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The Human Dimension of Strategic Management: Past Developments, Future Prospects

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<p>This paper examines how Strategic Management is applied to Human Resource Management (HRM). Considering the first steps of strategy, how strategic management came along and how it has been applied in SHRM. Comparing the business strategies used in the past to strategies in use nowadays, with the aim to understand and gain knowledge of what to expect in the future of HRM.</p> <p>Furthermore, analyzing a company's development as an example, the thesis also focused on Volvo Group's performance within the years from a strategic management point of view. The research is based only on a secondary source to provide insight of the shifts strategy as a practice has had, the study reflects the growing importance of flexibility and adaptability concerning technology and workforce as they are important elements to business due to the influence over results.</p> <p>The aim of this qualitative research is to have a better understanding about the practices in the past that led to the current strategy implementation processes in businesses, as that knowledge enables us to find out how HRM and SHRM have evolved throughout the years and consequently how the changes are affecting and shaping the future of HRM.</p>	
Keywords	HRM, Strategy, Strategic management, SHRM, Volvo Group, AI, Millennials, SWOT, Pestle

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List of Abbreviations

- AI** Artificial intelligence
- APP** Academic partner program
- AR** Augment reality
- CEO** Chief executive officer
- CFO** Chief financial officer
- CHRO** Chief human resource officer
- CSFs** Critical success factors
- CSR** Corporate social responsibility
- GM** General Motor
- HRM** Human resource management
- IoT** Internet of things
- IPM** Institute of personnel management
- MBO** Management by objectives
- MNCs** Multinationals companies
- MR** Mixed reality
- SHRM** Strategic human resource management
- SIC** Sophia intelligence collective
- SMEs** Small and medium enterprises
- VR** Virtual reality

1 Introduction

Strategy has been applied since ancient times and can be applied for personal matters, military or within a business context (Beardwell and Claydon, 2010). In order to understand an organization and its business, it is important to learn more about the business model as it is the way the organization manages its business to make money (Boselie, 2014). Human Resource Management (HRM) is an optimal fit as it impacts the business model and consequently the organization's success. HR is the department in an organization that is responsible for acquiring, training, compensating employees, and of attending to their labor relations, health and safety, and fairness concerns. (Dressler, 2009). An organization is made of groups of people that each of them has an assigned role and by working together they aim to achieve the organization's goals. The person responsible for accomplishing the organization's goals is the manager. The manager has an important role since the functions performed by him or her which are planning, organizing, staffing, leading and controlling, represents the management process (Dressler, 2009).

Strategy is vital to achieve goals more efficiently with a correct plan according to its industry and competitive environment, by understanding the relationship between the organization and its environment. Management as a practice has evolved when the idea of working together in groups, as it was easier or just faster to accomplish tasks, was realized by people. A new era of serious thinking and theorizing on management became known in the Industrial Revolution. There are several theories representing different frameworks and they are important to acknowledge once you are in business, either as an employer or as an employee. Strategic management has shaped in different ways important aspects in businesses and this study is pointing out examples for a better understanding. The concept of business environment, internal and external, should be well understood and open to new challenges such as new technologies or trends in the market. Hence, the importance of a strategic management guiding corporations to adapt and become more innovative as improvements occur along with the market changes.

This research is also explaining the importance of understanding the workforce available, as team leaders, managers, and any worker contribute positively or negatively to the success or failure of the business. For instance, Millennials, anyone born between 1981 and 1996 (ages 23 to 38) and Generation z, anyone born from 1997 onwards, differ a lot from the previous ones in behavior, in beliefs and other aspects, for that reason it became important to understand how to manage the employees to optimize the flow of information, and use the internal and external factors favoring corporation. Strategic management has changed throughout the years and it is going to continue changing as the businesses are always adapting due to competitors or trends in the industry such as artificial intelligence. Changes are happening in the workforce, in the workplace, and in the technologies used in business always aiming to optimize the quality and result of a work. This research was conducted to be useful to any person interested in working with HRM, to people with curiosity about the development in strategic management that led to how it is applied nowadays within businesses and surely it can be helpful to business students as they can benefit from the findings regarding how Strategic Human Resource Management (SHRM) is being shaped.

1.1 Objectives

The aim of this research is to clarify the developments HRM has had throughout the years leading to a more strategic planning as workplaces switched from seeing employees as simply workers to becoming an important asset or even a competitive advantage. In order to understand what has led to these changes presented in the business world nowadays, it is vital to take a look into the demographic changes in the workforce, management's new strategies as these factors are changing the shape of the workforce. Companies have been preparing for the new workforce available so that it is possible to comprehend the organizational changes this will bring as a result, considering also the talent management strategies and HRM practices that will be required to keep supporting human capital. The study presents an in-depth analysis through SHRM, since strategy became a crucial approach to any business, together with the workforce and workplace future expectation.

1.2 Research Question

This thesis focuses on giving an overview of the development of SHRM. The first chapter is an introduction to the topic. The second chapter defines strategy and strategic management. Third chapter gives an overview of HRM and SHRM. Chapter 4 explores the power workforce has over workplaces, and how it has been shaping the strategic planning within SHRM over the years. The chapter 5 reflects over Volvo Group's management strategies, as a result of changes in the approach of HRM. The research question is: **How has SHRM evolved and how the changes are shaping the future of HRM?** This research provides a clear understanding on the development of SHRM while companies are adapting to the changes in the business world to fit in the expectations of their partners and customers. Companies face demands from inside and outside, leaving to leaders a need of being flexible to keep adapting and surviving in the market. A number of sub-questions were made in order to serve as a guideline during this study so that, the findings will clarify the direction employees and companies are going to in near future. The sub-questions will serve as a guidance to support the answer to the main question.

- Why is it important for companies to hire the right people?
- How do employees get interested in being part of the decisions and development? How can it influence positively the organization's strategy?
- How has HRM changed compared to today's practices?
- How strategic management evolved throughout the years? How is it shaping the future of HRM?

The chapter 6 explains the new technologies entering the market and trends in the business context. Among several technologies and trends, AI and social enterprise were chosen and will be analyzed with more details.

1.3 Methodology

The methodology used is a suitable one to help understand the difference between strategy and strategic management and how SHRM has improved since the beginning and yet, it is still adapting to be a useful tool for companies in the future. The research is an exploratory study conducted based only on secondary data, by gathering information from different sources. Primary researches about this subject were previously published and this study explored through journals, research articles, textbooks, company reports, online research and a case study regarding Volvo Group's SHRM so as to gather information to answer the research question and sub-questions. This study does not aim at finding a best approach towards the business in the future, but simply to point out the possibilities for companies to explore based on the current business situation.

1.4 Limitations

The methodology aims to explore the research question and sub-questions providing insight about the improvements in the strategies applied in HRM to become more familiar with the SHRM. The findings in this research are not meant to give a conclusive solution to the companies regarding the development of workplace and workforce, since the market is evolving rapidly with new trends, technologies and AI, this research will lead to more investigations in the matter. This study can be used for further investigation as for instance, AI is under development.

2 Strategy and Strategic Management

2.1 How strategy came along?

Strategy has been in use since ancient times, with various definitions by different leading strategy theorists such as; Michael Porter, Henry Mintzberg, Peter Drucker and others. As Beardwell and Claydon (2010) mentioned, the roots of business strategy stretch far back into history, Alexander the Great 356-323 BC and Julius Caesar 100-

44 BC. It started in the military and was adapted for use in business. The term strategy comes from Greek strategic and it means generalship. A strategic plan is mainly the company's plan of matching its internal strengths and weaknesses with its external opportunities and threats to keep a sustainable competitive advantage over the competitors (Dressler, 2009). For example, a military strategy is supposed to ensure the strategy will anticipate the enemies moves so that they accomplish tasks. We must bear in mind that to decide, a group of people with various experiences have discussed before making their minds to which approach they would take, those would be the top managers in the boardroom planning the course and the solution for any foreseeable issue.

In addition, the knowledge gained based on others experience and not only experienced by oneself, is clearly wider and more valuable, and may lead to better results, that is known as indirect practical experience. As an example, the government is responsible for a war strategy, not only one person will decide since strategy is a pattern, that means, consistency in behavior over time so as to keep seeking for improvements in order to achieve a goal (Mintzberg, 1998). In a simpler way, strategy is defined by organization's intention to achieve certain goals through a planned alignment between the organization and its environment as Boselie referred to De Wit and Meyer. Strategic planning is an effort to prevent the competition of moving forward and at the same time using their tools or better tools to ensure the company's strategy is ahead achieving objectives and pinning down the competition. It is related to the company's purpose, what they want to achieve and how.

This basic decision impacts directly an organization and everyone involved in its process. Having a plan on how to have things done in order to achieve goals, the strategy investigates the purpose to define its mission, values, vision and objectives. By establishing the vision, mission, values and objectives, more than just profit-maximization is achieved, it enables the company to settle its long-term goals, how to motivate employees, likewise, to preserve a trustful external relationship with its suppliers, customers and partners. Having the mission defined, as a result, employees and stakeholders will have a clear understanding of what business they are in, what and why they do that. Considering company's vision, it clarifies what they wish and seek for their future position in the market and achievements. Equally important is to

define the way the company will operate throughout its process, its values, enduring its core principles that is expected not to be changed. The objectives are the goals the company is expecting to have as an outcome of the entire effort put into their production or services. The strategy formation is much more than values and vision, also including factors such as competences and capabilities, industrial organization, social revolution and organizational learning (Hart, 1967).

Strategy is developed over time to some extent intentionally and the strategic development has two main views: the *deliberate strategy* and the *emergent strategy*. Deliberate strategy development view is whenever a strategy comes because of the top managers' intentions and the emergent strategy development view is related to the emerge of strategies that tend to appear over time and not due to a big plan. The role of the deliberate strategy is about planning, could be intentionally planned by a strategic leader or due to external factors. Large corporations and organizations usually elaborate a strategic planning, in which they will include *initial assumptions* of the external environment, a *business-level planning* where their units will present a strategic plan that will be discussed among executives and managers, also a corporate-level planning that is a decision based on the discussion of the business-level planning and at last the financial and strategic targets which is based on performance monitoring of the businesses (Mintzberg, 1998). This will be explained in more details in this chapter. Depending on a company size, industry and environment a plan is elaborated to be implemented for a certain period so that it is possible to analyze the outcome of it. For instance, companies that take a long-term view on its capital investments might have a plan in use for 15 years, such as oil companies.

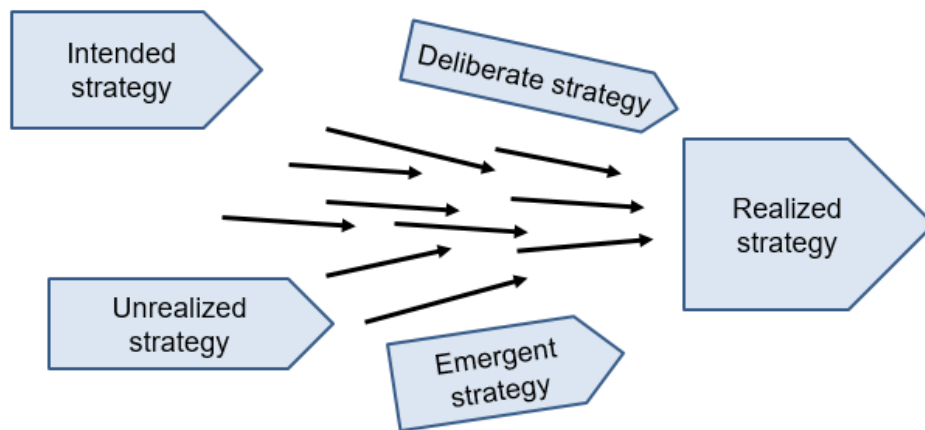


Figure 1. Figure 1. Emergent and deliberate strategies (Mintzberg, 1998)

On the other hand, emergent strategy is based on a variety of decisions that within time becomes clearer. Whenever managers and executives draw a series of directions that will culminate in a base decision to form the plan (Exploring Strategy, p 419). For each strategic decision made, it is very relevant to tailor the message to the stakeholders as all the decisions need to be communicated and approved. However, there are different people involved such as shareholders, employees and key customer and for that reason there must be a communication strategy.

