

DIGITALISING WORK PROCESSES AT OÖ. BLITZSCHUTZGESELLSCHAFT

Knowledge Dimension:
Human Resource Management

Teaching Notes
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Teaching Notes¹: Oö. Blitzschutzgesellschaft (BLS)

- 1. Explain the circumstances that made BLS adopt digitalised work processes. What other drivers for digitalisation can you think of?**

Internal as well as external circumstances influenced BLS's decision to digitalise its work processes for more efficiency and productivity. On the one hand, the increased price pressure by the competition on the market had an impact on the adoption of digitalised work processes. On the other hand, the company's own work force demanded a more efficient way of work to reduce redundant and superfluous work steps. In general, firms are increasingly demanded to seizing possible changes in their environment and to adequately adapt to them in order to maintain a competitive advantage. Possible drivers of digitalisation include the new economy (i.e. the shift from a product- towards a more service-oriented economy), changing consumer and purchasing behaviours, globalisation and an increased agility in many areas of the economy. Especially the emergence of new technologies such as the internet of things, big data or AI that open up entirely new opportunities to support organisations in maintaining a competitive advantage.

- 2. Who initiated the change in work processes? What are typical challenges of top down change?**

Triggered by the workforce's demand for more work efficiency and the increased price pressure on the market, the decision to digitalise all work processes at BLS was made by the Managing Director of the company. The typical challenges arising for a top down change are manifold. First of all, the implemented change has to be accepted by the employees. Possible rejections by the workforce can be counteracted by upholding a flow of information and a continuous integration of employees in decision making as well as the implementation process. Moreover, it is important to clearly define roles and responsibilities for each step in the change process.

- 3. Portray the transformation process. What are the positive, what are the negative sides of it?**

Following the decision of the Managing Director to implement a digitalised way of working in order to remain competitive advantage and to increase the company's efficiency, an internal steering group was formed. The steering group was composed of managers and selected employees who documented and analysed all work processes to identify and reduce the number of superfluous

¹ Exemplary results from the regional Basic Trainings (extended with inputs from theory)



work steps. After these initial steps, it became clear that a digitalised software solution could help to increase the efficiency of the work processes. However, at BLS, one was also aware that the support of an external partner is needed to provide the software and set up the necessary framework conditions in the firm. Once the Managing Director has found a possible candidate who could satisfy BLS' needs, a phase of generating ideas and possible solutions began together with the external software partner. After trying to modify the existing AS/400 system at first, one came to the conclusion that only an entirely new and individualised software solution could cover the needs of the lightning protection company. As soon as the first version of the new software was developed, it was implemented at BLS and further developed in an iterative processes including the feedback from the employees. In the development phase of the software, the old and the new system ran in parallel. As soon as a final, ready-to-use version has been developed, it was implemented within the firm and entirely replaced the old software solution.

During the transformation process, a steering group was formed to analyse all work process before suggesting a solution. This implies that BLS was very deliberate in elaborating which changes are actually necessary. However, considering the size of BLS's workforce, the firm could have additionally considered to include all employees in the phase of analysing the work processes. The major advantage of including an external partner in developing the software solution was the provision of the necessary expertise that was not available internally. However, fluctuations amongst the workforce of the external partner as well as their insufficient knowledge about internal work process at BLS hindered the transformation process. Also, the decision to let the old and new system run in parallel has a positive as well as a negative side. While allowing the systems to run in parallel gave employees the time to learn how to use the new system, it equally increased the resistance of employees to use the new solution because they had the possibility to circumvent it by reverting to the old, familiar way of working.

4. Some employees raised their concerns throughout the implementation process. Why? How were these concerns handled? How would you handle these concerns?

Throughout the implementation process, the employees - especially the back office and technicians - raised concerns because they felt that they were not integrated enough into the development and the change process itself. For instance, technicians were suddenly able to calculate an offer and place it directly, therefore broadening their usual tasks and responsibilities. Additionally, the uncertainty of the workforce and a perceived increase in supervision and monitoring due to the new software solution led to mistrust amongst the employees. This, in return, triggered hesitancy of how the process of the transition itself was to be implemented. Another concern was the constant fluctuation of staff from the external software firm and the



missing digital competence of older workers which has further complicated and delayed the implementation.

In order to better handle concerns of employees, a variety of possible solutions come into consideration. Firstly, the integration of employees can be effectuated through clearly communicating the utility and benefit of digitalising work processes to all employees while simultaneously listening to the employees' needs without raising false hopes. Another focus can be put on clear and transparent communication concerning the time plan as well as setting SMART goals regarding the transformation project. Moreover, a targeted training of the employees to increase their digital competence can reduce the uncertainty with regard to the new technologies. In the case of BLS, the implementation of a piloting phase for the new software solution could have helped reducing concerns. Implementing a piloting run with a selected group of employees who gives feedback for iteratively improving the new systems, structures or processes serves as a reliable means to quickly come to a fully developed solution that can be used for a company-wide roll-out. Assigning a project leader internally is another solution. The project leader not only assumes responsibility about the project management of the transformation project, but also acts as primary point of contact for other employees. At BLS, an internal project leader could have additionally functioned as the interface for communication with the external software firm.

