

Training Session on Human Resources – Summary of the Training Session in Langenlois (Lower Austria) on 5th May 2009

1 Introduction to the role of Human Resources in innovation

Human resources are a vital driver of innovation. On the one hand, the availability of high-skilled and educated people in a region are considered external enablers, as applied in the European Innovation Scoreboard methodology (EIS 2008]. On the other hand, HR management in companies themselves also has high influence on the innovation capacity of internal personnel.

Innovation means committing resources to an uncertain future. In general, this uncertainty leads to an unwillingness to risk jobs or futures working on items that are new or risky, without appropriate assurances. It requires people to be willing to try new things and to risk making mistakes.

Therefore, the ability to communicate that failure is acceptable and that people who "think outside the box" will be rewarded is important. HR management needs to identify (internal and external) staff who are capable of doing this. Not everyone is equally innovative, but there is always the possibility to train and develop additional innovation capabilities among employees. Are they inquisitive? Are they locked into one viewpoint or willing to consider others? Are they open to new ideas, new concepts? These questions have a lot to do with how people are recruited and how their skills are improved to welcome innovation [Phillips 2007].

2 Conclusions of the training session

The Training Session on Human Resources was held in Langenlois (Lower Austria on 5th May 2009) The key-note presentation for the training session was given by Thomas Aichinger from WIMTEC (Elektronische Steuerungs- und Meßgeräte GmbH), a family owned, medium sized company based in Lower Austria. WIMTEC's HR management is very progressive and innovative with a broad range of services for its employees. Under the slogan "healthy employees = healthy company" and using the AGiL (Aktiv, Gesund im Leben) programme, WIMTEC is creating a unique corporate culture.

The results are high satisfaction of the employees and very low degree of illness: while the average Austrian employee has approximately 11 days of absence per year, a WIMTEC employee is only missing around 3 days in average. Under the

slogan "Healthy employees = healthy company" WIMTEC is creating a unique corporate culture.

WIMTEC considers employees as the number one economic factor for innovative companies: "Successful companies will not be those who have better people working for them, but those who have people working better".

4 years ago WIMTEC developed the programme AGiL ("Aktiv, Gesund im Leben") with focus on quality of life by increasing satisfaction, healthiness and happiness of employees. Employees are trained in holistic thinking and self responsibility for her/his own healthiness done. Tools for well-being, such as techniques for massage and breathing, are offered. The factory canteen and a fully equipped tea room for relaxing breaks are also results of AGiL.

Flexible working time and an advanced education programme for all employees (independent from educational status and function in WIMTEC) as contribution to lifelong learning also belong to WIMTEC's HR policy. These include training courses on topics such as personality, communication, time management, knowledge management. Therefore, WIMTEC has built respective seminar rooms, well-being/fitness rooms and also a tea room. In addition, joint leisure activities outside the company are organised.

As an impact of WIMTEC's HR policy there is a much stronger corporate identity among employees, and their willingness for collaboration and supporting each other has considerably increased. AGiL has also contributed to the increased performance of WIMTEC and other less tangible issues.

WIMTEC also uses its innovative HR policy and other attractions for external people and customers like "Freydegger Spezialitäten" (regional distillery with events/seminars on how to distil schnapps, <http://www.freydegger.at/news.php>) as part of the "Freiraum" concept for marketing activities to acquire new customers.

1 Conclusions of the training session

Facilitated by the key-note presentation, the discussion among participants dealt with indicators of a successful HR management policy in companies. The following findings emerged:

- High satisfaction of the employees: The satisfaction of the employees can be measured by e.g. annual surveys.
- Low degree of absence days of the employees: WIMTEC is a clear example for successful HR policy resulting in a low degree of illness among the employees with positive impact on the firm's performance.
- Low degree of fluctuation combined with long period of employment: In particular in the young and innovative companies the period of employment is rather short than long due to employment of new staff. Thus, rather than

focussing on and benchmarking the absolute period, the fluctuation rate provides a better representation.