2.2 How can strategic management be defined?

Strategic management has been guiding the business practice since 1950s with numerous contributors. One of its key goals is to point out decisions to be applied for long-term. Strategic Management is mainly a continuous planning, implementing, monitoring and analyzing each process within an organization to meet its goals. Strategic planning is vital to an organization so as to identify, once again, its competitive advantage that might lead to the company's success as mentioned before. The meaning of strategic management, among others, is to understand the relation of the organization towards their competitive environment. Considering the resources, competitors and functions, leaders make crucial decisions about the process that will reflect the company's ability to keep a sustainable competitive advantage within the

demands of external and internal forces. After ascertaining what the competition has to offer, it is easier to identify the needs and wants of the market. The environment plays an important role to any organizations as it determines the changes due to opportunities or threats such as political and economic changes, climate change and new technologies. By forecasting possible changes, we can easily prevent problems, as well predict the degree of precision in a company's decision.

Henry Mintzberg created a strategic process and divided it into ten schools of thought. Furthermore, the ten schools of thought fall into three grouping. The first three ones, *The Design School*, *The Planning School* and *The Positioning School* are prescriptive in nature, more concerned with how strategies should be formulated. The following six schools, *The Entrepreneurial School*, *The Cognitive School*, *The Learning School*, *The Power School*, *The Cultural School* and *The Environmental School* are more focused on specific aspects of the strategy formation process and less concerned about defining the ideal strategic behavior but how they are made. The last group is made of only one school, *The Configuration School* and is concerned about the content of strategies, organizational structures and their contents as they seek more integration. Mintzberg developed his view about strategy as a rational view of what was dominant until 80s. A theory based on organizations behavior, strategies are described as patterns from organizations behavior over time, and this is a thought closer to his Learning School of thought, for instance. These patterns are not only about the top managers, but the entire organization. This point of view shows us that, the learning process is very important so as to develop a strategy. According to that thought, is easier to learn from mistakes and that experience will improve the next step applied in the strategy, allowing people to learn by executing and by their own mistakes.

In addition, Richard Whittington identified four main schools of strategic theorizing. He called them Classical, Processual, Evolutionary, and Systemic according to their position regarding their wish about their outcome. Figure 1 illustrates the four approaches to strategy in Whittington's model that recognizes the strategy process changes depending upon the context and outcomes as they differ due to the complexities in external and internal environment.

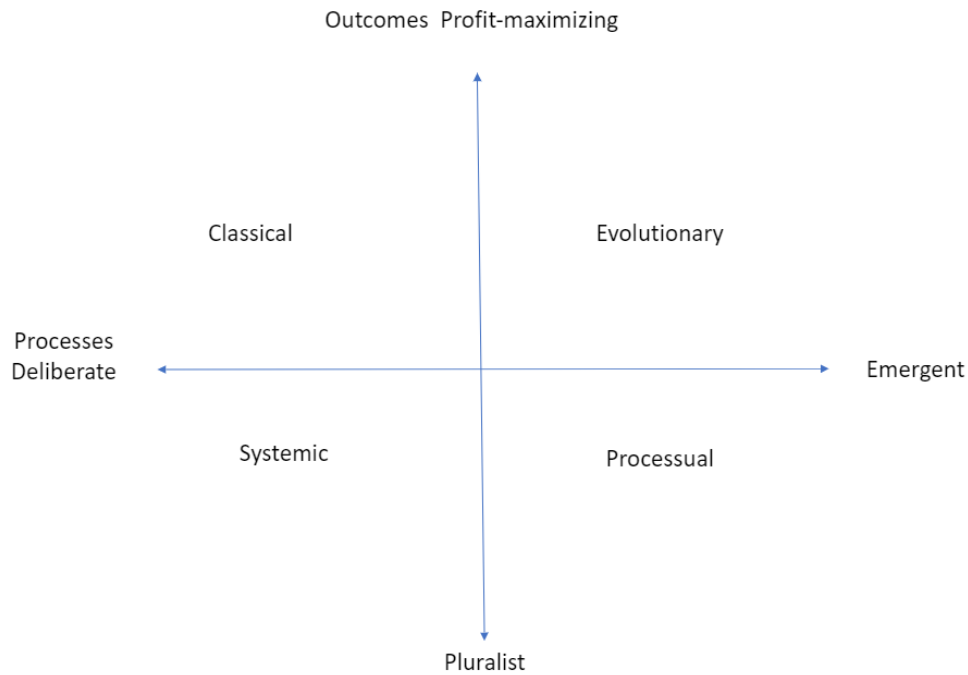


Figure 2. Whittington's model (Beardwell and Claydon, 2010).

The classical ones were concerned about increasing production and efficiency of the employees in other words they aim profit maximization. It was developed during the industrial revolution and has important names such as Frederick Taylor and Henry Gantt. The classical approach is focus on rational analysis in which managers have the power to plan a long-term strategy and execute. Most organizations are interested in their return on investment and according to Whittington when executing the strategy, the organization adapts the profit-maximizing strategies through a more rational planning with a top-down communication approach. The classical approach suits better organizations that are stable and more mature to influence individuals' performance. This approach assumes that the business environment can be predictable and to analyze it, PESTLE and Michael Porter's 5 forces model are used.

The Evolutionary approach relies on the market, trusting the market determines the choice of strategy. As the economic environment is continuously changing, the response to it is to maximize profit for survival. This approach trusts the company's

success depends more on the environment than on its managers. Also, this approach believes that the differentiation is a valuable tool to outperform the competition.

The processual approach does not value a rational long-term planning to describe a good strategy, as they do trust they must adapt to the challenges the environment brings towards them. The Processualists seek more than profit maximization, it pursues more pluralist goals by including personnel objectives as part of the company's goals, they trust knowledge is the most valuable resource and because of it they focus on internal development more than external so as to keep it as the organization's core competence since competitors are unable to copy or trade. The approach is bottom-up, meaning the employees come up with their own strategies based on daily processes.

This approach aligns both process and outcome with the cultural rules of the society. They follow a long-term planning in which the strategies are developed according to cultural objectives and practices. It is strongly dependent on the social system that the organization's business take place.

Classical and evolutionary approaches focus more on profit maximization as a result of a good strategy. Processual and Systemic approaches see other outcomes and not only profit.

2.3 Strategic analysis methods and tools

It can also be pointed out that, strategy is very important to enable a company to differentiate itself by adding value through activities done in its process, optimizing time for example. Clearly, by operating differently from its competitors a company will find out its competitive advantage. The scope of strategy is mainly to learn and adapt to deal with competition, however, competition is not only the other players but also in the fight for market share we must consider potential entrants, substitute products or services, suppliers as competitors, although in a different level or simply more or less prominent. Suppliers for example, can be considered a competitor as they can exert a bargaining power by raising prices or reducing quality of goods and services as well as buyers' bargaining power as they can change their mind about buying a specific product to buy another. The strategy field has evolved a lot after the concept of Five

Forces of Threat created by Michael Porter. It guides companies to assess industry attractiveness and trends that will affect the company. Also, it finds out the competitors so that a better plan can be executed. The job of a strategist is to understand and cope with competition, and to understand the industry competition and profitability is difficult not to apply the 5 forces analysis, as we can see in figure 3 (Porter, 2008).

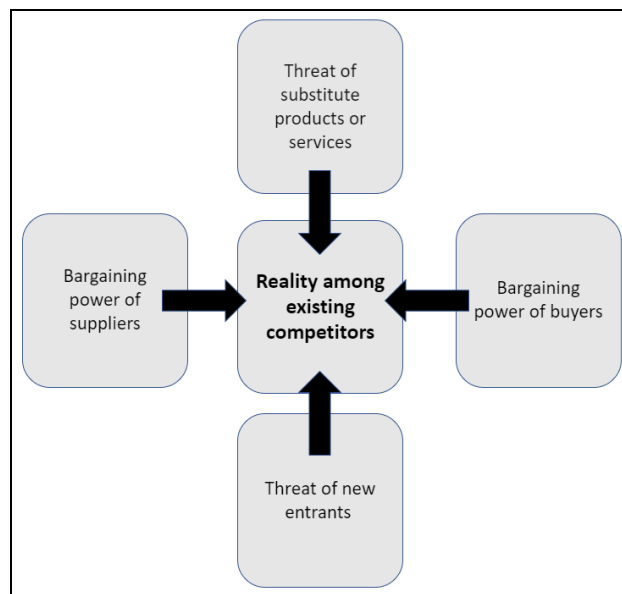


Figure 3. Porter's 5 forces (Porter, 2008).

Industry structure changes constantly over time, it is not static. Companies use different management tools to ensure a balanced strategic plan and making easier to track performance over time to identify if the goals are being achieved. Critical Success Factors (CSFs) facilitates a positive outcome for a business strategy (Reh, 2019) since it focuses on key areas of activities that must be well performed if the company is to achieve the mission and objectives. When identifying the CSFs, a reference is created to guide employees to perform their work towards the same goal. Trainings and follow-ups are categorized areas that requires constant attention and care from managers. CSF was first presented by D. Ronald Daniel in 1960s and has been used to improve businesses within their strategies and projects by avoiding waste effort on resources or just areas that are not so important.

Choices made by the competition about pricing and distribution also affects the company. Because of it, competitive advantage is exactly what differentiate a company from its competitors. Important sources of competitive advantage are cost leadership, differentiated offering and quality leadership.

As the competition is getting stronger day by day, companies need a strategy and it should be sustainable in order to obtain the competitive advantage. Among some of the competitive advantage, there are:

- *Low cost provider* - efficient operations and economies of scale help companies to keep competition out by being the lower cost provider and by doing it constantly, the chance of brand loyalty increases rapidly. For instance, Walmart or Lidl.
- *Market or Pricing power* - companies that can increase prices without losing market share. A good example would be a pharmaceutical company manufacturing a specific medicine for some cure or Ferrari.
- *Strategy assets* - such as, patents, trademarks, copyrights and so forth.
- *Product differentiation* - a unique product that stands out leads consumers to loyalty and is less likely to lose market share. A unique design that surely would distinguish it from the others as Lush or Desigual.

The success depends on customers' wants and desires. Regardless to say that, a want is something that a person does not really need but to some extent will make one's life easier or better in a way, with more comfort for instance. A desire on the other hand is something that a person wishes to have independent of his or her needs. As part of strategy, leaders should analyze frequently if the choices made are still worth to keep or if it should be taken another course of action. All in all, strategy should be tangible by all people that will work with it and equally important is to let them know what they should and should not do.

Good communication is also important to have clear understanding how the company plans on meeting the ends the company is striving to. In order to build an effective and powerful team, leaders should understand the importance of defining and sharing the objectives within the teams, enabling discussions to bring new ideas and build trust (Atkins, 2013). To plan the future strategies is needed to be aware of the current situation, position and so forth. Due to it, some analysis must be done to enable planning and a specific course of action. A common tool to analyze the current situation is executing the SWOT analysis, which identifies the strengths, weaknesses, opportunities and threats.

