A Twente Career?

successfactors of creating a regional internal labour market

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Mark Tangeman
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Management summary

The individual organisations on the Twente Kennispark are unable to attract and bind high potentials to Twente, because they cannot offer these employees the career opportunities they look for. In this explorative research collective action is chosen as a possible solution for this problem and the concept of supra organisational human resource management (SOHRM) is presented as the basic concept. Although this concept was originally aimed at improving efficiency, becoming lean, et cetera, this research uses it for offering career possibilities. Twente Kennispark can combine the capabilities of multiple organisations as to create extra possibilities in attracting and binding personnel to the park on a small scale, or the entire Twente region on a larger scale. Such a cooperation can lead to connected internal labour markets consisting of the labour markets of the cooperating organisations, creating career path possibilities through the Twente Kennispark, or even an entire region, instead of just one organisation. This research looks for the factors that determine whether such a cooperation will be successful. Therefore, the focus is on finding the critical success factors for regional career development through a supra-organisational human resource system. They are found by looking at conditions that were needed as a base for introduction of such a SOHRM system and choices that needed to be made in implementing it. These conditions and choices are found by investigating existing literature and interviewing HR practitioners from the region.

The chapter on critical conditions reveal the importance of clear agreements, rules, and obligations when introducing a SOHRM system. According to literature this can be achieved by a high level of formalization. Critical conditions were a need for a high level of mutual trust, clear rules on expectations, finances, responsibilities, decision making, strategy et cetera. Human aspects like trust and commitment also prove to be important. Organisations that want to join a SOHRM initiative have to be in it for the long run. They have to realize that a SOHRM cooperation does not only generate benefits. However, with the right shared commitment it is advantageous to the participating organisations and the region as a whole.

Another finding is the big difference in interview-data from practitioners from small organisations and the others, consisting of practitioners from medium sized and large organisations as well as two consultants. Where these others see a high potential for a SOHRM system not only for their own organisations, but for their entire industry or even the entire Twente region, the practitioners of the small organisations do not support a SOHRM system.

In the chapter on critical choices, the need for a well-defined organization when introducing a SOHRM system is seen as most critical. Variables are introduced to group choices and determine associated organisational forms for the SOHRM system. On the variables of geographical scope and functions scope, choosing a small scope provides advantages, as starting within a short term, with low cost. Also, if the small scope also included avoiding core functions within organisations, the anxiety in small organisations will be less. However, choosing such a narrow scope also has disadvantages such as less possibilities for the employees and leaving problematic vacancies outside of this narrow scope. Choosing a wider approach also presents advantages and disadvantages. There is financial scale efficiency and more opportunities within the connected internal labour markets arise, especially lateral. Connecting the internal labour markets is easier, since large organisations often have a similar structure with similar functions. The disadvantages of a wider scope are a system that can become confusing and therefore labour and cost intensive, and the fact that small organisations will not join.

The Twente Kennispark is seen as an ideal setting for a SOHRM system, because it is both a clearly defined geographic area and an organisation. However, the theoretical and practical data showed that, because of scale efficiencies and scale possibilities, a larger initiative would be more desirable. Also, the organisations within the survey that are housed on the park do not support a SOHRM system at all.

Actually, the organisation that initiated this research, Career Center Twente (CCT), provides exactly that part of an SOHRM system that the organisations that are housed on the park desire. CCT offers labour mediation, represents multiple organisations, and actively uses its network to find jobs for spouses. The only aspect where CCT does not fit the wishes of the Twente Kennispark organisation is their focus on the entire Twente region, instead of just the Twente Kennispark. I would therefore recommend the park management and the individual organisations to work even closer with the CCT on the field of career development within the region, instead of limiting it to the boundaries of the Twente Kennispark.

Preface

After two years of work, I am glad to present this final paper on the explorative research I have conducted on successfactors of a regional internal labour market. This research is done in conclusion of my MSc in Business Administration at the University of Twente.

I perceived this assignment to be an opportunity to explore both my strengths and weaknesses when it comes to doing research. The whole process has been a great learning experience, from conducting the literature research, interviewing HR professionals, writing this report, to the insights I have gained on organizational life and the practical application of HRM. In the period I worked on the assignment there were periods in which the research went prosperous, but I also faced difficult periods gathering information for my literature research. It eventually took more time than planned to complete this research but I am glad to have put in the effort to finalize and present this paper.

I could not have made this report without the help of others. I first would like to thank Joop Meijer who assigned this research to me on behalf of Career Center Twente. Secondly, my thanks go out to my supervisors of the University of Twente, Dr. Martijn van Velzen and Dr. Frans Coenen, for their support and for providing me with frequent comments. Their difference of opinion on how to write a master thesis kept me sharp and helped me a lot in writing this paper. Third, I would like to thank all the human resource professionals and consultants who took time to answer my questions. Finally, thanks to Michael, Sean, and Casper for reviewing my report, and my family, girlfriend and friends for their support during my entire study.

Enschede, 6 June 2012,

Mark Tangeman

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Chapter 1

Introduction

A fight is going on. Regions are facing one another, combating for the win. The fight is becoming increasingly tough. In Twente multiple stakeholders have joined forces, to form a strong alliance. For them, defeat is not an option. This battle is fought on a remarkable battlefield. Therefore new measures are necessary to possess the winning edge. The remarkable battlefield this fight takes place on is the labour market. The goal is to obtain highly educated workers with a lot of potential. The alliance thinks that financial rewards alone no longer satisfy the needs of these talents. But what does?

Therefore a new 'weapon' is developed in this research for Career Center Twente, the department of CSTM of the University of Twente and the science park Twente Kennispark. A measure that will possibly give Twente the competitive edge that will determine the outcome of the war.

At the moment it seems that organisations on the Twente Kennispark often struggle to get the right employee for a job (J. Meijer, personal communication, August 2010). The individual organisations on the Twente Kennispark are facing problems in attracting and retaining the needed employees on their own. And even with these organisations already having problems filling current vacancies, the Twente Kennispark aims at growth. For the coming years, the management of Twente Kennispark has developed an elaborate master-plan to attract 10,000 employees to the region of Twente, until the year 2020. This plan has a dual focus. On one side the attention goes out to unifying the physical area of the park, now consisting of two parts: the grounds of the Business and Science Park and those of the University of Twente. Secondly, they want to create a unique business climate, challenging entrepreneurs to join their initiative because the park needs more partners to realise their goal of employment growth (Twente Kennispark, 2009). They feel, like Michaels et al. (2001), that an organisation**'s ability to attract, develop, and retain talent will be a major competitive advantage far** into the future. However, the management of the Twente Kennispark is realistic in reaching its goals for growth. They do not intend to compete with the popular Dut**ch region 'Randstad', but do aim to** be second favourite within the Netherlands (J. Meijer, personal communication, August 2010).

Given this description of the current situation, the problem this research will try to solve is summarized as: "*Because they cannot offer these employees what they desire, the individual organisations on the Twente Kennispark are unable to attract and bind high potentials to Twente,*".

Since the individual organisations cannot seem to solve the problem, collective action could be a solution. Twente Kennispark could organise or manage the combined possibilities of the individual organisations in Twente. In this thesis I explore one possible solution of collective action in the area of human resource (HR) for attracting and maintaining personnel.

Although there is much literature on the outsourcing of human resource tasks, there is merely one clear result when looking at organisations collaborating on the execution of human resource tasks: being the concept of supra-organisational human resource management by Medcoff and Needham. According to them (Medcoff & Needham, 1998, p. 43), supra organisational human resource **management (from now on SOHRM) is: "a practice in which some HRM work can be done on a** cooperative basis, shared and coordinated by firms that form an alliance. It moves HRM (human resource management) **work, as it is traditionally defined, outside the corporation".**

Medcof and Needham stated (1998, p. 43) that organisations **"join the on**-going trends of outsourcing **HRM in order to become lean, flexible, and competitive, new economy organisations". The focus** shifts from in-house to external placement of human resource activities. Medcof and Needham (1998) argue that the moment may come that external human resource systems are more important than in-house-systems. The concept of SOHRM is hardly researched. Medcof and Needham just formulate the concept as an umbrella term for multiple developments they observed in practice. They write in **their final section (Medcof & Needham, 1998, p. 50): "Researchers must map the size, sophistication,** and effectiveness of the system to understand it better and to provide practitioners with the data they need to make effective operating and strat**egic decisions".** According to Greer et al. (2011, p. 94) HR **outsourcing "is still going on as a by**-product of the restructuring of HR departments in organisations in virtually every industry, regardless of size. This restructuring can have multiple reasons, ranging **from mergers to delivering better service at lower costs".** Medcof, Needham, and Greer look at economic gain of working together on HRM in a SOHRM system. In this explorative research I set out to find elements that determine the success of a SOHRM system in order to attract and bind personnel to the participating organisations. I will look at the necessary starting situation, possibilities of introducing it for the organisations on the Twente Kennispark or on a larger scale.

The Twente Kennispark is a science park organisation, started in 2006 by the University of Twente, the city of Enschede, on behalf of Netwerkstad Twente, and the province of Overijssel. Kennispark is **the Dutch translation of "Science Park". It is a "young and entrepreneurial o**rganisation dedicated to connect, optimise and complete the facilities for high-**tech entrepreneurs" (Twente Kennispark, 2010).** The physical area of the Twente Kennispark covers an area of about 445 acres. In 2010, Twente

Kennispark housed 324 organisations, of which 91 were student- organisations. These are organisations that students start during their education. The 324 organisations employed 5,905 people, not counting the employees of the University of Twente (Twente Kennispark, 2011).

Figure 1: Aerial view of Twente Kennispark (www.kennispark.nl)

Science parks promote the economic development in urban and rural areas. On the park a diverse range of different industries work together, with the similarity of being knowledge based businesses (Chan & Lau, 2005). Twente Kennispark is not only a geographically constricted area were organisations are housed, but also an organisation that wants to offer services to the organisations on the park. The Twente Kennispark organisation goes beyond stimulating economic development in the region by focussing on a competitive science park. While their main focus is on the organisations within the physical borders of the Twente Kennispark, the organisation tries to support, induce and develop employment and entrepreneurship for the entire region of Twente. Therefore, the Twente Kennispark could be a good setting for a collaboration on HRM.

Since I want to research the setting an successful implementation requires, the central research question of this paper is stated as:

What are the critical success factors for regional career development through a supra-organisational human resource system?

Chapter 2

Theoretical and conceptual framework

In this explorative research the focus will be on individual organisations joining forces in the area of human resource management (HRM). Collective action of the organisations affiliated with Twente Kennispark organisation could combine the capabilities of these organisations in order to create extra possibilities in attracting and binding human capital. A collaboration like that could lead to a shared **system that mimics one large internal labour market (ILM) consisting of the ILM's from the** cooperating organisations. These organisations can be those housed on the Twente Kennispark or, on a larger scale, organisations from the entire region.

In this chapter I will combine the main theories and concepts on HRM and collaboration into one conceptual model of flow in a network of collaborating firms. This model will combine the theory of human resource flow with the arising trend to collaborate on, or even outsource human resource activities. Existing models and concepts are put together to visualise the joint career development of several organisations into one supra-organisation. After this, underlying concepts and theories that come into view when looking at attracting and retaining human capital will be summarised. This overview of literature will form the theoretical basis for my research in the latter chapters.

The organisations on the Twente Kennispark are mainly small and medium sized organisations (**SME's**), lacking the needed financial and human resources, the needed dynamic profile and the experience to solve this problem on their own. Bacon and Hoque (2005) state that, because of the **greater degree of informality in employment practices in SME's, formalisation of HRM in these** organisations is low. Other research, e.g. by Cooper et al. (1997) and McCarthy et al. (1990), also indicates that SME owners and managers do not tend to focus on administrative issues such as HRM, until they perceive that such issues are critically important to their organisation. By expressing the need to collaborate in the area of human resource management, they could counter this problem as well as accomplish the growth goals of the Twente Kennispark.

Glaeser (2005) and Florida et al. (2008) argue that with the right composition of human capital in the region, the region becomes more attractive for new employees. Human capital covers all of the competencies and commitment of the people within an organisation i.e. their skills, experience, potential and capacity. McKinsey & Company (2001) state that an organisations success is defined by its level of human capital. Zupan and Kase (2007) confirm this by saying that knowledge generates increasing returns and continuing advantages and therefore can provide a sustainable competitive

advantage. Getting and keeping a certain level of talent is becoming more difficult, because other organisations also see the scarcity of talents and fight for the ones that are available (McKinsey & Company, 2001). Marlet and van Woerkens (2007) expect that a given amount of human capital accumulation will produce more benefits within cities than within wider geographical regions. The right collaboration in attracting and retaining personnel for current vacancies could therefore offer possibilities in supporting the desired growth of the Twente Kennispark.

But what should the focus of such a collaboration be? Glaeser (2005) supports retaining all highly **educated personnel to improve the "human capital", whereas Florida et al. (2008) focus on creative professions improving the level of "creative capital".** The creative class Florida describes (2002) is creative and innovative and, as a result of this, remarkable for its high productivity. In this creative class, individuals engage in complex problem solving that involve a great deal of independent judgment and requires high levels of education or human capital (Florida et al., 2008). Accordingly, cities and regions of which populations show high levels of creativity grow faster. Florida (2002) states that his creative capital theory is quite different from the human capital theory in two respects. These being the type of human capital (creative) and the identification of underlying factors. While Florida acts as if there is a difference between the human capital theory of city growth and the creative capital theory of city growth, Glaeser (2005) states that they are the same. He argued for years that human capital predicts urban success because highly skilled people in highly skilled industries may come up with more new ideas. Indeed his first regressions showing a skills-growth connection were meant to test the importance of idea generation in cities. So while there seems to be some disagreement about what makes up this value adding mix of employees, there is agreement on the great importance of this right composition.

2.1 Supra organisational HRM

While the concept of supra organisational HRM (SOHRM) is not yet used very often, many phenomena that arose in the field of human resource in the past ten years comply with this concept. The concept of SOHRM gives the underlying trends and theories a usable and comprehensible title. These trends concern more and more organisations that are decentralizing activities such as pay rolling, agencies for temporary workers that are supplying increasingly larger numbers of employees, employees that work in pools more often, and so on. For this research on supra organisational HRM the important aspect is mimicking ILM's through collective human resource activities.

Medcof and Needham name six major characteristics of a supra-organisational HRM system (Medcof & Needham, 1998, p. 48):

- It has to be economically significant and growing.

- It has to provide a wide range of services. Including some that are highly sophisticated.

- Its segments should converge into a more homogenous system.

- Its collaboration with clients has to be deep and the boundaries between internal and external systems can become blurred.

- Such a system is networked, with many players involved in constantly evolving configurations and alliances.

- It can provide HRM infrastructure for a wide variety of workers, and increasingly for those at a professional and technical level.

Medcof and Needham (1998, p. 43) also conclude that outsourcing services can have negative and positive aspects. It can for instance be more time consuming and expensive, an organisation can lose its competitive edge or even lose control over its staff. They argue however, that external vendors, with expertise and scale efficiencies, can execute a service at less cost and higher quality than an organisation could do by itself. By simplifying the operations within organisations and outsourcing others, the organisation could focus on fewer activities, preferably the ones that concern their core competencies. Since the Twente Kennispark organisation already offers services to their organisations, they could incorporate or coordinate human resource services. In this way, organisations on and of the park could work together in facing the problem of attracting and retaining the right employees. In the past large organisations (like Philips in the Netherlands (Wilthagen, 1998, p. 19)) already successfully connected the **ILM's** of their subsidiaries to stimulate career paths through multiple organisations.

A lot of organisations already outsource segments of their HRM nowadays because the cost savings are often significant. Because career paths also change with this evolution of HRM, Nichelson (1996, p. 40) adds that "new forms of information exchange and decision-making will be required to assist people to bridge the internal boundaries of the single organisation and cross the boundaries of communities of organisations and occupations". In what way these changes need to be realised is not described. According to Nichelson (1996), organisations can achieve advantages from the rise of the contingency work force, inter-organisational alliances, pooling personnel, implementing shared human resource management, using more temp-workers, et cetera. However, he addresses that decentralizing human resource activities also has the disadvantages of segmenting the hierarchy, removing access to the old career-paths through the core of the organisation, and at the same time restricting scope for lateral moves across businesses. So, these new developments could interfere with the existing career development. When examining these career paths from the point of view of

organisations, one looks at the course of careers, or career development, and how this career-process can be influenced.

