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HUMAN RESOURCES MANAGEMENT IN AN INDUSTRIAL ENVIRONMENT



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INTRODUCTION

Fierce competition, ever shorter product life cycles and a changing market that makes planning difficult, if not impossible, force companies to adjust their organizations and attitudes to become more flexible and capable to quickly react to new situations.

The industrial and economic world is in a state of transition. In this environment, Human Resources (HR) - Management faces a challenging task. It changes its role from pure administration to become a change agent and a coach to management and employees, as well as a center of training and communication.

The transitions are not only necessary for industrial and economic enterprises. Even though in the following context the words „Industry“ and „Company“ will be used for simplicity, they are not restricted to manufacturing companies. It should be understood that the aspects mentioned here apply to all private and public enterprises in a similar way, including even some public services.

THE SEVEN C'S OF SURVIVAL

The most important person for every company is The Customer. He is the one

who finally pays the salaries of all employees. The focus, therefore, has to be on Customer Orientation. All departments and all employees concentrate on the question: does it help the customer?

Members of the HR department will rarely sell a piece of the product of the company or even meet a customer. So how should they be customer oriented?

It is the attitude that counts. Once we accept that a chain of customer - service relationships exists throughout every organization (Fig. 1), the value of customer orientation becomes evident. If every employee in each step tries to serve his or her „internal customer“ in the best way, the customer who buys the end product will get faster and better service including better after sales service.

It requires strong efforts to stay competitive in a market that is changing fast and becoming more and more international. Besides customer orientation, we need top quality and a competitive price.

The same idea as in customer orientation lies behind the concept of Total Quality. „Do things right the first time“ and „produce quality rather than control“. Responsibility is given to each employee for the quality of the product and the quality of each step in the process of creating the product or managing the company.

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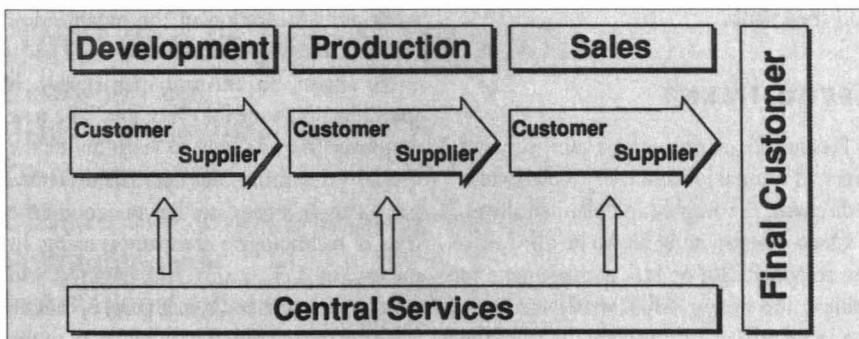


FIG. 1: CUSTOMER - SERVICE CHAIN

The next important thing to stay competitive is the price of the product. Cost consciousness in all areas and at all levels is therefore essential. The goal, however, is not necessarily the lowest cost, but the best result to cost ratio.

Customer orientation, total quality, cost consciousness are elements which are impossible to fully control from above by superiors, but are day to day requirements for each employee. The employees themselves have to make appropriate decisions. „Power to the people“ is the key sentence.

This involves a radical change in attitude and in management styles. It means lean management, breakdown of old and rigid hierarchies, reengineering of traditional methods and organizations, improved communication within the company and actions of constant improvement (KAIZEN).

These ideas are all but new, they date back as far as the seventies (e.g. Peter Drucker).

It looks like the recent recession has introduced all these changes, but actually all it did was accelerate the pace of change. Those companies, who used the crises as a chance for change, will be well prepared for the future.

Readiness for continuing change is therefore another C to add to our list of essentials for HR management.

The HR manager must constantly push and support these changes, he must become a change agent in industry.

In order to be able to accept and undergo change, lifelong continuous learning is a necessity.

It is an accepted fact that the half life time of knowledge gets shorter and shorter, especially for professional knowledge but for organizational behaviour as well. Nowadays, after finishing university, one has just finished half of the lifetime learning.

Especially with all the changes going on, Creativity is a „conditio sine qua non“, a valuable and indispensable quality for survival in management. On the other hand, each major company has research and development departments where management has to assure an environment that enhances creativity similar to universities.