In addition to that, an analysis technique introduced by Albert Humphrey, who conducted a research project at Stanford University in the 1960s and 1970s using data from various top companies in order to identify the reasons why corporate planning failed. It was the origins of SWOT analysis, that at first was called SOFT analysis (Morrison, 2016). Later, Phillip Selznick came up with a model to measure internal and external factors originating the SWOT analysis. SWOT analysis goes over the strengths, weaknesses, opportunities and threats regarding the business environment and add value to the company by identifying what a company should and should not do.

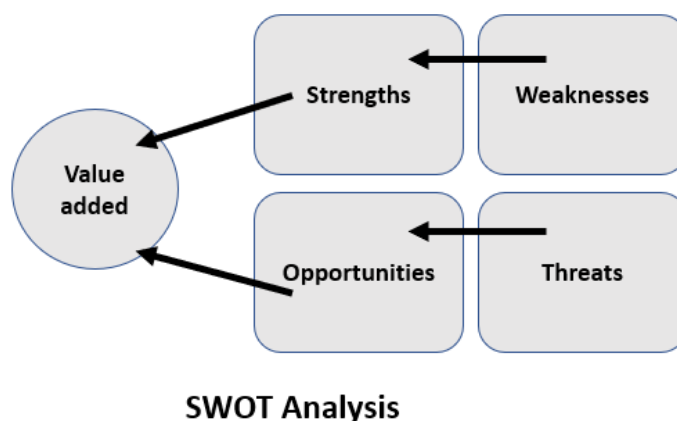
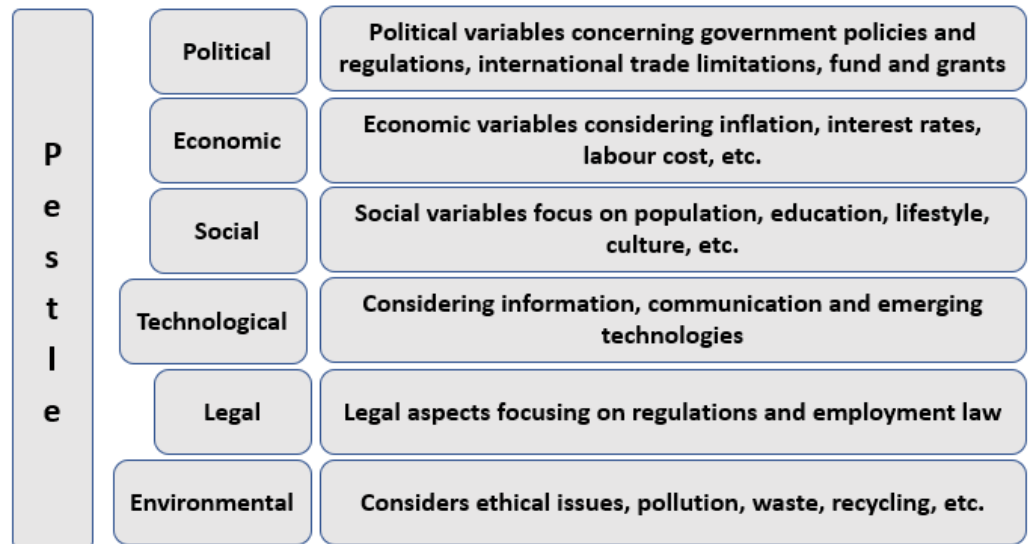


Figure 4. SWOT Analysis (Research Methodology 2019).

Considering a business, there are different strategies, as mentioned previously, that can be applied in a company and they determine who will be the customers, what the needs to be satisfied are and how the company can satisfy them. Within the organization there are three important strategies.

1. *Corporate level strategy* covers the overall scope of the company and how value can be added to their business by focusing on acquisitions or mergers, considering the diversity of the products and services, geographic scope and how resources will be better allocated.
2. *Business level strategy* is concerned with a response to competitors. Also known as competitive strategy that tries to figure out how to enable the business to compete in that specific market. By considering innovation and responses to the market movement.
3. *Functional strategy* is regarding how the company can meet the corporate and business level strategies regarding mainly its resources, people and dynamic in its processes to deliver components needed to have the first two strategies implemented properly.

It is important to minimize threats and consider opportunities by analyzing the macro-environmental factors in the industry, it can be done through PESTLE analysis. This tool aims to point out the political, legal, economic, social, environmental and technological position the company has in the market aiming to influence the future growth and development of the business. Table 1 points out some of the elements that are considered when using this tool.



Pestle analysis (Kotler, Armstrong, Harris and Piercy, 2013).

3 Human Resource and Strategic Human Resource Management

3.1 What has been the role of Human Resource Management?

HRM still does not have a specific definition even though it has become a popular term to refer to management activities regarding employees, it is relatively new since the start of managing people. It can be traced back to the Industrial Revolution in England in the late 18th century, however the Institute of Personnel Management (IPM) was established after the Second World War as the demand for labor and personnel specialist increased (Bratton and Gold, 2003). HRM is the predominant term used to describe theories and practices relating the way people are managed at work, other terms have been used such as personnel administration, human capital management, personnel management, people management, employee relations and industrial relation (Storey, Wright and Ulrich, 2019). It is also referred to as the policies used to simplify the work between the employees and companies (Beardwell & Claydon, 2010).

The importance of establishing both vertical and horizontal alignment in HRM policies and practices was identified with the emergence of the new concept that employees were assets and should be treated seriously (Storey, Wright and Ulrich, 2019). Policies

were used to improve different functions such as recruit, develop, reward and manage people, defining the approach of managing people or, as it was a common term established in 1946, Personnel Management (Bratton and Gold, 2003). Table 2 illustrates how HR developed in response to companies' growth in a fast pace as a result of new technologies, globalization, competitive environment and the appearance of union legislation in 1930s.

Decade	Major Business Issues	Common Titles for HR
Pre-1900s	Small business	No HR people
1900s	Growth of larger-scale enterprises due to effects of industrial revolution, first world war	Labor Relations Personnel
1920s	World- wide economic depression. Hawthorne human relations studies and first labor legislation	Industrial Relations, Personnel
1940s	Second world war, growth of large diversified enterprises	Personnel Administration
1960s	Civil rights and compliance	Personnel
1980s	Growing impact of globalization and technology, and emergence of knowledge/ service economy, human capital	Personnel/Human Resources
2000s	Modern organizations, organization effectiveness, strategic HR planning	Human Resource Management

Table 1. Evolution of HRM (Dressler, 2009).

Throughout the years HRM has developed in a much wider way. Its original starting point was solely as recruiter and management-oriented sector, Personnel Management, but nowadays it is the core of the company. The way of managing people changed when a continuous concern about the global competition, the internationalization of technology and the productivity of labor began in the 21st century. Because of it, it was expected a change in organizational design, culture and HR policies and practices, from the managers as Bratton and Gold refer to Betcherman et al., 1994, p.2, the traditional approaches to manage workers could no longer deliver the goods. By restructuring the Personnel Management towards a more non-hierarchical structures, an enlargement of jobs tasks with a greater autonomy aiming to shape intangible aspects in the workplace as beliefs, norms and values (Bratton and Gold, 2003). Along with the changes, the Personnel Management was shift into HRM model.

Among several roles, companies rely on HRM on a scope of compensation, employee motivation, training, performance management and benefits, and by working together with top-level management to bring a cohesive strategy. HRM is the liaison between the employees and the company. The company culture reflects the environment the employees work in and that is the reason why having a great environment matters since companies face a highly competitive environment and employees can easily look for a job outside the company or even within its competitors. If precisely and effectively executed, the outcome for the company can be great towards its goal.

Importantly, each organization is different and has employees with different backgrounds, ambitions, sectors and goals. For that same reason, the key to a successful HR strategy is to understand what unifies and motivates employees. Some of the tools used in HRM to motivate their employees are: competitive salaries, promotion opportunities, benefits packages, employee autonomy, freedom to be creative, staff training and development. We understand that economic growth creates opportunities for companies to invest in new products and new markets, at the same time consumers trust in a product must be considered as vital, otherwise companies have a high chance of facing a decrease in consumption and consequently less investors willing to invest in. Macroeconomic affects directly an organization, such as dollar value or oil price.

Following the financial crisis, the world had a drastic decrease in sales and resulted in downsizing the workforce in 2008. Whenever organizations are affected by financial crisis, the first thing done is to cut training expenses and stop recruiting. Other challenging aspect is the ageing population in Europe; however, it creates opportunities as companies are willing to attract and retain all qualified personnel since labor shortages might result in wage increases (Boselie, 2014). Recruitment managers have a very important role in the company to not only find the right worker but to keep in the company dealing with all aspects mentioned previously. The importance of having a balanced life between work and personal life reflects the quality and motivation at work. Therefore, it is important for organizations to act in accordance with corporate social responsibilities (CSR) and unions for example.

Considering that fact, in Europe, there is Eurofound- the European Foundation for the Improvement of Living and Working Conditions- that reports on working conditions, work-life balance, employment and more within the EU. It analyses the impacts in sectors and occupations, monitors the latest developments and with in-depth analysis helps to improve quality of work and life in Europe. When people find a balance between their work and personal life, they tend to work more efficiently and carry out better results due to less pressure they end up having.

3.2 How has Strategic Human Resource Management developed?

SHRM was the work of influential management gurus as John Bratton and Jeffrey Gold refer to Ouchi (1981) and Peter & Waterman (1982) as affirming the crucial value of the effective management of people as a source of a competitive advantage, that encouraged academics to emphasize the strategic role of the function of HRM.

SHRM is relatively a new discipline, it was originated between 50s and 60s (Vaish, 2016) and it has been growing every year since the environment is rather dynamic, the field of SHRM has burgeoned over the past 30 years due to the shift towards a strategic conception that sees the workers as assets rather than costs, focusing in treating employees as a key of competitive advantage (Storey, Wright and Ulrich, 2019). Organizations still change rapidly with acquisitions, mergers and reorganization to adapt to the fast pace. Nowadays, we cannot just consider multinationals companies (MNCs), since even small and medium enterprises (SMEs) have the same practice. Flexibility and the right people in the management of an organization is very important whenever is needed to change people in their attitude or behavior. A change in the organization is very difficult since it affects directly its most important asset, the people in the organization. However, it has become more likely to happen since the rapid changes, new trends, new technologies and more, the business world faces day by day.

The HRM encompasses a body of knowledge and a set of policies and practices that define the nature of the work and regulate the relationship between the employer and employees with functions that gives alternatives so that managers can act in accordance to company's goals (Bratton and Gold, 2003). It is designed to execute the

recruitment of personnel just at the same time to train and develop them, oversee employee-benefits, rewards and performance appraisal. Ensuring the success through the people, balancing the organizational practices and policies as well. At first, SHRM was focused on bringing value to the company by a strategic management of workforce regarding payroll, however, because of globalization much more had to be consider such as technological advances, researches that brought in inclusion, diversity, retaining talents and much more.

3.3 Current approaches to HR practices

The traditional approach is not enough to keep employees motivated and workplaces are evolving constantly since the wants and needs of employees are changing too (Comaford, 2018). Important to understand the type of employees a company is hiring or has, as the current workforce has a great number of millennials and generation z and both have different wants and needs. Millennials look for leaders they believe in, trust and want to follow, they are interested in working together since they pursue their own development instead of just job satisfaction, and they want a purpose not only a paycheck. On the other hand, Generation z is in search for a job security, rewarding experiences, be mentored and given feedback on daily basis since they trust that work environment have winners and losers and salary and benefits will motivate them (Hall, 2017)

Furthermore, John Bratton and Jeffrey Gold referred in their textbook to the study of employees at the American company Hewlett-Packard conducted by Platt (1997), that has showed professional men and women spend both 50 hours per week, however, women working at Hewlett-Packard spend an average of 33 hours per week extra on housework and child care, compared with 19 hours men would spend. Therefore, professional women have 2 hours less leisure time than men, and surely this dual-role syndrome can affect negatively women's health, psychological well-being and family life as Bratton and Gold referred to Burchell et al., 1999; Felstead et al., 2002. The way people are managed is impacted by the balance work and leisure activities. Figure 5 helps to understand important aspects in a person's life that there is a necessity to find a balance.

