



## **Developing a people strategy for a case organisation**

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## Abstract

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<p>The objective of this thesis was to develop a people strategy for a case organisation which is an internationally growing IT company. The people strategy should set the guidelines and high-level plans on how the people management is developed to reach the organisation's business targets.</p> <p>The theoretical part introduces how the field of human resource management in general and human resource strategies in particular, has developed to include more people-centricity and explains the importance of strategic people management to both the organisation and its employees. The multi-stakeholder view is used as a key concept in this thesis and the process of strategy development is based on gathering data from as many sources as possible.</p> <p>The theoretical part covers also the practical aspects of strategy; strategy itself is a future-oriented process that aims to fulfil the objectives of an organisation. It should be developed using the best available evidence, examining the external and internal environments, and including people from multiple stakeholders to ensure a solution that fits best the organisation's specific situation.</p> <p>The methodology introduces a case study that has been inspired by a design thinking process, which is then used in the empirical part of creating the people strategy for the case organisation. The development of people strategy includes three parts where the first part aims to resolve what needs to be developed. This part includes the <i>Examination</i> phase which includes data collection and analysis; the second, the <i>Prioritization</i> phase, entails selecting the most important themes for the strategy. The second part is about finding out how the themes should be solved in the people strategy. In this part, the <i>Specification</i> phase covers the goals and restrictions for the output, <i>Creation</i> phase includes the actual creation of the people strategy. The last part covers the <i>Evaluation</i> phase where feedback is gathered.</p> <p>The result chapter showcases only a high-level picture that shows the parts of the people strategy and the context around them, but the actual output for the case organisation was a detailed plan for all of the parts in the people strategy; engagement, resourcing, rewarding, and learning and development strategies. These four parts are carefully aligned with each other and the business strategy, following a best-fit approach to developing a people strategy.</p>
<b>Keywords</b> people strategy, people management, design thinking, multi-stakeholder approach, best-fit approach

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# 1 Introduction

The topic of this thesis is developing a people strategy for a case organisation that works in the IT field. This chapter introduces the objective, the case organisation, and the structure of this thesis in greater detail.

## 1.1 Objective

The objective is to create a people strategy that serves the business objectives and fits the needs of different stakeholders of the case organisation. To reach that objective, the following sub-questions need to be answered:

- What are the most important people issues in the case organisation’s strategy and different stakeholders?
- What are the most important aspects of creating the people strategy for the case organisation?
- What are the most important objectives for the people function? What needs to happen to get from the present state to the objectives?

The topic of this thesis is bound to a larger movement in the people field where the focus has started to evolve from a traditional view of employees as resources to a more people-centric paradigm (e.g. Wright & Steinbach 2022). In the literature, this approach is referred to with the terms “people management” and “people strategy” instead of human resource management (HRM) and human resource (HR) strategy (e. g. Jolink & Dankbaar 2010, 1437, 1448).

This thesis takes on this modern approach by applying a people-centric approach to people strategy and by applying design thinking to the strategy process. Accordingly, a lot of different stakeholders are involved and their needs and wants are considered broadly instead of just creating a strategy that serves the shareholders’ most prominent need; return on their investment. This way, during the war of talent and paradigm shift, people’s well-being and longer-term gains are ensured for a large population.

So far, the focus on the people function’s work in the case organisation has been mostly operative and the broader vision has been in the hands of the sole people management professional in the case organisation. As the business grows, the organisation has a written strategy defined, and the team responsible for the people function has grown, it’s also important to gain a more strategic approach to people issues. This approach ensures that the operational work is aligned with the longer-term targets and time is spent working towards the most important matters. People strategy also ensures enough resources for employee satisfaction and engagement which are key to

retaining and attracting employees. These are extremely important, especially in the IT field where employees are hard to get, and the case organisation is growing heavily.

Many references use the terms HRM and HR strategy, but in the context of this thesis, it has been evaluated that the used references are aligned with the people management term, where applicable.

This study has been limited to covering only the development and preliminary evaluation of the people strategy. Therefore, the implementation and later evaluation as well as future development of the people strategy have been ruled out.

## **1.2 Case organisation**

The case organisation is a growing Finnish IT organisation that creates mobile device management (MDM) product for small and medium-sized organisations (SMBs). The case organisation has two locations in Finland: Lappeenranta and Vantaa. In addition, it has a local presence in North America, Central Europe, and Oceania. The organisation employs around 65 people, and the number of employees is constantly growing.

The organisation was founded in 2006 with an on-premise IT asset management product but in recent years, it has actively developed a cloud-based management tool for mobile devices. This has also led to a cultural change with more emphasis on agile methods across teams and more cross-functional cooperation.

In the summer of 2022, a large USA-based organisation that focuses on cloud-based solutions that enable remote working for SMBs announced their plans to acquire the case organisation in late 2022. Because the created people strategy was supposed to be implemented around the same time as the purchase would realise, the implementation and the future development of this thesis were ruled out. Instead, it was decided that the process of this study would focus solely on the development and evaluation of the suggested strategy.

## **1.3 Structure of this study**

This thesis has six chapters covering the theoretical framework, methodology, practical work of developing the people strategy, results, and discussion. These are presented next in greater detail.

The theoretical part of this thesis covers how people management has evolved from traditional HRM, what strategic people management is, and why it's important. Then it moves on to explain how the strategy is created, implemented, and evaluated as well as the most important roles in the

organisation in different steps of the people strategy development work. In the last part, based on the literature, the theoretical framework for this specific thesis is introduced.

The methodology chapter explains the methodological choices for the development process are explained together with the design thinking process that has inspired the process used in this thesis. Lastly, the process adopted in this thesis is introduced.

Different data collection and analysing methods are introduced in the fourth chapter alongside the process of developing the people strategy for the case organisation. The chapter examines in detail, how the research was executed; how the material was gathered and processed as well as how the people strategy was constructed step by step.

The fifth chapter showcases a broad view of the created strategy by introducing the context of the people strategy as well as the themes that were chosen to be a part of the people strategy. The details of the people strategy are confidential and will only be examined at a high level.

Lastly, in the discussion chapter, the results are compared to the literature alongside their usability and relevance to the case organisation and a broader audience. Then, the reliability of the study is discussed before examining the learnings. The last chapter covers the future implications of this research.

## 2 Strategic people management

The way an organisation employs and manages people is called human resource management (HRM). HRM is put to practice by the HRM system which means a set of practices that work together in interaction and have a common purpose. When the HR system is built well, the different practices support each other to reach HR goals. (Armstrong 2021, 7, 11.) A strong HRM system is viewed as distinctive, consistent and concise (Bowen & Ostroff 2004, 208).

The HRM function is responsible for both transactional and transformational matters. Transactional tasks are about delivering services such as recruitment and organising training. Transformational tasks are strategic. (Armstrong 2021, 131.) To understand strategic human resource management (SHRM), the concept of strategic management needs to be first understood. It is a process that involves creating, implementing, and refining the strategy as the organisation's environment changes (Boxall & Purcell 2016, 46). Strategic management is concerned with where the organisation wants to go and how it aims to get there. The strategy itself has three characteristics; it's future-oriented, regards that the organisation has sufficient resources, and the functional strategies are aligned with the business strategy. (Armstrong 2021, 25-26.)

There are a lot of different definitions for SHRM (Armstrong & Brown 2019, 6). Wright & McMahan (1992, 298) use 'the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals' as the definition whereas Jackson, Schuler and Jiang (2014, 2) define 'HRM systems (and/or subsystems) and their interrelationships with other elements comprising an organizational system, including the organization's external and internal environments, the multiple players who enact HRM systems, and the multiple stakeholders to evaluate the organization's effectiveness and determine its long-term survival'.

A commonality for several definitions is that SHRM serves the objectives of the organisation (Armstrong 2021, 35). According to Boxall & Purcell (2016, 4-5), human resources are the capabilities and motivation that employees possess, and HRM means how managers are able to leverage those assets for the organisation's benefit while also creating social bonds to gain the best possible performance out of the whole organisation. Thus, SHRM is a process that aims to achieve strategic goals through human resource management (Armstrong 2021, 34).

The following chapters will explain in further detail, how the HR field has evolved from resource thinking to considering the people in the organisation, why strategic thinking in people management is so important, how people strategy can be constructed, how to create people strategy in practice, and which roles are important for it in the organisation. All of these are vital aspects to understanding the importance of this thesis.



## 2.1 From resources to stakeholder-centricity

From the people strategy's point-of-view, it is highly important to comprehend what kind of assumptions the literature offers for people management and how these assumptions have changed in recent years. Therefore, the central theories are examined in this chapter.

One of the dominant theories of SHRM is the resource-based view (RBV) (Freeman, Dmytriyev, Phillips 2021, 1760). RBV is based on a book by Edith Penrose (Boxall & Purcell 2016, 82). Penrose (2009, 21-22) has identified physical and human resources in organisations. Since then, her ideas of strategic management have evolved to RBV (Boxall & Purcell 2016, 83). Nowadays, physical, human, and organisational aspects of an organisation are regarded as resources in the RBV framework. They are attributes that create sustained competitive advantage and create the unique characteristics of the organisation. (Truss, Mankin & Kelliher 2012, 104.)

According to the RBV, resources (for example the employees) must be valuable, rare, imperfectly imitable and non-substitutable, since only these types of resources can create a sustainable competitive advantage. A valuable resource means it either creates value for the organisation or it minimizes its risks. (Truss & al. 2012, 104.)

Even though RBV has been a dominant theory in SHRM, the field has recently been adopting more and more people-centricity and consideration towards employee well-being which can be seen for example from the rise of the term 'people management'. People management is often used as a synonym for HRM, but it should have a separate definition (Armstrong 2021, 71; Zhang-Zhang, Rohfler & Varma 2022, 589).

The stakeholder theory has been created to answer the needs raised by all the stakeholders of an organisation in its strategic management. These stakeholders include for example employees, customers, and competitors. According to it, the strategy process should include analysing different stakeholders of the organisation to create and assess the impacts of the strategic management on each stakeholder group. (Freeman 2010, 8-17, 113-116.) Much of the research on SHRM has been concentrating on the financial impacts of SHRM thus considering only shareholders and ignoring other stakeholders (Wright & Steinbach 2022, 23-24). Nowadays, many researchers who have added focus on other stakeholders too, focus only on one stakeholder group. Usually, employees are considered over others. (Barney & Harrison 2020, 209).

The stakeholder approach has a positive impact on how people management influences organisational success. When also other stakeholders are considered, value isn't only measured in financial outcomes but in those matters that are valuable to each stakeholder. In an organisation that is stakeholder-focused, the HR function is considered critical because employees are usually

important stakeholders for any organisation. In stakeholder-oriented organisations, people management leaders emphasize and facilitate strong personal relationships between organisational leaders and key stakeholders and their representatives, preferably in the form of one-to-one meetings. In addition, for example, incentivising chief executives on social matters is a stakeholder-oriented practice. (Wright & Steinbach 2022, 23-24, 34-36.)

The origins of both RBV and stakeholder theories are in strategic management, but RBV became dominant in strategic management whereas stakeholder theory has been mainly associated with social issues (Freeman & al. 2021, 1758, 1760). The stakeholder theory, however, is different from corporate social responsibility as it doesn't consider environmental issues per se or take into consideration the industries or countries the organisation invests in (Barney & Harrison 2020, 209). In recent years, these two theories have started to co-exist and RBV could become more comprehensive if it would be enriched with the four elements of stakeholder theory: (1) incorporating values, norms and ethics, (2) broadening sustainability from only competitive advantage to also cover stakeholder relations, (3) recognising people for more than mere resources, and (4) fostering cooperation. (Freeman & al. 2021, 1761, 1767.)

To differentiate a more modern take on HRM, the term 'people management' has started to increase. Example uses for people management used in academic literature include using it to describe line-managers practising HRM (Purcell & Hutchinson 2007, 3), and differentiating it from HRM as management practices that go beyond the traditional view of HRM and emphasize relationships (Jolink & Dankbaar 2010, 1437, 1448). It is based on a philosophy that doesn't regard employees as exploitable resources. It considers the owners, the managers and the employees as stakeholders that manage the employment relationship. (Armstrong 2021, 65, 71-72.) Zhang-Zhang & al. (2022, 589-591) emphasize people-centricity in people management.

Strategic people management is based on strategic human resource management, but it includes employees' points of view more broadly. On top of this multi-stakeholder approach, in strategic people management success is measured by how well the organisation can satisfy all of the stakeholders' needs instead of only evaluating performance by financial numbers. Emphasis is more on developing and implementing working people strategies than creating a complicated web of intertwined HR strategies to drive business performance. What really differentiates strategic people management from HRM is its focus on developing and implementing pragmatic people strategies. (Armstrong 2021, 74-75.)

Global demographic and economic circumstances increase the mobility of employees. People's views on career life cycles are changing and that requires more leadership skills and a new set of processes from people management, employee development and career management. This has

led to the war of talent where organisations are competing globally for the same competent employees, and it requires organisations to attract and retain people in new ways. (Beechler & Woodward 2009, 281-282.)

The purpose of people management is to balance the employees', shareholders' and other stakeholders' needs. Thus, it requires that the policies are beneficial to all parties and ensure that employee welfare is not oppressed by the business goals. (Armstrong 2021, 72, 79.) These principles answer the needs raised by the war of talent.

The growing people-centricity can be seen for example in the form of employee experience, of which interest has peaked in recent years (Armstrong 2021, 14). This is evident in practice for example in the reports written by consultancies such as McKinsey and Deloitte (e. g. Dhingra, Emmett & Samadani 2018; Darbyshire 2021). People management considers the employee experience as a bottom-up process and for that, the employee's point of view needs to be considered when planning the people strategy. (Armstrong 2021, 72, 79.)

Employee experience entails how people perceive their work and surroundings; it tells, how employees feel about their work (Armstrong 2021, 14). It also explains how employees' expectations and needs are met by organisational design (Morgan 2017; Maylett, Patterson & Wride 2017, 52-53).

Usually, efforts towards engagement and better employee experience don't work because the actions are not the ones the employees are expecting and consequently, employees should be part of the design process by increasing design thinking and co-creation with the staff (Plaskoff 2017, 137). Both informal dialogue and formal internal communication give meaning to employee engagement which implies that employee experience is created through both co-creational and functionalistic approaches used together (Lemon 2019, 185, 190).

The psychological contract - "the unwritten, implicit set of expectations and obligations that define the terms of exchange in a relationship" - is most important for the employee experience. It includes feelings, perceptions and memories and therefore it's difficult to manage. (Maylett & al. 2017, 121-123, 130.) Employees use people management practices as signals of the organisation's intentions because they have a limited view of the organisation's true intentions (Casper & Harris 2008, 107). People management practices are used to communicate the employer's intentions, which implies that they affect the psychological contract. Psychological contracts are built over time, and they focus on the long-term commitment between the organisation and its employees (Bal, Kooij & De Jong 2013, 548, 560).

## 2.2 Importance of strategic people management and people strategy

This chapter presents the importance of strategic people management first by exploring the dynamic capabilities and how they create sustained competitive advantage for the organisation. Then, the importance of strategic people management and people strategy are evaluated based on the AMO model of performance and their value for employees.

Because an organisation's ability to produce a stock of valuable assets doesn't yet make give them capabilities to succeed, RBV isn't enough to explain how to win in the market. In order to succeed, organisations need dynamic capabilities that are their ability to turn their assets into profitable new constructions by integration, reconfiguration or creation (Teece, Pisano & Shuen 1997, 514-515). The distinction between original capabilities and dynamic capabilities is that original capabilities are processes and knowledge that can be bought at a reasonable price. Dynamic capabilities on the other hand are the abilities to re-invent the organisation's assets to gain an advantage. (Schoemaker, Heaton & Teece 2018, 17.)

When an organisation is able to recruit talented individuals, keep them and they form networks, the organisation can create advantages such as team-based learning, that can't be easily transferred or mimicked in other organisations. Hence, the competitive advantage of human resources is gained through talented employees working in teams in an exceptional environment. (Barney & Wright 1998, 40; Boxall & Purcell 2016, 97-98.) To gain sustained competitive advantage, the organisation must have people who are able to implement the organisation's mission and in best-case-scenario, lead the organisation through change and this can be achieved through strategic people management (Boxall & Purcell 2016, 103; Teece 2009, 4-5).

