LEAD4SKILLS: Skilled Business Leaders for Skilled Europe

A Collection of Teaching Case Studies

Lead4Skills

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Contents

Introduction

This collection of eight teaching case studies is based on research done as part of Lead4Skills project on management development needs. All cases or their core topics are based on almost hundred different interviews conducted with representatives of various companies from all seven participating countries (Croatia, Estonia, Hungary, Latvia, Lithuania, Poland and Slovenia). Publically available data was used on some of the cases to enrich the content of cases and make them more appropriate for use in classroom.

How to use teaching case studies

The use of case studies highly depends on teaching goals, the learning topics and the learning environment. A short case might be an excellent choice to use to enrich and make a lecture to a larger group of students more dynamic, while we can also have students divided into smaller groups. Smaller groups may provide us with an environment to tackle more complex and in-depth issues. This also provides an opportunity to work on longer cases that may take several days for students to work on.

Here are some basic guidelines for use of cases and class discussions based on cases. Keep in mind that students would normally need to familiarize themselves with the case before starting the discussion on it, so as already suggested, longer cases would require a different setting and might be best suited for use as a homework exercise.

1. Before the start, cases and study goals should be briefly introduced.
2. If necessary, students should be divided into groups. Care needs to be taken that all students get a chance to share and challenge their opinions.
3. At the end, students should report on their activities and findings. Questions can be posed from the teacher or other students.
4. At the end of each case session, the teacher should always take time to summarize the case and the outcomes.

To further improve your skills of using case study based teaching methods, we advise you take a look at our publication Guidelines for Higher Education Institutions where additional instructions may be found. To understand the broader as well as the local context of these cases, you may find the Cross Country Report on Management Development Needs publication useful as well. All publications are openly accessible on both Lead4Skills and CEEMAN webpages as well as on the Erasmus+ Project Results Platform.

All teaching case studies contain teaching notes. You should thoroughly read through the teaching note before using it in classroom as it will give you a clear picture of what the case should be used for, as well as provide you with discussion questions and additional insights.

List of cases

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Case 1: FIVE – Closing the Gap Between Constant Needs and Wants

Prof. Mislav Ante Omazić, Faulty of Economics and Business, University of Zagreb, Croatia

Picture 1: FIVE's logo

“We employ the insecure people! It's not a joke, it’s a job offer!" was the opening sentence of the job advertisement claimed by Viktor Marohnić, founder and one of the co-owners of the FIVE agency, on their company's Facebook page. On the one hand, that was a rather unusual publication, but on the other hand, it represented a big gap between competences that educational institutions offer and characteristics employers seek for their new employees. While a couple of years ago, having a university degree was enough to get a job, nowadays employers look for more than just a university diploma. "We are looking for right attitude. We are looking for employees who are curious, constantly improving their skills and who are quick learners," said Luka Abrus, other co-owner of the FIVE, and continues: "While the business market is improving rapidly and the economy is growing, educational institutions are lagging behind and they are not following the market needs at the same speed."

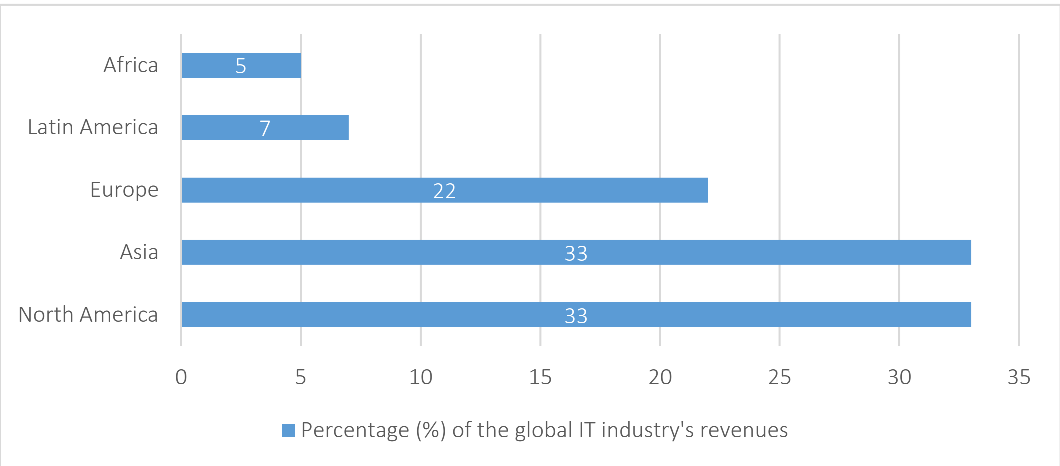
ITC industry in Croatia is facing continuous growth thanks to the vibrant activities of small and medium ITC companies among other things such as a growing number of technological parks and incubators (HGK, 2018). In addition to that ITC market in Croatia and worldwide is relatively unsaturated and has a large growth potential. According to a recent study IT spending in Croatia will increase at a CAGR of 6.1% over 2018-2022 to a total of US$ 1,9bn (HRK13.7bn) in 2022 (Fitch Solutions Report, 2018). Good fundamental IT skills and human resources levels at a lower cost than Western Europe are supporting Croatia's position as a nearshoring destination (Fitch Solutions Report, 2018). According to the same study, industries that have long been overweight in ITC spending such as finance, healthcare, and telecoms will continue to be the largest targets for ITC vendors operating in the country. They represent the largest opportunities for companies offering complex high-value solutions such as those around the IoT. Also, modernization of public services represents opportunities for domestic ITC companies to offer software solutions which will help to reduce unnecessary administration. As Country's tourism industry continues to grow at a rapid pace it represents one of the key opportunities for IT vendors. By 2022, it is expected to exceed 19.0mn in the total number of visitors, with an average annual growth rate of around 6.4% y-o-y (Fitch Solutions report, 2018). Since many domestic and international hotel groups are actively investing in their properties in the Croatian market it is followed by higher investments in their supporting IT systems.

Croatia is a relatively small market with the population of 4.1 million people with 28.7% of university-educated citizens aged 30 (Total Croatia News, 2018). After a protracted six-year recession, Croatia returned to growth in 2015. By 2017, Croatia's GDP per capita had reached almost US$13,500, or in purchasing power parity (PPP) terms, US$22,000 (63% of the European Union [EU] average) (World Bank, 2017). Although according to a recent survey done by Institute for Social Research Zagreb people in Croatia aged 19-29 mainly don't think about emigrating until they see if they can succeed in their own country about 180 people leave Croatia every day, mostly for Germany, Austria, and Ireland. In 2017 alone about 66,000 left the country totaling over 200,000 (mainly young) people emigrated in the last 5 years. Although employees who work in the IT industry in Croatia have wages that are significantly higher than average, the fact that their family members cannot find jobs in Croatia is forcing them to leave the country. Consequently, people are moving to western countries where they hope to get better jobs and higher wages. Low-income levels, high taxes, and the unstable government is not only forcing domestic people to leave but is also the reason that foreign workforce won't move to Croatia. Therefore, finding good employees has become one of the major challenges that companies are facing nowadays.

Whenever major changes take place, such as the industrial revolution, labor market disturbances arise. ITC with constant innovation is actually constantly creating a revolution, and the labor market fails to respond to its needs. Therefore, in FIVE they are well aware that it is necessary to react immediately. However, despite theirs continues search for new employees and attractive compensation packages they offer, they always lack good people. "There is no such thing as enough human talent. We are always short on that account, knowing that we do owe everything to our employees.", said Luka Abrus. They are mostly hiring skilled engineers and designers, but as well as most Croatian companies in the ICT sector, they are also facing the problem of migrations of employees to mainly Germany, Ireland and Scandinavian countries. In FIVE they are aware that it is not just a matter of earnings because generally excellent people who are very well paid and are having interesting jobs are also leaving the country. One of the reasons is that these people are looking for challenges and there are more opportunities for self-development abroad, the second problem is that they are usually having young families and their husbands or wives cannot find satisfying jobs in Croatia and they are often the ones who initiate a departure.

The following case study represents the FIVE agency and its management decisions while dealing with problems of finding the right people to improve their business model, as well as the gap between the supply of employees who have finished their education and are looking for a job, compared to demand on the job market.

FIVE is a mobile design and development agency that is privately owned by Viktor Marohnić and Luka Abrus. After they left Microsoft in 2007, they both wanted to bring technology and people closer together by building award-winning digital products that generate returns for their clients, and they succeeded. After they realized that they have limited local and unlimited global potential for their products they opened the office in New York so that they could be closer to their US clients and acquire new ones. Afterall US market is interesting for its potential and fact that it is highly competitive (see picture 2). Ten years later, they employ 140 IT experts in their offices in New York, USA and throughout Croatia. Besides delivering value to their clients, this year they expect more than 50 million kunas (around 6.75 million Euros) of revenue.



Picture 2: Distribution of the information technology (IT) industry worldwide in 2017, by region. Source: Statista, 2018. Available at: https://www.statista.com/statistics/507365/worldwide-information-technology-industry-by-region

Besides offering the world-class products, FIVE offers competitive position analysis, well-elaborated growth strategy, world-class design, client orientated development, quality assurance, customer service, and support to their clients, some of them being major brands such as Rosetta

Stone, Marriott International, Penguin Random House, Napster, and Choice Hotels. They owe their success to the quality of their work and the relationship they build with their clients. They not only build successful products that evolve their client’s business, but they cooperate in everything that follows: they set the growth strategy, deliver the product, and continually track, analyse and optimize all the funnels. Finally, it all comes down to app revenue, and FIVE also relentlessly optimizes engagement and retention for their clients.

Since they have 100% turned to export and almost exclusively to their US clients, they are battling on the most competitive of all worlds’ digital battlefields and that is not easy for a Croatian company. However, they say it is more difficult to create a company focused on the domestic market that is exceptionally small and at the same time overwhelmed by obsolete IT companies that hold most of the market, which also explains their decision to work on US market.

To be able to deliver the best value for money products and services to their clients, they need employees with a certain mind-set, a set of skills and expertise. So, what they were referring to in their Facebook unconventional job advertisement, was that they were looking for employees who are not overconfident in their decisions, who reconsider their knowledge, always question premises and do not think that they know everything, in short, the ones who are constantly curious. A person who is full of oneself and over-confident in his/hers decisions immediately gets a “red flag” at FIVE's selection process. "It’s been in FIVE’s culture for years to raise employees to be modest and never arrogant.", said Abrus. FIVE tends to create awareness that their client knows much more about their business model than they do, and they always have to learn a lot in order to understand client’s problems and their value package. "If there are some inquiries regarding advertised vacancy we always tend to respond in timely and relevant manner", said Ana Petrović head of Human Resources in FIVE.

In Croatia, everyone is entitled to free education and it’s funded by the Ministry of Education. Only that fact gives each one of Croatians the right, people in other countries can only dream of. Just to compare the average cost of just a single college credit in the US is $594.46, according to a study by Student Loan Hero (Kirham, 2018). And this financial strain isn't going away anytime soon, since outstanding student loan balances amounted to a whopping $1.31 trillion as of Dec. 31, 2016, according to new data from the Federal Reserve Bank of New York (Wellman, 2017). The primary school which lasts eight years is compulsory while enrolment in a 4-year program in the secondary school is non-compulsory. After high school, most of the students decide to pursue higher education, except for some graduating from vocational schools. Higher education is divided between polytechnic schools and universities, run by Bologna program. It all sounds harmonious but Croatia is the last European country which still, in 2018, doesn't have informatics as a mandatory course in primary schools. Moreover, certain interest groups advocate against the decision to implement such course in all schools as mandatory, claiming it's unconstitutional. With that being said, it's clear why FIVE and similar innovative companies struggle to find employees who would be the right fit for them. However, when they find a person who is showing potential, they grab him/her and help them to fulfill their potential. That's why FIVE signed a formal agreement with Faculty of Electrical Engineering and Computing (hereafter FER), and Faculty of Organization and Informatics (hereafter (FOI) both parts of University of Zagreb for summer internships where students work on real projects. It is interesting to acknowledge that both FIVE co-owners were top students on FER. Besides those two in FIVE they also take students from Faculty of Graphic Arts and Faculty of Architecture - School of Design clearly showing their strategic goal towards STEAM students. In FIVE there are aware that knowing how to make a product is no longer enough (in part artificial intelligence and smart machines will soon automate almost every data-driven task). That means that in near future humans will contribute to the business model more in understating the needs, shaping the desired behaviour and by constructing good product design that's effectively communicating that meaning to the consumer.

In FIVE they think that there is a gap between what employees gained during their education and what you expect from them but it depends on the school. "Students coming from FER are mostly well prepared for junior programr positions. With students coming from other schools we have to work more so that they catch up.", said Ana Petrović. She also states, "Schools should connect better with potential employers and see what knowledge and skills they look for in hiring junior employees for related positions. For example, we really appreciate when students have basic and if possible advanced knowledge in project and program management, design management and programming. In addition, schools should also shape their programs with more opportunity for hands-on work in employment relevant directions. It is wrong that many schools do not ask from their students to have practical experience during their studies but there are some good apples. For example, students coming from previously mentioned FER, come with good base knowledge and deeper understanding of programming concepts and they brushed it over practical software development courses in Android, Java, iOS… Together with FOI they also have strong career centres where they promote and facilitate student internships early during their studies." Besides all that we need a certain set of skills so Ana Petrović emphasizes, "As I stated before and it almost goes without saying that technical skills matter when it comes to technical roles. But soft skills matter too, these skills are essential in working on complex projects – coordinating with a big international team and different profiles of people (from engineers and designers to project and account managers, who all have different styles and priorities). It is also really important that our employees do have problem-solving skills, good communication skills, and emotional intelligence when working with our clients, detecting their needs and communicating constructive ideas.”

In FIVE Training needs are analyzed from the group perspective and individual perspective – group wise we define which skills we need to support our company vision, and then analyze what programs or pieces of training can support us in developing these skills. Individually the process is similar, only the input of which skills the individual needs to develop comes as a combination of personal interests and main factors for strong performance on the person’s position. “We are also aware that desirable set of competencies in our business are not carved in stone so we tend to have a development plan for our employees and send them to various conferences and training where they acquire new knowledge but also network and create new content for our firm. Upon their return, they've got to share everything they find relevant with their co-workers who didn't get to go to the conference or training but could benefit from the content. Having that responsibility makes them present and engaged during the time of absence. In addition, we encourage our employees to give us feedback on the quality of those activities and their satisfaction so that we know if we'll send someone again. We have follow up activities after a few months to determine behavioural change – did new competence actually sink in.”, said Ana Petrović.

When Tomislav Novoselec (also an ex-FER student), today Head of Development, joined FIVE as a mid-senior Android developer, he knew nothing about Android. Soon he started working on a project for a New York-based company called Squarespace. His job was to help out creating a new Android app called Squarespace Note. Tomislav joined the team of highly skilled designers and developers and that was the first time he experienced working in a very organized group, with proper guidelines and defined processes. In a very short time, he realized how important the concept of a team is and how a team can successfully develop Android apps just by discussing wins and fails on other projects. "We always start recruitment process with job analysis where we try to cover collection and recording of everything connected to certain job from key duties, and the working conditions under which it is expected to be performed to career development plan and education needed. It is important to emphasize that although we need certain set of skills we always employ for attitude.", said Ana Petrović.

In the summer of 2014, they were overwhelmed with projects and they wanted to take in more student for a summer internship. As two developers were supposed to mentor six students, it required to come up with a mentoring plan: deciding what they want to teach them, how to track their progress and how they will let them contribute to real Five's projects.

First, they educated interns on tech things that are important for architecting the app. On a weekly basis, they organized short presentations for interns where developers showed how these things are used on existing projects and what problems they are solving. Second, and probably the most significant thing FIVE changed in their daily operations, was implementing The Code Review. Its purpose was to track the code interns are producing and give them feedback. Also, another advantage was that everyone could see comments that other people wrote to the author of the code, so one does not have to explain the same thing multiple times. It makes communication in the team easier, ensures everyone understands guidelines and follows them and offers an opportunity for everyone to suggest improvement and make excellent team cohesion. Thirdly, they had 30 minutes meetings every week to talk about the things that are important for the firm at the moment. Usually, a Team lead was the one who managed the meeting and made sure that after the meeting, a conclusion is made and that task is assigned to the right people.

These couple of novelties that were implemented in FIVE's business process resulted in a huge boost in the knowledge of all employees and code quality was better. As the team was growing, they had a growing need for some hierarchy to manage processes. The first role was Tech Lead who is in charge of everything connected to Android as a platform, including research of new things. The second role was Team Lead who is responsible for organizing team meetings, working closely with HR to hire the right people, to ensure they have enough people to deliver all projects on time and with the desired level of quality. Team Lead also organized "one on one" meetings with team members which resulted in an overall higher level of satisfaction among employees. It was easier for the company to learn about people's aspirations and desires for growth, but also to clearly communicate them what a company expects from them.

When hiring and developing people it is important to have clear understanding on roles and responsibilities. A project manager selection criterion of competence in 'effective teamwork and collaboration' may be shown to mean:

- involving peers and team members by sharing information through reports, meetings and presentations
- seeking input from peers and team members through meetings, presentations and reports

- treating others with respect, regardless of function or position
- using relationships to influence others to take educated risks for the overall benefit of the organization.

During 2016, their biggest and most successful project - Rosetta Stone, was completed. The project was carried out by people who came to the company as students for their internship. “Since I was mentoring them, this made me immensely proud, but I also realized these people managed to learn the same amount of technical stuff I spent over six years researching on my own, in a short time. I even felt a bit jealous, but it also reinforced my belief in just how important the concept of the team is,” said Tomislav Novoselec, who was at the time team Lead at FIVE.

As a Team Lead in a successful company, Tomislav was often asked: what is the secret of managing such a successful development team? First and most important thing is to trust your people, give them an opportunity to take responsibilities, allow them to take leadership positions, make decisions and let them fail in a way where they can learn from their failure. It is also important to give them feedback, so they know which things they need to improve. Secondly, in FIVE, they insist on a code review process even though it takes more time, but it ensures code consistency and high quality. Thirdly, it is important to talk to each other, to be honest, and give constructive feedback to each other. Those are the small things that make a huge impact. In FIVE they know that human resource and project managers need a proactive and systematic approach to determine the skills that will be needed by FIVE, and a plan for acquiring or developing those skills within or outside the company.

Today, Tomislav is the Head of Development at FIVE while he left Android team in the hands of a new Team Lead who started at FIVE couple of years ago as a student doing his internship program. ”It’s been gratifying to see people you worked hard to raise as an engineer are now building a new generation of exceptional engineers, the same way you were doing all these years. I have no doubt in my mind he’ll do a way better job than I did,” said Tomislav.

Although many organizations these days are facing problems with their employee engagement in FIVE it seems that they don’t have that problem. “Hire the right people, make them happy and you don’t have the engagement problem. We focus on getting the best people on board and cultivating the habit of open conversation and feedback, so people can feel free to talk about their motivation or engagement struggles if that occurs and get support to overcome it. A regular 1on1 conversation helps in detecting any type of problems on time and then we assure our employees that we’ll help them find the best solution.” explains Ana Petrović. In order to keep their employees happy and engaged in FIVE, they allow people to work from home, flexible working hours, leave office without special permission if there is some private issue that needs immediate action... They encourage people to relax and rethink their schedule by organizing social events where they all gather around fun activities in the middle of working day. In addition, they organize yoga in the office 2 times per week to help their employees maintain a healthy lifestyle, body and mind balance.

As seen in this example, FIVE has found a way to internally develop their team members into employees who can create value both for the company and the clients. To this day, they have continued with the same “formula” which seems to be working. They run multiple projects which aim to develop perspective students or employees and make them into experts of their field.

The first one is called FIVE Boot camp, which is a summer internship program in their Zagreb office. They are looking for students who are smart, already have certain technical skills and are not afraid of hard work. In 2017 sixteen students have an opportunity to develop their talents during three summer months. They’ve picked them after responsible people in the HR department have evaluated their motivation analysis, demonstrated an eagerness to learn new things, and the basic understanding of the ITC industry and trends shaping it. In FIVE they offered them 1 on 1 mentorship and code review, engagement in all team activities and working on real projects for their top clients. IN FIVE they are aware that best interns often become some of the best and most loyal employees and wonderful team members.

FIVE also takes part in Job fair, the biggest job fair in Croatia which takes place every May at the FER. More than 90 employers present their companies and opportunities for 3 000 visitors. It’s a great opportunity for students if they are looking for mentorship, internship or a job, but also a place where employees can do some great headhunting as well.

The innovative company as software developer FIVE has shown the number of resources required to get a great employee straight from school, they aren’t able to create hardly any value. To make things faster and really prepare students for the business environment, something in the education system needs to urgently be done, before we lose our best potentials.

Questions:

- Why is HR function so important for the success of FIVE's business model?
- Why are people so important in the ITC industry? Will they be replaced with AI in near future?

- How FIVE can improve its image as a desirable employer among students? From which universities/faculties/schools is FIVE mostly selecting their candidates? Why?
- Do they have any formal agreement signed with any of schools? If yes, with which one(s) and why?
- Do you think that there is competence gap between what employees gained during their education and what FIVE expects from them? According to your opinion what could schools do better while educating your future employees? What do you think which type of knowledge and skills you find most useful for working in ICT industry on entry level positions?
- Is there anything that schools are doing well at the moment? How they could improve that segment of their work?
- Do they have any sort of talent management procedures? If yes, can you briefly describe them? If no, do you think it is important? Can you explain?
- How is HR department perceived from C-level managers? Do they have any sort of formal meetings regarding HR planning, staff training and development? Is that important? Explain.
- How major HRM activities (such as staffing the organization, developing staff, compensating staff and managing employee) are designed and managed in FIVE? Is there space for improvement? Explain.
- Is there any difference between HRM function in SME and large companies? Explain.
- What's your opinion on what depends organization's specific HRM strategies?
- Why it is recommended that organization adopt clear recruitment policy and procedures?
- When starting recruitment process what do they do in FIVE?
- What are the basic elements of the good job description in FIVE?
- How training needs are to be met in FIVE?
- Which type of training presentation methods are they using in FIVE?
- Is there space for improvement regarding evaluation of training providers in FIVE? Explain.
- Do they have any work-life balance activities? Why is that important?

Resources:

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Teaching Note 1: FIVE – Closing the Gap Between Constant Needs and Wants

1. Why is HR function so important for the success of FIVE's business model? (Chapter 2)
2. Why are people so important in the ITC industry? Will they be replaced with AI in near future? (Chapter 1, 2 & 3)
3. How FIVE can improve its image as a desirable employer among students? From which universities/faculties/schools is FIVE mostly selecting their candidates? Why?
4. Do they have any formal agreement signed with any of schools? If yes, with which one(s) and why?
5. Do you think that there is competence gap between what employees gained during their education and what FIVE expects from them? According to your opinion what could schools do better while educating your future employees? What do you think which type of knowledge and skills you find most useful for working in ICT industry on entry level positions?
6. Is there anything that schools are doing well at the moment? How they could improve that segment of their work?
7. Do they have any sort of talent management procedures? If yes, can you briefly describe them? If no, do you think it is important? Can you explain?
8. How is HR department perceived from C-level managers? Do they have any sort of formal meetings regarding HR planning, staff training and development? Is that important? Explain.
9. How major HRM activities (such as staffing the organization, developing staff, compensating staff and managing employee) are designed and managed in FIVE? Is there space for improvement? Explain. (chapter 3)
10. Is there any difference between HRM function in SME and large companies? Explain. (Chapter 3)
11. What's your opinion on what depends organization's specific HRM strategies? (Chapter 4)
12. Why it is recommended that organization adopt clear recruitment policy and procedures? (Chapter 5)
13. When starting recruitment process what do they do in FIVE? (Chapter 5 & 6)
14. What are the basic elements of the good job description in FIVE? (Chapter 5, 6 & 7)

15. How training needs are to be met in FIVE? (Chapter 13)
16. Which type of training presentation methods are they using in FIVE? (Chapter 14)
17. Is there space for improvement regarding evaluation of training providers in FIVE? Explain. (Chapter 15)
18. Do they have any work-life balance activities? Why is that important?

1. EU and Croatian context for SMEs in ITC

SMEs are the backbone of the economies throughout the world. All but 0.2 % of enterprises which operated in the EU-28 non-financial business sector in 2016 were SMEs (European Commission, 2017). They are increasing in number in most countries, as is their share of employment. These SMEs employed 93 million people, accounting for 67 % of total employment in the EU-28 non-financial business sector, and generating 57 % of value added in the EU-28 non-financial business sector (European Commission, 2017).