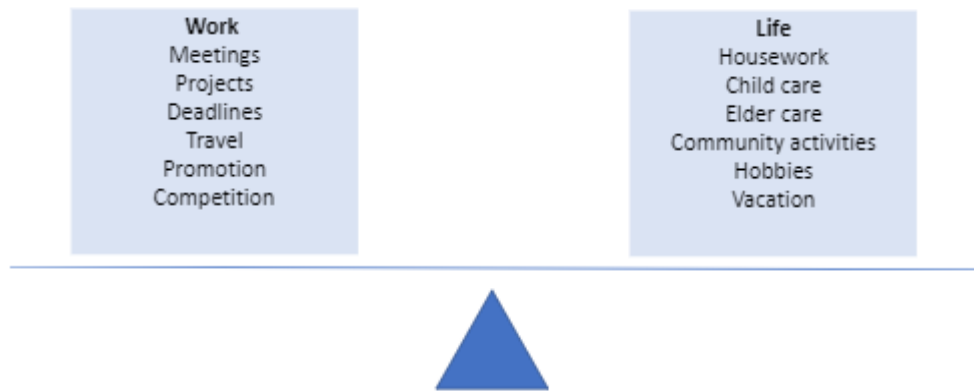


Figure 5. The work-life balance (Bratton and Gold, 2003).

Trust creates a reliable environment, hence the importance of giving space to workers to overcome their failures by learning, developing and, being motivated by empowerment. After all, it is important to focus on solutions and not on the problem and employees value the importance of being trusted and respected. A flexible, committed to health and Well-being Company, will be a top priority to many workers out there. Companies should understand the concept to attract and retain good workers, once they are inside the company, leaders need to give them satisfaction, happiness in what they do, otherwise they will look for something else that fulfills them professionally.

A flexible schedule balances personal and work life, and consequently less stress keeping the mental health boosted and that encourages people to be more productive. With the rise of the new economy in 1990 a shift from traditional production to services had a high impact on the nature of jobs in society (Boselie, 2014). The technology development allowed people to work from home, as Boselie referred to Felstead et al., 2002, opportunities to work at home can be a source for a better work-life balance. Boselie also referred to Dex and Scheibl, 2001 about flexible working arrangements that in early 2000s became very important to dual-career couples with children, taking to school and picking up became a major issue and for instance, some hospitals started having surgery after 10am so as to allow nurses and doctors to take their

children to school. These flexible arrangements characterized the modern organizations (Boselie, 2014). Workers are not robots and for that reason it is crucial to treat them as human beings considering relevant aspects such as; financial, physical and psychological, to help them ensure a healthy lifestyle. Simple things can make a difference in their lives, for example a standing desk, gym access and psychological support.

To have a high-performance team, people working with passion about what they are doing, can be achievable by combining innovation with disciplined execution (Denning, 2019) this agile form of efficiency has become more common than it was once expected. Companies as Apple, Amazon, Google, Facebook and Microsoft have been implementing practices in their management that are recognized as Agile, by making old practices such as bureaucracy simpler. Agile is a project management methodology that aims to keep improving the development of a service or a product through short development cycles known as sprints (Alexander, 2018). It was discussed first in 1970 by William Royce who published a paper about the development of large software systems. At first, it was designed only for the software industry, however, it has been used for several industries for instance, insurance, government, financial services, manufacturing and others, when developing products or services due to the collaborative and efficient methodology.

There are 12 principles of agile that still help to improve project management and HRM nowadays as an example we can point out customer satisfaction, stakeholders, developers collaborating closer, and many others. The benefits include higher quality deliverables, increased productivity and flexibility, decreased in risk of missing objectives, increased transparency and so forth. By improving performance, companies realized how important nowadays is to be risk-free, instant, frictionless and so forth, if companies do not keep this agile way of work, they ultimately would be out of work like Kodak, Blockbuster and many others. HRM leaders understand the value of visibility and adaptability, so that they can focus on developing the HR teams in recruiting, learning and development, compensation by using agile techniques. Senior leaders have realized that they should move beyond their functional role and reach out to a more team-based network (Deloitte, 2018).

4 Research question and sub-questions

4.1 Why is it important for companies to hire the right people?

Employees as mentioned earlier, are a very important asset to any company, since they deal with customers whenever it comes to delivering goods or providing services, bringing innovative ideas to the business etc. Recruiting is not only about fulfilling a position but equally important is to find a person that would be willing to be committed to a long-term so as to bring values and help the company to succeed. A long-term commitment facilitates whenever a corporation decides to invest in the employee by paying specializations, courses or a more specific training. In addition, recruiting can be costly and time consuming, optimizing it brings efficiency to a company as it is of crucial importance. Companies are sometimes forced to look outside the organizations to recruit for instance, senior marketing professionals, and that can be successfully done by identifying the talent a company already has internally. Succession planning is a way of ensuring that companies are creating a pipeline, developing a pool of workers that are capable of filling key posts.

Instead of using the traditional approach of having one or two specific individuals that might be ready to take on senior positions in near future, it has proven to be more efficient if there is a group of talent with transferable skills that can easily adapt to the needs the company happen to have for that specific position. HR professionals consider that talent management is a top priority as it impacts positively the organization's financial report, since employees have the chance to grow, and this is a very important matter as many employees end up leaving their companies if they lack career opportunities. The same focus on finding external talent, should be put in use to see the internal talents the company has and by giving the existing employees a chance to grow professionally, that could bring greater benefits to the company. In today's competitive environment, it is no longer viable to keep practicing the traditional HR talent management.

Therefore, it makes the work easier if a company has a talent management-oriented employer that focus not only on planning and recruiting but also on their development. Many companies encourage their employees to further their trainings, others use

executive coaches to develop their top managers' effectiveness and so forth. With technology moving in a fast pace, companies also adopt video conference distance learning in which different groups can take part of the training no matter which continent they are located. All these features help companies to retain the best employees, as they can keep on developing themselves, being promoted for it and further coach their own colleagues. Quality is very important in any aspect; the quality of employees should not have less importance since they impact directly the company's culture as well as financially.

Due to it, HR specialists does the job analysis, which determines what each position in a company entails regarding duties and required competencies. By having the right people, the company has a higher chance to create a long-lasting relationship with the employer, and consequently have better results towards company's goals. As we know, each person can bring a unique value to a business with its own personal and professional experience, studies and personality. Certainly, different functions do require different types of people due to it, a company should also take into consideration the personality the candidate has instead of only considering if he or she fulfills the job qualifications.

Analyzing the candidate's ability to learn is also important once there are rapid changes in technologies and people should have the capacity to learn fast in order to adapt. In addition, it is equally important to know if the candidate is honestly interested in the job he or she is applying, that can be identified by confirming how well the candidate knows the company and the position applied. Moreover, whenever a candidate is interested, he or she will ask more questions about the company and position when being interviewed. Transferable skills are also of great value as some companies have offices across seas, and every now and then there is a need of training people to a new office, which to some extent can be more efficient to simply transfer someone that already has certain responsibilities to accomplish such task. A bad choice when hiring employees can lead to a negative impact to the company, driving the sales down or adding extra costs for example.

On the other hand, we must consider the leaders as in the organization they will influence employees' performance directly. For some time now, most of the strategic

plans consider mainly the financial position and reports, but to achieve a good financial year, most of it will depend entirely on its employees. Things that can easily improve customer satisfaction can suffer from a dissatisfied employee. Satisfaction is as important as hiring the right person, a right and fair leader consequently will help employees to be motivated and push the company even further. Motivated employees speed up responses or delivery times, develop new products or a service, any performance that can improve customers' loyalty. To achieve that, it is crucial to understand that a trustful atmosphere, recognition and clearly not taking the employee engagement for granted but maintain the planning, monitoring, managing, aligning the company's vision and the employee's beliefs can boost the performance bringing better results.

The responses to work pressure should be taken into consideration in a wider view of work, since job satisfaction plays a very important role and should lead companies to plan a work-life balance. Finding an equilibrium between work and personal life helps to keep the job satisfaction, surely it will motivate employees to accomplish their goals. Nowadays, employees are demanding companies to expand their benefits including physical, mental and financial health (Deloitte, 2018). In response to that, leaders are investing in well-being programs as a talent strategy.

4.2 How do employees get interested in being part of the decisions and development? How can it influence the organization's strategy positively?

To have people motivated and working efficiently, it is vital to know how they think and what they expect from work, by understanding employees, managers can benefit. Considering the changes in the demographic environment, companies need to be aware how the changes will have major implications for business. (Kotler, Armstrong, Harris and Piercy, 1999) Within the new generations of workforce, it seems that every year more people wish to have a say in the organizations they work at, a say that would impact positively somehow the company, as the numbers of Millennials grow within the workforce available. When people are encouraged to be involved in a planning process, it creates a certain influence beyond their main responsibilities, perhaps a new way to implement new ideas, by their sense of security and logic that undoubtedly enriches the company with different perspectives. Nowadays, it is easier

to see companies having an open strategy so as more participants, from inside and outside the organization, take part in strategy development.

Leading organizations are changing towards empowering individuals to gain more valuable experience and attract top talents needed. (Deloitte, 2018) Among those participants would be middle managers and other employees from inside, and from outside would be investors and key partners. This brings transparency to the whole strategic process, depending on the issue debated, the people involved in the development should vary as well as what is revealed to people. The number of people will bring more ideas and help with the implementation of those ideas; however, it may slow down the strategy process due to the number of participants in an open strategy. Workers wish to be seen, heard and appreciated and that alone, if happens at the work environment, can influence them positively.

For some time, consumers have been determining companies' brand and for that reason a collaborative leadership that allows employees to get involved would to some extent, make possible the company's success as employees would become partners in the business management process. Consequently, allowing employees to be part of the planning, makes easier for companies to have a better business performance. By encouraging participation, leaders will enable employees to generate new ideas and implementation as well as innovative opportunities and an appropriate level of risk being taken. The business world is more connected than ever and by using this advanced technology, seems easier to find the right people and the right knowledge to ensure the company's progress. Finding a specific professional, the company is looking for, to interview and train is not an issue anymore if the employee is in another country or based in a different office.

On the other hand, adopting a collaborative leadership takes time and it is not easy to change organizational culture. As for instance, the organizational culture is the company's beliefs, values and ways of interacting, which contribute to a unique environment as the employees identify themselves with the company they are working at. With that, it can be assumed that a happy employee makes by own choice meaningful contributions as they are engaged to produce better results.

Engaging employees through collaboration and communication would yield maximum the results when working with young workers. By 2025, about 70% of the workforce will be Millennials. The new workforce behaves and think differently, as they would rather work somewhere that foster innovative thinking, in a place where they agree with its corporate social responsibility, values and vision, where enables them to develop their skills and somewhere they could contribute to the society positively. It is not anymore about employees that come to work every day to simply get a paycheck at the end of the month. Millennials are eager to make a difference, to show their leadership skills, to address to society's challenges such as resource scarcity and income equality, and as mentioned earlier they are interested in working for a business with ethical practices.

4.3 How has HRM developed since the 50's?

Between the 50s and 60s, there was the emergence of functional organizations and the HRM. Industrial organization provided the basis to improve and develop strategic management theories. For instance, economic theory was based on Industrial-Organizational Approach and it was engaged in making rational decisions and profit maximization, considering the competitive rivalry, resource allocation and economies of scale. The concept of Management by Objectives (MBO) was developed by Peter Drucker to define the company's objectives and establish targets in which superiors and subordinates could have a clear understanding about what they need to do in the organization achieve them. The assumption of MBO is that people tend to perform a better work when they know what their superiors expect from them and more, when workers can associate personal goals with the company's objectives. Foremost, by setting the goal and by having a plan of action the MBO raises the performance level of a company.

