

Were the Vikings the First HR Executives?

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Although the term *human resources* may have been coined only about 40 years ago, as a management function, one might argue that the roots of human resources can be traced to an ancient society—the Vikings. It may, at first, seem far-fetched to draw an analogy between HR and the warriors of Scandinavian origin who lived over 1,000 years ago and raided foreign lands to expand their trading zones. However, the Vikings established a set of laws that had the seeds of management ideas that are relevant and useful to the business environment of the twenty-first century.

The fascinating fact is that in each of the Viking rules, originally written for wartime or commerce, one can find very relevant guidance for developing human resources and maximizing the potential of individuals at work in that society.

Research done by the historian novelist Robert Low traces the set of laws referred to as “The Viking Laws” to a literary piece called “The King’s Mirror.” In that piece, which dates back to 1240, a father gives advice to his son on what he should do to become a good merchant. (Low believes these laws actually go back further, to old legal codes pertaining to trading in a Viking trade center in Birka, Sweden.)

This article offers a close look at the four laws that were a prescription for Viking warrior conduct:

1. Be a good merchant.
2. Be prepared.

3. Be brave and aggressive.
4. Keep the camp in order.

We describe how these laws can be used as templates for doing business today. Examples are included as well that illustrate how these rules were utilized in the Pepsi venture in Romania to create a unique corporate culture that helped achieve significant business success.

BE A GOOD MERCHANT

This Viking law, which is purely commercial, relates to two important aspects of a business venture. The first has to do with knowing your market, and the second relates to keeping the promises you make to customers. One could argue, therefore, that when the Vikings enacted this rule, they laid the foundation for what we refer to today as ethics, responsibility, and integrity.

The first subrule (each of the Viking laws includes subrules) is *find out what the market needs*. All too often, businesses use an inside-out approach, focusing first on the specific organizations and only then on their markets. These organizations are trying to make the environment fit their characteristics and assume that the market will adapt. Theoretical and empirical evidence shows that it should be the other way around (i.e., an “outside-in” approach; that is, every organization should understand its market and the market’s needs and then find the best way to meet those needs).

The problem with many organizations is that they are trying to sell their customers what they had decided their customers need, and not what their customers really desire. This is similar to the difference between Henry Ford's approach (customers can choose any car color, so long as it is black) and the Japanese philosophy (let customers decide what makes a car beautiful to them). In consulting with client companies, we found that many managers assume that they know what their customers want, but when you ask the customers, you see that their needs are different from those assumed. This is especially true in global and international organizations. Many times, managers who

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have a certain experience in one market/culture assume that customers in another market will react the same way, but in fact the needs and responses are quite different.

As an example, we recently deployed a consumer marketing campaign in the Pepsi Bulgaria operation that had been extremely successful with consumers in Israel a few years earlier. It focused on teenagers and offered a winning school class a prize of going on a trip to the United States. We checked whether the prize was considered attractive to the target group and found that indeed it was. What we did not check was whether teenagers liked the idea of going on such a trip with their schoolmates. It turned out that this was a critical issue—young Bulgarians loved the idea of going to the United States but hated the idea of doing it with

their colleagues in school—it was considered “uncool.” This was one key reason the campaign was a failure.

Often, the main challenge for providing good service is to fully understand the customers' needs—the obvious and the latent. Sometimes you can't give the customer exactly what he or she is asking for, but you can fulfill other needs by listening carefully and by being empathic. In a few interventions that we used, we trained employees to fully understand the needs of the customer and to try to fulfill them (even needs such as respect, information, and caring were very meaningful). These interventions changed not just customer satisfaction and loyalty, but also employees' satisfaction, as they felt more capable and better appreciated by their customers.

Another subrule to being a good merchant is *don't make a promise that you can't keep*. This rule is of major importance in all aspects of the organization. One aspect concerns the promises that businesses articulate in order to attract customers and sell products or services. Too often, these promises are not precise, and, following the sale, the customers find out that the products or services are different from what had been promised. This can be very damaging to the business's reputation and, in the long run, to the business itself. In order to overcome this problem, some organizations tie the salespersons' bonuses not just to sales, but also to customers' satisfaction and their long-term relationship with the company.

Another aspect of keeping promises relates to the integrity inside the organization. In research that was conducted among 5,000 managers in the United States, managers were asked to identify the most critical managerial aspects. The trait that topped the list was integrity.¹

Keeping promises is an issue of business ethics in general. The Israeli Institution for Ethics found that the integrity of managers and the organization toward its employees is a major enabler of employees' identification with the organization and their commitment to it. Employees want to be part of an entity that is ethical and acts in accordance with their values. Keeping promises is key in this respect.

Ethical behavior also influences the prosperity and success of a business. For customers and suppliers, keeping promises is the basis for building a high-quality and long-term relationship. Trust, as research showed, is fundamental in every relationship and is crucial in the business environment.