According to European Commission (2017) all Member States except Latvia recorded growth in SME employment in 2016. Fourteen Member States recorded a growth in SME employment by 2 % or more. The frontrunners were Malta, Croatia, Slovakia, Portugal, Cyprus, Lithuania and Luxembourg where SME employment growth surpassed 3 % in 2016. According to same source in addition to that all Member States except Greece and Poland also saw SME value added increase in 2016. It rose by more than 2 % in 22 Member States and by more than 5 % in five Member States (Bulgaria, Croatia, Ireland, Malta and Romania). It is important to emphasize that the number of SME enterprises, the level of SME employment and SME value added were still below their 2008 levels in 2016 in six Member States (Croatia, Cyprus, Greece, Italy, Portugal and Spain).

In US, 20% of small business fail in their first year, 30% of small business fail in their second year, and 50% of small business fail after five years in business (McIntyre,, 2018). In EU newly founded firms, have survival rates typically between 30-60% (depending on sector) after the first five years (European Commission, 2017). According to same source the sectors which might typically be considered as the natural home of start- ups, such as ‘ICT services’ and ‘online retailing’, accounted for only 5.0% and 2.6% respectively of enterprise births in 2016.

In 2015, there were 106,221 SMEs (99.7% of the total number of registered enterprises) operating in Croatia, which achieved a share of 54% in total revenues, 69.2% of employment and 50.3% of Croatian exports, and according to all these three key criteria they have increased their share and impact on the economy of Croatia in 2015 in relation to the previous year (CAPOR, 2017). According to the same source, Small enterprises employ more than a half of all the employees in business entities in Croatia in 2015, the same as in the previous year. The number of employees in small enterprises in 2015 increased in relation to 2014 by 2.5%, in medium enterprises by 1.4%, while in the same period a decrease of 1.6% in the number of employees in large enterprises was recorded.

2. General importance of Human Resource Management (HRM)[1]

During the developing stages, SMEs tend to be more vulnerable as they encounter many difficulties due to the lack of resources, namely financial and human capital resources. Therefor Human resource management (HRM) has been identified as a crucial key success factor for SMEs in today's turbulent world.

The HRM function can include a wide variety of activities. Foremost among them is determining staffing requirements and taking steps to acquire the employees that organizations need to achieve their objectives. Taking steps to appraise and develop performance, reward achievement and retain valuable staff are other critical activities that must be undertaken.

An organization's HRM practices are shaped by several factors, including legal requirements and the ethical framework and norms and values that define an organization's culture. The latter is heavily influenced by the senior management team and, in particular, the chief executive officer (CEO).

In general, the HRM function has a responsibility for ensuring that an organization meets its legal and social responsibilities towards its employees with respect to terms and conditions of employment, quality of working life, the promotion of a healthy and safe working environment and system of work, and equal opportunity for all. The HRM function is increasingly being held accountable for its role in helping organizations achieve their economic objectives.

Given these responsibilities and expectations, many HRM teams will be concerned with:

[1] The vast *majority* of text that follows is taken from single source: Jones, R., Martain, S. (2013): HRM Fundamentals, 3rd edition, Nollamara, W.A.: HRVET but any textbook that covers field of the Human resource management should do.

- The development and implementation of HRM strategies and the provision of the advice and support necessary to enable operational areas to integrate the strategic management of people within their specific aims and objectives
- The formulation and development of HRM policies and procedures, codes of conduct, rules and regulations (all of which are communicated to managers and employees)
- The provision of specialist advice on employment legislation, contracts of employment, residency, discipline, grievances, redundancy, harassment, disability, and issues of discrimination
- The preparation and production of contracts of employment
- Negotiation and consultation with trade unions recognised by the organization
- The coordination of a comprehensive program of training and development for all staff
- Wage, job classifications and establishment, as well as provision of support and advice to managers and selection committees on recruitment, selection and promotion
- Assisting with the design and operation of performance appraisal systems
- The provision o fan employee assistance program, including a confidential counselling service
- The management of a usually centralised employment service that handles general job enquiries and that provides high-quality placements of permanent, contract and casual staff in the organization.

In summary, the HRM function embraces all the activities associated with the management of people. Either line managers perform all the duties related to the management of staff, including selecting, performance managing, developing, compensating and administering the ongoing employment of staff, or, in larger organizations in particular, HRM exists as a separate function with an HRM director or manager and support staff who have responsibility for overseeing the HRM function for an entire organization.

3. Introduction to the HRM function[2]

The HRM function can include a wide variety of activities. Foremost among them is determining staffing requirements and taking steps to acquire the employees that organizations need to achieve

[2] The vast *majority* of text that follows is taken from single source: Jones, R., Martain, S. (2013): HRM Fundamentals, 3rd edition, Nollamara, W.A.: HRVET but any textbook that covers field of the Human resource management should do.

their objectives. Taking steps to appraise and develop performance, reward achievement and retain valuable staff are other critical activities that must be undertaken.

An organization's HRM practices are shaped by several factors, including legal requirements and the ethical framework and norms and values that define an organization's culture. The latter is heavily influenced by the senior management team and, in particular, the chief executive officer (CEO).

In general, the HRM function has a responsibility for ensuring that an organization meets its legal and social responsibilities towards its employees with respect to terms and conditions of employment, quality of working life, the promotion of a healthy and safe working environment and system of work, and equal opportunity for all. The HRM function is increasingly being held accountable for its role in helping organizations achieve their economic objectives.

Given these responsibilities and expectations, many HRM teams will be concerned with:

- The development and implementation of HRM strategies and the provision of the advice and support necessary to enable operational areas to integrate the strategic management of people within their specific aims and objectives
- The formulation and development of HRM policies and procedures, codes of conduct, rules and regulations (all of which are communicated to managers and employees)
- The provision of specialist advice on employment legislation, contracts of employment, residency, discipline, grievances, redundancy, harassment, disability, and issues of discrimination
- The preparation and production of contracts of employment
- Negotiation and consultation with trade unions recognised by the organization
- The coordination of a comprehensive program of training and development for all staff
- Pay, job classifications and establishment, as well as provision of support and advice to managers and selection committees on recruitment, selection and promotion
- Assisting with the design and operation of performance appraisal systems
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4. Objectives and strategies of the HRM function

For organization to function effectively, they need:

1. *Purpose and direction*. The organization needs to have mission, vision and/or strategic objectives that clarify an organization's reasons for existence and how resources are going to be used to achieve its mission and objectives.
2. *Organization structure*. People need to be grouped appropriately and properly managed to carry out the necessary tasks.
3. *HRM*. Staff need to be recruited, and their performance monitored, developed and rewarded.

These three elements need to be integrated. Although one element cannot be emphasised to the exclusion of others, the ultimate success of an organization usually depends most heavily on its most critical assets, namely, the employees who contribute their skill, energy, creativity and determination to it.

The objectives of the HRM function are many and varied. They could include increasing staff retention, improving safety, creating an employer brand, increasing job satisfaction and enhancing employee health. However, three fundamental purposes or objectives of HRM are:

1. To improve organization performance and productivity through the acquisition and development of critical competencies
2. To ensure compliance with laws and regulations affecting HRM practices
3. To improve organization culture and the quality of work life through open, two-way communication and increased levels of worker participation and involvement in their jobs and in workplace decision making.

The first of these objectives is to ensure that an adequate number of competent and high-performing staff are available who are able to further organizational goals. Organizations must be able to recruit qualified job applicants and motivate and retain their staff. These HRM activities are growing in importance due to the recognition that HRM practices can and do have an impact on an organization's survival, growth, profitability, flexibility, competitiveness and the ability to do more with the same or fewer resources.

An organization's specific HRM strategies depend on:

- The conditions an organization faces, including those outside the organization such as increasing competitive pressures and rapid changes in technology, those within the organization such as the existing strategies and objectives, financial situation and culture, and lastly those related to current employees and their experience, skills, attitudes and motivations
- The objectives the organization has set for the future.

How major HRM activities (such as staffing the organization, developing staff, compensating staff and managing employee and union relations) are designed and managed depends directly on this assessment of conditions and the objectives established. The HRM role is to bridge the gap between existing and desired HRM conditions.

5. Justifying and planning for recruitment

The direct and indirect costs associated with the staff employed by an organization are frequently the most significant of the costs incurred by the organization. For some organizations, staff salaries and wages and related overheads can represent 90% or more of total operating costs. These costs need to be managed constantly to ensure that overstaffing and unnecessary expenditure do not occur and that employees are achieving optimum levels of productivity. For these reasons, it is recommended that organization adopt clear recruitment policy and procedures. However, a purely operational perspective of managing human resources is rarely sufficient.

A responsibility often rests with a line manager, as initiator of a request to fill a vacancy, to justify why this action is required. Frequently a written request to the HRM Section, usually via a line manager, triggers the search for a suitable applicant to fill a vacancy that has arisen. A formal request of this type usually requires the line manager and/or the HR section to ensure that agreed staffing levels and budgets are not exceeded.

In some organizations, a recruitment plan and budget is drawn up. This is particularly applicable where the level and status of a vacancy or the perceived difficulty in filling a specialist position, for example, suggests that non-routine recruitment methods will be needed. A recruitment plan identifies both the steps that need to be taken for a successful appointment and the person responsible for taking those steps. In addition, timelines for action taking and completion of the recruitment task are agreed to, as achieving these deadlines may be critical to maintaining continuity of service provision or productivity levels. The timing of an appointment may also be designed to provide a reasonable period of time for a handover to occur between the recruit and the current job holder.

6. Preparing job descriptions and person specifications

When deciding on the optimum way of getting organised to achieve the goals of a business, the first step to be undertaken is determining the major tasks that need to be accomplished. The next stop requires the major tasks to be broken down into subtasks and activities to a point where individuals- and, where appropriate, terms- can perform them. Having reached this stage, a job analysis can then be undertaken to determine job requirements. Job analysis is the first critical step towards finding staff who can perform well. Job analysis help organizations to select the best people and match those people to jobs.

Job analysis is a process that involves the collection and recording of informal- job, key duties, and the conditions under which it is expected to be performed. Once the key duties or tasks have been identified, job analysis can identify the critical knowledge, skills and attributes that are needed to perform the job effectively. Job analysis four key questions:

1. Why does the organization need the position?
2. What is the job holder required of duties, and achieve by way of outcomes and performance indicators?
3. How is this job to be done, and what are the resources required to do it?
4. What skills, knowledge and attributes does the job holder need to possess?

Following are a series of steps in the job analysis process:

- Identify and isolate the various component tasks in a job. Where there are many tasks, it may be necessary for some related tasks to be grouped.
- Examine how the tasks are performed in terms of skills required, the order in which they need to be undertaken, and the extent of involvement with other staff.
- Establish why tasks are performed in a particular time.

- Determine when and why tasks are performed at a particular time.
- Isolate the main duties, determine how often they are performed, and rank the duties according to their difficulty and importance.
- Identify and, if possible, quantify key areas of responsibility for the work of others and for money, materials or equipment.
- Examine the conditions of work in terms of factors associated with the physical and social environments as well as those related to remuneration.
- Ascertain the personal characteristics (physical and intellectual), skills, attributes and experience that are needed to perform the job.

A thorough job analysis will reveal the major inputs into a job and the tasks and resources needed to achieve the outputs that are expected from the job.

Some of the methods of job analysis include:

- observation
- interviews
- structured questionnaires

Sometimes it will be necessary to use a combination of these approaches. Consider for a moment the role of a manager. Relying on observation alone will not produce an accurate picture job where the work in question has a heavy emphasis on mental processes such as reflection and planning.

Clear and accurate job descriptions and relevant person specifications or selection criteria are the practical outcomes of thorough job analysis. The role of job analysis in recruitment and selection is depicted in Figure 6.

After completing a job analysis, the next step requires the preparation of the description, which is primarily a summary statement of the job plus a detailed list of its duties and responsibilities. Usually, separate operating or work instructions describe how tasks are to be undertaken. Job analysis and description are used as a basis for recruitment, selection, employee orientation, training and supervision, as well as control, disciplinary action and performance management. Therefore, it is critical that the information contained in a job description is current and accurate.

A conventional job description potentially consists of a number of elements:

- a job or position title
- a job or position number
- a basic job objective or statement of purpose (the reason for the job's existence)

- the location of the position in the organization's structure that indicates reporting and other job-related relationships (including job title of person to whom the position accountable and other regular internal and external contacts)
- a detailed list of duties, tasks, work activities and responsibilities (e.g. for resources) and performance outcomes or indicators (the relative importance of these- or an estimate of the proportion of time taken up by each duty or cluster of related duties - is frequently shown; sometimes the authority level assigned to each duty - that is, to make decisions, to recommend, or to refer - is also indicated)
- specific working conditions that attach to the job (e.g. travel requirements)
- selection criteria/person specification.

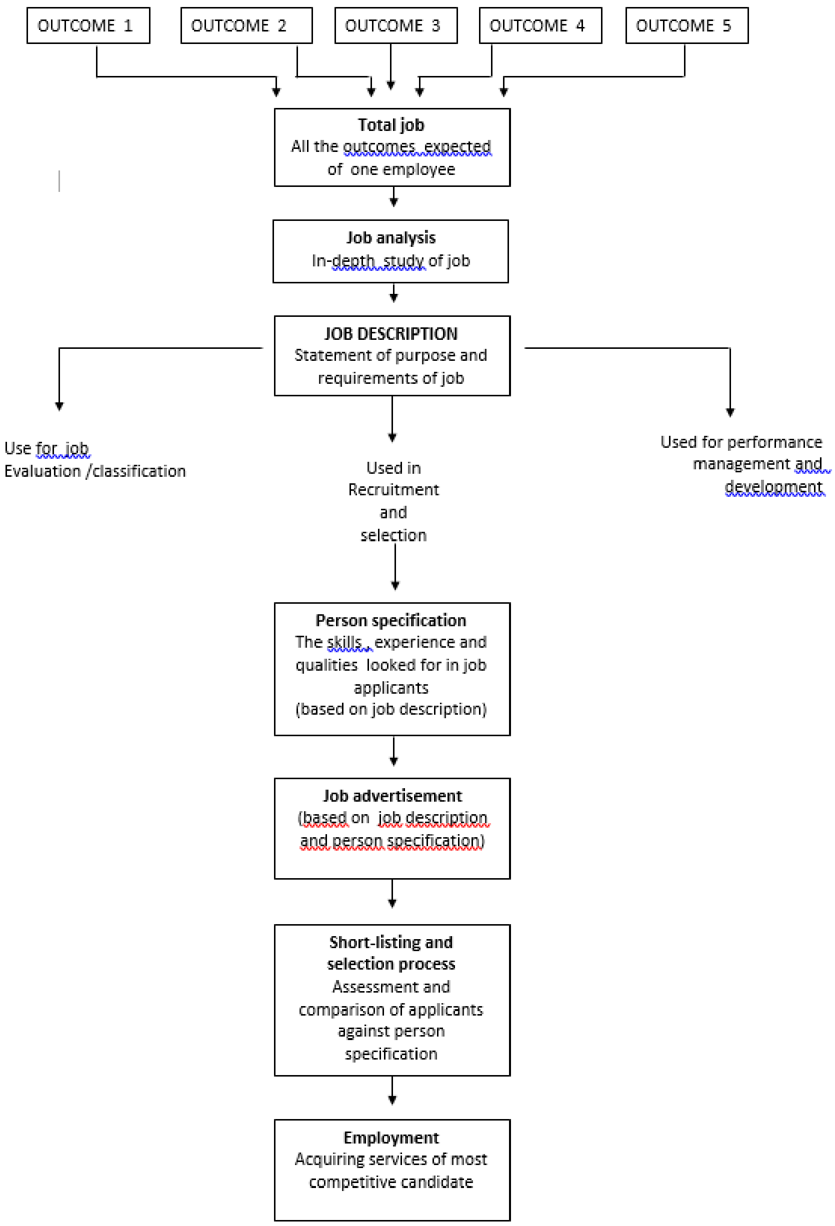

Figure 6. Job analysis and staff recruitment selection

When preparing job descriptions, the following guidelines are recommended:

- Use a brief, direct writing style.
- Use the present tense throughout.
- Commence each statement of duty with an action verb.
- Make sure each duty stated has an objective that is clear to the reader
- Use words that only have one meaning and clearly express the way in which work is to be completed

Job descriptions are prone to become out of date because of the dynamic nature of jobs. Therefore, it is important that job description is reviewed and updated regularly, perhaps in conjunction with a formal management process.

7. Competencies and job descriptions

A recent development that seeks to identify the specific set of competencies related to superior performance either in a job or at a particular level in the hierarchy (e.g. first-level managers) is called 'competency analysis' or 'profiling'.

A competency consists of skill, knowledge or any characteristic that, when applied, results in effective or superior job performance. Competencies can be seen as a collection of behaviours that in combination result in superior job performance.

The difference between job analysis and competency analysis or profiling lies in the latter's strategic emphasis. Competency profiling allows an organization to look beyond the skills, knowledge and attributes needed for the job today to consider competencies that are likely to be required in the future.

Competency analysis is the method used to identify the competencies needed for a job.

A competency-based job description defines the standards of job performance by detailing in objective, observable terms what must be done by the job holder. A competency-based job description differs from conventional job descriptions in one major way. In addition to listing duties allocated to a job, the skills and behaviours required to effectively perform the duties are also included.

The question of what competencies are required to succeed in a job is important, as this allows managers and team leaders to:

- more precisely explain areas for improvement through the performance management process and therefore help job holders to understand the competencies they need to develop in their current jobs or acquire, if they aspire to other roles in their organizations
- achieve a better match between job candidates and vacancies and, as a consequence, reduce turnover.

Often job selection criteria will include something like 'effective communication skills'. But what exactly is meant by this requirement? Does it mean negotiating, public speaking, writing, interviewing, information provision, training and/or listening skills? Such a lack of precision is something that frequently bedevils selection panels. However, a detailed competency analysis will identify the specific competency components that are needed in a particular role. For example, 'performance management competence' may mean:

- setting clear performance objectives or expectations
- reviewing progress
- providing feedback, guidance and coaching
- holding team members accountable for performance

A project manager selection criterion of competence in 'effective teamwork and collaboration' may be shown to mean:

- involving peers and team members by sharing information through reports, meetings and presentations
- seeking input from peers and team members through meetings, presentations and reports
- treating others with respect, regardless of function or position
- using relationships to influence others to take educated risks for the overall benefit of the organization

The critical competencies identified can be incorporated into the organization's staff recruitment and selection, performance management, training and development, career and succession planning, and remuneration process. Competency-based HRM processes are becoming more common in around world.

Competency profiling has a number of benefits:

- It allows for consistency and fairness in HRM practices
- It provides an objective basis for staff recruitment and selection

- It assists the performance management process by reducing ambiguity and uncertainty so that employees know exactly what they need to do to improve performance.
- It focuses on behaviours or activities that add greatest value to the organization
- It makes career planning and succession more effective by identifying projected competencies.

For consistency of presentation, many organizations adopt a standard format for job descriptions. A standard format for competency-based job descriptions could, for example, incorporate the following sections:

1. *Job information* - includes the official job title, department and/or section name, the title of the job to which the described job reports, and titles of jobs supervised if applicable
2. *Scope* - provides information about the job's financial, supervisory and other responsibilities
3. *Job summary* - consists of one or two concise sentences summarising the main purpose of the job
4. *Principal accountabilities* - a list of the primary tasks and responsibilities expected of the employee performing this job, as well as the end results that are to be achieved
5. *Minimum qualifications* - a list of experience, education and certification required of the employee performing the job
6. *Minimum competencies* - a list of those skill, knowledge and behaviours that are required for performing the job
7. *Preferred qualifications* - a list of experience, education and certification preferred to the employee performing the job
8. *Preferred competencies* - a list of those skills, knowledge and behaviours preferred of the employee performing the job.

8. Person specifications

Once a job description has been developed or updated, a further activity needs to be undertaken before the recruitment phase can be progressed. This is the formulation of a *person specification* or *profile*. A person specification is also frequently referred to as *selection criteria*. The object here is to establish a profile of the person you feel would match the job requirements, in terms of personal qualities and skills, formal educational qualifications, relevant knowledge and background/ experience.

The major task confronting a manager or selection panel is to draw up a person specification or selection criteria based on the current job description.

Developing valid selection criteria is a fundamental prerequisite for having fair, efficient and effective staff recruitment and selection processes. Every aspect of the steps in these processes from advertising through short-listing to the final selection decision must revolve around the selection criteria. Each selection criterion must relate to the job and specifically to the skills, qualifications, able to perform the duties of the position.

Selection criteria form the basis on which potential applicants decide whether or not to make an application. The more reflective of the job that the selection criteria are, the more productive the recruitment exercise will be. Poor selection decisions occur when selection panels fail to develop and consistently use a clear framework.

The selection criteria will also shape the information that is provided in job applications. A growing trend in recruitment procedures is to require job applicants to provide, in addition to a covering letter, résumé and other supporting documentation, a separate statement that systematically demonstrates how and to what extent the applicant satisfies the selection criteria. Recruiters then use responses to the essential criteria in particular to assess the eligibility of applicants to be further considered. The overall assessment of criteria then provides the basis for culling or short-listing applicants for interview. The interject questions and any other types of selection tests or devices will also be based directly on the selection criteria. Where a formal recommendation report is required, the selection criteria will assist in structuring the report.

Finally, reference to the selection criteria is useful when giving post-selection feedback. Therefore, selection criteria play a vital role in the conduct and review of the entire recruitment and selection processes.

Selection criteria should be neither vague nor so specific that they unfairly advantage those already familiar with the position in question. Specific job knowledge that may be learnt in a reasonable time may be less important than relevant competencies.

As the purpose of selection criteria is to facilitate objective assessment of applicants, factors that are not directly job-related and are subject to personal interpretation should not be used.

When establishing selection criteria, the minimum criteria required to fulfil the responsibilities of the position should be specified. To include unnecessarily prescriptive criteria that may be of advantage but that are not essential can contravene equal employment opportunity (EEO) legislation. Formal qualifications, such as the specification of a degree, can fit into this category. It may be the case that someone holding a lesser qualification such as a TAFE certificate or diploma or someone with relevant and extensive work experience but without any formal qualifications could readily undertake the role in question. Where there is a preference for a formally qualified candidate, this can be included in the desirable criteria.

Selection criteria should be accurate, but they should not define the skill requirements too narrowly since this may limit the field unnecessarily and deter potentially good applicants. Consideration should be given, when specifying skill requirements, as to whether skills might be learned and developed on without a significant impact on the effectiveness with which it is performed in the longer term. Where relevant, criteria should also aim to determine suitability for leadership, teamwork, innovation, people management and communication skills. At the same time, it might be necessary to specify a formal qualification as a mandatory requirement.

Careful consideration of the selection criteria allows for 'targeting' of the right person for the job. Employees are only as effective as their skills, motivation and fit' with the organization allow them to be. To be successful, organizations need employees who will exhibit behaviors that support the basic organization strategy or direction. When managers fail to prepare properly for staff selection, there is less likelihood of a 'match' being achieved and turnover is consequently factored into employment before the new employee actually begins work. One framework for drafting a person specification requires that the following be considered:

- physical make-up
- general or specific intelligence
- formal educational achievements
- special aptitudes
- personal disposition
- interests
- personal circumstances.

Not all of these will be relevant to the job in question. However, for some jobs information about sex, age, general health, physical fitness, prior injuries or current medical treatment will be relevant. Intelligence might include analytical creative or spatial skills. Those that are appropriate to a job can be tested for. Special aptitudes could include mechanical or linguistic skills. One or more of these special aptitudes could be critical to job success. Personality traits could point to a person who is better suited to a job where working alone for long periods is the reality. Does the person have interests that are relevant or useful, such as membership of a professional association? Are there any personal circumstances that would impact on a person's ability to do a job?

9. Consultation about job descriptions and specifications

In order to manage human resources in a manner that enhances the competitive advantage of an organization, consultation with relevant individuals and groups is required right through the HR planning and recruitment processes.

First, consultation with line managers and their team members is needed to ensure that there is a clear and accurate understanding of short- to medium-term needs and expectations for a position. What changes to the job have taken place since it was last filled, and what additional changes are anticipated for the future? This consultation enables the line manager and/or HR manager to bring the job description up to date and to modify the person specification/selection criteria as needed to ensure that a close match with current and future needs is achieved.

In many industrial awards or agreements there are clauses that relate to the introduction of change that place a requirement on an employer to, at the minimum, notify the relevant union of significant changes being proposed. Where restructuring is planned, for example, with consequent changes for job descriptions, consultation with the relevant union(s) can be both necessary and a productive process.

Consultation with organizational experts to assess likely developments and their consequences for future HR requirements has longer-term benefits. Organizations need well-researched strategic and business plans that provide clear direction and a context for decision making and action taking. Consultation needs to be undertaken to identify the human resources and competencies that an organization will require in the future in the light of predicted developments in technology in particular.

Because the effectiveness of a recruit will depend on a range of factors beyond the individual's technical competence, the views and requirements of appropriate managers and team members should be taken into consideration when a job specification is being developed.

A participatory approach to developing selection criteria is more likely to identify a more comprehensive range of selection criteria that embraces everything from an individual's technical skills through to their capacity to be an effective member of a team.