So we end up with seven C's, seven most important attitudes in our changing world:

- **CUSTOMER ORIENTATION**
- **COMPETITIVENESS**

- **CONCEPT OF TOTAL QUALITY**
- **COST CONSCIOUSNESS**
- **CHANGE**
- **CONTINUOUS LEARNING**
- **CREATIVITY**

All these facts deeply influence the day to day work of HR.

Let us now follow the path of an employee through his or her professional career (Fig. 2).

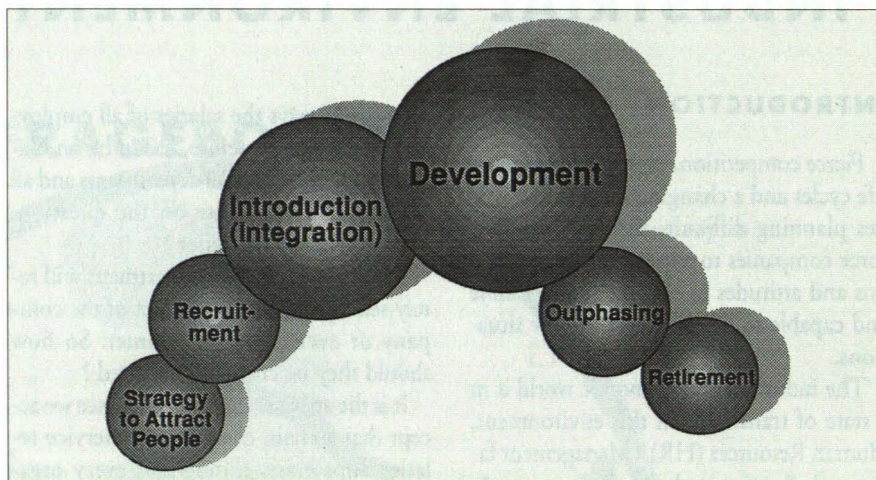


FIG. 2: HUMAN RESOURCES MANAGEMENT

STRATEGY TO ATTRACT PEOPLE

Even before finishing his or her studies, chances are that a student already has contacts with industry. Practical work during summer holidays, master's or doctor's theses, or just discussion events at the university or any other place - there are many ways of approaching a student.

And a company is well advised to look for new employees already in the classrooms and on the campuses. Excellent people are and always will be rare and every company wants just them. Some of AVL's management and scientific staff, for example, are teaching at the universities or at professional classes. This is an excellent way of getting acquainted with students and their skills.

RECRUITMENT

Personnel is expensive for a company, and every additional job and every replacement is discussed thoroughly and planned ahead.

Once a job opening has to be filled, it is the responsibility of HR management to achieve the best possible match between the job requirements and the skills of the applicant. This presupposes a clear defini-

tion of the job requirements and the candidate's desired profile. These prerequisites are prepared together with the respective supervisor.

The level of skills needed often determines the way of candidate search. Such methods range from personal contacts, advertisements, to the services of consultants or head hunters. The range of cost is very large

and the best value to cost efficiency must be decided upon.

There are numerous selection procedures, too, ranging from structured interviews via all kinds of tests to assessment centers. In any case, HR will be involved as well as the respective supervisor. This step is most important, because there is nothing more expensive than to select the wrong employee.

INTRODUCTION AND INTEGRATION

When the contract is finally signed, the employee enters a most important and most often neglected portion of the professional life: Introduction into the company and the work and Integration in the organization and the company culture.

No school, no university can supply all the skills necessary for every job. The new employee has not only to learn about the special ways things are done in the company, but in most cases has to acquire the level of technology a company is using. In the case of AVL, a university engineer will need one to one and a half years before he can start to contribute with his work to the company.

If one finds out after this period that he or she is not the right person in the right place, or if the newcomer decides that the job or the company does not live up to his/her expectations, the company has lost time and money. Not only has it paid salary all this time, it has lost one and a half years and has to start it all over again. This may delay the development of a product, its market introduction and may result in a serious loss.

PERSONNEL DEVELOPMENT

Hopefully everything is o.k., and the employee enters the next part, which contains the bulks of HR engagement. Appraisals, promotions in salary and position, job rotation, but above all: training are important points of repeated interaction with HR management, while the main part of management and leadership is - hopefully - done by the respective supervisor.

In this period it may happen that the employee quits and moves to another company. We have to hire another person, introduce the new employee who has to acquire new experience, because the experience of the person who left went with him. And may help the competitor.

