



Executive Education: Mini MBA Program

# Human Resource Management

Mick Sheppeck, PhD

# Our Perspective Today

- The successful management of *human capital*, i.e., us,

***not***

- The Human Resource Department

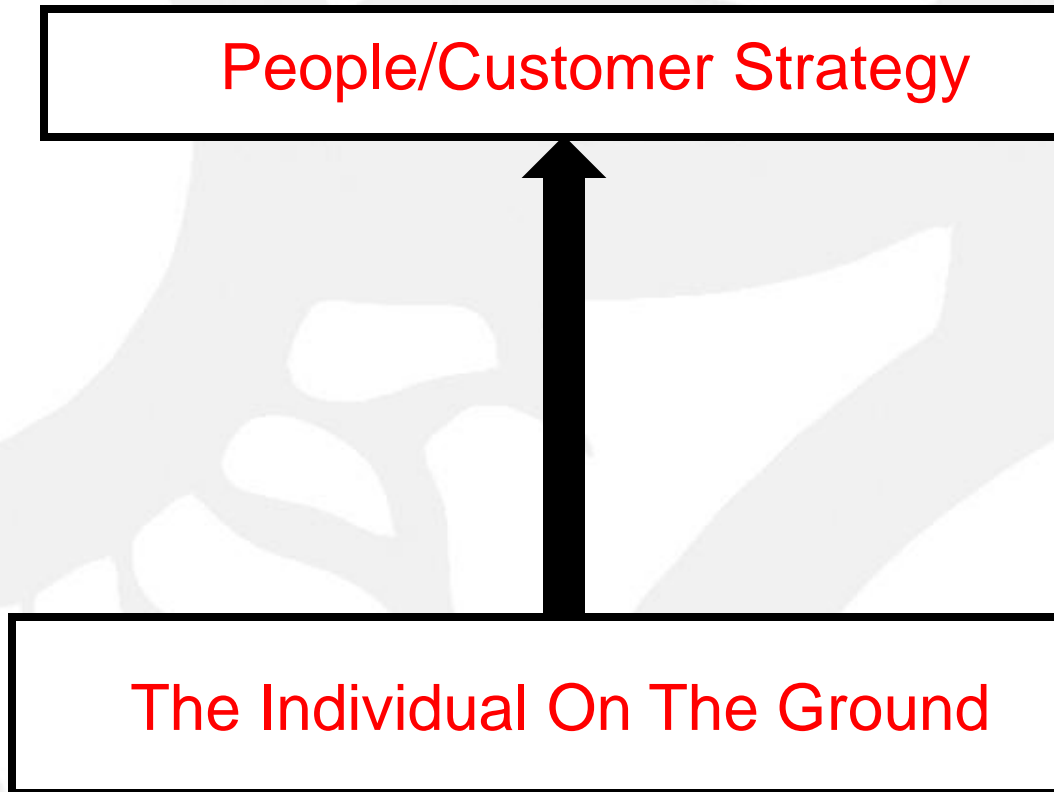
# Objectives

- Discuss how...
  - People sensitive organizations **perceive employees** and the implications for our competencies
  - People sensitive organizations **match** their employee strategy to their customer strategy

# Needed for Our Exercises

- After the break...
  - A **medium sized organization** (200-800 employees)
    - You know its people practices and customer strategy
- Before the break...
  - An **important job** in the organization above

