

Human Resource Management

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F o u r t e e n t h E d i t i o n

Chapter 4 Strategic Planning, Human Resource Planning, and Job Analysis

Strategic Planning/Implementation Process

MISSION DETERMINATION

Decide what is to be accomplished (purpose)
Determine principles that will guide the effort

ENVIRONMENTAL ASSESSMENT

External: Determining external conditions, *threats*, and *opportunities*

Internal: Determining competencies, *strengths*, and *weaknesses* within the organization.

OBJECTIVE SETTING

Specifying corporate-level objectives that are:

- Challenging but attainable
- Time-specific
- Measurable
- Documented (written)

STRATEGY SETTING

Specifying and documenting corporate-level strategies and planning

STRATEGY IMPLEMENTATION

Mission Determination

- The **mission** is a unit's continuing purpose or reason for being
- The corporate mission is the sum total of the organization's ongoing purpose
- Arriving at a mission statement should involve answering questions such as:
 - What are we in management attempting to do for whom?
 - Should we maximize profit so shareholders will receive higher dividends or so share price will increase?

Environmental Analysis

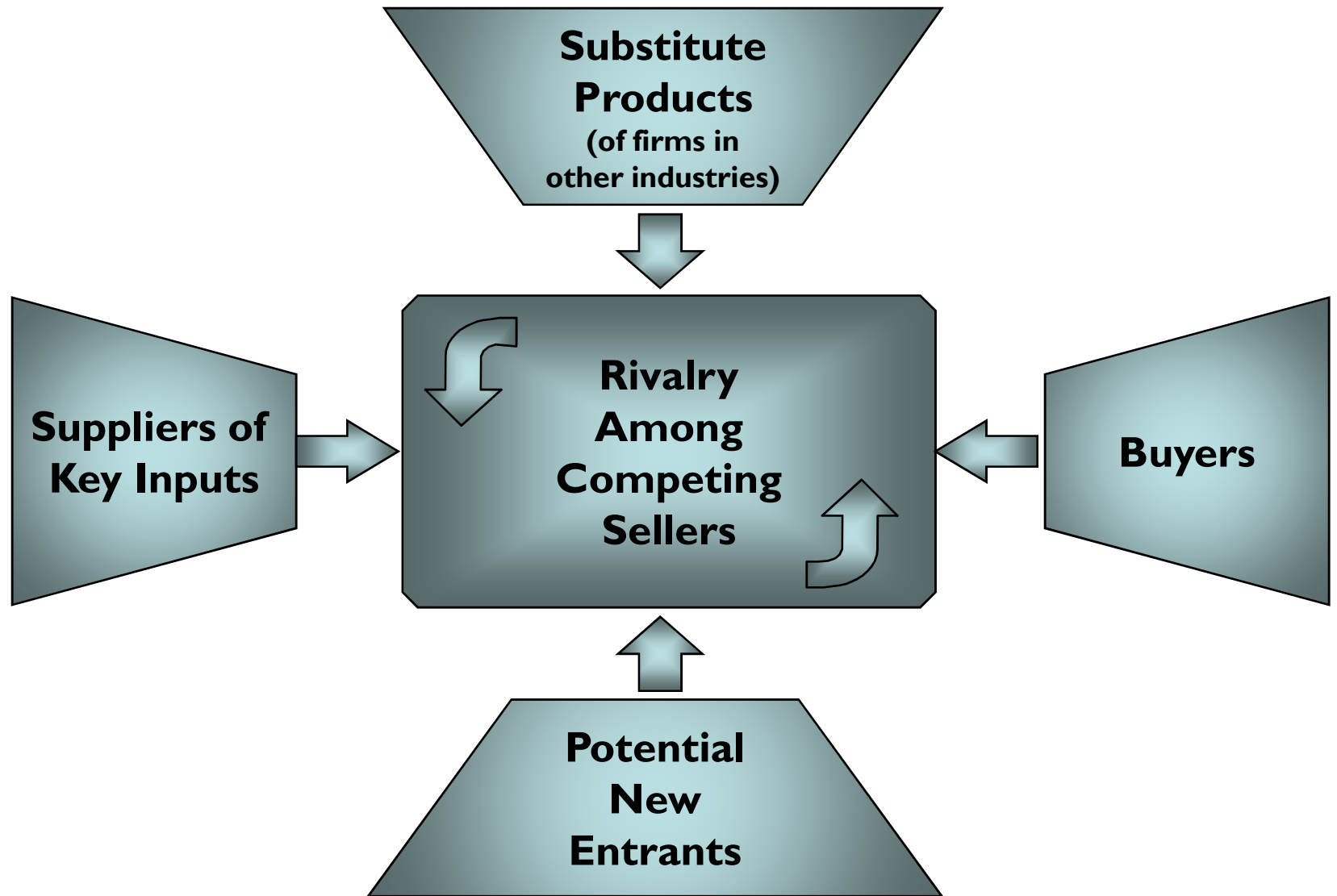
- Environmental analysis entails an assessment of *strengths* and *weaknesses* in the internal environment and the *threats* and *opportunities* from the external environment
- Environmental analysis is often considered to be a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats)

Table 4.2 What to Look for in Identifying a Company's Strengths, Weaknesses, Opportunities, and Threats

