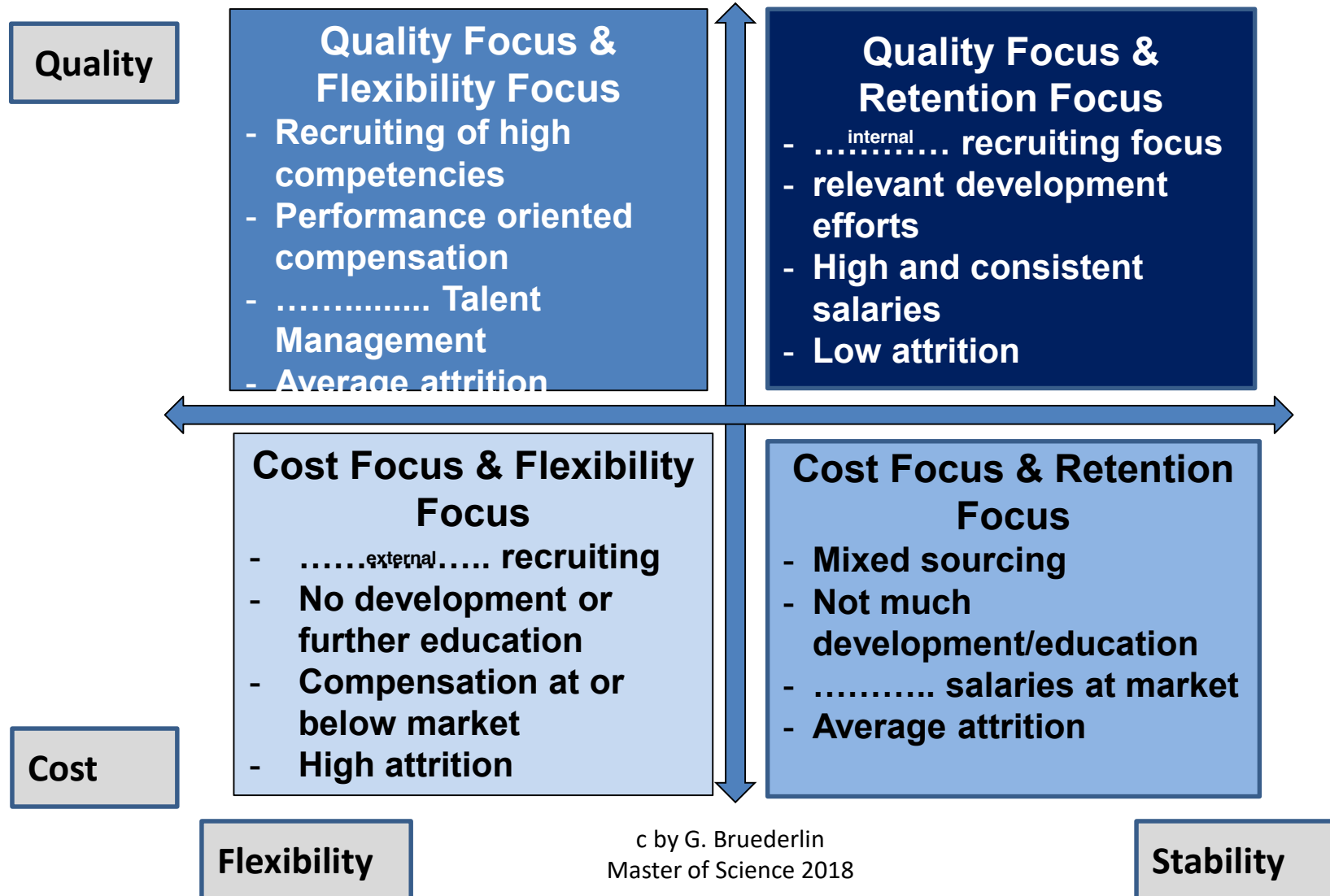
- HR strategies differ along competitive business strategies:
- **Leadership**
 - clearly defined jobs, little room for manoeuvre
 - performance evaluation focused on short term results
 - minimal education and personnel development
 - tight control of market salaries tied to individual results
 - little staff retention
- **Leadership / Differentiation**
 - comprehensive job descriptions, high degree of participation
 - detailed individual (and group related) performance evaluations
 - intensive and permanent education and qualification of employees
 - relatively equal treatment of employees referring to compensation
 - mid- to longterm staff retention

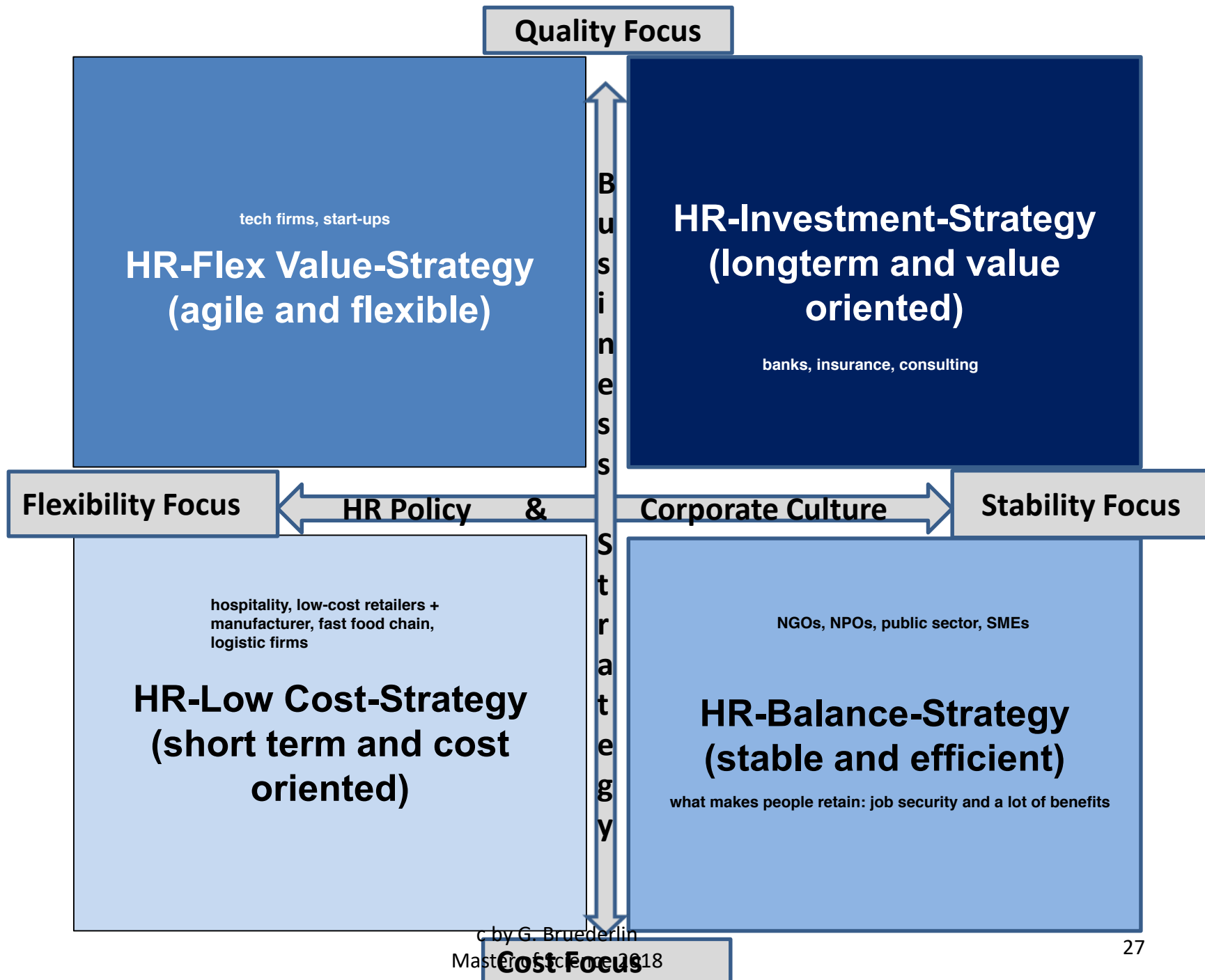
2nd Connection: between Personnel Policy and HR Strategy



- HR strategies differ along differentiating personnel policies:
- **(longterm) Focus**
 - motivating working forms and working time
 - high job security
 - internal development of employees
 - high fixed salaries, small performance bonus, participation plans
- **(shortterm) Focus**
 - less important working forms and working time
 - higher job risk
 - high number of external recruitings
 - relatively equal treatment of employees referring to compensation
 - fixed salaries at or below market, relevant variable compensation

Strategic HR Process Step 1: HR Core Strategies as a Function of HR Policy AND Corporate Strategy





