Management of labour
societal and managerial perspectives

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Introduction

This book brings together the opening addresses of the first four professors of our Centre of Applied Labour Market Research and Innovation at Hanze University Groningen, the Netherlands. The Centre started in 2008.

Our research focuses on the development of the (Dutch) labour market and its innovation – back and forth between macro, meso and micro level. With citizens freely offering their services – be it as a self-employed entrepreneur or as a hired labourer– the 'market' is obviously an important co-ordinating mechanism regarding the allocation of labour. But this market is defined by various other co-ordinating mechanisms, and this is reflected in the various Chairs we created to develop our research program.

One important mitigating factor is the dominant role of firms as the dominant model of work organization. As Oliver Williamson and others have shown, firms are an alternative means of organizing labour supply to spot market hiring through an external market. At the same time the internal labour market of firms make up the majority of the overall labour market, so the way in which firms operate on these internal labour markets has a decisive influence on the operation of the overall labour market. Therefore we have established two Chairs focusing on the role of firms in labour markets. One focuses on Human Resource Policies (Chair x), the other on Work Organization and Labour Productivity (Chair y).

The state is another important coordination mechanism for labour allocation, next to and in interaction with the market mechanism and the firm. This is reflected in our two other Chairs. The coordinating Chair, Flexicurity, focuses on the interplay of these and other coordination mechanisms. In particular with an eye on the (re-) combination of flexibility and security as vital but sometimes conflicting individual and societal needs. And, last but not least, we have dedicated a Chair to applied research and innovation at the lower strata of the labour market, where (long-term) unemployment is an important social problem that governments from the local to the international level try to address.

We hope this book will introduce you to our applied labour market research and innovation, and we invite you to contact and visit us to explore future collaboration.

Harm van Lieshout, Louis Polstra, Jac Christis & Ben Emans

Opening address in celebration of the opening of the Centre of Applied Labour Market
Research and Innovation at Hanze University Groningen

'Partners in labour market organisation'

Dr. H.A.M. van Lieshout
Groningen, February 20st 2008

Dear Colleagues

On behalf of the Centre of Applied Labour Market Research and Innovation at the Hanze University Groningen, I would like to welcome you to the opening of our centre. Besides old familiar faces (one of which is my own), the opening of a new research centre means meeting new ones. Today, we will be unable to introduce them all at once. The recruitment and selection process for Professors of Applied Sciences for two of our chairs is still ongoing; you will therefore only be able to gain their acquaintance later this year. You will be introduced to our new Professor of Applied Sciences in Labour Participation, Louis Polstra, when he participates in the forum later this afternoon. At this time, I would like to introduce another new face: the one belonging to FRed.

1. *FRed*

FRed is a test-tube baby from the RCLM advertising agency, which worked with our Market and Communications Department to develop the new Hanze University Groningen style. This photo of FRed is the key element in style of our new Centre for Applied Labour Market Research and Innovation. Although I cannot claim to have any understanding of marketing, I was and remain very pleased about this response by RCLM to our request for a photo that has "work" as its primary association. Many photos of working people will generally be associated first and foremost with the specific job or occupation being performed rather than the subject of work in general. Such is the case for doctors, football players, teachers, and so on. Images of, for instance, metalworkers and dockworkers are generally primarily associated with trade unionism. There is nothing wrong with that, but it does not match the message that we wish to convey. RCLM's task did not appear to be easy one, or so we thought - before being introduced to FRed.

I christened FRed with this name when I was about to utter "photo of a man with laptop and mobile in a field" for about the tenth time in a day and a half. Many people have since asked "Why FRed?". As my usual "Why not?" Apparently falls well short of the expectations of my colleagues, I wish to begin this address today by stating that FRed is a contraction of the F from "flexible" (*flexibel* in Dutch) and the RED from the Dutch word *zelfREDzaam*: the action or faculty of providing for oneself without assistance from others. This combination ultimately encapsulates the most important design requirements that we all impose on *Employee 2.0.*

We are pleased with the photo because it invokes associations with a number of important discussions about employment and its institutionalisation. Firstly, FRed is walking and therefore mobile at the very least. Secondly, it is not immediately clear whether FRed is travelling for his current employer, or perhaps on the move from one boss and job to another. Thirdly, it is far from certain that FRed is an employee on a regular employment contract with an employer. He might also be an employer, a self-employed person, a temporary worker, unemployed or sick leave. Fourthly, FRed is leisurely walking through the countryside – which invokes an association with the topic of "combination security": the need to combine employment with other (e.g. care) responsibilities.

In sum, the contemporary labour market participant is the central topic of analysis in our work.

The most significant potential drawback to this photo is the fact that our FRed appears to be all alone. Work is, however, seldom or never a purely individual matter. It is for this reason that we chose an image of two people shaking hands as our second photo. For work is only performed after concluding what is usually a written but most certainly a verbal agreement. An employer hires an employee (and the latter accepts the position); a client grants the contract to a self-employed person.

And upon closer inspection, even our FRed is not alone, not even here in the field. He is, after all, on the phone with someone. Perhaps his boss? A client? His secretary? A career coach? His trade union? An employment agency? His *alma mater,* the educational institution from which he received his training? Even in this picture, labour market institutions are secretly present. Imperceptible but just as explicit.

I will therefore address the organisation of the labour market today.

2.   *The organisation as a coordination mechanism in the labour market*

Market mechanisms are apparently so routinely associated with the allocation of labour that we have named this social field after them: the labour *market*. At the same time, I always begin by telling students that the labour market is by no means a neoclassic *spot market*. An extreme form of allocation/coordination through market mechanisms exclusively would imply that we would freely determine every morning for which employer we would go to work that day. Conversely, each employer would every day re-determine the number of people and the specific individual to be hired. In reality, only very seldom do we encounter such a daily spot market of labour allocation. Presumably, such a daily sport market could once be found in some pubs in Amsterdam where informal labour brokers would recruit job seekers for undeclared construction work. We also find similar, more or less legal forms of *day labour* in the United States. Disregarding the issue of (il)legality, this extreme form of spot market allocation generally concerns only an extremely small segment of the labour market.

There are various reasons why the typical employment relation between employer and employee last significantly longer – with the average tenure in a western country hovering around eight to nine years. Oliver Williamson made us understand why, from an employer's perspective, labour is not exclusively allocated through the market but also through another dominant coordination mechanism: that of the firm/the organisation/ the hierarchy. Most employees continue to work for the same employer over a longer period. And even temporary workers hired though temporary employment agencies to cope with peaks in production work for that same employer for a number of days, weeks, months or years. Market transactions entail costs, as Williamson explain. They also entail risks – for instance, the risk that I cannot find enough suitable workers today and therefore fail to deliver the production that my customers require. When transaction costs are sufficiently high, it is consequently more effective and efficient to organise permanently in a labour organisation: a firm. There are at least six different theoretical approaches in the literature, each offering a slightly different detailed explanation for the existence of internal labour markets, but for the present purposes, I will limit myself to Williamson's transaction cost theory.

Irrespective of the detailed explanation, the distinction between market and hierarchy, between external and internal markets, is not disputed in the literature. The concept of

the internal market clearly implies that market mechanisms are not *entirely* absent within firms. Internal labour markets are a relatively sheltered segment of the external labour market. The point is that internal labour markets are *organised* almost by definition, and that this organisational pattern has a high degree of stability. Not all jobs are constantly open to the competition of others; only when a vacancy arises – an additional job is created, or the previous employee leaves – a job opening is created for outsiders. And on many in internal labour market even such job openings are first exclusively offered to the incumbent employees of that same firm. After all, the implicit promise of subsequent upward mobility is traditionally one of the mechanisms used by firms to bind their employees over the long term.

The success of the firm as a form of socio-economic organisation is simultaneously the success of relative durability in the typical employment relation between employer and employee. This success has translated to a successful occupation that organise this employment relation: HRM (in Dutch, *P&O*). It almost goes without saying that one of our chairs in applied sciences is therefore principally devoted to this profession: Sustainable HRM Policy. The term "sustainability" here principally refers to the task of securing the required, quantitatively and qualitatively adequate work force for a firm. Durable retention of employees is consequently a very beautiful and useful goal but, at the same time, not a tool that can be productively used without limits: anyone struggling with fluctuating demand (and who doesn't?) cannot always retain each individual employee permanently. By definition, sustainable HRM policy therefore aims to strike a balance between flexibility and security. This chair will cooperate with *Noorderlink*, the Groningen association of larger firms, amongst other partners.

Whereas the above-mentioned chair is broadly focussed on all types of HRM policy aimed at employee retention and commitment, our second chair in the business school specifically focuses on the organisation of work and the resulting labour productivity. This chair derives its focus from Williamson's central thesis concerning the optimal point at which (firm) organisation as an allocation mechanism for qualified labour is preferable over the external acquisition of specific expertise on the external market. But the determination of the optimal balance between *make* and *buy* strategies is only one example of applied research from this chair. The organisation of work into a specific form of shift work is, for example, another example. This chair will actively participate from our Centre in the *Nederlands Centrum voor Sociale Innovatie (NCSI)* - and involve our other chairs in that cooperation when appropriate..

Measuring the effectiveness of work organisation in terms of productivity is not as prevalent and neither as simple as one might think. Moreover, the breakdown of collective performances into individual contributions is often fraught with problems. Consider an evidently simple combined collective and individual performance such as scoring a football goal. A goal is both an individual performance (the act of scoring being attributed to the person last touching the ball before it crosses goal line) and a collective one. After all, a goal is usually preceded by a cross from a teammate; this cross often followed a probing pass to create the actual opening; and it often ultimately all originated with that

limited defensive left back winning the ball. However, even a goal-scoring act may not be so easily attributable to any particular individual, as demonstrated by a committee recently established by the Dutch football sector.

> **"Committee for (own) goals**
>
> The Royal Netherlands Football Association now wants to establish a committee for the upcoming season to analyse own goals scored. The immediate cause is the discussion that emerged this season not just around Koevermans but also Ajax player Klaas Jan Huntelaar. The committee, formed by experts from football, has to establish criteria that an (own) goal must meet. The intention is not for these experts to meet after every disputed own goal. In England there is a *Dubious Goals Committee*, which meets on an *ad hoc* basis to discuss controversial goals. These experts, including three former professional players whose identities remain secret, will meet three to four times a year on average."[1]

3.   *The organisation of the external labour market*

The labour organisation/ the firm/the hierarchy is, however, neither the only form of organisation in the labour market, nor the only other coordination mechanism besides the market. Werner Sengenberger has written a beautiful book in which he distinguishes three types of labour markets. In addition to internal labour markets, he distinguishes two types of external markets: organised and unorganised.

In his categorization, organised external labour markets are called occupational labour markets, which are distinguished by the (formal or informal) requirement of a vocational credential to find employment. The occupation is an important labour market institution (as we know in our capacity as professional educational institution) with two important yet distinct connotations. First, the term reflects the fact that labour market mobility of employees generally not covers the entire labour market but for most of them is limited to related positions with different employers The Uruguayan striker from our local FC Groningen left the team this summer not to become a surgeon at UMC Groningen but to remain a striker - unfortunately henceforth with Ajax.

At the same time, the concept of an occupational labour market not only implies horizontal mobility between a job with the former employer to exactly the same position with another employer; some vertical progression from one position to another (such as lecturer at one university to a senior lecturer at another) is the second connotation. This connotation is essentially important for us as a professional education institution. Our initial educational pathways do not only aim to provide students with the necessary

skills for a starter's position in the related occupational labour market segment, but also endeavour to provide a foundation for their growth and promotion towards more complex jobs.

To reiterate, the basis of occupational labour markets is the vocational qualification and, consequently, a professional educational institution such as this one is an important a partner that helps to organizing present and future labour markets thought the development and production of such qualifications. I will come back to this point.

For the moment, I will confine myself to the observation that professional education institutions are not the only parties helping to organise occupational labour markets. Trade unions and employers' associations provide a solid basis for many occupational labour markets by concluding sector-level collective bargaining agreements. And various professional associations are more or less successful in organizing the labour market for their occupations. With, admittedly, in particular the latter sometimes battling a suspicion that their organizing contributions deliberately or inadvertently aim to restrict access to that occupation to the advantage of their members.

At this point, I would provide a more in-depth discussion of professional labour markets if it were not the case that a new fellow professor recently detailed the development of a new occupational labour market in an excellent lecture. I recommend you all to consult Petri Roodbol's outstanding speech on the relatively young profession of the *nurse practitioner.* I make this recommendation because it shows by means of a specific example how promising labour market innovation could be for your own sector or firm.

For the present, I will limit myself to emphasizing that internal and occupational labour markets are not mutually exclusive parts of the overall labour market. Doctors tend to work in large hospitals; professors and are generally affiliated with large institutions of higher education; accountants work for small and large accounting firms; etcetera. Hierarchies (firms) and occupations are distinguishable organisational principles/ coordination mechanisms that may simultaneously apply to the same job.

4.   *The unorganised labour market?*

And then there are the unorganised labour markets. When discussing them I always like to go back to a third source, chronologically preceding the reflections of Williamson and Sengenberger, for its presentation. In 1954, Clark Kerr described "the structure less market where all jobs are open to all bidders at all times". For sure, the unorganised market is no theoretical "safe haven" for employees. They do not attain any preferential position in the competition for job openings with their current employer as they would enjoy on an internal labour market, nor are they protected by the possession of a scarce qualification, as they would be on an occupational labour market.

Thus, the unorganised labour market: relatively low-skilled work that could be performed adequately by a relatively large number of people, which means employers have relatively low transaction costs and run small recruitment risks. Like, for example, the work in an industrial laundry service?

It turns out that even work in this market segment involves significant organisational activity. Please join me in a five minute visit of such an industrial laundry facility, which contracts a number of its employees from Poland, through a Dutch temporary employment agency that specializes in the international supply of temp workers. [2]

5.   *The case of free (temporary) worker movement in the EU*

Admittedly, this film secretly primarily focuses on another, particularly interesting subtopic in our national debate on the labour market as well as in the work performed at our Centre for Applied Labour Market Research and Innovation at Hanze University Groningen: cross-border worker movement from (in particular) the new EU countries. At the request of the Association of International Employment Officers in the Netherlands (*Vereniging van Internationale Arbeidsbemiddelaars* or VIA*)*, and also in collaboration with trade unions and the employers' association for small and medium-sized businesses (SME) in the North Netherlands (MKB Noord), a research group from my own Flexicurity research group at our Centre is conducting an applied research program on this theme thanks to a grant.[3] The results of this program will include the launch of a website on the subject, and in its wake we will be arranging more than enough opportunities for to further elaborate on this intriguing topic over the next six months, and to give it the further consideration that it deserves.

For the purpose of this speech, I will consciously but necessarily restrict myself to a few of the broader labour market paradoxes (or *apparent* inconsistencies) that struck me with this film.

Paradox 1

Free cross-border worker movement requires massive regulation

Many proponents overestimated the intended economic benefits of opening up borders within Europe for cross-border worker movement by means of an ill-conceived comparison with the US labour market. The predominant monolinguism of the US (which has in fact already ceased to exist there for some time due to the legal and illegal influx of Hispanics) permanently constitutes a sharp contrast with the many language barriers persistently inhibiting cross-border worker mobility within the EU. For simply this reason alone, European workers would and will not suddenly move as freely throughout Europe as Americans move across their (United) States.

Those who do in fact move, will experience larger differences in law, regulation and culture upon their migration. The presence of Polish-speaking consultants at the offices of Dutch temp agencies specialised in cross-border worker recruitment is, for example, an important success factor for the sustainable placement of Polish temp workers with Dutch firms.

For those who do in fact migrate, this migration is often not, as the film indicates, a spontaneous individual decision but an activity that is actively organised from the Netherlands: while the *intake* of temporary workers often occurs in Poland (in particular), the related recruiting offices there have been set up for this purpose from the Netherlands by Dutch firms. Furthermore, the temp agency not only arranges accommodation upon their arrival here, but usually also organises bus trips to the country of origin for family visits.

This way, the relationship between an agency and a temporary worker is somewhat more extensive and intensive than the one between you and your employer.

Paradox 2

Temporary workers can enjoy great employment security in the Netherlands

This special category of temporary worker is almost by definition not a temp worker in the traditional sense of the word. Phase "A" of the collective bargaining agreement concluded by the Dutch Association of Temporary Work Agencies (traditional temp work where the worker immediately becomes unemployed when the client firm no longer needs his services) offers insufficient job security to induce the average Pole to move across borders. The temp agency in the film indicates that it offers Poles six or twelve month contracts. At the very least a three-month employment contract is, as a rule, offered by this type of agency. This corresponds to phase "B" in the aforementioned collective bargaining agreement.

But the temp agency in this firm in indicates that a relatively high percentage of its Polish workers have now entered phase "C" from that collective bargaining agreement. This means that they have an employment contracts with the temp agency for an indefinite periods. In these cases, the temporary worker no longer enjoys less employment security than regular workers.

Of course, it is the employment agency rather than the client firm that is providing the employment security. This implies that the provision of employment security is effectively out sourced from the client firm to the temp agency. This type of temp agency this way effectively serve as full-grade HR solution providers, act, insofar as this part of their task is concerned.

Paradox 3

We hire foreign workers who are as expensive as Dutch workers.

I doubt that this linguistically qualifies as a paradox but, in an intellectual perspective, it is certainly one. For the general view in the public debate is that "Poles" are very cheap and therefore very popular. But as the film showed us, they are not cheaper for such customers. Their popularity derives from their evidently higher productivity and work ethic. Conversely, poor productivity and work ethic are well-known complaints of Dutch employers involved in re-integration projects for Dutch unemployed.

There is a two-sided qualification that applies to this paradox. First, the market does not just consist of agencies operating with legal boundaries, but also agencies operating crossing them – a little, or in fully and completely. Those which do not adhere to the rules often undercut the price of Dutch labour substantially.

Secondly, the literal statement on this point by the manager of the client film explicitly relates to the situation at this particular firm. Not by definition does every article of a collective bargaining agreement applying to Dutch workers also fully apply to every Polish temp worker employed here temporarily. For details, I refer you to the knowledge circulated within our aforementioned applied research program and the website it will produce. [4] However, the core of Dutch labour and related rights does apply to "Polish" migrant workers, including temp workers. This broader implication thus indeed is that price differences are the most important consideration for Dutch firms hiring foreign temp workers to a much *lesser* extent than general public opinion would have it – as long as everyone is operating inside the legal framework.