Potential Resource Strengths and Competitive Capabilities	Potential Resource Weaknesses and Competitive Deficiencies
<ul style="list-style-type: none"> • A powerful strategy • Core competencies in _____ • A distinctive competence in _____ • A product that is strongly differentiated from those of rivals • Competencies and capabilities that are well matched to industry key success factors • A strong financial condition; ample financial resources to grow the business • Strong brand-name image/company reputation • An attractive customer base • Economy of scale and/or learning/experience curve advantages over rivals • Proprietary technology/superior technological skills/important patents • Superior intellectual capital relative to key rivals • Cost advantages over rivals • Strong advertising and promotion • Product innovation capabilities • Proven capabilities in improving production processes • Good supply chain management capabilities • Good customer service capabilities • Better product quality relative to rivals • Wide geographic coverage and/or strong global distribution capability • Alliances/joint ventures with other firms that provide access to valuable technology, competencies, and/or attractive geographic markets 	<ul style="list-style-type: none"> • No clear strategic direction • Resources that are not well matched to industry key success factors • No well-developed or proven core competencies • A weak balance sheet; burdened with too much debt • Higher overall unit costs relative to key competitors • Weak or unproven product innovation capabilities • A product/service with ho-hum attributes or features inferior to those of rivals • Too narrow a product line relative to rivals • Weak brand image or reputation • Weaker dealer network than key rivals and/or lack of adequate global distribution capability • Behind on product quality, R&D, and/or technological know-how • In the wrong strategic group • Losing market share because . . . • Lack of management depth • Inferior intellectual capital relative to leading rivals • Subpar profitability because . . . • Plagued with internal operating problems or obsolete facilities • Behind rivals in e-commerce capabilities • Short on financial resources to grow the business and pursue promising initiatives • Too much underutilized plant capacity

Table 4.2 What to Look for in Identifying a Company's Strengths, Weaknesses, Opportunities, and Threats

Potential Market Opportunities	Potential External Threats to a Company's Future Prospects
<ul style="list-style-type: none">• Openings to win market share from rivals• Sharply rising buyer demand for the industry's product• Serving additional customer groups or market segments• Expanding into new geographic markets• Expanding the company's product line to meet a broader range of customer needs• Using existing company skills or technological know-how to enter new product lines or new businesses• Online sales• Integrating forward or backward• Falling trade barriers in attractive foreign markets• Acquiring rival firms or companies with attractive technological expertise or capabilities• Entering into alliances or joint ventures to expand the firm's market coverage or boost its competitive capability• Openings to exploit emerging new technologies	<ul style="list-style-type: none">• Increasing intensity of competition among industry rivals—may squeeze profit margins• Slowdowns in market growth• Likely entry of potent new competitors• Loss of sales to substitute products• Growing bargaining power of customers or suppliers• A shift in buyer needs and tastes away from the industry's product• Adverse demographic changes that threaten to curtail demand for the industry's product• Vulnerability to unfavorable industry driving forces• Restrictive trade policies on the part of foreign governments• Costly new regulatory requirements



Objective Setting

- *Objectives* are the desired end results of any activity
- Objectives should have four basic characteristics:
 - They should be expressed in writing
 - They should be measurable
 - They should be specific as to time
 - They should be challenging but attainable

Strategy Setting

- First of two strategic options:
 - *Lowest-cost strategy* focuses on gaining competitive advantage by being the lowest-cost producer of a product or service within the marketplace
 - Lowest-cost strategies require aggressive construction of efficient-scale facilities and vigorous pursuit of cost minimization in such areas as operations, marketing, and HR

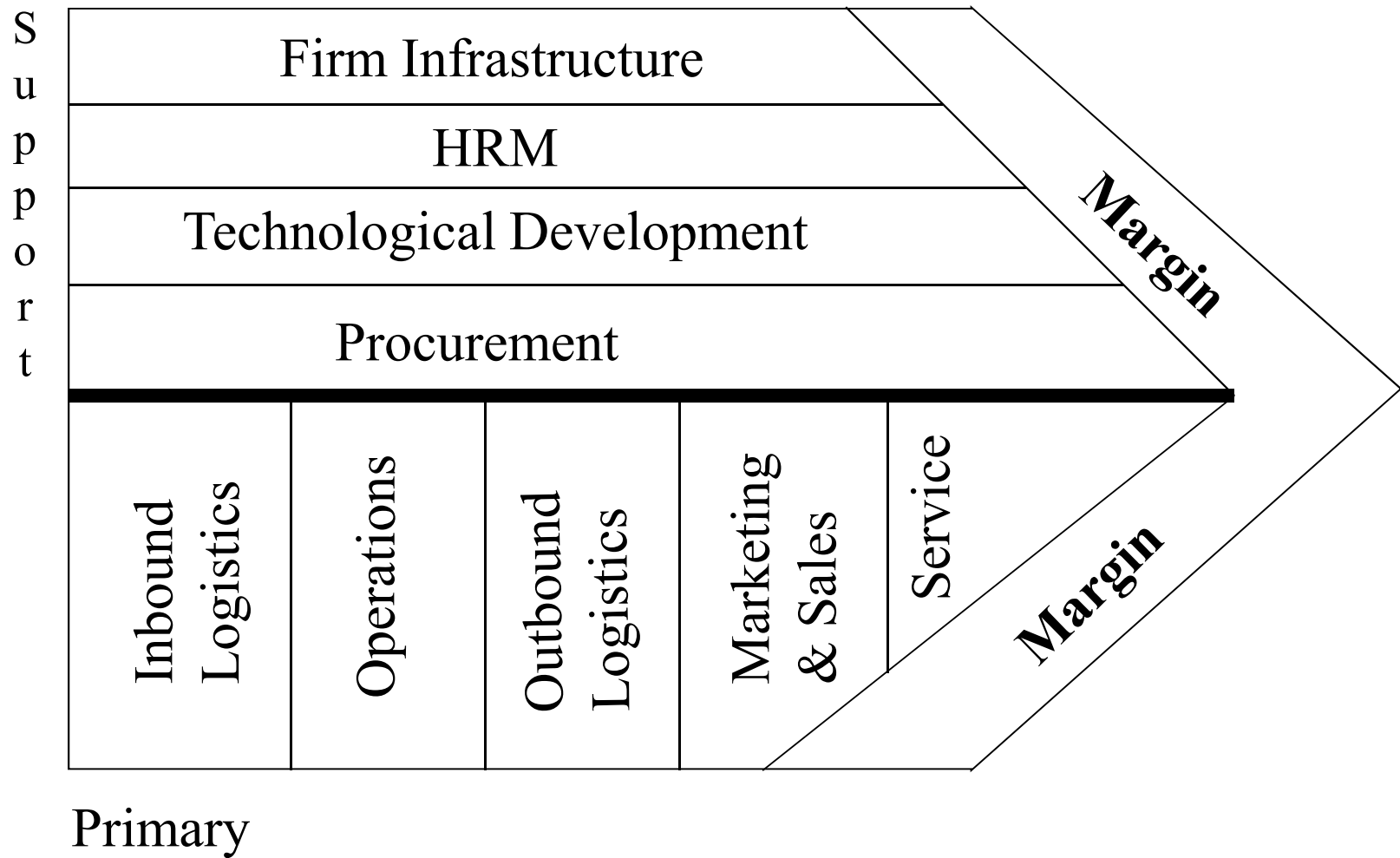
Strategy Setting (Cont.)