Since the paper of Medcof and Needham does not specify what elements of human resource management (HRM) can or should be executed on a supra organisational base, I will divide HR activities concerning the movement of personnel through organisations. This will be in accordance with the human resource flow theory developed by Beer et al. (1984). Beer et al. (1984) describe the career of an employee, as flow through one organisation, from the point of view of HRM. New employees come from, and leaving personnel goes to the environment, the labour market.

2.2 Human resource flow

Doeringer and Piore (1971) described the (American) labour market as dual, with a primary and a secondary sector. The primary sector contains jobs with high wages, job security, substantial responsibility, and career ladders where internal promotion is possible. Jobs in the secondary sector are menial jobs, with low wages, and no opportunities for climbing a career ladder within an organisation. The logic of competitive economics denies the possibility of equally skilled workers receiving different wages in different jobs. However, the central idea **behind Doeringer and Priore's** research is that primary-sector organisations may find it advantageous to pay more than the normal salary because it helps them in stimulating their human capital.

Other authors (e.g. Grimshaw & Rubery, 1998; Lazear & Oyer, 2004) focus on another division of the labour market. Their theories state that the labour market can be seen as a general or external labour market (which I will call the external labour market (ELM) from now on) and the internal labour market (ILM) within organisations. Internal labour markets are those (Lazear & Oyer, 2004, p. 527) "where workers are hired into entry level jobs and higher levels are filled from within. Wages are determined internally and may be quite free of market pressure. External labour markets imply that workers move somewhat fluidly between firms and wages are determined by some aggregate process where firms do not have significant discretion over wage setting". Doeringer and Piore (1971) also make the distinction between an internal and an external labour market, but state that this distinction can only be made for the primary labour market. The secondary labour market does not contain job security or career opportunity, both elements of an internal labour market. Since this research is on highly educated personnel and situated in the Netherlands, it can be assumed that there is only a primary labour market, with an internal and an external element.

All actions firms and institutions take to influence labour markets must of course comply with laws and regulations within their area of execution. This means that the influence of Twente Kennispark on the labour market is limited by the Dutch laws. Therefore, Lazear and Oyer conclude that the influence on the supply and demand of labour is limited. Any suggestion made in this paper concerning both the external as the internal labour market must follow and comply with existing rules and laws. The research of Beer et al. (1984, p. 33) adds that human resource policies and practices also have to fit within "the unique culture or ideology of a society". This means that it not only needs to comply with the law, but also with what people find acceptable.

The movement of personnel from the external labour market through organisations and back to the external labour market is split by Beer et al. (1984, p. 9) into three main flow-categories: inflow, internal flow, and outflow. Their internal flow corresponds to what the other authors call the internal labour markets.

The inflow category that Beer et al. (1984) describe includes recruitment, selection and induction. Recruitment decisions are the main element. Where and how to recruit can have an important impact on the composition of the work force, its ultimate fit with the corporate needs and culture, and employee turnover (Beer et al., 1984).

Decisions concerning recruitment from the external labour market will have significant impact on long-range employment stability and turnover. Research has shown (e.g. Moser, 2005, p. 188; Arnold & Davey, 1999, p. 229) that the most important reason for turnover within the first several years of employment is unmet promises. High turnover needs to be avoided because it is both disruptive and costly. In the recruitment process, recruiters tend to discuss only positive elements of the job and the organisation, to attract the talent the organisation needs (Beer et al., 1984). By informing candidates about future career possibilities, even outside the firm, recruiters can present an honest and more positive picture of the **candidates'** future career steps.

Induction is the other major element of inflow. According to Sprogøe and Rohde (2009) it is concerned with the acquisition of firm-specific knowledge and firm-socialisation to make the entry into the organisation as smooth and frictionless as possible. Sprogøe & Rohde (2009, p. 47) refer to induction as "a socialisation process in which a newcomer is **expected to learn 'the ropes'** of an organisation, i.e., learn the basic values, culture, formal and informal procedures as well as the basic practicalities in order to adapt to and function in a new job". They also note that an organisation can see the induction of a newcomer as an opportunity for the organisation to learn.

The internal flow of employees through an organisation focuses on promotion, demotion, rewards, punishment, education et cetera. This flow must be managed in such a way, that their competence is developed to meet corporate needs, while at the same time they must satisfy their own career aspirations (Beer et al., 1984). Of course, new needs can be met with both promotion within the internal labour force and recruitment from the external labour market. Agrawal, Knoeber and Tsoulouhas (2006) provide empirical evidence that organisations only recruit from the external market, when the external candidates are considerably superior to internal candidates on observable dimensions. This process of promoting and reassigning existing employees is the key of **ILM's**.

Within the internal flow individuals are allocated to positions according to their capabilities, and the task of the HRM system is to maintain the efficiency of the ILM. Only a few organisations created such a comprehensive and perfectly balanced internal market. Because of the high transaction costs of managing and maintaining it, it is probably not the optimal situation (Nicholson, 1996). In order to obtain insight on **ILM's**, I studied the models of Appold (2003) and the descriptions of Leicht (1981). These models described vertical and lateral transitions within an organisation. Vertical movement represents climbing hierarchical levels. Higher positions stand for more responsibility, increased power and, most often, increased financial compensation. The lateral movement represents a change in work field. E.g. a production supervisor that becomes a financial supervisor.

In order to create the model that will be used to visualise a SOHRM system, I combined the vertical movement of these ILM theories with the basic human resource flow description from Beer et al. (1984).The lateral movement mentioned in the literature on **ILM's** will not be incorporated into the model, because lateral moves in these models represent changes that are not of interest to this research. The main focus of this research is on movement in two directions, upward movement on the career ladder within an organisation and lateral movement between different organisations, on a quasi-internal labour market**, consisting of the combined ILM's of the collaborating** organisations. Making career steps into different work fields is not part of this research. Instead, lateral movement will be used to describe one step of the career of an employee, through one organisation from the point of view of human resource management, covering inflow, internal flow and outflow. Combining promotion and demotion within the ILM of an organisation with the visualisation of human resource flows leads to the model in figure 2. This model describes sequential steps within one organisation, from entering the organisation, climbing hierarchical steps to the exit point. For this model, I chose a random number of four consecutive functions within one organisation.
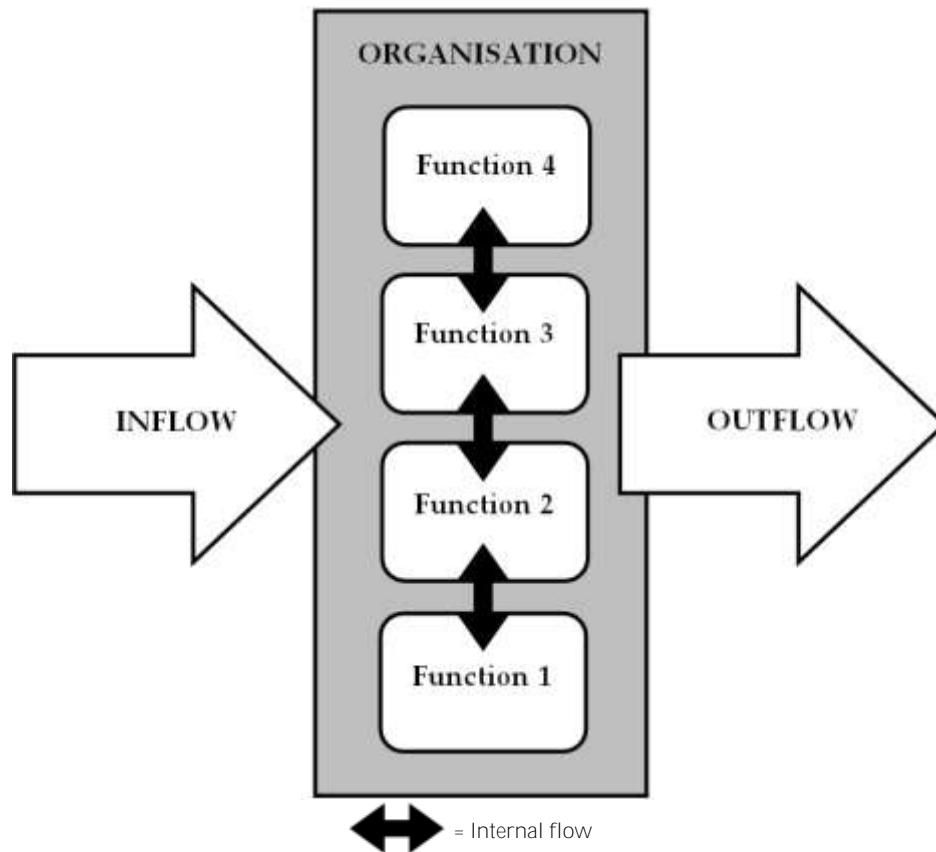
Figure 2: ILM combined with HR-flow for one organisation

Outflow is the part where personnel leave the organisation. I will only address this section shortly since it is less relevant for this research compared to internal flow. Outflow can be split up into **involuntary and voluntary leave, which again can be split into a person's resignation or retirement** (Beer et al., 1984). The reasons for people quitting their job are especially interesting because it could help Twente Kennispark in eliminating these causes in their new supra organisational HR system.

One of the main reasons for voluntary leave is plateauing. Tremblay and Roger (2004, p. 996) define it as "**a** career event, which occurs when an individual has limited vertical and/or horizontal movement that is fundamentally unsatisfying". Plateauing is often seen as a sheer negative phenomenon, but some research findings show that some employees in this situation exhibit more positive attitudes and behaviours at work than others (Tremblay & Roger, 2004). Therefore Bown-Wilson (2008, p. 13) states that "several researchers have highlighted the distinction between organisational plateauing and personal or job-content plateauing. Organisational plateauing is the lack of opportunity or perceived lack of ability or lack of desire to perform at a higher level. Job content plateauing is the lack of desire to move, or absence of challenge in work responsibilities". Research by, among others Ettington (1997), indicates that increasingly flatter organisations lead to scarce promotional opportunities, and definitions of career success need to change. She states (Ettington, 1997, p. 232)

that "some recent trends such as non-traditional compensation and more horizontal mobility in staffing are consistent with the needs of plateaued employees for recognition and personal growth".

Beer et al. (1984) mention that the way an organisation handles the three types of flow of an employee, has effect on the identification of an employee with its employer. These effects include effects on employee commitment, on employee competences, on organisational adaptation and effects on culture. The right combination of choices in the flow strategy determines the satisfaction of the employee. Organisations need to offer a combination of education, reward, and promotion opportunities, to satisfy their need for highly educated personnel. Often organisations are too small or functions are too specific to offer the right combination for each employee (Beer et al., 1984).

2.3 Perspectives

Human resource flow can be seen from three perspectives. Each of these perspectives presents an area of possible tensions between two parties. Organisational flow policies can be seen from the point of view of the individual and the organisation. However, policies must also reflect the interests of the society the organisation is hosted in. These interests are imposed upon the organisation through government legislation and regulatory agency policies concerned with such matters as employment, promotion, termination, and retirement (Beer et al., 1984). Therefore, I will describe these three perspectives, being societal, organisational and individual.

The societal perspective looks at the interaction between organisational goals and environmental limitations. Beer et al. describe the influence of changed demands of the work force, the increased use of outside institutions, government regulation, and labour union policy on the three aspects of human resource flow. Different parties, laws, agreements and culture implicate a different course of flow through organisations. Although other companies are also part of the environment, they are not mentioned by Beer at al. In the last years there have been some mayor changes in society. Research literature shows a shift in negotiating power because of demographic changes and increased mobility. The power has shifted from the corporation to the individual. Michaels (2001, p. 7) concludes that "talented individuals have the negotiating leverage to ratchet up their expectations for their careers" ... "Companies will have to work harder if they are going to win the battle for highly talented managers". Currently, the recession generates a more pressing concern. Employees that did not lose their jobs hunkered down and stayed put. As the economy improves, the damage of a period of layoffs and cutbacks will become apparent. According to Morgan and Jay (2011, p. 33), it may turn out that with a little more confidence in the economy, employees will now try to find opportunities in which their talents are valued or they might just be ready for a change. In general however, highly-

educated workers are in high demand and can plan their career as they like. Combined with the greater career mobility of employees nowadays (Feldman & Ng, 2007), the scope of job searches is increasing. Firms in Twente will have to present a work environment that is more attractive than that of other regions. Offering better career development opportunities could be a major advantage in their battle for high potentials.

The main goal, as seen from the organisation, in coordinating flow is the alignment of needed and available personnel. The tensions that could arise here are described in the organisational perspective. Business practices, the organisational philosophy, the right mix of competences, employee development for future needs, et cetera need to be aligned and strategized in the management of HR (Beer et al., 1984). So, not only does an organisation need to know its exact labour needs, it also has to attract the right employees from both the internal and the external labour market.

External labour markets imply that workers move somewhat fluidly between firms, and wages are determined by a process where firms do not have significant understanding over wage setting (Lazear and Oyer, 2004). This process comes in many varieties, depending on the society it takes place in. A contrast can be drawn between external labour markets in coordinated market economies, like Western Europe, which have higher levels of regulation and institutionalisation of human resource activities, and the external labour markets in liberal market economies, like the United States, which show lower levels of regulation. European countries, like the Netherlands, Germany and Sweden, have an approach to employment regulation in which legislation, institutions and stakeholders are more integrated and where the state has a more prominent role than the stock market. The focus is on achieving the best fit with the demands of multiple stakeholders to achieve legitimacy, rather than focussing predominantly on shareholders wealth (Farndale et al., 2008). The external labour market has changed because of demographic changes and increased mobility described in the societal perspective, but there also is an on-going and increasing trend concerned with cooperation between organisations, decentralizing and outsourcing parts of the business. As was already mentioned for outsourcing human resources services in paragraph 2.1, on human resource collaboration.

An individual attempts to gain control of its separate but related career steps. These steps must fit an emerging self-concept, offering the right step at the right time. This self-concept however, changes in time by work and family experience. The development is an organic, unfolding process, rather than a mechanistic, pre-programmed one. Each experience reshapes an **individual's career aspiration** (Beer et al., 1984). **The fit of an individual's** desires to an organisational is observed in the individual perspective.

So, an employee sees his or her flow through organisations as his or her career. Arnold (1997, p. 16) defined a career as: "the sequence of employment related positions, roles, activities and experiences encountered by a person". Conventional literature on careers looks at it from the employers view. It only describes a forward movement through specific functions or life stages over the years (Brown-Wilson, 2008). However, careers have changed a lot in the last centuries. Brent et al. described this extensively in their 1996 article. According to them (Brent et al., 1996), modern managerial careers began in the latter half of the nineteenth century with the emergence of large specialised firms, particularly in railroads and steel. Those organisations introduced the first modern organisational form, the functional career structure. Careers involved climbing steep corporate hierarchies. Employees typically did not exercise full commercial and governance competencies until they reached the top of the management hierarchy. During the 1980s, in innovative organisations, a new form of organizing was emerging, called the network. Network organisations linked independent firms to provide the critical expertise needed for specific projects or products. The new, smaller and flatter firms required a new set of competencies and provided new opportunities for managers. Collaborative knowledge and abilities were the new defining managerial competency required. Careers required individuals to manage across flat multi-organisational hierarchies.

Employees' perspectives may also differ between cultures. Dutch employees could have different career needs compared to, for instance, American workers. But not only culture and life-experiences determine the interests of an employee, expectations also change over time. Literature indicates (Cennamo & Gardner, 2008) that organisations are facing a new generation whose expectations regarding work values differ significantly from previous generations. It is suggested that employees nowadays have expectations concerning both themselves and their work group, ranging from immediate job and employment worries on transfer to longer-term status (Hubbard, 2001). Long term employment contracts have been replaced by short-term employment within an organisation (Randmann, 2003). However, empirical evidence on these expectations is very scarce (Blom, 2010). In 1984, Beer et al. already noted that lifelong employment is becoming scarce, career renewal is promoted increasingly, and outplacement is used to help (former) employees to find new jobs. They state that internal flow policies need to address the matter of employee and career development. And while they focus on the benefits for the organisation, this aspect also adds to the employees work **satisfaction. A major element in today's careers seen from the employee side is the balance between** work and private or social life. The search for balance is a process in which people seek to change things in accordance with changes in their own priorities, physical, psychological, or both. These can be triggered in their turn by factors such as: age, changes in working conditions, the demands of new

technology, and poor management (Byrne, 2005). Therefore it is difficult for employers to offer each employee a setting that fits his or her needs.