In January 2010, a famous Israeli baking-goods brand (named Maadanot) found out that there was a problem with some of the company's products. The company announced it to the public immediately, promised compensation to those who had already purchased the products, and provided 24-hour service for customers to call to replace products or to be compensated for products they simply wished to return. A few weeks later, the problem was fixed, and the company's sales were even higher than they were prior to the crisis. Customers appreciated the company's ethical conduct and reciprocated by staying loyal.

The growing awareness of the importance of ethics is part of the reason why more and more organizations adopt codes of ethics to ensure their ethical conduct. (In the United Kingdom and Germany, about 75 percent of companies have adopted such codes, and in Israel's finance industry, about 90 percent of companies have adopted codes of ethics.) In all the organizations that we were involved with, keeping promises was a key factor in defining the codes of ethics.

BE PREPARED

The Viking law we analyzed in the previous section dealt with the identity of the organization and its positioning in the environment. This next Viking law focuses on how organizations must prepare to meet their goals and respond to the needs of the markets.

All of the subrules under this law are relevant to businesses in general and to HR in particular. The first subrule is *find good battle comrades*. This translates to the typical HR function of selecting and recruiting skilled employees. The process of finding, selecting, and retaining the right people for the right roles is a key challenge, and in

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some industries the "war for talent" makes the process even more competitive. This is the case, for instance, in the global beverage industry, where all too often seasoned managers are being lured by an industry competitor.

This rule is a basic tenet for Viking warriors as well as HR managers. Having the right people in key positions is the most important factor in defining the success of a business. However, finding a person who fits the organization's culture, the team, and the specific role is not an easy task.

Over the years, companies have used an array of evaluation processes and selection tests that were touted as being able to accurately predict who will be the right person for a particular job. A colleague who was in charge of such processes in one of the leading

evaluation companies in Israel told me that the validity of such tests is under 20 percent.

Organizations are experimenting with various tools to help them find the right people. Many organizations are looking for unconventional methods for selecting their candidates. Google, for example, advertised riddles in some prestigious universities, and those who solved them correctly got directly to Google's job search engines. Another company used short problem-solving questions and chose the candidates who exhibited creative thinking.

Before the start of the Romanian Pepsi operation, we identified two candidates who would be qualified to fill the position of general manager. In order to make the best decision between the two, we brought both of them to Romania and also to our company's headquarters in New York. This way we

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were able to get some useful feedback on them from people in the environment where they were going to manage as well as from colleagues in our head office. It widened the spectrum of views on the candidates and enabled us to make a better decision.

In our experience, the person who may seem to be the perfect candidate "on paper" is not a perfect one in reality. In addition to the issues of experience, abilities, and skills (technical, intellectual, and emotional), there is the notion of "chemistry" with various constituencies of the organization such as managers, colleagues, company culture, customers, and the like. Sometimes just moving

a person from one team to another can make a huge difference. Recently, I met a CEO who was a star in her previous company. When she was brought to her new position, she was expected to replicate her success. Unfortunately, her personality didn't fit the new organization, and many of the changes that she tried to implement failed.

The task of finding a good leader is best described by the subrule *choose one chief*. This is another milestone in HR practices, since it has to do with management and leadership—a highly researched topic in the field of organizational development and the one most books and articles are written about. As mentioned earlier, succeeding as a manager in one role doesn't necessarily ensure success in the next one.

A true leader makes a huge difference to an organization. However, in an article entitled "The Half-Truths of Leadership,"² the authors claimed that although leadership is a very important factor to the success of the organization, too often people mistakenly put all the blame on or give all the credit to the leader.

Leadership has many angles and dimensions. There is agreement that managers need to be effective leaders. A few organizations in Australia tried to use self-managed teams (i.e., teams that are autonomous without a formal leader). Their experience showed that in most cases it was very difficult for the team to function without a leader, especially in discipline matters. This notion does not deny the importance of providing autonomy to the team and of empowering employees. It is important to give freedom in many aspects of the job, but it is as important to have a "chief," someone who sets the direction, provides guidance and assistance, and helps to exert the team's and the individual's potential.

In our Pepsi venture in Romania, we carefully selected and nurtured a strong team of managers, each with solid experience and expertise in their respective fields. We were very proud of the fact that our top management had over 100 years' combined tenure in the company. However, we had a clear leader at the top whose charisma and leadership traits pulled the organization ahead and ensured that we maximized the venture's business potential.

BE BRAVE AND AGGRESSIVE

After finding out what the market requires and then setting up the infrastructure of the organization, including getting the right team for the task, the next challenge is to use the right methods. This Viking law has to do with determination and persistence necessary to get the job done. It has to do with being focused on the one hand while allowing a certain level of flexibility on the other.

