

Work Package 3

Management Tools & New Practices

Result 3.2

SMEs Prototypes

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Innovative Entrepreneurs and Innovation Support for SMEs: Knowledge Alliance „Human Resources and Organizational Development“ – KAforHR

Partners

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The Baltic Institute of Finland

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Centre for European and Transition Studies, Latvia

Latvian Chamber of Commerce and Industry, Latvia

Vides Dizains, Latvia

Arbeit und Zukunft e.V., Germany

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Summary and Introduction

For SMEs in the Baltic Sea Region to remain competitive in the long term, it is necessary to increase their innovation capacity and reduce the gap between qualification requirements and demands. For this reason, the Knowledge Alliance "Human Resources and Organizational Development", consisting of eleven partners from four countries, relies on increased cooperation between universities and companies in order to realize education and innovation promotion. To reach as many SMEs as possible, chambers strengthen the partnership between universities and companies.

Human capital is the most important resource for strengthening innovation and productivity. Hence, the project focuses on the comprehensive promotion of Workplace Innovations. While there is great need for further development in this area in the countries south of the Baltic Sea, Workplace Innovations are already more advanced in the Scandinavian countries. Therefore, the project involves countries from both regions.

The alliance, which will be extended to 68 partners from 13 countries and permanently continued, focuses on cooperation in two areas. First, the development, testing, and implementation of SME-specific methods, instruments, and projects through R&D work at universities, that create workplace innovations in areas such as employee recruitment, motivation and digitization, a more innovative working environment and more efficient use of human capital. Second, the strengthening of awareness and competences in this new area of innovation promotion for small and medium-sized enterprises in the Baltic Sea Region through qualifications. The project will develop and implement:

- a) three comprehensive continuing education programs: "Digitization & Human Capital", "Employees on the way to Co-entrepreneurs" and "Innovation Processes".
- b) a dual bachelor's degree course: "Human Resources and Business Administration".

All products and further results will be transferred to 68 actors from 13 countries.

The work to develop the output of Work Package 3 "Management Tools & New Practices" was carried out entirely as planned in the project application. In the application, it was planned to develop a simple search model to help SMEs. To provide the individual SMEs with effective support for the implementation of Workplace Innovations and ideas for supportive HR-Policy, an SME-specific "finding-model" was developed instead of a prototype-based "search-model". With this instrument, SMEs can easily analyse the status quo of their company and quickly find out which type of Workplace Innovation and HR-policy activities are particularly important for the respective company. The self-analysis tool for SMEs to find the relevant Workplace and HR-Policy Innovation areas of their enterprise is listed below.

Arbeit und Zukunft – Project Partner 11 – Alexander Frevel

Report

Creating SME Prototypes for HR-Policy and Workplace Innovations

According to the EU definition, around 99% of all companies are small and medium-sized enterprises (SMEs), offering a wide and colourful diversity. In the project application, it was considered necessary to develop prototypes with comparable conditions for the realisation of Workplace Innovations and supportive HR-policy to support these SMEs. The underlying objective was to use a “search-model” to enable individual SMEs to (quickly) identify a suitable type for them and thus determine which Workplace Innovations and HR-Policy approach are particularly important and beneficial for them, later on being able to implement these.

The analysis of the economic structures in the Baltic Sea region as well as the identification of the conditions and qualification needs showed, however, that SMEs in the various sectors or areas of activity do not differ structurally. Of course, there exist differentiating influencing external factors such as school education and vocational training as well as legal framework conditions (labour and social law), and regional aspects (localisation of the company in urban agglomerations or in rural areas). But these differences occur in every country and influence only marginally in terms of HR-policy and Workplace Innovation and their realisation conditions.

- In every company, "mandatory tasks" are generally valid, essentially independent of the industry and the size of the enterprise. All statutory tasks for safe work-place design must be fulfilled.
- In every company, the basic requirements for personnel policy are to be fulfilled, i.e. hiring people, creating the right fit between work requirements and work ability, health, qualification capacities (coping possibilities), training and further training and giving the employees opportunities for personal development in the work-life-course.

If anything, there are clearer differences between smaller and larger enterprises, especially due to the existence of specialised employees in thus fields of action. Owner-managed small enterprises have the same need for suitable working conditions as larger enterprises. As the number of employees increases, so does the amount of work involved in standardisation,

administrative regulations and differentiated management using specialised staff, e.g. for systematic personnel development, for planning and implementing further training, for planning work processes, etc. But planning, preparing, designing well, involving people in the development of the company is what every company does – more or less.

So – what are the differences between the companies with regard to the design of working conditions and personnel policy?

The biggest variation is based on differences in the way the company is managed. The socio-cultural characteristics (values, attitudes, behaviour) shape the corporate culture. This includes the manner and scope of autonomy of action in work, the degree of participation in work design and change processes, the frequency and quality of product and process innovations, the degree of (authoritarian, functional vs. participatory) leadership vs. management etc.