HR Policy

HR-Strategy



Corporate Culture

Corporate Policies

Corporate Strategy

Corporate Culture

Mission

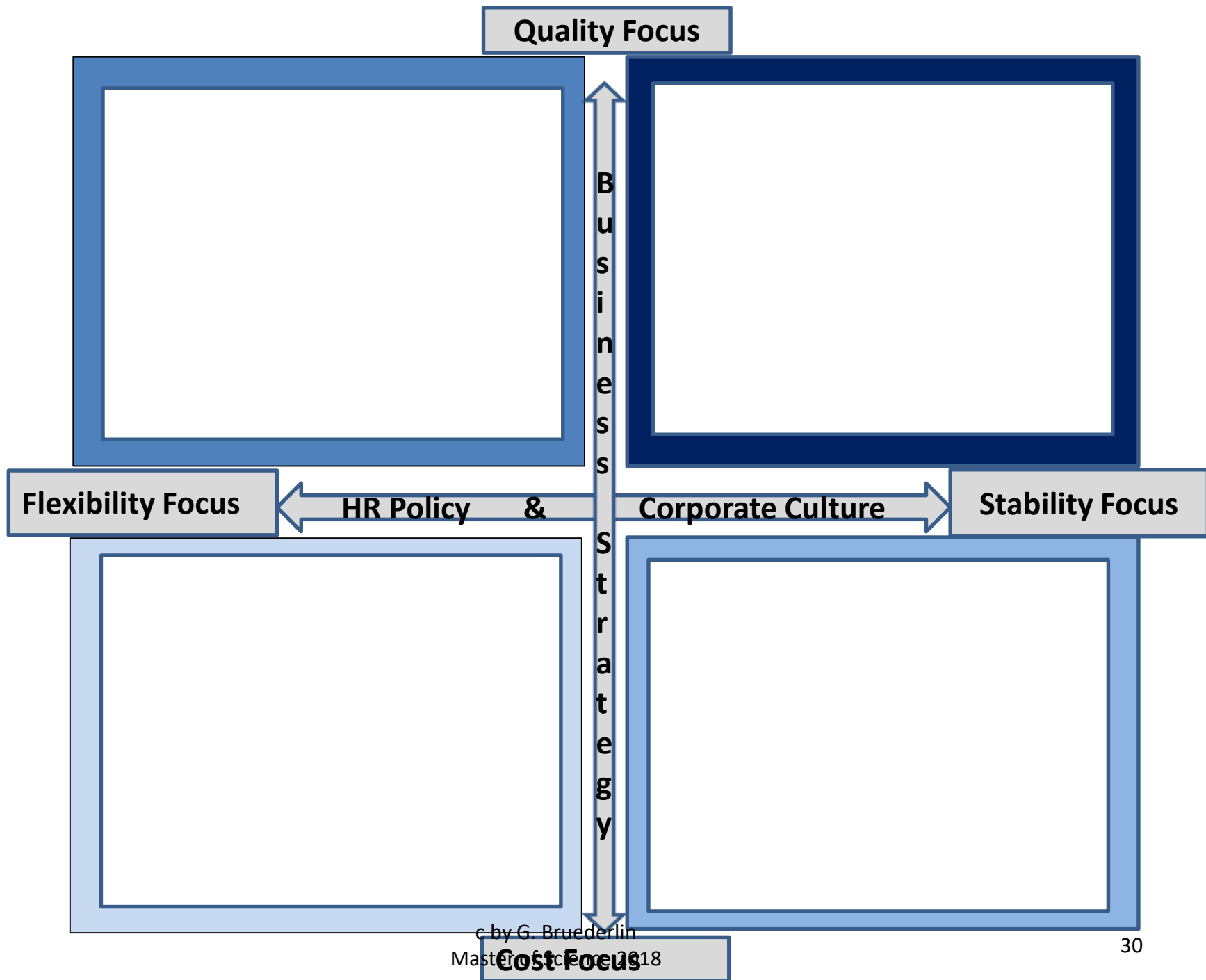
Vision

c by G. Bruederlin
Master of Science 2018

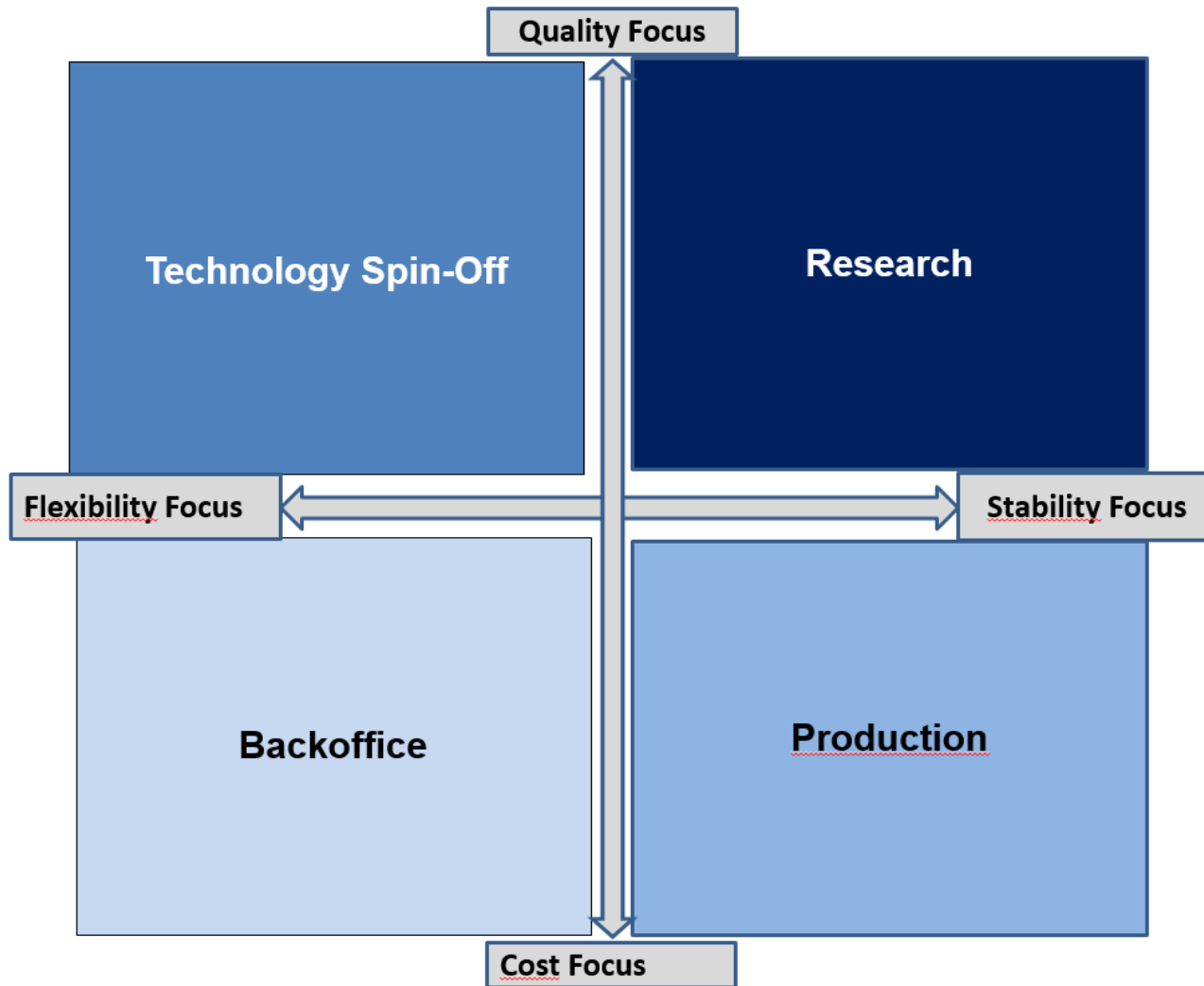
Mini-Workshop 1 (Group Work)