- Second of two strategic options:
 - *Differentiation strategies* focus on developing products or services that are unique from those of their competitors
 - Differentiation strategy can take many forms, including design or brand image, technology, features, customer service, and price

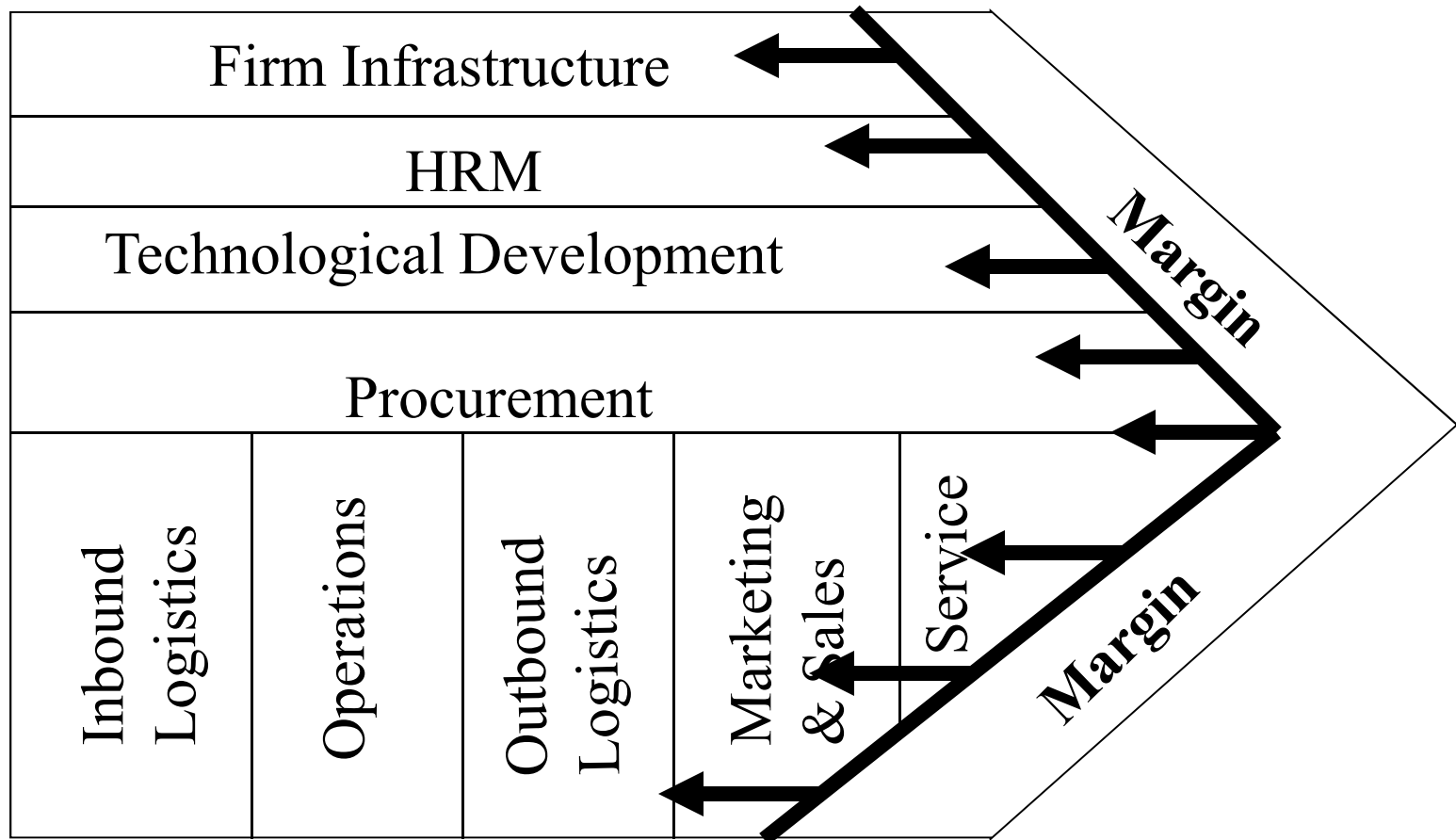
Strategy Implementation

- Leadership
- Organizational Structure
- Information and Control Systems
- Technology
- Human Resources

