LEARNING OUTCOMES
After studying this chapter, you should be able to do the following:

2-1 Classify the major components of the external environment. PAGE 31
2-2 Discuss the three major organizational factors that affect our strategic options. PAGE 33
2-3 Summarize the major components of organizational structure and why it is important to understand them. PAGE 39
2-4 Describe organizational culture and how it affects the members of the organization. PAGE 40
2-5 Define data analytics and explain how it helps organizations make important decisions. PAGE 42
2-6 Identify how human resource information systems (HRIS) can help HR make decisions. PAGE 44
2-7 Recall the common measurement tools for strategic human resource management (HRM). PAGE 45
2-8 Define the key terms found in the chapter margins and listed following the Chapter Summary. PAGE 49
Practitioner’s Perspective

Cindy notes that one thing many family get-togethers have in common is storytelling—reminiscing about common experiences and outstanding members. These stories are part of the ties that bind and define the group, and the same is true for your work “family.”

For example, take this story about Bill, an executive who started work as an emergency medical technician (EMT). One time while Bill was moving a nursing home resident, the resident’s bedridden roommate feebly attempted to say good-bye. Young and impatient, Bill didn’t stop to let the two talk but hurried off to the hospital with his passenger. The next time he was at that location, Bill was pulled aside by a nurse who said, “What I am about to say will break your heart, but it will make you a better man. The woman you transported died in the hospital that night. The roommate was her husband of 70 years, and you didn’t give him time to say good-bye.” Ever afterward in his career, Bill’s motto was “Patients First,” and that goal permeates his institution even today in everything it does.

What else defines company culture? Chapter 2 examines strategies, mission statements, vision, and values—all important pieces of a company’s identity.

STRATEGY AND STRATEGIC PLANNING IN THE 21ST CENTURY: THE ORGANIZATION AND THE ENVIRONMENT

Strategy and strategic planning provide us with a process of looking at our organization and its environment—both today and in the expected future—and determining what we as an organization want to do to meet the requirements of that expected future (see Exhibit 2-1). This process of strategic analysis and building a coherent strategy is more critical today than it has ever been before. This is...
because in most worldwide industries today, we have far more competition and capacity than ever before, making it more difficult to create the sustainable competitive advantage that we need in order to survive over the long term.

There is an old saying: “When you fail to plan, you plan to fail.” Research supports this saying and confirms the importance of planning. Some managers complain that they don’t have time to plan, yet research shows that managers who plan are more effective and efficient than nonplanners. Before we get into the details of strategic planning, complete Self-Assessment 2-1 to determine your level of planning.

HRM is a critical component of strategic planning, because without the right people with the right types of education, skills, and mind-set, we cannot expect to accomplish the objectives that we set for ourselves. In this chapter, we focus on the

A. Employee and Labor Relations (required)
   3. Managing/creating a positive organizational culture

C. Ethics (required)
   3. Individual versus group behavior

E. Job Analysis/Job Design (required)
   9. Organization design (missions, functions, and other aspects of work units for horizontal and vertical differentiation)

G. Outcomes: Metrics and Measurement of HR (required)
   1. Economic value added
   7. Return on investment (ROI)

J. Strategic HR (required)
   1. Strategic management
   2. Enhancing firm competitiveness

Q. Organizational Development (required—graduate students only)
   12. Organizational structure and job design
organization’s environment. The environment has two parts: internal and external. First, we briefly discuss the external environment. Then we describe in detail three key aspects of the internal environment: strategy, structure, and culture.

**THE EXTERNAL ENVIRONMENT**

The external environment consists of a series of influences that originate outside the organization and that the company cannot control. Each of these forces acts on the firm and causes the firm to have to change and adapt, usually in the form of strategic responses to environmental changes. The nine major forces originating in the external environment are shown in Exhibit 2-2, along with an explanation of each (below).

- **Customers.** Without customers, there’s no need for an organization. Therefore, companies must continually improve products and services to create value for their customers. This process of product improvement requires skilled employees who are willing to use their creativity to add to the organization’s knowledge and thereby help create new products and services for customers.

- **Competition.** Businesses must compete for customers, and their performance is not simply a function of their own actions. Each firm’s performance must be understood relative to the actions of its competitors. Organizations also frequently compete for the same employees and sometimes for suppliers. Also, changes in competitors’ strategies often affect the performance of the organization.

- **Suppliers.** Organizations buy resources from suppliers. Therefore, partnerships with suppliers also affect firm performance. The Japanese earthquake and tsunami in Fukushima affected virtually every company in the auto industry because electronic components made in northern Japan were unavailable for an extended period of time. It is important to develop close working relationships with your suppliers.

- **Labor force.** The talent pool available to an organization from which to hire new employees has a direct effect on the organization’s performance. Living Social is an example of a fast-growing company that is recruiting thousands of new workers.
## Self Assessment

### Level of Planning

Write a number from 1 to 5 before each statement to indicate how well each statement describes your behavior.

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<thead>
<tr>
<th></th>
<th>Describes me</th>
<th>Does not describe me</th>
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<tbody>
<tr>
<td></td>
<td>5</td>
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</table>

1. Whenever I start a project of any kind, I have a specific end result in mind.
2. When setting objectives, I state only the end result to be accomplished; I don’t specify how the result will be accomplished.
3. I have specific and measurable objectives; for example, I know the specific grade I want to earn in this course.
4. I set objectives that are difficult but achievable.
5. I set deadlines when I have something I need to accomplish, and I meet those deadlines.
6. I have a long-term goal (what I will be doing in 3–5 years) and short-term objectives that will get me there.
7. I have written objectives stating what I want to accomplish.
8. I know my strengths and weaknesses, am aware of threats, and seek opportunities.
9. I analyze a problem and consider alternative actions, rather than immediately jumping in with a solution.
10. I spend most of my day doing what I plan to do, rather than dealing with emergencies and trying to get organized.
11. I use a calendar, appointment book, or some form of to-do list.
12. I ask others for advice.
13. I follow appropriate policies, procedures, and rules.
14. I develop contingency plans in case my plans do not work out as I expect them to.
15. I implement my plans and determine if I have met my objectives.

Add up the numbers you assigned to the statements to see where you fall on the continuum below.

<table>
<thead>
<tr>
<th>Planner</th>
<th>Nonplanner</th>
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<tbody>
<tr>
<td>75</td>
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<td>25</td>
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<td>25</td>
<td>15</td>
</tr>
</tbody>
</table>

Don’t be too disappointed if your score isn’t as high as you would like. All of these items are characteristics of effective planning. Review the items that did not describe you and consider making an effort to implement those characteristics of planning.

