

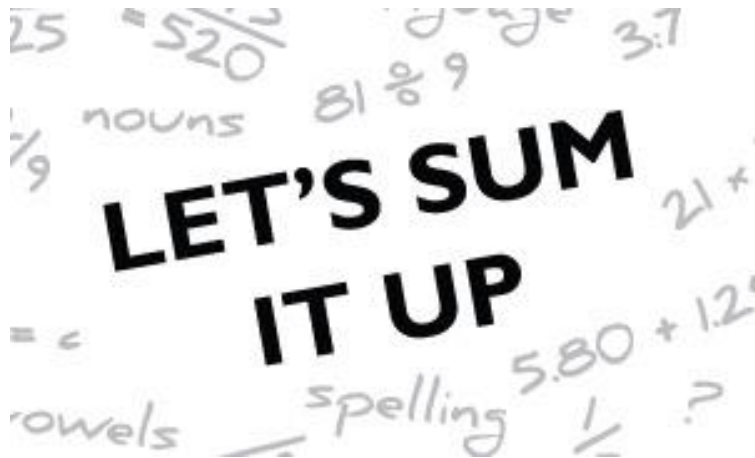


THANK YOU!

Ms. Hanna Turunen, HR Manager, KPO Kajaani

SHARPEN
HRM4smes

 Funded by the
Erasmus+ Programme
of the European Union



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Human Resource Management

A SME's perspective



Welcome to a SME!





Recruitment and Selection

- Less attractive?
- Difficult to attract talents?
- Limited channels (affordable?)
- Little or no competencies to recruit and select?
- Less than competitive remuneration?

- On-the job
- Coaching on demand
- Resource constraints – time, finance
- Lack competencies to identify gaps; reactive rather than proactive approach



Reward and recognition

- Non-financial rewards such as praises, appreciation note, an extra vacation day, etc. are possible, yet many still failed to use
- Financial rewards such as bonus, pay rise, promotion etc. are more limited



Performance Management

- Little or no skills to manage performance, give feedback, agree and action on goals, monitor and follow through
- Event triggered basis rather than proactive periodic management



SMEs HRM Attraction, Retention & Performance Enhancement Network



Objectives ERASMUS+ project SHARPEN

- Deepen participants' understandings of **human resources management issues** in Small Medium Sized companies (SMEs)
- Apply human resource management theoretical knowledge and competencies through a **real life project** and collaborations **with SMEs** from project regions.
- Opportunities to learn and gain experience with different cultures through physical workshops and conferences run in partner universities. This is a critical competency to work and manage diverse workforce in global companies
- Provide opportunities for further collaborations such as commissioning of thesis topics, practical training places or job placement after graduation
- Be part of an exciting project that will create real tools, real impact to help SMEs make a difference in managing their people more effectively



How do you think the situation looks like in Kainuu?



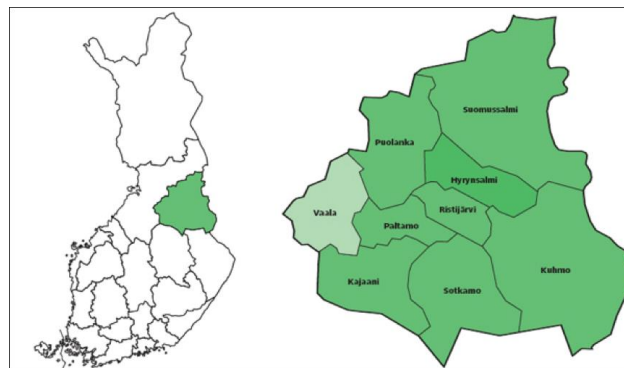
SMEs in Kainuu

A Brief Overview



SME's qualitative characteristics (vgl. Bergman/Crespo 2009, s. 8)

Criterion	Characteristics
Business management	<ul style="list-style-type: none"> - partial leadership of the owner - less group decisions - less strategic orientation and planning - immediate participation in operational processes - low compensation capabilities
Organisation	<ul style="list-style-type: none"> - manageable, flat hierarchy - direct information channels - low level of formalism
Employees	<ul style="list-style-type: none"> - presence of broad specialist knowledge - presence of Interdisciplinary knowledge - less specialists are available - high job satisfaction as a result of manageable processes - close relations between employee and manager

The special contexts of HRM in our five regions and the special situation of regional SMEs in Kainuu


SMEs in Finland

- In 2014 - 363 587 companies employing a total of 1.4 million people
- SMEs comprised 363 004 (99,8%) of all companies and 951 000 (66,3%) of the total workforce in Finland
 - This means, two in every three employees are working for an SMEs.
 - Of the SMEs, 2 554 medium-sized enterprises (0,7%) with 249 000 (17,4%) employees, and 360 450 (99,1%) small enterprises with 702 000 (48,9%) employees.
 - The 344 471 (94,7%) micro-enterprises, that are also included in the small enterprises, employed 394 000 people which is 27,4% of the total amount.