# Where We're Going

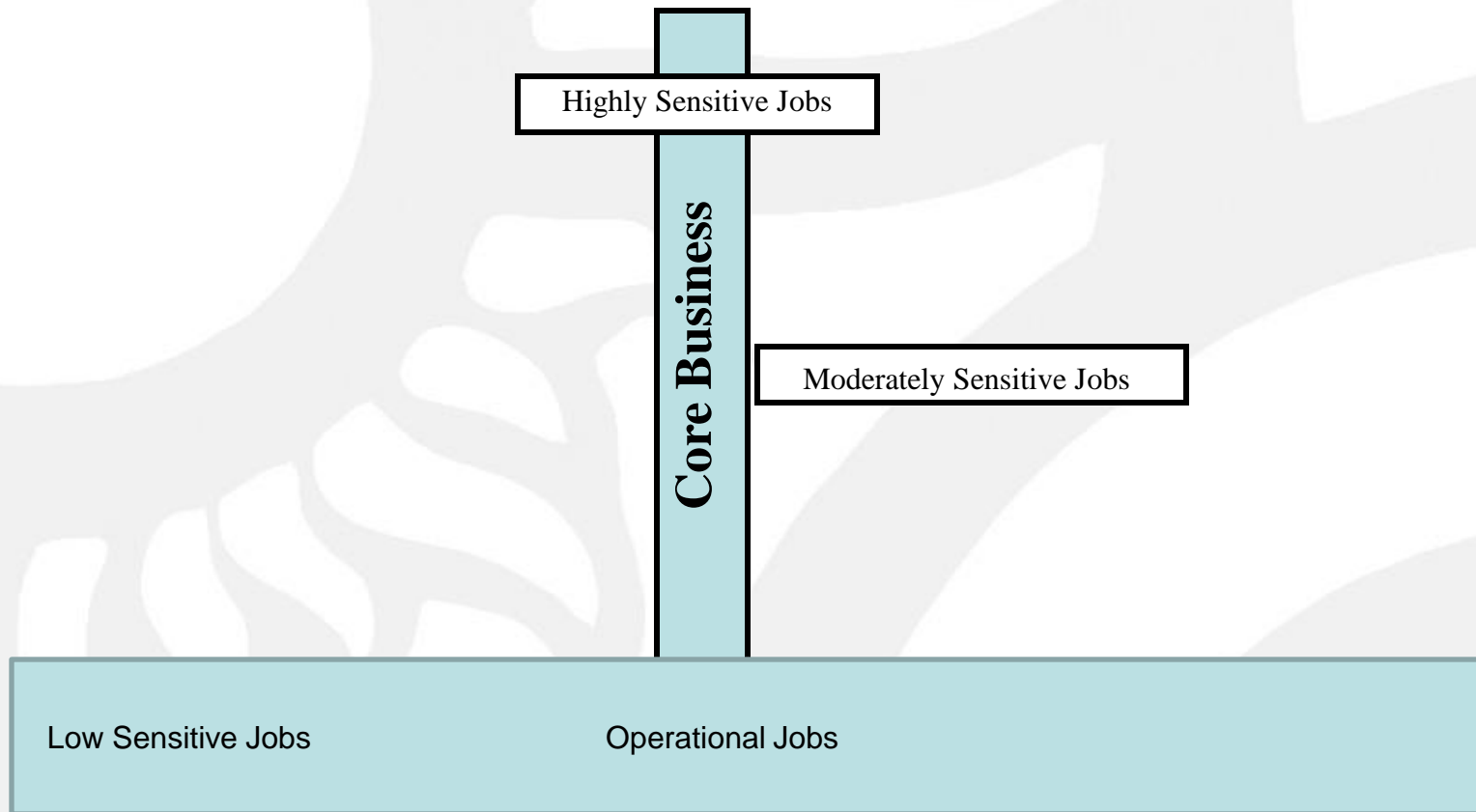


# ***Competing From The Inside Out***

**THE IMPORTANCE OF JOBS AND  
EMPLOYEE VALUE TO  
ORGANIZATION SUCCESS**

# **STRATEGY SENSITIVITY: A NEW WAY TO THINK ABOUT JOBS**

# STRATEGY SENSITIVITY OF JOBS





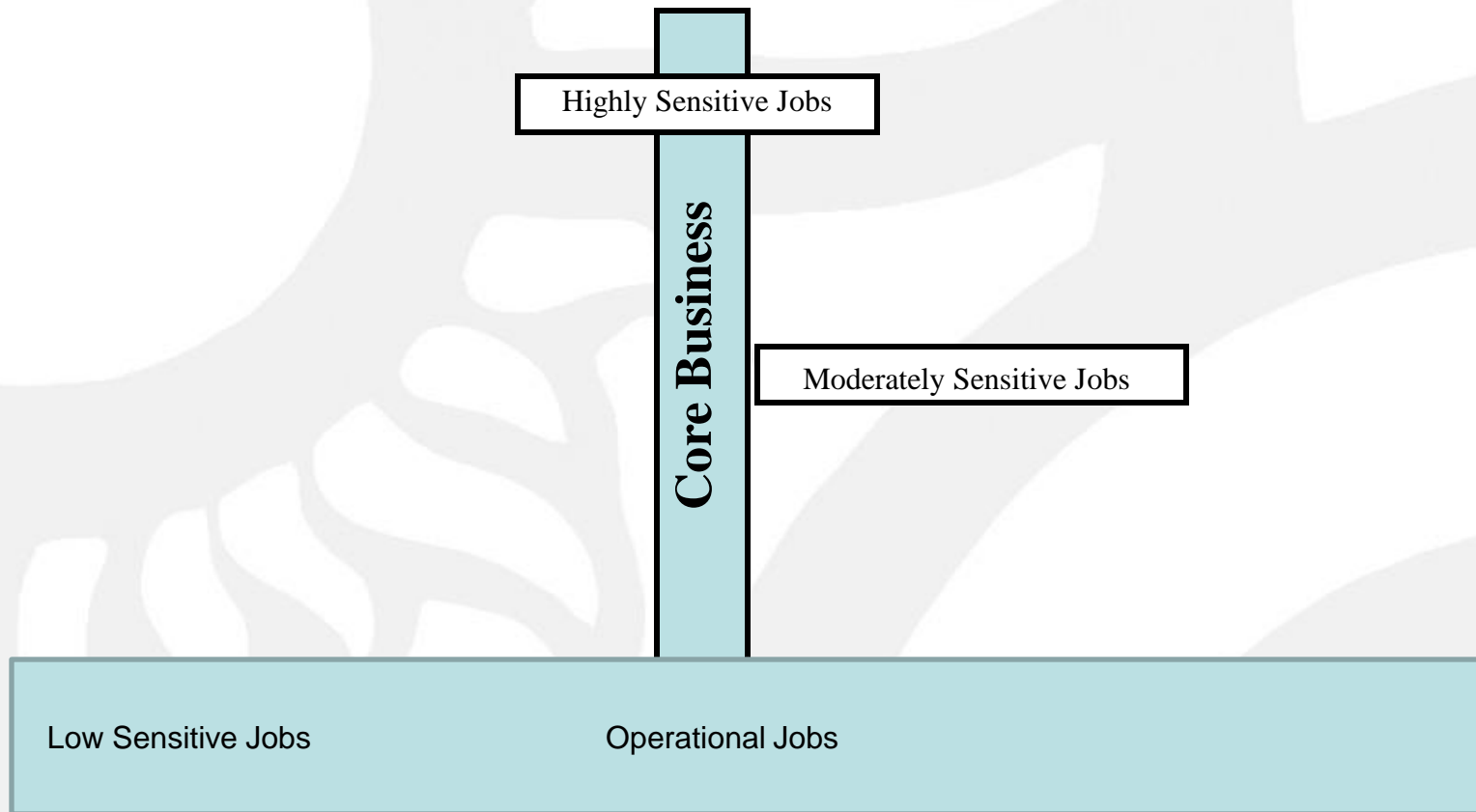
# Types of Jobs

- **Strategic** (or “A” level) Jobs
  - Direct and powerful impact on strategic plan execution
- **Support** (or “B” level) Jobs
  - Enable performance in strategic jobs
- **Operational** (or “C” level) Jobs
  - Critical to daily operations (keeping the lights on)

# WHAT MAKES A JOB “STRATEGIC”

- Very **strategy intensive** (strategic impact); ability to execute strategy
- Great **performance differences** among workers (performance variance: best to below average)
- Required **skills that are relatively scarce** in the marketplace (skill scarcity)

# STRATEGY SENSITIVITY OF JOBS



# Your Examples...

- High strategy sensitive jobs

---

---

- Operational jobs (candidates for out sourcing)

---

---

A large, light gray, stylized background graphic. On the left, there is a circular shape representing a sun or moon. To its right, a tree-like structure with flowing, organic branches extends across the upper half of the slide. In the lower right, a large, curved shape suggests a person's profile or a landscape feature. The overall style is minimalist and artistic.

**Now people...**

# When Does a Person Add Value? (Some ideas)

## Competencies... (Resource Based View)

- Brings a competency that allows an organization **to do something it couldn't do** before the person's arrival
- Brings a competency that is somewhat **unique or rare** in the marketplace

# When Does a Person Add Value...?

## Competencies...

- Brings a competency that is **difficult to imitate** by competitors

Jay Barney, 1992, the Ohio State University

# When Does a Person Add Value? (Some ideas)

## Behaviors..

- Clear **flows of revenue** tied to his/her leadership and performance
- Clear **cost savings** tied to his/her leadership and performance
- Development of **new products/services**
- Enthusiasm in the organization: **higher morale**
- Enthusiasm in the community: **goodwill**
- **Looking forward**



# When Does a Person Add Value? (Some ideas)

## Behaviors..

- Excellent at **problem solving and decision making**
- Motivates others and makes them **better**

# Question

- When someone in your organization **clearly and distinctively** helps the organization move to the future...
  - What other capabilities does he/she possess?

Adapted from the resource based view theory (Jay Barney, Ohio State and the Forum for People Performance Management and Measurement (Northwestern Univ.)