In our opinion, there are no suitable (discriminatory) criteria for a differentiation of companies in the fields of HR-policy which allow a clear, unambiguous systematic structuring in the sense of a typology. For this, the characteristics are too diverse and occur simultaneously in different graduations.

A serious difference can only be found in the financial opportunities and the human resources to transfer good ideas into target-oriented innovations. But: not every idea has to be expensive and innovations are realised when the benefits outweigh the costs.

On the one hand, the respective national/regional socio-cultural context must be taken into account. On the other hand, a sustainable HR policy requires innovations that are oriented towards ideal-typical criteria of good work design and personnel policy.

In this respect, as an intermediate step it is helpful to have some aspects of "good" HR policy and "good" Workplace Innovations as inspiration.

What is "good" HR policy?

Ideally speaking, a personnel policy is "good" if the employees' ability to work (see "Model/Concept of Work Ability") and productivity can be maintained at a sufficiently high level throughout the entire period of the employment phase, i.e. if they can enter the profession well, if there are favourable development opportunities and if they can retire healthily.

What is "good" work design? – A job that is oriented at the same time to the needs of the company and the possibilities of the people should fulfil the principles of humane work design.

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- Work should be feasible and not harmful. Accident prevention and ergonomic workplace equipment are required.
 - Work should be bearable in the long term and should not impair health.
 - Work should be reasonable. Social norms and values of groups must be observed as well as changing needs in different phases of life in order to maintain mental and psychological well-being.
 - Work should promote personality and contribute to satisfaction. This happens when the work is comprehensible, manageable and meaningful ("Sense of Coherence"¹ according to Antonovsky²) and thus creates a task orientation and a motivation arising from the task and the requirements themselves. The concept of work psychology is based on the fact that people also realise themselves in their work activity and that well-designed work is a means of developing personality. For this reason, the humane design of work also includes consideration of gender, age, culture and life situations.

Based on these principles, there cannot be a prototypical categorisation of criteria for a differentiation of SMEs. Therefore, a way must be found to cut a path through the thicket of different forms of HR policy and Workplace Innovations and at the same time to provide orientation for desired / required and possible / feasible changes.

Accordingly, human resource-specific prototypes for SMEs cannot be created and cannot provide actual facilitation for the implementation work of individual SMEs.

The participatory form of a self-determined description chosen here is not intended to prescribe, but to provide **indications of possibilities**. The companies should have the opportunity to reflect on their current status and to develop goals for their desired development.

Nonetheless, to provide the individual SMEs with effective support for the implementation of Workplace Innovations and ideas for supportive HR-Policy, an SME-specific "**finding-model**" was developed instead of a prototype-based "search-model". With this instrument,

¹ Applied to the workplace meaningfulness is considered to be related to the feeling of participation and motivation and to a perceived meaning of the work. The meaningfulness component has also been linked with Job control and with task significance. Job control implies that employees have more authority to make decisions concerning their work and the working process. Task significance involves "the experience of congruence between personal values and work activities, which is accompanied by strong feelings of identification with the attitudes, values or goals of the working tasks and feelings of motivation and involvement". The manageability component is considered to be linked to job control as well as to access to resources. It has also been considered to be linked with social skills and trust. Social relations relate also to the meaningfulness component.

The comprehensibility component may be influenced by consistent feedback at work, for example concerning the performance appraisal.

² Antonovsky, A. Unraveling The Mystery of Health - How People Manage Stress and Stay Well, San Francisco: Jossey-Bass Publishers, 1987

SMEs can easily analyse the status quo of their company and quickly find out which type of Workplace Innovation and HR-policy activities are particularly important for the respective company. Based on the particularly relevant Workplace Innovations found in this way, the individual SMEs can then use the corresponding best practices and support measures of the project (or also additional good practices in their countries) for realisations in their company.

The **self-analysis tool** for SMEs to find the relevant Workplace and HR-Policy Innovation areas of their enterprise consists of three analysis charts which the SMEs can use in paper form or online. The results may be used by the company itself or as basic information for consulting processes. The instrument is also available for free on the "Information & Cooperation Workplace Innovations" promotion platform developed in the project.

The tool is also very well suited for consultants to make an initial assessment together with an SME. The self-analysis tool has proven to be very useful during trials by the companies involved in the project as well as by consultants from project partners when working with other SMEs.

Self-analysis “Workplace Innovation” for SMEs

An increasing number of organisations are becoming aware of the challenges and concrete effects of demographic change, especially regarding the need for creating innovations in age- and gender-adjusted workplaces and in life-course oriented human resource development.