---

### WORK APPLICATION 2-1

Give examples of how the external environment have affected an organization where you work or have worked.

- **Shareholders.** The owners of a corporation, known as shareholders, influence management. Most shareholders of large corporations are not involved in the day-to-day operation of the firm, but they do vote for the directors of the corporation. The board of directors is also generally not involved in the day-to-day management of the firm, but may hire or fire top management. The top manager reports to the board of directors, and if the organization does not perform well, the board can fire that manager and others.¹⁴

- **Society.** Our society, to a great extent, determines what acceptable business practices are.¹⁵ Individuals and various groups of stakeholders work to pressure businesses to make changes. For example, Pepsi has been pressured by Oxfam International to identify its sugar suppliers and investigate suspected land theft by those suppliers from poor farmers.¹⁶

- **Technology.** Few organizations operate today as they did even a decade ago. Products not envisioned a few years ago are now being mass-produced, which creates new business opportunities. Businesses that don’t keep up with technology, like BlackBerry (a one-time cell phone leader), lose business to those creating the latest business innovations, like Apple and Samsung.
• **Economic.** No organization has control over economic growth, inflation, interest rates, foreign exchange rates, and so on; thus, the economy has a direct impact on the firm’s performance and profits. We always have to take the economy into account when performing strategic planning activities.

• **Government.** As a business owner or manager, you can’t just run your business any way you want to because the federal, state, and local governments develop the laws and regulations that determine what your business can and can’t do. So although you can try to influence the government, it clearly affects your business. To learn more about the US federal government, visit its official web portal at http://www.usa.gov/.

In addition to our analysis of the major external environmental factors above, we need to review some internal organizational factors to decide what we want to do as an organization as we move into the future. The major factors in our analysis of our internal environment are shown in Exhibit 2-3 and are discussed in this and the next two sections.

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**STRATEGY**

Strategy and the strategic planning process have a long history, and businesses have adapted these principles to their own use. “Many military historians and contemporary business students view the Chinese military strategist Sun Tzu (ca. 500 BCE) as the developer of “the Bible” of strategy... Sun Tzu’s principles are divided into two components: 1) knowing oneself and 2) knowing the enemy.”

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**EXHIBIT 2-3  THE INTERNAL ENVIRONMENT**

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To put Sun Tzu’s words in a contemporary business context, we need to know our internal and external environments. But how does a modern business go about creating and implementing a strategic plan? Well, strategic planning follows a process, so let’s discuss that process now.

What Is Strategy?

Research has shown that HRM is an important strategic business function that influences the performance of both large and small firms. But what is strategy? At its most basic level, a strategy is a plan of action designed to achieve a particular set of objectives. It looks at the external (industry and macro-) environment and the internal (organizational) environment in order to create strategic advantage. Strategic advantage occurs when you analyze the environment better and react to it quicker than your competitors do while using all of your internal resources efficiently, thus creating the sustainable competitive advantage that we introduced in Chapter 1.

In this section, we look at the following three major strategic questions to analyze what kind of strategic plan we need to write: 1. What is our present situation (where are we now)? 2. Where do we want to go? 3. How do we plan to get there?

You would think that answering question 1 would be easy—but you must answer many other questions before you can confidently answer “Where are we now?” These other questions include “Are we making a profit?” “Do our products satisfy our customers’ current needs?” “Do we have the right kind of workforce in place at this time?” “Is our technology working like it should?” “Do we have sufficient physical resources like plant, machinery and equipment, and retail locations?” “Are our advertising and marketing programs successful?” and many more. Answering these questions creates a picture of your organization—a snapshot at a particular point in time, and that picture has to be comprehensive so that you know what is happening, good and bad, within the organization in significant detail. If you think about each of these other questions for just a second, you will see how complex answering question 1 really becomes.

Question 2 is basically asking us what we plan to “look like” as an organization at a particular point in the future, meaning it’s asking us what is our vision,
mission, and objectives for the organization. Answering question 3 gives us the necessary information to create the plan that will allow us to reach the goals that we identify in our answer to question 2 so that we can become the organization that we envision and at the same time create a sustainable competitive advantage.

Visions, Missions, and Objectives

A vision and a mission are two of the most critical components of any successful corporate strategy. Together, they provide the information necessary to focus every employee on the company’s goals and objectives.

The Vision. A vision is what we expect to become as an organization at a particular point in time in the future. The vision by necessity is a fuzzy thing; it is not specific in that it doesn’t say how we’re going to achieve it. It is who we are, what we stand for, what we believe in, and what we want to become. Despite their fuzziness, visions are very powerful when used correctly. A vision provides a focus point for the future; it tells the company where it is headed.22 If everyone is focused on the same future end state, they will work toward that same end state.

So the vision answers the question “What do we want to become as an organization?” But the firm is only successful when the followers share the leader’s vision,23 and HR is where many organizations perform the culture training that promotes a shared vision within the organization.

The Mission. In contrast, the mission is where we start to become specific. The mission statement lays out our expectations of what we’re going to do in order to become the organization that we have envisioned. The mission is more specific than the vision, which means that it generally must be a bit longer-winded. The mission statement takes into account things like whom we serve (in terms of customer groups, types of products and services, technologies we use, etc.) and how we serve them. Fundamentally, it answers the question “What do we need to do in order to become what we have envisioned?”

Putting the Vision and Mission Together. Let’s use as an example the vision and mission statements of the College of Business of the University of Arkansas at Little Rock. Its vision statement is as follows: “The College of Business serves as a catalyst to advance education and economic development in the State of Arkansas.”24 Notice that this vision statement does not tell you how the college will be a catalyst, or what it is going to do. But what is a catalyst? It’s “a substance that modifies and increases the rate of a reaction without being consumed in the process.”25 So, that means the college is going to be an organization that increases the rate of change in education and economic development in its home state.

We then look at the mission of the organization, which tells us how the organization expects to do what the vision puts forth. The mission statement of this college of business says, “The mission of the College of Business is to prepare students to succeed as business professionals in a global economy and to contribute to the growth and viability of the region we serve.”26 So the college of business will achieve its vision by providing education that gives its students the tools they
need to succeed in business and create change in the state. This, in turn, will act to improve the state’s economic fortunes.

When you put the vision and mission together, all the people in the organization get a more complete picture of the direction in which they are expected to go. This allows them all to focus on going in that direction, and that in turn makes it much easier for them to help the organization achieve its goals. The fact that they create a focus is the thing that makes a vision and mission so powerful. If everyone in the organization is focused on the same end result, it is much more likely that the organization will achieve that end result.