# Workforce Competencies

- Competency Types (examples)
  - Technical
  - Social/Interpersonal
  - Management/Leadership
  - Administrative

# Technical Competencies

Competency

MG or IS or OU

---

---

---

# Social/Interpersonal Competencies

Competency

MG or IS or OU

---

---

---

# Management/Leadership Competencies

Competency

MG or IS or OU

---

---

---

# Administrative Competencies

Competency

MG or IS or OU

---

---

---

# Strategy Sensitivity of Workforce Competencies

**Market Generic:** Commodity skills required by all firms (e.g., accounting, purchasing, maintenance, receptionist); **important but not rare**

**Industry Specific:** Workforce capabilities that are commodity in nature but are **shaped to suit the specific needs of an industry** (e.g., selling to specific customers within an industry)

**Organization Unique:** Workforce capabilities that are distinctively aligned to the firm's core business; usually invented by the firm; **very unique and rare to the organization** (e.g., customer sensitivity and understanding @ Apple); or **world class** in the industry



# Examples of IS Competencies

- Hospitals
  - Attracting and retaining top nursing, support staff, and physicians
  - Understanding and managing the appropriate mix of nursing and support staff
  - Negotiating managed care contracts
  - How to provide outpatient services
  - Knowledge of how to succeed in an environment of capitation
- Textile Firms
  - Marketing products globally
  - Global sourcing of materials and labor
  - Flexible manufacturing through quick changeovers
  - Understanding suppliers' cost structures

# Strategy Sensitivity of Workforce Competencies

**Market Generic:** Commodity skills required by all firms (e.g., accounting, purchasing, maintenance, receptionist); **important but not rare**

**Industry Specific:** Workforce capabilities that are commodity in nature but are **shaped to suit the specific needs of an industry** (e.g., selling to specific customers within an industry)

**Organization Unique:** Workforce capabilities that are distinctively aligned to the firm's core business; usually invented by the firm; **very unique and rare to the organization** (e.g., customer sensitivity and understanding @ Apple); or **world class** in the industry

# Competency Ambiguity

- OU competencies are high in **competency ambiguity**
  - Characteristics of a competency that make it both **hard to understand and hard to imitate** by other organizations...
    - Required by organization **differentiation**
    - Might be **tacit in nature**: Comes from deep idiosyncratic employee experiences over time with customers & suppliers (*the knowledge in my head*)

# Summary

# What We Know...

- Winning organizations have a small number of organizationally unique competencies (related to their missions)
- These organizations **actively recruit, select, develop, and motivate the workforce** toward these competencies

A large, light gray background graphic featuring a stylized tree on the left and a sun on the right. The tree has a thick trunk and several branches with pointed leaves. The sun is a large circle with wavy rays extending outwards. The word "Break" is centered in the middle of the image in a bold blue font.

