

# **Strategic Management Resourcing – a Study on Five Companies' Management Resourcing Strategies**

**Master Thesis** 

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#### **Abstract**

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**Title** Strategic Management Resourcing- a Study on Five Companies' Management

Resourcing Strategies.

**Problem** In a globalizing world, where large companies engage in cross-border

relationships and marriages through M&A: s, alliances and joint ventures, or where one chooses to outsource activities, human resource management (HRM), is an interesting tool as many firms focus on re-organizing in order to achieve greater efficiency. Naturally, there are several aspects to HRM. One of the essential parts, and in turn what is called competence supply, is for an organization to attract, develop and to keep the right managers. This process, which is often defined as management resourcing, is complicated. It is a large and constantly ongoing process that, if performed well, can create competitive

advantages to any organization.

As we have a closer look at previous research regarding HRM and management resourcing, along with case descriptions of how certain organizations actually deal with these issues, a few aspects are of certain interest to us; Firstly, how is management resourcing applied in companies and is management resourcing strategy and control strategy actually linked together? And secondly, are the studied companies mainly using a normative management resourcing strategy and control strategy, which the literature claim is the most common?

Aim The aim of this study is analyze in which way certain companies conduct

management resourcing, and in turn, if these companies actually link the internal

management resourcing- and company control strategies.

**Limitations** We focus our efforts solely on companies management resourcing- and control

strategies.

**Method** This is a qualitative study. Qualitative methods are generally concerned with

interpretation and holistic understanding, which is why we found it to be the

most appropriate approach for this kind of study.

**Findings** Companies with ambitious and formulated management resourcing plans do link

control strategy to management resourcing strategy. In contrast to what previous research suggests, companies tend to use a variation of rational and normative

management resourcing strategies.

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davice during our writing process.
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#### 1. Introduction

This section gives a general background to the topic and an explanation of the main features of this thesis. Furthermore, we explain why we have chosen to study the aspects of, and links between management resourcing and management control strategies. This phenomenon can also be referred to as strategic selection. In addition, this section includes problem discussion, delimitations and finally culminates in the research questions.

#### 1.2 Background

In a world of increasing business competition, financial insecurity and political instability, companies tend to reorganize in order to stay competitive and to improve efficiency. For instance, over the last few years, the world has experienced not only an accelerating globalizing business climate, but also a financial crisis and in the last year, a democratic revolution in parts of the Arab world, the" Arabian spring".

There are several aspects of reorganization. Today, competitive companies know that one of the key factors of successful business is to have the right people in the right positions (Hill, 2011). This is a very complex task. Through the years, the view of labor has definitely changed, spanning from a classical view, where employees were basically considered as expendable, to a modern view, speaking of labor as human capital. Naturally, this is triggered by cost related changes in production processes and an increasing service sector (Storey, 2001).

As a result, finding and developing the right skills and attributes, competence supply, becomes essential to any company striving to succeed. Still, not everyone seems to realize its potential benefits. Competence supply is a quite wide research area, as it covers personnel basically on all organizational levels. We focus on the one part of competence supply that we feel is of special interest to us; management resourcing.

There is no question to whether competence supply in general is important, but without the right guidance, companies will find it difficult to pursue the company's strategies (Iles in Storey, 2001; Szilagyi & Schweiger, 1984; Olian & Rynes 1984). Companies are controlled with various methods and all managers have individual management styles, which suggest that managers are more suitable for companies actually controlled in ways which match their management styles. Hence, a thorough selection of each manager in key position is vital (Iles in Storey, 2001; Szilagyi & Schweiger, 1984; Olian & Rynes 1984; Tengblad, 1997). Recent

research claims that management must consider the overall company strategy during the selection process in order to find the right managers (Iles in Storey, 2001; Szilagyi & Schweiger, 1984; Olian & Rynes 1984; Tengblad, 1997). Strategic selection is a term which focuses on designing the selection process in a way so that it supports the overall organization strategy, which enables companies to find managers suited for their control strategy (Iles in Storey, 2001).

#### 1.3 Purpose

The main purpose of this study is to examine how companies conduct competence supply, and in particular, management resourcing. When examining management competence supply, we focus on management resourcing strategies. Furthermore, our study seeks to examine if companies actually link the internal management resourcing strategy with the overall control strategy, a phenomenon referred to as strategic selection (Iles in Storey, 2001). We want to analyze how, and with which processes companies conduct management resourcing, both from theoretical and practical perspectives. Furthermore, we will examine whether or not companies use rational or normative management resourcing strategies, which is suggested by Barley & Kunda (1992) and Tengblad (1997). Depending on the outcome, our study could serve as a foundation for further research regarding management resourcing and also provide some clarity regarding strategic selection.

#### 1.4 Delimitations

This study focuses exclusively on management resourcing. In the theoretical framework, human resource management in general is discussed in order to understand the foundation of competence supply. Furthermore, we focus on all types of managers, since limiting it to top management could complicate the data collection and also because of the fact that, in some cases, top level management resourcing is run by external recruitment firms. Although management resourcing involves various steps, we focus solely on selection, appraisal and development. Furthermore, each participating company representative is stationed in Sweden. This implies that, local differences in management resourcing strategies, which might exist in the organization, will be unexplored. The number of participating organizations reflects on to what extent a generalization can be made. In order to draw any general conclusions, we would have had to include far more organizations, which unfortunately, due to the time limitation, is impossible. Hence, this thesis will only point to certain trends specific to the studied companies and could also provide a base for further research.



#### 2. Method

This section describes and evaluates the methodological approach used when studying the subject in question. It aims to describe the applied method, the planning process, collection of data and our research approach. Finally, it evaluates and discusses the validity, reliability and the scope of the study.

#### 2.1 Planning Process

Quite early on, as we initiated this project, it became clear to us that although there is an enormous amount of research covering human resource management, strategic management resourcing seems to be surprisingly unexplored, or at least more inaccessible. Clearly, we needed to work thoroughly and carefully in order to find satisfactory research material. In the initial stage of the data gathering process, extensive time was spent in libraries and databases searching books and articles on human resource management, management resourcing, competence supply, leadership, organization and strategy. We purposely searched a wide range of material as we knew it would maximize our chances of achieving an overall understanding of the subjects. That is to not only understand and cover management resourcing, but also to understand the subjects and issues in connection to management resourcing, and its origin.

Initially, we searched and screened current and up to date material, finding a few interesting sources in both books and articles. As we felt unsatisfied with the initial result, we broadened our search to also include slightly older but reputable and adequate material. Suddenly, we could choose from a larger amount of literature that we felt would improve and strengthen the theoretical foundation on which this thesis lay. The most difficult task was to collect the empirical material. During the Gothenburg School of Business, Economics and Law career fair GADDEN; we tried to establish as many contacts as possible, mostly gaining positive responses. Lastly, after reviewing the data and discussion with our tutor, we formulated the problem, purpose and aim of this thesis.

#### 2.2 The Collection and Presentation of Data

The collected data used in this thesis is of qualitative kind, both in form of primary and secondary nature. Nyberg (2000) defines secondary data as information that is publicized and interpreted. The data was collected in a systematic and consequent manner, starting off searching for broad subjects, then narrowing it down into more specific topics. Once a general understanding of human resource management was achieved, the search changed to areas



connected to management resourcing, such as competence supply, leadership, organization and strategy. Finally, research regarding management resourcing was reviewed.

The objective was to find previous studies and research applicable to our theoretical framework. The theoretical framework is based mainly on literature found in databases, such as books and scientific articles. The main search engines used are; the university library, Google Scholar and JSTOR. In order to retrieve data, frequently used key words are "Human resource management", "Organization", "Strategy" "Leadership", "Competence supply", "Management resourcing", "Strategic selection" and in combinations; "Management resourcing strategy", "Management resourcing and Control strategy", "Strategic human resource management" etc. Information on how companies actually work with management resourcing and control strategies was collected through a survey in combination with information collected from company websites and annual reports. The survey was sent to several HR-directors in mainly larger Swedish companies. When possible, these people were initially contacted both via telephone and email.

The theoretical framework is divided in two parts; the first part describes strategic human resource management and competence supply in general, while the second part focus on presenting theory on strategic selection and management resourcing. The division and layout is created in this order as we initially strive to provide the reader with basic knowledge concerning strategic human resource management and competence supply.

#### 2.3 Empirical Data Research

In order to effectively perform a study of the relationship between management control strategy and management resourcing strategy within companies, we must collect information from primary sources, i.e. the companies. Naturally, this is a complicated task, and several issues need to be considered prior to the initiation of such a data collection. There are three potentially useful ways to collect the necessary empirical material. Firstly, we can collect data directly from influential company representatives through interviews. The second alternative is similar, but instead of actually performing an interview, we collect data through a survey of questions that together cover the issues of interest to us. A third alternative is to search for and study internal documents concerning management researching and control strategies.

Each alternative has its own pros and cons of which all must be considered. For instance, negative aspects of performing interviews are the actual availability and participation of the



individuals' whished for. Furthermore, a positive aspect of an interview is the possibility of asking direct and supplementary questions, to engage in discussion and the benefits of a direct and personal contact. In order to collect valid and credible material, the interview should be complemented with observations, and an analysis of company specific documents (Ahrne and Svensson, 2011). Hence, one possibility is to observe company specific processes of interest to us. This does however require not only access to these processes, but also an enormous amount of time.

A survey can be carried through via email, and as it does not require company representatives to be instantly available, it can be answered when the persons in question has the time to do so. A survey will also simplify the data collection in terms of how we can actually reach more companies. An initial contact, for example via phone, can be followed by a simple email containing the survey. It also guarantees that each participant has the chance to answer the same questions, something that, due to for instance time limitations can be affected during a regular interview.