Particularly when developing new job descriptions and person specifications, managers in organizations that have dedicated HR practitioners should seek their advice and expertise.

Frequently, HR professionals will have job analysis skills and/or access to wide variety of job descriptions and related selection criteria through their networks and Internet sources.

10. Ensuring that job descriptions and specifications are compliant

A job description needs to reflect role requirements and company with organizational and legislative requirements and with industry codes and standards as appropriate. Job specifications also need to be written in a clear and succinct manner, conforming with relevant legal and organizational requirements.

Before advertising, it is important that the HRM section confirm the accuracy and appropriateness of the current job description and selection criteria for the position that has fallen vacant. The line manager and work team need to have the opportunity to assess the current situation and modify the job description and selection criteria to reflect changes that have occurred. To some extent, the future needs of the position should be factored into the selection criteria.

The most commonly used method of determining the job specification or 'human' requirements for a position is through the experience and informed opinions of line managers or supervisors and HR managers. This is a task that needs to be undertaken seriously, as organizations need to develop and use valid predictors of superior job performance in order to ensure continuing success. Another obvious reason is to comply with Equal Employment Opportunity (EEO) legislation.

Job specifications can also be based on statistical analysis. This approach attempts to establish a link between a selection criterion, such as intelligence, and some aspect of job performance.

A procedure for statistical analysis involves:

- undertaking job analysis determine how job performance can be measured
- identifying selection criteria that your experience suggests should predict effective job performance
- assessing job candidates against these selection criteria
- measuring the subsequent job performance of staff selected
- analysing the relationship between the selection criteria and job performance; in other words, establish whether the former genuinely predict the latter.

In the case of an existing position, the line manager should review the existing job description to ensure that it still mirrors what is actually needed from the position. The currency of the job description should be reviewed with both the present occupant and the immediate team leader or supervisor. At this point, there is a need to check the person specification to ensure that it is up date and consistent with the requirements of the position. If the position has changed, its classification may need to be upgraded or downgraded. The selection criteria should be measurable, and the means by which they can be identified (e.g. interview, skills test, referees) should also be determined.

In medium to large organizations, job descriptions and selection criteria are usually forwarded to the HRM section through the relevant line manager with endorsement to begin recruitment. The HRM section checks the job description and selection criteria for appropriateness, compliance with organizational and relevant legislation, and general completeness.

11. Obtaining approvals to advertise vacancies

When a job vacancy arises, it is perhaps a reflex reaction to assume that it must be filled. However, a request to fill a vacancy should not in itself be sufficient reason for an organization to automatically proceed to advertise. If there is an existing business plan for the unit in which the vacancy has arisen, and circumstances have not changed, then the immediate filling of the vacancy is most likely warranted.

In the absence of such a plan, questions such as the following need to be asked:

- Is the position still needed? Can the work it performs be eliminated? What would be the consequences of not filling it?
- Can its tasks be done in other ways? Do advances or developments in technology provide alternative solutions?
- Is the nature of the role suited to the employment of a trainee or an apprentice?
- Can the tasks and duties be reallocated within the unit or to another unit?
- Can a less than full-time appointment cope with the current workload?
- Can the work be outsourced or subcontracted?
- Is a new appointment within budget constraints?
- Does the current level of performance and/or projected performance of the section or organization warrant proceeding to fill a vacancy or a new position?

Typically, a request to recruit or advertise is directed to the HR section so that action can be taken to find a suitably qualified person to fill the vacant position. However, because labour costs are the most significant cost for many organizations, quite rigorous checking systems for such requests usually apply.

In medium to large organizations, employment request or requesting forms must be completed to commence the recruitment process. Basically, these control processes are designed at the minimum to ensure that planned staff establishment levels and staffing budgets are not exceeded. In addition to being signed off by a section leader or supervisor, such requests frequently need to be authorised by higher level management and/or the Human Resource Manager.

In the case of a new position or a change warranting reclassification of an existing one, the line manager may be required to complete additional documentation that provides a basis for determining an appropriate job classification and level of remuneration. This documentation is sometimes reviewed by an HR practitioner who specialises in the field of job creation and classification. The HR section may in turn prepare a report containing recommendations that then need to be decided upon by senior management or a committee especially convened for this purpose.

The documentation required to initiate and control this process often includes:

- a new job description form or a reviewed job description form (if one currently exists)
- an approval to employ/re-employ or advertise
- a job assessment or evaluation questionnaire (if a new position or a restructured position)
- an organization chart showing how the position fits into the organization (if the process involves establishing a new position, then the current structure should be shown along with the new structure)
- a covering memo or report detailing the business case for the appointment and/or the restructure. The business case on which the request to fill the vacancy is based should demonstrate that alternative attempts to achieve the effectiveness of the operation would not be adequate, and that filling the vacancy is clearly the best thing to do.

The result of the establishment of a vacancy should be consistent with the achievement or maintenance of a section or department's agreed staff establishment or FTE (full-time equivalent) allocation. Actual and projected salary expenses should be within budget when the position is filled. The filling of the vacancy should not detract from budget management strategies.

When the job description and associated job classification and remuneration level are signed off on and approval has been gained to fill the vacancy, the HR section initiates recruitment.

12. Undertaking recruitment

A formal recruitment and selection policy and an accompanying set of procedures can minimise the likelihood of poor staff selection decisions being made. An appropriate statement of recruitment policy can also be used to promote a positive public relations image for an organization. The good reputation of an organization as defined by its values, vision and the quality of its managers is a powerful tool for attracting the best talent available and motivating them to apply. Finally, a thoughtfully designed recruitment and selection policy can assist an organization to achieve its staffing objectives more cost-effectively. Where such a policy exists, it is important that it be updated as needed to reflect an organization's changing circumstances and HR priorities.

A statement of policy could also contain reference to:

- a commitment to employing individuals solely on the basis of merit and qualifications
- an emphasis on promoting from within, with external recruitment occurring primarily at entry or lower levels within the organization. (An organization needs to determine the grounds on which external recruitment would be justified. It also needs to ensure that it maintains a balance between the new ideas and approaches that an external recruit typically brings and the knowledge of the organization and its environment held by existing staff.)
- designing jobs that are seen to have scope, accountability and challenge and that provide for growth and development, and the capacity to enhance personal marketability
- A remuneration strategy that sees salaries matching or exceeding industry or competitor standards and rewards that are based on achievement
- the valuing of diversity and the creativity that diversity can generate within an organization
- a commitment to complying with all federal and state employment regulations
- the recruitment services to be used (e.g. whether or not use will be made of external agencies or consultants in recruiting staff).

12.1. Recruitment sources and methods

The two broad sources of recruitment are *internal* (promotion or transfer within the organization) and *external*. Obviously, an organization has to look to external sources of recruitment at some point, but the decision to be made is at which level or levels external recruitment will be emphasised. The advantages of emphasising internal sources for transfer and promotion (in particular) are:

- Employee morale and motivation are enhanced.
- More information about job applicants is possessed.
- Applicants have a good insight into organization policies, practices and procedures.
- It gives recognition to and makes use of the abilities/skills that employees are able to develop. In many instances organizations make considerable investments in the training and development of their employees. It is only reasonable that an organization should see these training investments “mature”.
- It is much more economical, as internal promotion is achieved through internal advertising/job posting, which is not as costly as external advertising.

The disadvantages are:

- The organization may be deprived of new ideas if recruitment is rigidly restricted to the base level of an organization.
- An overemphasis on internal promotion can lead to not adequately filing positions that require special skills and qualifications.

The external sources of recruitment available to an organization are:

- advertising in newspaper, trade magazines and professional journals
- public employment agencies (Employment National offices)
- private employment agencies including members of job Network
- educational institutions
- recommendations of present employees
- unsolicited applications
- professional search firms
- “head hunting” or “stealing” talent that has been identified in other organizations
- nepotism (hiring of relatives and friends does not necessarily mean hiring on the basis of merit, but some organizations, particularly “family firms”, may see interest and loyalty as offsetting this)
- leasing (this may be used effectively to adjust to short-run fluctuations in personnel needs; although it is not widely used in Europe, this approach to recruitment is well established in the United States)
- professional associations

- Internet recruiting.

12.2. Recruitment and the internet

Online recruitment is widely recognised across world as a speedy and economical way to locate staff. There has been a rapid growth in online products developed to help recruiters and employers streamline their recruitment processes. Employers and recruiters are increasingly using online job boards and, in particular, online resumes to find applicants quickly, easily and cheaply.

In EU there are many employment websites (e.g. Adzuna, CareerStructure.com, Eurojobs, EURES, Graduateland, JobIndex, LinkeIn, Monster.com…). Employers can enter their selection criteria into the search engines and immediately receive ranked lists of relevant resumes.

Organizations are now developing more efficient screening processes, such as means by which applicants can undertake on-screen psychometric tests. "E-recruitment" offers a number of advantages over traditional approaches to recruiting. Employers are able to:

- advertise immediately at any time
- use more space and provide more detail about vacancies
- provide links to position descriptions and general information about the organization's history, structure and vision
- customise online application forms so that they collect exactly the information that is required.

Online recruiting also provides that possibility of making extremely rapid appointments, even after taking into consideration time needed or prudent reference checking and adequate screening. application can be received within minutes of a vacancy being posted. Above all, the costs associated with recruitment can be significantly reduced.

12.3. Job advertising

Before starting any kind of recruitment task or campaign, a clear understanding of whom you hope to recruit is required. Staff involved in the recruitment process should also have a sound knowledge of their organization and industry as well as the target audience and the status of the relevant labour market. Following are some suggestions that could serve as a guide to managers and staff members involved in the recruitment process.

Getting the best outcome from any kind of advertisement is exacting. Just ask people operating their own businesses! Employment advertising is no exception. Where recruitment by press advertisement is seen to be appropriate, the format and content of the advertisement need to be of a standard that ensures that the response received reflects the potential number of suitable candidates available.

It is particularly important to avoid giving any impression that the person sought is of a particular race, sex or marital status, except where that is a genuine occupational qualification. The content and spirit of the advertisement must comply with principles outlined in the relevant legislation.

As will be shown, it is also important to present to potential applicants an accurate or realistic description of the position to be filled. This advice also applies to how the organization, its location and the wider environment are depicted in a job advertisement or in promotional material presented to those people who respond to an advertisement.

12.4. General points to consider when advertising

1. *Select the most efficient means of advertising* given budget constraints and legislative and organization policy requirements.
2. *Seek candidates who actually exist*. Developing a campaign to find the perfect candidate with the precise specific qualifications and skills desired may be an expensive exercise, in terms of both time and money, and may not be successful. Be clear about the difference between desirable and essential selection criteria. The important point is to seek a candidate who can be found.
3. *Write attractive advertising copy*. The advertisement should always be written with a picture of the ideal candidate in mind. Advertising should inform and persuade.
4. *Place the advertisement in the most suitable media*. A high percentage of candidates live within reasonable travelling distance from where they will work. Usually people will change jobs before changing homes. Advertising nationally is really only justified where special qualifications are required or where a local campaign has failed or is unlikely to produce an adequate number of suitable candidates.
5. *Make the advertisement look attractive*. The largest (and most expensive) advertisement does not necessarily receive the best response, but placing an advertisement in a preferred position can help tremendously. Identify the most suitable section of the newspaper to place the advertisement in. Which pages will make the greatest impact, the professional/commercial, situations vacant or elsewhere? Recognise that advertisement in some parts of the publication cost more than in others. Where on the page should the advertisement appear? Opinions vary, with some preferring a corner spot and others opting for mid-page. Above all, the advertisement must be designed to catch the eye.

6. *Select the best time*. Timing the recruitment advertisement can be crucial. For example, public holidays, Christmas and Easter are probably not the best times to advertise. Research which day of the week tends to be the most productive.
7. *Inquiries*. Make sure that the person identified to handle inquiries is easily available to the public. Ensure that the person nominated to handle inquiries is available for the duration of the application period. This stage of recruitment is an important factor to consider. The person shown to handle inquiries should not be a candidate for the position.

12.5. How to write successful advertisements

An advertisement should achieve three objectives:

- It should *give information* about the position and the organization.
- It should *create interest* in the mind of the potential applicant.
- It must stimulate and *motivate a response*.

Generally, an advertisement should have impact, be adequate in terms of essential information and be effective in generating sufficient quality response. To be successful an advertisement needs to be more than novel or clever. It must motivate the target audience into action.

Some advertisements are written with a relatively small number of filters, with the aim of spreading the net as far as possible in an attempt to attract the widest response possible. However, if advertisements are left to open you may be flooded with applications. Making the advertisement too specific and getting a limited response or no response at all is the other extreme.

The key is to incorporate the appropriate filters into your person specification or selection criteria. The challenge is to find the right candidates. Most interest will centre around the duties, responsibilities and opportunities offered by the job and the organization. However, space is limited and usually there is only room for some of the following:

- to whom the position reports (this can be an indicator of level in hierarchy and status)
- the number of staff supervised
- salary on commencement (salary range if applicable)
- formal qualifications and work experience needed
- the major thrust of the position (it is possible to add to the major function, but make sure the advertisement does not read like a job description)
- whether the position has been newly created
- prospects for promotion

- physical aspects and benefits of the workplace, including the normal hours of business, the location, subsidised canteen facilities, availability of parking, whether the organization is close to public transport and if facilities/buildings are modern and clean
- facts about the employer, including future projects planned by the organization that may provide unique benefits or opportunities.

There is a need to ensure that the advertisement takes full account to the reader and potential candidate's perspective. Remember that potential applicants are interested in both tangible job features as found in job descriptions, including compensation and benefits, as well as extended features that include aspects not normally found in job descriptions. In assessing an advertisement, the following questions need to be considered:

- Is the advertisement heading/job title meaningful?
- Is the advertisement copy interesting?
- Will the advertisement persuade or influence suitable people to apply?
- Is the advertisement a good "advertisement" in the broadest sense for the organization?
- Is the means of applying as straightforward and easy as possible?

12.6. How to increase the quantity and quality of applicants

It is important to frame the advertisement to appeal to the motivations and needs of readers, as much as stating the requirements of the organization. All too often advertisements are very one-sided, emphasising only what is needed by the employer. Creating some motivational hooks to attract and persuade potentially suitable applicants is what is needed.

- Choose an approach that will appeal to the applicant group. The objective is to make the style of the advertisement harmonise with the applicant group it is designed to attract.
- Short sentences have greater impact, and short paragraphs can highlight the important parts of your message. However, take care not to be too abrupt.
- Use direct and simple language. Everyday conversational language without embellishment usually has the most appeal because everyone can understand it. It will also convey to the reader the impression of openness and honesty.
- Be accurate and honest. Do not hedge or be vague about information relating to the job. Be specific wherever possible, and do not be misleading. Some studies demonstrate that there is a positive relationship between the accuracy and completeness of information being provided through advertisements and recruitment success.

- Use positive-sounding words. Some words have negative connotations. Avoid using them wherever possible (See table 11.6.).

Positive sounding words appeal to the motivational needs of many readers. Ideally your advertisement should contain at least two or three words or statements that appeal to the needs of readers and relate to the nature of the job. Other statements or words that emphasise the positive aspects of the organization and its environment should also be used where appropriate. A successful recruitment advertisement is a complete communications package, not just a novel or clever idea or a job title and specification.

Table 11.6.: Positive and negative wording

Positive	**Negative**
He's interested	He's noisy
Dynamic working environment	Demanding working environment
Employ her	Use / exploit her
Thrifty approach	Stingy approach
Courageous man	Conceited man
I need to rest	I'm exhausted
Definitely	No problem
Sounds good	Why not?
Human potentials	Employees
Childish behaviour	Youthful behaviour
I'll make sure to set a reminder	I forgot
Feedback	Constructive criticism
I like it when...	Don't …
Let me explain why…	No!
Unique employee	Peculiar employee
Vintage	Decrepit
Elated worker	Manic worker

Balance the layout. An eye-catching advertisement should have clean lines and a border that distinguishes it from other advertisements. A bold, clear heading should be surrounded by white space to make it stand out. The copy should also be easy to read and paragraphs should look balanced and aesthetically pleasing.

12.7. Realistic job previews

Writers of advertisements can be tempted to exaggerate or embellish copy that is intended to appeal to readers. However, there is a body of evidence that it pays to present a realistic job preview. Recruitment can actually be made more effective through efforts to communicate what organizational life will actually be like.

In comparison with candidates who do not receive job previews, those who do are more likely to:

- turn down a job offer (and avoid a mismatch)
- perceive the organization as honest
- cope with job demands
- be satisfied with job
- remain in the job (which means lower turnover)

12.8. Layout of the advertisement

If your organization has a distinctive logo or symbol, then it should be used. A special border or frame around the advertisement could assist in attracting attention. Some organizations use distinctive borders with considerable success.

The heading must have both impact and meaning. If possible, it should offer either stimulus or challenge to your target group. Immediate reference to the job in the heading will, except in a very few cases, mean more than the banner presentation of the name of the organization concerned.

The use of bullet points and similar devices to break up text and to emphasise particular features or aspects is preferable to using unattractive blocks of unbroken text.

The main elements of copy are:

- job title
- job outline and organization information
- requirements for the position, which should focus on critical selection criteria
- remuneration or level of appointment
- how to apply and a suitable contact person (with preferred means of contact).

One approach is to present a brief but appealing description of the position and then invite readers to seek full details by contacting a suitable person in the organization. On receipt of an expression of interest, potential applicants are mailed or supplied with an application 'kit' that includes the job description and person specification or selection criteria, as well as an application form and information about how to apply.

This approach allows interested parties to do their own screening. Some will conclude that they satisfy all requirements and, if sufficiently interested or motivated, will proceed to lodge an application. Others will eliminate themselves. Good documentation will save employer a significant amount of time.

More organizations are directing prospective applicants to their websites for information's on job vacancies and to lodge applications online

13. Responding to inquires

In responding to inquiries about an advertised vacancy, the following information and documentation will be essential:

- copy of the job description and selection criteria;
- job application form;
- instructions on how to apply for the vacancy.

Background information about the organization, including its current structure, vision statement, history and development, and information about the local environment and facilities are also recommended. Increasingly, organizations are making the above available through the Internet, with applicants having the opportunity to lodge their applications electronically.

14. Defining training needs

Once specific training needs have been identified, employers need to consider the type of training that is suitable for the organization and that will meet regulatory requirements.

An organization should consider the issues relevant to its investment. For trainees:

- time away from the workplace or normal duties
- financial support for after-hours learning
- cost associated with travel, materials, books and similar expenses
- production disruptions

If in-house trainers are used:

- time away from normal duties
- development of training material.

If external trainers are used:

- specialist fees
- course fees

- resources
- assigned learning area
- presentation equipment required (overhead projectors, butchers' paper).

15. Presentation methods

Training presentation methods vary, and organizations should consider the different types to best accommodate their requirements.

- *Face to face*. This type of training can occur at any location, on or off the job, and where the trainee is dealing directly with the course presenter. It may also involve coaching or mentoring techniques.
- *Distance learning*. This type allows the trainee to complete training, on or off the job, with self-paced materials. The materials may include learning guides, text books, videos and online tutorials. The support for this type of learning may involve the use of workplace coach or trainer.
- *On the job*. Trainees are usually expected to continue with their normal duties but are permitted time and access to workplace scenarios to perform tasks associated with the learning outcomes. This form of learning will require assessment by competent or qualified trainer. On-the-job training is often used when new equipment or plant is being installed, or where a new processes or procedures are being introduced to the workplace.

Considerations of factors such as noise levels, lighting, distraction to others and production disturbances need to be addressed before such training is undertaken.

- *Off the job at the workplace*. Organizations often opt for this type of training to reduce external training costs, prevent significant disruptions to production or large groups of employees being away from the workplace at the one time. However, consideration should be given to the quality of the learning experience and the environment in which the trainee is expected to study.

This type of delivery method is suitable for short training sessions and where the subject matter is restricted to a new process where an old system will still operate, or for refresher training.

- *Off the job in a simulated work environment*. Training employees in a simulated work environment may be beneficial to the organization because it removes distraction for the learner and other employees. this environment also provides the trainee with a focus on the subject matter. However, simulated work environment may not be able to take more than a few trainees at a session. If the training is new equipment or plant, trainees should be given an opportunity to demonstrate their skill and knowledge in a supervised environment in the workplace to ensure the subject matter is fully understood.

- *Training organizations*. Classroom environments are suitable for many training applications, in particular those that involve discussion groups, role playing or theoretical information.
- *Combination methods.* A training curriculum may involve a number of forms of training to ensure that the trainees are able to demonstrate their skill and knowledge of the subject. The process can involve on-the-job training with exposure to a simulated work environment and classroom activities.

16. Evaluation of training providers

Regardless of who is providing the training, external or internal, the following factors should be considered in ensuring that the trainer meets the organization's specific needs and regulatory requirements.

- The training is relevant to the particular industry and place of operation. It is sector specific
- Course content covers the range of subject matter relevant to the organizational needs and provides desired learning outcomes.
- Course content covers all the required learning areas in appropriate depth. Training provider addressed your requirements and learning objectives
- Training provider is a competent workplace trainer and assessor or registered trainer in vocational education.
- The training complies with national, industry or enterprise competency standards. Their trainers have the appropriate certifications.
- The organization providing training courses is a registered in relevant association and has certain reputation.
- Training provider is able to advise on and execute a style of delivery that is optimized to your workforce. They have an approach and style which is suited to your culture and workforce
- Training provider is capable to quantify what type of learning should take place.

- The organization providing training courses has transparent and respectful track record. Your company has affinity with their customer base. They have good quality client testimonials, or better, they allow you to contact satisfied clients.
- The content is current.
- The organization providing training wants to know details about the audience (who is being trained).
- The cost of the training program will return value for investment (good value for money). They have a post-training, follow-up program with participants. This helps to reinforce the learning so it is deeply embedded into their new behaviours.
- Cost of training includes trainee materials (manuals, workbooks, guides).
- The course is accredited for national training packages and qualifications.
- Trainees at completion of the course will receive formal acknowledgement of their attendance or assessment results (certificates of competency or attendance, diploma, degree).
- There are avenues for refresher training at regular intervals.
- Training environment is suited to your workforce.
- Training provider have a transparent complaints process.

In addition, any training undertaken by employees at an employer's behest should be adequately recorded for future reference. It is usual practice to allow the employee to keep the original achievement document and a copy is kept on their individual file or within the central training records. The records should be kept in accordance with regulatory requirements for record-keeping.

Being effective and efficient trainer is not that easy. Whoever did it know that it requires certain set of soft skills and a high level of motivation. Apart from everything else the ideal training provider should have following characteristics:

- Clearly differentiates what he/she does...and will not presume to “do it all.”
- Is a tenured full-time consultant, not a recently downsized corporate employee or somebody seeking your work to “tide themselves over.”
- Has actually advised a business of comparable size and complexity as yours.
- Has current references and case histories.
- Gives “value-added” insight...in contrast to simply performing tasks. Provides employees with the knowledge to perform better at their jobs.
- Sees the scope of work as a professional achievement...rather than just billable hours.

- Pursues client relationship building...as opposed to just rendering a contract service.
- (s)he needs to find ways to motivate employees to take part, and one of the best ways to do that is to find a connection between the training and their goals.

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Case 2: Art of Management and Management of Art in Estonian National Opera

Case A: General Manager in Focus

Marge Sassi, Estonian Business School, Estonia

When he started his job at the Estonian National Opera, he aimed to build a model of a music theatre with a stable workflow so that the organization could be run without the general manager for 2 years. What a challenge in a creative organization that is not just a melting pot, but could easily be turned into a Babel mess! And he really managed to do it as planned - in 9 years´ time no show has been cancelled and the whole coordination of the music theatre is running smoothly! Let's have a look at who is HE and how this kind of a miracle was and is possible?

AIVAR MÄE

Aivar Mäe started his first 5-year term as the General Manager of the Estonian National Opera on 1st September 2009. He has a reputation of "saviour" of arts organizations – he just happens to know by intuition how to solve "mission impossible". Once he was called by the Minister of Culture and told that theatre Vanemuine was very close to bankruptcy – staff had not been paid, performances had been cancelled, debts worth 3 million (EEK) - "only you can save it, but there is no money available to solve the problems". And yes, Aivar Mäe turned the theatre into success within a year by using mainly his intuition. Mr Mäe has been on stage and behind the stage for a long time. His slogan is "when motivated well, people are capable of everything."

Historical background of the Estonian national opera

Estonian National Opera (hereinafter referred to as the Opera) in Estonia is not just one of the music theatres, it is a symbol of the national identity. Once upon a time (in 1910s, eight years before Estonia was declared to become an independent republic) the money to build the opera was mainly collected from citizens' donations. Perhaps a legend, but it is told that one well-known poet who had no money, donated his jacket (the only warm clothes he had) to build the Estonian National Opera – "a nation´s temple" - as he said.