# Break

# Successful People Strategy

## Alignment Into Configurations

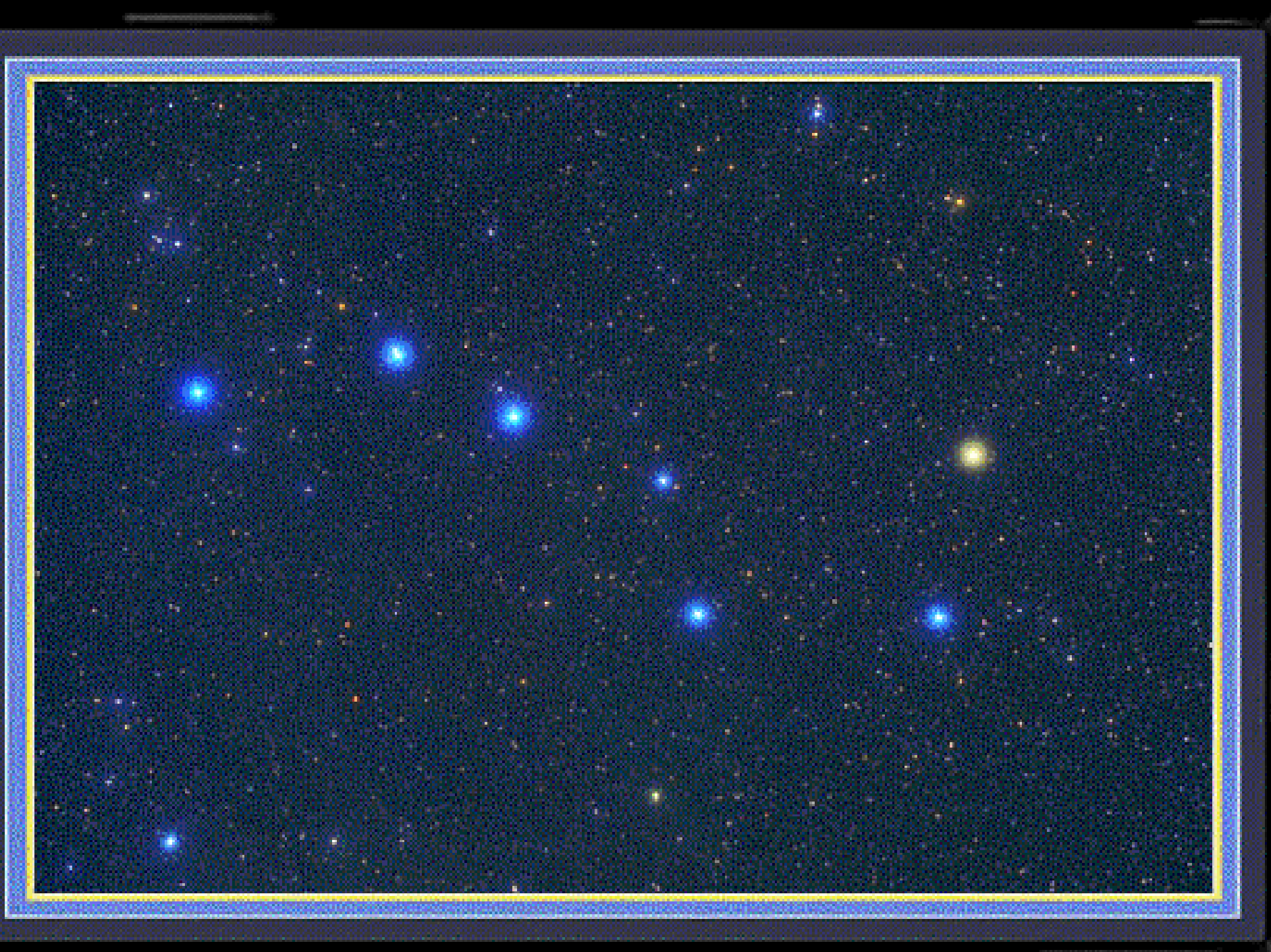
# To deal with strategic HRM...