Still, there are negative aspects of performing a survey. For instance, it is not possible to directly ask supplementary questions or to engage in discussion. In addition, there is a chance answers from each participant differ quite substantially due to question interpretation, actual interest and of course, time issues. The way in which the questions are actually formulated can also have an impact on the end result, as it is difficult to explain and clarify possible misunderstandings.

Our main concern is the time issue. Although interviews might be the optimal way of gaining the company specific knowledge that is of interest to us, we argue that the available time (two weeks) is not enough for us to secure the necessary data. Our second concern is the amount of companies that we are able to reach and convince to participate within two weeks. When initiating this study, we felt that 5-8 companies was a realistic objective.

With this in mind, we chose to perform a survey that was to be sent out and carried through via email. However, as our objective is to collect as much information as possible regarding these specific issues, we are open to complementary information in the shape of company documents and information.



#### 2.4 Survey Implementation

The main part of our empirical data was collected through a survey sent by e-mail to various HR-directors in mostly large Scandinavian and multinational companies. In some cases, we had initial telephone contact with respondents (it was our ambition to speak to everyone in advance of sending out the survey), but the majority were only contacted via e-mail. In general, it is rather difficult to reach HR-directors in larger organizations.

In the end, as we had contacted twenty eight organizations, of which ten had promised to answer the survey, we felt that the organizations contacted represented a wide range of larger, mainly Swedish organizations, which was fully in line with our ambition. However, as the deadline approached, only five companies had chosen to participate.

The survey consisted of 12 questions designed to cover several aspects of management resourcing, but also company control strategies and organizational issues. A few questions were possible to answer simply with yes or no while the majority of the questions demanded more thorough answers. Still, each respondent was encouraged to answer as detailed as she or he wanted to.

The questions were divided in three sections. Each section was designed to cover a more specific area of interest to us. Together, these sections create an overall picture of the participating companies from a perspective based on our research questions.

The first section covers organizational aspects. Questions deal with control instruments, and whether or not HR is represented in company management. In the second section, questions are focused on manager resourcing. How is manager competence defined within the organization? Which managers do you prefer to recruit internally? Is there a plan for internal recruitment? Who is responsible for manager resourcing in the organization? Etc. The third section concerns appraisal and development. Here we want to find out if each manager is evaluated, the average time for which a manager remains in position and what manager competences companies want to develop and nurture.

Clearly, many contacts had the perception of the survey to be rather complicated and time consuming. With this in mind, we modified a few questions to a certain limit where we felt that if we went further, the questions would not give us the information necessary to effectively proceed.

Initially, we set a deadline for the participants to answer the survey. Surveys were sent out between December 8 and 9 (2011) and due to the Christmas holidays, we encouraged participants to present answers before December 19. During the period between the 9<sup>th</sup> and the 19<sup>th</sup> we continuously reached out to additional companies in order to secure a strong participant base. In the end, five companies participated. The answers have been interpreted, analyzed and compiled by the two authors separately and then together in order to get a little more objectivity.

#### 2.5 Validity and Reliability

This section is designed to describe the validity and reliability of the study. Firstly, validity is the way this study actually measures what we initially set out to measure (Eriksson & Wiedersheim, 2001). Reliability on the other hand, provides a different perspective. If this study would be performed several times, by different researchers, would it show the same result over and over again? Reliability addresses the certainty and the systematic character of the study.

Our sources are mostly of primary character as we have spoken directly to the organizations involved in the study. In addition, secondary information was collected in terms of theory and from websites and company representatives regarding company specific documents. We perceive every participant as sincere, interested and ambitious.

We feel quite confident to claim that regarding the overall company specific management resourcing strategies presented by participants in this survey, there is obvious validity. But, whether or not, on a daily basis, these strategies are actually implemented and carried through remains unsure. Hence, with this in mind, and the amount of participating companies in the survey, we believe it is important not to consider the results of this study as a generalization of all existing companies. Instead, the result should be viewed more as trends describing the current situation regarding management resourcing among the participating companies. Also, this being a study performed by two students, might just affect the extent of the actual dedication company representatives show when answering the survey questions. We cannot exclude the possibility that a survey performed by a University Professor or person of similar influence would produce more detailed answers, as it might project a more serious, authoritarian and demanding figure. The answers to the survey questions are also subjectively interpreted, which implies that other individuals could interpret them differently. On the other



hand, writing and analyzing the empirical data separately first and then together might enhance the likelihood of a more neutral interpretation.

As to the actual reliability of the study, if reproduced with the same, methodological approach, survey questions and companies, the study would likely show similar main findings. Other researchers would most likely gain access to the same documents as we have, and when asked again, participants will give the same or at least very similar answers.

#### 3. Theoretical Framework

The following chapter will present theoretical findings of relevance to the thesis's purpose. It aims provide the reader with necessary knowledge regarding strategic human resource management and management resourcing and subsequently use these tools in the analysis of the empirical data.

#### 3.1 Strategic Human Resource Management (SHRM)

Over the past thirty years or so, what is currently known as human resource management has undergone quite a major change from its original form of personnel management. It is still transforming. Organizations can achieve a higher level of efficiency and performance if personnel are consciously managed in terms of for instance competence, behavior, motivation and culture. For any company or organization, there are simply major competitive advantages to be found when investing efforts in strategic human resource management (Schuler & Jackson 2007).

In order to describe the possibilities and difficulties of strategic human resource management, it is important to understand the basics of its purpose. When chasing competitive advantages, an organization analyzes several factors, both externally and internally. Which are our strengths? Which are our weaknesses? Which are our assets? Where and how can we improve our business? Still, although strong and well integrated, several companies might possess the same set of resources, which suddenly unjust the description of the resource as competitive. This is most evident in the case of resources such as technology, machines and different types of production processes. Although advanced and complex, these resources, the physical resources, are quite easily imitated (Schuler & Jackson 2007). Hence, in the longer run, one cannot expect to rely on these factors as competitive. However, this does not imply that these resources are not important, they are in fact essential and require continued investment, but



companies should consider, concerning these factors, whether or not it is necessary to hold a leading position. Instead, companies might benefit from focusing on resources far more complex and not as easily imitated. Company personnel are such a resource, and, very often, companies do chose to invest internally, in human resources.

There are numerous examples of organizations that greatly benefit from investing in the creation of a strong organizational culture by focusing on company values, and personnel (Schuler & Jackson 2007). Still, in order to work effectively, it is essential to combine these factors with a well-functioning organization. This includes everything from report systems, rules and structure, to reward- and communication systems. Schuler and Jackson (2007) suggest that in the end, if successfully implemented, an organization will develop its own "mindset", that is basically impossible to imitate. Positive or negative, it will be most central to the company's performance.

SHRM is clearly an important tool in an increasingly competitive globalizing business climate and it does include a wide range of activities. We focus our efforts on one part of the strategic human resource management process that should be considered as important to any organization; competence supply, and, even more specifically, management resourcing.

#### 3.2 Competence Supply

Bowin (2011) claims it is initially essential to any organization to establish a stabile platform based on the organization's current situation, its objectives and its strategy. Thereon, top management must focus on business planning including the important phase of actually defining the competence necessary to effectively implement the business strategy (Bowin, 2011). Here, management must ask itself the right questions. For instance: how can we describe our internal culture? How do we define competence and competence supply? How is competence supply currently a part of our organization? What challenges lie ahead? Which competence are we in need of? From a future perspective, what competence do we need to handle environmental changes?

There is a clear difficulty in actually defining different roles throughout the organization. One solution to this problem is to generalize roles that currently exist in all parts of the organization, such as manager, assistant, project manager etc. To initially generalize these roles is an essential part of the business control process. Once generalized, Bowin (2011) claims that it is possible to in turn define different levels of each category, for instance the

manager role. As mentioned earlier, this could mean a span including every manager role from CEO to group manager. To generalize and later define these roles effectively and with accuracy, the organization and the people involved must ask itself several questions. Which are our roles? Which competences are required for each role? Is there a gap in competence between the individual level and group level? Looking ahead, in terms of pensions and personnel turnover, will we be able to keep the competence? (Bowin, 2011)

Today, a popular term used to describe the important work of attracting, developing and keeping competence within an organization is Talent Management. This starts, of course, with the recruitment of future talent, sometimes at such early stages as university freshman year. The importance of talent management can easily be calculated by studying the costs of recruitment and introduction processes, activities that often cause extremely high expenditures, particularly if the recruited personnel choose to leave the company at an early stage (Bowin, 2011).

Management resourcing is included in the competence supply process. Bowin (2011) describes competence supply as essential to any successful organization. Competence supply covers the process of defining, attracting and developing the right personnel. Clearly, one can benefit from creating procedures which effectively support the competence supply process. At each stage, the organizational vision, its objectives and strategy must be in focus. In the end, the organization must be able to define not only the competence that is wished for, but also its actual role within the company. In which way companies chose to plan and implement SHRM and competence supply is often dependent on and influenced by organizational culture-related issues.

#### 3.3 Corporate Culture and Management

The amount of research covering corporate culture is enormous, and in general, companies are now realizing the benefits of a well-functioning corporate culture (Alvesson, 2001). Corporate culture can be defined as "the collective mental programming that distinguishes organizations members from other organizations members" (Hofstede, 2005: 300). There are many definitions of the term. According to Alvesson (2001), there seem to be a link between corporate culture and organizations management ideology.

There are a few existing views on the extent to which the managers can actually affect and form the members of an organizations. Some theories claim leaders as superior to existing



culture; others suggest the opposite, while others propose the equal importance of corporate culture and management ideology (Alvesson, 2001).