It has been established that strategic people management positively affects organisational performance, but finding out an inclusive explanation for why that happens, remains uncovered. The AMO model is one theory that has been widely used to theorize this link between people management and increased performance. (Bailey & al. 2018, 156-160.) The AMO model of performance explains how an organisation's performance relies on employee ability (A), motivation (M) and opportunity (O) to perform. Ability means they have the needed skills and tools to perform, motivation means they want to perform, and opportunity means that their environment supports them to perform. All these factors generate organisational performance, and people management affects all of them; ability is created through the functioning hiring process and training initiatives, motivation is created through reward programmes and leadership practices, and opportunity is created through job design and communication. (Boxall & Purcell, 2016, 155-157.) People function is in a key role to ensure the AMO model is actualised in an organisation (Bailey & al. 2018, 160; Boxall & Purcell, 2016, 155-157).

Skill-enhancing, motivation-enhancing and opportunity-enhancing people practices are linked to financial outcomes by improving human capital and employee motivation (Jiang, Lepak, Hu & Baer 2012, 1279-1280). Sometimes different factors of the AMO model are more important than others: in simple projects, ability affects the performance more than other factors, and in complex projects, motivation plays a bigger role and there people management practices can have a greater effect. (Dasi & al. 2021, 83, 85.)

Although the AMO model explains the value of strategic people management for the organisation, it obviously only serves the organisation's objectives and leaves out employee well-being (Boxall, Guthrie & Paauwe 2016, 104). Still, strategic people management is beneficial also for the employees. When people management practices are viewed to increase performance, it lessens the feeling of exhaustion in employees (Shantz, Arevshatian, Alfes & Bailey 2016, 182). People management that focuses on the empowerment of the employees is also engaging for them (Van De Voorde, Van Veldhoven & Veld 2016, 205). People management can even mediate the negative effects of certain management practices (Heffernan & Dundon 2016, 225-226).

Based on the literature on the impacts of strategic people management, its role for the organisation and its employees is vital; not only does strategic people management create better organisational performance in terms of finance, but it can also have significant effects on employee engagement, satisfaction, and well-being. The people strategy also establishes in which parts of the people management the organisation wants to invest and makes the intent towards its employees more visible.

### **2.3 Approaches to people strategy**

There are three major modes of strategic human resource management: universalistic or best-practice, contingency or best-fit, and configurational approaches. These are examined in this chapter to understand how people strategy can be approached.

The universalistic approach emphasises the importance of practices that are shown to be the most effective for managing people across organisations (Boxall & Purcell 2016, 58; Delery & Doty 1996, 805.) This approach assumes that certain best practices always outstand other options no matter the circumstances, and the same practices should be taken into use in all organisations (Delery & Doty 1996, 803).

The contingency approach emphasises the need for bundling a set of people management practices while ensuring horizontal fit between the different focus areas of people strategy and their vertical fit with the business strategy (Delery & Doty 1996, 807). It means that decisions are based on the organisation's specific use case, considering the business strategy and environment (Boxall & Purcell 2016, 58; Delery & Doty 1996, 805).

The configurational approach is the most complex and it requires horizontal alignment between different employee-related practices which are created as a tight-net bundle (Delery & Doty 1996, 803-804). There has been growing attention during recent years towards the configurational approach. Examples of configurational approaches are for example high-performance, high-commitment and high-involvement work systems. (Bailey, Mankin, Kelliher & Garavan 2018, 129-130.)

High-performance management focuses on productivity by bundling together employee selection practices, employee and managerial development practices and a rewarding system that is bound to performance management activities (Armstrong 2021, 83). In his pivotal report, Huselid (1995, 645) has identified 13 high-performance work practices that show a linkage with the organisation's performance. These practices were personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, labour-management participation, selection ratio, training hours per employee, and promotion criteria (Huselid 1995, 645). High-commitment work systems include hiring broad talent, job design, employee participation as well as team-based learning (Hauff, Alewell & Hansen 2014, 426). High-involvement work systems focus on employee participation and greater skills are emphasized in recruitment, development and performance appraisals (Boxall & Macky 2009, 10).

The configurational approach has similarities to the universalistic approach as there's a pre-defined set of people practices bundled together and thus, much of the same criticism can be applied to both approaches (Bailey & al. 2018, 131).

Based on economic theory all organisations won't profit from the same practices (Kaufman 2010, 303-306). On top of economic theory, also differences in cultures indicate the same practices might not be transferrable globally (Boxall & Purcell 2016, 78). People management practices are affected by the context in which the organisation operates (Toh, Morgeson & Campion 2008, 877) and many organisations base their people management models on management's values, the structure of the organisation, and the unionisation of the field (Boxall & Purcell 2016, 77).

Boxall & Purcell (2016, 79-80) argue that the contingency approach is far more effective than others, but companies can also benefit from the universalistic approach; the areas covered by the universalistic approach are important when put into the context of a given organisation and as such, general principles of people management could be identified for everyone to benefit from. They conclude that organisations can base their people management on an underpinning layer of universalistic best practices and a surface layer of best-fit practices and policies. This means that to a certain extent organisations benefit from having certain areas of people management covered by policies, but how these policies are planned and implemented might vary. (Boxall & Purcell 2016, 79-80.)

## 2.4 Evidence-based approach to developing a people strategy

To ensure a strategic fit between different parts of the people strategy and the business strategy, an evidence-based approach is vital – otherwise, the people strategy is based on assumptions. Evidence-based people management is about collecting and analysing data and making decisions based on found links and correlations. (Armstrong 2021, 99-101.)

Strategic people management should be evidence-based meaning that it's built upon data and the people management practices are researched and benchmarked. The decisions should rely on evidence. (Armstrong 2021, 100.) Evidence-based people management considers four features when making decisions. These are using the best available scientific sources, knowing the organisation through metrics and facts, evaluating based on procedures that reduce bias and increase learning, and considering the ethical point-of-view of all stakeholders and society. (Rousseau & Barends 2011, 223.)

The evidence-based approach requires a certain set of skills and practices. Firstly, analyst skills are needed to find and understand the data. Secondly, people professionals need to be able to see the business as a system and understand how things affect one another. Thirdly, involving people from different parts and levels of the organisation by understanding their needs but also informing them on people issues. Finally, finding the best-fit approach through internal data and external benchmarks instead of following the latest people management trends is important. (Bourne & Haddon 2010, 14-15.)

People strategy is developed by generating strategic options and making choices that fit them. The choices should be based on the business needs and employees' requirements, and the decisions should be backed up with evidence. (Armstrong 2021, 103.) Although, an entirely rationalistic approach to people strategy can be difficult or impossible to reach (Armstrong 2021, 102; Bailey & al. 2018, 102; Boxall 1993, 658). The strategy process can be affected for example by politics and trade-offs in the top management (Bailey & al. 2018, 102).

Key considerations in the strategy work are defining the participants, how the process moves forward, where to start, the innovativeness of the strategy and how it will be presented (Bailey & al. 2018, 101). The process of strategy formulation is often equally important as the strategy content (Tyson & Witcher 1994, 22). Both the content of people management practices and policies, that optimally drive the organisation towards achieving its business goals and the process of designing the HRM system in a way that fosters shared meaning, are needed for organisational performance (Bowen & Ostroff 2004, 206). These are examined in the following chapters.

### 2.4.1 Content of people strategy

People strategy is the critical choices that are made by managers to build and uphold the workforce (Boxall & Purcell 2016, 26). It shows the organisation's intent towards its employees through the policies and practices and how those are bound with the business strategy and how they work together (Armstrong 2021, 80). People strategy is an interactive process rather than a plan or a document (Brown, Hirsch & Reilly 2019, 47; Wright, Snell & Jackobsen 2004, 46).

The strategic choices are affected by the external and internal environments, and it's important to create a consistent people strategy (Armstrong 2021, 80; Bailey & al. 2018, 95). The foundation should be in the values that the organisation has towards people management. (Armstrong 2021, 80.)

Three types of people strategies can be identified. These are broad statements, overall strategies, and specific strategies for different areas of people management. Broad statements only explain the intent of the people function. Overall strategies include best-practice bundles that aim toward high performance, high involvement or high commitment. The specific strategies are best-fit strategies for specific areas of people management that are aligned with each other and the business strategy. (Armstrong 2021, 80, 82.)

People strategy includes priorities for the most important employee-related matters, and the key functions and policies. Usually, the strategy answers the organisation's need to attract, motivate and retain talent as well as rewarding and leadership development. (Beechler & Woodward 2009, 282; Brown & al. 2019, 46-47; Wright & al. 2004, 41.)

The strategy involves flexible plans for short-, medium- and long-term activities. They should be bound together and consider estimates of workforce plans as well as an annual plan and budget. The workforce strategy includes dimensions, sources and supply of the workforce and considers the possible changes in it. The timeframes are heavily affected by the field. Nonetheless, the strategic and operational levels need to be intertwined. (Brown & al. 2019, 46-47.) People strategy differs from people policy by its orientation to the future. People policies describe how things are performed whereas people strategy gives direction for the changing circumstances. (Armstrong 2021, 81, 103).

Focus and delivery are key for people strategy instead of complex plans and thus, prioritization is essential (Brown & al. 2019, 46-47). The strategy should be easy enough to implement and much of the emphasis should be given to how easily line managers and people management team professionals are able to take action. (Armstrong 2021, 121-122.)



### 2.4.2 Process of people strategy

According to Wright & al. (2004, 37), strategy work can have an inside-out approach that starts with the current HR function and makes changes to it, or an outside-in approach that starts with the business need and has real value. They argue that a process that starts with an analysis of the external environment and then proceeds to develop the people strategy through identifying the business strategy and finding the links to people issues is not a universal solution even if it is a good one. (Wright & al. 2004, 40.)

Wright & al. (2004, 45) recommend an outside-in approach that starts with creating a process to involve managers in the people strategy work. A formal process to involve others should be in place. Then, identifying how external changes are tracked through key trends and scenario work. These combined with business strategy are the starting point for people strategy. Next everything the people function currently does should be abandoned and started new to build a process that truly adds value to the organisation. The fourth step is identifying the key metrics for the business and the people and having them always disposable for people function. Then, the creation of a people strategy that drives optimal performance on those business issues and metrics. Lastly, they make a note that strategy is a process that needs to change as business or people issues change. (Wright & al. 2004, 45-46).

Wright & al. (2004, 40) emphasise the importance of knowing the external environment and the business strategy because understanding the context and how the organisation tries to position itself is vital for achieving a vertical fit between the business strategy and people strategy.

According to Armstrong (2021, 105), strategy formulation contains seven steps that are explained more thoroughly in the next chapters:

1. Examination of external and internal environments
2. Stakeholder analysis
3. Analysis of current people strategies and their future implications
4. Diagnostic review based on the previous steps
5. Integrating the people strategy with the business strategy
6. Bundling different people strategies so that they enforce each other, i.e. considering horizontal fit
7. Formulation of the people strategy

When examining the external environment, competition, economic trends, globalisation, employment and demographic trends, legislation, availability of key skills, and pay rates should be analysed and their impact on people strategy should be examined. From the internal environment, the implications of business objectives, the organisation's success factors, values and their everyday implications, employee characteristics, employee value proposition and its effectiveness, employee

development actions, and employee engagement should be considered. (Armstrong 2021, 105-106.)

Stakeholder analysis starts with finding out, who the stakeholders are by examining who has a legitimate interest in the organisation and what are they interested in in the organisation. Next, conflicts between the stakeholders and planned actions are investigated and a sanity check is done to consider if a new plan needs to be developed. Lastly, a decision is made on how the stakeholders' interests are taken into consideration. (Armstrong 2021, 106-107.)

Analysis of the current people strategies is done by examining if the strategies are aligned with the goals for the business and ensuring sufficient skills are available and employees are satisfied. This is done by examining for example the level of engagement, success in recruitments and development of skills. If these things are not supported by the people strategies, conclusions are drawn to fix the issues. (Armstrong 2021, 108.)

The diagnosis of the aforementioned steps is done next. It includes finding out the reasons for the issues, thinking of how to deal with the issue and lastly identifying the required actions for implementing the solutions. (Armstrong 2021, 108-109.)

When integrating people strategy with the business strategy, it's important to realise that fit can be found at one point in time but changing circumstances in the external and internal environments may result in a situation with no fit. Also, vagueness in business strategy may result in a missing vertical fit. The integration should start by finding out the business model, or in other words how the business makes money. Understanding the business model, how it changes, and its implications for people management is essential. For identifying development needs in different people management areas to support the business strategy, a thorough analysis of the external and internal matters should be done. (Armstrong 2021, 108-110.)

The horizontal fit between different parts of the people strategy can be achieved by discovering the wanted people management approaches, finding the links between people management areas and creating programmes that consider these links. For example, competency can be regarded in recruitment, learning and development plans, and performance management. Performance management is linked to rewarding that contain career opportunities and therefore links back to learning and development. When all of these support and reinforce each other, the horizontal fit has been achieved. (Armstrong 2021, 111.)

The final step, formulation of the people strategy, is based on all of the aforementioned steps. Usually, the formal strategy covers at least the values considered when creating the strategy, initiatives that are proposed and the reasoning behind these proposals, and the implementation plan. The

implementation plan should contain at least the action plan, schedule and the people responsible for the implementation. (Armstrong 2021, 111-112.)

Plenert and Clutney (2012, 30) have taken another approach where divisional priorities set the foundation for the business strategy. Their process starts from the research of the internal environment including the mission and vision of the organisation, and opportunities and weaknesses. Second, their model suggests that the current situation should be examined as well as the objectives and the barriers to getting to them. Thirdly, priorities for each division's improvements should be done and lastly, these should be listed as the organisation's priorities. Their process continues with strategy implementation which has been left out from this part. (Plenert & Clutney 2012, 30-34.)

All of the aforementioned processes included the examination of the internal environment in some form: Armstrong (2021) and Plenert and Clutney (2012) used a formal process of studying the organisation, while Wright and al. (2004) included the key metrics of the organisation as well as cooperation with managers. Out of the three examples, Plenert and Clutney's (2012) approach differs from the others the most. In their process, the business strategy is built upon functional priorities instead of the other way around. Armstrong (2021) and Wright and al. (2004) have a lot of commonalities like the alignment between the people strategy and the business strategy and the extensive research to build the people strategy upon. The biggest difference in these processes is that Armstrong (2021) suggests reviewing current people strategies whereas Wright and al. (2004) discard them completely.

## **2.5 Roles in the organisation**

Many roles are involved in the people strategy process and next these are discussed shortly. The chapter starts with a larger group and moves on to smaller ones; first, the employee point of view is introduced, then moving on to line management's role and lastly people professionals.

In people management, employees' point-of-view should be part of the people strategy process (Armstrong's 2021, 79; Plaskoff 2017, 137). Involving others starts from gathering the background data when starting the strategy process. During this time as many people should be involved as possible. (Armstrong 2021, 122.)

Line managers are involved in different steps of the strategy process and they can give valuable input when developing the people strategy (Wright & al. 2004, 41). Line managers are the ones implementing and enacting policies (Armstrong 2021, 125; Guest & Bos-Nehles 2013, 81; Purcell & Hutchinson 2007, 16). Therefore, line managers should be involved already in strategic planning. Also considering their resources for implementation and providing them with sufficient training is important for the success of the implementation. (Armstrong 2021, 125.)

People professionals' role is to develop and help line managers to implement the strategies. Therefore, they should understand the mission of the organisation. (Armstrong 2021, 130.) People professionals or senior executives are the ones who make the decisions to create new people practices, and people professionals are the ones that are responsible for their quality (Guest & Bos-Nehles 2013, 81).

When developing the people strategy in cooperation with multiple stakeholders, one implication would be that the people professional and senior executives make the decision to develop people practices, then input is collected, and different options are created with a larger population of stakeholders but the finalization and the quality of the result is the people professionals' responsibility.

## 2.6 The framework of this study

Based on the literature review, the framework of this study is presented in Figure 1. This chapter introduces the assumptions upon which the people strategy development of the case organisation is built.