We need a context to place our organization's people policies and practices



# Mizar

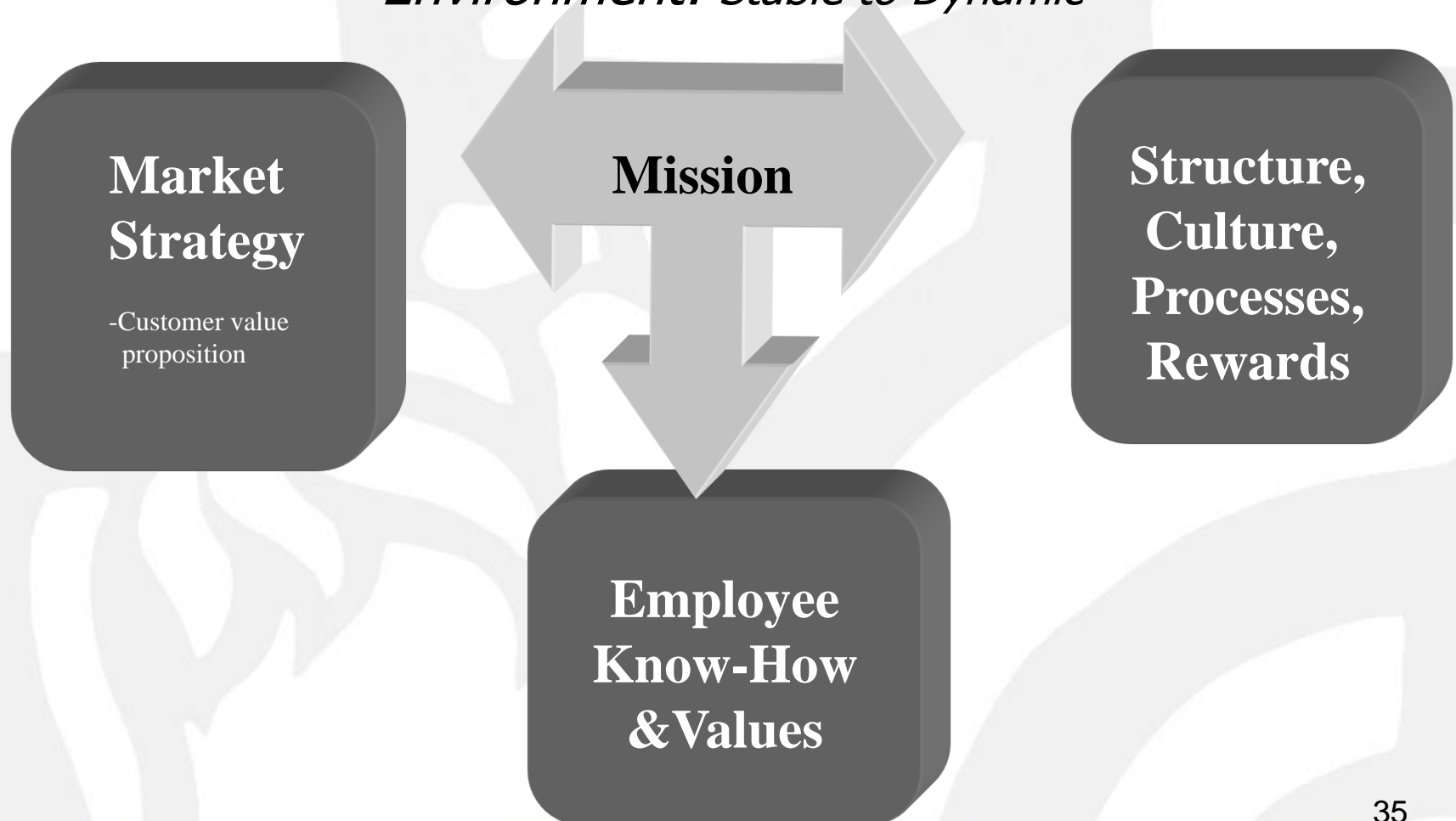




# Strategic Alignment

---

*Environment: Stable to Dynamic*



ORGANIZATION:

<b>BUSINESS ENVIRONMENT</b> Very stable – Moderately dynamic--Very dynamic	VS	Stable	MD	Dynamic	VD
<b>MARKET STRATEGY</b> Operational Effectiveness Customer Intimacy Product Leader	VL VL VL	L L L	M M M	H H H	VH VH VH
<b>ORGANIZATION CULTURE</b> Focus on Rewards Conflict Resolution Collaboration Risk Taking and Innovation Results Orientation Competitive Orientation	VL VL VL VL VL VL	L L L L L L	M M M M M M	H H H H H H	VH VH VH VH VH VH
<b>WORKFORCE COMPETENCIES</b> Efficiency Creative Systems Thinking Customer Service Mentality	VL VL VL	L L L	M M M	H H H	VH VH VH
<b>HR MANAGEMENT PRACTICES</b> Performance Appraisal Staffing Participation HR Planning for Managers Employee Utilization Employee Job Protection Incentive Comp. and Play Level Alternative Work Arrangements	VL VL VL VL VL VL VL VL	L L L L L L L L	M M M M M M M M	H H H H H H H H	VH VH VH VH VH VH VH VH
<b>MANAGEMENT SUPPORT FOR PEOPLE</b>	VL	L	M	H	VH
<b>BUSINESS PROCESSES</b> Logistical Processes Business Model Processes	VP VP	Poor Poor	OK OK	Strong Strong	VS VS
<b>STRUCTURE</b>	VL	L	M	H	VH
<b>MARKET PERFORMANCE</b>	VL	L	M	H	VH

# Environment

- Stable to dynamic
  - Actions of competitors
  - Changes in customer desires & buying habits
  - How old vs. new our services are in the industry
  - The growth rate in the industry
  - Legal, political, and economic impacts on the agency

# A Focus on Meaning

- What does the organization **mean** to the typical employee?
  - How would he/she answer this question: *To me this organization is* \_\_\_\_\_

# Market Strategy (Treacy & Wiersema)

- **Operational Excellence:** Best price
- **Customer Intimacy:** Best solution
- **Product Leadership:** Best product

# Culture: How We Live Here

- **Focus on Rewards:** Motivating employees through recognizing good performance
- **Conflict Resolution:** Employees are provided with information and helped to resolve conflicts
- **Collaboration:** Getting things done through collaboration
- **Risk Taking and Innovation:** Encouraging appropriate risk-taking by employees
- **Results Orientation:** Valuing the attainment of results
- **Competitive Orientation:** Encouraging a competitive approach to work among employees



# Workforce Competencies

- *Remove managers from this analysis...*
- **Efficiency:** Ability to work at structured tasks with a high concern for output
- **Creative Systems Thinking:** Ability to come up with new ideas and experiment with different ways of doing things
- **Customer Service Mentality:** Knowledge of customer tastes/needs and ability to provide customer service

