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
- Measurable
- Time-specific
- Documented (written)

**STRATEGY SETTING**
Specifying and documenting corporate-level strategies and planning

**STRATEGY IMPLEMENTATION**

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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>
<thead>
<tr>
<th>Potential Resource Strengths and Competitive Capabilities</th>
<th>Potential Resource Weaknesses and Competitive Deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>- A powerful strategy</td>
<td>- No clear strategic direction</td>
</tr>
<tr>
<td>- Core competencies in ______</td>
<td>- Resources that are not well matched to industry key success factors</td>
</tr>
<tr>
<td>- A distinctive competence in ______</td>
<td>- No well-developed or proven core competencies</td>
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<tr>
<td>- A product that is strongly differentiated from those of rivals</td>
<td>- A weak balance sheet; burdened with too much debt</td>
</tr>
<tr>
<td>- Competencies and capabilities that are well matched to industry key success factors</td>
<td>- Higher overall unit costs relative to key competitors</td>
</tr>
<tr>
<td>- A strong financial condition; ample financial resources to grow the business</td>
<td>- Weak or unproven product innovation capabilities</td>
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<tr>
<td>- Strong brand-name image/company reputation</td>
<td>- A product/service with ho-hum attributes or features inferior to those of rivals</td>
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<tr>
<td>- An attractive customer base</td>
<td>- Too narrow a product line relative to rivals</td>
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<tr>
<td>- Economy of scale and/or learning/experience curve advantages over rivals</td>
<td>- Weak brand image or reputation</td>
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<tr>
<td>- Proprietary technology/superior technological skills/important patents</td>
<td>- Weaker dealer network than key rivals and/or lack of adequate global distribution capability</td>
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<tr>
<td>- Superior intellectual capital relative to key rivals</td>
<td>- Behind on product quality, R&amp;D, and/or technological know-how</td>
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<tr>
<td>- Cost advantages over rivals</td>
<td>- In the wrong strategic group</td>
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<tr>
<td>- Strong advertising and promotion</td>
<td>- Losing market share because . . .</td>
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<tr>
<td>- Product innovation capabilities</td>
<td>- Lack of management depth</td>
</tr>
<tr>
<td>- Proven capabilities in improving production processes</td>
<td>- Inferior intellectual capital relative to leading rivals</td>
</tr>
<tr>
<td>- Good supply chain management capabilities</td>
<td>- Subpar profitability because . . .</td>
</tr>
<tr>
<td>- Good customer service capabilities</td>
<td>- Plagued with internal operating problems or obsolete facilities</td>
</tr>
<tr>
<td>- Better product quality relative to rivals</td>
<td>- Behind rivals in e-commerce capabilities</td>
</tr>
<tr>
<td>- Wide geographic coverage and/or strong global distribution capability</td>
<td>- Short on financial resources to grow the business and pursue promising initiatives</td>
</tr>
<tr>
<td>- Alliances/joint ventures with other firms that provide access to valuable technology, competencies, and/or attractive geographic markets</td>
<td>- Too much underutilized plant capacity</td>
</tr>
<tr>
<td>Potential Market Opportunities</td>
<td>Potential External Threats to a Company’s Future Prospects</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------</td>
</tr>
<tr>
<td>• Openings to win market share from rivals</td>
<td>• Increasing intensity of competition among industry rivals—may squeeze profit margins</td>
</tr>
<tr>
<td>• Sharply rising buyer demand for the industry’s product</td>
<td>• Slowdowns in market growth</td>
</tr>
<tr>
<td>• Serving additional customer groups or market segments</td>
<td>• Likely entry of potent new competitors</td>
</tr>
<tr>
<td>• Expanding into new geographic markets</td>
<td>• Loss of sales to substitute products</td>
</tr>
<tr>
<td>• Expanding the company’s product line to meet a broader range of customer needs</td>
<td>• Growing bargaining power of customers or suppliers</td>
</tr>
<tr>
<td>• Using existing company skills or technological know-how to enter new product lines or new businesses</td>
<td>• A shift in buyer needs and tastes away from the industry’s product</td>
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<tr>
<td>• Online sales</td>
<td>• Adverse demographic changes that threaten to curtail demand for the industry’s product</td>
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<tr>
<td>• Integrating forward or backward</td>
<td>• Vulnerability to unfavorable industry driving forces</td>
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<tr>
<td>• Falling trade barriers in attractive foreign markets</td>
<td>• Restrictive trade policies on the part of foreign governments</td>
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<tr>
<td>• Acquiring rival firms or companies with attractive technological expertise or capabilities</td>
<td>• Costly new regulatory requirements</td>
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<tr>
<td>• Entering into alliances or joint ventures to expand the firm’s market coverage or boost its competitive capability</td>
<td></td>
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<tr>
<td>• Openings to exploit emerging new technologies</td>
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Substitute Products (of firms in other industries)

Suppliers of Key Inputs

Rivalry Among Competing Sellers

Buyers

Potential New Entrants
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.
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

- Firm Infrastructure
- HRM
- Technological Development
- Procurement
  - Inbound Logistics
  - Operations
  - Outbound Logistics
  - Marketing & Sales
  - Service

Primary

Support

Margin
A low cost strategy.....

...tries to pull the arrow back.....
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

External Environment
Internal Environment

Strategic Planning

Human Resource Planning

Forecasting Human Resource Requirements
Comparing Requirements and Availability
Forecasting Human Resource Availability

Demand = Supply
No Action

Surplus of Workers
Restricted Hiring, Reduced Hours, Early Retirement, Layoffs, Downsizing

Shortage of Workers
Recruitment
Selection

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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

Sales (thousands)
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)

- Office and administrative support: 6,765
- Sales and related: 5,627
- Food preparation and serving related: 5,515
- Healthcare practitioners and technical: 3,378
- Transportation and material moving: 2,992
- Education, training, and library: 2,897
- Management: 2,587
- Construction and extraction: 2,353
- Business and financial operations: 2,352
- Personal care and service: 2,289
- Production: 2,151
- Healthcare support: 1,938
- Building and grounds cleaning and maintenance: 1,826
- Installation, maintenance, and repair: 1,814
- Computer and mathematical: 1,309
- Protective service: 1,147
- Community and social service: 963
- Arts, design, entertainment, sports, and media: 800
- Architecture and engineering: 764
- Life, physical, and social science: 488
- Legal: 334
- Farming, fishing, and forestry: 271

From growth
From replacement needs

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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

- Staffing
- Training and Development
- Performance Appraisal
- Compensation
- Safety and Health
- Employee and Labor Relations
- Legal Considerations
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