A strong vision and a good mission statement are critical parts of the strategic planning process. Everything else in strategic planning comes from the vision and mission.

Vision + Mission = FOCUS!

The next task is to go through a series of analyses of both external and internal factors to come up with the plan of action that answers question 3. Strategic planners look at each of the environmental factors that we noted above, and they analyze the company’s capabilities and limitations to come up with objectives and a workable plan. We will discuss some of this process in the following sections.

Setting Objectives. After developing our vision and mission, the next step is to set objectives that flow from the mission to address strategic issues. Successful managers have a goal orientation,27 which means they set and achieve objectives. Goal orientation can also be learned.28 You must begin with the end in mind, and objectives do not state how they will be accomplished—just the end result you want to accomplish.29 Objectives state what is to be accomplished in singular, specific, and measurable terms, with a target date.

Here is a model adapted from Max Weber to help you write effective objectives, followed by a few company examples.

To + action verb + singular, specific, measurable result + target date

Honda:30 To introduce 12 new Honda models for Chinese markets over 3 years, beginning in 2013

Nike:31 To increase annual revenues to $36 billion by 2017

Dell:32 To cut costs by $4 billion by 2018

**Writing Objectives**

For each objective, write in the letter corresponding to which “must” criteria is not met.

a. single result
b. specific
c. measurable
d. target date

6. To start working out aerobically within a few weeks
7. To double ticket sales
8. To sell 7% more sandwiches and 15% more chips in 2016
9. To decrease the number of sales returns by year end of 2016
10. To be perceived as the best restaurant in the Boston area by 2017
A major objective of all business corporations is to make a profit and to develop strategies to increase profits. Some US corporations have used the strategy of inversion, to acquire a foreign company and move headquarters overseas to reduce paying corporate taxes. Several members of Congress stated that although inversions are legal, it is unethical to avoid paying US taxes. The US Department of the Treasury drafted new rules to make it harder for companies to avoid federal taxes by buying foreign enterprises. The feds stopped short of blocking companies from shifting profits overseas. The announcement didn’t stop Burger King Worldwide’s acquisition of Canada’s Tim Hortons, as many corporations don’t believe inversions are unethical. Some members of Congress also say that individuals also use legal tax loopholes to lower their personal income taxes and that this is unethical, but most people take all the deductions they can to pay less taxes.

1. Are inversions ethical or unethical?
2. If you became the new CEO of Burger King, would you have the company pay the corporate tax even though it is not required to do so by law?
3. As an individual taxpayer, will (or do you) take deductions to lower the amount you pay in taxes or not?
4. Are your answers to questions 2 and 3 consistent, or do you believe businesses should pay the extra taxes but individuals shouldn’t?
5. Review the HR disciplines and describe how a company can be ethical and socially responsible in performing these functions.

Types of Strategies

There are several generic strategy types that we are able to categorize. However, we will keep this simple and break the types of strategies down into three common categories: cost leadership, differentiation, and focus or niche strategies.

Cost Leadership. Cost leaders do everything that they can to lower the internal organizational costs required to produce their products or services. Walmart has had great success with this strategy, and during the recent recession and even afterward, Walmart reduced its prices even more aggressively to combat loss of business to “dollar” stores. However, low-cost strategies can have a downside as well. Tata Motors’ cheap Nano automobile at first failed because potential customers saw it as “too cheap” and therefore thought, “It must be unreliable.” So, Tata is now building more expensive Nanos, hoping that they will catch on with young buyers.

Differentiation. This strategy attempts to create an impression of difference for the company’s product or service in the mind of the customer. The differentiator company stresses its advantage over its competitors. If the company like Apple is successful in creating this impression, it can charge a higher price for its product or service than can its competitors. Nike, Harley Davidson, Margaritaville, and others place their corporate name prominently on their products to differentiate those products from those of the competition.

Focus or Niche. With this strategy, the company focuses on a specific portion of a larger market. For instance, the company may focus on a regional market, a particular product line, or a buyer group. Within a particular target segment or market niche, the firm may use either a differentiation or a cost leadership strategy. It is hard to compete head-on with the big companies like Coca-Cola and Pepsi, but the much smaller Dr Pepper Snapple Group’s two non-colas have a differentiated taste for a much smaller target market, but it is still very profitable.
PART I: 21ST CENTURY HUMAN RESOURCE MANAGEMENT STRATEGIC PLANNING AND LEGAL ISSUES

2-3 APPLYING THE CONCEPT

Identify which strategy is used by each brand or company listed and write the letter corresponding to the company’s strategy by the company’s name.

a. cost leadership  
b. differentiation  
c. focus or niche

____ 11. Gucci handbags  
____ 12. Bodybuilder magazine  
____ 13. Rolex watches  
____ 14. TOMS shoes  
____ 15. Target stores

How Strategy Affects HRM

There are several areas where the generic corporate strategy affects how we do our jobs within HR. Let’s take a look at a few of the significant differences between generic strategies. We will continue to discuss these areas in greater detail as we progress through the book.

HRM and Cost Leadership. If our organization is following a generic cost leadership strategy, we are going to be most interested in minimizing all internal costs, including employee costs, to maximize efficiency and effectiveness. We will probably create specific job descriptions that are highly specialized within the organization so that we have people doing the same thing repeatedly, like McDonald’s. We will also have a specific job description for each position and job-specific training with very little, if any, cross-training. We may provide incentives that emphasize cost controls and efficiency.

HRM and Differentiation. On the other hand, if our organization is following a differentiator strategy, we’re going to be more concerned with employees who have the ability to innovate and create new processes, and who can work in uncertain environments within cross-functional teams. In a differentiator organization, we will most likely have much broader job classifications, as well as broader work-planning processes. Individuals will be hired and paid based on individual knowledge and capabilities, not specifically based on skills related to the job they fill upon entering the organization. Here, incentive programs will more often reward innovation and creativity. So you can see very quickly that HRM will need to do its job in a significantly different way based on the type of generic strategy that the company decides to follow.

How HRM Promotes Strategy

So, HR managers need to recruit, select, train, evaluate, and interact with employees differently based on different organizational strategies. The same holds true when looking at different sets of company objectives, different competitors, and many other industry and company characteristics.

HR managers have to evaluate all of the organizational characteristics to determine what kinds of people to bring into the organization and then how to maintain those people once they have become a part of the company. This is the reason that it’s so critical for HR managers to understand organizational strategy.