5. Some employees resisted to work according to the new processes? Why? Could this resistance be avoided? If yes, how? How would you deal with resistance?

Resistance from the employees' side arose from the feeling of increased surveillance and the misperception of tasks. Through a clear communication of information regarding the utility as well as goals of digitalised work process as well as the implementation of an internal project lead, resistance could have been handled more effectively. Furthermore, decreasing the period of parallel usage of the old and the new system, starting the implementation process with a more mature prototype and training employees to acquire the necessary competences could have improved the transformation processes.

6. If you are to design the transformation process, how would you facilitate the implementation of the digitised work processes?

The first step in implementing the transformation process could be to appoint a project lead who is responsible for the project management and functions as the primary contact person for employees and any other external stakeholders. Secondly, a piloting phase could be implemented with only a small circle of employees to test the software and make necessary changes before introducing it to all employees. In the case of BLS, forming a steering group and working together with an external software partner were effective approaches to tackle the transformation project.



7. Digitalisation and change pose certain challenges to managers and employees? What are they? Which competences do employees and managers require with regard to transitions such as the digitalisation of work processes?

The challenge for managers is to be able to clearly communicate the utility as well as the benefits of digitalised work processes to their employees. A good project management with a defined time plan, responsibilities and goals furthermore enables to clearly define the entire change process and consequently communicate it to all employees. Managers are required to take doubts and fears seriously and facilitate external and internal communication. Employees should be provided with possibilities to define their concerns or problems during the transition process, making it possible for managers to develop concepts for employee induction and training.

8. Which implications for Human Resource Management (recruiting, selection, HR development, promotion) can you derive from this case?

The BLS case shows that there are certain implications for Human Resource Management to consider when implementing a digital work process. Firstly, when required competencies are not available internally, firms can opt for acquiring the necessary competences from outside the organisation. At BLS, an external partner was engaged in order to develop and implement a software solution for digitalising all work processes. Recruiting & Selection as well as HR development further play an important role, as BLS had to shift its focus to finding relevant IT personal while, at the same time, offering the necessary training to their employees in order to work with the new software solution.

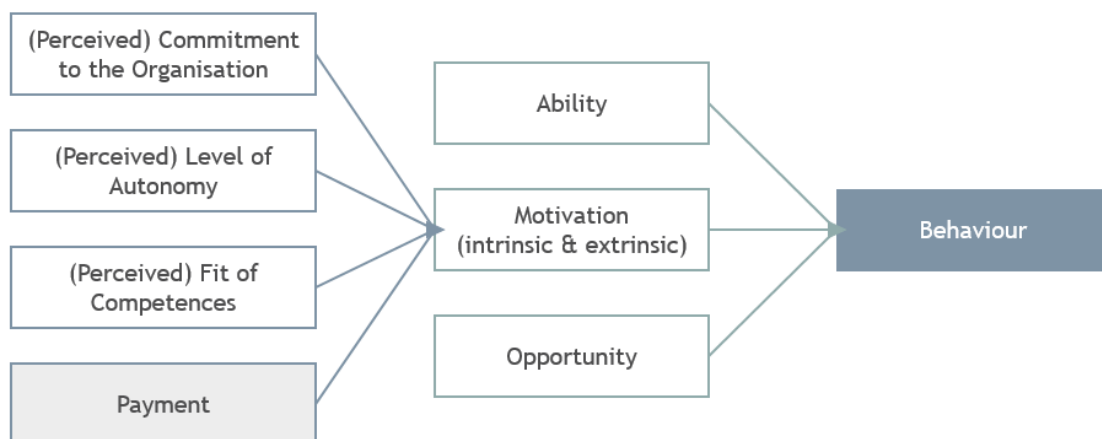
Theoretical insights on implementing change and overcoming resistance