New organisation types that arose over the years led to new types of careers. These mainly focus on individual agency over organisational structure as a basis for career development. Two types of new careers are distinguished: protean and boundary less (Inkson, 2006). Protean careers focus on the individual, rather than the organisation. These individuals take responsibility for transforming their career path. The individual changes him- or herself according to need. The protean career is essentially a contract with oneself, rather than with the organisation (Baruch, 2004). Briscoe and Hall (2006, p. 8) define the protean career as "a career in which the person is values-driven in the sense **that the individual's personal values provide the guidance and measure of success for the individual's career, and** is self-directed in personal career management". They also state that employees have the ability to adapt their career to their performance and learning demands.

The boundaryless career is defined by Arthur and Rousseau (1996a) as the opposite of organisational careers, careers conceived to unfold in a single employment setting. In their elaboration of the **meaning of the boundaryless career, Arthur and Rousseau list "several specific meanings".** Inkson (2006, p. 54) identifies the most prominent meanings. According to him, a boundaryless career includes movement across the boundaries of separate employers; the employee draws his or her validation from outside the present employer; the career is sustained by external networks or information; the career breaks with traditional organisational career boundaries; employees reject traditional career opportunities for personal or family reasons; and employees perceive a boundaryless future regardless of structural constraints. This demonstrates that a boundaryless career involves both objective features such as mobility, and also the subjective attitude of being boundaryless. A common factor in all of them, according to Arthur and Rousseau (1996a, p. 6), is **"independence from, rather than dependence on, traditional career arrangements".** On existing research about these types of careers, Arthur and Rousseau state that no norms and few models exist to tell how to evaluate, plan, review, analyse, promote, or otherwise live out a boundaryless career.

To end up with a model consisting of all relevant aspects, I will add the individual, organisational, and societal perspectives that are mentioned in the flow-theory of Beer at al. to the model. With the help of his figure, figure 3, I can indicate where tensions could arise for the three stakeholders. The different perspectives are drawn with arrows that are marked I for the individual perspective, O for the organisational perspective, and S for the societal perspective.
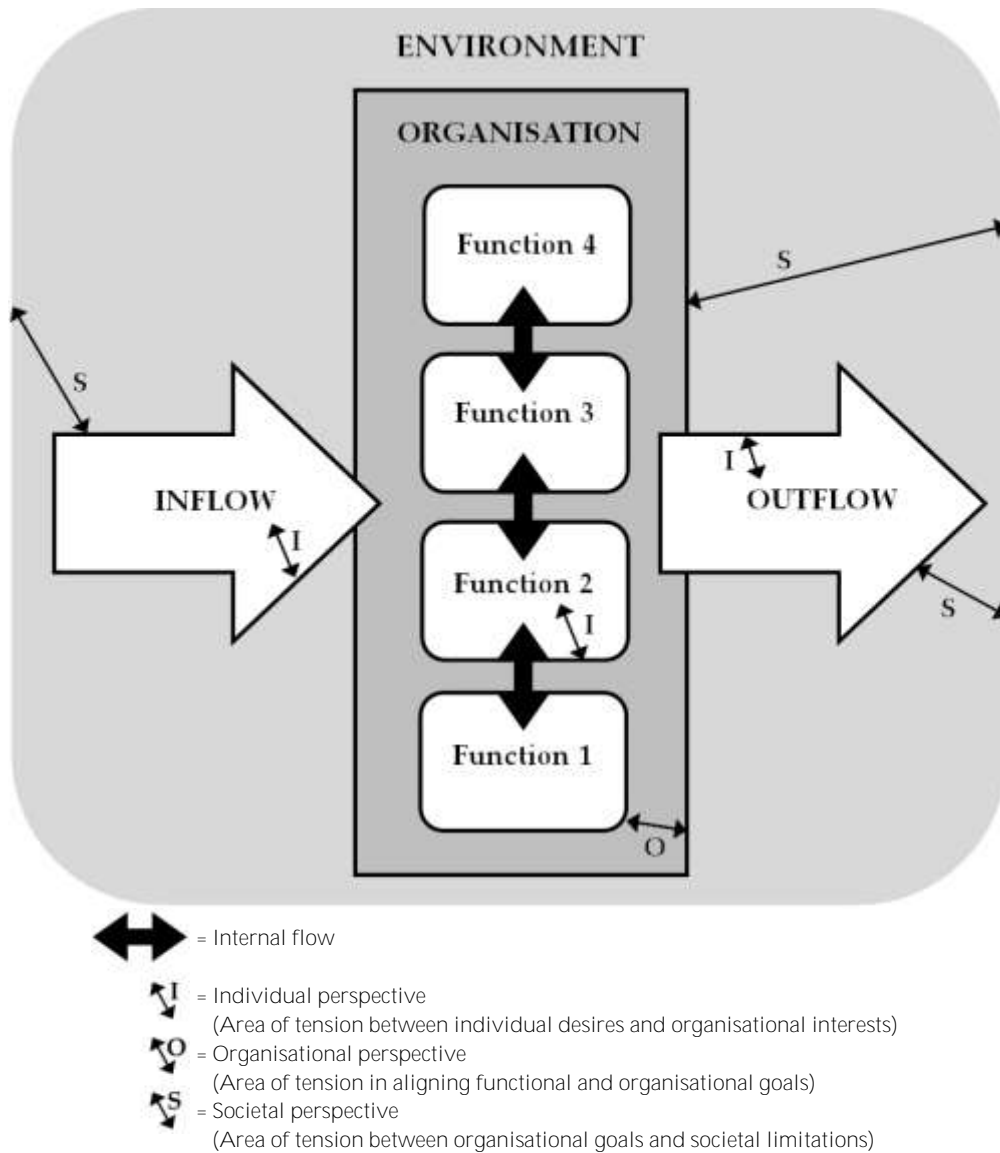
ENVIRONMENT

ORGANISATION

Function 4

Function 3

Function 2

Function 1

INFLOW

OUTFLOW

S

I

O

➡ = Internal flow

I = Individual perspective
(Area of tension between individual desires and organisational interests)

O = Organisational perspective
(Area of tension in aligning functional and organisational goals)

S = Societal perspective
(Area of tension between organisational goals and societal limitations)

Figure 3: Visualizing perspectives in human resource flow

In this visualisation, the employee is in the middle of each big arrow, labelled inflow, function 1, 2, 3, and 4, and outflow. The borders of these arrows represent the state the employee is in. The function the employee has the policies that are aimed at him, the rules he or she has to follow and the actions that affect him or her.

2.4 Visualisation of SOHRM

To visualise the movement of employees between organisations within the supra-organisation, I will start by joining the **ILM's** of multiple organisations together and adding arrows in all directions. The **ILM's** of the organisation are now connected into one supra-organisational quasi internal labour market (QILM) (Figure 4). For this model, I chose a random number of three organisations within one supra organisation, in order to keep the model clear.
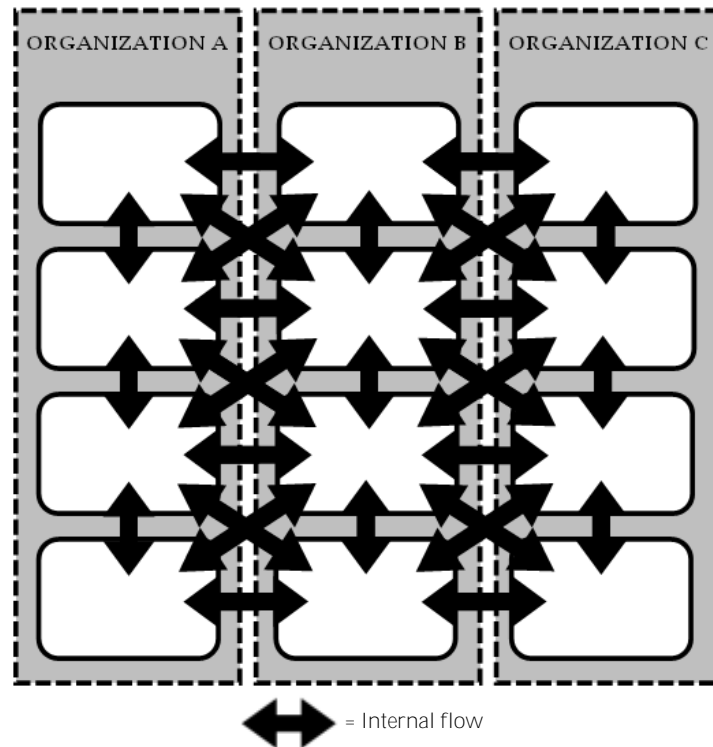
Figure 4: Supra-organisational QILM

In the matrix of possible career paths that arises, every direction between functions is possible. As the black arrows indicate, an employee can climb from one function to another within one organisation (vertical upward movement), or from one organisation to another (horizontal arrows) without leaving the internal flow of the supra-organisation. Of course this happens only in theory. In an ideal supra organisation, with organisations that have matching cultures, philosophies, and policies, and perfect, flexible employees, it could be possible. However, reality is often far from this.

According to Nichelson (1996), as mentioned in section 2.2, few organisation can realise their ideal of efficient internal markets, nor would they necessarily want to. The same can be said for supra organisations, where the goal is to promote careers within the collaboration, but traditional careers still exist. In these careers, employees leave the supra organisational boundaries after only one function to work elsewhere. **A 'normal one job in one function' route** through one organisation. An employee can choose to leave the organisation and not go to one of the other organisation cooperating in the Twente Kennispark supra-organisation network.

To clarify the way careers could evolve in a supra organisation, I set up two example career paths in Figure 5 and 6. These will be elucidated in the next section.
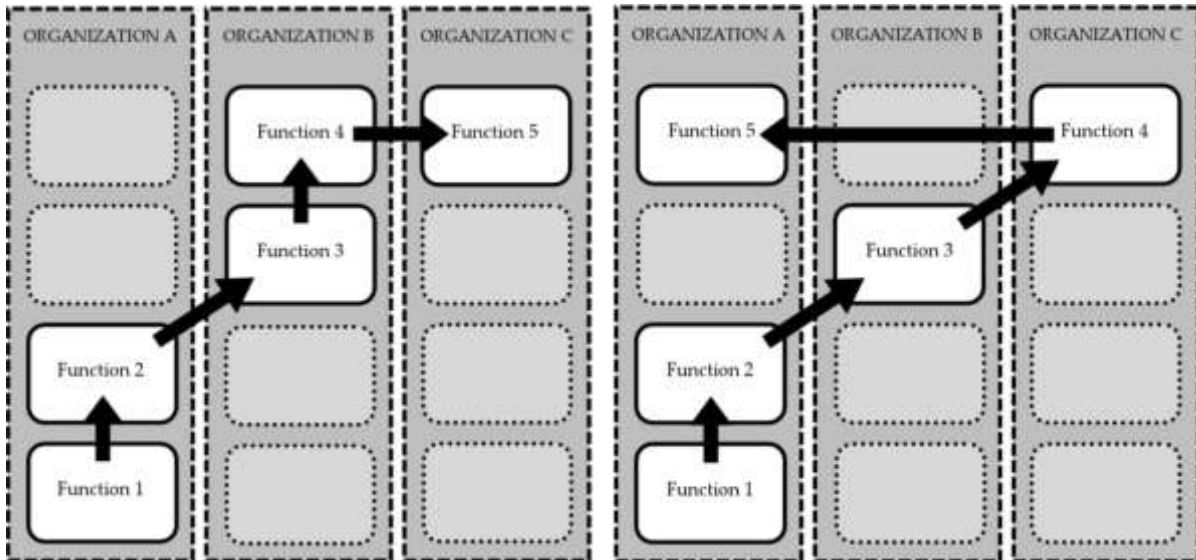
Figure 5: Career path example A

Figure 6: Career path example B

In example A, Figure 5, an employee has multiple functions within the supra organisation. First the employee enters organisation A, gets promoted after a while and leaves organisation A later on. However, the supra-organisation stimulates finding a new job within the network. So, while the employee leaves organisation A, he or she does not leave the system of internal flow of the region and finds a suiting function within organisation B and eventually within C.

Example B (Figure 6) demonstrates the maximum possibilities of a supra organisational career path. An employee leaves organisation A after two functions, to grow within the network, because of, for instance, organisational plateauing (see paragraph 2.2). After a while the employee finds his or her way back to the first organisation. New potentials arise for organisations whose labour demands change over time. Meanwhile, an employee gains more experience elsewhere within the collaboration, and can come back to a former employer without difficulty.

The model I will create as a visual guide for this research is a combination of the model of HR-flow by Beer et al. (1984) incorporated with this QILM (Figure 4), the concept of supra organisational human resource management, and the representation of the three stakeholder perspectives of Beer et al. (1984) (Figure 3). Together, these leads will be moulded into one conceptual model of supra-organisational human resource flow. Creating this conceptual model will help in identifying and clarifying important points when changing from a model of career development within one individual organisation to combined development within a supra-organisation. In order to change the scope of the flow model from Beer et al. from one organisation, to a supra-organisation, I will lift the organisational boundaries of the basic flow model to the level of a supra-organisation network, consisting of multiple organisations. The largest rectangle in the basic model of human resource flow, that represented one organisation until now, will forth be called the supra-organisation, representing

a group of organisations that will work together in realizing regional careers. The internal flow as described by Beer et al. will now cover not one organisation, but a multitude. Figure 7 is this model based on all the literature mentioned so far. It will be used to describe human resource flow in a supra organisation. Possible changes between existing methodology and the new supra organisational model will be analysed in the research chapters. Extending the scope of the flow-theory of Beer et al. changes the conditions of the, now joint, inflow, internal flow en outflow. The interests of the different parties involved may also change. The largest changes are to be expected within the organisational perspective, since functional and organisational goals now include both goals of the individual organisations and the supra organisation. The rounded rectangles represent the functions employees are in, and the dotted rectangles represent the individual organisation within the supra-organisation. The large arrows indicate the different flow-steps, while the small arrows indicate where possible tensions could arise based on the different aspects from flow theory.
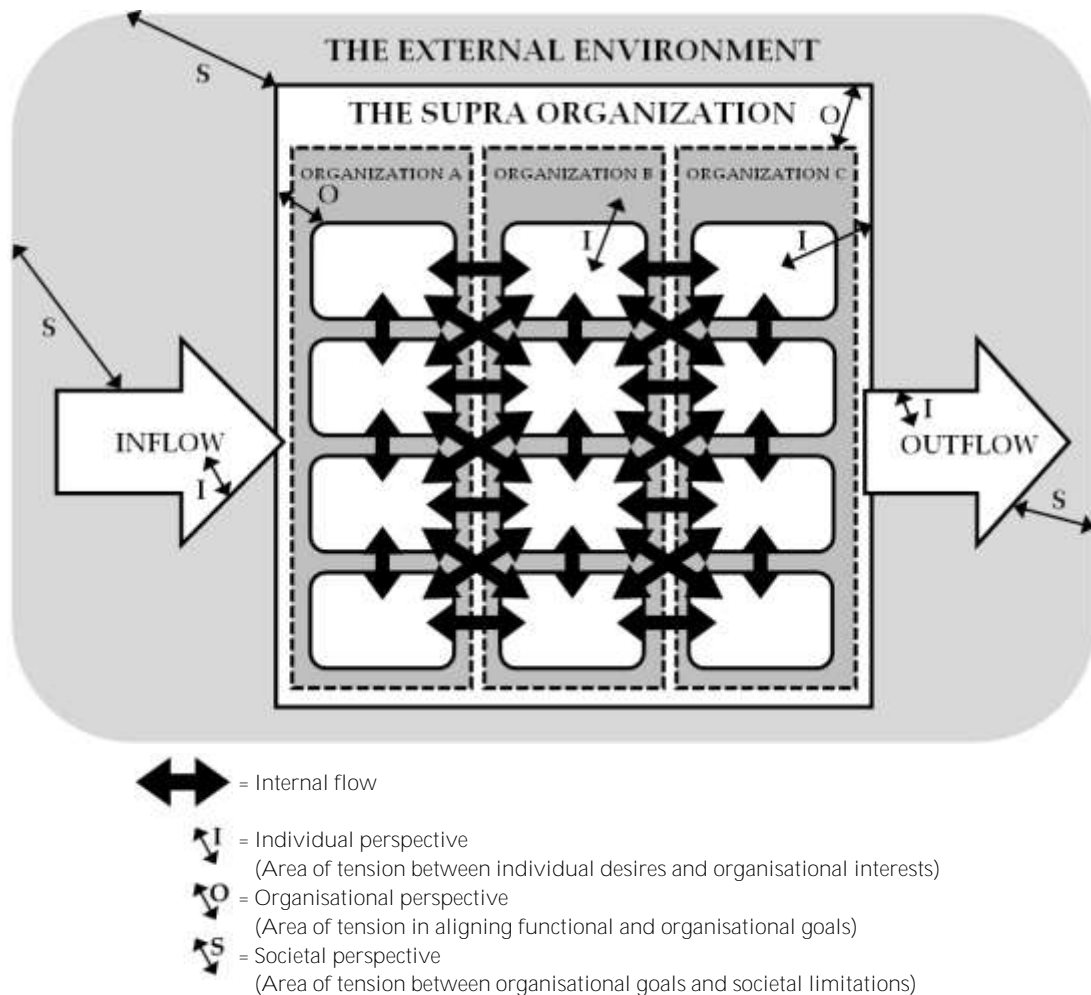
Figure 7: Final model of the SOHRM system

2.5 Research questions

Now that the setting, problem and underlying literature of the research are described, the research questions can be formulated. McKinsey & Company (2010, p. 1) state that "companies that recognise the strategic importance of talent and manage their business accordingly stand to reap very large rewards". However, they also say that most organisations have yet to pinpoint the formula that will make their organisation more attractive to talented people. But where their advice focuses on improving a single organisation, this research will focus on improving the attractiveness by means of cooperation. This cooperation can be between companies on the Twente Kennispark or, on a larger scale, companies from the entire region. Because of this, in the central research question, the focus was set on finding the critical success factors for regional career development through a SOHRM system.