Companies that have a specific focus or niche can garner a target audience looking for something specific, allowing the company to profit alongside larger, more dominant competitors.
fact, as you go through the remainder of this book, you will see continuing references to how HRM will affect the company’s ability to do its work over the long term. Everything that HR does must mesh with the chosen strategy to provide the right kinds of employees, who will learn and do the right types of jobs so that the company can achieve its goals.

**STRUCTURE**

The selection of a proper organizational structure is critical to successfully implement strategy. Organizational structure refers to the way in which an organization groups its resources to accomplish its mission.

In HRM, managers need to have an understanding of organizational structure to do their jobs correctly. An organization is a system that is typically, but not always, structured into departments such as finance, marketing, production, human resources, and so on. Each of these departments affects the organization as a whole, and each department is affected by the other departments. All of an organization’s resources must be structured effectively if it is to achieve its mission.

**Basics of Organizational Structure**

One way to look at organizational structure is to identify a series of fundamental components. Each of these components identifies part of how we divide the organization up and group its resources to make them more efficient and effective. Let’s discuss complexity, formalization, and centralization as structural components.

**Complexity.** Complexity is the degree to which different parts of the organization are segregated from one another. Organizations can be broken up vertically using management layers, horizontally with departments or divisions, and separated physically from each other—for instance with marketing functions in New York and manufacturing in Guadalajara. Each of these demonstrates a way in which we break the organization up into smaller and more differentiated pieces.

We want to minimize complexity as much as possible in order to minimize organizational costs. For example, Microsoft is currently working through changes to its organizational complexity under new CEO Satya Nadella because its historical structure has become too expensive.

**Formalization.** Formalization is the degree to which jobs are standardized within an organization, meaning the degree to which we have created policies, procedures, and rules that “program” the jobs of the employees. If we make things routine by creating standard operating procedures and other standard processes, we can usually increase the efficiency and effectiveness of the people within the organization.

How much we’re able to formalize jobs within the organization, though, depends on what the organization is designed to do. If the organization is designed to do the same thing over and over, such as producing a low-cost commodity, then we can usually formalize many of its procedures. On the other hand, if the organization is designed to do unique and nonroutine things, then we will probably not be able to formalize very much of what the organization does.

**Centralization.** Centralization, the third major component of organizational structure, is the degree to which decision making is concentrated within the organization. The degree of centralization in an organization has to do with dispersion of authority for decision making and delegation of authority. If we can concentrate authority in decision making with one or a few individuals, we can concentrate on hiring people who are very good at making business decisions in those few positions and not worry about the decision-making skills of the rest of our employees.
However, there’s a trade-off to centralized decision making. As the organization gets larger, we may have to go through many layers of the organization in order to get a decision made. This can slow down the processes within the firm. For example, TEPCO was criticized for having a complex bureaucratic decision-making process that led to the meltdown of three reactors at one of its nuclear plants in Japan.49

Is There One “Best” Structure? No. The best structure is one that fits the firm’s current competitive situation as well as its internal capabilities and that enables it to implement its strategies successfully. Warren Buffett advises businesses to keep things simple,50 and Peter Drucker may have said it as well as anyone when he noted, “The simplest organization structure that will do the job is the best one.”51

How Does Structure Affect Employee Behavior?

Here is a general answer to how structure affects our employees’ behavior. With high complexity, formalization, and centralization, employees focus on following the policies and rules within the limited scope of their highly specialize jobs without making decisions—like McDonald’s. With low complexity, formalization, and centralization, employees can be more creative to get the job done the way they want to—like Zappos, where there are no departments or standard procedures and employees are expected to “think on your feet” and make decisions.

How Does Structure Affect HRM?

As the HR manager, would your job change if your organization adopted the structure of one of the two companies above? Would you need to recruit and hire different types of people in a bureaucratic organization like McDonald’s than you would in an entrepreneurial organization like Zappos? Indeed, you would. In the more bureaucratic organization, you would most likely hire people who had significant depth of expertise in a narrow area within their field of knowledge so that they could apply that expertise in a highly efficient manner. Your training programs would also probably be more specific and geared toward particular jobs. In fact, the organizational structure will affect virtually every function of the HR manager. So in order to be a successful HR manager, you have to understand and adapt to the particular organizational structure of your firm.

ORGANIZATIONAL CULTURE

Organizational culture is another characteristic that affects how the HR manager operates within the firm. Fostering the right organizational culture is one of the most important responsibilities of the CEO and other corporate executives.52 Management needs to be involved in establishing shared values, beliefs, and assumptions so that employees know how to behave.53 Every group of humans that gather together anywhere at any point in time create a unique group culture. They have their own group standards, called norms, which create pressure for the group’s members to conform. Social groups have societal cultures, nations have national cultures, and organizations have their own distinct organizational cultures.

What Is Organizational Culture?

Organizational culture consists of the values, beliefs, and assumptions about appropriate behavior that members of an organization share. Culture describes how employees do what they do (behavior) and why they do what they do (values, profits, customers, employees, society). Every organization has a culture, and success
depends on the health and strength of its culture. Therefore, leaders should spend a lot of time building the organization’s culture. Organizational culture is primarily learned through observing people and events in the organization.

**Artifacts of Organizational Culture.** There are five artifacts of organizational culture that help employees learn the culture:

1. **Heroes,** such as founders Steve Jobs of Apple, Sam Walton of Walmart, Herb Kelleher of Southwest Airlines, Frederick Smith of FedEx, and others who have made outstanding contributions to their organizations.
2. **Stories,** often about founders and others who have made extraordinary efforts. These include stories about Sam Walton visiting every Walmart store yearly, or someone driving through a blizzard to deliver a product or service. Public statements and speeches can also be considered stories.
3. **Slogans,** such as at McDonald’s. Q, S, C, V (or quality, service, cleanliness, and value).
4. **Symbols,** such as logos, and plaques, pens, jackets, or a pink Cadillac at the cosmetics firm Mary Kay.
5. **Ceremonies,** such as awards dinners for top achievers at Mary Kay.

**How Culture Controls Employee Behavior in Organizations**

Organizational culture is a very powerful force in controlling how people act within its boundaries. For instance, if the culture says that we value hard work and productivity but an individual on one of the teams fails to do his or her part, then the other members of the team are quite likely to pressure that individual to conform to the culture. Since assumptions, values, and beliefs are so strong, all individuals will most likely conform to those behaviors that the culture values.

Do you believe that culture has the ability to cause you to change the way you act? Have you ever done something to fit in, or have you ever done something you really didn’t want to do because of peer pressure? Doesn’t peer pressure control most people—at least sometimes? Think about the way you act as part of your family, and then compare that to the way you act as a student at school, with a group of your friends, or as an employee at work. Chances are quite high that you act differently within these different “cultures.” We all act to conform, for the most part, to the culture that we happen to be in at that point in time, because the culture’s values push us to act that way.