Implementing change projects is never an easy task. However, organisations continually face a necessity to change in order to maintain their competitive advantage. This section will therefore focus on how employees can be motivated to increase acceptance for change and how change processes as well as HR-systems can be designed accordingly. **The AMO (Ability - Motivation - Opportunity)** model by Appelbaum et al. (2000) is one approach that focuses on influencing employee performance to correspond to organisational goals and implies that organisations need to provide their employees with the ability, motivation and opportunity to perform. According to the AMO model, the behaviour of employees results from the individual experiences and competences, the level of motivation and the organisational opportunities within the framework of formal rules and social norms. Accordingly, even with capable and motivated employees, no desired results for the organisation can arise if the organisational structures made it difficult or impossible to act in this direction. On the other hand, even with capable employees and supporting



organisational structures, no desired results would be possible if the employees had little motivation to achieve the organisational goals. For questions on how to influence employees' motivation, the meta-study by Deci et al. (1999) offers a revealing statement. The study makes use of the concepts of commitment, autonomy, skills and abilities and supplements these with the monetary incentives to explain the emergence of intrinsic or extrinsic motivation in the workplace. Accordingly, employees have to feel committed to a company and have to perceive themselves as able to carry out their tasks according to the organisational goals. Furthermore, the level of autonomy and payment influence employees' motivation. Specifically, employees whose job competences are perceivably high, ask for more autonomy in achieving their tasks than employees with a lower self-evaluated level of skills and abilities. As soon as employees feel that they belong to an organisation and see their performance rewarded accordingly, they are willing to actively engage themselves in reaching the organisational goals.

Figure 1 Influencing Motivation and Behaviour; based on Self-Determination Theory (Deci et al., 1999) and AMO Model (Appelbaum et al., 2000)



Change processes in organisations are always subject to resistance. On one hand, employees often feel uncomfortable when they have to adjust their habits, quickly feel insecure about changes, worry about losing money (payment, status, etc.) or are simply misinterpreting information. Some approaches on how to influence employees' motivation and performance have been discussed above. On the part of the organisational structures, there can also be different areas which create resistance. Thus, in the course of restructuring, power and the importance of knowledge and resources are redistributed which, in turn, changes roles and responsibilities. Sometimes, adjusting the norms and structures also takes more time than expected and employees do not know where to go. It is therefore necessary to plan change processes. Kotter (1995) offers an 8-step model for transforming organisations.



Figure 2 Planning change processes; based on Kotter (1995)

1. Establishing a Sense of Urgency	<ul style="list-style-type: none"> ▪ Examining market and competitive realities ▪ Identifying and discussing crises, potential crises, or major opportunities
2. Forming a Powerful Guiding Coalition	<ul style="list-style-type: none"> ▪ Assembling a group with enough power to lead the change effort ▪ Encouraging the group to work together as a team
3. Creating a Vision	<ul style="list-style-type: none"> ▪ Creating a vision to help direct the change effort ▪ Developing strategies for achieving that vision
4. Communicating the Vision	<ul style="list-style-type: none"> ▪ Using every vehicle possible to communicate the new vision and strategies ▪ Teaching new behaviours by the example of the guiding coalition
5. Empowering Others to Act on the Vision	<ul style="list-style-type: none"> ▪ Getting rid of obstacles to change ▪ Changing systems or structures that seriously undermine the vision ▪ Encouraging risk taking and non-traditional ideas, activities, and actions
6. Planning for and Creating Short-Term Wins	<ul style="list-style-type: none"> ▪ Planning for visible performance improvements ▪ Creating those improvements ▪ Recognising and rewarding employees involved in the improvements
7. Consolidating Improvements and Sustaining Acceleration	<ul style="list-style-type: none"> ▪ Using increased credibility to change systems, structures, and policies that do not fit the vision ▪ Hiring, promoting, and developing employees who can implement the vision ▪ Reinvigorating the process with new projects, themes, and change agents
8. Institutionalising New Approaches	<ul style="list-style-type: none"> ▪ Articulating the connections between the new behaviours and corporate success ▪ Developing the means to ensure leadership development and succession

Change process also require the adaption of HR systems. An appropriate design of an organisation's HR system therefore also need to be aligned with the organisational strategy (Wright & Snell, 1998). For example, a strategy that focuses on efficiency creates a different characterisation of the workforce than a strategy that puts innovation at the centre. The chosen strategies require different HRM systems, which in turn influences the structures, the processes and the organisational culture. A control-based HRM system offers employees a narrow range of action, while a commitment-based HRM system provides a wider action corridor for behavioural action. Both systems influence personnel selection, training, assessment and compensation measures in different ways. Figure 3 provides an overview on the characteristics of control- and commitment-based HRM systems and their implications for control mechanisms and knowledge development.

Figure 3 Control- and Commitment-based HRM Systems; based on Güttel et al. (2017)

	Control-based HRM System	Commitment-based HRM System
Control Mechanisms	<ul style="list-style-type: none"> Emphasis on formal rules Hierarchical control Tight scope of action Internal career 	<ul style="list-style-type: none"> Emphasis on social norms Clan control Wide scope of action Job enlargement and job enrichment
Knowledge Development	<ul style="list-style-type: none"> Competence development on the job Low background knowledge for decision making Exploitative learning (efficiency) 	<ul style="list-style-type: none"> Training for cross-functional knowledge in teams and job rotation High background knowledge for decision making Explorative learning (innovation and flexibility)



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