The theatre and concert building were inaugurated on 24 August 1913. It was the largest building in the early 20th century in Tallinn and one of few built with the donations of ordinary people. One side of the two-wing building was intended for a theatre and the other for a concert hall. Symbolically, the first Estonian Parliament gathered in the concert hall on 23th April 1919. Today, the Estonian

National Opera offers both – opera and ballet productions. This massive building is an icon and a dream of a small nation that has come true.

Theatres are usually remembered by their performances and not by their managers, however, the right decisions behind the stage help to bring the right productions on the stage. Estonian National Opera has had many great managers. In 1994 -2009 the theatre was managed by Paul Himma who left the theatre in a very good shape to his successor Aivar Mäe. The change of managers was smooth, as theatre has had a very good reputation and is known by its high-quality performances also outside Estonia. It is not just a place to visit but also a goal for many graduates who dream about their career as a ballerina or an opera singer, thus a highly appreciated employer internationally.

Estonian National Opera is the biggest in Estonia in many aspects: the size, the number of seats, the number of staff, the number of visitors, the number of international staff, new plays, etc. It has its dedicated fans and is constantly in the news and usually positively covered by the media. In the times of economic regression, the visits to the Opera were going up. One could conclude, there is something in this opera theatre that is really needed and highly appreciated by local people.

Current state of play

There are about 450 people working at the Estonian National Opera today. Half of them belong to the artistic staff – thus, they perform, whereas the other half supports the creation process and gives their best to help the artists on the stage as well as the audience in the theatre hall. The following numbers illustrate the diversity of the artistic staff the best – in 2016 the following types of creative staff were contracted by the Opera:

- 87 members of the orchestra,
- 52 choir members,
- 50 ballet dancers,
- 20 opera singers,
- 10 ballet soloists,
- 3 conductors, 3 pianists, 3 repeaters,
- 2 concertmasters,
- 1 show director, 1 ballet director, 1 producer, 1 performance manager, 1 choirmaster and 1 project manager.

Dear reader must already be wondering how this “creative monster” could be managed? Well, on the paper it does not look difficult at all. And there is a very special paper about the Opera -

National Opera Act that regulates the priorities and sets the indicators for the National Opera. According to the National Opera Act, the aim of the Opera is to improve the Estonian national theatrical and musical culture, promote and present the above in Estonia and abroad, and make the achievements of the world musical and theatrical culture available in Estonia. The purposes of the Opera are listed in Annex 1 to the National Opera Act. The National Opera is administered by the Supervisory Board, the Director General and the Artistic Director. The Internal Arts Council is involved in setting the repertory for 2-3 years. The Director General is responsible for the management of the executive coordinative operations of the National Opera. The Director General is also responsible for the general development and activities of the National Opera, as well as the legitimate and efficient use of the assets and financial resources of the National Opera.

State support covers mainly the staff salary costs and therefore is there constant need to generate some extra income. However, the theatre is doing well compared to smaller arts organizations, especially theatres, in Estonia.

Challenges of the management of a creative organization

Long-term planning in an arts organization with 450 staff is not an easy task, but definitely worth doing. Fixed processes help to save costs, show the right direction and enable the recruitment of the best possible singers and producers, and as an added value, to analyze the performance of the organization. When planning, both – financial arguments and "artistic quality" have to be taken into account and this might sometimes appear quite tricky. This is why a manager needs to keep an eye on the whole process and have a "good nose" according to Aivar Mäe. However, he agrees that you cannot always relay on the nose only as it may sometimes let you down - few theatres in Estonia have gone bankrupt during the last years. Mäe claims he does not know where to find the right nose – you just have it or do not have it.

Perhaps the most challenging aspect in the National Opera that the business sector could learn from is the constant need for "backup". This means that for each performance (play) there is a "second team" – in case somebody is sick, the other person has to be prepared to replace them. Staff also wears masks and the hand disinfection system is at everybody's service during the critical times of viruses. However, also both people assigned for a specific position can get sick at the same time. Therefore, there is a system that a third replacement can be brought in from Europe within 10-12 hours. In financial terms, it would be much cheaper to cancel the show. However, when thinking of the audience, the performance cannot be cancelled, as there are a lot of people among the audience to whom it is not just one of the performances, but a celebration of something very personal – let it be a wedding anniversary or jubilee. As a result of thinking from the audiences' perspective and in favour of the reputation, no performance has ever been cancelled within the 9 last years. How has this been achieved?

Taking the initiative

"The theatre system would like to exist without the controlled economy" Mäe says. Clarity is not the top priority in planning a theatre performance, as within 2 years´ time, new winds can blow and theatre might have turned itself into a completely new direction. However, already the previous manager created a special unit for creative planning that started to develop a new on-line planning tool for the whole staff. The system connects tasks with payrolls, etc. Thus, it links the resources with events in a very long time horizon and thus, provides rich data for planning, but also for ex-ante and ex-poste analyses.

Aivar Mäe stresses how important it is in his work to think 20 years ahead. In case "you create a gap, let it be in the sphere of artistic quality, audience development, staff development, etc., it is not possible to compensate it with later actions and this will stay on your conscious forever." As a result of this conclusion, the Opera focuses on a very long time-horizon in planning. There are not just staff development plans, but also a lot of development programs for the young audience, in order to bring such audience also in music halls in the future. Literally, there is a plan for everything in this Opera. However, Aivar Mäe decided to implement one more – an electronic planning system, something like an overarching umbrella, that enables to have control over the managerial and artistic processes. It is a great tool, specially designed by IT developers for the Estonian National Opera, with the aim to avoid conflict between artistic goals and economic goals.

Unexpected internal challenge

In general, the implementation of the new work plan system ran smoothly, but with one exception – the orchestra started to protest. One needs to understand the key role of the orchestra, as it is the biggest unit (concerning the size) of the opera. Aivar Mäe remembers how difficult it was to integrate the planning system into the workflow of the orchestra, as they used to have their own scoring system consisting of plusses and minuses, and the whole orchestra in corpore worked against the change. This raised the central question in the process of change - how to convince the creative staff to use the new system and kill the resistance? The Artistic Manager Vello Pähn (who you get to know closer in the next part of the case) works daily side by side with orchestra and is also the person to rely on when solving a sudden conflict.

When Vello Pähn looks back at the difficult time period, he agrees that at first the new system made life easier for the people of the mobile-generation. However, he also claims that the system *itself does not solve any problems, as it is just a tool for decision-making. In earlier days the system "cheated" quite often and this made people especially angry about it. Thus, today the system also requires constant development, which also means that one needs to update themselves constantly on how the system works. This is why there were and still are people who absolutely hate it and would prefer a system on paper where you could always see the full picture. To conclude with, it was not easy to introduce the change – as it was the matter of habits and mind-set. There were different views about the time frame for transformation to the new system.*

Annex 1 - Purposes of National Opera

The purpose of the National Opera is:

1. to organise regularly public presentations of works from the genres of opera, ballet, operetta and musical, in the form of performances and concerts;
2. to guarantee the high artistic standard of performances and concerts;
3. to propagate, in a purposeful manner, the repertoire of original works of the Estonian musical theatre, to order new works from artists and use those works;
4. to present works of value and high level visiting performers in the field of world musical and theatrical culture through performances and concerts;
5. to present Estonian performances and singers, dancers and musicians abroad;
6. to guaranteeing the employment of singers, dancers and musicians trained in Estonia and to enable their additional training;
7. to create conditions for the artistic development of the National Opera's artistic collective;
8. to organise the recording of the performances and concerts of the National Opera;
9. to participate in international co-operation between musical theatres.

Case B: Artistic Manager in Focus

Marge Sassi, Estonian Business School, Estonia

As presented in case A, the orchestra began to protest against using a new electronic planning system, while the rest of the organization took the change far more peacefully. Obviously, the intervention of the Artistic Manager was needed, as he works side by side with the orchestra and sets their goals. Before the introduction of the Artistic Manager Vello Pähn and description of how the problem was solved in reality, the reader should understand what makes creative staff special and how the orchestra used to work before the introduction of the new system.

Life of the orchestra before the new system

The work of the orchestra had always been arranged on the basis of a specific schedule (on paper), in order to maintain democracy among the orchestra staff. This is needed as most of the staff has more jobs than only working in the orchestra. However, all the performances need to be staffed – for instance, Carmen could not begin without the drums. The players could indicate well in advance the dates they have other obligations and could not play. Based on the actual work load and the needs of the staff, a schedule-maker (a person) planned the monthly schedule for the staff of the Opera. As this kind of planning was very personal and the orchestra staff was not used to it, it took a lot of time to get used to the new system. Vello Pähn claims that the orchestra is like a little model of the society and as the orchestra staff is also big in numbers, it took a lot of time to just listen to everybody's worries. However, this was what Vello Pähn had to do – listen to each and everybody, and convince that their personal needs and interests will not be abolished by the new system.

VELLO PÄHN

Vello Pähn has been the Artistic Director and Chief Conductor of the Estonian National Opera since autumn 2012. Before that he had conducted various orchestras in Italy, France, Russia, Japan, the USA, Greece, Sweden, Latvia, Finland, Denmark, Spain, etc. Mr Pähn has also worked with the legendary dancers and choreographers Rudolf Nereyev, John Neumeier, Maurice Bejart, etc. He is the winner of the Annual Award of the Estonian Theatre 2016 for the interpretation of Hindemith´s "Cardillac" and Strauss´ "Arabella" on a high artistic level and the Estonian Music Council Interpretation Prize 2016.

In his current position, he has a rather challenging task – to find balance between the artistic and economic goals. Vello Pähn outlines the role of personal approach and emotions when solving or avoiding conflicts.

Specifics of the creative personnel in the opera

The staff of the Opera is very diverse, but somehow the bunch of 450 people manage to co-exist more or less in harmony. People working in the theatre are usually considered to be more straightforward and passionate than in a typical business organization. On the other hand, theatre staff opens up very slowly, but are always looking for people they could talk to. This is what Aivar Mäe is convinced of and what he is constantly doing with his subordinates – talking, personally talking, as this is what they seem to need. Vello Pähn also follows the example of the General Manager by combining listening and talking.

However, the core characteristic of creative people is the belief that the Opera is the most important thing in the world. Thus, the staff in arts organizations is very dedicated and works with passion which is really wonderful. However, creative people are rather emotional and burn out more often than ordinary employees. There are many "theatre-families" who spend most of their time in the theatre – their babies grow up within the theatre magic. Also, the number of different nationalities represented in opera is tremendous, in addition to educational, professional and age backgrounds of the artistic staff involved. In that sense, the situation in the National Opera could be compared to a Babylonian mess.

Management of diverse and creative staff

Mr Pähn considers the Opera is not "a normal work place" – as things are just happening here in a non-planned way and as a manager you have to be there to avoid things going really wrong. Also, the General Manager emphasises, that different managerial skills are needed to manage "this kind of people". Aivar Mäe calls it "artistic quibbling in-between decisions, sprockets and hooks." He explains that there is no point in giving orders in the style "this has to be done by 4 PM tomorrow". This kind of managerial approach just does not work and if needed, the boss has to complete the task by himself in order to prove it is actually doable.

In order to keep this bunch of different people together, one needs to understand their habits, traditions, customs, religions and cultures in a wide spectrum of nuances. On the other hand, the National Opera needs to integrate the whole team into the Estonian context. Toomas Haldma (a previous member of the Board) claims, that usually business organizations do not need to think about the change of generations too much. In the National Opera, however, the continuity of generations is extremely important.

"We are the mirror of our society", Mr Mäe claims when referring to different nationalities, cultures, ages, backgrounds and education of the staff. Perhaps this is why the General Manager does not sit in his office, but is constantly moving around in the house in order to talk to people. “I know all of those 500 people and therefore, I am aware who I confront and how I should behave. If you know how to open the door to this person, it is all a piece of cake”.

Aivar Mäe claims, that a person with banking experience would most probably not survive in the theatre, as they just cannot act too pragmatically there. However, he thinks that “a theatre manager could run a bank very well”. Still, perhaps the main difference between the management of a bank and a theatre is in resources – the world of arts in general can be characterized by the lack of resources and a huge amount of diversities. In these terms everything seems to be running smoothly in the National Opera – is it just good luck or a result of a well-chosen strategy? Can the General Manager do the trick alone or are more “saviours” needed to support and implement his decisions? This is where Mr Vello Pähn comes into play, literally said.

Finding balance between art and business

An art organization cannot be managed in the same way as a business organization – it just does not follow the business logic. Opera is an extremely complex organism - artistic and economic interests exist simultaneously, are interdependent and often in conflict. There are over 20 different business sectors working together in the Estonian National Opera - it could be seen as a breakdown of the whole society. Managers need to be there for each and everybody, take care of and protect everybody’s rights, however different they are and constantly stick to the joint goals. This requires a lot of effort and profound planning at every possible level.

According to Vello Pähn, THE ART is the core resource of the Opera – this is why the audience comes to the Opera and this is also what is assessed (usually criticized) after the theatre performance. It is extremely difficult to plan success and there is no fixed formula of success. However, there are some classical pieces (or safe choices you may call them) that always engage the audience and initiate more or less positive reviews. But one could obviously not only rely on them. When you aim to do something really interesting, then the team consists of new members and the final performance is born as an *amount of different accidents* (the words of Vello Pähn), thus more or less unplanned.

The search for balance is like walking on a very thin ice and balancing in-between artistic and economic goals – this is what needs to be done constantly in the Opera. “If we had no financial limitations, our program would be more contemporary and interesting,” claims Mr Pähn. But there are a lot of limitations and a constant need to pay salaries to 450 people. At the same time the audience expects something really special – Mr Pähn emphasizes that they do not create art for themselves, but for the audience, and this is something often forgotten. Provision of “something for everybody” is not the best choice, whereas selling the soul to the devil (money) is not the best solution as well. The electronic work plan was something that the management really believed in, something that could help to find the balance in the longer run. This is why convincing the team of the benefits of the system was and still is crucial for success.

Magic trick to solve the resistance

In case there were one magic trick to kill resistance, it could be called time. People tend to see everything from their own personal perspective, also the injustice, Vello Pähn thinks. In such a big team as the orchestra, there is always somebody left a little aside and this is inevitable. However, the Artistic Manager of the Opera always tries to explain all the managerial decisions to everybody and take the personal wishes and needs of the staff into consideration. It is common knowledge that some trees in the forest grow higher. They are able to grow, because the surrounding micro-flora supports them. This means there are no small roles in the theatre - everybody is important – without the “small roles” no performance could be performed.

Mr Pähn explains how the core of resistance is always emotional. His previous experience of conflict solution has taught him that addressing people one by one is the most efficient way to deal with conflicts. In such a way the Artistic Manager is able to solve the problems in a humane manner. The new system created some level of envy, as the decisions seemed not to be as transparent as earlier. „Creative people need to work with their professionalism in order to get the best out of them – being the best-of-you, also keeps the envy away,” Pähn explains. Another issue concerns impartial approach when solving the conflicts. Mr Pähn has a rather surprising trick – he explains it in the following way “at the very moment I am dealing with a person’s issue, I have to admire his/her talent and it does not really matter if I actually like the person or not. It is only through love that I can make this person give his/her best”.

When introducing a change, the internal climate will evidently change as well. “When an issue wants to boost out, it will happen sooner or later. It is a key success measure to prevent conflicts.” The conflicts in an artistic team have a direct and evident impact on the quality of performance, whereas the audience can also see and feel that. “We cannot afford to have a conflict in our team,” the Artistic Manager points out. When there is a person inside a team who feels offended, it is not possible to tell him/her everything. “If it is not possible to say that your work is not on a required level, then the whole performance suffers and it also means that the Artistic Director has not fulfilled his tasks properly”. A manager needs to make a decision even in a situation where the majority of the team might not like the outcomes.

Today, the electronic work plan system is working well and also the Finnish National Opera has shown some interest in adapting the system, whereas 2 theatres in Estonia are already using it on smaller scale. As the result of the latest development, it is also possible to watch all the performances in HD-quality outside the Opera. Thus, literally the boss can be (virtually) present in all the venues at all times. This means, that each play has to be a top event like a premiere. Following this principle, contributes a lot to the standard of high quality. “It took us 4 years to explain to the orchestra that the new planning system is like a new Bible for us – we really need to follow it,” Mr Mäe will always remember. Today, when the work plan collapses, the theatre will be crying – everybody depends on it.

How to keep the war away?

One more daily challenge that the management of the Opera needs to handle, is the diverse cultural background of the artistic staff – they come from 19 countries - Japan, Russia, Belorussia, etc. and all of them need to be adapted to Estonian society (both, in broader and narrower sense). No external integration training fulfils their needs, thus, also integration issues have to be dealt with in the National Opera, as it is home for many people.

Different generations work side by side in the Opera and literally depend on each other. Human Resources Manager Kärt Kinnas outlines, that one also has to take into account that the new generation thinks and works completely differently. For many young people employed by the National Opera, it is their first work place ever, as some artists are very young – coming directly from ballet schools. Surprisingly there are only two working in the Personnel Department who have to handle all the problems of the staff. How do they manage to keep the constantly changing and multi-diverse team motivated and moving towards the joint goals?

Case C: Perspective of the Human Resources Manager

Marge Sassi, Estonian Business School, Estonia

How to address diversity? There is no simple answer to the question. However, the answer may be hidden in the way how diversity is understood and managed on a day-to-day basis. Diversity usually plays a very special role in creative teams and is something that business organizations could learn from creative industries. There is no doubt that both diversity and inclusion are implemented in the Estonian National Opera in an exemplary manner!

Consequences of a non-motivated team?

Crisis is in-built into the art-creation process – this is just how it is! Just to give one example – always, after the third performance on stage, there is a crisis that everybody knows and has adapted to. As a result of that, the managers in the Opera are also partly dedicated to peace negotiations. Is there a way to avoid such a crisis?

When new team members are selected, not only their artistic quality, but also their temper has to be assessed – the new members have to fit into the existing team. One wrong person (read: non-motivated or dissatisfied) in the orchestra might ruin the whole working environment, claims Vello Pähn. And this means the orchestra is not working as it should be and is not just developing. The system has to work in a way that each and every member of the team is willing to contribute their best. This is partly controlled through regular attestations of the artistic staff. However, the Artistic Manager emphasizes that "it is possible to create music only through love and nobody can be pushed to do that!". Also, the problems at home, must not find their way to the stage. However, Mr Pähn outlines that "at this very moment when you feel like you are ready to give up, you are actually as

KÄRT KINNAS

Mrs Kärt Kinnas has been the HR Manager at the Estonian National Opera since 2010. She is a beloved colleague and head of an office of five people. She has created a modern HR management system in the Estonian National Opera.

Kärt has been trained as a lawyer and HR developer. Before joining the Opera, she was responsible for HR in the production and banking sectors. Mrs Kinnas was also responsible for HR in the Office of the President of Estonia for seven years.

Mrs Kinnas is currently a Member of the Board of the Estonian Human Resources Management Association PARE and the Head of the Communication Work Group.

close to the next step on the development stairs as possible”. Is there a way to avoid a burn-out on the individual level?

Motivation and organizational culture

One possible way to avoid the burn-out or culmination of stress is rotation. Once every year, there is a day of “changing jobs” in the National Opera. This gives, for instance, a marketing specialist the possibility to decorate the stage and to the contrary, a ballerina can practice creative writing. Such activities are not just fighting against the routine on an individual level, but they also help to improve the working processes collectively. A person in a new role is expected to suggest innovative ideas for the improvement of the job and those ideas will always be at least considered if not implemented.

In order to make the whole team breathe in the same rhythm and newcomers integrate well, a motivation system has been created to take into account the needs of the very diverse staff. The list of benefits is long, just to give some examples: a 49 days annual leave to the artistic personnel, each season begins with the recognition of good work, bonus is provided in case of a child birth, school graduation or marriage. In order to be aware of the current trends in the field, regular study visits to other theatres worldwide are arranged. This is a good way for team building, but it also enables the managers to understand what kind of internal competences are needed.

A variety of joint events also contribute to staff motivation. It is not just about the event itself, but overall cooperation before, during and after it. The whole staff contributes to the Annual Theatre Fair and for most of the joint events, whereas the HR Department is responsible for the organization of the flea market. Another example of the motivation system, is the selection of favorite colleagues – description in Annex 2. Besides nomination, this makes everybody think about common values and the importance of cooperation and communication inside their team.

In order to keep the traditions alive, the current and previous staff of the National Opera meet in a relaxed atmosphere behind a cup of coffee on the Opera´s birthday and in such way the ties between the generations are tightened. The HR Manager Kärt Kinnas highlights how important it is to keep the history alive, as there are over 600 Estonia-Alumni.

Annex 2 – Example of team building

The best employees recognition

The purpose is to recognize employees who are professionals in their field, who can advise and teach you, who are always ready to help. They are aware about changes and developments in their field but they also value traditions. They care about our theatre and coworkers. This is the colleague you are proud to work with.

RULES

- There are 9 categories.
- Those who are on probation, are not on the list.
- One person can be canditade in one category.
- Those who have been rewarded in last 5 years are not on the list.
- But everybody can vote.

MANAGEMENT AWARD

The management will give special award prize for the best idea, innovative proposal or the Project or event that most influened theatre at this season. You can name a person or team or department, event or project and write an argument why you think it is the best.

The best employees who have been rewarded 2012-2016 and are not on a list this year

2012 *Alena Shkatula, Triin Ella, Kristina Põld, Lea Peterson, Aile Asszonyi*

2013 *Juuli Lill, Jaak Jõekallas, Jonathan Henderson, Hirvo Surva, Paul Kuhi, Kärt Kinnas*

2014 *Kristel Pärtna, Triinu Leppik-Upkin, Heidi Sibul, Anton Osul, Aare Kodasma, Kaili Uus, Liina Viru*

2015 *Rauno Elp, Adam Jeffrey, Sergei Upkin, Sven Tarlap, Kalev Timuska, Malle Kaalep, Kalvi Sedrik,*

VOTING

- **May 8 to 17** you can **vote electronically** by using your employee card at all touch screens.
- Choose **KOLLEEGIPREEMIA HÄÄLETAMINE** (*under the clock)*
- Choose the name in each category (or categories you want to vote for)
- Push **HÄÄLETA!**

- **May 18 to 26** can vote those who didn't vote electronically. They can give the **vote on paper** Ask the label from HR department.
- after you have filled it, put it to the voting box on 1st floor.

NB! You can vote only once and you cannot change your vote.
NB! Voting is anonymous.

The best employees will be announced on June 1 at Final Meeting of the Season.

Please care about your best colleagues and give your vote for them!

Teaching Note 2: Art of Management and Management of Art in Estonian National Opera

Teaching Note 2 - Case A: General Manager in Focus

Introduction

Estonian National Opera is an example of an art organization that could teach a business organization a lot. The financial resources available in the National Opera are quite limited, despite the fact that the theatre is state-owned and acting pursuant to the National Opera Act. From the outside the Opera looks rather easy-going and loosely structured. Yes, there are some loosely related pieces and parts – for instance, the feedback-system is kept as informal as possible and the recruitment takes place globally. However, the structure is very well framed with an electronic planning system that is working well today. Currently, the Manager General Aivar Mäe claims, the hierarchy and work processes are functioning so well that he could leave the house for 2 years and the system would still keep running smoothly, as everybody knows their responsibilities so well. As a proof of quality, Mr Mäe indicates that no performance has been cancelled in the Estonian National Opera during his term of office. How has this been achieved?

Additional reading and watching:

- Berziņš, G. (2012). Strategic Management in Creative Industry Organizations : Specifics in Strategic Decision Making. Management of Organizations: Systematic Research, 62. https://ejournals.vdu.lt/index.php/management-organizations/article/view/791/721
- Web site of Estonian National Opera - http://www.opera.ee/en/
- Video Tour of Estonian National Opera https://www.youtube.com/watch?v=lZAavnvxFjI

Individual home work

Use Padlet environment to brainstorm possible solutions to overcome the resistance to change – how would you solve the situation (with whose help and which approach and tools would you use)?

Group work 1

Discuss the following questions with your team and try to find a compromise on them:

- what makes the management of creative staff different as compared to “regular staff”?

- why might the orchestra not have liked the change? Provide as many arguments as you could!
- what could be used as a core argument to kill the resistance to change?

Group work 2

Write an approximately half page speech to convince the staff of the benefits of the new electronic planning system. Focus on explaining the benefits and convince the orchestra to start using it. Both, emotional and pragmatic arguments should be used! In order to make the speech convincing, keep in mind the needs, fears and habits of the orchestra staff.

Teaching Note 2 - Case B: Artistic manager in focus

Introduction

As presented above, the whole team started using the electronic work plan system and peace on Earth was achieved – the enemy (individual resistance) was jointly defeated. However, one needs to keep in mind how diverse and multi-functional the staff and the opera structure are – is there anything to do to make the staff always work on the peace mode?