**Social Media and Culture Management**

Recall that each organization has an internal and an external environment. Exhibit 2-4 puts together the internal and external components making up that environment.

Social media is one of the mechanisms that we now use to both monitor and—at least partially—control organizational environments. Companies can monitor
the internal environment using social media venues, which gives management a feel for the culture within the organization. They can also actively seek out information internally using various forms of social media and can even ask company members to interact on social media platforms such as LinkedIn and Facebook. Have you ever known a friend whose organization asked employees to “like” them on Facebook? This mechanism is becoming more important every day and will continue to do so for the immediate future.

The same is true for the external environment, from following competitors on social media sites to utilizing government Web pages and media links. Governments and other entities are even using social media to extend their reach into communities that are generally hard to reach because they don’t pay much attention to standard methods of communication like State of the Union addresses and regulatory bulletins. In the United States, President Obama’s administration turned to social media to attract younger individuals (who don’t tend to get as involved with government issues) to the federal health care exchanges. The administration did this because the new health care law required younger members to sign up to offset the higher cost of insuring older individuals.

Social media continues to become more important to even traditional businesses and governments. You can bet that governments will pay more attention to social media in the future, since many of the “Arab Spring” uprisings were coordinated via social media. This is just one example of the power of social media sites.

**WORK APPLICATION 2-8**

Give examples of how you, or an organization, have used social media at work.

**AN INTRODUCTION TO DATA ANALYTICS FOR HRM**

Data analytics is the process of accessing large amounts of data in order to analyze those data and gain insight into significant trends or patterns within organizations or industries. Computing power has obviously been increasing at a remarkable rate for the past 20 years, as has the ability to both create and store large amounts of data and information. This ability to create huge amounts of data has led to the concept of “big data.”

Big data involves the collection of extremely large data sets—so large, in fact, that data analytics on these data sets would have been impossible until very recently, since we just did not have the computing power or the programs available. With the advent of faster computers and new analytics programs, we can now find patterns in these massive data sets that allow us to make important organizational decisions—especially strategic decisions.
A Brief on Data Analytics

Companies like Google grew up on data analytics. Director of Research Peter Norvig said recently, “We don’t have better algorithms than anyone else; we just have more data.” And Google analyzes all of that data looking for patterns that it can use. Many other companies have also jumped on this bandwagon, including some powerful outsourcers like IBM and Oracle, who are selling big data services. Other companies are doing their own big data analysis, using big data as a competitive weapon, according to a McKinsey & Company report.

Analysis of big data is providing information that HR managers can immediately act on as well. A recent analysis showed that “the communication skills and personal warmth of an employee’s supervisor are often crucial in determining the employee’s tenure and performance.” A lot of HR managers have anecdotesly passed this information on to their line managers for many years.

Because of big data, we can now analyze thousands or even millions of instances of interaction between people in and between organizations and look for patterns to those interactions. So “We can measure, and therefore manage, more precisely than ever.” If we find a pattern, it may tell us what we should do based on data rather than instinct. We can “directly translate that [pattern] knowledge into improved decision making and performance.”

HR Analytics

HR managers must become comfortable with collecting and analyzing big data to drive results. Analytics tools and processes can be used for many HR functions, such as talent acquisition and management, training and development, work and job analysis, productivity analysis, motivation, retention, and engagement. However, organizational silos, skills shortages, and suspicion about reducing
human beings to data points are “preventing HR departments from effectively using talent analytics.”

The convergence of HRM and big data is sometimes called workforce science, as “This is absolutely the way forward.” The ability to measure actions and reactions in large numbers and find patterns in them is going to change the management of people in organizations—not just in the long term, but in the immediate future. In fact, it is already happening. Again, Google uses data analysis in HR just as much as it does in the marketing of products and services. Google knows, for instance, that its most innovative workers “are those who have a strong sense of mission about their work and . . . have autonomy.”

**Desired Outcomes**

Businesses are increasingly looking at internal people processes in order to predict the impact of those processes on their business results. Thus, the desired outcomes are increased performance, and “companies that are highly skilled in core HR practices experience up to 3.5 times the revenue growth and as much as 2.1 times the profit margins of less capable companies.” That is a shocking differential between skilled and less skilled organizations. HR managers who can use such metrics can gain their “seat at the table” when strategy is being discussed in their firms. There is no doubt that data analytics is becoming a critical area of expertise for HR managers—especially at higher management levels.

**HUMAN RESOURCE INFORMATION SYSTEMS (HRIS)**

Human resource information systems (HRIS) are one type of system used to manage and analyze data in organizations, as HR uses data to influence business performance. Most organizations today use complex computer systems to manage and manipulate those data.

**What Are HRIS?**

Human resource information systems (HRIS) are *interacting database systems that “aim at generating and delivering HR information and allow us to automate some human resource management functions.”* Some of the most common features in HRIS include modules for tracking attendance and leave, job, and pay history and logging appraisal scores and review dates. Others include modules for benefits enrollment and tracking, succession management, training management, and time logging. There are additional modules available depending on the size and type of the organization.

**How Do HRIS Assist in Making Decisions?**

HRIS allow us to maintain control of our HR information, and they make it available for our use during the strategic planning process. Organizations can access things such as training records, job descriptions, work histories, and much more. Having this aggregate information immediately available makes the strategic planning process both quicker and smoother. We can use the information stored in the database to make daily decisions within the HR department. For example, since training records are available in the HRIS, if we need to determine who has completed conflict management coursework for a new team being created in the company, we can quickly identify those individuals with that skill set. We can also use the same databases when considering promotions, transfers, and many other daily activities that are required inside the organization.
MEASUREMENT TOOLS FOR STRATEGIC HRM

Housed within many HRIS are statistical packages for HRM. Just as we have to quantify and measure other parts of the organization, we also have measurement tools specific to HRM. Two of the most common tools are economic value added (EVA) and return on investment (ROI). Let’s take a brief look at each of these tools.

Economic Value Added (EVA)

Economic value added (EVA) is designed as a method for calculating the creation of value for the organization’s shareholders. Economic value added (EVA) is a measure of profits that remain after the cost of capital has been deducted from operating profits. It provides shareholders and managers with a better understanding of how the business is performing overall. As an equation, EVA would look like this:

\[
EVA = \text{Net operating profit after tax} - (\text{Capital used} \times \text{Cost of capital})
\]

So EVA is a measure of how much money we made through our operations minus the amount of money that we had to spend or borrow (at a particular interest rate) in order to perform those operations. For a company to grow, it must generate average returns higher than its capital costs.