In order to have a visual guide for this research, the flow of personnel through organisations was combined with the supra-organisation concept on the field of human resource. In the resulting conceptual model the aspects of inflow, internal flow, and outflow (Beer et al., 1984) of the different organisations were lifted to a supra-organisational level, so specific human resource functions can be performed on a cooperative basis, shared and coordinated by the firms in the alliance (Medcof & Needham, 1998). In this way, the HRM system mimics an ILM for the entire collaboration. An exploration in this direction could be the solution because regional ambitions can change the labour market. Coenen and Galjaard (2009) address that the knowledge economy demands a new labour market to address the need for higher educated and skilled people.

To be able to investigate the central research question, it will be split into four sub-questions. The first section of questions will concern the feasibility of implementing such a human resource model. What conditions exist and what implications do they have for all parties involved. These aspects are first answered based on literature, second on practice. Through the answers to these questions I will be able to determine the conditions that are critical when designing and setting up a SOHRM system

1) *What conditions are critical for a successful SOHRM system for regional career development according to literature?*
2) *What conditions are critical for success according to HR practitioners?*

The second section of sub-questions will be about the critical choices that need to be made to successfully implement such a model. This concerns the way it could be implemented and structural requirements on the area of organisation, coordination, and responsibilities. Through the answers to

these questions I will be able to determine the critical success factors of implementing and managing a SOHRM system.

3) *What choices are critical for successful implementation of a SOHRM system for regional career development according to literature?*

4) *What choices are critical for success according to HR practitioners?*

2.6 Relevance of this research

The field of supra-organisational HRM is hardly researched. My search led to only one result on Google Scolar and UTwente SFX. The authors of this one article, Medcof and Needham, just formulate the concept as a summary term for multiple developments observed in practice. They write in their final section (Medcof & Needham, 1998, p. 50): "Managers and HRM professionals must develop such skills as negotiation and quality assurance for the daily use of the system and establish a strategic framework"

There is however other literature on collaborating on the area of human resource management. In one of these articles, Gardner comes to a similar conclusion as Medcoff and Needham. He states (Gardner, 2005, p. 1063): "**Human resource alliances offer firms a means of reducing the risk of investments in** employees and a way to build better relationships with their employees and competitors at the same time. These trends make it increasingly important to develop and test theory to explain the **antecedents and consequences of this new and interesting form of human resource management**".

At this moment, there is no model to display supra organisational HRM or, as Gardner calls it, HR alliances, and only the main advantages and disadvantages are described. Outsourcing existing activities and/or collaborating in new external initiatives show resemblance with the basic description of network organisations. Network organizations however go far beyond supra organisational HRM. A network organization is a collection of autonomous organisations or units that behave as a single larger entity, using social mechanisms for coordination and control. In the SOHRM approach, only (parts of) HRM are conducted by a collaboration, while the remaining activities remain part of a singular organisation.

This paper can elaborate the concept further. By developing a conceptual model of flow within a supra-organisation and addressing and expanding crucial areas, like organisation forms, conditions, problems, and opportunities, the theoretical concept becomes more extensive, clearer and the practical usability for human resource managers increases. Organisations that are considering collaborating on HRM will know what the critical areas are to make it successful.

There is much research on the problems peripheral regions face. It seems however, that most describe problems and causes without providing possible solutions or even directions. The research mainly looks at the theoretical side of difficulties these regions face. This research presents a framework for regional cooperation to deal with a part of the problem, the (feeling of) limited career opportunities in peripheral regions. By providing a framework and addressing key-issues concerning the implementation, it will give practical solutions for peripheral regions that are facing the same problems in attracting and binding high potentials.

This research also has practical implications for the Twente Kennispark. Many university students have identified and described problems the Twente Kennispark and the Twente region in general face, in their master thesis. With the help of this research, the science park can act on improving regional career possibilities. The results will alter the composition of the labour force in Twente, modifying the quality of the human capital, putting a stop to or lessen some of the causes of the main problem. These causes being: too little impact from singular organisations; regional image problems; and the lack of career opportunities for job-seekers.

Chapter 3

Research design and methodology

This research will look at the critical success factors of a SOHRM system for regional career development. As to get answers from both literature and practice, I will analyse research papers and question practitioners.

Although Twente Kennispark mainly focuses on the organisations on the park itself, the QILM could also be for the entire Twente region. First because the park sets growth targets for both the park and the entire region, and second because the organisations on the park could be too small and too function-specific to cover all needed aspects on their own.

This research will focus on a new regional career development model in order to attract and bind higher educated employees to the region. This helps Twente Kennispark in realizing their goal of achieving a growth in labour of 10,000 jobs by the year 2020 in Twente. This thesis will cover several aspects of such cooperation. The implementation of the system of cooperation visualised in chapter 2 will be analysed in detail. Implications for all parties involved are mapped and the scope of coverage of the new practice will be described.

3.1 Research method

At the beginning of this research, Career Center Twente presented several problems that Twente Kennispark is facing. After discussing these problems, underlying causes, and possible solutions Twente Kennispark had in mind, exploring HRM collaboration-possibilities was chosen. To be sure that this could offer a solution to the problems at hand, this topic needed to be researched. In order to create an understanding of this field I first read about the Twente Kennispark, its goals and its plans. This was done by exploration of their webpage, annual reports and elaborate master plan, and the existing literature on the subject of HRM collaborations. The main theories on human resource flow and the concept of supra-organisation were used to set up the research question.

The next step was choosing one direction and formulating two sub-questions concerning theoretical research, and two sub-questions that would be answered by involved human resource practitioners. Therefore, the first research will be a literature study and the second study will consist of interviews. The topics that will be dealt with within the interviews will be determined from the results of the theoretical study that will take place first.

Sub-question one and three were answered with the help of a literature study. The same study also provided the base for the theoretical and conceptual chapter. These sub-questions were:

1) *What conditions are critical for a successful SOHRM system for regional career development according to literature?*

3) *What choices are critical for successful implementation of a SOHRM system for regional career development according to literature?*

In order to write the theoretical chapter and to answer the sub-questions, I analysed relevant literature on regional development, human resource systems, and network organisations. Initially I searched within the databases of Scopus, Web of Science, but mainly Google Scholar, for literature that was found on a range of keywords. It proved difficult to find literature on the subject, so adjacent areas of research were consulted. After this search and after reading the hundreds of resulting abstracts, checking for the keywords and looking at results and conclusions, 27 articles and 4 books were left to form an initial theoretical base. References in the articles that could add additional information towards the theoretical base were also looked up using Google Scholar and UTwente SFX. These articles were scanned and analysed to confirm relevance, after which I added another 15 articles to the articles that would form the basis of the theoretical and conceptual framework, bringing the total to 42 articles, and 4 books.

While writing the theoretical chapter, and answering the theoretical sub-questions, I found some sections that lacked the needed theoretical support. Therefore I looked for certain topics specifically and used the same selection method as earlier. In this way, another 46 articles were added to this research, bringing the total to 88 articles and 5 books.

The second study was based on the answers of the first study, in order to answer the other two questions. These sub-questions were:

2) *What conditions are critical for success according to HR practitioners?*

4) *What choices are critical for success according to HR practitioners?*

I wanted to allow interviewees the freedom to express their views in their own terms and to stray from a topic whenever he or she feels this is appropriate. Therefore I chose to interview using a semi-structured approach. This method uses a framework of themes that need to be explored, without the limitation of constraining the interview to a particular format. To make sure that all important aspects were covered, I developed an interview check-list (Appendix B) based on the literature study, and the resulting answers to the theoretical sub-questions as the framework.

Not only the information relevant for this research was added, also general information, in order to describe the sample. I sorted and combined questions according to subject until the list was divided into four themes. The first theme of the checklist (Appendix B) is about the organisation the human resource practitioner works for. Next, the current human resource situation is covered. After presenting the interviewees with the model of supra-organisational career development of chapter 2 (Figure 8), in the third part of the interview, the focus shifts to the practical conditions of cooperation on regional career development. The final theme of the checklist is devoted to the practical consequences of working together in this supra-organisational human resource system.

The interviews will be conducted among a diverse group of human resource professionals from the region. More details on the interviewees can be found in the next sections. They will take between 30 and 60 minutes. The conversations will be recorded and later transcribed for further analysis. In this analysis, choices and values that belong to variables will be extracted and put into tables, qualitative answers get summarised and grouped.

3.2 Sample, selection & response

The human resource professionals were selected by using purposive non probability sampling (Trochim, 2006). With this method, units in the sample have an unknown probability of being selected and some units of the population may even have no chance at all of ending up in the sample. With the help of the extensive network of Career Center Twente, organisations were selected based on firm size, industry and subjective data on shortage of highly educated personnel, provided by employees of Career Center Twente based on their experience in previous months. In this way a diverse group was selected, to cover the problem as broadly as possible.

After the selection of the organisations, the human resource professionals were contacted and asked to cooperate in this research. A total of 24 human resource professionals were initially contacted by email, and 8 by presenting my research objectives to the affiliated organisations of Career Center Twente in one of their biannual meetings. The final sample of cooperating human resource professionals consisted of 13 representatives of small (up to 50 employees), medium (up to 250 employees), and large organisations (250+ employees) as well as human resource professionals from independent consultancy organisations. These independent consultants were contacted as they are currently involved in a regional project that is supposed to attract workers with lower vocational education to a career in food-processing in Twente. They have practical experience about possibilities and problems of coordinating a regional human resource initiative, and have detailed knowledge about blue collar workers within the region.

Ten of the eighteen practitioners who were willing to be interviewed (11 from email invites, 7 from direct contact) were initially interviewed as the N$_{minimal}$ value for my convenience sample. A convenience sample is a simple selection technique, using the most accessible subjects, researching a set number of subjects and then continuing until the findings hardly differ from one another. Based on other research using this method, I decided that an initial convenience sample of 10 would be sufficient to provide indicative answers in this explorative research. This number was determined by the nature of this research. Since this will be an explorative research for firms from a small region facing one specific problem, questioning one specific possible solution, and considering the response, ten interviews should be sufficient. I carried out these 10 interviews, while trying to cover most of the diversity of firms in the region. After these 10, I continued with the interviews, until the results deviated little from previous interviews. I stopped after a total of 13 interviews (N=13), since the results from interview 11 to 13 yield little additional information to the results of interviews one to ten.

Table 1: Excision of the sample table (Appendix A)

Nr.	Organisation size	Industry	On / off park
8	Small	Software	On park
9	Small	High-tech	On park
10	Small	Software	On park
11	Small	Consultancy	Off park
12	Small	Software	On park
13	Small	Consultancy	Off park
23	Medium	Education	Off park
24	Medium	High-tech	Off park
25	Medium	Food	Off park
26	Medium	High-tech	Off park
30	Large	Health care	Off park
31	Large	High-tech	Off park
32	Large	Food	Off park

These 13 practitioners were from 6 small, 4 medium, and 3 large organisations. These 13 organisations consist of four specialized in high-tech design and manufacturing, three that develop specialized software, two independent human resource consultancies, two from the food industry, and two are service providers, being education and health care. Four of the 13 organisations are located on the Twente Kennispark. All of these four are characterized as small organisations, and three of the four develop specialized software. The human resource consultants were both from small organisations. The organisations that are housed on the Twente Kennispark are all active in software development and high-tech engineering. Their average workforce has a higher level of education than some of the

off park organisations, that are active in health care and the food industry. See table 1 for a brief description of the sample. An extensive description, including all the general characteristics of the organisations the interviewees work for, can be found in appendix A.

Chapter 4

Critical conditions

This chapter establishes the conditions that are critical to create a supra organisational system for regional development as was presented in chapter 2. In addition it also presents relevant conditions for implementing such a system. This model differs from the original flow model of Beer et al. (1984) as a change of scope brings with it changes in the conditions of the, now supra-organisational, inflow, internal flow en outflow. This chapter will look for the right set of conditions that are critical for a successful implementation.

These critical conditions will be determined by investigating existing research literature and the results of the survey that was conducted. It has to be remarked that these conditions are context-specific, i.e. these conditions are determined by the way the system is implemented. Thus, there are multiple possibilities for setting up a QILM through a SOHRM system. Twente Kennispark could thus facilitate a QILM as a service to its resident organisations. Alternatively Twente Kennispark could also choose a self-regulating system or a more limited option in the form of informal agreements between its resident organisations. These different organisational forms each have a different set of critical success factors. For instance outsourcing demands paperwork and contracts, whereas a social agreement demands trust and commitment. Besides the organisational form, the system could involve all personnel of the collaborating organisations, but could also be implemented for a specific group of employees. These explicit possibilities of organisation form and scope will be left out of the picture for now, and will be dealt with in a later chapter. In this chapter I will only distinguish between two situations, being implementation of a basic and an extensive supra organisational (SO) system. For now, one can think of basic implementation as a system that focuses on specific functions in certain organisations on an ad hoc basis, e.g. solely a system for specialised software designers working for a few software developers on the Twente Kennispark. In an extensive supra organisational system, there is a large effort of creating new career possibilities for all personnel of all cooperating organisations, e.g. a SO-employer that places personnel in the various organisations. By using this distinction between basic and extensive implementation, critical conditions can be analysed in general without

Since existing literature on supra-organisations is scarce, in this chapter I will often use outsourcing as the theoretical basis for finding answers. According to Cooke et al. (2005) there are major differences between executing services in-house and outsourcing them. Since in the context of this SO system, an organisation will not have the full in-house control on this subject anymore, the new situation will be

closer to that of normal outsourcing. Contrary to traditional outsourcing the organisations on Twente Kennispark can influence the implementation of the new SOHRM system as they are creating the system together instead of using existing external service providers.

Section 4.1 provides an overview of the critical conditions for success that have been identified in literature on outsourcing services, human resource systems, regional development, and network organisations. Common themes will be: what aspects need to be acknowledged, what limitations and possibilities arise, et cetera.

The results of a field study will be presented in section 4.2. This field study consists of interviews of a diverse group of human resource professionals from the Twente region. These professionals represent both small and large organisations, as well as independent consultants. The topics that were discussed in the interviews are the same as those in section 4.1.