Additional reading

Read an article "Representational gaps, information processing, and conflict in functionally diverse teams" – http://www.effectuation.org/wp-content/uploads/2017/06/Representational-Gaps.pdf

Individual home work

Plan practical steps what to do to elaborate team spirit in the Opera and avoid conflicts to arise. Keep focus on increasing the "team spirit" and "integrating new team members".

Group work

Discuss the following questions with your team and try to find compromise on them:

- why is it important to keep the team motivated and what are the consequences in case some people are really dissatisfied within a creative team?
- how to keep a diverse team motivated and moving together towards the set goals?
- what kind of bonus systems or motivation packages could be used to avoid the burn-out of employees?
- how to train and integrate newcomers in the Opera?
- how can the Artistic Manager or the Human Resources Manager contribute to cheering team spirit?
- how to contribute to the continuity of generations in the Opera?

Teaching note 2 - Case C: perspective of the human resources manager

Introduction

By now you should already know how the Opera functions. You have been introduced with some managerial challenges and also the existing solutions. However, there is much more going on … Therefore, as the final task, please map and analyse the challenges, issues and problems that were not addressed directly in the cases A, B and C, but caught your attention.

The list described above, should consist of dilemmas that are not self-evident. Based on the above list, formulate risks. Then, prepare a risk assessment (with max. 10 risks listed) using any of the tools introduced here - https://www.smartsheet.com/all-risk-assessment-matrix-templates-you-need

Individual work

As a result of the analysis, write a short essay about the core challenges and opportunities of the Opera. After describing the risks and their likelihood and severity in detail, take a position of either a General Manager, Artistic Manager or HR Manager and explain briefly what would you do from your perspective to diminish the potential risks.

Group work 2

As you have already witnessed, the Opera is functioning smoothly in spite of its diversities. However, there are some managerial issues to be confronted constantly. Let us give an overview of TOP5 challenges that the management constantly faces:

1. Staff is in constant need for renewal as the repertoire is changing annually and there are ca 10 new performances every year. However, people cannot be recruited only locally, as the Estonian labour market does not provide a sufficient number of qualified specialists.
2. Once recruited, how to motivate newcomers with very different cultural backgrounds in order to make the staff work as a team?
3. How to enrich the working environment in a situation with constant constraints – the venue as such provides literally not enough space for the current staff?
4. How to earn profit in a situation with constant need to invest more into the working environment and keep salaries on a competitive level?
5. How to keep the artistic quality high in the constantly changing environment and under economic pressure?

Analyse the challenges and suggest solutions to them both, based on the information provided in the cases and additional materials.

Annex 3

Estonia as a small country cannot prepare all the artistic staff needed locally. However, the artistic quality of the National Opera needs to be on a high level. Therefore, ca 27% of the artistic positions are filled with professionals from outside the Republic of Estonia. The administrative staff is mainly recruited from the open labour market and in majority consists of local people. The service positions are filled mainly with arts students. Although the annual staff turnover is ca 10%, it is mainly due to the fact that most of the contracts are fixed-term and of course dependent on the new repertoire plans. There is a demand on the international labour market, but more resources are needed to recruit internationally than it would be in the case of the domestic market. In order to fill-in some artistic positions, also head-hunting or word-of-mouth methods are exploited, and many candidates worldwide apply. For many young talented people, a job in the EU is a dream – the Estonian National Opera is the entrance to Europe and a starting point for their international career.

The domestic market of professional training providers is also rather limited. Therefore, co-operation with universities plays an important role, as it contributes directly to raising the new generation of staff. Evan though the cooperation with local musical schools and arts schools is working well, there is always room for improvement. The HR Manager constantly tries to find trainers with a “special angle”, thus understanding the arts world. A local or external coach is training the personnel on-sight about specific needs-based topics 2-3 times a year. Often alternative solutions are used - for instance, traineeship in the Color Workshop lasts for approximately 2 years, as it is a very specific job and no educational institution worldwide prepares such specialists. There is a tradition, that more experienced staff members are working and teaching side by side with younger members from different cultural backgrounds. Kärt Kinnas says “We are very proud of our educational model” and she definitely has a good reason for that.

In 2014 the idea to build a new opera house and even decision on the potential place for the new venue was on the political agenda. So far, there is no solution to the space problem, as the plans for building a new opera house have unfortunately been withdrawn.

Case 3: Who Will Go to Canada?

Sándor Takács, Corvinus University Budapest, Hungary

The situation

A 5-students group of the SSC (Strategic Case Competition) course[3] is having a preparation meeting 2,5 months before the „ISB-Ivey Global Case Competition" tendered by the Richard Ivey School of Business. It's the fall of 2017, early November. The group meets in the University's corridor at 6 pm Wednesday evening, because two of them still have seminars at 19:10 – however they had to skip them a couple of times recently, because they did not finish the meetings in time.

They started the teamwork at the beginning of the year with great expectations which was confirmed by the feedbacks, but in the last two weeks they have lost their leading position among other groups. It means that they are not likely to represent the University at the case competition is Canada. Though when they started the course they were deliberately choosing each other to be able to complete each other by means of personality, professional field, working style and way of thinking. Beside the theoretical knowledge it was important to have that kind of practical approach, which was given by the extracurricular work experience at most of the teammates.

ORSI, whose major is marketing, is currently working at her second workplace. She deliberately did not take more than 30 hours a week. She left her first job, because of the exhaustion from the 40-45 hours work, which was really well-paid, but gave no chance for further professional improvement, and almost cost her the relationship with his boyfriend.

PETER works as a consultant of corporate finance at a small financial advisory company, he assembles business assessment models and plays water polo in his free time.

ZOLI works 20 hours per week as a logistics trainee in the warehouse of a multinational organization. He found this part-time job by accident at the spring job fair and started to work after the exam-period, in summer. As he learned several new systems, he was likely to spend more than 20 hours at the firm, but for now he started to feel the downsides of this practice.

FERI is in accountancy and has a theoretical way of thinking. Earlier he wrote a paper for a scientific competition and now he is thinking of joining the PhD program, but haven't committed himself towards the academic career yet. He chose the case competition subject, because he can

[3] Students solve business case studies in English during this course in writing and prepare with presentations during several weeks, and they get feedback and evaluation from experts. Groups with the best results can represent the university on high ranking international business case solving competitions.

greatly mix his analytic skills and knowledge, and also can practice a practical approach as a second option this way.

SOFI's major is management and leadership, and although she already chose a specialisation (Process management), she is recently wondering about another specialisation (HR and Organization development) and started to attend its courses, which caused a very challenging period for her in this semester. The change started by getting an active role in the internal OD-project of a large domestic company, which seems more and more exciting for her.

We are on one of the case-solving meetings. Three are present: Feri, Zoli and Orsi. The meeting should have started almost half an hour ago and the mood is really tense. Peter have called earlier, that he has to finish a model which must be sent to his colleague promptly for a presentation tomorrow in Skopje. Unfortunately, important objections arose about the previous version, which only came up that afternoon. He was really in a hurry but intended not to do an incorrect job once again and had some problems to fix yet. Sofi is unavailable on her mobile phone and has not even sent a text message about being expected or not.

This is not the first meeting of this kind this month. On the previous meeting Zoli could not attend, or rather he came late, and he was not familiar with a case of 25-pages. Only Orsi has a relatively blameless record.

Zoli and Orsi have a conversation, Feri reads a newspaper.

Z: Shall we wait for the others or start?

O: We said that we will devote 2 hours every week, but we can not stick to it. Everybody seemed so passionate at the beginning, but now I feel I am losing my enthusiasm. We are working for the whole group. I got some remarks at my workplace recently for being late...

Z: I did not think this semester will be so hard. But this is really weird, people just dont call when they are late. I remember, this was also part of our agreement at the beginning, that we are going to call when something unexpected happens. Peter said at least something now, but I am curious...

O: Yes, as you did last week, even if you could not read it, but you were here and you had useful questions.

Z: Sure, but I do not intend to take on this role forever, this time I even took some notes. Lets start, even if they are not here.

O: OK, but I will not go by without a word next time.

F: (connecting into the conversation) I think I am the only one who has a right to complain, as I was never late, read everything etc. What would happen if I would start working at a Big 4?

At this moment Sofi enters the room, she has realized on the bus that her mobile was down so she could not call them for being late. She was getting even more nervous for this, she tried to go through the case again on the bus, but her thoughts were about the situation at her employer and the consulting firm, both expect a lot from her and now she tries to satisfy everybody... It does not seem to be sustainable for the long term... Her boyfriend started to work also this year and they are so stressed out that they almost did not have a proper weekend since the beginning of the semester, they just concentrate on tasks that have been forgotten or undone during the week and have a little longer sleep for re-energize themselves.

S: Hi guys, sorry, my telephone's batteries run down completely and I just realized it on the bus.

O: So you did not even try to call from your workplace.

S: Listen, I was really in a hurry, and before that we had a little tension with the materials I am responsible for, so I did not even have a chance. I am really sorry, I had a difficult week. Sometimes I feel that my own case would be enough for me. Yes, we should even have a look at our own case and solve it like a case study. Unfortunately, we don't even have time for it in this speedy game.

At this moment Zoli's mobile starts ringing. It is Peter, saying that at this moment he has decided for sure, that he is not going to attend their meeting. He is promising that next time he will do some extra effort, but it seems to be a high chance that he is going to sleep in the office.

Z: It seems to be that we are going to work in 4 again, it seems to become the new standard, and this may be OK, the only thing is that this way we are not going to make our way to Canada or even if we will, we won't have a high chance for winning, as the secret of that is a well-developed teamwork. But this is not a high risk, as we are going down in the point collecting competition.

O: This is a really highly motivating beginning, let us see what would be our advice for Facebook in order to increase its share prices by 30%. „We all wanna be a very successful company... But the question is: how?"

The beginning of the semester and what happened since

At the beginning of the semester participants of this course did not have any illusion that it will be tough, but they had a strong belief in the strength of self-initiated challenges. They knew each other from before a little, but on the first class when they formed as a group – taking into account previous experiences in university student groups – they have established some principles and rules and had an explicit agreement also in writing. They formulated this in order to be able to have it on the table if something goes wrong. They did not think about other sanctions as they trusted so much each other and their common goals.

There was one principle about democratic decision making, and the group size of 5 guaranteed that there won't be a deadlock, but they did not think about the possibility of being only 4 people present as their other principle was that "We should be on time and prepared!"

However, they did not discuss the possibility that someone is present but not read the case or did not prepare for the discussion.

Due to different schedules of their master programs, and the differences in their workplace requirements, they could not find a better time slot than the evening meeting. They also agreed, that if someone will be late due to an unexpected workplace duty or private program, he or she should at least send a message for the others can decide to wait or start the meeting.

Other agreements were made about how they will prepare the presentations after the discussion. The basic principle was using their comparative advantages, and sometimes assign "developmental tasks" to those members, that need improvement in certain fields – according the feedback received from other group members. Regarding the decision making they agreed that there is no central leader in the group, they will make decisions in a democratic way and the role of facilitating their meetings will be rotated.

Than the semester started, they realized that almost all specializations had some work intensive course with other group-works, they had a fragmented time schedule what has challenged their time management skills, as well as their individual work and life situation was in constant flux.

ORSI

Based on the good experiences of her practice at a company (as part of bachelor program) Orsi has chosen another employer when she started her masters, as she also wanted to experience another professional area. She was lucky to decide to leave that employer and concentrate only on her studies in her second semester. In her second year, she thought she will have less courses, so on the Job Fair of Corvinus University she has chosen a 30 hours/week trainee position at a multinational FMCG company. She was very happy for this as she has decided by then that she would like to work on marketing.

At this company, a 30 hours/week traineeship means that on average 30 hours should be spent with work in a flexible schedule: the company takes care for communication devices (mobile, laptop etc.) and students can work from home, from university, early morning or late night, also over the weekends. This solution has pressed her for a conscious time management. It was common at this company to offer jobs for those trainees who were able to show a high performance, and for Orsi it was important not to spend months with looking for a job after finishing university. Slowly she will learn the organization, her colleagues will get to know her well (last week she had a team building session with them), and she can have other kinds of trainings, internal workshops etc. So, she does not experience any negative consequences of studying in her employment status (being “only” a trainee), the work she does needs similarly high levels of responsibility, like a FTE assistant or beginner brand manager.

Through a student-cooperative she earned 80 thousand forint per months, which is not a very high salary, but above that she was eligible for other employee benefits like cheap company products or using the fitness room. She could also expect to have consultation and data gathering help to her thesis work – that was only available for trainees. That was very relieving in her last year of studies.

At this company, trainees received a very important role in the talent program; they were subject to the same performance evaluation system as normal employees. Managers regarded them as potential future leaders or specialists; they were offered a position after a very thorough selection procedure scrutinizing their problem solving and leadership competencies. There was a priority setting exercise as well, when it turned out how they handled overload and conflict (just in case they were overloaded with too many tasks from different people).

Orsi felt some dilemma about the current situation: what they could and should do with the increasing tensions within their case solving team, when she had the feeling sometimes that she did not have the energy to manage her own time either, so why to bring even more conflicts and tensions to the surface. But if things will go on like this, the situation might become even worse, so maybe they should act before it will go completely wrong.

Maybe the time has come to look at their original agreements, but unfortunately, they did not agree on who should initiate this or how to make it happen exactly. It was an explicit agreement that they are a leaderless team, she did not want to be seen as “bossy” as she experienced in previous situations that if someone does not communicate in line with the expectations, he or she can receive lots of critics behind her back.

PETER

In September Peter felt that his job will be a dream one, he managed to organize his classes according to his plans, the probation period was over at work, he enjoyed working in a multicultural environment and even sport was manageable. It was a challenge though, with no time for friends and family or travel and hobbies, but he was confident that he will be able to manage it.

One of his university teachers has called his attention to the SIM course, that offer him a broader perspective on finances, even the possibility of a mentor, that could speed up his career later on. It was only by the end of September when he realized that there were higher expectations at his workplace than originally agreed: he had to find solutions in situations that exceeded his experience level, be flexible and react immediately in situations that came in unpredictable sequences, and it was really hard to say no after his salary was raised by 40% after the first months. In October there was 250 thousand HUF transferred to his bank account.

The small financial consulting company had a "work hard - play hard" culture, its founder liked to put young colleagues into "deep water" where they "either swim or sink". Peter has accepted this challenging environment, learned something new in every project, but he was also interested in his university studies, as he knew, that for the long-term development he will also need deeper knowledge as well.

Right now, he was wondering how he could combine university lectures and his current work. He was learning constantly in his daily job, but he was unsure about how much this will help him to grow into higher level positions. He did not have any time for networking with students and university faculty, so his doubts about the return on investment on the labour market were increasingly worrying.

The SIM course was a possibility to raise his head above the daily hassles of his current life, experts and university teachers are curious about their performance, and clear, immediate feedback was what he has always relied on.

At the moment of resigning his meeting with the SIM-team he did not think about these ideas, as his boss has just expressed his confidence in his potential talents and that he did not want to be disappointed with him.

SOFI

She had her compulsory practice after the bachelor program at a big “domestic multi”, than he stayed there in 20 hours/week, going up gradually to 30 hours. In the past 2 years she rotated to several areas and she was able to learn a lot practicalities in EMS, process management and general company operations. Although the company offered a secured career and attractive remuneration package, she has been contrasted several times with old cultural habits that the they tried to change with the current “Organizational Culture Change” initiative she was involved in.

This project had an external partner that had a really different approach to employee involvement and participation, then previous ones. Orsi was very enthusiastic about real empowerment that was part of every workshop and other human development activities. Based on similar principles she has been invited to the preparation and planning of future OD activities and interventions. She has enjoyed the open, humanistic environment based on strong professional values, not showing any signs of organizational games so frequent in large companies.

She met one of her previous classmates who did not continue her master studies at this company, and she was a bit less happy, because during her first year she did not get high-responsibility kind of projects, only administrative ones (translations, documentations, preparations, organizational activities) and her salary was also much lower than Orsi’s current salary (150 thousand HUF). Orsi knew it from current contracts and proposals, that experienced consultants earn a daily fee that would be better, than her monthly package, but at the moment she did not care about material issues at all. She was more concerned about taking on “Organization development and HR” as a new specialisation at her master program, and the resulting overload with the courses of two university specialisations and the projects of two employers.

FERI

After a negatively experienced BA compulsory practice, Feri has decided to lay his energy on his university studies and do not pay much attention to the fact that almost all his friends from the university started to work besides their studies.

Relieved from the negative experiences (low status for trainee activities, ethical dilemmas etc.) he has started to enjoy students’ life again, he had time to professional and community programs, cultural events (e.g. film club), started to learn new languages … etc.

Regarding his chosen master program (Accounting) he experienced some uncertainty (whether it would be personally the best direction for him), but he thought there will be enough time to decide about it later. His choice of the university was based on similar grounds, he did not want to be a doctor, lawyer or engineer, he had good results from maths and history, so his high school teachers suggested him to choose the university for economics.

In the second year of the master program he even thought about doing a PhD, his university teachers regarded him as philosophically thoughtful, even included him as a research student into a research project. Based on his analysis of data, he even wrote a thesis for Students' Scientific Competition, receiving a 2^{nd} place. But running a scientific career did not seem to him an easy move – taking into account the salary level of the public sphere and the fact, that he has still lived with his parents, while many of his classmates lived in rented apartments with their partners or peers, paying from their own salaries. Since he heard from Peter how much he earned, his frustrations loomed even higher.

ZOLI

He has decided for the Logistics master program, because he has enjoyed his BA course a lot and his course leader was very positive about the future challenges and opportunities of the sector. He was also attracted to international projects and he felt that this choice is a good starting point.

When he started his master studies he wanted to enjoy two more years of being a student – to be free to see the world, find out what he really wanted to do, go to a special college etc. After a while the freedom of this period started to raise higher levels of anxiety than he expected. He was frustrated by his friends (with whom he could meet only occasionally) talking about their workplace experiences, his parents also put his brother into forefront who has started working already during bachelor years. So when he has found this 20 hours job during last summer, he was not hesitating too long.

At the beginning, he has taking it really seriously, asking for extra tasks from his colleagues, but they were calming him down: "do not eat it so hot", be patient and do the work we give to you. University courses were also less motivating, his classmates did not put much energy into their projects (usually due to heavy working times), quick and acceptable performance was the standard.

The SIM course was the only good thing for him, where he could put his heart and mind – maybe for the international exposure and the opportunity to work with similar minded people. Probably this was the reason that in the past couple of weeks he has become really impatient with absenteeism and lack of preparation within the team.

The end of the case discussion

Although the case discussion started with some difficulties, after a while those, who were present started to check-in and got into the flow-zone", as they called it. They even failed to realize that time was running quickly and they had to finish the meeting, because two of them had classes afterwards. Distributing the dull tasks of preparing the presentation for the course itself has caused some tensions and time delays again. Before leaving to a seminar Feri has expressed, that he did not want to take on additional tasks as he had an important role in the current discussion. They all agreed that Peter should take on more tasks (as he has offered this for the group when he has resigned his participation for the meeting), but they all felt that they can use this with strong limitations. If they wanted to have good feedback for the presentation, all the good ideas and learnings of the discussion should be built into the proposal. Finally, they all agreed that they should distribute the task among those who were present in the discussion, possible equally, than Sofi and Feri left for their classes (with 10 minutes delay).

Orsi and Zoli could stay for a little bit longer and they agreed, that at this moment there would be a chance to make a change in their teamwork. For this, there should be some individual decisions made, and also some team-rules re-considered. The agreed that before the next meeting they will meet for one hour to discuss what should be done, in order to increase their chances to be the team that goes to Canada.

The task

1. What would you suggest as Orsi / Zoli to the team next time?
2. Would you wait until the next meeting or would you communicate something before it to team members? How should they prepare for the meeting?
3. How would you plan the activities: prepare a 1 hour schedule!

Teaching Note 3: Who Will Go to Canada?

The case title (Who will go to Canada?) is an allegory of who (and especially how) students can gain from the current situation of working while doing their full time master programs (at Corvinus University of Budapest it is estimated that 60-70 % of master student does work besides their studies). Students have to learn very basic skills of time management, but also learn boundary management skills, that will be critical also for their long-term career in business organizations. Higher levels of consciousness, handling complex issues and being-self-reflective are also competences, that will be even more relevant in the future, that they can develop by discussing this case study.

After reading about further details of students' background at work and in their respective MSc programs, the task of the team is to help each other to negotiate feasible solutions with their employers and teachers, and also make some new agreements about how to handle their work-life-learning conflicts in the future.

The topics team members and also students in the class should discuss are the following:

- What kind of individual decisions would be needed as Sofi, Orsi, Zoli, Peter and Feri?
- How would you communicate these decisions within your workplace?

Here it is possible to make role-plays, students should prepare in small groups for these roles and other groups for their bosses.

- How would you prepare the process for the next meeting (as Orsi/Zoli)?
- Probably the agreements should be reconsidered, but it would be important to teach students what process could help them?

Suggestion:

This (or similar) process should come out on the basis of student discussion.

1. Step: to strengthen common goals and visions – think about why do you want to do the SIM course, what are your individual goals with winning the opportunity to represent the university on an international case competition…
2. Step: Expression of own perceptions of the situation – how do you diagnose the current situation? What went wrong? What happened that you could not foresee at the beginning? In the group level - and - on your individual level?

3. Step: What principles – agreements should be reinforced, changed – introduced – in order to bring about more effective team-work?
4. Step: How should we handle situations when someone is hurting these principles?

Self-reflective discussion:

After going through the case study, students should be given a bunch of self-reflective question:

- Which team member's situation was familiar to you? Or do you have a unique case?
- How satisfied are you with your own work/study/life balance?
- What changes you could make for finding a better balance?

Further questions for discussion:

With what kind of steps, processes etc. could the university make the challenges of work 6 learning balance easier for students?

With what kind of steps, processes etc. could employers make the challenges of work 6 learning balance easier for students?

Case 4: Strategic Decision-Making: Innovation and Implementation of a New Reporting Solution

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Introduction

A beautiful sunny winter day… Middle of December 2008 …The accounting department of the company ABC was dreaming about the Christmas party, but they had a lot to do before Christmas and New Year. The accountants needed to produce the monthly balance sheet and monthly reports for state institutions, including the statistical bureau. The chief accountant also needed to produce the yearly balance sheet. All these documents had to be created in advance, so that the president of the company would have the time to analyse and sign them before submitting. The company had seven regional branches and they were all situated approximately 300-400 km from the capital. Due to this, the biggest difficulty for the company was the task of producing daily accounting reports. The accounting department needed to have the latest data from the branches every day, but the branches had essential problems in creating and submitting the reports on time. Some data might be lost, some data might be contradictory, sometimes data might be obtained too late. Clearly the company ABC had to come to some sort of decision to solve the issue of timely data and reporting.

Overview and analysis

The company ABC had an interesting history. It was established in 1991 just after the Republic of Latvia gained independence. At the time of the case at hand, some of the original employees were still working there and were very loyal to the company. The whole team was very active, constantly struggling for better results and the best position among competitors. The company ABC belonged to the category of small and medium-sized enterprises (SMEs), the central office was situated in the capital of Latvia, Riga, and the company had been one of the players in the building and reconstruction industry for more than 15 years. There were more than one hundred employees working in five departments, mainly engineers and technical personnel, highly professional and experienced.

The enterprise had a well-developed innovation culture, a positive innovation climate and a high level of innovation potential. The enterprise considered the IT department as one of the main innovation drivers, with its highly professional specialists and successful cooperation with business departments.

According to their working responsibilities, some of the administrative personnel drove out to the countryside to observe the built and reconstructed objects, and in the process they needed to access agreements and contracts online. The business process could be described as knowledge-based, with a high orientation toward business results. Top management arranged meetings of the department managers on a monthly basis, while each department had its own weekly management meetings to discuss operational issues.

Case problem

The young manager of the production department, Janis Krumins, who was responsible for the observation of objects built according to customers' orders, was in despair. He was asking himself "What can I do? How can I cope with the situation?" He needed to submit various data about the building objects to the accounting department, so they could generate the necessary reports. The data comprised the following: the status of the building objects and the balance and building materials, such as bricks, cement, wallpaper, tiles, etc. Janis also had to know about the status of new contracts signed in the last month and all the details about them. The majority of the building objects were in the countryside while the central office was in the capital. It took some time to get the documents and contracts from the countryside to the capital as the documents were scanned and sent to the central office by fax. The fax devices in the regional offices were rather old, the transfer speed was very low, and sometimes there was a problem getting the scanned copy to the central office at all.

Janis's colleague in the IT department, Liga Abele, had obtained the documents about the building objects and entered the data into the accounting information system, so that the accounting department could produce the necessary reports. But the data volume was huge, and Liga was frustrated when she imagined the next long working day, processing all the data until late in the evening.

Meanwhile, the manager of the accounting department, Peteris Kalnins, was looking through the balance sheet. He was very close to retirement. He was very experienced, having worked at the company since its establishment. Peteris always did his best to submit all mandatory reports on time. But many colleagues believed his time was up – that someone younger and more innovative should be chief accountant.

