

**Society for Human Resource Management**

**MOTORS AND MORE, INC. – A PROGRESSIVE HR CASE STUDY**

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**Learning Objective(s)**

Upper-level undergraduate students will work through issues associated with developing and sustaining an HR department to support an organization facing labor shortages and high product demand. At the end of the study, students learn how to:

1. Align HR initiatives with corporate strategy.
2. Develop a complete HR organization structure, including roles and responsibilities, and then adjust the structure to support the organization.
3. Develop a basic staffing plan.
4. Develop a basic training plan.
5. Determine and support a pay and benefits plan.
6. Determine future HR requirements.

**CASE OVERVIEW**

You are hired as the HR director for the fictitious Motors and More, Inc. Motors and More, a business-to-business sales company, manufactures small motors and accessories for industrial and home products. The industry is highly competitive, and the company follows a prospector strategy.

A prospector strategy takes advantage of new markets and products (Gomez-Mejia, Galkin and Cardy, 2001). Organizational emphasis is on growth, innovation and new product development. A prospector wants to be first to market. To respond to competitive and rapidly changing markets, prospectors have flexible, flat and more decentralized organizational structures.

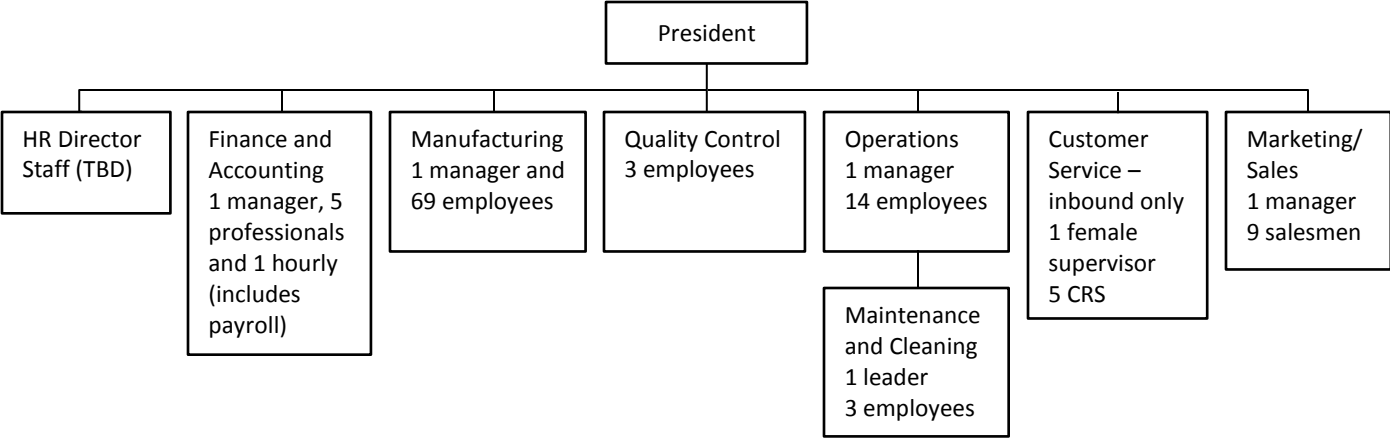
Motors and More is headquartered in a small southern town of 28,000 people, with a low unemployment rate of 3.1 percent. This means that demand for workers exceeds the labor supply. There is a technical school and a community college within 50 miles of Motors and More. Motors and More's president is former military and is highly patriotic. He is committed to staying in the community. Recently, several other local companies have experienced labor organizing activities.

Motors and More employs 116 people. Until you were hired, there was no HR department. Recently, the organization's employee turnover rate has been higher than normal. The marketing and sales department continues to sell products to an expanding market. Because of this increased product demand, output must be increased by 96 percent.

Eighty-eight percent of Motors and More employees are Caucasian. With the exception of one female supervisor in the customer service department, the president and all other managers are Caucasian men. Management promotions have been based on seniority. The local labor market population is approximately 48 percent minority. There is a growing Hispanic and Kurdish population that have not been accepted into the community.

All the employees in manufacturing (including quality control), customer service and operations (responsible for shipping and receiving; distribution of raw materials, components parts and finished goods inventory; and maintenance and cleaning) have at least a high school degree or GED. The organization provides some skills training courses. Please refer to the organizational chart in Figure 1 for more details.