Clearly, to any company, there are major potential benefits of creating a strong but positive organizational culture. As corporate culture is often connected to management ideology, we believe that when analyzing company specific management resourcing activities, one can assume that a company with the ambition of developing a strong organizational culture, would also, most likely, prioritize management resourcing, and in general, competence supply. Hence, when analyzing the empirical material, organizational culture becomes an important indicator.

#### 3.4 HRM- Strategy and Control Strategy

HR has the purpose to create value for employees, management, costumers, investors and other stakeholders (Ulrich & Brockbank, 2007). In order to achieve that value, it is essential that the HR process of a company match its overall control and business strategy.

The view of human resource management as a value creating factor within organizations is becoming increasingly popular. Ulrich and Brockbank (2007), claim that many organizations, when developing or implementing HRM processes, tend to focus their efforts wrongly. Very often, HRM is defined from the HRM department itself and not from the receiving end, which is every other stakeholder or shareholder connected to the organization. Instead, HRM must work to strengthen and support the organization from the desires, needs, the objectives and the strategy of the organization (Ulrich & Brockbank, 2007)

In order to coincide with the company control strategy, in many cases, it is possible that the HR function should undergo a certain transformation process. According to Ulrich and Brockbank (2007), the HR-people must focus on what they actually deliver in contrast to what they do. This is possible when HR-people obtain a deepened and better understanding of the different departments and functions of the company, covering a spectrum from internal routines and business processes to customer needs and preferences combined with a broadened value driven ambition. When initiating such a process, that is to transform the HR functions of an organization, it is utterly important to, as mentioned above, with great care behold the company's overall business and control strategy. Hence, for the HR-people, the first step is to understand the strategy (Ulrich & Brockbank, 2007)



#### 3.4.1 Strategy

According to Mintzberg (2003) the term strategy is quite difficult to define. For instance, should goals and objectives be included as a part of strategy or should these be separated when defining the term? And while strategy is often regarded as something purposely formulated, others claim that strategy can also be shaped and developed unconsciously. The perhaps most famous writer on the subject, Michael Porter, claims that strategy is something very deliberate, with the purpose of creating a competitive advantage to the company formulating and implementing it (Mintzberg, 2003).

Evidently, as the term strategy is not easy to define, it is also difficult to evaluate. A well formulated strategy will not necessarily result in successful business, there are of course, other variables greatly impacting the outcome of such a process. However, research suggests that an effective strategy should include certain factors in order to minimize a negative outcome (Mintzberg, 2003). For instance, according to Quinn (2003), there need to be clear, decisive objectives, flexibility, surprise, coordinated and committed leadership, security (in the meaning of secure resources, logistics and intelligence systems) and lastly what he describes as "maintaining the initiative" which defines the way in which an organization determine the course of events instead of reacting to them (Quinn, 2003).

Mintzberg (2003) describes the difficulty of actually defining the term strategy. There also seems to be a possibility of both conscious and unconscious strategy formulation within organizations. Regardless, an effective strategy should be formulated from certain cornerstones in order to optimize the eventual outcome. However, when well communicated, a strategy will integrate itself and possibly enhance unification and cooperation throughout the entire organization. Hence, when analyzing the empirical material, a possible link between company control strategy and management resourcing strategy is likely shown in the actual knowledge among, for instance, HR-representatives concerning control strategy.

#### 3.5 Managers and Leadership

#### 3.5.1 Defining the Term Manager

Initially, in order to best analyze the procedures and methods of management resourcing, we must start by defining the term manager, and as far as possible, separate the different responsibilities in connection with each major manager category. The term manager can have



several different meanings. Indifferent of the definition, in every case, the term does include some form of responsibility.

Obert and Södergård (2010) divide the term manager into three categories: The executive manager is found at the highest managerial level of an organization, often answering directly to the board. This is the CEO or general manager. The second category is the strategic manager, often found in the top management team and often responsible for several sublevel managers. This is the marketing manager or the business area manager. In the third manager category we find the operational manager, often characterized by the fact that this is the lowest managerial level in the organization. Since managers operate the most diverse types of organizations, of different sizes and of different branches, distinguishing the type of manager is difficult.

#### 3.5.2 Leadership

The term leadership is, if putting it mildly, a well-used term, studied from a wide range of scientific disciplines spanning from business administration and political science to sociology and philosophy. Because of this large variety of scientific research focusing on leadership, there are a large variety of definitions. However, of the many definitions, there are a few aspects that tend to correlate. Forslund (2009) defines leadership as "a process where a person exercises intentional influence on other persons with the purpose of reaching an objective".

In this paper, we focus on leadership from a managerial role. Still, a leader and a manager is necessarily not the same. Forslund (2009) defines the manager mainly as a formal leader, meaning that although the manager holds the overall responsibility, she or he might not be the actual leader. Instead, the real leader could be someone else who then exercises informal leadership on the group. According to Yukl (2006), there are further theoretical differences in leadership. Yukl (2006) speaks of both direct and indirect leadership where direct leadership describes the behavior directly affecting the followers. Indirect leadership covers the actions performed from a top management perspective when decisions affect the organization on many levels. Furthermore, indirect leadership is applicable to structural and cultural changes taken to control and affect employees.

Forslund (2009) claims leadership in organizations is not necessarily as important as many believe it to be. Instead, research is quite contradictory, with no evidence suggesting that leaders actually have a fateful effect on organizations. Most people would probably disagree,

claiming history is full of charismatic and influential leader who clearly defined their organizations. However, this is an assumption that is, in theory, not supported by research. In sports for instance, research shows that changing the manager actually very rarely leads to improved results. Instead, results tend to come as the manager remains in the organization over a longer period of time. However, in general, studies have yet to show any clear effects of actually changing a manager (Forslund, 2009).

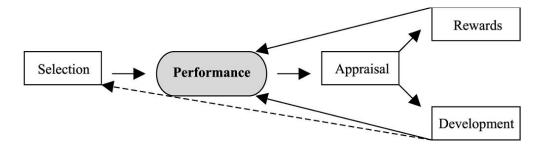
Clearly, there exist a large number of leadership definitions. Regardless of the definition, there seems to be agreement to the difference between a leader and a manager. At the same time, the importance of leadership is debated. For instance, Forslund (2009) claims there to be no actual evidence suggesting that frequent managerial change leads to improved results. The effect is most likely reverse. However, as companies seek to obtain strategic advantages from ambitious management resourcing activities, one can assume that both managers and leaders are in focus.

#### 3.6 Management Resourcing

The importance of management resourcing is dependent on the manager's ability to affect the organizational development. It is however, problematic to measure the manager's significance in terms of organizational performance. Influential factors such as business cycles, technology development, coincidence etc. are constantly present. Still, managers' performance can influence an organization's development, and the importance of a certain manager can also be linked to what extent employees are controlled by their superiors (Tengblad, 1997).

Management resourcing often consists of formalized activities such as management assessment models, management education programs and standardized management appointment strategies. Nevertheless, there are also informal management resourcing activities (Tengblad, 1997).

Human resource management is a frequently used term, but it includes activities not exclusively related to managers. Hence, one has to exclude the activities that focus on other personnel than managers. According to Devanna et al., HRM activities consist of selection, development, appraisal and rewards which interact in order to create performance (Devanna et al. in Fombrun et al. 1984).



Source: Adopted from Fombrun et al. (1984)

Selection consists of methods for testing and choosing the right person, which contains psychological tests, interviews and replacement planning. Development is focused on changing their behavior and competencies through career planning, education etc. (Olian & Rynes 1984; Tengblad 1997). Appraisals are methods such as management reviews while rewards are more incentive focused, such as bonus systems. The product of these activities together combines what we refer to as management resourcing. Tengblad (1997: 13) defines Management resourcing as "socially constructed activities concerning selection, development, and appraisal of managers, which refers to maintain an organizations management staff and to ensure that it acts in an appropriate way". This is the definition that we will use in this thesis when referring to management resourcing.

#### 3.6.1 Strategic Resourcing

Research regarding employee resourcing has often been conducted by occupational psychologists and personnel specialist. Hence, aspects of organizational theory, which organizational theorists and organizational sociologists argue is important, have been neglected. Currently, resourcing is increasingly seen as an important part of managing large-scale processes in organizations. There are many researchers highlighting the importance of the selection process. Strategic selection is a term which focuses on designing the selection process to support the overall organizational strategy. At this stage, a lot of focus is put on identifying and assessing key managerial and specific competences, in order to support and develop current business models. This further puts a lot of pressure on strategic awareness in the selection process (Iles in Storey, 2001).

Managers are responsible for implementing business strategies. Hence, researchers claim there to be an interest in matching managers with strategies. To further clarify, researchers argue that some managers as better suited to run companies with certain business strategies than others. However, this would suggest that there are no universal managers suitable or fit

to run just any company something which has created several theories and frameworks regarding which managerial characteristics are actually suitable for the respective strategies. Furthermore, this supports the theory that it is essential to select managers who are suitable to run certain companies, based on the match between managerial style and company business strategy (Szilagyi & Schweiger, 1984).

Generally, these frameworks are based on certain strategies (such as Vernon's product life cycle), which is dependent on business climate and the state of the company. These strategies suggest that certain job condition requires different types of characteristics, which are suitable for a company manager (Szilagyi & Schweiger, 1984; Olian & Rynes 1984; Wiersema, 1992). However, according to Gupta (1992) there are a few characteristics which managers always should possess (such as intelligence, integrity and energy etc.) in order to be an effective leader. Gupta (1992), further assert that required characteristics also depend on what type of level the manager is supposed to work.