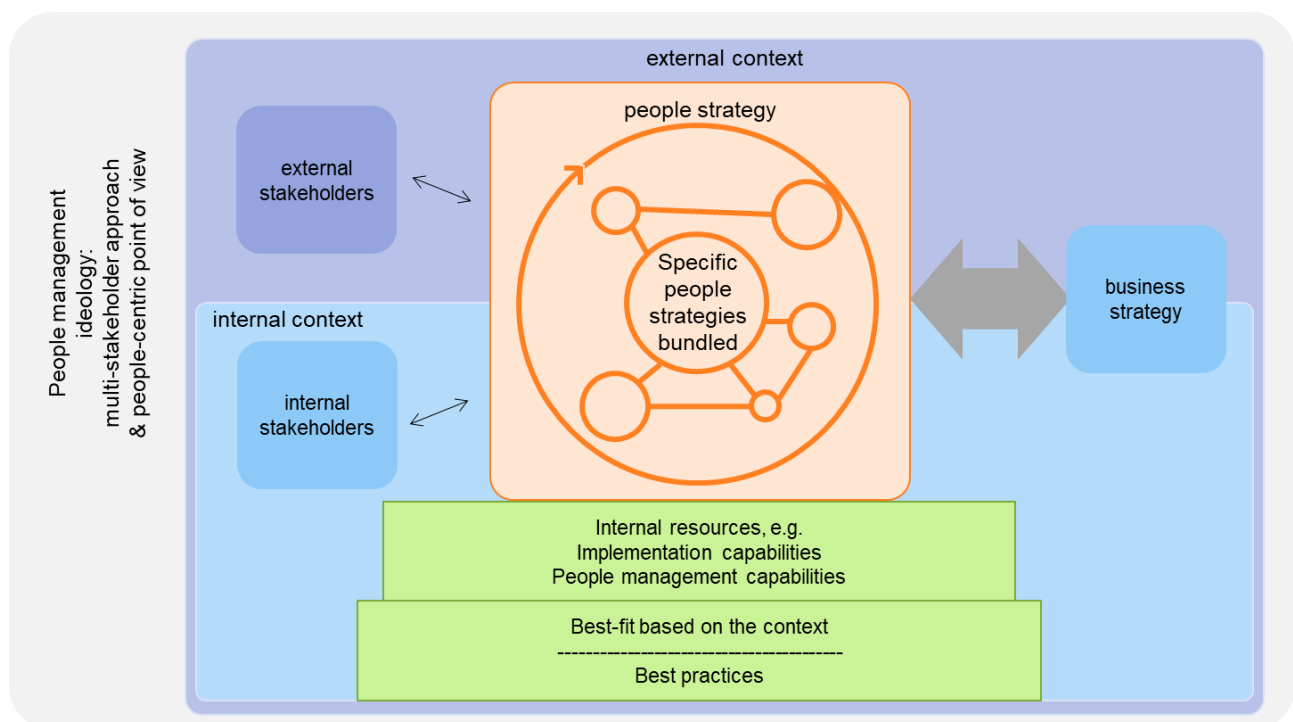


Figure 1. The framework of this study.

In the framework of this study, the people management ideology sets the premise for everything else.

The underlying philosophy of this framework emphasizes the role of all of the stakeholders of the organisation (e. g. Freeman 2010). For that, stakeholders from both the internal and external environments are considered to give input for the people strategy which is why the research questions are closely connected to understanding the different stakeholders.

The external context of the organisation defines a lot of the premise where the business and its people management are implemented (e. g. Bailey & al. 2018; Boxall & Purcell 2016) and as such, it's behind the internal parts of capabilities and resources, the best practices of people management and the internal context set by the organisation as well as the actual strategy.

The internal context of the organisation is also behind the strategy because the internal stakeholders give a lot of input and restrictions to the people strategy. The two green boxes are also related to the internal environment. The lower green box relies on Boxall & Purcell's (2016) conclusions of the best practices serving as a stepping stone to building the best-fit practices based on the organisation's context. The top green box represents the organisation's capabilities such as the people function's capability to communicate the strategy and the line management's capability to implement the strategy. It's on top of the other box as the capabilities further limit the possibilities in the best-fit approach.

Finally, the strategy is built on these boxes. The strategy is a process instead of a plan (e. g. Brown & al. 2019; Wright & al. 2004) and thus it's presented here with a revolving arrow. Still, the people strategy should be both easy to understand and implement. The people strategy is viewed as a process where a coherent people strategy is constructed from parts that are bundled together and reinforce each other, and it's continuously developed.

The people strategy is built on the internal resources so it can be easily implemented and the parts that have been selected for it are created based on the best-fit approach that relies on best practices.

The vertical alignment between the people strategy and the business strategy is important (e. g. Boxall & Purcell 2016) which is portrayed with the arrow pointing toward the business objectives. The arrow also represents the future orientation of the people strategy.

Out of the different types of people strategies (e. g. Armstrong 2021), a bundle of specific people strategies was selected. High-involvement management seemed also relevant. It could have been the best fit because of the agile software development and growth processes in the case organisation that require a high level of cross-team collaboration. However, the specific people strategies approach was a better fit with the case organisation's culture.

To clarify the strategy and make it as simple as possible to understand for the people function, line managers and employees, it will be presented as a simple slide or a picture that presents the vision and high-level plans for the long- and medium-term, as well as include some aspects of people management that are important in the present time and in the future.

The strategy formulation process is selected to be a combination of the processes by Armstrong (2021) and Wright & al. (2004). It starts with data collection and analysis. During this step, the internal and external environments are examined through extensive data collection and analysis. The objective is to gather data to find out which elements are important to consider specifically when creating the people strategy and answering the research questions – especially what are the most important people issues in the case organisation for different stakeholders. Second, people-related issues are prioritized, and goals are established. Third, the strategy is formulated. Then the process loops back to data collection in the form of evaluation.

### 3 Methodology

This thesis is a case study that aims to create a people strategy for a case organisation applying design thinking ideology. In a case study, for example, a phenomenon regarding a specific organisation is studied (Saunders, Lewis & Thornhill 2019, 196). As Plaskoff (2017, 137) stated, design thinking and co-creational methods should be used more in people management to ensure a better employee experience. Also, the multi-stakeholder approach of people management theory creates a great basis for using design thinking. For these reasons, the process of this thesis has been inspired by design thinking.

In this chapter, first, the concept of a case study is introduced, followed by design thinking focusing on the design thinking process. Lastly, the specific process used in this study is presented in detail.

#### 3.1 Case study

A case study focuses on examining a specific case or a number of cases, which can be for example an employee or a customer. The objective of a case study is to find out the external context relevant to the selected case. As case studies focus on a phenomenon in a specific real-life context, it can be difficult to draw excessive conclusions about the learnings or success factors in another context. (Eriksson & Kovalainen 2008, 115-116.)

Case studies can be divided into intensive case study research and extensive case study research where the first one focuses on a single case aiming to understand its context holistically whereas the latter aims to provide a generalisable construct that would work in several contexts (Eriksson & Kovalainen 2008, 118.) Because the objective of this study is to create a people strategy for one case organisation, only that organisation and its context is examined. Therefore, this is an intensive case study research.

In an intensive case study research the case – in the context of this thesis the case organisation – is studied by gathering data from multiple sources to gain a deep understanding of the uniqueness of that specific case. To fully understand the case at hand, also other research on similar surroundings needs to be studied and evaluated to grasp what it is that makes this case different from theirs. The objective is to then verbalise what are the key points to focus on to gain clarity over the case. (Eriksson & Kovalainen 2008, 119-120.)

There are a lot of options for data sources in a case study. Usually, in-depth interviews are the main source of empirical data but also for example existing documents and surveys with a narrow focus can be used addition to them. In many case studies, both qualitative and quantitative methods are used. (Eriksson & Kovalainen 2008, 126-127.) The people strategy is based mostly on

qualitative data. There are, however, a few parts where quantitative methods are used to gain understanding from a larger population.

This thesis is a case study focusing on a single organisation, and the process of this thesis is inspired by the design thinking approach which will be examined next.

### **3.2 Design thinking**

First, design thinking is introduced as a concept with a short description of service design. Lastly, a few examples of the design thinking process are examined to understand the process specific to this thesis.

The use of Design thinking has become a popular way of creative problem solving (Brown & Katz 2011, 381; Bjögvinsson, Ehn & Hillgren 2012, 101; Dell'era, Magistretti, Cautela, Verganti & Zurlo 2020, 324). Before it was used to create new products and offerings but it has gained popularity in designing new processes and services as the economic activity is moving more to knowledge work, and it's nowadays practised by a growing number of business leaders (Brown & Katz 2011, 381). However, design thinking is not a quick fix to complex issues. Design tasks need to be constantly re-visioned, re-evaluated, and re-developed. (Greenwood, Benjamin, Knott & DeVoss. 2019, 413-414.)

Design thinking aims to find new and creative solutions that meet the real needs of the customers (Dell'era & al. 2020, 334-335). Common to many design projects is that they rely heavily on insights; for example shop visitors can be observed to gain an understanding of how they act, where they seem confused, etc. When gathering this insight, qualitative data is gathered over quantitative data. The aim is to empathize with the people to understand their true needs. (Brown & Katz 2011, 382.) Design thinking can be used as a systematic process to identify and solve problems by cocreation (Luchs, Griffin & Swan 2015, xxiii).

Design thinking is a key concept behind service design (Reason, Lovlie & Flu 2016, 14) which could've been also considered to be used in this thesis. Service design applies a variety of tools and concepts (Mashaddy, Khalili & Sameti 2021, 463). Some of the common practices by the service design practitioners are that the touchpoints between the service and the customers are emphasized, service is understood as relational and temporal, the understanding of the service and how it was comprehended is important for the designers, and lastly that the process includes a large variety of people taking part instead of the practitioners doing the work by themselves (Kimbell 2011, 48).



Service design and design thinking processes are fairly similar so either concept could've been chosen but design thinking was selected as it's a bit more broad concept and service design felt to be too focused on developing services while a strategy is not a service per se.

### 3.2.1 Examples of Design Thinking processes

Design thinking has multiple different proposed processes, and they can be modified according to the specific situation; the different steps can be taken simultaneously, the order can vary, or they can be otherwise adapted (Greenwood & al. 2019, 404).

The process used by Luchs & al. (2015) has two parts: first, identifying the right problem and then finding the right solution to solve it (Figure 2). The first step is the Discover phase where customer insight is gathered to understand their true needs. The collected information is usually qualitative and aims to empathise with the customers by understanding their context, feelings, needs and behaviours. This is an iterative part where data collection and synthesis take turns. (Luchs & al. 2015, xxiii-xxvii)

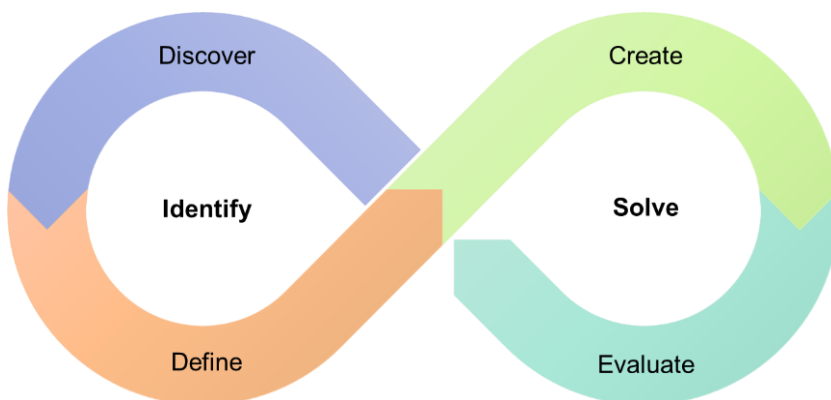


Figure 2. Design Thinking processes (Luchs & al. 2015, xxiii-xxiv)

Next, in the Define phase, all this customer insight is organised to reveal the specific issues that need to be solved. These can be phrased as problem statements such as “[customer type] needs [what they need] because [why they need it]”. A subset of these problems is given solution options in the next phase. (Luchs & al. 2015, xxiii-xxvii)

In the Creation phase, prototypes of concepts aiming to solve the problems are tested with the customers. The options should be prioritised for example by their desirability, feasibility and viability but still kept broad to let the customer give input during prototyping. (Luchs & al. 2015, xxiii-xxvii)

The prototypes should be kept as simple as possible. In the Evaluate phase, feedback is gathered to implement the outcome. This is not considered the final step, as the process then moves back to iterating with new ideas to the Discover phase. (Luchs & al. 2015, xxiii-xxvii)

Another suggested design thinking process starts from observations and frameworks, moving then to imperatives and solutions. The process can be viewed as finding the problems, selecting the problem, finding solutions and selecting the solution (Beckman & Barry 2007, 30, 44). The steps are discussed in more detail next.

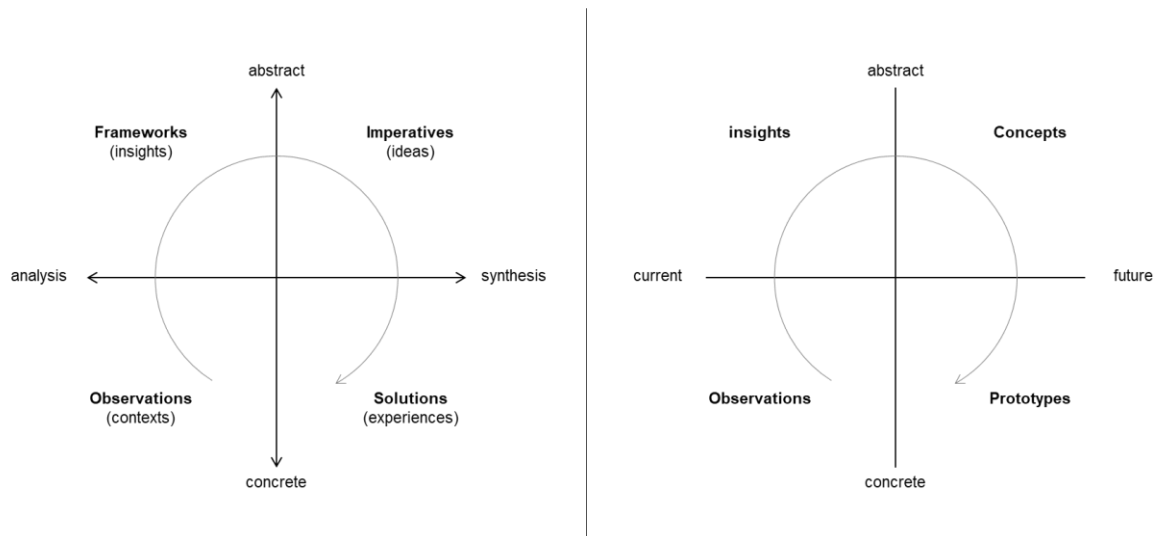


Figure 3. Design thinking process by Beckman & Barry (2007) on the left, and its implication on the right (Stanford, Mailhot, O'Neill & Siminoff 2017)

According to this process, everything is based on understanding the context and using data gathered in the observation to create the solution. The data should be mostly gathered from customers and users while some background information such as market research can be applied as well. Here, customers mean all of the stakeholders that are affected by the construct designed during the innovation process, and at least the ones using the output and the ones paying for the work should be included. The aim is to understand the users - what they do, how and why - and to that, observation gives more insights than other data collection methods such as interviews. (Beckman & Barry 2007, 29-32.)

In the framework phase, the collected data is organised repeatedly to understand the relationships and patterns in it. This is done to understand the most important aspects for the user. At the same time, a large quantity of data is processed while trying to find the things that are missing for the user. The information can be for example organised on two-by-two matrices according to the dimensions that arise from the observation data, timelines or stories of the user interaction, or tables to understand the differences and similarities of different user groups. Different approaches can

also be applied, or data can be first organised one way and then another. (Beckman & Barry 2007, 36-41.)

The third step is synthesizing the imperatives – in other words establishing the most important goals for the output. The imperatives can be e. g. user needs, design principles or a value proposition, and they form the basis for the output of the innovation process: they communicate the benefits while leaving room for innovation in the creation of the innovation. (Beckman & Barry 2007, 41-42.)

Lastly, solutions are created. The solutions are based on the imperatives. First, concepts are created, then the most viable one(s) are selected and finally, they are tested. These can be done using multiple different methods. When creating the concepts, many solutions are often presented. The selection can be based on the imperatives or for example a less formal process of voting. Before testing, the objectives for the test should be determined. After testing it might be relevant to go back to create new solutions based on the feedback. (Beckman & Barry 2007, 43.)

One implication of the aforementioned process contains Observations and Insights in the current time as well as the Concepts and the Prototypes in the future, and these go in a circle, repeating time after time (Figure 3). The observations phase means a step where empathy is built from customer research. In this phase, customer or user needs are trying to be understood. The Insights phase is about making sense of the data gathered in the previous step. When going through the circle for the first time, this step is used to define the problems that are later solved. The third step – Concepts - is to create possible solutions based on the insights. Brainstorming is often used before voting on the best ideas. Lastly, in the Prototypes phase, a construct is built, and it's tested in the second round in the Observation phase. (Stanford & al. 2017.)