# Workforce Practices (From senior managers)

- **Performance Appraisal:** Practices to evaluate and shape employee behavior
- **Staffing:** Practices to find and hire new employees
- **Participation:** Practices focusing on the participation of workers in decisions that affect their work processes
- **HR Planning for Managers:** Practices to ensure that the managers contribute to the firm's success
- **Employee Utilization:** Practices to enhance employee productivity
- **Employee Job Protection:** Practices to provide some degree of work security for employees
- **Incentive Compensation and Pay Level:** Linking employee performance to rewards and establishing a policy of pay leadership
- **Alternative Work Arrangements:** Practices designed to employ individuals in non-traditional work approaches

# Management Support

- **Management Support for People:** The degree of support from senior management for viewing employees as a competitive weapon and overall support for people-related activities
  - Predicts employee performance

# Business Processes

- **Logistical Processes:** Processes that facilitate adjustment to changing market conditions (e.g., planning, managing information, communications, maintaining control, etc.)
- **Business Model Processes:** Processes in support of our customer model (e.g., our model suited to customer's needs, match the value offered by our competition, good relationship with suppliers, quality of products/services)

# Structure

- From bureaucratic (L) to organic (H)
  - Large span of control
  - All but the most important decisions made below the level of the senior management team
  - Policies, rules, regulations kept to a minimum
  - Employees have high discretion regarding their jobs
  - Lots of communication

# Market Performance

- Our performance in comparison to competitors in our market place
  - Easily obtain capital
  - Fixed assets perform to expectations
  - Ability to acquire resources for effective operations and growth
  - Our technology allows us to compete and achieve our desired financial performance
  - We enjoy above-average financial performance compared to others in our industry
  - We occupy either a #1 or #2 position in our markets

# Connect the Dots

- Starting with Environment...
  - Connect the dots going down the page
  - Make the line very distinctive
  - Use the blue pen

# What Are We?

- What **theme or themes** do you “see” in this configuration?
- Collection of factors overtly emphasized and overtly not emphasized



# What Are We?

- We know that the configuration influences...
  - How we **operate on a daily basis**
  - General **employee morale**

**Most frequently occurring  
configuration in our  
database**

**A MASTER OF TWO**

## ORGANIZATION:

BUSINESS ENVIRONMENT Very stable – Moderately dynamic--Very dynamic	VS	Stable	MD	Dynamic	VD
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
Product Leader	VL	L	M	H	VH
ORGANIZATION CULTURE					
Focus on Rewards	VL	L	M	H	VH
Conflict Resolution	VL	L	M	H	VH
Collaboration	VL	L	M	H	VH
Risk Taking and Innovation	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
Competitive Orientation	VL	L	M	H	VH
WORKFORCE COMPETENCIES					
Efficiency	VL	L	M	H	VH
Creative Systems Thinking	VL	L	M	H	VH
Customer Service Mentality	VL	L	M	H	VH
HR MANAGEMENT PRACTICES					
Performance Appraisal	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Participation	VL	L	M	H	VH
HR Planning for Managers	VL	L	M	H	VH
Employee Utilization	VL	L	M	H	VH
Employee Job Protection	VL	L	M	H	VH
Incentive Comp. and Pay Level	VL	L	M	H	VH
Alternative Work Arrangements	VL	L	M	H	VH
MANAGEMENT SUPPORT FOR PEOPLE	VL	L	M	H	VH
BUSINESS PROCESSES					
Logistical Processes	VP	Poor	OK	Strong	VS
Business Model Processes	VP	Poor	OK	Strong	VS
STRUCTURE	VL	L	M	H	VH
MARKET PERFORMANCE	VL	L	M	H	VH

## ORGANIZATION:

BUSINESS ENVIRONMENT Very stable – Moderately dynamic--Very dynamic	VS	Stable	MD	Dynamic	VD
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
Product Leader	VL	L	M	H	VH
ORGANIZATION CULTURE					
Focus on Rewards	VL	L	M	H	VH
Conflict Resolution	VL	L	M	H	VH
Collaboration	VL	L	M	H	VH
Risk Taking and Innovation	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
Competitive Orientation	VL	L	M	H	VH
WORKFORCE COMPETENCIES					
Efficiency	VL	L	M	H	VH
Creative Systems Thinking	VL	L	M	H	VH
Customer Service Mentality	VL	L	M	H	VH
HR MANAGEMENT PRACTICES					
Performance Appraisal	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Participation	VL	L	M	H	VH
HR Planning for Managers	VL	L	M	H	VH
Employee Utilization	VL	L	M	H	VH
Employee Job Protection	VL	L	M	H	VH
Incentive Comp. and Pay Level	VL	L	M	H	VH
Alternative Work Arrangements	VL	L	M	H	VH
MANAGEMENT SUPPORT FOR PEOPLE	VL	L	M	H	VH
BUSINESS PROCESSES					
Logistical Processes	VP	Poor	OK	Strong	VS
Business Model Processes	VP	Poor	OK	Strong	VS
STRUCTURE	VL	L	M	H	VH
MARKET PERFORMANCE	VL	L	M	H	VH