A few studies conducted at Bar-Ilan University and the Teknion in Israel showed that there is a substantial amount of tension in organizations between their desire to be focused, efficient, and disciplined and their desire to encourage autonomy, creativity, and initiative. They claim that the challenge in organizations today is to be ambidextrous—to allow these two somewhat conflicting approaches to coexist. HR managers should help in training employees to function in both of these modes.

This Viking law contains two subrules that are essential to achieving competitive advantage: *grab all opportunities* and *use varying methods of attack*. They represent milestones in looking at employees' creativity and organizational innovation.

In a recent international conference that dealt with innovation in Israel,³ there was a call for HR to lead this concept in organizations. The claim was that the engine for organizational innovation is employees' creativity, and that it is within the scope of HR to train and develop employees' creativity. The message for HR was that nurturing employees' creativity will strengthen the function of HR as valuable to organizational success.

In recent research that we conducted in Eastern Europe,⁴ we found out that when people were given proper conditions to brainstorm about improving their individual as well as the company performance, the result was very fruitful. One hundred people came up with about 700 ideas.

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We find these Viking subrules, which focus on creativity in executing a plan of attack, to be especially crucial in light of today's economic reality, where companies are forced to deal with difficult conditions. Creative ideas regarding how to deal with the difficult business environment are critical to improving the chances of survival.

In a large bank that we counsel, management decided to use *various methods* in order to *grab all opportunities*: employees were asked to think of any and all ideas in order to improve the service and satisfaction of customers. Small teams from each branch were looking for creative ways to improve the efficiency and the service in their branch. They were not looking for "big" or "breakthrough" ideas, but rather for new opportunities that were under their control—they were

responsible for generating as well as implementing these ideas. This process led to greater empowerment and a sense of satisfaction from the employees, who felt that the bank trusted them to find the best solutions. Management felt that the new methods improved employees' responsibility as well as processes and the level of service of the bank. All of this enabled the bank to *grab many new opportunities*.

In *An Unimaginable Journey: How Pepsi Beat the Odds in Romania*,⁵ there is emphasis on the importance of *attacking one target at a time*. Over the 15 years of the Pepsi business in Romania, there were many temptations to expand beyond the beverage business and venture off in other directions. It was the strategic decision to stay focused on just one

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field of activity, which allowed our organization to successfully handle the competitive challenges, especially given our limited resources.

KEEP THE CAMP IN ORDER

This is the last Viking law. Of the four, this is the one that really focuses on HR. One of the subrules is *arrange enjoyable activities that strengthen the group*. In a series of studies that stem from positive organizational psychology, we found that meaningful work is one of the most important engines for employees' engagement as well as a basis for improving their performance. We found that the atmosphere

a supervisor and his or her coworkers create is quite valuable for feeling that their work is meaningful. Our experience showed that enjoyable activities in the workplace and in various training workshops create high-quality relationships among coworkers who then tend to support and encourage each other to go "above and beyond" and to achieve better results together.

Taking an example from our Romanian venture, we created an annual marketing and sales conference, to which the entire sales force was invited. It was originally meant to deal with a crisis situation, and these people were gathered to try to understand the roots of the problem. Over time it became a venue to celebrate the company's achievements and energize the workforce ahead of the summer season. The employees were looking forward to the next conference, and the unique atmosphere created during these events played a key role in the outstanding performance of the company.

These activities were crucial not just in strengthening the unique culture of the organization, but also in attracting and keeping valuable and committed employees. Keeping valuable employees is part of talent management—a topic that is gaining top priority for organizations around the world.

Another very important subrule that is critical to managing HR is *make sure everybody does useful work*. This is not only related to exerting the full potential of each employee, but also to meaningfulness at work. Two studies that we conducted in Israel and Romania found that when employees feel that what they do is useful and challenging, they experience their work to be meaningful. In a recent management class for MBA students, they chose meaningfulness as the most important factor for them in their roles. They stated that they

felt their work was meaningful when they were challenged, had a certain level of autonomy, and felt that their work was contributing to their organization—essentially, doing useful work.

In the course of our work, our company has surveyed about 20 organizations from various industries and sizes and about 30,000 employees from all levels. Overwhelmingly, employee responses pointed to the importance of positive experiences of the individuals at their workplaces—especially in relation to their direct supervisors and coworkers. The Vikings' words of advice in terms of nurturing the human capital of an organization are more relevant today than ever before.

ANCIENT ADVICE STILL RELEVANT FOR HR

It is quite astonishing to think that people who lived over a thousand years ago, who created a primitive and brutal society, came up with rules that place the development and well-being of their "employees" at the forefront—a concept that would be considered

fairly advanced even by modern standards. Although it may be farfetched to argue that the Vikings should be considered the first HR executives, it is easy to see how the laws of these ancient warriors can add value to the practice of HR management today.

NOTES

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