The examined processes had a lot in common; the basis is that design thinking consists of two parts where first the right problem is identified and then solutions are tried to be found. Also, the basis of all future work is thorough data collection in the first part of the process and basing decisions later on data instead of assumptions. The four steps each examined process included were mostly very similar with only a few exceptions like Luchs & al's (2015) lacking the establishment of the goals which is the third step by Beckman & Barry (2007). The next chapter introduces the process of this study, which was built upon the processes examined in this chapter.

### **3.3 The process of this study**

The process of this study (Figure 4) is inspired by the previously described design thinking processes, combined with the theory of people strategy formulation. The strategy formulation process applied in this thesis was introduced in chapter 2.6, including examination of internal and external

environments, prioritising the employee-related issues, establishing goals, and finally formulating and evaluating the strategy. In this chapter, the specifics of the process used in this thesis combine these steps with the design thinking process.

All of the design thinking processes mentioned are fairly similar. They contain the same elements, but the steps are organised a bit differently. The process of this thesis (Figure 4) is a combination of them. It starts with data collection and analysis in the Examination phase (called “discover” or “observations” in previously discussed processes). The second phase is Prioritization, then specifying the goals and objectives for the output in the Specification phase. In the fourth phase, Creation, the people strategy is created and circling back to data collection, feedback is gathered in the Evaluation phase. After that, the work continues but that part is left out of the scope of this thesis.

Mixed methods research design includes both quantitative and qualitative methods. Depending on how different methods are used, mixed method research can be used concurrently, sequentially, or sequentially in multiple phases. (Saunders & al. 2019, 181-182.) The first part of identifying the right problem uses mixed methods concurrently, and in the Evaluation phase, qualitative feedback is gathered.

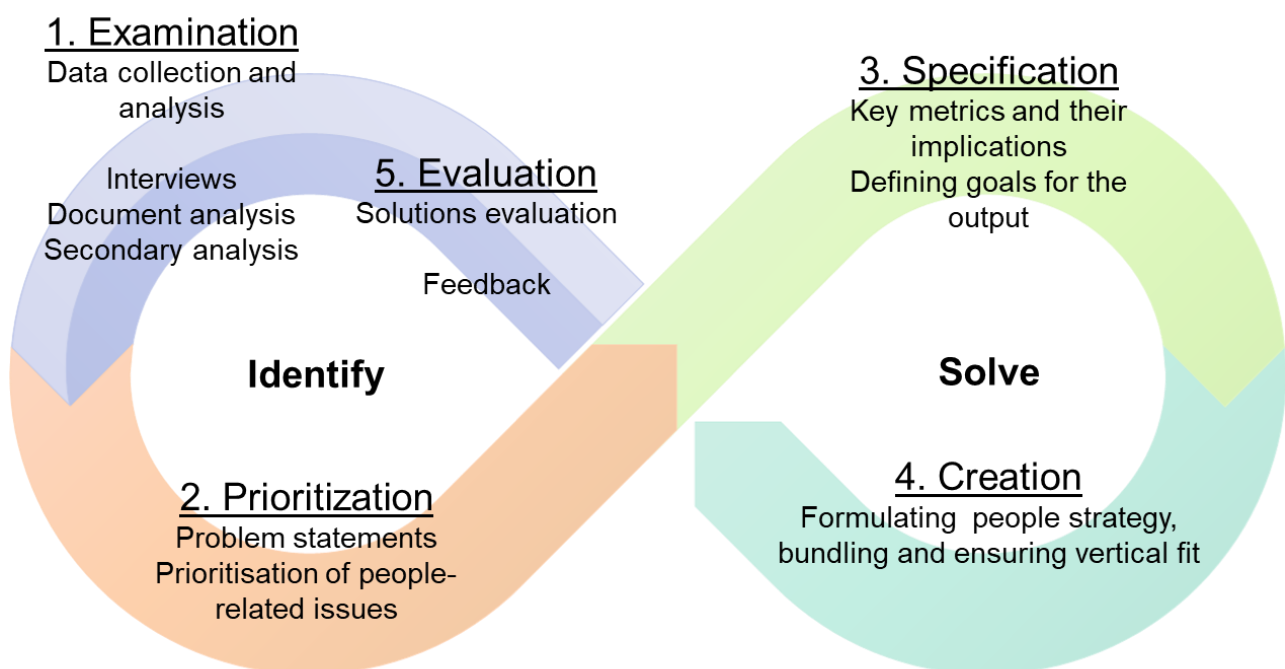


Figure 4. The process of this study

In the Examination phase, the internal and external environments are researched as well as the business strategy, mission, vision, other divisional strategies and the stakeholders are investigated. These steps are included as they are referred to in both Armstrong’s (2021) and Wright &

al.'s (2004) processes and the best-fit approach requires knowing the context of the organisation. The involvement of line managers proposed by Wright & al. (2004) will be considered with other stakeholders by default in the methodology chosen for this thesis and as such, it's not considered a separate step. The Examination phase includes both gathering data and analysing it. Hence, the diagnostic review in Armstrong's (2021) process is included in this step.

Most of the data is qualitative to empathise with the stakeholders and understand their needs; semi-structured interviews were selected, and document analysis as it reduces the need to interview staff because there is a lot of material to access. Questionnaires used will produce both qualitative and quantitative data. This data will be analysed to understand the grounds for the people strategy by data analysis on the documents, interview transcriptions and other sources, identifying common themes and making interpretations.

The observation proposed in many references has been substituted with other data collection methods because the author felt observing how people strategy is implemented in the daily practice of line managers would have been too complex a matter to observe in the scope and timeline of this thesis.

Next, in the Prioritization phase, the most important people issues are identified from the data by creating problem statements. These problem statements are issues that need to be resolved and that have been formulated as questions (e. g. "how do we grow sales?" if the objective is to grow the business). The problems are then prioritised and bound to specific parts of the people strategy such as resourcing strategy or talent management strategy. During this step, the vertical fit with each of the problem statements and the business strategy is established. Based on the estimated impact and the resources of the people who will execute the strategies, the most viable ones will be included in the strategy. At this point, the issues the people strategy should solve, are identified.

The Specification phase includes examining the key metrics and their implications for the people strategy. Based on the strategic objectives of the organisation and the key metrics, goals and limits for the people strategy are established. These are later used as guidance when creating the people strategy.

Fourth, in the Creation phase, the most important people issues are bundled together and a coherent people strategy is created based on them. During this phase, different parts of the people strategy are first bundled together by finding relationships between them.

Then the different parts of the people strategy are created while ensuring that they endorse each other and are aligned to ensure horizontal fit. Vertical fit with the business strategy is ensured by examining that the people strategy is created with the Specification phase in mind.

Finally, the people strategy is communicated to the CEO of the case organisation and their input is gathered for evaluation and later work. Even though seeing how the people strategy works in daily practice is not in the scope of this thesis, a strategy that is comprehensible and can be implemented with the available resources is kept in mind.

## 4 Development of people strategy

This chapter will go through in detail, how the process of this study was executed. Each of the phases of the design thinking approach used in this research will be gone through, first discussing the data collection methods and analysis, and then presenting how they were used in this study.

The data sources used are presented in Figure 5. It shows which data was collected and when, as well as how many key points were recognised in each of the data sets. The key points stand for the contents in the data that are related to the examined topic (external environment, internal environment, employee market, etc.). Primary data sources are on top of the timeline and secondary data sources are below the timeline. In total, there were around 90 A4 pages of documents, 3 interviews, a questionnaire and 2 surveys that were used as data sources. All data was gathered in an Excel file, where it was processed and further analysed.

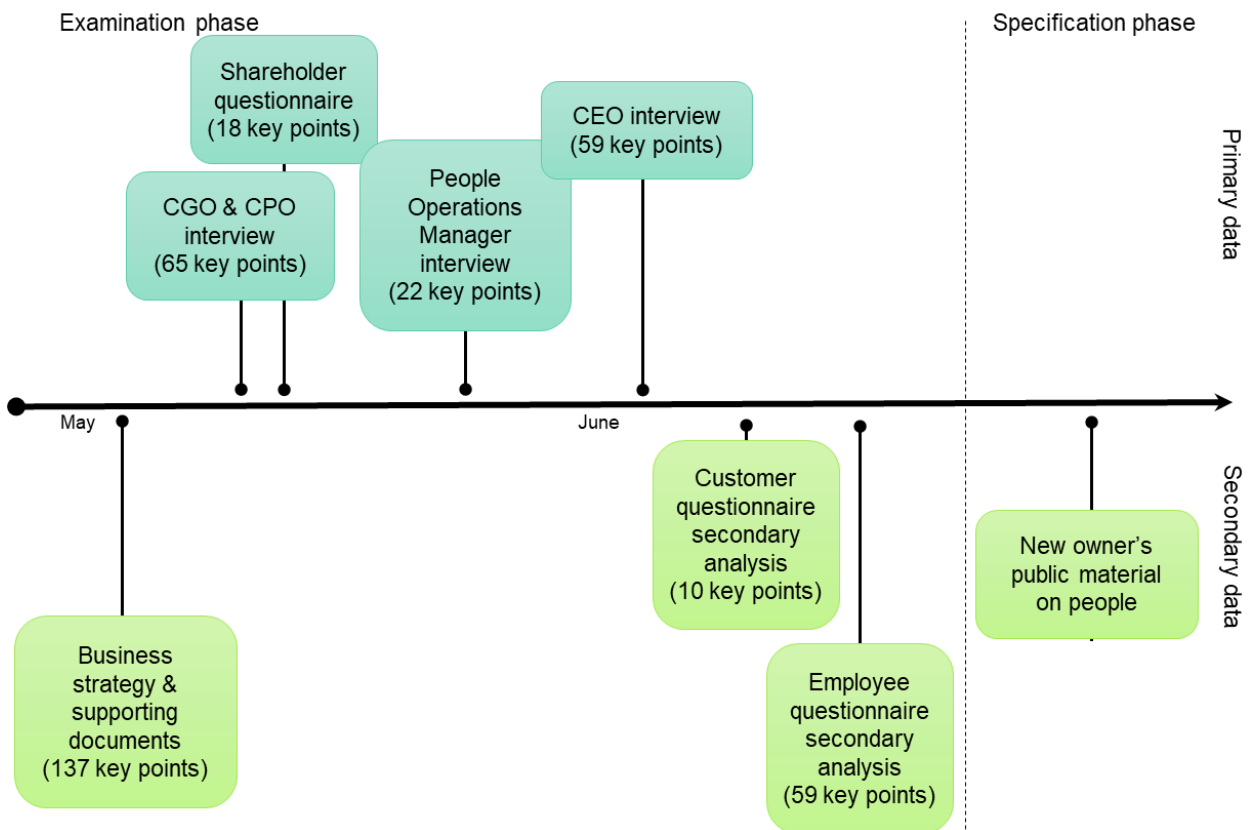


Figure 5. Timeline of data collection

The main primary data source used in the Examination phase were interviews, with a short questionnaire to the largest shareholder. Secondary data sources used in this research were the business strategy and its supporting documents, employee satisfaction survey, and customer survey.

## **4.1 Examination**

The purpose of the Examination phase is to gather and analyse data to understand the right problem which should be solved through the people strategy. In the Examination phase, as many sources as possible were used to follow the multi-stakeholder approach and design thinking approach. The data collected in the Examination phase started with document analysis, moving on to interviews and secondary analysis of employee and customer surveys as presented in Figure 5. The Examination phase started in April 2022 and the last data source was examined on June 15<sup>th</sup> 2022. The final analysis of all the gathered data was done between June 15<sup>th</sup> and June 29<sup>th</sup> 2022.

This chapter introduces the Examination phase data collection chronologically. After each data set was collected, it was initially processed and analysed, which is described in the data collection. All the data was gathered in the same Excel file and the final analysis took place when all available data had been collected. Explaining the final analysis is the last part of this chapter.

### **4.1.1 Document analysis**

Secondary data sources can be for example past surveys and documents (Saunders & al. 2019, 341-342). The Examination phase was started from the secondary data source by analysing the business strategy and supporting documents: during the strategy process, multiple documents that included employee, management team and strategy team answers and considerations about the business environment, SWOT, customers, values and competitive advantage were created. This material was examined with the business strategy as well as divisional strategies like the product strategy.

This was done to define how to reach a vertical fit with the people strategy and to understand the context of the case organisation. The aim was to internalize, who the organisation sells to, what are the business goals and key metrics, how is the organisation going to reach those goals and what are the organisation's values. The data gathered from the documents was qualitative.

In qualitative research, data collection and analysis happen throughout the data collection process meaning that these steps are interrelated. Because of this interactive data collection, important themes emerge during the process of data collection. For this, there should be enough time between interviews and other data collection methods to analyse the findings from the previous one before moving on to the next one. (Saunders & al. 2019, 640.)



Choosing the way of conducting qualitative analysis is not exclusive meaning that multiple techniques can be used, and they might support each other or give a new insight. The nature of qualitative data analysis techniques needs to be understood to use them correctly, and matters affecting the choices are the methodological and philosophical background of the research, the theory development approach in the research and the technique’s analytical approach. (Saunders & al. 2019, 641-643, 651-652.)

This thesis uses thematic analysis when analysing data. Thematic analysis is used to recognise patterns or themes that arise from the qualitative data. The process of thematic analysis has four steps: familiarizing with the data, coding it, finding themes and their relations, and theme refinement and proposition testing. (Saunders & al. 2019, 641-643, 651-652.)

The researcher will need to go back to that data repeatedly during the research process to become familiar with the data and really know it. While familiarizing with the data, patterns and themes are looked for. Then, the data is coded so it can be rearranged and regrouped with other similar data. The used codes can be actual terms used by the interview participants or literature or labels specifically developed for the purpose. The third step includes finding patterns and relations in the data, and in the last step, the conclusions are re-evaluated. (Saunders & al. 2019, 652-658.)

The key information from the business strategy documents was listed in Excel. The data were categorised into external matters (market, technology, competitors, etc), and internal matters (competences, staff, etc.). This information was listed in another column so that column A had the key point, column B had the category and column C had the data source. This way it was easy to keep track of which sources had brought up the same subjects and already categorise the data a bit. An example is presented in Figure 6 where A shows the original text from the documents and B shows how it was organised into the Excel file.

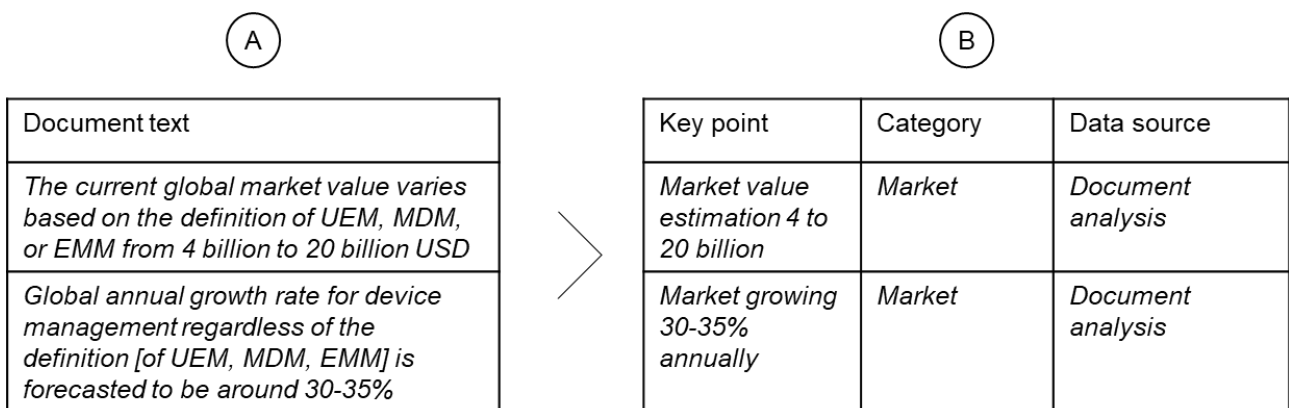


Figure 6. Example of data categorisation from document text (A) to the Excel file (B).

*After collecting data from all of the aforementioned documents, Excel had 137 key points in 6 categories.*

#### **4.1.2 Interviews**

To deepen the understanding of the external and internal environments of the case organisation, interviews were used. A research interview is a conversation where the interviewer asks questions and listens actively to the interviewee(s) answers and they can be divided into different types by the level of structure, the number of participants, and how they are conducted (Saunders & al. 2019, 434, 436). These themes are examined next consecutively.