Although theories provide an interesting view on the topic, Szilagyi & Schweiger (1984) claim that they contain a lot of problems and limitations, which is why they provided a new framework, that also accounts for the type of company, including power, structure and culture. This framework does not really supply an action plan on how to select a manager that match the business strategy, but it could function as guidelines regarding what to consider when selecting managers.

In order to analyze what selection criteria for organizational staffing that is most appropriate in regard to job requirements, one has to evaluate the current employee's behavior, skills and activities (Olian & Rynes 1984). However, according to strategy experts, job requirements are only partly to consider. Long term organizational goals, strategies, policies etc. are equally important (Fombrun, and Devanna, 1982; Olian & Rynes 1984).

The managerial effects on organizations are also somewhat criticized in certain areas. Wiersema (1992) argue when looking at the succession effect of executives that, researchers have come to different conclusions on the actual effect on organizational effectiveness and performance. Some research show little to no succession effects, while others find increased organizational performance (Wiersema, 1992). However, the large amount of factors that can impact organizational performance can very well hide the actual effect of executive succession. On the other hand, regarding change of top management and strategic

consequences, researchers seem to concur that there is correlation. Wiersema (1997) concludes that companies with externally selected managers are more likely to experience strategic change than those of internally selected managers. Organizations in need of new strategic visions are more likely to achieve change if selecting top management externally (Ibid).

To conclude, several researchers claim there is a link between management style and overall business strategies that need to be considered (Storey, 2001; Szilagyi & Schweiger, 1984; Olian & Rynes 1984). Although, the importance of matching managers strategically to the companies' business strategy seems to be clear, all attempts to create a well-functioning framework seem to have failed. However, the fit between manager and organization when selecting future managers is undoubtedly essential and the following chapters will provide a theory on how certain companies ought to perform their management resourcing strategies.

#### 3.6.2 Formal Management Resourcing

Two major management control ideologies have characterized management theory, the normative and rational control ideologies (Barley & Kunda, 1992). According to Barley and Kunda (1992), the evolution of managerial ideologies has mainly shifted in waves during 1870-1992, rather than progressively from rational to normative. Furthermore, Barley and Kunda claim that these shifts are interplay between economic and cultural forces that has created the alternations (Barley & Kunda, 1992). The rational ideology is characterized by analytical thinking and control of the company is gained through planning and decision making. The typical organization is focused on task specialization and is controlled by rules and delegation provided by centralized management. The manager in a rational control ideology organization is seen as a decision maker and administrator rather than a leader. Hence, skills such as business administration and economics are required by the manager, while leadership skills and personality is generally less important. The organization expects the employees to be loyal and follow orders, which can be seen as prerequisites in order for the organization to work. Typical control tools are budgets, management accounting, information systems, benchmarking and business re-engineering. They use these tools to plan and make rational decisions, based on accurate data, which has been collected with the current business environment in consideration (Tengblad, 1997).

The *normative* control ideology is more focused on SHRM. The manager use leadership as a way to reach the formulated goals, rather than being a decision maker and an administrative

expert. Control is reached through management communication and socialization of goals, values and corporate culture. The organization is decentralized and the employees are encouraged to take initiatives in order to reach the common goals (Tengblad, 1997). Determining what type of control strategy (*normative or rational*) the companies use is essential in order to determine what type of management resourcing strategy is best suited and will be discussed in the next section.

#### 3.6.3 Management Resourcing and Management Control Ideologies

According to Tengblad (1997), management resourcing can be closely linked to both rational and normative control ideologies. Rational management resourcing is strictly regulated through rules and instructions regarding selection, development and appraisal. Management resourcing is handled centralized by specialists in a systematic and standardized way and managers are evaluated and awarded in accordance to standardized forms. In the rational resourcing process, position related competence is important as managers must be regarded as experts, which can also be reflected in management development education where knowledge and skill development is essential.

The normative resourcing ideology differs vastly from the rational. Organizations which practice a normative ideology try to create an environment where managers can develop and grow in order to maintain the common values. Furthermore, the managers should act as leaders and pass the corporate culture on to the employees and potential managers. Hence, normative management resourcing organizations must incorporate these values and motivate potential managers to commit to the company. Management resourcing should be an important part of any managers' work tasks and must, on a daily basis, engage in activities such as selection, development appraisals and rewards. In case of an existing separate human resource department, it will mainly provide support and advice (Tengblad, 1997). The management candidates' abilities to motivate and create commitment are thoroughly tested and the educational development courses are focused on developing managers' abilities to transfer company values and norms (Ibid).

#### 3.6.4 Informal Management Resourcing

There are many different but important factors regarding management resourcing, of which many are informal, something that highlights the complexity of the subject. In addition to the formal management resourcing process (*rational* and *normative* activities), there is also the informal management resourcing process. It is characterized by unstructured and traditional

activities that make room for individual actors to determine which traits, skills, knowledge etc. are important when selecting managers. Furthermore, during the selection process, when conducting informal management resourcing, personal relations is an essential factor. Informal management resourcing promotes the significance of personal relations, trust, intuition and loyalty in management work, which can be provided due to the informal structure. This is not something that formalized management resourcing support, which claim that promotion and selection ought to be decided due to qualifications and formal criteria's (rational control ideology), leadership skills or ability to achieve results (normative control ideology) (Drucker in Tengblad, 1997).

#### 3.6.5 Selection or Management Development

Kerr and Jackofsky (1989), provides management development as an alternative method to strategic selection. They further argue that, identification of strategic task demands and matching managerial characteristics is problematic and suggests that management development is preferred. Kerr and Jackovsky (1989) defines management development as a process through which manager's value to the organization increases based on the acquisition of new behaviors, skills, knowledge, attitudes, and motives (Ibid: 158).

Kerr and Jackofsky find that both approaches actually work in order to align managers and strategy. However, these approaches are built on somewhat different views of both the strategy making process and of the organizational functioning. The selection method is based on a mechanistic belief where managerial characteristics are fixed, while the management development method is based on managers' characteristics constantly evolving. Both approaches' purpose is to frequently keep the organizations ability to adopt strategy in line with prevailing business environment (Ibid). Kerr and Jackofsky (1989), further argue that many researchers are too focused on a mechanistic view, which has resulted in simplified approaches regarding aligning managers and strategy. According to Tengblad (1997), both management development and selection is incorporated in the process of management resourcing. He has clearly chosen to argue that both approaches are necessary in order to align a manager and company strategy.

#### 3.6.6 Management Resourcing from an International Aspect

Clearly, the potential advantages or disadvantages of realizing and practicing or simply ignoring management resourcing are discussed within organizations in all parts of the world.



Still, there seems to be country- and region-specific differences in the way companies choose to invest in management resourcing.

Andrew Hill (2011) claims that British firms in general tend to spend far less money on manager development than firms in for example Denmark, France, Norway, Spain and Germany. In fact, studies show that only twenty percent of British managers actually have manager qualifications. Hill means that larger companies might have an easier task attracting and developing management talents mainly through internal recruitment processes. However, few companies, especially if expanding, can handle all management positions from internal recruitment. G4S, the large security solutions company, quite ambitiously strive to recruit at least seventy percent of its managers internally. Irene Crowden, human resources manager at G4S claim that finding the right people externally is often very difficult. In order to achieve the objective of finding such a large part of company managers internally, G4s has established talent pools at different levels within the company in order to keep an eye on- and develop internal talent (Hill, 2011).

In the recent book why are we bad at picking good leaders? Jeffery Cohn and Jay Moran, specialists in executive recruitment, discuss the difficulty of matching the right person with the right position – at the right time. Cohn and Moran argue that companies and even society at large tend to pick bad leaders. The reason, Cohn and Moran claims, is the fact that, in general, companies focus on the wrong leadership attributes and in turn lack a consistent idea for what actually makes a great leader The attributes, of which companies instead should focus, and should focus on as a whole, are identified as integrity, empathy, emotional intelligence, vision, judgment, courage and passion (Cohn & Moran, 2011).

David Pardey, of the British institute of leadership and management claim that British companies not only tend to invest poorly in manager development, but that they also tend to promote individuals with strong technical skills but who, at the same time, lack people skills. Furthermore, management training tend to be performed sometime after the individual is recruited and in position, instead of at an earlier stage, preferably prior to promotion. In all, there seems to be a shortage of good managers in Britain at the moment. According to British executive recruitment group Harvey Nash, both the financial sector and the manufacturing sector are experiencing a high supply of available manager positions (Groom, B, 2011).

In the Arab world, executive recruitment firms tend to play an increasingly important role. Although recruitment in general has decreased over the last few years, executive recruitment is more important than ever. During hard times, many firms focus on re-organizing in order to achieve greater efficiency. That includes attracting and developing the best managers in the business. Firms focus on individuals holding very specific skills recruiting extensively internationally (local talent is hard to find). Apparently, there is a need among many companies in the region to modernize what very often are quite conservative and familyoriented organizational structures. According to Mark Houghton, partner at Michael Page, many Middle Eastern firms greatly neglects HR and in particular career management. HR was never a natural part of company management, and companies seem to have difficulties in actually defining and explain goals to employees. However, things are changing. In unstable economic times, many companies, acting as costumers, tend to prioritize companies with strong HR-strategies. The reason is that such an orientation usually prevents problems such as high personnel turnover etc. The presence of HR strategies simply calms the costumers – and investors, a fact that more firms now recognize. According to PWC, HR strategies currently make up more than twenty five percent of the firms client demands in the Gulf region (Fielder, L, 2011).