The Value Chain

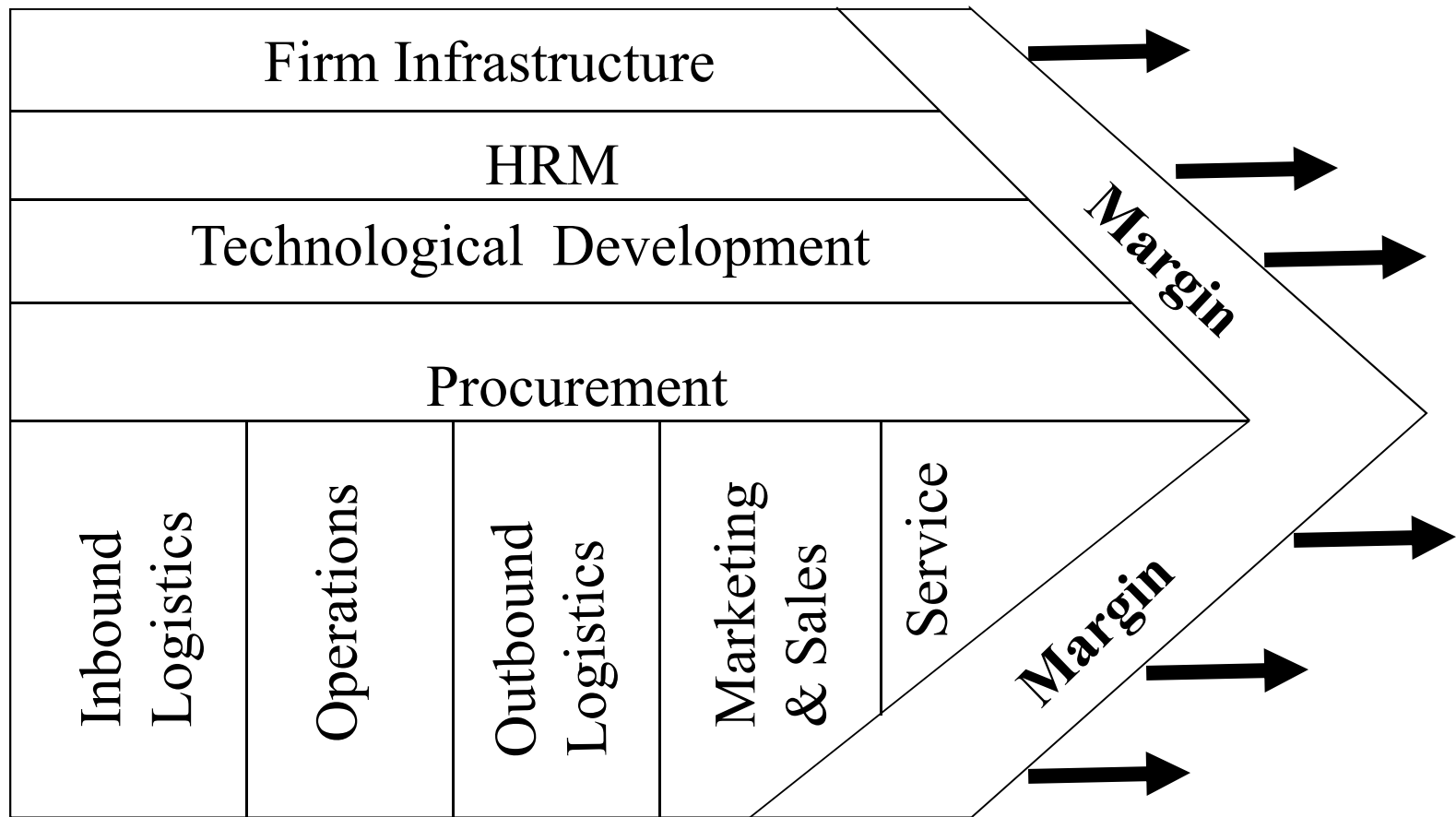


A low cost strategy.....



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A differentiation strategy.....