In semi-structured interviews, the aim is to produce qualitative data. In them, a preliminary set of questions or themes guide the conversation. Semi-structured interviews are good for understanding variable relationships in studies that aim to answer 'how' and 'why' questions. Semi-structured interviews are often used if there are a lot of questions, they are open-ended, or their order varies. (Saunders & al. 2019, 186 437-438, 443, 445.)

Interviews can have one or two interviewers, and one and non-standardised interviews can have more than one respondent. When there are many interviewees, the interview can be a group interview or a focus group. In group interviews, it's important that everyone has the opportunity to take part. Responses might evolve into a conversation between the participants, which could require careful management, or group thinking, where one person leads the responses and others adapt, might occur. This requires the interviewer to include all of the interviewees through open questions. On the other hand, group interviews can lead to more people being interviewed than individually and the identification of key themes. (Saunders & al. 2019, 441-442, 469-470.)

Interviews can be held face-to-face which encourages open discussion or by telephone or internet, which might be more convenient. The use of web conferencing service has advantages if interview participants are not in the same location. It allows the interviewer to get an audio-visual recording if participants consent to it but it requires more preparation for example in the form of sending information beforehand to the participants. Usually, recordings are then transcribed. When transcribing interviews, also indications of how things were said should be added. Usually, the software is used for transcription and then the data cleaning is done meaning that errors are corrected by hand. (Saunders & al. 2019, 442, 478, 644.)

Whenever data from the whole group can't be collected or analysed, a sample is used. In practice, this means that a subgroup is surveyed, and conclusions are based on their answers. In some cases, the subgroup answers are generalised statistically, and in some cases, a subgroup is formed based on their specific skills or knowledge. The latter is called non-probability sampling and

it includes a wide variety of sampling techniques. For example, heterogeneous purposive sampling can be used to find key themes and homogenous purposive sampling to gain in-depth focus. The sample size depends on the objectives and the effect on the validity of the research. One way is to reach data saturation, or in other words, conduct additional interviews until no new information arises. (Saunders & al. 2019, 292, 315-316.)

When using heterogeneous sampling, people with diverse backgrounds are selected to identify key themes that arise. Because of the participants' diversity, the emerging common themes are likely to be very important for the case at hand. Homogenous sampling is the opposite focusing on similar interviewees, for example, people on a certain level in the organisation. This gives the opportunity to examine each theme in depth. In multi-stage sampling, the sampling is done in two phases using different techniques each time. (Saunders & al. 2019, 321, 325.)

Multi-stage sampling was used for the interviews. Because the management team members should have a broad understanding of the business, its goals and where the market is going, first homogenous sampling was used, and senior executives were selected as the interviewees. Secondly, as a broad understanding of the business and its environment wanted to be comprehended, so heterogenous sampling was used to get people with as diverse backgrounds as possible from the senior management.

In this thesis, the interviews were conducted with the CEO, Chief Growth Officer (CGO), the Chief Product Officer (CPO) and the People Operations Manager of the case organisation. The CGO was chosen because the case organisation's strategy relies heavily on seamless customer service, which is their responsibility - as is knowing the external environments such as the competitors and the potential customers and their needs. The CPO is also responsible for knowing the external and internal environments in order to make the best decisions when it comes to the product. The CPO has just started in the case organisation and thus the CGO and the CPO were interviewed together; they could complement each other and probably even learn from each other in the process. The CEO has been in the case organisation for over six years and knows the field very well, so they were interviewed alone. The People Operations Manager was interviewed more broadly about matters concerning the workforce and for that, it was adequate to interview them alone as well. The author was the only interviewer in all the interviews.

Each of the interviews were scheduled in the May of 2022. The CGO and CPO interview took place in the first half of May, the People Operations Manager in the second half of May and the CEO in the first half of June. This schedule gave the author the opportunity to analyse the responses before moving on to the next interview. Because of the interviewees' schedules and locations, the meetings were held as conference calls using Microsoft Teams except for the interview

with the People Operations Manager that was held face-to-face. Microsoft Teams is in use in the case organisation, so it was available for everyone and approved by the Security Team of the organisation and was chosen for those reasons. An hour was booked for each interview, and it was agreed that a second time would be booked if the time ran out.

The interviews were semi-structured with structures presented in Appendix 1. Most of the interview questions were the same as introduced by Armstrong (2021, 105-106). The interview included questions about the external and internal environments as well as the people issues related to the case organisation. Supplementary questions were also asked throughout the interviews. The questions were sent beforehand to each interviewee so they could familiarize themselves with the subjects. To avoid bias, the questions had a neutral tone and summaries were done and it was checked that the interviewee had understood everything correctly.

In the CPO and CGO interview, one spoke usually less so the interviewer encouraged them to answer by asking specific questions from them or asking if they agreed with the other’s views or if they have anything to add. The interviewer explained the objectives of the research, used different types of questions, and indicated active listening by nodding and saying ‘yes’ or something similar. All of the interviewees were Finnish so there we no cultural differences. All of the interviews were conducted in Finnish.

The interviews were recorded for later use in Teams (audio-visual recording), listened to multiple times and transcribed during the following week after the interview. Also notes of participant behaviour, date, time and setting were added. The transcriptions were then cleaned out from filler words and the answers were listed in cells in Excel ( Figure 7). Then, thematic analysis was used for the material to recognise the key points from the answers. The key points of each answer were added to an Excel file with the previous data in Finnish. For reporting purposes, in Figure 7 transcriptions have been translated into English.

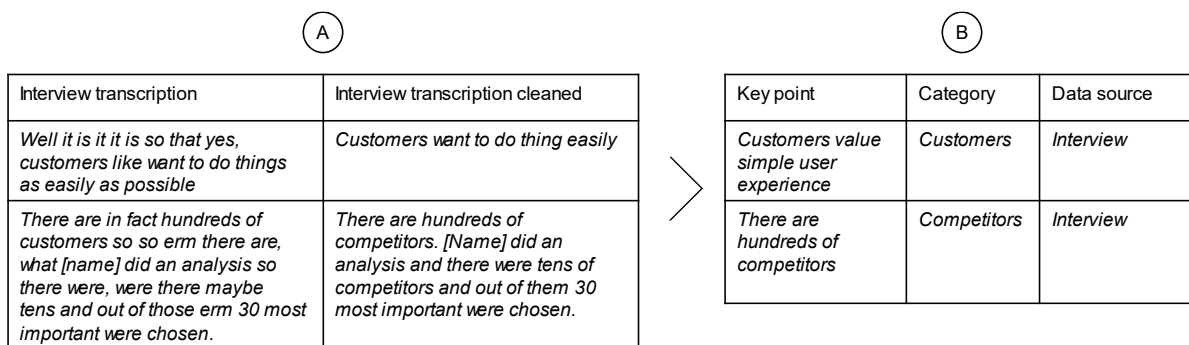


Figure 7. Example of data processing from interview transcripts and the cleaned-up version (A), and to the Excel file (B).

*The interviews produced a total of 146 key points in 15 different categories. All of these we listed in the same Excel file with the data from the document analysis.*

#### **4.1.3 Stakeholder analysis**

A stakeholder analysis was used to understand the viewpoints of different stakeholders more broadly. To analyse the stakeholders, they were first identified. As proposed by Armstrong (2021, 107) they included the shareholders, customers, employees, senior management, and the line management. Here, senior management is used to describe the management team members and line management is used to describe the team leaders with supervisor responsibilities. A trade union, suppliers and the community were left out as there's no clear way to establish these groups or their interests – for example, the external workforce that could be regarded as suppliers, are used seldom. This chapter describes how these stakeholders are examined through shareholder questionnaire, customer survey, and employee satisfaction survey.

##### **Shareholder questionnaire**

The largest shareholder of the case organisation is a private equity firm investing in technology companies. As an equity firm, its most obvious objective is to gain a monetary return on its investment. To gain an understanding of their attitudes, two questions were passed from the CEO of the case organisation to their representative. The first question was about the value they saw in the culture of the case organisation and if there was something that they would see as beneficial to maintain. Following Wright & Steinbach's (2022, 35) idea of executive incentives, the second question was if they have used or considered using ESG (environment, social and governance) incentives for the CEOs in their portfolio organisations. The answers by the shareholder's representative were addressed with thematic analysis, which was used with the document analysis and the interview data, and added to the same document with the other data.

*The questionnaire produced 18 key points in 3 categories in the Excel file.*

##### **Customer survey**

The customer survey data was used as a secondary data source to understand the customer needs of the case organisation and draw implications from those needs to the people strategy. Survey secondary data has been already processed so that it's not the raw data anymore; it can be obtained e. g. from surveys that are repeated regularly or ad-hoc surveys that are more specific (Saunders & al. 2019, 341-342, 344, 345, 573).

The customer survey was executed by interviewing 472 companies in the case organisation's key markets during April and May 2022 using the Trax® analysis model which is a commercial tool to establish the true needs that drive customer behaviour (NoA Consulting 2022, 34-36). The results indicated for example what kind of features and qualities business customers in different regions appreciate in their device management software vendor and what makes them choose a given vendor.

*The five most valued features or qualities from each of the case organisation's key markets were added as key points to the Excel with other data, producing 10 key points in one category.*

### **Employee satisfaction survey**

To gain an understanding of the employee point-of-view, the interests of the internal groups (management and employees) were examined through an employee satisfaction survey provided by the Great Place to Work®. The survey has a set of default questions that are divided into different focus areas and open comments. On top of the survey questions, demographics and other variables are asked. These variables include being part of the management team and leading a team, which were used to sort the material.

During the survey, the employees were also asked to select the most important category of the Great Place to Work® Trust model™: a list of the categories (management credibility, respect, fairness, pride in own work and camaraderie) was presented and people were asked to select the one that they value the most at their employer. Each selection was given 1 point. This question aimed to increase understanding, of where the people function should focus their efforts to maximize the benefit for employees instead of concentrating on something of less importance.

Each of the five categories in the Trust model™ contains three focus areas, so there are 15 focus areas in total. The importance scores were added up as totals per each category and all of the focus areas in the same category were credited the same number of points as were given to the category. For example, the category 'fairness' consists of equity, impartiality, and justice (van Marrewijk, 2004, 141). Example: If fairness would have received 15 points, equity, impartiality, and justice all would be processed as if they received 15 points each. The author felt 15 focus areas would have been too broad to choose only one most important focus area and the survey tool didn't give the opportunity for multiple selections.

The employee survey was active for responses for two weeks starting from May 30<sup>th</sup>, 2022. The response rate was 86,4%. The importance, ratings and open responses were examined. The importance scores were marked with not important (less than 15% marked as an important factor for them), somewhat important (15-29,9% marked as important) and very important (30% or more

marked as important). The system automatically gathers the responses and calculates the ratings per focus area. The ratings were marked as not well done (less than 80% satisfaction), well done (80-89,9% satisfaction) and very well done (90% or more satisfaction).

The importance and ratings from the employee survey were then added to a 3-by-3 grid based on the answers created by the author. The X-axis represented the importance (not important, somewhat important, very important) and Y-axis the ratings (not well done, well done, very well done) and the focus areas were placed on the grid to visualise which important matters should be maintained and which require more development. The focus areas that were somewhat or very important were added to the Excel file as key terms, with an emphasis on those that were in the 'not well done' or 'well done' satisfaction groups. Figure 8 shows how the focus areas were scattered through the 3-by3 grid on the left, and examples of how they were added to the Excel file on the right. Because the line manager and senior management groups only had 9 and 7 members, the importance ratings were scattered evenly, and the satisfaction results couldn't be sorted based on the importance factor. Consequently, only the satisfaction ratings were examined for these groups.

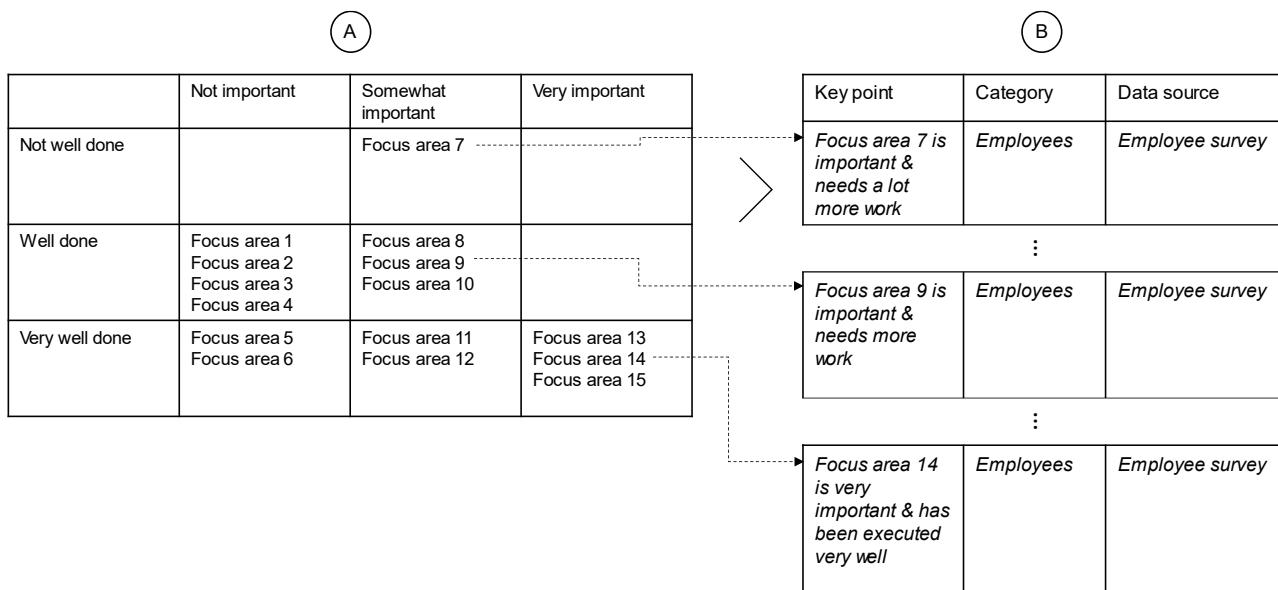


Figure 8. Example of data processing from employee survey responses grid (A) to the Excel file (B).

*The outcome from this phase was 13 key points in one category. From the employees, 9 key points were added to the Excel file with 2 from line managers and 2 from senior management.*

The open comments are presented in the Great Place to Work® survey platform as word clouds but as there are employees answering the survey in different languages, they don't show the full picture. Therefore, each reply was processed independently and added to the Excel file with other

data using the thematic analysis that was already used with other data sources. An example is presented in Figure 9. Here, the first row only had one key point, but the second response has been divided into two separate points.

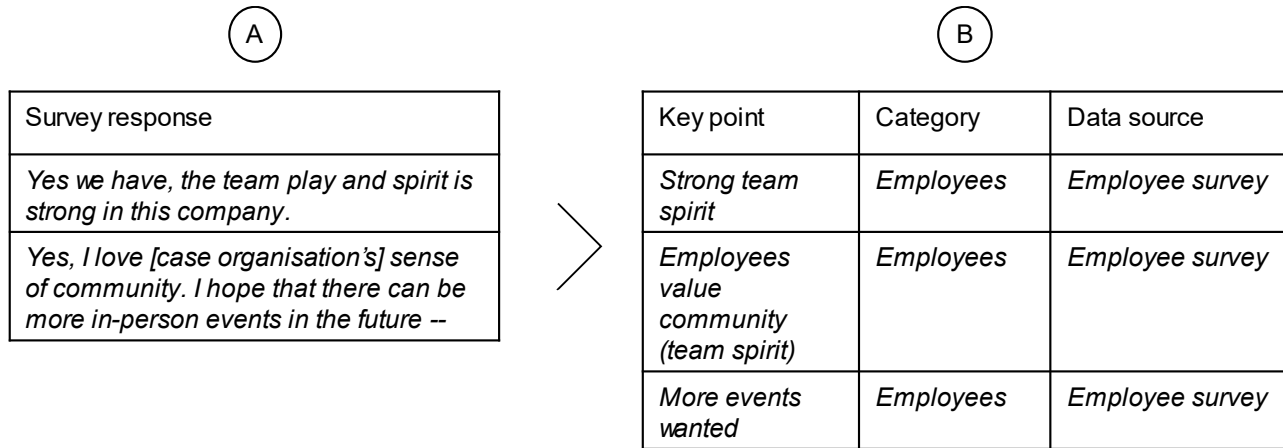


Figure 9. Example of data processing from employee survey open comments (A) to the Excel file (B).

