

Nokia company strategic choice



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Being one of the largest and leading companies in the world which has markets around the globe Nokia considers its human resource as an asset. They have a well structured Human Resource Management system in the company with all its functional aspects. The report analyses the strategic intent of the company recruitment and selection method, training, HRD etc.

Company description

Nokia Corporation, the finish multinational company operates in the communication industry and manufactured mobile devices. In this highly competitive market of mobile manufacturing industry Nokia is the market leader with largest market share. Nokia employees nearly 125, 155 people and has a well structured and strategized HR policies in recruitment and performance management process.

1. 2 Nokia company strategic choice

“ Nokia’s strategy choice is to invest in telecommunications and closely associated business operations. It focuses on industry segments and geographic regions that have good opportunities for growth and profitability” Jorma Ollila (CEO- Nokia, 1992). Strategic choice of the organization is dependent on the strategic management policies adopted by the company and is a necessity for the company to survive in extremes of business environment (Hamel and Prahalad 1994). Nokia was successful in striking a balance between the resource based and market based approaches thus making it a company with good internal strengths. Nokia had strategically aligned itself in the market with new opportunities in the mobile manufacturing industry. The external factors and the internal forces equally influenced the strategic choices of the company. Nokia or any company can

decide its fate in the industry according the strategic choices that are made by them at the various points in time (Porter, 1985).

The company had made its choices with the realization of the importance of various designs and styles in mobile phones. Though the company had to deal with many market failures, they soon recovered and captured the market by 2004 after they introduced many new phones meeting the market demands. The company combined 'inside out' and 'outside in' capabilities which lead to the success of the company in phone market. Nokia has made the strategic choice of both market based and resource based plans lead to the company's success in this field. It is based on the environmental analysis that the strategic choice of the company is based (Andrews, 1987).

Threat of New Entrants

The company had to face the threat from new entrants like the Microsoft Corporation in the mobile phone industry. New mobile phone companies are entering the market and are introducing phones that are operator friendly and more inclined to the needs of the company. Asian markets have new brands of mobile phones as more and more companies are expanding their services across the globe.

Threat of the substitutes

Substitutes for the mobile phone products is very less or nil, thus reducing the threat of substitutes. Nokia has many advanced products that are highly competitive has many advanced features.

Supplier power

Nokia being the market leader has the bargaining power and has certain pricing strategies that help them price their mobile phones in the right way and attains a stronger position in the industry.

Bargaining power of buyers

Since the market is competitive and there are companies offering mobile phones with different features the buyer have a bargaining power as they have more options. Nokia is able to meet the bargaining power of the buyer and sell at a lower rate. This is because of the expertise and large market the company has.

Competition and rivalry among the companies manufacturing mobile phones.

There are many companies worldwide that are rivals and competitors of Nokia. These companies come up with innovative designs and new technology in the mobile phone market, which can hit the sales of Nokia phones. Nokia is able to cope up with the competition as it exhibits expertise in technology and innovation and integration of the features.

1.3 Recruitment and Selection process in Nokia

Recruitment in a company is the process whereby the potential applicant are encouraged to apply for a post or a job opening, this will create a pool of potential candidates thus from which the recruiter will choose or select those who are best suited for the job. The recruitment and selection process in Nokia is carried out based on its strategic intent and strategic choice (Steinbock, 2010). The company is successful as a result of the skills, expertise, talents and commitments that its employees possess. Nokia has a

work environment that is appropriate for all types of people from different backgrounds, perspectives, skills, attitudes and capabilities. The recruitment and selection process in Nokia is aimed at recruiting employees based in their attitudes more than their talents Deschamps (2008). Thus it is the attitude part of the employee that is being considered while carrying out the recruitment process. Creativity and innovation is another criterion that Nokia looks into while recruiting. When Nokia needs the talent that can help the company deliver high tech mobile phones to its customers, they post their requirements on the internet thus making a selection online without any boundaries or barriers geographical.

Nokia has a rigorous and tough interviewing process wherein the executive carry out the interview. Nokia has a long and a series of interviews wherein they measure the level of innovation, creativity and attitude of the employees. Behavioral interview is a specialty of Nokia where they test the behavior of the candidate under different situations. They will also test the ability of the candidates in adapting to the different conditions, values and culture of the organization. Leadership skills are another important thing that is being considered by the company while recruiting people Schermerhorn, (2006). Nokia also looks into the technical experiences and credentials of the employee.

