In recent years, succession planning is going much deeper into the workforce. A firm might have a good succession plan for top-level positions but few plans for the levels where all the work is performed. There is a movement away from traditional succession planning, which was focused only on top executives of the company. Succession management is now involving middle managers, where they are developed to help ensure that key roles below the C-suite have ready replacements.[17] The succession plan needs to consider both external and internal candidates.

Succession planning is often neglected in small businesses because it is generally thought of in terms of replacing CEOs and key executives within larger businesses. But, succession planning is just as, or more, important for small businesses. A problem, however, is that only 31 percent of small business owners say their businesses are extremely or very prepared for such an event.[18] Without proper succession planning, the company could face economic and tax disasters. Often the small business owner's argument against succession planning may be "we're too small," "we're too new," "we have good people in place," or "I'm not going anywhere soon."[19] Many of today's small businesses will not survive to the next generation of same family ownership. In fact, it is estimated that only 30 percent of businesses make it to the second generation, and just 10 percent survive to the third generation.[20] Peter Handal, president, CEO, and chairman of Dale Carnegie Training, said, "The failure to establish a comprehensive succession plan is a leading cause of this phenomenon."[21]

OBJECTIVE 4.7

Describe the types of information required for job analysis and the reasons for conducting it.

Job Analysis: A Basic Human Resource Management Tool

job analysis
Systematic process of determining the skills, duties, and knowledge required for performing jobs in an organization.

job
Group of tasks that must be performed for an organization to achieve its goals.

position
Collection of tasks and responsibilities performed by one person.

Job analysis is the systematic process of determining the skills, duties, and knowledge required for performing jobs in an organization. With job analysis, the tasks needed to perform the job are identified. Traditionally, it is an essential and pervasive HR technique and the starting point for other HR activities. In today's rapidly changing work environment, the need for a sound job analysis system is critical. New jobs are being created, and old jobs are being redesigned or eliminated. A job analysis that was conducted only a few years ago may now be obsolete and must be redone. Some have even suggested that changes are occurring too fast to maintain an effective job analysis system.

A **job** consists of a group of tasks that must be performed for an organization to achieve its goals. A job may require the services of one person, such as that of the president, or the services of 75, as might be the case with machine operators in a large manufacturing firm. A **position** is the collection of tasks and responsibilities performed by *one* person; there is a position for every individual in an organization.

In a work group consisting of a supervisor, two senior analysts, and four analysts, there are three jobs and seven positions. A small company might have 25 jobs for its 75 employees, whereas in a large company 2,000 jobs may exist for 50,000 employees. In some firms, as few as 10 jobs may make up 90 percent of the workforce.

The purpose of job analysis is to obtain answers to six important questions:

1. What physical and mental tasks does the worker accomplish?
2. When is the job to be completed?
3. Where is the job to be accomplished?
4. How does the worker do the job?
5. Why is the job done?
6. What qualifications are needed to perform the job?

Job analysis provides a summary of a job's duties and responsibilities, its relationship to other jobs, the knowledge and skills required, and working conditions under which it is performed. Job facts are gathered, analyzed, and recorded, as the job exists, not as the job should exist.[22] Determining how the job should exist is most often assigned to industrial engineers, methods analysts, or others. Job analysis is conducted after the job has been designed, the worker has been trained, and the job is being performed.

Job analysis is performed on three occasions: (1) when the organization is founded and a job analysis program is initiated for the first time; (2) when new jobs are created; and (3) when jobs are changed significantly as a result of new technologies, methods, procedures, or systems. Jobs also change when there is increased emphasis on teamwork in organizations, empowerment of employees, or other managerial interventions such as quality management systems. Job analysis is most often performed because of changes in the nature of jobs. From job analysis information, both job descriptions and job specifications can be prepared.

job description
Document that provides information regarding the essential tasks, duties, and responsibilities of a job.

job specification
A document that outlines the minimum acceptable qualifications a person should possess to perform a particular job.