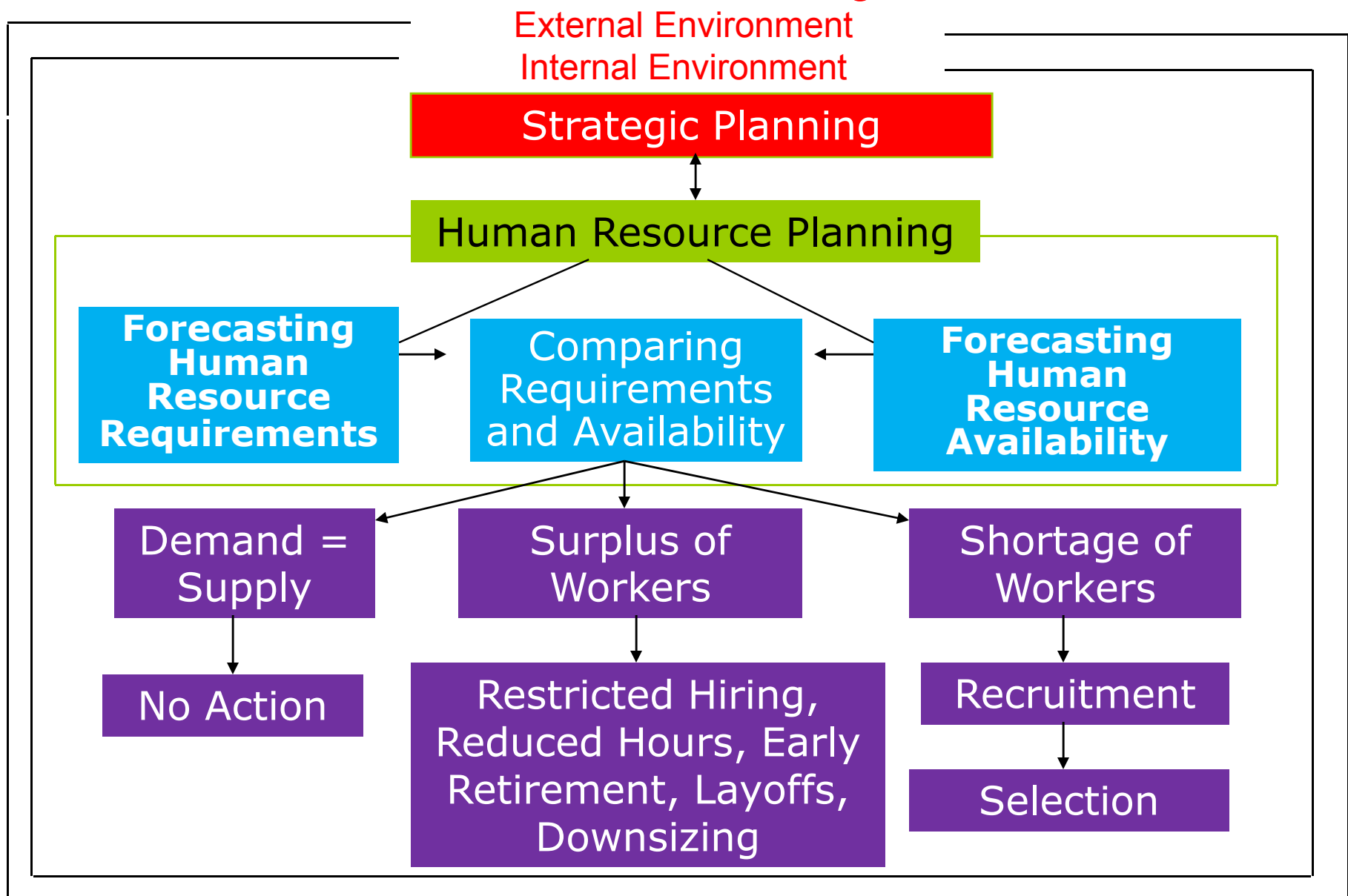


....tries to pull the arrow forward...

Human Resource Planning (Workforce Planning)

Matching the internal and external supply of candidates with job openings anticipated in the organization over a specific period of time

Human Resource Planning Process



Requirements Forecast

Determining:

- Number
- Skills
- Location of employees that the organization will need at future dates in order to meet goals

Techniques for Forecasting Human Resource Requirements

- Zero-base forecast
- Bottom-up forecast
- Relationship between volume of sales and number of workers required

Zero-Base Forecast

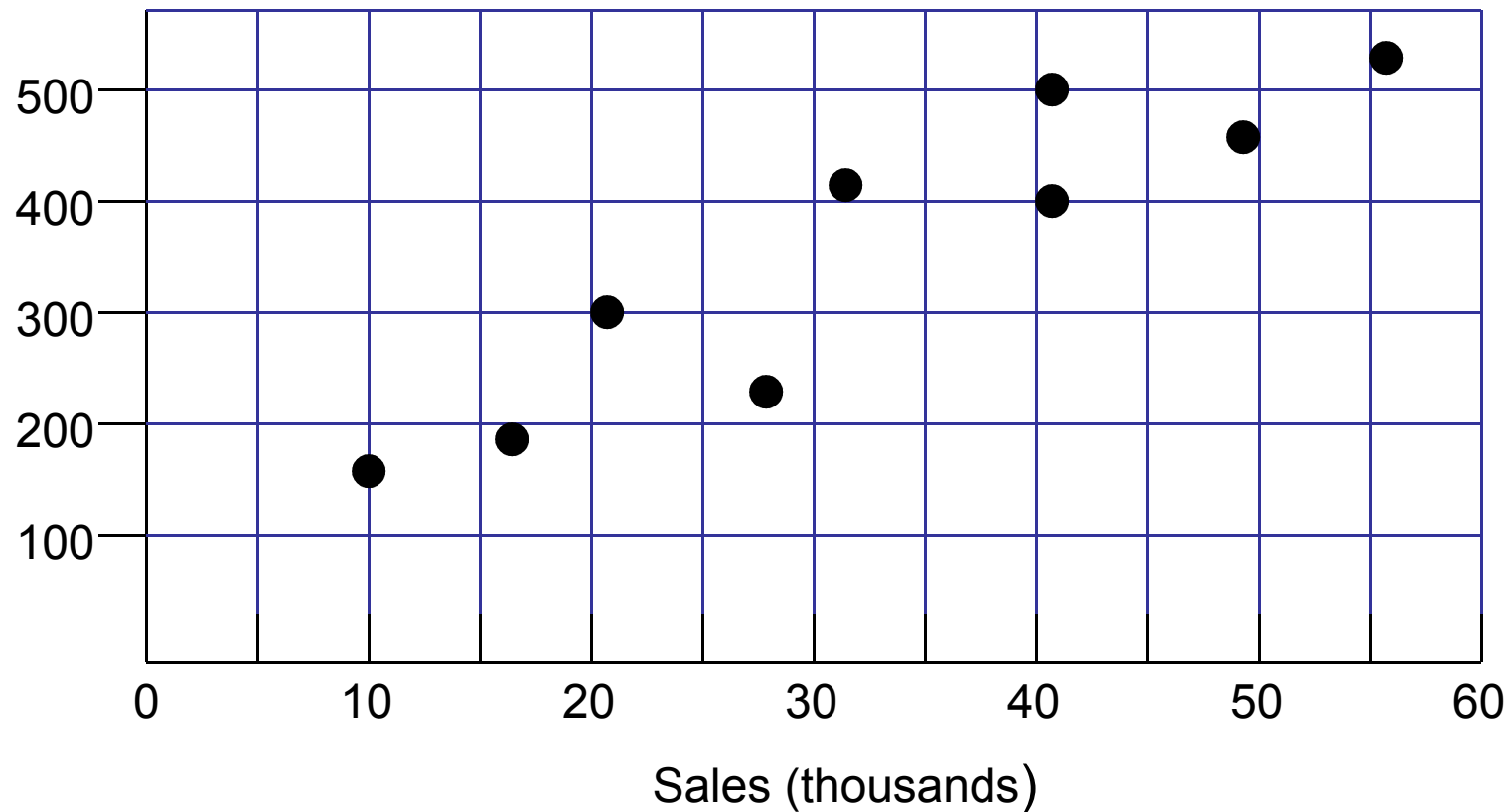
- Uses current level of staffing as starting point for determining future staffing needs
- Essentially the same procedure as zero-base budgeting
- Key is a thorough analysis of human resource needs