According to Porter, improving quality can be useless if we do not know what kind of quality is relevant in a competitive environment. Porter agrees that if a company wishes to ensure its long-term organizational success, it is needed to become able to adapt to environmental changes, knowing the risks and challenging opportunities into a remarkable advantage.

Having all the improvements while implementing and evaluating cross-functional decisions mentioned previously, Alfred Chandler recognized that it was very important to have interactions between functions or departments, not just one or two managers being responsible for the information back and forth among departments. This concept brought recognition to strategic management. Due to it, in 1962 Chandler affirmed that it was very important to look into the future in order to settle a long-term perspective. It was explained how giant companies such as General Motors (GM), had to direct their strategies towards long-term plans. This reassured the importance of the information flow, as mentioned in chapter 2. GM was an American corporation that was once the largest motor-vehicle manufacturer during the 20th and beginning of 21st centuries.

William C. Duncan was the founder of GM in 1908 and consolidated many motorcar companies that produced Cadillac, Pontiac, and others. During that period, GM introduced the electric self-starter in its Cadillac 1912 and later, it was reincorporated and gained a new name. General Motors Corporation, in 1916. In 1918 companies such as Chevrolet auto, joined the corporation as the corporation was doing well. However, in 1920 Durant was succeeded by Alfred P. Sloan Jr., who became the president from 1923 to 1937 and later as a chairman in the board of directors from 1937 to 1956. During his leadership, he reorganized the company's business units into a single enterprise focusing on five automotive divisions; Cadillac, Buick, Pontiac, Oldsmobile and Chevrolet, from the corporate headquarters. Top management would focus on numbers made in each of the divisions, regarding sales, market share and the inventory. Managers would be rewarded for their performance by promotions to work in the headquarters office.

The divisions operated with a certain autonomy trusting its large advisory and financial people, even though the work was done within a framework of an overall policy, the company proved the growth through strategic acquisitions, a shrewd marketing and with a spectacular financial department. GM thrived on a decentralized decision-making concept in the company's management that turned out to be a model for large industrial enterprises in the United States. GM's sales organization was as well strengthened during Sloan leadership as innovations were brought in to facilitate consumers' purchasing. For instance, the need to cut manufacturing costs was done by standardizing many mechanical parts such as generators and pumps. In the 60s, GM

was the first manufacturer to use robots and computers on the plant floor. It was used to produce door and window handles, gear shift knobs. In 1964, 90% of the welding operations were done by using robots.

In 1970s, most of strategic management was regarding size, growth, and the theory has changed from planning to a more elaborated strategy to improve performance and profitability. During this time, employment legislation grew, and advisors started to guide managers, so they did not break the law resulting in court cases.

During the 90s, people were seeking for more flexibility, better agreements regarding the working hours resulting in part-time jobs and temporary contracts. Traditional approaches in recruiting were not working as before due to the diversity in workforce and patterns of work too. In 2000, the internet was more in use and created new job opportunities in e-commerce, for example. A new strategy was required to help this transition in HRM.

4.4 How has strategic management evolved and it is it shaping the future of HRM?

Strategic Management has been developing a lot throughout the years and a considerable moment was in the 50s. The managers' focus was mainly on budgetary planning. So as to achieve a control over the budgeting, top management teams started using accounting tools such as capital budgeting, which is a process that determines and evaluates expenses and investments, and financial planning that is a six-step process to enable companies to meet their goals through a proper management of the financial resources. During the 50s, by controlling the companies' budgetary system, it was achieved a crucial tool for business, a competitive advantage.

During 60s and 70s, management focused more on corporate planning. It was a planning strategy to achieve long-term goals by aligning all sectors into working for same goals. Some organizations that aimed to grow, started to seek new opportunities for diversification. Moreover, during 80s and 90s, organizations evolved to extend beyond budgetary planning and controlling, corporate planning, to pay more attention to its position regarding the competitors. Companies tried to position themselves for a leadership and choose a more specific market segment. Entering the global arena

seemed smart and for that it was necessary to diversify. In the 90s, industry analysis and resource-based dominated in order to restructure, outsource and reengineer as these were major implications.

Between 90s and 2000s, corporations needed to keep a sustainable competitive advantage. Strategic alliances ruled this period because of the necessity to obtain a sustainable competitive advantage. For instance, acquisitions, mergers and joint venture happened globally. Virtual companies came along during this period shaping once again a new competitive environment. Virtual companies use the computer and telecommunications technologies to extend its capabilities by doing the work on daily basis with employees scattered in the country or abroad. It implies working with the use of remote facilities and of course a high degree of telecommuting. Globalization helped a lot to shape the strategic alliances that developed even more the business activities, as more companies started to make their business abroad, and those strategic alliances were not limited to large organizations but small and micro as well, and by having videoconferences, video calls and more prompt responses to urgent matters, it truly facilitated to close deals or hire someone.

The last decade was marked by a volatile business environment as the business world faced recession and crisis in the financial sector. In addition, Third World economies emerged developing new strategies for corporations. The competition has become global and for that reason hence the importance of the formulation and execution of the human resource policies and its practices that leads employees' performance exactly how the companies need to reach its strategic aims. HR will continue to develop and adapt to new technology in near future. It has already started to adapt as many companies are outsourcing such services or implementing AI in the offices.

Thousands of firms are merged or acquired and the logic that drives most of these acquisitions happened because of synergy, and the meaning behind it is to cut costs and boost revenues, while together they put an end to duplicate accounting, advertising, sales and many other departments, consequently there will be layoffs. Developing strategies in a newly emerged firm that is going through lots of changes is crucial since there is a high level of uncertainty about the needs of customers, products or services offered. Its basic productivity is being reestablished, and at first there might

be a growth that should be monitored as its processes will define the competitive position. Usually it happens to exist an imitation phase in emerging industries and that can impact negatively the profitability if lasts too long. The importance of operational effectiveness has increased the pressure on managers to deliver tangible performance improvements, since it is easier to get information about other companies in the same industry regarding what they do and how. Considering that, managers should not ignore how important a strategy is, and the focus does not have to be exclusively on customers need. The leadership has a strong influence over the reestablishing strategy, it is not only about making decisions but equally important is, how leaders will guide the strategy by teaching others about it, setting new limits, keeping a clear communication and trustful relationship among workers, for instance.

Artificial Intelligence (AI) is surely influencing HR departments as it is improving its processes, however, we must separate tasks that would be more suitable for humans. AI would most definitely optimize HR leader's time as they would be able to spend more time with employees and partners. Automating business processes would unquestionably ensure efficiency once time and physical presence are clearly a big challenge in today's business world. While dealing with people, it is clear the importance of having a face to face talk as we must take into consideration, they have personal problems, feelings and people appreciate to be taken care of. In addition to that, while developing and implementing new strategies is vital to keep having a dialog as a follow up with employees. Recruiting means dealing with a high volume of candidates at the same time and with a deadline to make the best choice, truly the AI would strategically improve in the first phases of a selection and improve not only by reducing biases and yet increasing the chances of having a diversified pool of candidates.

5 Volvo Group strategies throughout its history

5.1 How Volvo became successful in its industry?

Volvo Group is a Swedish multinational manufacturing company and its headquarter is in Gothenburg, Sweden. The company's core activity is the production and distribution

of buses, trucks, construction equipment, as well as industrial and marine supplies. Volvo Cars is also based in Gothenburg, is not part of Volvo Group since 1999 and it was bought by Ford Motor Company. Volvo Cars is owned by Geely Holding Group since 2010, a Chinese multinational automotive manufacturing company. The Volvo Group employs about 100,000 people and has production facilities in 18 countries from where they sell its products in about 190 markets. Volvo was born in 1927, 91 years ago, with ÖV4 which was the first that left the factory in Gothenburg. Cars made a breakthrough in the 20s in Europe and in the USA. In Sweden, the interest in cars aroused in 1923 after an exhibition of 97 cars in Gothenburg. Quality was an important aspect to the man who founded Volvo and this basic concept is applied to Volvo's way of making cars.

During the years between 1933 and 1935, the model PV36 was created to be an expensive luxury model with a series of only 500 cars and it was named Carioca due to Rio de Janeiro's dance fashion at that time. Another interesting model was PV444, which was manufactured in the autumn of 1944, was a combination of the American design with the European size and its production was a big deal as this unique style stayed in production for more than 20 years. The company has also manufactured military vehicles and equipment for the Swedish Army throughout the years, one of its models used in the army was 915 "Suggan". In 1957, Volvo management decided to commit to internationalization. The company worked very hard during the production of the model 120, and great number of safety features equipped the cars. In that same production in 1957, the first three-point safety belt was manufactured by Volvo as a standard fitting. Having explained briefly the first 30 years of manufacturing cars and its first models, the company tried hard to reach out more market by bringing new features and dedicating models to some specific style. Throughout the years, Volvo tried to combine operations, at first with Saab-Scania, a rival Swedish group, however the latter company rejected the idea. By 1970, Volvo started to collaborate with a French automotive group, Renault.

After 8 years Volvo Car Corporation was a separated company within the Volvo Group and Renault acquired a minority part, it was sold back years later. During the 90s, both companies partnered in researching and developing, purchasing, quality control and by doing so increased their cross-ownership. Renault would guide Volvo through entry-

level and medium segment vehicles and in exchange Volvo would assist Renault with its technology for upper segments.

In 1996 New York Times released an article regarding the breakdown of Volvo of Sweden and Renault of France as they faced opposition from stakeholders and its own management. Volvo's chairman resigned back then. The agreement between both companies was to establish a strategy alliance, joint production and R&D agreements, and supervisory boards. They both knew each other very well due to years of cooperation. The strategic alliance was motivated for two reasons, the first reason was regarding both companies' interests to exploit sizable potential synergies in several aspects such as purchasing, product development and quality and manufacturing. They were counting on the advantage they would gain regarding the scale of economies. The second point was to combine firms that would complement in services and that would assure their size to compete effectively in the global industry. Both companies had different elements that would complement each other for instance, Volvo had and still has its core values all about safety and engineering and, on the other hand Renault has styling and cost management. Another example is their management structure that in Volvo is decentralized, meaning the flow of information is easy to all and, to Renault is centralized by having a more formal flow of information.

Their ownership also was different, as Volvo had investor-owner and Renault had state-owner. Some disagreements started to happen in the committees and, both were concerned about the equal voice in the decision power, and most of the decisions were very sensitive. For instance, regarding the truck production, Volvo's engines had higher quality than Renault's and because of it, Volvo suggested that they would be responsible for all the production in heavy trucks and, Renault would be responsible for the production of medium and light trucks where they had good volume and Volvo was ranked as the second in world production. Renault did not accept fearing to be swallowed by Volvo's truck operation, and on the other hand, Volvo was afraid of losing or diluting its brand identity and consumer franchise. With a 50:50 control arrangement, both companies were able to veto decisions, and they both were very protective with their brand identities.

Despite of their merger deal was announced; the alliance was officially dissolved in 1994. Another remarkable joint venture was done in 1991 with a Japanese automaker Mitsubishi Motors as well as the partnership with an American manufacturer General Motors. Throughout the years, Volvo has been opened to new opportunities and tried through different channel to attract and retain its customers' brand loyalty.