Nokia recruits fresh young talented graduates from various premier institutions after a series of tests and selection process. Before the placement activities are carried pre-placement talks will be done and the students will be made to provide the resume and the students are then shortlisted based on their qualities, the a group discussion will be undertaken

after which the students will be made to undergo a series of interview in order to understand their personality and traits. Nokia recruits people based on their ability to involve with the team and people who can bring new ideas and opinions into the team work (Schienstock, 2004). The company has many values that they want the employees to possess and it is tested during the screening and interview sessions. They have many review and interview questions and situations that will help them understand the candidate's ability work in a team. Nokia hires almost 1000 engineers and researchers every year. Nokia has a scheme that includes the screening process, selection of candidates and their performance evaluation scheme where the company's values and culture are incorporated. Nokia spares no time in communicating the expectations it has on the new recruit.

1. 4 Employee training in Nokia

Nokia is keen on providing opportunities of personal and professional development for its employees. They provide various kinds of training, on the job, coaching, mentoring, classroom training etc. the company also provides training soon after recruitment as part of induction. The company also has many electronic briefing sessions that are inclined to the aims and objectives of the company as a whole (Pollitt, 2004). This will help the employee know more about the company and its culture thus they will understand what is expected of them in the organization. The company spends huge amounts of money every year training its employees on various aspects like behavioral, technical etc.

1. 5 Human Resource Development and planning in Nokia

An employer, who is well informed about the developmental needs and requirements of the employee, will work towards meeting those needs and will lead to employee satisfaction and thus increased performance. Nokia is a company which encourages its employees to actively participate in the various activities of the organization and take up new challenging role which will aid in their development. The company also encourages the mentoring process wherein the senior executives mentor and coach their subordinates to face challenges and choose a proper career path.

Nokia considers human resource as its valuable asset and human resource development and policies in the company as an important ingredient of its success. Nokia has a well structured process of human resource planning wherein the company meets the demand for competent workforce through timely supply. Planning also involves the process of Job analysis which is a “systematic process of describing and recording information about the job behavior, activities and worker specifications” (Jackson, 2008). Job analysis involves understanding the purpose of the job, responsibilities and duties of the job, situations and circumstances of the job. Many new techniques on job analysis have been developed which include Task focused job analysis and Worker focused job analysis. As the name suggest the focused model is based on the requirements of the work, terms and condition in the work while the worker model involves analyzing and describing the various skills and capabilities of the job. The job analysis techniques vary in different aspects, none of them are perfect. Job analysis usually carried out before a

recruitment process is done, when a particular job needs to be newly introduced in the company etc.

1. 6 Conclusion

The report highlights the strategies adopted by the company, various points regarding the human resource management processes in Nokia, HRD, human resource planning, training and development. The report clearly points out the strategic choices and its importance in the company. Nokia maintains various strategies in order to compete with the other mobile phone manufacturing companies in the world. They fiercely take up the challenges in the dynamic environment and involve technological innovations and aspects. The recruitment process and selection methods in the company have also been analyzed in the report.

Task 2

2. 1 Performance appraisal in Nokia

Every organization tends to measure the performance of the employees by way of performance appraisal system. Performance appraisal is “ A strategic and integrated process that delivers sustained success to organizations by improving the performance of people who work in them, and by developing the capabilities of individuals and teams” (Armstrong, 2006). The appraisal process in a company acts as a means to measure the effectiveness of an employee, thus obtaining the feedback regarding the performance as well as core competencies (Szilagyi & Wallace, 1990). The company will thus be able to make sure that their employees are utilizing their potential to the maximum and performing well enough to achieve the goals of the organization. The career decisions of the employee can also be made based <https://assignbuster.com/nokia-company-strategic-choice/>

on the results developed from the performance appraisal process (Wiese & Buckley, 1998).

Performance appraisal is a famous concept in the multinational companies and the process is followed in all these organizations in different ways. The performance appraisal method followed in Nokia is called ' Investing In People'. Nokia uses performance appraisal methods in compensating its employees. They have a plan wherein the employees are compensated base on their performance level. They follow the concept of pay for performance and they evaluate the performance of the employees based on the various criterion and pay according to it. They evaluate the behavior, traits, characteristics; target and goals achieved etc which act as the indicators of performance. These are analyzed and the employees are rewarded as per the results.

Company has a set of performance standards that needs to be considered while the employee performance is being evaluated. The company has many strategic objectives that can, thus be achieved (Michlitsch, 2000). The managers or the superiors of an employee usually carry out the process of evaluating the performance of the subordinate. The performance evaluation is done both numerically as well as in a subjective way. This will help the company decide upon the promotion and termination of the employees.