*In total, 46 rows of key points were identified in 4 categories and added to the Excel file.*

#### 4.1.4 Final analysis

At this point of the Examination phase, all the data was gathered in the same Excel file. Now, it was time to find themes and their relations, as well as refine the themes and test propositions.

While gathering and doing the preliminary analysis for the data sets, their themes and their relationships are already emerging, but synthesis starts when all the data is at hand. Patterns and relationships from the codes are tried to be found to group them into themes. Then, themes that need further analysis are decided on, these will be ranked based on their importance and links between them are established. Lastly, the themes will be refined and tested. Coded data is reorganised under the themes and reorganised when needed. During this step, data is re-evaluated, and themes might be discarded, or new ones might emerge. The relationships are tested by seeking alternative explanations or examples that counter the assumption. (Saunders & al. 2019, 652-658.)

When all the key points had been gathered into the same Excel, there were 370 rows of data, meaning there were 370 key points with their 16 different categories listed. In the next phase, patterns and relationships were found. The data was sorted by the B column (category). It was checked that there was enough data gathered; for example, if the external environment implied a common customer need, the organisation's solution was found from the internal matters.



Because of the vast data pool and relationships between the data, the next part was done with pen and paper using post-it notes with different colours, shapes and arrows between them to represent different types of data, importance and relationships.

The research objective is to create a people strategy taking the needs of different stakeholders into account. To accomplish that, the answers for the following sub-questions were sought from the data next:

- What are the most important people issues in the case organisation's strategy and different stakeholders?
- What are the most important aspects of creating the people strategy for the case organisation?
- What are the most important objectives for the people function? What needs to happen to get from the present state to the objectives?

The data was reorganised multiple times to find different solutions; first, it was organised based on the themes that arose from the sources. Then, it was organised on a grid that had 'present focus' and 'future focus' on the opposite sides of the X-axis and 'external matters' and 'internal matters' on the Y-axis. Some parts were discarded while new ones were introduced. Each of the solutions was created multiple times from scratch to see if it would end up with a different result. After each turn, a picture was taken so it would be possible to go back to the previous solution.

When the same post-it notes were always grouped, duplicates were replaced with larger post-it notes in order to make the amount of data more comprehensible. After organising the data 4 times with different methods (themes and grid), the patterns started to take form so that the key takeaways could be recognised. At this point, the author still tested if there could be another way to group the data or if new relations could be formed but there weren't other feasible assumptions. The 16 themes and their relations are presented in Figure 10 where all but one theme has been anonymised.

*The outcome of the final analysis was 16 themes that were related to each other (Figure 10). Each theme had 3 to 7 relations to another theme.*

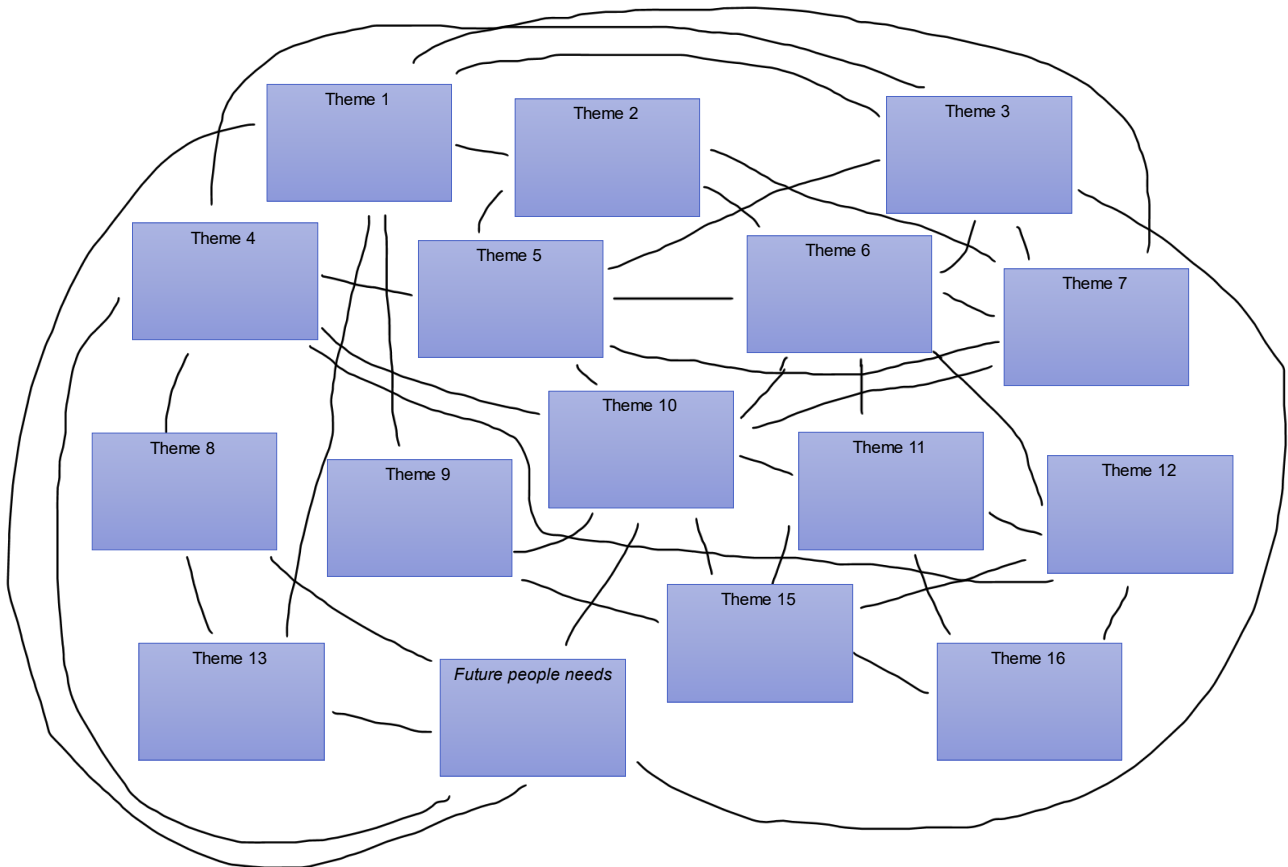


Figure 10. Identified themes anonymised and their relations

The whole data was never translated into English to confirm the original meaning wouldn't be lost in translation. However, the common key themes were in English, and from this point onwards, all the material was created and processed in English.

## 4.2 Prioritization

In the Prioritization phase, the key people management practices and processes for the organisation's strategic success were identified: based on the data analysis in the Examination phase, 29 different problem statements were created by the author. Figure 11 shows which theme they related to. These were the same themes identified in the Examination phase. All the statements used later in the process needed to be able to resolve with people-related solutions. For example, when the problem statement was 'how do we grow sales?', the people implications were 'how do we get more sales personnel?' and 'how can we grow the sales team's performance?'. For 2 problem statements, such implications couldn't be found. Thus, in total, 27 problem statements related to people were identified and those were selected to be continued with.

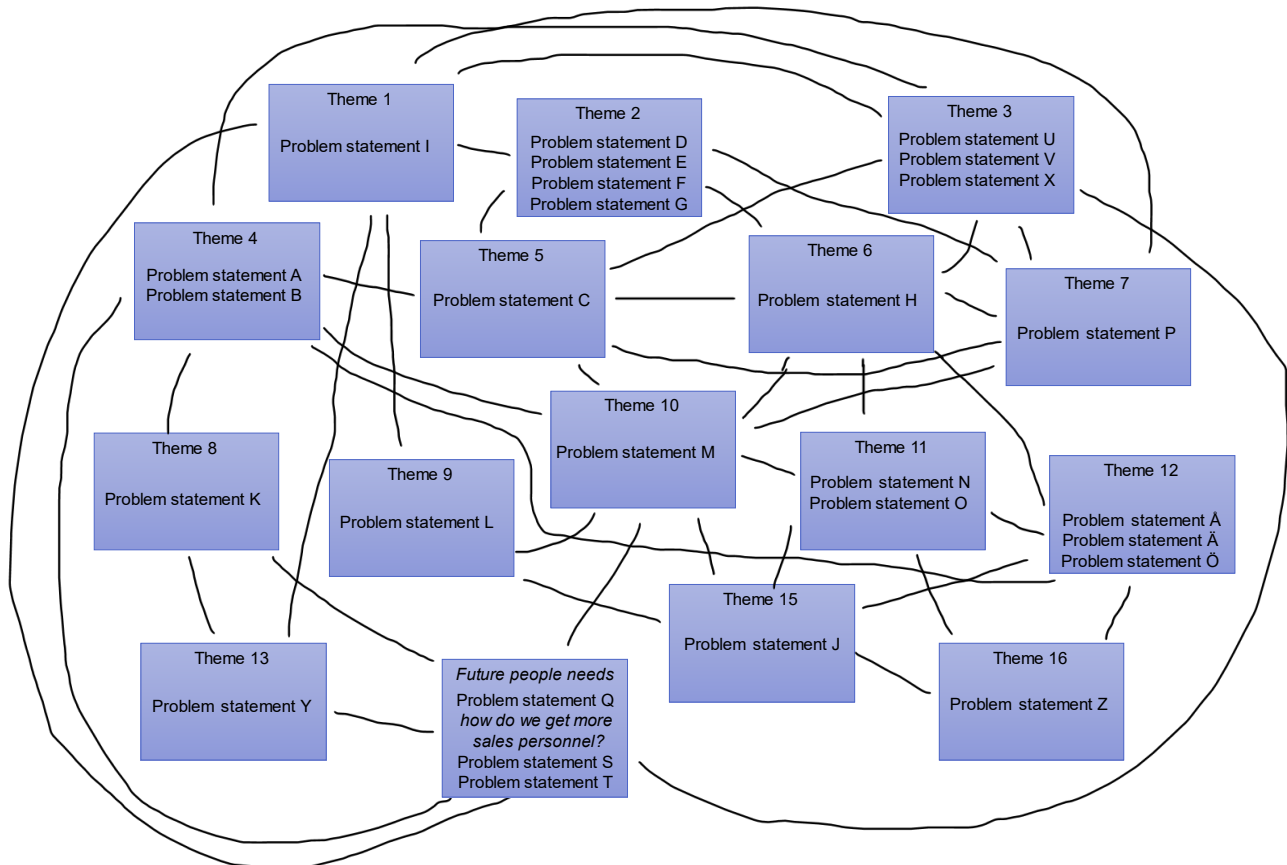


Figure 11. Identified themes and their problem statements

Each 27 problem statements were bound to at least one category of HRM system (resourcing, rewarding, development, etc). All the statements were added to an Excel sheet and marked with a colour representing each category. The colours are also presented in Figure 12. 7 statements fell into resourcing, 6 into engagement, 6 into learning and development, 4 into rewarding and 2 into organisational structure, 1 into communications, and 1 knowledge management. These amounts are represented in Table 1.

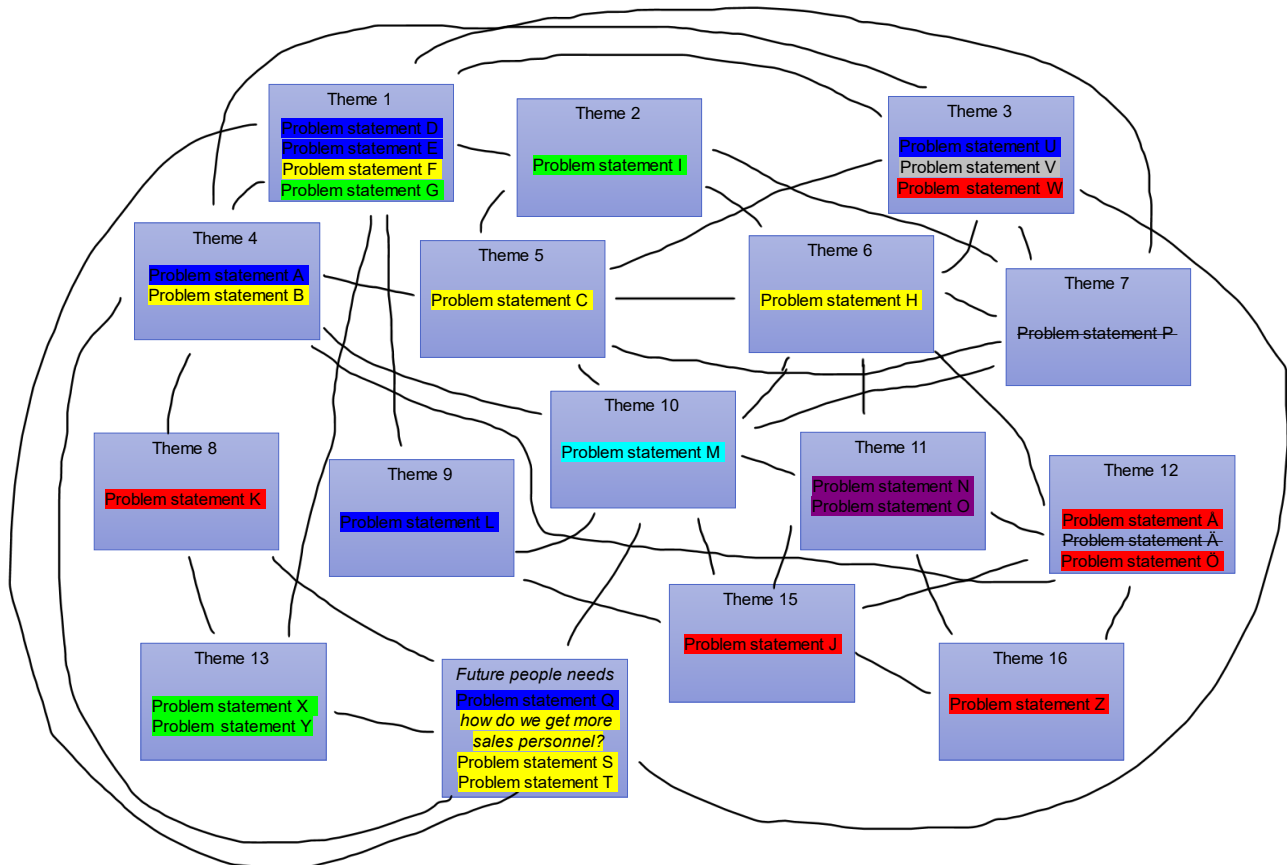


Figure 12. Problem statements categorised with colour codes

The problem statements were prioritized by giving them scores on the impact on strategic objectives, impact on employee satisfaction, and current state. The impact on strategic objectives was assessed by the author according to the gathered data; 3 meant it had a direct impact, 2 indirect impact and 1 weak or no impact. The impact on employee satisfaction was assessed by the author based on the importance and satisfaction ratings during the employee survey. Here, the previously created 3-by-3 grid was used to assess the impacts. The current state was assessed based on the author's knowledge of the policies and processes in place; 3 meant there was a well-thought-out process, 2 that the process or policy was lacking or needed updating, and 1 that there was no process or policy.

After the scores were given, first the impact scores were summed up and sorted from smallest to largest to see the ones with the most impact. Then the current state score was added, and the problem statements were sorted according to the totals. The top 9 statements stayed the same and the tenth statement according to the impact got dropped to 13<sup>th</sup> place. The twelve statements with the most points were selected as the most important ones because they had at least 7 points each – at least one assessment criterion had earned 3 points and none of the criteria was

assessed as 1 point. The number of important statements in each category is presented in Table 1 where the chosen categories are highlighted.

Table 1. Categories with the number of statements and important statements per each category.

Category	# of statements	# of important statements
Resourcing	7	4
Engagement	6	6
Learning and development	6	0
Rewarding	4	1
Organisational structure	2	0
Communication	1	1
Knowledge management	1	0

Based on this, the author decided to include at least the resourcing and engagement in the people strategy as they had the most points. The learning and development, as well as the rewarding, were also added because the author assessed that they would have a great impact, especially on engagement. Learning and development seemed important for the strategic business objectives in the long run.

It was checked that these four categories answer the needs raised by the strategic goals of the case organisation. They were then added to a new paper. While examining the problem statements, the most important matters to consider for each category were listed around them: for example, employer branding was linked heavily to the problem statements included in the resourcing and for that, it was added with the categories to the paper. A mind map was formed including the four categories, other key matters, and their links and relations. In Figure 13, the four categories and the key matters affecting them are presented with the relationships between them. The four categories are presented in colours and the key matters are in grey.