The **job description** is a document that provides information regarding the essential tasks, duties, and responsibilities of the job. The minimum acceptable qualifications a person should possess to perform a particular job are contained in the **job specification.**[23] Both types of documents will be discussed in greater detail later in this chapter.

Reasons for Conducting Job Analysis

As Figure 4-5 shows, data derived from job analysis in the form of the job description/specification can have an impact on virtually every aspect of HR management.[24] In practice, both the job description and job specification are combined into one document with the job specification presented after the job description.

Staffing

All areas of staffing would be haphazard if the organization did not know the qualifications needed to perform the various jobs. A major use of job analysis data is found in HR planning (discussed later in this chapter). Merely knowing that the firm will need 1000 new employees to produce goods or services to satisfy sales demand is insufficient. Each job requires different knowledge, skills, and ability levels. Obviously, effective HR planning must take these job requirements into consideration. Also, lacking up-to-date job descriptions and specifications, a firm would have to recruit and select employees for jobs without having clear guidelines, a practice that could have disastrous consequences.

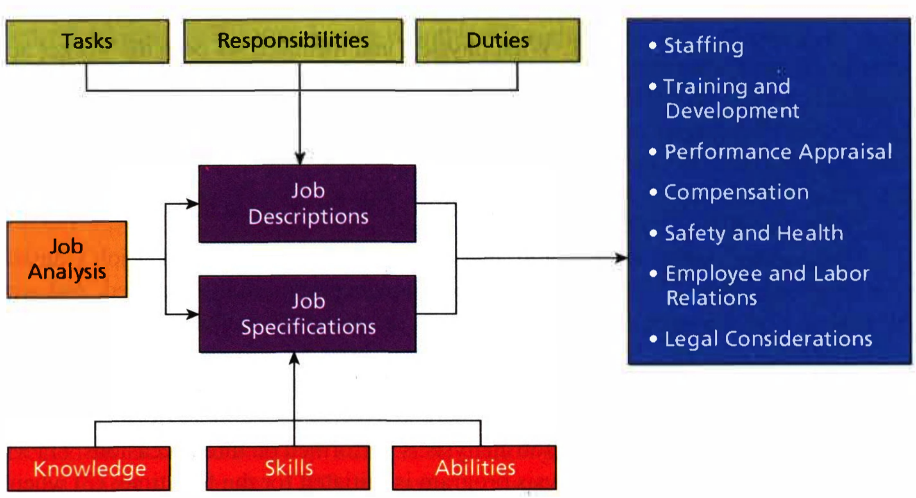
Training and Development

Job description information often proves beneficial in identifying training and development needs. If it suggests that the job requires a particular knowledge, skill, or ability, and the person filling the position does not possess all the qualifications required, training or development are probably in order. Training should be directed at assisting workers in performing duties specified in their present job descriptions or at developing skills for broader responsibilities.

Performance Appraisal

Most workers want to know what they are supposed to accomplish and good job descriptions provide that. Then, employees should be evaluated in terms of how well they accomplish the duties specified in their job descriptions and any other specific goals that may have been established. A manager who evaluates an employee on factors not clearly predetermined is left open to allegations of discrimination.

FIGURE 4-5
Job Analysis: A Basic Human Resource Management Tool



Compensation

In the area of compensation, it is helpful to know the relative value of a particular job to the company before a dollar value is placed on it. Jobs that require greater knowledge, skills, and abilities should be worth more to the firm. For example, the relative value of a job calling for a master's degree normally would be higher than that of a job that requires a high school diploma. This might not be the case if the market value of the job requiring only a high school diploma was higher, however. Such a situation occurred in a major West Coast city a number of years ago. It came to light that city sanitation engineers (garbage collectors) were paid more than better-educated public schoolteachers.

Safety and Health

Information derived from job analysis is also valuable in identifying safety and health considerations. For example, employers are required to inform workers when a job is hazardous. The job description/specification should reflect this condition. In addition, in certain hazardous jobs, workers may need specific information about the hazards to perform their jobs safely.