## ORGANIZATION:

BUSINESS ENVIRONMENT Very stable – Moderately dynamic--Very dynamic	VS	Stable	MD	Dynamic	VD
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
Product Leader	VL	L	M	H	VH
ORGANIZATION CULTURE					
Focus on Rewards	VL	L	M	H	VH
Conflict Resolution	VL	L	M	H	VH
Collaboration	VL	L	M	H	VH
Risk Taking and Innovation	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
Competitive Orientation	VL	L	M	H	VH
WORKFORCE COMPETENCIES					
Efficiency	VL	L	M	H	VH
Creative Systems Thinking	VL	L	M	H	VH
Customer Service Mentality	VL	L	M	H	VH
HR MANAGEMENT PRACTICES					
Performance Appraisal	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Participation	VL	L	M	H	VH
HR Planning for Managers	VL	L	M	H	VH
Employee Utilization	VL	L	M	H	VH
Employee Job Protection	VL	L	M	H	VH
Incentive Comp. and Pay Level	VL	L	M	H	VH
Alternative Work Arrangements	VL	L	M	H	VH
MANAGEMENT SUPPORT FOR PEOPLE	VL	L	M	H	VH
BUSINESS PROCESSES					
Logistical Processes	VP	Poor	OK	Strong	VS
Business Model Processes	VP	Poor	OK	Strong	VS
STRUCTURE	VL	L	M	H	VH
MARKET PERFORMANCE	VL	L	M	H	VH

ORGANIZATION:

BUSINESS ENVIRONMENT Very stable – Moderately dynamic--Very dynamic	VS	Stable	MD	Dynamic	VD
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
Product Leader	VL	L	M	H	VH
ORGANIZATION CULTURE					
Focus on Rewards	VL	L	M	H	VH
Conflict Resolution	VL	L	M	H	VH
Collaboration	VL	L	M	H	VH
Risk Taking and Innovation	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
Competitive Orientation	VL	L	M	H	VH
WORKFORCE COMPETENCIES					
Efficiency	VL	L	M	H	VH
Creative Systems Thinking	VL	L	M	H	VH
Customer Service Mentality	VL	L	M	H	VH
HR MANAGEMENT PRACTICES					
Performance Appraisal	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Participation	VL	L	M	H	VH
HR Planning for Managers	VL	L	M	H	VH
Employee Utilization	VL	L	M	H	VH
Employee Job Protection	VL	L	M	H	VH
Incentive Comp. and Pay Level	VL	L	M	H	VH
Alternative Work Arrangements	VL	L	M	H	VH
MANAGEMENT SUPPORT FOR PEOPLE	VL	L	M	H	VH
BUSINESS PROCESSES					
Logistical Processes	VF	Poor	OK	Strong	VS
Business Model Processes	VF	Poor	OK	Strong	VS
STRUCTURE	VL	L	M	H	VH
MARKET PERFORMANCE	VL	L	M	H	VH

# Needed In The Future for Success

- Let's go back through the variables
- Use a symbol to identify what each variable **should be** in order to support the organization's future success with customers/clients
  - Use the red pen
- Focus on: Workforce Competencies, Culture, Workforce Practices

# Diagnosis: Minding The Gaps

- Identify your largest gaps between **blue** and **red**





# Actions

- **Long-term gaps** slowly draw an organization into low effectiveness
- Gaps identify organization factors that need to be changed
- **Easiest to change: Employee competencies**
- **Hardest to change: Organization culture**

# Systems Thinking

Simultaneously holding multiple concepts in one's mind and understanding how they **combine** to achieve success today and tomorrow

# Dynamic Capability

“capacity to sense and shape opportunities and threats and capacity to seize opportunities”

# Summary: Organization Configurations

- Configurations identify **central themes** that orchestrate the alignment among important organization variables
- The **interdependencies among elements of the theme** are the essence of configuration

# Summary: Systems Thinking

- Requires **systems thinking**...
- Ability to hold multiple variables in your head simultaneously and see/understand the pattern they create
- Ability to determine the patterns that win today and those that will win in the future