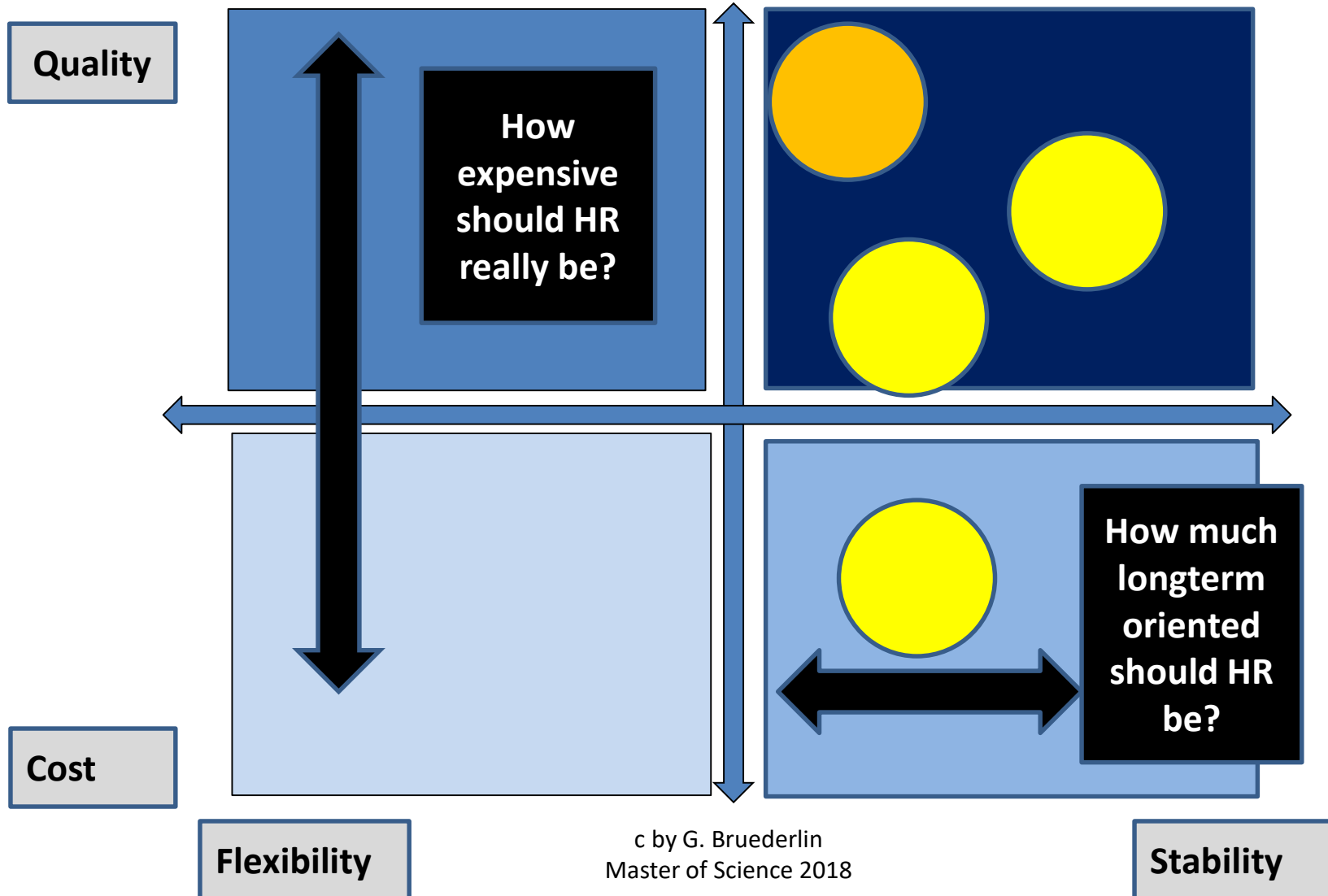
- Situation:
 - You have learned about the 4 fundamental HR-strategies along the spectra of quality vs. cost and stability vs. flexibility
- Approach:
 - Discuss in your groups which kind of firms or industries or businesses could be allocated to which strategic HR quadrant on the HR core strategy matrix
 - Get a common view on at least 2 examples per strategy/quadrant, write them on a paper and pin them onto the matrix
- Time
 - 15' discussion in groups and proposals
 - 10' for plenary review