This questionnaire contains a Quick-Check which allows an initial self-assessment of the human resource policy in your company, looking at essential structural characteristics such as age, gender, competence, health, corporate culture etc.

The analysis will give you a clearer picture of the status quo and needs of your SME regarding human resource policy.

Please answer the following statements regarding the most important organisational structure and processes to help shape the HR policy in your organisation.

There may be a need for action in those aspects you have answered in low-value ranges (<5). It may be necessary to look more closely at the issues involved to determine what you can do concretely, for example by carrying out an in-depth analysis of the age and qualification structure, or a comprehensive risk assessment.

Individual solutions for single persons are helpful for the person concerned, but often do not help to install collective solutions. It makes sense to develop a pro-active strategy for coping with the consequences of demographic change, changes in the labour market, dynamic market developments and technological innovations. That requires clearance in goals and actions, for example, for ageing-appropriate working life and for promoting workability of the employees. The measures should be coordinated with each other. Regular monitoring of successes helps to optimise in continuous improvement processes.

1. What do you see as being the **five** most important **key challenges for HR-policy** in your **company**? Please prioritize the topics according to their importance with numbers from 1 (most important) to 5.

	range
Recruitment in general	
Recruitment and vocational training of apprentices	
Training on the job / building routines	
Onboarding, mentoring and organisational socialization of newcomers	
Career development / further training for professional development	
Retain (qualified) existing employees	
(Systematic) Knowledge Management	
Personnel deployment appropriate to age/aging	
Job design and work arrangements appropriate to age/aging	
Life-course oriented employment and work assignment	
Measures for supporting life-course balance (fitting of work and private life)	
Competent and attentive superiors and managers	
Transition to retirement	
Health and safety management	
Employee benefits, rewarding models	
Generational conflicts	
Annual performance/development discussions; appreciative dialogues between executives and employees	
Employer branding	
Others, namely:	

2. Do you have a systematic approach for ... | ... and who is responsible for ...?

	Yes	Owner	CEO	HR Management	Qualified specialist (please name the function)	Nobody / don't know	We do not need that
Personnel recruitment							
Vocational training							
Higher Education							
Further training							
Personnel development							
Professional development							
Maintain employees							
Transition from work to retirement							
Compatibility (balance) of work and private life							
Physical Risk Assessment							
Psychological Risk Assessment							



3. In-depth analysis of companies / Quick-Check

An increasing number of organisations are becoming aware of the challenges and concrete effects of the demographic change, especially regarding the need for creating innovations in age- and gender adjusted workplaces and in life-course oriented human resource development.

This questionnaire contains a **Quick-Check** which allows an initial self-assessment of human resource policy in your company, looking at essential structural characteristics such as age, gender, competence, health, corporate culture etc.

The analysis will be used to carry out a study about the current status and needs of SME's regarding HR-policy.

Please answer the following statements regarding the most important organisational structure and processes in order to help shape the HR policy in your organisation.

There may be a need for action in those aspects you have answered in low value ranges (<5). In order to determine what you can do concretely, it may be necessary to look more closely at the issues involved, for example by carrying out an in-depth analysis of the age and qualification structure, or a comprehensive risk assessment.

Individual solutions for single persons are helpful for the person concerned, but often do not help to install collective solutions. It makes sense to develop a pro-active strategy for coping with the consequences of demographic change, changes in the labour market, dynamic market developments and technological innovations. That requires clearance in goals and actions, for example for ageing-appropriate working life and for promoting work ability of the employees. The measures should be coordinated with each other. Regular monitoring of successes helps to optimize in continuous improvement processes.

Quick-Check

Topics	0 – the topic does not touch us / ... is irrelevant	1 – We've never thought about	2 – We haven't really thought about	3 – We are just thinking about	4 – We are dealing with	5 – We are going to plan	6 – We have a concept	7 – We started with it	8 – That is partially implemented	9 – That is fully implemented	10 – ... & evaluated
Personnel recruitment and development											
We know the relevant structural data of the employees in our organisation according to age, gender and qualification.	0	1	2	3	4	5	6	7	8	9	10
We take age and gender composition into account when making personnel policy decisions.	0	1	2	3	4	5	6	7	8	9	10
We take into account the specific strengths of different sexes and age groups in our recruitment and personnel development policy.	0	1	2	3	4	5	6	7	8	9	10
We promote the compatibility of work and private life and have concepts that respect special needs in different phases of life.	0	1	2	3	4	5	6	7	8	9	10
We try to bind specialists and managers to our organisation with appropriate incentives.	0	1	2	3	4	5	6	7	8	9	10
We take into account the changes in the physical, mental and social competences of our ageing employees and we have a concept to offer appropriate activities and career paths.	0	1	2	3	4	5	6	7	8	9	10
We have no problems attracting junior staff for occupational training and recruiting experienced specialists for our company.	0	1	2	3	4	5	6	7	8	9	10
We have a good reputation in our region and are known as an attractive employer.	0	1	2	3	4	5	6	7	8	9	10
We have no gender pay gap for the same job.	0	1	2	3	4	5	6	7	8	9	10