In the final section of this chapter I will combine the theoretical and practical findings to establish where these practitioners and theorists agree, where they differ.

4.1 Critical conditions found in literature

To find the conditions according to research literature I will look at the elements that form the base of the conceptual model. This means that I will first look at changes that can be concluded when the different parts of personnel flow are managed as a SO system. Secondly, I will look at changes for the stakeholders involved, by investigating changes for the individual, organisational, and societal perspectives mentioned in chapter two. In the last sections I will summarise and combine all major findings into one matrix.

On the area of inflow, consisting of recruitment, selection, and induction, critical conditions for the success of the model depend on the scope of the system. If the cooperation is only based on incidentally helping employees to find a new job within the region, this aspect of flow changes only marginal. Within an extensive collaboration, that creates an QILM, inflow can also be part of the system. The results will be summarised in the table in appendix C.1

For the theoretical basis of a recruitment process that is executed by an extensive SOHRM system, I will look at how recruitment agencies work (Abl, 2008). There are many parallels between the two. They recruit for many different functions, provide candidates for multiple organisations, and can have a greater reach and a bigger impact than current HR departments individually. Recruitment agencies have to match available applicants and current vacancies, or find the perfect applicant for a

vacancy. In a situation of applicants outnumbering the number of vacancies, a SOHRM system with a joint recruitment process needs to determine which employee goes to which organisation in a fair and transparent way. So clear rules need to be established to clarify how applicants are divided. These rules are not only necessary for the organisations, but also for the applicants. Their voice in choosing an employer must be clear. The last thing that needs to be described in rules is the division of costs. In this, much is possible. From standard fees just for looking for applicants for openings, over payment for each found applicant that fit a vacancy, to a set sum when a new employee is actually hired.

The selection process is like the current use of recruitment organisations. These organisations provide candidates and the organisation that has the opening makes the selection. So, in an extensive form of SOHRM, it is possible to carry out recruitment as a joint approach. If more than one organisation requires the same type of employee, the question is who gets him or her. The so called cherry picking, where one organisation gets the best available personnel, should be prevented. It is difficult to set up rules that decide who gets the cherry and who gets the less suited applicant, the so called lemon.

Induction is often concerned with a newcomer's adaptation to the organisational framework. Sprogøe and Rohde (2009) investigate the research on different aspects of socialisation into groups. They also look at the different stages of the process that newcomers go through when entering a new organisational setting. Sprogøe and Rohde (2009, p. 47): "In general, research on newcomer induction has been aimed at providing organisations with better tools to organise and carry out socialisation processes. However, the prime focus has **been on the newcomers' adaptation to existing norms, and** learning, then, becomes a one-way transmission of knowledge from organisation to individual". This study extends the view on newcomer induction by adopting a practice-based understanding of induction, which opens up for seeing induction as concerned with more than just how newcomers **'learn the ropes' of the** organisation (Sprogøe & Rohde, 2009). It can also include the introduction into a social network or knowledge transfer from an employee to the organisation.

It can be concluded that little will change in the inflow part of a basic system of SOHRM. However, in an extensive setting, a lot can change. If employees are recruited by the system and are going to work for the collaboration, it is important to set strict rules concerning cost division. But also the distribution of talent among the organisations needs clear set rules. On the area of induction it is important that there are guidelines for programs that induce a new employee not only in his or her first organisation, but also spend time on teaching about other employers and employees within the SOHRM system.

The most prominent changes regarding the proposed SOHRM system are in the area of internal flow. By enlarging the normal ILM into a QILM consisting of multiple organisations, a lot of changes occur. I will describe these by using the key-topics of Beer et al. (1984) mentions, being promotion, demotion, rewards and education.

In a basic SOHRM setting, little changes will appear when looking at promotion and demotion. The only difference will occur when an employee wants to change his or her own situation. He or she can try and use the system in his or her advantage. In an extensive implementation, the decision of promotion or demotion of an employee has to be negotiated by the employer with other employers within the collaboration. When an employee is transferred from one organisation within the collaboration to another, this can also be seen as a promotion. Different interests arise between individual organisations and the collective. It calls for clear rules, negotiation and evenly distributed power.

The main rewards that employees want are job-security and financial rewards (Anderson, 2010) be it in a SOHRM system or not. Marchington et al. state (2011) that tensions can develop if, for example, employees from an inter-organisational team employed by one firm are rewarded for their short-term performance, whereas rewards for those employed by other firms are based on incremental pay systems offering lower current pay, but longer term employment and wage security. Differences arise between employees that are basically performing the same functions. Organisations differ in the basic pay, the supplements, the incentives and the bonuses they offer (Kinnie et al., 2008). In a SOHRM system this is also valid. The same type of function, with the same kind of responsibilities, can have different rewards in different organisations. In order to avoid problems, these differences need to be equalised within the system.

Another part of internal flow is education. According to Sieben (2007), there are two ways of looking at education, the human capital perspective, and the commitment perspective. In the human capital view, Lynch et al. (1998) differentiate general training and firm-specific training. According to him, general training is offered to all employees, especially in those areas that have low turn-over rates. Less attention, concerning general training, is paid to those that are likely to leave the organisation in the near future. **Specific training, on the other hand, is defined as training that only increases workers'** productivity for the employer providing the training. Because workers cannot use the acquired skills in other firms to increase their future wages, they are not willing to pay for the costs of this specific training (Green et al., 2003). Lynch (1998) and Green et al. (2003) both also state that training itself can increase employee turnover, the so-called poaching problem. Because of that, investing in firm-

specific training is more attractive to firms, than investing in general training is. In the commitment perspective Sieben (2007) wonders whether training enlarges organisational commitment. He calls **employers that train 'investors in people'**. He sees a causal relationship between this kind of employer, employer attractiveness, improved employees employability, increased career opportunities, and meeting workers intrinsic motivation to learn. According to Sieben, trained workers feel that their employer see them as important members of the organisation, and this generates loyalty to the firm. So, employees will be more inclined to remain at their current employer.

So, when the SOHRM system opens up the internal vacancies of an organisation to the labour pool of the entire system of collaborating organisations, little changes. Employees need to be made aware of the possibilities that arise. However, if the system will go much further than that, rules need to be put in place that clearly prescribe the allocation of available personnel, wages, and bonuses and the division of costs like education and managing the SOHRM system itself.

Within a system of SOHRM, the outflow aspect only changes marginally. When an employee leaves an organisation, but joins another organisation within the QILM, this step now belongs to internal flow and can be seen as a promotion within the system. The other elements of outflow remain, being dismissal, voluntary leave and retirement.

Changes on the area of dismissal depend on the kind of dismissal. Dismissals occur when the employer terminates the contract, or a limited-term contract ends and isn't renewed. Changes occur in the second kind of dismissal. The kind of change depends on the reasons for ending, or not renewing, a contract. If the employee is not functioning well, an employer would most likely not recommend placing the employee within another organisation in the collaboration. However, if the employee is dismissed because of a reorganisation or redundancy, the organisation should try to place this well-functioning employee within the SOHRM-system. This has advantages for both employer and employee. The employee could have the option to switch from one job to another without much trouble. The employer could avoid high dismissal cost.

When an employee leaves voluntary, there are little changes to be expected. Naturally, employees are as free to leave an employment in a SOHRM context as they would be in a traditional job-setting. However, the SO system can stimulate finding a new job within the network. If the employee chooses to leave the system all together, it is important that the employee that leaves has a good impression of its last employer and the career possibilities it offered (Coomber and Barriball, 2007).

Regarding the retirement of employees, there are no significant changes either. The Dutch pension system is regulated by law and is classified as a pay-as-you-go system. Every resident of the Netherlands is entitled to a basic pension (AOW). Next to that, employees and employers together pay for the normal pension. This part of pension is related to the years worked when turning 65, the current Dutch retirement age. Since this system is obligatory by law nothing will change.

Again, for a basic implementation, little changes occur for the outflow. However, in a more extensive setting, employees that leave the system, by choice, need to be informed about their possibilities within the system, now and in the future. The system also needs to have a strategy on how to deal with personnel that is currently redundant. Whether to place these in other organisations, or to let them go, needs to be decided.

The other way of looking at career development is from the stakeholders' perspectives. I will investigate changes for the individual, the organisational, and the societal perspectives that were presented in chapter two. The results will be summarised in the table in appendix C.2.

When an employee joins an organisation he or she usually creates an image of what the new employer expects regarding responsibilities and outputs, for example, to give the employer his or her time, energy, technical skills and knowledge. He or she also learns to understand what he or she can gain. A perception arises about fair and competitive wages, challenging and meaningful work, growth and career opportunities and job training (Randmann, 2003). This individual perspective may change in a SOHRM setting. In a SOHRM system, career steps also change. Because of the possibilities of the new internal labour market, more jobs come within reach and are easier to obtain, even though they are in another organisation (Beer et al., 1984). An extensive SOHRM system will not only create more opportunities for employees, but will also change their personal (career-) development. Kinnie et al. (2008, p. 209) state, from their study in call centres, that employees face a multitude of changes when their interests are handled by an external organisation. They say (Kinnie et al., 2008, p. 209) that when creating "new organisational forms, where hierarchies and specialisation are breaking down and organisational boundaries are being blurred", it will lead to questions among employees. These questions were (Kinnie et al., 2008, p. 209): "Who do you work for? Who are you employed by? Who do you work alongside? Who do customers think you work for? Who am I managed and trained by?". The answers to these questions may be difficult to find. In the extensive SO system, it could still be clear who your direct employer and colleagues are. However, the responsibility of training, career development et cetera may lie in the hands of the HR

collaboration. Marchington et al. (2011) add that clear goals are also hard to conceptualise. Employees have to pursue two sets of goals: those of the collaboration and those of their parent organisation.

Changing towards a career that flows through multiple organisations within a supra organisational HR collaborations may also influence a number of psychological consequences; namely, work engagement, affective organisational commitment, life satisfaction, and turnover intention. De Cuiper et al. (2009) indicate this in their research on the change between temporary and permanent employment. This description fits the concept of the boundaryless career. These careers involve both objective features such as mobility, and also the subjective attitude of being boundaryless (Inkson, 2006). A common factor in all of them, according to Arthur and Rousseau (1996a, p. 6), is **"independence from, rather than dependence on, traditional career arrangements".** Lazarova and Taylor (2009) distinguish between external psychological boundaryless careers and external enacted boundaryless careers. External psychological boundaryless careers concern the psychological willingness to make changes, and a readiness to move to a different employer in order to increase the returns on your human capital. External enacted boundaryless careers are about the actual mobility across different firms. This second type is more damaging than external psychological boundaryless careers. When firms that pursue knowledge exploration use external enacted boundaryless careers strategically, the effects these careers have on social capital can lead to such benefits as access to valuable external pockets of knowledge through the hiring of new employees. The same types of benefits are not realised by external psychological boundaryless careers because the contacts with **external sources of knowledge are driven by the individual member's desire to maintain** employability, and will not necessarily produce knowledge that is valuable to the firm (Lazarova and Taylor, 2009).

On an individual level there are possible dangers concerning effort, commitment, and work satisfaction. However, if employees are well informed and responsibilities are made clear, employees can gain from the new possibilities regarding career development, rewards, job satisfaction, et cetera.

In the organisational perspective, the focus is on the alignment of needed and available personnel. An organisation needs to know its exact needs, and it also needs to attract the right employees from the internal and the external labour market. However, in a collaboration, another party comes into view: the supra organisation. In order to achieve a balance between these three stakeholders, clearly made out rules and regulations are needed. The question is whether it is worth the effort. There are a number of reasons, at both the strategic and operational level, why firms want to outsource human resource activities. Many share similarities with the outsourcing of other organisational functions. In

particular, demands for increased productivity, profitability, and growth have forced organisations to examine their internal human resource processes, resulting in a move toward strategic outsourcing services and away from discrete services (Cooke et al., 2005). However, problems can arise when aligning different organisations in an initiative (Marchington et al., 2011). Efforts to achieve alignment across organisational boundaries are likely to encounter problems when partner organisations differ in their goals and expectations. Tensions may arise when searching for shared long-term goals. Each organisation may attempt to satisfy its own objectives, but each may adopt a different human resource management style (Boxall & Purcell, 2008). In their review of outsourcing and HRM, Fisher et al. (2008) argued that the strength and exclusivity of the relationship can reduce the likelihood of problems arising, and that workers experience discomfort if the goals of the organisations involved are not aligned. Some say that human resource outsourcing can reduce costs, increase service quality by producing greater economies of scale, increase incentives and accountability for service providers, and increase access to experts in specialised areas (Csoko, 1995). Others however, argue that outsourcing exposes organisations to opportunistic behaviour by the external service provider, because HR outsourcing will limit the ability of firms to develop distinctive competencies within its workforce (Ulrich, 1996).

So while a supra organisational human resource system can provide increased productivity, profitability, and growth, there are also questionable areas. Aligning the different organisations, their goals, their objectives and HRM style may prove difficult. The system will also prevent some **organisation's** efforts to be unique in their workforce. Also, clear-cut rules must be made regarding clause of competition within the contracts of employees within the system.

Different parties, laws, agreements and culture, all have different stakes regarding careers. The proposed SOHRM system must meet the demands of all these aspects from the external environment that belong to the societal perspective. According to Dasborough and Sue-Chan (2002), the two mechanisms through which a balance with the environment is achieved are coercive and mimetic isomorphism. They explain (Dasborough & Sue-Chan, 2002, p. 309): "Isomorphism is a process that forces a unit of a population to resemble other units facing the same conditions posed by the environment. Coercive pressures are exerted in the form of legal sanctions, such as rules, laws and regulations". An example is pressure on HR personnel to abide by equal employment opportunity legislation. As organisations strive for legitimacy they tend to become more similar to one another over time (Dasborough & Sue-Chan, 2002). In the Dutch external labour market, the coercive pressure of labour laws provide a base for on-going processes of consultation and negotiation between the social partners at different levels and between the government and the social partners at the central

level, the so called 'Polder model'. Trade unions and sectorial employers' organisations develop a long-term policy aimed at increasing employment, increasing business performance, redistribution of labour and sharing of employment (Wilthagen, 1998). In the case of supra organisational human resource, it means that employees have much power in negotiations through their unions. Organisations can only suggest changes in careers and explain what the advantages for all parties involved are, but cannot force anyone. Also, lay-off costs are very high in the Netherlands, due to stringent regulations that protect workers against unreasonable lay-offs (Gorter et al., 1996). Once an employee has a permanent contract within the supra organisational system, it is difficult and expensive to fire him or her.

The law offers advantages as well. The Netherlands is known to be a leader in flexible work arrangements, regulating this sector less than other European countries (Farndale et al., 2008). As a result, employers can offer employees multiple temporary contracts before offering them a permanent one. This can be useful when the employer is not sure whether or not an employee fits the supra organisational way of managing (certain aspects of) human resource management.

So, whether the supra organisational implementation is extensive or not, collaborating organisations have to meet employment legislation, for instance on the field of equal opportunity. Also, the key actor is the employee. He or she determines whether he or she wants to work in the proposed system. General decisions can be negotiated with the labour unions.

Concluding it can be said that in case of a basic SOHRM system, there are only a few critical conditions for successful development according to literature. The conditions that were found were in the individual perspective. Employees need to be informed on what changes for them. In the inflow element, changed possibilities for the future need to be explained (Abl, 2008), in the internal flow, their extra opportunities need to be presented, and in the external flow, the voluntary leavers need to be informed about their possibilities now and in the future.

In case of an extensive SOHRM system, more changed conditions arise. These are presented in table 1.