#### 3.7 Summarizing the Theoretical Framework

We initially focus on SHRM as means to create competitive advantages and the among companies increasingly popular activity of competence supply. Evidently, organizations can achieve a higher level of performance if human resources are managed with focus on, for instance, motivation, culture, competence and behavior. In the section "Competence Supply" we have a closer look at how such a function can be initiated within a company. More specific, this concerns an organizations ability to attract, develop and keep the right personnel. Each organization needs to ask itself certain questions in order to fully realize the actions and efforts necessary to create value. For instance, one must define competence and competence supply, how it is part of the current organization and which competence one is in need of. In the next section, corporate culture is described as often connected to management ideology and also something which could indicate whether or not an organization actually prioritize management resourcing. Strategy is defined and described in the theoretical framework. Mintzberg (2003) claim strategy should be formulated from certain organizational cornerstones. A successful strategy formulation and implementation will result in an integrated strategy which enhances the organizational unification and cooperation. Hence,

regarding the analysis of the empirical material, whether or not a company actually link control strategy and management resourcing strategy, this can most likely be derived from the actual knowledge, regarding internal control strategy, which company HR-representatives possess. In the following section, we define the terms manager, leader and leadership. Evidently, there are numerous definitions. In this study, we will not focus our analysis to any specific type of manager, but instead include all types. Hence, this section shows the difficulty of actually making a distinction.

In all, we try to present the theoretical framework from an initially wider base, and step by step, in each new section, further focus our research towards management resourcing. What is however unsatisfying, regarding the theoretical framework, is our inability to find any extensive previous research concerning the main purpose of our study. That is, research discussing how companies link control strategy and management resourcing strategy, and how companies actually conduct management resourcing. However, as we present theory thoroughly describing SHRM, competence supply, management resourcing etc. we believe we have created a foundation stabile enough for us to effectively analyze and answer our research questions.

In the strategic resourcing section we describe how selection process theory previously has been conducted by personnel specialists and occupational psychologists, which means that organizational theory has been neglected. Many researchers claim the link between resourcing and overall business and control strategies to be missing. Furthermore, research shows the importance of combining these theories in order to be able to select the right candidate. This concept can be referred to as strategic selection. As strategies are mainly conducted and applied by managers, the management resourcing process should be vital to any organization. The dilemma regarding this research is the lack of sufficient solutions to the problem. As mentioned earlier, aligning managers with strategies is a very complex process, not easily solved only with a framework. The existing frameworks and models are often based on other models which often, in turn, are simplifications of complex processes. Many frameworks are based on Vernon's product life cycle, already criticized since one can hardly distinguish the current stage of a company (Szilagyi & Schweiger, 1984). Combining two frameworks with obvious imperfections will only result in an even weaker model.

The last section in the theoretical framework provides the theory regarding rational and normative management resourcing. According to Barley and Kunda (1992), historically, two

different ideologies regarding management control have dominated organizations, normative and rational. In accordance to strategic selection, management resourcing should be connected to and performed in line with the organizations management control ideology. Tengblad (1997), presents three different management resourcing theories; rational, normative and informal. Organizations operating from a normative control strategy, are likely to, from a strategic selection point of view, benefit from also using a normative management resourcing process. As in the normative case, companies using a rational control strategy should also use a rational management resourcing strategy.

Seemingly, strategic selection and management resourcing were hot research topics during the eighties and early nineties. Today, articles are generally more focused on talent management which, in comparison to management resourcing, includes all company personnel. Tengblad (1997) on the other hand, provides a clearer theory regarding management resourcing, which we use when analyzing the empirical data. Since theory and models on strategic selecting theory are deficient, we will only examine how companies actually conduct resource management and also if strategic selection of some sort is applied.

A few sections stand out as particularly interesting to us. Firstly, we are interested in the actual presence and implementation of management resourcing within certain companies. In addition, we want to know more about to which extent companies generally work to connect control strategy and management resourcing strategy. Secondly, we want find out whether or not these companies actually use normative management and resourcing strategies. From these reflections, we formulated the following questions:

#### 3.8 Research Question

How is management resourcing applied in companies and is management resourcing strategy and control strategy actually linked together?

#### 3.8.1 Sub Question

Are the studied companies mainly using a normative management resourcing strategy and control strategy, which the literature claim is the most common?

#### 4.1 Empirical data

Here, the collected research data will be presented. Of the approximately thirty organizations contacted, six chose to participate. Each organization is presented in turn. There is initially



brief information of organizational history, important facts and current situation derived from respective webpages, followed by the empirical data, i.e. the survey results.

#### **4.2 ICA AB**

ICA Sweden AB is part of ICA AB, a joint venture owned partly (forty percent) by Swedish Hakon Invest and partly (sixty percent) by Dutch Ahold N.V. Both share the decisive right over the company. ICA AB is currently one of northern Europe's leading retailers. ICA Norway, Rimi Baltic, ICA Bank and ICA Real Estate are also included in the group. The company is actively operating in Sweden, Norway, Estonia, Lithuania and Latvia. (ica.se) Company earnings can be derived to four different sources; Stores, Real Estate, Bank and Supply Chain. Ninety-seven percent of company turnover comes directly from Stores together with Supply Chain activities. ICA, or what today is ICA was founded as early as 1917 as Hakonbolaget in Swedish Västerås. ICA AB was officially formed in 1938. Now, almost a century old, ICA still works from the concept of independent retailers working in cooperation. The idea is to create a "responsive, innovative and resource efficient business" from a local, independent and entrepreneurial orientation (ica.se).

ICA puts a certain focus on leadership as one of the four cornerstones in a plan designed to optimize personnel performance. The other three cornerstones are competence, brand and diversity. ICA expresses a need to attract and develop the right people. In this process, one important tool is the ICA school, developed to cover all the aspects and levels of the ICA organization. ICA AB has the ambition to think global but to act with a strong local presence. Company strategies are focused on Stores, Costumers and on the Group. ICA wants to work long-term, sustainably and create growth on a stable foundation from listening to the costumers, offer good process and a wide assortment, to put quality first, and to create personal offerings in the most inspiring stores. Furthermore, Ica always strives to be cost effective and to create a workplace where people can grow (ica.se)

#### **4.2.1 Survey**

Birgitta Roos, Diversity Manager at ICA AB describes the organizational control process as well-developed, based on up to date company specific documents and designed to lead and support competence supply and manager resourcing. Each managerial role is defined and described in certain documents. Keywords describing manager competence and tasks are strategy, organization, to create commitment and to deliver results. ICA AB mentions committed employees as one of the company strengths. Job rotation and personal commitment

together with value based leadership are considered as important factors. This is an ongoing process, formulated, implemented and supported by the company's Human Resources department. HR is considered as an important business supportive and value creating factor and is directly represented in the company management team. In turn, management resourcing is an essential part of the company HR strategy (Birgitta Roos, 2011).

Birgitta Roos explains that ICA has the ambition to recruit managers mostly internally; this is stated and planned in the company management planning process. Furthermore, ICA encourages personnel to move within the ICA group. At the moment, the average time for which a manager remains in position, is three years. However, it is important to remember that managers often remain within the organization, but in different positions. All recruitments are evaluated through continued performance appraisals (Birgitta Roos, 2011).

#### 4.3 Tallink Silja AB

Tallink Silja AB is part of the Tallink group, one of the largest cargo and passenger shipping companies that operates the Baltic Sea. The group currently runs a fleet of 19 ships working lines between five countries as Tallink and Silja line. It is said to be the most modern of the Baltic Sea fleets in terms of security, environmental issues and comfort. Every year, roughly eight million passengers chose Tallink and Silja line. Tallink was founded in 1989, originally owned by both Finland and the Soviet Union. In 2006, Tallink bought Silja Line from the British company Sea Containers (tallinksilja.com)

The Tallink group works from three strategies; firstly, one strives for the highest level of customer satisfaction. Secondly, the company wants to increase the volume and strengthen the market position in the region. Thirdly, Tallink wants to develop a wide range of services for different costumers and to pursue new growth opportunities (tallinksilja.com).

#### **4.3.1 Survey**

Björn Åden, company HR Manager describes how Tallink Silja search for modern leadership in its managers, and that competence is defined from a higher educational degree, branch specific experience and preferably also additional languages as the company operates several countries. Each recruitment is supervised and evaluated through performance appraisals (Björn Åden, 2011)

At the moment, HR is not represented in company management within Tallink Silja AB. Furthermore, there is no specific management resourcing plan and no clear manager competence definition. Björn Åden explains that Tallink Silja prefers internal recruitments, especially on the ships, and managers seem to stay within the organization, as employment time spans from five to thirty years. There is currently no documented material produced to support and simplify the manager resourcing process, and there is quite a wide range of people involved in the recruitment process. In the company annual report, there is little or no information regarding HR strategy and personnel. In fact, personnel are analyzed only from a cost perspective in the annual report (Björn Åden, 2011).

#### 4.4 Rederi AB Transatlantic

Active in industrial shipping and icebreaking/offshore, Transatlantic runs 64 vessels and employs roughly 800 people. Currently, it is one of Sweden's leading shipping companies. Transatlantic has designed its strategy from four important areas; safety, punctuality, reliability and environmental consideration.

In the annual report, Transatlantic dedicates quite a large section to its employees. Here, it is clearly stated the importance of a strategy designed to develop employees in order to cope with competition and environmental changes. Over the last years, the HR department has undergone quite a major change, partly due to the downturn the company experienced during 2008. The organization was tightened up in order to increase personnel efficiency and to better use experience of other departments. Now, HR is simply more involved than before (Annual report, 2009).