<u>Topics</u>	0 – the topic does not touch us / ... is irrelevant	1 – We've never thought about 2 – We haven't really thought about	3 – We are just thinking about 4 – We are dealing with	5 – We are going to plan 6 – We have a concept	7 – We started with it 8 – That is partially implemented	9 – That is fully implemented 10 – ... & evaluated					
Work organisation and work design											
We deploy our employees according to their skills and health condition.	0	1	2	3	4	5	6	7	8	9	10
Tasks and work processes are designed in such a way that they can be carried out by older employees up to normal retirement age.	0	1	2	3	4	5	6	7	8	9	10
We involve our employees in the design of work places and work processes, e.g. by promoting suggestions for improvements.	0	1	2	3	4	5	6	7	8	9	10
We try to be flexible with our working hours (part-time, working time accounts) and to respect needs in different life phases and situations (child-raising and care periods or similar).	0	1	2	3	4	5	6	7	8	9	10
Occupational training, competence and professional development											
We know the strengths and weaknesses of our employees and we try to keep all of them up to date through appropriate occupational training.	0	1	2	3	4	5	6	7	8	9	10
We offer employees of all age groups career perspectives.	0	1	2	3	4	5	6	7	8	9	10
We offer all employees, regardless of age, gender or status, the opportunity to extend their skills, e. g. through seminars or internal training on the job.	0	1	2	3	4	5	6	7	8	9	10
We support new employees with an organised welcome culture.	0	1	2	3	4	5	6	7	8	9	10

Topics	0 – the topic does not touch us / ... is irrelevant	1 – We've never thought about		3 – We are just thinking about		5 – We are going to plan		7 – We started with it		9 – That is fully implemented	
		2 – We haven't really thought about	4 – We are dealing with	6 – We have a concept	8 – That is partially implemented	10 – ... & evaluated					
The return to work after a longer period of absence (illness, family/child care, elderly care) is oriented towards the needs and capabilities of the person.	0	1	2	3	4	5	6	7	8	9	10
We make sure that the content and didactics of further training measures are tailored to the different learning needs and abilities of the employees.	0	1	2	3	4	5	6	7	8	9	10
We make sure that competences are retained when employees leave the company (knowledge management).	0	1	2	3	4	5	6	7	8	9	10
Management, Leadership and Organisational Culture											
We promote a working atmosphere that values the diversity of our employees (older and younger, women and men, ...) and appreciates them as individuals.	0	1	2	3	4	5	6	7	8	9	10
All employees in our organisation are treated fairly by their superiors.	0	1	2	3	4	5	6	7	8	9	10
We have a culture of open minded cooperation and participating collaboration.	0	1	2	3	4	5	6	7	8	9	10
Our employees are seen as our best internal experts for work and innovation.	0	1	2	3	4	5	6	7	8	9	10
We conduct regular development dialogues with the employees.	0	1	2	3	4	5	6	7	8	9	10
We have a generation and diversity management concept and make superiors/management aware of this.	0	1	2	3	4	5	6	7	8	9	10
Our superiors encourage dialogues between different groups like older and younger employees, male, female or diverse sexes, various nationalities etc.	0	1	2	3	4	5	6	7	8	9	10



<u>Topics</u>	0 – the topic does not touch us / ... is irrelevant	1 – We've never thought about 2 – We haven't really thought about	3 – We are just thinking about 4 – We are dealing with	5 – We are going to plan 6 – We have a concept	7 – We started with it 8 – That is partially implemented	9 – That is fully implemented 10 – ... & evaluated					
(Occupational) Health and Safety											
Our company does not have an extraordinary number of health problems or accidents compared with the branch.	0	1	2	3	4	5	6	7	8	9	10
We undertake regular age- and gender sensitive risk assessment. Part of this is also whether task or partial activities are health-critical with increasing age and/or duration of work load.	0	1	2	3	4	5	6	7	8	9	10
We regularly evaluate physical, psychological, mental, and social impacts (work requirements) as well as the individual and organisational demands and resources (coping possibilities) of the work.	0	1	2	3	4	5	6	7	8	9	10
We offer our employees support in maintaining and promoting their health, work ability and well-being (health promoting measures).	0	1	2	3	4	5	6	7	8	9	10
We have a functioning occupational health management system.	0	1	2	3	4	5	6	7	8	9	10
The integration of employees having been ill very often or for a longer period is regulated and people with restricted capacity are offered an adapted layout of activities and work requirements as far as possible.	0	1	2	3	4	5	6	7	8	9	10