Table 1: Conditions of an extensive SOHRM system according to literature

| | | Perspectives according to Beer et al. (1984) | | |
		Individual perspective	*Organisational perspective*	*Societal perspective*

Flow elements according to Beer et al. (1984)	*Inflow*	- SOHRM induction (Sprogøe & Rohde, 2009)
		- Clear information on:
		  - Expectations
		  - Responsibilities
		  - Possibilities
		  (Abl, 2008; Kinnie et al., 2008)
			- Clear rules on:
			  - Cost division
			  - Distribution of talent
			  (Abl, 2008)
				- Check that any arrangements meet legislation (Dasborough & Sue-Chan, 2002; Gorter et al., 1996)
				- Ensure equality within the system (Farndale et al., 2008)

	Internal flow	- Development of career (Lazarova & Taylor, 2009)
		- Employee key decision maker (Kinnie et al., 2008)
			- Clear rules on:
			  - Division of costs
			  - Wages
			  - Bonuses
			  - Education
			  (Marchington et al., 2011; Kinnie et al., 2008)
			- Clearly state:
			  - Objectives
			  - Goals
			  (Boxall & Purcell, 2008; Fischer et al., 2008)
			- Agreement on how to handle movement of knowledge within the system (Green et al., 2003)	

	Outflow	- Provide information on possibilities to voluntary leavers (Coomber and Barriball, 2007)	- Plan for redundant personnel and voluntary leavers (Coomber and Barriball, 2007)	

4.2 Critical conditions according to practitioners

In the survey I conducted, HR practitioners were consulted on their opinion concerning the critical conditions for success for introducing a SOHRM system. The findings from these interviews will be presented in this section in the same way the theoretical findings were in the previous. In the last paragraph all major findings from these interviews will be summarised and combined into one matrix.

In the interviews, the discussion on a SOHRM was started with the topic of flow, subsequently talking about inflow, internal flow, and outflow. On the topic of inflow, most of the practitioners from large and medium sized organizations see a SOHRM system as a good selling point. Participating in such a system could be used in recruiting new personnel. A few practitioners even mentioned that this will work especially well for employees entering the labour market after graduation. They feel that it offers graduates the growth possibilities they look for, both upward as well as lateral. The small organisations also regard a SOHRM system as a selling point, be it with only marginal impact on the job seekers. In the current recruitment situation, most interviewed HR practitioners use recruitment agencies for filling vacancies. They feel that this situation should not change, mostly because they think that the target group for the vacancies in their company is often too specific. If the recruitment would be executed by the SOHRM system, they want the system to prove the same potential, reliability, and earn the same trust, these agencies currently have. One practitioner suggested the ability of recruiting a shared employee together with a partner organisation from the SOHRM. For instance two organisations that are both looking for a part-time HR-manager combining their vacancies. Three practitioners mention that when recruitment is executed on a SOHRM level, it is very important to offer job meditation for partners. Other interviewees do not come up with this option themselves, but agree that it is necessary when the option was presented to them. Whatever execution of recruitment is in place, all employers express the need to make the final selection in-house. They believe that an external organisation or board can never properly assess whether an applicant is suitable for a function or even for their organisation.

The interviewees were also presented with the option of inducting employees on a supra organisational level. Induction could take place for e.g. the Twente Kennispark as a whole, or the participating companies from the Twente region. The HR practitioners mostly agree that the possibilities of the system need to be explained to new employees and a platform for knowledge about the organisations can help support the system. However, **they don't see** induction as a critical requirement for a SOHRM system.

Concluding, the practitioners from the small organisations assess the system as a nice gimmick for recruitment, but do not see any critical inflow aspects regarding a SOHRM system. Medium and large organisations look at it as a good recruitment asset or tool, but do not see any critical conditions.

Two elements of the internal flow, promotion and demotion, present the main area of changes of a SOHRM system. This is where the natural flow through one singular organisation is opened up to a multitude of organisations. The current talent- and career-management within the companies could be complemented with the SOHRM system. Practitioners from medium and large organisations as well as the two consultants in the survey **see the "profit"** in acquiring personnel from other organisations from their industry or region. They also mention of how much they want people with diverse knowledge within their organisations. Small organisations however mostly see danger of the presented SOHRM system. They are afraid of losing those employees that are critical for their key processes. Where the larger organisations say that with trust in each other, clear rules, and long term commitment, everything is possible, the small organisations only fear negative aspects. They are afraid of losing personnel an knowledge to larger organisations within the system, the so-called poaching. The practitioners from large and medium sized organisations are not that afraid of poaching. They realize that other organisations might be more attractive to certain employees, but these organisations also have a limited demand for that type of employee. When the most attractive employer within the system has filled all functions in a certain area of expertise, they argue that they are next in line to profit from the system. Being in the SOHRM system and profiting as soon as possible is most important to them. Three practitioners present another possible danger. They fear that if employees will switch between companies too often, too much time will be lost on induction into the organisation of the new employer.

Promotion and demotion is determined by the organisation in a classical setting. So, when it comes to whether a SOHRM system should be approachable by all actors involved, the opinions are divided. Should management or an external organisation suggest career steps, or are vacancies from the QILM accessible for all employees? Where some practitioners (five) insist that the system should be completely open to all employees and employers, others (three) insist that vacancies should be shielded of from employees. The last group expects that employees will want to change their functions too soon, resulting in an unbalanced workforce. Not surprisingly, this last group consists of practitioners from two small and one medium sized organisation. Where this group fears instability by frequent changes of function, one practitioner from a large organisation even suggests obligating employees to change their function in order to develop their experience and capabilities. Most others that are presented with this option say changes should only be suggested and not be imposed.

One interviewee states that it is important to keep people happy where possible. According to him, this does however not mean that employers should always offer employees the promotion or opportunity they desire. An **employee's** dream job can almost never be reached in one career step. He argues that a SOHRM system could lay out and facilitate the right path to the dream job of an employee. The general opinion of the other HR practitioners is to keep employees informed and if that situation should present, to let them grow outside of their current organisation.

Other elements of internal flow are financial and other rewards. There is no consensus among the practitioners on these elements. Some of the practitioners present the idea that people that are placed outside their organisation should stay employed with their current employer. This would make the reward system easy, as financially nothing would change, and it would increase the chance of an employee returning to their original employer. Others suggest that personnel should be hired by an external organisation and that this external employer should place the employees within the organisations, just like in labour pools. Some practitioners find the reward elements too complicated and believe that they are not able to formulate an answer or defend a certain opinion.

To sum it up, there is a big difference between the small organisations and the medium and large ones. Where the practitioners from the small organisations mainly see problems, dangers and a lack of advantages, the others see opportunities and are willing to take some disadvantages in return. They feel that when clear rules are set and mutual trust is achieved, the advantages outweigh the disadvantages. If rules and trust are present, they argue that the system should be open to all participants. Employees could be enabled to explore the possibilities of the SOHRM system themselves, but the majority of the practitioners feel that their organisations should guide their employees to further development their career.

The last part of flow that was discussed in the interviews was outflow. Practitioners do not like to talk too much about employees leaving organisations. Two of the three large organisations in the survey, as well as one consultant, argued for obligatory exit interviews. Not only to discuss why an employee is dismissed or wants to leave, but also to learn from his / her side of the work experience within the organisation and the SOHRM system. During the exit interviews with employees that are quitting, the practitioners believe it is critical that although the system could not offer these employee what they want at this moment in time, the employees need to be made aware that future possibilities remain. The employee is welcome to re-enter the system in time. One practitioner from a small organisation stated that most of their leavers are foreign employees returning to their country of origin. A SOHRM system cannot help in such a situation.

One practitioner from a large employer wanted to add functionality to the system. He mentioned the option of using the system as a means for replacing personnel in case of a reorganisation. The last element of outflow concerns retirement. All practitioners agree that pension systems should be clear for employees. According to them, a SOHRM system should never negatively impact financial securities. Some practitioners say that the regulations in the Netherlands will prevent this from happening anyway.

As far as outflow is concerned, it can be concluded that exit interviews should take place, to further improve the system and present the leaving employee with the knowledge that returning to the system is always a viable option.

Following the pattern of the literature research, the next interview topic were the perspectives of the different parties involved. Regarding the individual perspective, all supporting organisations agree that the individual is the key in the system. According to them the initiative for using the system will almost always come from the employee. One practitioner adds that this fact does not mean that an employee should get everything he or she desires. Another practitioner, from a large organisation, suggested that the employer should be able to obligate an employee to change his or her job. Considering other practitioners do not share this opinion, this will probably not happen, and it results in ensuring **employee's rights** as a critical condition.

As far as the organisational perspective is concerned, the practitioners from medium and large organisations see possible enrichment of their organisation with knowledge from other organisations. Losing some knowledge to competitors is, according to them, also part of it and should be accepted. They feel that the bottom line of such a system will present in a positive for all participants. A few practitioners mention that it is critical that all parties involved understand the situation and accept losses. One large employer suggests scouting for new employees for his organisation within other organisations that are part of the SOHRM system, but others do not agree with allowing that.

The third and final perspective is the societal perspective. The practitioners from the five largest employers in this research feel obligated to set an example for what the Twente region can do. They want to show society that the mentality in Twente of discussing something over and over needs to change. Action needs to be taken to set an example. They want to help the region grow. One large organisation is more specific and does not only want to keep employees within the region, but even in the same industry as they are in.

Table 2 sums up the results that were described in the previous sections.

Table 2: Conditions according to practitioners

		Perspectives according to Beer et al. (1984)		
		Individual Perspective	Organisational perspective	Societal Perspective
Flow elements according to Beer et al. (1984)	Inflow	- Recruitment outside SOHRM	- SOHRM as good selling point	- Prove solidarity and vigour of the Twente region - Willingness to support the growth of the region
	Internal flow	- Individual is key - Keep people happy where possible - Do not give employee everything he / she wants	- Trust other organisations - Commit yourself / Be in it for the long term - Guide employees through possibilities - Be willing to lose some knowledge	
	Outflow	- Exit interviews; presenting future possibilities	- Replacement of personnel in case of a reorganisation.	

It must be said that three of the four small organisations that were interviewed did not see any potential in introducing a SOHRM system. They either saw no potential in it at all, or were afraid of losing their employees to others.

4.3 Discussing literature research and interview results

The literature review and the survey generated answers that were to be expected. It was for instance no surprise that existing research revealed that a new SOHRM system needs to follow existing rules and laws, employees cannot be forced to take certain steps, and that an extensive implementation requires rules, objectives, and goals to be clearly formalised. The expressed need for long time commitment, clear rules, and trust that became apparent from the survey were no surprise also. Just like the general idea of retaining employees within the region by offering them options close to home was logically welcomed by them.

More remarkable was that literature revealed that employees need to be well informed about the system to assure they make sure they get both firm-specific as well as general training. The survey presented a clever option of reallocating personnel within the system in case of an reorganization. It was also noteworthy that most practitioners wanted to support an initiative that could improve the level of labour in Twente and the image of the region. But most of all, the bold opinion of the

practitioners from the large differences stood out. The practitioners from the small organisations feel little for combining their labour markets. They are either afraid to lose employees or just not seeing any potential in the SOHRM system at all.

When comparing the results from the literature research with those from the interviews, the nature of the results stand out. Where the literature research led to conditions on the area of finances, rules, knowledge, and clearly formulating agreements, the survey results were focussed on human aspects like trust, solidarity, commitment, and willingness. This could be explained by the nature of scientific research. This type of research preferably focuses on elements that are measurable and quantifiable and that is not easy for human aspects. In literature, the most ideal situation is determined by research and the organisations and their employees have to adjust to this situation as much as possible. Another reason could be that the HR professionals agree that the rules and obligations need to be formalised, but see this as an unavoidable requirement that is easily met.

The results of the literature research and the survey do not contradict, but complement each other. Because both the human and the theoretical side are highlighted, the result is a complete packet of critical conditions, that are required for a successful introduction of a OHRM system.

Chapter 5

Critical choices

Where, in chapter 4, I looked at the conditions of a human resource collaboration on supra-organisational career development, in this chapter I will investigate possible consequences of introducing it. As one of the HR practitioners mentioned:

> *"The situation where participants say: If we feel like it, we will use the new possibilities of the collaboration; will not work".*

> *HR-practitioner 31*

Therefore, some kind of organisation and formalisation have to be constructed to manage the collaboration. In order to answer the two research-questions on critical choices for successful implementation, I will first map and describe my findings from scientific literature. In the introduction of chapter 4 I chose only to distinguish between basic and extensive forms of SOHRM systems. This chapter will present multiple ways of managing it, from a basic to an extensive implementation.

Since consequences depend on the different forms, extend of implementation, formalisation, et cetera of organisation of regional career development, this differentiation is needed. The aspects that describe possible ways of organising the collaboration will be put into variables by examining literature. Next, existing concepts of organising cooperation are extracted from literature and scored on the variables given earlier.

Secondly, a diverse group of human resource professionals from the region will be interviewed to find their desired scores on the variables found for the proposed collaboration on regional career development.

5.1 Theoretical choices

As said, different forms of managing the SOHRM system will lead to different choices. In what way a SOHRM system is implemented depends on a collection of choices in different areas. Research, for instance by Ignjatovic and Svetlik (2003), states that different HRM systems have different variables that describe them. Klaas et al. (2001) give more details on such variables when organisations outsource activities. In their paper they conclude that the organisation of these activities depend on the activities involved, (un)certainties, size, costs, pressure, et cetera. A combination of choices will

therefore lead to a certain organisational form, which in its turn has specific consequences. I state that when variables are assigned to these choices, or to aspects of these organisational forms, then determining desired values for these variables will lead to a specific organisational form, best fit for the SOHRM system. What variables determine the organisational form will be identified in the next section.

When looking for variables in literature that specify a collaboration of activities, networking and outsourcing, multiple are found. Ignjatovic and Svetlik (2003) for instance present aspects of a HRM system like the human resource function, human resource strategy, recruitment and selection, training and development, pay and benefits, employee relations and communication flexibility and equal opportunities, etc. From their article I took the aspects relevant for this thesis and ended up **with "HR-strategy" and** "sourcing". HR-strategy as a variable concerns the commitment of the organisations, their shared goals, and a consensus on how to achieve these goals. Sourcing describes where the responsibilities of the system will be. What elements are executed by the collaboration or by an external organisation, and which parts remain within the individual organisations?

Literature on other collaborations also presents variables. Among others, Chiesa and Manzini (1998) describe possible organisational forms and characteristics of the collaboration when introducing a technological collaboration. They mention characteristics in terms of impact on the firms, the time horizon, control, time/costs, scale, flexibility, and formalisation. From this I derived three variables, **being "formalisation", "geographic scope", and "function scope". First formalisation including the** time horizon, agreements, obligations, and penalties. The second and third variable concern the scale of operations, divided into the geographic scope and the function scope.

As said, human resource strategy as a variable concerns the commitment of the organisations, their shared goals, and a consensus on how to achieve these goals regarding their personnel. The collaborating organisations must agree whether the new system will be implemented with long term commitment or a pilot needs to be set up. Organisations need to have shared beliefs, agree on the desired effects and goals, and agreement on how to achieve this.

Table 3: Possible scores on "HR-strategy" variable

(A) Short term / single goal shared

Here one can think of a pilot that investigates whether employees are open to a SOHRM system.

(B) Short term / multiple goals shared

For instance setting up a pilot system to assess the feasibility of the SOHRM system.

(C) Long term / multiple goals shared

Implementing a system focussed on multiple areas that leaves the individual organisations with certain liberties.

(D) Long term / goals overall shared

For example one unified ILM with strictly formulated rules that every organisation within the system is obliged to maintain.

The sourcing variable describes whether the SOHRM is executed by the individual organizations themselves or by an external organisation. Deciding whether to insource or outsource a new activity is difficult. Multiple theories try to help making that decision. Cooke et al. (2005) state that, in general, employers consider using outsourcing for a number of (overlapping) perceived benefits. First, it allows them to concentrate resources on their core business activities where they have expertise and are likely to do best. Second, it enables firms to profit from the rising comparative advantage of specialised service providers who may have expertise in the areas concerned. Third, it provides firms with greater flexibility and productivity by using temporary subcontractors to cover fluctuating demands for labour (Cooke, 2001). Domberger (1998) found that outsourcing also enables firms to keep future costs down by selecting the most competitive tender when renewing the contract.

Therefore, the possible values for the sourcing variable would be:

Table 4: *Possible scores on "sourcing" variable*

(A) Insource

Form a group of people from the joined organisations, to execute the collaboration.

(B) Outsource to an affiliated organisation

Let an external organisation that is familiar with the organisations on the Twente Kennispark organise the SOHRM system. For instance the Twente Kennispark organisation itself or Career Center Twente.

(C) Outsource to external service provider

Try to find an organisation that is well known with the major elements of the new SOHRM system to coordinate it. An organisation that is already active in recruitment and selection, pay rolling, et cetera.