5.2 Volvo's strategy

The company's mission is to drive prosperity through transport solutions. The company's aspirations are to become the most admired employer in the industry by having at the same time customer satisfaction regarding all its brands and segments, resulting in leading profitability in its industry. Customer success, trust, passion, change and performance are the company's culture and its code of conduct defines clearly the expectations about how the company operates its business, in addition, points out what the company stands for. The key strategies are costumer focus, decentralization, empowerment and P&L responsibilities for its brand organizations, a restless improvement to increase synergies, profitability and the leadership in technologies. Regarding the strategic priorities, based on long-term plans, operational plans are defined by each Business Area.

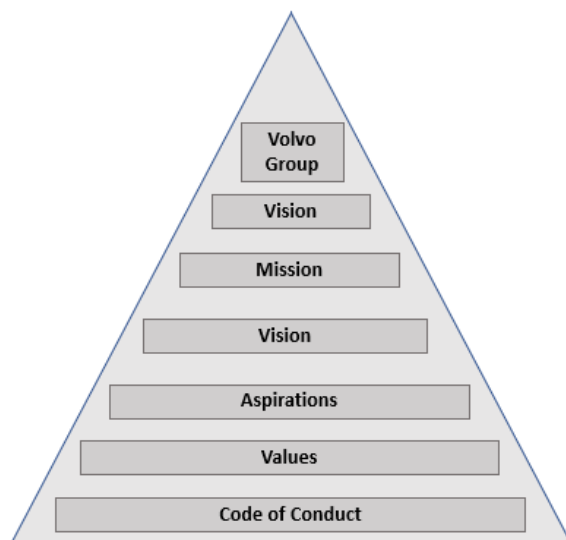


Figure 6. Strategy priorities of Volvo (Volvo Groupa report,2018)

The company aims to create value by supporting customer profitability, understanding customers' priorities and challenges to create products and services that increases customers' revenues and narrow down customers' costs. A good example is the idea of providing the most desirable heavy-duty product and service portfolio tailored to specific markets and segments. Volvo's customers have different requirements and cost structures, and for that reason they want different propositions depending on their type of transport and location, therefore offering trucks adapted for each necessity. Due to it, in 2017 a great number of new products and services focused on having a value for customers with the aim to strengthen their competitiveness in the market. Volvo Group also believes in a strong culture that engages people, therefore revitalizing its culture focusing on customer success, trust, passion, change and performance will drive business performance.

5.3 How successful were the changes in its strategic management?

This is a case study based only on secondary research. The aim is to give insight about the company's strategies since the first years. Clearly the company has been successful and one of the reasons is their critical role in developing a growth strategy. A talent-driven company needs to find and adapt new ways of working, which is not a big deal for Volvo since the company is opened to be committed to any transition into new technologies and business models. One of the company's goals for last year was to keep focusing on improvements to drive operational efficiency throughout the company and the value chain, and more, to manage the production and introduction of the new trucks in North America.

Therefore, unquestionably, the company kept on investing in innovative technologies in order to continuously improve the benefits for our society and customers resulting as well in securing the shareholder value in long and short term. Volvo Group had in 2017 a strong demand for its products and services, consequently the net sales increased across the globe contributing to a sharp increase in its profitability. As a result of having a strong financial position, such as its equity in the industrial operations corresponding to 26,9%, Volvo Group decided to introduce new financial targets. Supporting its truck customers that worked at high activity levels in several markets and meeting the surge in demand for construction equipment resulted in increased sales and profitability, a

strong cash flow and balance sheet. For that, the highest sales and operating income in the Volvo Group's history.

The company is one of the world's leading manufacturers of marine and industrial engines, construction equipment and of course, buses and trucks. By the end of 2019, Volvo Group will have started selling electric medium-duty trucks for city with the distribution in Europe. Regardless the place where the customers are, the world population keeps growing as well as the need for being more sustainable, emphasizing the importance of any company in improving its technologies to become more and more eco-friendly combating climate change.

Volvo is not only committed to becoming more environmentally friendly but also takes serious responsibility towards other important issues such as, human rights, labor and anti-corruption as Volvo Group has signed UN Global Compact, that is regarding companies' strategies and operations with universal principles. Clearly proves that its strategy is also to stay ahead of competitors securing its competitiveness not in products and services but as well as in organic growth and becoming closer to its customers. Company's mission is to drive prosperity through transport solutions and its vision is to be the most desired and successful transport solution provider worldwide. A modern transport solution increases urbanization in a sustainable way which is today's demand. To find a balance in relation to global challenges, Volvo Group considers in all aspects the impact on environment and the limited resources used based on Kate Raworth's Doughnut Economics model to achieve human development without damaging the earth eco-system. As far as we know, in case of a shortage of resources means that the population on earth will not have enough food, water, energy and health care, for instance. Taking into consideration these aspects, Volvo Group analyzed this model and Pestle analysis to find out the key trends that emerged in the industry.

To be the most desired transport provider requires to have trust to build a lasting relationship with customers, hence the company's values towards customers wants and goals. Customers can rely on first class services such as, financing, insurance, rental services, preventive maintenance and so forth. The group has a strong position globally due to its competitive product and services and the company's strategy was done in four steps as shown below.

- Talent need had to be identified

A detailed analysis was done regarding their current employees and it was decided that the company needed a large infusion of new talent. Counting on more than the skills the company was lacking but equally important fresh perspectives. For example, years ago the company would need mechanical engineers, however, nowadays the new cars demand software engineers.

- The right people to align the new initiative

It started to be in use a top-down change management model, with the collaboration of a core group McKinsey & Company with its chief executive officer (CEO), chief financial officer (CFO) and chief human resource officer (CHRO). The model used was developed by John Kotter as he studied large firms over 70s and 80s. It emphasizes leadership identifying and driving large scale organizational changes. It is done slowly and is very important if there is a massive reorganization within talent process. There are eight steps:

1. Establish urgency
 2. Create a guiding coalition - assemble a group with enough power to lead the change and encourage them to work as a team.
 3. Develop a strategy
 4. Communicate the strategy
 5. Remove obstacles and empower action
 6. Plan and create short-term wins
 7. Consolidate gains
 8. Anchor changes in the culture
- Targeting new talent pools

Transforming Volvo's product line into a new ideas and processes, by seeking not only in the automotive industry. Hiring new people from Google to renew its technology within the company's marketing and sales. Moreover, they have also hired Nokia engineers to improve its radio and navigation systems. The company needed to think differently about its approach regarding designing, making and selling cars. As a final touch, Volvo hired executives that have had the experience of initiating strategic changes at bigger companies. (Volvo, 2014)

- Integrating new talent

The company hired 3,000 new employees for its engineering and development departments and for integrating them successfully, for each 300 employees the company has given a personal coach

5.4 Recruiting people to fit to the culture

Volvo Group recognizes the importance of people and due to it the company focuses on attracting, retaining and developing people to successfully drive engagement and performance. Considering its recruitment process, Volvo continuously evaluate the company's need for recruitment and during the selection process they aim to hire the top talents. As an example, the company launched in 2009 Academic Partner Program (APP), which they offer study-visits, internships and on-campus activities aiming to build relations with selected target groups of students to connect their expertise with academic research and naturally develop in areas that will support their future business. More than 100 graduate positions are offered in International Business, Operational, Engineering and in IT fields. (Volvo, 2018)

5.5 How are Volvo's employees rewarded and managed?

Working in the Volvo Group, employees can expect competitive salaries, compensation and specific benefits, working a value-driven environment, in which employees' ideas do matter to leaders. Camilla Vitelli, VP of features, verification & validation with Group Trucks Technology, affirms how the company empowers its employees.

“The people who really make a difference to our organization, and who come up with the best ideas, are the ones who dare to take the initiative. And to do that, you need to feel trusted and empowered.” (Vitelli 2018)

By empowering employees, the company enables employees to design their own careers, by using opportunities for internal mobility or even international work. There is a compensation based on employees' performance and for each country and respective market, considering legal practices, there is a package of benefits. Volvo considers work-life balance a serious matter and tries to align new initiatives with employees' goals. Talent for tomorrow for instance, is a program that Volvo has for recent graduates to work with current employees for a period of 2 years from different organizational levels.

6 Technology and trends shaping the future of management

This study has indicated how the technology is evolving quickly and changing how business is done nowadays. Therefore, as in the market exists many new technologies being tested or already in use, such as big data, VR/AR, iot, cloud technology and more, two new trends were chosen to be analyzed. However, table 3 explains briefly the new technologies mentioned.

Big Data	Big data analytics is a term used to describe the examination process of large data. It analysis, collect, organize the data so that trends and patterns are revealed. Due to the amount of data is almost impossible to do in a traditional way. Hospitality, healthcare, public services and retail business are some of the industries using big data analytics.
IoT	IoT provides a common platform to devices keep their data with a common language. A network of devices gather and share how they are used and the environment through their sensors. Such as mobile phone, electrical appliances, cars, traffic lights, barcode sensors and finally they share the results for improving efficiencies. Volvo XC90 has this technologies so that the driver can for instance, heat the car before getting in it.
VR/AR/MR	Virtual reality (VR) is an immersion experience by using VR devices such as Google Cardboard or Oculus Rift. Users are transported into a real-world and imagined environments such as dinosaur era or the back of a giant dragon. Augmented reality (AR) adds to a live view digital elements. For example, the game Pokémon Go. Mixed Reality (MR) combines elements from both AR and VR and real-world with a digital interaction. Microsoft's HoloLens can provide the experience, it can be useful for instance with interior design.
Cloud technology	Stores and accesses data and programs over the internet instead of having the data and programs in the computer's hard drive for instance, Apple iCloud

Table 2. Table 3. New trends in technology

Source: Adapted from What is Big Data Analytics? Definition & Examples [Online], A simple explanation of "The Internet of Things" [Online], A short history of Big Data [Online], What is cloud computing? [Online] and What is the difference between AR, VR and MR? [Online]

6.1 Artificial Intelligence

Artificial intelligence (AI) is the development of machines that learn from experience, adjusting inputs and perform human-like tasks. It relies on natural language processing and an intensively learning for instance computer games and self-driving cars. New technologies enable computers to accomplish specific tasks by processing data and recognizing patterns in the data. The advanced is due to increased data volumes, advanced algorithms and improvements in computing power. There is a significant opportunity to improve HRM with AI for instance, self-service transactions, recruiting and talent acquisition, reporting, payroll and more. Providing more capacity, more time

and budget to use in other things, accurate information for managers. On the other hand, it can be expensive to adopt AI in the field, rises concern about the privacy as data should be only available to authorized people, it requires deep learning and regularly updates due to the maintenance. It will decrease bias in HR decision-making, reduce the amount of time HR people spend on administrative tasks and other benefits.

Many companies have been designing new trends to manage people during their staying at the office. For instance, AI has been used to monitor staff closer behavior by harvesting data on emails, accesses and files edited and who meets whom and when by Isaak system, Isaak system promises to offer insights into each employee. (Booth, 2019) According to the CEO of the company responsible for the creation of Isaak system Ankur Modi, the system aims to provide wellbeing analysis as well as to detect overwork as employees should be allowed to have some freedom to think, and rest between tasks in order to keep quality and concentration optimized. In addition, there is always a risk the system will be misused and focused only to boost a company's productivity. Workers might become more stressed since Isaak can detect if a person stops using the computer, staying on a phone call for longer than expected. AI is being developed with different features such as face recognition software and mood monitoring at work and even recording a worker's location based on their wearable devices. Isaak was produced to prevent stress and burnout, but still creates distrust among workers as AI optimize control, according to Ursula Huws, a professor at the University of Hertfordshire. In addition, there are professions being taken over AI, machinery and robots such as bookkeeping, accounting and auditing clerks (Copeland, 2019)

AI and new communications technologies are changing drastically how work is being done, the responsible person for doing it and how that influences the society. Today, there is a considerable focus on machine learning such as Hanson Robotics, the human-like robot. The accomplishments in science research and engineering are inspiring robotics and AI scientists. (Hanson Robotics, 2019) The AI of Hanson Robotics combines neural networks, expert systems, machine perception, conversational natural language processing, adaptive motor control and more. That combination leads to a unique response and interaction of the human-like robot. All that combination soon, could push the business world even further reducing the language

barrier, for instance. As a hybrid of human input and AI, the humans in the Sophia Intelligence Collective (SIC) comprised diverse experts for example, AI scientists, philosophers, psychologists, from various cultures, ethnicities, gender orientation to work together. Sophia was created to help improvements in education, uses of medicine and AI research. Becoming more empathetic and contributing to humankind, Sophia's dream is of a future wherein humans and AI live and work together, a Human-AI collaboration. Undoubtedly, it creates a valuable opportunity that also brings unforeseen impacts, besides few people are aware of, such as truck drivers and other professions that will disappear due to the development of AI.