Multiple HR Core Strategies: E.g. Bank / Pharma



Practical Example

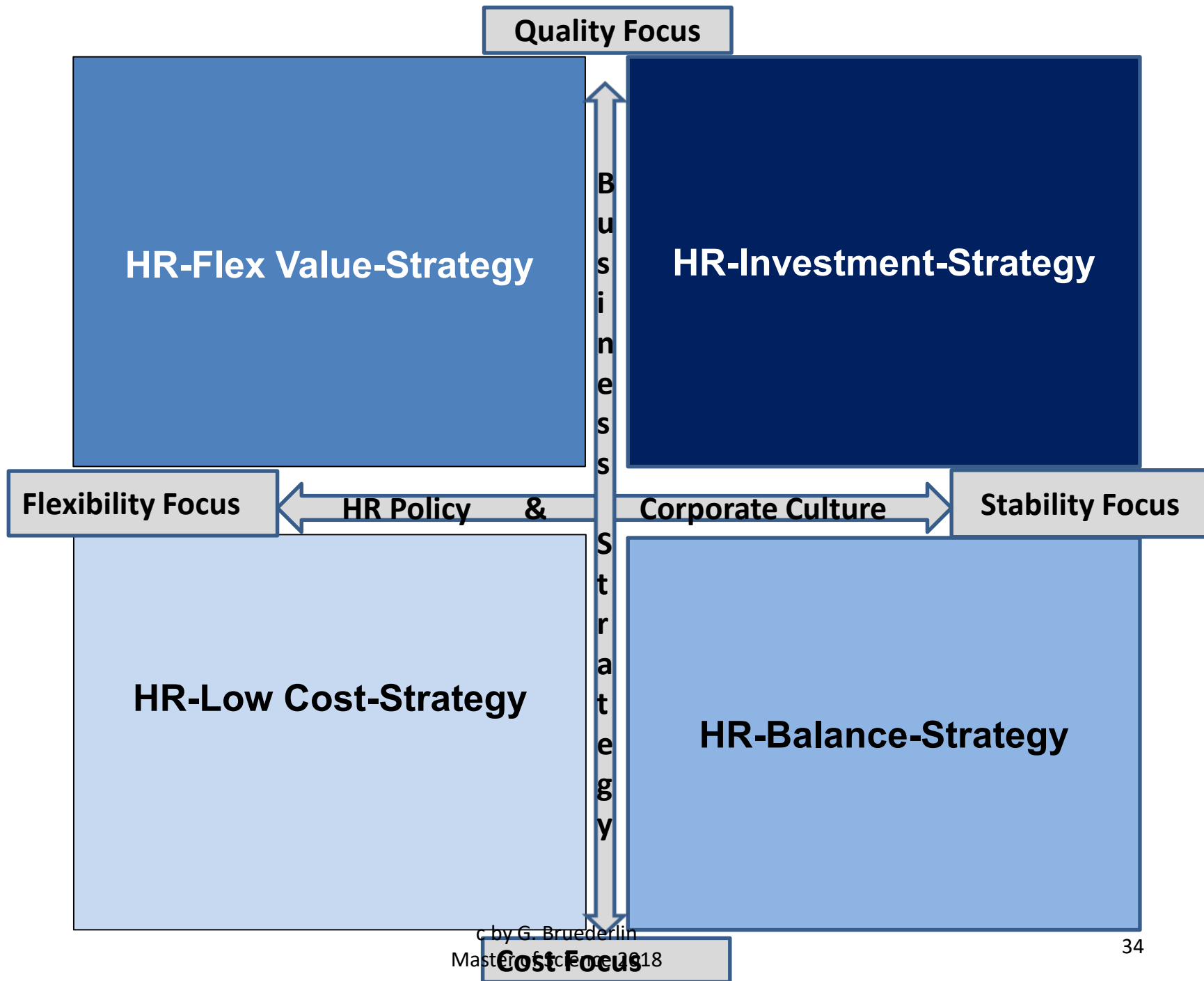


Program Topic 3: HR Strategy in a Global Environment

3. Changes in an HR Core Strategy

1. Becoming Agile
2. Becoming Mature
3. Becoming Digital
4. Becoming International



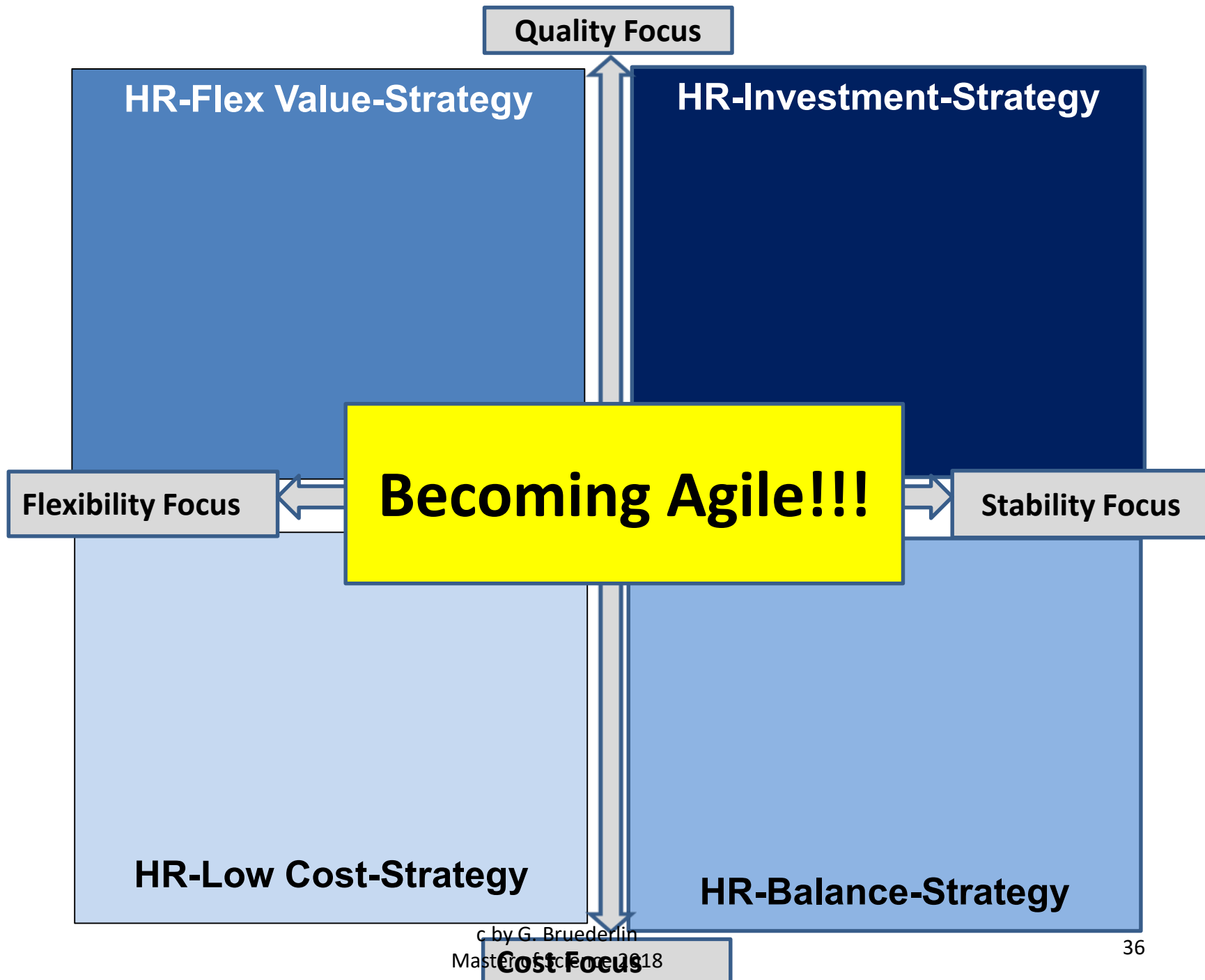


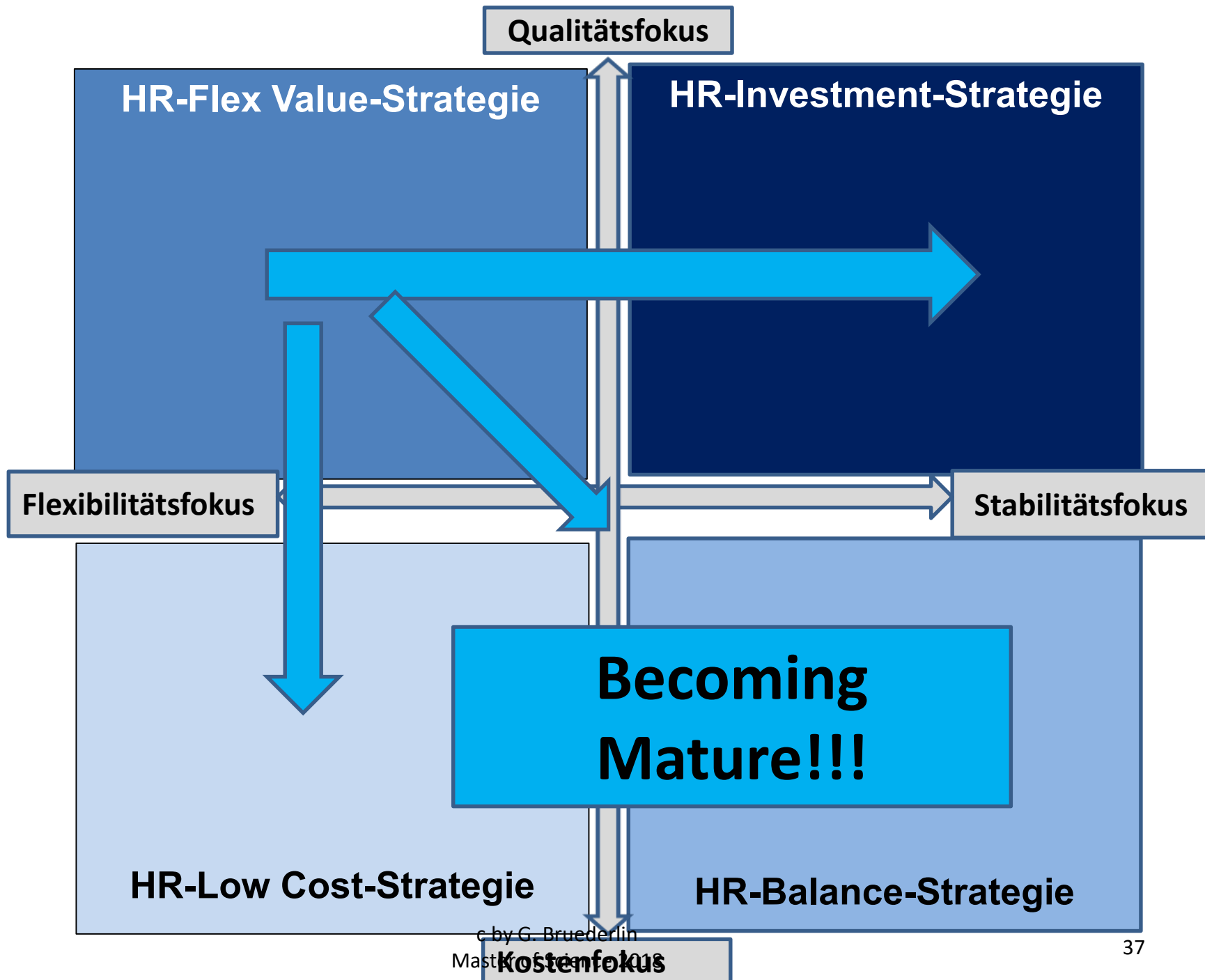
A Quick Question 2

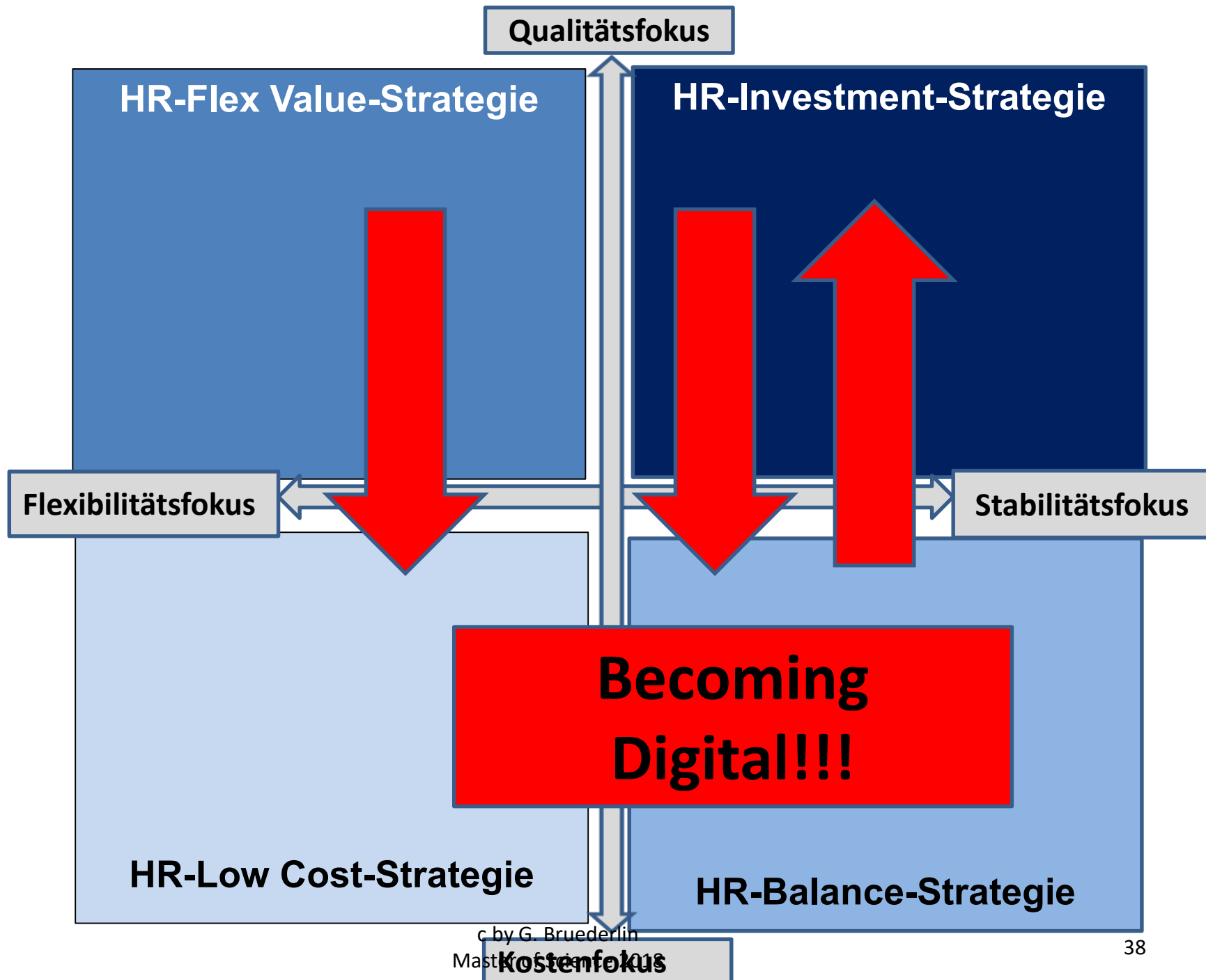


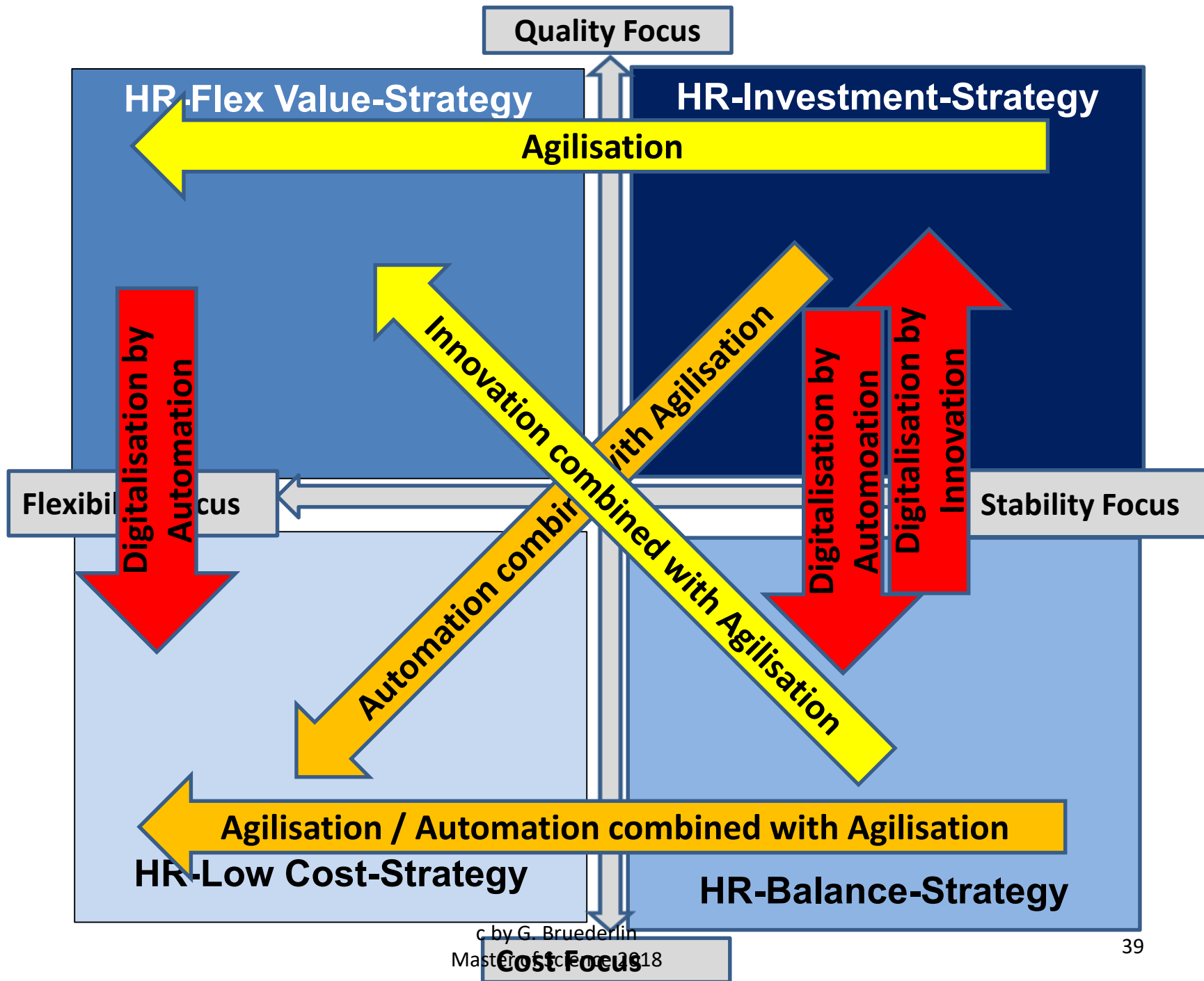