6.   *The organisational task for the labour market*

The organisational needs of the labour market

The most important reason to show you this film today was, however, not the film's very interesting subject itself. Nor was it the fact that the corresponding applied research program is a good example of how we can develop other types of projects than classical academic research with and for our clients on demand. The most important reason for showing the film was to provide you with a specific example of organised even the "unorganised" labour market often is.

Organising the labour market is not a one-time activity but an intermittent one. It is weeding and raking of soil. In a sense, it is a somewhat disheartening task, as you can be certain that you will have to start over again after a little while. But you can also be certain that a hopeless mess will follow if you fail to accomplish the task. And the latter will ultimately cost more money and effort.

Fred, ladies and gentlemen, is not haphazardly romping willy-nilly across the field. Just like someone walking across the countryside, not every theoretically conceivable labour market pathway will be travelled as often. Not all paths are equally accessible; some theoretically accessible paths are, in practice, hardly travelled, while others have regular to frequent traffic. In brief, the labour market consists of pathways. Just as in the countryside, it is not impossible to deviate from the constructed paths on - as long as you accept risks ranging from quicksand to trespassing fines, you can sometimes arrive at wondrous locations to which no path would have led you.

Policy makers and think tanks alike have been asserting for decades that the labour market trends are quickly rendering old pathways inaccessible, while the adoption of new shortcuts can make the difference between employment and unemployment, and between catching or missing a certain boat full of potential social-economic growth. If such is indeed the case, it is then possible to gain a regional advantage by having sufficient organisational capacity on the labour market.

Firms, occupations, jobs are created, grow, change and disappear. Large companies and large traditional business sectors possess the required organisational capacity in the form of (HR departments in) large firms, employers' associations, trade unions, training funds and so on. Even there, this capacity is often limited. Change is difficult, especially when it involves your own work. (Perceived) Conflicts of interest between employers and employee are often not even the greatest barrier; differences of opinion within management, among employees or between various factions within an employers' association are often at least as difficult to overcome.

A more limited range for traditional coordination mechanisms?

The posited trends (which I now summarize as a substantially higher rate of change) then present us with a problem. As the labour market becomes more flexible, firms will disappear more quickly and employees will spend, on average, less time within the scope of the same HR department. Sectors and employers' associations in traditional sectors possess excellent training systems that may stem from medieval apprenticeship systems. However, it takes at least years and more likely decades for new labour market segments to develop to the extent that they have given rise to strong sector associations with the authority, expertise, time and money to establish collective arrangements. In brief, there is reason to suppose that the scope of two important organisational principles (the company, and the association of employers and/or employees) will perhaps be reduced, in an age when re-organisation is required to a greater and more frequent degree.

Small and new companies and sectors do not yet have the necessary capacity to quickly and effectively organise collective labour market arrangements such as training programs (a starting firm must first ensure its own survival over the first five years or so) and they certainly could benefit from assistance.

Private initiative can pay off…

The film reveals that private initiative (in this case by a commercial temp agency) is often quite able to help organise (external and internal) labour markets. It also shows that money can already be made from relatively intensive labour market services aimed at low-wage employment. Temporary employment agencies, HR providers, re-integration agencies together constitute a flourishing business sector. About a decade ago, the innovation and entrepreneurship of Dutch temp agencies in particular enticed me and my old colleague Ton Wilthagen to theorize on the possibility of *private agencies* fulfilling *public tasks* with regard to the labour market. Temp agencies and other HR service providers have capacity and solutions , but they don't have solutions for every new problem that may arise. The development of new solutions by private service providers takes time and therefore costs money. This may not present any problem to a stable existing firm (such as the client firm in the film). For a new start-up in sector that doesn't even exit yet, or a small business without huge growth potential ... now that's a different story.

… despite persistent public responsibility

A relevant role continues to exist for the state as a market supervisor. The Dutch state has decentralized this role to municipalities, which is, in itself, a desirable development. But is also generates new problems that may or may not be temporary. Due to the nature of their traditional and current tasks, battling unemployment in general and reducing the need for welfare assistance in particular are tasks that municipalities take to heart, and rightfully so. However, labour market management by assisting in the development of new pathways for firms and workers is often still a less developed activity. This is possibly due to the fact that the relevant scale of most (occupational) labour markets extends beyond municipal boundaries.

7. *A new partner?*

Indeed, FRed is not haphazardly romping willy-nilly through the field. I have already said that. But in my conclusion I would like to identify a new partner for the organisational task at hand. A new partner – or a long-forgotten one.

The work force of workers is shaped by firms, which bundle required skills into vacancies, and define related qualifications that applicant should possess. Workers focus their development to match these bundles. The same holds true for self-employed individuals, who are also dependent on the image of the required set of skills that a client is seeking.

And we as professional and vocational education institutions base our training programs and specialisations on them. However, we are not by definition merely responsive in this

capacity; we sometimes propose new programs ourselves or, in any case, pro actively detect new needs in the regional labour market. I already mentioned the inspiring example of the *nurse practitioner*. Another involves the School of Law, which has been my home base for these past few years now. It hosts two bachelor programs: a young pathway based upon an idea for a new professional occupation and a truly brand new one (Social Legal Work and Private and Public Law Studies, respectively).

This implies that we need a great deal of occupation- and sector-specific knowledge. Each student completes an internship with a firm, and in addition completes a graduation project. Each of the Dutch Universities of Applied Sciences thus offers a decent size for an economy of scale and scope as a partner for regional labour market development.

But there is more. The revolution to *life-long learning* that has been promoted since the sixties has been slow to develop – and not just in our country. An important reason is that the tax resources reserved for education do grow - but not faster that the autonomous growth in educational attendance by young people. Since the importance of good initial educational training has not lessened, the aspired revolution towards life-long learning is, for the time being, almost nowhere is being accomplish by means of a substantial change in public funding. Resources remain substantially "sunk" into initial education and training for the labour force at a young age.

Nevertheless, despite these limitations, important for life-long learning have been established for example by our Universities of Applied Sciences. I was and remain pleasantly surprised by the design of our part-time programs when I arrived here from an Academic University. A full-fledged professional higher educational diploma can be obtained with a reasonable period of time by means of concentrated classroom instruction supplementing relevant job performance. HanzeConnect, our commercial service provider, is so proficient in reaching out to small and medium-sized business (2,500 businesses in the past year) that it provides us and the other Centres for Applied Research and Innovation at our Hanze University Groningen with the contacts and a network to apply our knowledge without having to organise the entire trajectory ourselves. Hanze University Groningen has established a Centre for Recognition of Prior Learning (in Dutch: EVC Centrum, EVC standing for *Erkennen van Verworven Competenties*) because we recognize that, when push comes to shove, the independent recognition of what a citizen *can* do is even more important than, and must necessarily precede, teaching him or her what he or she cannot yet do. To a significant degree, the infrastructure already exists; now demand must grow.

In making this statement, we do not claim that we are fully there yet.

I wish for our region a University of Applied Sciences that makes its organisational talents permanently available to firms, local and regional governments and our labour force for this important goal. In brief, I wish for our region a Hanze University Groningen.

And I wish for our Hanze University Groningen a region that, ahead of other regions, will abandon the misconception that a University of Applied Sciences is merely an executive branch operating on behalf of the national Ministry of Education, Culture and Sciences. We are much more interesting as a partner in applied research and innovation towards further socio-economic growth. As such, the supply of a qualified professional workforce still remains our goal, and educating and training them our most important contribution – but no longer, the *only* one.

I consider the manner in which four municipalities in the North Netherlands have invested directly in our Centre for Applied Labour Market Research and Innovation in general, and in Labour Participation chair in particular, a very encouraging sign. The sponsorship is welcome. However, especially promising is the fact that they have provided us a with Professor of Applied Sciences for that chair in Louis Polstra, who will not limit his research to the *method* of battling unemployment to achieve the *goal* of reducing unemployment. I will say nothing more about his chair today. Because all of you are cordially invited to attend his official inauguration as the Professor of Applied Sciences in Labour Participation on the upcoming 21st of May.

Endnotes

1   Source: www.psv.nl/web/show/id=118705/contentid=22691

2   This film can be viewed at: www.hanze.nl/kenniscentrumarbeid

3   The grant is from a program for public-private knowledge exchange
        named *RAAK-MKB*, *RAAK* being an anagram for *Regionale Aandacht en Actie
        voor Kenniscirculatie* and *MKB* the Dutch short-hand for SME

4   This website has since been launched: www.arbeidsmigratie.eu.
        It is, at this time, exclusively in Dutch.

Inaugural Lecture of Dr. Louis Polstra as Professor Labour Participation in the Centre
of Applied Labour Market Research and Innovation at
Hanze University Groningen

'You can not spend your days doing nothing'

Dr. L.Polstra
Groningen, May 21st 2008

Working hard, we long for that day off, a day of doing nothing. Being lazy, having all the time in the world to play sports, focus attention to family and friends. Who would not want this? However, we can only enjoy this because we work. The contrast work-leisure is a dialectical contrast. The one needs the other in order to exist. Those who do not work have no leisure time. They spend their time, as it were, doing nothing. Doing nothing does not satisfy, doing nothing means there is no reason to get up in the morning, doing nothing does not provide social contact. Doing something does, especially when doing this is visible to others and is being appreciated by them. Our society sees a paid job as the ultimate form of doing something.

The objective of the chair of applied sciences Labour Participation is to push back or prevent unemployment, more specific of citizens with a difficult position on the labour market: citizens who have been on social security for years, unemployed persons with complex problems, vulnerable people with a job.

This is the opportunity to answer the question what the chair the Centre of Applied Labour Market Research and Innovation stands for. An existential question that fits in our Jewish Christian tradition. In the Old Testament it is written: "Then the Lord called upon Adam and asked 'where are you Adam?'"[1] A bit further: "And the Lord said to Kain, 'where is Habel thy brother?', and he said, 'I know not; am I the keeper of my brother?'"[2] Translated freely: where do you stand for and where are you in relation to the other? These questions keep coming back on different occasions. They are asked during an assessment for a job, in coaching conversations, during career counselling. But they also come up when a business plan is drafted or when a new mission document is written. According to Andries Baart, even method development starts with a vision on man[3].

In research it is about these questions. Methodologist and expert in the field of action research Ben Boog states everything starts with the moral position of the researcher, from there positions are taken in relation to the ontology and epistemology, only after this it is about research design and –method[4].

Where do I stand for as professor of Labour Participation? I stand for labour for as many people as possible. I stand for practice oriented research. I stand for education.
Labour participation, research, education; three worlds, three arenas I wish to link together with this chair.

1.   Labour market participation

Demand and supply of labour meet each other on the labour market. However, the labour market is not perfect[5]. There are also negative side effects, such as poverty during large-scale unemployment in times of economic depression and the social turmoil that goes with it. These are reasons for the government to not leave the labour market free to the employers and employees or their representatives.

In December 2007, according to the CBS, almost 275,000 people under 65 years of age were on social security and 192,000 people on unemployment benefit[6]. Almost half a million people are on the sidelines, unemployed. At the same time businesses cry out for manpower and almost 850,000 Dutch people receive disability benefits. It is tempting to look at unemployment from an economical point of view. After all, enormous amounts of money are involved. Benefits cost money, from both sides. Money to pay the benefit itself and money that is not being earned as a result of decreased productivity because of vacancies. It is of great importance that as many people as possible are capable to provide an income for themselves by means of a paid job.

        The chair Labour Participation puts another perspective next to the economic perspective. It puts it next to and not instead of, because that would mean a denial of social reality. This other perspective is the care perspective. Men cannot survive without changing their environment. Men must work in order to survive, to provide shelter, clothing, heat and food[7]. This has evolved into the existing economic order. Men cannot realize this on their own, but by taking care of one another it can be realized. Care should be taken as a verb and in the broadest sense of the word. I am not talking about care as a sector or as a profession, but care as an expression of commitment. It means taking care of each other. It is committing to and feeling a bond with someone[8]. One does something for you and you do something else, without putting this in economic terms. From this perspective everyone is working when one is making a meaningful contribution to another persons well-being. In our society one often thinks of a paid job when we talk about this meaningful contribution. This keeps our economy going, so this is a good thing. But labour can also be caring for the environment or volunteer aid. When using the term "labour" we express we take care of each other.

In the care perspective on labour the concept of responsibility has a different interpretation than in the economic perspective. This has quite some effects on social services. In the neo liberal body of thought a person is perceived as an autonomous citizen who is always capable of making choices how he wants to live. The health insurance he wants, supplier of gas and electricity, telephone, Internet, mortgage, loan, etcetera. The term autonomy is getting an atomic undertone: the citizen as an atom deciding upon its own direction. In care-ethics one speaks of relational autonomy. The citizen is not alone in this world, but is depending on others. The citizen is always linked to the other whether he wants to or not. This is living together. The dependency is not pressing. The philosopher Levinas speaks of "hostageship"[9]. It is the other who holds you hostage by appealing to you. You obtain your freedom by answering to this appeal, by taking care of the other, like you yourself are being taken care of.

Interfering actively with a client, even though he or she is not favourable to this, is an expression of commitment, of caring about the client. It is unethical to accept a situation in which someone spends his day in idleness, because we all know it to be an unhealthy situation. It is unethical, not because it costs money, but because it is a form of neglect. To give up on a person on social security, labelling him as unmotivated and putting him back in the card-index box, is breaking the bond with this client. It is not surprising a client does not feel any bond with the social services when this happens. Social services have an important social assignment to prevent exclusion and marginalizing. For too long social security has been a social car park, a term adopted from Marlieke de Jonge[10]. Social security offered the client protection from poverty but at the same time prevented participation in society. This is of great significance to the social services, but also to the other party responsible for reintegration into labour for its customers: the UWV (the institute for employee benefit schemes). They need to restore the connection with the unemployed, but also make a connection with the employer; they are intermediaries. This requires a specific social-agogic and legal knowledge, and being able to go back and forth between both positions and being able to deal with ethical problems.

The Chair Labour Participation has taken the initiative to start an experimental project in which this knowledge will be developed. From economic perspective employers may object to employing people who are on social security, but some of them have a social heart. It is the intention to find, together with MKB-Noord (Small business and entrepreneurship council for the North of the Netherlands) and HanzeConnect Advice and Research, social entrepreneurs of small businesses. Earlier research among employers has shown they shy at the whole business of applying for labour-cost-aid, and shy even more at personnel matters[11]. Social services look for clients that are motivated. With client and employer arrangements are made about counselling, education, etcetera. But most important: the consultant of the social services supports the employer in taking away the fuss.

2.   Research

Is developing and initialising a project as described part of the activities of a chair? It fits within the formal description of chair of applied sciences: research, knowledge development and the spreading of this knowledge[12]. Research within a chair is described by the Presidium of professors as practise based research[13]. This suggests there is something as theory based research within universities. In theory based research practice has no part. And within practice based research there is no room for theory development or – verification. Yet theory and practice are no separate entities. They are instruments to get a grip on reality. To speak in the words of Dewey, one of the founders of pragmatism, it is not about making intelligence practical but to make practice intellectual[14]. Research is a way practice can get a grip on its environment. Research, according to pragmatism, is meant to solve a problem. What is "real" and what is "true" gets meaning within this context. That is why knowledge cannot be used just anywhere. When contexts differ, so will the outcome. This does not mean knowledge or theory is irrelevant. On the contrary, but theory does need to prove itself in practise. Repeatedly.

The object of the research of the chair is the process of labour participation. People define this process. It is a man made practice. Our knowledge of the actions of each person is insufficient to be described in general terms. The same applies to the influence of context on the practice of labour participation. The implemented policies, the region's economy and the reintegration providers differ for each local authority. That is why a more complex form of knowledge gathering is necessary. Within the deductive-nomological science approach hypotheses are formulated, based upon theory and tested in practice. This is called the context of justification[15]. The researcher has no choice but to ignore the contextual variables and assume they eliminate each other statistically. When correlation has been scientifically determined one speaks of evidence-based practice. Acting in accordance with protocol of an evidence-based practice does not dismiss the professional of his responsibility to take a critical attitude towards the protocol. The professional should say to himself: "I assume this is the problem, but I might be wrong. When I am right I should do this and this to reach the result I want." The diagnosis or hypothesis is then tested in practice. Findings show whether the diagnosis is right or not, whether the hypothesis should be rejected or not. The professional goes through the empirical cycle as defined by A.D. de Groot and he or she stays critical of his or her own actions[16].

Against the deductive-nomological approach van Strien puts the inductive-ideo graphical science approach. This approach starts with the special, the unique case. The description and comparison of these cases leads to pattern recognition. Every pattern is an abstraction of practice and has a theoretical connotation. With so-called rich descriptions the context stays intact. An example is the project 'What do they do?' lead by teachers Willem de Jonge and Hilbrand Oldenhuis students interview clients and ex-clients of the social services of Assen, Leeuwarden and Groningen (clients of the social service of Emmen will be interviewed in the autumn of 2008). They try to find out which factors influence the clients search for work. Much has been said about this search behaviour. Often researchers use surveys, completed with registration data or otherwise[17]. In this

research in-depth interviews are used. Eight clients or ex-clients are interviewed. The situation at home, labour attitude of their parents, important stimulating or hindering events such as birth of a child or illnesses are examined. This information will aid social services to make a better diagnosis and will lead to a better fitted counselling.

The inductive-ideo graphical approach is more connected to the professional practice of social workers. They are used to presenting cases, for example when they transfer cases, at a network meeting or for the benefit of an indication. Theo Koning has made use of this by developing so-called vignettes, together with case managers[18]. The vignettes describe different clients. This international study was joined by the Dutch municipalities of Groningen, Emmen, Meppel, the German municipalities of Cologne and Munster and the Belgium municipalities of Louvain and Mechlin. The vignettes have been adapted to the national and local situation without stretching their meaning. In every municipality the vignettes have been presented to two case managers. The case managers were asked to indicate how they would act. The vignettes have raised different reactions. They possess sufficient discriminating power; national and personal differences become visible. Possibly this research will be carried out again on a larger scale.