#### **4.4.1 Survey**

Transatlantic Senior Vice president/Head of Human Resources, Britta Stolt explains that HR is an essential part of Transatlantic and directly represented in company management where strategic decisions are made, very often including HR aspects. Management works from several different control instruments, of which all derives from the strategy. Apart from generic control instruments such as budget and financial ratio, culture is considered as extremely important, throughout the entire organization. Each managerial role is described and defined from certain leadership criteria with priority on both personnel responsibility and specific technical knowledge. However, there is no actual documented management resourcing plan. Britta Stolt explains that Transatlantic focuses on diversity with the ambition



of creating a "mix" of "potentials" and "new blood" within the company. In the end, HR is responsible for most management recruiting (Britta Stolt, 2011).

Transatlantic emphasize accuracy and the ability to listen, take charge and delegate among its managers. These are also qualities which the HR department has the ambition to develop and improve among employees. Each recruited manager is evaluated through performance appraisals, surveys and health care activities focusing on leadership. At the moment, there are no available numbers describing the average time for which a manager stays in position (Britta Stolt, 2011).

#### 4.5 Handels Rekrytering AB

Founded as recently as 2008, regardless of its young age, Handels Rekrytering has achieved impressive growth and development. The Gothenburg based, student owned, student run staffing and Recruitment Company is tightly connected to the School of Business, Economics and Law at Gothenburg University. Focusing mainly on students from the school, Handels Rekrytering specializes in providing companies with the best and most ambitious students, graduates, economists, lawyers, environmental scientists and logisticians. Still, Handels Rekrytering is unique in the sense that the main focus is on student benefits. That is, to offer students relevant positions and valuable work experience (handelsrekrytering.se).

#### **4.5.1 Survey**

Martina Strand, company CEO, describes how Handels Rekrytering works consciously and ambitiously to integrate HR activities in company strategy. Firstly, HR is represented in company management as the HR manager works closely with the CEO. The HR manager carries the specific responsibility for manager recruitment. The ambition is to constantly supervise and develop the organizational structure, at the same time matching each position with suitable individuals. The company business strategy is implemented using several control instruments; apart from budget, financial ratio and certain strategy documentation, a strong and prolific organizational culture is regarded as essential to Handels Rekrytering. Furthermore, management uses collective rewards to strengthen and further unify the organization (Martina Strand, 2011).

Currently, there is no documentation or work in progress concerning the definition of manager competence within Handels Rekrytering. However, each managerial role is defined and described and constantly updated as the company experiences a period of substantial growth and change. Martina Strand explains that company managers should have some sort of



leadership experience as well as specific knowledge regarding the certain position. The company seeks to recruit managers internally as prior internal experience is considered to be highly meritorious (Martina Strand, 2011).

Strategies and documents designed to simplify and support manager recruitment does exist. However, Martina Strand explains that Handels Rekrytering needs to work more on manager resourcing strategies including evaluation, education and continuous follow ups. At the moment, manager evaluation is informal.

Handels Rekrytering wants to develop and nurture several qualities among its managers. Martina mentions presentational ability, leadership and communicational skills as important. Handels Rekrytering does have a large staff turnover because of it being run by students. Managers remain in position no more than one year which naturally complicates the implementation of long term objectives and processes. At the same time, this requires the company to accurately plan and implement the handover activities each year. Naturally, this requires extensive documentation and constant internal evaluation (Martina Strand, 2011).

#### 4.6 Ernst & Young

Accountancy firm Ernst & Young focus mainly on four services; Assurance, Advisory services, Tax services and Transaction Advisory Services. As one of the "Big four" in the business (the others are Deloitte, KPMG and PWC), Ernst & Young has established itself as one of the largest and most globally managed accountancy firms in the world. Going back to early twentieth century, although not actually founded until 1989 (from a merger between Arthur Young & Company and Ernst & Whinney), Ernst & Young has a rich and global history (EY.com). Through the years, on a regular basis, Ernst & Young score very high in several different staff related surveys and lists. For instance, in 2008, financial magazine *Business Week* ranked the company as no 1 on its list of best places to launch a career. The examples are numerous. As an employer, Ernst & Young is clearly very attractive (Business Week 2011).

#### **4.6.1 Survey**

Company HR coordinator/Recruiter Linda Ortiz describes an ambitious and seemingly well integrated competence supply and talent management system within Ernst & Young. The HR department is represented in company management and there is a strong link between company objectives and HR-strategy. For instance, personal scorecards, including specified objectives for each rank and business area, are used throughout the organization. Here, focus

lays on both financial ratio as well as basic organizational values. Linda Ortiz explains how HR has a most influential role in each management group.

Manager competence is thoroughly described and defined for each organizational level and basically all managers are recruited internally as Ernst & Young work from a certain career latter. In fact, everyone in the organization is encouraged to develop, take on more responsibility and eventually also reach a leading position. Linda Ortiz describes how management resourcing is implemented throughout the entire organization and that in this process, the HR department acts from a supportive position.

Ernst & Young use 360 degrees evaluation method each year as every coworker evaluates the respective manager. At the moment, there is no information describing the average time for which a manager remains in position. However, the company staff turnover is high.

#### **4.7 Survey Summary**

Table 1

Company	ICA	Tallink Silja	Rederi AB Transatlantic	Handels Rekrytering AB	Ernst & Young
Control Strategy	Budget, Financial Ratios, Vision, Culture	Unclear	Budget, Financial Ratios, Culture	Budget, Financial ratios, Culture, Strategy documents	Budget, Financial ratios, Culture
HR- representation in company management	Yes. Only involved in HR-related questions	No	Yes. Involved in main strategic decisions	Yes. Only involved in HR-related questions	Yes. Involved in main strategic decisions
Definition of manager qualities	Yes. Normative qualities	No definition	Yes. Rational qualities	Yes. But changing due to company development	Yes. But no examples
Existence of management resourcing plans	Yes	No	No	Yes. But deficient	Yes
Appraisal and evaluation	Yes. Evaluation conversations	Yes. Evaluation conversations	Yes. Evaluation conversations	Yes. But deficient and informal	Yes. 360 feedback from co-workers
Manager development	Individual development programs	Modern Leadership	Developing Leadership skills	Developing Leadership skills	Individual leadership development



#### 5. Analysis

Here, in the analysis section, the theoretical framework will be put in relation to the actual survey results, i.e. the empirical data. Firstly, we analyze if and how the participating firms practice management resourcing and if this strategy is actually linked to the company business strategy. Secondly, we focus on whether or not the participating firms use a normative management resourcing strategy.

#### 5.2 Management Resourcing in the Participating Firms

It is quite obvious to us that, management resourcing, in some form, is present within the firms that chose to participate in our survey. Although the term management resourcing is not necessarily applied or even known in these organizations, the processes and actions conducted to attract and develop the right people do correlate with the definition presented in our theoretical framework.

Firstly, when looking at how Tengblad defined Management Resourcing in 1997, both from formal and informal aspects, one should focus on a few important factors in order to accurately claim whether or not a firm actually practices Management Resourcing. Tengblad mentions management assessment models, management education programs and standardized management appointment strategies as essential to Management Resourcing.

Of the participating firms, four out of five do have plans that more or less correlate with Tengblads definition of Management Resourcing.

**ICA AB** clearly addresses HR and Management Resourcing as important. Firstly, HR is directly represented in company management. Secondly, personnel are regarded as one of the major company strengths. Thirdly, managerial roles are clearly defined and documented, so is the competence supply process along with Manager Resourcing activities. In addition, the ICA school is an important tool in the educational process as well as the appointment strategy which focus on internal recruitment.

**Rederi AB Transatlantic** prioritizes HR-activities and in particular employee development. Over the last few years, HR has undergone a major reorganization and is directly represented in top level company management. Although Transatlantic lack a defined and documented management resourcing strategy, the company has a clear view of who it wants to see in managerial positions and also how to find these people. At the same time, each position is thoroughly defined and described. Internal evaluation and development is performed on a



regular basis. However, regarding the current situation and with the recent ambitious reorganization in mind, it is likely to believe that Transatlantic are not far away from formulating and documenting a company specific management resourcing strategy.

Handels Rekrytering AB has managed to quickly develop a significant management resourcing focus within the organization. Because of its unique situation, where managers stay no longer than one year, Handels Rekrytering AB is required to constantly work ambitiously on recruitment, integration, development and evaluation. At the same time, one must produce standardized and thoroughly documented strategies and procedures as, at least once a year, management duties are handed over to newly recruited individuals. Clearly, at such a young age and when experiencing extensive growth, Handels Rekrytering has realized the importance of well-planned and implemented manager resourcing.

Ernst & Young is, together with ICA AB, the firm which seems to have the most developed and best implemented manager resourcing strategy. Competence is thoroughly defined and described on each organizational level where company HR department is constantly involved. As the majority of managers are recruited internally, Ernst & Young has most likely developed a motivational and successful internal career latter. At the same time, one puts significant responsibility and pressure on its employees, and staff turnover is very high.

Tallink Silja AB is the only of five participating firms which has seemingly no actual management resourcing- or competence supply strategy. At the moment, there are no formulated or documented recruitment procedures, and HR activities seem to be of low priority. In the company annual report, staff is discussed only from a cost perspective. Still, managers tend to stay within the organization for a very long time, often between five to thirty years. Perhaps has the low staff turnover influenced the way the company prioritizes management resourcing or HR-activities in general. However, it is quite surprising that a company of Tallink Silja's size and expansion actually lack a management resourcing strategy.