You have certainly heard and read a lot of things about today's trend for firms to become «agile» in a «VUCA» world.

What kind of movement in what direction on the HR core strategy matrix do you think designates an «agilisation»?

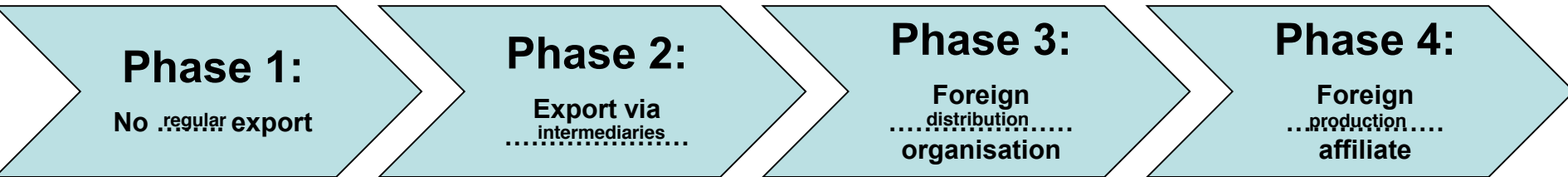








Uppsala Model (Johansen & Wiedesheim-Paul 1975)



HR starts experiencing problem

**Becoming
International!!!**



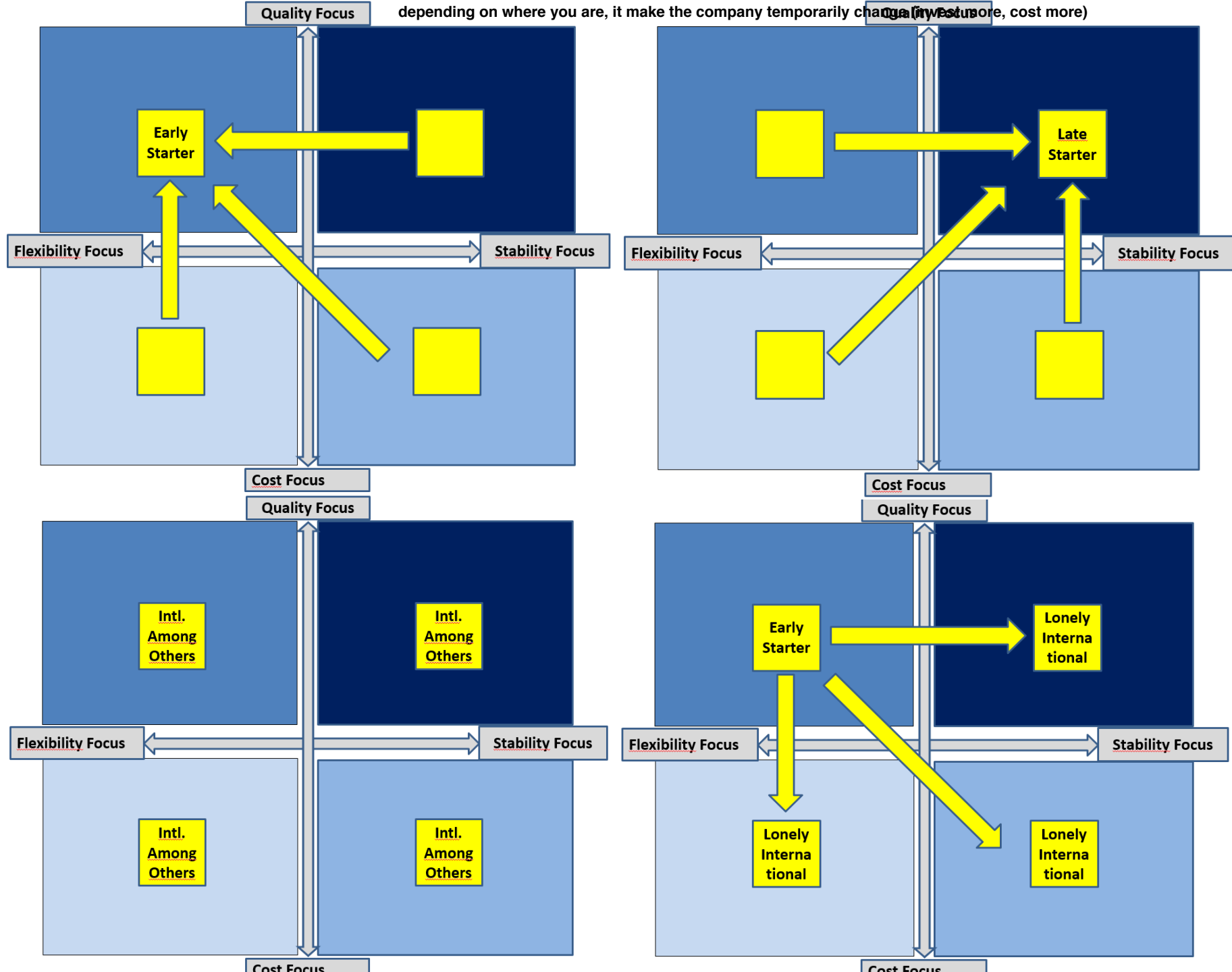
Mini-Workshop 2 (Group Work)