I am working with Klaas Kloosterman of the research department of the city of Groningen. The project consists of a two-day meeting. Higher educated people on social security follow a training that equals a training given to management. Central in this training is the way the perspective on reality changes when one takes a different position. We try to determine whether trainees find a job faster than those who did not attend the training. We should be careful in drawing conclusions because the knowledge might acquire universal validity, which is in contradiction with the above-mentioned notion that knowledge should prove itself in practice.

3.   Education

The world is subject to many changes, and so is the world of labour participation. What is taught today is out of date tomorrow. The importance of permanent education, or life-long learning, has been emphasized many times. Learning has become a basic competence. In my opinion this should not be enough to a professional. It is not about becoming a professional, , but also about improving the professional skills. It is the ambition of the Hanze University and of the Academy for Social Studies to educate professionals to improve their actions. It requires inquisitiveness and critical thought. Inquisitiveness causes the professional to not give up when an intervention does not succeed. It causes the professional to go look for additional knowledge and new solutions. Van der Peet introduced critical thinking in nursing education in the Netherlands[19]. It can be described as analysing and judging of information independently. It is about approaching information by analysing and classifying concepts, using induction and deduction and substantiating. Inquisitiveness and critical thinking resemble research and learning. The Competence Centre Labour wants to start a master class Labour Participation, lead by the four professors. The master class will be open to students with these qualifications.

But is not merely about educating future professionals. Education does not come to an end when one graduates from higher vocational education. Mayor Wallage called for attention to the professionalization of social services when he signed the covenant on the chair. Many social services are developing a new professional profile of counsellor's work, client managers, or whatever their titles may be. Not all workers will match the profile and as a result there will be a need for education and support. One may use the knowledge that is available at the Hanze University. The chair Labour Participation may be seen as a link between the field of action and the Hanze University, where demand and supply meet each other. This meeting does not have to take place in the classroom. Research settings offer learning opportunities. However, there is not much thought about the concept of learning theory, used in research. Often it suffices to write a report to transfer the results of the research. This is a very minimal form of learning. Especially when the research should solve practical problems, it is important to develop a learning strategy beforehand. Is experiential learning used?[20] A form of learning that is action aimed, embedded in the social-cultural context with attention for the social-emotional context. Is it about transformative learning, elaborating on the work of Paulo Freire?[21] In transformative learning the basic assumptions of how the world works, emotions and actions, are made insightful by means of a reflexive dialogue and if necessary replaced with different assumptions. "Community learning" is aimed at making the participant participating in the community, organization or company[22]. Central is the concept of "good practice."
These are three different forms of adult education, there will be many more.

Within the chair Tineke Boomsma and Jacquelien Rothfusz are experimenting with a kind of work-learning place where workers, students and teachers meet each other and exchange experience and knowledge between college and work field. In this case it is about the homeless team of the social services of Groningen. This team has eclectically developed an own way of working. They wish to professionalize this method by founding it on theory. In this project students will analyse this method by means of observing and interviewing. The analysis will be discussed in a meeting with the team and with the teachers. At the same time the outcome is input for the next round of analysis. The combination of analysing, reflecting and acting is typical of the concept of experiential learning. The work-learning place is a natural place for "the growth of knowledge."
Learning can take many forms.

4. Conclusion

The goal of the research group Labour Participation is the development of labour participation of vulnerable people. The tool used is research that must contribute to solving practical problems. Research with practical outcomes that can be used in the theory of higher education and also in the practise of the social services.

And now the three arenas are united to reach our goal: every person contributes actively to society. Because you cannot spend your days doing nothing, but you can spend your days doing something.

Endnotes

1   Genesis 3, vers 9, Statenvertaling van de Statenbijbel

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3   Baart, A. (1994). Het span voor de bokkewagen: levensbeschouwing
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5   Lieshout, H.A.M. van (2008) Different hands: Markets for intermediate
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6   Source: www.cbs.nl

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12   Source: http://www.hanze.nl/home/Onderzoek/Lectoraten+en+toegepast+onder
     zoek

13   Source: http://www.hbo-raad.nl/upload/bestand/

samenvattingjaarplanForumdef.doc

14   Eldridge, M. (1998) Transforming Experience: John Dewey's cultural instrumentalism. Nashville: Vanderbilt University Press. Cited by: http://en.wikipedia.org/wiki/Pragmatism

15   Next to the context of justification the context of discovery is distinguished. In 1938 both contexts are marked by Hans Reichenbach. Source: http://de.wikipedia.org/wiki/Wissenschaftstheorie

16   Groot, A.D. de (1961) Methodologie: Grondslagen van onderzoek en denken in de gedragswetenschappen. 's Gravenhage: Mouton

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Inaugural Lecture of Dr. Jac Christis Professor Work Organization and Labour Productivity in the Centre of Applied Labour Market Research and Innovation at Hanze University Groningen

'Organization and job design: what is smart organizing?'

Dr. J.H.P. Christis
Groningen, June 3rd 2009

1.   Smart organizing

Organizing defined: the work organization of the organization[1]
To organize your household, paper or lecture means to give it a structure, as in a well organized, that is, well structured household, paper or lecture. Applied to organizations, organizing refers to the process of division (differentiation) and coordination (integration) of work (Thompson 1967; Mintzberg 1984). The product of organizing is not an organization, but the work organization of an organization: the way its work is organized. In that sense Philips *is* an organization in the institutional meaning of the word 'organization' and *has* a (work) organization in its instrumental meaning. Because the work organization is an instrument or tool for reaching organizational goals, organizing in the wrong way will cause difficulties for reaching those goals.

The definition of smart organizing
We define smart organizing as organizing in such a way that everyone (including the shop floor worker) is involved in the control, improvement and innovation of the organization. This not only results in the creation of more challenging work for employees with more learning opportunities and less stress risks (Karasek 1979). It also increases organizational adaptability by a more efficient and flexible organization of its work. So, smart organizing increases the quality of both work and organization.

The problem and redefinition of smart organizing
Involving everyone with everything is possible in a small group (as in a start up firm). It becomes more difficult when an organization has twenty employees, and impossible when this number grows to fifty or more. In that case, an organization needs an organizational structure which, according to Simon (1997: 112), ensures that not everyone has

- to cooperate with everyone on everything (horizontal division of labour)
- to co-decide with everyone on everything (vertical division of labour)
- to talk with everyone on everything (lines of communication) and
- to constantly re-invent the wheel (routines and standard operating procedures).

Since it is possible to involve everyone with everything only in a small group, we redefine smart organizing as organizing in such a way that everyone can cooperate, co-decide, communicate and innovate with everyone at the level of the group or team. To reach this goal of local, conditionally autonomous groups (Thompson 1967) at the lowest level of the organisation, structural adjustments are needed at the level of the work organization as a whole. This raises the question: what are these adjustments?

Answers from science and practice
To answer this question, we can look at the scientific literature on organization design and job design in which theoretically derived and empirically tested solutions to practical

design problems are proposed. Modern socio-technical system theory as developed in the Netherlands by Ulbo de Sitter is an example of such an endeavour. It is also possible to look, not at science but at organizational practices and search there for smart solutions. In that case, we derive the principles of smart organizing inductively from existing practical examples. In this lecture, I will adopt the second route. I will discuss organizational practice as a source, not of problems to be solved by science, but of solutions. In that case, it is the task of science (1) to appraise the merits of those solutions, (2) to generalize these solutions by embedding them in a more general language and (3) to re-specify them for different circumstances.

In the second part of this paper, I will compare the insights gained in this inductive way to those of modern socio-technical theory which are deduced from a small number of system-theoretical principles. Any agreement between the two will increase our confidence that the proposed solution is a robust one. Because the approached defended in this paper is a structural one, I will conclude this paper with some remarks on the concept of a structure.

2. High Reliability Organizations

High Reliability Organizations as high-risk systems
The first practical example we will look at involves the so-called "High Reliability Organizations" or HROs as described by Weick and Sutcliffe (2007). Examples of HROs are nuclear power stations, chemical plants, aircraft carriers and operating rooms. These organizations have complex primary processes. As a result, they often have to deal with unexpected events and malfunctions. It is a further characteristic of these organizations that any inadequate responses to such events and malfunctions lead to disaster causing substantial human suffering (recall the chemical-leak disaster in Bhopal) or damage to the environment (such as the Exxon Valdez oil disaster). That is why they are called high-risk systems by Perrow. In his book *Normal Accidents* (1984), Perrow argues that in these types of organizations disasters are unavoidable and in that sense 'normal' occurrences. Consider by way of example an aircraft carrier. The deck of such a ship has been identified as the most dangerous 4,5 acres in the world:

> So you want to understand an aircraft carrier? Well, just imagine that it's a busy day, and you shrink San Francisco Airport to only one short runway and one ramp and gate. Make planes take off and land at the same time, at half the present time interval, rock the runway from side to side, and require that everyone who leaves in the morning returns that same day. Make sure the equipment is so close to the edge of the envelope that it's fragile. Then turn off the radar to avoid detection, impose strict controls on radios, fuel the aircraft in place with their engines running, put an enemy in the air, and scatter live bombs and rockets around. Now wet the whole thing down with salt water and oil, and man it with 20-year-olds, half of whom have never seen an airplane

close-up. Oh, and by the way, try not to kill anyone (Senior officer, Air Division, quoted in Weick and Sutcliffe 2007: 24).

Remaining disaster-free under such circumstance is the mark of a true HRO.

HROs as reliable high-risk systems
HROs are therefore defined, in a first step, as a subset of high risk systems, that is, as high risk systems in which disasters do not occur or at least less frequently than "normal". Such safety records are, in turn, caused by a number of principles that Weick and Sutcliffe label "mindful" principles which inform "mindful" practices. The discovery of these practices enables the transformation of a symptom-based definition into a cause-based one: HROs are now defined not in terms of safety records (symptoms), but in terms of the mindful practices that cause these high safety levels.[2]
Compare this to driving a car. Just as drivers of unsafe vehicles, aware of the risks they are running, drive in an attentive manner, so HROs develop in a similar way attentive or mindful practices in response to the constant threat of disaster.

Mindful practices
The first three techniques are anticipatory and make HROs aware of their vulnerability. They know that both their experience and knowledge are incomplete. They acknowledge that events might occur which fit neither previous experience nor existing knowledge. They are therefore constantly alert to unexpected deviations, a state allowing them to react with strong responses to weak signals. The last two techniques are reactive and enable HROs to remain operational despite breakdowns and to recover quickly from malfunctioning. HROs are not error-free, but errors do not disable them.

The function of routines
HROs are obsessively preoccupied with (1) what might go wrong and (2) what they might do wrong. They feel threatened by the first and unsure about the second. In response to these concerns, they have developed standard procedures and routines for everything. However, their attitude to these routines is ambivalent: they need routines (routines enable quick detection of and response to deviations), but they do not trust them (routines could be wrong). Because of this distrust, HROs are continuously critically examining, revising and updating all those routines. HROs are therefore characterized by both a high degree of standardization and formalization and a continuous revision of those same standards and rules. They can, in this manner, be compared to performing musicians. These musicians have practiced their routines extremely hard in order to be able, when performing, to direct their attention to the music they are playing. Routines do not only free attention but also enable small deviations to be immediately perceptible, responses then to occur promptly and flexibly during execution, and changes to be made after critical review of the performance. Only by developing routines and simultaneously critically examining them, are musicians able to improve and further develop in a continuous way.

In 'normal' organizations, this combination of developing routines and simultaneously submitting them to critical review and revision is unusual. Instead, one group (Mintzberg's technostructure) develops the standard procedures and routines that another group (Mintzberg's operating core) must implement. In HROs, this separation between thinking and doing, conception and execution, is broken down. The individuals who execute the routines are also involved in the critical examination, adjustment and improvement of them. In addition, HROs use a cognitive in stead of a normative approach to standards and routines. The question is not: Who makes a mistake and must be disciplined, but what goes wrong and what can we learn from it? They treat reliable performance [as] a system issue (a "what"), and not an individual issue (a "who") (Weick, Sutcliffe 2007: 51).

HROs: learning organizations
HROs can therefore truly be called organizations that use mindful practices to organize work as a continuous improvement process, that is, as a permanent process of learning, development and discovery. Weick and Sutcliffe emphasize that the practices concerned are counter-intuitive. After all, we prefer to focus on successes rather than failures. We like simplicity and dislike making things complex. We would rather deal with large strategic views than with their operational implementation. The primary process is therefore regarded as a cost item from which all 'slack' and resilience must be eliminated, and we consider it safer to obey the person in charge than those with the required expertise. HROs do precisely the opposite: they think and value things differently and because of that they organize differently. They do so because of a strong motive: to avoid disasters at all costs.

3. The problem: Can normal organizations learn from HROs?

HROs and normal organizations
Without question, unreliable high risk organizations could learn from HROs. However, to improve the transfer of mindful practices to unreliable high risk organizations, High Reliability Theory needs to explain why some but not all high risk organizations develop those practices.[3] Things are different when we ask whether normal organizations could learn from HRO's. This question presupposes a different contrast space: we now need to compare HRO's, not with unreliable high risk systems, but with normal organizations.[4] Our question therefore is: Can mindful practices be transferred to normal organizations? Not so according to Roberts. Normal organizations have no catastrophic potential and so lack the motive to invest in mindful practices:

> It does not make sense for organizations to adopt expensive ways to manage themselves if they do not need to (Roberts 1990: 173; see also Rochlin 1993: 19).

Weick and Sutcliffe disagree. They have written their book for normal organizations with the assumption that these can learn from the practices employed by HROs:

> [HRO's] use techniques that you can copy - techniques that are worth copying because they ensure faster learning, more alert sensing, and better relationships with customers. ... It takes mindful variety to ensure stable high performance. HRO's have learned that the hard way. We hope to make it easier for you to learn the same lessons they learned the hard way (Weick, Sutcliff 2007: x)

Weick and Sutcliffe's thinking rests on two questionable arguments. First, they relativize the notion of catastrophic potential. The unexpected shutdown of an assembly line is a minor thing for the organization but can be a catastrophic event for the line supervisor. Whether something is a crisis depends on scale and context. This is correct, but does not solve our problem. It is the organization that has to introduce the mindful practices and it will still not do so as a reaction to what for the organization are minor things.

Second, when trying to solve the transfer problem, Weick and Sutcliffe stress the similarities between HROs and normal organizations. In fact, they do two contradictory things. When they wish to explain why HROs and not normal organizations have developed these mindful techniques, they emphasize their differences (recall the above description of an aircraft carrier as the most dangerous 4,5 acres of the world). However, when existing HROs are taken as examples to be followed by normal organizations, they emphasize their similarities. An aircraft carrier now is suddenly nothing more than a transformation process with an input and output which, of course, characterizes all organizations:

> We want to emphasize that the problems of a carrier are similar to the problems you face. At the most basic level, the task of people on a carrier is to move aircraft off the pointed end of the ship and back into the blunt end of the ship. And at the most basic level, your task is to move products or services out the front door and raw materials in the back door (36)

This seems to be a form of "unmindful" thinking. Raising your abstraction level and eliminating enough context will enable you to treat everything as similar "at the most basic level". After all "at the most basic level we are all human beings." However, doing so sins against the second technique of mindfulness: you can not resist the reluctance to simplify and consequently your thinking does not incorporate sufficient complexity. In this case, it means that the fact that normal organizations lack a motive (in the form of catastrophic potential) remains hidden.

The problem of transfer

Our problem is this. If we treat HROs and normal organizations as different (as Roberts and Rochlin do), we can explain why HROs do have and normal organizations do not have a motive to introduce mindful practices. Catastrophic potential is the explaining variable. But we then have a transfer problem: it is difficult to see why normal organizations should follow the example set by HROs. HROs have been compared above to drivers of unsafe cars who therefore drive with particular care. Normal organizations can similarly be compared to the drivers of safe vehicles. As is well known, such drivers often do the opposite; because their vehicles are safe, they tend to drive inattentively or unsafely.

If, however, we treat HROs and normal organizations as the same (as Weick and Sutcliff do), the transfer problem disappears. But now we have the problem of explaining why HROs did and normal organizations did not develop these practices in the first place.

A strategy for solving the problem

So, we still have the question: can ordinary organizations develop mindful practices despite their not being high-risk systems? We will answer this question in the following way. To do something, for example to drive safely, we need both the required motives and skills. Traffic experts know that special measures are needed to get drivers of safe cars to drive in an attentive way. The same holds true for organizations. The five mindful practices are organizational practices that need both the required organizational motives and organizational skills, capacities or capabilities. So, what we need are examples of organizations that, without being high-risk systems, employ the mindful practices of HROs. If we can find such organizations, we can subsequently examine the extra measures that these organizations have taken in order to enable implementation of these practices. We can look for both the motive and structural capacities for such an implementation.

Sabel's discussion of the "pragmatist" organization

In a paper entitled "A real time revolution in routines", Charles Sabel (2005) describes three types of organizations that share both the need for and distrust of routines and the way they handle this ambivalence. In that paper Sabel shows that, when organizations follow principles based on the Toyota system of lean manufacturing, they work in the same manner as HROs. Here we have the example we need of normal organizations that are characterized by the same combination of standardization (we need routines) and continuous critical review (but we cannot trust them). In supporting his view, Sabel focuses on the method of the "five why's". Whenever a malfunction occurs in these organizations, an effort is immediately made by shop floor workers to discover its "root causes". These are only discovered when the question "why" is asked at least five times. Not satisfied with a first or proximate cause, they look for the (distal) causes of causes. The basic idea is that the further upstream the discovered cause, the greater the area downstream no longer affected by the error. Furthermore, the higher the system level where the cause is located, the greater the system scope of the solution.

Sabel labels these types of organizations "pragmatist organizations". They use John Dewey's idea that we do not just need goals to search for the means to reach these goals but that, in searching for the means, we reformulate our goals. Situated in volatile

environments, these organizations are constantly preoccupied with and involve everyone in a critical investigation of both means and ends. A lack of time precludes the separation of goal formulation from goal realization, conception from execution. These organizations consequently owe their success to exposing their habits and routines to continuous critical review:

> [They] routinely question the suitability of current routines for defining and solving problems... They systematically provoke doubt, in the characteristically pragmatist sense of the urgent suspicion that our routines - our habits gone hard, into dogma - are poor guides to current problems. Or we can think of ...[the] disciplines grouped under the heading of "continuous improvement" as institutionalizing, and so making more practically accessible, the deep pragmatist intuition that we only get at the truth of a thing by trying to change it (Sabel 2005:121).