2. 2 Importance of performance appraisal system in Nokia

The structure of management in Nokia is the matrix structure which is the modern kind of management structure. Nokia follows a line management structure in its branches in various countries. In order to meet its challenges

under this system in a proper way they have adopted a performance appraisal system for itself. Performance appraisal system in Nokia is important due to various reasons:

Building a communication channel between the employees in the organization among superiors and subordinates (Edmonstone1996).

Analyzing the issues related to the performance of the employees and finding the area that needs to be rectified and improvement be done.

Providing training and developmental support to the employees so their performance improves

Company will adopt measures that will motivate the employees at all levels of his work.

Achieving corporate goals is an important perspective that is considering while developing the corporate goals.

As per the study I feel that, Nokia is a company that gives importance to providing training to employee and meets their developmental needs etc. Nokia follows as a developmental approach to performance as it helps formulate the methods for development of the employee. Development involves the process of enhancing the skill level of the employees, providing opportunities to acquire knowledge and improving and adding upon the abilities. Development for an employee after the performance appraisal is also done by giving rewards for good work, motivational training, technical and other training, mentoring, providing proper coaching and support, developing a communication model and building relationships between the

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superiors and subordinates, (Weightman, 1996). In order to facilitate the performance enhancement and development, every company should be able to choose the best kind of appraisal method (Brown, 2006). Nokia has a well managed appraisal system that includes:

Well trained appraisers

Fair and unbiased performance management system

Proper communication among the employees

Periodic appraisals and evaluations

Identifying the issues of the employees

Identifying the training needs and areas

Some of the important performance appraisal methods that are followed in companies (Bohlander & Snell, 2009), include the following:-

Trait methods

Behavior methods

BARS

MBO

Critical incidents method

Participatory approach is the process where the employee analysis is done using certain principles, communication models, and making people

associated with the employee participate in the feedback process so that the performance of the employee can be clearly understood (Mukherjee, 2004).

360 degree feedback is one of the most important performance appraisal methods followed by the various companies. 360 feedback systems is the process where the employee receives feedback from the managers, coworkers, and other people related to the employee. These people anonymously fill in the feedback form involving the details of the employee. The employee also fills in the form, thus obtaining an overall idea regarding the strengths and weaknesses of the employee.

Nokia has developed methods that cater to the needs of the company and are unique in a way that makes it easy for the supervisors to analyze the performance of the employees. Nokia follows 360 degree feedback method to evaluate and understand the performance level of its employees.

According to the overall structure of the company I feel that 360 degree feedback is an apt model for Nokia that helps identify the weakness and strengths of the employees from different perspectives of managers, coworkers, supervisors, etc.

There are certain benefits that the method provides including fostering the growth of the employees in Nokia, obtaining criticisms from people around will help improving performance, increasing the self awareness process, understanding other perception of oneself, develop new goals and implement expansion plans, encapsulate new strategies and plans for performance improvement and measurement, filling the communication gap in the company, building the sense of essentiality of having an effective team.

I feel that Nokia has used these benefits from the 360 degree approach and its consequences analyzed and utilized the method in enhancing the skills and capabilities of its employees, improving the leadership of the company, meeting the developmental needs of the workers and upgrading the overall environment and functioning in the company.

2. 3 Informal performance appraisal system

There are situations where the performance review has lead to reduced performance and productivity, thus some organizations do not follow a formal appraisal system. In the absence of a formal performance appraisal system also a company can ensure that the performance and development of the employees is looked into. Most of the time companies maintain an informal performance appraisal system simultaneously with the formal system. Nokia also follows certain systems informally wherein the superiors analyze the performance of the employee in an informal way. They mentor and coach their subordinates informally to support them carry out their work effectively. The promotions and dismissals of the employees in the company will be on the basis of the informal observations and based on various types of evaluation process carried out by the concerned managers in the departments (Saxena, 2009).

Most of the time, the performance evaluation in a company is done to evaluate the individual performance or task rather than a team effort. A company with informal appraisal system maintains that the individuals are deeply analyzed for their work, thus more personal analysis is possible for the individuals as well as the team. Another advantage that an informal system has over the formal appraisal system is the consideration of the

future and past performances. While in a formal system of appraisal the appraisal only gives importance to the present performance of the employee rather than past or future (Matheson et. al, 1995).

2. 4 Conclusion

Nokia follows a well managed recruitment and selection process, structured and professional and unique performance appraisal system called ' Investing in People'. This report depicts the importance of performance appraisal system in improving the performance and productivity, thus helping in the development of the employee. It is also seen that even in the absence of performance management system, performance and productivity can be analyzed with the help of efficient managers.