- Situation:
 - You have learnt about the stages of the Uppsala internationalization model
- Get together in groups of three and discuss the following questions:
 - At what stage of the process does the HR function come into play?
 - What could be major challenges on the HR side along this internationalization process?
- Time:
 - 15' for group discussions
 - 10' for plenary take-up

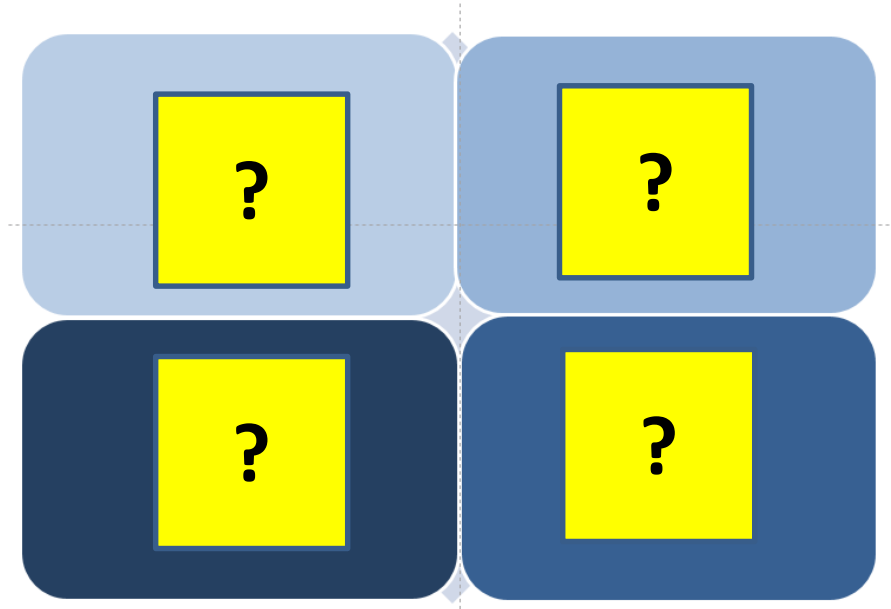
Becoming International!!!

		Degree of Internationalisation of the industrial System (Johanson & Mattsson, 1988)	
Degree of Internationalisation of Corporation		Low	High
	Low	«Early Starter»	«Late Starter»
	High	«Lonely International»	«International Among Others»

depending on where you are, it make the company temporarily change its focus (more, cost more)



Program Topic 3: HR Strategy in a Global Environment



4. The Final Objective: The Strategic HR Portfolio

1. Deduction of an HR Strategy from the Business Strategy
2. Global Megatrends and their Impact on HR
3. Action Priorities on the HR Value Chain (STEP II)
4. SWOT- and Gap Analysis, Strategic HR Portfolio and Strategic HR Roadmap (STEPS III-V)

HR Strategy Process Step 2: Definition of Strategic HR Action Areas



Given HR Core
Strategy!
**But what
now??**

HR Strategies and their Derivation

- In theory there exist two major ways to get to an HR Strategy:
 - **Market based view (..... approach)**
 - the HR strategy is derived from the business strategy
 - **Resource based view (..... approach)**
 - the business strategy is derived from the HR strategy
- when the resources define what the business can do

Yet all these perspectives fall short of an integral view!



A Quick Question 3

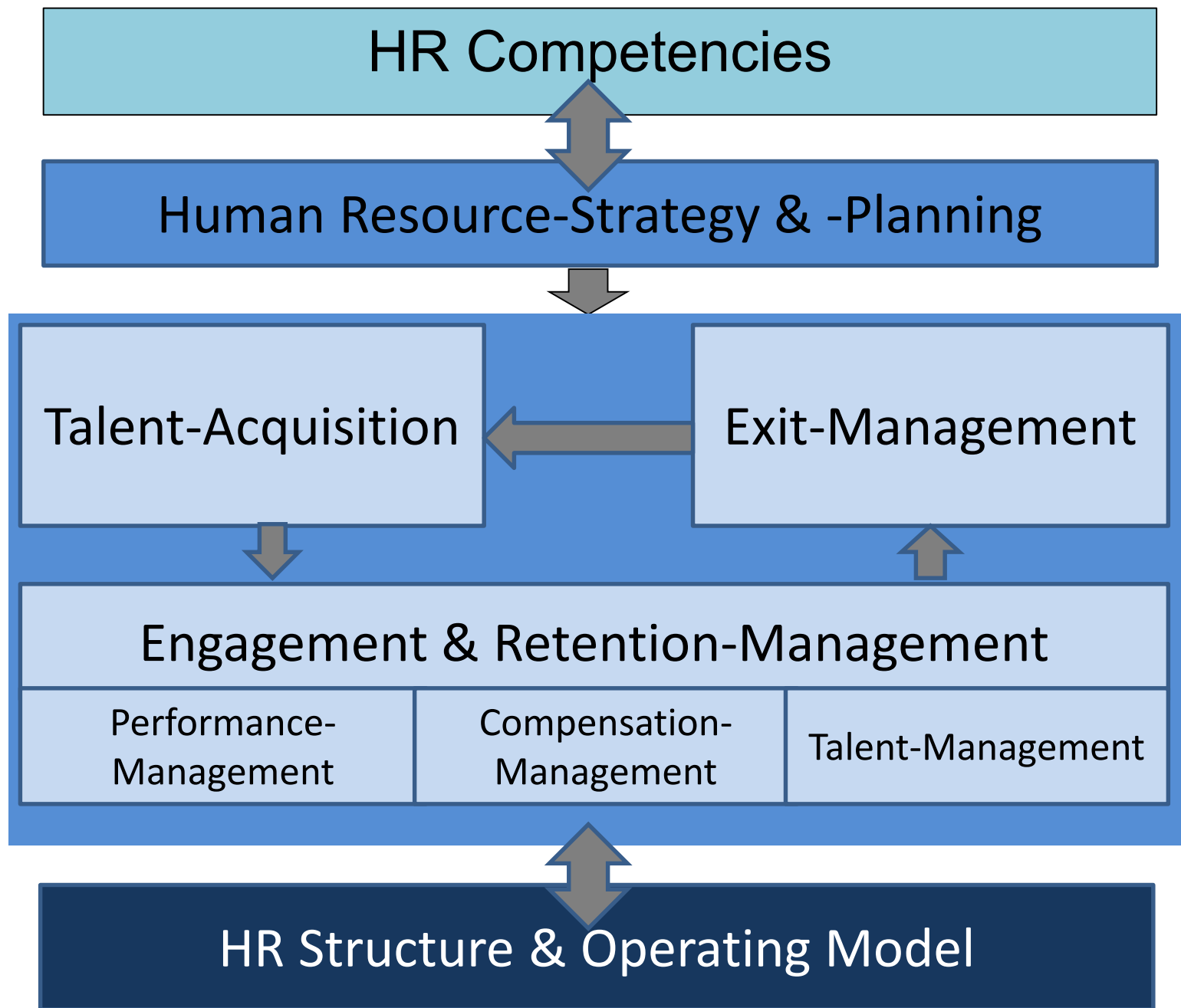


If a company operating in the transport business has the following major business strategies:

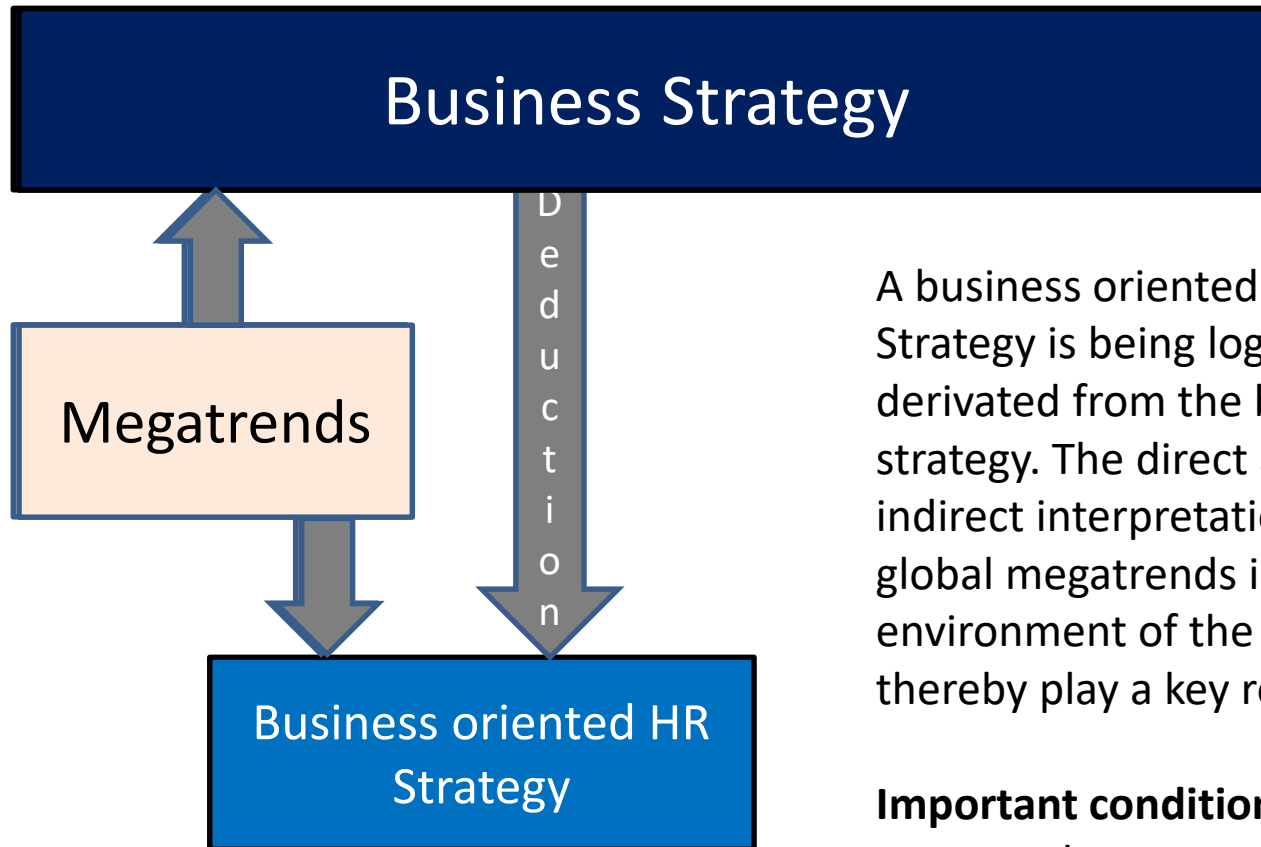
- Growth in the EU countries / Market expansion
- Key function (engine drivers) education and development
- Re-organisation of backoffice and support functions to adapt to a global business model

What would be the strategic HR action areas to be deducted and located on the HR value chain?

Practical Example: Details



Deductive Derivation of an HR Strategy



A business oriented HR Strategy is being logically derivated from the business strategy. The direct and/or indirect interpretation of global megatrends in the environment of the enterprise thereby play a key role

Important condition: The HR Manager knows and understands the global megatrends relevant for HR!

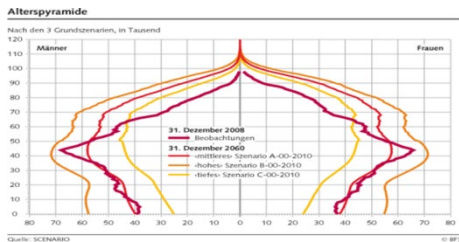
Global Megatrends



HR Relevance of Global Megatrends

Utilization of decentralized work forms, broad distribution of education (MOOCs), Collaborative Software, Digitalization and rationalization: ESS, MSS

Shortage of skilled workers (MINT) und Capability Gaps / «War for Talents» / Retention-Focus/ Strategic Workforce Planning, leadership gaps



Online labor markets, labor market transparency (social media), datafilter problematics



Employer Branding and EVP, new talent strategies, WLB: alternative workforms, multifunctional use of social networks

Virtual organisational structures, flexible work forms and working time



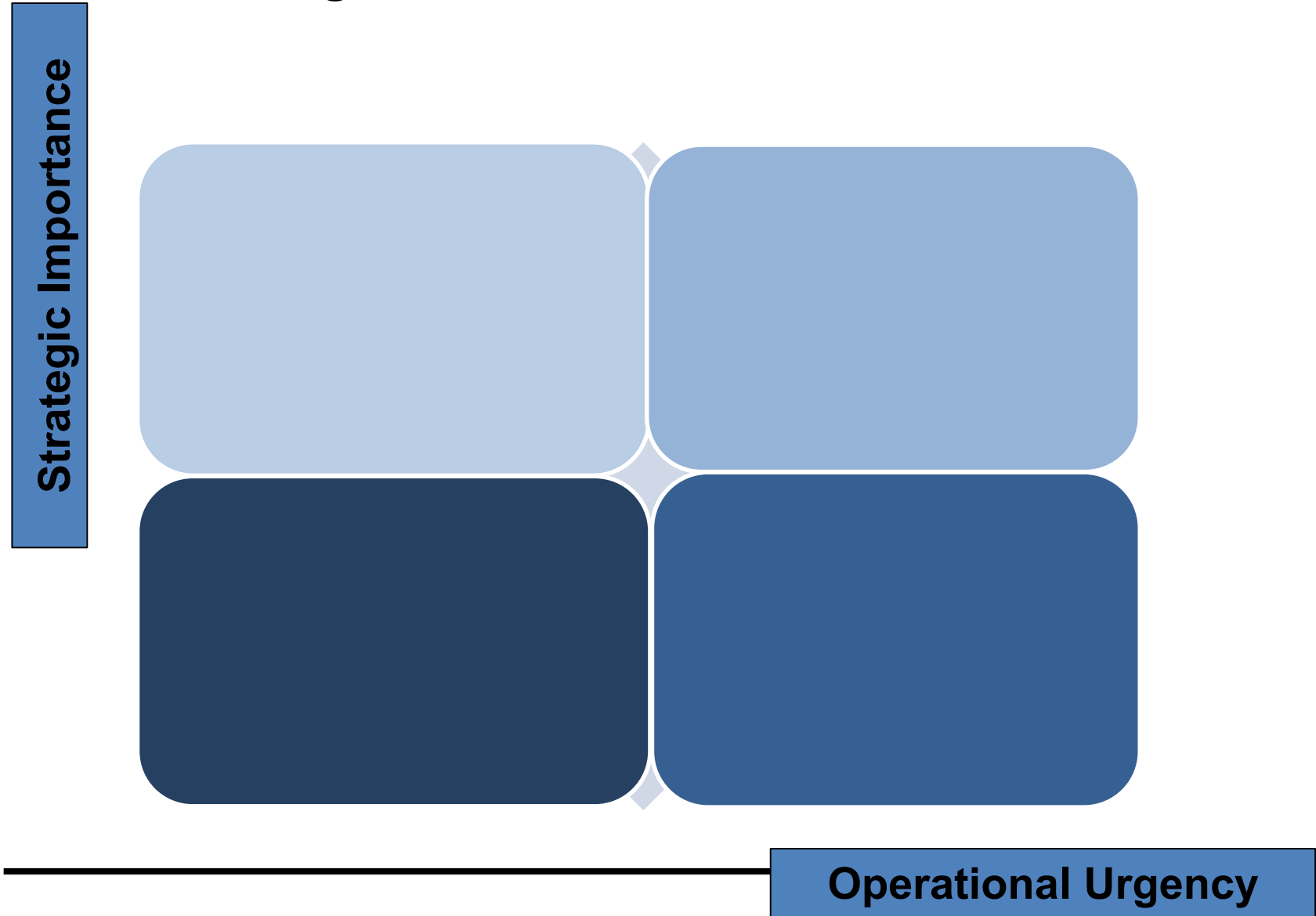
Global labor markets: recruiting and talent pools, changing evaluation processes, outsourcing und offshoring