## 5.3 Management Resourcing Strategy and Company Control Strategy in the Participating Firms

This section will present the possibly existing link between management resourcing strategy and control strategy within the participating firms. Firstly, few companies, although practicing management resourcing, have actually formulated management resourcing strategies,

something that complicates the comparative analysis. Almost all of the participating organizations consciously and ambitiously plan and evaluate management recruiting and competence supply, but many seems to lack defined, described and documented procedures regarding this process. Hence, in order to analyze and compare management resourcing strategy and business strategy, we must combine and study each company specific activity related to what is defined as management resourcing.

**ICA AB** is one of the participating organizations that have the most developed and well implemented management resourcing system. As mentioned earlier, HR is directly represented in top level company management and each managerial role is clearly defined and documented. ICA AB works from a strategy that, among other things, focuses on a long term perspective where sustainability and the creation of a workplace where employees are allowed to grow is prioritized In addition, committed employees is considered as one of the major company strengths.

Comparing control and business strategy to company HR activities shows several common denominators, where employee related issues are at the center. In all, when analyzing survey material and company strategy formulations in combination with the influential HR representation in company management, it becomes clear to us that ICA AB does have a rather strong link between control strategy and management resourcing activities.

Rederi AB Transatlantic has no actual documented management resourcing plan, and interesting competence is quite widely defined within the organization. Still, HR and management recruiting is considered as essential to Transatlantic. But where other firms might tend to focus more on competence supply and management resourcing related activities, Transatlantic seems to work from a wider perspective focusing more on building a strong company culture. At the same time, HR is directly represented in company management and Transatlantic has a well developed and implemented evaluation system regarding manager recruitment. Hence, it is likely to believe that, in such an ambitious organization, a management resourcing strategy is not far away and that in all, Transatlantic's management recruitment activities quite well correlate with the company control strategy.

**Tallink Silja AB** stands out as the firm which, in comparison to the other five participants, does not prioritize or strive to develop any management resourcing strategies. HR is not represented in company management and manager competence is not defined or documented

within the organization. In addition, personnel seem to be regarded more from a cost perspective than as an actual asset. At the same time, the average time for which managers tend to remain within the company is significantly long. Often between five to thirty years. Interestingly, personnel is not mentioned neither in any strategy formulations or when discussing company strengths or potential competitive advantages.

With these facts in mind, it is reasonable to believe that the connection between the overall company control strategy and HR strategy is quite weak and that, in turn, Tallink Silja simply lacks what can be regarded as a management resourcing strategy.

Handels Rekrytering AB has impressively fast developed a thoroughly formulated and implemented recruitment system where each position is described, documented and constantly updated. Handels Rekrytering AB has had to adapt to its high staff turnover and the need of each year replacing the entire organization. HR works in close relation to company CEO, and HR activities is constantly on the agenda. In addition, management resourcing is considered as essential in order to cope with the current expansion pace. Because of Handels Rekrytering's as of yet limited size, the strong internal HR influence and the ambitiously implemented recruitment system, the strong link between control strategy and management resourcing strategy is quite obvious. In fact, Handels Rekrytering AB is a company basically defined by the competence of its managers.

Ernst & Young differs from the other participants. All managers, maybe with a few exceptions, are recruited internally. Evidently, there is a strong link between company strategy, company objectives and company HR-activities. Basically, manager recruitment is a constantly ongoing process initiated each time someone joins the company. Each employee is encouraged to take on responsibility and to eventually lead, and each employee has a personal career plan based on the company career latter. HR is represented in top level company management and because of the high staff turnover, Ernst & Young is required to develop and implement a thorough and effective management resourcing strategy. In fact, Ernst & Young has a certain diversity strategy designed to attract and employ competence from a wide range of backgrounds regarding such factors as social situation, education, ethnicity and work experience. As is the case in Handels Rekrytering AB, Ernst & Young depend on this strategy to provide the firm with the right competence, in all positions, and to create diversity of thought. Management resourcing and competence supply are constantly present throughout



the entire organization. Clearly, Ernst & Young work from a management resourcing strategy that is tightly connected to the company control strategy.

## 5.4 Normative or Rational Control Strategies in the Studied Companies

According to previous, research companies are run through either rational or normative control strategies (Barley & Kunda, 1992). This clear division was something that we doubted very early on in the process of writing this thesis. Theory regarding this is roughly twenty years old and much in business has changed since. We experienced that all companies, with the exception of one use a mix containing both rational and normative control strategies. The exception is Tallink Silja, since the respondent was not aware what control strategies the companies used, meaning that even they might use a mix of the control strategies. All companies that answered the question regarding control strategies claimed to use financial ratios, budgets and corporate culture/corporate values in order to control the company. Two of the most characteristic rational control strategies; financial ratios and budget, are mixed with corporate culture/corporate values, which is the main normative control strategy (Barley & Kunda, 1992; Tengblad, 1997). The mixture of budget, financial ratios, culture and vision that all companies apply, indicates that there is no clear normative or rational control strategy in any of the companies.

Table 2.

Table 2.					
Definition of Normative and Rational Control Strategies					
Normative Control Strategies Rational	The normative control strategies are focused on human resources. Control is gained through management communication and socialization of goals, values and corporate culture (Barley & Kunda, 1992; Tengblad, 1997).  Typical control tools are budgets, management accounting/financial ratios,				
Control Strategies	information systems, benchmarking and business re-engineering (Barley & Kunda, 1992; Tengblad, 1997).				
Analysis of the companies control strategies					
Company	ICÂ	Tallink Silja	Rederi AB Transatlantic	Handels Rekrytering AB	Ernst & Young
Used Control Strategies	Rational: Budget, Financial Ratios, Normative: Culture, Vision	Unclear	Rational: Budget, Financial Ratios, Normative: Culture	Rational: Budget, Financial ratios, Strategy documents Normative: Culture	Rational: Budget, Financial ratios, Normative: Culture
Normative or Rational Control Strategy?	Rational and Normative	Unclear	Rational and Normative	Mainly Rational but also Normative	Mainly Rational but also Normative

Table 2 displays the definitions of rational and normative characteristics and what control strategies each company use. The definition of what type of control strategy each company applies has been distinguished by the ratio of rational and normative control strategies used. According to Barley & Kunda (1992), the alternations in terms of control strategy have historically shifted in waves and normative being the preferred strategy at the time the article was written. The evidence presented in the survey of studied companies point to another change. As mentioned earlier, companies seem to have incorporated both types of strategies into their main control strategy. There might be many reasons for the trend, however, a contributing factor to the establishment of corporate culture as an important part of control strategy could be the recent research and evidence that companies with well-functioning corporate cultures such as Google, Apple etc. can affect financial success (Alvesson, 2001). The use of budgets and financial ratios are also well connected to the financial environment; recessions being the obvious driver of rational control strategies, further explains the current incentives for the use of these kinds of instruments (Barley & Kunda, 1992).

The current use of various instruments might be driven by insecurity forced by current business environment and can be considered insurance for the management teams. Basically, utilizing all possible methods in order to control the company. However, controlling the company with too many different strategies could create confusion among the employees and management on different levels in the company. Certain decisions could be supported by the corporate culture but not in accordance to budgets etc. and can generate misunderstandings and confusion regarding decisions. Whether this was the case in the participating firms remains unknown, since the questions and answers did not cover this topic.

# 5.5 Management Competence and Supply

The majority of the companies have established explicit definitions of preferred management competences and characteristics. Tallink/Silja and Transatlantic emphasize the importance of specialized managers, although Transatlantic argue that leadership skills are equally important. ICA on the other hand, prefers strategic organizational competence, leadership skills and a result oriented personality. Handels Rekrytering has different definitions depending on the manager position and they are constantly changing. Ernst & Young, claim to have specific requirements that all managers must fulfill, although they did not share these with us.

The primary objective is to establish what characteristics and competences the managers are required to possess, the second challenge is to actually select the right candidate. Three out of five of the studied companies have up to date descriptive documents and rules regarding the management resourcing procedure. However, neither Tallink/Silja nor Transatlantic have any documents describing how their management resourcing ought to be conducted. Interestingly, the HR departments seem to influence management resourcing substantially in all companies. Furthermore, all companies except ICA include the CEO or at least another manager in the process. Worthy to mention is also the amount of external and internal talent the respective companies select for their managerial positions. A combination of external and internal management resourcing appear to be the most common strategy, e.g. ICA even have quotas that need to be filled. The exception in this case is Ernst & Young, which strategy is to exclusively select managers internally.

Management development has been recognized as a focal part of management resourcing by many researchers and some suggest that it is equally important as the actual selection process (Kerr and Jackofsky, 1989; Tengblad, 1997). All examined companies appear to have realized the importance of management development and therefore accordingly to theory, work extensively with development programs for their managers. The majority of the companies promote general leadership training for all their managers. However, compared to the other companies, ICA and Ernst & Young are differentiating their development programs a little. Realizing that individuals are not identical and therefore their needs for development may differ quite substantially, both ICA and Ernst & Young claim to tailor their development programs individually, although Ernst & Young also claim that leadership skills are something that need constant attention and improvement and are therefore a central part of their programs.

#### 5.6 Rational and Normative Evaluation

Clear distinction between rational and normative control strategies is difficult to distinguish as the participating companies combine normative and rational control strategy features. As mentioned earlier, all companies mix financial ratios, budgets and corporate culture/company values. When studying what specific managerial characteristics and competence which companies desire, the largest part emphasize both rational and normative attributes such as leadership skills and specialized competence and strategic expertise. Ernst & Young did not share information in this regard and Handels Rekrytering changed its strategy frequently. The

normative control strategy, that Barley and Kunda (1992), claimed dominated in the early nineties seem to have changed in to a combination of normative and rational control strategy, judging by the small quantity of companies we have studied. Both strategies have obvious benefits which appear to be the reason for the implementation of this multiple strategy.