Return on Investment (ROI)

Return on investment (ROI) is a measure of the financial return we receive because of something that we do to invest in our organization or its people. ROI is most commonly used in financial analyses, but many areas of HR lend themselves to ROI calculations. These areas include training, outsourcing, benefits, diversity, and many others. In each of these areas, we can calculate the cost of the process—whether that process is training, diversity management, or anything else—and compare that to the returns we get from the process.

To calculate ROI, you need two figures: the cost of the investment and the gain that you receive from making the investment. From there, the calculation is pretty simple:

\[
\text{ROI} = \frac{\text{Gain from investment} - \text{Cost of investment}}{\text{Cost of investment}}
\]

So, as an example, if we create a training course to improve the skills of our assembly workers and send all of the workers through the training, that training will cost us \$1,000,000. We know that historically, during a normal year of production, the assembly workers have been able to assemble \$5,000,000 worth of our product. However, after the training is complete, we measure our assembly process over the ensuing year and find that our amount of product created that year has increased to \$8,000,000. This gives us a \$3,000,000 gain from the investment. We can plug these numbers into our calculation and find out the following:

\[
\text{ROI} = \frac{\$3,000,000 - \$1,000,000}{\$1,000,000} = \frac{\$2,000,000}{\$1,000,000} = 2 \text{ or } 200\%
\]

So in this case, our return on investment over the course of 1 year is 2 times the cost of the investment.

It is always important to calculate at least a rough ROI for any investment in organizational resources. There’s a definite need to understand how much we get in return for an investment. Don’t just assume that the return on investment is always positive—because it’s not.
Here we continue our discussion of some of the most important issues and trends in HRM today. In this chapter, we chose the following issues: managing data to improve structure, culture, and staffing, and the continuing globalization of business, which increases the need for strategic planning. Let’s discuss each of these topics next.

### Everything Old Is New Again: Managing Data for HRM Decision Making

As we noted in the section on big data, there have been new advances in both computing power and storage in the past few years, and we now have the ability to do data analysis that we could not attempt before. These improvements in data capability have in turn led to improvements in virtually every area of strategic and HRM planning as a component of strategy. In all areas, data are leading us to new conclusions concerning our people and their work. For instance, when Xerox had problems staffing a call center, it analyzed a large data set that identified successful employees, and consequently found that the company was hiring based on the wrong characteristics. Xerox had assumed that people with call center experience would do better, but unexpectedly that was not true. People who were more creative did better in Xerox’s call center environment.

Data analysis is being used around the world to find the right type of workers for specific jobs, and when done correctly, it allows companies to lower turnover and manage engagement better than ever. The data are there to help you make better business decisions; the challenge is to use the data to improve workplace attractiveness to employees, who can then increase the company’s chances of success through increased engagement with their employer.

### Continuing Globalization Increases the Need for Strategic and HRM Planning

As business in most industries continues to globalize, competition will continue to increase. This is primarily due to the fact that as industries globalize, competitors who used to be limited to one region, country, or group of countries gain access to many more markets. As more and more competitors gain access to more and more markets, competition is likely to increase. This increasing competition puts pressure on businesses to create a plan to overcome their competitors’ advantages.

As we noted earlier in this chapter, the process of strategic planning is designed to analyze the competitive landscape that our organization faces and create a workable plan that will allow us to compete within that landscape. So as competition increases, developing a good, solid “global” strategy and implementing continuous reviews of our strategic plans become more and more significant.

Companies must become more competent global competitors. For HRM, this means that HR managers will need to become better at managing expatriate employees, paying wages across national borders, managing disparate country laws and regulations, and much more. We will discuss the globalization issues for HRM in more detail in Chapter 14.
CHAPTER SUMMARY

2-1 Classify the major components of the external environment.

There are nine major external forces: customers, competition, suppliers, the labor force and unions, shareholders, society, technology, the economy, and governments. Each factor is briefly discussed below.

- **Customers.** Companies must continually improve products to create value for their customers.
- **Competition.** Organizations must compete against each other for customers, for the same employees, and sometimes for suppliers. Competitors’ changing strategic moves affect the performance of the organization.
- **Suppliers.** The firm’s performance is affected by its suppliers. Therefore, it is important to develop close working relationships with your suppliers, and close relationships require employees who have the ability to communicate, empathize, negotiate, and come to mutually advantageous agreements.
- **Labor force.** The recruits available to and the employees of an organization have a direct effect on its performance. Management recruits human resources from the available labor force outside the company’s boundaries.
- **Shareholders.** The owners of a corporation, known as shareholders, influence management. Most shareholders of large corporations are not involved in the day-to-day operation of the firm, but they do vote for the board of directors, and the top manager reports to the board of directors.
- **Society.** Individuals and groups within society have formed to pressure business for changes. People who live in the same area with the business do not want it to pollute the air or water or otherwise abuse natural resources.

2-2 Discuss the three major organizational factors that affect our strategic options.

Our strategic options are governed to a great extent by our current strategy, our organizational structure, and our culture. Strategy deals with how the organization competes within its industry. Strategy is just a plan of action to achieve a particular set of objectives. It looks at the external environment and the organizational environment to create strategic advantage. Strategic advantage occurs when you analyze the environment better and react quicker than your competitors do, thus creating a sustainable competitive advantage.

**Organizational structure** refers to the way in which an organization groups its resources to accomplish its mission. Organizations structure their resources...
to transform inputs and outputs. All of an organization’s resources must be structured effectively to achieve its mission. As a manager in any department, you will be responsible for part of the organization’s structure.

Organizational culture consists of the shared values, beliefs, and assumptions about appropriate behavior among members of an organization. Organizational culture is primarily learned through observing people and events in the organization.

2-3 Summarize the major components of organizational structure and why it is important to understand them.

All of an organization’s resources must be structured effectively if it is to achieve its mission. Structure is made up of three major components:

- **Complexity**, which is the degree to which three types of differentiation exist within the organization. These three types are vertical differentiation, horizontal differentiation, and spatial differentiation. The more the organization is divided—whether vertically, horizontally, or spatially—the more difficult it is to manage.
- **Formalization**, which is the degree to which jobs are standardized within an organization. The more we can standardize the organization and its processes, the easier it is to control those processes.
- **Centralization**, which is the degree to which decision making is concentrated within the organization at a single point—usually at the top. A highly centralized organization would have all authority concentrated at the top, while a decentralized organization would have authority spread throughout. If authority can be centralized, we can take advantage of learning curve effects that help to improve our decision making over time.