Employee and Labor Relations

Job analysis information is also important in employee and labor relations. When employees are considered for promotion, transfer, or demotion, the job description provides a standard for evaluation and comparison of talent. Information obtained through job analysis can often lead to more objective human resource decisions.

Legal Considerations

A properly prepared job analysis is particularly important for supporting the legality of employment practices. Before the equal employment opportunity movement in the early 1960s and 1970s, few firms had effective job analysis systems.[25] But the need to validate basic job requirements hastened the growth in the use of job analysis to prepare job descriptions/specifications. The importance of job analysis is well documented in the *Uniform Guidelines on Employee Selection Procedures*.[26] Job analysis data are needed to defend decisions involving termination, promotion, transfers, and demotions. Job analysis provides the basis for tying the HR functions together and the foundation for developing a sound HR program.

OBJECTIVE **4.8**

Summarize the types of job analysis information.

Types of Job Analysis Information

Considerable information is needed for the successful accomplishment of job analysis. The job analyst identifies the job's actual duties and responsibilities and gathers the other types of data such as work activities; worker-oriented activities; machines, tools, equipment, and work aids used; and personal requirements. This information is used to help determine the job skills needed. In addition, the job analyst looks at job-related tangibles and intangibles, such as the knowledge needed, the materials processed, and the goods made or services performed. Essential functions of the job are determined in this process.

Some job analysis systems identify job standards. Work measurement studies may be needed to determine how long it takes to perform a task. With regard to job content, the analyst studies the work schedule, financial and nonfinancial incentives, and physical working conditions. Specific education, training, and work experience pertinent to the job are identified. Because many jobs are often performed in conjunction with others, organizational and social contexts are also noted. Subjective skills required, such as strong interpersonal skills, should be identified if the job requires the jobholder to be personable.

OBJECTIVE **4.9**

Explain the various job analysis methods.

Job Analysis Methods

Job analysis has traditionally been conducted in a number of different ways because organizational needs and resources for conducting job analysis differ. Selection of a specific method should be based on the purposes for which the information is to be used (job evaluation, pay increases, development, and so on) and the approach that is most feasible for a particular organization. The historically most common methods of job analysis are discussed in the following sections.

OBJECTIVE 4.13

Explain how job analysis helps satisfies various legal requirements.

Job Analysis and the Law

Effective job analysis is essential to sound HR management as an organization recruits, selects, and promotes employees. Although the law does not require that companies use job analysis, successful defense against claims of alleged violations of the following laws may depend on the appropriate use of job analysis:

- *Fair Labor Standards Act:* Employees are categorized as exempt or nonexempt, and job analysis is basic to this determination. Nonexempt workers must be paid time and a half when they work more than 40 hours per week. Overtime pay is not required for exempt employees.
- *Equal Pay Act:* If jobs are not substantially different, employees performing them must receive similar pay. When pay differences exist, job descriptions can be used to show whether jobs are substantially equal in terms of skill, effort, responsibility, and working conditions.
- *Civil Rights Act:* HR management has focused on job analysis because selection methods need to be clearly job related. Job descriptions may provide the basis for an equitable compensation system and an adequate defense against unfair discrimination charges in initial selection, promotion, and all other areas of HR administration. When job analysis is not performed, defending certain qualifications established for the job is usually difficult. In the *Griggs v. Duke Power Company* case, the company stated that supervisors must have a high school diploma. However, the company could show no business necessity for this standard. Placing a selection standard in the job specification without having determined its necessity through job analysis makes the firm vulnerable in discrimination suits.
- *Occupational Safety and Health Act:* Job descriptions are required to specify elements of the job that endanger health or are considered unsatisfactory or distasteful by the majority of the population. Showing the job description to the employee in advance is a good defense.
- *Americans with Disabilities Act (ADA)/ADA Amendments Act:* Employers are required to make reasonable accommodations for workers with disabilities who are able to perform the *essential functions* of a job and job analysis is needed to obtain this information. Key elements used to determine essential functions include physical skills, mental skills, job duties, and behavioral skills.[31] The EEOC defines *reasonable accommodation* as any modification or adjustment to a job, an employment practice, or the work environment that makes it possible for an individual with a disability to enjoy an equal employment opportunity. The ADA Amendments Act expands the definition of "disability" and many more applicants and employees are eligible for reasonable accommodations. Certainly stating that every task in a job is essential sends a red flag to the EEOC.[32]