6.2 Social enterprise

A shift in business is impacting on leaders' decisions worldwide, the emerge of social enterprise. It reflects mainly on social capital that guides its relationship with stakeholders and shapes the organization's purpose. One more time we see the importance of workforce, workplace and technologies over business and HRM (Deloitte, 2018). It was pointed out in this study that, the traditional assessment of organizations performance is not enough anymore, due to the fact organizations are being increasingly judged on its relationship with their employees and the organization's impact on society as well, switching from business enterprises into social enterprises. Social enterprise is an organization that aims to combine revenue growth and profit with the necessity to support and respect their stakeholders and the environment, emphasizing its role model as a good citizen to both, inside and outside the organization, by promoting collaboration. Successful business focus on maintaining a positive relationship with customers and employers but equally important, they focus as well to have a good relationship with the regulators, local communities and stakeholders.

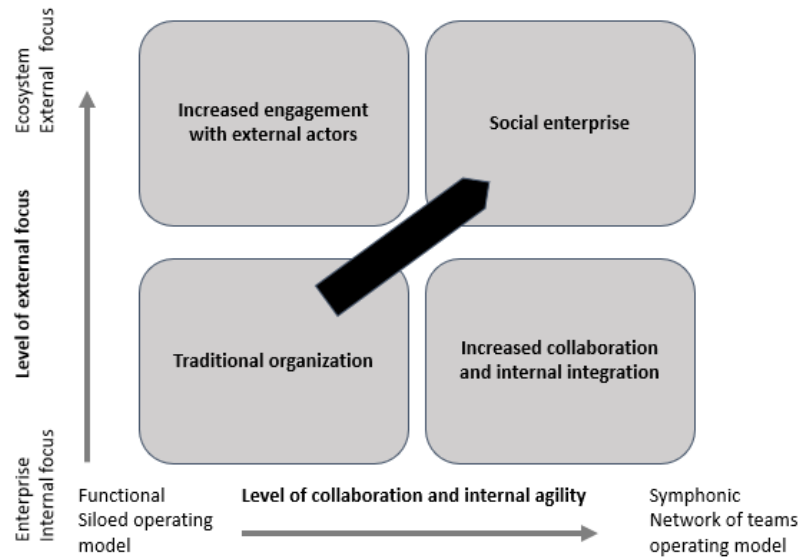


Figure 7. Social enterprise evolution
Source: Deloitte Global Human Capital Trends survey, 2018.

A good collaboration among workers enables agility, as we can see in the figure, the growing has shift to an external focus, as nowadays, organizations tend to respect more demands and expectations since they are sensitive to them due to the constant and rapid growth of the competitive environment. According to Deloitte survey, the shift was driven because of social, economic, and political changes results of the financial crisis in 2008. There are forces striving to these changes and one of them is the growing of the individual power, having Millennials questioning companies their core activities regarding their corporate behavior in relation to society. With a world hyper-connected, meaning the interaction between workers and outside world, people can follow company's behavior and products and express their opinions to a wide audience increasing the individual power even more.

Hence, the proactive approach to manage teams and spread a wealth flow of information. Another important current issue is how people place their trust on leaders instead of their government since politicians have not been so effective in meeting social challenges (Deloitte, 2018) After the financial crisis, people lost the trust in their political institutions and they expect more from the business leaders to fulfill their expectations. Those expectations place an enormous pressure on companies, and it results in opportunities created as companies are engaging people in decision making

and gaining allies by doing so. CHROs and top managers are aware of the positive influence of the actively strategic management among the workforce and the sectors within a business delivers a better general result.

7 Conclusion

There has been an incredible development within industries due to the improvement in technology, communication, changes along the way in workforce as a result of financial crisis and wars for example. Because of it, SHRM has developed a great deal since the beginning of HR. Strategy has been applied in different ways for long time, depending exclusively on goals and implementations. Strategic planning has been steering companies to adapt to the changes as the competitive environment grows continuously, also the development of trends and workforce are and will continuous to be important factors to connect SHRM concepts to companies in near future. Millennials generation is most of the workforce available nowadays, and that should also be a reminder of the generation z that is also growing in numbers within the current workforce. Both have different expectations from work, and because of that it can be a challenge for managers working with them at the same time and in the same team. Hence, the flexibility, clear communication and adaptability as vital factors to connect with the workforce.

Despite the development throughout the years, the business world continuous to implement new tools to optimize the work, emphasizing the efficiency in new technologies and AI that is already implemented in companies globally and in various industries. At first the strategic planning was focusing mainly on external factors, but it switched to consider the internal ones as it impacts the result immensely. Furthermore, top managers should continue to find a balance between the interests of the company and its employees as well as customers and stakeholders. Since the image companies create of themselves will impact sales and profit directly, due to how customers and stakeholders expect companies to work, for instance, considering the environment needs and human rights.

Nevertheless, companies have already realized the importance of employees over the strategies towards the organizations' practices and results. In near future, companies should invest in finding qualified professionals and keep their motivation and interested in developing themselves further in the career. Employees development is beneficial to the company since qualified and experienced professionals will add value to the company as individuals' responsibilities are increasing and more tools are being implemented to analyze and manage individuals' performance. Despite the change that is happening in the workforce, companies have already been preparing to understand and develop a trustful relationship with the employees. Important aspects seen in the business life nowadays and that will continue somehow to have a considerable impact, rose some recommendations and they are listed below.

1. Becoming more open to creativity, strengthen the relationship between leaders and Millennials when mentoring or developing strategies together in teams regarding the social responsibilities and environmental issues as the concern grows daily.
2. Trusting workers' capacity and responsibilities since working remotely will become more common in certain industries. In addition, by trusting workers, leaders are empowering them and that leads to improvements in their performance.
3. Regarding the flexibility, workers aim to gain a balance between work and personal life, which is of extremely importance as reduces the pressure and consequently the stress. People working with less stress tend to be more productive and motivated. Work-life balance is becoming important not only for women but for men too. However, there are industries, employers and employees that still value and respect the hard work seen when working extra hours and taking extra courses aiming to develop and grow in their career and within the company.
4. A strategic professional helps companies to avoid mistakes that would lead to huge losses. The Learning School of thought, believes that learning by mistakes helps the next step as the worker will not make the same mistake

again, but a strategic manager is not supposed to make mistakes, but be precise instead. However, that cannot be applied to all workers since some of them do learn by mistakes and improve themselves.

5. The agile is another important factor in today's business, it makes simpler the routine at work by removing bureaucracy and organizing data more efficiently and faster. Clearly, it will become more common in the next few years since analyses short development cycles known as sprints and results are higher quality deliverables, productivity and flexibility increased and so forth. This research points out how new technologies are influencing and optimizing the work and end-results.
6. AI is changing drastically some professions as others will disappear as AI will be able to do certain works. Considering HRM, AI will be useful in the first steps of recruiting, selecting CVs, analyzing exams and even interviewing applicants, but the final steps and the daily routine should be carried out by people. The reason for that is very simple, a person is able to understand feelings, tension at work, if an employee has a family matter to sort out, all those issues should not affect the quality of work, but they do. Hence, how companies understand the weight of having a good relationship with its employees and empowering them leads to better results.

SHRM has been the implementation of strategies within the people involved in each process of a company, the role of it is to make the goals achievable within the strategies. Moreover, SHRM allows leaders to work alongside with employees improving the strategies while implementing new trends and technologies. Business managers have been meeting employees to dialog about the plans, implementations and follow-ups and must continue to do so in all industries to also identify the long-term HRM risks.

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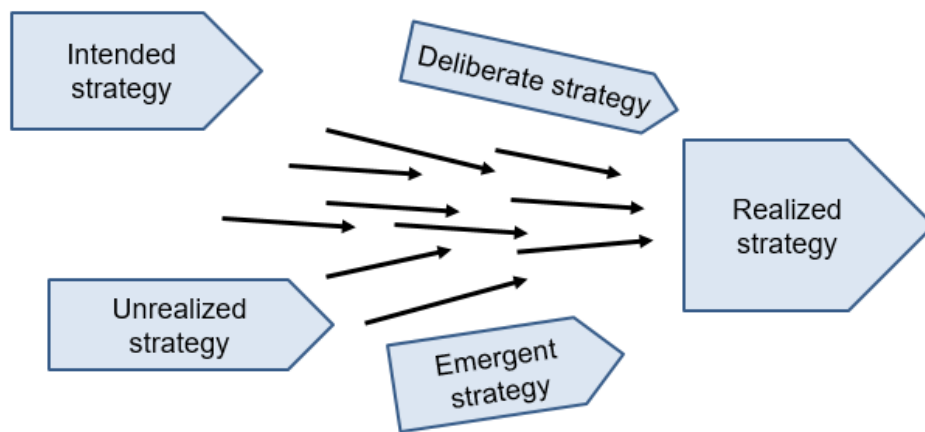
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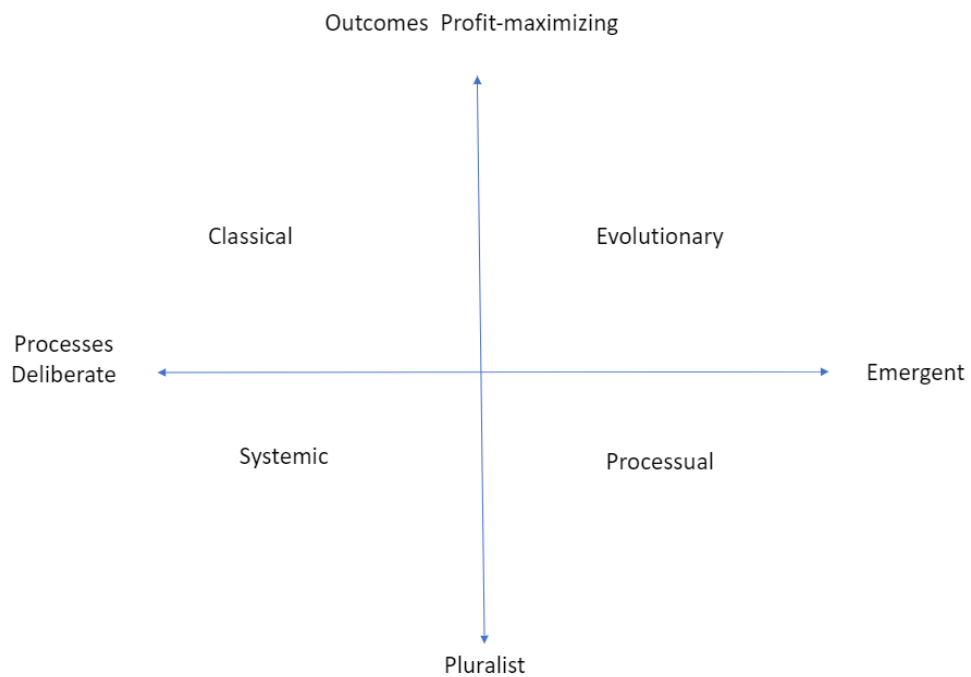
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Appendix 1. Emergent and deliberate strategies