HR therefore has to make every effort to keep good employees. Of course, there is also the opposite and most painful task for HR - if a company has to reduce its staff for economical reasons.

This leads us to the most important task in this period: Personnel Development.

The classic way of promoting people is, besides salary increases, to let them climb the ladder of line management. Given that one only hires good people, however, there are just not enough managerial positions to reward everybody who deserves it.

Moreover, modern management goes away from rigid structures of hierarchies and tries to build flexible, project-oriented

organizations. Depending on the courage of top management, the old line-structure will more or less disappear. The ultimate is a structure with no hierarchy, based on total information.

In the future, with flat organizations and lean management, there will be fewer and fewer positions. Creativity is needed to solve this conflict between employee satisfaction and efficient organization.

One possible solution are the so called dual ladders or professional hierarchies, non - managerial career paths (Fig. 3). Employees reaching certain professional levels are rewarded (in salary) just as managers and have certain rights - and duties - in the company.

Another important aspect in this context is a shift of industrial organizations from line management towards project management. The person who manages a project for a certain time period will have much more power than the line managers.

Personnel development, organization development, succession planning, a training plan coordinated with all the other efforts and the subsequent introduction - the success of these activities is the yardstick HR management will be measured against.

Figure 4 may show the complexity of personnel development and the interaction between management by objectives, personnel development, training and a promotion system both in terms of remuneration and professional career.

Company goals and personal goals to be reached within a certain period are agreed upon between each employee and the supervisor. For a successful management by objectives it is important that these goals are not just imposed on the employee but find his or her acceptance.

Parallel to the definition of objectives there is a discussion between employees and supervisor about the long term objectives of the company and the plans of the individual about his or her further career. Preferably such meetings with a personal review should take place on a yearly basis. A need for further education will most probably become obvious from both discussions, defining personal directions and the agreement on work objectives. All requirements for further education are collected and taken care of by the HR department. It organizes special seminars on the subjects nee-

ded or will recommend the participation in outside seminars. This important activity we call AVL academy.

Achievement of objectives and increased knowledge by taking part in further education will of course have a positive influence on the professional career and the income of the employee.

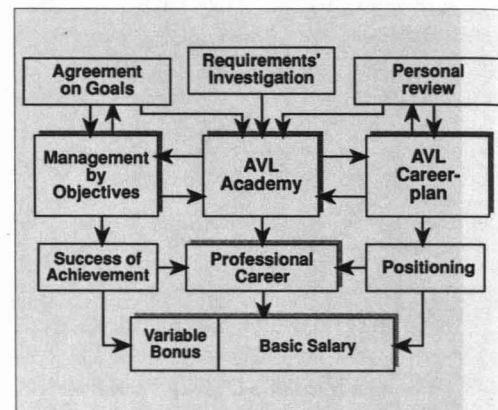


FIG. 4: LEADERSHIP CONCEPT

OUTPHASING AND RETIREMENT

The next two stations in our path through a professional lifetime are, unfortunately, often only wishful thinking. An enterprise that values humanity would help older people to avoid the so called pension shock by planning a careful phasing out period. Reducing the stress, but utilizing all the experience the employee has gained in his life, and at the same time gradually building up the replacement, helps both the company and the employee.

In any case a company should stay in contact with its retired former employees and maintain communication through company newsletters, invitation to Christmas parties or similar activities.

CONCLUSION

Flexibility is needed to adapt to unusual situations and will be needed to carry out all the changes ahead of us. Some companies have just become aware of the changing environment, others have fully changed into a lean enterprise with a total quality concept. But finally they all have to accept the change:

In this transition process, HR management plays a vital role as a change agent, a coach to managers and employees, and a center of communication.

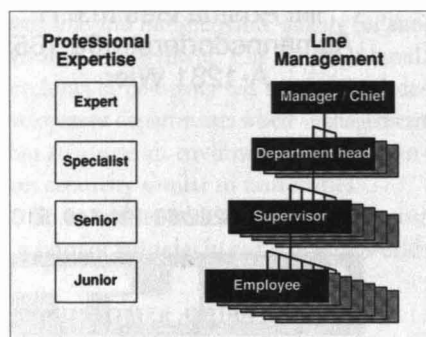


FIG. 3: TWO CAREER POSSIBILITIES