Figure 1: Motors and More Organization Chart



## DESIGNING THE HR DEPARTMENT

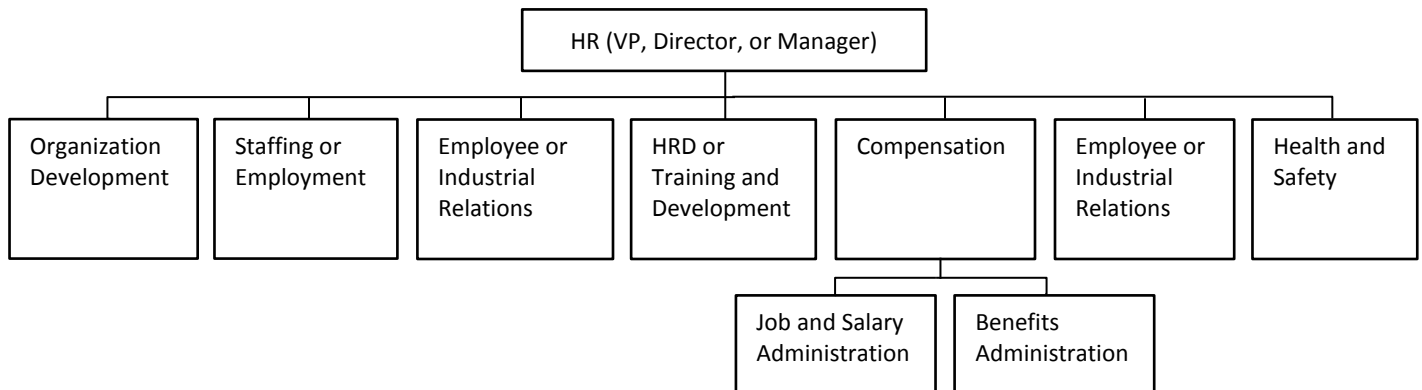
- A. Design a typical HR department and identify each HR unit. For each HR unit, provide roles/responsibilities and job titles. Develop an organization chart of a typical HR department.
- B. Given the size of Motors and More, indicate which positions identified in your typical HR department should be combined or eliminated to reduce the number of HR employees. Provide new job titles and develop an organizational chart specifically for Motors and More's new HR department. Provide the total number of staff for each HR unit.

### Organization Design

Organizing is a basic managerial function. Organizing is the process of designing jobs, grouping jobs into manageable units, and establishing patterns of authority among jobs and groups of jobs (Griffin and Moorhead, 2006). "Organization design refers to the framework of jobs, positions, groups of positions, and reporting relationships among positions that are used to construct an organization" (DeNisi and Griffin, p. 50). Organizing combines with organization design to form an organizational structure.

Using Anthony, Kacmar and Perreewe (2006) as a source, Figure 2 represents a comprehensive HR structure. Some HR professionals may argue against including organization development as a part of a human resource development strategy. Nonetheless, this figure is helpful because it depicts the organizational functions that must be included in a comprehensive HR department.

Figure 2: An HR Organization Chart



### Roles/Responsibilities and Job Titles

All HR managers, regardless of their functional areas of expertise, must be able to hire, train, coach, recognize and reward performance (performance management), plan, organize, set goals, develop and implement strategies, lead employees, create and administer budgets, etc. These are responsibilities common to all managers. In addition, a decision needs to be made regarding administrative support—should it be centralized or should it be dispersed among the functional or operational areas?

#### HR Director or Manager

##### *Roles/responsibilities*

- Leads and manages the department.
- Develops relationships with senior management to align HR goals and strategies with those of the organization.
- Scans the external environment for changes that could affect HR.
- Participates in organizational planning and review sessions.

## **Organization Development (OD)**

Possible job titles: OD specialist, OD consultant

### *Role/responsibilities*

- Develops relationship with internal client(s); formulates internal contract(s).
- Conducts organization research, analysis and diagnosis to identify organizational issues with the goal of performance improvement. Issues may include the reward system or performance management, management style, structure, processes, tools and equipment, goal setting, etc.
- Develops interventions (or contracts with consultants to develop interventions) to address issues or problems that can be solved by collecting survey data, coaching, training; provides feedback to management and employees.
- Assists in creating a culture of learning, development and achievement.
- Facilitates and maintains organizational change.
- Supports performance management.