Sable astutely observes that these organizations must not be confused with the well-known organic and informal structures identified by Burns and Stalker (or the adhocracy discussed by Mintzberg). Their level of formalization and standardization is just too high to allow any such equation with organized informality. In effect, they are distinguished by the capacity to develop routines while, simultaneously, subjecting these routines to continuous critical examination. Sabel also suggests the motive why such practices are undertaken:

> [T]he near misses ... are the urgent analog in the HRO to the line stoppages in a just-in-time system. Both trigger root-cause analysis meant not only to uncover the proximate cause of the incident, but to eliminate, through redesign of the organization if necessary, the background conditions which generated the immediate sources of dangers (Sabel 2005: 122).

A closer analysis of the Toyota system of lean production can therefore help to resolve the transfer problem. We will show that by replacing a functional structure with a flow structure, these organizations create both the motive and the structural preconditions for the introduction of mindful practices. Creating a flow makes these organizations vulnerable to disruptions and so creates an 'internal catastrophic potential.' At the same time, organizing in a flow enables the creation of cross functional shop floor teams that participate in the continuous control, improvement and renewal of the primary process (recall our redefinition of smart organizing as organizing in such a way that at the level of the group or team everyone is involved with everything).

4. The secret of lean production

The bicycle factory: economies of scale

To understand the secret of lean production, we will first examine what Japanese consultants or *sensei* do when they come to the aid of, in this case, an American company in danger of going bankrupt.[5] The firm in question manufactures various types of bicycles in a variety of sizes and colours using a number of materials, including steel, aluminium and titanium. These materials must among other things be cut, bent, welded, painted and washed, after which the entire bicycle can be assembled. The factory has a functional structure in which similar machines are grouped together in departments specialized according to similarity of operations or process. A functional structure is characterized by batch and queue production. Production in large batches enables the amortization of set-up times over many parts. And functional grouping makes it possible to maximize capacity utilization of both machines and workers and to increase efficiency at the level of workstations and functional departments. Organizations with a functional structure aim at the maximization of efficiency (at the work station and departmental level) by exploiting economies of scale.

Hidden diseconomies of scale

The same functional structure produces a lot of diseconomies of scale. The production of large batches in functional departments creates excessive micro inventories at work stations and macro inventories between departments. This has negative effects on costs, quality, flexibility and cycle times. Excess micro and macro inventories of work in progress (WIP) ties up a lot of capital and so diminishes the cash flow of a firm. Besides, excess inventory requires storage space and material handling such as stacking, moving, staging, counting, and re-packing. Because of the time lag between operations, material is subject to damage, obsolence and loss and defects may not be detected until after a long time. This makes it difficult to discover root causes and necessitates a lot of rework and scrap. At the same time batch and queue production disrupts the smooth and continuous flow of parts through the factory. Large batches and long waiting times reduce flexibility (the capacity to produce a mix of different product variants in varying quantities) and increase mean cycle time (cycle time being processing time plus waiting time). Because a batch contains parts for different orders, the variability of cycle times will also be high. In addition, the departments will be processing many different orders at the same time. Whenever disruptions occur, the various orders will begin to interfere with each other, causing backlogs to occur and delivery dates to be unreliable.

Workers in such an organization perform one specialized operation (for example cutting) on potentially all orders. At the level of the organization as a whole, everything is connected with everything else, as all operations are coupled to all orders. At the level of the job however, no one has much to do with anyone else. Persons may stand next to each other and perform the same operation, but they are working on different orders. In a functional structure, all preparatory work (such as product development, production planning and work preparation) and support functions (such as quality

control, maintenance and internal logistics) are centralized. Decentralization of these functions to the shop floor is both impossible (workers lack the required overview of the interconnections between different operations) and uneconomical (it would destroy the only advantage of a functional structure: maximizing capacity utilization of machines and workers. In sociotechnical terms, such an organization is called a complex organization with simple jobs (De Sitter et al 1997). To illustrate in a diagram:
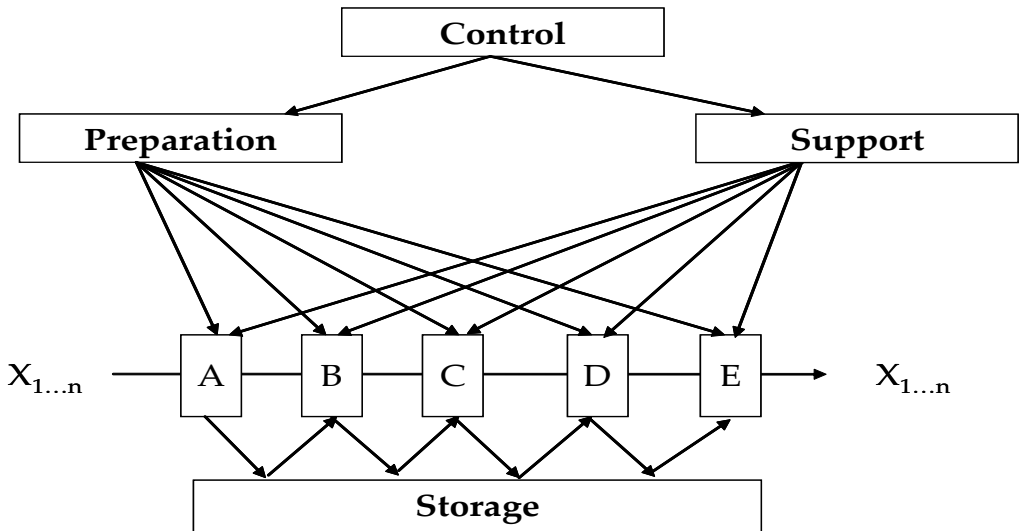
Functional structures

In the diagram, $X_{1...n}$ represents the number of orders that have to be processed and A … E represent the departments in which specialized operations are performed on all orders. An order is a customer with a wish; in this case a customer who wants a bicycle. In a hospital, that would be a patient with symptoms. In homecare, the orders are persons that need care. And in schools, the orders are students who need some form of education. Functional structures are therefore not only found in factories but also in offices, hospitals, homecare agencies and schools. In all these cases, the functional structure permits the full use of economies of scale. But in all cases the diseconomies of scale tend to overshadow the supposed efficiency gains. Functional batch and queue production, whether applied in industry, health care or education, produces high inventories and long waiting times and so has dramatic negative effects on costs, quality, flexibility and cycle and lead times. In addition, the complexity or deep division of labour in the primary process necessitates a centralization of preparatory, support and control functions.

What did the Japanese sensei do?

Let's go back to the bicycle factory. After a long period of fruitless urging, the Japanese consultants were finally persuaded to visit the facility in order to provide assistance. At first, the *sensei* assembled all the employees, including managers, on the shop floor. The General Manager was given the task of sawing in half all the racks for storing inventories of work in progress. The Japanese definitely do not like inventory; they

consider that to be a form of waste. Next, they selected one order (a customer wanting a bike), identified the machines required to manufacture that kind of bike, unfastened them from the floor and moved them into a production unit sequenced in the order necessary for the production of that type of bike. In this way, they replaced a functional structure with a "flow" structure. The results were immediately perceivable. Since parts were immediately passed along to the next station after completing an operation, waiting times were minimized. This not only meant that inventories of work in progress vanished like snow in spring (large storage areas were no longer required) but also that cycle times were drastically reduced.

Of course, the bicycle factory could not create such production units for each individual order, as such a practice would require too many machine and work force capacities. For this reason, a second step was undertaken in which all orders were examined and subdivided into families of similar orders. Japanese experts call such a family or group of similar orders a "value stream". These different value streams of similar orders were then each provided with the necessary machine and work force capacities. In the case of the bicycle manufacturer, three streams were created: one each for steel, aluminium and titanium bikes. Grouping similar orders is based on similarity of routings and/or required operations.

A flow structure is the mirror image of a functional structure. Interdependencies at the organizational level are cut by the creation of three independent value streams with their own capacities. This allows the decentralization of preparatory, support and control functions to the three independent streams. And independent work stations in functional departments are now replaced by teams in which workers perform different, interdependent operations on a restricted number of similar orders. Operational preparatory, support and control functions can now be delegated to those teams. This enables the teams to participate in structural (improvement) and strategic (renewal) control.

The problem of smart organizing solved
Recall that we redefined smart organizing as organizing in such a way that on the level of groups or teams everyone is involved with everything. We now know that in order to reach this goal functional structures need to be replaced by flow structures. What is required is, in socio-technical terms, the transformation of a complex organization with simple jobs into a simple organization with complex jobs.
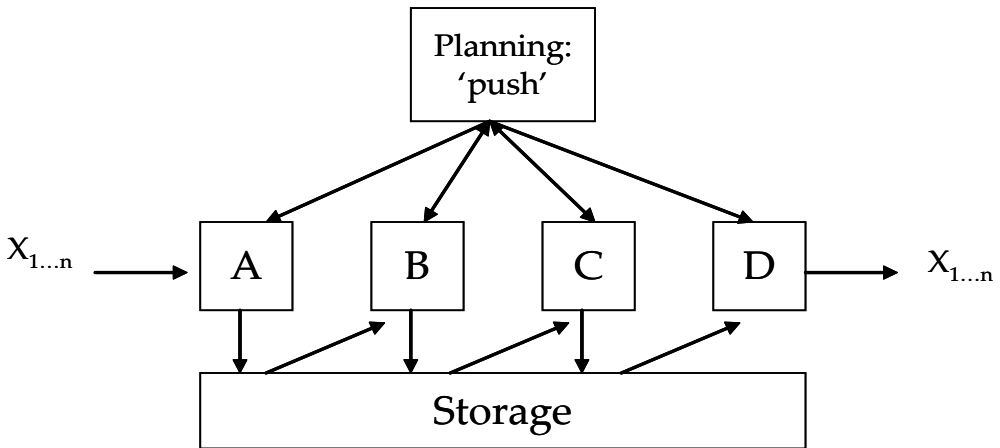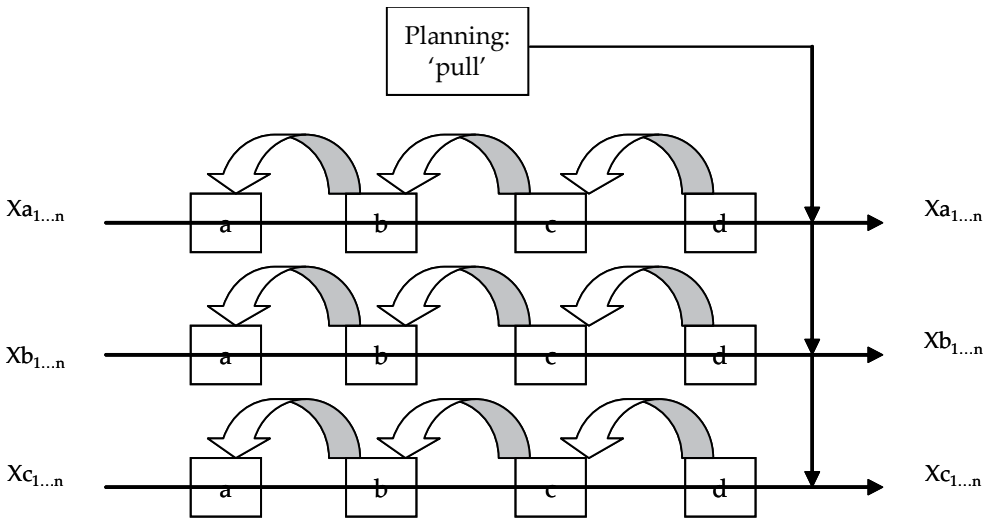
In a functional structure, all orders ($X_{1\ n}$) pass through departments specialized in terms of processes, and planning "pushes" work into the departments in a way that ensures maximum use of machine capacity. Organizing in such a way means organizing across the process: functional silos prevent orders from flowing smoothly through the process. In such a structure, planning tries to control throughput (what goes out) by regulating input, that is, by pushing shop orders into the functional departments. A push system works on forecasts of the future and so is an anticipatory system. However, since the future is unknown (machines might break down, employees fall ill, material be lacking and customers change orders in the interim), plans must be constantly adjusted by shifting orders ahead or delaying them. The result is a hectic production process and unreliable delivery times.

In a flow structure, the starting point is not division of work into similar activities, but division of orders into similar orders (Xa, Xb and Xc). Organizing in such a way means organizing, not across the process, but around similar order processes, order flows or value streams. In a next step:

- each value stream of similar orders is provided with the required machine and workforce capacities,
- preparatory and support functions are decentralized to the different value streams and
- the "push" system is replaced by a "pull" system.

In this way, economies of scale are replaced by economies of flow. The reduction of inventories and waiting times results in shorter cycle times, lower cost, better quality and more flexibility.

Planning: 'pull'

$Xa_{1...n}$ a   b   c   d $Xa_{1...n}$

$Xb_{1...n}$ a   b   c   d $Xb_{1...n}$

$Xc_{1...n}$ a   b   c   d $Xc_{1...n}$

In this new structure, complex planning systems such as MRP II and ERP can be replaced by simple "pull" systems such as KANBAN. In a pull system WIP is controlled and output regulated. In its simplest form, this means that an order can only be entered as input when another order is discharged as output. Such a model is also known as the "Constant Work in Progress" system or CONWIP. In a more complex form, each station pulls orders from the preceding station. A well-known example is the so-called "two bin system". Each station has two bins or containers of parts to be processed. If one is empty, the preceding station then knows that a delivery needs to be made (JIT or "just in time" production is consequently only production without inventories under exceptional circumstances such as single piece flow). In both cases the accumulation of WIP is prevented. The principle is known from supermarkets. Filling shelves in response to anticipated customer demand ("push" system) will result in some shelves being overfull while others are empty. In a "pull" system, the state of the inventory on the shelves determines when they are filled, which means that it only occurs when customers remove items from the shelves.

Flow structures
The same structural change is applied when hospitals are organized around similar patient flows, when homecare providers such as District Care Holland are organized around autonomous district teams and when "team teaching" is used in schools and universities, for example in semester teams. A teacher is then a member of a team of teachers offering different courses to a limited number of similar students.

The dangers of JIT: the creation of an internal catastrophic potential
JIT means manufacturing products with as little inventory of work in progress as possible. In a functional structure inventories function as a safety device. Removing those buffers in a flow structure makes the process extremely vulnerable to disruptions and so

creates an internal catastrophic potential. Since you have less inventory, every disruption means that the next station and, ultimately, the customer has to wait. On-time delivery is then no longer possible. What occurs in such cases can be illustrated by comparing the primary process to a river. The boats sailing on the river are the orders (customers with wishes). The water level in the river represents the level of inventory of work in progress. The river has a number of rocks at the bottom. In a functional structure, the rocks are kept out of sight by the high water level. Offsetting this advantage are the afore mentioned diseconomies of scale: high costs, low quality and flexibility, long cycle times and unreliable delivery times.
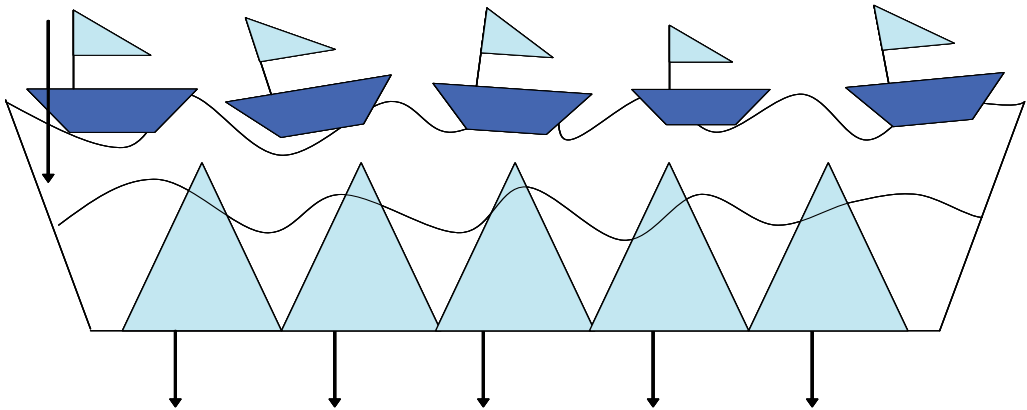
Flow Set up times Quality   Maintenance Product and process design

JIT production as an idea means: lowering the water level. Doing so could produce the afore-mentioned economies of flow. The rocks at the bottom, however, prevent the realization of those economies of flow. So, lowering the water level not only makes problems more evident but also increases the urgency of removing them. Failure to address these problems would have catastrophic consequence for the organization as a whole. Reducing inventory without making other changes leads to a decrease in throughput, revenue and profitability. That means that in a JIT system with reduced inventory, the primary process of an organization is transformed into a high-risk system.

To avoid disasters that go with lowering the water level:

- The functional structure involving large runs must be replaced by a flow structure with small runs; failure to make this change will prevent elimination of micro and macro inventories.
- The "push" systems developed for planning can now be replaced by simple "pull" systems.
- Due to the small runs, re-setting times must be shortened. In a functional structure, large runs are employed to avoid the need to frequently re-set

machines.

- The flow is interrupted when defective products are passed along or machines breakdown; after all, there are no inventories to absorb the disruption. Quality must be produced at the point of production rather than inspected at a control station (Total Quality Control) and maintenance procedures re-organized (Total Productive Maintenance).
- Product and process design must consider the manufacturability of products. Neglect of precisely this consideration is the source of many root causes for disruptions during production.

The Japanese approach resembles HRO practices in its constant concern with reducing set-up times, improving quality and maintenance, and the consequences of product and process design for production. It is forced to have these concerns because of the other vales and goals that it promotes. Its primary aim is to reduce inventories of work in progress as well as cycle times. For this reason, it requires the structure of production to be changed from function to flow. Since the process then becomes extremely vulnerable to failure, it is necessary to develop mindful techniques. The same structural change makes these mindful techniques possible. Building blocks of the organization are now teams comprised of members who have insight into the coherence of the various activities that they perform on a limited number of similar orders. The teams are now made fully responsible for the operational preparation, execution and support of the process. Partly on this basis, they can be involved in the continuous improvement and renewal of processes and products.