The president of the company was worried. Every month there was the same problem. Would the company manage to submit the reports on time or would they incur a penalty for the delay? There might even be some loss of data, which was doubtlessly one of the key issues to be resolved.

The situation was untenable, but the president had no idea how to proceed. Suddenly a thought came to his mind. Christmas was coming! All the employees were expecting small Christmas gifts and all of them were hoping for a Christmas miracle. He could arrange such a miracle, but only for one of them. What if he called all his employees together and asked them to solve the most painful issue at the company by coming up with an innovative solution? What if he promised to award a Christmas vacation trip to the author of the best and most appropriate innovation? Decided – done.

The next day the president arranged a general meeting for the entire staff. Only one topic was on the agenda – innovation. What should be done in a more innovative way? What innovation could be introduced at the enterprise to solve the reporting issue and submit all the reports on time? What could be done more efficiently? Only two days were given to come up with the innovation, while a week's vacation in Singapore was announced as the prize for the winner. Employees were asked to arrange small teams up to 3 – 4 colleagues, seal their proposals in an envelope and submit them in a box in the secretary's room.

Status report and employees' proposals

For two days the company was a beehive of activity… All conversations and discussions were solely about innovations. What innovation to offer as a possible solution? Who would be the winner? Hopefully, someone young and dynamic with sophisticated ideas! The company had many such employees, as the majority were young or middle-aged specialists. The competition seemed tough enough for any of them.

After the two days were up the top management began to analyse the proposals. The box was full of ideas – some of them were unrealistic, some were not too clever, some were simply unacceptable for the company. The top management team has read around 40 ideas but nothing viable yet. Without expecting anything interesting, the managers open the last three envelopes. The first is from the young manager of the production department, Janis Krumins' team. The next proposal is from the young employee in the IT department, Liga Abele's team. The top management is interested, hoping for something innovative from these young staff members. And the last envelope is from the chief accountant Peteris Kalnins. The president does not even want to open this last envelope. What could the poor man come up with at age 60, with no knowledge of modern IT technologies, and hardly any knowledge of innovations more generally. But in all fairness they have to read his proposal as well.

Janis Krumins proposes an effective and not very expensive solution. The company should buy new modern fax devices for all the regional offices and improve the quality of communication lines between regional offices and the central office.

Liga Abele offers an entirely different solution. She proposes hiring two additional employees as data operators to reduce the time needed to enter data into the accounting system. This solution does not require much investment and would have the immediate effect of compiling reporting data according to schedule.

Both ideas could be implemented quickly, but how effective would they be as long-term solutions? The top managers are very disappointed. None of the solutions could be considered as a winner…

Without the slightest hope they start reading the innovation proposed by Peteris Kalnins. They are surprised. It turns out that Peteris is a fan of new technology, has three powerful computers at his home, plays computer games with his grandson, and reads a lot about the latest technological achievements. Peteris goes on to propose buying and installing an innovative new web-based accounting system so that any employee could enter data about building objects in real time. He has read that a lot of building companies are installing a new accounting system with web access to the data and a flexible report-generating functionality. These companies claim to be very satisfied with the new system and the possibility to operate via the Internet, but at the same time all of them acknowledge the great investment needed for implementing the new system.

Teaching Note 4: Strategic Decision-Making: Innovation and Implementation of a New Reporting Solution

This case study may be used in the following academic programs: Bachelor's in Business Administration; Bachelor's in Business studies; Master of Science in Business Administration; Master of Business Management; MBA Programs.

The recommended study courses for the given case study include, but are not restricted to, the following: Innovation Management, Strategic Management, Enterprise Resource Planning Systems Management, Information Systems Management.

Synopsis

The synopsis simply provides a general overview of the problem to be resolved and the key issues of the case and could serve as an aide-memoire for the teacher.

The company ABC was established in 1991 just after the Republic of Latvia gained independence. In 2008, Latvia was gone under tough recession and all companies were forced to think about innovations in various fields. The whole team was very active and constantly struggling for better results and the best position among competitors. The central office was situated in the capital of Latvia, Riga, and the company had been one of the players in the building and reconstruction industry for more than 15 years. There were more than one hundred employees working in five departments, mainly engineers and technical personnel, highly professional and experienced. The company had seven regional branches and they were all situated approximately 300-400 km from the capital. But the company had essential problems creating and submitting accounting reports on time. Some data might be lost, some data might be contradictory, sometimes data were obtained late. Due to this, the biggest difficulty for the company was the task of producing daily reports, as the accounting department needed to have the latest data from the branches every day. Clearly the company ABC had to come to some sort of decision to solve the issue of timely data and reporting.

The president of the company was worried. Every month there was the same question of whether the company would manage to submit the reports on time or incur a penalty for the delay. There had even been loss of data, doubtlessly one of the key issues that needed to be resolved. The president was not satisfied with the situation but had no idea how to proceed.

One fine day the president arranged a general meeting for the whole staff. Only one topic was on the agenda – innovation. What should be done in a more innovative way? What innovation could be introduced at the enterprise to solve the reporting issue, so that all the reports would be submitted on time? What could be done more efficiently?

An employee's team competition was announced for the best proposal to resolve the reporting problem. Only two days were given. The prize was a week's vacation in Singapore. Employees were asked to arrange small team up to 3 – 4 colleagues and to seal their proposals in an envelope and submit them in a box in the secretary's room.

In two days, the top management began to analyse the proposals. They read around 40 ideas but there was nothing viable. Without expecting anything interesting the managers opened the last envelopes.

The young production manager Janis Krumins' team proposed an effective and not very expensive solution. The company should buy new modern fax devices for all the regional offices and improve the quality of communication lines between regional offices and the central office.

The IT department specialist Liga Abele' team offered an entirely different solution. She proposed hiring two additional employees as data operators to reduce the time needed to enter the data into the accounting system. This solution did not require much investment and would have the immediate effect of compiling reporting data according to schedule.

Finally, the elderly chief accountant Peteris Kalnins proposed buying and installing an innovative new web-based accounting system so that any employee could enter data about building objects in real time. He had read that a lot of building companies were installing a new accounting system with web access to the data and a flexible report-generating functionality. These companies claimed to be very satisfied with the system and the possibility to operate via the Internet but also acknowledged the large investment for implementing the new system.

Educational objectives

The educational objectives of this case could vary slightly depending on the student group's speciality, the study level and the environment in which it is intended for use.

This case study relates to the specific management problem of weighing and taking a strategic managerial decision on the best solution for resolving a reporting issue.

At the end of the lesson, students should have a clearer understanding of the strategic decision-making process and the following issues:

- The importance of introducing innovations at an enterprise. Topics to discuss include: the definition of innovation as the process of translating an idea or invention into a good or service that creates value; the role of innovations at an enterprise; the main types of innovations.

- The significance of assessing the risks related to every innovation at an enterprise. Topics for discussion include: analysing and identifying the possible risks related to every solution; estimating at a high level the investments and human resources needed for the implementation and understanding of the advantages inherent in each solution.
- The value of a considered and appropriate managerial decision. Topics to discuss include: the relevance of an appropriate managerial decision to the strategic development of an enterprise and its impact on an enterprise's competitiveness; choosing the most suitable solution.

Discussion outline/question set

This section serves as guidelines for discussion. The questions reflect the key issues highlighted in the case study, but they are not introduced in a definite order; the teacher could ask them in any sequence. Depending on the study course and the student group, the discussion could focus on different aspects of the situation. It is recommended that students should be encouraged to consider and discuss in detail all the theoretical and practical issues that could arise in the given case study.

1. What risks and pitfalls could you see with the existing solution of gathering data from the regional offices by fax?
2. What types of innovations do you know of? What type of innovation could be considered as most appropriate in this case? (product innovation, organizational innovation, marketing innovation, process innovation?)
3. What advantages can you see in each proposal? Which of the proposals needs the biggest investments? Which of the proposals is the easiest to implement?
4. What are the types/dimensions of risk/uncertainties associated with each solution?
5. Analyse each solution from the strategic point of view. Which of the proposals could be considered as the most strategic solution and why?
6. Which proposal would you select if you were president of the company ABC? Whom would you give first prize for the best solution?

Tips for resolving the case problem

These tips for resolving the case problem should be regarded as suggestions. The teacher could determine the activities the students could undertake, he/she might allow the students to determine their own activities to resolve the problem. The only strong recommendation would be that the teacher should follow the process of the students' discussion to avoid a situation where students discuss issues that are not relevant to the purpose if the given case study.

The case study could be taught in the form of:

- ***Roleplaying.*** The students could be split into small teams of four. Each team member could be assigned a role: the president of the company ABC, the chief accountant Peteris Kalnins, the production manager Janis Krumins, the IT department specialist Liga Abele. Each small team would be asked to discuss key issues, select and justify the solution to the case problem, and present their results in front of the whole class, playing the appropriate role and trying to support the proposed option.
- ***Discussions in small groups.*** The students could be split into teams of 2-4 people. Each team would be asked to discuss key issues, select and justify the solution to the case problem and prepare a short presentation with the findings. The team leader would be asked to present the team's result in front of the whole class, trying to support the proposed option.
- ***Discussions on an individual level.*** Depending on the student group – diverse or homogenous in terms of nationality, culture, gender, age, experience, etc. – the teacher could opt for individual discussion. According to this method every student would be given the case study in order to read, analyse and prepare their own opinion on a potential solution. The teacher should consider the best procedure for students to present their findings, as it might not be suitable to ask every student in the class. The teacher might ask the students to write a short description of their findings and upload the Word or PowerPoint file on the e-learning platform. The teacher could analyse all the students' submissions and, in the next lesson, discuss the appropriate solution and answer any questions. This method could work best if students are shy or sensitive.

Time schedule. Regardless of the teaching method used, the teacher should encourage the students to prepare a scenario for resolving the case problem. The students should carefully read the text of the case study, analyse it and identify the key issues. It is recommended that students should be given 10-15 minutes to read the case study text, 20-25 minutes for discussion (if the teacher is using the roleplaying or team discussion method), and 10-15 minutes to prepare the presentation about the findings. In the case of individual discussion the teacher could assign 10-20 minutes to read the case study text and up to 10-15 minutes to answer the students' questions. Then students would be asked to prepare a short description of the solution as homework.

General comments and recommendations. The suggestions below could serve as guidelines on how to solve the case study problem. They are not mandatory and should not be considered as the only possible approaches. The teacher could come up with alternative scenarios and answers according to his/her experience, teaching goals and the characteristics of the student group.

However, it is strongly recommended that the teacher should ensure:

1. mandatory discussion at the end of the case;
2. that at the end of the discussion and when questions are answered, the students can generalize the findings from the case.

Comments to the Question Set.

1. *What risks and pitfalls can you see with the existing solution of gathering data from the regional offices by fax?*

Data collection is a key component of an information system. The collection of data is a time-consuming process due to geographical disparities. The data is integrated and analysed to provide relevant information for use during report generation and the decision-making process. The process of gathering data from the regional offices by fax could have the following risks:

- Delay in data delivery and data lost due to technical problems with the fax machines;
- Data lost due to human error – employees might send only part of the necessary documents, forgetting to send the rest;
- Delay in data delivery due to technical problems with the communication lines.

2. *What types of innovations do you know of? What type of innovation could be considered as most appropriate in this case? (product innovation, organizational innovation, marketing innovation, process innovation?)*

The students should remember and give clear definitions of the four main types of innovations: product innovation, organizational innovation, marketing innovation, process innovation. The Oslo Manual defines these innovation types as follows:

- **A product innovation** is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or another functional characteristic.
- **A process innovation** is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, technology, equipment and/or software.
- **A marketing innovation** is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.
- **An organizational innovation** is the implementation of a new organizational method in the firm's business practice, workplace, organization or external relations. Organizational innovation can be intended to increase a firm's performance by reducing administrative costs or transaction costs, improving workplace satisfaction (and thus labour productivity), or reducing costs of supplies.

The students should discuss what type of innovation is necessary and most preferable for the development of the company ABC.

In the given case study, innovation should be defined as "process innovation"; however, taking into account the variety of definitions of innovation, some students might consider the innovation in the reporting system at the company ABC as "organizational innovation".

3. *What advantages can you see in each proposal? Which of the proposals needs the biggest investments? Which of the proposals is the easiest to implement?*

Proposal 1

1)*From the investment point of view*. The proposal of installing and using the latest models of fax machines is one of the cheapest ones. The new fax machines would be purchased and installed in the seven regional offices, replacing the old fax machines.

2)*The easiness of implementation*. The process of purchasing, delivering and implementing the new fax machines is very fast. The IT department of the company ABC would just select the needed models of fax machines considering the average and maximum volume of the scanned documents, the models' prices, and their technical characteristics. After placing the order for purchasing and delivering the fax devices, the old ones would be replaced.

In case of Proposal 1 the total sum of investments and the time for implementation is low enough and the company ABC would get a cheap and fast solution.

Proposal 2

1)*From the investment point of view*. The proposal of hiring two additional employees is not very expensive in terms of regular expenses; the salary of the data operators may not be among the highest and might be as high as the average salary in the country.

2)*The easiness of implementation*. The process of hiring new employees is very fast. The personnel department would place an advertisement in an online portal with the requirements for the new data operators. After the candidates are interviewed and assessed the new specialists could start working for the company.

In case of Proposal 2 the total sum of investments and the time for implementation is low enough and the company ABC would get a cheap and fast solution.

Proposal 3

1)*From the investment point of view*. The proposal of selecting, purchasing and installing the new web-based accounting system will be expensive. However, we could consider this proposal as the most strategic, as the company ABC would get a modern, effective IT solution for the next few years, with the latest relevant business functionality.

2)*The easiness of implementation*. The process of implementing a new web-based accounting system will be complicated and not too fast. We forecast some level of resistance from end-users of the new web-based system due to the habit of working with the old system and natural scepticism about change.

3)*From the effectiveness point of view.* The new web-based accounting system will ensure the receipt of appropriate data on time, prevent data loss, and support online access to the data for all the employees with permission rights. This could essentially improve the business processes at the company ABC, providing smooth and correct report generation for all stakeholders.

In the case of Proposal 3 the total sum of investments and the time for implementation is high, but it would be the most strategic solution: the company ABC would be able to process financial data about business results effectively.

4. *What are the types/dimensions of risk/uncertainties associated with each solution?*

From the risk/uncertainty point of view. The students should analyse some types of risk and uncertainties related to the proposals.

> In our day-to-day conversation, we use the two terms ‘risk’ and ‘uncertainty’ synonymously. Both imply “a lack of certainty”. When asking the managers how they defined risk, most of them distinguished between different types of risks, such as fire risk, financial risk, technical risk, commercial risk and investment risk. (Riabacke, 2011)

Proposal 1

Financial and investment risk related to Proposal 1 is very low. The total sum of investments for purchasing the fax devices is not very large and the risk of financial losses is negligible.

From the technical risk point of view the risk of unsuccessful implementation (installation) of the new fax machine models is very low as well. There are no serious concerns from the technical perspective in purchasing and installing fax devices.

Proposal 1 is the most reliable from the operational risk perspective. There is nothing very risky in installing and operating the fax devices; the staff is used to working with faxes and sees no difficulties in migrating to the new fax models.

Proposal 2

In case of Proposal 2 the total sum of expenses for hiring two new employees is not very large, so we see no financial and/or business risks.

There would be nothing risky from the technical risk or the operational risk perspective. The only activity needed would be training the new staff, which would involve clear instructions on data processing and some mentoring in the adaptation process.

Proposal 3

The proposal of selecting, purchasing and introducing a new web-based accounting system at the company ABC could be considered as the riskiest one.

The investments and the time for implementation of a new web-based solution will be considerable. The financial risk is high as the company could succeed in the implementation process but could also have a negative experience and fail due to the complexity of the process. In this case the company might suffer financial losses and deteriorated business results.

The company would revise its business process, carry out some reengineering and change the list of responsibilities for several positions, which could cause operational risks. Operational risk might also increase considering the following potential factors: staff resistance to changes, insufficient training, and lack of needed skills and knowledge of end-users.

There might be a high risk level considering the technical issues of web-based system implementation. Students should understand that the implementation of any new information technology system requires various changes in the technical and software environment, involving multiple risks.

5. *Analyse each solution from the strategic point of view. Which of the proposals could be considered as the most strategic solution and why?*

The only genuinely strategic solution is Proposal 3.

The teacher should emphasise that Proposal 1 and Proposal 2 cannot be considered as strategic solutions even to some extent. Replacing old fax devices with the latest models is only a short-term “patch” that will resolve immediate problems but not support the long-term development of the company. The latest fax devices have the same risk characteristics and restricted functionality. Proposal 2 will resolve the immediate problem of staff shortage and could ensure smooth data entry if the amount of data remains the same. In case the company increases its production volumes, the capacity of two additional employees might not be enough and there could be a new shortage of human resources.

Though Proposal 3 requires a high level of investment and serious reengineering of business processes and is quite risky, this is the only solution that could resolve the problem of the company ABC from a strategic perspective. It is a long-term scalable solution, ensuring flexible online data entry, smooth, convenient and secure access to business data, and a powerful and effective report generator for all stakeholders.

6. *Which proposal would you select if you were president of the company ABC? Whom would you give first prize for the best solution?*

The teacher is advised to declare Proposal 3 as the best solution and award the trip to Singapore to the chief accountant Peteris Kalnins.

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Case 5: Self-Motivation at Intertransgo

Margarita Pilkiene; dr. Raimonda Alonderiene

The board meeting, held in November 2014, included invited quests – a team of TOP managers of the Intertransgo company. After the presentation on half-year results was done, the main shareholder proclaimed: ”Dear colleagues, as it used to be, we will continue to be an organization which can make its choices! We will go forward, adjusting to the business environment changes, to new market demands and new customer requests. We will change together with the situation to reach our goals and pursue our mission to create an easier life for our customers, partners and ourselves. We will continue to have the same business ambition – to be the best in our field and to become the most attractive transportation company in Europe for our customers, partners and our employees. This would demand additional efforts, a new point of view and new skills. But first of all – people, who believe in that mission and thrive to reach it.”

The team members of TOP management knew that this meeting would not be only about reporting and discussing the results. They were invited to be a part of further stage of organization strategy implementation. Actually, the spirit was not very high because of the recent events in internal company's life – one of the group's directors had been fired, the other had left the company and had established his own competitive one, the head of administration and personnel department had left, too, a few members of a team had been fired straight after half-year performance evaluation and appraisal interviews. The main reason for that was that shareholders were not satisfied with the results of the new strategy implementation. All organization was in tension. Actually, all this started even earlier, a few months ago, when the new strategy and policy y were announced. It was rather ambitious…

One cannot say that there were no attempts to reduce the tension that was caused by change. Based on the new strategy, managers turned their attention inside. They focused on communication of the new policy, appraisals, run individual conversations, arranged internal trainings provided by the head of administration and personnel department at that time, the team started to meet more often… Little by little the results started to improve, more opportunities were seen and forecasts of growing results announced. But all the attempts have not eliminated the feeling among employees “We are definitely out of our comfort zone… What comes next?”.

The main shareholder continued: “ We all clearly understand that the market, customers, partners will not wait while the sleeping bears get awake. We want to be in the business, competition is fierce, so we want to be the best. And what is going on here? We develop motivation systems, intend to create various incentives, but part of our employees afford to perform not good enough. Why?”

Everybody turned their eyes to the new director of administration and personnel, Maria Konke, who was expected to provide an answer after internal research and appraisals interview overview. And she was prepared. She said: “According to the results of the research, we spent too much time and effort with the people, who are not intrinsically motivated. They seek only for external incentives. Actually, everybody, who have achieved and overachieved the results, refer to internal motivation, and, on the contrary, non-achievers provide thousands of reasons and accuses to the surrounding environment… We can make our choice: to apply the principles of non-achieving majority, and continue to deal with all those old problems, or to choose the self-motivation. I myself am sure that for ambitious purposes there should be two conditions: opportunities and self-motivated people, thriving for them”.

The voice of Maria was sound, she firmly believed in her words, in the approach that people are important in the company. Even though some of the colleagues nodded their heads, others’ body language clues clearly indicated they were not in the agreement with her approach at all. After some minutes Maria coped with her emotions and continued to say that part of today’s meeting agenda was to discuss about how to change the organization’s HR policy from external motivation to self-motivation. She distributed clean sheets of paper to the participants with one question written down: “How to encourage the self-motivation of our employees?” and invited them to a creative process after a coffee break.

About the Intertransgo

“Intertransgo group” is a group of enterprises, separate business units, linked by B2b relationships, governed by the same shareholder. Each business unit has its own strategy, purposes and tasks. The main and the biggest business unit is Intertransgo.

Intertransgo was established in May, 2009, during the crisis. It was the third business unit of the group. As well as other business units, it is based in Vilnius, capital city of Lithuania. Intertransgo operates in the field of the logistic and provides the on-road haulage services. It operates in Europe: Germany, France, Denmark, Sweden, Norway, Finland, Russia, Estonia, Latvia, Belarus, Ukraine, the Netherlands, Belgium, the Great Britain, Luxembourg, Spain and Italy.

The transportation vehicle fleet contains 81 trucks and 53 trailers. All vehicles are fitted with ADR and can transport dangerous loads, as well as equipped with navigation and are followed by satellite, which allows controlling the movement of the cargo and provide the client with information about the cargo location at all times. Modern hardware ensures effective and flexible communication between the driver and the manager.

The customers of Intertransgo are organizations around the Europe, to whom top quality is very important, as well as the capability to quickly react to complex situations. Intertransgo warrantees secure transportation and delivery of the cargo, and takes all responsibility for it. The company runs its services 24 hours per day. To operate in the European market, the company has developed high standards of customer service and quality. The competencies pool of the company is high, highly qualified people work there.

Employees

Intertransgo started its activities in 2009 with a team of 6 people: director, accountant and 4 drivers. After 5 years, in 2014 company had 26 administration employees and 184 drivers. The dynamics of employees churn (Table No.1) reflects that the most rapid growth took place in 2012: more than 140 drivers were employed, and administration team recruited 18 employees. The years were full of challenges, and the reasons were the following:

- It was difficult to attract professional logistics managers to the new openings; basically the labour market was such that the majority of logistics managers had well paid jobs, and the company could not afford to accept inexperienced managers;
- No education institution in Lithuania trained logistics managers with broader competencies. Companies had to develop the necessary competencies themselves, and it took a few years to reach the needed professional level, with no guarantee that the specialist would remain in the company.
- General understanding of logistics manager job in the market was “to shepherd (supervise) the trucks and the drivers”. Intertransgo had significantly higher demands, orientating managers to highest customer service, cooperation and reaching KPI’s. As company could not easily find such competencies in the market, it invested heavily into trainings.
- The average age of managers in the company is 30 years. Their approach to work differed noticeably from the previous generation. They seek more for a quick career and bigger money. This trend was even more visible during work interviews. High self-confidence, high demands to the employer and lower loyalty to him frightened many employers.
- In 2013 the internally trained sales director left the company and established his own competing business, in addition he took with him part of talented employees.

- It was easier to form the team of sales and HR specialists, they were easily available in the labour market. The Intertransgo salary budged enabled them to attract the needed specialist according to the demand. The number of finance and technical support specialists also grew up without any major head ache.
- The main challenge was to build the team, based on principle "suitable man for suitable position".

Maria as HR and administration director had to pursue the following tasks – to introduce the united system of management and administration; to foster the organization's culture (vision, mission and values were communicated already); to introduce the uniform system of performance evaluation, to plan trainings based on appraisal results, to plan projects and internal reports, to plan meetings and their form, etc.; to start internal research of workplace morale and employee satisfaction; to start the quality improvement project. The director general strongly supported Maria in these responsibilities, he was himself very much results and action oriented, a quick decision maker. But he had his concerns and reservations about people – how will people meet the recently announced new strategy and high expectations, how the change should be implemented? The decision was made that main tasks would stay with HR and administration director, and line managers would be responsible for their own fields. Additional tension came from transportation department project manager, who did not appreciate quality improvement efforts at all, treated that as additional workload and requested a significant salary increase…

Management and control

While the Intertransgo group developed, its business units grew quite quickly. Correspondingly, the amount of coordination and control of various activities increased in a short time, the management of HR became more complex, the scale of the problems increased, B2b relations among the group members became more complicated. Business unit Intertransgo accepted the challenges and based on them established the Board of Directors in 2014 , which concentrated all its focus into the implementation of group's new strategy- quality oriented strategy-. The main task of the Board was to create value to the customers, company and employees, to maintain and foster high reputation and visibility of the company and business unit, to provide suggestions for improvement, to share information and experience, to solve problems. Jonas, the director of the Board, was responsible for the financial results of business unit, reputation, legal compliance, and business units development. According to him, Intertransgo entered into a new period of its development, which demanded new insights, skills and competencies. The reaction of employees was not uniform: some accepted new strategy as possibility to grow, the others were very cautious.