## **Staffing or Employment**

Possible job titles: Employment manager, staffing manager, recruiting manager, staffing or recruiting specialist or coordinator

### *Roles/responsibilities*

- Develops candidate pools.
- Advertises job openings.
- Ensures accuracy of job descriptions and specifications. Ensures they are consistent with performance management requirements.
- Screens candidates using instruments as applications, résumés and references.
- Conducts or contracts background checks.
- Develops or contracts with a consultant to develop instruments such as tests or pre-employment processes, procedures or protocols.
- Conducts interviews and assesses candidates.
- Extends offers or recommends candidates for hire.
- Ensures legal compliance.
- Secures use of temporary workforce.
- Brings candidate on board and ensures that paperwork is complete.
- Supports diversity and affirmative action initiatives.

## **Human Resource Development (HRD) or Training and Development**

Possible job titles: Training specialist, training coordinator or administrator, facilitator, learning specialist, designer, developer, evaluator, training or performance consultant

### *Roles/responsibilities*

HRD is responsible for the development of the organization's intellectual capital. HRD professionals are involved in needs assessment; design, development, delivery and evaluation of learning experiences; development of career path models; employee orientation; etc. HRD supports the performance management process by training managers and employees on performance management. Specific roles and responsibilities are discussed below. Robinson and Robinson (1996) provide some of the roles/responsibilities by job.

- Facilitator: Presents information; facilitates learning experiences; manages group work and processes; maintains the agenda; provides feedback to learners, designers and developers.
- Designer: Conducts needs assessment; writes goals and objectives; defines and outlines content in conjunction with the evaluator; develops evaluation plans in conjunction with the internal client; determines instructional strategies.

- Developer: Develops full content and instructional strategies; develops or secures instruments, cases, assessments, etc.; develops leaders' and participants' guides and materials; develops media; may conduct train-the-trainer sessions.
- Evaluator: In conjunction with designer and client, develops and implements evaluation plans; conducts all levels of evaluation; reports evaluation findings to appropriate persons; may assess facilitator skills.
- Training coordinator or administrator: Supports the delivery of learning experiences; coordinates participant materials and media; enrolls participants and sends pre-course materials; secures facilities; coordinates facilities, including hotels, training rooms and breakout rooms; tracks attendance and maintains records; promotes the course or learning experiences; ships materials; tracks expenses.
- Training or performance consultant and internal client (the recipient of the services) liaison: Conducts organizational analyses for internal client organization; contracts for performance improvement; consults with internal clients on performance issues; prioritizes needs; secures support (including funding; access to subject matter experts; collects audience profiles; supports learners' participation; supports transfer of new knowledge and skills to the job; has access to data necessary to carry out these responsibilities); with client input, selects facilitators; provides feedback to internal clients; manages the interface with the HRD staff.

Compensation has two primary areas—benefits and salary administration. In many organizations, payroll is a function of the accounting department. In other organizations, payroll is placed in compensation.

### **Benefits**

Job titles: Benefits analyst, benefits specialist, benefits administrator

#### *Roles/responsibilities*

- Determines the level of benefits and packages as they relate to the internal requirements of staff versus the competition and to retain employees.
- Determines the benefits to be offered.
- Administers the health plan (including HMO or PPO plans).
- Administers retirement plan(s), such as 401(k), defined contribution or defined benefit plans.

### **Salary Administration**

Job titles: Job analyst, job and salary analyst or specialist

#### *Roles/responsibilities*

- With management, develops types of reward pay, including merit, incentives, bonuses, gain sharing, profit sharing, stock options and other rewards.
- With management, determines pay positions relative to the competition with the goal to lead, lag or meet the competition.
- Conducts job analyses and evaluations to determine job responsibilities, job specifications and pay grades.
- Writes job descriptions.
- Consults with management and employees on performance goals and standards; supports the performance management process.
- Conducts salary surveys and recommends and implements adjustments to pay grades based on survey results.
- Develops career path models.
- Possibly maintains payroll.