5. Science and practice: sociotechnical theory and lean production

The best of both worlds.
Lean Thinking is based on a clear conception of what is a wrong and a right or smart way of organizing. Wrong is a functional, batch and queue organization. In that case, you organize *across the process*. Smart is a flow structure, in which case you organize around similar orders, that is, *around similar order processes*. Because an order is a customer with a wish, a flow structure can assume three forms. Organizing occurs

- around similar products or services (similar wishes of different customers) in a product-based structure;
- around similar customers (with different wishes) in a customer-based structure;[6]
- around similar projects (for customers with unique wishes) in a project-based structure.

My socio-technical friends would now state that this is nothing new, and they are of course right. What the Japanese have empirically derived from practice agrees with what Ulbo de Sitter (1981, 1994) previously theoretically deduced from a restricted number of

systems-theoretical principles. I take this overlap to be evidence for the robustness of the proposed solutions.

Lean Thinking is an approach in search for a scientific foundation. For that, we can turn to Operations Management and especially to the science of factory physics as developed by Hopp and Spearman (2006). Duenyas (1989) even calls factory physics the science of lean manufacturing (see also Standard and Davies 1999, chapter 5). In this paper, I turn to modern sociotechnical theory as a complementary scientific foundation. Lean is primarily aimed at a reduction of inventories and cycle time. Factory physics shows that the success of this strategy is explained by a reduction of process variability. Modern socio-technical system theory explains the nature of the structural changes that are needed for such a reduction of variability.

Modern sociotechnical theory[7]

In the Japanese approach the same two-step design strategy is followed as in modern socio-technical theory (MST). In a first step, the production structure is simplified by replacing a functional by a flow structure. This constitutes the necessary condition for the decentralization of the control structure in the second step. In Lean Thinking, this strategy is derived from the practical goal of reducing cycle time (by reducing inventory and waiting time). In factory physics, the success of this strategy is explained by a reduction of process variability, because variability in a production system will be buffered by a combination of excess inventory, capacity and (cycle and lead) time. In MST, the strategy and its success is derived from the system-theoretical insights of Ashby (and its further development by Beer), Simon and Thompson. Briefly stated, they encompass the following. According to Ashby, systems need requisite variety to handle disturbances. In order reach the goal of requisite variety, systems combine a strategy of attenuating the variety of disturbances and of amplifying the variety of the regulator (Beer). According to Simon, systems attenuate or reduce variety by introducing a modular structure. In such a structure, the system is decomposed in subsystems in such a way that interactions within subsystems are high and interactions between subsystems are low. These correspond to the value streams or independent flows. This not only reduces internal complexity (no longer every element is connected to every other element of the system), but also external complexity (each subsystem "takes care" of its own part of the environment). According to Thompson, and applied to organizations, such a modular structure can only be achieved when reciprocal and sequential dependent positions are placed in the same organizational unit. This enables the replacement of costly inter-unit coordination (by planning and mutual adjustment) by intraunit coordination. By decentralizing coordination (or control), self-regulating modules are created, that possess the requisite variety to adequately deal with a reduced number of internal and external disturbances. Simplifying the production structure by creating relatively independent modules reduces the variety of disturbances and decentralizing the control structure amplifies the regulatory potential of the modules.

Ashby on "requisite variety"

From Ashby, we learned that a system must possess requisite variety and so has to attenuate or reduce the variety of disturbances and to amplify or increase the variety of the regulator. De Sitter applies this lesson to organizational design in the following way. The primary process or 'core technology' (Thompson) of an organization is defined as a network of functional interdependencies with individual jobs or workplaces as the nodes of the network. If in this network disturbances (control problems) occur, two things are possible. Either the disturbances are absorbed at the workplace, which requires control opportunities at the job level. If, however, such is not the case, the disturbances are passed along to the next station and so spread over the entire network. Applying Ashby's law at the level of the individual job explains quality of work: lack of required control opportunities increases stress risks and decreases learning opportunities (as in Karasek's demand-control model). Applying Ashby's law to the organization as a whole explains the quality of the organization. Lack of requisite variety at the level of the organization decreases organizational performance in terms of cost, quality, flexibility and time.

If lack of requisite variety explains both quality of work and quality of the organization, the next question is: what explains lack of requisite variety? To answer that question we have to look again to the primary process, defined as a network of functional interdependencies. More specifically, we now have to look at the structure of the network. The primary process has a performance aspect (the execution of performance functions) and a control aspect (the selection of performance functions). So, a primary process has a production structure (the grouping and coupling of performance functions) and a control structure (the grouping and coupling of control functions). It is the complexity of the production structure of the network that explains the probability of disturbances or control problems: the higher its complexity, the higher the probability of disturbances. Complexity of the production structure also explains the centralization of the control structure: the higher the complexity of the production structure, the higher the level of centralization of the control structure of the network, which explains the lack of control opportunities at the job level.

The redesign strategy follows logically from these insights. A reduction of the complexity of the production structure at the same time decreases the probability of disturbances (the attenuation strategy) and creates the precondition for the decentralization of control opportunities (the amplification strategy). In system-theoretical terms, effective and efficient control requires unity of place, time and action, that is, decentralized control.

Simon on "the architecture of complexity"

From Simon (1996) we learned that the complexity of systems is determined by the number of elements and relationships between the elements: the higher this numbers the greater the number of possible system states. In complex (physical, chemical and biological) systems this complexity is reduced by a hierarchical or modular structure. Such a system is decomposed into subsystems with high internal and low external interactions. This process of decomposition can be repeated on the level of subsystems until the level of system elements is reached. In this way a hierarchy of system levels, levels of recursion

or levels of aggregation are produced. Simon calls this a "nearly decomposable system" because, at each system level, interdependencies within subsystems are high and between subsystems low.[8]

Applied to organizations, this means that all complex organizations are organized hierarchically, that is, decomposed into subsystems. However, in a functional decomposition near decomposability will be logically impossible. For, in that case, interdependencies between subsystems are high and within subsystems are low. Only decomposing in a market oriented way around similar orders (products, customers or projects) creates nearly-decomposable organizations. In such a structure, on the level of the organization as a whole, every activity is no longer connected to all other activities. And at the level of the subsystems everyone can participate in everything. A modular production structure is a precondition for making the modules self-regulating. Because the system is not fully, but nearly decomposable, a distinction is made between three levels of control. Teams are responsible for the operational control of the process on all aspects (integral control) and participate in structural and strategic control.

Thompson on the design of work-organization structures

Thompson defines organizations as open (or "indeterminate") systems that seek closure (or "determinateness").[9] As open, natural systems, organizations are confronted with both internal and external uncertainties and contingencies. The primary process or core technology of an organization is the source of its internal uncertainties.[10] External uncertainties stem from the environment of the organization. As rational, goal-directed systems, organizations try to reduce internal and external uncertainties. If successful, they resemble closed or "determinate" systems. In such systems, environmental adaptation takes place in a planned and controlled way

Since uncertainty has two sources, Thompson discusses the topic of the design of organizational structures in two different chapters. In Chapter 5 "Technology and structure", Thompson argues from inside out (by looking at internal interdependencies) and bottom up (by building up a modular, hierarchical structure from below). In Chapter 6 "Organizational rationality and structure", Thompson argues from outside in (by looking at external dependencies) and top down (by building a modular, hierarchical structure from above). In a last step, both perspectives are combined in a number of propositions.

Organization design: inside out and bottom up

In chapter 5 Thompson introduces his three well-known forms of internal dependence and co-ordination. He distinguishes three increasingly more complex forms of dependence between organizational positions: "pooled interdependence" in which contributions to the whole organization are provided by independent units, "sequential interdependence" characterized by one-sided input-output relationships of dependence, and "reciprocal interdependence" characterized by two sided input-output relations of dependence. To those increasing levels of dependency (which means increasing levels of 'openness' and complexity) correspond increasingly complex forms of coordination:

rules for pooled interdependence, planning for sequential interdependence and mutual adjustment for reciprocal interdependence.

Thompson then formulates his first general rule for the design of organizational structures: "Under norms of rationality, organizations group positions to minimize coordination costs" (Thompson 1967/2003: 57). From this general rule, a number of more specified design rules are deduced. First, to avoid costly inter-unit coordination by mutual adjustment (and planning), reciprocally (and sequentially) dependent positions should be grouped together in the same organizational unit:

> Organizations seek to place reciprocally interdependent positions tangent to one another, in a common group which is (a) locally and (b) conditionally autonomous [that is] autonomous within the constraints established by plans and standardization (Thompson 1967/2003: 58).

This is what the Japanese consultants did in the bicycle factory, when they repositioned machines and operators in a flow. They placed interdependent machines and operations for the same order in a common group or production unit. The workers operating the machines form a "local and conditionally autonomous team". The way of working is inside out ("where are the internal interdependencies located?") and in the next step, a modular hierarchy is build bottom up:

> When reciprocal interdependencies cannot be confined to intragroup activities, organizations subject to rationality norms seek to link the groups involved into a second-order group, as localized and conditionally autonomous as possible…We have now introduced the first step in a hierarchy … Each level … is a more inclusive clustering, or combination of interdependent groups, to handle those aspects of coordination which are beyond the scope of any of its components (59).

This multi-level modular structure is clearly intended to contain coordination within the hierarchy. Failure to construct such a hierarchy produces a proliferation of lateral relationships between subsystems, such as those existing in functional structures. Establishing lateral linkages is consequently not something that should be promoted as a design objective, as it is in Galbraith's discussion of the 'lateral organization' (1994) or in the 'shared service centres' and 'multidimensional organization' of Strikwerda (2005, 2008). On the contrary, the primary design objective is to avoid lateral linkages as much as possible. Put differently, the presence of many lateral linkages is a sure symptom of a wrong design.

As we saw in the bicycle factory, the Japanese consultants subsequently used a top down approach. They decomposed the heterogeneous set of orders into subsets of homogeneous, similar orders. These subsets of homogeneous orders are then coupled tot independent subsystems, that are provided with the necessary capacities. In this way, independent value streams are created at the macro level of the organization. If the

streams are too substantial, they are decomposed into segments that are as autonomous as possible. De Sitter (1981: 122) accordingly reverses Thompson's sequence rule. In order to reach the goal of teams with reciprocally interdependent team members at the micro level, designers start at the macro level with independent, homogeneous value streams:

	Macro	Meso	Micro
Pooled	Independent streams	Segments within streams	
Sequential		Segments within streams	
Reciprocal			Teams

Organization design; outside in and top down

This agrees with the procedure that Thompson develops in Chapter 6, where he looks at the problem of organizational design from the outside in and top down. In Chapter 6, Thompson classifies environments along two dimensions. The environment of an organization can be static or dynamic. It may also be either homogeneous or heterogeneous. A heterogeneous environment occurs, for example, when a company manufactures several products and therefore has to deal with a number of different customers. Dealing with different unions or with different suppliers would be other examples. According to Thompson, a dynamic environment requires decentralization. Otherwise, the organization reacts too slowly to environmental changes. Furthermore, in a heterogeneous environment, organizations should look for homogeneous segments within that heterogeneous environment and couple those segments to independent organizational subsystems. This obviously corresponds to the top down approach that is used both in Lean Thinking and in MST:

> Under norms of rationality, organizations facing heterogeneous task environments seek to identify homogeneous segments and establish structural units to deal with each (70).

Combining the internal and external perspectives, Thompson arrives at the following conclusions. In a stable and homogeneous environment, boundary spanning units (purchasing, sales and marketing, production design) can be separated from the primary process or core technology and the primary process can be shielded from environmental

influences by a strategy of buffering, that is, by placing inventories on the front and back-end of the process. In this case, a centralized structure with a functional organization for preparation, execution and support is to be expected.

> When technical-core and boundary-spanning activities can be isolated from one another except for scheduling, organizations under norms of rationality will be centralized with an overarching layer composed of functional divisions (75).

Note that environmental stability and homogeneity explain the possibility of isolating and buffering the primary process and the feasibility of a centralized functional structure.

Ford: The functional unitary form (U-form)
The classic example of this is undoubtedly the Ford Motor Company during its years of success. Henry Ford saw his mission to be one of providing the entire American population with ever better and cheaper cars. His market strategy was directed at customers who were thinking "if X dollars cheaper, I would have bought this car". To increase market share, Ford introduced better and less expensive Model Ts on the market at regular intervals. Under these stable (a constantly increasing demand) and homogeneous conditions ("it doesn't matter which car they buy as long as it is a black, model T"), Ford followed a three-pronged strategy: (1) vertical integration by extensive forward and backward integration, (2) permanent but abrupt product and process innovation enabling better and cheaper cars to be intermittently introduced on the market, and (3) a functional organization of the production process, based on a high level of standardization of operations, machines and tools. To reduce extremely high levels of labour turnover, Ford introduced the "5 dollar day" (a 100% percent wage raise) and a drastic reduction of daily and weekly work hours.
Ford became so rich by using this strategy that he could buy out all his shareholders. In this way, he no longer had any trouble with what he regarded as lazy and meddlesome investors who only complained about low dividends and endangered the fulfilment of his mission: providing every American with a cheap high quality car. At the same time, being in full control brought about his downfall in the competition with General Motors (GM).

GM: the multi-division structure (M-form)
Under the leadership of Du Pont and Sloan, GM developed a different market strategy, directed at customers who thought "if I could have this car in another colour, with a more luxurious interior and with other accessories, I would pay X dollars more". The GM strategy was therefore based on product differentiation for three market segments (low, middle and high) and on various types of cars within each segment. Because the complexity of producing and marketing so many different types of cars surpasses the capacities of a centralized functional structure, Sloan introduced the multi-product division structure or M-form. In such a structure formerly centralized functions such as

purchasing, planning, marketing and sales are decentralized to the independent product divisions.[11] Sloan needed to do so, for every introduction of a new type of car would lead to an exponential growth of interdependencies between centralized functions and decentralized manufacturing. In Thompson's words:

> Under conditions of complexity, when the major components of an organization are reciprocally interdependent, these components will be segmented and arranged in self-sufficient clusters, each cluster having its own domain i.e. product and customer range (76).

The M-form amounts to the introduction of a modular or flow structure at the macro level of divisions. It is important to note that decentralization did not extend beyond the division level. At the next lower levels the structure remained functional.

Because Ford stubbornly kept to his own strategy he lost evermore market share to GM. In fact, Ford was initially saved by anti-trust legislation, which prevented a takeover by GM, and subsequently by WW II, which compelled all carmakers to switch to war-time production. After WW II, the Ford Motor Company followed the example of GM and introduced the M-form.

Toyota: flow structure "all the way down"

At this moment the leading position in the car industry has been taken over by Toyota, and we know why: Toyota organizes according to a flow structure that extends "all the way down". Toyota's strategy is focused on: (1) vertical disintegration, which is to say that integration is replaced by intensive cooperation with a limited number of carefully selected main suppliers; (2) a flow structures "all the way down" in which routines are simultaneously developed and critically reviewed, resulting in (3) a reduction of the distance between incremental improvements and abrupt innovation.

The Toyota system was developed in the fifties in reaction to the specific characteristics of the Japanese sales and capital markets. In comparison to America, the Japanese sales market is small and varied (private cars, delivery vans, light and heavy freight vehicles, ambulances and fire engines). This forced Toyota to design factories that were able to produce a varied mix of cars in varying quantities (qualitative and quantitative flexibility), in an effective and efficient manner:

> The American automotive market was virtually unlimited, and each assembly plant specialized in its own specific product family. For example, in 1950 the Ford Rouge plant was pumping out 7000 similar vehicles each day. This contrasted sharply with Toyota, which was producing many different vehicles in small volume. Toyota did not have the resources or the market to support many plants, and the product mix was too eclectic to justify dedicated plants (Standard, Davis 1999: 60).

Moreover, the lack of capital forced Toyota to work with low inventories (to reduce the amount of capital tied up in inventories) and with short cycle and lead times (to fasten the process of earning money and improve the cash flow). The Toyota System is the result of finding ways to reach those goals of flexibility and cycle time and inventory reduction.

The Toyota way of thinking and doing is radically different from the functionally organized mass production of Ford and GM. What has first priority in the Toyota system (lowering inventories, lowering lot sizes, shortening cycle times, and involving workers in operational planning, quality control and maintenance) is unthinkable in a functional structure. This consistently and almost brazenly implemented structural approach is what it shares with MST (see insert). Both use a structural approach in the diagnostic step of the intervention cycle ('are problems structure related?') and in the design step ('how should we design independent value streams or flows and segments within those flows?'). There are a number of misunderstandings about such an approach that I, in conclusion, would like to clear up.

Modern socio-technical theory

Design object: the primary process consisting of operations with performance and control aspects. The primary process is a means for achieving many different, potentially conflicting and changing organizational goals.

Design objective: requisite variety and controllability as a generic structural capacity, which is to say as a structural feature that enables organizations to simultaneously achieve many different goals and modify goals at the appropriate time.

Design strategy: simplification of production structure as a condition for the decentralization of the control structure.

Design criteria or functional requisites: pertaining to three areas, namely the quality of the organization (flexibility, controllability and innovation), of the work (stress risks and learning opportunities) and of the labour relations (cooperation instead of conflict).

Design parameters (the 'knobs' a designer can turn): parameters relate to the production structure (functional concentration, specialization and division) and to the control structure (separation of performance and control, control level, control domain, control range and control function).

Design sequence rules:
1. PCI model, which is to say first production structure, then control structure and finally information structure.
2. Production structure top-down: parallel flows, segments within flows and conditionally autonomous teams.
3. Within the production structure: first the 'make' process and then the preparation and support functions for the make process
4. Control structure: bottom-up and hierarchical, with teams responsible for integral control on the operational level and involved in improvement at the structural level and renewal on the strategic level.

6. Misunderstandings about the notion of structure

Standard objections
Standard objections against a structural work-organisation approach always take the following form. It is claimed that not structure but something else is important. In this case, "something else" means that processes (and not structures), people (and not structures) or culture (and not structure) are important.

Structure and process
"Not structures but processes are important." This is a remarkable statement; after all, a process is a non-arbitrary, that is, structured sequence of events. A melody, for example, is a non-arbitrary sequence of sounds. In a primary process, these events are operations with performance and control aspects. What ensures that the sequence of

operations is non-arbitrary is the structure of the process. There are consequently no processes without structures. The contrast is therefore not between structure and process but between organizing across all order processes (functional structure) and organizing around similar order processes (flow structure). Of course, a flow structure enables more attention to be spent on the control, improvement and renewal of processes. That is why structural changes are so important.