In terms of management resourcing strategy we can observe some differences among the companies. Three out of five companies had descriptive document regarding the management resourcing process and all have specialists on the hiring committee. These are according to Tengblad (1997), attributes of a rational management resourcing strategy. As mentioned earlier, all companies with the exception of Ernst & Young select managers both internally and externally, internal promotion being considered as a normative strategy.

Developing leaders in the survey participating firms is mainly performed in a rational manner with standardized courses. However, Ernst &Young and ICA create a more individualized approach i.e. normative. The choice of leadership development which most companies highlighted as an essential skill is further a normative attribute. This point to a conclusion that all companies actually mix rational and normative management resourcing strategies. However, Ernst & Young mainly conduct a normative management resourcing strategy, by developing and promoting leaders internally in a company specific way, in order to maintain company values.

The study of these five companies shows that there is not a consistently rational or normative control- and management resourcing strategy. Both control- and management resourcing strategies in the participating firms are a mixture of normative and rational attributes. This, simply put, makes it impossible to have an all-around rational or normative strategy. We argue the extreme difficulty in having such a strategy, but strategies' leaning towards one type of strategy is far from impossible and should in fact be desirable. Hence, we advise companies to evaluate their strategies in order to create a more united control and management resourcing strategy.



#### 6. Conclusions

How is management resourcing applied in companies and is management resourcing strategy and control strategy actually linked together?

Tengblad (1997) defines management resourcing from both formal and informal aspects and mentions assessment models, management education programs and standardized management appointment strategies as essential to management resourcing. Of the, in our survey participating firms, four out of five operate in ways that more or less correlate with Tengblad's definition of management resourcing. However, when comparing these organizations, we discover substantial differences. Interestingly, it is not only the major, multinational companies which prioritize management resourcing and competence supply. Of the participating firms, the smallest one, three year old Handels Rekrytering AB has developed an extensive and seemingly well implemented management resourcing system. Both ICA AB and Ernst & Young work ambitiously with management resourcing, but where ICA AB strives to recruit managers both externally and internally, Ernst & Young recruit managers almost exclusively internally.

At the same time, there are firms which seem to not prioritize management resourcing or HR-activities in general. Tallink Silja has basically no management resourcing strategy and puts seemingly little focus on personnel related issues. Rederi AB Transatlantic is somewhere in between. Although considering personnel as an essential asset and working extensively to develop and nurture a strong company culture, one lacks a formulated and documented management resourcing strategy. In addition, competence is defined quite widely within the organization. In all, one can conclude that although four out of five companies recognize management resourcing as important, each one has its own unique way of planning and implementing these activities.

ICA AB, Ernst & Young and Handels Rekrytering work ambitiously to lift HR-activities within the organization. These companies also share the influential presence of HR in company management and in turn, closely connect management resourcing strategy to company control strategy.

As Tallink Silja AB lacks anything that could be regarded as management resourcing strategy, Rederi Transatlantic only lack a formulated and documented management resourcing strategy. To a large extent, focus lies on creating a strong company culture, and management

resourcing is planned and implemented from a wider perspective, focusing more on creating a mix of internal and external talent than specific competence. From this perspective,

Transatlantic does connect control strategy with its management resourcing strategy when considered as a part of company culture development.

Clearly, our survey shows that each participating company, which prioritize and develop management resourcing and HR-activities in general, seems to have a stronger link between control strategy and management resourcing strategy than companies which do not prioritize these issues.

Are the studied companies mainly using a normative management resourcing strategy and control strategy, which the literature claim is the most common?

The study did not find evidence that any of the studied companies have a clear consistently normative management resourcing strategy and control strategy. Furthermore, none of the studied companies had consistently rational strategies either. All the responding companies have a combination of rational and normative attributes in their management resourcing strategies and control strategies. However, there were examples of companies leaning towards one type of strategy without being fully consistent. We argue that it is difficult to completely align the strategies and therefore suggest a strategy that mainly focuses on either rational or normative ideology.

#### 6.1 Final Notes

From an international perspective, there are obvious regional differences in the way firms prioritize or even consider competence supply and management resourcing as means of creating competitive advantages. Interestingly, these differences seam larger than we could possibly imagine.

In Britain for instance, firms tend to invest far less in management resourcing and development than in the Scandinavian countries. In addition, British firms often focus more on technical and practical knowledge among managers instead of softer or more abstract abilities such as leadership and people skills. In the Arab world, there seems to be an increased focus on external and international management resourcing and in general, HR-activities are neglected within Arab companies. However, this is changing. Investors and costumers increasingly prioritize companies with HR strategies as it represents long term objectives and sustainable development. Basically, HR-strategies calm the stakeholders.

In Scandinavia, as mentioned above, firms tend to invest more in management resourcing and HR-activities than in for instance Great Britain or the Arab world. As we do not include British or Arab firms in our study, naturally, we cannot compare British and Scandinavian HR-activities. Still, we can study the actual situation regarding management resourcing and competence supply within firms today.

Our Survey-results quite strongly support the hypothesis that Scandinavian firms tend to be quite conscious about HR, management resourcing and competence supply. Of the five participating firms, four claimed to work ambitiously and continuously with HR, four claimed to have HR representation in top level company management, three has developed plans controlling management resourcing activities. All of the participating firms analyze and evaluate each recruited manager. Two firms, Ernst & Young and ICA AB have designed individual leadership development programs and have also thoroughly described and defined each managerial role. One should notice that, of the five participants, three basically covered all aspects of management resourcing and competence supply. Interestingly, of these three firms, two being such large and established actors as ICA AB and Ernst & Young, one is Handels Rekrytering AB. Quite impressively, the very young and small staffing and recruitment firm has quickly developed a plan for how to attract and develop the right people. In addition, Handels Rekrytering consciously works to further improve the internal recruitment process and to more thoroughly define and describe each managerial role.

One should note that, among the participating firms, there seems to be a correlation between ambitious management resourcing and a high staff turnover. In turn, Tallink Silja, a company with a low staff turnover and with long average employment time, seems to put little focus on management resourcing and competence supply in general. Most likely, the empirical material does not include enough companies for us to be able to draw any conclusions regarding this matter. However, it is an interesting pattern that should be looked into more thoroughly.

There are also, regarding the study, a few additional aspects that need to be considered. As is mentioned in the method section, the answers presented in the survey are naturally dependent on in which way the respondents actually interpret the questions asked. In addition, one must consider in which way the questions were asked. If asked in a different way, still with the same purpose, in comparison to the actual outcome, there is a possibility that the answers would differ. However, we believe that the main findings would be similar.



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## **Survey Respondents**

**ICA AB** 

Birgitta Roos, Diversity Manager 2011-12-14

**Ernst & Young** 

Linda Ortiz, HR Coordinator 2011-12- 18

Tallink Silja AB

Björn Ådén, HR Manager 2011-12-11

Rederi Transatlantic AB

Britta Stolt, Senior Vice President 2011-12-12

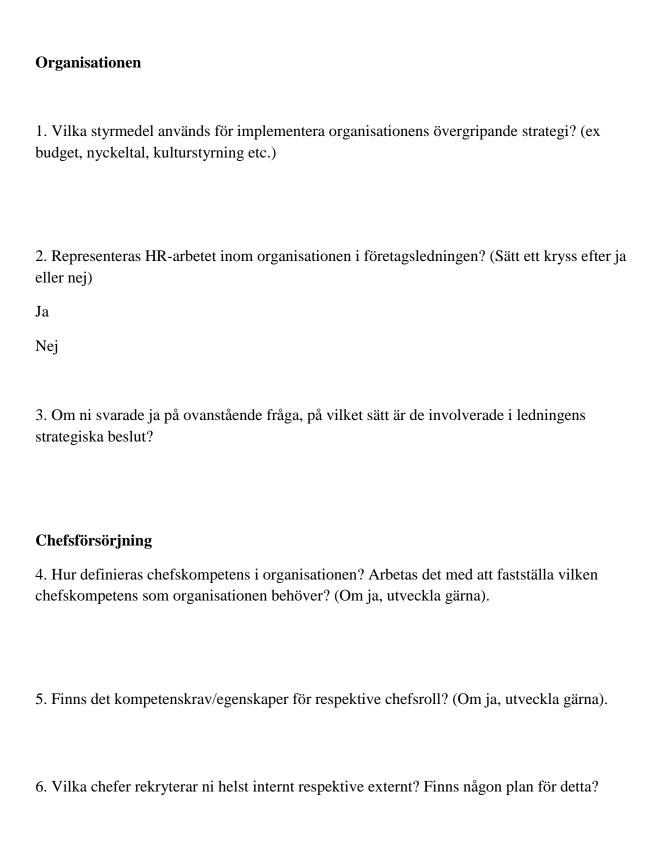
**Handels Rekrytering AB** 

Martina Strand, CEO 2011-12-19



# **Appendix**

# Enkätundersökning chefsförsörjning





7. Finns det styrdokument som kan ge stöd för hur arbetet med chefsförsörjning genomförs? Är de aktuella?
8. Vem/vilka ansvarar för chefsförsörjningen i organisationen?
Uppföljning/Utvärdering
9. Hur utvärderar ni era chefsrekryteringar?
10. Vilka kompetenser vill ni utveckla hos era befintliga och potentiella chefer?
11. Hur lång är genomsnittanställningen för era chefer?
12. Om ni har ett dokument som beskriver styrstrategier och chefsförsörjning skulle vi uppskatta om ni vill skicka oss det.
Tack för er medverkan!