## **Employee Relations or Industrial Relations**

Job title: Employee relations specialist

### *Roles/responsibilities*

- Scans the internal environment for potential employee relations issues.
- Designs (or secures), implements and analyzes employee survey results. Develops and implements plans to address identified issues.
- Ensures compliance with labor laws.
- Maintains labor relations in a union or union-free environment.
- Writes employee handbook.
- Writes and implements discipline procedures.
- Provides counseling and support for employees with personal issues (EAP role).
- Writes ethical policies and maintains ethical guidelines; maintains “ethics” hotline.
- Produces and distributes HR publications.
- In conjunction with staffing, supports relocation and outplacement services.
- Works with staffing to ensure accommodations for disabled employees.
- Supports diversity efforts.
- Ensures employee rights are not violated.

## **Health and Safety**

Job titles: Safety specialist, safety coordinator, safety administrator, industrial nurse

### *Roles/responsibilities*

- Conducts inspections to ensure OSHA compliance.
- Develops and implements procedures to ensure a safe work environment.
- Conducts or secures safety training.
- Conducts health and wellness information and training.
- Files accident reports. Maintains files in accordance with OSHA requirements.
- Facilitates the provision of medical care for employees hurt on the job.
- Ensures that security is provided for the facility.

## **Prospector Strategy**

A strategy is a plan for interacting with the competitive environment to achieve organizational goals (Daft, 2003). According to Gomez-Mejia, Balkin and Cardy (2004), the objective of a prospector strategy is to find and exploit new products and market opportunities.

Organizations that use a prospector strategy are aggressive in the marketplace, highly competitive and quick to produce new products and services to be the first to market. Their key objective is to find and exploit new products and market opportunities. They operate in an environment of uncertainty and instability.

Organizational practices inherent in a prospector strategy include (Gomez-Mejia, Balkin and Cardy, 2004):

- Emphasis on faster innovation, flexibility and creativity.
- Broad job classes with loose work planning.
- External recruitment (finding candidates), with the supervisor making the decision.
- Customized appraisals with multiple input used for development purposes.
- Generic training.
- Team-based and cross-functional training.
- Decentralized pay that rewards risk taking.
- Variable pay individualized and based on performance.

To be flexible, organizational structures in a prospector strategy are flat in organization design, decentralized and/or team-based.

## DEVELOPING THE RECRUITMENT AND RETENTION PLAN

- A. Given the increase in product demand, how many people will you need to hire and in what functional areas (manufacturing, operations, customer service, marketing and sales, finance/accounting, and HR)? Provide your rationale for the proposed hiring in each unit. Consider the turnover rate. Identify the factors that could be causing turnover. Identify the costs of turnover.
- B. Include the types of interviews you would conduct and why.
- C. Develop strategies to recruit the appropriate applicants and include sources and tools used for recruiting and selection. Identify the possible areas and types of discrimination that could occur.
- D. What can you do to retain current employees? What are the benefits of retention?
- E. How will you assess the effectiveness of your recruiting efforts?

### The Selection Process

This is a good time to review the selection process. According to Noe, Hollenbeck, Gerhart and Wright (2007), the steps in a selection process include screening applications and résumés; reviewing and testing work samples; interviewing candidates; checking references and background; and making a selection. Internal candidates would not require all of these steps.

### Turnover

The Department of Labor uses the following formula to measure turnover:

$$\left( \frac{\text{Number of separations during the month}}{\text{Total number of employees at midmonth}} \right) \times 100$$

Separations = those leaving the organization

Motors and More is not experiencing involuntary turnover, however. The organization is expanding its workforce, and the community is experiencing a labor shortage. The turnover, then, is voluntary. Some reasons for voluntary turnover include:

- Retirement.
- Job dissatisfaction—work overload, issues with the manager or other employees, little flexibility in work scheduling, lack of challenge.
- Robust labor market—employees can easily find alternative employment because of the high demand for employees in the area.
- HR issues—competitive pay and benefits, no career path, perceived unfairness in rewards distribution.
- Issues related to stereotyping, discrimination and harassment.
- Personal or family reasons.
- Employee relocation outside the region.
- Individual values not aligned with company values.