System theorists define a social system and therefore also an organization as a process with a structure. A structure is an enabling constraint: by constraining the behaviour of the elements it enables the system to function in a certain way. The general idea can be explained in a simple way with the help of the example of a traffic light (the example is from Ashby). A traffic light is a system with three elements (N=3); it consists of a red, yellow and green light. The number of relations between the elements is N(N-1)/2 when relations are symmetrical (exchange, communication) and N(N-1) when relations are a-symmetrical (buying and selling, asking and answering). Note that the number of possible relations between elements grows exponentially with the number of elements. A system with four elements already has 4 x 3 = 12 potential asymmetric relationships. In the simplest case, elements and relationships can assume two states: they are on or off. The number of possible system states is the 2^N or 8 (calculated in terms of elements) and $2^{N(N-1)}$ or 64 (calculated in terms of a-symmetrical relationships). We know however that only three of the eight or 64 possible system states actually occur; each of the three elements is turned on in a fixed sequence. What ensures that from the eight or 64 possible system states only three are realized is the structure of the system. So, the structure functions as an "enabling constraint". Because the structure constrains the behaviour of the elements, it enables the system as a whole to function as a traffic light. Simon has shown us that the same applies to organizations. Organizational structures ensure that not everyone has to be involved with everyone and everything. Hierarchical or modular structures make it, on the other hand, possible for everyone to participate in everything at the team level.

Structure and people

"Not structures but people are important." Of course, people are important. But it is precisely for this reason that so much attention must be devoted to the structure of the work organization within which they work. After all, this structure determines which skills are required, with which control problems people are confronted and which possible control opportunities are available to them. In the words of De Sitter, human resources, talents or skills must first be *mobilized* (a matter of work organizational policy) before they can be *managed* (a matter of personnel policy). Some organizations organize in a way that maximum use is made of the talents of employees, others in a way that minimizes their dependence of employees. Obviously, this has consequences for the way these resources are to be managed.

In general, what people do, think and feel can be explained by referring to the persons that act, think and feel in a certain way and by referring to the situation in which their acting, thinking and feeling takes place. Designers of work organizational structures

find people so important that they apply a priority or sequence rule. This rule reads as follows: before you blame people for improper actions (they make errors), improper thinking (they are mistaken) and improper feelings (they feel stressed), you first have to ask yourself if this is not caused by the situation in which they act, think and feel. In this way you prevent blaming the victim, that is, blaming someone for what is actually caused by structural flaws in the system in which they work.[12]

Structure and culture

"Not structure but culture is important." Such a statement presupposes that we know the difference between structure and culture is. This is a notoriously difficult question. First, there are several definitions of culture in circulation. Second, culture interventions are, in practice, most of the time coupled to structural interventions. For example, Shell required a cultural transformation to make an end to the fraudulent practices being perpetrated there. Many of the measures taken were, however, structural measures: the two head offices were merged, while responsibilities and authorities were re-defined (organizational structure). Furthermore, some people were dismissed, while others were promoted (personnel structure). Evidently, structural measures are necessary to facilitate a cultural transformation. I will demonstrate that, no matter the definition of culture used, cultural interventions are and must always be associated with structural interventions.

Human actions in social contexts

The social or behavioural sciences deal with what people do, think and feel in social contexts or environments. To explain what we do, think and feel, we may refer to the persons that act, think and feel in a certain way (the psychologist's area of expertise). We may also, however, refer to the environment or social context in which these persons find themselves. Structures and culture both belong to our environment. In this sense, it is misleading to define culture as a person's "mindset" or mental models. Instead, an understanding of culture should be used to explain why a person has a certain mindset; for example, by pointing out that that person grew up in a Dutch culture. But, of course, the Dutch culture does not has a mindset nor is it composed of a number of mental models.

Institutions

Let us call our social environment or context our institutional environment. Institutions function to reduce complexity. As instinct poor beings, humans have to find out everything for themselves. However, the world is too complex in this respect. As limitedly rational beings, we need institutions that reduce a part of the complexity of the world for us. Without these institutions we would not survive and in that sense "we are necessarily institutional beings" (Simon). Institutions reduce complexity for us in the form of behaviour expectations. These behavior expectations are called decision premises by Simon and include both fact and value premises. Simon distinguishes between institutional premises (that come 'from the outside') and personal premises

(that come 'from the inside'). In a decision, we synthesize institutional with personal premises. So, as teachers, students, parents and car drivers, we know what is expected of us. We know the rules of the game, and decide within these rules if and how we will follow them.

Institutions can be found at the macro level (such as politics, law and science), at the meso level (such as organizations) and at the micro level (such as immediate "face-to-face" relationships). Institutions can be informal and develop into formal institutions. The latter case involves both a separation of rule makers and rule followers or takers, and the appointment of third parties for monitoring the behaviour of rule takers. The distinction between informal and formal institutions can be used in a diachronic and synchronic way. Used diachronically, we refer to the process of formalization (from street football to football in the context of the Dutch Professional Football Association competition). Used synchronically, we refer to the fact that formal institutions always have informal aspects. After all, the informal organization is defined as that which (1) is left open by and/or (2) deviates from the formal organization. So, the formal organization has both epistemic and practical priority. If you don't know the formal organization, you cannot now what is left open by or deviates from the formal organization. And in a bureaucratic structure little is left open which produces deviations of the rules.

A broad anthropological notion of culture

With this conception of institution in place, we can make a distinction between a broad anthropological and a limited sociological conception of culture. Anthropologists originally mapped out the institutions of far away, foreign countries: for example the political, religious and family institutions in these far-off places. As a result, they discovered that what is taken for granted in these foreign countries is considered strange and exotic by us Western people and vice versa. So, we labelled them exotic, non-western cultures and discovered through our confrontation with them that we also belong to a culture. We discovered, in other words, that we in the West have more in common than we originally thought.

Nowadays, many anthropologists stay at home and apply their ethnographic methods of fieldwork research to the cultures of neighbourhoods, the shop floor and the office. In this way, we discover cultural diversity at home.

To be recognized as a separate discipline, anthropology had to be first differentiated from psychology, and for that, anthropologists used the work of such writers as Durkheim, one of the founding fathers of sociology.[13] At least since anthropologists stay at home there have been differentiation problems between anthropology and sociology.

One possible distinction between these disciplines can be stated as follows: anthropologists use a broad definition of institutions. Institutions include the rules of the game as well as the values and ideas on which the rules are based. Values, ideas and rules together structure what we do, think and feel. Anthropologists are different from sociologists insofar as they study the cultural (i.e. the self-evident, taken for granted and/or symbolic) aspect of these values, ideas, rules and practices. They therefore study the same thing as sociologists but focus on the unquestioned aspect of it.

Luhmann (2000) plays with this notion of culture in his book *Organisation und Entscheidung.* Institutions provide us with behaviour expectations. Following Simon and applied to organizations, Luhmann calls these expectations the value and fact premises supplied by the organization. Those organizational premises are the object of formal decision-making. The culture of an organization then refers to the subset of fact and value premises that are taken for granted and therefore not the object of formal decision-making.

Cultural and structural interventions
When use is made of this conception of culture, a cultural intervention is, by definition, a structural intervention. After all, an attempt is made to change the self-evident part of the structure, which is to say the values, ideas, rules and practices that are taken for granted. Furthermore, in this conception, it is immediately clear why cultural interventions are so difficult: you don't give up easily what is self-evident for you.
For this reason, what the Japanese experts did in the bicycle factory amounted to a culture shock. They introduced values, ideas, rules and practices that were, for the Japanese, self-evident, but counter-intuitive for those working in the bicycle factory. This has nothing to do with something inherent to Japanese culture. Apart from the fact that lean production largely agrees with the socio-technical theory developed in the Netherlands, the Japanese experts largely adopted it from America (Ford used manufacturing cells in an early period of its existence). Moreover, the principle of group technology (organization around families of similar parts) originated in Russia and was further developed by Burbridge in England. And KANBAN was inspired by American supermarkets.

A limited sociological notion of culture
In a limited sociological view of culture, the concept of structure is reserved for the rules of the game and the concept of culture applies to the values and ideas on which these rules are based. In this conception, anthropologists do not study a sub-set of what sociologists investigate (the self-evident part of the values, ideas and rules), but a different set of things (values and ideas as against the rules of the game). In this manner, the relationship between structural and cultural changes can be investigated such as is done in the work of Weber and Archer (1996), as well as in the semantic, sociology-of-knowledge studies by Luhmann. In institutional theory, we encounter this distinction in the conflict between "the structuralists and culturalists". Structuralists such as Streeck and Theelen (2005) place the emphasis on the interest and power positions created by the rules of the game and on the conflicts about the rules themselves. Culturalists such as Meyer and Rowan (1983) or DiMaggio and Powell (1983) place the emphasis on the self-evident, shared and taken for granted values and ideas on which the rules are based. This conflict has been or should now be settled. Culturalists should know that ideas can also be reasons for fighting and, especially in the form of ideologies, can also be put to strategic uses in defending or attacking interest positions. And structuralists should know that existing structures may be based on self-evident, taken for granted values and ideas and that we

need new, creative ideas for the design of new rules.

Cultural and structural interventions
In this limited, sociological perspective of culture, the term culture does not refer to the self-evident aspects of social structures but to something that is different from social structures. Applied to the problem of cultural interventions, this means that focus is placed on the changing of values and ideas. Still we all know that cultural interventions without structural interventions remain nothing more than political symbolism. It is easy to announce a commitment to small inventories and short lead times, an opposition to fraud or a position in favour of "profit, planet and people," but when such announcements are not translated into appropriate structural measures, they lose their credibility. In this sense, we can say in a Kantian manner that we are blind without ideas and powerless without structures. That is why we need people who are able to develop clever ideas about smart organizing and the structures it requires, no matter if such people have their roots in science or in organizational practice.

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(Endnotes)

1. As in Luhmann (2000: 302); "Die Organisation der Organisation" (the organization of the organization).

2. Both Natural Accident Theory or NAT and High Reliability Theory or HRT start with symptom-based and end up with cause-based definitions. Such a redefinition requires clearing up the symptom-based data base: some organizations don't fit the causal criteria.

3. HRT would then meet the macro level power structures that are stressed in NAT.

4. On the technique of why questions with contrast spaces, see Garfinkel 1981).

5. The following account is taken from Womack and Jones (2003). Standard and Davis (1999) and Nicholas and Soni (2006) are also used.

6. Note that a situation in which the same kind of customers have similar wishes (so-called product-market combinations) will be the exception.

7. For the fundamentals of system theory, see Achterbergh and Vriens (2009).

8. For recent applications of the idea, see Garud, Kumaraswami, Langlois (eds.) (2003).

9. Closed or rational systems are determinate systems (Ashby), that is, systems that know and control all relevant internal and external variables. Open or natural systems are indeterminate. So, Thompson does not introduce a third, open systems approach (as in Scott), but combines the closed and open approach. In this he follows Simon's notion of bounded rationality: organizations are rational systems by intention, but only in a bounded way.

10. Note that technology and levels of technical rationality refer to the primary process (long-linked, mediating or intensive) and not to the level of technological development of the means used in those processes (you handle tools, steer machines or control automated machines).

11. This history is described by Chandler (1962; 1997) and revised by Freeland (2001).

12. For more details, see Christis (1998).

13. This development of the discipline is nicely described in the biography of William Rivers (Slobodin 1978), one of the founding fathers of English anthropology and one of the main characters in Pat Barker's novel trilogy *Regeneration*.

Inaugural Lecture of Dr. Ben Emans as professor Sustainable HRM in the Centre of Applied Labour Market Research and Innovation at
Hanze University Groningen

'Golden Times, Though Times, a characterization of today's HRM conditions'

Dr. B.J.M. Emans
Groningen, June 3th 2009

Summary

Referring to the situation in The Netherlands and elsewhere the paper starts by positing that tough times have come for HRM. This claim is substantiated by means of a sketch of the four task domains HRM is said to consist of: taking care of the availability, the employability, the motivatedness and the vitality of employees. In a subsequent section the paper argues that golden times have come for HRM as well, that is, that for the continuity and development of enterprises the role played by HRM has become the most pivotal one. This view is articulated in terms of the Human Resource Based View of the Firm and the paradigm of the Learning Organization. In a final and concluding section the paper derives three desirabilities for the positioning of HRM departments. First, it states that those departments, for doing their job well, have to explicitly include the responsibility for the organization's job and team design into their work domain. Second, systematically investing in the development of their own intra-organizational power base is put forward and elaborated as an obligatory agenda issue of HRM departments. Third, the implementability of HRM-tools is proposed as an element of HRM-programs to pay attention to thoroughly.

Since it came into being as a distinct discipline - about one hundred years ago (Kaufman, 2007) - the management specialism called Human Resource Management has steadily grown as regards the volume and significance of its responsibilities. A variety of societal developments generated the conditions for this process of growth. As a result of some of those developments HRM nowadays contributes more than any other management

discipline to the profitability of enterprises and the prosperity of society. In this sense *golden times* have come for HRM, to quote Becker, Huselid & Ulrich (2001, p. 6) and Ester (2008). Other developments gave simultaneously rise to unprecedented problems and challenges for the discipline. In that sense *tough times* have come for it as well. 'Golden Times, Tough Times' may serve, therefore, as a motto for characterizing the situation HRM finds itself in. It is a situation that has crystallized very gradually. For the public at large it consequently has remained rather invisible and for that reason it is worthwhile to explicitly pay attention to the state of affairs that has resulted and to subsequently address the question what it all means for HRM's position in today's organizations. In this vein, HRM is portrayed in this paper. First the tough times confronting HRM are set forth followed by a discussion of the golden times the discipline concomitantly enjoys. Thereafter, and to conclude, a view about the position of HRM-departments in modern enterprises is unfolded.

1. Tough Times for HRM

The responsibilities of HR-managers relate to all kinds of workforce issues. To begin with, they permanently need to make sure that there are enough employees. The *availability* of personnel thus constitutes one of those responsibilities. Employees need furthermore to remain competent for doing their jobs. The *employability* of personnel thus forms another HRM responsibility. In addition to that, employees with positive work attitudes are needed. The *motivatedness* of personnel therefore forms a HRM responsibility as well. To conclude, the mental and physical well-being of employees has to be secured. The *vitality* of personnel consequently constitutes another HRM responsibility. In sum, Human Resource Management can be defined as safeguarding a sustainable availability, employability, motivatedness and vitality of personnel. The discipline thus covers four distinct tasks, which by itself provides it with quite a workload. Nowadays, each of the four tasks entails moreover a number of extraordinary problems and complexities, which once more adds to that workload.

As for each of the four tasks the situation will be elaborated on in the sections to follow. Together, those sections give an impression of the complicatedness of HRM in our time. For a couple of reasons it is beyond reasonable aspirations to go for anything more than momentary impressions. First, an all-inclusive state-of-the-art exposé would result into a book volume. Second, it is very questionable whether the needed documentation would be available. Third, the result would quickly become outdated as the facts to be presented are dynamic ones: we can be sure that the situation will be different, though not less complicated, a couple of years from now.

Ahead of the announced momentary impressions, in an intermezzo-like section, first the HRM definition that is used in the subsequent sections of this paper (the one presented above in terms of availability, employability, motivatedness and vitality of personnel) will be commented on. More specifically, its relation to conventional definitions will be

elaborated, especially to the one developed by Ulrich (1997) which for over ten years has served as a beacon for the HRM community all over the world.

Intermezzo: defining HRM

Definitions of HRM that are found in handbook-like texts (cf. Cascio, 1989, p. 25, Lievens, 2006, p. 3, Dessler, 2009, p.2) are fairly compatible with the definition that was worded in the preceding section in terms of availability, employability, motivatedness and vitality of personnel. There is, though, a difference. The handbook definitions tend to chart the activities that are done by HR managers, the 'doables' of HRM in the terminology used by Becker *et al.* (2001), whereas the definition presented in this paper denotes, at a more abstract level, the 'deliverables' of HRM, that is, the things that HRM contributes to the prosperity of organizations and organization members. The impetus to define HRM in terms of deliverables, rather than doables, was given by Ulrich in his book entitled Human Resource Champions (Ulrich, 1997). In that book he describes HRM as a four-fold entity, consisting of four distinguishable roles, each of them having their specific deliverable. In a sense, the HRM definition advocated here thus fits in with Ulrich's definition of the discipline. In a fundamental way, however, the two definitions are also at odds with each other.

One of the four HRM-roles delineated by Ulrich is labeled 'employee champion'. The deliverable associated with it is 'employee commitment and competence', which corresponds with two of the four deliverables in the definition used in this text: 'motivatedness' and 'employability' of personnel. The two remaining ones in that definition, 'availability' and 'vitality', are not mentioned by Ulrich, but that can only be considered an omission on his part. Availability, for instance, constitutes the deliverable associated with the classic HRM 'doable' Human Resource Planning and forms, as such, part and parcel of HRM, however the latter is defined. Ulrich wouldn't object when it is included into his employee champion definition and the same holds for the deliverable 'employee vitality'. Setting aside these details, we can plainly conclude therefore that the HRM definition used in this text largely coincides with Ulrich's definition of employee champion. Ulrich, however, adds three more deliverables to his HRM-model, associated with three additional roles for HRM: 'strategic partner', 'administrative expert' and 'change agent'. The question, now, is whether these are really distinct roles and whether each of them is really characterized by a distinct deliverable. It is the question whether they can be considered additional indeed.

Ulrich's role labeled 'strategic partner' encompasses a number of services rendered by HR managers that together generate the deliverable labeled 'execution of the enterprise's strategy'. The job to take care thereof is generally called SHRM, Strategic HRM. How distinctive is this deliverable? Does it – by itself - represent a separate outcome of HRM? The fact remains that the employee champion renders services as well, and that those services are moreover evidently also supposed to contribute to the realization of the enterprise's strategy. It would be bizarre if they did otherwise: unstrategic HRM

simply does not exist. This being said, it makes no sense anymore to demarcate the deliverable associated with the strategic partner role as an entity apart. That role, rather than constituting a task domain by itself, thus just represents a point of interest of the employee champion. As a consequence, it cannot reasonably be considered as something additional to the latter's role.