(Source: Statistic Finland)



SMEs in Kainuu

- Population 79 975 (2013), 1.6% of the whole country
- Area of 21 499 sq km
- Low population density – 3,7 persons per sq km
- Three quarters of population (73.2%) works in service sector; one fifth (18.4%) is engaged in industrial production and 7.3% in agricultural and forestry
- Business sectors include e.g. wood processing industry, transport, data communications, commerce, welfare services, travel, defence technology and biotechnology. New sectors incl. welfare technology, travel and biotechnology.

(Source: Statistic Finland)



Causes for changes in the population in Kainuu

Outgoing migration (to larger cities)

Increasing life expectancy

Falling birth rates



Effects: shrinking and aging population in Kainuu



Current situation of Kainuu region

- Few larger companies e.g. Valmet, Elektrobitt, Suunit, Kaisanet, Talvivaara, Kajaani city, Kajaani UAS, KAO (above 100 employees)
- Many small, micro- and nano- sized companies:
 - relatively lower wage level
 - relatively fewer career opportunities
 - competency deficiencies in the HR sector
 - fewer resources for the implementation of new concepts

(Statistical Office of the Free State of Saxony, IAB Establishment Panel 2009)



Challenges

- Aging of the companies' workforce
- Demography and emigration from this region
- Mismatch of vacant positions and job seekers' profiles



Changing conditions on companies and employees

- increasingly competitive market – people are key differentiator in service industry – sustainable competitive advantage in long run
- growing international cooperation, markets
- need to develop soft competencies in addition to hard competencies such as specialised technical knowledge
- new requirements for linguistic, social and cultural competencies among companies and personnel