Turnover is expensive for organizations:

Employee Separation Costs	Recruiting Costs	Selection/ Interviewing Costs	Training Costs	Less Direct Costs
<ul style="list-style-type: none"> <li>• Severance pay</li> <li>• Benefits</li> <li>• Unemployment insurance costs</li> <li>• Exit interview</li> <li>• Outplacement</li> <li>• Legal fees</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Recruiter's and manager's time</li> <li>• Travel (applicant and/or recruiter)</li> <li>• Search firm</li> <li>• Employee referral fees</li> <li>• Campus visits</li> </ul>	<ul style="list-style-type: none"> <li>• Interviewing: cost of employees' time</li> <li>• Cost of travel: cost of travel for applicant to the interview</li> <li>• Instrument development (questions,</li> </ul>	<ul style="list-style-type: none"> <li>• Training new employee (orientation, job, team)</li> <li>• Travel for training</li> <li>• Trainer's time</li> <li>• Lost productivity during training</li> <li>• Training materials</li> </ul>	<ul style="list-style-type: none"> <li>• Lost productivity due to new employee's productivity curve or the existing staff taking on more work while being less efficient/ effective while the</li> </ul>

		criteria, tests) <ul style="list-style-type: none"> <li>• Reference checks</li> <li>• Background checks</li> <li>• Relocation</li> <li>• Pre-employment medical</li> <li>• expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Coaching time</li> </ul>	vacancy exists. <ul style="list-style-type: none"> <li>• Overtime for current employees</li> <li>• Loss of business due to poor customer service</li> <li>• Not being able to take on new business due to lack of resources</li> <li>• Lost knowledge</li> </ul>
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**Equal Pay**

There is one supervisor who is a woman and four managers, all of whom are men. Motors and More should examine the jobs to determine if they are equal in terms of skill (experience or training), effort (mental or physical effort), responsibility (degree of accountability) and similar working conditions (physical surroundings or hazards).

Is there enough difference between the positions to warrant a “supervisor” job classification and not “manager” job classification? If job responsibilities (such as outbound sales) expand, will the job classification difference still be warranted?

**Sex Discrimination**

Why is there only woman in a lower management position supervising the call center? It may appear that Motors and More believes there are certain jobs better suited for women. Was gender a factor in the hiring decision? Is stereotyping occurring?

**Racial/Ethnic Discrimination**

Motors and More is 88 percent Caucasian, and all managers are men. The local population is 48 percent minority, indicating possible discrimination. Since promotions are based on seniority, it appears that Caucasian men have been there the longest and received the promotions. Motors and More must aggressively recruit, staff and promote qualified minorities. It should also promote based on performance and job specifications, not tenure.

Because of Motors and More’s racial demographics, we can assume that the local Hispanic and Kurd population has not been accepted at Motors and More. This lack of inclusion may lead to discrimination allegations.

**Benefits of Retention**

Organizations with good retention:

- Retain critical knowledge and skills, which can provide a competitive advantage.
- Have employees who are prepared for new positions as they become available, thereby reducing recruiting and training costs.
- Have good individual, team and organizational performance because employees know their jobs, peers, products and customers.
- Can respond quickly to changes in strategy and direction.
- Retain skills that can support peer coaching to improve performance.
- Have continuity of the organization’s culture, values and goals.
- Can become an employer of choice, reducing recruiting and turnover costs.

**Assessing the effectiveness of recruiting efforts**

There are a number of ways to assess effectiveness of recruiting efforts. One way is to calculate costs per hire. To calculate costs per hire, add total recruiting costs and divide by the number of candidates hired.

A second method is to determine the yield ratio. According to Mathis and Jackson (2006), the yield ratio is the comparison of the number of candidates at one stage in the recruiting process to the number of candidates at another stage. To calculate a job offer yield ratio, divide the number of applicants by the number of applicants offered a job.

You can also use a selection rate to assess your recruiting efforts. A selection rate is the percentage hired from a given group of candidates. It equals the number of employees hired divided by the number of applicants (Mathis and Jackson, 2006). Mathis and Jackson (2006) also discuss acceptance rate (the percentage of job offers rejected) and success rate (comparing the number of past candidates who were good performers to current employees). You can also identify effective recruiting sources by determining where you found candidates who can be defined as good employees.

You may also try to determine which recruiting sources provide higher-quality applicants. For example, many organizations regularly recruit from certain universities because, over time, those universities have provided the organization with higher-quality candidates than other schools.