Choosing what value is most desirable is difficult, however, there is research that helps in making the decision. Fine (2002) for instance not only looks at the economic value that a new (technological) system or activity will add to the organisations (EVA), but also adds a strategic value assessment (SVA). This strategic value is assessed by looking at the clock speed of changes in the field, the competitive position, the architecture of the system, the importance to its customers, and the number of capable suppliers. In the matrix he developed the choice can be made by calculating and combining the EVA and SVA (Figure 9).
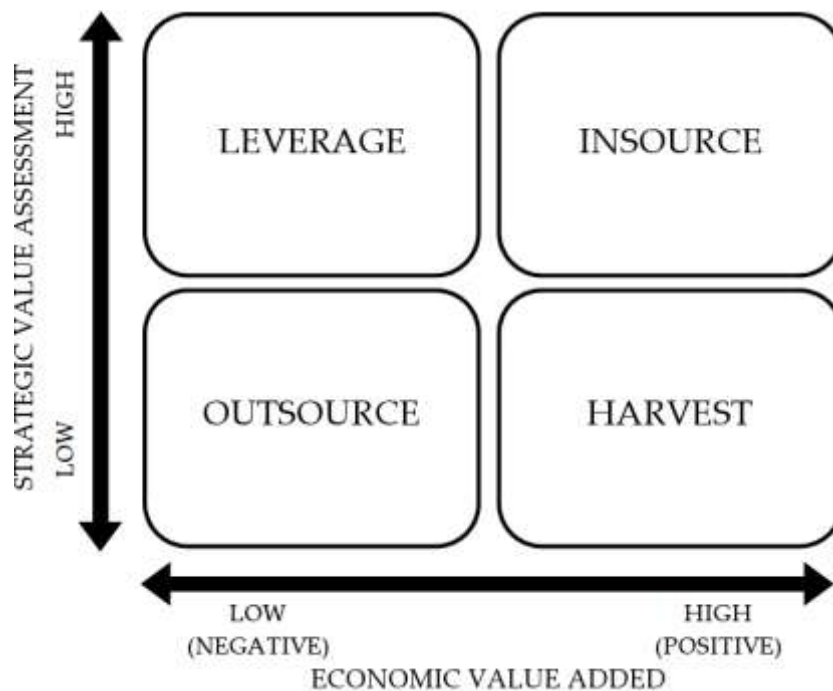

Figure 9: Strategic value assessment vs. economic value added (Fine, 2002, p. 71)

The formalisation variable is about obligations between organisations. What and how many rules, agreements, and responsibilities need to be created in order to have a solid base for the system. Does it need to be formalised, or can this also happen in an informal setting. In order to be able to rate this as values for a variable; I generated the following four possible scores:

Table 5: Possible scores on "formalisation" variable

A Loose	
	An ad hoc, informal setting in which only a few rules and responsibilities are determined.
B Structured	
	Also an ad hoc setting, but with more structure. Many rules are formalised by the participating organisations.
C Continuous	
	A setting aimed at the long run. Procedures, rules, and agreements that cover most areas of the system are clearly formalised.
D Bureaucratic	
	Continuous form where everything is formalised, and a central organisation controls everything and has the authority to punish and reward.

For the collaboration, the scale of operations is of great importance. That is why the geographic scope is chosen as a variable. When the organisations of the Twente Kennispark limit the new initiative to the borders of the park, they could limit the possibilities of the system. I added this variable because it is unclear which organisations the Twente Kennispark organisation wishes to support. As mentioned in chapter 1, Twente Kennispark's main focus is on the organisations within the physical borders of the park, but they support, induce and develop employment and entrepreneurship for the entire region of Twente. According to Abraham and Taylor (1996) on outsourcing HR activities, a larger scale of operations results in multiple clients with similar needs, which will create more opportunities. They also note that when the new practices require specific investments, the group of participants must be large enough to keep the costs involved at an acceptable level. Therefore I formulated following possible scores for geographic scope variable.

Table 6: Possible scores on "geographic scope" variable

A A limited number of organisations housed on the Twente Kennispark

B All organisations from the Twente Kennispark

C Certain organisations from, or one entire industry in, the Twente region

D Open to all organisations in Twente

In determining the variables for the collaboration-form one aspect came about that did not influence the organisational form, but would however influence the consequences of the execution. This concerns the employees that will cooperate in this collaboration, the so-called function scope. The collaborating organisations must decide whether they focus on a selected group of employees or on an entire organisation. Do they want to solve personnel problems on certain areas or do they want to offer additional opportunities to all their personnel? The SOHRM system could be very wide and incorporate all employees or it could focus on a small group. I will call this aspect the function scope. In the research of Cooke et al. (2005) on outsourcing HRM, the authors state that if organisations concentrate resources on their core business activities, they are most are likely perform at their best since they have the most expertise in that area. The SOHRM system could influence these core activities. Not only is the paper work influenced by a collaboration, but also the human resources themselves. The question is whether it is desirable to offer employees that are concerned with core activities SOHRM possibilities. Specific knowledge on the core activities could leave an organisation more easily. However, an organisation could also profit from the knowledge of other organisations through the system.

Next to the choice for core or non-core activities, the choice can also be on educational level or the functional creativity. In the beginning of chapter 2 I differentiated between increasing the level of human capital in the region (Glaeser, 2005), focusing on highly educated personnel, or increasing the level of creative capital (Florida et al., 2008), focusing on stimulating the creative jobs. The scores A to D will represent the core and non-core options keeping the human capital theory in mind. So only the functions with a certain level will apply. The same options based on the creative capital will be scored E to H. Only tasks with a certain level of creativity are meant. The following possible scores A to D on the function scope variable were generated:

Table 7: Possible scores on "function scope" variable

A Core functions

Only functions that are concerned with core activities of an organisation.

B Certain functions that are not part of core activities

One or more fields of activities are chosen for the SOHRM system, for instance finance or HRM.

C All functions except those that have to do with core activities

The SOHRM system will include all employees within the co-operating organisations, except those working on core processes.

D All functions

Now that the variables are set up, I will sum up a few possible organisational forms and their corresponding scores on the variables I determined. **I say "a few" because it is i**mpossible to present all possible forms of organisation. Forms from literature are combined with my own additions in order to try to cover possibilities in every direction. Mintzberg classified organisations in 1979. He describes five basic organisational forms: the machine bureaucracy; the divisional form; the professional bureaucracy; the simple or entrepreneurial structure; and the adhocracy. Teece (1996) proposed six categories of firms: stand-alone entrepreneur inventor; multiproduct integrated hierarchy; virtual corporation; conglomerate; and alliance enterprise. Over the years, these basic types changed and new forms arose. Coates (1999), for instance, states that it is possible that the corporation of tomorrow will actually be composed of only two functions with all other human resource needs filled on an ad hoc basis from pools of specialized talent. While other human resource trend-watchers make less dramatic predictions, most agree that in the future a successful firm will avail itself of specialized and mobile labour pools to a much greater degree than its counterparts in the past (St. John et. al., 2001). Combining these forms with the possibilities of a social agreement and applied to the situation of a SOHRM system, I generated the following list:

Table 8: Main organisational forms for a SOHRM system

● Informal social agreement

An arrangement to stimulate finding new employment within the collaboration network. In its simplest form it could consist of a list of phone numbers and email addresses of HRM staff of a few organisations, to contact when looking for a new employee or reallocate a current employee. Focussed on a few mutual goals on a short term.

● Formal social agreement

Agreement to not only broadcast vacancies within the internal labour market of an organisation, but also to the internal labour market of the entire system. Multiple possibilities regarding strategy, geographic scope, and function scope, but with structure.

● Virtual corporation

Organisational form with a project-based design from current resources for the long term. Not only useful in a pilot, but also later on, when dealing with complex tasks and turbulent and uncertain situations when realising and aligning multiple goals.

● Alliance enterprise

A new organisation with a long term strategy with employees from the different organisations with clear rules and obligations.

● Outsourcing to existing service provider

This could be both an affiliated organisation (Career Center Twente, Kennispark Twente), but could also be a service provider that already offers certain HRM activities to organisations. Focus on the long run, both on strategy and formalisation.

● Pay rolling

In this form, all employees are employed by a central organisation that detaches the personnel to the organisations according to their needs. All organisations agree on goals, rules, obligation, and associated paperwork.

● The Twente Organisation

A professional bureaucracy control system, suited to a stable environment, made up of flat organisational structures, useful for delegating complex, professional tasks, focussed on long term commitment.

In the following matrix (table 9) I summarized the possible values for the variables for all seven organisational forms given.

Table 9: Possible organisational forms and their scores on the variables given

Variables of SOHRM implementation

Main organisational forms for a SOHRM system	HR strategy	Sourcing	Formalisation	Geographic scope	Function scope
Informal social agreement	A Short term, 1 goal shared; B Short term, >1 goals shared	A Insource	A Loose	A Limited number of org. from Twente Kennispark; B All org. Twente Kennispark	A B C D E F G H — All possible choices
Formal social agreement	A Short term, 1 goal shared; B Short term, >1 goals shared; C Long term, >1 goals shared; D Long term, all goals shared	A Insource	B Structured; C Continuous	A Limited number of org. from Twente Kennispark; B All org. Twente Kennispark; C Certain organisations / one entire industry in Twente	A B C D E F G H — All possible choices
Virtual corporation	C Long term, >1 goals shared; D Long term, all goals shared	A Insource	B Structured; C Continuous	A Limited number of org. from Twente Kennispark; B All org. Twente Kennispark; C Certain organisations / one entire industry in Twente; D All organisations in Twente	A B C D E F G H — All possible choices
Alliance enterprise	C Long term, >1 goals shared; D Long term, all goals shared	A Insource	B Structured; C Continuous	A Limited number of org. from Twente Kennispark; B All org. Twente Kennispark; C Certain organisations / one entire industry in Twente; D All organisations in Twente	D E F G H — All possible choices
Outsourcing	C Long term, >1 goals shared; D Long term, all goals shared	B Outsource to affiliated org.; C Outsource to external org.	C Continuous	A Limited number of org. from Twente Kennispark; B All org. Twente Kennispark; C Certain organisations / one entire industry in Twente; D All organisations in Twente	A B C D E F G H — All possible choices
Payrolling	D Long term, all goals shared	A Insource; B Outsource to affiliated org.; C Outsource to external org.	D Bureaucratic	A Limited number of org. from Twente Kennispark; B All org. Twente Kennispark; C Certain organisations / one entire industry in Twente; D All organisations in Twente	A B C D E F G H — All possible choices
The Twente Organisation	D Long term, all goals shared	A Insource; B Outsource to affiliated org.; C Outsource to external org.	D Bureaucratic	C Certain organisations / one entire industry in Twente; D All organisations in Twente	A B C D E F G H — All possible choices

5.2 Most suiting organisational form according to literature

In order to determine the ideal organisational form for the SOHRM system, in the next sections, I looked at the preferred values for the variables according to literature. I will describe the findings variable by variable. From these values I chose one of the given forms, based on the data presented in table 4.

To have a successful HR strategy, research (e.g. Way & Johnson, 2005), argues that organisations need to have shared beliefs, agree on the desired effects and goals, and agreement on how to achieve these. A short term organisational form with goals that the majority agrees on is possible in a pilot setting, but to have a stable system, it needs to be a long term initiative with goals that are agreed on, on the long term.

Deciding whether to insource or outsource a new activity is difficult. Cooke (2001) states that outsourcing HR activities is preferred since the HRM departments of the organisations involved, can focus on everyday policies and work, while other (SOHRM) activities are managed from outside. Domberger (1998) found that outsourcing also enables firms to keep future costs down by selecting the most competitive tender for renewing the contract. However, since currently there are no external service providers offering a SOHRM system, it is not easy to outsource the activities to an existing HR-service provider. Insourcing seems to be the only option available. In Fine's (2002) model, the decision on outsourcing is made based on the EVA and SVA (figure 9) of the new initiative. While the strategic value of a SOHRM system is large for the HRM department, for the core business processes and overall strategy, the value is low. The economic value of this SOHRM initiative is also small, as it has no direct economic yield. **Therefore the right decision for the SOHRM system, according to Fine's** findings in the field of new technological activities, would be to insource the organization.

The level of formalisation is determined by the number of obligations of the organisations. In order to have a system with a solid base, a set of rules, agreements, and responsibilities is needed. Many of those need to be formalised so organisations can confront each other on their obligations. Too much rules and regulations are however not desirable because they can restrict the system, making it inflexible and limited in its possibilities.

Deciding what the geographic scope should be according to literature seems easy. Since the majority of organisations on the park are in high tech design and manufacturing and the initial investments can be minimised by organising the system themselves, a system within the geographic borders of the park could be easily put into effect. However, only those organisations that employ the same kind of

personnel, with certain work, training and skills, could benefit. In order to let most employees that work on the park profit from the system, organisations from outside the park need to join. To make it possible for organisations from the entire region to join, different locations, industries and significantly more employees would be involved. Therefore, initial and running costs would be much higher. According to Klaas et al. (2001) a larger setup has another positive effect. According to them, if an organisation is thinking about joining collaboration if other, similar organisations are already part of this collaboration. The greater, the better is the motto. So the optimal value would therefore be "all organisations in Twente". However, the costs of the investments needed are the key factor in refining this choice are to realise it.

Choosing which functions to incorporate in the system is difficult. Opening the system to all personnel offers the greatest advantages. First, new personnel can bring the organisation new knowledge and a fresh perspective on problems. Also, employees considering a career change get more possibilities if all functions are shared. However, not focussing on a specific group makes a possible SOHRM system very large. In the beginning of chapter 2 I differentiated between human capital and creative capital. There, I made the decision to go by the general theory of human capital. Therefore the right choice here would be to open the system to all personnel with a certain level of skills or education.

All preferred values found in literature are combined with the table of possible organisational forms and their scores (table 9) in table 10.

Table 10: Possible Most suiting organisational form according to literature

Main organisational forms for a SOHRM system	Variables of SOHRM implementation				
	HR strategy	Sourcing	Formalisation	Geographic scope	Function scope
Informal social agreement	A B	A	A	A B	A B C D
Formal social agreement	A B C D	A	B C	A B C	A B C D
Virtual corporation	C D	A	B C	A B C D	A B C D
Alliance enterprise	C D	A	B C	A B C D	A B C D
Outsourcing	C D	B C	C	A B C D	A B C D
Payrolling	D	A B C	D	A B C D	A B C D
The Twente Organisation	D	A B C	D	C D	A B C D

■ = Ideal situation

■ = Applicable in certain situations

Table 5: Most suiting organisational form according to literature

So, according to literature, the organisational form that fits the system best is either a virtual corporation or an alliance enterprise founded by employees from the collaborating organisations.

5.3 Most suiting organisational form according to practitioners

The first section of this chapter concluded different fields in which choices need to be made. These choices could be made by addressing values to these variables. In the survey I conducted, I asked the HR practitioners what the optimal values to the variables were according to their experience in the field.

All organisations found long term HR strategy important. Only two practitioners suggested starting with a pilot and therefore using short term strategy with multiple shared goals. Therefore the value for this variable was easily determined.

In discussing and answering the optimal solution for sourcing the SOHRM system, the group of practitioners and consultants was divided. Six out of eleven practitioners and one consultant

preferred insourcing the SOHRM activities. They argued that an outside organisation could never have sufficient knowledge of their employees and organisation to manage such a system the way they could themselves. The other six professionals preferred outsourcing a SOHRM system. They argued that only an external organisation could objectively assess all aspects, e.g. employees' current abilities, future potential, and organisational demands. Whether this external organisation should be affiliated with the Twente Kennispark or not did not matter to them. They believe the organisation that could carry out a SOHRM system best, should do it.

The two practitioners that proposed a pilot of an SOHRM system, believe the formalisation could be loose. They agreed that for any other situation the variable of formalisation should be scored as **"continuous" or "bureaucratic". According to them,** although many rules and procedures could make the system inflexible and not performing at its best, however, they said, the clear rules are necessary to ensure equality within the system.