Bottom-Up Forecast

Each level of organization, starting with lowest, forecasts its requirements to provide aggregate of employment needs

The Relationship of Sales Volume to Number of Employees

Number of Employees



Availability Forecast

Determination of:

- Whether firm will be able to secure employees with necessary skills
- Sources from which to obtain employees

Shortage of Workers Forecasted

- Innovative recruiting
- Compensation incentives
- Training programs
- Modified selection standards

Surplus of Employees

When a comparison of requirements and availability indicates a worker surplus will result, most companies look to alternatives to layoffs, but downsizing may ultimately be required

Job Openings, 2012-2022 (in '000s)



Alternatives to Layoffs

- Although layoffs can be a necessary cost-cutting measure, alternatives include:
 - Restricted hiring policy
 - Early retirement
 - Encouraging workers to use vacation time
 - Swapping employees
 - Moving employees from full-time to 30 hours a week without reducing health benefits

Alternatives to Layoffs (Cont.)

- Job-sharing arrangements
- Reduce the workweek
- Offer an unpaid holiday option
- Sabbaticals for selected employees

Succession Planning

- Process of ensuring that qualified persons are available to assume key managerial positions once the positions are vacant
- Goal is to help ensure a smooth transition and operational efficiency

Small Business Succession Planning

- Just as, or more, important for small businesses
- Company could face economic and tax disasters
- Just 10% survive to the third generation
- Disaster stories are readily available

Job Analysis

Job analysis is the systematic process of determining the skills, duties, and knowledge required for performing jobs in an organization.

When Job Analysis Is Performed

- When the organization is founded and a job analysis program is initiated
- When new jobs are created
- When existing jobs are changed significantly

Job Analysis Should Answer

- What physical and mental tasks does the worker accomplish?
- When is the job to be completed?
- Where is the job to be accomplished?
- How does the worker do the job?
- Why is the job done?
- What qualifications are needed to perform the job?

Job

- Consists of group of tasks that must be performed for organization to achieve its goals
- May require the services of one person, such as the company's president
- May require the services of 75 people, such as machine operators in a large firm

Position

- Collection of tasks and responsibilities performed by one person
- There is a position for every individual in an organization