Training and career planning

Trainings were organized based on the needs to develop competencies. The support of EU funds was intensively used. The main emphasis was on team building and quality improvement, as well as customer service. Employees had a possibility to choose the training course at their discretion. International provider, such as Mercuri International, was chosen as a training partner. Local provider, “The Success laboratory”, took part in competency development, too. An important part of trainees were newly employed people. Maria had developed a new employee introduction and socialization program, which contained the plan of activities, appointed mentor, early achievement overview. Maria planned to introduce a company-wide Mentoring program in the nearest future.

Career planning used to be spontaneous up to now. One of Maria’s objectives for the future was to start the preparation of career plans for employees for two years period, based on performance evaluation.

Salary level

The salary market review showed that Intertransgo paid higher salaries than the market average. This was confirmed by employees, who knew quite well how much other companies paid. On the other hand, recruitment companies confirmed that the demands for competencies at Intertransgo is high, and despite of the salary level it is not easy to attract new people.

Performance evaluation

In 2013 company implemented performance evaluation system, which involved all managerial employees and was connected with strategy and values. The important parts of it were the establishment of goals and the action plan defence. It became the main instrument to implement the strategy, as well to follow day-to-day operations. Not all employees were happy about performance evaluation, as it appeared in mid-2014, when interim results were discussed. “The shareholder is demanding, requesting intermediary results and rather detailed reports,” they said. Considering that, the objectives for second half of 2014 were established more carefully, connecting them with new strategy.

The performance evaluation assessed the involvement and effectiveness of employees. The interim results were discussed: monthly, quarterly, and for a half a year period. But the figures of last half a year’s performance results were all in red. Maria made an analysis and decided to discuss the results individually. Interviews took all week long. She organized the groups meetings, too, in such a way, that for the first meeting were invited the employees, who had achieved the best results, they shared their experience and success recipes. The second meeting was held with the non-achievers, and they shared their experiences and reasons for unsuccessful results. Mixed groups were organized, too, aiming to determine what the performance results depend on and what one can say about self-esteem of employees themselves. Maria stated: “Our salaries are higher than those in the market, the incentive package will be created by the needs of employees, we are providing the conditions for self-development, we value and support initiative, value creation. High results were achieved by those, whose intrinsic motivation was the highest, who increase their self-esteem related to the achieved results. And the ones who achieved the worst results have a lot of excuses, complain and are unsatisfied with job conditions.” Based on Maria’s analysis of performance evaluation the Board of Directors came up with the new objective: “We can achieve our vision only with a team, which is able and willing, the basis of which is high self-motivation”. How? In which ways? These questions remain to be answered by the company.

To start with, Maria could get some insights from the individual interviews with TOP management team. When she asked “What in this job motivates and inspires you?”, the majority of answers were firstly “Salary, premiums, a well-paid job”, secondly “good relationships, fair approach from shareholders”, then stability, security, work environment, lack of bureaucracy. The same kind of answers she received to the question “What inspires you to seek more and exceed the expectations?”. “Salary, need to work to live on” were the most often answers. Relationships follow.

And what about intrinsic motivation? Maria asked, “What would be your dream work?” The answers followed: recognition, autonomy, freedom, trust, possibility to grow, develop not only professional but personal skills, too, possibility to choose, self-realization, possibility to share the experience with others. Maybe, thought Maria, these answers give us the direction to follow.

Maria wanted to get a feeling, if the organization’s culture would support the idea of fostering self-motivation. She asked “How would you describe our company’s culture?”. The answers came as some surprise to her. Only three from ten TOP managers answered “Good, strong culture of loyalty to the company, strong feeling of community, mutual respect among colleagues, majority knows what they seek for”. Others said that internal environment of organization is chaotic, unstable, in shaping-up stage because of high employee turnover, it is such a loose place with some efforts to create something, new colleagues are not integrated, everybody feels disconnected, the relationships with new colleagues are not developed, “we are not a united community”, the statement was.

So, it became even a higher challenge for Maria to find an answer to the question “How to encourage the self-motivation of our employees?”

Annex 1 - Number of employees at Intertransgo

	2010	2011	2012	2013	2014
Drivers	4	10	141	177	184
Administration	2	6	24	25	26
Total:	6	16	165	202	210

Annex 2 - Growth of turnover in Litas (national currency of LT till 2015)

2013	2014	Increase, %	Increase, times
968 436.	2 354 119	324 %	3

Teaching note 5: Self-motivation at Intertransgo

The protagonist of the case is the director of administration and HR Maria, who has to set up the main HR processes and to cope with pragmatic motivation of employees in a rapidly internationally developing logistics company Intertransgo. She found out that a higher salary was the main motivator for the TOP management team. As company was not able to increase salaries endlessly, other ways of motivating employees were to be found. Maria had to work with TOP management team and to develop attitudes and approaches of them, which would lead to self-motivation. Organization culture was not supportive of that, as fragmentation, low trust and disintegration were observed. The case leaves the students with a question "how to develop self-motivation of employees".

Teaching objectives

1. to understand the importance of talents as the competitive advantage in a highly competitive logistics industry;
2. to examine the HR role in implementing competitive strategies of a company; as well as in fostering the motivation of employees;
3. to understand the difference between extrinsic and intrinsic motivation, self-motivation.

Use

<u>The target audience</u>: the case is appropriate for undergraduate, post graduate and executive-level courses on Human Resource Management, Organizational Psychology, Organizational Behaviour, or for courses, aimed at illustrating how HR activities overcome the challenges and decisions are made on competing for talents. As the context of the case is a logistics company, it is assumed that the case would be helpful in HR management in logistics, too. The concepts of HR strategy implementation, organization culture, extrinsic motivation, intrinsic motivation, self-motivation are discussed.

<u>Sequencing:</u> the case may be used in the middle of HR Management / Organization Behavior course, after having completed the topics of strategic human resource management and HR planning, as a part of securing labor for organization activity. It may be used after having dealt with the topics of job analysis, acquiring/recruiting, selecting, assessing and organization culture– as a final topic of motivating employees. It could also be used in the middle of HR management course, or later stages, where the sub-systems of remuneration and talent development issues are

addressed. The case can be used as a standalone vehicle for the topic of motivation. It is important that students are acquainted with a concepts of motivation and organization culture.

Time: this case could be used within 90 minutes time block, depending on how deep the instructor would be willing to address the issues. The scenario of 90 min. is provided below. With post-graduate students an additional issue may be raised in a broader sense as "soft" strategies of organizational control: HRM control and cultural control. Regarding HRM control, the dilemma about the use of performance evaluation – past result oriented or future competencies and personal development oriented approach should be chosen by the company may be discussed. Ethical issues may be discussed in that context, too.

Inspired by the case, cultural control may also be discussed, the development of employee's personal identification with organization/management goals; emphasis on the strong, or on the contrary, fragmented, non-integrated character of the organization culture, degree of formal control / autonomy in the organization.

Analysis

Aim 1: To understand the importance of talents as competitive advantage in a highly competitive logistics industry

Companies have various sources of their unique ways of value creation, which may be the core of their competitive strategies. Many companies recognize their people as the main asset, as the basis of competitive advantage. In logistics, the vehicles, the trucks and the trailers are the same around Europe, so companies may compete by delivering top customer service standards and quality, which depends on companies' talent pool. The features of labor market, in particular, the shortage of logistics professionals, add additional requirements. Not only companies have to motivate, share leadership, create efficiency systems, develop the HR functions to maintain their talents, they also have to become attractive to talents and compete in labor market to engage them. Employer branding activities become one of the widely shared practices to attract talents there.

Assignment questions

Questions to be discussed with a class may include:

1. What are your memories of first days in a new job?
2. Based on case material, what tendencies in the labor market have you identified?
3. Was there HR strategy in the company? What HR activities may have helped to retain the professional employees in the company?
4. What would you suggest to the company in its efforts to attract professionals?

VOTING: How would you vote, overall, on whether the company's HR practices were successful in its efforts to attract and retain the professionals?

Sharing the memories about individual experiences of the first days at a new job performs a warming-up function and sets up dynamic climate for further discussion. An observation may be made that the emotional impact of the first days at any new job is huge, and organizations should consider that fact. Everyone should be able to relate to the question and to say something about their first day. Further, the teacher may ask students to say what the best / worst experiences were to prompt comparisons and move the discussion further.

Discussion about important trends in labor market is an overture on opening a case of war for talents. Students may notice that when it comes to some professions, it is "an employee", not "an employer" market. There is a shortage of logistics managers, leading force in the company, with high competencies. Companies tend to pay higher than average salaries, thus trying to attract professionals, but even this practice does not always help. There is a competition among companies, including newly established ones. Students may observe that the sales director left the company and established his own competing one, taking together 5 best employees. Not only was it painful to the company to lose some customers, whom the ex-sales director overtook, but it was even more important to lose talent. Thus, due to shortage in labor market, newly established companies tend to invite their ex-colleagues and make the competition for talent more fierce.

The new entrants the to labor market of logistics managers are not educated broadly enough, according to the case. This adds to the tension that the companies in search for the new recruits feel.

However, students may observe that not all professions are in shortage. Some specialists, such as HR or finance were easily available.

Case discussion should illuminate that HR has only started to take on its strategic role in the Intertransgo company. Having formulated the strategy as "suitable people in suitable places", HR function only started to develop its main processes. A rapid growth of the company has its consequences – the processes were lagging behind. Students may observe that general rules of administration and management had to be created only at this stage. Organization culture of high efficiency, customer orientation and quality was in the early stages of development, too. Thus, it was not easy to retain the talent. As an illustration of that case indicates that some talented people from management team left the company.

While discussing the question of attracting employees, students may find no evidence that the company was involved in employer branding activities. And, indeed, it was not. Thus, the concept of employer branding may be introduced, if appropriate, and its main benefits: attracting and recruiting relevant people, addressing shortages, improving the retention rate, improving employee engagement.

Aim 2: To examine the HR role in implementing competitive strategy of a company as well as fostering the motivation of employees.

According to Ulrich, companies should define a clear role for HR, to understand how it provides competitive advantage for the organization, create a structure that delivers value, and then measure it. The roles of HR in the company are described in the classical Ulrich's model, naming 4 main roles: strategic business partner, employee champion, administration expert, employee advocate. All roles are important, but usually one or the other role prevails, corresponding to the strategic choices of a company. When it comes to creating highly effective organizations, the role of strategic business partner becomes clear. Companies make a strategic choice not only to obtain the bottom-line financial results, but to have motivated and engaged employees, who would deliver these results.

Assignment questions:

1. What of the 4 HR roles is prevailing in the Intertransgo company?
2. How important is employee motivation for the company's success?
3. What would you recommend the company should do to create a motivating work environment?

The previous discussion was held in a large group, whereas this assignment may be organized in a small group discussion. Students should be acquainted with the four roles model from the previous course; handouts with the model may be distributed. The groups then present their findings to all the class. The case material provides the insight that the HR role is in development, it still has strong emphasis on administration, but should shift from administration expert to business partner and employee champion.

The importance of employee motivation to company success may be discussed as imperative, which came to company's focus both because of its strategy and its actual situation. Company's results were not good enough, and the reasons for that, according to shareholder and HR director, were internal, not external. To improve the results, company shifts its focus on employee motivation and corresponding work environment. Students may observe that salary level should be satisfactory, as long as it is above the market average. The incentives package, benefits systems (as certain type of reward) are not developed in the company at all. Only premiums are mentioned as an additional financial stimulation. The suggestion would be to introduce transparent benefits package, which may help to maintain the employees and attract the new ones. The package main contain: general coverage, insurance (medical and dental, business travel and possibly others), additional holidays day on special occasions, profit sharing, pension plans, health clubs, parking reimbursement, mobile phone reimbursement and any other components company would be willing and could afford to give to its employees.

No less important aspect of creating motivating environment is organizational culture. Students should be aware of the concept of organizational culture as "the glue which keeps the company together" from the previous courses, thus here the discussion should be held around the described aspects of organizational culture. Students notice that there is no agreement among the TOP management team regarding what kind of the culture is shared at Intertransgo. Some leaders were critical regarding the sense of community, fragmentation, chaos. It should be noticed that in rapidly growing companies with high turnover rate such a criticism is quite often. It also implies that task to develop motivated employees in such cultural environment becomes more difficult to achieve.

Aim 3: To understand the difference between extrinsic and intrinsic motivation and self-motivation.

The concept of motivation refers to a state arising in processes that are internal or external to the individual. In such a state the person chooses to take certain courses of action oriented to a specific outcome; this choice is accompanied with a degree of vigor and persistence. People may satisfy their needs in various activities, including work. Normally being an employee means exchanging labor for rewards, but people usually have more needs than money. they expect that some of these other needs will be satisfied in the work situation. Rewards can be obtained in various ways: classification provided by Rollinson (2008) refers to extrinsic, intrinsic and social rewards. Extrinsic rewards are tangible things such as pay, fringe benefits, pensions, work conditions, security that individuals receive in return for their efforts. It is the organization thatprovides them, so people have only some control of it. Extrinsic motivation comes from an expectation of receiving an extrinsic reward. Intrinsic rewards are psychological rewards, they come from experience of work, from being part of organization; they come from inside the person and are given by people to themselves. Intrinsic motivation comes from intrinsic rewards. The third type of rewards is social rewards, which is a combination of external and internal factors obtained by being with other people, by common purpose and identity. Substantial psychological content is present here, too. It is generally assumed that intrinsic motivation is the most powerful driving force. Managers usually seek to combine both intrinsic and extrinsic rewards, as relying too much on external motivators alone may suppress intrinsic motivation, research shows. One of the recent approaches to intrinsic motivation as self-motivation is provided by Pink. His self-determination theory suggests ("Drive", 2009), that three main sources of self motivation are autonomy, mastery and purpose. His findings are based on the 21th century labor characteristics and research of forty years of theories of motivation knowledge. According to self-motivation theory, every person has an implicit need to direct his life to the chosen direction (autonomy), learn and develop new things (mastery), do good things which are significant not only personally (purpose).

Assignment questions:

1. What motivation is prevailing among TOP management team?
2. Is there potential for intrinsic motivation in the company?
3. What actions would you recommend to take to develop the self-motivation?

As motivation concept and ways of rewards are introduced, students should apply the knowledge, identifying what type of motivation is prevailing in Intertransgo company. They have already discussed the work environment as motivator in the previous assignment section, and now their attention should be drawn to the results of interviews. The majority of managers recognized that the salary size and relationships are the main motivators for them. Thus, among the managing team external and social motivation is prevailing. The potential of intrinsic motivation is disclosed in the interview question about the dream job – employees would wish to have autonomy, freedom, trust, possibility to grow, to develop not only professional but personal skills, too, possibility to choose, self-realization, possibility to share their experience with others. How to unlock this potential could be discussed further on. Students may observe that the change of certain HR practices would help. Performance evaluation should be changed from past-oriented, defensive type to the type oriented to competencies and personal development. Organization culture should cultivate values, more trust (trust was damaged especially when group of people left for competing business) and should embrace empowerment and engagement practices. Newly employed persons should be socialized in the company. The teacher may suggest that other recommendations may include those provided by Pink, such as developing autonomy (through flexible time, freedom to choose performance techniques, team, creative tasks time), mastery (stretching tasks, environment for learning and development), purpose (communicate common objectives, which are not only financial, emphasize that only financial results are important, use "we" communication, allow persons to pursue purpose on their own terms).

Additional readings

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What happened next?

After the research done in the company, Maria have decided to meet a well-known organization development consultant, who would help to develop mature HR processes map and would advise on how to design a program to boost organizational culture. Meanwhile one more top manager left to competition.

Case 6: Med Co.

Anna Maria Górska, Kozminski University

Public health care in Poland struggles with perceived poor quality of service and customer service, which have opportunity for private companies to enter the market (for more information on the health sector in Poland see Appendix 1). While, within upcoming years a major risk factor for private companies will be connected with legislation changes, underrepresentation of skilled workforce as well as aging population, which public institutions are not yet prepared for. The following case is to present the private company working within the difficult market of healthcare in Poland.

About MED Co.

MED Co. was established in 2000, by its current CEO and shareholder and recently it has been listed on Warsaw Stock Exchange. Currently it runs 30 institutions in 10 major cities in the country serving 750.000 customers out of which 250.000 are contract clients. Due to the character of the industry, company has a clear division between its administration employees (600) and medical staff (2000). The latter include doctors, nurses and other medical staff, which are working on a basis of contracts not full employment. On the other side, there are fully employed 600 administrative workers which are comprised of higher, middle and lower management as well as customer service and call center. Due to highly different HR and management challenges that arise between administrative and medical staff, company strongly distinguishes between the two.

MED Co. management

MED Co. portrays itself as "an enterprise that creates working conditions for its partners [medical staff] and from various angles this approach is convenient for the company (no need for full employment, limited responsibility for the patient), while in the perspective of maintaining a loyal employee or creating an organizational culture it is rather a challenge. Additionally, an intensifying challenge becomes recruiting new, young medical staff, as aside of the proper education, an employee is required to have a certain degree of experience (at least 10 years) and a degree of independence. The issue of decreasing number of specialists is the problem throughout the industry, with only 231 practicing physicians per 100,000 inhabitants, Poland lags behind the EU standards (Eurostat, 2016). Moreover, majority of physicians are of considerate age while medical universities admissions are rather small, connected with growing interest in the moving to Western Europe searching for job opportunities may lead to significant shortages of qualified personnel. While maintaining cadre and attracting a new one, is certainly seen as a challenge in the future, current management main challenge is to train and inculcate certain behaviors in the relationship with the patient, thus a degree of sensitivity and care on one hand[4], and on another building own personal brand, trustworthiness and reliability.

While in case of administrative personnel, lack of leadership skills on various levels of management, soft skills as well as analytical and strategic competences was stressed. Personal branding skills were also underlined, as in the context of self-consciousness, and lack of awareness of "how the way I look, speak, where I go or not go, may influence my authority".

Aforementioned challenges within the company are addressed through the extensive coaching and mentoring programs. Due to significant degree of employee rotation, connected with the "a high degree of young women employed", company has incorporated principles of knowledge management within the teams. Thus, leaders are obliged to "lead the team in such way, that members know what each are doing and can replace one another", with support of Intranet, internal newsletters and Social networking platforms. As part of knowledge management and preserving skills within the company, internal recruiting and promotions are preferred, rather than hiring from the outside.

Despite the fact that company has two distinct types of employees (or as company prefers- partners), which are to perform different type of work, still there are certain similar challenges between the two, connected with the development of soft skills and building authority, which is indifferent to what public institutions in country are struggling with.

References:

1. Eurostat, (2016), Healthcare personnel statistics- physicians. Online: http://ec.europa.eu/eurostat/statistics-explained/index.php/Healthcare_personnel_statistics_-_physicians

Disclaimer: Information provided on the company details were fictional, developed for the purposes of the case study.

[4] While preparing following case, company was struggling with unfavorable press connected with insensitive treatment of patients by one of the physicians

Appendix 1: Private health sector in Poland

17.08.2017, published online at: http://www.rynekzdrowia.pl/Finanse-i-zarzadzanie/Raport-PMR-jakie-tempo-wzrostu-rynku-prywatnej-opieki-zdrowotnej,175611,1.html (translated by the authors)

Over the next six years, the market for private medical services will grow at a rate of over 7% on average on a yearly basis. According to PMR forecasts presented in the latest report: “Private healthcare market in Poland 2017. Market analysis and development forecasts for 2017-2022”, over the next six years, the market for private medical services will grow at a rate of over 7% annually.

Health Insurance and medical subscriptions will be the fastest growing segments, but the segment of benefits payable directly from the patient (fee- for- service) also has a good development prospects- comments Marta Marszałek, analyst on the pharmaceutical market and health care market in PMR.

In year 2017-2022, the average annual growth of the private healthcare market- understood as an expenditure on medical services, also in the form of subscriptions and insurance, as well as expenses for pharmaceutical and parapharmeceuticals- will be slightly lower than the dynamics achieved in the previous years, and will about to around 6%. However, it should be noted that the segments related to the provision of services directly to patients will develop at a faster pace than the entire market (over 7%) and up to the value of over 7,3 billion euro in 2022.

The slower growth of the entire market will be related to the weaker growth rate of patients' expenses on medicines and non-drugs, which constitute more than half of the private healthcare market in Poland. This is due to from the fact that average prices of medicines will grow more slowly than the prices of medical services. What is connected with the increasing saturation of the pharmaceutical market in comparison to the market of private medical services and with high competition.

The fastest pace of market growth is expected in 2017-2018. After the expected acceleration of GDP growth in 2017 (to around 3.8%), there will be a slowdown, however, the dynamics of this indicator will continue to be at around 3%. What's more, the high dynamics of household consumption, good situation on the labor market and the increase in disposable income will significantly contribute to the strong growth of the value of the private healthcare market in Poland.

Teaching Note 6: Med Co.

Questions to discuss with the students:

1. Is the MED Co. model sustainable?
2. How the company can preserve their edge over the 5-10 years, given the problems with recruitment?
3. What types of skills should be trained among medical and administrative staff?

When discussing the following case with the students, start with evaluation of the private health market in Poland and its current and future challenges (for example aging population, deficit of young medical staff). Further, ask what is the biggest current challenge within the company and how it can be dealt with?

Further discuss, how MED Co. can ensure stable recruitment through out the years, how the internal management should change. What are their ideas to possess loyal, qualified medical staff? For example to start recruitment at the medical universities, and not only focusing on those with 10 year experience.

Lastly, discuss what are the most important skills to be trained within health care sector (for both medical and administrative staff) and find skills which are lacked among MED Co. staff.

Case 7: Eastside Business School

Anna Maria Górska, Kozminski University

It was Henry's typical day at work, he just finished teaching management classes with master students and goes back to his office on the second floor. His dusty office is cluttered with old exams, scientific journals and books. There is one small desk by the window and a coffee maker he brought from home. While his laptop was updating, he made himself a cup of black coffee and looked through the window on the rainy weather.

"And what should I do now?"- Henry sighed silently.

Henry's background

Henry few weeks ago started to work for Eastside Business School (ESBS) in a assistant position (for positions in ESBS see appendixes). Henry has obtained master degree and started to work in academia right away. During his first meeting with the supervisor, he received a schedule of classes for the upcoming semester and that was it. Henry expected that as time goes by he would receive additional information on his obligations and tasks at the ESBS, but nothing came along. As he had no teaching experience before, he spent days of preparing for each upcoming lecture. Overall, he had 360 hours of lecturing to do within one semester, teaching six different classes and take care of over 300 students. He spent his entire summer holidays for preparation of the lectures and cases for students. First lectures were quite rough for him, he was stressed whether students are going to like him, but with each class he felt more confident in the new role. As his stress diminished, he noticed that for each new class he prepared himself less, finally after weeks treating it as a routine. In the same time, Henry had no idea whether his classes are well structured, whether the content is appropriate and finally whether students actually enjoy it.

Paragraph II

"And what should I do now?"- Henry sighed silently. He took a sip of hot, tasteless coffee and sat at his desks staring at the computer. He superefficient went through his teaching materials and send couple of emails. Henry stared back through the window, thinking about how the weather changed so quickly and that he has to finally change summer tires in his car. A sudden knock on the door took him out from his thoughts.

-Henry, you wanted to see me?- a silent, soothing voice called.

Carol glanced into the room. She was also working in the ESBS as an assistant, but in another department. She was known as a promising researcher and a great lecturer, despite she was just 29 years old. Carol worked at the ESBS for over 5 years now, so she knew how things work around the university.

-Yes, Hi, thank you- Henry didn't expect to see her right away.

-So… I just got your email. What did you want to talk about?

-Well, yeah. So, you work here for 4 years now, right? I know it's not the best question, it might be stupid, but I don't know… I don't know who else to turn to…

-5 actually- she interrupted with a smile

-Exactly. So, what…- he hesitated- what do you do all day? – Henry regretted the question right away, despite he felt ashamed, he continued- You know, when you finish your classes, what do you do? I know I'm supposed to do some research and write articles and so on, but how do I know if I'm doing enough? Or too much? Or what should be my priority? Basically what else should I be doing- he recited on one breath.

-It is not that stupid at all!- Carol replied with visible relief on her face- I was in the same place five years ago, but don't worry it gets better. Ok so let's start from the beginning- said Carol calmly.

ESBS background

ESBS has been established as a family business in 1994, it grew into the largest private institutions of this type in the country (for information on higher education institutions sector see Appendix 1). It was established by its current (and only rector), and it is commonly known that his 24 year old daughter will take over his position in the future. University is run as a family business and it is quite visible in the culture of the institutions, everyone is on the first name basis with each other (which is an exception in Poland, especially in higher education). Dismissal within the institutions practically don't exist, and if so, it only happens to the new employees. Among 250 academics, about 80% of them have been working for the ESBS for more than 10 years (for the structure of ESBS see Appendix 3).