Something similar holds for the administrative expert role, which in the Ulrich model relates to the deliverable 'administrative efficiency of HRM procedures'. Employee champions make use of a variety of procedures (for recruitment, selection, remuneration et cetera) and have to take care, in doing so, of the development and maintenance of those procedures. It goes without saying that they are supposed to act efficiently then, but that does not amount to saying that efficiency turns up as a deliverable by itself. As was the case with the strategic partner role, the administrative expert role thus cannot be considered to be distinguishable from and additive to the employee champion role.

There is one more role to be discussed: the change agent role. This component of Ulrich's model does contain elements outside the domain of the employee champion role, as its deliverable is nothing less than organizational change. This is a delivery that partially does, and partially does not, coincide with the employee champion's deliverables. The training and development of employees is a matter of organizational change as is the development of HRM procedures. Organizational change thus constitutes a daily concern for employee champions. That is stale news. In Ulrich's model, though, the definition of 'change agent' does not exclusively apply to this type of employee-championship related types of organizational change. In his view other types of organizational change, which are not directly linked to HR matters, belong in the task domain of HRM just as well. An example is 'reducing cycle times in all organizational activities' (Ulrich, 1997, p. 30). The question, now, is whether it is sensible to stretch the HRM task that far. As far as attitudes, competencies and other attributes of employees form part of those types of organizational change no misunderstanding is possible: in that case HRM is in charge. That is something inherent in the employee champion role. As far as the organizational change involves something different, however, it would be an atypical element in the whole of HRM-tasks. It would just add to the workload of HR managers, which is not something they are in need of.

The definition of HRM that results, once we choose to describe the discipline in terms of its deliverables, thus appears to practically correspond with Ulrich's definition of the employee champion role. Three remarks need to be made for preventing this conclusion from being misunderstood. First, it is for accuracy reasons important to neatly define the deliverables involved. The quadruplet availability, employability, motivatedness and vitality of personnel may serve to that end.

Second, a definition of HRM in terms of deliverables is not meant to denote the entire HRM reality. For that to do, it would be a too abstract type of definition. It just tells us *what* is produced by HRM and not *how* that is done. More specifically, it does not specify

what competencies are needed for playing the HRM role, neither what concrete activities HR managers engage in, nor what items are on their agenda. For doing justice to the complexity of the work domain of employee champions a supplementary indication of competencies, activities and agenda items is needed (in fact, that is the essence of Ulrich's description of the additional roles of strategic partner, administrative expert and change agent, presented as something different though it may be). By giving shape to the role of HRM this way, we highlight the 'multi-faceted' nature of it (term used by Caldwell, 2003) including the many intra-role conflicts inherent in it. Ulrich's artificial compartmentalization of HRM-roles tends to obscure this problematic feature of the discipline.

Since its origin in 1997 Ulrich's four roles model has evolved into a more articulated one. It is interesting to see what has happened. Ten years after the book was published an update of the model was presented (Ulrich, Brockbank, Johnson & Younger, 2007[1]). It is an extension of the old one, with new labels for the initial four roles on the one hand (for instance: strategic partner became strategic architect, change agent became culture & change steward) and a number of additional roles on the other hand. A subtle difference is furthermore that the new model is characterized as an HRM-*competencies* model, rather than as a model of HRM-*roles* (although the labels that are used still seem to refer to roles). Apparently, Ulrich distances himself from the alleged role-nature of his former model. This being the case, the new model stops being appropriate as a foundation of a definition of HRM. As an alternative, we may fall back, then, on the old definition of employee champion (including the articulations of it proposed above).

Third, restricting the definition of HRM to Ulrich's definition of employee champion easily gives rise to the misunderstanding that HRM exclusively serves the interests of employees. That is not the way Ulrich interprets his definition, but his label 'employee champion' tends to convey that message. A Dutch translation of the label, for instance, explicitly pictures the employee champion as the protector of employees (Lievens, 2006: 'verdediger van medewerkers'). Defining HRM clearly is apparently a hard job. There is no misunderstanding or disagreement about the deliverables of the employee champion (availability of personnel et cetera). The work to be done for delivering those deliverables, though, covers a variety of issues that have to be taken into account. The employees' interests constitute one of those issues but that is not the only one. Exigencies that derive from of the organization's strategy constitute just another one. Due to the use of the term 'employee champion' the latter is easily overlooked. For that reason we had better refrain from using that term anymore and speak, in stead, simply about HRM and HRM-deliverables. In the sections to follow a momentary impression will be presented regarding each of the four deliverables that were distinguished above, indicating the challenges they pose to today's HRM.

1.1 Momentary impression 1: taking care of the availability of personnel

As is commonly known, the Dutch society has to cope with structural labor supply deficiencies. As a result of the economic crisis of 2008/2009 the situation may change in certain labor market sectors for a period of time, but the situation as a whole remains dominated by labor shortage. This is mainly caused by the proportional increase of the number of aged and decrease of the number of young people in the population. Empirical data pertinent to this state of affairs have been brought together in the report of the Task Force Labor Participation[2] which delivered, one year ago, a number of recommendations for measures to raise the labor participation level in the Netherlands. Below are a couple of figures that are presented in the report (Commissie Arbeidsparticipatie, 2008, p. 18-28):

- 2008 – 2015, employment increase: 600.000 full time jobs;
- 2008 – 2015, labor force increase (the 20-65 years aged): only 225.000
     people;
  conclusion: the labor market tightens seriously between now
  and 2015;
- 2016-2040, labor force decrease: 4% yearly (average);
  conclusion: unless changes will be brought about labor
  shortage problems will severely grow after 2015;
- 2006, labor force volume: 10.000.000 people;
- 2006, employed labor force volume: 6.900.000 people (= 69%);
  conclusion: many basically employable people stay on the
  sideline;
- 2007: mean employee's job size: 1391 hours/year (from all OECD-
  countries only Norway has a lower figure);
  conclusion: the amount of working hours of the average Dutch
  employee rates as relatively small.

Gründemann, in his installation lecture (2008), presents more figures, especially concerning the 'grey pressure' (the growing fraction in the population of people aged > 64 years). All figures tell the same tale: the labor participation level in the Netherlands *must* and *can* be moved up. The society as a whole no less than the world of business would benefit from it, as Fruytier (2008) in hís installation lecture argues.

The task of the Task Force Labor Participation was to come up with plans for legislation conducive to higher levels of labor participation. That, indeed, is what its report is about. In addition to that, however, its authors argue that only limited effects can be expected from the proposed legislation. As an unsolicited warning they stress, therefore, that the society is highly in need of 'good employership'. The latter is elaborated by them into a massive HRM agenda, including issues such as the improvement of career opportunities for women, enhancing labor conditions flexibility, reducing discrimination on the shop floor, age-sensitive personnel management, and introducing in-service educational programs (Commissie Arbeidsparticipatie, 2008, pp. 68-72, see also: Ester, 2008). These

types of tasks are expected to be undertaken by the employing companies. Guarding the availability of personnel is apparently no longer an easy job. Heavy HRM tools are needed.

1.2 Momentary impression 2: taking care of the employability of personnel

Employee availability is a quantitative concept: sufficient numbers of employees are needed. Employee employability is the qualitative counterpart of it: the available employees need to be and remain competent for doing their jobs (see detailed explanations of the concept by Thijssen, 2000, en Forrier & Sels, 2005). In former times employability was practically a trivial issue. Hired labor tended to be rather simple and with the help of a little bit of training employees could function well for years. Those days are gone. The classic essays that Taylor wrote in the first years of the last century, containing a couple of rules of thumb for recruiting and instructing workers, have the flavor of a history book.

Someone who is well-qualified for his or her job today may have lost that quality a year from now as his/her job contents or job requirements may have undergone fundamental changes by that time. The job requirements as such tend, moreover, to be rather complicated: individual accountabilities may be rather demanding, high degrees of self-management are most often called for, for the majority of present-day jobs social and communicative skills are required and - last but not least – employees high and low in the hierarchy are supposed to participate, nowadays, in processes of organizational decision making. In former days the latter might have been a favor granted to the workforce but these days management is not able to perform well without (Bouma & Emans, 2005, Bouma, 2009).

For preserving a favorable position on the fast moving labor market, employees, as it is now, have no choice but to ceaselessly invest in the maintenance of their own employability. Employers, for their part, have to afford opportunities for that. A huge HRM agenda is the result. It isn't just a matter of devising development and training programs. The key-issue today is career management. Sustainable employability results from careers that make employees gather relevant work experience, enlarge their professional competences, make themselves familiar with the organization, expand their social networks, develop communication skills and grow in self-understanding and self-knowledge. Career coaching, that is, facilitating employees' career planning initiatives by whatever means, has developed into a full-blown HRM-task therefore. It is a task that has proven to be a profitable one (see: Soens & de Vos, 2008, Verbruggen, Forrier & Sels, 2005, de Vos, Dewettinck & Buyens, 2009). And this is still only part of the story. An even more fundamental career management related task for HRM is to tackle the organization as a whole and structuring it in such a way that employability preserving career paths for employees result. We can fairly conclude that the care of sustainable employability is anything but a sinecure.

1.3 Momentary impression 3: taking care of the motivatedness of personnel

The Dutch HRM periodical P&O-actueel regularly publishes the outcomes of surveys, conducted by employment agencies and other institutes, about employees' wishes in the Netherlands. Below is a compilation of the work characteristics, extracted from the most recent volume, that were highly appreciated by the responding employees. It gives an impression of things to pay attention to in order to keep up employees' motivation levels.

- Pleasant colleagues, nice work climate, informal interpersonal relation
- Good career prospect
- Labor conditions that enable work-family life synthesizing
- Work content variation
- International contacts
- Fast decision making, reliable management
- Freedom

The employer-employee relationship is a give-and-take relationship (Nauta & Gründemann, 2005, Tsui, Pearce, Porter & Tripoli, 1995). In the HRM-literature the term EOR has been coined for it, in full: Employee-Organization-Relationship (Tsui, Pearce, Porter & Hite, 1995, Shore *et al.*, 2004). The essence of HRM's task to take care of the motivatedness of the organization's workforce is to ensure that the existing EORs yield positive balances of costs and benefits for the organization as well as the employees involved.

A positive balance for the organization is realized by means of performance management, an HRM-tool that intendedly guides employees toward high-level performances by means of cycles of goal-setting and appraisal activities. It has to be counter-balanced by valuable outcomes for the employees in order to secure a similar positive balance for them. This relates to remuneration matters (for details, see Emans, 2007a, 2007b) but to all kinds of less tangible work outcomes as well, as is illustrated by the compilation of highly appreciated work characteristics presented above. For making things more complicated, considerable differences may furthermore exist between employees as for the type of outcomes that are, or are not, valued.

Most notoriously in the case of the intangible ones, there is the additional complication that employee outcomes may largely root in the rules and routines of the organization. A case in point is the introduction of flexible working hours for smoothing home-work interferences. This can turn out rather fruitfully (see for research outcomes: Lewis, 2003), but is not without consequences for production management and other organizational processes. Another, even more fundamental, case in point relates to the way jobs and work relations are structured. The causal relations that exist between job and team design on the one hand, and the motivation of employees on the other hand, constitute a field of science by itself (see review by Morgeson & Humphrey, 2008). A professional

HR manager knows about it, and applies it. He/she consequently wants to have a say on the set-up of the organization. Note that the section on employability resulted in the very same conclusion (section 1.2), as will do the section on vitality below (section 1.4). It all adds to the complexity of the HRM task. Modern organizations demand a lot from their employees but modern employees similarly demand a lot from their organizations.

1.4 Momentary impression 4: taking care of the vitality of personnel

The care of the employees' vitality (their physical and mental well-being) has developed into a profession by itself, with physicians, ergonomists and other experts being the associated professionals. Accordingly, separate departments have been made accountable for it in most Dutch companies. Those departments take care of employees who are ill and simultaneously try to establish health promoting work conditions. In the Netherlands, the latter constitutes a work domain that has grown considerably since the introduction ten years ago of the labor conditions (ARBO) legislation. Seemingly, this state of affairs reduces the burden that HRM has to shoulder. The fact, however, is that the care of physical and mental well-being is inseparable from the care of employability and motivatedness. The motivation tool performance management, for instance, may unleash the energy and enthusiasm of employees but it can enhance their stress levels as well. Not surprisingly, the literature about healthy workplaces (see review of Gilbreath, 2004) shares a lot of content with the literature about the motivational impact of work conditions.

Employee health management and HRM need each other. In view of that, Sanders, Ybema & Gründemann (2005) make a plea for integral health management, including cooperation of the two disciplines. A topical issue is the labor participation of the elderly, which in recent years instigated many initiatives. More can still be done, however (see van Dalen, Henkens & Schippers, 2008). On the HRM-agenda, however filled it might be as yet, room needs to be made for this kind of subject matter.

2. Golden Times for HRM

Human Resource Management means investing in personnel. The Tough Times tale's conclusion is that this is a job that involves much effort and many resources. The other side of this coin is that it is highly profitable as well. More than that, it is the mainstay of the management of today's organizations. More than the other managerial specialties it contributes to the continuity and the development of our organizations. That is the conclusion the Golden Times tale is going to come to in this section.

The Tough Times tale (see previous section) is fact-based. It is an empirical statement. This cannot be said of the Golden Times tale, which primarily derives from reasoned insights rooted in the discipline called Organization Studies. It is a rational statement. More specifically, it is grounded in two contemporary views, a psychology-based one and an economics-based one. Both of them give rise to the conclusion that present-day

management is first and foremost human resource management. The first (psychology-based) one is the paradigm of the learning organization. The second (economics-based) one is the Resource Based View of the Firm.

The two views are definitely contemporary ones as they are themed around characteristics of the environment modern organizations find themselves in. That environment tends to be described in terms of complexity, turbulence and competitiveness. Complexity: the opportunities and constraints that confront our organizations today, whether they relate to markets, technologies, or regulations, are often rather perplexing. Turbulence: those opportunities and constraints are moreover far from stable and predictable. Competitiveness: protected or isolated markets have ceased to exist. It the sections to follow the managerial consequences of these environment attributes will be outlined, first in terms of the learning organization paradigm and thereafter in terms of the Resource Based View of the Firm.

2.1 The paradigm of the learning organization

The paradigm of the learning organization centers on the turbulence and the complexity that is characteristic of the environment of present-day organizations. The hyper-turbulence of that environment forces those organizations to permanently monitor the changes that take place in the outside world and to react accordingly. They always have to deal, then, with an amalgam of macro-changes, such as an unanticipated economic recession, and micro-changes, such a client going bankrupt. Due to the velocity of these types of changes, together with the hyper-complexity of them, organizations today are no longer manageable in the classic way of a manager who sets goals and subsequently translates those goals in investments and other operational measures. What troubles is that CEOs, boards and management teams cannot reasonably be expected to have the knowledge and brainpower needed for the latter. That, basically, is the problem that is tackled by the paradigm of the learning organization.

Among the main founders of the paradigm of the learning organization are, in America, Senge (1994, 2000) and, in the Netherlands, Wierdsma and Swieringa (2002). In essence, their recipe is a simple one: setting up the organization in such a way that working is learning and learning is working at all hierarchy levels. Once it is unrestrictedly put into practice, this recipe induces a permanent state of preparedness for the micro- and macro-events that may occur in the organization's environment. Managers in a learning organization thus first and foremost take care of the organization-wide orchestration of learning processes (that is: an HRM-job). Whenever it is relevant they consequently can make use of the outcomes that are generated by those learning processes. According to the learning organization paradigm the development and preservation of human resources is thus always given top priority.

Those who adhere to the learning organization formula won't deny that non-human resources (financial resources, material resources, patents, energy et cetera) remain

important. Their claim, though, is that the procurement of those resources is guaranteed once the human resources have been dealt with adequately. Having competent, well-informed and positively motivated employees, who moreover don't stop developing themselves, an organization automatically innovates, providing itself with the non-human resources needed. An organization like that, being inherently flexible as well as decisive, is by itself able to cope with the turbulence and the complexity of its environment. To a high degree management has thus become human resource management. That, essentially, is the contribution of the paradigm of the learning organization to the Golden Times tale. In the learning organization literature an explicit connection with HRM is seldom made (for an exception, see van der Meer & Buitelaar, 2009 and Buitelaar & van der Meer, 2009), but that does not alter the fact that all managerial activities that are intended to create a learning organization form part of the HRM work domain.

2.2 The (Human) Resource Based View of the Firm

Not unlike the paradigm of the learning organization, but based on another rationale, the 'Resource Based View of the Firm' implies a key role for HRM in present-day organizations. The RBVF centers on the hyper-competitiveness that is characteristic of the environment organizations tend to find in themselves today. Its essence can be summarized in three propositions.

1) Our time witnesses high levels of inter-firm competitiveness on the one hand, and high levels of mobility of resources, people, services and information on the other hand.

2) Due to the hyper-competitiveness in their environment, firms have no choice but to continuously distinguish themselves positively from other firms, whereas to do so is, due to the hyper-mobility conditions, an extraordinarily demanding job.

3) A firm is able to distinguish itself positively only, if the resources that underlie its production processes are high quality ones (this is self-evident), and if those resources are furthermore hard to get or imitate for other firms on the one hand, and can not easily be substituted by other resources on the other hand. The latter constitutes the core of the RBVF (Barney, 1991, Conner, 1991, Barney, Wright & Ketchen, 2001, Barney & Arikan, 2001, Cool, Costa & Dierickx, 2002): to the degree its resources are rare, non-imitable and non-substitutable a firm can survive in the hyper-competitive environment.

The RBVF-message thus is, in a nutshell, that a firm's position will decline unless its resources are unique. It is a message with far-reaching managerial consequences. It tells us that bench-marking (using the performance of other firms as a point of reference) cannot really serve as a beacon for strategic decision making as any strategy is constrained

by the resources available. Strategic decision-making can only be founded on a firm's own particular resources and strategy implementation can only start with investing in those resources. Rather than designing plans for the future *in vacuo*, or duplicating performance targets of other firms, or simply following instructions of higher authorities, firms are well advised to build on what they are, out of sincere respect of what they are. It is called the inside-out approach of strategic decision making which is an approach that self-evidently never should be exaggerated. Strategic decision-making remains an outside-in endeavor as well, as it always intends to make the most of the opportunities and constraints that derive from market and other conditions in the environment. Due to the very fact that hyper-competitiveness and hyper-mobility set the scene, however, the inside-out approach has to play the lead according to the Resource Based View of the Firm RBVF.