## **DEVELOPING A COMPENSATION PLAN**

Develop a progressive yet competitive compensation plan that will support recruiting and retention efforts and lower the employee turnover rate. Traditionally, Motors and More has provided employees minimum wage and statutory benefits.

- A. How does Motors and More's employee compensation compare relative to other organizations in the area? Will the organization meet, lead or lag the local market? Explain your rationale.
- B. Identify alternative pay methods and discuss the advantages/disadvantages of each.
- C. What benefits will you offer? Include statutory benefits. What are the costs of those benefits? What is the rationale for offering those benefits?
- D. Develop a communications plan regarding how employees will be informed about the compensation plan. Define the sequence of communications considering the who, what, and when of the message.

### **Merit Pay**

Merit pay rewards employees for work already done, usually over the last performance year. Employees are familiar with merit pay, and there is little resistance offering it. Over time, merit pay increases employees' base pay, thereby increasing organizational costs. It is also difficult to really link performance to merit pay. Further, merit pay may not result in increased performance. Employees may not see the link between merit pay and their performance.

### **Incentives and Bonuses**

Incentives and bonuses reward individual performance without adding to base salary. Incentives and bonuses also link pay with performance. For example, in manufacturing, a straight piecework plan pays employees a certain amount for each unit produced. In a team environment, a group incentive could increase group productivity. A disadvantage is that it may cause unhealthy competition among employees.

### **Commissions**

Typically, commissions are pay based on product sales. On a straight commission pay plan, pay is based on employee performance; the more sales, the more commission the employee receives. A combined commission pay plan pays a base salary plus commission. Commission pay plans directly link pay to performance. Commissions can result in increased sales. Commission pay plans, however, may cause employees to behave unethically in order to make the sale. Generally, commissions reward individual, not team performance.

### **On-the-Spot Awards**

On-the-spot awards instantly reward employees for good performance or behavior. The recipient is usually nominated by a supervisor or peers. Awards may include gifts, gift certificates or cash. On-the-spot awards focus employee attention on organizational goals and objectives. In addition, employees can quickly see the link between performance or behavior and the reward. On-the-spot awards can lead to feelings of resentment or unfairness, however, if managers use their own criteria for giving awards.

### **Gainsharing**

In a gainsharing incentive compensation plan, employees are rewarded for cost reduction or improved productivity. Savings are usually shared equally between the employees and the company. Organizations using gainsharing incentives usually have participative management styles. Gainsharing plans can help employees understand what is important to the organization, such as decreasing labor costs. Gainsharing can also increase employee cooperation because employees are rewarded equally, reducing competition. Gainsharing also reinforces continuous improvement. Gainsharing, however, can make it difficult to determine a productivity baseline. It can also be difficult to determine who will participate in the program. In a gainsharing plan, an organization could pay for cost reductions even when profits are declining. Lastly, since all employees are rewarded equally, the payment may not seem fair to all employees.

**Profit Sharing**

In profit sharing, the organization pays employees above and beyond their base pay when the organization earns a profit. Profit sharing allows the organization to reward employees when the organization can most afford it. Profit sharing also provides flexibility in the distribution of the payments. Employees may not see the link between individual performance and profits, however, minimizing the link to performance.

These pay methods add value to the company while providing flexibility in pay. When suggesting possible solutions, students may offer, as an option, issuing stock. However, the instructor should advise students that Motors and More is not a public company.

**Deciding What Benefits to Offer**

Currently, Motors and More employees receive only statutory employment benefits. Statutory benefits are Social Security, workers' compensation, unemployment compensation and FMLA leave.

Social Security provides retirement and disability income and can supplement unemployment insurance. It is funded by equal contributions between the employer and the employee.

Workers' compensation covers medical costs and employee pay if the employee is unable to work due to a job-related illness, injury or disability. It is paid for by the organization.

Unemployment compensation provides income to employees who lose their jobs. The employer pays for unemployment compensation based on the organization's location and history of terminations and layoffs.

The Family Medical Leave Act requires employers with 50 or more employees to allow employees to take up to 12 weeks of unpaid leave during a 12-month period for narrowly defined personal and family health issues. The Act ensures that the employee can return to the same position or one of equal status and pay. In addition, the Act requires employers to maintain employee's health coverage (if offered).