It has 15,000 students in 13 different institutions. Its branches are mainly located in small cities with limited higher education offer and thus little to no competition. ESBS doesn't even try to compete, with well-known and regarded institutions in larger cities, they tackled a niche that no one else was interested in. Their students chose this university mainly on the basis of the location and proximity. Their most popular courses are administration, logistics and sociology, but they also offer acting classes, physiotherapy and English studies.

Higher Education Institutions

As each academic institution there are three main responsibilities of scholars[5]:

For the purposes of the case study, we will not go into details of how universities and academics are evaluated and thus focusing on the couple of major objectives. In general, each academic has three main responsibilities at higher education institution:

1. Teaching- each academic is obliged to conduct lectures. The amount of hours depends on his/her position and academic title, but in general institutions have a degree of freedom of how many hours of lectures are allocated to each individuals. Academics are evaluated on the basis of the teaching hours, courses taught, number of promoted students with bachelor, master or PhD diploma, implemented innovation, as well as quality evaluation performed by students.
2. Research- research activities including publishing in journals, book chapters, books, but as well active participation in conferences or establishing research projects. The quality of publication is difficult to evaluate, without getting into much details, there are governmental list of journals that are allocated points, from 1 to 50, 50 being the highest evaluation of the scientific journal. Quality journals are more difficult to publish in, their requirements are more strict and the competition is high. Whereas, for scholars it is important to publish in good journals, not only for the purpose of recognition or personal brand building, but most importantly such publications are required to acquire academic titles. Moreover, scholars with impressive academic achievements are more likely to receive funding from government or European Union to conduct research projects.
3. Organizational- university, just as a company needs to be run, whereas there is a large portion of support from administrative workers, still there is a need for academics to manage faculties, programs, courses and departments. Thus, academics may have additional role as a dean[6], head of department, director of courses, vice-rector, rector etc. Academics on administrative positions may receive reduction of obligatory lectures taught. Academics are also involved in other organizational activities, as organizing conferences, seminars, students meetings, etc.

[5] For the purposes of the case study, we will not go into details, thus focusing on the three proposed activities.
[6] Dean is a head of the faculty (for example management or finance), while rector is the head of the entire university

It should be emphasized that each university is evaluated by numerous stakeholders, including government (that for e.g. gives rights to grant academic titles, categorized university with relation to its quality), ranking agencies (as FT, The Times, QS), accreditation agencies (that grant certification of credibility), companies (that are to hire alumnus) and finally students (which are generating profits).

From university perspective, performance of individual scholars, benefits the recognition of the university. University is evaluated basing on:

1. Teaching quality- basic numerical data on how many hours of teaching is performed, but there are additional measures in regard of teaching collected depending on the agency collecting the data, and may include: career of alumnus, evaluation of classes, innovative methods of teaching
2. Research potential- each university is assessed basing on the performance of their employees, thus how much on average do academics publish and what is the quality of those publications. Research potential depends also on the average of academics with academic titles of PhD and higher (as assistant, associate and full professors), thus it is important for the university, so their academics self-develop and obtain highest academic titles.

Each higher education institution in the country in order to operate, they have to comply with national requirements and their funding is dependent on the national agencies. There are certain governmental bodies that are responsible for defining the fields of study and developing educational standards, which revise each higher education institution and assess the quality of education provided by the institutions, through program and institutional evaluations.

Basing on the above information, categories are allocated to the university, which are treated as indicators of the "value" of an institution, and are highly regarded by stakeholders (including students, academics, government and competitive institutions). ESBS has recently been categorized as B, it dropped from A category, thus decreasing its competitiveness. But in the same time, ESBS doesn't compete with other A category business schools. They believe that students chose them due to convenience, as there are no other business schools in the proximity, they are stuck with them. But on the other hand, categories also impact the amount of founding and those resources are allocated between the universities, and thus a lower position in a ranking means decreased amount of money received.

From another perspective, it also should be emphasized that private institutions also have to make money thus conduct classes and attract students. Students are not attracted solely by the ranking agencies or governmental evaluations, but most importantly the recommendations of alumnus based on their personal experience. Students especially value universities practical side, thus direct contact with business world throughout the courses.

Paragraph III

-Ok so let's start from the beginning- said Carol calmly- basically, what you probably already know, you have to publish at least 6 publications, each worth at least 10 points, every year. Then, if you get really good score you would get a reward, it's just a diploma, but still, it's nice to be called out in front of everyone and get praised- said Carol smiling- anyway, that's about it in research. When it comes to teaching, so we are evaluated by students, like every 2 years. So student receive a survey and evaluate you, but it's all closed questions on stuff like "has Henry been ever late?", "Was Henry well prepared for the classes" and so on. I think dean receives them, but I'm not sure…In the same time, dedicated office collects all the information about your hours of teaching, programs, courses, students etc., but I never really cared about it, as they collect it for whatever reason, purely bureaucratic. I know they also keep track of you organizational work, but I don't know anything more about it. And that is basically it.

- Oh yeah sure, I knew all that- Henry lied. He felt too ashamed, to tell the truth. Henry blamed himself for not knowing. It must slipped his mind when he was signing the employment contract, he thought- But what happens if you don't comply with those targets?

-Um… -Carol hesitated, her sight wondered and suspended on the small window- how would I know?- she chuckled nervously- but I know, that if you get some negative reviews from the students someone would come to visit and observe you during your classes… Anyway how are your classes? Do you like it here?

Henry couldn't stop thinking about what Carol said. "What if I don't publish those papers? What did she mean by 10 points? What if students don't like my classes? How should I know if I'm doing ok? And how could I not know all of this?!". Henry felt anxious for the entire afternoon, worrying about his future career.

Next day he went to see one of the deans, prof. Maria Evans and ask her if she could provide him with formal regulations connected his responsibilities of scholars towards ESBS.

-Sure-replied prof. Evans. She was a dean of management faculty in the ESBS for six years now- I'm sure I have it somewhere, I'll let you know. What do you need it for anyway?

-You know, I just want to know what is expected of me…- said Henry honestly.

-Ok, what do you need to know? So you are going to be evaluated soon by students, next month you will also be visited by senior professor during your classes, as all of us. I was sure someone already told you that- added prof. Evans, when seeking Henry face falling and looking confused.

-I thought that students would evaluate me in two years and visited only if it would go wrong. I must have misunderstood. What about publications? So I heard we need to publish at least six articles every year each in 10 point journal, whatever it means…

-Who told you all of that?! No, look it is completely up to you. If you want to, you publish more you, if you don't, then don't. But it looks nice if you have at least one publication annually, but basically any publication.- prof. Evans said in a hurry- look I have a meeting now, but we can talk about it more if you want. Just let me know. And don't worry!

Henry suddenly felt a great relief- he wasn't obliged to publish, but in the same time he felt confused and anxious. He still didn't know what was expected of him and what were the consequences of not meeting the goals. He also didn't expect someone coming to his classes so soon. Henry decided to make a small research by himself and approach several other employees to find out more about his obligations, targets and consequences of not meeting them.

The information that he received throughout the upcoming week, did not clarify things for him at all, and if anything, made it even more confusing. The information he got were excluding. As for example in regard to research he heard:

"Look, I don't know what you heard before, but nobody cares how much you publish, as long as you do good lectures"- David, associate professor, 16 years of experience in ESBS
"Last year there was this girl that was dismissed as she didn't publish enough, and she had like 5 decent articles every year"- Catherin, assistant, 3 years of experience
"I know that we should publish at least 2 articles in good, international journals every year"- Lacy, assistant professor, 12 years of experience.

Similarly, there were no coherent answers in regard to teaching or organizational work.

Henry tried to reach out to dean, prof. Evans, to receive formal policies and regulations as promised, but he didn't get any response for more than three weeks.

Finally, Henry decided to go and speak vice-dean for research in ESBS, "if he doesn't know all those requirements, then nobody does", Henry thought.

Prof. Robert Towney was vice- rector for research in ESBS, he was formally responsible to manage how academics develop in terms of their research and teaching. It was also his responsibility, to evaluate academics and set the targets. Prof. Towney was an older, distinguished professor of marketing. Formally, Henry, as all the other academics were obliged to be assessed by him (to see organizational structure see Appendix 3)

Henry was waiting in the office, vice-rector was late, but Henry didn't mind. He admired the interior. The room was bright with sunlight, thanks to large windows., furniture was made out of dark, rich wood and on the table was a large centerpiece composed of white lilies. The office looked elegant, yet cozy. It was so different from his, small, cluttered room. He thought for a moment it would be nice to have such an office too.

-Henry, I am so sorry, we had a council meeting and it took longer than I expected. How are you, how could I help you?- His voice was deep and calm.

-Rob, I need to talk to you, I don't know how to tell you this, and I don't want you to misunderstand me or get me the wrong way- Henry hesitated for a brief moment- So you know I work here for over 3 months now, right? But I still don't know what is expected of me- suddenly, prof. Towney's face fell, from calm and relaxed, it became tensed and concerned, Henry continued- and did I try to find out, I talked to everyone and nobody could help me out. Robert, are you aware that no one knows what is expected of them? Everyone gave be different targets for publication, different procedure for students evaluations and no one could tell me what happens if I don't meet them. I feel lost and I am sorry to tell you, but I really don't understand what should I do.

-Henry…- prof. Towney gasped- I know. Look. I'll be honest with you, ok? We don't really set the targets, we don't punish or reward people for their publications, for their lecturing or conferences they have organized. And we don't intend to. This is how things are done around here. I cannot make people to publish more or be better teachers. We rely on their self-motivation. Sure, we do collect a lot of performance data, but because we have to. We report them to the governmental bodies and that's it.

Henry didn't know why, but he suddenly felt disappointed. He was even more lost than at the very beginning.

After Henry left his office, prof. Towney put his face onto his hands and took a heavy breath. He knew Henry was right, it is something that should have been done a long time ago. ESBS just keeps receiving decreasing evaluations, they don't control their employees and are not able to motivate them. The targets are not set and there are no tools to control the employees. It is all quite ambiguous and rules for promotion and dismissal are based on the "likeability" and years of experience in ESBS, decisions are not based on actual measures and rationality. "How can I tell 250 employees, all spread in different locations, that it is not anymore how things are done around here?". Prof. Towney was aware that if they want to get A category again, they need to monitor the performance of employees. He knows that academics in ESBS don't publish more than one article in mediocre journal per year, and if they want to win back their position, targets would need to be established. In the same time he knows, he would have to dismiss a lot of people, especially those who don't have time to publish as they have other obligations connected with organizational activities. On the other hand, if he decides to dismiss academics, there will be no one left to teach. Prof. Towney is aware that if the focus would be shifted to research, not only the quality of lectures would diminish, but there would be also problem in finding academics willing to pursue organizational activities.

"And what should I do now"- grasped prof. Townley, sitting up straight.

Task

Consider the following questions:

1. What is the consequence of lack of targets? Both for individuals as well as organization?
2. Consider who are the stakeholders and what is their interest?
3. Do you think academic freedom as it is in ESBS is its advantage or disadvantage?
4. Do you think that the way ESBS is managed ensures sustainable growth?
5. What would you do as prof. Townley? Do you think that the human resources management should be changed? If so, then how?

Appendixes:

1. Public vs private university
2. Higher education industry
3. Organizational structure of the university (rector, vice rectors, deans, head of departments, etc.) Key decision makers and their responsibilities.
4. Measures considered in Universities evaluation

Appendix 1: Higher education institutions

In Poland there are over 450 higher education institutions, out of which there are 130 are public and 320 private. Currently there are over 1,5 million students in private and 450 thousand students in public universities. Most popular courses are social sciences, management and law. Since 2006/2007 the amount of students systematically decreases, leading to increased competition on the market. The decreasing tendency is especially visible in private institutions.

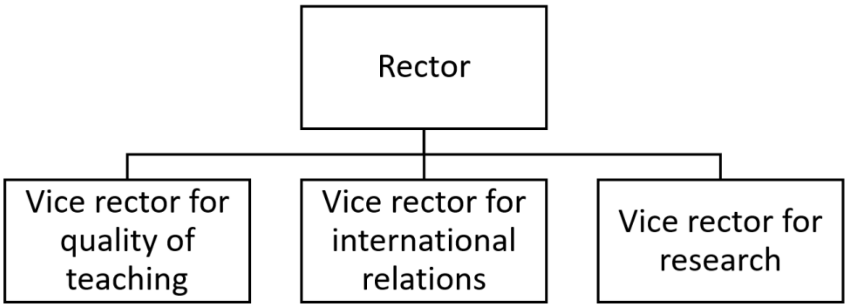
Appendix 2: Public vs private university

Private institutions have only begun to arise in 1990s (during the transition period) and the amount of them exceeded everybody's expectations. The fact that there was a high demand for such institutions led to the decrease it their quality. As a result, the notion that private institutions are of lesser quality compared to public is persistent.

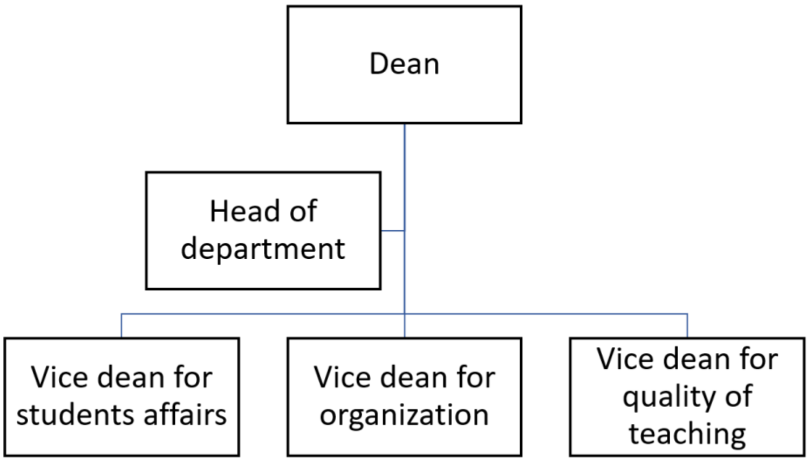
Public institutions are completely funded by the state, therefore students can obtain their education free of charge. In case of private, students pay a monthly or yearly fee for their studies, whereas universities may also receive additional funding from government or European union.

Appendix 3: Simplified organizational structure of the university

Univeristy management



Faculties



Rector and vice rectors are responsible for the management of the entire organization. They design collect, evaluate and distribute the performance information about each employee, departments, faculties and the university.

Deans are responsible for the specific faculties in regard to teaching. While head of departments are responsible for departments and the employed faculty there. Departments are evaluated comprehensively, including organizational work, didactics and research of the academics.

Appendix 4: Measures considered in Universities evaluation measures in Universities

Area	Measurement (Examples of measures)	Importance
Teaching	-Number of teaching hours (targets depending on position) -Students evaluation (paper survey) -cyclic peer observation of staff	**University/faculty level:** - obtaining national accreditation -faculty is authorized to grant a bachelor's, master's, doctoral degree **Individual level:** - Improved quality of teaching, some lecturers based on surveys improve their lectures
Research	--points for publications (targets not clear) -participation in conferences -presentation of plans for future publications/research	**University/ faculty level:** - awarding categories in the national parametric research - obtaining national accreditation -faculty is authorized to grant a bachelor's, master's, doctoral degrees - Additional funding from Ministry of Science **Individual level:** - lack of motivation due to lack of min. targets (and clear communication)

Teaching note 7: Eastside Business School

The following case study is to present how performance measurement is managed in one of the business schools in Poland. As higher education institutions have multiple stakeholders, a complex analysis of the case is necessary, including interest of academics, students, university and governmental agencies.

It is written in a general way, certain details how performance measurement in conducted in universities and in Poland were skipped purposely for simplification purposes. Targeted audience for the case are graduate students, during Human Resources Management class or course connected with performance measurement.

The discussion should begin with questions to test whether students understand the issue presented in the case, as for example what is the problem Harry faces?

Further continue with more general questions as, what is the role of targets within organizations and more specifically, within universities? This will lead students to naturally answer the question 1: what are the consequences of lack of targets. We would suggest that this questions would be considered from two perspectives: organizational and individual for each employee.

It is also important to showcase to the students, that the university is an institution with multiple stakeholders (clients, national and international agencies and the state), which may have conflicting interests (students want high quality of teaching, while accreditation agencies focus on the research activities). For each stakeholder discover, students should also consider their own interests.

Next question is rather specific and students firstly should answer the question, what is the major challenge connected with human resources within ESBS. Further the proposed reasons and their solutions should be discussed. This question can be connected with the view of students of the future of ESBS and whether it ensures a sustainable growth.

Also encourage students to think about the advantages of such academic freedom, which may lead to creativity for example.

Lastly, ask students to prepare a solution that they could present to prof. Townley. The solution should involve the possible advantaged and disadvantages of its implementation. Try to encourage students, to think about the problem from different perspectives (university, employees and students).

Case 8: Reimagining Mobility by Dreaming the Future

Rok Ramšak, CEEMAN, Slovenia

It is early March and Iztok is preparing for Hidria's yearly strategic sessions. As a Managing Director he reflects on a bold, innovative and successful history of Hidria

Although there was hardly a car to be found on Slovenian roads in 1955, a company in a small remote town of Tolmin had a vision and was bold enough to start manufacturing plugs for automobiles. First glow plugs for diesel engines were manufactured in the early 1970s, followed by flywheel magnetos for small petrol engines a few years later. In the early 1960s, Hidria launched the production and assembly of central heating installations, water distribution installations and air conditioning and first engines for hermetic compressors were exported from Idrija to the United States in the 1980s. In the second half of the 1990s, Spodnja Idrija started manufacturing laminations for the automotive industry and later also aluminium components.

Hidria's key companies joined into the corporation in the period over the last twenty years, after the establishment of the parent company Hidria. After the privatisation, total restructuring and merger of key companies, Hidria has grown into a corporation of 1,800 employees in companies in Slovenia and abroad. It is one of the leading European corporations in fields of integral solutions for the heating, ventilation and air-conditioning of buildings and components for HVAC systems, and many of Hidria's automotive products like innovative car engine solutions and vehicle steering systems are incorporated in the automobiles of the leading European trademarks.

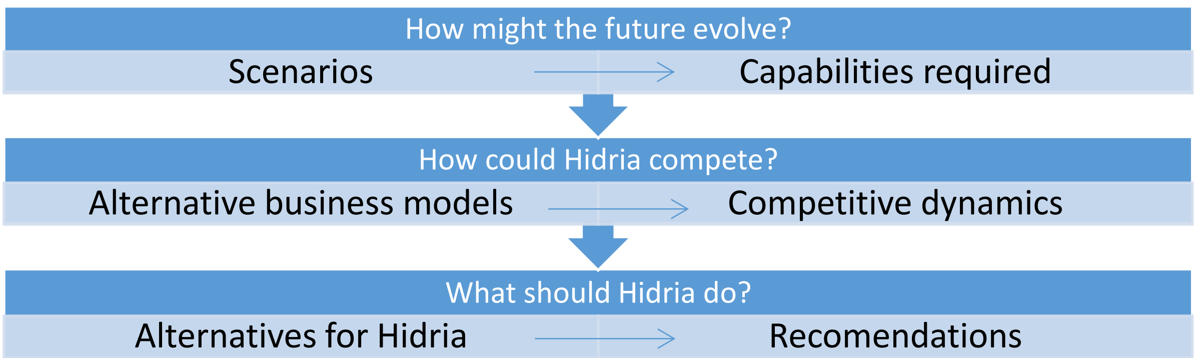
Iztok believes that as a result of lack of natural resources, the world is already in a time where profound changes are imminent, a time of paradigm shifts. Being in the mobility business, he realizes that transportation of people and goods creates somewhere between 15 and 20 percent of greenhouse gas emissions, while an average car creates approximately 300g of CO2 emissions per travelled kilometre, which is certainly not sustainable and will need to change while Hidria will have to find its place inside this change. The speed of conversion is affected by many different factors like state subventions, access to the city centres only by electrical and non-emission vehicles, easily available and free parking places for electrical vehicles and European emission standards which significantly redefine transportation emission every 4 years.

To lead all this, a fast pace of technological development is needed - to support the change while being economically viable at the same time. An interesting example of this are batteries, the capacity of which is expected to double every 3 years, while the prices should decrease by half in the same time. Factors like these support change and drive it at the same time. It is estimated that by 2020 each new car will be equipped by a small 10-15kw motor, and by 2025 cars will be at least serial mild hybrids. In less than two decades Iztok expects a gradual disappearance of the internal combustion engine. On one hand, he knows Hidria will benefit from this as it is already involved in allot of electrical motor development projects but on the other hand their revolutionary diesel cold start technology, which was developed not long ago, will have to be rethought so Hidira will have to work intensively on the so called non-internal combustion engine applications for its technology. It is a step into a different thought paradigm, where you don't think only about cars, busses and other vehicles. It is envisioning meaningful interactions between people and new transportation modalities. How can travel and transportation ecosystems be changed and improved in an incremental manner and how does Hidria fit in?

To prepare itself for big changes lying ahead and even lead them, Iztok and his team at Hidria realize they have to develop a system to dream a different future, a better future. A process that is by its nature very abstract but at the same time they have to use tools, structures and processes based on scientific analysis and ability to convert these dreams into a very solid vision and strategy.

They have to ask themselves how will the future look like and what might Hidria need to do to compete in the future?

Electric cars, autonomous vehicles, charging stations, etc. When observing superficially, to an outsider they may still seem as the future, but for an innovative company such as Hidria, they are already here and for the rest of us, they will become a part of everyday life in the next couple of years. But how do they think beyond that? How could they look beyond the gleaming horizon? How could they invent the future?



Additional reading materials

1. Rethinking Mobility

- The pay-as-you-go car

https://orfe.princeton.edu/~alaink/SmartDrivingCars/PDFs/Rethinking%20Mobility_GoldmanSachsMay2017.pdf

- There's More Than Autonomous Cars

https://go.forrester.com/blogs/rethinking-mobility-theres-more-than-autonomous-cars/

- Rethinking Everyday Mobility

http://civitas.eu/sites/default/files/rethinking_everyday_mobility.pdf

- Rethinking mobility for a human city

https://www.tandfonline.com/doi/full/10.1080/01441647.2018.1423612

2. Business models and innovation

- http://openaccess.city.ac.uk/5953/1/BadenFullerHaefliger13_openaccess.pdf
- https://pure.uva.nl/ws/files/1779615/159088_402942_2.pdf
- https://hbr.org/2000/05/building-an-innovation-factory-2
- https://sloanreview.mit.edu/article/what-to-do-against-disruptive-business-models/
- https://www.wiley.com/en-us/Value+Proposition+Design%3A+How+to+Create+Products+and+Services+Customers+Want-p-9781118968055
- https://dare.uva.nl/search?identifier=0eff5b55-4800-4c9d-90c9-6683560af47e

Teaching note 8: Reimagining Mobility by Dreaming the Future

This case is meant to be used to bring to light important issues for companies recognizing opportunities in new technologies and emerging markets and sustainable technologies. The focus lies in development of new – sustainable business models and disruptive business innovation.

We present the case of Hidria, a company dealing with development and production of products for the car industry but sees an opportunity in reducing emissions, electrification and especially in new form of mobility. Electric and autonomous vehicles are already on the market, but Hidria is interested in what new forms of mobility may look like and how can they position themselves in this future.

The case, including additional reading materials, explains the background and potential challenges.

The case provides an opportunity for students to see, discuss and practice:

- Current status and near future of sustainable technologies in the field of mobility
- How to develop a business opportunity in the fields of sustainability and mobility
- How do support development of disruptive innovation
- How sustainable technologies emerge
- Practice business model development
- Practice group work and interdisciplinary approach

Learning objectives:

- Students should learn to explore new topics on their own
- Familiarise students with current trends in sustainability and mobility
- Teach students about the importance of synergies
- Teach students about the importance of cooperation between various stakeholders
- Make students decide for a business model and target audience on their own
- Teach students about teamwork and utilizing various competences of different team members
- Teach students on the importance of interdisciplinary cooperation and involvement of governments in supporting development of new/sustainable technologies.

Teaching Process

Although sustainable technologies are an important part of this case, the potential to learn business modelling is also important part of this case. We suggest that the teacher starts with business modelling exercises and later continues with more emphasis on disruptive technologies and sustainable technologies.

Task	Time
Introduction	1 hour
Group work and preparation of presentations (Students should have constant support and feedback provided)	1-2 weeks (depending how in-depth you plan to go)
Presentation and discussion	20min + 10min for discussion
Summary	10min

Tasks for students

1. Based on additional research, develop a suitable business model for Hidria in line with the emergence of new mobility technologies and paradigms.
2. Develop a new value proposition
3. Show how the new business model you have developed works within the specificity of the context you have chosen
4. How should companies address emergence of sustainable technologies, and sustainable business models
5. What is the role of national governments and international political bodies in context of sustainable technologies, and sustainable business models