Source: Fachkräftemonitoring, 2010

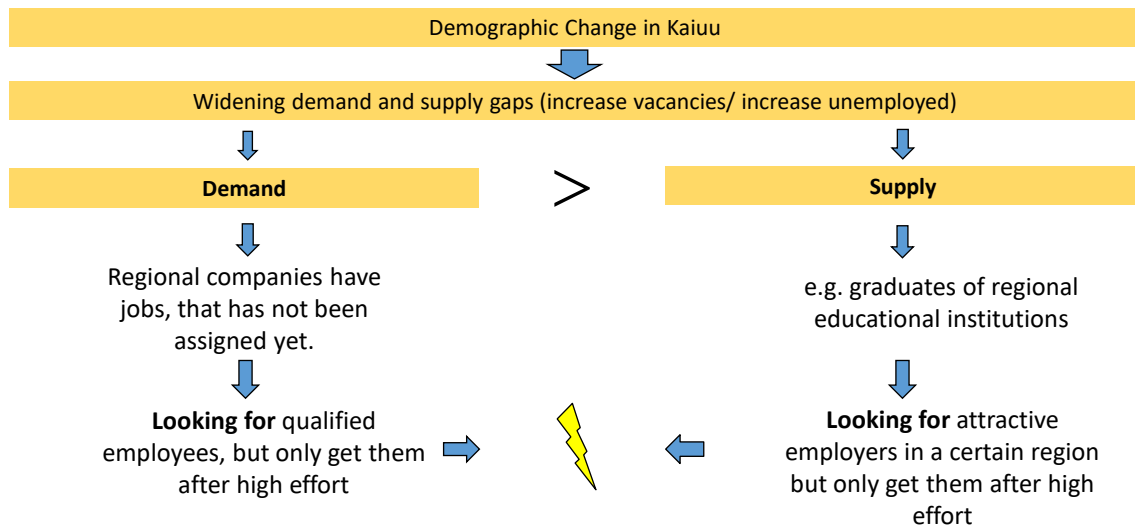


Causes for the growing demand for skilled workers in Kainuu

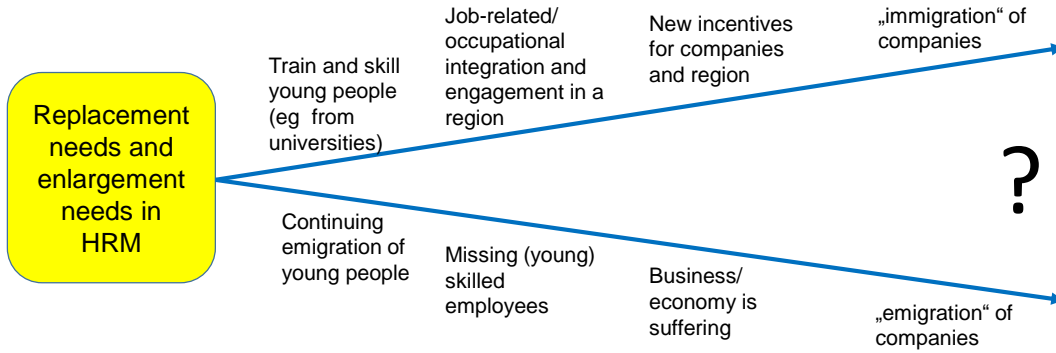
- rapid scientific-technical development
- growing requirements of international markets
- growing, world-wide competition for talents
- high specialisation skills but also generalize competencies in SME's



Summary: HRM-situation in Kainuu

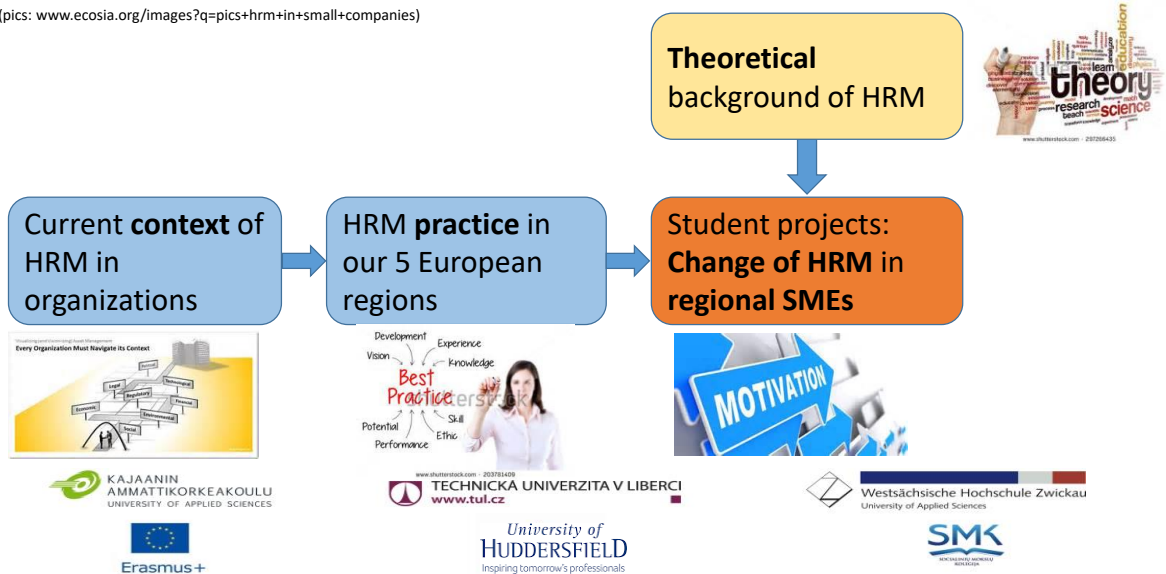


Future: Vicious circle or virtuous circle?



Human Resource Management (HRM) - Theory and practice

(pics: www.ecosia.org/images?q=pics+hrm+in+small+companies)



Structure of the learning module : Example 2017

Phase 1 (4.5 weeks)	Phase 2 (ISP) (5 days)	Phase 3 (8 weeks)
22 February - 24 March (weeks 8 to 12) HRM-Theory, start working on HR-projects	3 April - 7 April at University of Applied Sciences in Zwickau/Germany SMEs and international students work together on HR-projects	10 April – 2 June (weeks 15 to 22) Completion of HR-projects, production the practical output

Partner SME: Herman IT, Oy



Phase 3: Putting Theories to Practice

- Cooperation with Herman IT
- Two-teams of four people each
- Develop an incentive or reward program with the purpose to motivate and drive employee self-development, increase work effectiveness, to align towards organization goals thus enhancing the company's performance and bottom-line
- Analysis of HRM priorities and develop practical HR tools as recommendation



Contacts

If you are interested to participate, please contact:

- Ms. Ruey Komulainen, Senior Lecturer, IB department
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Reference List

- Armstrong, M./Taylor, S.: Armstrong's Handbook of Human Resource Management Practices, 13th edition 2014
- Kriegler, W.R.: Praxishandbuch Employer Branding. Mit starker Marke zum attraktiven Arbeitgeber werden. Freiburg-München 2012
- Materials adapted from Prof. Dr. Angela Walter, Zwickau AUS, Germany and SHARPEN project team discussions