2-4 Describe organizational culture and how it affects the members of the organization.

**Organizational culture** consists of the values, beliefs, and assumptions about appropriate behavior that members of an organization share. Organizational culture is primarily learned through observing people and events in the organization.

Because organizational culture is based at least partly on assumptions, values, and beliefs, the culture can control how people act within its boundaries. Since assumptions, values, and beliefs are such strong influences, individuals will generally act to conform to the culture. For the most part, we all act to conform to the culture that we happen to be in at any given point in time, and that’s because cultural values push us to act that way.

2-5 Define data analytics and explain how it helps organizations make important decisions.

**Data analytics** is the process of accessing large amounts of data in order to analyze those data and gain insight into significant trends or patterns within organizations or industries. Analytics tools and processes can be used to guide decision making for many HR functions, such as talent acquisition and management, training and development, work and job analysis, productivity analysis, motivation, retention, and engagement. Data analytics on a large scale, or **big data**, will change how people are managed within organizations, and ideally lead to increased performance of the organization.

2-6 Identify how HRIS can help HR make decisions.

**Human resource information systems (HRIS)** are interacting database systems that aim to generate and deliver HR information and allow us to automate some HRM functions. They are primarily database management systems, designed especially for use in HR functions.

HRIS allow us to maintain control of our HR information and make it available for use during the strategic planning process. Having this information immediately available makes the strategic planning process both quicker and smoother. We can also use the information stored in the database to make daily decisions within the HR department, such as a decision on whom to send to a particular training class. We can also use these databases when considering promotions, transfers, team assignments, and many other daily activities that are required inside the organization.

2-7 Recall the common measurement tools for strategic HRM.

We discussed two common tools in this chapter: economic value added (EVA) and return on investment (ROI).

EVA is a measure of profits that remain after the cost of capital has been deducted from operating profits. ROI is a measure of the financial return we receive because of something that we do to invest in our organization or its people.

2-8 Define the key terms found in the chapter margins and listed following the Chapter Summary.

Complete the Key Terms Review to test your understanding of this chapter’s key terms.
KEY TERMS

centralization, 39
complexity, 39
data analytics, 42
economic value added (EVA), 45
formalization, 39
human resource information systems (HRIS), 44
mission statement, 35
objectives, 36
organizational culture, 40
organizational structure, 39
return on investment (ROI), 45
strategy, 34
vision, 35

KEY TERMS REVIEW

Complete each of the following statements using one of this chapter’s key terms.

1. _______ is a plan of action to achieve a particular set of objectives.
2. _______ is what we expect to become as an organization at a particular future point in time.
3. _______ is our expectations of what we’re going to do in order to become the organization that we envisioned.
4. _______ state what is to be accomplished in singular, specific, and measurable terms with a target date.
5. _______ refers to the way in which an organization groups its resources to accomplish its mission.
6. _______ is the degree of three types of differentiation within the organization.
7. _______ is the degree to which jobs are standardized within an organization.
8. _______ is the degree to which decision-making is concentrated within the organization at a single point—usually at the top of the organization.
9. _______ consists of the values, beliefs, and assumptions about appropriate behavior that members of an organization share.
10. _______ is the process of accessing large amounts of data in order to analyze those data and gain insights into significant trends or patterns within organizations or industries.
11. _______ are interacting database systems that aim at generating and delivering HR information and allow us to automate some human resource management functions.
12. _______ is a measure of profits that remain after the cost of capital has been deducted from operating profits.
13. _______ is a measure of the financial return we receive because of something that we do to invest in our organization or its people.

COMMUNICATION SKILLS

The following critical-thinking questions can be used for class discussion and/or for written assignments to develop communication skills. Be sure to give complete explanations for all answers.

1. Can you name a business that you know of in which competition has increased significantly in the past few years? Why do you think competition has increased in this case?
2. What are some of the ways in which the environmental factors that we discussed in this chapter directly affect the organization?
3. Do you agree that every organization needs a strategic plan? Why or why not?
4. Think about the technological changes that have occurred since you were born. Do you think those changes have affected the strategic planning process? How?
5. What should a mission statement focus on—customers, competitors, products/services, the employee environment, or something else? Identify why you chose a particular answer.
6. We discussed the three major generic strategies in this chapter. Can you think of examples of each of the three strategies in specific businesses you know? In your opinion, how successful have these companies been with their strategy?
7. If you were going to design the structure for a new, innovative start-up company, what kind of structure would you try to create in regard to level of complexity, formalization, and centralization? Why would you set up this type of structure?
8. Which of the five artifacts, or important ways in which employees learn about culture, do you think is most important? Why?
9. Name some situations in HRM when you would want to use either economic value added (EVA) or return on investment (ROI) as an analytical tool.
CASE 2-1 STRATEGY-DRIVEN HR MANAGEMENT:
NETFLIX, A BEHIND-THE-SCENES LOOK AT DELIVERING ENTERTAINMENT

Netflix is a highly successful retailer of movie rental services, with a market value of over $2.5 billion. It offers a subscription service that allows its members to stream shows and movies instantly over the Internet on game consoles, Blu-ray players, HDTVs, set-top boxes, home theater systems, phones, and tablets. Netflix also includes a subscription service for those who prefer to receive discs via the US mail (rather than streaming), without the hassle of due dates or late fees.

The idea of a home delivery movie service came to CEO Read Hastings when he was forced to pay $40 in overdue fines after returning a video of the movie Apollo 13 to Blockbuster. He realized that he could capitalize on an existing distribution system (the US Post Office) that did not require renters to leave their homes. The Netflix website was launched on August 29, 1997, with only 30 employees and 925 movies available for rent. It used a traditional pay-per-rental model, charging $0.50 per rental plus US postage, and late fees applied. Netflix introduced the monthly subscription concept in September 1999, and then it dropped the single-rental model in early 2000. Since that time, the company has built its reputation on the business model of flat-fee unlimited rentals without due dates, late fees, or shipping and handling fees. In addition, its online streaming service doesn’t have per title rental fees. Throughout 2014, Netflix’s total sales grew by 21%, generating a net income of $112 million. Subscribers increased by 40% that year, reaching 46 million, and the stock value tripled from 2012 to 2014. But how did they reach that point?