What does the RBVF message mean for the position of Human Resource management? In an unpublished paper some ten years ago (see Boselie, Koene & Paauwe, 1998), Jaap Paauwe introduced a variant of the RBVF-concept: HRBVF, in full Human Resource Based View of the Firm. Later on, the new concept was made public by Hans Doorewaard who used the term in passing, and dropped some critical remarks about it, first in a paper coauthored with Meihuizen (Doorewaard & Meihuizen, 2000) and thereafter in a paper with Benschop (Doorewaard & Benschop, 2003a, 2003b). The idea underlying the new term, which tends to be endorsed in texts about present-day HRM (cf. Wright, Dunford & Snell, 2001, Dickmann, Brewster, & Sparrow, 2008, p. 6), is that an organization can survive only as long as it has unique *human* resources. The Human Resource Based View of the Firm[3] is thus the well-known Resource Based View of the Firm, including the managerial consequences mentioned above, with the special feature that it is narrowed down to one category of resources only: competences and other attributes of the people in an organization.

Paauwe, the originator of the term HRBVF, eventually decided to abolish it (Paauwe, 2004, p. 90)[4]. He did so when elaborating his 'contextually based human resource theory' about the embeddedness of HRM in strategic management (Paauwe, 2004, pp. 85-94). In that context the term HRBVF was no longer an appropriate one because of the above-mentioned focus on the inside-out approach of strategic decision-making that is inherent in the RBVF-concept and – as consequence, inherent in the HRBVF-concept as well. The HRBVF still stands out, however, as a key element of Paauwe's theory and in a treatise about the position of HRM, which this paper intends to be, the term HRBVF clearly deserves a come-back.

Is there a justification for the reduction of RBVF to HRBVF? Product of myopia and self-overestimation of the HRM-community though it may look like, there are, indeed, objective reasons for it. Those reasons relate to the unique nature of *human* resources compared to other resources. Other resources (raw materials, patents, money, information et cetera) can be acquired or imitated relatively easily by whatever actor that is in need of them. As a consequence organizations cannot distinguish themselves anymore

by owning and utilizing them. Today all things are – so to say - purchasable and all information is accessible. In the case of human resources, however, things are different. It is true that talent can be paid for, but in many instances human resources are highly intangible ones and can, as a consequence, not straightforwardly be sold or bought. They are not movable as physical objects are. And they are always developing, rather than being fixed entities. Without being the property of the organization that employs them they do belong, in a sense, to that organization. To a higher degree than is the case with non-human resources, human resources therefore define the identity, and thus the strength according to the RBVF, of organizations. For that reason the RBVF can be said to be mainly an HRBVF.

The HRBVF evidently applies to some enterprises more than it does to other ones (for an engineer agency, for instance, more than for a fruit farm). As is the case with the unrestricted RBVF the Human Resource Based View of the Firm must not be idolized therefore, but it is not less valid or relevant for it. The management of present-day firms is therefore well advised to first and foremost be concerned with its human resources. That is what the RBVF, and more specifically the HRBVF contributes to the Golden Times tale.

2.3 Convergence of the learning organization paradigm and the Human Resource Based View of the Firm

In the preceding sections the learning organization paradigm and the (Human) Resource Based View of the Firm, following two different lines of reasoning, were shown to result in practically identical outcomes. The learning organization paradigm told us that strategic decision-making can only spring from the knowledge and competency that is stored in the organization's human resources. The Human Resource Based View of the Firm told that strategic decision-making can only be grafted on that knowledge and competency. The consequential lesson for managerial practices is the same: HRM figures as management priority number one. This is what O'Reilly and Pfeffer refer to with their statement 'Strategy comes last', which amounts to 'HRM comes first'. They do so in a book filled with instructive examples of companies whose management was chiefly concerned with personnel development (O'Reilly & Pfeffer, 2000).

Strategic decision making that springs from or is grafted on the knowledge and competency available: this looks like a conservative approach. The paradox, however, is that the companies that are described by O'Reilly and Pfeffer are among the most innovative ones in their sectors. Their 'strategy comes last' has nothing to do with a passive form of management that refrains from course setting activities. In contrast, the personnel development as it is advocated by O'Reilly and Pfeffer serves to create conditions that promote chosen courses of action. Management, conceived that way, becomes a rather subtle job. Its essence is, to quote Lovas en Ghoshal (2000), 'guided evolution'. Unheroic though it consequently may look like, it definitely works.

The Golden Times tale made clear that the task domain of HR managers is not only a vast one, as was told by the Tough Times tale, but has become a crucial one as well. The job of the HR-specialists in organizations has gained in significance. This raises the question, to be dealt with in the sections to follow, how those specialists can live up to the resulting high expectations they are confronted with. The previous discussions have set the stage for a treatment of that very question.

3. The position of HRM departments in organizations

Much has been written about the role of HRM in organizations. Recently, and independently of each other, Petra Biemans and Frits Kluytmans brought out an extensive state of the art note. They did so when being appointed to an academic HRM post, Biemans at INHOLLAND and Kluytmans at the Dutch Open University. Biemans' approach was a descriptive one (Biemans, 2007, 2008). Picturing the actual situation in present-day Dutch organizations she showed that HR professionals tend to spend their time, by and large, on performing administrative tasks on the one hand, and supporting line managers in procedural matters on the other hand. Kluytmans (2008, 2009), who took an analytic approach, made a well-documented plea for strengthening HRM's managerial make-up. In doing so, he highlighted a number of newly emerging tasks for HRM, some of which were also mentioned above for substantiating the Tough Times tale, such as career management coaching. Taken together, the papers of Biemans and Kluytmans provide an up-to-date overview of HRM's work domain. Rather than elaborating any further on the content of HRM (a job that has been effectively completed by Biemans and Kluytmans) I now will pay attention to the position of HRM departments in organizations. Taking the Golden-Times-Tough-Times reality as the point of departure, I will attempt to pinpoint what HRM-departments need to do in order to adequately exercise the responsibilities that derive from that reality. What results is not a couple of fundamentally new views. A grown-up profession, as HRM is, is not in need of views like that. Instead, I will outline three desirabilities for the profession that directly stem from the Golden-Times-Tough-Times conditions. Their common denominator is a further professionalization of the managerial component that forms part of the HRM job. Shortly said, they deal with the M of HRM.

3.1 Desirability 1: HRM positions and presents itself as P&O (Personnel & Organization)

In the discussion about the HRM task to take care of the employability of personnel (section 1.2) the conclusion was arrived at that for securing a sustainable employability of employees, employability-preserving career paths must be offered to those employees. That is evidently not an easy job to do, though. For creating that kind of career paths HRM needs to be capable of fashioning the whole system of jobs and positions in the organization and, as a consequence, be substantially involved in the decision-making about organizational design issues. This conclusion also resulted, in an even more explicit way, from the discussion about the HRM tasks to take care of the motivatedness and the vitality of personnel (in sections 1.3 and 1.4): as long as an organization's *job &*

team design suffers from an inadequate set-up, any HRM attempt to raise motivatedness and vitality will prove futile. It would be a testimony of unprofessionalism if HRM, in a situation like that, would nonetheless take up these tasks. In stead, restoring the *job & team design* must be given the highest priority then. In the discussion about the HRM task to take care of the availability of personnel, finally, (section 1.1) organizational design was not mentioned as an issue but there, too, it matters: a tight labor market forces an organization to reduce its need of personnel by adapting itself structurally (this is one of the key-elements in Bax' HRM-framework (Bax, 2003, p. 39).

In a sense, the foregoing forms a cogent reason to re-label HRM departments as something like P&O (Personnel and Organization) departments. In fact, the latter is a label that was and in a number of cases still is in use in Dutch organizations. By presenting itself with a name like that HRM would unambiguously claim the responsibility for the design of the organization, including the corresponding authority. Making that claim, with or without assuming the P&O label, would anyway do justice to the mission of the HRM discipline.

Following that course of action, HRM will inevitably set foot in territories of other actors. The colleagues of PM (production management), for instance, are most often actively involved in all decisions that are related to organization design (and rightfully so) and if they are not, one can still be sure that the top management will heavily take part in those decisions, if only for securing, from its own point of view, the controllability of the organization as a whole. Multiple interests and multiple points of view thus play a role in decision making processes with regard to the design of the organization, as tends to be the case, in fact, with all decision making processes that managers find themselves involved in. This being the case, an HR-manager may adopt a servant stance and helpfully contribute to the design of the organization as it is wanted by his/her colleague managers. However helpfulness may be in the genes of HRM, though, this is no option for an HRM-department that is convinced of the important and demanding nature of its job and thus declares the Golden-Times-Tough-Times tale applicable to itself. For such a department, the M in HRM should serve as a point of reference. It has no choice but to play the management role in full, getting done what needs to be done and coming to terms with the fact that there are more stakeholders around.

3.2 Desirability 2: HRM mobilizes political influence in the organization

The high expectations modern organizations have of their HRM departments (see the Golden Times tale) contrast sharply with the position occupied by those departments within their organization, which is mainly characterized by lack of formal power. HRM-professionals are free to develop plans as much as they like, but when it comes to the execution of those plans they are entirely dependent on the cooperation of other actors in the organization, more specifically of the managers high and low in the organization's hierarchy. This state of affairs directly derives from the commonly accepted principle of integral management. There is nothing controversial in it but the fact remains that HRM

departments suffer from a annoying discrepancy between their responsibilities and their rights.

Due to this discrepancy, HRM-departments face a dilemma. They can choose to adopt a formalist stance and accept their dependence accordingly, but doing so they would run the risk of seeing their mission getting stuck. As an alternative, they may choose to adopt a political stance, trying to accomplish their mission even though they are far from formally entitled to do so.

Looking at the HRM job in an unusual, but realistic, way, Silvester (2008) pictures it as a subsystem of the political arena every organization is. According to her analysis, this subsystem has two sides. On the one hand, HRM forms part of the political infrastructure of the organization that serves to legitimize and preserve the power position of managers and other key actors in the organization. All HRM-tools – recruitment protocols, remuneration systems, job classifications or whatever –fulfill a role in the political game that is played. Officially, those tools are neutral entities but through the subtleties of their design and through the way they are enacted in practice, they safeguard the interests of those high in power. *Nolens volens*, HRM thus helps to perpetuate the existing power relations in the organization. On the other hand, the HRM-community in the organization constitutes, or might constitute, a powerful actor by itself and consequently is, or might be, able to leave its marks on the organization.

Silvester's analysis reads like an encouragement to HRM departments to bypass formal rules and mobilize, as a substitute for those rules, political influence, because they can't prevent from getting overruled by other actors in the political arena otherwise. Viewed from this perspective, there is no dilemma anymore as there remains only one option that permits HRM to genuinely do something about its mission. The Golden Times tale places the HRM professionals in the centre of the organization where they have to deal with the presence of other actors there. With the M of HRM serving as their guide, then, they ought to realize that no manager can ever do his/her job by merely relying in his/her formal power. Their own lack of formal power is neither an absolute nor an critical handicap therefore. Just like any other manager they need to strengthen and maintain their position by means of supplementary measures. HRM is ordinary management. HR-managers who subscribe the Golden Times message must be willing to enter the political arena and devote their efforts to build up a solid power base for themselves.

What does that mean: building up a solid power base? For getting answers to this puzzling question HR managers may draw inspiration from the work situation of management consultants, with whom they share the lack of formal power. Research outcomes (Boogers-van Griethuijsen, Emans, Stoker & Sorge, 2006, Emans, Boogers-van Griethuijsen & Stoker, 2009) show that the power of management consultants is based on a variety of attributes, such as attributed expertness, perceived usefulness, firm reputation and having an extensive network. Outcomes of a pilot study by Menninga (2008) support the hypothesis that similar power attributes apply to the position of HR-

managers. Just like management consultants, HR-managers thus have little choice but to outfit themselves with that kind of attributes and to present themselves accordingly in the political arena. Referring to outcomes of research of the Rotterdam School of Management and the Hay Group, Goldsteen & Kloosterboer (2008) gave an overview of the types of influence attempts that can be made by HR professionals to that end. As it is now, however, it is largely a virgin territory for the HRM discipline. It is a matter of pioneering.

3.3 Desirability 3: HRM pays attention to the implementability of its products.

HR managers develop programs for securing the availability, employability, motivatedness and vitality of employees. Managers and supervisors in the organization are subsequently supposed to enact those programs with or without the support of HRM. What may happen then, however, is that those managers and supervisors fail to entirely and enduringly do that job. This is quite understandable as HRM programs tend to be rather demanding for those involved (see the Tough Times tale). A more fundamentally underlying problem, though, in cases like that, may be that HRM has concentrated too much on the content of its program (which fits in with its unique expertise) to the detriment of the implementability thereof.

A basic principle of change management is that, for reasons of implementability, not only the content but also the process and the context of organizational change needs to be looked after (Armenakis & Bedeian, 1999, Self, Armenakis & Schraeder, 2007). This principle applies to any task that HRM undertakes. As regards the process of change, the implementation of HRM programs may benefit, for instance, from the involvement of the program users (that is, managers and supervisors) in program development endeavors. As regards the context of change, things like the availability of material support may be of critical importance. HRM needs to incorporate this principle into its activities. It makes no sense to blame other actors when one of its programs comes to nothing due to a lack of acceptance by those actors.

Emans (2008), elaborating on the above mentioned basic principle, developed a model of - so-called – implementation levers: factors to pay attention to when an HRM program is being introduced. Content related levers are: program standardization, program complexity and alignment with existing practices. Process related levers are: participative development, step-wise introduction, power relations being taking into account, and room for continuous improvement. Context related levers, finally, relate to the support offered by HRM to the involved managers and supervisors: as a provider of information, as a provider of feedback, and as a reliever of the workload. Research in progress at the Hanze University aims at validating this model of levers. Once it is corroborated it may serve as a tool for HR managers to enhance the implementability of their programs.

It is important to note that the implementation role that is delineated here for HR managers differs from the role of 'change agent' in the four-roles model of Ulrich (see

the intermezzo in the Tough Times section above, where Ulrich's model is discussed and criticized). Ulrich's change agent is an internal consultant who, as a project leader, is responsible for the implementation of organizational changes. Those changes may apply to any managerial field and may have been initiated by anybody. By defining the change agent role that way, Ulrich thus incorporates work domains in the HRM task that are unrelated to the guardianship of the workforce availability, employability, motivatedness and vitality. In a sense, one is of course free to link those additional work domains to the HRM task, if only because HR managers tend to have the needed competencies. The fact remains, however, that it can't be considered HRM core-business. HRM's implementation role is a more restricted one.

4. To conclude

The key message in the Golden Times tale is that boards and management teams have no choice but to devote a substantial part of their agenda to HRM topics. At every level in the organization HRM forms part of the business strategy. SHRM (Strategic Human Resource Management) has become an outdated concept as *un*strategic HRM is or has become an unthinkable entity. As is the case with well established management specialisms such as FM (Financial Management) and PM (Production Management), it is senseless to delineate within the HRM role a separate sub-role of 'strategic partner' (Ulrich, 1997) or 'strategy architect' (Ulrich, Brockbank, Johnson & Younger, 2007). Without any exception, the contributions that HR managers deliver to the organization affect the organization's strategy directly, whether they are focused on the employees' availability, employability, motivatedness or vitality.

The fact that those HR-managers, when they deliver their contributions, stick to their mission and behave accordingly as 'employee champion' (Ulrich, 1997), or even 'employee protector' (Lievens, 2006), does not detract anything form that strategy-orientedness. Part of their responsibility remains making sure that the feelings, needs, interests and rights of employees are respected. This specific feature of their job just adds to the managerial nature of it: managing, by its very nature, is operating in situations where multiple and often opposing interests play a role. This is one of the challenges inherent in the management profession. In this respect, there is no difference between HRM and other management specialisms such as FM and PM. It is a feature of HRM that moreover flawlessly fits in with the Tough Times tale, the key message of which is that performing the HRM job requires outstanding competencies. The Golden Times tale tells that HR managers need to make sure that their colleagues persistently pay attention to HR-issues. To that, the Tough Times tale adds that their own professional involvement remains indispensable.

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(Endnotes)

1.   A significant difference between the exposé of Ulrich in 1997 and the one
     of Ulrich, Brockbank, Johnson and Younger in 2007 relates to the foundations
     of the models presented. The 2007 model results from surveys in a world-
     wide sample of HR professionals and other informants. It thus can be
     considered to consist of empirically distinguishable HRM-competencies.
     The 1997 model was l   ess empirically constructed and just reflects Ulrich◉s
     conceptualization of the HRM field. For that reason it was called ◉prescriptive◉
     by Caldwell (2003). Notwithstanding this rather fundamental difference
     between the two models, however, the similarity between the two of them
     is striking. The 2007 model can only be viewed, therefore, as the intended
     successor of the 1997 model.

2   The 'Commissie Arbeidsparticipatie' or 'Commissie Bakker' as it is most
     often referred to. The empirical findings came from RWI (Work and Income
     Council of the Netherlands), CWI (Dutch Centre for Work and Income), CPB
     (Netherlands Bureau for Economic Policy Analysis), CBS (Statistics Netherlands),
     OECD and the expertise centers Cedefop (EU-agency), OSA (university of
     Tilburg), ROA (University of Maastricht) en SEOR (Erasmus University
     Rotterdam).

3   'Knowledge Based View of Strategy' is an almost equivalent concept,
     which was more explicitly introduced (Eisenhardt & Santos, 2002) and
     is consequently more commonly used. It reflects the idea that the knowledge
     which is stored and made available in an organization constitutes   the
     strategically most important resource of that organization. Basically it thus
     expresses the same thought as is done by the term 'Human Resource Based
     View of the Firm', since much of the knowledge involved resides entirely in
     the people in the organization due to its *tacit* (not worded, not protocolled)
     nature. The Human Resource Based View thus is a generalization of the
     Knowledge Based View. It refers to human knowledge but also to human
     capacities we are not inclined to categorize under the heading of knowledge,
     such as attitudes and engagement.

4.   To be precise: Paauwe spoke of the Human Resource Based *theory* of the firm.

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