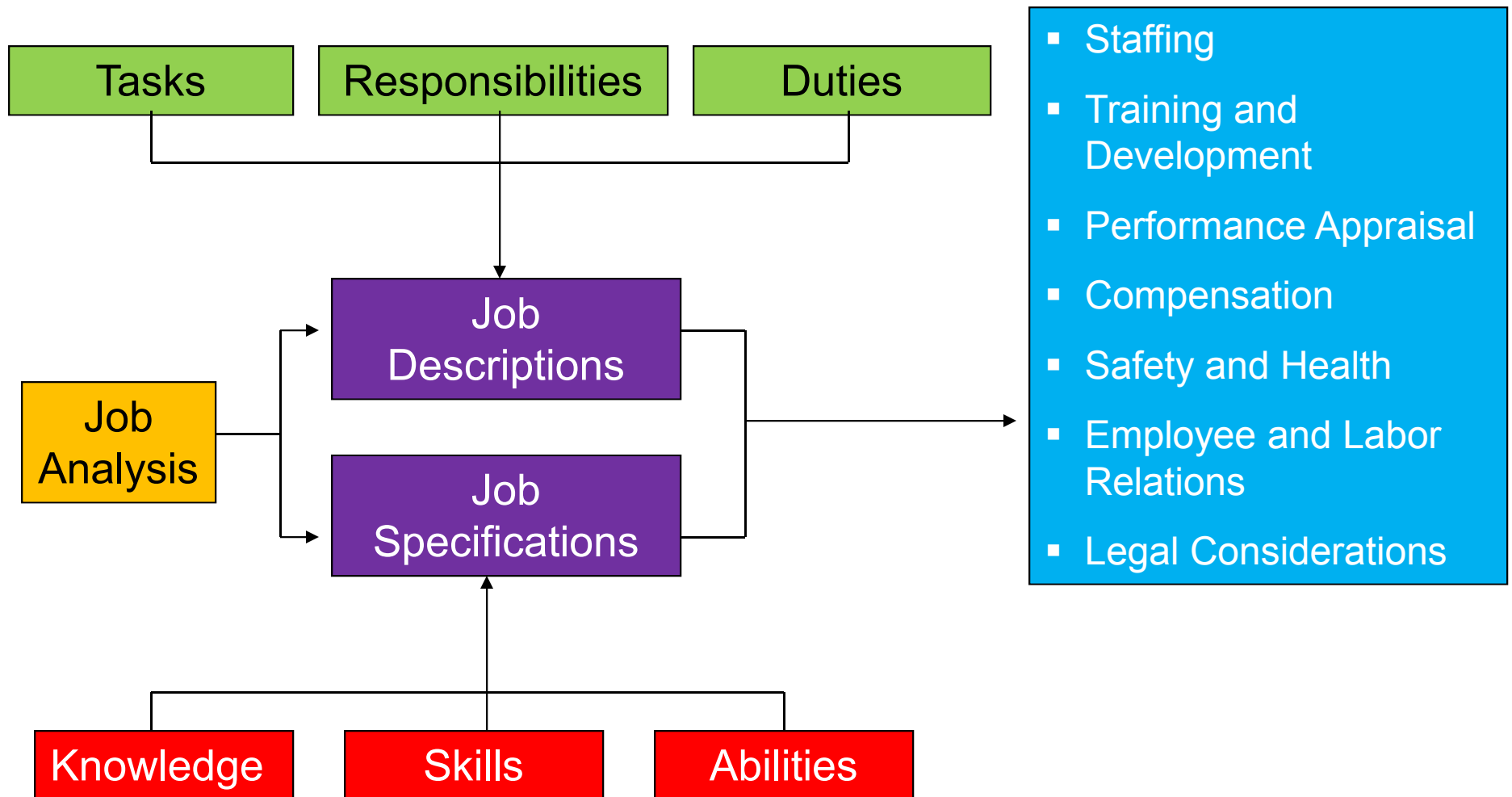
Job Description/Job Specification

- **Job Description:** Provides information regarding the essential tasks, duties, and responsibilities of the job
- **Job Specification:** Minimum acceptable qualifications a person needs to perform a particular job

Reasons for Conducting Job Analysis

- Job analysis has an impact on every aspect of HR practice:
 - Staffing
 - Training and Development
 - Performance Appraisal
 - Compensation
 - Safety and Health
 - Employee and Labor Relations
 - Legal considerations

Job Analysis: A Basic Human Resource Management Tool



Job Analysis Information

- Job's actual duties and responsibilities
- Worker-oriented activities:
- Machines, tools, and equipment
- Personal requirements (e.g., experience)
- Job standards
- Work schedule
- Financial and nonfinancial compensation
- Working conditions

Job Analysis Methods

- Questionnaires
- Observation
- Interviews
- Employee recording
- Combination of methods

Questionnaires

- Structured questionnaires given to employees
- Typically quick and economical
- Potential problems:
 - Employees might lack verbal skills
 - Employees might exaggerate the significance of their tasks

Observation

- Analyst watches worker perform job tasks and records observations
- Used primarily to gather information emphasizing manual skills
- Often insufficient when used alone
- Difficult when mental skills are dominant in a job

Interviews

- Interview both employee and supervisor
- Interview employee first, helping him or her describe duties performed
- After interviews, analyst normally contacts supervisor for additional information

Employee Recording

- Employees describe daily work activities in diary or log
- Valuable in understanding highly specialized jobs
- Problem: Employees might exaggerate job importance

Combination of Methods

- Analysts usually use more than one method
- Clerical and administrative jobs (example):
 - Questionnaires supported by interviews and limited observation
 - Production jobs: Interviews supplemented by extensive work observation

Conducting Job Analysis

People who participate in job analysis should include, at a minimum:

- Employee
- Employee's immediate supervisor

Job Description

- Document that states:
 - Tasks
 - Duties
 - Responsibilities
- Needs to be relevant and accurate

Items Frequently Included in a Job Description

- Major duties performed
- Percentage of time devoted to each duty
- Performance standards to be achieved
- Working conditions and possible hazards
- Number of employees performing job
- The person to whom the employee reports
- The machines and equipment used for job

Proper Language in the Job Description

- Keep each statement crisp and clear
- Structure sentences in classic verb/object and explanatory phrases
- Always use present tense of verbs
- Use explanatory phrases telling why, how, where
- Omit any unnecessary articles
- Use unbiased terminology
- Avoid using words that are subject to differing interpretations

Content of a Job Description

- **Job Identification** – Job title, department, reporting relationship, and job number or code
- **Job Analysis Date** – Aids in identifying job changes that make description obsolete
- **Job Summary** – Concise overview of job
- **Duties Performed** – Major duties of job

Job Specification

- Minimum qualifications worker should possess
- Should reflect **minimum**, not **ideal**, qualifications
- Often a major section of a job description

Problems If Job Specifications Are Inflated

- Could systematically eliminate minorities or women from consideration
- Compensation costs could increase
- Vacancies could be more difficult to fill

Standard Occupational Classification (SOC)

- Job descriptions for all U.S. workers in more than 800 occupations
- 2010 SOC replaces the 2000 system

Representative SOC Description for HR Professionals

- **13-1071 Human Resources Specialists**
- Perform activities in the human resource area. Includes employment specialists who screen, recruit, interview, and place workers. Excludes "Compensation, Benefits, and Job Analysis Specialists" (13-1141) and "Training and Development Specialists" (13-1151).
- Illustrative examples: *Staffing Coordinator, Personnel Recruiter, Human Resources Generalist*

Representative SOC Description for HR Professionals (Cont.)