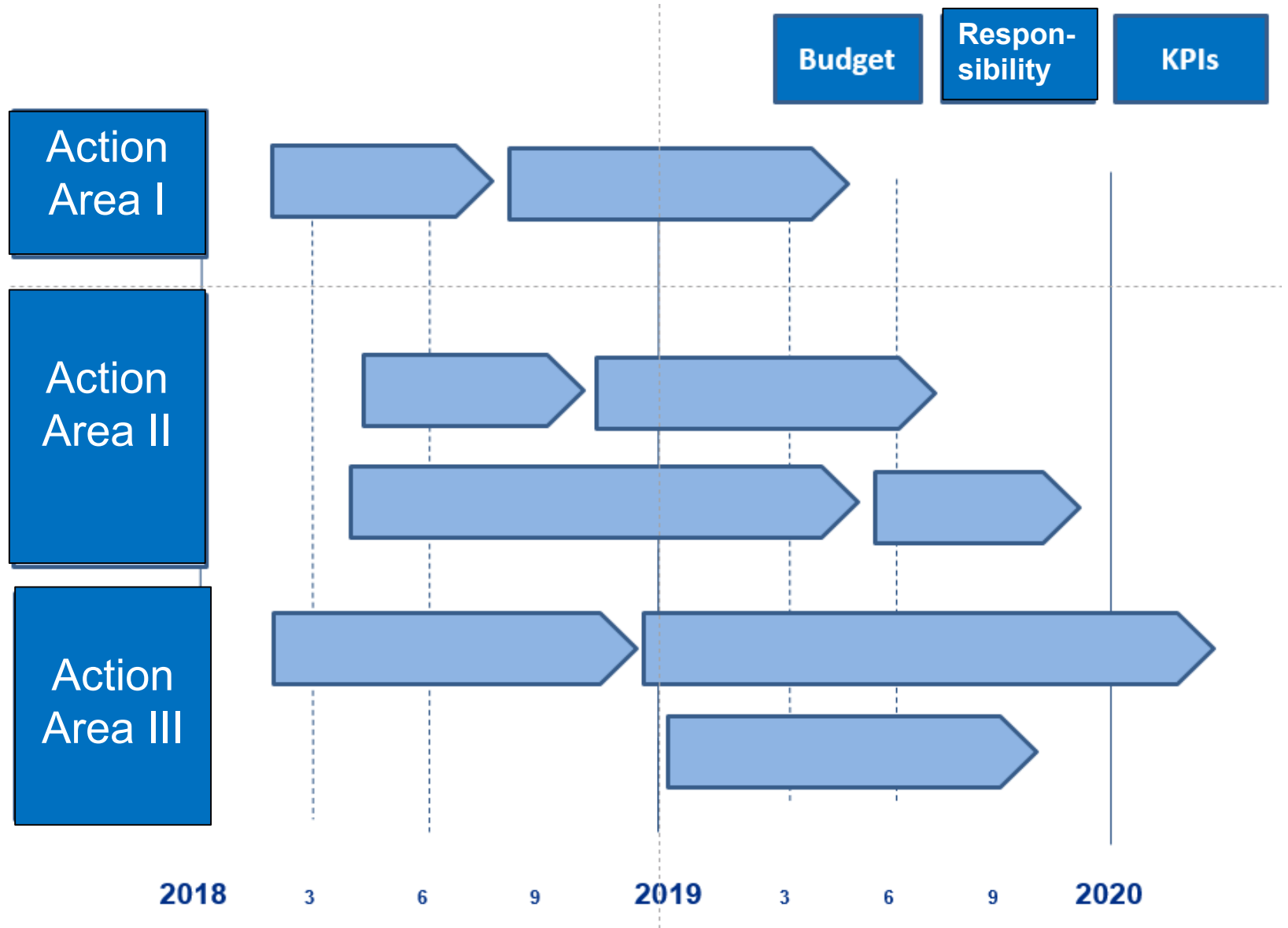
HR Strategy Process Step 3: Execution of a SWOT and Gap-Analysis



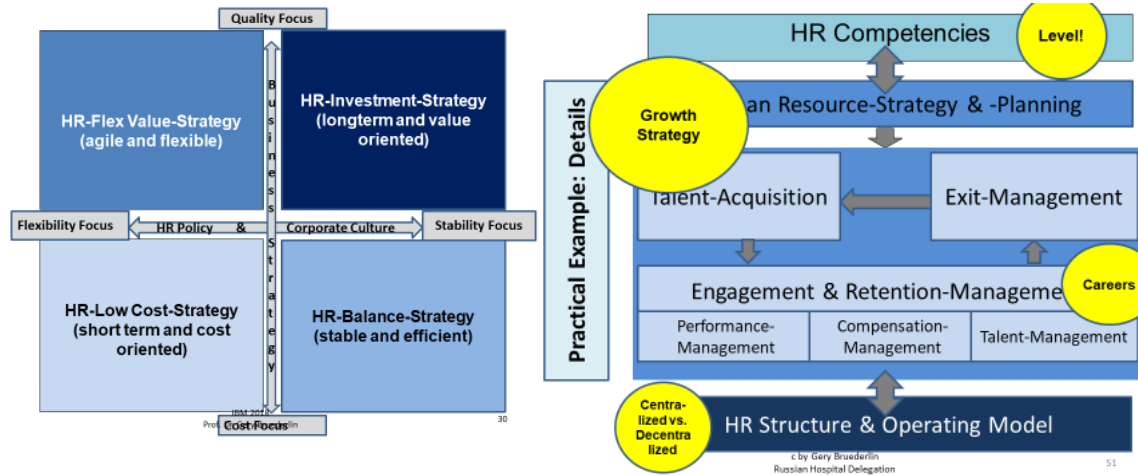
HR Strategy Process Step 4: Strategic HR Portfolio



HR Strategy Process Step 5: Strategic HR Roadmap

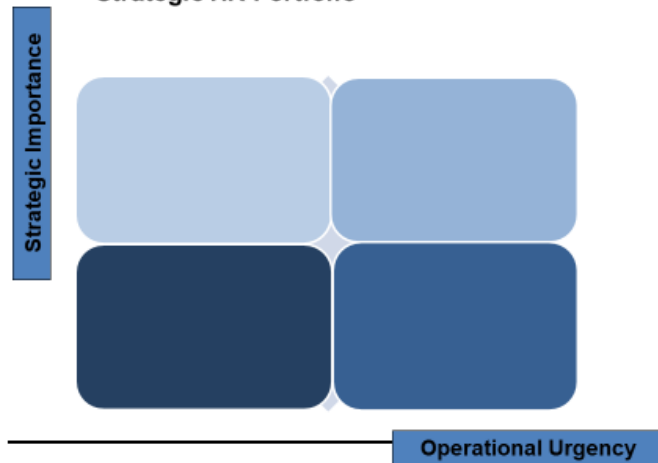


Summary: Development of an HR Strategy



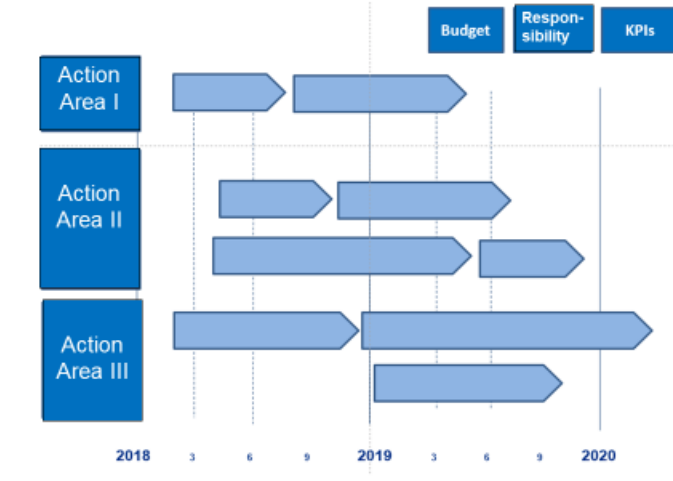
n|w

HR Strategy Process Step 4: Strategic HR Portfolio



n|w

HR Strategy Process Step 5: Strategic HR Roadmap



Objectives of Strategic HRM

Integration

Vertical Match of Business and HR Objectives

Horizontal Match of various HR Objectives

Contribution

Establish HR Strategy as Part of Business Strategy

Emphasis of Advantages and Strengths of Human Capital



- Relationship: Vision → Mission Statement → Policies/Strategies
- Contents of a Personnel Policy
- HR Strategy & Strategic HR Management
 - What is meant by «SHRM» and what are the related objectives
 - 5 Steps of Development of an HR Strategy:
 - Core HR Strategy (Matrix)
 - HR Action Areas (Value Chain)
 - Swot- and Gap Analysis, Strategic HR Portfolio and Strategic HR Roadmap

Questions ?