All practitioners chose one of two options concerning the geographic scope. Either to open up the SOHRM system to all organisations in Twente, or to limit it by industry. All but one that chose a certain industry in Twente, thought that opening up to all organisations in Twente was also a valid option. One practitioner from a large organisation suggested grouping circa five organisations from one industry. In this way the system would remain clearer, communication would be easier, and it would be easier to set up. However, he added, the possibilities within such a small SOHRM system would be limited. A professional from another large organisation stated that is was important to go as large as possible, as to avoid restrictions. One practitioner from a medium size organisation argued that it was no problem to open up to the entire Twente region, since, in his experience, the highly educated personnel his organisation is looking for are willing to travel. None of the practitioners chose to limit it to the organisations on the Twente Kennispark, not even the companies that are housed on it.

Deciding what the value for the function scope should be proved difficult. Except for two, the practitioners did not see the big difference between human capital and creative capital. They simply want to improve the level of human resources within the region in general, but particularly within their own organisation. This can be in creativity, effectiveness, educational level, et cetera. The two that did see a difference were a large and a medium sized organisation that clearly state that the focus should be on a high educational level (higher vocational education and higher). It is remarkable that the large organisation is from the food industry which employs only a small group of highly educated personnel, while the medium organisation is from the high-tech industry, employing almost only

highly educated personnel. The organisations that suggested a pilot project earlier on, propose to start with one function type that is not part of the core activities of the organisations involved.

Concluding, it is remarkable that small organisations do not support a SOHRM system at all. When they had to chose, all practitioners from small organisations chose a loose, short term system that does not concern core functions. Although they recognize that the system can offer their employees possibilities their organisations momentarily cannot offer, they are afraid to lose employees to other companies within the SOHRM system. They are also afraid that introducing a SOHRM system involves a lot of extra problems, requires a lot of effort, and are simply not supporting such an initiative at all.

When the choices the practitioners made are combined with the table of possible organisational forms and their scores (table 9) this results in table 11.

Table 11: Most suiting organisational form according to practitioners

		HR strategy	Sourcing	Formalisation	Geographic scope	Function scope
			Variables of SOHRM implementation			
Main organisational forms for a SOHRM system	Informal social agreement	A B	A	A	A B	A B C D
	Formal social agreement	A B C D	A	B C	A B C	A B C D
	Virtual corporation	C D	A	B C	A B C D	A B C D
	Alliance enterprise	C D	A	B C	A B C D	A B C D
	Outsourcing	C D	B C	C	A B C D	A B C D
	Payrolling	D	A B C	D	A B C D	A B C D
	The Twente Organisation	D	A B C	D	C D	A B C D

= Ideal situation

= Applicable in certain situations

So the survey showed that the HR professionals' interview-results do not offer enough data to make a choice for one or two organisational alternatives. It is however clear that their critical choices lead to a formalised organisation to execute a SOHRM system. Also, they believe a high degree of

formalisation is needed. According to the HR practitioners, the ideal organisational form would be either standard outsourcing, payrolling or even an umbrella organisation as employer of all the personnel that is part of the SOHRM system.

5.4 Discussing literature and practice

The literature research on the area of the geographic scope revealed a mix of choices, with a final **preference for "the larger, the better" considering cost e**fficiency. The HR practitioners also chose this option, be it for different reasons. They concluded that with a large scope, restrictions could be avoided and that the system could only then offer its maximum possibilities.

The most remarkable finding came from the survey and was not specifically part of the goal this chapter. When I argued with practitioners of small organisations about possible choices, they had trouble choosing. Most of them saw little in a SOHRM system and introduced **a "no SOHRM system at all" option. Although they liked certain aspects of a possible system, they were mainly afraid to** lose employees, and also feared the amount of effort and investments it would take.

Where the literature research led to critical choices that result in working together in creating a system, interviewing practitioners revealed choices pointing towards outsourcing a SOHRM system. This difference could have multiple reasons. E.g. practitioners want to evade responsibilities, or since they do not see much potential, the system is simply not important enough to invest in.

The survey revealed a preference for a high degree of formalization, long time commitment, et cetera. So where the critical conditions of chapter four showed formalization of rules and obligations from literature research and commitment and trust from the survey, the survey revealed similar findings in the critical choices for execution of a SOHRM system. So where research sees formalisation as a fundamental condition, the HR practitioners see it as a necessary choice in execution.

Results also showed differences between the literature research and the survey on the sourcing variable. Where the literature pointed towards insourcing a SOHRM system, based on economic considerations, half of the HR practitioners preferred outsourcing the system. The most prominent explanation are avoiding large investments of time and effort, and avoiding part of the responsibility in the execution of the system.

Chapter 6

Conclusion, advice, and limitations

The individual organisations on the Twente Kennispark are unable to attract and bind high potentials to Twente, because they cannot offer these employees the career opportunities they look for. This problem was formulated at the beginning of this research. Collective action was chosen as a possible solution for this problem and the concept of supra organisational human resource management (SOHRM) was presented as the basic concept. Although this concept was originally aimed at improving efficiency, becoming lean, et cetera, I saw possibilities in offering career possibilities. Twente Kennispark could combine the capabilities of multiple organisations as to create extra possibilities in attracting and binding personnel to the park on a small scale, or the entire Twente region on a larger scale. Such a cooperation could lead to connected internal labour markets **consisting of the ILM's from the cooperating organisations, creating career path possibilities through** a certain geographic area, or even an entire region, instead of just one organisation. Such a regional labour market, created by a supra organisational human resource management system, requires certain conditions and choices that need to be made.

6.1 Conclusion

The chapter on critical conditions revealed the importance of clear agreements, rules, and obligations when introducing a SOHRM system. According to literature this can be achieved by a high level of formalization. Human aspects like trust and commitment also proved important. Organisations that want to join a SOHRM initiative have to be in it for the long run. They have to realize that a SOHRM cooperation does not only generate benefits. However, with the right shared commitment it is advantageous to the participating organisations or the region as a whole.

Another finding was the big difference in interview-data from practitioners from small organisations and the others, consisting of practitioners from medium sized and large organisations as well as two consultants. Were these others see a high potential for a SOHRM system not only for their own organisations, but for their entire industry or even the entire Twente region, the practitioners of the small organisations do not support a SOHRM system. As said, formalisation of HRM in small organisations is low. Owners and managers of small and medium sized organisations do not tend to focus on administrative issues such as HRM, until they perceive that such issues are critically important to their organisation. By expressing the need to collaborate on the area of human resource

management, they could counter this problem as well as accomplish the growth goals of the Twente Kennispark. Unfortunately, the interviewees from the small organisations in this research **don't see** the competitive advantages that can be achieved form both traditional and strategic HRM practices.

But maybe the reason for this difference lies with the other, larger organisations. They tend to have separate HR departments, a yearly budget and proportionately more manpower for HR tasks than small organisations, were human resource elements like strategy and career development are often not given great importance.

In chapter five, analyzing critical choices revealed the need for a well-defined organization when introducing a SOHRM system. Both literature and the survey agreed that a social commitment does not suffice. On the variables of geographical scope and functions scope, choosing a small option provides advantages, as starting within a short term, with low cost. Also, if the small option also included avoiding core functions, the anxiety in small organisations will be less. However, choosing such a narrow scope also has disadvantages. First of all there are less possibilities for the employees that are part of the system. Secondly, those vacancies that are harder to fill are often core functions of an organisation, and those functions are outside of this narrow scope.

Choosing a wider approach also presents advantages and disadvantages. Positive is that there are more parties bringing financial scale efficiency. Also, there are more opportunities within the connected internal labour markets, especially lateral. Finally, connecting the internal labour markets is easier, since large organisations often have a similar structure with similar functions. The disadvantages of a wider scope are a system that can become confusing and therefore labour and cost intensive, and the fact that small organisations will not join.

6.2 Advice

In the beginning of this paper, the Twente Kennispark was seen as an ideal setting for a SOHRM system, because it was both a clearly defined geographic area and an organisation. However theoretical and practical data showed that, because of scale efficiencies and scale possibilities, a larger initiative would be more desirable. Also, the organisations within the survey that are housed on the park do not support a SOHRM system at all.

Actually, the organisation that initiated this research, Career Center Twente (CCT), tries to provide exactly that part of an SOHRM system that the organisations that are housed on the park desire. CCT offers labour mediation, represents multiple organisations, and actively uses its network to find jobs for spouses. They deprive these organisations the fuss of executing these activities themselves for a

set fee. The only aspect where CCT does not fit the wishes of the Twente Kennispark organisation is their focus. CCT does not focus on just the Twente Kennispark, but the entire Twente region. I would therefore recommend the park management to work even closer with the CCT on the field of career development within the region, instead of limiting it to the boundaries of the Twente Kennispark.

6.3 Limitations

Looking back at the research performed, there are several areas that could limit the applicability of the results. Since this explorative research was only meant to give an indication of possibilities, a limited scope was used. Before conclusions can be drawn with a high reliability, a more extensive research should be executed.

Also, since there was little research on HRM collaboration, assumptions had to be made and support needed to be found in literature from other research areas. Obviously this is very carefully done. Nevertheless it decreases the validity of this research. For instance, I chose not to incorporate the lateral movement of employees within organisations in the model, used to visualise the SOHRM system, and therefore also not to incorporate it in the latter research. Lateral movement between companies however is discussed. It could have been that comparing intra and extra organisational lateral career steps would have delivered interesting results.

One finding was that small companies do not support using a SOHRM system. Since I already wrote **in chapter one that SME's neglect** HRM activities, maybe this finding could have been anticipated.

Last, in this entire paper, offering a SOHRM system is assumed to offer the aspects that highly skilled employees look for. Researching existing literature on employee demands and wishes, as well as interviewing current employees in Twente on these topics, could confirm or refute this assertion.

6.4 Future research

As said, a literature research or a survey of current employees could enlighten whether a SOHRM system actually offers the career opportunities that highly skilled employees look for.

Also, it would be very interesting for the larger organisations in this research to execute a research that assesses interest among other companies within the Twente region, accompanied with a feasibility study that looks at the time and costs needed to realise such a system.

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Appendix A

Sample table

Nr.	Contact	Respond	Positive?	Interviewed	Organisation size	Industry	On / off park
1	Mail	Yes	Yes	No	Small	-	Off park
2	Presentation	Yes	No	No	Small	-	On park
3	Mail	No	-	No	Small	-	Off park
4	Mail	No	-	No	Small	-	Off park
5	Presentation	Yes	Yes	No	Small	-	Off park
6	Mail	Yes	No	No	Small	-	Off park
7	Presentation	Yes	No	No	Small	-	On park
8	Mail	Yes	Yes	Yes	Small	Software	On park
9	Presentation	Yes	Yes	Yes	Small	High-tech	On park
10	Mail	Yes	Yes	Yes	Small	Software	On park
11	Mail	Yes	Yes	Yes	Small	Consultancy	Off park
12	Mail	Yes	Yes	Yes	Small	Software	On park
13	Mail	Yes	Yes	Yes	Small	Consultancy	Off park
14	Mail	Yes	No	No	Medium	-	Off park
15	Presentation	Yes	Yes	No	Medium	-	On park
16	Mail	No	-	No	Medium	-	On park
17	Mail	No	-	No	Medium	-	Off park
18	Mail	No	-	No	Medium	-	On park
19	Mail	No	-	No	Medium	-	Off park
20	Mail	No	-	No	Medium	-	On park
21	Mail	No	-	No	Medium	-	Off park
22	Mail	No	-	No	Medium	-	On park
23	Presentation	Yes	Yes	Yes	Medium	Education	Off park
24	Presentation	Yes	Yes	Yes	Medium	High-tech	Off park
25	Mail	Yes	Yes	Yes	Medium	Food	Off park
26	Presentation	Yes	Yes	Yes	Medium	High-tech	Off park
27	Mail	Yes	No	No	Large	-	Off park
28	Mail	No	-	No	Large	-	Off park
29	Mail	No	-	No	Large	-	Off park
30	Mail	Yes	Yes	Yes	Large	Health care	Off park
31	Mail	Yes	Yes	Yes	Large	High-tech	Off park
32	Mail	Yes	Yes	Yes	Large	Food	Off park

Appendix B

Interview checklist

1) Algemene bedrijfsinformatie

- Industrie
- Andere verstigingen
- Landen
- Werknemers

2) Huidige HRM sitatie

- Personeelsbeleid algemeen / opvallende zaken?
- Zijn er tekorten?
- Zo ja, welke gebieden?
- Waar komen werknemers vandaan?
- Blijven ze hier?
- In, internal & out
- **Wat zijn gevaren/risico's voor wegloop?**
- Waar problemen?
- Opleidingsniveaus
- Functies
- Intern loopbaan beleid
- Hoe recruiten?
- Verschillende opleidingsniveaus
- Problemen?
- Samenwerking met andere bedrijven?

3) Condities voor SOHRM

Zijn er veranderde uitgangspunten te verwachten? Moeten er andere of meer zaken gedaan/geregeld worden? Vanuit flow, maar ook aspecten. Hoe schep je duidelijkheid voor vragen als:

- Voor wie werk ik eigenlijk?
- Wat wil ik van mijn werkgever?

- Wat brengt het voor mij?

- Hoeveel invloed heb ik?

- Word ik wel eerlijk beoordeeld op mijn capaciteiten?

- Wie voert recruitment uit?

- Wie bepaalt selectie?

- Wie komt er op voor de kosten van mijn bijscholing?

- Wat zijn de extra mogelijkheden van dit systeem?

- Wat zijn de persoonlijke beperkingen van dit systeem?

- Kan ik direct naar een andere baan?

- Wie betaalt welke kosten binnen het verband?

- Hoe kan de samenwerking zowel mijn beleid, als dat van mijn concurrent/collega ondersteunen?

- Wie bepaalt wie er wanneer een stap maakt?

- Ontstaan er geen problemen door verschillen in strategie, doelen en bedrijfscultuur?

- Ontstaan er moeilijkheden rond concurrentiebedingen in bestaande contracten?

- Welke gewenste mogelijkheden worden beperkt door wetgeving?

- Hoe zit het met concurrentiebedingen

- Welk effect heeft een dergelijk model op organisaties die niet deelnemen?

- Welke effect heeft het model op de landelijke en de globale arbeidsmarkt?

- Sluit een dergelijk systeem aan bij de wensen van werkzoekenden?

- Welke problemen?

- Welke mogelijkheden?

- Houding/instelling van werkgevers

- Houding/instelling van werknemers

4) Keuzes voor uitvoering SOHRM

- HR strategy

  o Hoe ver moet je plannen?

  o Moet je allemaal exact dezelfde doelen hebben?

- Wie moet het gaan uitvoeren?

  o Zelf onderling regelen?

  o Kan één van de bedrijven het op zich nemen?

  o Externe organisatie?

- Hoe strikt moet het vormgegeven worden?

- o Losjes, informeel, als het zich voor doet?

- o Als het zich voor doet, maar strak omschreven?

- o Continu process, alles in regels en richtlijnen vastgelegd?

- o Streng bureaucratisch, ofwel regels voor elke mogelijke situatie, alles ingekaderd

- Hoe ver moet het gaan? Geografisch

  - o Enkele bedrijven van Kennispark Twente?

  - o Alle organisaties van Kennispark Twente?

  - o Groep bedrijven of per industrie uit de regio?

  - o Proberen zo breed mogelijk binnen regio Twente?

- Hoe ver moet het gaan? Functies

  - o Alleen de mensen die met je kernprocessen bezig zijn?

  - o Enkele soorten functies, maar geen kernfuncties?

  - o Alle functies binnen een bedrijf, behalve de kernfuncties?

  - o Alle functies?

Appendix C

C.1 Theoretical flow conditions

	Inflow	Internal flow	Outflow

Extensive SOHRM		- Clear rules on:
		  - Division of costs
		  - Wages
		  - Bonuses
		  - Education
			- Plan for redundant personnel
			- Informing voluntary leavers

Intermediate SOHRM	⇕	⇕	⇕
Basic SOHRM	- Little to no changes	- Explain SOHRM possibilities to employees	- Little to no changes

C.2 Theoretical perspectives conditions

	Individual perspective	Organisational perspective	Societal perspective

Extensive SOHRM	- Clear information on:
	  - Expectations
	  - Responsibilities
	  - Possibilities
		- Clearly state:
		  - Objectives
		  - Goals
		- Agreement on how to handle movement of knowledge within the system
			- Check arrangements meet legislation
			- Make employee key decision maker

Intermediate SOHRM	⇕	⇕	
Basic SOHRM	- Provide information on possibilities for employee	- Little to no changes	