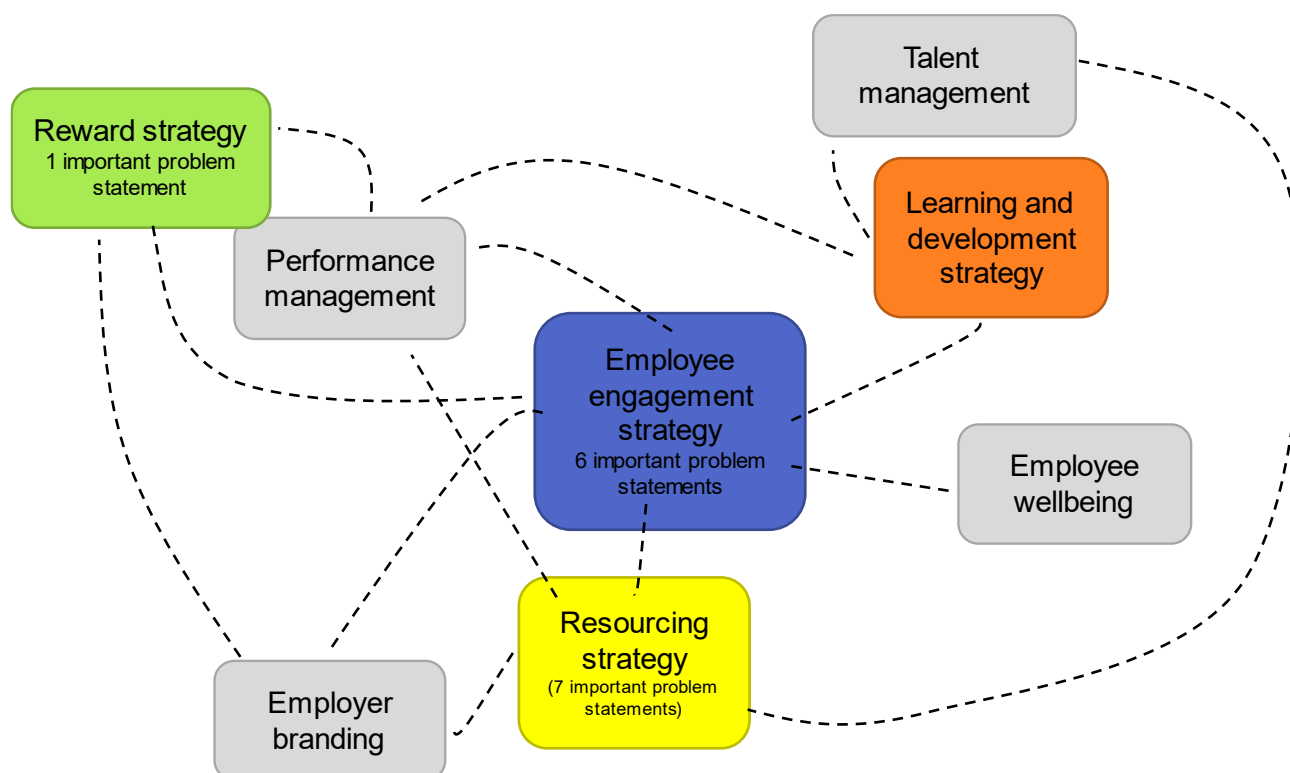


Figure 13. Mind-map with key categories (coloured), key matters affecting them (grey) and their relations.

### 4.3 Specification

During the Specification phase, the goals and limits for the four categories in the people strategy are established. In this phase, the author revisited the gathered data. To establish the goals and limits of the people strategy the following questions were reviewed. What are the most important matters for the employees? How does the organisation measure success? What kind of resources are there to develop and implement the strategy? Based on the best-fit approach, it was vital the people strategy would be valuable for the organisation's strategic aims. Also, based on the literature review on people management, it should be easy to understand and implement with the organisation's resources.

At this point, the ownership of the case organisation was announced to be changed around three to six months later. To understand the needs of the new owner, the interview data of the previous owner was discarded, but this didn't affect the themes or the four categories. The career website of the new owner and documents from internal presentations of the acquisition were analysed the same way as the business strategy documents. The case organisation's values and culture are well aligned with the new owner's values and culture so this didn't affect greatly the work that had

been done, but it required that the result would be aligned with both the business strategy and the corporate people strategy of the new owner.

The author reviewed the problem statements and their importance against the material she had about the new owner. It was assessed that the four categories didn't require change, but it affected the prioritization a bit. After all, the 12 most important statements didn't change but their order changed. This meant that the categories presented in Figure 13 didn't change.

It was evaluated that the acquisition wouldn't have immediate effects on the case organisation's strategic business objectives. They were reviewed and their implications for the four categories were examined. One example objective was to have satisfied employees, which implied that the choices made while creating the people strategy would not decrease employee satisfaction but instead, employee point-of-view would be considered while making the strategic decisions.

After examining all the strategic business objectives and their implications, the goals for the people strategy were established; all decisions should aim to preserve employee satisfaction, enable business growth, and increase the employer brand. On top of these, goals derived from the literature review were the alignment with the case organisation's business objectives, alignment with the new owner's public people agenda, and easiness to implement the strategy. Therefore, there were now six goals.

#### **4.4 Creation**

In the Creation phase, the people strategy is formulated. It was started by complementing the mind map (Figure 13) with matters that affect the categories and key matters affecting them. This was done partly using the data gathered in the Examination phase and partly using the author's competence. Figure 14 shows the added information as circles with a few examples. The colour represents the category they fit best, and the dotted lines represent their relationships with other categories or matters. For example, when employees had indicated in the employee survey that in their opinion teamwork has value for engagement, that was added as a blue rectangle to the mind map. A green rectangle "team-based goals" was added according to the author's competence, and since the author identified a relationship between them, so a line was drawn to link them together. The circles were mostly added based on the gathered data, but some of them were also added based on the author's competence.

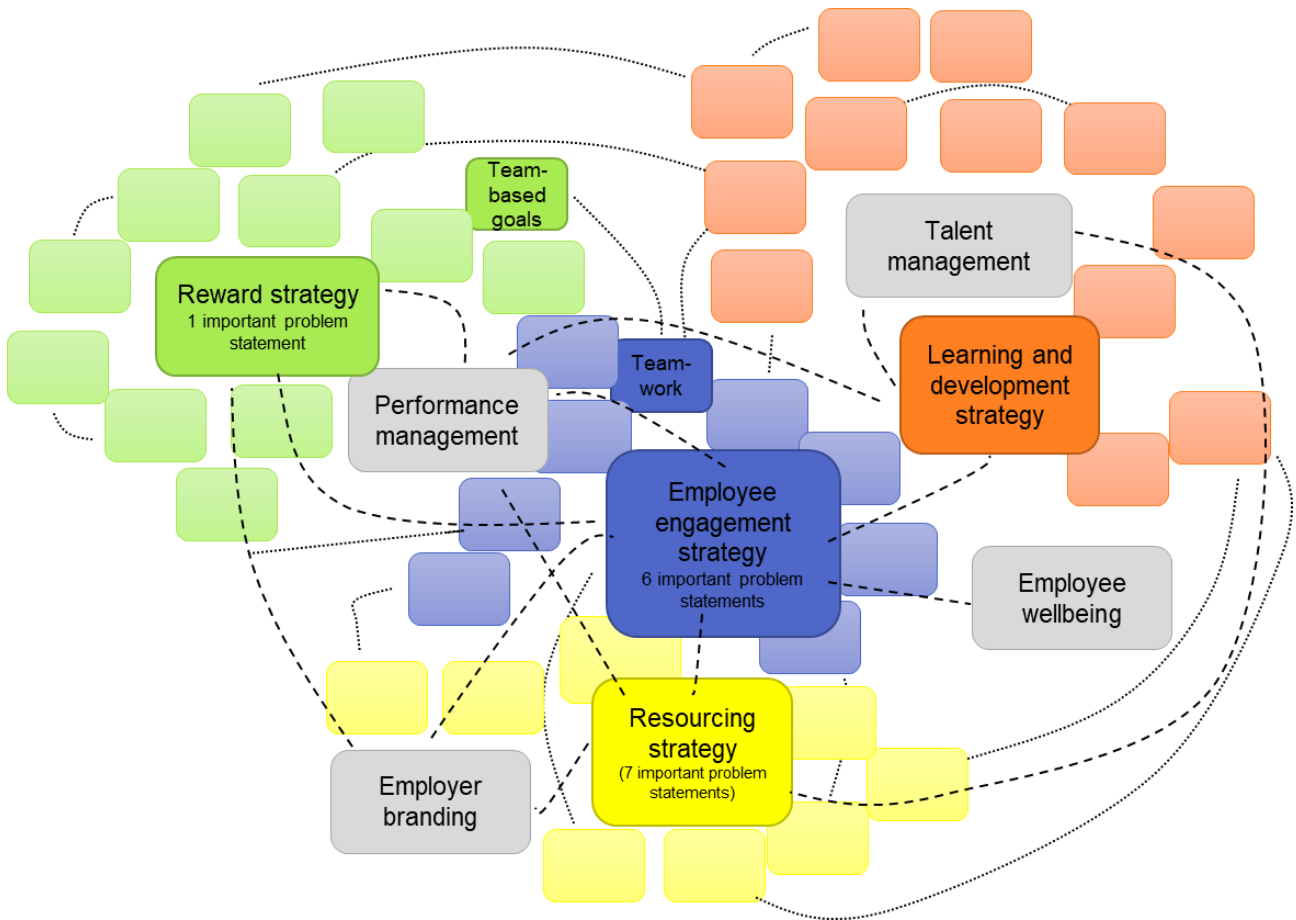


Figure 14. Mind-map with key categories, related matters, and their relations.

After all the data was in the same mind-map, the author started to create different options for the categories and key matters affecting them. During this process, mostly the author's own expertise was used. The items that answered the twelve most important statements defined in the Prioritization phase were highlighted so they would be included in the final output. For example emphasis on teamwork was one of the highlighted matters.

Based on the data gathered in the Examination phase, some parts of the strategy were so clear there weren't options – for example, the workforce plan was easy to define based on the business growth objectives. For the recruitment, options were to focus on finding experienced employees that require more resources to be found and attracted as well as having higher salaries or to focus on junior hires that require more training and development, or a combination of these. Each option created different premises for the learning & development strategy and the rewarding strategy as well as affected the engagement strategy.

The options were evaluated based on the available resources - emphasising experience in new hires requires more resources from the people team whereas hiring new talents requires more



resources from team leaders and colleagues – as well as the six goals created in the Specification phase. After a lot of scrutiny, planning and cross-checking, the strategy took its final form which is represented in Figure 15.

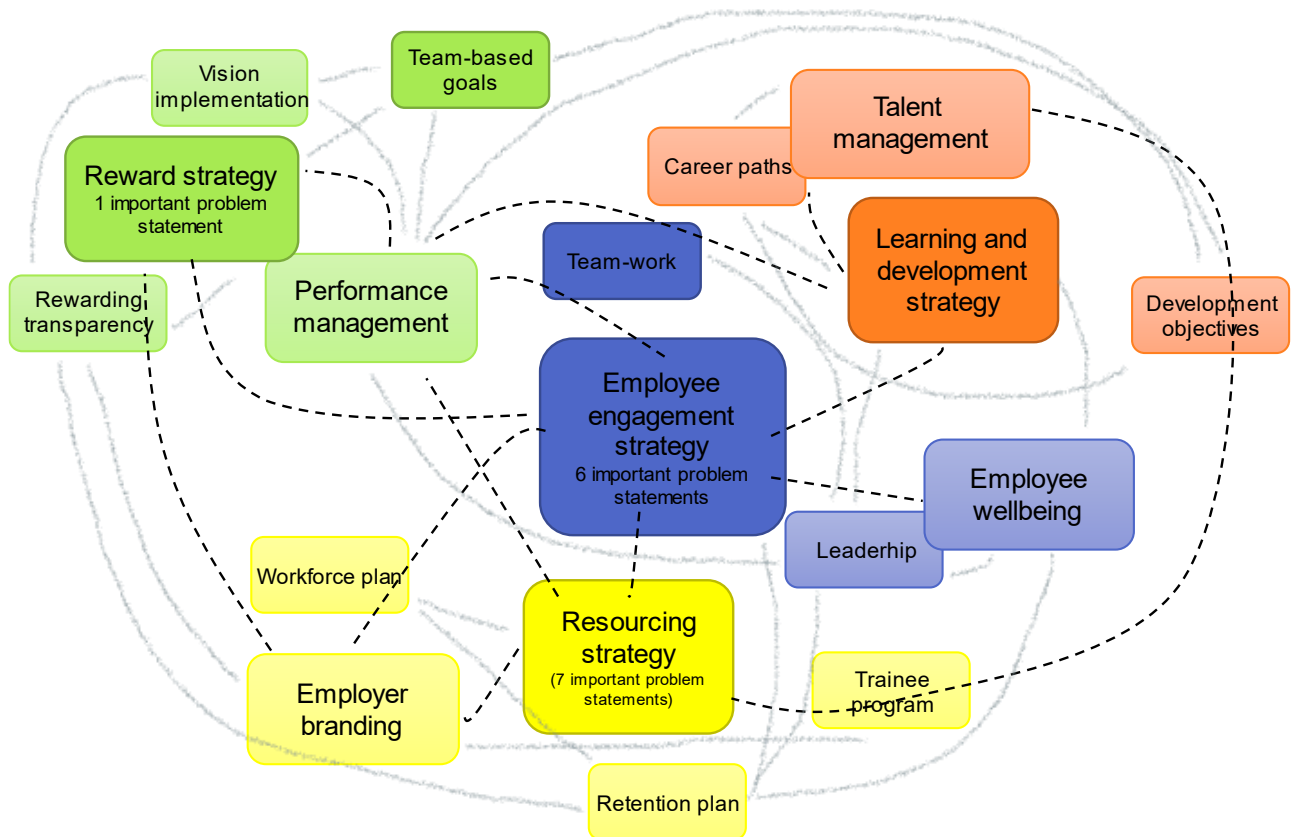


Figure 15. Mind-map with final categories and key matters affecting them addressed in the people strategy

Then, it was made sure the strategy was aligned with the business strategy and its objectives on people-related issues, the new owner's people agenda, it answered the most important statements defined in the Prioritization phase, wasn't too heavy to be implemented with the available resources and formed a coherent whole where all of the parts supported each other. Thus, the proposed people strategy met all the goals defined in the Specification phase.

Lastly, targets that supported the business objectives were defined for each part of the people strategy. Most of them were derived from the employee satisfaction survey. The final output was a PowerPoint slideshow that contained one picture that draw the whole strategy together and a more detailed plan for each part of the strategy. The final slideshow contained 21 slides in total.

## 4.5 Evaluation

The final output was introduced to the CEO of the case organisation on September 5, 2022. The author presented the PowerPoint slideshow in a Teams call and asked for feedback during the presentation. The CEO had minor adjustments to the workforce plan as well as comments on how to execute some of the planned items in the strategy. Target setting to support the rewarding was planned to be done using a specific framework, but that framework was changed to a more suitable process for the case organisation.

Overall, the CEO thought the people strategy is valuable and aligned with the business strategy. Based on the comments, a few adjustments were already made to the people strategy.

The next steps, that were not executed during the process of this thesis, were presenting the strategy to the management team, team leaders and the new owners, getting their input, making adjustments, and implementing the strategy.

## 5 Results

The result of this thesis was a PowerPoint presentation containing 21 slides that included a picture of the people strategy on a high level as well as a more detailed plan for every four parts of the people strategy. The high-level picture has been presented in Figure 16. The figure is based on a picture of the case organisation's business strategy. Figure 15 showed the more specific themes that were addressed in the PowerPoint presentation and the more detailed plan is confidential and won't be presented in this thesis.