**Communication plan**

Developing a communication plan ensures that everyone understands benefits offerings. Figure 3 provides a sample communication plan structure targeting only the employee level.

*Figure 3: Communication Plan*

<b>Audience</b>	<b>Message</b>	<b>Medium</b>	<b>Desired Result</b>	<b>Timing</b>	<b>Frequency</b>	<b>Person Responsible</b>
Employees	Explanation of benefits	Large group meeting	Employees will understand the new benefits so they can make an informed decision  Employee enrollment	At enrollment time	Quarterly	HR Director  Benefits Consultant
		Website	Understanding the new benefits	Continuous	Continuous	Webmaster  Benefits Consultant
			Understanding the new benefits	Based on publication dates	Semi-annual	Editor  Benefits Consultant
		One-on-one consultation	Employees will understand the new benefits so they can make an informed decision  Employee enrollment	By appointment	Ongoing	Benefits Consultant

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Different communication mediums (or methods) should be used for different audiences. The management team may require group and/or one-on-one meetings. Employees will want to see the details in a document they can read and revisit.

Desired results are also audience-specific. For example, you will want management to understand the new benefits, enroll in the plans and also be supportive of the plans. You will want employees to understand the new plans, with enrollment as the desired result.

A communication plan considers timing (when the message will be communicated) and frequency (how often the message or a version of the message will be presented to the audience). For example, for benefits enrollment, timing may be one month before the enrollment period begins. The frequency may be once a week to start, increasing to twice a week as the enrollment period draws to a close.

For a communication plan to succeed, each person assigned to execute each phase of the plan must be held responsible to complete it within the time specified.

## DEVELOPING A HUMAN RESOURCE DEVELOPMENT PLAN

Develop a human resource development (HRD) plan. Given the fact that Motors and More has no formal training program and promotions have been based on seniority, your plan should address:

- A. New-employee training.
- B. Current-employee training for current and future jobs according to a career path.
- C. Manager and supervisory training.

In your training plan, address the following:

- A. How will you conduct a needs assessment for each group (include methods and instruments)?
- B. How will training content be developed or obtained?
- C. How will training be delivered (e.g., classroom, intranet, blended, self-study, etc.) and by whom (internal employee or external consultant/trainer)? Provide a rationale for your decision.

### **New-employee Training**

New employees should undergo an orientation program. Comprehensive orientation should include information about the industry, organization, job unit and position. To retain employees, orientation to the team (job unit) and position are important. New-employee orientation should address individual employee goals. New employees may also need specific job training to enhance their skills, to safely use equipment and to follow procedures.

### **Current-employee Training**

Current employees may need refresher skills training and diversity training. Evaluate whether English-as-a-second language (ESL) training would support the work environment. If functional career paths are developed, training should align to the functional career path. Because Motors and More will likely add to team leaders, basic supervisory and team leadership training may be needed.

### **Manager and supervisory Training**

Managers and supervisors were promoted by seniority, and there is no indication they have had any management level training. Promotion by seniority also resulted in a lack of women and minorities in top-level positions. Basic management training in areas such as budgeting and forecasting, employment laws, performance management, goal setting, and giving and receiving feedback would improve their capabilities. Diversity training is also recommended for this group.

### **Needs Assessments**

Needs assessments should be conducted at the organizational, job and individual levels. At the organizational level, a needs assessment should assess current and future training needs, identify existing gaps and recommend specific training and development required to close the gaps. An organizational needs assessment is client-based and considers organizational objectives and strategies.

A job (or task) needs analysis identifies the specific skills, knowledge and abilities (KSAs) needed to perform the tasks in a current or future position (Jackson and Schuler, 2006). A job analysis identifies the training requirements for the job. Additional sources include interviewing the incumbent and the incumbent's manager to identify specific skills, knowledge and behavior required to successfully do the job. The goal of a job needs analysis is to define what successful performance looks like and identify the KSAs required.

An individual needs assessment identifies the KSA gaps between existing and required performance. A good method to assess individual needs is to measure performance against objectives. This is discussed in the performance review where strengths and weaknesses can also be identified. Observation is another way to conduct this needs assessment.

Needs assessments can be conducted by examining the existing (or extant) data, conducting individual interviews or focus groups, implementing surveys, using multi-rater assessments, assessing employees through various tests, and reviewing individual, functional unit and organizational performance records.