There are many reasons why Netflix’s strategy is successful, yet the numbers tell only the results and not the behind-the-scenes story. According to Read Hastings and former chief talent officer (CTO) Patty McCord, this success is not a surprise at all given Netflix’s business model. But more important, they say, is Netflix’s HR strategy, which is to create an environment of fully motivated employees who understand the culture of the company and perform exceptionally well within it. Hastings and McCord had the foresight to document their HR strategy via PowerPoint, and soon these slides went viral, with more than 5 million views on the Web. McCord described Netflix’s HR strategy as consisting of the following steps:

1. Selecting new employees/recruiting. Hire employees who care about, understand, and then prioritize the company’s interests. This will eliminate the need for formal regulations and policies because these employees will strive to grow the company for their own self-satisfaction. This sets Netflix apart from the many companies that do not hire employees who would be a great fit with the company’s culture and that therefore still spend great amounts of time and money on enforcing their HR policies—policies that target only 3% of their workforce.

2. Talent management/matching employees with jobs. To avoid high employee turnover, a company must recruit talented people with the right skills, although mismatches may occur. Layoffs and firings are also inevitable given changing business cycles. In such cases, it is HR’s duty to place employees in departments that match the employees’ skill sets, as well as to train employees to meet changing business needs.

3. Send the right messages. To boost overall employee morale, most HR departments throw parties or give away free items. But when stock prices are decreasing or sales numbers are not as high as predicted, what use would a company have for an office party? Netflix executives stated that they have not seen an HR initiative that truly improved morale. Instead of cheerleading, employees need to be educated about how the company earns its revenue and what behaviors will drive its success. By receiving clear messages about how employees should execute and commit to their duties, employees will be more informed about the criteria they will need to meet to receive their bonuses, and they will therefore be more apt to receive those bonuses. Knowing what to do and how to do it, employees’ motivation will increase, and with increased motivation, morale and performance will improve.

4. Performance evaluation. Netflix implemented informal 360-degree reviews after realizing that formal review sessions were not effective. These informal 360-degree sessions allowed workers to give honest opinions about themselves and colleagues—focusing on whether certain policies should stop, start, continue, or change. Instead of relying on bureaucratic measures, employees valued these conversations as an organic part of their work, and those conversations have been demonstrated to increase employee performance. For example, Netflix found that when its employees perceived their bosses as less than expert in their field, employee performance dropped. Employees indicated that managers who relied on charm or IQ were not trusted and received low subordinate appraisals.
Chapter 2: Strategy-Driven Human Resource Management

Questions
1. Netflix was a pioneer in the online video rental market, making “old-fashioned” DVD rentals a thing of the past and putting Blockbuster out of business. Describe how Netflix changed the entertainment rental industry.

2. What is Netflix’s competitive strategy? What does it believe is the driving force that makes this strategy so successful? Do you agree?

3. In terms of sustaining the company’s competitive advantage, what is the most important step that Netflix has taken, as noted by Hastings and McCord?

4. “Where we want to be, how to get there, and where are we now” are key points of a successful company’s strategy. How do the company’s HR policies support the firm’s strategy?

5. How does Netflix monitor its employees’ performance?

6. How would you create a link between customers and the way employees perform to assure that incentives are distributed evenly and equally at Netflix?

Case created by Herbert Sherman, PhD, and Theodore Vallas, Department of Management Sciences, Long Island University School of Business, Brooklyn Campus

SKILL BUILDER 2–1 WRITING OBJECTIVES

For this exercise, you will first work at improving ineffective objectives. Then you will write nine objectives for yourself.

Objective
To develop your skill at writing objectives

Skills
The primary skills developed through this exercise are as follows:
1. HR Management skills—conceptual and design
2. SHRM 2013 Curriculum Guidebook—J: Strategic HR

Part 1
Indicate which of the criteria each of the following objectives fails to meet in the model and rewrite the objective so that it meets all those criteria. When writing objectives, use the following model:
To + action verb + single, specific, and measurable result + target date

1. To improve our company image by the end of 2017
   Criteria not met: ________________________________
   Improved objective: _____________________________

2. To increase the number of customers by 10%
   Criteria not met: ________________________________
   Improved objective: _____________________________

3. To sell 5% more hot dogs and 13% more soda at the baseball game on Sunday, June 14, 2016
   Criteria not met: ________________________________
   Improved objective: _____________________________

Part 2
Write three educational, three personal, and three career objectives you want to accomplish. These may be short-term (something you want to accomplish today), long-term (something you want to have accomplished 20 years from now), or medium-term objectives. Be sure to structure your objectives using the model and meeting the criteria for effective objectives.

• Educational Objectives
• Personal Objectives
• Career Objectives

Apply It
What did I learn from this experience? How will I use this knowledge in the future?

______________________________

Your instructor may ask you to do this Skill Builder in class in a group. If so, the instructor will provide you with any necessary information or additional instructions.

Case created by Herbert Sherman, PhD, and Theodore Vallas, Department of Management Sciences, Long Island University School of Business, Brooklyn Campus

SKILL BUILDER 2–2 STRATEGIC PLANNING AT YOUR COLLEGE

This exercise enables you to apply the strategic planning process to your college or university as an individual and/or a group. Complete each step by typing or writing out your answers. You can also conduct this exercise for another organization.
Objective
To develop your strategic planning skills by analyzing the internal environment of strategy, structure, and culture.

Skills
The primary skills developed through this exercise are as follows:
1. *HR Management skills*—conceptual and design
2. *SHRM 2013 Curriculum Guidebook*—J: Strategic HR

PART A: STRATEGY

Step 1: Develop a Mission
1. What is the vision and mission statement of your university/college or school/department?
2. Is the mission statement easy to understand and remember?
3. How would you improve the mission statement?

Step 2: Identify a Strategy
Which of the three generic strategies does your school or department use?

Step 3: Conduct Strategic Analysis
1. Complete a SWOT analysis by identifying the strengths, weaknesses, opportunities, and threats facing your school.
2. Determine the competitive advantage (if any) of your university/college or school/department.

Step 4: Set Objectives
What are some objectives of your university/college or school/department?

Step 5: Implement, Monitor, and Evaluate Strategies
How would you rate your university/college's or school/department's strategic planning? How could it be improved?

PART B: STRUCTURE
Describe your school or department’s organizational structure in terms of its complexity, formalization, and centralization.

PART C: CULTURE
Identify artifacts in each of the categories of heroes, stories, slogans, symbols, and ceremonies.
Identify the cultural levels of the organization’s behaviors, values and beliefs, and assumptions.

Apply It
What did I learn from this experience? How will I use this knowledge in the future?

Your instructor may ask you to do this Skill Builder in class in a group. If so, the instructor will provide you with any necessary information or additional instructions.