- Existence of a bonus system: Successful employees should be rewarded by a bonus system in the form of additional payments or other recognitions (such as awards at official company events, tickets for events according to employee's choice, upgrade of company car etc). The bonus system must be transparent and easy to understand for all employees, in order to assure employees' acceptance and equal conditions. The bonus system should clearly define what a "successful employee" is. E.g.: It is not the employee producing the highest number of products (as required by piecework) if products are not requested by a customer or by demanded of the ERP system (because in these cases higher production means waste). A successful employee is the employee who contributes to a more efficient production of a product according the customers' demands.
- High Transparency: Management should foster high transparency in the company regarding e.g.
 - Current work load
 - Current performance
 - Absent group/department/line staff
 - Current quality problems
 - Measures to avoid quality problems
 - Shortages in material, staff
 - Historical data of performance, quality, etc.

This enables employees to take more own responsibility, to facilitate their work and to increase performance.

- Existence of a Suggestion System: In order to improve the company's performance and to stimulate staff, the entrepreneur should install a suggestion system in to involve the own staff in the improvement process. This suggestions system should always be combined with a bonus system.
- Clear characteristics of the firms' HR policy: The clearer the specification of an individual firm's HR policy is, the more the entrepreneur/owners of the company has/have really dealt with this topic and is/are committed to involving the own staff in the strategic company development
- Improvements in career: Improvements in career can be manifold and a combination of single issues: responsibility for more people, higher salary, higher degree of (product or process) responsibility, higher degree of freedom regarding working hours and reporting procedures, etc. Too often careers are

put on a level with hierarchy in a company. However, companies with a higher number of internal hierarchies are seldom those that are also more customers oriented (and thus more successful).

- Offer of further education/training with acceptance by employees: The higher the education of the employees within a company is, the more responsibility can be assigned to autonomous work groups which and the higher the performance of the staff is.
- Assigning responsibilities to working groups: If the pre-conditions are fulfilled (e.g. qualification of group members, transparency of working procedures, goals and available resources) an assignment of responsibilities to working groups can increase the performance of single employees. This down streaming of responsibilities (not to be mixed up with downsizing of staff!) motivates group members, leads to a higher level of staff commitment to the firm's objectives and stimulates staff creativity. According to surveys, each group should consist of no more than 7 people, which allows the best workableness and highest performance.
- Job rotation opportunities: Job rotation opportunities represent a form of life long learning. Job rotation creates better insight into complex production processes, increases understanding of all departments/manufacturing steps and qualifies the employee for the holistic production process. Thus, substitution of staff in case of absence can be more easily done, working groups can be more easily introduced and the staff understands better the overall situation of the company.
- Regional Identity of the company / existence of regional networks: Family owned and regionally rooted companies in particular are highly committed to regional topics and to the regional community, including social and health issues. Experiences show that in case of this regional identity the entrepreneurs is much more willing to support the regional community and its own employees. Thus, regional identity of entrepreneurs can be considered as an important success factor when discussing support for the regional economy for the regional social and economic system.

2 Highlights

Effective Human Resource Management is characterised by:

- Considering employees as the number 1 economic factor for innovative companies;
- Possible influence of the employees on entrepreneurial decisions;
- Life-long-learning as success factor of innovative companies with broad skills and opportunities of job rotation in the company;
- Fostering employees' self responsibility not only with regard to the job, but also for her/his own healthiness;

- Strong corporate culture lived by entrepreneur, management and employees.

3 References

[EIS 2008] Maastricht Economic and social Research and training centre on Innovation and Technology (UNU-MERIT); EUROPEAN INNOVATION SCOREBOARD 2008 COMPARATIVE ANALYSIS OF INNOVATION PERFORMANCE, PRO INNO EUROPE INNO METRICS; January 2009, http://www.proinno-europe.eu/EIS2008/website/docs/EIS_2008_Final_report.pdf

[Phillips 2007], Jeffrey Phillips: The role of HR in innovation, June 2007, <http://innovateonpurpose.blogspot.com/2007/06/role-of-hr-in-innovation.html>

[WIMTEC 2009], WIMTEC (Elektronische Steuerungs- und Meßgeräte GmbH: internet presence, <http://www.wimtec.com/>, 2009