### **How will training content be developed or obtained?**

Training content can be developed or purchased. Some training may need to be developed internally. If so, given the limited HR staff, how will this be done? Using SMEs and/or an outside trainer is a possibility. Buying training programs off-the-shelf is also an option. However, off-the-shelf training products are generally not customized to the individual organization. Consequently, customization costs must be considered. Cost, time to delivery and size of target audience are also factors to consider.

### **How will training be delivered (e.g., classroom, intranet, blended, self-study, etc.) and by whom (internal employee or external consultant/trainer)?**

It is important to match delivery methods to content and audience. Some training (such as new employee orientation) can be self-study; employees can receive individual training material as such as workbooks or CDs. Some of the new-employee orientation, though, may need to be classroom-based. If the target audience has computer access, training can be delivered by Intranet, internet or CD. Classroom training is always an option, but timing and space may be issues. When planning training, keep in mind that managers and professionals usually have more flexibility in their schedules than hourly employees do. This will affect classroom delivery. Consider using job assignments and job rotation to provide depth and breadth of training.

### **Some criteria or decision factors in training delivery include:**

- Costs to design/develop and deliver internally or hire external designers and facilitators.
- Availability of HR employees during training.
- Internal/external HR design/development expertise.
- HR employee's perceived credibility.
- Audience preference for different methods of delivery.
- Time to delivery—it takes longer to develop an online course than a classroom exercise.
- Number and location of training deliveries. If the entire organization needs to be trained in remote locations and quickly, you may need outside resources.

### **What processes and instruments will you use to evaluate the program's effectiveness for each group?**

Kirkpatrick's four levels of evaluation is the model generally used for training evaluation. These levels are discussed extensively in *Evaluating Training Programs: The Four Levels* and are summarized here for your reference.

#### **Level 1: Reaction**

Level 1 assesses participants' reaction to the training. Participants are asked to complete a survey at the end of the training. The survey asks participants to indicate if training objectives were met, rate facilitator skills, assess the relevancy of content and rate the appropriateness of instructional/learning strategies, materials, group interaction, etc.

#### **Level 2: Measure learning**

Was there a change in knowledge, skills or attitudes? Learning can be measured through tests for knowledge, assessments of performance during role-plays, demonstrations, case studies, projects, work products, etc. These instruments, developed specifically for the training, are used during the learning and feedback is provided during the learning activities. To accurately assess a shift in learning, there a baseline must be established by administering a pre-test and post-test.

#### **Level 3: Assess behavior change on the job**

This is also referred to as transfer. Are participants using the new knowledge and skills on the job? To what extent? To assess this, HRD professionals can follow up on performance contracts, action plans, work products and similar transfer strategies to determine the extent to which these are being completed. HRD professionals can also conduct individual interviews of training participants, their managers and/or peers or conduct focus groups to determine transfer. Surveys can also be used.

Another consideration in assessing learning transfer involves the environment. To what extent does the environment enable or hinder the use of the new KSA? The same assessment methods can be used.

**Level 4: Measure results**

Measure any changes in the initial business metric addressed by the training. Did the metric (sales, defects, turnover, etc.) change? The return on investment (ROI) can be calculated if the dollar value of the change in the metric (benefit) and total program costs are known. When measuring results, it is important that only results due to training are considered. To do this, separate the variables influencing the change in the business metric. Methods to measure results include tracking the business metric, conducting individual interviews of participants and their managers, conducting focus groups, and using surveys.

## **DEVELOPING THE HR FORECAST**

Develop a three-year HR forecast (prediction of the future) using the following assumptions:

- A. Labor supply/demand will become more rigorous (demand for workers will increase, but the labor pool will remain the same or shrink). Labor costs will increase.
- B. Demand for Motors and More products will continue to increase. Production defects will also continue to increase.
- C. Motors and More's workforce will become more diverse as the company hires more Hispanics, Kurds and persons from alternative workforces.
- D. The president will start another company and will hire someone to manage the daily operations of Motors and More while he takes on more of an overseeing role.
- E. Motors and More will decide to develop an additional product to broaden its portfolio. There is no existing capacity for the product, nor do the existing production lines meet the manufacturing requirements for the new product.

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