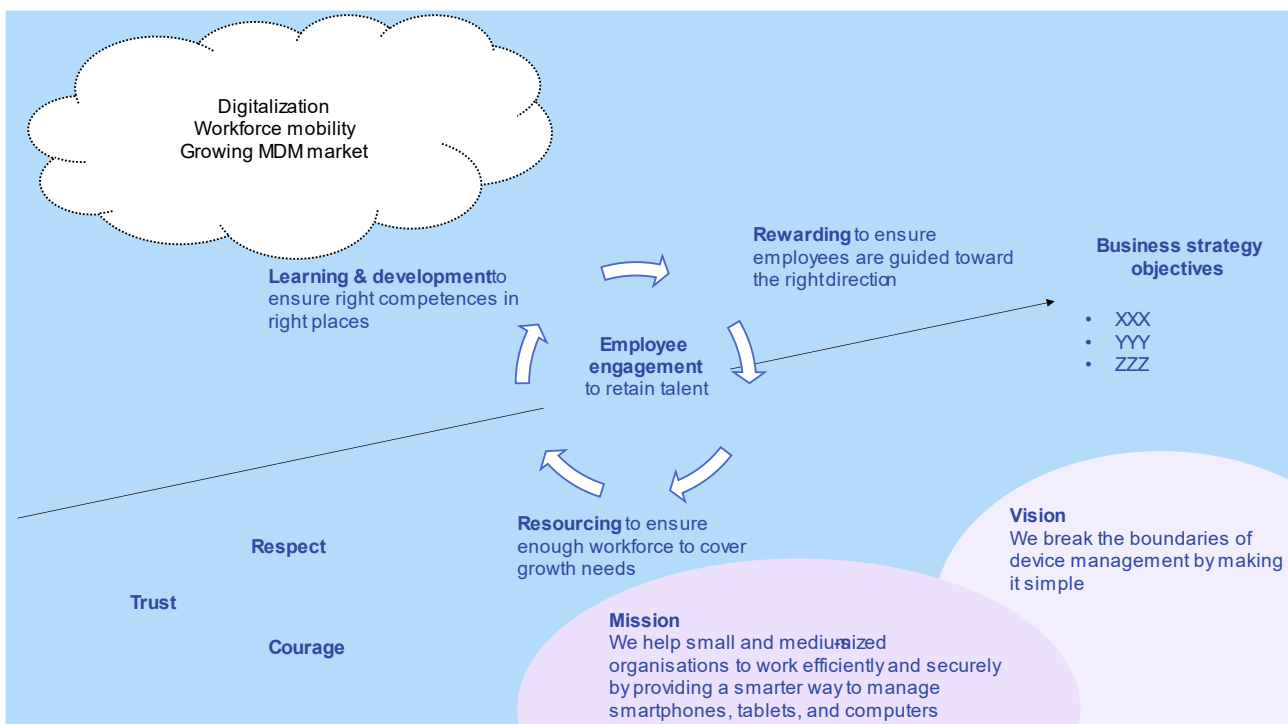


Figure 16. Picture presenting the people strategy on a high level.

The strategy has its premise on the case organisation's values presented in the lower left corner as well as the mission and vision statements of the case organisation presented in the lower right corner. The people strategy considers what is needed from the employees and the people function of the case organisation to serve SMB customers and have a coherent, simple way of working both internally and externally while honouring the three values of the case organisation. On the other hand, the external environment that is presented by the cloud in the top left corner also affected the people strategy and created preconditions that needed to be considered.

In the centre of the figure, there are the four elements that the people strategy consists of – resourcing, learning & development, and rewarding strategies which are the key building blocks for employee engagement strategy, which is vital for a growing organisation in the knowledge industry.

This strategy aims toward the completion of the business strategy and the business objectives derived from that strategy.

The people strategy considers not only the vertical fit with the business strategy but also the horizontal fit between all its parts. For example, the type of current and future employees that the case organisation employs and are targeted in the resourcing strategy are considered in the learning & development strategy, rewarding strategy, and engagement strategy.

During the process of creating the people strategy, six main goals were defined in the Specification phase. These goals included three objectives from the business strategy as well as alignment with the business strategy, the new owner's people agenda and easiness of implementation with available resources. All of these goals are met with the created people strategy.

## 6 Discussion

In this chapter, the relevance, significance and quality of this thesis are discussed, followed by the author's learnings. First, the relevance of the results is examined, and then the significance and generalisability, as well as reliability and validity are evaluated. Lastly, the author's own learnings are discussed.

### 6.1 Relevance of the results

The objective of this study was to create a people strategy that serves the business objectives and fits the needs of different stakeholders of the case organisation. Based on the author's understanding and the CEO's feedback, these objectives were fulfilled. The sub-questions to reach the objective were answered too during the strategy development.

The result was in alignment with the framework used in this study. The easiness to implement the people strategy (e. g. Armstrong 2021, 121-122) and the people-centricity (e. g. Wright & Steinbach 2021 2022; Zhang-Zhang & al. 2022, 589-591) were at the core of this thesis, even though employees could have been utilized even more. However, the views and input of multiple stakeholders were gathered and as the people function has the responsibility for the quality of the result, the involvement of others can be seen as sufficient.

Because the decisions made while creating the people strategy were based on the gathered data, especially the strategy and strategic goals of the case organisation, the value should be self-evident. Four categories didn't seem too much to develop considering that there are two specialists in the people function of the case organisation, and one specialist on family leave. Also, the categories were easy to divide so there would be two main responsibilities for each specialist. The categories were such that most of them wouldn't put extra pressure on the line managers in their daily work. Therefore, it was evaluated that the resources would be enough if the strategy isn't too complicated.

As suggested by Boxall and Purcell (2016) the best practices were in the background of the strategy development as the author is following industry news and events and has a firm grasp on what's going on in the people field. Systematic benchmarking was decided to be left out as it was evaluated to be somewhat in conflict with the best-practice approach. Also, internal resources and implementation were considered throughout the development process.

The internal and external environments that form the basis for the best-fit solution (e. g. Bailey & al. 2018; Boxall & Purcell 2016) were examined closely in the Examination phase, and different stakeholders' points-of-views were extensively included in the process. Also, the strategy structure – a

set of specific people management strategies bundled (Armstrong 2021) – follows the framework, and the bundles reinforce each other well.

Much of the same philosophy about data collection was behind both the evidence-based approach concentrating on hard evidence (Rousseau & Barends 2011) to developing a people strategy and design thinking where data is used instead of assumptions (Beckman & Barry 2007). In the evidence-based approach, the emphasis is more on the use of scientific resources (Rousseau & Barends 2011) whereas design thinking emphasised finding out the data from the end users or clients (Beckman & Barry 2007), which in this case would be the stakeholders of the organisation. One of the features of an evidence-based approach is knowing the metrics and facts of the organisation (Rousseau & Barends 2011) and that is actualised with the process of this thesis. In addition, the author's extensive background in case organisation gives her a good knowledge of the metrics.

The author of this thesis is the Head of People Operations at the case organisation. She has been working in the case organisation for almost 6 years and has been leading the people function for 3 years. She has also been a member of the management team in the case organisation for 3 years. Even before her current role, she has participated in management team workshops and external workshops that aim for the growth of Nordic companies. She has also been the interim Head of Marketing and Growth. Therefore, she has accumulated knowledge and insight from years of work in different parts of the organisation covering not only the people function but other business areas as well.

All in all, the process and the results were successful and created value.

## **6.2 Significance and generalisability**

The people strategy will probably be implemented in the case organisation as a limited version as it will most likely need more updates to fit the new owner's strategy, culture, and way of working. Still, mostly it can be still utilized as it is.

The created people strategy will have a great impact on how the people function will work and create value for the case organisation. It will ensure the people function is working towards the strategic objectives of the firm and for that, it has great significance to the case organisation.

Generalizability assesses if the results can be applied to a wider concept (Eriksson & Kovalainen 2008, 293). Generalisability can be bettered by including multiple interviews if the study only concerns for example one case organisation (Saunders & al. 2019, 449-451). Because this research's objective was to create a people strategy for a specific context of the case organisation, the generalisability is weak, though multiple interviews were conducted. As the best-fit approach was used,

the result was never intended to fit other organisations even with similar features such as size or industry.

In a broader concept, developing a people strategy for any small or medium-sized organisation that doesn't have one would enable them to work towards their business objectives from a people perspective in an organised way. On top of that, applying the people-centric paradigm to strategy development would be recommended for any organisation building or renewing its people strategy.

### **6.3 Reliability and validity**

Evaluation of the quality of case studies is often very similar to other research where reliability, validity and generalisability are used to evaluate the quality of the research. In general, a good case study ought to be significant; it should be unusual or generally interesting, theoretically or practically relevant and complete meaning that the end results should be convincing instead of just randomly ending the study. In a quality case study, alternative perspectives are considered and the answers to the research questions are backed up with enough evidence. The reader of the report should be presented with enough supporting and conflicting evidence to understand how conclusions were made. (Eriksson & Kovalainen 2008, 133, 291).

Reliability shows how reliable the data is, meaning that another researcher would have ended up with similar data if they were to repeat the exercise (Eriksson & Kovalainen 2008, 292). First, the author's background is introduced and compared to the reliability of the study. Second, the reliability of the interviews and secondary data sources are examined more closely as they were the main data sources used in this thesis.

Given the author's background in the case organisation, it provided valuable input to execute the research but also created a reliability issue as there are a lot of things the author knows or thinks she knows and interprets the data based on her own experiences.

#### **Interview data issues**

Reliability, bias, cultural differences, generalisability, and validity can impact the data quality in a semi-structured interview. Interviewer bias can affect the formulation of the questions, reactions to the answers or interpretation of the answers. Interviewee bias is caused by their perception of the interviewer and might for example limit their answers. Bias might also be the result of certain types of people agreeing to the interview whereas other types might refuse. Cultural differences can result in language barriers or different interpretations. Generalisability shows how well the results can be transferred to other settings. Validity refers to how well the interviewer has been able to

interpret the answers. It's often good in semi-structured interviews if bias hasn't affected it. (Saunders & al. 2019, 446-448.)

There are multiple ways to overcome data quality issues. Reliability can be shown by detailed documentation of the process. Bias can be avoided by preparation discussed in the following chapter. Cultural reflexivity might come into question to diminish the impact of cultural differences if there are interviewees from other cultures. (Saunders & al. 2019, 449-451.)

Three things that need to be considered when preparing for the interviews are the level of interviewer knowledge, giving information before the interview, and how appropriate the location is. The level of interviewer knowledge refers to understanding e.g., the organisation, its field and terminology as well as knowing the cultural differences between them and the interviewee. Giving information about the themes or questions that are discussed in the interview helps to increase the credibility of the data. The questions should be about the subject of the study, starting with general questions and asking more detailed, clarifying questions when needed. The order of the questions should be logical. Participants' personal safety, the convenience of the location and minimizing disruptions should be taken into account when choosing the location. (Saunders & al. 2019, 451-454.)

To avoid bias to ensure the reliability and validity of the interview, several things need to be considered. These are listed below with how to avoid them (Saunders & al. 2019, 454-461):

- interviewer appearance; wearing similar clothes to other participants
- opening the interview; gaining consent by explaining the research
- approach to questioning; clearly phrased questions that are unbiased and are not leading
- use of questions; avoiding emotional language and focusing on facts, the use of different types of questions like open, probing and closed questions in different situations
- interviewer behaviour in the interview; using neutral gestures and showing interest through for example open posture
- active listening; listening and giving space while building common understanding instead of telling the interviewer's views
- ensuring rapport; giving a summary and asking if it was understood correctly
- dealing with difficult participants; keeping polite
- and recording of data; preferably recording and taking notes at the same time

In addition to the previous, contextual data such as location, date and time, setting, information about the participants and the interviewer's impression of the interview should be recorded as soon as possible after the interview. (Saunders & al. 2019, 463.)

For the interviews that were conducted, the aforementioned issues were taken into consideration. The interviewer's knowledge about the case organisation and its context is broad so there's little or no risk of misinterpretation of terminology or similar, but the interviewer might have a bias that makes her misinterpret responses. The questions were selected so that they would minimise the possibility of bias; a lot of open-ended questions were used while make sure the responses were



correctly understood. When choosing the location, a conference call was the only reasonable tool to facilitate the two remote interviews because of the interviewees' locations. For the face-to-face interview, the case organisation's quiet meeting room was used.

Overall, the author tried to consider all aspects affecting the reliability of the interview data but there might be some reliability issues related to her long-term role in the case organisation.

### **Secondary data issues**

The reliability of secondary data can usually be derived from the data source. Survey data from governments or well-known market research organisations can usually be seen as reliable. (Saunders & al. 2019, 363.) Considering the scope of this thesis, the secondary data can be considered reliable. The strategy material is accurate as it presents the case organisation's strategy as it is. There were only minor conflicts between the supporting documents and the strategy and in these cases, the strategy was used above the supporting material (e. g. employee, management team and strategy team answers and considerations about the business environment, SWOT, customers, values and competitive advantage). The surveys that were used as secondary data sources were conducted by third-party organisations that specialise in the type of research they had conducted for the case organisation.

### **Validity**

Validity shows how well the conclusions explain the studied situation (Eriksson & Kovalainen 2008, 292). It assesses the chosen methods and how accurate the analysis was. An organisation's documentary data might have flaws such as inconsistencies and their validity might be difficult to assess. The validity of interviews is often high if clarifying questions are used and responses are explored from different angles (Saunders & al. 2019, 214, 363, 449-451). Triangulation can be used to increase the validity of the research by combining different data sources, methodologies, methods, theories or researchers (Eriksson & Kovalainen 2008, 292-293).

The data was collected from multiple different sources to increase its validity. In some cases, like the employee satisfaction survey, both qualitative and quantitative data were used. In the interviews, clarifying questions were used at times when the interviewer felt the need for them. The gathered data was scrutinized and reorganised multiple times and different explanations were examined to make sure the correct relationships were established, and the analysis was correct. The analysis was based on the literature review of this thesis that was collected before moving on to the empirical part of the study. Thus four different forms of triangulation were used at least partly, making sure the validity would be established.

## 6.4 Own learnings

The strategy process has a significant meaning for the author's competence and professional growth. Not only did it provide a deep dive into the design thinking process and the development project of a people strategy, the vast amount of literature that was read to complete the theoretical part included browsing through over 200 peer-reviewed articles about the people management field and design thinking as well as service design. Even though only a handful of these was selected to build the theoretical framework, the author was able to form a more comprehensive view of the people management field than the limits of this thesis.

The project involved a lot of project management and self-management practices to be completed but after all, it only took less than a year to gather the theoretical background and execute the development work based on the information. The information about the planned acquisition showed once again that unexpected changes might occur during a long project, but after all, the announcement didn't affect greatly the completion of this thesis.

If the author was to complete a similar project again, they would use more cooperative tools throughout the development process in the form of focus groups, group interviews and brainstorming sessions.

It would have also been interesting to include more of the implementation and feedback from the practice of the people strategy in the thesis. Nonetheless, the implementation and future development work continue even beyond this thesis.

## 6.5 Future research and implications

This thesis will greatly affect people management in the case organisation. In the future, there would be the possibility to research further, how the people strategy was implemented, how it evolved during the following years and what kind of effects it had on the case organisation and its employees.

As the people strategy is created based on the best-fit approach for the specific case organisation, it cannot be duplicated to another organisation, environment, or time. However, it would be interesting implication to apply a similar process to update it or do similar work for another organisation or environment.

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## Appendices

### Appendix 1. Interview questions

CEO interview:

1. Identify the 5 most important part of the HRM system in our organisation.
2. What are the key objectives of our business strategy?
3. What are the main drivers of success in our business?
4. What are the core values of the organisation?
5. What evidence is there that these values are used in the everyday life of the organisation?
6. What kind of companies do we compete with? What are their main characteristics?
7. How do we compete with them? What's our competitive strategy?
8. Who are not regarded as our competitors in the MDM/EMM/UEM market? Why don't we consider them competitors?
9. Where is the market going? How are we considering that in our decision making?
10. What kind of technology trends we have identified?
11. What kind of user trends we have identified?
12. What kind of competence is needed in the future?
13. What kind of employment trends have we identified?
14. How would you describe the availability of key skills we need?

CGO & CPO interview:

What are the main drivers of success in our business?

What kind of companies do we compete with? What are their main characteristics?

How do we compete with them? What's our competitive strategy?

Who are not regarded as our competitors in the MDM/EMM/UEM market? Why don't we consider them competitors?

Where is the market going? How are we considering that in our decision making?

What kind of technology trends we have identified?

What kind of user trends we have identified?

What kind of competence is needed in the future?

People Operations Manager interview:

What are the main drivers of success in our business?

What are the core values of the organisation?

What evidence is there that these values are used in the everyday life of the organisation?

What characteristics do we look for in our people?

What is our employee value proposition, and does it help to attract and retain high-quality people?

What are we doing about developing the talented people we need?

How engaged are our people?

What type of employment trends have we identified?

How would you describe the availability of key skills we need?

What are the 5 most important matters in people operations we should be focusing on, according to your opinion?

Shareholder:

Is there something in the case organisation's culture that you have found especially valuable and would like to preserve also in the future?

Have you used or considered using ESG (environment, social and governance) incentives for CEOs you work with? If yes, is it possible to have an example? If not, is there a specific reason, why?