OBJECTIVE 4.14

Describe what competencies and competency modeling are.

competencies
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

The term *competency* has become an increasingly important topic in HR practice because of the changing nature of work. Competencies build on the use of knowledge, skills, and abilities, which we describe with job analysis, to describe work. **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. Traditionally, as we have seen, work has been described by many dimensions including knowledge, skills, and abilities. Indeed, although this is largely still the case, HR professionals have embraced the ideas of competencies as the field has increasingly taken on strategic importance.

Oftentimes, HR professionals' identification of competencies is derived from an analysis of the overall strategic statements of companies. For example, GE emphasizes three strategic goals for corporate growth: Globalization, Product Services, and Six Sigma (quality improvement). GE's top management relies on four core competencies to drive business success, which they call the four "Es": high Energy, the ability to Energize others, Edge (i.e., the ability to make tough calls), and Execute (i.e., the ability to turn vision into results).

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

Apart from the work of many private consulting firms, the U.S. Department of Labor's Employment and Training Administration developed a framework for describing competencies and for building competency models. **Competency modeling** specifies and defines all the competencies necessary for success in a group of jobs that are set within an industry context. Figure 4-7 shows the basic framework for the Department of Labor's competency model structure. According to the U.S. Department of Labor:

productivity. Job rotation is often used by organizations to relieve boredom, stimulate better performance, reduce absenteeism, and provide additional flexibility in job assignments. Also if the task to be accomplished is boring or distasteful, job rotation means that one person will not be stuck with it for all times.[35] Individuals who know how to accomplish more than one task are more valuable both to themselves and to the firm. Staffing then becomes more flexible and these multiskilled workers are then more insulated from layoffs.[36] If job rotation is to be effective, management must be sure to provide sufficient training so that each individual in the rotation can perform the task in a similar manner.[37]

Reengineering

reengineering
Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service, and speed.

Reengineering is "the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed."[38]

Reengineering essentially involves the firm rethinking and redesigning its business system to become more competitive. It emphasizes the radical redesign of work in which companies organizes around process instead of by functional departments. Incremental change is not what is desired; instead, deep-seated changes are wanted that will alter entire operations at one time. Essentially, the firm must rethink and redesign its business system from the ground up.

Reengineering focuses on the overall aspects of job designs, organizational structures, and management systems. It stresses that work should be organized around outcomes as opposed to tasks or functions. Reengineering should never be confused with downsizing even though a workforce reduction often results from this strategy. Naturally, job design considerations are of paramount concern because as the process changes, so do essential elements of jobs. Through an initiative called Project Accelerate, Family Dollar reengineered its merchandising and supply chain processes to enable better performance by store teams. In doing so, it produced a new store layout that is easier and more convenient to shop.[39]

LG Electronics provides another example of how reengineering can work. LG management previously let each division deal with suppliers. That meant a procurement manager in Seoul did not know how much his counterpart at a flat-screen TV factory in Mexico paid for chips from the same company. Then Chief Executive Nam Yong decided to reengineer and rethink the company where managers seldom shared information. Today no one at LG can issue a purchase order without clearance from procurement engineering. By centralizing purchases, LG has cut more than $2 billion from its annual $30 billion purchases.[40]

OBJECTIVE **4.16**
Describe the importance of global talent management.

Global Talent Management

talent management
Strategic endeavor to optimize the use of human capital, which enables an organization to drive short- and long-term results by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned to business goals.