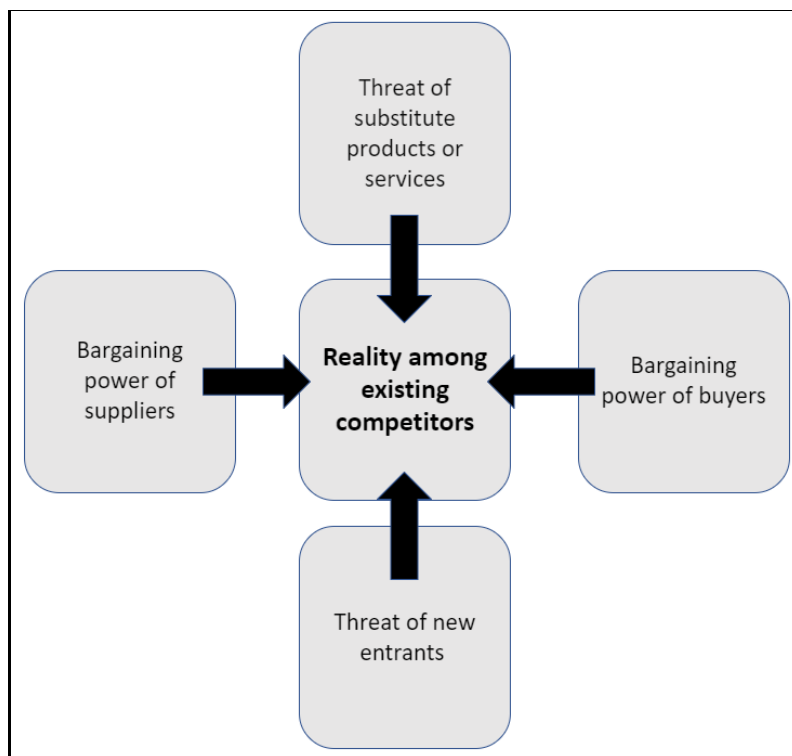
Source: Adapted from Strategy Safari. Mintzberg, 1998.

Appendix 2. Whittington's model



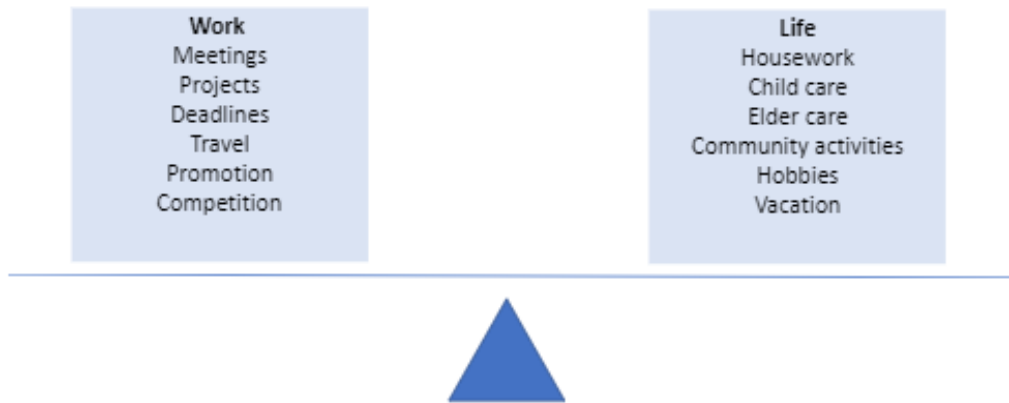
Source: Adapted from Human Resource Management A Contemporary Approach.
Beardwell and Claydon, 2010

Appendix 3. Porter's 5 forces



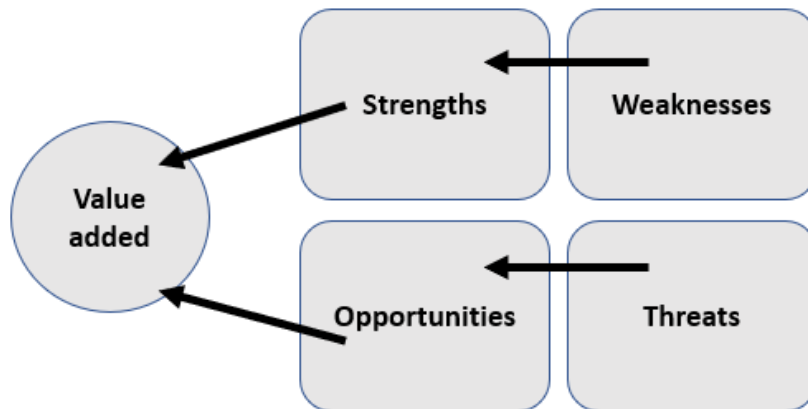
Source: Figure adapted from On Competition. Porter, 2008.

Appendix 4. Work-life balance



Source: Adapted from Human Resource Management Bratton and Gold, 2003

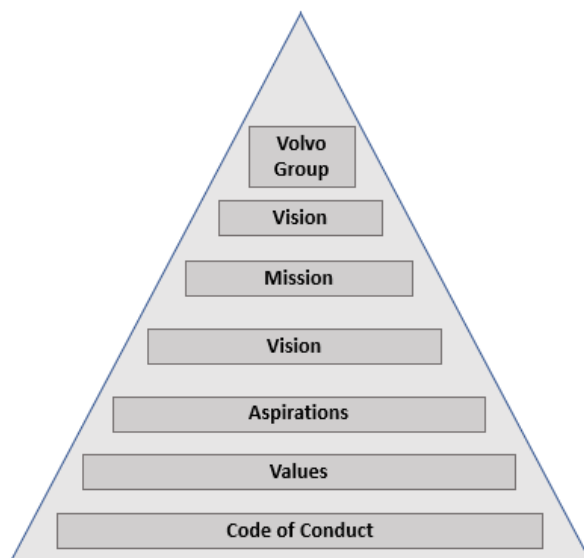
Appendix 5. SWOT analysis



SWOT Analysis

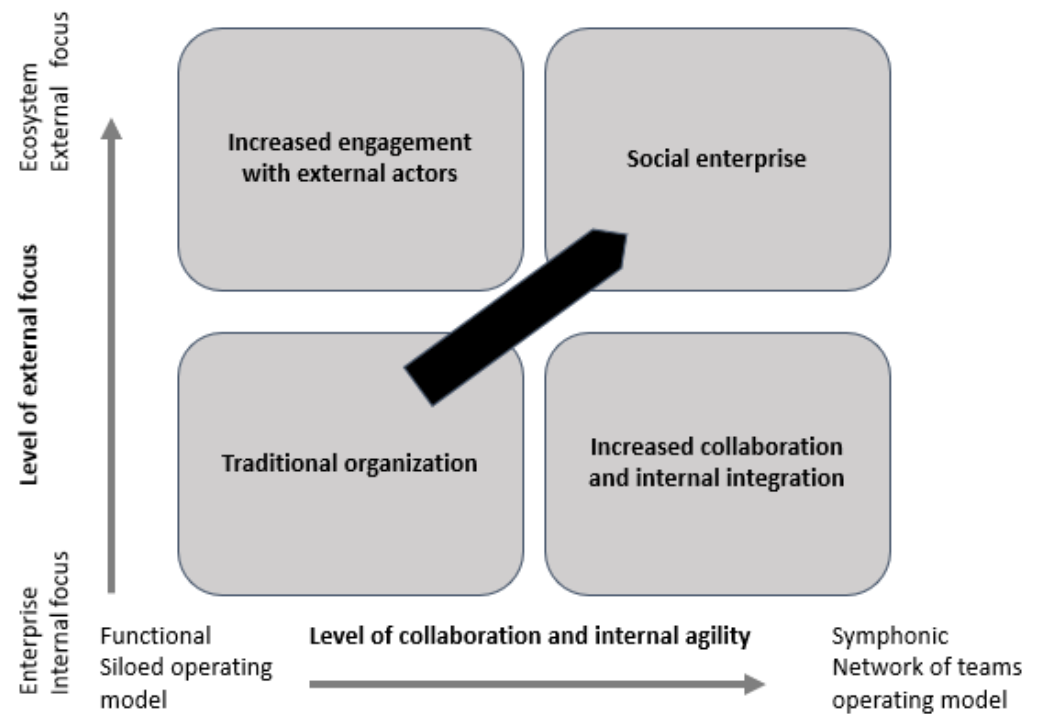
Source: Adapted from Research Methodology.Net 2019

Appendix 6. Strategy priorities of Volvo



Source: Adapted from Volvo Group's strategies and actions to improve performance report

Appendix 7. Social enterprise evolution



Source: Deloitte Global Human Capital Trends survey, 2018.

Appendix 8. The Evolution of HRM

Decade	Major Business Issues	Common Titles for HR
Pre-1900s	Small business	No HR people
1900s	Growth of larger-scale enterprises due to effects of industrial revolution, first world war	Labor Relations Personnel
1920s	World- wide economic depression. Hawthorne human relations studies and first labor legislation	Industrial Relations, Personnel
1940s	Second world war, growth of large diversified enterprises	Personnel Administration
1960s	Civil rights and compliance	Personnel
1980s	Growing impact of globalization and technology, and emergence of knowledge/ service economy, human capital	Personnel/Human Resources
2000s	Modern organizations, organization effectiveness, strategic HR planning	Human Resource Management

Source: Adapted from Fundamentals of Human Resource Management Content, Competencies, and Applications. Gary Dressler, 2009

Appendix 9. Pestle analysis

P e s t l e	Political	Political variables concerning government policies and regulations, international trade limitations, fund and grants
	Economic	Economic variables considering inflation, interest rates, labour cost, etc.
	Social	Social variables focus on population, education, lifestyle, culture, etc.
	Technological	Considering information, communication and emerging technologies
	Legal	Legal aspects focusing on regulations and employment law
	Environmental	Considers ethical issues, pollution, waste, recycling, etc.

Source: Adapted from Principles of Marketing. Kotler, Armstrong, Harris and Piercy, 2013

Appendix 10. New trends in technology

Big Data	Big data analytics is a term used to describe the examination process of large data. It analysis, collect, organize the data so that trends and patterns are revealed. Due to the amount of data is almost impossible to do in a traditional way. Hospitality, healthcare, public services and retail business are some of the industries using big data analytics.
IoT	IoT provides a common platform to devices keep their data with a common language. A network of devices gather and share how they are used and the environment through their sensors. Such as mobile phone, electrical appliances, cars, traffic lights, barcode sensors and finally they share the results for improving efficiencies. Volvo XC90 has this technologies so that the driver can for instance, heat the car before getting in it.
VR/AR/MR	<p>Virtual reality (VR) is an immersion experience by using VR devices such as Google Cardboard or Oculus Rift. Users are transported into a real-world and imagined environments such as dinosaur era or the back of a giant dragon.</p> <p>Augmented reality (AR) adds to a live view digital elements. For example, the game Pokémon Go.</p> <p>Mixed Reality (MR) combines elements from both AR and VR and real-world with a digital interaction. Microsoft's HoloLens can provide the experience, it can be useful for instance with interior design.</p>
Cloud technology	Stores and accesses data and programs over the internet instead of having the data and programs in the computer's hard drive for instance, Apple iCloud

Source: Adapted from [What is Big Data Analytics? Definition & Examples \[Online\]](#), [A simple explanation of "The Internet of Things" \[Online\]](#), [A short history of Big Data \[Online\]](#), [What is cloud computing? \[Online\]](#) and [What is the difference between AR, VR and MR? \[Online\]](#)