- **11-3111 Compensation and Benefits Managers**
- Plan, direct, or coordinate compensation and benefits activities of an organization. Job analysis and position description managers are included in "Human Resource Managers" (11-3121).
- Illustrative examples: *Wage and Salary Administrator, Employee Benefits Director, Compensation Director*

Occupational Information Network (O*NET)

- Comprehensive government-developed database of:
 - Worker attributes
 - Job characteristics
- Primary source of occupational information

Job Analysis for Team Members

- With team design, there are no narrow jobs
- Work that departments do is often bundled into teams
- Last duty shown on standard job description, “*And any other duty that may be assigned,*” is increasingly becoming THE job description

Job Analysis and the Law

- **Fair Labor Standards Act:** Employees categorized as exempt or nonexempt
- **Equal Pay Act:** Similar pay must be provided to women if jobs, as shown in job descriptions, are not substantially different
- **Civil Rights Act:** Basis for adequate defenses against unfair discrimination

Job Analysis and the Law (Cont.)

- **Occupational Safety and Health Act (OSHA):** Employer must specify job elements that endanger health or are considered unsatisfactory or distasteful by most people
- **Americans with Disabilities Act (ADA)/ADA Amendments Act:** Employer must make reasonable accommodations for disabled workers

Competencies and Competency Modeling

Competencies refer to an individual's capability to orchestrate and apply combinations of knowledge, skills, and abilities consistently over time to perform work successfully in the required work situations

Competencies and Competency Modeling (Cont.)

Competency modeling specifies and defines all the competencies necessary for success in a group of jobs that are set within an industry context

U.S. Department of Labor Competency Model

Occupation-Related Competencies

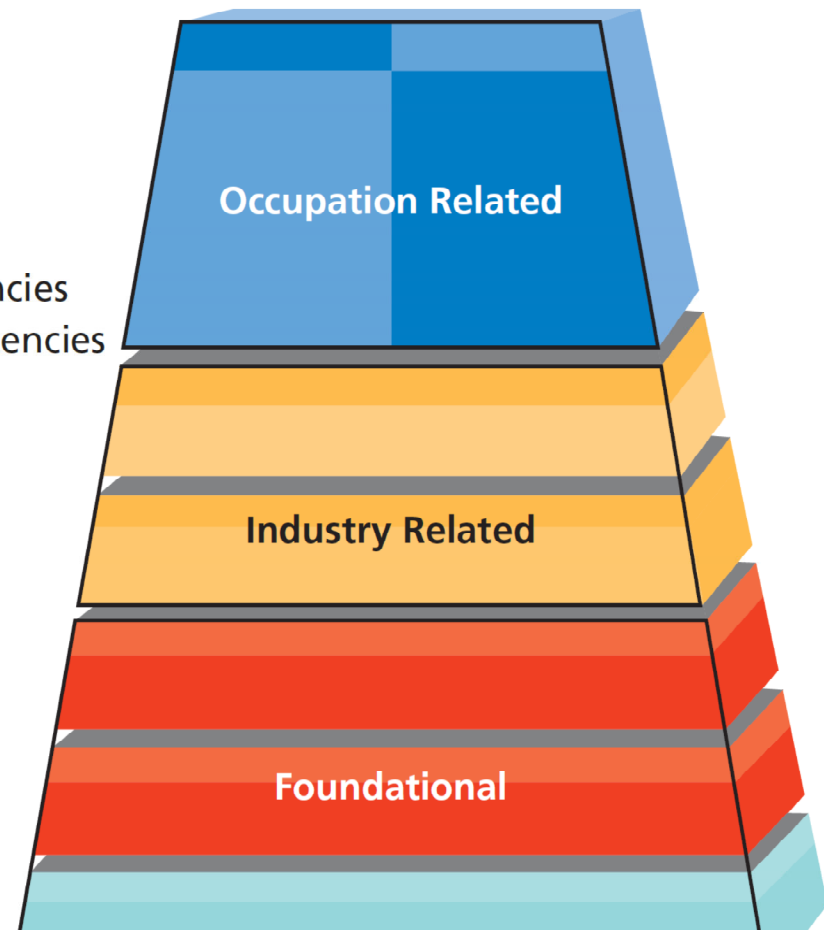
- Tier 9 – Management Competencies
- Tier 8 – Occupation-Specific Requirements
- Tier 7 – Occupation-Specific Technical Competencies
- Tier 6 – Occupation-Specific Knowledge Competencies

Industry-Related Competencies

- Tier 5 – Industry-Sector Technical Competencies
- Tier 4 – Industry-Wide Technical Competencies

Foundational Competencies

- Tier 3 – Workplace Competencies
- Tier 2 – Academic Competencies
- Tier 1 – Personal Effectiveness Competencies



Job Design

Process of determining:

- Specific tasks to be performed
- Methods used in performing these tasks
- How a job relates to other work in organization

Job Enrichment

- **Job enrichment** consists of basic changes in the content and level of responsibility of a job so as to provide greater challenges to the worker
- Job enrichment provides a vertical expansion of responsibilities

Job Enlargement

- Changes in scope of job to provide greater variety to worker
- All of the tasks at the same level of responsibility
- Sometimes called cross-training

Job Rotation

- Moving employees from one job to another to broaden their experience
- Often required for higher-level tasks
- Can be effective in protecting a company against the loss of key employees

Reengineering

- Fundamental rethinking
- Radical redesign of business processes
- Aims to achieve dramatic improvements in critical measures of performance such as:
 - Cost
 - Quality
 - Service
 - Speed

Global Talent Management

- Strategic endeavor to optimize use of human capital
- Enables an organization to drive short- and long-term results
- Builds culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned to business goals