Talent management is a strategic endeavor to optimize the use of human capital, which enables an organization to drive short- and long-term results by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned to business goals. Roger Cude, senior vice president of global talent management at Walmart Stores Inc., said through talent management, "Our leaders know what they're getting reviewed on and how they're getting calibrated on what's important but also where the business is heading."[41] Six key components of talent management include recruitment, compensation and rewards, performance management, succession management, engagement and retention, and leadership development.[42] Talent management attempts to ensure that the right person is in the right job at the right time. A fully integrated talent management system helps answer many questions that a CEO may ask, such as "Do I have the executive talent to lead an initiative?" or "How long before we have enough knowledge and skills within the organization for the initiative to take hold?" CEOs want assurance that they have the workers available to achieve their business goals, both now and in the future.[43] A recent study found that high-performing organizations tend to integrate talent management components more than low-performing organizations.[44] Companies such as GE, Unilever, PepsiCo, and Shell are known for their painstaking attention to talent management. But these companies are typically not the norm.[45]

Heath Williams, Plateau Systems' vice president, international sales, said, "Good talent management systems start with careful analysis not just of HR functions, but of the organization itself, including existing processes, long and short-term goals, the organization's competitive position, culture and so on."[46] More and more companies are automating the talent management process into a single information system. At Chevron Corporation, Taryn Shawstad, general manager of global workforce development, works with a database of about 60,000 employees from approximately 180 countries. She says, "In the past, we were siloed by country. Now, instead of looking at the United States or Indonesia or Nigeria, we can look across the globe at job families, capabilities, supply, and demand."[47]

According to an Ernst & Young report "Managing Today's Global Workforce," top-quality talent management is strongly associated with improved business performance. Companies that aligned talent management programs with their business strategy produced a return on investment (ROI) that was approximately 20 percent higher over a five-year period than companies without such an orientation. Companies that combined certain key elements of talent management such as succession planning and recruiting saw even more dramatic results. The ROI over a five-year period averaged being 38 percent higher than those that failed to integrate those capabilities.[48] Also a recent report from Bersin & Associates found that organizations in the United States with a mature, integrated talent management strategy enjoyed 17 percent lower voluntary turnover, 26 percent higher revenue-per-employee, and better business stability.[49] Basically, talent management exists to support company objectives. In today's dynamic international environment, talent management provides HR with a significant and demanding challenge. As Vic Speers, director of talent management at Hudson, a provider of talent management services worldwide, says, "The second war for talent is brewing. Young and talented employees are increasingly rare and firms are faced with an aging population where more people retire every year than join the workforce."[50] Organizations are finding it increasingly difficult to recruit quality talent because competitors want these same individuals.

The successful firms in this dynamic global environment will be the ones that have been successful at talent management.[51] Much has changed in the world today, and firms that move beyond the traditional approach to talent management will have the advantage.

Summary

1. ***Describe the need for the human resource manager to be a strategic partner, explain the strategic planning process, and describe the human resource planning process.*** If HR is to be a strategic partner, HR executives must work with top management in achieving concrete plans and results.

    Strategic planning is the process by which top management determines overall organizational purposes and objectives and how they will be achieved.

    Strategic planning at all levels of the organization can be divided into four steps: (1) determination of the organizational mission, (2) assessment of the organization and its environment, (3) setting of specific objectives or direction, and (4) determination of strategies to accomplish those objectives.

    Human resource planning (sometimes called workforce planning) is the systematic process of matching the internal and external supply of people with job openings anticipated in the organization over a specified period of time.

2. ***Describe forecasting human resource requirements and availability and how databases can assist in matching internal employees to positions.*** A *requirements forecast* is an estimate of the numbers and kinds of employees the organization will need at future dates to realize its goals. Determining whether the firm will be able to secure employees with the necessary skills and from what sources these individuals may be obtained is called an *availability forecast.*

    Databases are being used by organizations to enable human resources to match people with positions.

3. ***Identify what a firm can do when either a shortage or a surplus of workers exists and explain strategic succession planning in today's environment.*** When a shortage of workers exists, creative recruiting, compensation incentives, training programs, and different selection standards are possible. When a worker surplus exists, most companies look for alternatives to layoffs, but downsizing may ultimately be required.